

COUNTY COUNCIL OF BEAUFORT COUNTY

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BRYAN J. HILL
DEPUTY COUNTY ADMINISTRATOR

JOSHUA A. GRUBER
COUNTY ATTORNEY

SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA COUNTY COUNCIL OF BEAUFORT COUNTY

Monday, June 25, 2012

4:00 p.m.

Council Chambers, Administration Building
Government Center
100 Ribaut Road
Beaufort

Citizens may participate in the public comment periods and public hearings from telecast sites at the Hilton Head Island Branch Library as well as Mary Field School, Daufuskie Island.

1. CAUCUS - 4:00 P.M.
Discussion is not limited to agenda items.
Executive Conference Room
2. REGULAR MEETING - 5:00 P.M.
Council Chambers
3. CALL TO ORDER
4. PLEDGE OF ALLEGIANCE
5. INVOCATION
6. REVIEW OF MINUTES – May 21, 2012 ([backup](#))
7. PUBLIC COMMENT
8. DEPUTY COUNTY ADMINISTRATOR'S REPORT
Mr. Bryan Hill, Deputy County Administrator
 - A. Two-Week Progress Report ([backup](#))
 - B. Monthly Budget Summary ([backup](#))
 - C. The Heritage Classic Foundation
Mr. Simon Fraser, Chairman
Mr. Steve Wilmot, Tournament Director
 - D. Resolution authorizing the distribution of \$1,495.00 of income generated under the Community Development Block Grant Program to assist with providing water and sewer services for low-to moderate income residents of Beaufort County ([backup](#))

Over



E. Construction Project Updates

Mr. Rob McFee, Division-Director Engineering and Infrastructure

One Cent Sales Tax Referendum Projects:

U.S. Highway 278 Construction Project

Bluffton Parkway Phase 5A Roadway

S.C. Highway 170 status

Bluffton 5A Bridge status

Capital Improvement Projects:

St. Helena Island Branch Library

F. Update / Beaufort County (Lady's Island) and Hilton Head Island Airports

Mr. Paul Andres, Airports Director

G. Update / Ferry Service Options ([backup](#))

Mr. Morris Campbell, Deputy-Director Community Services

9. CONSENT AGENDA – ITEMS A THROUGH E

A. AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012C, OR SUCH OTHER APPROPRIATE SERIES DESIGNATION, OF BEAUFORT COUNTY, SOUTH CAROLINA, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$30,000,000; FIXING THE FORM AND DETAILS OF THE BONDS; AUTHORIZING THE COUNTY ADMINISTRATOR OR HIS LAWFULLY-AUTHORIZED DESIGNEE TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; ADOPTING WRITTEN PROCEDURES RELATED TO TAX-EXEMPT DEBT; AND OTHER MATTERS RELATING THERETO. ([backup](#))

1. Consideration of first reading approval to occur June 25, 2012

2. Finance Committee discussion to occur at 2:00 p.m., June 25, 2012

B. ST. HELENA ISLAND BRANCH LIBRARY FURNITURE ([backup](#))

1. Consideration of approval to occur June 25, 2012

2. Finance Committee discussion to occur at 2:00 p.m., June 25, 2012

3. Contract award: Herald Office Solutions, Charleston, South Carolina

4. Contract amount: \$280,026.06

5. Funding source: St. Helena Library Furniture, Account #11436-54420, a grant-funding account

C. ST. HELENA ISLAND BRANCH LIBRARY SHELVING ([backup](#))

1. Consideration of approval to occur June 25, 2012

2. Finance Committee discussion to occur at 2:00 p.m., June 25, 2012

3. Contract award: Patterson Pope, Charleston, South Carolina

4. Contract amount: \$129,907.15

5. Funding source: St. Helena Library Furniture, Account #11436-54420, a grant-funding account

D. REQUEST TO PURCHASE AUDIO / VISUAL EQUIPMENT AND SERVICES FROM A SOLE-SOURCE VENDOR FOR COUNTY BROADCAST SERVICES DEPARTMENT ([backup](#))

1. Consideration of approval to occur June 25, 2012
2. Finance Committee discussion to occur at 2:00 p.m., June 25, 2012
3. Contract award: Stagefront Presentation Systems, Savannah, Georgia
4. Contract amount: \$117,000
5. Funding source: St. Helena Library Furniture, Account #11436-54420

E. SUPPLEMENTAL AGREEMENT FOR ST. HELENA ISLAND BRANCH LIBRARY – Radio Frequency Identification System (RFID) LIBRARY SYSTEM ([backup](#))

1. Consideration of approval to occur June 25, 2012
2. Finance Committee discussion to occur at 2:00 p.m., June 25, 2012
3. Contract award: ITG / Bibliotheca
4. Contract amount: \$146,113.30
5. Funding source: St. Helena Island Branch Library CIP project approved budget August 8, 2011

10. FY 2012-2013 SCHOOL DISTRICT BUDGET PROPOSAL ([backup](#))

1. Consideration of third and final reading to occur June 25, 2012
2. Second reading approval occurred June 11, 2012 / Vote 8:3
3. Public hearing was held June 11, 2012
4. Finance Committee discussion and recommendation to approve occurred June 4, 2012 / Vote 4:2
5. First reading, by title only, occurred May 21, 2012 / Vote 11:0
6. Finance Committee discussion occurred May 21, 2012
7. Finance Committee discussion occurred May 16, 2012

11. PUBLIC HEARING – 6:00 P.M.

A. AN ORDINANCE AUTHORIZING THE COUNTY ADMINISTRATOR, WITH THE ADVICE AND CONSENT OF COUNTY COUNCIL TO ISSUE TAX ANTICIPATION NOTES AS MAY BE DEEMED NECESSARY ([backup](#))

1. Consideration of third and final reading to occur June 25, 2012
2. Second reading approval occurred June 11, 2012 / Vote 11:0
3. Finance Committee discussion and recommendation to include a sunset provision occurred June 4, 2012 / Vote 5:0
4. First reading approval occurred May 21, 2012 / Vote 11:0
5. Finance Committee discussion and recommendation to approve occurred May 21, 2012 / Vote 4:0

12. COMMITTEE REPORTS ([backup](#))

- A. Consideration of action item arising out of Natural Resources Committee relative to Rail Trail Project

13. PUBLIC COMMENT

14. EXECUTIVE SESSION

- A. Discussion of matters relating to the proposed location, expansion or the provision of services encouraging location or expansion of industries or other businesses in Beaufort County.
- B. Receipt of legal advice relating to pending and potential claims covered by the attorney-client privilege.

15. ADJOURNMENT

Official Proceedings
County Council of Beaufort County
May 21, 2012

The electronic and print media was duly notified in accordance with the State Freedom of Information Act.

CAUCUS

A caucus of the County Council of Beaufort County was held at 4:00 p.m. on Monday, May 21, 2012 in the large meeting room of the Hilton Head Island Branch Library, 11 Beach City Road, Hilton Head Island, South Carolina.

ATTENDANCE

Chairman Weston Newton, Vice Chairman D. Paul Sommerville and Councilmen Steven Baer, Rick Caporale, Gerald Dawson, Brian Flewelling, Herbert Glaze, William McBride, Stu Rodman, Gerald Stewart and Laura Von Harten.

DISCUSSION ITEMS

Topics discussed during caucus included: (i) Major budget changes after today's meeting will require the process to go back to second reading consideration. (ii) The Sheriff's Office \$22,224,595 budget proposal makes up 23% of the County general fund. Council has not received any budget details. The Sheriff's Office maintenance of effort level last year was about \$250,000 on a \$22 million budget -- most of it involved vehicle purchases; (iii) Consider using some of the fund balance or increase millage in order to fund needed services, to fund higher education to their FY 2013 dollar amount requested, and to fund/reinstate longer library hours; (iv) Library funding increased 25.3% in the budget, but the money is not equitably allocated amongst libraries. Bluffton library is getting the largest shortfall; (v) The County FY 2013 budget proposal funds an employee 2% cost of living adjustment, county courthouse renovations, Magistrate's Office security, and capital equipment purchases without using fund balance or increasing millage. (vi) Board of Education has certified its FY 2013 budget proposal of \$177,978,690 as well as a 2.0 mill increase, but that does not apply to owner-occupied homeowners because that is funded through the one penny sales tax. Council will consider first reading, by title only, today.

CALL FOR EXECUTIVE SESSION

It was moved by Ms. Von Harten, seconded by Mr. Flewelling, that Council go immediately into executive session regarding discussion of negotiations incident to proposed contractual arrangements and proposed purchase of property. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

EXECUTIVE SESSION

RECONVENE OF REGULAR SESSION

REGULAR MEETING

The regularly scheduled meeting of the County Council of Beaufort County was held at 5:00 p.m. on Monday, May 21, 2012 in the large meeting room of the Hilton Head Island Branch Library, 11 Beach City Road, Hilton Head Island, South Carolina.

ATTENDANCE

Chairman Weston Newton, Vice Chairman D. Paul Sommerville, and Councilmen Steven Baer, Rick Caporale, Gerald Dawson, Brian Flewelling, Herbert Glaze, William McBride, Stu Rodman, Gerald Stewart and Laura Von Harten.

PLEDGE OF ALLEGIANCE

The Chairman led those present in the Pledge of Allegiance to the Flag.

INVOCATION

Councilman Gerald Dawson gave the Invocation.

REVIEW OF PROCEEDINGS OF THE REGULAR MEETING HELD MAY 7, 2012

It was moved by Mr. McBride, seconded by Mr. Caporale, that Council approve the minutes of the regular meeting held May 7, 2012. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Stewart and Ms. Von Harten. ABSTAIN – Mr. Sommerville. The motion passed.

PROCLAMATION

Emergency Medical Services Week

The Chairman proclaimed May 20 through May 26, 2012 as Emergency Medical Services Week in Beaufort County and encouraged citizens to obtain a greater awareness for this system dedicated to helping people in medical emergencies and to saving lives. Ms. Donna Ownby, EMS Director; and Mr. Howell Youmans, EMS Deputy Director, accepted the proclamation.

PUBLIC COMMENT

The Chairman recognized Mr. Raymond Dominick, a resident of Bluffton, who read from a prepared statement, “Honored Council Members: We’ve come here this evening to speak in support of a County Council resolution that would endorse fundamental campaign finance

reform. I say ‘we’ because as I have mentioned in several of my letters to you previously, we have gathered over 160 signatures on a petition endorsing this resolution. To make this petition more tangible to you I asked my friend, Bill Horner, to present a copy to you and we hope each of you will thumb through it. I also say ‘we’ because some of the Beaufort County citizens, to support this resolution, have come with me tonight and I ask those that are here for that purpose to stand and be recognized. Lastly, I say ‘we’ because numerous public opinion polls have shown that the large majority of America including specific majorities of Republicans, Democrats, and Independents think our current system of funding campaigns corrupt us and all three political groups overwhelmingly support fundamental reform. With this proposed resolution, we ask the Beaufort County Council to become part of nationwide, grassroots movement to instigate that reform. Already, over 100 local government bodies from Los Angeles to New York City and four State Legislatures including Hawaii, New Mexico, Vermont, and Maryland have passed resolutions of support and many more will do so this summer. On May 7, the most recent Council caucus meeting, Ms. Von Harten introduced our resolution for discussion but that discussion died when Chairman Newton expressed his general opposition to campaign finance reform and asserted that it was a matter for the Federal, not the state or local government. In my most recent email to each of you, I laid out the case that reform is most certainly a matter of state and local concern. In my three minutes this evening I don’t have time to repeat that case but I do hope we can all agree now that campaign finance reform is an appropriate matter for state and local, as well as federal concern. Now whether reform is a good idea is another question. We ask Council to make space on its agenda for us to present the case for reform. We promise a non-partisan, well-reasoned and well-documented presentation; about 20 minutes in length. Afterward, it would be quite fitting for anyone who disagrees with us to make his or her argument and then we could have a civil exchange of opinions, the kind that ought to be common in a Democratic process. We would prefer to present our case to the entire Council but if Council decides we should address its Government Committee, we would accept that judgment. However, we will not accept simply brushing our request aside as was done at the May 7 caucus. We ask Council either to adopt our proposed resolution without further ado or allow us the opportunity to present our case. If Council votes to deny us that opportunity altogether, we will not fold our tents and quietly fade away.”

Mr. Newton stated, “While we normally don’t dialogue in two-way conversations, since you specifically highlighted my comments, let me clarify those comments. What I said was that I was not in favor of publicly funding elections / campaigns. I never said I was opposed to campaign finance reform. I was not in favor of publicly funding campaigns.” At the appropriate time discussion of this issue will occur with the Governmental Committee, then to County Council. “I do want to clarify the record though -- I never said I was against campaign finance reform.”

Mrs. Susan Mazur, a non-resident property owner in Sea Pines Plantation, stated, “I do spend an awful lot of my time here; however, I invest heavily in the economy. I came tonight without prepared comments to learn a lot more about the school budget. There have been some aspects of it which have been recorded in the press, specifically, things like the state-mandated increase in personnel salaries. There are some aspects, particularly, the iPad Innovation Program about which I have dozens of questions. I think there has been very little information forthcoming and

I would like to know a whole lot more about that before the School Board is once again allowed to move freely forward with spending other people's money. I would encourage that the County Council would again hold firm and encourage the School Board to find alternate ways to offset the increase instead of just throwing it back on the taxpayers one more time."

Mrs. Mary Amonitti, a resident of Hilton Head Island as well as a non-resident owner of a property, who would be affected by a tax increase if we should go forward and approve the School Board budget. "I am for education and getting tools in our children's hands that will help them have a better education; but in today's economy, I think that increases in taxes are affecting all of us. It's devastating. I own this property and it is underwater. I am keeping it alive by renting it. I know families that have moved out of their homes, and now are renting their property, and are falling into this category as a non-resident owner which will be affected by this. They are renting to save their mortgage and to save their homes that they have been paying on for all these years. I think that we need to review and disclose every program that is currently in the school system to see where there is duplication and waste. I think that we need to reduce spending if we're going to increase spending."

Mr. Michael Allen, a resident of Beaufort, stated, "Politics is like putting your head inside a hornet's nest and slapping both sides. He is before Council to request that they pass the School District's budget. He represents himself and his family mainly, but also the employees at the district who have not received a raise in four years, or a step increase last year. A lot of money has been taken out of the County. Every dollar you give a teacher ends up back in the County. It goes to gas, food, real estate, clothing, etc. Teachers pay their selves to work, for they pay taxes too. He asked Council to please pass the budget and fund it. Performance has been increased, test scores have gone up, there are more kids graduating, two schools have been eliminated, and there has been a reduction in the number of teachers. He is sure most other teacher's work load has increased and they are working with higher class loads. He hates that we have to have a tax increase, but it is really needed."

Mr. Jim Fisher, a resident of Hilton Head Island, recommends Council to reject any budget increase at this time for the School District. "He does not fault the School Board for asking for the revenue as that is their job. They are challenged to seek the very best they can for their employees, the school system, and the students. There are two problems. (1) The message that is being sent to other County departments. (2) The affect of a tax increase. He complimented Council for working hard to cut budgets to meet expected revenue. The County Administrator and staff have done a great job. In his opinion, Council needs to send a message to all departments. We are standing in a County library where hours and staff have been cut. They are not getting a pay increase, or if they are it is due to needs. Everyone has needs. We need to treat all of our County departments the same. With regard to a tax increase, that is an issue that Council must look at -- it as the wrong time and the wrong message. We are looking at a struggling economy. Non-residents buy and own property here, and are a lifeline. We do not need further publicity about tax increases affecting non-resident owners. It is a great recommendation for an increase, great needs, great people, but the wrong message, at the wrong time."

Ms. Mary Lou Lineberger, a resident of Bluffton resident, stated, “We are living in adverse times, times of serious and continued difficulties. In adversity increasing taxation is the wrong action to take. Our nation is digging a hole where there are no easy solutions to crawl out of it. If throwing money at problems worked, we would have solved many of the problems we face today. Our public education is a good example of what has not worked well despite the continuing increase in funding. The high school graduation rate fell by 8% in 2010 to 61%. The SAT scores in 2011 dropped by 17 points. Beyond those numbers lie thousands of individual lives. The quality of most of those children’s lives, once they leave the Beaufort schools, will be determined by the quality of education they received. What kind of jobs will they be able to get? Will they be able to get married someday? Support a family? Buy a home? Maybe a few will, but the picture for their future is grim. When the budget overview was presented last week, there was some good news in the report, but not enough. How many fourth graders are reading at a fourth grade level? How many eighth graders are proficient at eighth grade math? If you cannot perform basic skills proficiently, your learning and your life are critically impaired. South Carolina is at the bottom of the barrel in education. If Beaufort County schools were an exception to that it would be headlined all over the state. We continue to pour increasing amounts of taxpayer money down the drain on public education, and continue to fall further behind the rest of the nation. We need to go back to basics and define the problem. The problem is the lack of leadership and accountability. The success and failure of most businesses can be traced back to the quality of leadership. It is time for the leadership to stop making excuses, begin taking a hard look at the problem, and develop creative/innovative ways to improve the system of education. This is not brain surgery. It is about teaching young minds basic skills. Throughout the United States there are schools that are thriving and doing an excellent job on limited budgets. How are they doing it? The secret is not locked and buried in a time capsule. Only through strong, creative and innovative leadership will the answers be found and positive change accomplished. This is the responsibility of the Superintendent and the Board of Education. It is the responsibility of the County Council to make them accountable. You can do that by controlling the funding. By providing them with more money, you are telling them that their performance is acceptable and that the lives of children who are falling through the crack of failure are not important.”

Mr. Alan Linsky, a resident of Bluffton resident, stated, “Looking at the options of raising taxes is an easy way out, but is not a good way out for the taxpayers or the residents of Beaufort County. We need to look at what we have within the School Board, the school curriculum, the programs, and the directions we have been going. There is a lot of fat in the School District’s budget. We need to look at where the dollars are, and how best to use those dollars. In doing your business we need to look at how contracts are given, whether it is for construction or for employees. Beaufort County Superintendent of Schools is one of the highest paid in the state. At a base salary of no less than \$205,600, plus additional benefits within the contract which include \$850 a month for a car, plus maintenance and fuel expenses, 20 vacation days, life insurance, tax sheltered annuities, annual bonus, the same percentage increase as teachers, cell phone, in home fax machine, laptop computer, and home phone. Students in our schools come from households that have a medium income of \$66,000. We need to look at the available dollars coming in and how best to use them. A tax increase should be the last thing to consider.”

Ms. Diane Moreno, a Bluffton resident, thanked Council for the opportunity to speak. She spoke for the residents who are unable to speak due to work obligations. She voiced her objection to the tax increase requested by the Beaufort County School Board. Their solution is simply to throw more money at it. Beaufort County has one of the lowest graduation rates in South Carolina. It has a higher per pupil cost than most of the surrounding states. The School Board should be working with the administration to ensure that the basics are mastered, and not have to give remedial help to these students when they reach the high school level. Some of our students are approaching high school but reading at fourth grade level. If a child cannot read to balance a check book, what chance do they have for a decent future? The School Board and the administration must seriously re-evaluate where the current monies are being spent. These resources must be directed to the most critical programs so that our children get the best results for their future.

Mr. Bert Walker, a Bluffton resident, spoke before Council regarding his disagreement about iPads solving the problem we have in public schools. “The problem is failure rates and graduation rates. We have a patchwork of programs, such that of summer school, extended learning, and credit recovery, designed to move students through the system. They obviously are not working. He suggests Council to ask the School Board to go back and consider the following proposal: (1) Table the iPad rollout until next year. This will allow for additional time to develop grants, educate County residents, eliminate inefficient programs, and justify implementation with achieved savings. (2) Terminate the International Baccalaureate Program that an audit already recommended be terminated. Also eliminate summer school, extended learning, credit recovery, and in addition look for additional underperforming programs to cancel. (3) Implement a County-wide after-school homework project to be funded by the savings realized as a result of terminating low-achieving programs. The homework program would be mandatory for all students who are either failing or struggling to maintain passing grades. It would be held afterschool, two days a week for two-hour periods. Additional teacher compensation would be provided, as well as buses and snacks. Unlike many current programs, the results would be seen almost immediately with credit given for completing homework and with improving test scores. In addition to immediate feedback on student progress, they would be learning a stronger work ethic and be provided the structure they need that might not be available outside the school environment. Failing students upward does not work. Giving them iPad candy will not solve the problem. Simply doing their homework in a structured environment will allow students to earn better grades and provide teachers with real-time feedback to make necessary progress adjustments. In turn, this should lead to better test scores, lower failure rates, and higher graduation rates. We do not need a tax increase for iPads. We need an aggressive action to eliminate underperforming programs and a homework project that provides structure and real-time feedback to get failure rates down and graduation rates up.”

Ms. Jane Kenny, a resident of Bluffton, stated, “Council does not want to hear about programs, but mainly the money aspect. Council should do more than just collect and distribute money from the public purse without caring how the school system spends it. Council should be good stewards of taxpayer’s monies. In South Carolina the average cost per pupil is \$11,372. In Beaufort County, per pupil cost comes in at \$16,657. Spending keeps increasing while outcomes by which we measure education are going down. Where does education take place? In the

classroom where there are teachers and students. That is where the rubber meets the road. We, taxpayers, recognize the difference between teachers in the classroom and educators in the central office. We value classroom teachers more. The budget apparently does not. Ninety million dollars is allocated to administration this year, up from the \$84 million last year. The spending on administration increased by 6%, while spending on instruction only increased by 4%. There is no discernible difference between per-pupil spending levels and student achievement. Our costs are way up yet the State Department of Education reports our high school graduation rate is only 61%. That is 8% points less than the previous year. It is not caused from the lack of money. We have the fourth highest paid school superintendent in the state and a large staff of professional educators, none of whom are assigned to classroom teaching. They are running a drop-out factory. There is something morally wrong with a school system that allows 40% of our kids to go out into the world woefully unprepared to get a chance at a full and prosperous life. Recently, the State Superintendent of Schools, Mick Zais, spoke at a Hilton Head Island luncheon. He said state-wide average is that 20% of our kids arrive in the 9th grade with a 4th grade or below reading level. Buying an iPad for each of those kids is not going to teach them to read. Dr. Zais also said that out-of-control school spending is caused by two things: (1) Staffing that is top heavy with administrators. (2) Too many programs. Our school system has both. Yet the School Board just approved an increase in taxes. How can that be justified? Regarding too many programs – she asked that Council and the School Board exercise oversight responsibilities and call for an audit for the cost of the International Baccalaureate (IB) Program. We need to find out how much of Beaufort County's money is being funneled directly into the United Nation's International Program. This program requires high authorization fees, subject fees and individual student assessments every year, which is believed to run into the millions. Please do another audit.”

Ms. Michele Claudio, a resident of Bluffton, requested Council to pass the School District's budget and support the funding for additional technology. “She is a voter, a parent of two school aged children, a small business owner, and an owner of two rental properties. Mobile technology has revolutionized the business world. It makes businesses cheaper to operate, run more efficiently, and makes mobile technology not a fad. This is a new business world. It is not easy to get a job these days. The interview process is no longer “are you qualified”, but “what are you going to offer my business”. Our students must be confident and proficient in current technology to be competitive in the job market and workforce. It is our job to make sure these kids leave our schools prepared for the world. Technology is crucial. Tech savvy students are employable. She even reviewed the benefits of technology in the early elementary level. This is more than something that would be nice for the students to have. Mobile technology is the language of business today. Our kids must speak this language if they plan to be competitive in today's world. Please vote to fund this additional and essential part of the School District's budget.”

Ms. Jennifer Morillo, principal of Beaufort Elementary School, spoke in support of the School District's technology initiative. “Her school has the AMES (Advanced Math, Engineering, and Science) Program which is a choice program for the most able elementary students. We are creating 21st Century mathematicians, scientists and engineers. In order to have our students ready for those 21st Century college and careers, we need the technology tools in their hands now. Daniel Pink's book, *A Whole New Mind*, provides insight into our changing workforce. He

writes, ‘We progress from a society of farmers to a society of factory workers, to a society of knowledge workers. Now we are progressing yet again to a society of creators and empathizers of pattern recognizers and meaning makers.’ Schools can enhance student engagement by using technology. Many of us already use iPads and laptops in our work, and it is time our students do, too. Students receive most information online and the computer is fast replacing the book as the most basic classroom tool. In this respect, a school is no different from a commercial business. Can anyone imagine walking into a successful business today and asking, “Why do you need all of these computers? Couldn’t you just go back to paper and pencils?” Schools seek to achieve a variety of goals through academics, athletics, and the arts. Schools provide programs to assist in the development of children to become well-educated citizens. Indeed the purpose of schooling is to teach all children what it means to be functioning members of our society. Because our society is saturated with technology we need to have technology in our schools if we are going to meet the challenges of preparing future generations to become competitive in a global market place. These new tools are everywhere today, and it is vitally important for students to become comfortable and capable with them. Just as it would have seemed to be ridiculous from a parent’s generation to consider going from paper and pencil backwards to chisel and stone tablets, it defies common sense for today’s students to consider going backwards to paper and pencil. Those days are gone, are not coming back, and our kids know it. In fact, since many of our teachers and students are already using these technologies on their own we are actually holding them back from learning faster.” Her message to Council tonight is that how well we are able to prepare students for the 21st Century will impact or be impacted by Council’s decisions on supporting and funding technology in our schools. She offered herself as a resource should Council wish to see technology in action at Beaufort Elementary School.

Mr. Derek Rhoads, principal of Bluffton Middle School, spoke before Council. He highlighted a few comments about the International Global Marketplace. “His brother works for Accenture, as a North American Manager, who sends their PowerPoint slides to India who do them, then send them back. Schools often are asked to prepare students for the community, but we should prepare them for more than the local community. If they are to be competitive, we must prepare them for a global workforce. Students often ask, ‘What is in it for me? Why should I stay in school?’ Lack of engagement is one thing that turns students off. Providing technology in our schools will provide an avenue to enhance the engagement. Thomas Friedman, author of the book, *The World is Flat*, said ‘it is now possible for more people than ever to collaborate and compete in real time with more people on more different types of work from more different corners of the planet, and on more equal footing than any previous time in the history of the world using computers, email, fiber optic networks, teleconferencing and dynamic new software.’ He believes Mr. Friedman is correct in writing that we need to understand that our commerce in the world is flattening. Our students must be prepared to be globally competitive. Technology skills can be increased by access to technology. We have new literacy. It is no longer about the ability to type, but is about the ability to produce and publish, collaborate, critically think, connect, enhance creativity and creation, newness and authenticize, authentic communication, ethically, effectively in a digital age. Most parents are not sitting with their children at home checking their Facebook. If education does not prepare students for the world we live in, let alone for jobs that aren’t created yet, who will bear that burden in our society? Schools are the one place where communities can turn to, and look to, to prepare our students for

their future. Our future is in a digital age. For us to prepare our students to live and work in that digital age, we must have the tools necessary to do so. It is often said that teaching is the profession that creates all other professions. That is why it is critical for educators to be able to take advantage of the many new opportunities presented by technological developments. Doing that will require us to master and pass along new skills. Access to hardware and software is a necessary part of that. How well we are able to prepare students for the 21st Century will be impacted by Council's decision on supporting and funding technology in our schools. He offered himself as a resource should Council wish to visit Bluffton Middle School."

Mr. James Wedgeworth, a resident and multiple taxpayer of Beaufort County, spoke before Council. "He was with a guy this morning who was inquiring as to the value of his home. He informed him of the value, but the guy stated the County said otherwise. He told the guy about reassessment, who said his taxes were going to go down 35%. He said in his research, he has found that single-family homes (south of the Broad River) are down 35%, villas are down 45%, and single-family lots are down 70%. That means when the County does reassessment in December our tax base will shrink by approximately 40%, maybe less. Why would we be raising taxes and raising the budget, when next year we will have to decrease that budget. We have to live in the real world, which says there are two options. (1) Decrease your budget by 40%. Which he does not feel is an option. (2) We will see a lot of iPads on Craigslist. If you go to someone and tell them their property is worth 40% less, but we will be raising taxes so it is at the same level, he feels that to be right-level."

Ms. English Brown, a resident of Bluffton, read the title of an article from the *Island Packet*, "Beaufort County School Board passes budget that includes iPads and calls for a tax hike. What it does not say is that a portion of the iPads is funded by a federal grant. It does not state how much of that is funded by operating costs. She works for Beaufort County School District, but is also the owner of a secondary home. Her taxes will go up as well. They will only go up \$12 for every \$100,000 value of a home. For a \$1 million home, the additional tax would be \$120 for the year. Primary residents have zero tax impact. The decrease in home values will cause the taxes to go down. She heard a lot of questions relative to the spending, and has heard the statement made that 'in education money should be spent on the mastery of basics in education, not on remediation.' She asked, 'How'? You want students able to balance a checkbook. We have to get them from where they are now, to where they need to be. She heard a great plan for homework that should be funded by the cancellation of the remedial programs. You cannot help kids with their homework if they do not know how to do it right, now. When was the last increase in taxes for education? How many more or fewer students are being served since that increase? Beaufort County School District is the largest employer in Beaufort County. The raise of teacher's salaries is a mandated expense, so is the step increase which combined is \$3.3 million which is required, but not funded. According to Act 388, our school system lost the money that would have been taken from primary residents. It is good, but for every dollar that we send to Columbia, Beaufort County Schools get zero back. On May 24, the School Improvement Council is sponsoring a forum with Beaufort County School District and County Council to be held at ACE. Many of the funding questions can be asked at that time. She asked Council to please pass the budget for the Beaufort County School District."

Dr. A Joseph Borelli, Jr., a fiscal conservative, is before Council in support of a tax increase. “This is important for our kids in Beaufort County. I am a resident of Hilton Head Island 12 years, a business owner, and have four children.” He is in support of this budget mainly due to the technology initiative. Not only is he a local physician, but he also has great interest in information technology. He is a consultant for Apple and has been since 2006. He has heard many comments relative to costs in the area being high and quality being poor. We are looking at the iPad as adding to the costs, but not improving the quality. The textbooks on this device are \$14.99 which is a much lower cost than the hardbound counterparts. They are digital, updated continually, and interactive. While there is a big investment upfront, he guarantees they save huge amounts of money over time. Regarding quality, iPads improve quality on test scores and grades going up because it engages students. He also spoke about environmental issues. This device has the capability of completely eliminating paper. All tests and assignments can be done. This is a no-brainer. iPads will lead to better learning, preserve the environment, will lower costs, and will amplify the efforts of the teachers. He strongly supports this initiative and the budget that goes with it. He offered himself as a free consultant to the Council and the School District.”

Mrs. Jennie Drury stated, “She and her husband are residents of Hilton Head Island and owners of two additional properties besides their primary residence. They do not believe education should be taxed on non-resident owners. They use nothing of the educational system. She said she works on Hilton Head Island and on numerous occasions she has been told by many that the area is pretty and they would like to move to the area. She informs them to look at the educational system here and see if you can really afford to educate the children here. She said she works with some individuals who have been educated in Beaufort County but operating at a 4th grade level. We have to improve, but trying to improve the system on the backs of non-resident owners is not the way to go. She said it is teaching, not technology that is necessary. We have a long ways to go to bring it up to a level where technology can be introduced.”

COUNTY ADMINISTRATOR’S REPORT

The County Administrator’s Report was postponed until the June 11, 2012 Council meeting.

Mr. Kubic announced the Town of Hilton Head Island Design Review Board will meet tomorrow for the purpose of discussing the replantation of the buffer and trees. Staff Attorney Josh Gruber, other members of staff, and he will attend the meeting. If the plan is approved, Mr. Kubic’s commitment to Council and the folks on Hilton Head Island we will immediately begin all the bidding processes to get it done the way the Town is describing it to be done.

Mr. Newton asked if it is safe to say that aesthetic considerations, relative to both the McGarvey’s Corner wall and the flyover projects, continue and with no recommendation yet from Council to review and explore?

Mr. Kubic agreed in the affirmative. Mr. Rob McFee, Division-Director of Engineering and Infrastructure, is communicating with SCDOT representatives as to the application that we can use to enhance the concrete barrier at McGarvey’s Corner. The flyover plans are being

circulated and that process in moving forward so that we get it out to bid as soon as we can. Those plans do not include the exact aesthetic enhancements on the flyover. That will be included as an alternate in the process once we know more about what improvements we are capable of.

DEPUTY COUNTY ADMINISTRATOR’S REPORT

The Deputy County Administrator’s Report was postponed until the June 11, 2012 Council meeting.

REQUEST TO PURCHASE STATE CONTRACT ITEMS AND NON-COMPETITIVE ITEMS FROM APPROVED VENDORS FOR THE BEAUFORT COUNTY MIS DEPARTMENT AND BEAUFORT COUNTY SHERIFF’S OFFICE

This item comes before Council under the Consent Agenda. It was discussed at the May 14, 2012 Finance Committee meeting.

It was moved by Mr. Flewelling, seconded by Mr. Glaze, that Council award purchase of contracts to the following vendors in the total amount of \$258,271: (i) VMware Virtualization - Account #15060-54140, Communications Equipment, \$27,406; Account #15060-51160, Professional Services, \$20,330. Total cost: \$47,735; (ii) HP Annual Maintenance from SAN - Account #15060-51110, Maintenance Contracts. Total cost: \$55,044; (iii) In Car Video Replacements - Account #21052-52610, Data Processing Equipment. Total cost: \$96,193; (iv) Computer Upgrades - Account #21051-52610, \$43,180 and Account #21052-52610, Data Processing Equipment, \$12,240, plus a tax of \$3,878 for a total cost of \$59,298. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

REQUEST TO PURCHASE FROM STATE AND NON-COMPETITIVE CONTRACTS FOR ITEMS OVER \$25,000 FOR BEAUFORT COUNTY MIS DEPARTMENT

This item comes before Council under the Consent Agenda. It was discussed at the May 14, 2012 Finance Committee meeting.

It was moved by Mr. Flewelling, seconded by Mr. Glaze, that Council award purchase of contracts to the following vendors in the total amount of \$130,208: (i) Micrometry - Imagery Software Update Project, Account #13350-51250, Aerial Photos. Total cost \$75,270; and (ii) Graybar - UPS Refresh Project, Account #15060-54140, Communication Equipment. Total cost \$54,936. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

REQUEST TO PURCHASE HOMELAND SECURITY GRANT ITEMS FROM THE GENERAL SERVICES ADMINISTRATION (GSA) CONTRACT FOR THE BEAUFORT COUNTY EMS DEPARTMENT

This item comes before Council under the Consent Agenda. It was discussed at the May 14, 2012 Finance Committee meeting.

It was moved by Mr. Flewelling, seconded by Mr. Glaze, that Council award purchase of contracts to the following vendors in the amount of \$56,917: (i) Physio-Control, Lifepack 15 Monitor, Account #23206-54562, 2009 RMAT Grant, in the amount of \$29,794; and (ii) Magnum Power, Generator and Trailer, Account #23206-54562, 2009 RMAT Grant, in the amount of \$27,123. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

ENDORSEMENT OF \$250,000 APPROPRIATION TO MILITARY ENHANCEMENT COMMITTEE FOR BASE REALIGNMENT AND CLOSURE PROCESS IN 2013 AND 2015

Mr. Newton said his understanding of the discussion in Finance Committee today was that we were endorsing a \$250,000 appropriation. The \$250,000 has been included in the FY 2013 budget proposal with the proviso that \$125,000 is not only appropriate, it is authorized. The remaining \$125,000 while appropriated, it is not authorized until further action of this Council.

Mr. Baer said there is some simple grammar that needs to be fixed, *i.e.*, Military Enhancement Committee for Base Realignment and Closure (BRAC) process in 2013 and 2015. Are we not talking about the appropriation between FY 2013 and FY 2015?

Mr. Newton replied Council is talking about the appropriation now. It is in anticipation of FY 2013 through FY 2015. There are no defined BRAC processes at this point in time. There are two threatened processes that are on the federal schedule -- a BRAC 2013 round (which is, actually, unlikely to happen) and a BRAC 2015 round. The funds are to be used to deal with potential BRACs during that point in time.

Mr. Baer stated Council is authorizing funds between FY 2013 through FY 2015.

Mr. Newton agreed in the affirmation.

Mr. Baer said Council should stipulate that as fiscal year rather than calendar year.

Mr. Newton remarked the federal government may end up with a BRAC 2013 round; however, more likely, it will be a BRAC 2015 round. It is his understanding the appropriation of Council is to deal with potential BRACs in 2013 or 2015.

Mr. Baer asked, “The \$250,000 that we are making available is to be spread between what years?”

Mr. Newton replied FY 2013 and 2015. We do not have anything in writing. This is purely an endorsement. The budget has the \$250,000 appropriation with the authorization of \$125,000 for

utilization in response to BRAC processes between FY 2013 and FY 2015 as well as CY 2013 and CY 2015. It is Mr. Newton's expectation that the minutes will be appropriately noted and the FY 2013 budget will include reference that the budgeted line items do include the entire appropriation, but only partial authorization.

It was moved by Mr. Rodman, seconded by Mr. Baer, that Council include in the FY 2013 budget a \$250,000 appropriation to the Military Enhancement Committee, with the proviso that \$125,000 is authorized now, but the remaining \$125,000, while appropriated, is not authorized until further action of this Council. These funds are for utilization in response to Base Realignment and Closure processes between FY 2013 and FY 2015 as well as CY 2013 and CY 2015. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

PRESENTATION / FY 2013 SCHOOL DISTRICT BUDGET PROPOSAL

Mr. Rodman, as Finance Committee Chairman, explained that Council received the School District (District) FY 2013 budget proposal on May 16, 2012. The Board of Education (Board) certified the budget May 18, 2012. Today is the first time Council will have seen it after Board approval.

Mr. Flewelling asked, "Is Council voting first reading, by title only, today?"

Mr. Newton replied in the affirmative.

Mr. Fred Washington, Chairman of the Board of Education, stated he is not afraid of accountability. When you are elected, you have to be prepared to be accountable for your actions. The Board has to be held accountable for all of the dollars that are entrusted to it. As a taxpayer, he would be concerned if the investment made in education did not show improvement. From 2007, when he took office, to today, the District has shown improvements in school operations. It is not perfect, nor where we want to be; but, the trajectory is in the right direction. We are doing some things that are good. The Board has said to administration, "If we have any programs that are not contributing to us improving academics or closing the achievement gap, we need to get rid of it." The one thing that we should not do is to eliminate anything that has proven successful improving academics or closing the achievement gap. The Board thinks administration has done that.

Money is not the total solution to our problems. We have some cultural issues and some other issues in our community on education, *i.e.*, people's perception and value of education. Everyone does not value education. Everyone does not come into our system prepared to learn. People come in at a deficit. What do you do with those youngsters? You have to remediate. All the studies and everything we know, says that once you are behind, it is difficult to catch up. We expect to have a budget that is not just money. We have to deal with other partners because the District cannot be responsible for some of those deficits that are brought to us. There are other people responsible for addressing those.

What we have tried to do without additional money, is to emphasize that we need more partners to help eliminate some of the barriers and some of the difficulties that we face when we accept everyone into the public school system. We think we have been pretty successful in that regard. He has never appeared before Council just asking for money, but for your support of Together for Beaufort County or Human Services Alliance or some other entity that impacts what we do.

As Chairman Newton has said -- part of the problem lies in the education dollars from the state. If Mr. Newton is successful in his election to the House of Representatives, Mr. Washington is going to remind him of that. We have never just focused on money. Money is part of the solution. But we have got to get total community engagement. We have got to get parental engagement. It is important. That is one of the reasons, while he supports the District technology efforts, he has said that we have to take time to get parents on board, make sure that they share the District's vision, and that they can reinforce that. The Board is recommending cutting 30 positions this year, thereby bringing the total to more than 200 positions over the past 3 years. The District Office staff has been reduced by one-third.

In 2009 there was an approximate \$3.6 million tax decrease (3.0 mill decrease). If we use that notion of revenue neutrality, from 2009 we have made cuts in addition to a lowered millage rate or economic base and still have shown process. We have hit the wall. He does not like taxes either. His family owns several non-residential pieces of property. The District is proposing a two mill increase in FY 2013; the District gave up three mills several years ago. If we cannot prove that we are worth our grain of salt, then you are right, and you should not fund the District budget. He happens to think the District has proven it is worth the dollars it is asking. We are not perfect. We have to do more to find other partners and find other ways of doing some things.

The Superintendent does not now have a bonus clause in her contract.

The District is one of a few in the state that has used its existing dollars and tried to create more choice for parents and taxpayers -- whether it AIMS, Montessori, Charter, single-gender classes, magnet-school program, dual enrollment courses. We are showing progress. We are not perfect. You do not take a person coming into a District unprepared and turn them around in one year. It does not happen. Anyone who tries to say that is a liar. It does not happen.

Dr. Valerie Truesdale, School District Superintendent, reviewed a few of the slides shared with members of the Finance Committee meeting held May 16, 2012. It is absolutely true that we are not where we need to be, but we are certainly making great strides. She wanted to dispel the myth that our schools, our principals, and our teachers are not posting very unusual gains in Beaufort County Schools. Several years ago we began working with our students and more than one-third of our students had not yet met state standards. A person who spoke during public comment today said, "students should be reading on or above grade level." Absolutely. They should.

Our students are making a lot of strides. Seventy-eight percent of the students in grade 3 are reading on grade level and 75% in grade 8. It is above 70% in all grades save one, we still

struggle with grade 2 where we are almost at 70%. We are making great strides in those students. We still have 25% of the students who have not yet met standards in their reading, but it is an increase and an improvement over the one-third. We are making some good strides; and we want to continue those good strides, which is why we come to County Council every year and advocate for our students and their learning.

We have cut over 200 positions in our District to make sure that we were able to bring a no tax increase for multiple years. A few quick snapshots follow. One of the things that we try to do is to stretch our learners at earlier grades. You heard Mrs. Morillo earlier talk about the advanced math and science and engineer programs that we have in our elementary schools. Our gifted and talented children in our elementary schools can attend two schools that are magnet schools – Beaufort Elementary School being one. Why Beaufort Elementary School? Because it had a large number of empty seats; and, you, as a Council, were concerned as well as the Board about our utilization of our seats being efficient with use of space. We put that program at Beaufort Elementary School and 120 students are in it today with a waiting list for next year. They come from all over the County. We put another one in this year at Pritchardville Elementary School at virtually no cost because it is already at the school. We had empty seats. Students come from all over the County. Parents bring them to Prichardville. There are over 120 children in the gifted and talented all day doing engineering programs, physics projects. We have also been stretching our middle school students. We have a program called, Advanced Middle School Program. The number of students in middle school taking high school credit math has more than doubled from 2008 to 2012 -- over 700 children.

Several years ago we were very concerned that we were in corrective action and 41% of our schools were rated average, good or excellent by the state. Council has asked about Dr. Zais', State Superintendent of Schools, chart that shows the performance of our schools based on poverty level. He is absolutely right – that we are not where we need to be. But several years ago there were no schools in the top strata. No excellent schools. We now have four excellent schools. Davis Elementary, Whale Branch Elementary, Whale Branch Middle, and St. Helena Elementary were at the at-risk level based on their poverty level, but you see none today. We have only two schools left that are rated below average. Several years ago we had almost all of our schools clumped into these areas. Very few were rated good. None were rated excellent. We are progressing.

What Dr. Zais does not recognize, and we talk about this all the time, that when you look at a snapshot in time and you do not look at four to five years worth of history, you do not see the story. Data tells us a story of where we have been and where we are going. We have only this year, for the first time, been able to achieve Palmetto's Finest in two of our schools. The best middle school in the State of South Carolina in 2012 is Beaufort Middle School. The best high school in the State of South Carolina in 2012 is Hilton Head High School. That high school has grown from being a below-average school to an excellent-rated school in just four years. We are not where we need to be. Palmetto Gold and Silver Awards are awards given to schools for performance on the state tests in grades 3 through 8 and on the exit exam. We had just three awards a few years ago in 2006. A couple of weeks ago we posted 34 awards in our schools.

Our schools are growing. Ninety-three percent of the schools are rated average, good or excellent. We do not want our schools to be rated average. We want them all to be rated good or excellent. We are really striving towards that. The challenge, as Mr. Washington said, and our Board is so acutely aware of, is that our students come to us as high correlation between student achievement and poverty. English language learners are also a challenge in our District. Over 22% of our children come to us without native language, English. But our biggest challenge is poverty. We have a majority poverty school system. Twenty-one of our 31 schools are over 50% poverty. They qualify for free and reduced lunch. Some of our schools are over 90% poverty. When they come to our classrooms with very serious deficiencies, it takes several years for them to catch up. Seventy-eight percent of the students in grade 3 are reading on or above grade level. When you take a vast majority of children reading very far behind, not ready to do numbers or math and reach 78% by grade 3, our schools are improving a great deal.

The District sought other revenues for supporting our students for them to learn in 21st Century contemporary tools. We brought in over \$16,000,000 in grants in the last several years that will be helping our schools in areas like robotics and engineering and other programs. It has made a huge difference.

It is true that the state average for spending per pupil on the State Department of Education's audited data is \$9,008. In Beaufort County we spend more. It costs us \$10,800 on the average per pupil. That is a very big difference. Some of the kinds of things we do in Beaufort County, as an example, the Board has a standard that we do not let our students stay on the bus 90 minutes, which is allowed by the state. Our students are allowed to remain on the bus 60 minutes. We have a large number of hazardous routes. We have many, many parts of this County that are rural and they are categorized by high weeds and no sidewalks. Students are not walking to schools. Our bus transportation is much higher than many other places because we choose to not have children walking on the side of US Highway 21 in a rural area. We choose to pick them up. Those are choices that are made to support our students because we believe that safety is first. It is true that if the state average is \$11,000 for per pupil expenditure, with debt, not bonds, the District is spending \$16,000 per student. Districts that have had a building program in recent years, their costs per pupil, when you include debt, are much higher than those school districts where the enrollment has been flat. The District has opened six schools in three years. That has pushed that number up significantly. Is it expensive to educate children in Beaufort County? Yes, it is.

One of the things the District has seen great success in, and we monitor carefully, is the percentage of our students who have been accepted to colleges. We have been so blessed that the partnership with the Technical College of the Lowcountry (TCL) has been so successful. The Commissioners of TCL joined with the Board of Education several years ago to say, "We believe in these students. We believe they can attain college level work. We will support them in a technology initiative." They have a one-to-one initiative paid for out of the Title I funds. Title I, federal funds, are provided by the federal government to level the playing field for children of poverty. It is directly related to the percentage of students who are poverty in that school. In the Whale Branch area schools, upwards of 90% of those children qualify for free or reduced lunch; and, yet, 83% of the Whale Branch Early College High School seniors have

college admissions' letters in hand. It is amazing. We are so proud of those young people. They also won the State Championship in 1-A Track and Field. Hilton Head Island High School brought home the State Championship also. One of the other things that we try to do is to encourage our students to take advantage of TCL. You will notice that in the last couple of years we have moved from 200 students, taking TCL classes while in high school, to 371 students.

We just did present last week state data – how are our students doing within South Carolina. But at the national level, we talk about our students competing in a global arena. We have really been pushing our students to do well on a National Norm-Referenced Achievement Test. We use a test called Measure of Academic Progress. It is produced by the Northwest Educational Association and that test, most recent data just released to the Board last week, we are above the national average in all grades K through 8 in mathematics. We are above the national average in all grades, except grade 2, in reading. Amazing increases. The number of dual-enrolled students in college courses has increased 64% since 2009.

What we have been trying to do is replicate some of the successes we are seeing at Whale Branch Early College High School. The students are working in a project-based environment. They are working with one-to-one computing. We believe it is smart, after a lot of research, to not begin with a one-to-one initiative in our other schools, but to look at using iPads on carts (except at Whale Branch Early College High School, students take them home every night). Lexington School District I, for instance, has put in iPads for all students in grades 9 through 12 this year and all students in grades 6 through 12 next year. They have purchased 15,000 iPads. Richland II has iPads in the hands of every middle school student taking them home every night. Charleston, in their middle and high schools, has done the same. What we are looking at is a model that is being used in Rock Hill, in Richland II lower grades, and in Greenville, Horry, Oconee and Pickens Counties -- to use iPads on carts so they are being used for classroom use while the student is in the classroom. They do not take them home. The District has Title I funds to support the Title I schools. The funds the District has asked the Board for in the general fund would support the non-Title I schools. We would have technology integration using mobile devices in those classrooms. The grades the District is advocating are grades 6, 7, 8 and 9. We know from the research and the National Dropout Prevention Center, that if we can keep kids engaged in the middle years and in the 9th grade, there is a significantly higher number of students in the 9th grade, in our nation, than there are in the 12th grade. We lose a lot of students when they get to 9th grade and they cannot pass the 9th grade to achieve at the 10th grade level.

Mrs. Phyllis White, Chief Operational Services Officer, reported the District has been operating with flat state funds since 2007 which has caused some of our challenges for funding of our budget. We have had a loss in local tax revenue of \$4.5 million; and, in addition to flat state revenue, we are now operating on less local tax revenue that occurred during the rollback. Identified in that \$4.5 million has been \$3.6 million for all of the tax incremental financing districts. Our collection rates are improved in the current year. We are hoping to collect between 99% and 100% of our taxes. We are showing that we are going to be on target. What has changed between 2011 and 2012 we now have a realistic collection rate which the County Chief Financial Officer has worked with the District to help develop which has been very useful.

The District has reduced its budget \$7 million in 2010, \$11,310,000 in 2011 and \$12,600,800 in 2012. It has \$6,100,000 of increases in 2013. Every year the District is faced with increases that will vary between \$4 million and \$6 million and they are typically from the outside. The State Department of Education is mandating any teacher salary increases, step increases or benefit increases. In the current year the District had \$2 million of benefit increases. The District is fortunate that it did not have any salary mandates and able to forego the step increase. That is not good news for them, but the District was able then to reduce its budget that it is lower than the current year than in the previous years. The District has over \$18 million in decreases, yet \$22 million for FY 2013. A list of 2011-2012 reductions was highlighted.

Student enrollment continues to increase while the number of full-time employees decreases. We are now operating at the same staffing level as in 2004. One-third of those employees are at the District Office. The budget proposal recommends the elimination of 30 positions (some positions are the result of class-size increase). Because we are a service-oriented business, that is the biggest opportunity for reduction in our budget – our staffing allocation. We are now at a point where if we adjust our staffing allocation any more, it will have a direct impact on our classrooms. We are very challenged to do any more major reductions in our budget because of that. An efficiency ratios graph was highlighted.

A historical information graph regarding fund balance was highlighted. The District dipped into its reserve in 2010, as was a target, and used \$1.5 million for its budget. In 2011, unfortunately, the majority of the use of fund balance was due to local revenue. The District was \$4 million short in tax revenue. The District projected to use \$4 million, even though the budget was \$2.8 million. We ended up using almost \$5 million of fund balance. The District has the second highest credit rating in South Carolina for school districts. The highest is Greenville County which has a diversified tax base and a lot of industry. The District has adopted a policy, in accordance with GASB 54, of a target of an unassigned fund balance of 14% to 15% of next year's expenditures. Best practice calls for 60 days' cooperating funds on hand. The District has 55 days' reserve on hand. The District has been dependent on tax anticipation notes since 2001. It varies between \$13 million to \$23 million that the District borrows and has borrowing costs of approximately \$175,000 in interest per year. Yet the District is dependent on tax anticipation notes because the fund balance is not adequate between July and December as well as we must front-load expenditures and then ask for reimbursement from a lot of our federal agencies and state agencies. We expend the money, we submit a claim to the state or federal agency, and we get reimbursed. The District is dependent on its cash reserves to operate in this fashion. The District budget use of reserves has occurred over the past three years. The only way we are not going to use our fund balance in the current year is that we received our insurance settlement from the Doe Case of \$2,650,000. Both Moody's and Standard & Poor's have made notes in our bond rating reports (April 2011) that if we continue to use our reserve for operational purposes, it could lead to a downgrade. They have been watching us very closely and making sure that we stay at a level that will support a District of our size and debt structure.

Budget highlights. State revenue has remained flat since 2008. State revenue has decreased 86% since 2004. Local tax revenues have decreased by \$4.5 million since 2009. This is a 4% decrease. The rollback occurred in 2010 and the District was not revenue neutral. The millage

rate has remained the same since 2010. Enrollment has increased 12% since 2004. The District has made significant budget cuts totaling \$16.9 million since 2010 to offset mandated increases by the State and other contractual requirements with an additional \$6 million needed for FY 2013 to reach a flat budget. Six new schools and a charter school have opened since 2010 during this decrease in local revenue. The number of employees has decreased by 8% since 2008 with enrollment increasing over 3% (169 positions to date with possibly 45 more expected for 2012-2013). The District has been dependent on an annual tax anticipation notes for 11 years (since 2001).

Revenue is flat. Expenditures continue to increase. The State keeps sending the District more mandates. At present the Senate has approved a 2% certified salary increase as well a mandated step increase. Riverview Charter School had a lawsuit against the District to increase its enrollment. That is not a choice. It is \$1.0 million the District must allocate to them next year. Other contractual obligations are typical. The District is expecting about a \$500,000 state-mandated health increase as well as another \$400,000 increase that will occur in January 2013. Property insurance increases. The District is doing whatever it can to offset those increases. The biggest opportunity is to implement some energy conservation methods through grants and using fewer kilowatts – an approximate \$10 million in savings. The District has consolidated schools, closed a school effective July 1, 2012, sold/selling underutilized property, rented/renting buildings, reduced staff, increased class size, reduced supply allocations to schools as well as a 15% reduction to the district office, negotiated and rebid contracts that have produced a significant amount of savings (approximately \$500,000 on two contracts alone), and received over \$16 million in grants. We are always looking for donations.

The FY 2012-2013 budget proposal.

Current estimated expenditures for FY 2013 budget: Increases total \$7,876,534 and breakdown as follows: (i) mandated 2% teacher salary increase, step increase for teachers and administrators, 2% for all others - \$3,993,000; (ii) workers' compensation - \$150,000; (iii) mandated benefits increase - \$500,000; (iv) Riverview Charter School increase per lawsuit - \$1,000,000; (v) property insurance increase - \$163,534; (vi) Junior ROTC increase - \$50,000; (vii) one-percent cost of living increase for classified staff - \$220,000; and (viii) College and Career Readiness Technology Initiative - \$1,800,000.

Reductions total \$3,867,994 and breakdown as follows: (i) supplies, utilities, telecommunications - \$778,046; (ii) shift of special education teachers to EIA funding - \$1,00,000; (iii) shift of three literacy coaches to At Risk funding - \$224,239; (iv) reductions in 30 staffing positions - \$1,709,475; and (v) reductions in District Office non-salary budgets - \$156,234.

Total estimated expenditures for FY 2013 are \$177,978,690. Current year (FY 2012) expenditure budget is \$173,970,150. Difference between current budget and FY 2013 is \$4,008,540.

Current estimated revenues for FY 2013 budget: (i) Two mill increase (estimated revenue) \$115,420,449; State \$56,924,286; EFA-Senate \$1,305,340; per pupil charge (tuition) \$1,276,464; penalties and interest \$800,000; Federal – Erate/Impact Aid \$900,000; and other local (includes rental income) \$563,500.

Total estimated revenue for FY 2013 is \$177,190,039. Total estimated expenditures for FY 2013 are \$177,978,690. Shortfall in revenue is \$788,651.

Mr. Flewelling referred to Slide 18, Historical Information, and asked the District to provide Revenues by Source for the current fiscal year.

Mr. Flewelling referred to the \$1.0 million increase to Riverview Charter School. Is that for 114 students? What is the total funding?

Mrs. White replied current year funding is \$3.0 million and next year it will be \$4.0 million. Student enrollment is 342 students in the current year and 456 next year. Those 456 students are included in the District's total student enrollment.

Mr. Sommerville asked, "How much of the \$2.4 million is for iPads? Is there a reason that cannot go to capital purchase?"

Mrs. White replied \$1.5 million is the cost of the College and Career Readiness Program -- the non-Title I iPads. Title I money needs to be spent by September 30, 2012. There are a lot of regulations around Title I. In order to get a District-wide set aside, we need to use local or state funds. Capital would not be one of those options.

Mr. Newton asked if the \$1.3 million EFA money is the same as the \$633,000 Senator Davis was able to obtain for the District in the current fiscal year. Is this part of the change we have collectively been working on?

Mrs. White said the \$1.3 million EFA money is honest EFA, *i.e.*, the regular allocation because of our assessed value changing as well as using an imputed value as opposed to how it has been calculated in the past. In other words, a formula change. Senator Davis was championing using a different formula. It is, however, not the same as the \$633,000, which was a one-time proviso.

Mr. Newton referenced Dr. Zais' slides on revenue. If you take out debt what is the number in Beaufort? Mrs. White replied if you take out debt for revenue, per pupil, is around \$11,000.

Mr. Newton observed that on this chart it still would then show, instead of being the highest all of the other districts, including debt, Beaufort County would be the second highest.

Mrs. White replied it would be the same as Spartanburg.

Mr. Newton said there would be three districts out of the 21 similar situated districts. And if you take debt away from Beaufort and allow everyone of these other districts to have debt, we would still be in the top.

Mrs. White replied included in Mr. Zais' numbers would be food service, student activities, special revenue, internal services, and general fund. It is all of these funds put together.

Mr. Newton recognizes that it is all funds. At the end of the day what he is trying to understand, in looking at this chart, that if you leave debt in, it suggests Beaufort County is the highest revenue district of these 21 similarly situated districts based on poverty level. Page 2 shows it is the lowest performing of those 21 districts. If you take debt off, it means it is number 4. Mr. Newton is trying to understand the documents the state puts out.

Mrs. White said what might make a difference is student activities, *i.e.*, money that belongs to the students that is generated by the students. All of the athletic clubs, chess clubs, cheerleading -- any revenues that the students generate, belongs to the students, and we cannot use in general operations. That is a significant amount of money. We are very fortunate in our community. If any of these other districts do not have that, then it would not count toward their per pupil revenue. We have to make sure that we recognize that every dollar that is under that umbrella, all of that, is included, any stimulus money, grants.

Mr. Newton asked, "How do we ever get to an apples-to-apples comparison?"

Dr. Truesdale relied there are two major things. The most reliable data for looking at apples-to-apples and oranges-to-oranges are the audited data published by the State Department of Education. If you can cherry pick what is in the data, to look at rank order against to make a political statement, we can give you the day the rank orderings of the performance of school districts and ranking ordering of the audited data. We are not where we need to be academically. We are making good progress. We spend more than the state average to educate our children per pupil. When you look at it on a chart, a snapshot in time, and just select arbitrary different districts to make a point, it made the point at the first Republican luncheon.

Mr. Newton did not understand it to be arbitrary. He understood it to be grouped based on poverty. He is trying to understand these statistics. You hear a lot of different statistics in the budget discussion. The District has a set of statistics that show one thing. The State has a set of statistics that show another. We are talking about taxpayer money and some fairly significant increases. He is just trying to reconcile as much information as he can.

Mr. Washington commented the Legislative Delegation meeting that was held at USC Beaufort this very same comparison came up. Senator Davis and Delegation said, "We need to get some folks up to Columbia to sit down with State Department of Education folks and Budget and Control Board and let's make sure that we are comparing apples-to-apples because the very thing that we are saying is that you can cherry pick. Let's stop that. Let's just get people to sit down in a room and decide that this is how you get apples-to-apples." We are supposed to be in education. We are supposed to be teaching people how to problem solve. That was one of those

issues that get all the controversy. The solution is to get the parties to sit down in a room together and don't get out until you come up with an agreement.

Mr. Newton referred to the chart, Performance of Districts like Beaufort Based on Poverty Level. Is it true the District is below all of the other 21 districts?

Dr. Truesdale is assuming that if the chart came from Dr. Zais it is accurate.

Mr. Sommerville commented that Council has spent a fair amount of time on this subject a year or so ago, *i.e.*, the English as a Second Language (ESL) folks. The last numbers he looked at he counted about 3,800. He heard the number today 22% and converted to 4,200 and 4,400. There is not more than one county, if that, in South Carolina that has anything close to that and it would be Richland if there was one. He would be willing to bet that they are not even close to that either. If you say that 22% of our students, their primary language is not English, he has to believe a lot of them are here either illegally themselves or their parents came here illegally, which raises the question about whether the federal government should subsidize. They don't send a check; they just say educate them. As Mr. Washington has pointed out in meetings, we have an obligation to educate anybody who shows up. That is fine; we accept that. The taxpayer needs to understand at some point that we are educating a lot of people in very difficult circumstances, many of whom are not here legally. That makes us unique in South Carolina. He has not seen the statistics on all of the other counties. He suspects, if you ESL county-by-county, you are going to see Beaufort County at the very top.

Dr. Truesdale said there is a statistic on ESL learners which she will provide Council. One thing she will commend the General Assembly for looking at this past year is a weighting for students who are not native English speakers (English language learners). There is a weighting that has been proposed by the General Assembly to give more funds in the base student costs for English language learners. Small caveat – Beaufort Count does not receive those funds.

Mr. Sommerville said, "Back to the 'we are a rich County,' again."

Dr. Truesdale agreed in the affirmative.

Mr. Sommerville said that that needs to be part of the discussion. If we are spending an inordinate amount of money educating kids, whether they are illegal or not, who do not speak English, somebody needs to get credit for that. He does not see that happening.

Mr. Washington will provide Council the address of the immigration website. Zero to three is important. How you start determines a great deal on how you finish. If you start right, you have a better chance of ending right. We need an effort at the state level to put more emphasis on Judge Cooper's ruling that the state is not doing enough to address children coming into kindergarten prepared to learn. There are approaches that do not require new money, but call for a commitment at the state level to do something with existing resources that place an emphasis on zero to three learning. There are about seven different agencies working with at-risk families -- Department of Social Services, DHEC, Clemson Extension, etc. We need folks at the state

level to tweak their messages and to emphasize good parenting skills, good practices that we know work on brain development zero to three. If we can have more done with that, while it is not a panacea, he guarantees you will see more kids coming into our system prepared to learn and we would have to put less of our resources into remedial efforts. It is a simple act, but it is something that someone has to have the will take on. It is doable. The exercise the District has gone through the past three years, while tough, it has been healthy. We had to cleanse our budget. It was healthy. What we need now is some healthy effort on non-budget items from social issues that impact resources or raw material that come into our system needs to be addressed. It does not require new money. It requires people to have the will to invest the energy in public education. If we want to have a strong economic base in this community, we have to continue to improve education. We are committed to doing that. We are committed to being your partner as you search for a solution with economic development in this community.

Mr. Washington is very pleased with the progress the District has had with Mr. Rodman, as Finance Committee Chairman, whether it the New River TIF or financial efforts. While we are not perfect yet, Mr. Rodman has shown a willingness to do some good and positive things.

Mr. Flewelling needs more information about the iPads. He is a little concerned about spending money that really we do not have right now. It might be a valuable program, but would like to see more information about its value at some point in time. Especially, if you insist that we consider that as updated program. He thinks the theory behind what he is hearing is that we are required to spend Title I funds and this looks like an eligible program so we are raising taxes in order to fund the part of the general program that is not going to paid by Title I. He heard earlier that there are some 8,000 iPads being bought all together. Only 2,600 are being purchased by county taxpayers, the rest of that is going to be done by Title I. He is a little concerned about that. He might be swayed if it is shown to be a real cost savings of some kind in the long run. But, we will need to include maintenance and annual replacement if necessary. His thought is that that is not what is going to happen. One of the citizen's comments early today said it would be a savings because we would be replacing books – that is not what he heard in Finance Committee – is was completely the opposite. County Council only sets a portion of the revenue for the School District. The actually expenditures are approved by the Board. They decide who is going to get a pay raise and who is not; what programs are going to be implemented; what schools will be closed; which ones will be left open. He is not certain that is always remembered by the citizens.

It was moved by Mr. Rodman, as Finance Committee Chairman (no second required), that Council approve on first reading, by title only, the proposed FY 2012 / 2013 School District budget.

Mr. Rodman remarked over the years the statistics of the cost per student has always been difficult to get at. The only way to really do it is to look at the Comprehensive Annual Financial Report (CAFR) for the different districts and look at probably what is coming out of the general fund. It is kind of interesting – if you take the \$177,978,690 the District is looking at for next year and divide by slightly over 20,000 it is about \$8,500 per student. The biggest difference that some have alluded to in the capital piece because the County was growing so quickly that

we had to play catch-up so we ended up bringing a lot of schools on line, approved by the voters, and also they ended up buying the property in Bluffton because they were running out of the land so that they have it for future expansion. What that means is you get a sizeable amount of debt service that falls into some of those calculations. The second one that gets difficult to compare is the state. Frankly, it underfunds the poorest counties by a significant amount of money. That is why this gigantic lawsuit is going on. Beaufort County has always been in a position to step up and pay what was needed, even when the state was cutting it. Lastly, we have, perhaps, the largest Hispanic population, at least it was a couple of years ago, and the federal calculations would say that if you have somebody who does not speak English and is in poverty, it is essentially a factor of two. That is like educating two students instead of one. It is like having a couple thousand extra students in the school system that they are living with. The numbers have said that they are not out-of-line of their overall expenditures. We do know that our tax rates are fairly competitive.

We have two things to do: (i) Vote the budget up or down. Historically, we have not disagreed with the budget that the District has presented to us. But we have disagreed over what the tax rate might be and a lot of that disagreement has been what the out years look like, not so much in the current year. (ii) Decide an appropriation level. What should the millage be? Is it flat or is it two mills as the District has suggested or something in between? We need to come to grips, on a preliminary basis, before second reading. Then, as we always do, we end up revisiting that as we get into the August timeframe.

Regarding the TIF related issues, Council has worked through all of those with the exception of one which we can only really look at when we are looking at the out-years. We will look at that in parallel. Both the County and the District have done a yeoman's job in difficult times of each taking out a couple of hundred positions, with growing enrollment or population, and putting back some employee cost of living. There are some unique things that the County gets stuck with the state cutting back on mental health. The District gets stuck with paying the Charter school. The Legislature has created an incentive, through Act 388, for more people to become residents of Beaufort County which probably does some good things for us. The County goes from 6% to 4% when that happens, but the District goes from 6% to 0%. The District has done a good job laying out where we are, we have those two decisions to work through, and we will work through those in an orderly fashion.

MOTION TO EXTEND

It was moved by Mr. Glaze, seconded by Mr. Caporale, that Council extend beyond 8:00 p.m. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

Mr. Newton said Council's role is not to evaluate and vote to approve any individual, particular programs. Council's fundamental role / statutory requirement is to establish the levy.

Mr. Rodman replied in the affirmative.

Mr. Newton is willing to go along with first reading approval, by title only, but is not willing to increase two mills. Despite all of the discussion that we hear and the evaluation of whether the \$1.8 million of the \$2.4 million increase has to do with iPads, Council's job is not to evaluate the specifics of that program, that is the District job, trying to get the performance and proficiency up. Council's job is to balance all of the interests that exist within the county. Ten of the folks who spoke to us tonight, spoke about tax increases. James Wedgeworth's, perhaps, comment hit the mark about the impact on the local economy. In speaking from the private sector, Mr. Newton's business is certainly not up. His employees have not gotten an adjustment up. He would be curious to know how many private-sector employees have gone up and make more this year than last. During Council discussion on the County budget, he was willing to support the cost of living adjustment within the county budget, and it is within the confines of the county's operating budget. It looks like the District is capable of doing that as well for its employees. He is not suggesting that the District employees or the County employees aren't very much deserving of an increase, but is very mindful of the folks who are paying the bills that don't have any more money this year to pay them. He will support the budget tonight on first reading, by title only. He does not intend to support a tax increase. He does want to see the additional information because he does want to be able to reconcile the information that we have received.

Mr. Rodman views tonight as a first reading, by title only. Council would, at second reading, come forward with the appropriation level, which is in the ordinance; and then vote on zero or two mills. If the past has been any indicator, over the last four years there were three of the four that went to a vote one of 6 to 5 vote. It has been very tight for four years.

Mr. Newton commented fortunately the foreclosure numbers are down. We still have high unemployment. If it is down, it is because people are dropping off the rolls. We still have a heck of a lot of inventory. The newspaper articles this past week suggested that the Beaufort real estate market is now down. Under reassessment programs next year, anything we do this year is going to be compounded and the biggest impact of the compounding is the value dropping north of the Broad River where there will be a higher tax increase required as a result of reassessment next year.

Mr. Glaze remarked everyone is paying their fair share of taxes. We have to understand one thing, "If you fail to educate the child, you are going to jail the adult." Let's get serious about education and stop playing games.

Mr. Baer is a technologist and understands the technology. He agrees with Mr. Glaze, "If you don't educate the kids, they are going to wind up in jail someday." He also agrees with Mr. Washington, "You have to start early. You have to start in the lower grades." The District has done a good job. He has looked at the numbers and every year it is getting tighter and tighter. "One of these years you are going to convince Council to give you a tax increase. You were close to that this year, but this technology program derailed it. It is premature. It does not have a good business case. It is \$1.8 million of the \$2.4 million you are asking for. It is three quarters of the 2 mill increase you are asking for is tied up in those iPads." That is where Mr. Baer "fell

off the track.” One of these years you will convince him, especially if it is core in the early classrooms. Thank for you doing a good job.

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

PUBLIC HEARINGS

AN ORDINANCE TO SATISFY HISTORICAL COMMUNITY DEVELOPMENT BLOCK GRANT MORTGAGES ISSUED ON BEHALF OF BEAUFORT COUNTY

Mr. Rodman, as Finance Committee Chairman, stated this ordinance involves cleaning up some paperwork going back many years ago when the County stood behind a small number of block grant mortgages. Everyone was satisfied that these mortgages were totally retired. This item has moved through Finance Committee and first and second reading approvals received a unanimous vote of Council.

The Chairman opened a public hearing at 6:20 p.m. for the purpose of receiving information from the public regarding an ordinance to satisfy historical Community Development Block Grant mortgages issued on behalf of Beaufort County. After calling three times for public comment and receiving none, the Chairman declared the hearing closed at 6:21 p.m.

It was moved by Mr. Rodman, as Finance Committee Chairman (no second required), that Council approve on third and final reading an ordinance authorizing the County Attorney to prepare and execute mortgage satisfaction documents for historical Community Development Block Grant mortgages issued on behalf of Beaufort County. The mortgage notes and amounts follow: Ms. Lillian Chisolm - \$10,865.88; Ms. Lillian Smalls - \$4,013.56; Ms. Carrie Bell Ladson - \$8,862.72; Mr. Abraham Kelly and Mrs. Annette Kelly - \$2,538.05; Mr. Alvin D. Jenkins and Mrs. Mary Ann Jenkins - \$12,208.40; Ms. Verneil Stafford - \$6,850.46; Ms. Bessie Mae Chisolm - \$4,168.46; and Ms. Albertha Jones - \$8,600.58. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

FY 2012-2013 COUNTY BUDGET PROPOSAL

Mr. Rodman, as Finance Committee Chairman, said there are actually two pieces of the FY 2012-2013 budget proposal. One piece is the county budget and the other is the fire districts' tax levies.

The County budget can be summarized as four things having had happened: (i) the level of service is generally maintained from the prior year; (ii) it would include an employee cost of living increase, who have not had one for several years; (iii) the tax rate would be frozen as it has been for the last couple of years; and (iii) there is no use of reserves. The four items came out of the retreat. There has been a lot of sentiment on Council that administration, up and down the

line, has done an excellent job in difficult times of bringing forward another budget that meets those requirements. The tax levy is for County operations.

Two other numbers appear on the budget ordinance: (i) County debt service, 4.44 mills. The number is the same as last year. (ii) Purchase of Real Property Program, 3.87 mills. This Program is the result of a voter-approved referendum. The last \$10 million, which was spent a couple of months ago, will result in an approximate one mill increase (included in the budget) in the purchase of real property.

The fire districts' budgets have maintained their level of service, used no reserve funds, and provided an employee cost of living adjustment for the first time in several years. However, it does include a millage increase in order to provide the cost of living adjustment (COLA) and a little bit for operational costs that have gone up. Those average about 4%. Typically, when dealing with the fire districts, Council looks to the individual Council members, who represent those districts, to agree with the millage that Council sets. Council has talked about that in two different sessions, and the Council members are in agreement with the tax increases that are reflected in just the fire districts' budgets.

The Chairman opened a public hearing at 6:24 p.m. for the purpose of receiving information from the public regarding the FY 2012-2013 County budget proposal. After calling three times for public comment and receiving none, the Chairman declared the hearing closed at 6:25 p.m.

Main motion: It was moved by Mr. Rodman, seconded by Mr. Flewelling, that Council approve on second reading the proposed FY 2012 / 2013 budget at 40.21 mills County Operations, 3.87 mills Purchase of Real Property Program, and 4.44 mills County Debt Service. Additionally, Bluffton Fire District at 19.67 mills operating and 0.00 mills debt service, Burton Fire District at 55.87 mills operating and 5.53 mills debt service, Daufuskie Island Fire District at 31.74 mills operating and 0.00 mills debt service, Lady's Island/St. Helena Island Fire District 32.04 mills operating and 1.50 mills debt service, and Sheldon Fire District 32.22 mills operating and 2.18 mills debt service.

Motion to amend by substitution: It was moved by Mr. Rodman, seconded by Mr. Baer, that Council approve the fire districts' operations millage rates: Bluffton Fire District 20.49 mills, Burton Fire District 58.21 mills, Daufuskie Island Fire District 33.07 mills, Lady's Island/St. Helena Island Fire District 33.34 mills, and Sheldon Fire District 33.11 mills.

Mr. Baer remarked the County debt service went down from 4.57 mills to 4.44 mills year-over-year. We have actually dropped the tax bill a little bit.

Mr. Flewelling recalled at one point Council talked about removing the tax anticipation notes language from the budget ordinance.

Mr. Rodman replied there was general consensus that we would probably divide this into two separate ordinances as we go forward at second reading.

Mr. Flewelling referred to Section 11(iii) of the budget ordinance, “The Council has been advised that the cash requirements to pay currently the costs of operation of the County during the period of July 1, 2012 to January 15, 2013, will exceed the amount of cash available.” Will there be sufficient cash on hand to handle the operations of the county during that period of any extreme circumstances, a hurricane?

Mr. Josh Gruber, County Attorney, replied that Section 11 has been totally removed from the budget ordinance. The draft that was before Council at first reading, by title only, had that entire section removed because we were going to introduce that as a separate Tax Anticipation Notes ordinance. The only reason that language was in was as a carryover from previous budget documents.

Mr. Rodman, as make of the motion, and Mr. Baer, second, agreed to remove Section 11, Tax Anticipation Notes, from the budget ordinance.

Mr. Newton referred to the asterisk in paragraph II(M), General Government Subsidies, “\$250,000 is reserved to the general fund as a placeholder.” During Finance Committee held earlier today, members acknowledged leaving the entire \$250,000 in the budget (no longer reserved to the general fund), authorized \$125,000 now, and \$125,000 perhaps going to the general fund until further direction of this Council. Does that asterisk footnote need to be clarified in that regard?

Mr. Rodman replied we can pull the asterisk and corresponding footnote with the understanding that there will be a separate Memorandum of Understanding that will cover that. We can go either way.

Mr. Baer stated this issue is on today’s consent agenda - endorsement of \$250,000 appropriation to Military Enhancement Committee for Base Realignment and Closure Process in 2013 and 2015. He would be content covering it under the consent agenda.

Mr. Rodman, as maker of the motion, and Mr. Baer, second, agreed to delete the asterisk and language “* \$250,000 is reserved to the General Fund as a placeholder for any appropriations to the Military Enhancement Committee.”

Mr. Stewart remarked when Finance Committee members discussed the Daufuskie Island Fire District FY 2013 budget proposal, it was his understanding the millage rate would actually break the millage cap.

Mr. Rodman replied the Fire District should have reduced the millage rate back to what the cap was. He does not think Council wants to go through the exercise of breaking the millage cap. Daufuskie Island is under the millage cap.

Ms. Von Harten referred to Section 2, Millage. The millage rate should read 48.52 to reflect the correct computation of 40.21 mills County Operations, 3.87 mills Purchase of Real Property Program, and 4.44 mills County Debt Service.

Mr. Rodman, as maker of the motion, and Mr. Baer, second, agreed to change the millage to 48.52 in order to reflect the correct computation of 40.21 mills County Operations, 3.87 mills Purchase of Real Property Program, and 4.44 mills County Debt Service.

Vote on the motion to amend by substitution: Council approve the fire districts’ operations millage rates as follows: Bluffton Fire District 20.49 mills, Burton Fire District 58.21, Daufuskie Island Fire District at 33.07 mills, Lady’s Island/St. Helena Island Fire District 33.34 mills, and Sheldon Fire District 33.11 mills. Remove Section 11, Tax Anticipation Notes. Change Section 2, Millage, to 48.52 in order to reflect the correct computation of 40.21 mills County Operations, 3.87 mills Purchase of Real Property Program, and 4.44 mills County Debt Service. Delete the asterisk and language “*\$250,000 is reserved to the General Fund as a placeholder for any appropriations to the Military Enhancement Committee.” The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

Mr. Newton stated the amended motion represents the Finance Committee recommendation of no use of reserves, a flat tax rate with regard to operations, incorporates an employee 2% employee cost of living adjustment, and no reduction in service.

Mr. Newton will support the Bluffton Fire District millage adjustment. He has asked Mr. Hill to obtain the budget year-to-date expenditures in order to compare where they were with regard to the amount of money returned to the fund balance. Upon receipt of that information Mr. Stewart and he will have an opportunity to visit and discuss that information prior to third and final reading; therefore, this is an outstanding item.

Vote of the amended motion, which is now the main motion, and includes the motion to amend by substitution: It was moved by Mr. Rodman, seconded by Mr. Flewelling, that Council approve on second reading the proposed FY 2012 / 2013 budget at 40.21 mills County Operations, 3.87 mills Purchase of Real Property Program, 4.44 mills County Debt Service, Bluffton Fire District at 20.49 mills operating and 0.00 mills debt service, Burton Fire District at 58.21 mills operating and 5.53 mills debt service, Daufuskie Island Fire District at 33.07 mills operating and 0.00 mills debt service, Lady’s Island/St. Helena Island Fire District 33.34 mills operating and 1.50 mills debt service, and Sheldon Fire District 33.11 mills operating and 2.18 mills debt service. Further, remove Section 11, Tax Anticipation Notes; change Section 2, Millage, to 48.52 in order to reflect the correct computation (of 40.21 mills County Operations, 3.87 mills Purchase of Real Property Program, and 4.44 mills County Debt Service); and delete the asterisk and language “*\$250,000 is reserved to the General Fund as a placeholder for any appropriations to the Military Enhancement Committee.” The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. NAYS – Ms. Von Harten. ABSTAIN – Mr. McBride. The motion passed.

Mr. Caporale inquired of the Legislative Delegation line-item.

Mr. Newton replied it includes an employee, office space, telephone, postage, etc.

Mr. Gruber stated one of the essential services is a statute that mandates the County to provide funding for the Legislative Delegation. The budget is the amount they have requested to fund their office at the county level.

The Chairman passed the gavel to the Vice Chairman in order to receive committee reports.

COMMITTEE REPORTS

Finance Committee

Tax Equalization Board

Mr. Rodman, as Finance Committee Chairman, nominated Mr. Paul Jernigan, representing at-large, to serve as a member of the Tax Equalization Board.

Public Facilities Committee

Airports Board

Carl Wedler

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. Mr. Carl Wedler, representing close proximity to Beaufort County (Lady's Island) Airport, garnered the six votes required to serve as a member on the Airports Board.

The Vice Chairman returned the gavel back to the Chairman in order to continue the meeting.

BINDON PLANTATION

It was moved by Mr. Dawson, seconded by Mr. Rodman, the Council approve the acquisition of a conservation easement on the entire 1,317+ acres of Bindon Plantation located in northwestern Beaufort County for a total price of \$2,500,000 as part of the Rural and Critical Lands Program. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

PUBLIC COMMENT

There were no requests to speak during public comment.

ADJOURNMENT

Council adjourned at 8:12 p.m.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
Wm. Weston J. Newton, Chairman

ATTEST _____
Suzanne M. Rainey, Clerk to Council

Ratified:

DRAFT



Memorandum

DATE: June 22, 2012
TO: County Council
FROM: Bryan Hill, Deputy County Administrator
SUBJECT: Deputy County Administrator's Progress Report

The following is a summary of activities that took place June 11, 2012 through June 22, 2012:

June 11, 2012 (Monday):

- Prepare for County Council
- Attend MUNIS Training at MIS
- County Council

June 12, 2012 (Tuesday):

- Work on Budget with Alicia Holland, Controller
- Attend USCB Water Quality Meeting

June 13, 2012 (Wednesday):

- Meet with Robert McFee, Engineering & Infrastructure re: Stormwater
- Meet Joshua Gruber in Colleton County
- Work on Budget with Alicia Holland, Controller

June 14, 2012 (Thursday)--Bluffton:

- Meet with Gary Kubic, County Administrator
- Meet with Suzanne Gregory, Employee Service

June 15, 2012 (Friday)--Bluffton:

- Visit Animal Control
- Meet with Gregg Hunt, Mosquito Control Director
- Meet with Gary Kubic, County Administrator
- Attend User Group Meeting at MIS
- Meet with Sean Thornton, Solicitor's Office

June 18, 2012 (Monday):

- DA Meeting
- Meet with Rob McFee re: Stormwater, Equipment Needs and Privatization of Services
- Meet with Ian Hill re: Retirement Options
- Meet with David Coleman re: St. Helena RFID and Change Orders

June 19, 2012 (Tuesday):

- Conference with Gary Kubic, County Administrator and Joshua Gruber, Staff Attorney re: PAL Coaching Staff
- Conduct Three Telephonic Interviews with PALS Consultant Firms re: Conducting of a Professional Structure and Services Assessment of the PALS Department
- Conference with Morris Campbell, Community Services Director re: PALS Coaching Staff

June 20, 2012 (Wednesday):

- Attend CPR Training
- Agenda Review
- Meet with Scott Marshall, Voter Registration & Elections Director re: Debriefing of Recent Election
- Attend Waste Management Meetings

June 21, 2012 (Thursday):

- Meet with Rob Lewis, Broadcasting
- Attend Reassessment / Roll Forward Meeting
- Attend Broadcast / Information Team Meeting with Scott Grooms, Broadcasting, Monica Spell, Compliance Director and Suzanne Larson

June 22, 2012 (Friday)--Bluffton:

- Meet with Morris Campbell, Community Services Director re: Ferry Powerpoint Presentation
- Meet with Town of Bluffton Representatives re: Economic Development
- Bluffton Hours

Budget FY 2012 As of 6/22/2012			Actual Year to Date Comparison For the Period Ending May 31st			June 22, 2012 Actual to Date	Adopted Budget	Proposed Budget	Employee Count
Description	Organization	ORG	FY 2011	FY 2012	FY 2012	FY 2012	FY 2013		
	Taxes	41000	(71,382,384)	(71,213,553)	(71,213,553)	(72,130,243)	(72,323,941)		
	Licenses & Permits	42000	(1,880,284)	(2,369,982)	(2,540,128)	(2,567,500)	(2,680,000)		
	Intergovernmental	43000	(5,521,131)	(5,561,010)	(5,560,029)	(7,422,875)	(8,000,000)		
	Charges for Services	44000	(9,568,020)	(9,768,646)	(9,879,747)	(11,226,774)	(11,175,589)		
	Fines & Forfeitures	45000	(771,495)	(716,676)	(757,151)	(953,000)	(860,000)		
	Interest	46000	(123,752)	(132,415)	(152,512)	(141,000)	(175,100)		
	Miscellaneous	47000	(693,237)	(421,489)	(420,926)	(705,600)	(675,500)		
	Other Financing Sources	48000	(1,299,201)	(1,068,011)	(1,159,678)	(1,156,500)	(1,260,000)		
	General Fund Revenue		(91,239,504)	(91,251,782)	(91,683,724)	(96,303,492)	(97,150,130)		
General	Elected	COUNTY COUNCIL	11000	591,485	505,178	518,035	623,982	603,520	15
General	Elected	AUDITOR	11010	504,502	454,382	464,367	623,510	600,704	10
General	Elected	TREASURER	11020	744,581	644,928	654,212	645,070	677,760	12 *
General	Elected	TREASURER TAX BILLS & CC FEES	11021	478,872	348,819	348,819	481,000	340,000	-
General	Elected	CLERK OF COURT	11030	781,523	720,199	734,271	831,574	822,751	13
General	Elected	FAMILY COURT	11031	209,795	180,761	185,380	249,668	232,615	4 *
General	Elected	PROBATE COURT	11040	667,381	674,704	694,350	756,659	760,699	13
General	Elected	CORONER	11060	285,674	346,901	352,044	391,938	435,571	3
General	State	HILTON HEAD MAGISTRATE	11100	681	-	-	-	-	-
General	State	BEAUFORT MAGISTRATE	11101	603,913	703,652	721,920	606,062	742,215	14
General	State	BLUFFTON MAGISTRATE	11102	326,303	353,273	381,367	401,125	372,615	7
General	State	SHELDON MAGISTRATE	11103	59,699	62,908	64,564	66,618	71,640	-
General	State	ST HELENA MAGISTRATE	11104	76,606	45,922	45,958	82,508	104,923	-
General	State	MAGISTRATE BOND COURT	11105	73,578	87,842	90,788	90,681	97,515	1
General	State	MAGISTRATE AT-LARGE	11106	93,873	121,933	125,668	101,058	140,092	-
General	State	MASTER IN EQUITY	11110	262,717	262,692	269,505	295,937	297,848	4
General	Allocation	GEN GOVT DIRECT SUBSIDIES	11199	1,198,682	937,212	1,018,740	1,128,340	1,234,129	-
General	Admin	COUNTY ADMINISTRATOR	12000	587,044	449,117	483,942	567,747	509,119	3
General	Admin	HOUSING	12003	-	-	-	-	-	-
General	Admin	PUBLIC INFORMATION OFFICER	12005	85,228	71,277	71,277	85,218	85,158	-
General	Admin	BROADCAST SERVICES	12006	167,734	191,554	195,242	221,467	223,431	4
General	Admin	STAFF ATTORNEY	12010	487,102	537,158	543,847	497,661	400,063	2
General	Admin	INTERNAL AUDITOR	12015	30,398	53,033	54,289	66,091	63,371	1
General	State	PUBLIC DEFENDER	12020	-	-	-	-	-	-
General	Admin	VOTER REGISTRATION/ELECTIONS	12030	531,248	508,261	575,662	598,260	634,703	9
General	Admin	ELECTION WORKERS	12031	211	940	1,060	-	-	-
General	Admin	ASSESSOR	12040	1,715,271	1,574,863	1,612,189	2,053,520	2,069,589	38
General	Admin	REGISTER OF DEEDS	12050	417,671	416,707	425,238	469,563	475,359	9
General	Admin	RISK MANAGEMENT	12060	85,281	84,699	86,735	96,495	103,691	2
General	State	LEGISLATIVE DELEGATION	12080	61,991	62,003	63,525	67,535	69,304	2

Budget FY 2012 As of 6/22/2012			Actual Year to Date Comparison For the Period Ending May 31st			June 22, 2012 Actual to Date	Adopted Budget	Proposed Budget	Employee Count
Description	Organization	ORG	FY 2011	FY 2012	FY 2012	FY 2012	FY 2013		
General	Admin	ZONING & DEVELOPMENT ADM	13330	178,998	167,502	171,034	204,643	161,054	3
General	Admin	PLANNING	13340	656,583	647,320	663,056	696,539	698,539	11
General	Admin	COMPREHENSIVE PLAN	13341	371,680	138,829	138,829	126,475	7,100	-
General	Admin	AUTOMATED MAPPING/GIS	13350	425,847	360,451	366,713	407,316	420,926	5
General	Admin	DIRECTOR OF COMMUNITY SERVICES	14000	115,944	112,237	114,540	127,785	146,040	1
General	Admin	STAFF SERVICES	14010	359,397	243,007	256,697	353,193	-	4
General	Admin	EMPLOYEE SERVICES	14020	846,287	872,505	929,275	872,760	676,856	6
General	Admin	RECORDS MANAGEMENT	14030	139,714	213,349	217,858	208,385	401,975	6
General	Admin	FINANCE DEPARTMENT	15010	514,393	548,240	560,906	593,166	600,202	9
General	Admin	PURCHASING	15040	209,944	192,990	196,769	235,383	234,987	3
General	Admin	BUSINESS LICENSES	15050	150,314	46,517	47,586	97,537	67,127	1 *
General	Admin	MANAGEMENT INFORMATION SYSTEMS	15060	1,904,982	1,862,350	1,925,191	2,360,307	2,229,809	16
General	Admin	MANAGEMENT INFORMATION SYSTEMS	15061	-	-	-	-	-	-
General	Admin	DIRECTOR OF PUBLIC SERVICES	17000	193,218	192,568	197,391	205,382	205,747	2
General	Fringe	GENERAL GOVT BENEFITS POOL	19199	2,133,627	1,935,175	2,111,425	2,177,360	2,486,724	-
Public Safety	Elected	SHERIFF	21051	6,686,504	5,762,600	5,893,031	6,567,860	6,536,306	79
Public Safety	Elected	SHERIFF	21052	11,556,350	9,879,174	10,094,525	10,655,494	11,018,434	133
Public Safety	Elected	SHERIFF	21053	-	549,476	560,633	555,457	641,414	5
Public Safety	Elected	SHERIFF	21055	1,227,916	1,039,335	1,059,322	1,302,274	1,161,829	13
Public Safety	Admin	EMERGENCY MANAGEMENT	23140	463,751	417,491	427,327	440,327	419,151	5
Public Safety	Admin	EMERGENCY MANAGEMENT	23141	-	-	-	-	-	-
Public Safety	Admin	EMERGENCY MANAGEMENT	23142	141,678	77,807	78,207	91,586	16,558	-
Public Safety	Admin	EMERGENCY MANAGEMENT - Comm	23150	3,838,933	4,769,809	4,857,288	4,602,211	5,450,504	43
Public Safety	Admin	EMERGENCY MANAGEMENT - DATA	23155	459,513	501,164	511,184	692,857	523,912	5
Public Safety	Admin	EMERGENCY MEDICAL SERVICE	23160	4,704,417	4,512,914	4,614,490	4,898,239	4,728,752	72
Public Safety	Admin	DETENTION CENTER	23170	5,096,800	4,658,812	4,828,236	5,433,000	5,473,854	86
Public Safety	Admin	TRAFFIC - Signal Management	23322	194,658	265,310	266,616	307,314	438,601	3
Public Safety	Admin	TRAFFIC - Signal Management	23323	101,209	113,291	113,341	116,000	126,900	-
Public Safety	Admin	BUILDING CODES	23360	887,266	636,327	663,745	624,837	638,407	11
Public Safety	Admin	BUILDING CODES ENFORCEMENT	23361	-	166,011	168,083	219,393	218,468	4
Public Safety	Fringe	PUBLIC SAFETY BENEFITS POOL	29299	2,721,340	4,585,056	5,011,822	5,372,376	5,239,864	-
Public Works	Admin	FACILITIES MANAGEMENT	33020	1,975,504	1,590,464	1,651,767	2,055,403	1,872,952	2
Public Works	Admin	BUILDINGS MAINTENANCE	33030	1,009,328	920,472	934,927	1,061,572	1,099,344	16
Public Works	Admin	GROUNDS MAINTENANCE - NORTH	33040	994,594	1,143,245	1,160,805	1,759,275	2,103,038	41
Public Works	Admin	GROUNDS MAINTENANCE - SOUTH	33042	830,328	526,146	538,675	-	-	-
Public Works	Admin	PUBLIC WORKS GEN SUPPORT	33300	646,386	627,567	636,887	709,671	629,996	12
Public Works	Admin	ROADS/DRAINAGE - NORTH	33301	806,999	732,281	743,150	801,181	814,177	16
Public Works	Admin	ROADS/DRAINAGE - SOUTH	33302	569,961	419,543	426,792	539,706	465,388	9
Public Works	Admin	PUBLIC WORKS ADMINISTRATION	33305	260,581	247,411	254,001	248,018	294,241	5
Public Works	Admin	ENGINEERING	33320	292,894	241,859	249,559	338,283	501,977	5 *

Budget FY 2012 As of 6/22/2012			Actual Year to Date Comparison For the Period Ending May 31st			June 22, 2012 Actual to Date	Adopted Budget	Proposed Budget	Employee Count
Description	Organization	ORG	FY 2011	FY 2012	FY 2012	FY 2012	FY 2012	FY 2013	
Public Works	Admin	SWR ADMINISTRATION	33390	3,703,625	3,778,779	3,792,215	4,744,454	4,338,807	14
Public Works	Admin	SWR	33391	-	-	-	-	-	-
Public Works	Admin	SWR	33392	-	-	-	-	-	-
Public Works	Admin	SWR HILTON HEAD	33393	99,929	93,332	95,365	100,693	100,594	-
Public Works	Admin	SWR BLUFFTON	33394	132,039	137,737	140,229	145,790	165,731	-
Public Works	Admin	SWR BURTON	33395	151,874	128,837	132,448	177,521	148,518	-
Public Works	Admin	SWR DAUFUSKIE	33396	203	-	-	49,356	7,200	-
Public Works	Admin	SWR ST HELENA	33397	124,348	137,213	141,304	163,455	183,078	-
Public Works	Admin	SWR SHELDON	33398	100,786	93,557	95,346	101,993	107,588	-
Public Works	Fringe	PUBLIC WORKS BENEFITS POOL	39399	1,551,532	1,205,300	1,320,717	1,429,893	1,551,164	-
Public Health	Admin	ANIMAL SHELTER & CONTROL	43180	696,453	745,014	759,248	774,061	834,369	14
Public Health	Admin	MOSQUITO CONTROL	43190	1,046,287	1,004,248	1,016,677	1,091,325	1,369,461	11
Public Health	Allocation	PUBLIC HEALTH DIRECT SUBSIDIES	44199	2,509,249	1,884,685	1,913,614	1,800,511	1,741,785	-
Public Health	Fringe	PUBLIC HEALTH BENEFITS POOL	49499	345,180	272,202	298,452	325,265	412,938	-
Public Welfare	Admin	VETERANS AFFAIRS	54050	129,095	128,973	133,597	143,034	181,207	3
Public Welfare	State	DEPT OF SOCIAL SERVICES	54060	194,140	170,123	178,582	195,700	170,700	-
Public Welfare	Allocation	PUBLIC WELFARE DIRECT SUBSIDIES	54299	493,330	438,443	438,443	540,000	435,000	-
Public Welfare	Fringe	PUBLIC WELFARE BENEFITS POOL	59599	39,088	26,230	28,609	29,572	32,514	-
Cultural	Admin	PALS CENTRAL ADMINISTRATION	63310	335,424	234,974	239,238	264,628	362,550	4
Cultural	Admin	PALS SUMMER PROGRAM	63311	107,414	98,967	100,255	120,450	114,500	-
Cultural	Admin	PALS AQUATICS PROGRAM	63312	941,512	882,066	902,510	924,044	1,147,382	11
Cultural	Admin	PALS HILTON HEAD PROGRAMS	63313	80,000	80,132	80,132	80,000	80,000	-
Cultural	Admin	PALS BLUFFTON PROGRAMS	63314	730,123	110,063	110,063	145,500	122,000	-
Cultural	Admin	PALS ATHLETIC PROGRAMS	63316	358,543	689,914	706,189	917,492	912,649	5
Cultural	Admin	PALS RECREATION CENTERS	63317	576,603	545,264	557,578	717,584	548,272	9
Cultural	Admin	LIBRARY ADMINISTRATION	64070	581,613	574,471	587,700	651,166	574,031	9
Cultural	Admin	LIBRARY BEAUFORT BRANCH	64071	466,186	455,923	466,773	512,347	533,606	9
Cultural	Admin	LIBRARY BLUFFTON BRANCH	64072	517,147	401,570	410,152	509,272	531,912	6
Cultural	Admin	LIBRARY HILTON HEAD BRANCH	64073	565,355	483,877	494,433	572,403	574,105	9
Cultural	Admin	LIBRARY LOBECO BRANCH	64074	102,574	113,045	116,356	128,087	133,782	3
Cultural	Admin	LIBRARY ST HELENA BRANCH	64075	85,530	83,524	86,263	91,919	556,941	1
Cultural	Admin	LIBRARY TECHNICAL SERVICES	64078	352,681	409,697	415,437	579,194	482,525	6
Cultural	Admin	LIBRARY SC ROOM	64079	89,304	88,368	90,365	99,178	99,591	2
Cultural	Fringe	CULTURAL & RECRE BENEFITS POOL	69699	937,066	735,035	802,702	834,815	823,963	-
General Fund Expenditures				82,941,115	78,549,086	81,075,669	89,118,554	90,298,001	

Budget FY 2012 As of 6/22/2012		Actual Year to Date Comparison For the Period Ending May 31st			June 22, 2012 Actual to Date	Adopted Budget	Proposed Budget	Employee Count	
Description	Organization	ORG	FY 2011	FY 2012	FY 2012	FY 2012	FY 2013		
Transfers	Allocation	GENERAL FUND XFERS OUT	99100						
		Miscellaneous Grant	59200	-	-	-	-		
		Daufuskie Ferry	59202	91,667	91,667	100,000	100,000		
		Public Safety Grants	59206	61,180	2,472	2,472	-		
		EMS Grants	59207	7,554	5,500	6,000	6,000		
		Tire Recycling	59226	-	-	-	-		
		Real Property	59209	-	333,859	333,859	333,859		
		Dale Water Line	59229	34,939	-	-	-		
		PALS Programs Fund	59231	2,999	-	-	-		
		DSN Programs Fund	59241	1,350,510	1,246,208	1,359,500	1,359,500	1,700,000	
		A&D Programs Fund	59261	303,803	274,713	299,687	299,687	350,000	
		DNA Laboratory	59270	304,786	-	-	-		
		Victims Assistance	59271	86,015	98,665	107,635	107,635	119,290	
		School Resource Officer	59273	133,700	122,330	133,451	133,451	142,839	
		Sheriff Grant	59274	24,947	4,406	4,806	4,806	-	
		Sheriff's Vehicles	59277	-	-	-	-	-	
		DNA Grant Fund	59280	-	22,097	22,097	-	-	
		COSY Program	59281	119,167	148,333	160,000	140,000	140,000	
		Debt Service Fund	59300	-	400,000	400,000	400,000	-	
		LI Airport	59570	-	-	-	-	-	
		HHI Airport	59580	12,500	-	-	-	-	
		Public Defender	59651	419,028	275,000	300,000	300,000	300,000	
		Sheriff's Trust	59663	20,000	15,000	15,000	-	-	
		Total General Fund Transfers Out		2,972,795	3,040,250	3,244,507	3,184,938	2,852,129	
Education	Education	Education Allocation	64399	4,716,300	4,000,000	4,000,000	4,000,000	4,000,000	
		General Fund Expenditures (including Transfers and Education Allocation)		90,630,210	85,589,336	88,320,176	96,303,492	97,150,130	
		Net (Surplus)/Deficit		(609,294)	(5,662,446)	(3,363,548)	-	-	914

* Cost allocation/ additional FTE/ other revenue sources

RESOLUTION No. _____

A RESOLUTION AUTHORIZING THE DISTRIBUTION OF \$1,495.00 OF INCOME GENERATED UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM TO ASSIST WITH PROVIDING WATER AND SEWER SERVICES FOR LOW-TO MODERATE INCOME RESIDENTS OF BEAUFORT COUNTY

WHEREAS, Beaufort County has a continuing need to rehabilitate homes for low to moderate income homeowners within the County limits, to provide community facilities for low to moderate income residents within the County and to provide water and sewer service for low-to moderate income residents within the service area of the County; and

WHEREAS, Beaufort County has generated \$1,495.00 in program income that it desires to allocate to other qualified uses including provide water and sewer service to residents in the county and to address associated issues related to these activities necessary to complete the work. These activities include but are not limited to property acquisition, administration, rehabilitation personnel, engineering, and actual construction of the improvements; and

WHEREAS, Beaufort County shall use program income for activities which are eligible under Title I of the Housing and Community Development Act of 1974, as amended, the State CDBG regulations and 24 CFR Part 570.489 Subparts e and f. Program Income is to be treated as additional grant funds and is subject to all applicable requirements governing grant funds which will determine eligibility governing the use of funds under the CDBG program with assistance from Lowcountry Council of Governments. Each activity undertaken with program income funds will be reviewed by Beaufort County for compliance with the eligibility and National Objective requirements. This review will be documented in the program income files. Files will also be maintained to document compliance with all Title I requirements; and

WHEREAS, Program income will be governed by 24 CFR Part 85 and is subject to all the requirements found in the State CDBG regulations and in the Federal regulations of 24 CFR Part 570.489 Subparts e and f. The Beaufort County will utilize the services of Lowcountry Council of Governments to insure adequate administration for the collection, distribution, reporting, and accounting of program income in accordance with Generally Acceptable Accounting Principals (GAAP), applicable requirements of Title I, the US Department of Housing and Urban Development, and Federal requirements. Program income funds were generated from repayment of housing rehabilitation loans. There is no additional income expected to be generated outside of the \$1,495.00 that remains on hand. These funds will be retained in an interest-bearing account under the control of the Beaufort County; and

WHEREAS, Program income funds are to be used in the target area or scattered site area, which has been previously environmentally cleared. Documentation of Continued Relevance must be executed and placed in a separate folder labeled "Environmental Review Record-Program Income" along with a copy of the original Environmental Review Record. If program income funds are to be used in an area not previously assessed, a full environmental assessment must be performed. All environmental requirements outlined at 24 CFR Part 58 must be followed. The Grantee will notify the South Carolina Department of Commerce/Division of Grants Administration in writing prior to the commitment of program income that the environmental requirements have been met; and

WHEREAS, No other program income funds are expected to be generated from this project. The balance on hand is expected to be disbursed within the next 12 months; and

WHEREAS, Beaufort County will return all unexpended funds and collectable accounts to the State in the event the State finds evidence of fraud, waste, mismanagement and/or substantial noncompliance with the Program Income Plan; and

WHEREAS, This document is hereby signed by the chief elected official responsible for this project and adopted by County Council.

Done this _____ day of _____, 2012.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
Wm. Weston J. Newton, Chairman

ATTEST:

Suzanne M. Rainey, Clerk to Council



Beaufort County, South Carolina

Beaufort County Finance Daufuskie Ferry Update

June 25, 2012



FY 2012 Budget Summary

\$198,500 (Beaufort County: \$131,000, SCDOT Matching Grant: \$50,000, Fares \$17,500)

Expenditure YTD:

\$181,278; projected year end: \$190,000

Ridership YTD: 5,800 Fares Collected: \$15,700

FY-2013 Budget = **\$175,000**



Option 1

Continue Same Level of Service

Two daily round trips M – Sat @ \$300/hr.

Estimated annual cost 624 trips x \$600 = \$374,400

Rental of 30 parking Spaces = \$7,000

Administration of ticket sales and parking: \$4,500

Cost \$385,900



Other Options

- 1) Hybrid System = \$256,420
- 2) Contract service from Haig Point Ferry Company
Projected cost: \$731,000
- 3) Access to Carrier Current Schedule
(To be negotiated)

SUMMARY OF REFUNDING RESULTS

**Beaufort County, South Carolina
Refunding of Series 2004 Bonds
Market Rates as of June 5, 2012**

Dated Date	09/05/2012
Delivery Date	09/05/2012
Arbitrage yield	2.040097%
Escrow yield	0.188866%
Bond Par Amount	25,395,000.00
True Interest Cost	2.326692%
Net Interest Cost	2.546838%
All-In TIC	2.415717%
Average Coupon	4.144905%
Average Life	9.114
Par amount of refunded bonds	27,050,000.00
Average coupon of refunded bonds	4.835941%
Average life of refunded bonds	9.126
PV of prior debt to 09/05/2012 @ 2.415717%	32,437,755.03
Net PV Savings	3,547,579.03
Percentage savings of refunded bonds	13.114895%

SAVINGS

**Beaufort County, South Carolina
Refunding of Series 2004 Bonds
Market Rates as of June 5, 2012**

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings
02/01/2013	638,375.00	398,762.50	239,612.50	
06/30/2013				239,612.50
08/01/2013	638,375.00	491,625.00	146,750.00	
02/01/2014	638,375.00	491,625.00	146,750.00	
06/30/2014				293,500.00
08/01/2014	638,375.00	491,625.00	146,750.00	
02/01/2015	1,538,375.00	1,356,625.00	181,750.00	
06/30/2015				328,500.00
08/01/2015	620,375.00	482,975.00	137,400.00	
02/01/2016	1,520,375.00	1,332,975.00	187,400.00	
06/30/2016				324,800.00
08/01/2016	602,375.00	472,350.00	130,025.00	
02/01/2017	1,802,375.00	1,607,350.00	195,025.00	
06/30/2017				325,050.00
08/01/2017	578,375.00	458,162.50	120,212.50	
02/01/2018	1,778,375.00	1,573,162.50	205,212.50	
06/30/2018				325,425.00
08/01/2018	554,375.00	444,225.00	110,150.00	
02/01/2019	2,054,375.00	1,839,225.00	215,150.00	
06/30/2019				325,300.00
08/01/2019	524,375.00	423,300.00	101,075.00	
02/01/2020	2,399,375.00	2,173,300.00	226,075.00	
06/30/2020				327,150.00
08/01/2020	486,875.00	397,050.00	89,825.00	
02/01/2021	2,736,875.00	2,497,050.00	239,825.00	
06/30/2021				329,650.00
08/01/2021	430,625.00	365,550.00	65,075.00	
02/01/2022	4,180,625.00	3,920,550.00	260,075.00	
06/30/2022				325,150.00
08/01/2022	336,875.00	294,450.00	42,425.00	
02/01/2023	4,836,875.00	4,554,450.00	282,425.00	
06/30/2023				324,850.00
08/01/2023	224,375.00	209,250.00	15,125.00	
02/01/2024	6,224,375.00	5,914,250.00	310,125.00	
06/30/2024				325,250.00
08/01/2024	74,375.00	66,625.00	7,750.00	
02/01/2025	3,049,375.00	2,731,625.00	317,750.00	
06/30/2025				325,500.00
	39,107,875.00	34,988,137.50	4,119,737.50	4,119,737.50

Savings Summary

Savings PV date	09/05/2012
Savings PV rate	2.415717%
PV of savings from cash flow	3,544,123.03
Plus: Refunding funds on hand	3,456.00
Net PV Savings	3,547,579.03

ORDINANCE NO. 2012/___

AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012C, OR SUCH OTHER APPROPRIATE SERIES DESIGNATION, OF BEAUFORT COUNTY, SOUTH CAROLINA, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$30,000,000; FIXING THE FORM AND DETAILS OF THE BONDS; AUTHORIZING THE COUNTY ADMINISTRATOR OR HIS LAWFULLY-AUTHORIZED DESIGNEE TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; ADOPTING WRITTEN PROCEDURES RELATED TO TAX-EXEMPT DEBT; AND OTHER MATTERS RELATING THERETO.

BE IT ORDAINED BY THE COUNTY COUNCIL OF BEAUFORT COUNTY, SOUTH CAROLINA, AS FOLLOWS:

SECTION 1. Findings and Determinations. The County Council (the "County Council"), of Beaufort County, South Carolina (the "County"), hereby finds and determines:

(a) Pursuant to Section 4-9-10, Code of Laws of South Carolina 1976, as amended, and the results of a referendum held in accordance therewith, the Council-Administrator form of government was adopted and the County Council constitutes the governing body of the County.

(b) Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended (the "Constitution"), provides that each county shall have the power to incur bonded indebtedness in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law. Such debt must be incurred for a public purpose and a corporate purpose in an amount not exceeding eight percent (8%) of the assessed value of all taxable property of such county.

(c) Pursuant to Title 4, Chapter 15 of the Code (the same being and hereinafter referred to as the "County Bond Act"), the governing bodies of the several counties of the State may each issue general obligation bonds to defray the cost of any authorized purpose and for any amount not exceeding its applicable constitutional limit.

(d) The County Bond Act provides that as a condition precedent to the issuance of bonds an election be held and the result be favorable thereto. Title 11, Chapter 27 of the Code of Laws of South Carolina 1976, as amended, provides that if an election be prescribed by the provisions of the County Bond Act, but not be required by the provisions of Article X of the Constitution, then in every such instance, no election need be held (notwithstanding the requirement therefor) and the remaining provisions of the County Bond Act shall constitute a full and complete authorization to issue bonds in accordance with such remaining provisions.

(e) A successful referendum (the "Referendum") was held in the County on November 7, 2000. A portion of the Series 2004 Bonds were issued pursuant to the Referendum.

(f) The assessed value of all the taxable property in the County as of June 30, 2011, is \$1,823,808,541. Eight percent of the assessed value is \$145,904,683. As of the date hereof, the outstanding general obligation debt of the County subject to the limitation imposed by Article X, Section 14(7) of the Constitution is \$80,253,597 which includes the Bonds to be Refunded (hereinafter defined).

Thus, the County may incur \$65,651,086 of additional general obligation debt within its applicable debt limitation.

(g) A portion of the Series 2004 Bonds (hereinafter defined) are subject to the 8% constitutional debt limit. The difference between the outstanding principal amount of the maturities subject to the 8% constitutional debt limit to be refunded of the Series 2004 Bonds and the amount needed to refund the certain maturities subject to the 8% constitutional debt limit of the 2004 Bonds will also count against the County's 8% constitutional debt limit.

(h) Pursuant to constitutional and statutory authorizations, the Referendum, and an Ordinance duly enacted by the County Council on August 23, 2004 (the "2004 Ordinance"), the County issued its \$30,500,000 General Obligation Bonds, Series 2004, dated October 15, 2004 (the "Series 2004 Bonds").

(i) Sections 11-21-10 to 11-21-80 of the Code of Laws of South Carolina 1976, as amended, empower any "public agency" to utilize the provisions of Article 5, Chapter 15, Title 11 (the "Refunding Act") of the Code of Laws of South Carolina 1976, as amended, to effect the refunding of any outstanding general obligation bonds.

(j) The Series 2004 Bonds are currently outstanding in the amount of \$28,250,000. The Series 2004 Bonds maturing on or after February 1, 2015, are subject to redemption at the option of the County on or after February 1, 2014, as a whole or in part at any time, and if in part in such order of maturity as selected by the County, at par, together with the interest accrued thereon to the date fixed for redemption.

(k) Based on current market conditions and projected savings, the County Council finds that it is in the best interest of the County to effect a refunding of certain maturities of the Series 2004 Bonds (the "Bonds to be Refunded") because a savings can be effected through the refunding of such Series 2004 Bonds. The County Council recognizes, however, that current market conditions may change and that, as of the date of enactment of this Ordinance, a determination cannot be made as to the amount of such savings, if any, realized through the refunding of the Bonds to be Refunded and that certain authority relating to such refunding is delegated to the County Administrator and/or his lawfully-authorized designee through this Ordinance. Because the Refunding Act requires that refunding bonds be sold at public sale, there can be no assurance that market conditions at the time of such sale will be similar to the prevailing rates on the date of the enactment of this Ordinance. If the rates of interest on the refunding bonds authorized by this Ordinance do not result in satisfactory debt service savings, the County Council, through the authority delegated to the County Administrator and/or his lawfully-authorized designee, will be empowered to reject bids for the purchase of the refunding bonds.

(h) The County Council has been advised by Bond Counsel that a best practice related to the issuance of tax-exempt debt is for each issuer to have Written Procedures related to Tax-Exempt Debt.

(i) It is now in the best interest of the County for County Council to provide for the issuance and sale of not exceeding \$30,000,000 principal amount general obligation refunding bonds of the County to provide funds for (i) refunding the Bonds to be Refunded; (ii) costs of issuance of the Bonds (hereinafter defined); and (iii) such other lawful purposes as the County Council shall determine and to adopt the Written Procedures Related to Tax-Exempt Debt.

SECTION 2. Authorization and Details of Bonds. Pursuant to the aforesaid provisions of the Constitution and laws of the State, there is hereby authorized to be issued not exceeding \$30,000,000 aggregate principal amount of general obligation refunding bonds of the County to be designated “\$30,000,000 (or such lesser amount issued) General Obligation Refunding Bonds, (appropriate series designation), of Beaufort County, South Carolina” (the “Bonds”), for the purpose set forth in Section 1(k) and other costs incidental thereto, including without limiting the generality of such other costs, engineering, financial and legal fees.

The refunding of the Bonds to be Refunded shall be effected with a portion of the proceeds of the Bonds which proceeds shall be used for the payment of the principal of such Bonds to be Refunded as and when such Bonds to be Refunded mature and are called for redemption in accordance with the provisions of the 2004 Ordinance and interest on such Bonds to be Refunded as and when the same becomes due. If necessary, notice of the aforesaid refunding for which a portion of the proceeds of the Bonds will be used shall be given in a financial paper published in the City of New York, State of New York.

Upon the delivery of the Bonds, the principal proceeds thereof, less issuance expenses, shall be deposited with an escrow agent to be named (the “Escrow Agent”) and held by it under a written refunding trust agreement between the Escrow Agent and the County (the “Refunding Trust Agreement”) in an irrevocable trust account. It shall be the duty of such Escrow Agent to keep such proceeds invested and reinvested to the extent that it shall be practical in obligations of the United States or any agency thereof and to apply the principal and interest of the trust so established in the manner prescribed in such Refunding Trust Agreement.

The County Administrator and/or his lawfully-authorized designee are hereby authorized and directed for and on behalf of the County to execute such agreements and give such directions as shall be necessary to carry out the provisions of this Ordinance, including the execution and delivery of the Refunding Trust Agreement. The Refunding Trust Agreement shall be dated the date of delivery of the Bonds to the initial purchasers thereof.

Upon the award of the Bonds, the County shall designate the Bonds to be Refunded for redemption on a date determined by the County Administrator and/or his lawfully-authorized designee in accordance with the 2004 Ordinance.

The Bonds shall be issued as fully registered bonds registrable as to principal and interest; shall be dated their date of delivery to the initial purchaser(s) thereof; shall be in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing each year; shall be subject to redemption if such provision is in the best interest of the County; shall be numbered from R-1 upward; shall bear interest from their date payable at such times as hereinafter designated by the County Administrator and/or his lawfully-authorized designee at such rate or rates as may be determined at the time of the sale thereof; and shall mature serially in successive annual installments as determined by the County Administrator and/or his lawfully-authorized designee.

Within twenty-four (24) hours after the receipt of bids, the County Administrator is hereby authorized to designate the registrar and paying agent (the “Registrar/Paying Agent”) for the Bonds. The Registrar/Paying Agent shall be a bank, trust company, depository or transfer agent located either within or without the State of South Carolina.

SECTION 3. Delegation of Authority to Determine Certain Matters Relating to the Bonds. The County Council hereby delegates to the County Administrator or his lawfully-authorized designee the authority to: (a) determine the par amount of the Bonds; (b) determine the maturity dates of the Bonds and the respective principal amounts maturing on such dates; (c) determine the interest payment dates of the Bonds; (d) determine the redemption provisions, if any, for the Bonds; (e) determine the date and time of sale of the Bonds; (f) receive bids on behalf of the County Council; (g) determine the Registrar/Paying Agent for the Bonds, and (h) award the sale of the Bonds to the lowest bidder therefor in accordance with the terms of the Notice of Sale for the Bonds.

After the sale of the Bonds, the County Administrator and/or his lawfully-authorized designee shall submit a written report to County Council setting forth the details of the Bonds as set forth in this paragraph.

SECTION 4. Registration, Transfer and Exchange of Bonds. The County shall cause books (herein referred to as the “registry books”) to be kept at the offices of the Registrar/Paying Agent, for the registration and transfer of the Bonds. Upon presentation at its office for such purpose the Registrar/Paying Agent shall register or transfer, or cause to be registered or transferred, on such registry books, the Bonds under such reasonable regulations as the Registrar/Paying Agent may prescribe.

Each Bond shall be transferable only upon the registry books of the County, which shall be kept for such purpose at the principal office of the Registrar/Paying Agent, by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar/Paying Agent duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond the Registrar/Paying Agent on behalf of the County shall issue in the name of the transferee a new fully registered Bond or Bonds, of the same aggregate principal amount, interest rate, and maturity as the surrendered Bond. Any Bond surrendered in exchange for a new registered Bond pursuant to this Section shall be canceled by the Registrar/Paying Agent.

The County and the Registrar/Paying Agent may deem or treat the person in whose name any fully registered Bond shall be registered upon the registry books as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the County nor the Registrar/Paying Agent shall be affected by any notice to the contrary. In all cases in which the privilege of transferring Bonds is exercised, the County shall execute and the Registrar/Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. Neither the County nor the Registrar/Paying Agent shall be obliged to make any such transfer of Bonds during the fifteen (15) days preceding an interest payment date on such Bonds.

SECTION 5. Record Date. The County hereby establishes a record date for the payment of interest or for the giving of notice of any proposed redemption of Bonds, and such record date shall be the fifteenth (15th) day (whether or not a business day) preceding an interest payment date on such Bond or in the case of any proposed redemption of Bonds, such record date shall be the fifteenth (15th) day (whether or not a business day) prior to the giving of notice of redemption of bonds.

SECTION 6. Mutilation, Loss, Theft or Destruction of Bonds. In case any Bond shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced as to impair the value thereof to the owner, the County shall execute and the Registrar shall authenticate and deliver

at the principal office of the Registrar, or send by registered mail to the owner thereof at his request, risk and expense a new Bond of the same series, interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender for cancellation of such defaced, mutilated or partly destroyed Bond, or in lieu of or in substitution for such lost, stolen or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish the County and the Registrar evidence or proof satisfactory to the County and the Registrar of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity in an amount as may be required by the laws of the State of South Carolina or such greater amount as may be required by the County and the Registrar. Any duplicate Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Bond or in substitution for any allegedly lost, stolen or wholly destroyed Bond shall be entitled to the identical benefits under this Ordinance as was the original Bond in lieu of which such duplicate Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Bonds of the same series issued hereunder.

All expenses necessary for the providing of any duplicate Bond shall be borne by the applicant therefor.

SECTION 7. Execution of Bonds. The Bonds shall be executed in the name of the County with the manual or facsimile signature of the Chairman of the County Council attested by the manual or facsimile signature of the Clerk to the County Council under a facsimile of the seal of the County impressed, imprinted or reproduced thereon; provided, however, the facsimile signatures appearing on the Bonds may be those of the officers who are in office on the date of enactment of this Ordinance. The execution of the Bonds in such fashion shall be valid and effectual, notwithstanding any subsequent change in such offices. The Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. Each Bond shall bear a certificate of authentication manually executed by the Registrar in substantially the form set forth herein.

SECTION 8. Form of Bonds. The Bonds and the certificate of authentication shall be in substantially the form set forth in Exhibit A attached hereto and incorporated herein by reference.

SECTION 9. Security for Bonds. The full faith, credit, and taxing power of the County are hereby irrevocably pledged for the payment of the principal of and interest on the Bonds as they respectively mature, and for the creation of such sinking fund as may be necessary therefor. There shall be levied annually by the County Auditor and collected by the County Treasurer, in the same manner as other county taxes are levied and collected, a tax, without limit, on all taxable property in the County sufficient to pay the principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

The County Council shall give the County Auditor and County Treasurer written notice of the delivery of and payment for the Bonds and they are hereby directed to levy and collect annually, on all taxable property in the County, a tax, without limit, sufficient to pay the principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

SECTION 10. Notice of Public Hearing. The County Council hereby ratifies and approves the publication of a notice of public hearing regarding the Bonds and this Ordinance, such notice in substantially the form attached hereto as Exhibit B, having been published in The Island Packet and The Beaufort Gazette, newspapers of general circulation in the County, not less than 15 days prior to the date of such public hearing.

SECTION 11. Initiative and Referendum. The County Council hereby delegates to the County Administrator and/or his lawfully-authorized designee the authority to determine whether the Notice prescribed under the provisions of Section 5 of Title 11, Chapter 27 of the Code relating to the initiative and referendum provisions contained in Title 4, Chapter 9, Article 13 of the Code shall be given with respect to this Ordinance. If said Notice is given, the County Administrator and/or his lawfully-authorized designee are authorized to cause such Notice to be published in a newspaper of general circulation in the County, in substantially the form attached hereto as Exhibit C.

SECTION 12. Exemption from State Taxes. Both the principal of and interest on the Bonds shall be exempt, in accordance with the provisions of Section 12-2-50 of the Code of Laws of South Carolina 1976, as amended, from all State, county, municipal, County and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

SECTION 13. Tax Covenants. The County hereby covenants and agrees with the holders of the Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the holders of the Bonds for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Bonds. The County further covenants and agrees with the holders of the Bonds that no use of the proceeds of the Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Bonds would have caused the Bonds to be “arbitrage bonds,” as defined in Section 148 of the Code, and to that end the County hereby shall:

- (a) comply with the applicable provisions of Sections 103 and 141 through 150 of the Code and any regulations promulgated thereunder so long as the Bonds are outstanding;
- (b) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States; and
- (c) make such reports of such information at the time and places required by the Code.

SECTION 14. Book-Entry System. The Bonds initially issued (the “Initial Bonds”) will be eligible securities for the purposes of the book-entry system of transfer maintained by The Depository Trust Company, New York, New York (“DTC”), and transfers of beneficial ownership of the Initial Bonds shall be made only through DTC and its participants in accordance with rules specified by DTC. Such beneficial ownership must be of \$5,000 principal amount of Bonds of the same maturity or any integral multiple of \$5,000.

The Initial Bonds shall be issued in fully-registered form, one Bond for each of the maturities of the Bonds, in the name of Cede & Co., as the nominee of DTC. When any principal of or interest on the Initial Bonds becomes due, the Paying Agent, on behalf of the County, shall transmit to DTC an amount equal to such installment of principal and interest. DTC shall remit such payments to the beneficial owners of the Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Initial Bonds or any portion thereof shall be sent to DTC in accordance with the provisions of the Ordinance.

If (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the County has advised DTC of its determination that DTC is incapable of discharging its duties, the County shall attempt to retain another qualified securities depository to replace DTC. Upon receipt by the County the Initial Bonds together with an assignment duly executed by DTC, the County shall execute and deliver to the successor securities depository Bonds of the same principal amount, interest rate, and maturity registered in the name of such successor.

If the County is unable to retain a qualified successor to DTC or the County has determined that it is in its best interest not to continue the book-entry system of transfer or that interests of the beneficial owners of the Bonds might be adversely affected if the book-entry system of transfer is continued (the County undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify beneficial owners of the Bonds by mailing an appropriate notice to DTC, upon receipt by the County the Initial Bonds together with an assignment duly executed by DTC, the County shall execute, authenticate and deliver to the DTC participants Bonds in fully-registered form, in substantially the form set forth in Section 8 of this Ordinance in the denomination of \$5,000 or any integral multiple thereof.

Notwithstanding the foregoing, at the request of the purchaser, the Bonds will be issued as one single fully-registered bond and not issued through the book-entry system.

SECTION 15. Sale of Bonds, Form of Notice of Sale. The Bonds shall be offered for public sale on the date and at the time designated by the County Administrator and/or his lawfully-authorized designee. A Notice of Sale in substantially the form set forth as Exhibit D attached hereto and incorporated herein by reference shall be distributed to prospective bidders and a summary of such Notice of Sale shall be published in a newspaper of general circulation in the State of South Carolina and/or in a financial publication published in the City of New York not less than seven (7) days prior to the date set for such sale.

SECTION 16. Preliminary and Final Official Statement. The County Council hereby authorizes and directs the County Administrator and/or his lawfully-authorized designee to prepare, or cause to be prepared, a Preliminary Official Statement to be distributed to prospective purchasers of the Bonds together with the Notice of Sale. The County Council authorizes the County Administrator to designate the Preliminary Official Statement as “final” for purposes of Rule 15c2-12 of the Securities Exchange Commission. The County Administrator and/or his lawfully-authorized designee are further authorized to see to the completion of the final form of the Official Statement upon the sale of the Bonds so that it may be provided to the purchaser of the Bonds.

SECTION 17. Filings with Central Repository. In compliance with Section 11-1-85, South Carolina Code of Laws 1976, as amended, the County covenants that it will file or cause to be filed with a central repository for availability in the secondary bond market when requested: (a) a copy of the annual financial report of the County within thirty (30) days from the County’s receipt thereof; and (b) within thirty (30) days of the occurrence thereof, relevant information of an event which adversely affects more than five (5%) percent of the revenues of the County or the County’s tax base.

SECTION 18. Continuing Disclosure. In compliance with the Securities and Exchange Commission Rule 15c2-12 (the “Rule”) the County covenants and agrees for the benefit of the holders from time to time of the Bonds to execute and deliver prior to closing, and to thereafter comply with the terms of a Disclosure Dissemination Agent Agreement in substantially the form appearing as Exhibit E

attached to this Ordinance. In the event of a failure of the County to comply with any of the provisions of the Disclosure Dissemination Agent Agreement, an event of default under this Ordinance shall not be deemed to have occurred. In such event, the sole remedy of any bondholder or beneficial owner shall be an action to compel performance by this Ordinance.

SECTION 19. Deposit and Use of Proceeds. The proceeds derived from the sale of the Bonds necessary to refund the Bonds to be Refunded shall be deposited with the Escrow Agent pursuant to the terms of the Refunding Trust Agreement. The remaining proceeds, if any, shall be deposited with the County Treasurer in a special fund to the credit of the County and shall be applied solely to the purposes for which the Bonds have been issued, including payment of costs of issuance of the Bonds.

SECTION 20. Defeasance. The obligations of the County under this Ordinance and the pledges, covenants and agreements of the County herein made or provided for, shall be fully discharged and satisfied as to any portion of the Bonds, and such Bond or Bonds shall no longer be deemed to be outstanding hereunder when:

(a) such Bond or Bonds shall have been purchased by the County and surrendered to the County for cancellation or otherwise surrendered to the County or the Paying Agent and is canceled or subject to cancellation by the County or the Paying Agent; or

(b) payment of the principal of and interest on such Bonds either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with a corporate trustee in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, or (2) Government Obligations (hereinafter defined) maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment and all necessary and proper fees, compensation and expenses of the corporate trustee. At such time as the Bonds shall no longer be deemed to be outstanding hereunder, such Bonds shall cease to draw interest from the due date thereof and, except for the purposes of any such payment from such moneys or Government Obligations, shall no longer be secured by or entitled to the benefits of this Ordinance.

“Government Obligations” shall mean any of the following:

- (a) direct obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America;
- (b) non-callable, U. S. Treasury Securities - State and Local Government Series (“SLGS”); and
- (c) general obligation bonds of the State, its institutions, agencies, Countys and political subdivisions.

SECTION 21. Written Procedures Related to Tax-Exempt Debt. The Board hereby approves the Written Procedures Related to Tax-Exempt Debt attached hereto as Exhibit F.

SECTION 22. Miscellaneous. The County Council hereby authorizes the County Administrator, Chair of the County Council, the Clerk to the County Council and County Attorney to execute such documents and instruments as necessary to effect the issuance of the Bonds. The County Council hereby retains McNair Law Firm, P.A., as bond counsel and First SouthWest, as financial advisor in connection

with the issuance of the Bonds. The County Administrator is further authorized to execute such contracts, documents or engagement letters as may be necessary and appropriate to effectuate these engagements.

All rules, regulations, resolutions, and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the issuance of the Bonds are, to the extent of such conflict, hereby repealed and this Ordinance shall take effect and be in full force from and after its enactment.

Enacted this ___ day of _____, 2012.

BEAUFORT COUNTY, SOUTH CAROLINA

Chair, County Council

(SEAL)

ATTEST:

Clerk, County Council

First Reading:

Second Reading:

Public Hearing:

Third and Final Reading:

This Bond is one of a series of Bonds of like date of original issue, tenor and effect, except as to number, denomination, date of maturity, redemption provisions, and rate of interest, aggregating _____ Dollars (\$ _____), issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina, including Article X of the Constitution of the State of South Carolina, 1895, as amended; Title 4, Chapter 15, Code of Laws of South Carolina 1976, as amended; Title 11, Chapter 27, Code of Laws of South Carolina 1976, as amended; and Ordinance No. _____ duly enacted by the County Council on _____, 2011.

[Redemption Provisions]

This Bond is transferable as provided in the Ordinance, only upon the books of the County kept for that purpose at the principal office of the Registrar by the registered holder in person or by his duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered holder or his duly authorized attorney. Thereupon a new fully registered Bond or Bonds of the same aggregate principal amount, interest rate redemption provisions, if any, and maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance. The County, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

Under the laws of the State of South Carolina, this Bond and the interest hereon are exempt from all State, county, municipal, County and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this Bond exist, have happened and have been performed in regular and due time, form and manner as required by law; that the amount of this Bond, together with all other indebtedness of the County, does not exceed the applicable limitation of indebtedness under the laws of the State of South Carolina; and that provision has been made for the levy and collection of a tax, without limit, on all taxable property in the County sufficient to pay the principal of and interest on this Bond as the same shall respectively mature and to create such sinking fund as may be necessary therefor.

IN WITNESS WHEREOF, BEAUFORT COUNTY, SOUTH CAROLINA, has caused this Bond to be signed with the manual or facsimile signature of the Chairman of the County Council, attested by the manual or facsimile signature of the Clerk to the County Council and the seal of the County impressed, imprinted, or reproduced hereon.

BEAUFORT COUNTY, SOUTH CAROLINA

Chair of County Council

(SEAL)

ATTEST:

Clerk of County Council

[FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION]

Date of Authentication:

This bond is one of the Bonds described in the within mentioned Ordinance of Beaufort County, South Carolina.

_____ as Registrar

By: _____ Authorized Officer

The following abbreviations, when used in the inscription on the face of this Bond shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - As tenants in common

UNIF GIFT MIN. ACT

TEN ENT - As tenants by the entireties

_____ Custodian _____
(Cust.) (Minor)

JT TEN - As joint tenants with right of survivorship and not as tenants in common

under Uniform Gifts to Minors

_____ (State)

Additional abbreviations may also be used though not in list above.

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

_____ (Name and address of Transferee)

the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

(Authorizing Officer)

Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program.

NOTICE: The signature to this agreement this agreement must correspond with the name of the registered holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

A copy of the final approving opinion to be rendered shall be attached to each Bond and preceding the same a certificate shall appear, which shall be signed on behalf of the County with a manual or facsimile signature of the Clerk to the County Council. The certificate shall be in substantially the following form:

[FORM OF CERTIFICATE]

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the complete final approving opinion (except for date and letterhead) of McNair Law Firm, P.A., Columbia, South Carolina, approving the issue of Bonds of which the within Bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for the Bonds and a copy of which is on file with the County Council of Beaufort County, South Carolina.

BEAUFORT COUNTY, SOUTH CAROLINA

By: _____
Clerk of County Council

FORM OF NOTICE OF PUBLIC HEARING

NOTICE OF PUBLIC HEARING

Notice is hereby given that a public hearing will be held by the County Council of Beaufort County, South Carolina (the "County"), County Administration Building, 100 Ribaut Road, Beaufort, South Carolina, at 6:00 p.m. on _____, 2012.

The purpose of the public hearing is to consider an Ordinance providing for the issuance and sale of General Obligation Refunding Bonds of Beaufort County, South Carolina, in the principal amount of not exceeding \$_____ (the "Bonds"). The proceeds of the bonds will be used for the following purposes: (i) refunding certain maturities of the County's original principal amount \$_____ General Obligation Bonds, Series 2004, dated _____; (ii) paying costs of issuance of the Bonds; and (iii) such other lawful purposes as the County Council shall determine.

The full faith, credit, and taxing power of the County will be pledged for the payment of the principal of and interest on the Bonds and a tax, without limit, will be levied on and collected annually, in the same manner other County taxes are levied and collected, on all taxable property of the County sufficient to pay to principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

At the public hearing all taxpayers and residents of the County and any other interested persons who appear will be given an opportunity to express their views for or against the Ordinance and the issuance of the Bonds.

COUNTY COUNCIL OF BEAUFORT COUNTY,
SOUTH CAROLINA

FORM OF NOTICE

NOTICE OF ADOPTION OF ORDINANCE

Notice is hereby given that on _____, 2012, the Beaufort County Council adopted an ordinance entitled: "ORDINANCE NO. _____" (the "Ordinance").

The proceeds of the bonds will be used together with other available funds of the County for the following purposes: The proceeds of the bonds will be used for the following purposes: (i) refunding certain maturities of the County's original principal amount \$_____ General Obligation Bonds, Series 2004, dated _____, 2004; (ii) paying costs of issuance of the Bonds; and (iii) such other lawful purposes as the County Council shall determine.

Pursuant to Section 11-27-40(8) of the South Carolina Code of Laws, 1976, as amended, unless a notice, signed by not less than five (5) qualified electors of the County, of the intention to seek a referendum is filed both in the office of the Clerk of Court of the County and with the Clerk of the County Council, the initiative and referendum provisions of South Carolina law, Sections 4-9-1210 to 4-9-1230, South Carolina Code of Laws 1976, as amended, shall not be applicable to the Ordinance. The notice of intention to seek a referendum must be filed within twenty (20) days following the publication of this notice of the adoption of the aforesaid Ordinance in a newspaper of general circulation in Beaufort County.

COUNTY COUNCIL OF BEAUFORT COUNTY,
SOUTH CAROLINA

FORM OF NOTICE OF SALE

OFFICIAL NOTICE OF SALE

\$ _____ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012_,
OF BEAUFORT COUNTY, SOUTH CAROLINA

Time and Place of Sale: NOTICE IS HEREBY GIVEN that sealed bids, facsimile bids and electronic bids will be received on behalf of Beaufort County, South Carolina (the "County"), 100 Ribaut Road, Beaufort, South Carolina, until 11:00 a.m, South Carolina time, on _____, _____, 2012, at which time said proposals will be publicly opened for the purchase of \$ _____ General Obligation Refunding Bonds, Series 2012_, of the County (the "Bonds").

Sealed Bids: Each hand delivered proposal shall be enclosed in a sealed envelope marked "Proposal for \$ _____ General Obligation Refunding Bonds, Series 2012_, Beaufort County, South Carolina" and should be directed to the County Administrator at the address in the first paragraph hereof.

Facsimile Bids: The County will accept the facsimile transmission of a manually signed Official Bid Form at the risk of the Bidder. The County shall not be responsible for the confidentiality of bids submitted by facsimile transmission. Any delay in receipt of a facsimile bid, and any incompleteness or illegible portions of such bid are the responsibility of the bidder. Bids by facsimile should be transmitted to the attention of the County Administrator, fax number (843) _____.

Electronic Bids: Electronic proposals must be submitted through i-Deal's Parity Electronic Bid Submission System ("Parity"). No electronic bids from any other providers of electronic bidding services will be accepted. Information about the electronic bidding services of Parity may be obtained from i-Deal, 1359 Broadway, 2nd Floor, New York, New York 10018, Customer Support, telephone (212) 849-5021.

PROPOSALS MAY BE DELIVERED BY HAND, BY MAIL, BY FACSIMILE TRANSMISSION OR BY ELECTRONIC BID, BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE COUNTY AT THE PLACE, DATE AND TIME APPOINTED, AND THE COUNTY SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MISDIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF BIDS.

Book-Entry-Only Bonds: The Bonds will be issued in fully-registered form. One Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and each such Bond will be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing each year; Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates representing each maturity with DTC.

The Bonds will be issued in fully-registered form registered as to principal and interest; will be dated _____, 2011; will be in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing in each year; and will mature serially in successive annual installments on _____ in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
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*Preliminary, subject to adjustment.

Adjustment of Maturity Schedule. The County reserves the right, in its sole discretion, either to decrease or increase the principal amount of the Bonds maturing in any year (all calculations to be rounded to the near \$5,000), provided that any such decrease or increase shall not exceed 10% of the Bonds. Such adjustment(s), if any, shall be made within twenty-four (24) hours of the award of the Bonds. In order to calculate the yield on the Bonds for federal tax law purposes and as a condition precedent to the award of the Bonds, bidders must disclose to the County in connection with their respective bids the price (or yield to maturity) at which each maturity of the Bonds will be reoffered to the public.

In the event of any adjustment of the maturity schedule for the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Nevertheless, the award of the Bonds will be made to the bidder whose proposal produces the lowest true interest cost solely on the basis of the Bonds offered, without taking into account any adjustment in the amount of the Bonds pursuant to this paragraph.

The Bonds will bear interest from the date thereof payable semiannually on _____ and _____ of each year, commencing _____, until they mature.

[Redemption Provisions]

Registrar/Paying Agent: Within twenty-four (24) hours after the receipt of bids, the County will designate the registrar and paying agent (the "Registrar/Paying Agent") for the Bonds. The Registrar/Paying Agent shall be a bank, trust company, depository or transfer agent located either within or without the State of South Carolina.

Bid Requirements: Bidders shall specify the rate or rates of interest per annum which the Bonds are to bear, to be expressed in multiples of 1/20 or 1/8 of 1% and the interest rate specified for any maturity shall not be lower than the interest rate specified for any previous maturity. Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for all Bonds of that maturity from their date to such maturity date. A bid for less than all the Bonds, a bid at a price less than par or a bid which includes a premium in excess of 10% of the par amount of the Bonds will not be considered. In addition to the bid price, the successful bidder must pay accrued interest from the date of the Bonds to the date of full payment of the purchase price.

Award of Bid. The Bonds will be awarded to the bidder or bidders offering to purchase the Bonds at the lowest true interest cost (TIC) to the County. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount all debt service payments on the Bonds (computed at the interest rates specified in the bid and on the basis of a 360-day year of twelve 30-day months) to the dated date of the Bonds, results in an amount equal to the price bid for the Bonds. In the case of a tie bid, the winning bid will be awarded by lot. The County reserves the right to reject any and

all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 3:00 p.m., South Carolina time, on the date of the sale.

Security: The full faith, credit, and taxing power of the County are hereby irrevocably pledged for the payment of the principal of and interest on the Bonds as they respectively mature, and for the creation of such sinking fund as may be necessary therefor. There shall be levied annually by the Auditor of the County and collected by the Treasurer of the County, in the same manner as other county taxes are levied and collected, an ad valorem tax, without limit, on all taxable property in the County sufficient to pay the principal and interest of the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

Good Faith Deposit: No good faith deposit is required.

Bid Form: Proposals should be enclosed in a separate sealed envelope marked "Proposal for \$ _____ General Obligation Refunding Bonds, Series 2011_ of Beaufort County, South Carolina" and should be directed to the County Administrator at the address in the first paragraph hereof. It is requested but not required that you submit your bid on the Proposal for Purchase of Bonds supplied with the Official Statement.

Official Statement: Upon the award of the Bonds, the County will prepare an official statement (the "Official Statement") in substantially the same form as the preliminary official statement subject to minor additions, deletions and revisions as required to complete the Official Statement. Within seven (7) business days after the award of the Bonds, the County will deliver the Official Statement to the successful bidder in sufficient quantity to comply with Rule G-32 of the Municipal Securities Rulemaking Board. The successful bidder agrees to supply to the County all necessary pricing information and any Underwriter identification necessary to complete the Official Statement within 24 hours after the award of the Bonds.

Continuing Disclosure: In order to assist the bidders in complying with S.E.C. Rule 15c2-12(b)(5), the County will undertake, pursuant to an ordinance and a continuing disclosure certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Legal Opinion: The County Council shall furnish upon delivery of the Bonds the final approving opinion of McNair Law Firm, P.A., Columbia, South Carolina, which opinion shall accompany each Bond, together with the usual closing documents, including a certificate of the County that no litigation is pending affecting the Bonds.

Certificate as to Issue Price: The successful bidder must provide a certificate to the County by the date of delivery of the Bonds, stating the initial reoffering price of the Bonds to the public (excluding bond houses and brokers) and the price at which a substantial amount of the Bonds were sold to the public, in form satisfactory to Bond Counsel. A sample copy of such a certificate may be obtained from Bond Counsel.

Delivery: The Bonds will be delivered on or about _____, 2012, in New York, New York, at the expense of the County. The balance of the purchase price then due, including the amount of accrued interest, must be paid in federal funds or other immediately available funds.

BEAUFORT COUNTY, SOUTH CAROLINA

s/ _____
Chair of County Council

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of _____, 2012, is executed and delivered by Beaufort County, South Carolina (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means the Finance Director, or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Appendix A.

“Trustee” means the institution, if any, identified as such in the document under which the Bonds were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a

Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the next February 1 after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2013. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 12:00 noon on the first business day following the Annual Filing Date for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

“Principal and interest payment delinquencies;”

“Non-Payment related defaults, if material;”

“Unscheduled draws on debt service reserves reflecting financial difficulties;”

“Unscheduled draws on credit enhancements reflecting financial difficulties;”

“Substitution of credit or liquidity providers, or their failure to perform;”

“Adverse tax opinions, IRS notices or events affecting the tax status of the security;”

“Modifications to rights of securities holders, if material;”

“Bond calls, if material;”

“Defeasances;”

“Release, substitution, or sale of property securing repayment of the securities, if material;”

“Rating changes;”

“Tender offers;”

“Bankruptcy, insolvency, receivership or similar event of the obligated person;”

“Merger, consolidation, or acquisition of the obligated person, if material;” and

“Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”

- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. “amendment to continuing disclosure undertaking;”
2. “change in obligated person;”
3. “notice to investors pursuant to bond documents;”
4. “certain communications from the Internal Revenue Service;”
5. “secondary market purchases;”
6. “bid for auction rate or other securities;”
7. “capital or other financing plan;”
8. “litigation/enforcement action;”
9. “change of tender agent, remarketing agent, or other on-going party;”
10. “derivative or other similar transaction;” and
11. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”
2. “change in fiscal year/timing of annual disclosure;”
3. “change in accounting standard;”
4. “interim/additional financial information/operating data;”
5. “budget;”
6. “investment/debt/financial policy;”
7. “information provided to rating agency, credit/liquidity provider or other third party;”
8. “consultant reports;” and
9. “other financial/operating data.”

- (viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement as follows:

- (i) The financial statements of the Issuer for the preceding fiscal year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or if not in conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information). If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (ii) Financial and operating data for the fiscal year then ended, to the extent such information is not included in the Issuer's audited financial statements filed pursuant to clause (1) above, which shall be generally consistent with the tabular information (or other information, as otherwise noted below) contained in the Official Statement under the following headings: "THE BONDS—Security;" "DEBT STRUCTURE—Outstanding Indebtedness;" and "CERTAIN FISCAL MATTERS—Assessed Value of Taxable Property in the County," "—Estimated True Value of All Taxable Property in the County," "—Tax Rates," "—Tax Collections for Last Five Years," and "—Ten Largest Taxpayers."

1. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- vii. Modifications to rights of Bond holders, if material;
- viii. Bond calls, if material, and tender offers;
- ix. Defeasances;
- x. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- xi. Rating changes;
- xii. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets

or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

- xiii. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event

Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited

Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question

or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as
Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

BEAUFORT COUNTY, SOUTH CAROLINA, as Issuer

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer _____
Obligated Person(s) _____
Name of Bond Issue: _____
Date of Issuance: _____
Date of Official Statement _____

CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
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CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: _____

Obligated Person: _____

Name(s) of Bond Issue(s): _____

Date(s) of Issuance: _____

Date(s) of Disclosure Agreement: _____

CUSIP Number: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Issuer

cc:

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

_____ Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party;"
10. _____ "derivative or other similar transaction;" and
11. _____ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary financial disclosure” will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

Issuer’s and/or Other Obligated Person’s Name:

Issuer’s Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

_____ Description of Voluntary Financial Disclosure (Check One):

1. _____ “quarterly/monthly financial information;”
2. _____ “change in fiscal year/timing of annual disclosure;”
3. _____ “change in accounting standard;”
4. _____ “interim/additional financial information/operating data;”
5. _____ “budget;”
6. _____ “investment/debt/financial policy;”
7. _____ “information provided to rating agency, credit/liquidity provider or other third party;”
8. _____ “consultant reports;” and
9. _____ “other financial/operating data.”

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

BEAUFORT COUNTY, SOUTH CAROLINA

**WRITTEN PROCEDURES
Related to Tax-Exempt Debt**

The Internal Revenue Code of 1986, as amended (the “Code”) and the regulations promulgated thereunder (the “Regulations”) impose certain requirements on tax-exempt bonds, including but not limited to, restrictions on the use of bond proceeds and bond-financed property, arbitrage yield restrictions, and the arbitrage rebate requirement. These requirements are generally applicable throughout the period that the bonds remain outstanding.

The September 2011 revision to the Form 8038-G, Information Return for Tax Exempt Governmental Obligations (“Form 8038-G”) requires the issuer to represent whether it has established written procedures to (a) monitor the requirements of Section 148 of the Code, including, but not limited to, the arbitrage rebate and arbitrage yield restriction requirements; and (b) ensure that any nonqualified bonds (within the meaning of Section 1.148-12(j) of the Regulations) are remediated in accordance with the Code and the Regulations.

In addition to the above-described Form 8038-G representations, Beaufort County, South Carolina (the “County”) has been advised that additional procedures are recommended in order for the County to document compliance with the applicable federal tax requirements. Actions pursuant to these procedures (collectively referred to as post-issuance tax compliance) are intended to assist the County in documenting compliance with the applicable federal tax requirements. Post-issuance tax compliance begins with the debt issuance process itself and includes a continuing focus on investments of bond proceeds and use of bond-financed property. Post issuance tax compliance requires identifying the responsible people and the applicable procedures.

References herein to a “bond” or to “bonds” shall apply to all forms of tax-exempt obligations including, but not limited to, lease/purchase agreements, bond anticipation notes, and tax anticipation notes.

Procedures

The County’s Chief Financial Officer (“CFO”) is designated as being responsible for post-issuance tax compliance. The CFO may delegate to his staff or contract with independent contractors (such as an arbitrage/rebate consultant or a consulting engineer) responsibility for different aspects of post-issuance tax compliance. For example, coordinating and documenting the expenditure of bond proceeds on projects may be delegated to the consulting engineer. However, the CFO will be ultimately responsible for implementing the procedures described herein.

The County recognizes that that the County has issued tax-exempt debt prior to the adoption of these procedures. With respect to this prior issued debt, the CFO will take reasonable steps to collect and maintain appropriate documentation of compliance with these procedures. However, the County recognizes that such documentation may not exist with respect to some of the items enumerated in these procedures.

Issuance – The CFO will:

- (a) Confirm the filing of the Form 8038 or Form 8038-G (or applicable successor form) with Internal Revenue Service (“IRS”). Filing of the applicable Form 8038 is usually overseen by bond counsel at or soon after the closing of a bond issue.
- (b) Obtain and store the Transcript of Proceedings prepared by bond counsel (which typically includes the applicable Form 8038 and the Federal Tax Certificate containing the County’s expectations as of the date of issuance of the bond issue).

Recordkeeping – The CFO will:

- (a) Establish a plan for keeping relevant books and records as to the investment and the expenditure of bond proceeds.
- (b) Keep accurate records including:
 - Basic records relating to the bond transactions (including the trust indenture, loan agreements, and bond counsel opinion; see Transcript of Proceeding, above);
 - Documentation evidencing the expenditure of bond proceeds;
 - Documentation evidencing use of bond-financed property by public and private users (i.e., copies of management contracts, material power purchase contracts);
 - Documentation evidencing all sources of payment or security for the bonds; and
 - Documentation pertaining to any investment of bond proceeds (including the purchase and sale of securities, SLGS subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations).
- (c) Keep all records in a manner that ensures their complete access to the IRS so long as they are material. While this is typically accomplished through the maintenance of hard copies, records may be kept in an electronic format if certain requirements are satisfied, in accordance with the guidelines in Revenue Procedure 97-22, 1997-1 C.B. 652.
- (d) Keep the relevant records for each issue of bonds for as long as such issue of bonds is outstanding (including any bonds issued to refund such issue of bonds) plus three years after the final redemption date of the bonds.

Arbitrage Rebate and Arbitrage Yield Restriction – The CFO will:

- (a) Engage the services of an arbitrage/rebate consultant for assistance in compliance with arbitrage related issues. As of the date of the adoption of these procedures, the County has retained AMTEC Compliance as its arbitrage/rebate consultant.
- (b) Work with the County’s bond counsel, financial advisor and/or arbitrage/rebate consultant to monitor compliance with “temporary period exceptions” for expenditure of bond proceeds, typically three years for new money bonds, and provide for yield restriction of investments or “yield reduction payments” if exceptions are not satisfied.
- (c) Work with the County’s bond counsel and financial advisor to ensure investments acquired with bond proceeds are purchased at fair market value. This may include use of bidding procedures under the regulatory safe harbor (Section 1.148-5(d) of the Regulations).

- (d) Consult with the County's bond counsel prior to the creation of funds which would reasonably be expected to be used to pay debt service on tax-exempt bonds to determine in advance whether such funds must be invested at a restricted yield (i.e., yield restricted).
- (e) Consult with the County's bond counsel and financial advisor before engaging in post-issuance credit enhancement transactions (e.g., bond insurance, letter of credit) or hedging transactions (e.g., interest rate swap, cap).
- (f) Consult with the County's bond counsel, financial advisor, and/or arbitrage/rebate consultant to identify situations in which compliance with applicable yield restrictions depends upon subsequent investments (e.g., purchase of 0% SLGS from U.S. Treasury) and monitor implementation.
- (g) Work with the County's arbitrage/rebate consultant to arrange for timely computation of rebate/yield reduction payment liability and, if an amount is payable, for timely filing of Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (or applicable successor form), and payment of such liability. Rebate/Yield Reduction payments are ordinarily due at 5-year intervals.

Private Use of Bond-Financed Facilities - The CFO will:

- (a) Create and maintain records of which proceeds of bond issues were used to finance which facilities. These records shall incorporate the refunding or partial refunding of any bond issues.
- (b) Record the allocation of bond proceeds to expenditures, including reimbursements. These records will be consistent with the expenditures used for arbitrage purposes.
- (c) Record the allocation of bond proceeds and funds from other sources in connection with any bond funded project. Review expenditure of bond proceeds with bond counsel and/or consulting engineer to ensure bond proceeds are used for qualifying costs.
- (d) Review with bond counsel prior to the sale or lease of a bond-financed facility, or the granting of a license or management contract, or any other arrangement allowing private use of a bond financed facility, the terms of such arrangement.
- (e) Keep records of private use, if any, of bond-financed facilities to monitor the amount of private use of bond-financed facilities. Relevant to the County, private use generally includes: use of the proceeds of bonds or bond-financed facilities in any activity by a person or organization that is not (a) a state or local government; or (b) a natural person. Notwithstanding the preceding sentence, private business use generally does not include: (a) use as a member of the general public pursuant to arrangements with a term of less than 200 days; and (b) use by a nongovernmental person pursuant to an arrangement with a term of less than 50 days that is a result of arms-length negotiations and compensation payable under the arrangement is not less than fair market value.
- (f) Private use of bond-financed facilities shall be reviewed once a year (in connection with the preparation of the annual financial statements). If private use occurs, bond counsel will be consulted to determine if remedial action is necessary (including but not limited to, the remediation of all non-qualified bonds in accordance with Section 1.14-12 of the Regulations).

Reissuance – The CFO will:

- (a) Consult with bond counsel to identify any post-issuance modification to the terms of bonds which could be treated as a current refunding of “old” bonds by “new” bonds, often referred to as a “reissuance.”
- (b) Consult with bond counsel to determine whether any “remedial action” (see item (f) under “Private Use of Bond-Financed Facilities” above) in connection with private use must be treated as a “reissuance.”



**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*
Wlodek Zaryczny, Library Director *WZaryczny*

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

SUBJ: **St. Helena Branch Library Furniture**

DATE: June 18, 2012

BACKGROUND: The Purchasing Department worked with Watson Tate Savory Liollo Architects, Charleston, S.C. to conduct a proposal process from pre-qualified state contract vendors. Four state contract furniture vendors gave presentations to a selection committee of Library staff. The committee recommended Herald Office Solutions to be the furniture provider. Herald Office Solutions is a state contract vendor and was able to get state contract pricing further reduced due to volume buying. Beaufort County has previous experience with the recommended vendor through various projects, including the Disabilities and Special Needs Adult Day Facility. The committee selected the furniture to match the design of the St. Helena Library, as well as, provide all the functionality patrons will need.

<u>STATE CONTRACT/NON-COMPETITIVE VENDORS:</u>	<u>Cost</u>	<u>Project</u>
1. Herald Office Solutions, Charleston, S.C	\$280,026.06	St. Helena Library Furniture

FUNDING AND COST BREAKDOWN:

1. St. Helena Library Furniture, Account # 11436-54420, St. Helena Library. Total: \$280,026.06. Account #11436-54420 is a grant funded account.

RECOMMENDATION: The Purchasing Department recommends that the Finance Committee approves, and recommends to County Council, approval of the purchases from the aforementioned vendor for a total amount of \$280,026.06.

cc: Elizabeth Wooten, Richard Dimont, David Coleman



**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*
Wlodek Zaryczny, Library Director *WZaryczny*

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

SUBJ: **St. Helena Branch Library Shelving**

DATE: June 18, 2012

BACKGROUND: The Purchasing Department worked with Watson Tate Savory Liollo Architects, Charleston, S.C. to conduct a proposal process from pre-qualified state contract vendors. Two state contract shelving vendors gave presentations to a selection committee of Library staff. The committee recommended Patterson Pope to be the shelving provider. Patterson Pope is a state contract vendor and was able to get state contract pricing further reduced due to volume buying. Beaufort County has previous experience with the recommended vendor through various projects, including the Disabilities and Special Needs Adult Day Facility. The committee selected the shelving to match the design of the St. Helena Library, as well as, provide all the functionality patrons will need.

<u>STATE CONTRACT/NON-COMPETITIVE VENDORS:</u>	<u>Cost</u>	<u>Project</u>
1. Patterson Pope, Charleston, S.C.	\$129,907.15	St. Helena Library Shelving

FUNDING AND COST BREAKDOWN:

1. St. Helena Library Shelving, Account # 11436-54420, St. Helena Library. Total \$129,907.15. Account #11436-54420 is a grant funded account.

RECOMMENDATION: The Purchasing Department recommends that the Finance Committee approves, and recommends to County Council, approval of the purchases from the aforementioned vendors for a total amount of \$129,907.15.

cc: Elizabeth Wooten, Richard Dimont, David Coleman



**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 *BH*
David Starkey, Chief Financial Officer *DS*
Scott Grooms, Director of Broadcast Services *JSG*

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

SUBJ: Request to Purchase Audio/Visual Equipment and Services from a Sole Source Vendor for Beaufort County's Broadcast Services Department.

DATE: June 21, 2012

BACKGROUND: The Purchasing Department received a sole source request from the Broadcast Services Department requesting to purchase Audio/Visual equipment and services from a sole source vendor in support of the St. Helena Library project. Purchasing reviewed the request and concurs that Stagefront Presentation Systems, Savannah, Georgia is the only vendor capable of meeting the scope of work, certification, and delivery requirements for the project. Note, this project requires a short installation and delivery schedule by certified Creston Controller installers. The deadline for equipment delivery and installation is August 9, 2012. With this in mind, availability of qualified vendors located within 4 hours of the new library was limited to three vendors. See the attached list of contacts. The three vendors were contacted by Dave Thomas, Purchasing Director and Scott Grooms, Director of Broadcast Services to request price quotes and verify qualifications. The scope of work and requirements were discussed with each vendor and price quotes were requested. As of June 21, 2012, Stagefront was the only vendor who responded. The other two vendors (Clark Powell, Columbia, SC and WH Platts, North Charleston, SC) declined to provide a quote based on availability and the certifications requirements.

<u>SOLE SOURCE VENDOR:</u>	<u>Cost</u>	<u>Project</u>
1. Stagefront Presentation Systems	\$117,000	St. Helena Library A/V equipment/installation and service

FUNDING:

Account # 11436-54420 St. Helena Library

RECOMMENDATION: The Purchasing Department recommends that the Finance Committee approves, and recommends to County Council, approval of the purchases from the aforementioned vendor for a total amount of \$117,000.

cc: Elizabeth Wooten, Richard Dimont

att: Contact list, Sole Source/Non-competitive form, Equipment List, Director of Broadcast Services Letter

Request for Bid Vendors:

Stagefront Presentation Systems Contacted by David Coleman and Scott Grooms

Spoke to Cary Shoob

Submitted a proposal to David Coleman on June 8, 2012

Clark Powell was contacted by Dave Thomas and Scott Grooms, June 18, 2012

Spoke to Ron Edmonds

Declined to bid, Unable to meet the Time Table and Certification Requirements.

WH Platts Company Contacted by Dave Thomas and Scott Grooms, June 18, 2012

Spoke to Tommy Cario

Documents E-Mail for there review, June 18, 2012

Declined to bid Via E-mail from Jim Hogg, June 21, 2012



Non-Competitive Purchases Form

This form shall be completed for any non-competitive purchase over \$2,500 that is not exempt.

(a) A County contract may be awarded without competition when the Purchasing Director determines in writing, after conducting a good faith review of available sources, that there is only one source for the required supply, service, or construction item. The Purchasing Director shall conduct negotiations, as appropriate, as to price, delivery, and terms. A record of sole source procurements shall be maintained as public record and shall list each contractor's name, the amount and type of each contract, a listing of the items procured under each contract, and the identification of each contract file.

(b) Sole source procurement of a used item from the open market may only be considered, provided that:

(1) The using agency recommends purchase; (2) condition of the item is verified by appropriate County official; and (3) price analysis justifies purchase when the following factors are considered: (a) new acquisition price; (b) current book value; and (c) maintenance costs.

Code 1982 SS 12-19 Sec. 2-518 Sole source procurement

The County Council may by resolution, exempt specific supplies or services from the purchasing procedures required in the Code. The following supplies and services shall be exempt from the purchasing procedures required in this division; however, the Purchasing Director for just cause may limit or withdraw any exemption provided for in this section. (1) Works of art for museum and public display (2) Published books, library books, maps, periodicals, technical pamphlets (3) Copyrighted educational films, filmstrips, slides and transparencies (4) Postage stamps and postal fees (5) Professional dues, membership fees and seminar registration fees (6) Medicine and drugs (7) Utilities including gas, electric, water and sewer (8) Advertisements in professional publications or newspapers (9) Fresh fruit, vegetables, meats, fish, milk, bread and eggs (10) Oil company credit cards (11) Articles for commercial sale by all governmental bodies

Code 1982 SS 12-14 Ord. No. 2000-1 S 1, 1-1-0-2000 Sec. 2-514 Exemption from procedures

Notwithstanding any other section of this division, the Purchasing Director may make or authorize others to make emergency procurements of supplies, services, or construction items when there exists a threat to the functioning of county government; for the preservation or protection of property; or for the health, welfare or safety of any person, provided that such emergency procurements shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file. As soon as practicable, a record of each emergency procurement shall be made and shall set forth the contractor's name, the amount and type of the contract, a listing of the items procured under the contract, and the identification number of the contract file.

Code 1982 SS 12-20 Sec. 2-519 Emergency procurements

Requesting Department: Broadcast Services Requested Account Code: 11436-54420

Description of Requested Services See Attached Scope

Please provide a listing of the items purchased, if additional pages are necessary please attach to this form:
See Attached

Cost of Requested Services: \$ 117,500

Requested Vendor Name: Stagefront Presentation Systems

Requested Vendor Address: 6 Southern Oaks Drive, Savannah Ga. 31405

Requested Vendor Phone Number: 912-721-5707 Requested Vendor Email Address: Canys@Sfps.net

Type of Service Requested (Please check one) Construction Services Supply/Good

Please attach any documentation provided by the vendor that provides back up for the claims in this document.

ST. HELENA LIBRARY AV RECOMMENDATION

RECOMMENDATION FOR THE ACQUISITION OF AV MATERIAL

1. Title of the material: *2008-2009 Presentation Systems*
2. Author: *St. Helena Library*
3. Date: *11/17/09*
4. Format: *2008-2009 Presentation Systems*
5. Recommended by: *St. Helena Library*
6. Recommended for: *St. Helena Library*
7. Recommended by whom: *St. Helena Library*
8. Recommended for whom: *St. Helena Library*
9. Recommended by whom: *St. Helena Library*
10. Recommended for whom: *St. Helena Library*

11. Date of recommendation: *11/17/09*

12. Recommended by whom: *St. Helena Library*

13. Recommended for whom: *St. Helena Library*

14. Recommended by whom: *St. Helena Library*

15. Recommended for whom: *St. Helena Library*

16. Recommended by whom: *St. Helena Library*

17. Recommended for whom: *St. Helena Library*

18. Recommended by whom: *St. Helena Library*

19. Recommended for whom: *St. Helena Library*



Non-Competitive Purchases Form

Please select a reason below as to why this is a non-competitive purchase and provide a brief explanation.

- It is not possible to obtain competition. There is only one source available for the supply, service, or construction item.
- The procurement is for a used item from the open market. The item may only be considered if, (1) the using agency recommends purchase, (2) condition of the item is verified by appropriate County official, (3) Price analysis justifies purchase when the following factors are considered: (a) new acquisition price; (b) current book value; and (c) maintenance costs.

The item is a single source purchase. Other sources may be available but purchases are directed to one source because of factors unique to Beaufort County. Please select an option below:

- Standardization
- Warranty
- Other, if selected please specify below.

Certification and Availability of Contractors

- An emergency exists that threatens the functioning of County government.
- An emergency exists that threatens the preservation or protection of County property.
- An emergency exists that threatens the health, welfare or safety of any person within the County.

What steps have been taken to verify that these features are not available elsewhere?

Other brands/manufacturers were examined (please list names and contact information, and explain why they are not suitable for use by the County-attach additional pages as necessary):

Other vendors were contracted (please list names and contact information and explain why those contacted did not meet the needs of the County-attach additional pages as necessary):

see Attached

Requester Name: J. Scott Grooms Requester Signature: [Signature] Date: 6/21/12

Department Head Name: J. Scott Grooms Department Head Signature: [Signature] Date: 6/21/12



Non-Competitive Purchases Form

For Purchasing Completion only:

Date Received in Purchasing Department: June 21, 2012

Reviewed by Purchasing Department for completeness

Date: June 21, 2012

Reviewed by: David L. Thomas

Verified that this is the only source: Yes No

Comments: Stegent is the only vendor available that meets the equipment certification and delivery requirements. Only certain vendor within 4 hours of the library.

Purchasing Director or His Designee Approval Signature: [Signature] 06/21/12

Associated Purchase Orders Number: _____

Associated Contract Number: _____

St. Helena A/V System Requirements:

Room 106

- □ 32' x 42' Approx 11' ceilings
- □ Approx 47' to back closet from projection screen
- 16:9 HD Projector at back of room with Appropriate Lens
- 16:9 Electric Screen of appropriate size for the room
- 42" wide Lectern with 18" gooseneck mic
- Table mics with 8 possible mics plugged to 3 different Floorboxes (3,2,3)
- 1 x VGA and 1 x HDMI digital video input in lectern (lectern can be moved to 2 different floorbox locations)
- Floorbox (stage right) will have VGA and HDMI for visiting laptops when needed
- Booth with PC for VGA and HDMI
- □ 42" LCD Display on portable cart will connect to HDMI wallplate for viewing program video used by presenter
- House lighting presets for 5-Zones from touchpanel: (Settings as Follows)
 1. All On
 2. All Off
 3. Presentation Mode
 4. TV Mode
 5. Meeting Mode
- **NOTE:** Dimmers and wall station provided A/V Vendor
- One BNC connector in middle floorbox back to booth plate for OFE TriCaster
- 2 x Bose Line Array Speakers for audio reproduction
- Wall-mounted Crestron 5.7" LCD touchpanel
- Crestron touchpanel in booth 4" LCD
- BluRay Player in kitchen with locking shelf
- One Wireless combo mic with lavalier and handheld
- 4 sets of OFE Shades controlled by Crestron Touchpanel

Room 101

- 18'6" x 31' Approx 11' ceilings
- Large Interactive 70" Flat Panel Display
- OFE Dedicated PC located in furniture will have interactive software
- Bluetooth Wireless Keyboard/ Mouse
- 4 Ceiling Spks in drop ceiling soffits
- BluRay Player in hutch from A/V Supplier (Hutch will have rack space and Drawer)
- Table with 2 Cable Cubbys for laptop connections (each with VGA, HDMI, OFE power, OFE net)
- 6 x Boundary mics with switch for approx 12 seats. Mics to run back to mixer in hutch for mixed output to OFE PC and 6 separate outputs to control booth
- 2 OFE floor boxes
- 32" Lectern with gooseneck microphone plugged to floorbox
- Wall-mounted Crestron 5.7" LCD touchpanel
- 3-Zones for lighting (Crestron Controlled) Dimmers and wall station provided by A/V Contractor
- **Note:** Crestron only controlled wall presets.
- 1. Presets: All On, All Off, Presentation Mode

Supplier must provide lighting control, dimmer packs and touchpanel backboxes

All major equipment for video distribution and amplifiers for both rooms will be located in the control booth



To: Dave Thomas, Purchasing Director
From: Scott Grooms, Director of Broadcast Services
Subject: Non-Competitive Purchase for the St. Helena Branch Library
Date: June 21, 2012

I am requesting approval for a non-competitive purchase for goods and services for the new Audio/Visual equipment in support off the St. Helena Branch Library project. Stagefront Presentations Systems is the only vendor of the ones contacted that can successfully meet the installation deadline of early August, provide the equipment required, and have the certifications in place to install the project.

A total of three A/V Suppliers were contacted, (See contact list on page 1) in order to seek proposals and to check qualifications for providing the scope of work and equipment. As a result, none of the vendors, except for Stagefront Presentations Systems were able to meet all of the requirements.

Furthermore, with the Crestron Controller being the major component in both meeting rooms, it is essential to have a certified installer/programmer within four hours travel time to our site, to prevent any technical interruption of a meeting or event. Stagefront Presentation Systems is the only vendor in the area that has a certified installer/programmer on staff to meet this qualification.

The total cost of the A/V project for the library is \$117,000. This is available in the library budget, Account Number # 11436-54420, St. Helena Library.


Scott Grooms, Director of Broadcast Services



COUNTY COUNCIL OF BEAUFORT COUNTY
ENGINEERING AND INFRASTRUCTURE DIVISION

Building 3, 102 Industrial Village Road
Post Office Drawer 1228, Beaufort, SC 29901-1228
Phone: (843) 255-4005 Fax: (843) 255-9420

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

VIA: Gary Kubic, County Administrator
Bryan Hill, Deputy Administrator
David Starkey, Chief Financial Officer
Dave Thomas, Purchasing Director
Monica Spells, Compliance Officer

FROM: Robert McFee, Director of Engineering and Infrastructure

SUBJ: Supplemental Agreement for St. Helena Branch Library - RFID Library System

DATE: June 18, 2012

BACKGROUND: On November 29, 2010, County Council awarded an initial contract to ITG totaling \$970,711 for the Radio Frequency Identification System (RFID) equipment and services for the Beaufort, Bluffton, Hilton Head, Lobecko and St. Helena Libraries. The RFID equipment and services for the initial contract for the new St. Helena Library was funded by Lady Island/St. Helena Library Impact Fees. Since November 2010 when the County entered into a contract with ITG for the RFID system, ITG has been purchased by Bibliotheca, a global firm.

Choate Construction Company was awarded the St. Helena Library construction contract at the August 8, 2011 County Council Meeting in the amount of \$7,322,403.00 with a total overall budget of \$11.1 million. The project budget is funded by \$1.1 million dollars of impact fees, \$8.5 million dollars of a USDA Grant/Loan package and \$1.5 million dollar CDBG grant.

When the contract for the RFID system was awarded, the St. Helena Branch Library was under development as a two-story facility with provisions for the RFID system. As the development of the design progressed, the facility became a single story building resulting in changes to the intended RFID system. An allowance of \$213,000.00 was established in the St. Helena Branch Library's budget for the anticipated redesign cost. The actual cost to redesign the RFID system is \$146,113.30.

RECOMMENDATION: The Finance Committee approve and recommend to County Council approval of a supplemental agreement to ITG/Bibliotheca in the amount of \$146,113.30 for the RFID system for the St. Helena Branch Library to be funded from project's approved budget.

ORDINANCE NO. 2012-____

FY 2012-2013 BEAUFORT COUNTY SCHOOL DISTRICT BUDGET

An Ordinance to provide for the levy of tax for school purposes for Beaufort County for the fiscal year beginning July 1, 2012 and ending June 30, 2013, and to make appropriations for said purposes.

BE IT ORDAINED BY COUNTY COUNCIL OF BEAUFORT COUNTY:

SECTION 1. TAX LEVY

The County Council of Beaufort County hereby appropriates the funds as detailed in Sections 3 and 4 of this Ordinance and establishes the millage rates as detailed in Section 2 of this Ordinance. The County Council of Beaufort County reserves the right to modify these millage rates at its August 27, 2012 meeting.

SECTION 2. MILLAGE

In Fiscal Year 2012-2013 and in accordance with the laws of South Carolina, the County Auditor is hereby authorized and directed to levy a tax on the following mills on the dollar of assessed value of property within the County.

School Operations	92.26
School Bond Debt Service (Principle and Interest)	28.00

These taxes shall be collected by the County Treasurer, as provided by law, and distributed in accordance with the provisions of this Ordinance and subsequent appropriations as may be hereafter passed by the County Council of Beaufort County.

SECTION 3. SCHOOL OPERATIONS APPROPRIATION

An amount of \$177,978,690 is hereby appropriated to the Beaufort County Board of Education to fund school operations. This appropriation is to be spent in accordance with the school budget approved by the County Council of Beaufort County, and will be funded from the following revenue sources:

- A. \$115,420,449 to be derived from tax collections;
- B. \$ 55,602,426 to be derived from State revenues;
- C. \$ 900,000 to be derived from Federal revenues;
- D. \$ 1,363,500 to be derived from other local sources;
- E. \$ 2,627,200 to be derived from inter-fund transfers;
- F. \$ 1,276,464 to be derived from New River TIF per pupil allocation;
- G. \$ 788,651 to be derived from the District's fund balance.

The Beaufort County Board of Education is responsible for ensuring that the school expenditures do not exceed those amounts herein appropriated without first receiving the approval of a supplemental appropriation from County Council.

SECTION 4. BUDGETARY ACCOUNT BREAKOUT

The line-item budgets submitted by the Beaufort County Board of Education under separate cover for FY 2012-2013 are incorporated herein by reference and shall be part and parcel of this Ordinance.

SECTION 5. OUTSTANDING BALANCE APPROPRIATION

The balance remaining in each fund at the close of the prior fiscal year, where a reserve is not required by State or Federal law, is hereby transferred to the appropriate category of Fund Balance of that fund.

SECTION 6. TRANSFERS VALIDATED

All duly authorized transfers of funds heretofore made from one account to another, or from one fund to another during Fiscal Year 2012 are hereby approved.

SECTION 7. EFFECTIVE DATE

This Ordinance shall be effective July 1, 2012. Approved and adopted on third and final reading this _____ day of June, 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, By Title Only: May 21, 2012
Second Reading: June 11, 2012
Public Hearing: June 12, 2012
Third and Final Reading:

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE COUNTY ADMINISTRATOR, WITH THE ADVICE AND
CONSENT OF COUNTY COUNCIL TO ISSUE TAX ANTICIPATION NOTES 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.

(ix) The authorization provided to the County Administrator herein shall sunset and expire without further action of County Council on July 1, 2014.

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: May 21, 2012
Second Reading: June 11, 2012
Public Hearing:
Third and Final Reading:

**Committee Reports
June 25, 2012**

A. COMMITTEES REPORTING

1. Finance

① Minutes are provided from the June 4 meeting. No action is required. (backup)

2. Natural Resources

① Minutes are provided from the June 4 meeting. No action is required. (backup)

② Stormwater Management Utility Board

<i>Nominated</i>	<i>Name</i>	<i>Position/Area/Expertise</i>	<i>Reappoint/Appoint</i>	<i>Votes Required</i>
06.11.12	Patrick Mitchell	Stormwater District 7, unincorporated Lady's Island	Appoint	6/11 (1 st term)

B. COMMITTEE MEETINGS

1. Community Services

William McBride, Chairman

Gerald Dawson, Vice Chairman

➔ Next Meeting – Monday, August 20 at 4:00 p.m., BIV#2 (Note: There is no meeting in July)

2. Executive

Weston Newton, Chairman

➔ Next Meeting - To be announced.

3. Finance

Stu Rodman, Chairman

Rick Caporale, Vice Chairman

➔ Next Meeting – Monday, July 16 at 2:00 p.m., BIV#2

4. Governmental

Jerry Stewart, Chairman

Laura Von Harten, Vice Chairman

➔ Next Meeting – Monday, August 6 at 4:00 p.m., ECR (Note: There is no meeting in July)

5. Natural Resources

Paul Sommerville, Chairman

Brian Flewelling, Vice Chairman

➔ Next Meeting – Monday, August 6 at 2:00 p.m., ECR (Note: There is no meeting in July)

6. Public Facilities

Herbert Glaze, Chairman

Steven Baer, Vice Chairman

➔ Next Meeting – Tuesday, June 26 at 4:00 p.m., ECR (Note: Time change.)

7. Transportation Advisory Group

Weston Newton, Chairman

Stu Rodman, Vice Chairman

➔ Next Meeting – To be announced.

FINANCE COMMITTEE

June 4, 2012

The electronic and print media was duly notified in accordance with the State Freedom of Information Act.

The Finance Committee met on Monday, June 4, 2012 at 1:00 p.m., in the Executive Conference Room, Administration Building, 100 Ribaut Road, Beaufort, South Carolina.

ATTENDANCE

Finance Committee Members: Chairman Stu Rodman, and members Steven Baer, Brian Flewelling, William McBride, Paul Sommerville and Jerry Stewart were present. Vice Chairman Rick Caporale absent. Non-Committee members Gerald Dawson and Laura Von Harten were also present.

County staff: Daniel Brownstein, Solicitor's Office; Morris Campbell, Division Director – Community Services; Suzanne Cook, Sheriff's Office Chief Financial Officer; Mike Hatfield, Sheriff Office; Doug Henderson, Treasurer; Bryan Hill, Deputy County Administrator; Alicia Holland, Comptroller; Joshua Gruber, Staff Attorney; Gary Kubic, County Administrator; Dan Morgan, MIS Director; David Starkey, Chief Financial Officer; Solicitor Duffie Stone; Sheriff P.J. Tanner; Dave Thomas, Purchasing Director; and Sean Thornton, Solicitor's Office.

Media: Casey Conley, *Beaufort Gazette/Island Packet*; and Joe Croley, Hilton Head Island-Bluffton Chamber of Commerce.

School District: Tonya Crosby, Chief Financial Officer; Fred Washington, Chairman, Board of Education; Valerie Truesdale, Superintendent; Phyllis White, Chief Operational Services Officer; and George Wilson, Board of Education.

Public: Phil Sams, Aaron Crosby, Daufuskie Island Council; Bill Greenwood, Daufuskie Island Council Chairman; Jack Dempsey, Haig Point Board; Robin Townsend, Binyah Foundation; Senator Davis; Scott Jaccard, Hilton Head Island-Bluffton Chamber of Commerce; Dick Stewart, LRTA Chairman; Jim Tiller, J.K. Tiller Association; and Josh Tiller, J.K. Tiller Association.

Councilman Rodman chaired the meeting.

ACTION ITEMS

1. Continuing Discussion – FY2013 Beaufort County School District Budget

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Senator Tom Davis spoke before the Committee about education funding – EFA and EIA. He distributed a spreadsheet that showed the aggregate state dollars and a gradual increase of dollars. The reason for the increase is due to the progress made in the way the index of tax-paying ability is computing for purposes of allocating EFA dollars. Historically, they looked at the aggregate assessed value to determine ITA (index of tax-paying ability). He and others argued that is not a fair way of gauging a localities ITA because you cannot tax 4% properties. What sense does it make to look at the assessed value of 4% properties which will be relative on the coast when it can't be taxed? What has been done is that revenue streams have three different tiers – I, II, and III. Those are dollars paid by the state to the local government to compensate the local government for the inability to tax 4% property. The idea is to take those revenue streams that come in, capitalize them at the county's millage rate to compute them an assessed value for 4% properties that is then used in connection with the regular EFA formula. That exercise this year gives \$1,326,023 in EFA funding this year as a result of the imputation formula. Last year we received approximately \$600,000 and it was the first year the formula was used.

He also spoke about additional reform needed in order to have additional equity in Beaufort. The Tier III reimbursement dollars that are paid down are frozen in place at the point of those Acts becoming law. Since those reimbursements have come down, properties on the coast have migrated from 6% to 4%, but have not seen an accompanying increase in the tiered reimbursement. That is considerable on the coast. There are indications that next year there will be a revisiting of that particular number. To do equity to local government that foregone those property tax revenues, we need to bring those tiered reimbursements up to current numbers. To some extent that may increase our imputed assessed value, because more revenue stream coming down, the higher the imputed value will be for EFA and ITA purposes. That will, by far, be outstripped by the Tier III reimbursement dollar. That will be a benefit for Beaufort County.

He said EFA dollars are distributed based on ITA. An equally important component of EFA is the EIA. Those dollars are more or less allocated on a per capita or per pupil basis. We are prejudice by the EFA model because of our high ITA while we are relative parity with other areas when it comes to EIA dollars. What has happened over the years is that they bury into these provisos. They have EIA dollars going out, they have EFA dollars going out, and then in the provisos they say that a certain amount of the dollars will be redistributed via the EFA formula. That hits us hard. This year we have successfully fended off those redirection provisos. That is another reason you see an increase in funding. As we continue to see tiered reimbursements that are more equitable and as we move away from any formula based on assessed value, is the more we will benefit. It makes no sense today to allocate dollars based on local areas assessed value. That is the objective at the end of the day.

He said right now, Beaufort County, in terms of overall state dollars funding per pupil is not higher than Charleston County, Georgetown County, Horry County, and Richland 1. That means not only e are improving our situation, but we are building alias in terms of trying to fix the formula. Information is getting out there; people are beginning to understand.

Questions for Senator Davis followed.

Mr. Fred Washington, Board of Education Chairman, introduced the School District's FY 2013 budget.

Dr. Valerie Truesdale, Superintendent, reviewed the academic achievements and per pupil spending.

Mrs. Phyllis White, Chief Operational Services Officer, gave an overview on the budget versus actual revenue, prior year reductions, enrollment-to-employee ratio, historical information, fund balance percentages, and a revenue update. She also reviewed the House version of the proposed budget, the impact, and the projected fund balance. She reviewed the Senate Version of the proposed budget, the impact, and the projected fund balance.

Mr. Rodman reviewed with Committee a spreadsheet demonstrating the different options relative to the School District's budget.

Discussion followed between Committee and School District staff on such topics such as the iPad Program and special projects. It was asked that the School District provide Council, at its next meeting, a complete overview of the iPad Program.

It was moved by Mr. Flewelling, seconded by Mr. Baer, that Finance Committee approve and recommend Council approve on second reading the School District's FY 2013 budget with no mill increase. The vote was: YEAS – Mr. Baer and Mr. Flewelling. NAYS - Mr. McBride, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Mr. Caporale. The motion failed.

It was moved by Mr. Sommerville, seconded by Mr. Stewart, that Finance Committee approve and recommend Council approve on second reading the School District's FY 2013 budget with a 2.0 mill increase. The vote was: YEAS –Mr. McBride, Mr. Rodman, Mr. Sommerville and Mr. Stewart. NAYS - Mr. Baer and Mr. Flewelling. ABSENT – Mr. Caporale. The motion passed.

Recommendation: Council approve on second reading the School District's FY 2013 budget with a 2.0 mill increase.

2. Discussion – Tax Anticipation Note

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Mr. Rodman reviewed this item with Committee. This is an ordinance authorizing the County Administrator with the advice and consent of the County Council to issue tax anticipation notes as deemed necessary.

Mr. Flewelling asked that it have a sunset provision of every two years.

It was moved by Mr. Flewelling, seconded by Mr. Baer, that Finance Committee approve and recommend Council approve on second reading an ordinance authorizing the County

Administrator with the advice and consent of the County Council to issue tax anticipation notes as deemed necessary with a sunset provision of every two years. The vote was: YEAS – Mr. Baer, Mr. Flewelling, Mr. Sommerville and Mr. Stewart. NAYS – Mr. McBride and Mr. Rodman. ABSENT – Mr. Caporale. The motion passed.

Recommendation: Council approve on second reading ordinance authorizing the County Administrator with the advice and consent of the County Council to issue tax anticipation notes as deemed necessary with a sunset provision of every two years.

INFORMATION ITEMS

3. Update – Solicitor’s Office

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Solicitor Duffie Stone spoke before Council and presented a PowerPoint Presentation. He spoke about past issues dated back to 2009. He spoke in regard to the overcrowding issues at the Beaufort County Detention Center and the issues prior to the implementation of the Career Criminal Program. The primary benefit of the implementation of the Program is that the Detention Center has remained under capacity since 2009. He showed Council a spreadsheet which demonstrated the backlog from 2008 to 2011. In that time, Beaufort County’s decreased by 45%. He spoke about career criminals and how they make up the majority of the pending cases. He showed figures of 127 defendants, being charged with 635 crimes. Solicitor Stone also spoke about the Career Prosecution Program and about the need for livable salaries for prosecutors and a program set up for advancement. He explained the Program to Council in detail. The total proposed budget of the Solicitor’s Office for FY 2012/2013 is \$1.4 million. He spoke about the implementation of E-Discovery which is needed in use for discovery and the problems that can occur due to lack of providing discovery. E-Discovery provides both discovery and storage. He said the proposed budget includes E-Discovery. The current budget is \$811,000. The increase makes up for the current shortfall of money, the grant money from Justice Department that we are losing, and other improvements.

Discussion between Council, staff, and the Solicitor continued. It was decided that County staff look at the Solicitor’s budget and bring forward their recommendations to Council.

Status: Staff will provide Council with their recommendation relative to the Solicitor’s Office FY2012/2013 budget.

4. Consideration of Contract Award – Paying Agent and Registrar

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Mr. Dave Thomas, Purchasing Director, reviewed this item with the Committee. The County currently has a paying agent (Wells Fargo) for its FY2010 – FY2012

general obligation bonds, but is its own paying agent for its FY2003 – FY2007 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.

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

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

It was moved by Mr. Flewelling, seconded by Mr. McBride, that Finance Committee award a contract 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 Committee approve future paying agent contracts to go to Wells Fargo for any future debt issuances. The vote was: YEAS –Mr. Baer, Mr. Flewelling, Mr. McBride, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Mr. Caporale. The motion passed.

Status: Committee awarded a contract 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, Committee approved future paying agent contracts to go to Wells Fargo for any future debt issuances.

5. Special Tax Districts / Daufuskie Island / Highway Maintenance (South of Broad River)

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Mr. Dick Stewart, LRTA Board Chairman, spoke before Committee. He distributed to the Committee a report from the Marine Division Study Committee of the LRTA / Palmetto Breeze Board. Last March, Council Chairman Weston Newton requested the Board evaluate their role in providing ferry services in various areas of the County. The report provided the Committee a background of the purpose of the report, the Committee formation and tasks, useful definitions, and various questions, observations and recommendations.

The first recommendation is a scheduled public ferry service between Hilton Head Island and Daufuskie Island with more arrival and departure times to be considered. Regularly scheduled ferry services between Daufuskie Island and Savannah should be established.

Their funding recommendation is the development of a reasonable, predictable source of funding for ferry operations required to avoid the uncertainties in funding that result from fluctuations in the economy. They also recommend a source similar to a special tax district for this purpose and that initial funding be secured that will be sufficient to include service between Daufuskie Island and Savannah as well as improved service between Daufuskie Island and Hilton Head Island. Additional study is required to develop a formal budget based on desired services and schedules.

Mr. Rodman presented to the Committee a spreadsheet outlining the various options. He also suggested the Committee look to the staff for a recommendation on evaluating the special tax district and for staff to look at other investments that might be needed on the Island as part of growing the tax base force.

Mr. Robert Vaux spoke to the Committee regarding highway maintenance. He said his Committee met and discussed the possibility of a special purpose tax district, but suggests a different approach be used. There are a number of issues and subjects that are coming forward. They feel this should be approached slowly and on a trial type basis until the kinks are worked out.

Mr. Kubic said he has been interested in how to secure the proper level of manicuring the gateways into and out of Beaufort County. His approach is both north and south of the Broad River. We have opportunities. He said he has been discussing with Mr. Robert Clark District, SCDOT Engineering Administrator, and the Secretary of Transportation on how to be more proactive by taking ideas from the Greater Island Council, the business community, property owners associations, and municipalities impacted by the aesthetics of our gateways. That is what we are trying to do. He is not interested in accepting a check from them to support the process. He wants to see the program and the blueprint we feel will work best. He believes the aesthetic improvements are good for our residents and businesses that exist today. For our visitors, the idea that they are impressed with what they see coming into the County and leaving the County will spur them to come back.

Status: This item was intended for informational purposes only.

6. Update – FY 2013 Sheriff's Office Budget

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Sheriff Tanner and Suzanne Cook, Chief Financial Officer, spoke before Council.

Sheriff Tanner said on April 16 there was a budget workshop with the Finance Committee which was very short. The Finance Committee Chairman contacted him on May 22 and asked that he come back before the Finance Committee regarding the budget. On May 22 an email was sent to the Clerk of Council a request that Council direct any questions to him relative

to what they wanted to hear from him at today's meeting. He only received questions from two Council members.

Mr. McBride stated there was not sufficient information presented to in order to formulate any questions. It was a general presentation that lacked details.

Sheriff Tanner provided the Committee with the Sheriff's Office General Orders Manual, 2011 Annual Report, the Citizen's Police Academy Application, Compensation Policy, and Retention Incentive Program. He spoke about reserve deputies and state constables, the time they put in, and the money they save Beaufort County.

He said knowing times are tough, money is returned annually to the General Fund. He said the Office is limited on who can spend money and said money is spent wisely and consciously. He introduced County Administrator Gary Kubic to speak about an email regarding actual expenditures in the Sheriff's Office budget.

Mr. Kubic said the Sheriff's Office is the largest portion of the General Fund Budget. When situations regarding the limits and the policies Council set for staff to implement, part of that philosophy has to be translated to the other elected officials. When dealing with other elected officials, his philosophy is to set a benchmark and they, as an elected individual, conduct the mission of their office using the money Council sets for them. In instances such as the furlough situation, he said he contacted the Sheriff and asked about his participation. It was decided there are a lot of moving parts in the Sheriff's Office where furloughing became complicating. He said they discussed terms of the appropriation to actual expenditures. He asked the Sheriff to reduce his rate of expenditure. Levels were talked about, but what occurred was a \$700,000 favorable rate of expenditure difference to the General Fund. If we did not have that type of restraint in the Sheriff's Office, with the furloughs alone, would have been in a deficit position. Since FY2007, by using that process, we have had a positive accrual of \$1.3 million in the Sheriff's Office. He said what matters to him the most is the impact on the General Fund. There are a lot of things that move between the two staffs. Lastly, he said he has not received any comments regarding public safety, therefore, concludes that the service is working well.

Mrs. Cook reviewed the updated summary of the Sheriff's Office FY 2013 budget request. The General Fund revenue request is \$19,942,651 in addition to the other sources of revenue. She said personnel increases are due to increases in health insurance, retirement system, as well as a cost of living adjustment. She said purchasing services includes an increase of \$30,000 for telephones due to the move to the Hilton Head Island facility as well as supply increase from the DNA lab. The last major increase in their budget is capital expenditures. The Sheriff's Office is reviewing a records management software system which equates to \$42,157.

Discussions followed regarding the DNA Lab, the move to the Hilton Head Island facility, end year balance to be returned to General Fund, and status of property at Camp St. Mary.

Status: This item was intended for informational purposes only.

7. Continuing Discussion – FY2013 County Budgets

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Mr. Baer presented the Committee with a PowerPoint Presentation on the libraries. He reviewed the budget changes within the libraries from FY2011 to FY2013 and the budget allocations. He said it seems all monies have gone from the south to the north. He also asked for details under line 64075 and spoke about usage counts and statistics. He brought up the issue of St. Helena Library costing more per resident, in comparison to the others.

Mr. Flewelling requested staff to provide usage per square miles (coverage area).

Mr. Sommerville commented on the cost of the St. Helena Library. When other libraries were constructed, our standard of operation was different than it is today. Also, population since that construction has increased. There are new standards, which have pretty much doubled. The St. Helena Library is build slightly below standard, due to funding. He also brought up the fact that for years St. Helena Island had a library that was approximately 1,000 square feet.

Discussion relative to the libraries continued among Council members. Chairman Rodman inquired as to the cost to restore the hours at the library that we previously had and inquired whether or not that is the overlying issue. He asked staff to provide that information. Mr. Hill said it is a large number.

Mr. Rodman said there are two choices: Do we want to move to do something different in the budget? Do we schedule another Finance meeting prior to Council to address any other County budget issues?

Ms. Von Harten said we need to speak in regard to Solicitor's funding.

Status: The Finance Committee will meet June 11 to review any open budget issues. Staff will provide Council with answers to the questions brought up in regard to the libraries.

NATURAL RESOURCES COMMITTEE

June 6, 2012

The electronic and print media were duly notified in accordance with the State Freedom of Information Act.

The Natural Resources Committee met on Wednesday, June 6, 2012 at 2:00 p.m., in the Executive Conference Room of the Administration Building, Beaufort, South Carolina.

ATTENDANCE

Natural Resources Members: Chairman Paul Sommerville, William McBride, Jerry Stewart and Laura Von Harten attended the meeting. Vice Chairman Brian Flewelling, and committee members Steve Baer and Gerald Dawson was absent.

County Staff: Daniel Ahern: Stormwater Manager; Tony Criscitiello, Division Director – Planning and Development; Colin Kenton, Traffic/Transportation Engineer; and Gary Kubic, County Administrator.

Public: Paul Ward, Ward Edwards.

Media: Joe Croley, Hilton Head Island-Bluffton Chamber of Commerce.

ACTION ITEMS

1. Stormwater Management and Utility Agreement Proposal Between Beaufort County and the Town of Port Royal

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Dan Ahern, Stormwater Utility Manager, gave an overview of the draft Stormwater Utility Intergovernmental Agreement between Beaufort County and Town of Port Royal. Mr. Ahern explained that the existing 10-year Intergovernmental Agreements (IGAs) between the municipalities and the county concerning operation of the Beaufort County Stormwater (SW) Utility ended in September 2011. Two municipalities, under a new agreement, were signed with the Town of Hilton Head Island and the Town of Bluffton last year. The Town of Port Royal and the City of Beaufort chose to extend the old agreement for one year.

The Town of Port Royal is now proposing a new agreement, based on agreements signed by the Towns of Hilton Head Island and Bluffton. Mr. Ahern advised that there is one notable difference between this agreement and the agreements signed last year. The Town of Port Royal has proposed clarifying wording in Article 6 that addresses their concerns on redevelopment. The Town of Port Royal also agreed to utilize Beaufort County Utility Best Management Practice

(BMP) Manual which will meet the concerns of the State designated water uses. The wording incorporated into this agreement is as follows: (i) The Town of Port Royal will be using the Utility's BMP manual; (ii) The Utility's goal, effective/equivalent impervious surface (10% / 15%) requirements, will be applied to new development; (iii) On redevelopment with stormwater draining to unimpaired waters, no additional stormwater runoff volume will be allowed from the redevelopment; and (iv) On redevelopment with stormwater draining to impaired waters that are a factor in the impairment, necessary volume reductions will be required up to goal (10% / 15%) effective impervious surface requirements.

This clarified wording addresses the Town of Port Royal's interest in encouraging in-fill and redevelopment while protecting water uses. It also allows developers and engineers to have one technical document to use in selecting and sizing appropriate stormwater practices. It is the only notable reduction and other changes are minor changes to link to approval process dates.

Mr. Stewart questioned the differences of usages of the BMP manual between The Town of Port Royal, Town of Hilton Head Island and Town of Bluffton.

Mr. Ahern explained that Hilton Head Island Town and Bluffton Town have their own individual ordinances and procedures, but each municipality is aiming for the same goal.

Motion: It was moved by Mr. McBride, seconded by Mr. Stewart, that Natural Resources Committee recommend County Council enter into a Stormwater Management and Utility Intergovernmental Agreement with the Town of Port Royal. The vote was: YEAS –Mr. McBride, Mr. Sommerville, Mr. Stewart, and Ms. Von Harten. ABSENT – Mr. Baer, Mr. Dawson. Mr. Flewelling. The motion passed.

Recommendation: Council enters into a Stormwater Management and Utility Intergovernmental Agreement with the Town of Port Royal.

2. **FY 2013 Stormwater Outreach Agreement with Clemson University**

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Tony Criscitiello, Division Director – Planning and Development; gave a detail background and update on the FY2013 Stormwater Outreach Agreement with Clemson University. Previously, the stormwater outreach and education efforts were supported through agreements with Clemson Extension and Port Royal Sound Foundation (formerly Friends of the Rivers). The Stormwater Implementation Committee proposed coordination between the county and municipalities to operate under an expected stormwater permit. One of these recommendations was to “contract with Carolina Clear of Clemson University as the Low Country Stormwater Education (LCSE) Consortium management agency”. This recommendation was presented to the Natural Resources Committee on August 10, 2010 and was approved. FY2012 was a transition year and there was a small contract with Carolina Clear to coordinate with our local education partners to create a single outreach plan.

The FY-2003 Stormwater Outreach Proposal was developed after a number of meetings with local partners and stakeholders. The four key focus areas in the FY2013 plans are: (i) General Stormwater awareness and buffer awareness, (ii) watershed-friendly and low maintenance residential practices, (iii) life-on-the-waterfront demonstrations; and (iv) initiating a telephone survey to gage outreach success. Carolina Clear presented the FY2013 Outreach plan to the Stormwater Utility Board on May 2, 2012 and they approved the plan and proposed agreement. The plan will be funded through the Clemson University County Extension Program support agreement in an amount of \$67,665.00 and some of these funds will be going to the local educational partners. This is an increase over the FY2012 agreements (Clemson \$33k and Port Royal Sound Foundation \$24k) due to the initiation of a telephone survey to age outreach success, Funding will be through SWU account 13531-51160. Municipalities are cost sharing on this agreement and will cover one-half of the cost.

Motion: It was moved by Ms. Von Harten, seconded by Mr. Stewart, that Natural Resources Committee approve and recommend County Council the proposed Clemson University County Extension Program Support Agreement in the amount of \$67,665. The vote was: YEAS –Mr. McBride, Mr. Sommerville, Mr. Stewart, and Ms. Von Harten. ABSENT – Mr. Baer, Mr. Dawson, and Mr. Flewelling. The motion passed.

Recommendation: Council approves the Clemson University County Extension Program Support Agreement in the amount of \$67,665.

3. Rail Trail Agreement and Plans

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Tony Criscitiello, Division Director – Planning and Development, presented to the committee the final phase of information for the Rail Trail Agreement Plan. Mr. Criscitiello first explained the history of the rail trail stating that it has been in the making since 1997. For the last 15 years the comprehensive plan of the bike trail has been in effect between Beaufort County, City of Beaufort, and Town of Port Royal. He advised that we are now in the process of beginning the project of the new Rail Trail and that much of the credit for the project goes to Beaufort/Jasper Water and Sewer Authority and Mr. Dean Moss, who has been very instrumental in getting the project started. On May 8, 2012, Mr. Kubic signed an intergovernmental agreement which included Beaufort County, City of Beaufort, and Friends of Spanish Moss Rail Trail, a non-profit corporation and the PATH Foundation, Inc., a Georgia non-profit corporation.

The Project consists of the planning, design, permitting and construction of a recreational trail along a section of the former Port Royal Railroad right of way from Allison Road to Depot Road, a distance of approximately one mile within the City of Beaufort.

The James M. Cox Foundation has awarded the County \$1,167,960 in a grant for the Spanish Moss Trail -- \$100,000 for planning and design, \$497,960 for construction of the trail from Allison Road to Depot Road with a contingent that the construction begin by November 1, 2012, and \$600,000 for a challenge grant to be matched 1:1 for construction of the trail from Laurel Bay Road to Clarendon Road with a contingent that the construction begin by December 31, 2012, in order for the funds to be matched.

The Beaufort County Historic Preservation Review Board was asked to meet for the purpose of discussing the naming of the proposed rail trail. After discussion and vote on a recommendation the Board will submit same to the County Administrator Mr. Kubic and County Council.

Motion: It was moved by Ms. Von Harten, seconded by Mr. McBride, that Natural Resources Committee approves and recommends Council approval of the Rail Trail project amenities, signage, and final design standards. The vote was: YEAS –Mr. McBride, Mr. Sommerville, Mr. Stewart, and Ms. Von Harten. ABSENT – Mr. Dawson, Mr. Baer and Mr. Flewelling. The motion passed.

Recommendation: Council approves the Rail Trail project amenities, signage, and final design standards.

4. Consideration of Reappointments and Appointments

- **Stormwater Management Utility Board**

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Motion: It was moved by Mr. McBride, seconded by Ms. Von Harten, that Natural Resources Committee forward to Council the nomination of Mr. Patrick Mitchell, representing Stormwater District 7 (unincorporated Lady's Island) to serve as a member of the Stormwater Management Utility Board. The vote was: YEAS - Mr. McBride, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSENT – Mr. Baer, Mr. Dawson, and Mr. Flewelling. The motion passed.

Recommendation: Council nominate Mr. Patrick Mitchell, representing Stormwater District 7 (unincorporated Lady's Island), to serve as a member of the Stormwater Management Utility Board.

INFORMATION ITEM

5. Okatie East Retrofit Service Proposal

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: The Natural Resources committee approved the Water Quality Restoration Plan for Battery Creek and Okatie River at its January 2012 meeting. One of the identified retrofit projects in the January 2011 Regional Stormwater Quality BMP Retrofit Project was a wetland enhancement opportunity on the East Fork of the Okatie River. Mr. Dan Ahern, Stormwater Utility Manager, reviewed this unique project that will take an impacted drainage system and reconnect small flows that presently stay in the drainage ditch and move the flow out of the ditch and on to the adjacent wetlands. This will reduce the overall runoff volume and temporarily detain small rainfall event flows before they continue to the main station that has not been meeting shellfish harvesting standards.

Ward Edwards has been selected in a county/municipal selection process to complete the January 2011 retrofit project and had brought the wetland enhancement idea to initial regulatory review. They are now continuing to the next step in implementing the retrofit. The proposed project consists of removing an existing old logging road and replacement of deteriorating drainage culvert with a new designed system that will detain small flows out on to the wetlands and allow large rainfall events to pass downstream. The proposed agreement will provide the following: Task 1 – Tree and Topographic Surveying, \$5,300.00, Modeling and Analysis, \$15,000.00, BMP Design, \$7,500.00, Wetland Impact Permitting, \$13,800.00 and Construction Permitting (as incurred up to) \$5,000.00. The total project fees \$46,600.00.

It is expected that the construction for this project that is estimated around \$100,000.00, will be done by the Stormwater Utility along with the Town of Bluffton. This agreement will be funded with budgeted funds in account 13531-511610.

Motion: It was moved by Mr. Stewart, seconded by Mr. McBride, that Natural Resources Committee approve the Okatie East Wetland Enhancement proposal by Ward Edwards in the amount of \$46,600. The vote was: YEAS –Mr. McBride, Mr. Sommerville, Mr. Stewart, and Ms. Von Harten. ABSENT – Mr. Baer, Mr. Dawson, Mr. Flewelling. The motion passed.

Recommendation: Natural Resources Committee approve the Okatie East Wetland Enhancement proposal by Ward Edwards in the amount of \$46,600.