ADD-ONS

COUNTY COUNCIL OF BEAUFORT COUNTY

ADMINISTRATION BUILDING
BEAUFORT COUNTY GOVERNMENT ROBERT SMALLS COMPLEX
100 RIBAUT ROAD
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AGENDA
COUNTY COUNCIL OF BEAUFORT COUNTY
REGULAR SESSION
Monday, June 12, 2017
6:00 p.m.
Council Chambers, Administration Building
Beaufort County Government Robert Smalls Complex
100 Ribaut Road, Beaufort

1. CALL TO ORDER - 6:00 P.M.

2. REGULAR SESSION

3. PLEDGE OF ALLEGIANCE

4. INVOCATION – Councilman Alice G. Howard

5. MOMENT OF SILENCE - Lance Corporal Syreeta Parks, Correctional Officer
   Beaufort County Detention Center

6. PROCLAMATION
   A. Mosquito Control Awareness Week

7. RECOGNITION
   A. Bluffton Parks and Leisure Services Girls Basketball League (Ages 9-10) / State Champions
   B. Dixie Boys Baseball, Inc. / Bernie Varnadore Scholarship Award

8. ADMINISTRATIVE CONSENT AGENDA
   A. Approval of Minutes
      1. May 22, 2017 Caucus (backup)
      2. May 22, 2017 Regular Session (backup)
   B. Committee Reports (next meeting)
      1. Community Services (July 24 at 3:00 p.m., ECR)
         a. Minutes – May 22, 2017 (backup)
      2. Executive (August 14 at 3:00 p.m., ECR)
      3. Finance (June 19 at 4:00 p.m., ECR)
         a. Minutes – May 22, 2017 (backup)
         b. Minutes – May 18, 2017 (backup)
      4. Governmental (August 7 at 4:00 p.m., ECR)
      5. Natural Resources (June 19 at 2:00 p.m., ECR)
      6. Public Facilities (June 26 at 3:00 p.m., ECR)
         a. Minutes – May 15, 2017 (backup)
   C. Appointments to Boards and Commissions (backup)

9. PUBLIC COMMENT – Speaker sign-up encouraged no later than 5:45 p.m. day of meeting.

10. OLD BUSINESS
    A. CHIEF MAGISTRATE PETITION FOR REDRESS OF COUNTY ADMINISTRATOR DECISION TO PROVIDE MAGISTRATES WITH THE SAME PERQUISITES (FRINGE BENEFITS) AS THOSE EMPLOYEES OF THE COUNTY OF SIMILAR POSITION AND SALARY BEGINNING FY 2018

11. CONSENT AGENDA
    A. A RESOLUTION ORDERING A BOND REFERENDUM TO BE HELD IN THE FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA, ON THE QUESTION OF THE ISSUANCE OF NOT EXCEEDING $5,500,000 OF GENERAL OBLIGATION BONDS OF FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA; PROVIDING FOR THE FORM OF THE BALLOT TO BE USED; PROVIDING FOR NOTICE OF THE REFERENDUM; AND PROVIDING FOR OTHER MATTERS RELATING THERETO (backup)
        1. Consideration of adoption to occur June 12, 2017
        2. Finance Committee discussion and recommendation to adopt resolution occurred June 5, 2017 / Vote 7:0

    B. CONTRACT AWARD / ENGINEERED MATERIALS ARRESTING SYSTEM (EMAS) FOR HILTON HEAD ISLAND AIRPORT (backup)
        1. Contract Award: Zodiac Arresting Systems America (ZASA), Logan Township, New Jersey
        2. Amount: $2,344,000
        3. Funding Source: 90% via FAA AIP Grant, 5% through SCAC Grant 16-039 and 5% via Hilton Head Island Airport Capital Projects Fund
        4. Finance Committee discussion and recommendation to approve contract occurred June 5, 2017 / Vote 7:0

    C. FISCAL YEAR 2017 – 2018 AIRPORTS BUDGET (ENTERPRISE FUND) (backup)
        1. Consideration of second reading approval to occur on June 12, 2017
        2. Public hearing - Monday, June 26, 2017 beginning at 6:30 p.m., in Council Chambers of the Administration Building, Beaufort County Government Robert Smalls Complex, 100 Ribaut Road, Beaufort
        3. First reading, by title only, approval occurred on May 22, 2017 / Vote 11:0
        4. Finance Committee discussion occurred May 22, 2017

    D. FISCAL YEAR 2017 – 2018 STORMWATER MANAGEMENT UTILITY BUDGET (ENTERPRISE FUND) (backup)
        1. Consideration of second reading approval to occur on June 12, 2017
        2. Public hearing - Monday, June 26, 2017 beginning at 6:30 p.m., in Council Chambers of the Administration Building, Beaufort County Government Robert Smalls Complex, 100 Ribaut Road, Beaufort
        3. First reading, by title only, approval occurred on May 22, 2017 / Vote 11:0
        4. Finance Committee discussion to occurred May 22, 2017

E. PORT ROYAL ISLAND ZONING MAP AMENDMENT FOR R100 040 000 0209 0000, (12 ACRES LOCATED ALONG BAY PINES ROAD); FROM T2-RURAL DISTRICT TO S1-INDUSTRIAL DISTRICT (backup)

1. Consideration of second reading approval to occur on June 12, 2017
2. Public hearing - Monday, June 26, 2017 beginning at 6:30 p.m., in Council Chambers of the Administration Building, Beaufort County Government Robert Smalls Complex, 100 Ribaut Road, Beaufort
3. First reading approval occurred on May 22, 2017 / Vote 11:0
4. Natural Resource Committee recommendation to approve on first reading occurred May 15, 2017 / Vote 7:0

F. TEXT AMENDMENTS TO THE BEAUFORT COUNTY COMMUNITY DEVELOPMENT CODE (CDC): (backup)

- SECTION 1.3.50 EXEMPTIONS (ADDS REQUIREMENT TO COMPLY WITH HISTORIC PRESERVATION STANDARDS);
- SECTION 2.2.50 LOTS (SPECIFIES MINIMUM WIDTHS OF FLAG LOTS);
- SECTION 2.2.60 ACCESS MANAGEMENT (ALLOWS BUILDINGS TO FRONT MAJOR ROADWAYS WHILE TAKING ACCESS FROM A REAR STREET OR ALLEY);
- TABLE 3.1.70 LAND USE DEFINITIONS (AMENDS “CAMPGROUND” TO SPECIFY TWO OR MORE RECREATIONAL VEHICLES/RVS ON A SINGLE PROPERTY);
- SECTION 5.6.120 FREESTANDING SIGNS (ESTABLISHES MINIMUM 10-FOOT SETBACK FROM RIGHT-OF-WAY (ROW));
- TABLE 5.8.50.F. EXISTING TREES IN THOROUGHFARE BUFFER (ADDS RETENTION REQUIREMENT OF EXISTING TREES 6-INCHES DBH IN THOROUGHFARE BUFFERS);
- SECTION 5.8.110.B.4. PERFORMANCE GUARANTEE (ESTABLISHES A TWO-YEAR SURVIVAL BOND FOR LANDSCAPING);
- SECTION 5.11.90 FORESTS (ADDS NEW SUBSECTION THAT PROMOTES INTERCONNECTIVITY OF PRESERVED FOREST HABITAT);
- SECTION 5.11.100.B. SPECIMEN TREES (ADDS LONGLEAF PINE AND BLACK CHERRY AS SPECIMEN TREES AT 16 INCHES (DBH)); AND
- SECTION 6.2.70 MAINTENANCE GUARANTEE (CROSS-REFERENCES THE LANDSCAPING SURVIVAL BOND FROM SECTION 5.8.110.B.4)

1. Consideration of second reading approval to occur on June 12, 2017
2. Public hearing - Monday, June 26, 2017 beginning at 6:30 p.m., in Council Chambers of the Administration Building, Beaufort County Government Robert Smalls Complex, 100 Ribaut Road, Beaufort
3. First reading approval occurred on May 22, 2017 / Vote 11:0
4. Natural Resource Committee recommendation to approve on first reading occurred May 15, 2017 / Vote 7:0

G. AN ORDINANCE OF BEAUFORT COUNTY COUNCIL CREATING A SPECIAL TAX ASSESSMENT FOR REHABILITATED HISTORIC PROPERTIES IN THE GEOGRAPHICAL BOUNDARIES KNOWN AS DAUFUSKIE ISLAND (backup)
   1. Consideration of second reading approval to occur on June 12, 2017
   2. Public hearing - Monday, June 26, 2017 beginning at 6:30 p.m., in Council Chambers of the Administration Building, Beaufort County Government Robert Smalls Complex, 100 Ribaut Road, Beaufort
   3. First reading approval occurred on May 22, 2017 / Vote 11:0
   4. Natural Resource Committee recommendation to approve on first reading occurred May 15, 2017 / Vote 7:0

H. A RESOLUTION AUTHORIZING THE BEAUFORT COUNTY ECONOMIC DEVELOPMENT CORPORATION TO NEGOTIATE THE SCOPE AND FEES OF AN AGREEMENT TO BE ENTERED INTO BY AND BETWEEN BEAUFORT COUNTY AND THE SOUTHERNCAROLINA ALLIANCE FOR AGREED UPON ECONOMIC DEVELOPMENT SERVICES (backup)
   1. Consideration of adoption to occur June 12, 2017
   2. Governmental Committee discussion and recommendation to adopt resolution occurred June 5, 2017 / Vote 7:0

I. A RESOLUTION TO COMMISSION ANIMAL SERVICE OFFICER TO ENFORCE BEAUFORT COUNTY ANIMAL ORDINANCES FOR BEAUFORT COUNTY PURSUANT TO THE AUTHORITY GRANTED IN SECTION 4-9-145 OF THE *CODE OF LAWS OF SOUTH CAROLINA*, 1976, AS AMENDED (backup)
   1. Consideration of adoption to occur June 12, 2017
   2. Governmental Committee discussion and recommendation to adopt resolution occurred June 5, 2017 / Vote 7:0

12. PUBLIC HEARINGS

A. AN ORDINANCE AUTHORIZING THE FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA, TO ISSUE GENERAL OBLIGATION BONDS IN A PRINCIPAL AMOUNT NOT EXCEEDING $5,500,000, SUBJECT TO A SUCCESSFUL REFERENDUM IN THIS DISTRICT; AND OTHER MATTERS RELATING THERETO (FRIPP ISLAND PUBLIC SERVICE DISTRICT) (backup)
   1. Consideration of third and final reading to occur on June 12, 2017
   2. Second reading approval occurred May 8, 2017 / Vote 11:0
   3. First reading approval occurred April 24, 2017 / Vote 10:0
   4. Finance Committee discussion and recommendation to approve ordinance on first reading occurred April 24, 2017 / Vote 6:0

B. FISCAL YEAR 2017 – 2018 COUNTY BUDGET PROPOSAL (backup)
   1. Consideration of third and final reading to occur on June 12, 2017
   2. Second reading approval occurred May 22, 2017 / Vote 11:0
   3. Public hearing one of two held May 22, 2017
   4. Finance Committee discussion to occurred May 22, 2017
   5. Finance Committee discussion occurred May 18, 2017
   6. First reading, by title only, occurred May 8, 2017 / Vote 11:0
   6. Finance Committee discussion occurred May 1, 2017
   7. Finance Committee discussion occurred April 24, 2017
   8. Strategic Planning Session discussion occurred February 10, 2017

C. FISCAL YEAR 2017 – 2018 SCHOOL DISTRICT BUDGET PROPOSAL (backup)

1. Consideration of third and final reading to occur on June 12, 2017
2. Second reading approval occurred May 22, 2017 / Vote 11:0
3. Public hearing one of two held May 22, 2017
4. Finance Committee discussion and recommendation to approve ordinance on second reading occurred May 18, 2017 / Vote 5:0
5. First reading, by title only, occurred May 8, 2017 / Vote 11:0
5. Finance Committee discussion occurred May 1, 2017
6. Finance Committee discussion occurred April 10, 2017

13. MATTERS ARISING OUT OF EXECUTIVE SESSION

14. PUBLIC COMMENT - Speaker sign-up encouraged.

15. ADJOURNMENT

Official Proceedings
County Council of Beaufort County
May 22, 2017

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

A caucus of the County Council of Beaufort County was held Monday, May 22, 2017 beginning at 4:30 p.m. in the Large Meeting Room, Bluffton Branch Library, 120 Palmetto Way, Bluffton, South Carolina.

ATTENDANCE

Chairman D. Paul Sommerville, Vice Chairman Gerald Stewart and Councilmen Rick Caporale, Michael Covert, Gerald Dawson, Brian Flewelling, Steven Fobes, York Glover, Alice Howard, Stewart Rodman and Roberts "Tabor" Vaux.

PLEDGE OF ALLEGIANCE

The Chairman led those present in the Pledge of Allegiance.

CALL FOR EXECUTIVE SESSION

It was moved by Mr. Glover, seconded by Mr. Vaux, that Council go immediately into executive session regarding the (1) discussion of employment of a person regulated by County Council; (2) discussion incident to proposed contractual negotiations with a prospective economic development prospect (Project Tetris and Project Solar); and (3) discussion of negotiations incident to proposed contractual arrangements and proposed purchase of properties (Project 2017-C, Project 2017-D, and Project 2017-E). The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

EXECUTIVE SESSION

Council adjourned at 6:00 p.m.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
D. Paul Sommerville, Chairman

ATTEST

_____
Ashley M. Bennett, Clerk to Council

Ratified:

Official Proceedings
County Council of Beaufort County
May 22, 2017

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

The regular session of the County Council of Beaufort County was held Monday, May 22, 2017 beginning at 6:00 p.m. in the Large Meeting Room, Bluffton Branch Library, 120 Palmetto Way, Bluffton, South Carolina.

ATTENDANCE

Chairman D. Paul Sommerville, Vice Chairman Gerald Stewart and Councilmen Rick Caporale, Michael Covert, Gerald Dawson, Brian Flewelling, Steven Fobes, York Glover, Alice Howard, Stewart Rodman and Roberts "Tabor" Vaux.

PLEDGE OF ALLEGIANCE

The Chairman led those present in the Pledge of Allegiance.

INVOCATION

Council member York L. Glover gave the Invocation.

ADMINISTRATIVE CONSENT AGENDA

Review of the Proceedings of the Caucus held May 8, 2017

This item comes before Council under the Administrative Consent Agenda.

It was moved by Mr. Fobes, seconded by Mr. Flewelling, that Council approve the minutes of the caucus held May 8, 2017. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

Review of the Proceedings of the Regular Session held May 8, 2017

This item comes before Council under the Administrative Consent Agenda.

It was moved by Mr. Fobes, seconded by Mr. Flewelling, that Council approve the minutes of the regular session held May 8, 2017. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

Committee Reports

Finance Committee

Update from May 22, 2017 Finance Committee Meeting

Mr. Stewart, as Finance Committee Chairman, stated in the May 22, 2017 meeting the Committee reviewed Fiscal Year 2017-2018 Airports Budget and Fiscal Year 2017 – 2018 Stormwater Management Utility Budget. These budgets are on this evening's agenda for approval on first reading, by title only. In addition, the Committee reviewed and recommended approval of a contract award to Southern Atlantic Mechanical Company, Charleston, South Carolina in the amount of $2,345,000.

Mr. Covert recused himself, left the room, and was not present during any of the discussion. There is no direct conflict; however, Mr. Covert is President and Managing Member of Covert Aire, LLC and feels there is the possibility of perceived conflict by the public.

It was moved by Mr. Rodman, no second required, that Council award a contract to Southern Atlantic Mechanical Company, Charleston, South Carolina in the amount of $2,345,000 to provide HVAC services and equipment for various Beaufort County locations Funding will come from 2014A General Obligation Bonds, Account 40090011-54431. The vote: YEAS – Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. RECUSED – Mr. Covert. Mr. Covert recused himself, left the room, and was not present during any of the discussion. There is no direct conflict; however, Mr. Covert is President and Managing Member of Covert Aire, LLC and feels there is the possibility of perceived conflict by the public. The motion passed.

Mr. Covert returned to the meeting.

Mr. Stewart stated the School District (District) general fund budget at first reading, by title only, was 115 mills. On May 18, 2017, the Finance Committee recommended Council approve on second reading the FY2017-2018 District general fund budget at 113.5 mills to fund school operations. The reason for the reduction is additional revenues are being received by the District. Due to the increased revenue in the current fiscal year, the District will be receiving approximately $6 million more than their expenditures, which will be going into the reserve fund. We have requested the District to spend approximately $4 million of the $6 million going into the reserves, for operations this coming year. Their budget will still allow them to spend the entire expenditures proposed, to include mandates, inflation costs, absorb State cuts, cover fully the locality supplement (housing stipend), and all other items proposed.

Governmental Committee

Daufuskie Island Fire District Board

Carol Rizzo Baum

The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. Ms. Carol Rizzo Baum garnered the six votes required for appointment to serve as a member of the Daufuskie Island Fire District Board.

Beaufort Memorial Hospital Board

Stacey Johnston

The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. Dr. Stacey Johnston garnered the six votes required for appointment to serve as a member of the Beaufort Memorial Hospital Board.

Public Facilities Committee

Solid Waste and Recycling Board

Public Facilities Committee nominated Mr. David Uehling, representing Solid Waste District 6, for reappointment to serve as a member of the Solid Waste and Recycling Board.

PUBLIC COMMENT

Mr. Martin Kent, President, Scratch Golf, LLC and applicant for Hilton Head National Golf Club, spoke in favor of the rezoning proposal. There have been numerous public and private meetings with the County, business leaders and the community. He referenced an email sent to County Council on May 22, 2017 from Mr. George Bullwinkel, III, counsel, Nexsen and Pruett, which outlines the numerous meetings that have taken place over the last three years and requests approval of the zoning application. If the County wishes to continue to negotiate in good faith, we request to do so with the full Council present, in a format that enables the public to be present and hear that process. If Council is not interested in that proposal, he requested Council render an up or down decision tonight.

Ms. Edie Phillips, a Science Department Chairman and Hilton Head Island resident, encouraged teachers to expand their horizons with professional development and growth opportunities. She requests Council to fund the locality supplement for the quality of the education of our students. This benefit increases teacher retention.

Mr. Collins Doughtie, a Bluffton resident, spoke against the Hilton Head National Golf Club rezoning proposal. He finds the Comprehensive Plan for southern Beaufort County obsolete and needing review.

Mr. Rick Sweet, a Bluffton resident, referenced a *Bluffton Sun* newspaper article titled, "We've followed the Code," printed on April 18, 2017. It is the best article in reference to the Hilton Head National Golf Club debacle. He quoted statements and various lies of the developers and representatives from Hilton Head National Golf Club. It is time to end the abomination and vote "no" to this rezoning proposal tonight.

Mr. Chris Short, a Bluffton resident, stated the Hilton Head National Golf Club rezoning proposal would allow 5,000 people per square mile. This is not acceptable. Over 3,000 people signed a petition asking Council to vote "no" for this rezoning. "No" can be the only answer.

Mr. Ben Banks, a Bluffton resident, stated the Development Agreement Subcommittee worked diligently. The developers worked diligently on the project as well. He asked that Council members north of the Broad River join Council members south and say "no" to the rezoning proposal for Hilton Head National Golf Club. Council needs to re-examine the Community Development Code. If there are additional negotiations, they need to happen in open session.

Mr. Chuck Dulcie, President, Accuratelithography, stated Hilton Head National Golf Club rezoning proposal would ruin our way of life. Please vote "no." Any Councilman who votes in favor of this, he promised to donate free printing to anyone who wants to oppose such member of Council (for election) in the future.

Mr. Tom Gardo, a Beaufort County resident, believes the context of the Hilton Head National Golf Club issue is significant and has a significant bearing. Hilton Head National Golf Club was special. It was the first genuine public golf course in this area. It would still be like that today, but, in 2006, the public urged Council to have a bond referendum to build new roadways across the County. County Council authorized that referendum. That vote set into motion the construction of the Bluffton Parkway, which ripped apart Hilton Head National Golf Club. The long-term viability of the business model was gone. Defer the decision and continue negotiations until a just-and-mutually beneficial plan is in place.

Mr. Duncan Aspen-Wallwinter, a teacher at Hilton Head Island High School, thanked Council for supporting the locality supplement. In addition, as a resident of Pritchardville, he would like to see Hilton Head National Gold Club turned into greenspace. If that cannot happen, please vote "no."

Mr. Charles Stewart asked Council to vote "no" for Hilton Head National Golf Club rezoning proposal. There is no real plan on the table, only density shopping. How can you vote on a possibility? The blanket development agreement is ridiculous.

Mr. Jimmy McIntire spoke against the Hilton Head National Golf Club rezoning proposal. Why did we turn down the Semmler Project? It was for the same reason.

Mr. Berry Edwards, a Beaufort County resident, stated he has worked in 19 different states and all matters of development. This is pitiful. This is a disgrace. It is an abomination for the people in this County. We should take this property off the market and preserve it for future generations.

Ms. Maryann Bromley, a Moss Creek resident, spoke against the Hilton Head National Golf Club rezoning proposal. The Moss Creek Security Office has videos of the stop-and-go traffic between the hours of 6:30 a.m. to 9:30 a.m. What is going to happen when tourism picks up this summer?

Ms. Alda Barfield, a Beaufort resident, spoke about the Seminole County Public Schools Environmental Studies Center. Perhaps, Beaufort County would be interested in building an environmental center on the Hilton Head National Golf Club property. Put the brakes on the rezoning proposal.

Ms. Carol Hayes spoke in favor of her property rights. She does not want her neighborhood ruined by the Hilton Head National Golf Club rezoning proposal. This proposal is absurd. Why should we put up with this? Why consider this? Handle the issue pursuant to a contract. The approved density should not exceed the allowable density of Bluffton, as it exists today.

Ms. Cathy Sanderson, a Beaufort resident, hoped the sentiments of all had gotten through to the heart of Mr. Palmer. This is our community. Make the land into something we all envision for this community. Get your heart back. Turn it to gold instead of greed.

Ms. Rosalie Richman, a Bluffton resident, stated the water quality is diminishing following last year's drought. The water smelled. She had to purchase a filtration system in order to correct the problem. Over development of this area will cause a severe water problem.

Ms. Cameron Fishback, a golf manager, stated keep Hilton Head National Golf Club as is. It gives jobs to young people. There are no other golf courses in the area without houses.

Mr. Matt Shoemaker, a Bluffton resident, spoke against Hilton Head National Golf Club rezoning proposal. This is not feasible. Please vote "no."

Mr. Michael Lamburth, a resident of Baynard Park, said his family came here because they fell in love with this place. The rampant growth over the last ten years is making them consider leaving. Traffic is bad. This rezoning proposal will only make this worse. Please protect the "Bluffton State of Mind."

ITEM REMOVED FROM CONSENT AGENDA

SOUTHERN BEAUFORT COUNTY ZONING MAP AMENDMENTS FOR R600-040-000-001C-0000 (299.202 ACRES LOCATED ON THE NORTH AND SOUTH SIDES OF THE BLUFFTON PARKWAY AND EAST OF MALPHRUS ROAD; KNOWN AS HILTON HEAD NATIONAL GOLF COURSE); FROM T2-RURAL DISTRICT TO T3-NEIGHBORHOOD, T4-NEIGHBORHOOD CENTER, AND T4-HAMLET CENTER OPEN DISTRICTS

Main motion #1 (motion to approve): It was moved by Mr. Flewelling, as Natural Resources Chairman, no second required, that Council approve on first reading Southern Beaufort County Zoning Map amendments for R600-040-000-001C-0000 (299.202 acres located on the north and south sides of Bluffton Parkway and east of Malphrus Road; known as Hilton Head National Golf Course); from T2-Rural District to T3-Neighborhood, T4-Neighborhood Center, and T4-Hamlet Center Open Districts.

Mr. Vaux removed this item from the consent agenda. At the May 15, 2017 meeting of the Natural Resources Committee, the Committee agreed to revisit future growth in southern Beaufort County and review the Community Development Code. Today is the first time Mr. Kent and/or his company, Scratch Golf, LLC, has requested these negotiations to occur in public session. Prior to tonight, all requests have been to discuss behind closed doors. He appreciates the request for future public discussion on this matter and he asks Mr. Kent not to go back on his word. There have been no complaints from Scratch Golf, LLC throughout the Development Agreement Subcommittee process, other than not liking the results. We will revisit this, if another application is submitted. The Development Agreement Subcommittee (Subcommittee) said we could support rezoning 130 acres of the 300 owned. Your company said "no." Therefore, the Subcommittee recommended not entering into a development agreement with Scratch Golf, LLC for the following reasons: (1) The application did not address a demonstrated community need. (2) It was not requested due to a changed condition. (3) It is unreasonable in size, scope and magnitude. (4) The application is not consistent with the existing uses surrounding the land. (5) It is inconsistent with the goals and policies of the Beaufort County Comprehensive Plan. (6) It would adversely impact nearby lands. (7) It would threaten the health, safety and welfare of the community. It was a recommendation of the Subcommittee that we not enter into a development agreement with Scratch Golf, LLC and the application denied.

Motion to amend by substitution #1 (motion to deny): It was moved by Mr. Vaux, seconded by Mr. Covert, that Council deny Southern Beaufort County Zoning Map Amendments for R600-040-000-001C-0000 (299.202 acres located on the north and south sides of Bluffton Parkway and east of Malphrus Road; known as Hilton Head National Golf Course); from T2-Rural District to T3-Neighborhood, T4-Neighborhood Center, and T4-Hamlet Center Open Districts.

Mr. Sommerville provided a history of this item. This rezoning request came before the Natural Resources Committee on December 19, 2016 as a recommendation to approve from the Planning Commission. At that meeting, the Natural Resources Committee discussed and recommended

approval. Council directed the Natural Resources Committee to form a Development Agreement Subcommittee on January 9, 2017. On January 17, 2017, the Natural Resources Committee Chairman appointed a Development Agreement Subcommittee for discussion and recommendation of the rezoning application. The Development Agreement Subcommittee terminated negotiations on May 4, 2017 due to the inability to reach an agreement. The proposal Council is voting tonight is the recommendation to approve that came out of the December 19, 2016 meeting of the Natural Resources Committee.

Mr. Flewelling stated there is a motion on the floor from the Natural Resources Committee recommending Council approve on first reading Southern Beaufort County Zoning Map amendments for R600-040-000-001C-0000 (299.202 acres located on the north and south sides of Bluffton Parkway and east of Malphrus Road; known as Hilton Head National Golf Course); from T2-Rural District to T3-Neighborhood, T4-Neighborhood Center, and T4-Hamlet Center Open Districts. There is another motion to recommend disapproval. We need to deal with the motion on the table. You cannot have two conflicting motions on the table.

Mr. Keaveny said it is the Natural Resources Committee recommendation to approve the proposed application. It does not require a second.

Mr. Flewelling stated unless there is an intervening motion, the motion on the table (the recommendation coming out of the Natural Resources Committee) is what should be considered.

Mr. Sommerville stated the Natural Resources Committee recommendation is to approve and Mr. Vaux's motion is to disapprove. The simplest manner would be to vote for or against the original motion. If we vote against the motion, we are doing exactly what Mr. Vaux is asking with his motion.

Mr. Vaux, as maker of the motion and Mr. Covert, who seconded the motion, withdrew the motion to amend by substitution #1 (motion to deny).

Mr. Covert spoke of guiding principles and ethics, that were adopted by a civic group known as Rotary International and are as follows: (1) Is it the truth? (2) Is it fair to all concerned? (3) Will it build good will and better friendships? (4) Will it be beneficial to all concerned? During the several months of meetings concerning the Hilton Head National Golf Club proposed zoning changes, Mr. Covert has used these principles to guide his decision. He is appreciative of the applicant's professionalism, tenacity and their seemingly genuine concern for the process. He is appreciative of the community bringing forth their concerns. He thanked all who remained civil, professional, and courteous. No matter your position, no one should belittle or besmudge another who does not share the same opinion as you. We, as a County, may need to look at the form-based code and possibly make alterations, adjustments and revisions. He urged the County to get involved in this function and other government functions. Your voice matters. He stated he would not support the original application.

Mr. Flewelling stated this application was before the Natural Resource Committee and forwarded recommending approval without enough information. If we must move forward

tonight, he would like the opportunity to have the applicant address Council. They have only spoken during public comment and have not had the ability to show the possibilities of this development. The proposal circulated in the public is but one iteration of what could happen with the property, and, is not an accurate representation of the project. Another possibility would be to refer this item back to the Natural Resources Committee. The Community Development Code (CDC) did not happen in a vacuum. It was in response to the issue of sprawl, an issue of concern to everyone. The evidence of that sprawl is both traffic and May River. The CDC is the response to that problem -- to ensure it does not happen anymore. The CDC focuses on development opportunities where we have the resources and can limit the negative impacts to our environment. You may not agree with this location; but there were 75 public meetings and charrettes held in the Bluffton area before this was approved and none of these concerns were discussed. If you want to go back to the CDC to address the issues of where you want development in the future, he welcomes public discussion at the Natural Resources Committee. Under current law, there is an opportunity to develop this property. Any decision to stifle that is arbitrary and capricious.

Motion to amend by substitution #2: It was moved by Mr. Flewelling, seconded by Mr. Rodman, that Council defer this item to the Natural Resources Committee for further study.

Mr. Caporale asked for the motion that came out of the Development Agreement Subcommittee. Mr. Vaux stated at the Development Agreement Subcommittee, Mr. Fobes moved that the County not enter into a development agreement with Scratch Golf, LLC incident to application to rezone 299 acres of land, generally known as Hilton Head National for the following reasons: (1) The application did not address a demonstrated community need. (2) It was not requested due to a changed condition. (3) It is unreasonable in size, scope and magnitude. (4) The application is not consistent with the existing uses surrounding the land. (5) It is inconsistent with the goals and policies of the Beaufort County Comprehensive Plan. (6) It would adversely impact nearby lands. (7) It would threaten the health, safety and welfare of the community. Mr. Vaux also stated previously in this motion, he recommended termination of efforts to negotiate a development agreement unless or until such time Scratch Golf, LLC comes to the table with a proposal that is more reasonable and more consistent with the goals and policies of the Beaufort County Comprehensive Plan.

Mr. Vaux referenced receipt of an email on May 22, 2017 from Scratch Golf, LLC saying their application is consistent with the Comprehensive Plan and the CDC, and Council should approve the rezoning application as proposed.

Mr. Flewelling felt it appropriate for Mr. George Bullwinkel, counsel, Nexsen Pruett, LLC to address the email referenced.

Mr. Sommerville stated we are in discussion on a motion before Council. We do not have public comment at this time.

Mr. Flewelling asked why the applicant cannot address Council on whether Scratch Golf, LLC intends to bring forth an additional proposal.

Mr. Sommerville replied there is a motion on the floor.

Mr. Flewelling appealed the ruling of the Chairman.

Mr. Rodman is not in favor of this issue going forward as proposed. He is in favor of sending it back to the Natural Resources Committee. During his tenure on Council, there has been much discussion about the desire to have walkable communities. There is a lot of concern about the traffic; and once the traffic study is completed, we can cut back if needed. He feels the developer is interested in approving something different. We do not have anything to lose by allowing this item to go back before the Natural Resources Committee.

Mr. Flewelling appealed the ruling of the Chairman.

Vote on the motion to amend by substitution #2: The vote: YEAS – Mr. Flewelling and Mr. Rodman. NAYS - Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion failed.

Motion to amend by substitution #3: It was moved by Mr. Flewelling, seconded by Mr. Caporale, that Council defer this item to the Development Agreement Subcommittee.

Mr. Vaux asked Council to vote "no". The email received today, does not indicate any desire to bring forward a downzone proposal.

Mrs. Howard stated in light of the email received from the developer, and due to the actions and inactions in the Development Agreement Subcommittee meetings, we have tried our best efforts and it did not work.

Mr. Fobes said there is no business to discuss at the Development Agreement Subcommittee level.

Mr. Caporale withdrew his second on the motion to amend by substitution #3. Mr. Flewelling yielded to the second, and withdrew his motion to amend by substitution #3.

Mr. Flewelling stated under normal circumstance he would not vote in favor of this rezoning. There are concerns relative to traffic, stormwater and density. With all of the external drama, he finds himself if the position of having to vote in favor to make a statement that one member of Council believes this is arbitrary and capricious. He hopes each citizen, who has reason to come before Council, receives better treatment than Scratch Golf, LLC.

Mr. Vaux asked members of Council to vote against this rezoning application.

Vote on the main motion #1: The vote: YEAS – Mr. Flewelling. NAYS - Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion failed.

Main motion #2 (motion to deny): It was moved by Mr. Vaux, seconded by Mr. Stewart, that Council deny Southern Beaufort County Zoning Map amendments for R600-040-000-001C-0000 (299.202 acres located on the north and south sides of Bluffton Parkway and east of Malphrus Road; known as Hilton Head National Golf Course); from T2-Rural District to T3-Neighborhood, T4-Neighborhood Center, and T4-Hamlet Center Open Districts.

Mr. Flewelling renewed his appeal of the Chairman.

Vote on the main motion #2 (motion to deny): The vote: YEAS –Mr. Covert, Mr. Dawson, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. NAYS – Mr. Caporale and Mr. Flewelling. The motion passed.

CONSENT AGENDA

FISCAL YEAR 2017 – 2018 AIRPORTS BUDGET (ENTERPRISE FUND)

This item comes before Council under the Consent Agenda. Discussion occurred at the May 22, 2017 meeting of the Finance Committee.

It was moved by Mr. Flewelling, seconded by Mr. Fobes, that Council approve on first reading, by title only, the Fiscal Year 2017 – 2018 Airports Budget (Enterprise Fund). The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

FISCAL YEAR 2017 – 2018 STORMWATER MANAGEMENT UTILITY BUDGET (ENTERPRISE FUND)

This item comes before Council under the Consent Agenda. Discussion occurred at the May 22, 2017 meeting of the Finance Committee.

It was moved by Mr. Flewelling, seconded by Mr. Fobes, that Council approve on first reading, by title only, the Fiscal Year 2017 – 2018 Stormwater Management Utility Budget (Enterprise Fund). The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

A RESOLUTION DESIGNATING PUBLIC OFFICIALS TO EXERCISE THE POWERS PRESCRIBED IN BEAUFORT COUNTY CODE OF ORDINANCES CHAPTER 74, ARTICLE IV UNFIT DWELLING PURSUANT TO THE AUTHORITY GRANTED IN SECTION 31-15-330 OF THE *CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED.* (BEAUFORT COUNTY CODE ENFORCEMENT DIRECTOR AND BEAUFORT COUNTY BUILDING INSPECTIONS DIRECTOR)

This item comes before Council under the Consent Agenda. Discussion occurred at the May 22, 2017 meeting of the Finance Committee.

It was moved by Mr. Flewelling, seconded by Mr. Fobes, that Council adopt a resolution designating public officials to exercise the powers prescribed in Beaufort County Code of Ordinances, Chapter 74, Article IV Unfit Dwellings pursuant to the authority granted in Section 31-15-330 of the *Code of Laws of South Carolina*, 1976, as amended. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

A RESOLUTION AUTHORIZING APPROVAL OF $2,000,000 ENVIRONMENTAL ASSESSMENT GUARANTEE WITH SCDOT

This item comes before Council under the Consent Agenda. Discussion occurred at the May 15, 2017 meeting of the Public Facilities Committee.

Mr. Rodman stated there are two pieces to the traffic solution. (1) County and SCDOT are committing to address things needed in the short-term. (2) Capacity on the bridges -- one bridge has reached the end of its useful life. Both the SCDOT and the Local Metropolitan Planning Organization, Lowcountry Area Transportation Study (LATS) have agreed to fund the environmental assessment for the corridor. However, if funding for the U.S. Highway 278 corridor needs as identified in the environmental assessment have not been secured within 18 months of Federal Highway Administration approval of the a draft environmental assessment, Beaufort County agrees to reimburse LATS for its portion (estimated at $2 million).

It was moved by Mr. Flewelling, seconded by Mr. Fobes, that Council adopt a resolution authorizing entering into an agreement with SCDOT to reimburse Lowcountry Area Transportation Study (LATS) for the amount expended, estimated at $2,000,000, to perform a corridor environmental assessment if funding for the identified corridor improvement is not secured within the 18 months of the Federal Highway Administrator approval of the draft environmental assessment. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

CONTRACT AWARD / HAULING SERVICES FOR BEAUFORT COUNTY

This item comes before Council under the Consent Agenda. Discussion occurred at the May 15, 2017 meeting of the Public Facilities Committee.

It was moved by Mr. Flewelling, seconded by Mr. Fobes, that Council award a contract to Republic Services, Beaufort, South Carolina, in the amount of $1,195,176, to provide hauling services for County Convenience Centers. The source of funding is from Solid Waste and Recycling Account 10001340-51165. The new contract will be effective July 1, 2017 (Fiscal Year 2018). The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

PORT ROYAL ISLAND ZONING MAP AMENDMENT FOR R100 040 000 0209 0000, (12 ACRES LOCATED ALONG BAY PINES ROAD); FROM T2-RURAL DISTRICT TO S1-INDUSTRIAL DISTRICT

This item comes before Council under the Consent Agenda. Discussion occurred at the May 15, 2017 meeting of the Natural Resources Committee.

It was moved by Mr. Flewelling, seconded by Mr. Fobes, that Council approve on first reading a Port Royal Island Zoning Map amendment for R100 024 000 078C 000 (12 acres located along Bay Pines Road) from T2-Rural District to S1-Industrial District. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

TEXT AMENDMENTS TO THE BEAUFORT COUNTY COMMUNITY DEVELOPMENT CODE (CDC):

- **SECTION 1.3.50 EXEMPTIONS (ADDS REQUIREMENT TO COMPLY WITH HISTORIC PRESERVATION STANDARDS);**
- **SECTION 2.2.50 LOTS (SPECIFIES MINIMUM WIDTHS OF FLAG LOTS);**
- **SECTION 2.2.60 ACCESS MANAGEMENT (ALLOWS BUILDINGS TO FRONT MAJOR ROADWAYS WHILE TAKING ACCESS FROM A REAR STREET OR ALLEY);**
- **TABLE 3.1.70 LAND USE DEFINITIONS (AMENDS "CAMPGROUND" TO SPECIFY TWO OR MORE RECREATIONAL VEHICLES/RVS ON A SINGLE PROPERTY);**
- **SECTION 5.6.120 FREESTANDING SIGNS (ESTABLISHES MINIMUM 10-FOOT SETBACK FROM RIGHT-OF-WAY (ROW));**
- **TABLE 5.8.50.F. EXISTING TREES IN THOROUGHFARE BUFFER (ADDS RETENTION REQUIREMENT OF EXISTING TREES 6-INCHES DBH IN THOROUGHFARE BUFFERS);**
- **SECTION 5.8.110.B.4. PERFORMANCE GUARANTEE (ESTABLISHES A TWO-YEAR SURVIVAL BOND FOR LANDSCAPING);**

- **SECTION 5.11.90 FORESTS (ADDS NEW SUBSECTION THAT PROMOTES INTERCONNECTIVITY OF PRESERVED FOREST HABITAT);**
- **SECTION 5.11.100.B. SPECIMEN TREES (ADDS LONGLEAF PINE AND BLACK CHERRY AS SPECIMEN TREES AT 16 INCHES (DBH)); AND**
- **SECTION 6.2.70 MAINTENANCE GUARANTEE (CROSS-REFERENCES THE LANDSCAPING SURVIVAL BOND FROM SECTION 5.8.110.B.4).**

This item comes before Council under the Consent Agenda. Discussion occurred at the May 15, 2017 meeting of the Natural Resources Committee.

It was moved by Mr. Flewelling, seconded by Mr. Fobes, that Council approve on first reading text amendments to the Beaufort County Community Development Code (CDC): Section 1.3.50 Exemptions (adds requirement to comply with historic preservation standards); Section 2.2.50 Lots (specifies minimum widths of flag lots); Section 2.2.60 Access Management (allows buildings to front major roadways while taking access from a rear street or alley); Table 3.1.70 Land Use Definitions (amends "campground" to specify two or more recreational vehicles/RVs on a single property); Section 5.6.120 Freestanding Signs (establishes minimum 10-foot setback from right-of-way (ROW); Table 5.8.50.F Existing Trees In Thoroughfare Buffer (adds retention requirement of existing trees 6-inches DBH in thoroughfare buffers); Section 5.8.110.B.4 Performance Guarantee (establishes a two-year survival bond for landscaping); Section 5.11.90 Forests (adds new subsection that promotes interconnectivity of preserved forest habitat); Section 5.11.100.B Specimen Trees (adds longleaf pine and black cherry as specimen trees at 16 inches (DBH)); and Section 6.2.70 Maintenance Guarantee (cross-references the landscaping survival bond From Section 5.8.110.B.4). The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

AN ORDINANCE OF BEAUFORT COUNTY COUNCIL CREATING A SPECIAL TAX ASSESSMENT FOR REHABILITATED HISTORIC PROPERTIES IN THE GEOGRAPHICAL BOUNDARIES KNOWN AS DAUFUSKIE ISLAND

This item comes before Council under the Consent Agenda. Discussion occurred at the May 15, 2017 meeting of the Natural Resources Committee.

It was moved by Mr. Flewelling, seconded by Mr. Fobes, that Council approve on first reading an ordinance creating a special tax assessment for rehabilitated historic properties in the geographical boundaries known as Daufuskie Island. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

PUBLIC HEARINGS

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2007, OR SUCH OTHER APPROPRIATE SERIES DESIGNATION, OF BEAUFORT COUNTY, SOUTH CAROLINA, IN THE TOTAL PRINCIPAL AMOUNT OF NOT EXCEEDING $8,000,000; 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; AND OTHER MATTERS RELATING THERETO

The Chairman opened a public hearing beginning at 6:30 p.m. for the purpose of receiving public comment regarding an ordinance authorizing the issuance and sale of General Obligation Refunding Bonds, Series 2007, or such other appropriate series designation, of Beaufort County, South Carolina, in the total principal amount of not exceeding $8,000,000; 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; and other matters relating thereto. After calling three times for public comment and receiving none, the Chairman declared the hearing closed at 6:31 p.m.

It was moved by Mr. Covert, seconded by Mr. Howard, that Council approve on third and final reading an ordinance authorizing the issuance and sale of General Obligation Refunding Bonds, Series 2007, or such other appropriate series designation, of Beaufort County, South Carolina, in the total principal amount of not exceeding $8,000,000; 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; and other matters relating thereto. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

FISCAL YEAR 2017 – 2018 COUNTY BUDGET PROPOSAL

The Chairman opened a public hearing beginning at 6:31 p.m. for the purpose of receiving public comment regarding Fiscal Year 2017 – 2018 County Budget proposal. After calling three times for public comment and receiving none, the Chairman declared the hearing closed at 6:32 p.m.

It was moved by Mr. Stewart, seconded by Mr. Flewelling, that Council approve on second reading, the Fiscal Year 2017-2018 County budget proposal as follows: County Operations 50.61 mills, Higher Education 2.40 mills, Purchase of Real Property Program 4.80 mills, County Debt 5.58 mills, Bluffton Fire District 24.70 mills operations and 1.04 mills debt service, Burton Fire District 64.53 mills operations and 5.26 mills debt service, Daufuskie Island Fire District 60.27 mills operations and 0.00 mills debt service, Lady's Island/St. Helena Island Fire District 39.26 mills operations and 2.11 mills debt service, and Sheldon Fire District 38.32 mills operations and 3.21 mills debt service. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

The Chairman announced the second of two public hearings on Monday, June 12, 2017 beginning at 6:30 p.m. in Council Chambers, Administration Building, Beaufort County Government Robert Smalls Complex, 100 Ribaut Road, Beaufort, South Carolina.

FISCAL YEAR 2017 – 2018 SCHOOL DISTRICT BUDGET PROPOSAL

Mr. Stewart, as Finance Committee Chairman, stated the Finance Committee on May 18, 2017 approved and recommended Council approve on second reading the FY2017-2018 School District general fund budget in the amount of 113.5 mills to fund school operations. Due to increased revenue, all of the items brought within the proposed budget are covered, including the locality supplement (housing stipend).

The Chairman opened a public hearing beginning at 6:33 p.m. for the purpose of receiving public comment regarding Fiscal Year 2017 – 2018 School District Budget proposal. After calling once for public comment, the Chairman recognized Ms. Bebe, Cifaldi, a Beaufort County teacher, who thanked Council for approving a budget to include the locality stipend.

Ms. Kathy Corley, Principal, Red Cedar Elementary School, expressed her support of the locality supplement. If we want teachers, who are willing to dedicate their lives to this profession at a high level, they need a living wage.

Ms. Cindy Sturgis, teacher at Hilton Head Island High School, thanked Council for the locality supplement. Young people come and go. We need to keep and attract people.

Mr. Aaron Benton, a teacher at Hilton Head Island High School, stated the locality supplement was implemented two years ago. The areas here have a 12% higher cost of living. Our District goal is to recruit and retain quality educators. The turnover rate is currently 11.9%. The locality supplement allows the schools to utilize the supplement to entice teachers.

After calling once more for public comment, the Chairman recognized Ms. Megan Smith, teacher at Red Cedar Elementary School, who expressed her love for the County and Red Cedar Elementary. She spoke about rising housing costs, utilities and other bills. The crisis in economic inequity between this County and others across the country has and will continue to

have a direct impact on teacher recruitment and retention. It is expensive to live here. It is expensive to work here. Please pass the School District budget with the locality supplement.

After calling once more for public comment, the Chairman recognized Ms. Amy Landowski, a Beaufort County teacher, who stated the budget is important for all of the teachers and the students. She thanked Council for their support.

Ms. Beth MacMurray, who is the parent of five children and a former teacher, stated her children could not have had their success without the dedication of every one of their teachers. Recruitment and retention is a critical situation. We need consistency in our classrooms. Please continue to support the teachers.

Mr. Lawrence Anderson, a teacher at Mossy Oaks Elementary, cited several possible uses of the locality supplement. A dinner out, building a fence, completing a small home addition, paying off a credit card bill, sending an autistic son to summer camp, paying off a medical bill, repainting a house, braces for a child, helping pay a mortgage, or hiring a local landscape company. It is not just supplementing our teachers, but also supplementing our local businesses and economy.

Ms. Dannie Wilson, a literacy and math interventionist, asked Council to consider keeping literacy and math interventionists in the schools to assist with the students who are below grade level. Additionally, the locality supplement has been of great help.

Ms. Lee Underhill, a teacher at Okatie Elementary School, thanked Council for the locality supplement. She is a single mother and the locality supplement has helped her children do things that she typically cannot afford on her salary.

After calling three times for public comment and receiving none, the Chairman declared the hearing closed at 6:57 p.m.

Main Motion: It was moved by Mr. Flewelling, seconded by Mr. Fobes, that Council approve on second reading the Fiscal Year 2017-2018 School District budget proposal as follows: School Operations 113.50 mills and School Bond Debt Service (principal and interest) 31.71 mills.

Mr. Rodman expressed his desire to get to the $5,000 locality supplement level as soon as possible. He believes the teachers are the most important individuals in the schools. It is clear that there is a significant cost of living differential. This is an investment. He would like to take a portion of the mills and apply them to the FY 2017–2018 budget for teacher supplements. This would allow an additional locality supplement paid in December.

Motion to amend by addition: It was moved by Mr. Rodman that Council add 1.0 mill to the Fiscal Year 2017–2018 School District budget to provide an additional locality supplement and adjust appropriations accordingly. The motion died for lack of a second.

Vote on main motion: Council approve on second reading the Fiscal Year 2017-2018 School District budget proposal as follows: School Operations 113.50 mills and School Bond Debt Service (principal and interest) 31.71 mills. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

The Chairman announced the second of two public hearings on Monday, June 12, 2017 beginning at 6:30 p.m. in Council Chambers, Administration Building, Beaufort County Government Robert Smalls Complex, 100 Ribaut Road, Beaufort, South Carolina.

MOTION TO EXTEND BEYOND 8:00 P.M.

It was moved by Mr. Caporale, seconded by Mr. Howard, that Council extend beyond 8:00 p.m. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

MATTERS ARISING OUT OF EXECUTIVE SESSION

It was moved by Mr. Glover, seconded by Mr. Flewelling, that Council contributed $600,000 of the total purchase price of $650,000 from the Rural and Critical Lands Program for the purchase of the property at 2262 Boundary Street as part of the Battery Creek Park project, specifically identified as tax parcel R122 026 00A 0097 0000. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

It was moved by Mr. Dawson, seconded by Mrs. Howard, that Council approve the purchase of the property at 669B Paige Point Road, specifically identified as tax parcel R700 036 000 0176, 000, for the purchase price of $35,000 from the funds of the Rural and Critical Lands Program. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

It was moved by Mr. Stewart, seconded by Mrs. Howard, that Council approve the purchase of the property at 550 Pinckney Colony Road, specifically identified as tax parcel R600 014 000 002B 0000, for the purchase price of $150,000 from the funds of the Rural and Critical Lands Program. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Glover, Mrs. Howard, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Mr. Vaux. The motion passed.

PUBLIC COMMENT

Ms. Laura Sterling, a resident of Bluffton, thanked Council for their time and service. She presented a hard copy of the Community Development Code (CDC), which she feels has too much detail. She hopes Council will reconsider the CDC.

ADJOURNMENT

Council adjourned at 8:47 p.m.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
D. Paul Sommerville, Chairman

ATTEST: _____
Ashley M. Bennett, Clerk to Council

Ratified:

COMMUNITY SERVICES COMMITTEE

May 22, 2017

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

The Community Services Committee met Monday, May 22, 2017 beginning at 3:00 p.m. in the Large Meeting Room, Bluffton Branch Library, 120 Palmetto Way, Bluffton, South Carolina.

ATTENDANCE

Chairman Alice Howard, Vice Chairman Rick Caporale and members Michael Covert, Steven Fobes, York Glover and Roberts "Tabor" Vaux present. Non-committee members Gerald Dawson, Brian Flewelling, Stu Rodman, D. Paul Sommerville and Jerry Stewart present. (Paul Sommerville, as County Council Chairman, serves as an *ex-officio* member of each standing committee of Council and is entitled to vote.)

County staff: Tony Criscitiello, Planning Director; Quandara Grant, Detention Center Director; Craig Helart, Manager, Civic Engagement and Outreach; Alicia Holland, Assistant County Administrator–Finance; Fred Leyda, Human Services Director; Ray McBride, Library Director; Shakeeya Polite, Business Manager, Information Technology; Tom Keaveny, County Attorney; Gary Kubic, County Administrator; and Monica Spells, Assistant County Administrator–Civic Engagement and Outreach.

Public: Jim Baker, Beaufort-Jasper Water and Sewer Authority; Jessica Dailey, Lowcountry Council of Government; Dick Deuel, Engineer, Beaufort-Jasper Water and Sewer Authority; Michelle Knight, Lowcountry Council of Government; Ed Saxon, General Manager, Beaufort-Jasper Water and Sewer Authority; Frank Turano**,** Lowcountry Regional Manager, Alliance Consulting Engineers.

Media: Joe Croley, *Lowcountry Inside Track.*

Councilwoman Howard chaired the meeting.

INFORMATION ITEMS

1. **Update / Bonaire Estates Sewer Improvements Project (Community Development Block Grant – CDBG Project) with Beaufort-Jasper Water and Sewer Authority (BJWSA) and Lowcountry Council of Governments (LCOG)**

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

Discussion: Ms. Monica Spells, Assistant County Administrator–Civic Engagement and Outreach, provided Council an overview of this item. On April 11, 2016, Beaufort County Council adopted Resolution 2016/6 to: (1) endorse the Bon Aire Estates Extension Project, (2) to authorize County Administrator to prepare and submit a Community Development Block Grant (CDBG) Community Infrastructure application in the amount of $1.0 million for the Bon Aire Estates Sewer Extension Project and commit funds in the amount of 10% of the grant request to meet the matching commitment of the Community Development Program; and (3) to provide an additional $182,266 to meet the budget of the grant application, and commit to sharing cost savings on a pro rata basis. This Project is to extend sewer service to several hundred households in the Bon Aire Estates residential subdivision. The Project was estimated to total $1.8 million and would include work to restore repaired waters in the surrounding area, while addressing environmental issues related to stormwater runoff. Thanks to the assistance from LCOG, we received grant funding approval last summer. Since that time, BJWSA has determined some items related to elevation and the SCDOT encroachment approval process which would significantly increase the project estimate. They are now estimating a project cost of $3.6 million. Ms. Spells introduced representatives of BJWSA to provide an update and possible solutions.

Mr. Ed Saxon, General Manager, Beaufort-Jasper Water and Sewer Authority, stated this important project touches many customers. There is a situation of rising costs in all projects. He introduced Mr. Dick Deuel, Development Projects Manager, Beaufort-Jasper Water and Sewer Authority, who distributed a handout on the Bon Aire Circle Sewer Extension Project. BJWSA and Beaufort County has been working on this project for over a year now. We were approached by LCOG to see if there was an area in the County where we could take benefit of the CDBG. We decided to focus on the Bon Air Estates Project because it is comprised of 200 residential parcels, of which half are low-to-moderate-income (LMI) qualified. The project also involves the decommissioning of approximately 175 septic tanks. BJWSA has worked with the County on a number of CDBG projects. When we started the project design, the focus was gravity sewer. Two properties within the development were owned by BJWSA, which saved the cost of the pump station. Lowcountry Engineering Services, Lady's Island, South Carolina was hired to start the design process. It was found out that the sewer system was going to have to be deep. The handout provided a map of the project location, the number of streets within the development, the sewer layout, information relative to the pump station, breakdown of LMI versus non-LMI, engineer's cost estimate, and proposed cost share breakdown.

Mr. Deuel explained the rationale for the increased cost is due to the depth of the system and the cost of construction increasing. BJWSA started looking at various options to include phasing, the possibility of installing a second pump station to lessen the depths of the sewer system, and vacuum sewer. The cost of the vacuum pump station alternative came in at approximately $2.6 million. That is a million dollar savings from the cost of the original design. He recommends this alternative. He presented the potential to apply for a Rural Infrastructure Authority Grant in the amount of $500,000 which would lessen the shortfall to $842,766. He proposes a 50/50 cost share between Beaufort County and BJWSA for the remaining amount. Each entity would be responsible for $421,383.

Mr. Saxon added, in additional cost share for the construction cost of the Project, BJWSA has agreed to forgive the capacity fees associated with the LMI homes to the sewer. That is a value of $295,000. BJWSA has reevaluated the various options to lower the costs, and then come up with a solution.

Ms. Michelle Knight, Lowcountry Council of Governments, informed the Committee that Beaufort County staff, BJWSA and LCOG met to talk about the shortfall and the options available. Since that meeting, she has reached out to the Rural Infrastructure Authority to discuss the potential of putting in an application in the fall of 2017. The cost estimates, original estimates, options, and the benefit of this project was sent to the RIA. The feedback received was they would entertain an application. There are only three counties in the State that they have not funded a grant for, and Beaufort County is one of the three. It is a strong project and could be a strong contender.

Status: Information only.

2. Presentation / Mental Health Matters and Community Information

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

Discussion: Mr. Fred Leyda, Human Services Director, provided to the Committee Part II of the Cost of Mental Illness in our Community. He spoke about the Collaborative Organization of Services for Adults (COSA) and a process initially targeting adults referred for additional assistance by Beaufort Memorial Hospital emergency department or inpatient services, as well as adults at the County's Detention Center who may be in need of additional supportive services. The process allows for a multidisciplinary approach and coordinated therapeutic care for staffing the County's most complex cases of individuals struggling with dual diagnoses or other social issues, to include mental health issues, trauma, or substance abuse. The Human Services Department is seeking to expand its contracted services to support this new initiative.

Mr. Lydia spoke about solutions coordinated by COSA to include:

- COSA Team will begin Preventative Monitoring
- Referral to Social Security Administration with case coordination by SC Department of Mental Health
- Home Share Program ($16,000 per year)
- United Way will assist with legal aid referral
- Vocational Rehabilitation will provide job training/coaching

Mr. Leyda reviewed future community solutions to include the following:

- County Affordable Housing Resolution
  - Housing Assessment
  - Housing Coordinator
  - Housing First Model (Tenant Based Rental Assistance)
  - Transitional Shelter
  - Clubhouse International Model

- Collaborative Organization of Services for Adult
  - Community Integration Services Model
  - Adult Family Engagement Services Pilot

Status: Information only.

3. **Presentation / Potential Partnership with USC-Beaufort for Innovation in the Community – the ReAL Research Applied Leering**

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

Discussion: Mr. Fred Leyda, Human Services Director, provided information on the USC-Beaufort ReAL Initiative and provided the next steps to the Community that included the following:

- Form a ReAL partnership between USC-Beaufort and Beaufort County
- Generate a list of potential projects for feasibility and rate estimate
- County Council approves projects to start
- County Administration identifies personnel as County EPIC Program Coordinator to serve as liaison with USC-Beaufort
- USC-Beaufort EPIC Program Coordinator works with County staff to facilitate project implementation

Possible ReAL Initiative Program projects could address the following:

- Housing
- Workforce / Industrial / Vocational Education
- Stormwater and Water Quality
- Planning and Development
- Rural Transit
- Cultural Tourism / Historic Preservation
- Energy Research
- Animal Care / Protection

Mr. Glover suggested housing for students coming into the workforce.

Status: Committee members will provide feedback via email to Mr. Leyda regarding potential projects for the ReAL Initiative Program.

4. Off Agenda – Beaufort County Library Bookmobile

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

Discussion: Mr. Covert congratulated the library system for the new Beaufort County Library Bookmobile. Citizens of Beaufort County should take advantage of the Bookmobile. It is an exceptional addition to Beaufort County.

Status: Information only

FINANCE COMMITTEE

May 22, 2017

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

The Finance Committee met Monday, May 22, 2017 beginning at 1:30 p.m., in the Large Meeting Room, Bluffton Branch Library, 120 Palmetto Way, Bluffton, South Carolina.

ATTENDANCE

Chairman Jerry Stewart, Vice Chairman Michael Covert and members Rick Caporale, Gerald Dawson, Brian Flewelling, Steven Fobes and Stu Rodman present. Non-committee members York Glover, Alice Howard, Paul Sommerville and Roberts "Tabor" Vaux present. (Paul Sommerville, as County Council Chairman, serves as an *ex-officio* member of each standing committee of Council and is entitled to vote.)

County staff: Craig Helart, Manager, Civic Engagement and Outreach; Alicia Holland, Assistant County Administrator–Finance; Ray McBride, Library Director; Shakeeya Polite, Business Manager, Information Technology; Tom Keaveny, County Attorney; Gary Kubic, County Administrator; Eric Larson, Director–Environmental Engineering and Land Management; Mark Roseneau, Facilities Maintenance Director; Monica Spells, Assistant County Administrator–Civic Engagement and Outreach; and Dave Thomas, Purchasing Director.

Public: Frank Turano**,** Lowcountry Regional Manager, Alliance Consulting Engineers.

Media: Joe Croley, *Lowcountry Inside Track.*

Councilman Stewart chaired the meeting.

ACTION ITEMS

1. **Consideration of Contract Award / HVAC Replacement**

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

Mr. Covert recused himself, left the room, and was not present during any of the discussion. There is no direct conflict; however, Mr. Covert is President and Managing Member of Covert Aire, LLC and feels there is the possibility of perceived conflict by the public.

Discussion: Mr. Dave Thomas, Purchasing Director, reviewed this item with the Committee. Beaufort County issued an Invitation for Bid to solicit proposals from qualified firms to provide HVAC services and equipment for various Beaufort County locations. A

mandatory pre-bid meeting was held on January 26, 2017, at 11:00 a.m. in the Finance Conference Room and seven HVAC firms attended the meeting. Two bids were received and opened on March 16, 2017. The County received bids from the two firms. County staff evaluated the bids, along with our consultant from RMF, and determined that the Southern Atlantic Mechanical Company was the lowest responsive and responsible bidder. After negotiations with Southern Atlantic Mechanical Company, the price was discounted by $27,701 for a final project price of $2,345,000.

The ten site locations are: Beaufort Branch Library, Bluffton Branch Library, Hilton Head Island Branch Library, Emergency Medical Center (Beaufort), Hilton Head Island Airport, Human Services Center (Beaufort), Law Enforcement Center (Beaufort), PALS Community Center-Port Royal, Parks and Leisure Services Community Center Lind Brown, and Beaufort County Government Center South.

Motion: It was moved by Mr. Flewelling, seconded by Mr. Rodman, that Committee approve and recommend to Council a contract award to Southern Atlantic Mechanical Company, Charleston, South Carolina in the amount of $2,345,000 provide HVAC services and equipment for various Beaufort County locations. Funding will come from 2014A General Obligation Bonds, Account 40090011-54431. The vote: YEAS - Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Fobes, Mr. Rodman and Mr. Stewart. RECUSED – Mr. Covert. Mr. Covert recused himself, left the room, and was not present during any of the discussion. There is no direct conflict; however, Mr. Covert is President and Managing Member of Covert Aire, LLC and feels there is the possibility of perceived conflict by the public. The motion passed.

Recommendation: Council award a contract to Southern Atlantic Mechanical Company, Charleston, South Carolina in the amount of $2,345,000. Funding will come from 2014A General Obligation Bonds, Account 40090011-54431.

2. **A Resolution Designating Public Officials to Exercise the Powers Prescribed in Beaufort County Code of Ordinances, Chapter 74, Article IV Unfit Dwelling Pursuant to the Authority Granted to Section 31-15-330 of the *Code Of Laws Of South Carolina, 1976, As Amended* (Beaufort County Code Enforcement Director and Beaufort County Building Inspections Director)**

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

Discussion: Mr. Tom Keaveny, County Attorney, introduced a resolution designating certain public health officials to exercise the powers prescribed in S.C. Code Ann. §31-15-330.

Recommendation: Committee, without objections, opted to forward this resolution to County Council for adoption.

INFORMATION ITEMS

3. **Beaufort County FY2017-2018 Budget Proposal**

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

Discussion: Committee Chairman Jerry Stewart stated in the May 18, 2017 Finance Committee meeting, the Committee received presentations from the Burton Fire District, Palmetto Breeze, Voter Registration and Elections Office, and Hilton Head Island Recreation Center Association. The following actions were taken at that time:

- Approval of the Burton Fire District Fiscal Year 2017/2018 operations budget with a millage rate of 64.53 and debt service millage rate of 5.26.
- Approval of Palmetto Breeze Fiscal Year 2017/2018 budget in the amount of $207,344, which represents a $7,344 increase over the previous fiscal year.
- Inclusion of the Voter Registration and Elections' Construction and Renovation Project as part of the Capital Improvement Program (CIP) discussion.
- Approval of the Hilton Head Recreation Center Association Fiscal Year 2017/2018 budget of $215,000, which represents an increase of $75,000 over the previous fiscal year.

Mr. Rodman wanted to discuss the Economic Development line item. At the April 20, 2017 Finance Committee meeting, the Committee approved the Economic Development Corporation's (EDC) FY 2017/2018 budget in the amount of $370,498 and authorized staff to include $330,498 in the County's FY 2017/2018 budget proposal. Mr. Rodman asked for an update on the status of the EDC's engagements with SouthernCarolina Alliance.

Mr. Dawson, as Chairman of the Governmental Committee, stated Committee members received a report from Mr. Stephen Murray, EDC Chairman, regarding the negotiations that took place between the SouthernCarolina Alliance (Alliance) and the EDC. The Alliance rejected the proposal put forward by the EDC. The EDC met on May 17, 2017 to discuss their next step forward, in lieu of the negotiations with the Alliance. The EDC is split as to the next step. The proper thing to do would be to bring the EDC before the Governmental Committee or County Council to resolve the issue.

Mr. Fobes added this item will come before the Governmental Committee on June 5, 2017. A full discussion will be needed to resolve the path forward issue. The County will be the entity signing the contract to join the Alliance. They rejected our offer; there is a $100,000 difference.

Mr. Stewart stated based on telephone conversations regarding this issue it was his opinion that this is not an item for the Finance Committee at this time. We included in our budget the full $370,498 in FY2017/2018 for the EDC. It was not clear in their budget what the

outcome of negotiations with the Alliance would be. At that time it was decided that during negotiations or during the year, if a change in what they anticipated would be taken up as a supplemental budget item.

Mr. Flewelling agreed with Mr. Stewart. When this item is before the Governmental Committee, he urged that the discussion occurs in executive session.

Mr. Rodman stated a year ago we asked the EDC to weigh in on the Alliance issue. Three months ago, there was an agreement proposal from the Alliance. They provided the Committee a spreadsheet on the finances of the EDC for FY 2017 and FY 2018. In FY2017, there was $290,000 earmarked for EDC of which $140,000 was spent. The EDC's FY2018 budget proposal amounted to $370,498, with $40,000 coming from the municipalities. Within that budget amount, they proposed the allocation of $135,000 for the joining of an alliance. The letter from Alliance was a best and final offer of $195,000. He suggested taking $60,000 from the FY2017 budget to use in conjunction with the $135,000 allocation in FY2018, to execute a contract with the Alliance.

Main motion: It was moved by Mr. Rodman, seconded by Mr. Caporale, that Committee authorize the transfer of $60,000 from the FY2017 line item for economic development to the FY2018 budget for economic development in order to execute the contract with SouthernCarolina Alliance.

Mr. Stewart does not feel it is the responsibility of the Finance Committee today to make a decision based on the Governmental Committee and the EDC. If additional dollars are needed, it can be revised through a supplemental budget appropriation.

Mr. Flewelling asked what happens to the remaining dollars in the FY2017 Economic Development budget if not spent.

Mrs. Holland stated there was $290,000 appropriated for economic development in FY2017. Of that, approximately $132,000 has been expended and $158,000 remains. Dollars not earmarked by June 30, 2017, are marked as unspent dollars and contribute to the General Fund balance. If the dollars are earmarked, it is reflected in the Annual Financial Report.

Mr. Dawson feels increasing the EDC budget by $60,000 is premature. The $135,000 line item within the EDC's FY2018 budget is not only for joining the Alliance.

Mr. Fobes added the $135,000 had a component for joining the SouthernCarolina Alliance, but also for working with other entities and partners. What we are trying to do is premature. There is $158,000 remaining in FY2017 budget.

Mr. Flewelling intends to vote in favor of any reasonable recommendation from the EDC. They have to know, we do want to have an alliance. It is important to us for many reasons.

Mr. Rodman, as maker of the motion, and Mr. Caporale, as the seconder of the motion, agreed to add text to the main motion: "subject to the Governmental Committee approving the contract with SouthernCarolina Alliance. Such encumbrances to expire June 30, 2017."

Vote on the main motion, which includes the agreed upon additional text: Committee authorize the transfer of $60,000 from the FY2017 line item for economic development to the FY2018 budget for economic development in order to execute the contract with SouthernCarolina Alliance, subject to the Governmental Committee approving the contract with SouthernCarolina Alliance. Such encumbrances to expire June 30, 2017." The vote: YEAS - Mr. Caporale, Mr. Covert and Mr. Rodman. NAYS - Mr. Dawson, Mr. Flewelling, Mr. Fobes, and Mr. Stewart. The motion failed.

Mr. Gary Kubic, County Administrator, provided the Committee an update on negotiations with the Town of Hilton Head Island for law enforcement services. At the second discussion session with Sheriff Tanner and the Town of Hilton Head Island there was a good exchange. The outcome will be a meeting tomorrow, May 23, 2017 with the following participants – John McCann, Chairman, Town of Hilton Head Island Finance Committee; Gerald Stewart, Chairman, Beaufort County Finance Committee; Gary Kubic, Beaufort County Administrator; Josh Gruber, Deputy County Administrator/Special Counsel; Sheriff Tanner, and Steve Riley, Manager, Town of Hilton Head Island. The two agreements (lease agreement and reimbursement contract) may be pushed through to correspond to the fiscal year, rather than a calendar year. The outcome of tomorrow's session will be reported at the next Committee meeting.

Mr. Stewart stated the Solicitor's Office brought forward their budget as an off-agenda item at the May 18, 2017 Finance Committee meeting. Since then, there has been significant discussion and it is agreed that it is premature to bring anything forward at this point. There is a lot of confidential information, therefore, this item will be taken up under executive session at the June 5, 2017 Finance Committee meeting. This involves a grant proposal to the USDA, which would require a letter from Council supporting matching funds or other monies needed.

Status: No action. Information only.

4. Upcoming General Obligation Bonds / Bond Anticipation Notes Information

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

Discussion: Mrs. Alicia Holland, Assistant Administrator–Finance, reviewed with the Committee the following General Obligation Bonds (GOB) and Bond Anticipation Notes (BAN) to be completed in June and July of 2017.

$51 million – General Obligation Bonds

- $26 million for Critical Projects - Road Improvement, Public Safety, Sheriff's Office Communications and Emergency Management Equipment, Windmill Harbour/Jenkins Island Roadway Improvements, Emergency Medical Services Facility (Pritchardville/Bluffton), Pinckney Reserve/Haig Boat Landing and Detention Center Security Upgrades
- $20 million for Rural and Critical Lands Program
- $5 million for Stormwater Management Utility Fund

$35 million – Bond Anticipation Notes

- To provide for temporary disaster recovery funding. It is recommended the initial BAN will be for a term of 12 months. In May/June 2018, the County will have a clearer picture of the bottom line of Hurricane Matthew expenditures not reimbursed by any federal or state agency. The BAN is intended to be $30 million - the ordinance is in place for $35 million to allow for issuance costs.

$8 million – General Obligation Bonds – Refunding 2007B General Obligation Bonds

- Provides an interest expense differential for the remaining term of the bonds as well as a

The impact these GOB/BAN's has on the debt capacity, as well as an estimated cash outflow and potential restoration of the fund balance was provided to the Committee.

Status: Information only

5. Fiscal Year 2017 – 2018 Airports Budget (Enterprise Fund)

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

Discussion: Mrs. Alicia Holland, Assistant Administrator–Finance, reviewed this item with the Committee. The Beaufort County Department of Airports Fund is used to accumulate the revenues and expenses related to the operation of the County's two airports. Operations are financed primarily with fees collected for services, leases, grants, and other airport-related services. The revenues, expenses and retained earnings are reported in the Proprietary Fund for annual financial reporting purposes. Mrs. Holland presented the Lady's Island Airport and Hilton Head Island Airport FY 2017/2018 budgets as follows:

Lady's Island Airport
Total Revenues - $706.308
Total Expenses - $706,308

Hilton Head Island Airport
Total Revenues - $8,360,534
Total Expenses - $7,683,126

A copy of the Airports' improvement projects and costs associated for FY2017/2018 was also provided to the Committee

Status: Information only.

6. Fiscal Year 2017 – 2018 Stormwater Management Utility Budget (Enterprise Fund)

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

Discussion: Mrs. Alicia Holland, Assistant Administrator–Finance, reviewed this item with the Committee. The Stormwater Utility was established by County Ordinance 16 years ago and its activities are guided by a Comprehensive Master Plan completed in 2006, the minimum control measures outlined in the County's 2015 permit under the National Pollutant Discharge Elimination System (NPDES) program and advised by a Stormwater Management Utility Board. Requirements concerning Stormwater Systems are found in the County's Community Development Code (CDC) and the design criteria found in our Best Management Practices Manual.

The Utility partners with the City of Beaufort, and the Towns of Bluffton, Port Royal, and Hilton Head Island through local intergovernmental agreements. The fees that are collected within a municipality's jurisdiction are then distributed back to the municipality. Each political jurisdiction has an individual stormwater utility, which is a separate fund and a dedicated revenue source for funding activities and programs related to stormwater management. The jurisdictions coordinate on the utility administration element of their programs and share some services to achieve greater efficiencies, but the programs are separate and are managed within each jurisdiction's local government.

The County has been designated as a municipal separate storm sewer system (MS4) and in 2015 the County began to be permitted under the federal Environmental Protection Agency's (EPA) National Pollutant Discharge Elimination System (NPDES) program. Compliance with this permit will be expensive in the coming years and the County will have mounting costs to maintain an aging infrastructure. Beginning in 2015, the County has increased its rates and shifted to an updated stormwater utility fee rate structure to achieve the fairest distribution of utility costs among ratepayers, the best use of available data, and a level of revenue sufficient to achieve program needs and requirements.

The County maintains some larger drainage infrastructure within each of the four municipalities, in addition to the unincorporated area. Previously the maintenance of the infrastructure within the four municipalities was limited in the incorporated areas because funding levels, supported by the unincorporated ratepayers only, were insufficient. In 2015, the County began collecting a Countywide infrastructure fee from ratepayers within the incorporated areas to distribute the County's costs for continued infrastructure maintenance across all the unincorporated and incorporated areas of the County based on linear feet of pipes and open ditches in each jurisdiction.

Mrs. Holland presented the Stormwater Management Utility FY 2017/2018 budgets as follows:

Total Operating Revenues - $5,813,482
Total Non-Operating Revenues - $5,002,500
Total Revenues - $10,815,982

Total Operating Expenses - $4,354,553
Total Non-Operating Expenses – $3,379,600
Total Expenses - $7,734,153

An overview of the Stormwater Management Utility Capital Projects for fiscal years 2018 through 2014 was also provided to the Committee.

Status: Information only

FINANCE COMMITTEE

May 18, 2017

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

The Finance Committee met Monday, May 18, 2017 beginning at 3:00 p.m., in the Executive Conference Room, Administration Building, Beaufort County Government Robert Smalls Complex, 100 Ribaut Road, Beaufort, South Carolina.

ATTENDANCE

Chairman Jerry Stewart, Vice Chairman Michael Covert and members Rick Caporale, Gerald Dawson, Steven Fobes and Stu Rodman present. Committee member Brian Flewelling absent. Non-committee member Alice Howard present.

County staff: Ben Boswell, Administrative Manager, Human Services Alliance; Gail Brown, Financial Specialist, Disabilities and Special Needs Department; Beth Cody, Fiscal Operations Manager, Disabilities and Special Needs Department; Joshua Gruber, Deputy County Administrator/Special Counsel; Alicia Holland, Assistant County Administrator–Finance; Jeff Kidd, Communications Director, Solicitor's Office; Bill Love, Director, Disabilities and Special Needs Department; Shakeeya Polite, Office Manager, Information Technology Department; Wendell Roberson, Deputy Director, Voter Registration and Election Office; Maria Smalls, Director, Voter Registration and Election Office; and Monica Spells, Assistant County Administrator-Civic Engagement and Outreach

School District: Tonya Crosby, Chief Operational Services Officer and Jeffrey Moss, Superintendent.

Public: Ron Clifford, Chairman, Board of Voter Registration and Elections; Mary Lou Franzoni, Director, Palmetto Breeze/Lowcountry Regional Transportation Authority; Susan Hughson, Vice President, Board of Directors, Hilton Head Island Recreation Center Association; Alan Perry, President, Hilton Head Island Recreation Center Association; William Severns, Vice Chairman, Board of Voter Registration and Elections; Frank Soule, Executive Director, Hilton Head Island Recreation Center Association; and Paula Tilley, Finance Director, Palmetto Breeze/Lowcountry Regional Transportation Authority.

Media: Joe Croley, *Lowcountry Inside Track.*

Councilman Stewart chaired the meeting.

ACTION ITEMS

1. Burton Fire District FY 2017/2018 Budget Request

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

Discussion: Mr. Josh Gruber, Deputy County Administrator/Special Counsel, presented the Burton Fire District Fiscal Year 2017/2018 budget proposal.

Operations: revenue $5,112,442, expenditures $5,554,308, and a millage rate of 64.53
Debt Service: revenue $385,268, expenditures $385,268, and a millage rate of 5.26

The budget request includes the following:

- 1.33% cost of living adjustment
- Contract money of $430,000
- Majority of expenditure increases is due to retirement and insurance
- No new employees
- Increase the millage to the cap of 2.11 mills

Motion: It was moved by Mr. Dawson, seconded by Mr. Rodman, that Committee approve and recommend to Council approval of the Burton Fire District Fiscal Year 2017/2018 operations budget with a millage rate of 64.53 and debt service millage rate 5.26. The vote: Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Fobes, Mr. Rodman and Mr. Stewart. ABSENT – Mr. Flewelling. The motion passed.

Recommendation: Council approve the Burton Fire District Fiscal Year 2017/2018 operations budget with a millage rate of 64.53 and debt service millage rate of 5.26.

2. Palmetto Breeze FY 2017/2018 Budget Request

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

Discussion: Ms. Mary Lou Franzoni, Executive Director, Palmetto Breeze/Lowcountry Regional Transportation Authority, submitted a fiscal year 2017/2018 request in the amount of $207,344 to provide public transportation throughout the Lowcountry region, including Beaufort County rural services and the urban services in the areas of Bluffton and Hilton Head Island. This request includes $117,187 of local match for the rural grant and $90,157 local match for the urban grant. The year-over-year budget increase is in the amount of $7,344.

Motion: It was moved by Mr. Rodman, seconded by Mr. Caporale, that Committee approve and recommend to Council approval of the Palmetto Breeze Fiscal Year 2017/2018 budget in the amount of $207,344, which represents a $7,344 increase year-over-year. The vote: Mr. Caporale, Mr. Covert, Mr. Dawson, Mr. Fobes, Mr. Rodman and Mr. Stewart. ABSENT – Mr. Flewelling. The motion passed.

Recommendation: Council approve the Palmetto Breeze Fiscal Year 2017/2018 budget in the amount of $207,344, which represents a $7,344 increase year-over-year.

3. Hilton Head Island Recreation Center Association FY 2017/2018 Budget Request

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

Discussion: Mr. Frank Soule, Executive Director, Hilton Head Island Recreation Center Association (Association), is requesting funding for fiscal year 2017/2018 at the FY 2014 level of $135,000 for pool operating and programming along with $80,000 for program support, totaling $215,000. This request represents a $75,000 increase over the previous year.

Mr. Gruber, Deputy County Administrator/Special Counsel, noted that the City of Beaufort TIF II last debt payment is due June 21, 2017; and, perhaps, a portion of these funds could be used to offset the $75,000 request. Once the TIF reconciliation is completed, additional revenue will be available to both the County and School District as follows:

- County Tax Year 2016 (FY 2017) Mil Rate 50.89 – City of Beaufort TIF II ending increases the value of 1 mil by $9,500, resulting in approximately $483,000 more revenue in Tax Year 2017 (FY 2018).

- School District Tax Year 2016 (FY 2017) Mil Rate 111.50 – City of Beaufort TIF II ending increases the value of 1 mil by $9,500, resulting in approximately $1,059,000 more revenue in Tax Year 2017 (FY 2018).

Motion: It was moved by Mr. Caporale, seconded by Mr. Fobes, that Committee recommend Council approve the Hilton Head Recreation Center Association Fiscal Year 2017/2018 budget of $215,000, which represents an increase of $75,000 over the previous fiscal year. The vote: YEAS –Mr. Caporale, Mr. Covert, Mr. Fobes, Mr. Rodman and Mr. Stewart. ABSENT – Mr. Dawson and Mr. Flewelling. The motion passed.

Recommendation: Council approve the Hilton Head Recreation Center Association Fiscal Year 2017/2018 budget of $215,000, which represents an increase of $75,000 over the previous fiscal year.

4. Beaufort County School District / Fiscal Year 2017-2018 Operating Budget Proposal

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

Discussion: Council is in receipt of correspondence dated May 18, 2017 from the Board of Education whose members have certified a Fiscal Year 2017/2018 general fund budget in the amount of $225,764,555 (114.5 mils) to fund school operations.

Mr. Gruber, Deputy County Administrator/Special Counsel, noted that the City of Beaufort TIF II last debt payment is due June 21, 2017. Once the TIF reconciliation is completed, additional revenue will be available to both the County and School District as follows:

- County Tax Year 2016 (FY 2017) Mil Rate 50.89 – City of Beaufort TIF II ending increases the value of 1 mil by $9,500, resulting in approximately $483,000 more revenue in Tax Year 2017 (FY 2018).

- School District Tax Year 2016 (FY 2017) Mil Rate 111.50 – City of Beaufort TIF II ending increases the value of 1 mil by $9,500, resulting in approximately $1,059,000 more revenue in Tax Year 2017 (FY 2018).

Mr. Rodman suggested using a portion of the District's additional revenue generated from the ending of the Beaufort TIF II to fund the locality supplement.

Motion No. 1: It was moved by Mr. Rodman, seconded by Mr. Fobes, that Committee recommend Council approve on second reading the FY 2017/2018 School District general fund budget of 114.5 mils to fund school operations. The vote: YEAS – Mr. Fobes and Mr. Rodman. NAYS – Mr. Caporale, Mr. Covert and Mr. Stewart. ABSENT – Mr. Dawson and Mr. Flewelling. The motion failed.

Motion No. 2: It was moved by Mr. Covert, seconded by Mr. Caporale, that Committee recommend Council approve on second reading the FY 2017/2018 School District general fund budget of 113.5 mils to fund school operations. The vote: YEAS –Mr. Caporale, Mr. Covert, Mr. Fobes, Mr. Rodman and Mr. Stewart. ABSENT – Mr. Dawson and Mr. Flewelling. The motion passed.

Recommendation: Council approve on second reading the FY 2017/2018 School District general fund budget of 113.5 mils to fund school operations.

INFORMATION ITEMS

5. Voter Registration and Elections Office / Construction and Renovation Project

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

Discussion: Mr. Ron Clifford, Chairman, Registration and Election Board (Board), presented the Voter Registration and Elections Office (Office) construction and renovation project in the amount of $253,000 to complete both interior and exterior renovations as well as a covered walkway. It will save money if all phases of the project are handled concurrently and completed prior to the June 2018 primaries.

Phase 1 of 3 involves a 2,037 square foot warehouse addition. Project funding in the amount of $213,885 has been approved.

Phase 2 of 3 involves a 3,400 square foot interior and minor work with an estimated construction cost of $225,000.

Phase 3 of 3 involves a covered walkway with an estimated construction cost of $63,975.

The Board would appreciate completion as soon as possible so that we might comply with the security guidelines of the Voluntary Voting System Guidelines, published by the U.S. Election Assistance Commission, regarding election requirements for storage, maintenance and handling of the large amount of equipment needed to conduct elections.

This project, due to its importance, should be approved quickly and not be strung out over a long period of time. Many elections are required by our County, State Legislative body and the Federal Government.

Status: Since the Voter Registration and Elections Office request deals with construction and renovation, this item will become a part of the Capital Improvement Program (CIP) discussion in September 2017.

6. **Discussion / Fiscal Year 2017 – 2018 Airports Budget (Enterprise Fund)**

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

Status: This item was delayed until the May 22, 2017 meeting due to insufficient time to have a discussion.

6. Off-Agenda Item / Discussion / Solicitor's Office FY 2017/2018 Budget Proposal

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

Discussion: Mr. Jeff Kidd, Communications Director, Solicitor's Office, presented the Solicitor's Office FY 2017/2018 budget proposal.

Status: Since this budget contains a lot of confidential information, this item will be taken up under executive session at the June 5, 2017 Finance Committee meeting. This involves a grant proposal to the USDA, which would require a letter from Council supporting matching funds or other monies needed.

7. Discussion / Fiscal Year 2017 – 2018 Stormwater Management Utility Budget (Enterprise Fund)

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

Status: This item was delayed until the May 22, 2017 meeting due to insufficient time to have a discussion.

8. A Resolution Designating Public Officials to Exercise the Powers Prescribed in the Beaufort County Code of Ordinances, Chapter 74, Article IV, Unfit Dwelling Pursuant to the Authority Granted in Section 31-15-330 of the *Code of Laws of South Carolina, 1976, as amended* (Beaufort County Code Enforcement Director and Beaufort County Building Inspections Director)

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

Status: This item was delayed until the May 22, 2017 meeting due to insufficient time to have a discussion.

9. Upcoming General Obligation Bond / Bond Anticipation Note Information

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

Status: This item was delayed until the May 22, 2017 meeting due to insufficient time to have a discussion.

PUBLIC FACILITIES COMMITTEE

May 15, 2017

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

The Public Facilities Committee met Monday, May 15, 2017 beginning at 3:00 p.m., in the Executive Conference Room, Administration Building, Beaufort County Government Robert Smalls Complex, 100 Ribaut Road, Beaufort, South Carolina.

ATTENDANCE

Chairman Stu Rodman, Vice Chairman York Glover and members Rick Caporale, Michael Covert, Alice Howard and Roberts "Tabor" Vaux present. Committee member Jerry Stewart absent. Non-Committee members Gerald Dawson and D. Paul Sommerville present (Paul Sommerville, as County Council Chairman, serves as an *ex-officio* member of each standing committee of Council and is entitled to vote.).

County Staff: Josh Gruber, Deputy County Administrator/Special Counsel; Chris Inglese, Assistant County Attorney; Thomas Keaveny, County Attorney; Colin Kinton, Division Director–Transportation Engineering; Gary Kubic, County Administrator; Eric Larson; Rob McFee, Division Director–Facilities and Construction Engineering; and Dan Morgan, Mapping and Applications Director.

Public: Kraig Gordon, Chairman, County Transportation Committee; Shawn Epps, President F&ME Consultants, Inc.; and Mike Turner, President, Plantation Business Park Property Owners Association.

Media: Joe Croley, *Lowcountry Inside Track*.

Chairman Stu Rodman chaired the meeting.

ACTION ITEMS

1. **Consideration of Reappointments and Appointments / Solid Waste and Recycling 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. Caporale, seconded by Mrs. Howard, that Committee approve and recommend Council nominate Mr. David Uehling, representing Solid Waste District #6, unincorporated Port Royal Island, for reappointment to serve as a member of the Solid Waste and Recycling Board. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Glover, Mrs. Howard, Mr. Rodman and Mr. Vaux. ABSENT – Mr. Stewart. The motion passed.

Recommendation: Council nominate Mr. David Uehling, representing Solid Waste District #6, unincorporated Port Royal Island, for reappointment to serve as a member of the Solid Waste and Recycling Board.

2. **Consideration of Contract Award / Hauling Service for Beaufort County (> $100,000)**

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, presented this item to the Committee. Beaufort County issued a Request for Proposal (RFP) to solicit proposals from qualified firms to provide services to Beaufort County Public Works Department Solid Waste and Recycling section to provide hauling services for County Convenience Centers. Services include the removal and transport of full containers to the appropriate landfill for disposal within time limits specified by the contract and the leasing of containers for each center. A pre-proposal meeting was held March 23, 2017, and proposals were opened on May 20, 2017. The County received proposals from three firms: Republic Services, Waste Pro and Waste Management.

The staff evaluation committee reviewed the proposals for capability, the firms' experience, performance capability and proposed cost. Evaluation committee members consisted of David Wilhelm, Public Works Director; Jim Minor, Solid Waste Manager; John Miller, Public Works Operations Manager, Bradley McAbee Solid Waste Operations Superintendent and Cindy Carter, Solid Waste Data Analyst/Information Coordinator. The panel ranked the firms, according to the RFP selection criteria and determined Republic Services to be the top ranked firm.

Motion: It was moved by Mr. Caporale, seconded by Mrs. Howard, that Committee approve and recommend Council award a contract to Republic Services, Beaufort, South Carolina, in the amount of $1,195,176, to provide hauling services for County Convenience Centers. The source of funding is from Solid Waste and Recycling Account 10001340-51165. The new contract will be effective July 1, 2017 (Fiscal Year 2018). The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Glover, Mrs. Howard, Mr. Rodman and Mr. Vaux. ABSENT – Mr. Stewart. The motion passed.

Recommendation: Council award a contract to Republic Services, Beaufort, South Carolina, in the amount of $1,195,176, to provide hauling services for County Convenience Centers. The source of funding is from Solid Waste and Recycling Account 10001340-51165. The new contract will be effective July 1, 2017 (Fiscal Year 2018).

4. Discussion / Plantation Business Park Road Transfer

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

Discussion: The County has been asked to take ownership of Plantation Business Park Drive and the associated stormwater infrastructure serving the commercial subdivision. The ownership and maintenance responsibilities for the drainage structures are uncertain, as the common infrastructure was never dedicated to the County as originally intended. The County's research into the original design and stormwater master plan did not produce the documents needed to definitively determine the original intent, nor adequately map the drainage system. Ward Edwards was contracted by the County to help research, map, inventory, inspect the common infrastructure, and provide a summary of needed repairs and cost estimates for those repairs.

There are multiple indications that the pipe system was not installed to the County's standards typically required for infrastructure that is to be owned and maintained by the County. The following repairs/improvements are recommended to mitigate the observed problems.

- The conditions of all of the HDPE pipe sections are so poor that they likely require removal and replacement. Given that the HDPE pipe is located within landscape areas and within drainage easements; excavation, removal, and replacement with new RCP is likely the best option.

- The concrete pipe sections are generally in fair condition, but there is evidence of some installation problems given the soil infiltration at some joints and some of the poorly plugged lifting eye holes. Structurally, the RCP pipes are functional, but the observed soil infiltration would require more frequent cleaning. Additionally, over time the soil infiltration will result in sink holes and pavement failure in the road. Given that the RCP is located under pavement, removal and replacement would be cost prohibitive. The RCP could be slip lined with a plastic pipe, but this would result in a decrease in the internal diameter and the flow capacity of the pipe. Slip lining 24" RCP would reduce the cross sectional area to the equivalent of an 18" RCP. This is not recommended because it could create upstream drainage problems. The better alternative is cured in place plastic (CIPP) lining. This is more expensive than slip lining but doesn't result in a reduction in flow capacity.

- The existing detention pond, outfall structures, and outfall ditches are all in need of routine maintenance. The pond should be cleaned back to the original design depths, removing all accumulated sediment and vegetation. The existing downstream outfall ditch needs to be cleaned and re-graded to reestablish positive drainage. The inundation condition in the downstream ditch resulted in high sediment accumulation in portions of the pipe system, with sediment clogging as much as 75% of the pipe sections. Although the pipes have now been cleaned for the purpose of this inspection, the ditch condition will result is quicker than normal accumulation of sediment in the pipes. The existing outfall structures and pipes should be cleaned and inspected as well. The pipes appear to be HDPE material, so it is possible they are in

similar condition to the HDPE pipes inspected. There are no indications of drainage/maintenance easements along the existing outfall ditch, so easements may need to be acquired for the maintenance work to occur.

Mr. Vaux stated Plantation Park Business Owners' Association (POA) and he agree that the County should take ownership of the road, the catch basins attached to the road, and the pipes directly underneath the road. The POA would retain everything else. In return, the County is willing to pay the POA a one-time fee, approach the Town of Bluffton (Town) to match that contribution, and the POA take responsibility of all future stormwater issues with the drains not below the road.

Mr. Kubic stated Mr. Vaux wants to create an amendment to what was already proposed. On May 23, 2016, County Council adopted resolution 2016/8 authorizing the County Administrator to accept into the County Road System, Business Park Way and a portion of Plantation Park Drive, which is owned by Plantation Park Business Owners' Association, Inc. and only the road, but not any stormwater drainage infrastructure or fixtures which adjoin or abut the road which is owned by the POA. It was done that way because Beaufort County did a survey and filmed the substructure underneath the road, and felt it was in poor shape and created an additional liability for the County that we did not want to assume. It was administration's recommendation to come up with some type of settlement, which was agreeable to the POA. That settlement was $25,000 and the County take ownership of the storm inlet and the chamber going into the ground, but not the connectivity of the pipes running from that point forward. This is within the jurisdiction of the Town. This is another example of the Town annexing only commercial areas and leaving the remaining properties to stay within the county. We have asked the Town to participate in the same offer as Beaufort County. They have not said no; but, their procedures are different and it would have to go before Town Council. That has not happened.

Mr. Michael Turner, POA President of Plantation Business Park, spoke before the Committee on the condition of the pipes and the sink hole. The POA has agreed to take on the responsibility of all the pipes leaving the road.

Mr. Vaux provided the Committee with two handouts: (1) a letter dated December 28, 2015 from Michael Turner, POA President of Plantation Business Park and (2) an email dated December 11, 2013 from Beaufort County Right-of-Way Manager Eric Klatt.

Main motion: It was moved by Mr. Vaux, seconded by Mr. Caporale, that Committee approve and recommend Council approve the following: (1) County take ownership of Plantation Business Park Drive, the catch basins and all other attachments to the road, and the pipes underneath the road. (2) County make a onetime payment of $25,000 to the Plantation Park Business Owners' Association, with the agreement that the Association will take responsibility for the water once it leaves the footprint of the road. (3) Authorize administration to pursue matching funding in the amount of $25,000 from the Town of Bluffton.

Mr. Vaux, as maker of the motion, and Mr. Caporale, as the seconder of the motion, agreed to amend the motion to include the following text in the main motion: Administration provide a diagram to fully delineate the actions of the County.

Vote on the main motion, which includes the agreed upon additional text: Committee recommend Council adopt a resolution approving the following: (1) County take ownership of Plantation Business Park Drive, the catch basins and all other attachments to the road, and the pipes underneath the road, of which will be clearly delineated in a diagram. (2) County make a onetime payment of $25,000 to the Plantation Park Business Owners' Association, with the agreement that the Association will take responsibility for the water once it leaves the footprint of the road. (3) Authorize administration to pursue matching funding in the amount of $25,000 from the Town of Bluffton. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Glover, Mrs. Howard, Mr. Rodman and Mr. Vaux. ABSENT – Mr. Stewart. The motion passed.

Recommendation: Council adopt a resolution approving the following: (1) County take ownership of Plantation Business Park Drive, the catch basins and all other attachments to the road, and the pipes underneath the road, of which will be clearly delineated in a diagram. (2) County make a onetime payment of $25,000 to the Plantation Park Business Owners' Association, with the agreement that the Association will take responsibility for the water once it leaves the footprint of the road. (3) Authorize administration to pursue matching funding in the amount of $25,000 from the Town of Bluffton.

5. **U.S. Highway 278 Gateway Corridor**
   - **A. Approval of $2 Million Environmental Assessment Guarantee with SCDOT**
   - **B. Discussion of Long-Term Funding Alternatives**

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

Discussion: At the March 13, 2017 County Council meeting, Council adopted a resolution 2017/3 between the Town of Bluffton, Town of Hilton Head Island and Beaufort County highlighting the urgency of addressing congestion on the U.S. Highway 278 Gateway Corridor, including the Hilton Head Island bridges. At the April 10, 2017 County Council Meeting adopted Resolution 2017/11 to supersede Resolution 2017/11 and includes the participation of the Lowcountry Area Transportation Study (LATS) into the Joint Resolution.

Mr. Gruber stated this is in regard to long standing conversations Beaufort County has had with the South Carolina Department of Transportation (SCDOT) regarding expanding the scope of an environmental assessment. Due to the existing traffic conditions and the projected growth, the capacity of those bridges is most likely not what they need to be. If we can expand the scope of the environmental assessment, it would allow a cost share agreement. The County would be picking up $2 million of the $3 million assessment. Of that $3 million, $2 million will be paid by the Lowcountry Area Transportation Study, and $1 million by SCDOT. SCDOT would like the money from the MPO repaid if the project does not move forward. He spoke of

the potential funding mechanisms and negotiations with SCDOT.

Motion: It was moved by Mr. Caporale, seconded by Mrs. Howard, that Committee approve and recommend Council adopt resolution authorizing the County Administrator to enter into an agreement with SCDOT to reimburse Lowcountry Area Transportation Study (LATS) for the amount expended, estimated at $2,000,000, to perform a corridor environmental assessment if funding for the identified corridor improvement is not secured within the 18 months of the Federal Highway Administrator approval of the draft environmental assessment. The vote: YEAS – Mr. Caporale, Mr. Covert, Mr. Glover, Mrs. Howard, Mr. Rodman and Mr. Vaux. ABSENT – Mr. Stewart. The motion passed.

Mr. Rodman presented the Committee with a worksheet overview, funding alternatives for the U.S. 278 Gateway Corridor.

Recommendation: Council adopt a resolution authorizing the County Administrator to enter into an agreement with SCDOT to reimburse Lowcountry Area Transportation Study (LATS) for the amount expended, estimated at $2,000,000, to perform a corridor environmental assessment if funding for the identified corridor improvement is not secured within the 18 months of the Federal Highway Administrator approval of the draft environmental assessment.

INFORMATION ITEMS

6. **Approval of Letter of Intent to Contract for 41 Air Conditioning Replacement Units**

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

Mr. Covert recused himself, left the room, and was not present during any of the discussion. There is no direct conflict; however, Mr. Covert is President and Managing Member of Covert Aire, LLC and feels there is the possibility of perceived conflict by the public.

Discussion: Mr. Gary Kubic, County Administrator, presented this item to the Committee. The County needs to purchase 41 air conditioning units for ten site locations: Beaufort Branch Library, Branch Bluffton Library, Hilton Head Island Branch Library, Emergency Medical Center (Beaufort), Hilton Head Island Airport, Human Services Center (Beaufort), Law Enforcement Center (Beaufort), Parks and Leisure Services Community Center-Port Royal, Parks and Leisure Services Community Center Lind Brown, and Beaufort County Government Center South. This item was sent out to bid, and received one response. Mr. Kubic stated his desire to write the proposed successful bidder a letter of intent to contract for the 41 air conditioning replacement units. If this is done, the contractor will be able to use the letter of intent to place an order. Without the letter of intent, the process will be delayed until formally vetted and approved by Council, which could take six weeks. The estimated project price is $2.2 million and would be funded from 2014A General Obligation Bonds.

Status: The County Administrator will send a letter of intent to contract for 41 air conditioning replacement units.

7. Update / Local Preference

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

Status: Discussion to occur at the next Public Facilities Committee meeting.

8. Discussion / Sidewalks and Pathways

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

Discussion: Mr. Kraig Gordon, Chairman, County Transportation Committee, gave a PowerPoint presentation regarding the SCDOT guidance to County Transportation Committee (CTC) for selecting projects using recurring funds. "C" funds are for transportation projects on public property and must be accessible to the public. Project types that qualify include resurfacing, widening and/or realignments, extending shoulders, traffic signs/signals, intersection improvements, turning lanes, sidewalks and pavement markings. Examples of ineligible projects include projects located on private property, projects not accessible to the public, projects not related to transportation, and recreational projects such as tennis courts, ballfields, walking paths or running tracks.

Committee Chairman Stu Rodman stated there have been discussions in past meetings regarding sidewalks and pathways. The Transportation Needs: Capital Improvement Pathways study identified 22 locations for a total of $20 million. Council has begun the conversation about how to address and fund such needs. In terms of prioritizing sidewalk needs, the CTC might be the most useful Committee to do such. The CTC has representation across the County and are prioritizing roads.

Mr. Gordon stated on May 17, 2017, the CTC will receive an analysis of the County roads from hired subcontractors. The CTC will be putting together a program on moving forward with maintaining County roads. Mr. Gordon spoke about the funding the CTC receives as well as the responsibilities of the municipalities.

Mr. Kubic spoke about the CTC and Council not being the authoritative body. The possibility of the CTC becoming an advisory body was discussed previously. That would make the actual authority to contract rest with Council, and not appointed officials. When you are spending tax dollars, that authority should rest with the elected official, not appointed official.

Mr. Gordon spoke about the CTC governing document and how the programming was set up to run.

Mr. Gruber stated when the Legislative Delegation passed a resolution abolishing the County Transportation Committee, it devolved its powers to County Council. County Council adopted an ordinance creating the Beaufort County Transportation Committee and gave powers back to that Committee.

Mr. Kubic stated it is a smart business model to invite people from the outside as an advisory group. The question is whether or not Council wants to pull the power to contract from the CTC and bring it back to County Council. The average taxpayer does not recognize the CTC, but they do recognize County Council. County Council will receive both the praise and the blame.

Mr. Gordon stated the CTC takes the political pressure away from Council. The CTC has a process to go through. The funds come to the CTC, not the County.

Mr. Rodman stated he sees an advantage of contracting handled by the County as well as the disadvantage if Council starts overruling the CTC's recommendations.

Status: This item will be taken up at a later Public Facilities Committee.

Boards and Commissions
Reappointments and Appointments
June 12, 2017

1 Governmental Committee

Parks and Leisure Services Board

Nominate	Name	Position/Area/Expertise	Reappoint/Appoint	Votes Required	Term/Years	Expiration
06.12.17	Stanley Ganshow	Northern Beaufort County	Appoint	6/11	partial	2/2021

2 Public Facilities Committee

Solid Waste and Recycling Board

NominateD	Name	Position/Area/Expertise	Reappoint/Appoint	Votes Required	Term/Years	Expiration
05.22.17	David T. Uehling	Solid Waste District 6	Reappoint	10/11	4	2/2021

A RESOLUTION

ORDERING A BOND REFERENDUM TO BE HELD IN THE FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA, ON THE QUESTION OF THE ISSUANCE OF NOT EXCEEDING $5,500,000 OF GENERAL OBLIGATION BONDS OF FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA; PROVIDING FOR THE FORM OF THE BALLOT TO BE USED; PROVIDING FOR NOTICE OF THE REFERENDUM; AND PROVIDING FOR OTHER MATTERS RELATING THERETO.

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

Section 1. Findings

The County Council of Beaufort County (the "***County Council***"), which is the governing body of Beaufort County, South Carolina (the "***County***"), hereby finds and determines:

(a) The Fripp Island Public Service District, South Carolina (the "***District***"), was created and established as a body politic and corporate by Act No. 1042 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1962, as amended;

(b) Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended (the "***Constitution***"), provides that general obligation debt may be incurred by the governing body of any special purpose district for any of its corporate purposes in an amount not exceeding eight percent of the assessed value of all taxable property of such district. Such Article further provides that if general obligation debt is authorized by a majority vote of the qualified electors of the special purpose district voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of such indebtedness except as specified in such Article.

(c) The corporate powers and duties of the District are performed by the Fripp Island Public Service District Commission (the "***Commission***"), and as such, the Commission is the governing body of the District.

(d) In carrying out its functions and duties, the Commission has determined that a need exists at the present time to issue general obligation bonds in order to defray: (A) (i) the costs of repairing, reconstructing and mitigating certain District revetments and related infrastructure, and (ii) the costs of relocating and replacing certain water transmission and related infrastructure in connection with the replacement of the Harbor River Bridge ((i) and (ii)) the "***Projects***"), and (B) the costs of issuance of the Bonds. The Commission estimates that the costs of designing, planning, acquiring, engineering, constructing, improving and equipping the Projects, and the cost of issuance of the bonds described herein, will not exceed $5,500,000.

(e) The Commission, on behalf of the District, submitted a petition (the "***Petition***") to the County Council requesting authorization to issue general obligation bonds of the District in a principal amount of not exceeding $5,500,000 (the "***Bonds***"), in order to finance the costs of the Projects, and the costs of issuance thereof.

(f) Pursuant to the terms of the Petition, the County Council held a public hearing on the question of the issuance of the Bonds on June 12, 2017, and, as acknowledged in the Petition, the County Council is authorized to and has determined to require an election under Section 6-11-890 of the Code of Laws of South Carolina 1976, as amended, as a condition to the issuance of the Bonds.

Section 2. Order to Hold Referendum

Pursuant to the applicable provisions of the Constitution and laws of the State of South Carolina, there is hereby ordered a referendum to be held in the District (the "***Bond Referendum***") on August 16, 2017 or such other date as may be determined by the Chairman of the Commission in consultation with the Election Commission (as defined below). On the date of the Bond Referendum, there shall be submitted to all persons residing in the District and qualified to vote under the Constitution and laws of the State of South Carolina the question of whether the District shall be authorized and empowered to issue the Bonds for the purpose of accomplishing the Project, and paying the costs of issuance thereof.

Section 3. Voting, Polling Places, and Hours of Election

The Bond Referendum shall be conducted by the Beaufort County Board of Voter Registration and Elections (the "***Election Commission***"). The polls shall be opened at 7:00 a.m. and closed at 7:00 p.m. on the date of the Bond Referendum and shall be held during said hours without intermission or adjournment. The voting precincts and polling places for each of such precincts shall be such precincts and polling places as established by law wholly or partially within the District.

Section 4. Ballot Question

The Election Commission is requested to conduct the Bond Referendum in accordance with South Carolina law. Upon approval by the Election Commission, the form of ballot to be used in the Bond Referendum and the instructions to voters appearing thereon shall be in substantially the form set forth at Appendix A below, with such other changes as may be deemed necessary by the Chairman of the Commission upon consultation with the executive director of the Election Commission.

Section 5. Voter Qualification

Every person offering to vote must be at least 18 years of age on the date of the Bond Referendum, must reside in the County and must be duly registered on the books of registration for the County as an elector in the precinct in which he or she resides and offers to vote on or before the date on which said books of registration are closed for the Bond Referendum, and

must present either a South Carolina driver's license, another form of identification containing a photograph issued by the Department of Motor Vehicles, a passport, a military identification card containing a photograph issued by the federal government, or a South Carolina voter registration card containing a photograph of the voter pursuant to Section 7-5-675 of the Code. If a voter cannot produce any type of the aforementioned identification at his designated precinct, the voter may cast a provisional ballot that is counted only if the voter brings a valid and current photograph identification to the Beaufort County Board of Elections and Voter Registration before the results of the election are certified.

Any registered elector who meets the requirements set forth in the preceding sentences and who has moved his or her place of residence within the County after the date on which said books of registration are closed for the Bond Referendum, but before the date of the Bond Referendum, shall be entitled to vote in his or her previous precinct of residence in the Bond Referendum.

Absentee ballots for the Bond Referendum shall be available at the County voter registration office. The books of registration shall be closed thirty (30) days prior to the Bond Referendum.

Section 6. Notice of Bond Referendum

A notice of the Bond Referendum (the "***Notice***"), substantially in the form set forth in Appendix B, shall be published in compliance with the provisions of Sections 7-13-35 and 4-15-50, of the Code of Laws of South Carolina 1976, as amended. The Chairman of the Commission shall be authorized to make such modifications or changes to the Notice as he shall deem necessary and the published version thereof shall constitute conclusive evidence of the approval of the Notice by the County Council.

The Election Commission is authorized to change any of the locations of polling places for the Bond Referendum in accordance with State law as deemed necessary or advisable. In the event of such change, appropriate changes are to be made to the Notice.

Section 7. Registration and the Election Commission

A certified copy of this Resolution shall be filed with the Election Commission, and the Election Commission is hereby requested as follows:

(a) to join in the action of the District in providing for the Notice and the ballot in substantially the form contained herein;
(b) to prescribe the form of ballot to be used in the Bond Referendum;
(c) to arrange for polling places for each precinct, or any part of a precinct within the District;
(d) to appoint Managers of Election;
(e) to provide a sufficient number of ballots or voting machines, as the case may be, for the Bond Referendum;

(f) to conduct the Bond Referendum, receive the returns thereof, canvass such returns, declare the results thereof, and certify such results to the County Council; and

(g) take other steps and prepare such other means as shall be necessary or required by law in order to properly conduct the Bond Referendum.

DONE AT BEAUFORT, SOUTH CAROLINA, this 12th day of June, 2017.

COUNTY COUNCIL OF BEAUFORT COUNTY

(SEAL)

BY: _____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

_____
Thomas J. Keaveny, II, Esquire
Beaufort County Attorney

Attest:

_____
Ashley M. Bennett, Clerk to Council

APPENDIX A
FORM OF BALLOT

OFFICIAL BALLOT FOR REFERENDUM
$5,500,000 OF GENERAL OBLIGATIONS BONDS
FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA
August 16, 2017

Precinct___
No._____

_____
Initials of Issuing Officer

OFFICIAL BALLOT FOR REFERENDUM
$5,500,000 OF GENERAL OBLIGATIONS BONDS
FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA
August 16, 2017

Question

Shall the Fripp Island Public Service District, located in Beaufort County, South Carolina (the "District"), be authorized to issue and sell, either as a single issue or as several separate issues, general obligation bonds of the District in an aggregate principal amount of not exceeding $5,500,000, the proceeds of which shall be applied to defray the costs (including architectural, engineering, legal and related expenses) of the following: (A) (i) the costs of repairing, reconstructing and mitigating certain District revetments and related infrastructure, and (ii) the costs of relocating and replacing certain water transmission and related infrastructure in connection with the replacement of the Harbor River Bridge; and (B) the costs of issuance of such bonds?

Yes, in favor of the question [ ]

No, opposed to the question [ ]

If you are in favor of the question, place a check or cross-mark in the square after the words "Yes, in favor of the question"; if you are opposed to the question, place a check or cross-mark in the square after the words "No, opposed to the question."

APPENDIX B
FORM OF NOTICE OF REFERENDUM

NOTICE OF REFERENDUM
$5,500,000 OF GENERAL OBLIGATION BONDS
FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA

NOTICE IS HEREBY GIVEN that a Referendum will be held in the Fripp Island Public Service District, South Carolina (the "District"), on August 16, 2017, for the purpose of submitting to all persons qualified to vote in the District pursuant to the Constitution and laws of the State of South Carolina, the following question:

Question

> Shall the Fripp Island Public Service District, located in Beaufort County, South Carolina (the "District"), be authorized to issue and sell, either as a single issue or as several separate issues, general obligation bonds of the District in an aggregate principal amount of not exceeding $5,500,000, the proceeds of which shall be applied to defray the costs (including architectural, engineering, legal and related expenses) of the following: (A) (i) the costs of repairing, reconstructing and mitigating certain District revetments and related infrastructure, and (ii) the costs of relocating and replacing certain water transmission and related infrastructure in connection with the replacement of the Harbor River Bridge; and (B) the costs of issuance of such bonds?
>
> Yes, in favor of the question [ ]
>
> No, opposed to the question [ ]
>
> If you are in favor of the question, place a check or cross-mark in the square after the words "Yes, in favor of the question"; if you are opposed to the question, place a check or cross-mark in the square after the words "No, opposed to the question."

The question is being submitted pursuant to Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended, Title 6, Chapter 11, Article 3 and Title 4, Chapter 15 of the Code of Laws of South Carolina 1976, as amended (the "South Carolina Code"), a resolution of the Commission of the District adopted on April 11, 2017, a resolution of the County Council of Beaufort County, South Carolina (the "County Council") adopted on June 12, 2017, and an ordinance of the County Council enacted on June 12, 2017. If a majority of the qualified electors of the District voting in the Referendum approve the issuance of not exceeding $5,500,000 of general obligations bonds of the District, such bonds may be issued by the District either at one time as a single issue or from time to time as several separate issues. As acknowledged in the Question, the proceeds of the bonds will be used for the purpose of defraying: (A) (i) the costs of repairing, reconstructing and mitigating certain District revetments

and related infrastructure, and (ii) the costs of relocating and replacing certain water transmission and related infrastructure in connection with the replacement of the Harbor River Bridge ((i) and (ii)) the "Projects"), and (B) the costs of issuance of the Bonds.

Every person offering to vote must be at least 18 years of age on the date of the Referendum, must reside in the County and must be duly registered on the books of registration for the County as an elector in the precinct in which he or she resides and offers to vote on or before the date on which said books of registration are closed for the Referendum, and must present either a South Carolina driver's license, another form of identification containing a photograph issued by the Department of Motor Vehicles, a passport, a military identification card containing a photograph issued by the federal government, or a South Carolina voter registration card containing a photograph of the voter pursuant to Section 7-5-675 of the South Carolina Code. If a voter cannot produce any type of the aforementioned identification at his designated precinct, the voter he may cast a provisional ballot that is counted only if the voter brings a valid and current photograph identification to the Beaufort County Department of Voter Registration and Elections before the results of the election are certified.

Any person wishing to register to vote in this election, if registering by mail, must either have such registration postmarked no later than 30 days prior to the Referendum, to the Beaufort County Board of Voter Registration and Elections, P.O. Drawer 1228, Beaufort, SC 29901-1228, or appear in person and register at the Beaufort County Board of Voter Registration, at 15 John Galt Road, Beaufort, SC 29906. Any registered elector who has moved his or her place of residence within the District after the date of the Referendum shall be entitled to vote in his or her previous precinct of residence in the Referendum; provided, however, in case any registered elector shall have moved from one precinct in the District within 30 days prior to August 16, 2017, and shall have surrendered his registration certificate and has received a new certificate, such elector may vote in the precinct provided by such new certificate. Persons who become of age during the 30 day period preceding the Referendum shall be entitled to register before the closing of the books if otherwise qualified.

Any person eligible to register to vote in the Referendum who has been discharged or separated from his service in the Armed Forces of the United States prior to August 16, 2017, and has returned home too late to register at the time when registration is required, is entitled to register for the purpose of voting in the Referendum after the discharge or separation from service, up to 5:00 p.m. on the day of the Referendum. This application for registration must be made at the office of the Beaufort County Board of Voter Registration and Elections, and if qualified, the person must be issued a registration notification stating the precinct in which he is entitled to vote and should be placed on the registration rolls of the precinct.

The polls shall be open from 7:00 a.m. until 7:00 p.m. at the polling places designated below and shall be open during those hours without intermission or adjournment. Appropriate vote recorders will be provided at the polling places for the casting of ballots on the aforesaid question. Managers of Election will be appointed by the Beaufort County Board of Voter Registration and Elections. The precincts (or portions thereof) within the District and locations of the several polling places for such Referendum are as follows:

Precinct	Location
Saint Helena 2C	Fripp Island Community Center 205 Tarpon Blvd. St. Helena Island SC 29920

Voters who are blind, who are otherwise physically handicapped, or who are unable to read or write are entitled to assistance in casting their ballot. This assistance may be given by anyone the voter chooses except for his employer, an agent of his employer, or an officer or agent of his union. The Managers of Election must be notified if assistance is needed. Voters who are unable to enter their polling place due to physical handicap or age may vote in the vehicle in which they drove, or where driven, to the polls. When notified, the Managers will help voters effectuate this curbside voting provision. Registered voters may be eligible to vote by absentee ballot. Persons wishing more information concerning absentee balloting should contact the Beaufort County Board of Voter Registration and Elections by telephone at (843) 255-6900 or email at voter@bcgov.net.

After the Referendum, the Beaufort County Board of Voter Registration and Elections shall hold a hearing on ballots challenged in the election at the office of the Beaufort County Board of Voter Registration and Elections located at 15 John Galt Road, Beaufort, SC 29906.

COUNTY COUNCIL OF BEAUFORT COUNTY

PURCHASING DEPARTMENT

106 Industrial Village Road, Bldg. 2, Post Office Drawer 1228
Beaufort, South Carolina 29901-1228

David L Thomas, Purchasing Director
dthomas@bcgov.net 843.255.2353

TO: Councilman Jerry Stewart, Chairman, Finance Committee

FROM: David L Thomas. CPPO. Purchasing Director

SUBJ: Sole Source Purchase
Recommendation for Contract Award for the Hilton Head Island Airport

DATE: 05/30/2017

BACKGROUND:

Hilton Head Island Airport is undertaking a project to extend Runway 3/21. Part of that project is the installation of an Engineered Materials Arresting System (EMAS) bed in the Extended Runway Safety Area. Engineered Arresting Systems Corporation d/b/a Zodiac Arresting Systems America (ZASA) is a sole source provider of the FAA-approved EMAS bed. ZASA will provide the EMAS block material, shipping, and on-site installation support. This project is being executed in accordance with the Hilton Head Island Airport Master Plan Phase I Implementation as directed by Beaufort County and Town of Hilton Head Councils in 2010 and is part of the scope of work that is included in the approved FAA Airport Improvement Program Grant 39 that was received in September 2016.

VENDOR INFORMATION:

Engineered Arresting Systems Corporation d/b/a Zodia Arresting System America (ZASA), Logan Township, NJ

COST:

$2,344,000

Insert Addition Vendor Info.

FUNDING:

90% via FAA AIP Grant 39, 5% through SCAC Grant 16-039 and 5% via Hilton Head Island Airport Capital Projects Fund.

Funding approved: Yes By: aholland Date: 05/30/2017

FOR ACTION: Finance Committee June 5, 2017

RECOMMENDATION:

Purchasing recommends that the Finance Committee approve and recommend to County Council the contract award to Zodiac Arresting Systems America (ZASA) in the amount of $2,344,000 for the procurement of EMAS material, shipping, and on-site installation support for the Hilton Head Island Airport.

Attachment: Recommendation Ltr Attachment HXD duel EMAS proposal 05302017.pdf 168.74 KB

cc: Gary Kubic, County Administrator
Approved: Select... Date:
Check to override approval: ☑ Overridden by: gkubic
Override Date: 05/30/2017

Joshua Gruber, Deputy County Administrator/Special Counsel
Approved: Yes Date: 05/30/2017
Check to override approval: ☐ Overridden by:
Override Date:

Alicia Holland, Assistant County Administrator, Finance
Approved: Yes Date: 05/30/2017

Colin Kinton Director, Transportation Engineering Divisio
Approved: Yes Date: 05/30/2017

Check to override approval: ☐ Overridden by: Override Date: ready for admin: ☑

Jon Rembold Director, Airports Department Approved: Yes Date: 05/30/2017

Check to override approval: ☐ Overridden by: Override Date: ready for admin: ☑

CC others

After Initial Submission, Use the Save and Close Buttons

ZODIAC ARRESTING SYSTEMS AMERICA
Aerosafety segment
Engineered Arresting Systems Corporation

ZODIAC AEROSPACE

May 17, 2017

Mr. Jon Rembold
Airports Director
Hilton Head Island Airport
120 Beach City RD
Hilton Head Island SC 29926

Subject: *Proposal for Production and Installation Support of an Engineered Material Arresting System (EMAS) on Runway 3-21*

Dear Jon :

Engineered Arresting Systems Corporation d/b/a Zodiac Arresting Systems America ("ZASA") is pleased to provide the attached proposal for the production and installation support of two Engineered Material Arresting Systems (EMAS) for Runways 3-21 at Hilton Head Island Airport. This proposal is based on the EMAS arrestor beds sizes of approximately 206 ft long x 120 ft wide for RW 3 departure end and approximately 210 ft long x 120 ft wide for RW 21 dep end. The bed sizes are based on fleet mix and RSA profiles from Talbert, Bright, & Ellington. Pricing provided also allows adjustment for size changes.

Since our standard lead-time is 6-9 months, we recommend that a contract be issued in the next month or two in order to provide adequate time for production and shipment to ensure start of installation for RW 3 dep end bed in October of 2017 and ensure a timely production slot for the RW 21 dep end bed install in the spring of 2018. We do have the ability to expedite the process when production is not at full capacity.

We thank you for the opportunity to provide this proposal, and look forward to working with you on this project.

Please do not hesitate to contact me at (856) 241-8620 x4459 or via email at trip.thomas@zodiacaerospace.com

Respectfully yours,

T. F. Thomas III

Regional Director

ZASA, EMAS Division

5/16/2017

FIRM FIXED PRICE PROPOSAL

EMAS Production and Installation Support
Hilton Head Island Airport

Engineered Arresting Systems Corporation d/b/a Zodiac Arresting Systems America ("ZASA"), EMAS Division, is pleased to offer the following firm-fixed price (FFP) proposal to produce and support the installation of two EMAS beds for the RSA improvements on RW 3-21 at Hilton Head Island Airport (HXD):

PHASE 1

Departure End of Runway 3
EMAS Size: 206 ft long x 120 ft wide bed, 393 ft setback from RW end

Production (1530 blocks @ $1,278.00 per each)	$1,955,380.00
Shipping (Logan Township, NJ to Airport)	$ 143,576.00
Installation Materials	$ 142,927.00
Installation Technical Support	$ 102,117.00
Total Price	$ 2,344,000.00

Above pricing is based on: (1) EMAS Bed size of approximately: 206 ft (51 Rows) long by 120 ft (30 Columns) wide comprised of a total of one thousand five hundred and thirty (1,530) 4-foot by 4-foot blocks for departure end of RW 3. Bed size is based on preliminary computer modeling to provide maximum performance in the current available runway end safety area space. This price will require adjustment if the final FAA/airport-approved design is different in size. Individual block pricing can be adjusted up or down based on a per block price of $1,278.00. Pricing for other components would be adjusted by percent of reduction or increase in bed size accordingly.

PHASE 2

Departure End of Runway 21
EMAS Size: 210 ft long x 120 ft wide bed, 389 ft setback from RW end

Production (1560 blocks @ $1,278 each)	$ 1,993,680.00
Shipping (Logan Township, NJ to Airport)	$ 147,836.00
Installation Materials	$ 144,654.00
Installation Technical Support	$ 102,230.00
Total Price	$ 2,388,400.00

Above pricing is based on: (1) EMAS Bed size of approximately: 210 ft (52 Rows) long by 120 ft (30 Columns) wide comprised of a total of one thousand-five hundred and thirty (1560) 4-foot by 4-foot blocks for departure end of RW 21. Bed size is based on preliminary computer modeling to provide maximum performance in the current available runway end safety area space. This price will require adjustment if the final FAA/airport-approved design is different in size. Individual block pricing can be adjusted up or down based on a per block price of (1,278.00). Pricing for other components would be adjusted by percent of reduction or increase in bed size accordingly.

Terms and Conditions:

Pricing quoted for this Project is contingent upon the Parties entering into a Contract with terms and conditions substantially similar to those stated herein. ZASA reserves the right to adjust pricing if there are any deviations from the stated terms and conditions.

Program schedule assumes execution of a contract for block production and installation support **on or before June 15, 2017** Execution beyond this date could result in program slippage.

- Order Execution for Phase 1 EMAS system: by **June 15, 2017**
- Delivery of blocks to Airport: 9-12 months (potential for earlier delivery)
- Installation: October 1, 2017 for RW 3 dep end
-
- Order Execution for Phase 2 EMAS system: by October 1, **2017**
- Delivery of blocks to Airport: 9-12 months (potential for earlier delivery)
- Installation: March 2018 for RW 21 dep end

Terms & Conditions

- Notice to proceed (NTP) is granted upon full execution of contract.

- This proposal is quoted firm-fixed price and valid for a period of ninety (90) days from proposal submittal date.

- Pricing is based on execution of a contract for production and installation support **on or before June 15, 2017 for Phase 1** and completion of the Phase 1 project by November 30, 2017 RW 3 dep end) and execution of a contract for production and installation support on or before October 1, 2017 for Phase 2 and completion of the Phase 2 project by April 30, 2018 (RW 21 dep end). Contract issued later or requiring installation beyond the dates identified above may require an upward price adjustment.

- ZASA shall supply, at no additional cost, sufficient spare blocks and installation materials to ensure that any items damaged in shipment or during installation do not adversely affect installation progress. Unused spare materials are the property of ZASA and will be returned to ZASA at no additional cost. Blocks damaged due to abuse and/or negligence on the part of the airport and/or its contractor shall be billed as additional cost at the per-block rate detailed above.

- Ship-in-Place. ZASA may, at its sole discretion, complete fabrication of some or all required EMAS blocks prior to required ship date to accommodate ZASA's production schedule and to ensure blocks are ready and available for installation as required.

Completed blocks allocated to the project and held at ZASA facilities for later shipment shall be considered delivered to the customer, with payment due in accordance to the terms of payment (see below) identical to terms for blocks shipped. Title and risk of loss shall transfer at the time of invoicing. Decision to ship or allocate completed blocks as stored material is solely at ZASA's discretion.

- No Disadvantaged Business Enterprise (DBE) participation has been included in the above price due to the complex nature of the production, installation, and shipping requirements. ZASA will make a commercially reasonable effort to promote DBE participation by soliciting DBE contractors. However, it is anticipated that any DBE content that may be available would be limited to shipping of blocks.

- No sales, use, or other taxes are included in the quoted price. If any taxes are applicable, airport shall be responsible for payment of said taxes.

- The proposed price assumes availability of eight (8) daylight hours per workday, for five (5) consecutive days per week exclusive of weekends. Significant deviations from this requirement may require a price adjustment for the installation support activities portion of this proposal.

- The airport authority shall provide space at the airport for block storage and staging (to park trucks, stage blocks) at no cost to ZASA. Extended storage fees ($2,50.00 per month FY17) could apply if installations are delayed from target installation dates (TBD-mutually agreed upon between ZASA and the airport authority).

- ZASA will provide a one (1) year limited commercial warranty against defects in materials and workmanship, provided ZASA supervises the installation of the EMAS and the installation is completed in accordance with ZASA standards (as validated and accepted by ZASA representatives upon completion of the installation). A copy of the warranty is attached. ZASA will not accept ANY liability, indemnity, consequential or incidental damages or warranty other than as stated in the ZASA warranty. See the attached warranty for details.

- ZASA will perform two (2) semi-annual EMAS inspections during the first year after installation. Inspections are included at no additional cost.

- **PAYMENT TERMS:**

Invoices will be submitted monthly in accordance with the following details. Payment in full is due Net 30 days from the date of invoice. Late payments shall accrue interest at a rate of 1.0% per month or portion thereof.

Production	- $1,278.00 (FY17) per block shipped or allocated (ship in place) less down payment

	allocation as detailed below.
Shipping	- Invoiced monthly based on percentage of shipping completed divided by total price
Installation Materials	- Invoiced based monthly based on materials manufactured or purchased and allocated to the Project (ship in place).
Technical Support	- Monthly based on percentage of completion of installation divided by total price

A down payment of 15% of the total estimated price for the EMAS blocks, or $300,969.00 (FY17) for Phase 1 (RW 3 dep end) and $299,052.00 for Phase 2 (RW 21 dep end) will be required with contract execution. This amount will be pro-rated over the total block price.

ORDINANCE NO. 2017-___

FY 2017-2018 BEAUFORT COUNTY AIRPORTS BUDGET (ENTERPRISE FUND)

An Ordinance adopting a Beaufort County Airports budget for the fiscal year beginning July 1, 2017 and ending June 30, 2018 (appropriations from the Beaufort County General Fund being unnecessary for the operations of the Airports).

WHEREAS Beaufort County Code of Ordinance Chapter 6 establishes the Beaufort County Airports Board (BCAB); and

WHEREAS the BCAB purpose includes advising County Council on financial matters, among other items, to ensure the economical, self-sufficiency of the County's Airports; and

WHEREAS the BCAB and the Airports Director establish the Airports' annual operations budget with the approval of County Council; and

WHEREAS the BCAB met on June 15, 2017, reviewed the proposed annual budget, and recommends approval of the operations budget attached hereto for both the Lady's Island Airport and the Hilton Head Island Airport.

BE IT ORDAINED BY COUNTY COUNCIL OF BEAUFORT COUNTY:

SECTION 1. The Beaufort County Airports consists of both the Lady's Island Airport and the Hilton Head Island Airport.

SECTION 2. Each airport collects fees for services including, but not limited to, parking fees, sale of fuel, landing fees, parking/tie-down fees, ramp use fees and hangar rental fees.

SECTION 3. The BCAB provides advice and recommendation regarding the airports' operations budget. The BCAB recommends approval of the attached operations budgets.

SECTION 4. AIRPORT OPERATIONS BUDGET

An amount of $546,308.00 for the operations of the Lady's Island Airport and an amount of $1,729,400 for the operations of the Hilton Head Island Airport as shown on the attached "**AIRPORTS FUND – LADY'S ISLAND AND HILTON HEAD ISLAND AIRPORTS**" is hereby approved by Beaufort County Council.

SECTION 5. BUDGETARY ACCOUNT BREAKOUT

The line-item budgets attached hereto and recommended by the BCAB for FY 2017-2018 are incorporated herein by reference and shall be part and parcel of this Ordinance.

SECTION 6. EFFECTIVE DATE

This Ordinance shall be effective July 1, 2017. Approved and adopted on third and final reading this ____th day of _____, 2017.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY:_____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

_____
Thomas J. Keaveny, II, Esquire
Beaufort County Attorney

ATTEST:

_____
Ashley Bennett, Clerk to Council

First Reading, By Title Only: May 22, 2017
Second Reading:
Public Hearing:
Third and Final Reading:

AIRPORTS FUND – LADY'S ISLAND AND HILTON HEAD ISLAND AIRPORTS

The Beaufort County Department of Airports Fund is used to accumulate the revenues and expenses related to the operation of the county's two airports. Operations are financed primarily with fees collected for services, leases, grants, and other airport related services. The revenues, expenses and retained earnings are reported in the Proprietary Fund for annual financial reporting purposes.

AIRPORT TERMINOLOGY

The following abbreviations are referenced throughout the Airport Enterprise Fund. These are standard abbreviations used in the industry.

1. FBO – Fixed Based Operations
2. PFC – Passenger Facility Charges
3. FAA – Federal Aviation Administration
4. SCAC – South Carolina Aeronautical Commission
5. ATCT – Air Traffic Control Tower
6. GA – General Aviation
7. ARFF – Aircraft Rescue and Firefighting
8. AIP – Airport Improvement Plan

BEAUFORT COUNTY DEPARTMENT OF AIRPORTS

The Department of Airports, operating as an Enterprise Fund, is responsible for planning, developing, operating and maintaining two (2) airports under the jurisdiction of Beaufort County: Beaufort County Airport on Lady's Island (ARW) and Hilton Head Island Airport (HXD). The Department is responsible for administering all aeronautical activities as required by the Federal, State, County and local laws, regulations, ordinances and statues. It is responsible for the positive growth of all aeronautical activities and development of all airports under its jurisdiction in the county. It is responsible for normal and emergency operations, security and maintenance at all Beaufort County airports. It provides for fueling services for general aviation and commercial aircraft at HXD through its FBO, Signature Flight Support. It is responsible for the administration of all contracts and agreements entered into by Beaufort County for use and support of all airport facilities within the Beaufort County Airport System.

GOALS AND OBJECTIVES

The Department's objective is to operate an airport system that is efficient yet maximizes both the internal and external customer expectations. In the coming year the Department of Airports will launch several critical construction projects which will allow the airport system to continue operating efficiently and safely. Each scheduled project is strategically timed to meet projected activity forecasts within the approved budget while maintaining full compliance with all FAA requirements. Further, it is the goal of the Department to complete ongoing and initiate new projects in accordance with the approved master plan for each airport in an effort to continue the development of all airports.

The Department will also continue to take a lead role to further maintain and improve air service levels at Hilton Head Island Airport with the goal of "expanding the brand" of Hilton Head Island to new, non-stop markets through new carrier attraction efforts as well as fostering new, expanded opportunities with its existing airline partners. Recognizing the airports position as one of the key economic engines in the Lowcountry, the Department will:

- Work to maintain a reasonable, fair, market based and competitive fee structure for all services provided to its customers and the public, and
- Provide a sound financial foundation to support the County's airport system development needs, and
- Work toward an overall goal of making each airport within the airport system financially self-sufficient.

BEAUFORT COUNTY AIRPORT - LADY'S ISLAND

	FY 2016 Actual	FY 2017 Approved Budget	FY 2017 Actual to Date 4/30/2017	*FY 2018 Proposed Budget*
Operating Revenues				
Fuel and Oil Sales	$ 380,110	$ 395,000	$ 337,175	*$ 395,000*
Operating Agreements/Concessions	5,745	8,350	4,324	*8,350*
Landing Fees	10,885	11,000	11,080	*11,000*
Rental Income	133,011	131,958	121,551	*131,958*
Total Operating Revenues	529,751	546,308	474,130	*546,308*
Non-Operating Revenues				
Federal and State Grants	260,646	160,000	76,119	*160,000*
Interest Income	125	-	-	-
Total Revenues	**$ 790,522**	**$ 706,308**	**$ 550,249**	***$ 706,308***
Operating Expenses				
Costs of Sales and Services	228,618	245,000	221,089	*245,000*
Salaries and Benefits	137,035	148,229	116,225	*148,229*
Purchased/Contractual Services	106,314	129,967	28,676	*129,967*
Supplies	7,588	13,112	8,080	*13,112*
Depreciation	61,190	60,000	40,590	*60,000*
Total Operating Expenses	540,745	596,308	414,660	*596,308*
Non-Operating Expenses				
Capital Projects	357,813	110,000	90,785	*110,000*
Capital Equipment	-	-	-	-
Total Expenses	**$ 898,558**	**$ 706,308**	**$ 505,445**	***$ 706,308***
Change in Net Position	(108,036)	-	44,804	-
Net Position, Beginning July 1,	3,378,839	3,270,803	3,270,803	*3,270,803*
Net Position, Ending June 30,	**$ 3,270,803**	**$ 3,270,803**	**$ 3,315,607**	***$ 3,270,803***
Authorized Positions				
Full Time	1	1	1	*1*
Part Time	5	5	5	*5*

	FY 2016 Actual	FY 2017 Approved Budget	FY 2017 Actual to Date 4/30/2017	*FY 2018 Proposed Budget*
Operating Revenues				
Fixed Based Operator Revenue	$ 296,178	$ 369,592	$ 251,208	*$ 369,592*
Operating Agreements/Concessions	412,180	480,300	321,336	*480,300*
Firefighting/Security Fees	281,731	282,100	234,776	*282,100*
Passenger Facility Charges	134,238	150,000	111,762	*150,000*
Parking/Taxi Fees	28,005	55,000	15,692	*55,000*
Landing Fees	61,589	105,000	42,494	*105,000*
Rental Income	382,920	376,242	313,990	*376,242*
Miscellaneous/Other	41,640	42,300	34,795	*42,300*
Total Operating Revenues	1,638,481	1,860,534	1,326,053	*1,860,534*
Non-Operating Revenues				
Federal and State Grants	9,587,027	6,500,000	6,477,755	*6,500,000*
Interest Income	6,009	-	356	-
Total Revenues	**$ 11,231,517**	**$ 8,360,534**	**$ 7,804,163**	**$ 8,360,534**
Operating Expenses				
Salaries and Benefits	1,089,772	883,132	753,946	*909,626*
Purchased/Contractual Services	369,763	483,023	375,911	*487,853*
Supplies	30,585	76,860	34,396	*76,860*
Depreciation	564,792	575,000	416,265	*575,000*
Total Operating Expenses	2,054,912	2,018,015	1,580,518	*2,049,339*
Non-Operating Expenses				
Capital Projects	6,092,626	5,500,000	6,125,702	*5,500,000*
Capital Equipment	72,977	50,000	35,981	*50,000*
Interest Expense	91,798	87,845	66,260	*83,787*
Total Expenses	**$ 8,312,313**	**$ 7,655,860**	**$ 7,808,461**	***$ 7,683,126***
Change in Net Position	2,919,204	704,674	(4,298)	*677,408*
Net Position, Beginning July 1,	14,279,690	17,198,894	17,198,894	*17,903,568*
Net Position, Ending June 30,	**$ 17,198,894**	**$ 17,903,568**	**$ 17,194,596**	***$ 18,580,976***
Authorized Positions				
Full Time (see below)	16	13	13	*13*
Part Time	0	0	0	*0*
Full Time Positions Include:				
Airport Director	1	1	1	*1*
Airport Support Staff	3	3	3	*3*
Airport Firefighters	9	9	9	*9*
Law Enforcement Officers	3	0	0	*0*

BEAUFORT COUNTY, SOUTH CAROLINA

PROPRIETARY FUNDS

The Proprietary Funds are different in purpose from the government funds and designed to be like business financial reporting. Since they are like business accounting, records are kept on activities regardless of the duration of the activity. The idea is to determine if the fund is breaking even considering all activities by using accrual accounting.

The County's Proprietary Funds consist of the Stormwater Management Utility Fund, Beaufort County Airport located on Lady's Island and Hilton Head Island Airport.

STORMWATER MANAGEMENT UTILITY FUND

The Stormwater Utility was established by County Ordinance 16 years ago and its activities are guided by a Comprehensive Master Plan completed in 2006, the minimum control measures outlined in the County's 2015 permit under the National Pollutant Discharge Elimination System (NPDES) program and advised by a Stormwater Management Utility Board. Requirements concerning Stormwater Systems are found in the County's Community Development Code (CDC) and the design criteria found in our Best Management Practices Manual.

The Utility partners with the City of Beaufort, and the Towns of Bluffton, Port Royal, and Hilton Head Island through local intergovernmental agreements. The fees that are collected within a municipality's jurisdiction are then distributed back to the municipality. Each political jurisdiction has an individual stormwater utility, which is a separate fund and a dedicated revenue source for funding activities and programs related to stormwater management. The jurisdictions coordinate on the utility administration element of their programs and share some services to achieve greater efficiencies, but the programs are separate and are managed within each jurisdiction's local government.

The County has been designated as a municipal separate storm sewer system (MS4) and in 2015 the County began to be permitted under the federal Environmental Protection Agency's (EPA) National Pollutant Discharge Elimination System (NPDES) program. Compliance with this permit will be expensive in the coming years and the County will have mounting costs to maintain an aging infrastructure. Beginning in 2015, the County has increased its rates and shifted to an updated stormwater utility fee rate structure to achieve the fairest distribution of utility costs among ratepayers, the best use of available data, and a level of revenue sufficient to achieve program needs and requirements.

The County maintains some larger drainage infrastructure within each of the four municipalities in addition to the unincorporated area. Previously the maintenance of the infrastructure within the four municipalities was limited in the incorporated areas because funding levels, supported by the unincorporated ratepayers only, were insufficient. In 2015, the County began collecting a County-wide Infrastructure fee from ratepayers within the incorporated areas to distribute the County's costs for county-wide infrastructure maintenance across all the unincorporated and incorporated areas of the County based on linear feet of pipes and open ditches in each jurisdiction.

STORMWATER MANAGEMENT UTILITY TERMINOLOGY

The following abbreviations are referenced throughout the Stormwater Management Utility Enterprise Fund. These are standard abbreviations used in the industry.

1. MS4 – Municipal Separate Storm Sewer System
2. EPA – Environmental Protection Agency
3. NPDES – National Pollutant Discharge Elimination System
4. SFR – Single Family Residential
5. IA – Impervious Area Unit of billing
6. GA – Gross Area (or Acreage) Unit of billing
7. SWU – Stormwater Utility
8. CWI – Countywide Infrastructure
9. BMP – Best Management Practices

STORMWATER MANAGEMENT UTILITY

	FY 2016 Actual	FY 2017 Approved Budget	FY 2017 Actual to Date 4/30/2017	*FY 2018 Proposed Budget*
Operating Revenues				
Stormwater Utility Fees	$ 4,924,194	$ 5,130,837	$ 4,728,020	*$ 5,125,714*
Stormwater Infrastructure Fees	467,476	560,231	537,886	*593,237*
Stormwater Utility Project Billings	1,492	201,691	284,778	*94,531*
Miscellaneous/Other Revenue	1,995	-	1,897	-
Total Operating Revenues	5,395,157	5,892,759	5,552,581	*5,813,482*
Non-Operating Revenues				
Bond Proceeds	-	-	-	*5,000,000*
Interest Income	8,576	864	-	*2,500*
Total Revenues	**$ 5,403,733**	**$ 5,893,623**	**$ 5,552,581**	***$ 10,815,982***
Operating Expenses				
Salaries and Benefits	2,251,707	2,582,002	1,731,134	*2,791,762*
Purchased/Contractual Services	976,444	1,905,427	790,142	*891,632*
Supplies	240,278	354,681	258,873	*359,299*
Depreciation	177,626	301,972	166,667	*311,860*
Total Operating Expenses	3,646,055	5,144,082	2,946,815	*4,354,553*
Non-Operating Expenses				
Capital Projects	-	-	-	*2,415,950*
Capital Equipment	-	1,050,490	97,239	*963,650*
Total Expenses	**$ 3,646,055**	**$ 6,194,572**	**$ 3,044,055**	***$ 7,734,153***
Authorized Positions	45	50	50	*54*

STORMWATER MANAGEMENT UTILITY PERFORMANCE MEASURES/OPERATING INDICATORS

Billable accounts database, collection rates
Stormwater Utility revenue comes from user fees billed annually in conjunction with the property tax bill. A user fee, different from a tax, is based on measurable units including impervious area (hard surfaces) and acreage. Since it is a user fee, all properties pay fees, including churches, schools, and government agencies. The only exceptions are rights-of-way for roads, boat slips, railroad, and submerged properties. This fair and equitable system directly related fee for service.

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The cost of stormwater management is largely focused on operations and maintenance of the current system. In order to determine the cost of our service we must have an inventory of the system. Staff continually surveys our pipes, ditches, detention ponds, and other features to populate a GIS map and database.

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PubWorks is a project management software that is used to estimate project costs and track progress. Each O&M project is defined within PubWorks to determine an estimate of manpower, equipment, and materials. During construction, the estimate is replaced with the actual hours, quantities, and cost. That data is then used to estimate production rates that once applied to the GIS mapping inventory, gives the department a projected cost of service annually.

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The goal of the Stormwater Utility is to maintain and improve the health of our waters. Monitoring is the means to document our progress towards our goals. The County has developed a monitoring program in conjunction with USCB and routinely samples and studies the watersheds of the County. The results of monitoring are incorporated into the Master Plan, reported annually to DHEC, and documented within the GIS mapping.

The Stormwater Utility Board is made up of appointed representatives selected by County Council and the four municipalities partnered with the County. The Board meets monthly in which all these Performance Measures and Operating Indicators are reported to the public.

STORMWATER MANAGEMENT UTILITY CAPITAL PROJECTS

The following chart is a list of current capital projects in the 5 year plan. Unless noted otherwise, all projects are funded solely by the Stormwater Utility.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
SC170/Okatie West Land $300K/Design $120K	1,210,000	-	-	-	-	-	-	**$ 1,210,000**
Buckingham Plantation	276,450	276,450	-	-	-	-	-	**$ 552,900**
Brewer Memorial Park Demonstration Wet Pond Porject Feasibility $9.5K/Design $20K/Construction $50K	29,500	50,000	-	-	-	-	-	**$ 79,500**
Factory Creek M2 Phase I ($200K Design/$340K ROW/$1.2M Construction)	100,000	170,000	-	600,000	-	-	-	**$ 870,000**
Factory Creek M2 Phase II ($200K Design/$340K ROW/$1.2M Construction)	-	170,000	-	600,000	-	-	-	**$ 770,000**
Salt Creek South M1 ($245K Design/$400K ROW/$1.4M Construction	245,000	400,000	1,400,000	-	-	-	-	**$ 2,045,000**
Shanklin Road M2 ($330K Design/ $660K ROW/$2.35K Construction	330,000	660,000	-	2,350,000	-	-	-	**$ 3,340,000**
Grober Hill M2 ($225K Design/$900K ROW/$1.4M Construction)	225,000	-	900,000	-	1,400,000	-	-	**$ 2,525,000**
Camp St. Mary M2 ($342K Design/$165K ROW/$3.25M Construction)	-	-	-	342,000	165,000	3,250,000	-	**$ 3,757,000**
Battery Creek West M1($375K Design/$165K ROW/$3.6M Construction)	-	-	-	-	375,000	165,000	3,600,000	**$ 4,140,000**
Paige Point Overtopping Design $30K/$305K Construction	-	-	-	-	-	30,000	305,000	**$ 335,000**
	$ 2,415,950	$ 1,726,450	$ 2,300,000	$ 3,892,000	$ 1,940,000	$ 3,445,000	$ 3,905,000	**$19,624,400**

AIRPORTS FUND – BEAUFORT COUNTY (LADY'S ISLAND) AND HILTON HEAD ISLAND AIRPORTS

The Beaufort County Department of Airports Fund is used to accumulate the revenues and expenses related to the operation of the county's two airports. Operations are financed primarily with fees collected for services, leases, grants, and other airport related services. The revenues, expenses and retained earnings are reported in the Proprietary Fund for annual financial reporting purposes.

AIRPORT TERMINOLOGY

The following abbreviations are referenced throughout the Airport Enterprise Fund. These are standard abbreviations used in the industry.

10. FBO – Fixed Based Operations
11. PFC – Passenger Facility Charges
12. FAA – Federal Aviation Administration
13. SCAC – South Carolina Aeronautical Commission
14. ATCT – Air Traffic Control Tower
15. GA – General Aviation
16. ARFF – Aircraft Rescue and Firefighting
17. AIP – Airport Improvement Plan

BEAUFORT COUNTY DEPARTMENT OF AIRPORTS

The Department of Airports, operating as an Enterprise Fund, is responsible for planning, developing, operating and maintaining two (2) airports under the jurisdiction of Beaufort County: Beaufort County Airport on Lady's Island (ARW) and Hilton Head Island Airport (HXD). The Department is responsible for administering all aeronautical activities as required by the Federal, State, County and local laws, regulations, ordinances and statues. It is responsible for the positive growth of all aeronautical activities and development of all airports under its jurisdiction in the county. It is responsible for normal and emergency operations, security and maintenance at all Beaufort County airports. It provides for fueling services for general aviation and commercial aircraft at HXD through its FBO, Signature Flight Support. It is responsible for the administration of all contracts and agreements entered into by Beaufort County for use and support of all airport facilities within the Beaufort County Airport System.

GOALS AND OBJECTIVES

The Department's objective is to operate an airport system that is efficient yet maximizes both the internal and external customer expectations. In the coming year the Department of Airports will launch several critical construction projects which will allow the airport system to continue operating efficiently and safely. Each scheduled project is strategically timed to meet projected activity forecasts within the approved budget while maintaining full compliance with all FAA requirements. Further, it is the goal of the Department to complete ongoing and initiate new projects in accordance with the approved master plan for each airport in an effort to continue the development of all airports.

The Department will also continue to take a lead role to further maintain and improve air service levels at Hilton Head Island Airport with the goal of "expanding the brand" of Hilton Head Island to new, non-stop markets through new carrier attraction efforts as well as fostering new, expanded opportunities with its existing airline partners. Recognizing the airports position as one of the key economic engines in the Lowcountry, the Department will:

- Work to maintain a reasonable, fair, market based and competitive fee structure for all services provided to its customers and the public, and
- Provide a sound financial foundation to support the County's airport system development needs, and
- Work toward an overall goal of making each airport within the airport system financially self-sufficient.

BEAUFORT COUNTY AIRPORT - LADY'S ISLAND

	FY 2016 Actual	FY 2017 Approved Budget	FY 2017 Actual to Date 4/30/2017	*FY 2018 Proposed Budget*
Operating Revenues				
Fuel and Oil Sales	$ 380,110	$ 395,000	$ 337,175	*$ 395,000*
Operating Agreements/Concessions	5,745	8,350	4,324	*8,350*
Landing Fees	10,885	11,000	11,080	*11,000*
Rental Income	133,011	131,958	121,551	*131,958*
Total Operating Revenues	529,751	546,308	474,130	*546,308*
Non-Operating Revenues				
Federal and State Grants	260,646	160,000	76,119	*160,000*
Interest Income	125	-	-	-
Total Revenues	**$ 790,522**	**$ 706,308**	**$ 550,249**	***$ 706,308***
Operating Expenses				
Costs of Sales and Services	228,618	245,000	221,089	*237,000*
Salaries and Benefits	137,035	148,229	116,225	*143,654*
Purchased/Contractual Services	106,314	129,967	28,676	*97,243*
Supplies	7,588	13,112	8,080	*9,987*
Depreciation	61,190	60,000	40,590	*60,000*
Total Operating Expenses	540,745	596,308	414,660	*547,885*
Non-Operating Expenses				
Capital Projects	357,813	110,000	90,785	*110,000*
Capital Equipment	-	-	-	-
Total Expenses	**$ 898,558**	**$ 706,308**	**$ 505,445**	***$ 657,885***
Authorized Positions				
Full Time	1	1	1	*1*
Part Time	5	5	5	*5*

HILTON HEAD ISLAND AIRPORT

	FY 2016 Actual	FY 2017 Approved Budget	FY 2017 Actual to Date 4/30/2017	*FY 2018 Proposed Budget*
Operating Revenues				
Fixed Based Operator Revenue	$ 296,178	$ 369,592	$ 251,208	*$ 350,000*
Operating Agreements/Concessions	412,180	480,300	321,336	*450,000*
Firefighting/Security Fees	281,731	282,100	234,776	*282,100*
Passenger Facility Charges	134,238	150,000	111,762	*150,000*
Parking/Taxi Fees	28,005	55,000	15,692	*30,000*
Landing Fees	61,589	105,000	42,494	*75,000*
Rental Income	382,920	376,242	313,990	*350,000*
Miscellaneous/Other	41,640	42,300	34,795	*42,300*
Total Operating Revenues	1,638,481	1,860,534	1,326,053	*1,729,400*
Non-Operating Revenues				
Federal and State Grants	9,587,027	6,500,000	6,477,755	*6,500,000*
Interest Income	6,009	-	356	-
Total Revenues	**$ 11,231,517**	**$ 8,360,534**	**$ 7,804,163**	**$ 8,229,400**
Operating Expenses				
Salaries and Benefits	1,089,772	883,132	753,946	*909,626*
Purchased/Contractual Services	369,763	483,023	375,911	*487,853*
Supplies	30,585	76,860	34,396	*50,000*
Depreciation	564,792	575,000	416,265	*570,000*
Total Operating Expenses	2,054,912	2,018,015	1,580,518	*2,017,479*
Non-Operating Expenses				
Capital Projects	6,092,626	5,500,000	6,125,702	*5,500,000*
Capital Equipment	72,977	50,000	35,981	*50,000*
Interest Expense	91,798	87,845	66,260	*83,787*
Total Expenses	**$ 8,312,313**	**$ 7,655,860**	**$ 7,808,461**	***$ 7,651,266***
Authorized Positions				
Full Time (see below)	15	12	12	12
Part Time	0	0	0	*0*
Full Time Positions Include:				
Airport Director	1	1	1	*1*
Airport Support Staff	4	4	4	*4*
Airport Firefighters	7	7	7	*7*
Law Enforcement Officers	3	0	0	*0*

AIRPORT IMPROVEMENT PROJECTS

FY 2017-2018 Project Narratives

HXD – Runway 21 Extension

The Airport Master Plan that was approved by a joint Resolution of Beaufort County Council and Town of Hilton Head Island Council in 2010 provided for the execution of several Federal Aviation Administration (FAA) safety projects. This project is one such project and involves the extension of Runway 21, Taxiway "A", and Taxiway "F" by approximately 403 feet. The project also involves the restoration of the existing displaced threshold of 300 feet.

Estimated Cost:	$6,142,577
FAA Cost:	$5,528,319
SCAC Cost:	$307,129
HXD Cost:	$307,129

HXD – Taxiway "F" Infield Drainage Improvements

This project is being executed in conjunction with the Runway 21 Extension Project. This is another FAA-mandated safety project and will remove a deep drainage ditch that parallels the runway and runs the length of the airfield. Its existing condition poses a hazard due to its depth and steep side slopes as well as the fact that it is habitat for wildlife hazards. The project will replace the deep ditch with a shallow swale while the stormwater drainage detention and treatment will be handled via an underground drainage system consisting of arched chambers.

Estimated Cost:	$5,323,550
FAA Cost:	$4,791,194
SCAC Cost:	$266,178
HXD Cost:	$266,178

HXD – Runway 21 Engineered Materials Arresting System (EMAS)

Compliance with FAA extended runway safety area requirements will be accomplished by installing an EMAS bed at the north extent of the runway extension project. EMAS is made up of jet blast resistant, lightweight, crushable cellular cement blocks that are designed to safely stop airplanes that experience an emergency that results in their entering the extended runway safety area. EMAS safely and effectively stops airplanes which greatly enhances life safety and reduces damage to the airplane.

Estimated Cost:	$4,000,000
FAA Cost:	$3,600,000
SCAC Cost:	$200,000
HXD Cost:	$200,000

AIRPORT IMPROVEMENT PROJECTS

FY 2017-2018 Project Narratives (continued)

HXD – Runway 03 Extension

The Runway 03 Extension Project represents the south runway portion of the FAA-mandated safety project that was part of the 2010 Airport Master Plan. The project will extend Runway 03, Taxiway "A", and Taxiway "F" by approximately 297 feet. The project also involves the restoration of the existing displaced threshold of 300 feet and the realignment of Taxiway "F" to eliminate the "dogleg" that currently exists.

Estimated Cost:	$8,841,596
FAA Cost:	$7,957,436
SCAC Cost:	$442,080
HXD Cost:	$442,080

HXD – Runway 03 Engineered Materials Arresting System (EMAS)

Compliance with FAA extended runway safety area requirements will be accomplished by installing an EMAS bed at the south extent of the runway extension project. EMAS is made up of jet blast resistant, lightweight, crushable cellular cement blocks that are designed to safely stop airplanes that experience an emergency that results in their entering the extended runway safety area. EMAS safely and effectively stops airplanes which greatly enhances life safety and reduces damage to the airplane.

Estimated Cost:	$4,000,000
FAA Cost:	$3,600,000
SCAC Cost:	$200,000
HXD Cost:	$200,000

HXD – Property Acquisition

There are multiple properties adjacent to the airport of which HXD will need to acquire portions. This need became apparent during the detailed survey and engineering design phase of the Runway 03 Extension Project. Three properties are impacted due to the "footprint" of the grading solution for the project. One property is impacted due to a change in FAA standards which requires a new location for the Localizer DME guidance equipment. Based on the revised FAA standard, the requirement for separation of the guidance equipment from the Extended Runway Safety Area has increased, causing the proposed location of the equipment to fall off airport property.

AIRPORT IMPROVEMENT PROJECTS

FY 2017-2018 Project Narratives (continued)

ARW – Runway 07 Offsite Obstruction Removal (Design and Bidding)

In accordance with the approved Master Plan and in keeping with FAA airport safety and design standards, this project provides for the design of a project to remove obstructions from the aircraft navigational surfaces at the Runway 07 end of Beaufort County Airport. This project also includes the bidding phase upon completion of the project design.

Estimated Cost:	$130,230
FAA Cost:	$117,207
SCAC Cost:	$6,512
ARW Cost:	$6,512

ARW – Environmental Assessment (EA) – Runway Safety Area Improvements, Partial Parallel Taxiway Extension, Ramp Expansion, and Fuel Farm Relocation

This project is the initial step in the future construction of the subject projects. Each project is included in the Airport Master Plan and is being considered so the airport can be brought up to date with current FAA safety and design standards. An Environmental Assessment is required due to the proximity of the airport to nearby residential development and to the sensitive saltwater marsh. Tasks include coordination with local, state, and federal agencies, environmental inventory, evaluation, and analysis, and the drafting of the required environmental documentation. Also required during the EA process is the advertisement and conduct of a public hearing and a compilation and evaluation of any comments submitted by the public. Following these steps, the final environmental document is drafted and submitted to the FAA for review and issuance of the Finding of No Significant Impact (FONSI).

Estimated Cost:	$264,268
FAA Cost:	$237,841
SCAC Cost:	$13,214
ARW Cost:	$13,214

ORDINANCE NO. 2017-___

FY 2017-2018 BEAUFORT COUNTY STORMWATER MANAGEMENT UTILITY BUDGET (ENTERPRISE FUND)

An Ordinance adopting a Beaufort County Stormwater Management Utility budget for the fiscal year beginning July 1, 2017 and ending June 30, 2018 (appropriations from the Beaufort County General Fund being unnecessary for the operations of the Stormwater Management Utility).

WHEREAS Beaufort County Code of Ordinance Chapter 99 establishes the Beaufort County Stormwater Management Utility and specifically Sec. 99-116 establishes the Beaufort County Stormwater Management Utility Board (SWMUB); and

WHEREAS the SWMUB purpose includes advising and recommending to County Council appropriate funding levels for the provision of stormwater management services; and

WHEREAS the SWMUB and stormwater utility staff establish the stormwater management services for residential, commercial, industrial and governmental entities within Beaufort County based on the collection of fees as established by Beaufort County Ordinance and with the approval of County Council; and

WHEREAS the SWMUB met on April 19, 2017, reviewed the proposed annual budget, and recommends approval of the 2017-18 operations budget attached hereto for Stormwater Utility Management services and programs.

BE IT ORDAINED BY COUNTY COUNCIL OF BEAUFORT COUNTY:

SECTION 1. The Beaufort County SWMUB is charged with advising County Council and making recommendations for appropriate funding levels for stormwater utility management operations budget.

SECTION 2. Stormwater fees are collected in accordance with County ordinance and such fees are enterprise funds, separate and apart from the Beaufort County General Fund.

SECTION 3. The SWMUB recommends approval of the attached operations budgets for the performance of stormwater management utility operations.

SECTION 4. STORMWATER MANAGEMENT UTILITY BUDGET

An amount of $5,813,482.00 for the operations of the Stormwater Management Utility services and programs as shown on the attached Exhibit "**Stormwater Management Utility Operations Budget for Fiscal Year 2017-18**" is hereby approved.

SECTION 5. BUDGETARY ACCOUNT ATTACHED

The line-item budgets attached hereto and recommended by the SWMUB for FY 2017-2018 are incorporated herein by reference and shall be part and parcel of this Ordinance.

SECTION 6. EFFECTIVE DATE

This Ordinance shall be effective July 1, 2017. Approved and adopted on third and final reading this ____ day of _____, 2017.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY:_____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

_____
Thomas J. Keaveny, II, Esquire
Beaufort County Attorney

ATTEST:

_____
Ashley Bennett, Clerk to Council

First Reading, By Title Only: May 22, 2017
Second Reading:
Public Hearing:
Third and Final Reading:

Stormwater Management Utility Operations Budget for Fiscal Year 2017-18

PROPRIETARY FUNDS

The Proprietary Funds are different in purpose from the government funds and designed to be like business financial reporting. Since they are like business accounting, records are kept on activities regardless of the duration of the activity. The idea is to determine if the fund is breaking even considering all activities by using accrual accounting.

STORMWATER MANAGEMENT UTILITY FUND

The Stormwater Utility was established by County Ordinance 16 years ago and its activities are guided by a Comprehensive Master Plan completed in 2006, the minimum control measures outlined in the County's 2015 permit under the National Pollutant Discharge Elimination System (NPDES) program and advised by a Stormwater Management Utility Board. Requirements concerning Stormwater Systems are found in the County's Community Development Code (CDC) and the design criteria found in our Best Management Practices Manual.

The Utility partners with the City of Beaufort, and the Towns of Bluffton, Port Royal, and Hilton Head Island through local intergovernmental agreements. The fees that are collected within a municipality's jurisdiction are then distributed back to the municipality. Each political jurisdiction has an individual stormwater utility, which is a separate fund and a dedicated revenue source for funding activities and programs related to stormwater management. The jurisdictions coordinate on the utility administration element of their programs and share some services to achieve greater efficiencies, but the programs are separate and are managed within each jurisdiction's local government.

The County has been designated as a municipal separate storm sewer system (MS4) and in 2015 the County began to be permitted under the federal Environmental Protection Agency's (EPA) National Pollutant Discharge Elimination System (NPDES) program. Compliance with this permit will be expensive in the coming years and the County will have mounting costs to maintain an aging infrastructure. Beginning in 2015, the County has increased its rates and shifted to an updated stormwater utility fee rate structure to achieve the fairest distribution of utility costs among ratepayers, the best use of available data, and a level of revenue sufficient to achieve program needs and requirements.

The County maintains some larger drainage infrastructure within each of the four municipalities in addition to the unincorporated area. Previously the maintenance of the infrastructure within the four municipalities was limited in the incorporated areas because funding levels, supported by the unincorporated ratepayers only, were insufficient. In 2015, the County began collecting a County-wide Infrastructure fee from ratepayers within the incorporated areas to distribute the County's costs for county-wide infrastructure maintenance across all the unincorporated and incorporated areas of the County based on linear feet of pipes and open ditches in each jurisdiction.

STORMWATER MANAGEMENT UTILITY TERMINOLOGY

The following abbreviations are referenced throughout the Stormwater Management Utility Enterprise Fund. These are standard abbreviations used in the industry.

1. MS4 – Municipal Separate Storm Sewer System
2. EPA – Environmental Protection Agency
3. NPDES – National Pollutant Discharge Elimination System
4. SFR – Single Family Residential
5. IA – Impervious Area Unit of billing
6. GA – Gross Area (or Acreage) Unit of billing
7. SWU – Stormwater Utility
8. CWI – Countywide Infrastructure
9. BMP – Best Management Practices

STORMWATER MANAGEMENT UTILITY

	FY 2016 Actual	FY 2017 Approved Budget	FY 2017 Actual to Date 4/30/2017	*FY 2018 Proposed Budget*
Operating Revenues				
Stormwater Utility Fees	$ 4,924,194	$ 5,130,837	$ 4,728,020	*$ 5,125,714*
Stormwater Infrastructure Fees	467,476	560,231	537,886	*593,237*
Stormwater Utility Project Billings	1,492	201,691	284,778	*94,531*
Miscellaneous/Other Revenue	1,995	-	1,897	-
Total Operating Revenues	5,395,157	5,892,759	5,552,581	*5,813,482*
Non-Operating Revenues				
Bond Proceeds	-	-	-	*5,000,000*
Interest Income	8,576	864	-	*2,500*
Total Revenues	**$ 5,403,733**	**$ 5,893,623**	**$ 5,552,581**	***$ 10,815,982***
Operating Expenses				
Salaries and Benefits	2,251,707	2,582,002	1,731,134	*2,791,762*
Purchased/Contractual Services	976,444	1,905,427	790,142	*891,632*
Supplies	240,278	354,681	258,873	*359,299*
Depreciation	177,626	301,972	166,667	*311,860*
Total Operating Expenses	3,646,055	5,144,082	2,946,815	*4,354,553*
Non-Operating Expenses				
Capital Projects	-	-	-	*2,415,950*
Capital Equipment	-	1,050,490	97,239	*963,650*
Total Expenses	**$ 3,646,055**	**$ 6,194,572**	**$ 3,044,055**	***$ 7,734,153***
Authorized Positions	45	50	50	*54*

STORMWATER MANAGEMENT UTILITY PERFORMANCE MEASURES/OPERATING INDICATORS

Billable accounts database, collection rates
Stormwater Utility revenue comes from user fees billed annually in conjunction with the property tax bill. A user fee, different from a tax, is based on measurable units including impervious area (hard surfaces) and acreage. Since it is a user fee, all properties pay fees, including churches, schools, and government agencies. The only exceptions are rights-of-way for roads, boat slips, railroad, and submerged properties. This fair and equitable system directly related fee for service.

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Brewer Memorial Park Demonstration Wet Pond Porject Feasibility $9.5K/Design $20K/Construction $50K	29,500	50,000	-	-	-	-	-	**$ 79,500**
Factory Creek M2 Phase I ($200K Design/$340K ROW/$1.2M Construction)	100,000	170,000	-	600,000	-	-	-	**$ 870,000**
Factory Creek M2 Phase II ($200K Design/$340K ROW/$1.2M Construction)	-	170,000	-	600,000	-	-	-	**$ 770,000**
Salt Creek South M1 ($245K Design/$400K ROW/$1.4M Construction	245,000	400,000	1,400,000	-	-	-	-	**$ 2,045,000**
Shanklin Road M2 ($330K Design/ $660K ROW/$2.35K Construction	330,000	660,000	-	2,350,000	-	-	-	**$ 3,340,000**
Grober Hill M2 ($225K Design/$900K ROW/$1.4M Construction)	225,000	-	900,000	-	1,400,000	-	-	**$ 2,525,000**
Camp St. Mary M2 ($342K Design/$165K ROW/$3.25M Construction)	-	-	-	342,000	165,000	3,250,000	-	**$ 3,757,000**
Battery Creek West M1($375K Design/$165K ROW/$3.6M Construction)	-	-	-	-	375,000	165,000	3,600,000	**$ 4,140,000**
Paige Point Overtopping Design $30K/$305K Construction	-	-	-	-	-	30,000	305,000	**$ 335,000**
	$ 2,415,950	$ 1,726,450	$ 2,300,000	$ 3,892,000	$ 1,940,000	$ 3,445,000	$ 3,905,000	**$19,624,400**

BEAUFORT COUNTY, SOUTH CAROLINA

PROPRIETARY FUNDS

The Proprietary Funds are different in purpose from the government funds and designed to be like business financial reporting. Since they are like business accounting, records are kept on activities regardless of the duration of the activity. The idea is to determine if the fund is breaking even considering all activities by using accrual accounting.

The County's Proprietary Funds consist of the Stormwater Management Utility Fund, Beaufort County Airport located on Lady's Island and Hilton Head Island Airport.

STORMWATER MANAGEMENT UTILITY FUND

The Stormwater Utility was established by County Ordinance 16 years ago and its activities are guided by a Comprehensive Master Plan completed in 2006, the minimum control measures outlined in the County's 2015 permit under the National Pollutant Discharge Elimination System (NPDES) program and advised by a Stormwater Management Utility Board. Requirements concerning Stormwater Systems are found in the County's Community Development Code (CDC) and the design criteria found in our Best Management Practices Manual.

The Utility partners with the City of Beaufort, and the Towns of Bluffton, Port Royal, and Hilton Head Island through local intergovernmental agreements. The fees that are collected within a municipality's jurisdiction are then distributed back to the municipality. Each political jurisdiction has an individual stormwater utility, which is a separate fund and a dedicated revenue source for funding activities and programs related to stormwater management. The jurisdictions coordinate on the utility administration element of their programs and share some services to achieve greater efficiencies, but the programs are separate and are managed within each jurisdiction's local government.

The County has been designated as a municipal separate storm sewer system (MS4) and in 2015 the County began to be permitted under the federal Environmental Protection Agency's (EPA) National Pollutant Discharge Elimination System (NPDES) program. Compliance with this permit will be expensive in the coming years and the County will have mounting costs to maintain an aging infrastructure. Beginning in 2015, the County has increased its rates and shifted to an updated stormwater utility fee rate structure to achieve the fairest distribution of utility costs among ratepayers, the best use of available data, and a level of revenue sufficient to achieve program needs and requirements.

The County maintains some larger drainage infrastructure within each of the four municipalities in addition to the unincorporated area. Previously the maintenance of the infrastructure within the four municipalities was limited in the incorporated areas because funding levels, supported by the unincorporated ratepayers only, were insufficient. In 2015, the County began collecting a County-wide Infrastructure fee from ratepayers within the incorporated areas to distribute the County's costs for county-wide infrastructure maintenance across all the unincorporated and incorporated areas of the County based on linear feet of pipes and open ditches in each jurisdiction.

STORMWATER MANAGEMENT UTILITY TERMINOLOGY

The following abbreviations are referenced throughout the Stormwater Management Utility Enterprise Fund. These are standard abbreviations used in the industry.

1. MS4 – Municipal Separate Storm Sewer System
2. EPA – Environmental Protection Agency
3. NPDES – National Pollutant Discharge Elimination System
4. SFR – Single Family Residential
5. IA – Impervious Area Unit of billing
6. GA – Gross Area (or Acreage) Unit of billing
7. SWU – Stormwater Utility
8. CWI – Countywide Infrastructure
9. BMP – Best Management Practices

STORMWATER MANAGEMENT UTILITY

	FY 2016 Actual	FY 2017 Approved Budget	FY 2017 Actual to Date 4/30/2017	*FY 2018 Proposed Budget*
Operating Revenues				
Stormwater Utility Fees	$ 4,924,194	$ 5,130,837	$ 4,728,020	*$ 5,125,714*
Stormwater Infrastructure Fees	467,476	560,231	537,886	*593,237*
Stormwater Utility Project Billings	1,492	201,691	284,778	*94,531*
Miscellaneous/Other Revenue	1,995	-	1,897	-
Total Operating Revenues	5,395,157	5,892,759	5,552,581	*5,813,482*
Non-Operating Revenues				
Bond Proceeds	-	-	-	*5,000,000*
Interest Income	8,576	864	-	*2,500*
Total Revenues	**$ 5,403,733**	**$ 5,893,623**	**$ 5,552,581**	***$ 10,815,982***
Operating Expenses				
Salaries and Benefits	2,251,707	2,582,002	1,731,134	*2,791,762*
Purchased/Contractual Services	976,444	1,905,427	790,142	*891,632*
Supplies	240,278	354,681	258,873	*359,299*
Depreciation	177,626	301,972	166,667	*311,860*
Total Operating Expenses	3,646,055	5,144,082	2,946,815	*4,354,553*
Non-Operating Expenses				
Capital Projects	-	-	-	*2,415,950*
Capital Equipment	-	1,050,490	97,239	*963,650*
Total Expenses	**$ 3,646,055**	**$ 6,194,572**	**$ 3,044,055**	***$ 7,734,153***
Authorized Positions	45	50	50	*54*

STORMWATER MANAGEMENT UTILITY PERFORMANCE MEASURES/OPERATING INDICATORS

Billable accounts database, collection rates
Stormwater Utility revenue comes from user fees billed annually in conjunction with the property tax bill. A user fee, different from a tax, is based on measurable units including impervious area (hard surfaces) and acreage. Since it is a user fee, all properties pay fees, including churches, schools, and government agencies. The only exceptions are rights-of-way for roads, boat slips, railroad, and submerged properties. This fair and equitable system directly related fee for service.

GIS mapping
The cost of stormwater management is largely focused on operations and maintenance of the current system. In order to determine the cost of our service we must have an inventory of the system. Staff continually surveys our pipes, ditches, detention ponds, and other features to populate a GIS map and database.

Beaufort County Connect Data
BC Connect is a smart phone and website application used by the public and staff to document and track response to complaint, issues, and needs. Once investigated by staff, if action is needed, a project is created and tracked in PubWorks.

MS4 permit
The Clean Water Act Phase II implementation of the Municipal Separate Stormsewer System (MS4) permit is the driving document for the regulatory programs within the Utility. The permit is published on the County website and includes numerous tasks and programs that the County must perform annually to stay within compliance with the permit.

MUNIS Data
The MUNIS software is used to issue and track stormwater permits required for all construction in the County. The regulatory staff conducts plan review, issues permits, and performs inspections to maintain MS4 compliance.

PubWorks Data
PubWorks is a project management software that is used to estimate project costs and track progress. Each O&M project is defined within PubWorks to determine an estimate of manpower, equipment, and materials. During construction, the estimate is replaced with the actual hours, quantities, and cost. That data is then used to estimate production rates that once applied to the GIS mapping inventory, gives the department a projected cost of service annually.

CIP schedules and budgets
Once a decade, the County updates the Stormwater Master Plan. The plan documents the program status and studies the health of the stormwater system and the receiving water bodies. The Plan then recommends capital projects to make improvements to water quality as needed. Those projects are placed within 5 year business plans and funding from the Utility is set aside for the projects. These projects have internal performance measures including cost and schedule.

Monitoring
The goal of the Stormwater Utility is to maintain and improve the health of our waters. Monitoring is the means to document our progress towards our goals. The County has developed a monitoring program in conjunction with USCB and routinely samples and studies the watersheds of the County. The results of monitoring are incorporated into the Master Plan, reported annually to DHEC, and documented within the GIS mapping.

The Stormwater Utility Board is made up of appointed representatives selected by County Council and the four municipalities partnered with the County. The Board meets monthly in which all these Performance Measures and Operating Indicators are reported to the public.

STORMWATER MANAGEMENT UTILITY CAPITAL PROJECTS

The following chart is a list of current capital projects in the 5 year plan. Unless noted otherwise, all projects are funded solely by the Stormwater Utility.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
SC170/Okatie West Land $300K/Design $120K	1,210,000	-	-	-	-	-	-	**$ 1,210,000**
Buckingham Plantation	276,450	276,450	-	-	-	-	-	**$ 552,900**
Brewer Memorial Park Demonstration Wet Pond Porject Feasibility $9.5K/Design $20K/Construction $50K	29,500	50,000	-	-	-	-	-	**$ 79,500**
Factory Creek M2 Phase I ($200K Design/$340K ROW/$1.2M Construction)	100,000	170,000	-	600,000	-	-	-	**$ 870,000**
Factory Creek M2 Phase II ($200K Design/$340K ROW/$1.2M Construction)	-	170,000	-	600,000	-	-	-	**$ 770,000**
Salt Creek South M1 ($245K Design/$400K ROW/$1.4M Construction	245,000	400,000	1,400,000	-	-	-	-	**$ 2,045,000**
Shanklin Road M2 ($330K Design/ $660K ROW/$2.35K Construction	330,000	660,000	-	2,350,000	-	-	-	**$ 3,340,000**
Grober Hill M2 ($225K Design/$900K ROW/$1.4M Construction)	225,000	-	900,000	-	1,400,000	-	-	**$ 2,525,000**
Camp St. Mary M2 ($342K Design/$165K ROW/$3.25M Construction)	-	-	-	342,000	165,000	3,250,000	-	**$ 3,757,000**
Battery Creek West M1($375K Design/$165K ROW/$3.6M Construction)	-	-	-	-	375,000	165,000	3,600,000	**$ 4,140,000**
Paige Point Overtopping Design $30K/$305K Construction	-	-	-	-	-	30,000	305,000	**$ 335,000**
	$ 2,415,950	$ 1,726,450	$ 2,300,000	$ 3,892,000	$ 1,940,000	$ 3,445,000	$ 3,905,000	**$19,624,400**

AIRPORTS FUND – BEAUFORT COUNTY (LADY'S ISLAND) AND HILTON HEAD ISLAND AIRPORTS

The Beaufort County Department of Airports Fund is used to accumulate the revenues and expenses related to the operation of the county's two airports. Operations are financed primarily with fees collected for services, leases, grants, and other airport related services. The revenues, expenses and retained earnings are reported in the Proprietary Fund for annual financial reporting purposes.

AIRPORT TERMINOLOGY

The following abbreviations are referenced throughout the Airport Enterprise Fund. These are standard abbreviations used in the industry.

10. FBO – Fixed Based Operations
11. PFC – Passenger Facility Charges
12. FAA – Federal Aviation Administration
13. SCAC – South Carolina Aeronautical Commission
14. ATCT – Air Traffic Control Tower
15. GA – General Aviation
16. ARFF – Aircraft Rescue and Firefighting
17. AIP – Airport Improvement Plan

BEAUFORT COUNTY DEPARTMENT OF AIRPORTS

The Department of Airports, operating as an Enterprise Fund, is responsible for planning, developing, operating and maintaining two (2) airports under the jurisdiction of Beaufort County: Beaufort County Airport on Lady's Island (ARW) and Hilton Head Island Airport (HXD). The Department is responsible for administering all aeronautical activities as required by the Federal, State, County and local laws, regulations, ordinances and statues. It is responsible for the positive growth of all aeronautical activities and development of all airports under its jurisdiction in the county. It is responsible for normal and emergency operations, security and maintenance at all Beaufort County airports. It provides for fueling services for general aviation and commercial aircraft at HXD through its FBO, Signature Flight Support. It is responsible for the administration of all contracts and agreements entered into by Beaufort County for use and support of all airport facilities within the Beaufort County Airport System.

GOALS AND OBJECTIVES

The Department's objective is to operate an airport system that is efficient yet maximizes both the internal and external customer expectations. In the coming year the Department of Airports will launch several critical construction projects which will allow the airport system to continue operating efficiently and safely. Each scheduled project is strategically timed to meet projected activity forecasts within the approved budget while maintaining full compliance with all FAA requirements. Further, it is the goal of the Department to complete ongoing and initiate new projects in accordance with the approved master plan for each airport in an effort to continue the development of all airports.

The Department will also continue to take a lead role to further maintain and improve air service levels at Hilton Head Island Airport with the goal of "expanding the brand" of Hilton Head Island to new, non-stop markets through new carrier attraction efforts as well as fostering new, expanded opportunities with its existing airline partners. Recognizing the airports position as one of the key economic engines in the Lowcountry, the Department will:

- Work to maintain a reasonable, fair, market based and competitive fee structure for all services provided to its customers and the public, and
- Provide a sound financial foundation to support the County's airport system development needs, and
- Work toward an overall goal of making each airport within the airport system financially self-sufficient.

BEAUFORT COUNTY AIRPORT - LADY'S ISLAND

	FY 2016 Actual	FY 2017 Approved Budget	FY 2017 Actual to Date 4/30/2017	*FY 2018 Proposed Budget*
Operating Revenues				
Fuel and Oil Sales	$ 380,110	$ 395,000	$ 337,175	*$ 395,000*
Operating Agreements/Concessions	5,745	8,350	4,324	*8,350*
Landing Fees	10,885	11,000	11,080	*11,000*
Rental Income	133,011	131,958	121,551	*131,958*
Total Operating Revenues	529,751	546,308	474,130	*546,308*
Non-Operating Revenues				
Federal and State Grants	260,646	160,000	76,119	*160,000*
Interest Income	125	-	-	-
Total Revenues	**$ 790,522**	**$ 706,308**	**$ 550,249**	***$ 706,308***
Operating Expenses				
Costs of Sales and Services	228,618	245,000	221,089	*237,000*
Salaries and Benefits	137,035	148,229	116,225	*143,654*
Purchased/Contractual Services	106,314	129,967	28,676	*97,243*
Supplies	7,588	13,112	8,080	*9,987*
Depreciation	61,190	60,000	40,590	*60,000*
Total Operating Expenses	540,745	596,308	414,660	*547,885*
Non-Operating Expenses				
Capital Projects	357,813	110,000	90,785	*110,000*
Capital Equipment	-	-	-	-
Total Expenses	**$ 898,558**	**$ 706,308**	**$ 505,445**	***$ 657,885***
Authorized Positions				
Full Time	1	1	1	*1*
Part Time	5	5	5	*5*

HILTON HEAD ISLAND AIRPORT

	FY 2016 Actual	FY 2017 Approved Budget	FY 2017 Actual to Date 4/30/2017	*FY 2018 Proposed Budget*
Operating Revenues				
Fixed Based Operator Revenue	$ 296,178	$ 369,592	$ 251,208	*$ 350,000*
Operating Agreements/Concessions	412,180	480,300	321,336	*450,000*
Firefighting/Security Fees	281,731	282,100	234,776	*282,100*
Passenger Facility Charges	134,238	150,000	111,762	*150,000*
Parking/Taxi Fees	28,005	55,000	15,692	*30,000*
Landing Fees	61,589	105,000	42,494	*75,000*
Rental Income	382,920	376,242	313,990	*350,000*
Miscellaneous/Other	41,640	42,300	34,795	*42,300*
Total Operating Revenues	1,638,481	1,860,534	1,326,053	*1,729,400*
Non-Operating Revenues				
Federal and State Grants	9,587,027	6,500,000	6,477,755	*6,500,000*
Interest Income	6,009	-	356	-
Total Revenues	**$ 11,231,517**	**$ 8,360,534**	**$ 7,804,163**	**$ 8,229,400**
Operating Expenses				
Salaries and Benefits	1,089,772	883,132	753,946	*909,626*
Purchased/Contractual Services	369,763	483,023	375,911	*487,853*
Supplies	30,585	76,860	34,396	*50,000*
Depreciation	564,792	575,000	416,265	*570,000*
Total Operating Expenses	2,054,912	2,018,015	1,580,518	*2,017,479*
Non-Operating Expenses				
Capital Projects	6,092,626	5,500,000	6,125,702	*5,500,000*
Capital Equipment	72,977	50,000	35,981	*50,000*
Interest Expense	91,798	87,845	66,260	*83,787*
Total Expenses	**$ 8,312,313**	**$ 7,655,860**	**$ 7,808,461**	***$ 7,651,266***
Authorized Positions				
Full Time (see below)	15	12	12	12
Part Time	0	0	0	*0*
Full Time Positions Include:				
Airport Director	1	1	1	*1*
Airport Support Staff	4	4	4	*4*
Airport Firefighters	7	7	7	*7*
Law Enforcement Officers	3	0	0	*0*

AIRPORT IMPROVEMENT PROJECTS

FY 2017-2018 Project Narratives

HXD – Runway 21 Extension

The Airport Master Plan that was approved by a joint Resolution of Beaufort County Council and Town of Hilton Head Island Council in 2010 provided for the execution of several Federal Aviation Administration (FAA) safety projects. This project is one such project and involves the extension of Runway 21, Taxiway "A", and Taxiway "F" by approximately 403 feet. The project also involves the restoration of the existing displaced threshold of 300 feet.

Estimated Cost:	$6,142,577
FAA Cost:	$5,528,319
SCAC Cost:	$307,129
HXD Cost:	$307,129

HXD – Taxiway "F" Infield Drainage Improvements

This project is being executed in conjunction with the Runway 21 Extension Project. This is another FAA-mandated safety project and will remove a deep drainage ditch that parallels the runway and runs the length of the airfield. Its existing condition poses a hazard due to its depth and steep side slopes as well as the fact that it is habitat for wildlife hazards. The project will replace the deep ditch with a shallow swale while the stormwater drainage detention and treatment will be handled via an underground drainage system consisting of arched chambers.

Estimated Cost:	$5,323,550
FAA Cost:	$4,791,194
SCAC Cost:	$266,178
HXD Cost:	$266,178

HXD – Runway 21 Engineered Materials Arresting System (EMAS)

Compliance with FAA extended runway safety area requirements will be accomplished by installing an EMAS bed at the north extent of the runway extension project. EMAS is made up of jet blast resistant, lightweight, crushable cellular cement blocks that are designed to safely stop airplanes that experience an emergency that results in their entering the extended runway safety area. EMAS safely and effectively stops airplanes which greatly enhances life safety and reduces damage to the airplane.

Estimated Cost:	$4,000,000
FAA Cost:	$3,600,000
SCAC Cost:	$200,000
HXD Cost:	$200,000

AIRPORT IMPROVEMENT PROJECTS

FY 2017-2018 Project Narratives (continued)

HXD – Runway 03 Extension

The Runway 03 Extension Project represents the south runway portion of the FAA-mandated safety project that was part of the 2010 Airport Master Plan. The project will extend Runway 03, Taxiway "A", and Taxiway "F" by approximately 297 feet. The project also involves the restoration of the existing displaced threshold of 300 feet and the realignment of Taxiway "F" to eliminate the "dogleg" that currently exists.

Estimated Cost:	$8,841,596
FAA Cost:	$7,957,436
SCAC Cost:	$442,080
HXD Cost:	$442,080

HXD – Runway 03 Engineered Materials Arresting System (EMAS)

Compliance with FAA extended runway safety area requirements will be accomplished by installing an EMAS bed at the south extent of the runway extension project. EMAS is made up of jet blast resistant, lightweight, crushable cellular cement blocks that are designed to safely stop airplanes that experience an emergency that results in their entering the extended runway safety area. EMAS safely and effectively stops airplanes which greatly enhances life safety and reduces damage to the airplane.

Estimated Cost:	$4,000,000
FAA Cost:	$3,600,000
SCAC Cost:	$200,000
HXD Cost:	$200,000

HXD – Property Acquisition

There are multiple properties adjacent to the airport of which HXD will need to acquire portions. This need became apparent during the detailed survey and engineering design phase of the Runway 03 Extension Project. Three properties are impacted due to the "footprint" of the grading solution for the project. One property is impacted due to a change in FAA standards which requires a new location for the Localizer DME guidance equipment. Based on the revised FAA standard, the requirement for separation of the guidance equipment from the Extended Runway Safety Area has increased, causing the proposed location of the equipment to fall off airport property.

AIRPORT IMPROVEMENT PROJECTS

FY 2017-2018 Project Narratives (continued)

ARW – Runway 07 Offsite Obstruction Removal (Design and Bidding)

In accordance with the approved Master Plan and in keeping with FAA airport safety and design standards, this project provides for the design of a project to remove obstructions from the aircraft navigational surfaces at the Runway 07 end of Beaufort County Airport. This project also includes the bidding phase upon completion of the project design.

Estimated Cost:	$130,230
FAA Cost:	$117,207
SCAC Cost:	$6,512
ARW Cost:	$6,512

ARW – Environmental Assessment (EA) – Runway Safety Area Improvements, Partial Parallel Taxiway Extension, Ramp Expansion, and Fuel Farm Relocation

This project is the initial step in the future construction of the subject projects. Each project is included in the Airport Master Plan and is being considered so the airport can be brought up to date with current FAA safety and design standards. An Environmental Assessment is required due to the proximity of the airport to nearby residential development and to the sensitive saltwater marsh. Tasks include coordination with local, state, and federal agencies, environmental inventory, evaluation, and analysis, and the drafting of the required environmental documentation. Also required during the EA process is the advertisement and conduct of a public hearing and a compilation and evaluation of any comments submitted by the public. Following these steps, the final environmental document is drafted and submitted to the FAA for review and issuance of the Finding of No Significant Impact (FONSI).

Estimated Cost:	$264,268
FAA Cost:	$237,841
SCAC Cost:	$13,214
ARW Cost:	$13,214

2017 / __

PORT ROYAL ISLAND ZONING MAP AMENDMENT FOR R100 040 000 0209 0000, (12 ACRES LOCATED ALONG BAY PINES ROAD); FROM T2-RURAL DISTRICT TO S1-INDUSTRIAL DISTRICT

BE IT ORDAINED, that County Council of Beaufort County, South Carolina, hereby amends the Zoning Map of Beaufort County, South Carolina. The map is attached hereto and incorporated herein.

Adopted this ___ day of ____, 2017.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

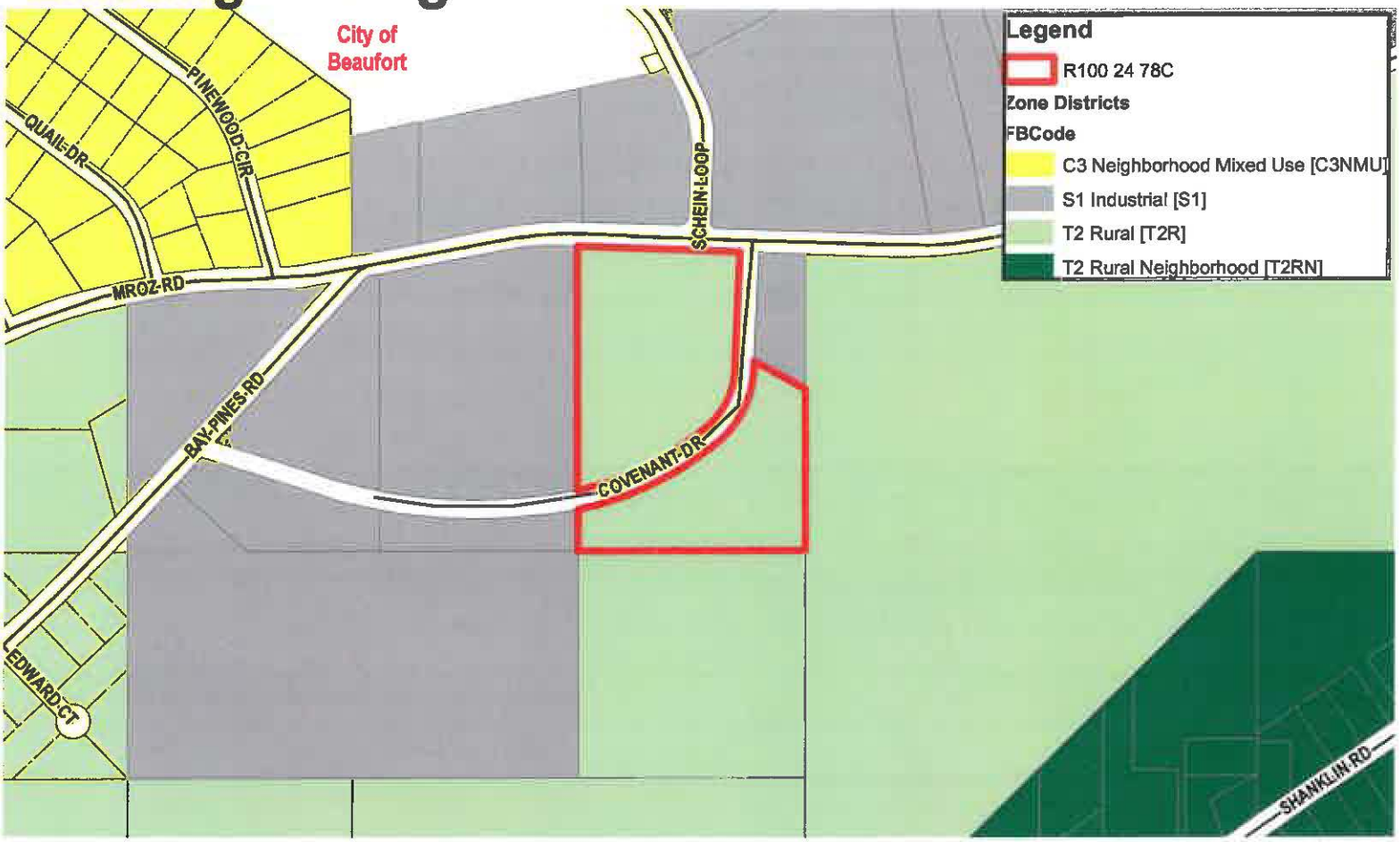
_____
Thomas J. Keaveny, II, Esquire
Beaufort County Attorney

ATTEST:

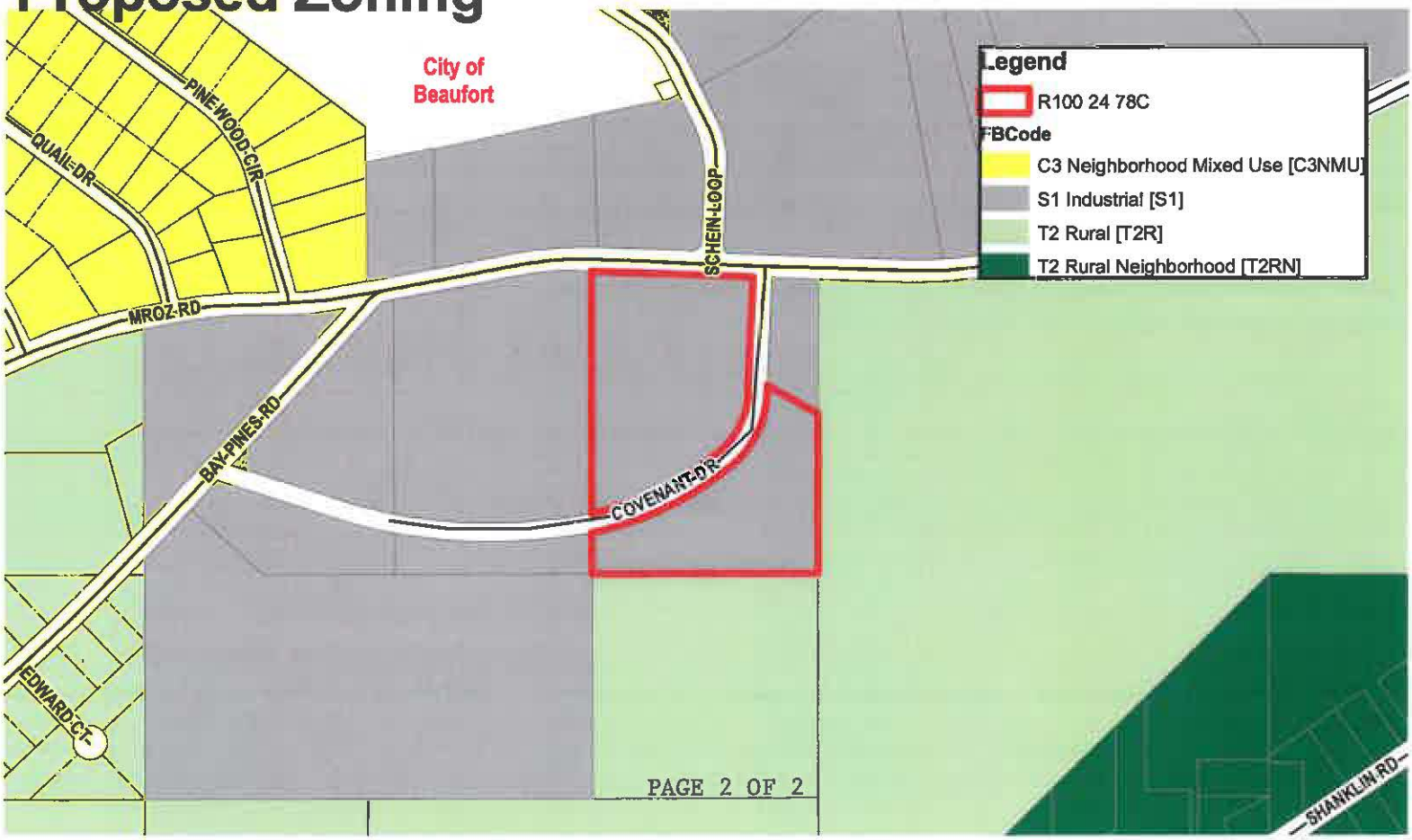
_____
Ashley M. Bennett, Clerk to Council

First Reading: May 22, 2017
Second Reading:
Public Hearing:
Third and Final Reading:

Existing Zoning



Proposed Zoning



2017 /

TEXT AMENDMENTS TO THE BEAUFORT COUNTY COMMUNITY DEVELOPMENT CODE (CDC):

- SECTION 1.3.50 EXEMPTIONS (ADDS REQUIREMENT TO COMPLY WITH HISTORIC PRESERVATION STANDARDS);
- SECTION 2.2.50 LOTS (SPECIFIES MINIMUM WIDTHS OF FLAG LOTS);
- SECTION 2.2.60 ACCESS MANAGEMENT (ALLOWS BUILDINGS TO FRONT MAJOR ROADWAYS WHILE TAKING ACCESS FROM A REAR STREET OR ALLEY);
- TABLE 3.1.70 LAND USE DEFINITIONS (AMENDS "CAMPGROUND" TO SPECIFY TWO OR MORE RECREATIONAL VEHICLES/RVS ON A SINGLE PROPERTY);
- SECTION 5.6.120 FREESTANDING SIGNS (ESTABLISHES MINIMUM 10-FOOT SETBACK FROM RIGHT-OF-WAY (ROW);
- TABLE 5.8.50.F EXISTING TREES IN THOROUGHFARE BUFFER (ADDS RETENTION REQUIREMENT OF EXISTING TREES 6-INCHES DBH IN THOROUGHFARE BUFFERS);
- SECTION 5.8.110.B.4 PERFORMANCE GUARANTEE (ESTABLISHES A TWO-YEAR SURVIVAL BOND FOR LANDSCAPING);
- SECTION 5.11.90 FORESTS (ADDS NEW SUBSECTION THAT PROMOTES INTERCONNECTIVITY OF PRESERVED FOREST HABITAT);
- SECTION 5.11.100.B SPECIMEN TREES (ADDS LONGLEAF PINE AND BLACK CHERRY AS SPECIMEN TREES AT 16 INCHES (DBH)); AND
- SECTION 6.2.70 MAINTENANCE GUARANTEE (CROSS-REFERENCES THE LANDSCAPING SURVIVAL BOND FROM SECTION 5.8.110.B.4).

Whereas, amended text is highlighted in yellow, underscored for additions and struck through for deletions.

Adopted this _____ day of _____, 2017.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY:_____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

_____
Thomas J. Keaveny, II, Esquire
Beaufort County Attorney

ATTEST:

Ashley M. Bennett, Clerk to Council

First Reading: May 22, 2017
Second Reading:
Public Hearing:
Third and Final Reading:

Section 1.3.50 Exemptions. The proposed amendment is necessary to include historic preservation standards in the review of public utility and infrastructure projects.

C. A public utility or public infrastructure installation (water, sewer, roads, gas, stormwater, telephone, cable, etc.) is exempt from the standards of this Development Code, except:

1. Thoroughfare standards, in Division 2.9 (Thoroughfare Standards);
2. Wetland standards, in Section 5.11.30 (Tidal Wetlands), and Section 5.11.40 (Non-Tidal Wetlands);
3. River Buffer standards, in Section 5.11.60 (River Buffer);
4. Tree Protection standards, in Section 5.11.90 (Tree Protection);
5. Stormwater management standards, in Section 5.12.30 (Stormwater Standards);
6. Utility standards, in Section 4.1.210 (Regional (Major) Utility);
7. Wireless communication facilities standards, in Section 4.1.320 (Wireless Communications Facility);
8. Historic Preservation standards, in Division 5.10 (Historic Preservation).

Section 2.2.50 Lots. This amendment provides a minimum width for a flag lot to ensure adequate access for public safety vehicles.

B.4. **Resources Make Normal Lotting Difficult.** Where natural resources or property shape make normal lotting difficult, common drives, flag lots, or shared easements may be considered at the discretion of the Director. Where a flag lot is approved, the minimum width of the portion of the lot that fronts the ROW or easement and extends to the rear "flag" shall be 50 ft., except in the T3N, T4HC, and T4NC zones, where the minimum width shall be 40 ft.

Section 2.2.60 Access Management. This amendment allows buildings to front major roadways while taking access from a rear street or alley.

A.2.c. To the maximum extent practical, lots fronting an arterial or major collector shall ~~front~~ take access from an internal street, parallel frontage road, or rear alley. This avoids multiple lots with individual access along the existing public road frontage or reverse frontage lots in which buildings turn their back to the public road frontage.

Table 3.1.70 Land Use Definitions. Amend this table to clarify that a Recreational Campground is comprised of two or more camp sites for rent on a single piece of property.

RECREATION, EDUCATION, SAFETY, PUBLIC ASSEMBLY:

11. Recreation Facility: Campground – Form of lodging where guests bring tents, travel trailers, campers, or other similar forms of shelter to experience natural environments. Campgrounds rent two (2) or more pads or spaces to guests. May also include accessory uses such as a camp store, shower/bathroom facilities, and recreational facilities.

Section 5.6.120 Freestanding Signs. Clarifies setback requirement by removing a reference to Corridor Overlay District which does not exist in the CDC.

A. Description

Freestanding Signs encompass a variety of signs that are not attached to a building and have an integral support structure. Freestanding varieties include Monument and Pole Signs.

A Pole Sign, usually double-faced, mounted on a single or pair of round poles, square tubes, or other fabricated members without any type of secondary support.

A Monument Sign stands directly on the ground or ground level foundation and is often used to mark a place of significance or the entrance to a location.

B. Standards

Size

Signable Area	T4	All Other Districts
Single Tenant	24 SF max.	40 SF max.
Multiple Tenant with one highway frontage	32 SF max.	80 SF max.
Multiple Tenant with Two or more highway frontages	32 SF per frontage	80 SF per frontage

Location

Signs per Highway Frontage:		
Single Tenant	1 max.	
Multiple Tenant	1 max. [1,2]	
Height	10' max.	A
Width	15' max.	B
Distance from ground to the base of the sign	4' max.	
Setback from ROW ~~within Corridor Overlay District~~	10' min.	

[1]Individual tenants may not have a Freestanding Sign.

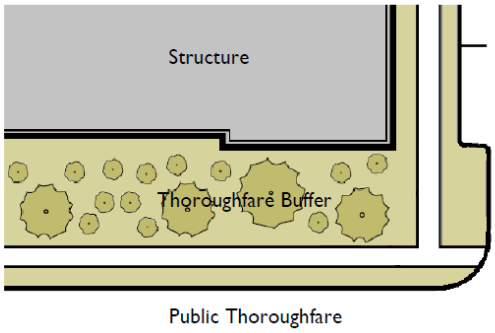
[2]Frontages greater than 500 feet may include one additional freestanding sign not to exceed 80 SF in area and with a total allowable sign area not exceeding the maximum allowable sign area for the multiple tenant center.

Miscellaneous

Changeable copy signs are allowed for gasoline price signs, houses of worship, schools, directory signs listing more than one tenant, and signs advertising restaurant food specials, films and live entertainment which change on a regular basis.

Table 5.8.50 Thoroughfare Buffer. The Corridor Overlay District in the ZDSO required that existing trees 6" DBH or greater to be preserved within the 50 foot buffer along the highway. This requirement is missing from the CDC. Staff recommends the following new subsection to preserve existing trees greater than 6" DBH (diameter at breast height):

Table 5.8.50 Thoroughfare Buffer



A. Description
The thoroughfare buffer provides visual screening between development and a public street or road. The width, quantity of plant materials, and opacity depends on the number of lanes of the public thoroughfare.

B. Applicability
A thoroughfare buffer is required along all collector and arterial roads within all conventional zones, community preservation districts, T2 Rural, T2 Rural Low, and T2 Rural Neighborhood.

C. Minimum Buffer Width	
Thoroughfares with 2 or 3 Lanes	
Minimum Buffer Width	20 feet[1]
Thoroughfares with 4 Lanes or More	
Minimum Buffer Width	50 feet[1]

Notes

[1]Buffer widths are measured from the right-of-way line into the site

D. Plant Requirements (per 100 linear feet)	
Thoroughfares with 2 or 3 Lanes	
Overstory Trees	2
Understory Trees[3]	7
Shrubs	15
Thoroughfares with 4 Lanes or More	
Overstory Trees	4
Understory Trees[3]	14
Shrubs	30

E. Opacity	
Thoroughfares with 2 or 3 Lanes	
Minimum Opacity	30%
Thoroughfares with 4 Lanes or More	
Minimum Opacity	75%

F. Existing Trees in Thoroughfare Buffer

No tree 6 inches DBH or larger shall be removed from any thoroughfare buffer, exclusive of access drive location, required sight triangle area, diseased trees, or other safety issues subject to DRB and/or staff approval.

Section 5.8.110 Landscape Construction and Maintenance Standards. This amendment carries forward language from the ZDSO regarding landscape survival bonds.

B.4. **Performance Guarantee**. All ~~initial replacement~~ landscaping shall be subject to a two-year ~~performance guarantee~~ survival bond in the form of an irrevocable letter of credit, surety, or cash equal to 120% of the landscaping cost that ensures proper replacement and maintenance.

Section 5.11.90.F. Forest Interconnectivity. This amendment adds a new subsection to require preserved forested areas within a development to connect to other preserved forest areas and open spaces in adjoining parcels, where feasible. This implements a recommendation from the Natural Resources chapter of the Comprehensive Plan.

F. **Forest Interconnectivity**. Protected forest resources shall, to the maximum extent practicable, be located to adjoin, extend, and enlarge any protected forest or other open space areas that exist adjacent to the development. Preservation of small, fragmented remnants of forest shall be avoided where possible.

Section 5.11.100.B. Specimen Trees. This amendment adds longleaf pine and black cherry to the list of overstory trees that are defined as specimen trees at a diameter of 16" dbh (diameter at breast height).

2. Overstory trees – American Holly, Bald Cypress, Beech, Black Cherry, Black Oak, Black Tupelo, Cedar, Hickory, Live Oak, Longleaf Pine, Palmetto, Pecan, Red Maple, Southern Red Oak, Sycamore, or Walnut that are equal to or greater than a diameter of 16 inches (DBH).

Section 6.2.70 Maintenance Guarantee. This amendment cross-references the landscaping survival bond from Division 5.8.110.

Upon completing the improvements required under this Development Code, the surety will be reduced or eliminated. A maintenance guarantee in the form of an irrevocable letter of credit, surety, or cash equal to ~~of~~ ten percent of the actual construction cost for improvements (e.g., road, sidewalk, ~~landscaping,~~ and drainage facilities) shall be deposited with the County ~~Treasurer's Office~~ for anticipated maintenance for a period of two years after the completion of all improvements. For landscaping improvements, a survival bond equal to 120% of the cost shall be required (refer to Sec. 5.8.110.B.4.).

ORDINANCE 2017 / ___

AN ORDINANCE OF BEAUFORT COUNTY COUNCIL CREATING A SPECIAL TAX ASSESSMENT FOR REHABILITATED HISTORIC PROPERTIES IN THE GEOGRAPHICAL BOUNDARIES KNOWN AS DAUFUSKIE ISLAND

WHEREAS, Section 4-9-195 of the South Carolina Code of Laws, as amended ("S.C. Code"), provides that counties may by ordinance grant special property tax assessments to real property which qualifies as "rehabilitated historic property"; and

WHEREAS, the geographic area known as Daufuskie Island, in the County of Beaufort, South Carolina ("Daufuskie") contains a substantial amount of historic property, the preservation of which is beneficial for the economic development of the County and for its citizens; and

WHEREAS, Beaufort County Council (the "County Council") has determined that it is in the best interests of the County and its citizens to allow for a special property tax assessment available and as set forth in S.C. Code §4-9-195 to qualifying properties located within the geographic boundaries of Daufuskie; and

WHEREAS, the County Council finds that providing for this special property tax assessment will (1) encourage the restoration of historic properties, (2) promote community development and redevelopment, (3) encourage sound community planning, and (4) promote the general health, safety, and welfare of the community; and

WHEREAS, pursuant to S.C. Code §4-9-195, the County must specify the minimum investment threshold and the number of years in which the special assessment shall apply, and in the absence of a board of architectural review the County may name an appropriate reviewing authority to consider proposed rehabilitation plans and actual rehabilitation work.

NOW, THEREFORE, BE IT ORDAINED by Beaufort County Council that Chapter 66, Article III of the Beaufort County Code of Ordinances is hereby amended by inserting the following into Beaufort County Code of Ordinances Chapter 66, Division 4:

Division 4. Special Assessment Ratio for Rehabilitated Historic Properties

Section 66-155. Special tax assessment created –Daufuskie Island.

A special tax assessment is created for eligible rehabilitated historic properties located within the geographic boundaries of Daufuskie Island for 10 years equal to the appraised value of the property at the time of preliminary certification.

Section 66-156. Purpose.

It is the purpose of this division to:

(a) Encourage the restoration of historic properties;
(b) Promote community development and redevelopment;
(c) Encourage sound community planning; and
(d) Promote the general health, safety, and welfare of the community.

Section 66-157. Eligible properties.

(a) *Certification.* In order to be eligible for the special tax assessment, historic properties must receive preliminary and final certification.

(1) To receive preliminary certification a property must meet the following conditions:

a. The property has received historic designation from the Daufuskie Island Council and in accordance with the Daufuskie Island Plan or is listed on the Beaufort County Above Ground Historic Resources Survey completed in 1998.
b. The proposed rehabilitation work receives approval from the Beaufort County Historic Preservation Review Board (HPRB) under Sec. 5.10 and Sec. 7.2.120 of the Beaufort County Community Development Code (CDC).; and
c. Be a project that commences on or after the date of the adoption of this ordinance. Preliminary certification must be received prior to beginning work.

(2) To receive final certification, a property must have met the following conditions:

a. The property has received preliminary certification.
b. The minimum expenditures for rehabilitation were incurred and paid.
c. The completed rehabilitation receives approval from the Beaufort County Planning Director, or designee, as being consistent with the plans approved by the HPRB as part of preliminary certification.

(b) *Historic designation.* As used in this section, "Historic Designation" means:

(1) The structure is at least 50 years old and is located in the geographic area known as Daufuskie Island;
(2) The structure is listed on the National Register of Historic Places; or
(3) The structure is listed on the "1998 Beaufort County Above Ground Historic Sites Survey."

Section 66-158. Eligible rehabilitation.

(a) *Standards for rehabilitation work.* To be eligible for the special tax assessment, historic rehabilitations must be appropriate for the historic building and the geographic district. This is achieved through adherence to the standards set forth in the Community Development Code and, if required, approval of a Certificate of Appropriateness in accordance with Sec. 7.2.120 of the CDC.

(b) *Work to be reviewed.* The following work will be reviewed according to the standards set forth above:

(1) Repairs to the exterior of the designated building.
(2) Alterations to the exterior of the designated building.
(3) New construction on the property on which the building is located.
(4) Alterations to interior primary public spaces.
(5) Any remaining work where the expenditures for such work are being used to satisfy the minimum expenditures for rehabilitation.

(c) *Minimum expenditures for rehabilitation* means the owner rehabilitates the building, with expenditures for rehabilitation exceeding 75 percent of the fair market value of the building. Fair market value means the appraised value as certified by a real estate appraiser licensed by the State of South Carolina, the sales price as delineated in a bona fide contract of sale within 12 months of the time it is submitted, or the most recent appraised value published by the Beaufort County Tax Assessor.

(d) *Expenditures for rehabilitation* means the actual cost of rehabilitation relating to one or more of the following:

(1) Improvements located on or within the historic building as designated.
(2) Improvements outside of but directly attached to the historic building which are necessary to make the building fully useable (such as vertical circulation) but shall not include rentable/habitable floorspace attributable to new construction.
(3) Architectural and engineering services attributable to the design of the improvements.
(4) Costs necessary to maintain the historic character or integrity of the building.

(e) *Scope.* The special tax assessment may apply to the following:

(1) Structure(s) rehabilitated.
(2) Real property on which the building is located.

(f) *Time limits.* To be eligible for the special tax assessment, rehabilitation must be completed within two years of the preliminary certification date. If the project is not complete after two years, but the minimum expenditures for rehabilitation have been incurred, the property continues to receive the special assessment until the project is completed or until the end of the special assessment period, whichever shall first occur.

Section 66-159. Process.

(a) *Fee required.* A fee as set out in the County of Beaufort's Fee Schedule, as appropriate, shall be required for final certification for each application.

(b) *Plan required.* Owners of property seeking approval of rehabilitation work must submit an application for a Certificate of Appropriateness, as required under Sec. 7.2.120 of the CDC, with supporting documentation and application fee(s) prior to beginning work.

(c) *Preliminary certification.* Upon receipt of the completed application, the proposal shall be placed on the next available agenda of the Beaufort County Historic Preservation Review Board (HPRB). After the HPRB makes its' determination(s), the owner shall be notified in writing. Upon receipt of this determination the owner may:

(1) If the application is approved, apply for building permits to begin rehabilitation;
(2) If the application is not approved, may revise such application in accordance with comments provided by the HPRB.

(d) *Substantive changes.* Once preliminary certification is granted to an application, substantive changes must be approved by the HPRB. Unapproved substantive changes are conducted at the risk of the property owner and may disqualify the project from eligibility. Additional expenditures will not qualify the project for an extension on the special assessment.

(e) *Final certification.* Upon completion of the project, the project must receive final certification in order to be eligible for the special assessment. The Beaufort County Planning Director and Director of Building Codes, or designees, will inspect completed projects to determine if the work is consistent with the approval granted by the HPRB. Final certification will be granted when verification is made that expenditures have been made in accordance with Section 66-158(c) above. Upon receiving final certification, the property will be assessed for the remainder of the special assessment period on the fair market value of the

property at the time the preliminary certification was made or the final certification was made, whichever occurred earlier.

(f) *Additional work.* For the remainder of the special assessment period after final certification, the property owner shall notify the Beaufort County Community Development Department of any additional work, other than ordinary maintenance. The HPRB will review the work at a regularly scheduled hearing and determine whether the overall project is consistent with the standards for rehabilitation. If the additional work is found to be inconsistent, the property owner may withdraw his request and cancel or revise the proposed additional work.

(g) *Decertification.* When the property has received final certification and has been assessed as rehabilitated historic property, it remains so certified and must be granted the special assessment until the property becomes disqualified by any one of the following:

(1) Written notice from the owner to the Beaufort County Assessor's Office requesting removal of the preferential assessment; or

(2) Rescission of the approval of rehabilitation by the HPRB because of alterations or renovation by the owner or the owner's estate, which causes the property to no longer possess the qualities and features which made it eligible for final certification.

Notification of any change affecting eligibility must be given immediately to the Beaufort County Assessor, Auditor, and Treasurer.

(h) *Notification.* The Beaufort County Community Development Department shall, upon final certification of a property, notify the Beaufort County Assessor, Auditor and Treasurer that such property has been duly certified and is eligible for the special tax assessment.

(i) *Date effective.* If an application for preliminary or final certification is filed by May 1 or the preliminary or final certification is approved by August 1, the special assessment authorized herein is effective for that year. Otherwise, it is effective beginning with the following year.

The special assessment only begins in the current or future tax years as provided for in this section. In no instance may the special assessment be applied retroactively.

(j) *Application.* Once a property has received final certification , the owner of the property shall make application to the Beaufort County Assessor's Office for the special assessment provided for herein.

SECTIONS 66-160. Reserved.

This ordinance shall become effective immediately upon adoption.

DONE, this ____ of _____, 2017.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

_____
Thomas J. Keaveny, II, Esquire
Beaufort County Attorney

ATTEST:

_____
Ashley M. Bennett, Clerk to Council

First Reading: May 22, 2017
Second Reading:
Public Hearing:
Third and Final Reading:

RESOLUTION 2017/___

A RESOLUTION AUTHORIZING THE BEAUFORT COUNTY ECONOMIC DEVELOPMENT CORPORATION TO NEGOTIATE THE SCOPE AND FEES OF AN AGREEMENT TO BE ENTERED INTO BY AND BETWEEN BEAUFORT COUNTY AND THE SOUTHERNCAROLINA ALLIANCE FOR AGREED UPON ECONOMIC DEVELOPMENT SERVICES

WHEREAS, Beaufort County is a political subdivision of the State of South Carolina pursuant to S.C. Code of Laws 4-1-10 *et seq*. authorized to make all contracts; and

WHEREAS, Beaufort County has established an Economic Development Policy pursuant to Resolution 2015/18; and

WHEREAS, Beaufort County Council pursuant to Resolution 2015/20 authorized the creation of the Beaufort County Economic Development Corporation as a non-profit organization, organized under the laws of South Carolina for the purpose of coordinating and implementing the County's economic development plans and policy; and

WHEREAS, Beaufort County Council desires that the Beaufort County Economic Development Corporation be authorized to negotiate, represent County Council in contractual negotiations and make recommendations for entering into contractual obligations for the purposes of economic development; and

WHEREAS, the Beaufort County Economic Development Corporation has begun the process of negotiating a contract with the SouthernCarolina Alliance for implementing the economic development policy of the County, however, nothing contained herein shall be construed to limit in any way the Beaufort County Economic Development Corporation's ability to pursue negotiations from other entities capable of providing economic development services for ultimate review and approval by the County Council; and

WHEREAS, neither the County Council nor the Economic Development Corporation shall be bound by any contractual obligations until such time as such negotiations have been presented to Council and a simple majority of Council members present vote to authorize the Administrator to execute a contract with terms approved by County Council.

NOW, THEREFORE, BE IT RESOLVED, by the County Council of Beaufort County, South Carolina, that effective immediately the Beaufort County Economic Development Corporation is hereby authorized to negotiate contractual obligations, to represent County Council in contractual negotiations and to make recommendations to County Council about entering into contractual obligations. Any contractual obligations that the Economic Development Corporation seeks to enter on behalf of Beaufort County must first be approved by County Council.

Adopted this ___ day of _____, 2017.

COUNTY COUNCIL OF BEAUFORT COUNTY

By:_____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

_____
Thomas J. Keaveny, II, Esquire
Beaufort County Attorney

ATTEST:

_____
Ashley Bennett, Clerk to Council

RESOLUTION 2017 /

A RESOLUTION TO COMMISSION ANIMAL SERVICE OFFICER TO ENFORCE BEAUFORT COUNTY ANIMAL ORDINANCES FOR BEAUFORT COUNTY PURSUANT TO THE AUTHORITY GRANTED IN SECTION 4-9-145 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED

WHEREAS, Beaufort County Council may appoint and commission as many animal service officers as may be necessary for proper security, general welfare and convenience of the County; and

WHEREAS, each candidate for appointment as a Beaufort County Animal Service Officer has completed training and required certification as may be necessary.

NOW, THEREFORE, BE IT RESOLVED by the County Council of Beaufort County, South Carolina that:

1. County Council hereby appoints and commissions the following individual as Animal Service Officer for Beaufort County:

Quinton Chisolm
Employee No. 9093
Beaufort County Animal Service Officer

2. Each Animal Service Officer shall present the appropriate certificate to the Beaufort County Magistrate's office prior to any official action as an Animal Service Officer.

Adopted this ___ day of_____, 2017.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY:_____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

_____
Thomas J. Keaveny, II, Esquire
Beaufort County Attorney

ATTEST:

_____
Ashley Bennett, Clerk to Council

2017 /

AN ORDINANCE AUTHORIZING THE FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA, TO ISSUE GENERAL OBLIGATION BONDS IN A PRINCIPAL AMOUNT NOT EXCEEDING $5,500,000, SUBJECT TO A SUCCESSFUL REFERENDUM IN THIS DISTRICT; AND OTHER MATTERS RELATING THERETO.

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

Section 1. The County Council of Beaufort County, South Carolina (the "***County Council***"), the governing body of Beaufort County, South Carolina (the "***County***"), hereby finds and determines:

(a) The Fripp Island Public Service District, South Carolina (the "***District***") is a special purpose district established pursuant to the provisions of Act No. 1042 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1962, as amended ("***Act No. 1042***").

(b) The corporate powers and duties of the District are performed by the Fripp Island Public Service District Commission (the "***Commission***"), and as such, the Commission is the governing body of the District.

(c) Act No. 1042 committed to the District various duties and responsibilities, and is authorized, inter alia, to acquire, build, operate, and maintain such facilities as shall be required for (i) the provision of water, (ii) fire-fighting, (iii) waste water treatment, (iv) beach erosion control and prevention, (v) construction and maintenance of roads, (vi) insect control, and (vii) recreational purposes, and to do all things necessary or convenient to carry out such authority.

(d) The District has determined that it is currently in need of funds to address and remediate damage to the District from Hurricane Matthew to protect the District from erosion and will soon be in need of funds to relocate and replace the sole water line connecting the District with the mainland in connection with the South Carolina Department of Transportation's replacement of the bridge between St. Helena Island and Harbor Island.

(e) In carrying out its functions and duties, the Commission has determined that a need exists at the present time to issue general obligation bonds (the "***Bonds***") in order to defray: (A) (i) the costs of repairing, reconstructing and mitigating certain District revetments and related infrastructure, and (ii) the costs of relocating and replacing certain water transmission and related infrastructure in connection with the replacement of the Harbor River Bridge ((i) and (ii)) the "***Projects***"), and (B) the costs of issuance of the Bonds. The Commission estimates that the costs of designing, planning, acquiring, engineering, constructing, improving and equipping of the Project, and the cost of issuance of the Bonds, will not exceed $5,500,000.

(f) The Commission, on behalf of the District, has submitted a petition to the County Council requesting authorization to issue the Bonds in order to finance the costs of the Project and the costs of issuance thereof.

(g) Pursuant to Title 6, Chapter 11, Article 5, of the Code of Laws of South Carolina, 1976, as amended (the "***Enabling Act***"), the County Council is empowered to authorize the Commission to issue bonds of the District, the proceeds of which are to be used in furtherance of any power of the District.

(h) Responsive to the petition of the Commission, the County Council adopted a resolution calling for a public hearing on the question of the issuance of the Bonds be held in the Bluffton Branch Library located at 120 Palmetto Way, Bluffton, South Carolina 29910, on the 22nd day of May, 2017 at 6:30 p.m., and notice of such hearing has been duly published once a week for three successive weeks in The Beaufort Gazette, a newspaper of general circulation in the County. Such public hearing was held by the County Council on May 22, 2017, on the question of the issuance of the Bonds, where both proponents and opponents were given the opportunity to be heard.

(i) Following the May 22, 2017 public hearing, the County Council has determined to condition the issuance of the Bonds upon the result of a special election held in the District on the question of the issuance of the Bonds (the "***Bond Referendum***"). Such Bond Referendum shall be conducted pursuant to Title 4, Chapter 15 of the Code of Laws of South Carolina 1976, as amended, as required by the Enabling Act.

(j) Article X, Section 14, of the Constitution of the State of South Carolina, 1895, as amended (the "***Constitution***"), provides that the General Assembly may, by general law, prescribe that general obligation debt may be incurred by the governing body of any special purpose district for any of its corporate purposes in an amount not exceeding eight percent of the assessed value of all taxable property of such district (the "***Bonded Debt Limit***"). The County Council, by separate resolution, dated the date hereof, has ordered the Bond Referendum be held, and specified other details of the Bond Referendum therein. Such Article further provides that if general obligation debt is authorized by a majority vote of the qualified electors of the special purpose district voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of such indebtedness except as specified in such Article. Such Bonds, when and if issued pursuant to a successful Bond Referendum, would not be restricted by, or count toward, the Bonded Debt Limit, in accordance with the Constitution and laws of the State of South Carolina.

Section 2. Should the Bond Referendum result favorably to the issuance of the Bonds, and upon the filing of the declaration of the result of the Bond Referendum in the office of the Clerk of Court for Beaufort County, South Carolina, the District is hereby authorized to issue the Bonds. Upon such filing, the Commission, on behalf of the District, is authorized to cause the issuance of the Bonds at one time or from time to time, as it may determine, in an aggregate principal amount not to exceed $5,500,000, for the purposes set forth in Section 1(e) hereof or, in the discretion of the District, general obligation bond anticipation notes (the "***BANS***") in a principal amount of not exceeding $5,500,000, pursuant to the provisions of Title

11, Chapter 17 of the Code of Laws of South Carolina 1976, as amended (the "***BAN Act***"). The Bonds and the BANS shall be issued pursuant to a resolution of the Commission adopted in conformity with the terms and provisions of the Enabling Act and the BAN Act, respectively.

Section 3. For the payment of the principal and interest on the Bonds as they respectively mature and for the creation of such sinking fund as may be necessary therefor, the full faith, credit and taxing power of the District shall be irrevocably pledged, and there shall be levied annually by the Auditor of Beaufort County and collected by the Treasurer of Beaufort County, in the same manner as County taxes are levied and collected, a tax without limit on all taxable property in the District 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.

Section 4. The Commission is authorized to do all things necessary or convenient in accordance with applicable law to effect the issuance of the Bonds or the BANS at such time as it deems necessary and in the interest of the District.

Section 5. All orders, resolutions, ordinances 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 passage and approval.

Section 6. This Ordinance shall forthwith be codified in the Code of the County Ordinances in the manner prescribed by law.

Section 7. This Ordinance shall become effective upon its enactment.

ENACTED THIS _____ DAY OF MAY, 2017.

COUNTY COUNCIL OF BEAUFORT COUNTY

(SEAL)

BY: _____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

_____
Thomas J. Keaveny, II, Esquire
Beaufort County Attorney

ATTEST:

_____
Ashley M. Bennett, Clerk to Council

First Reading: April 24, 2017
Second Reading: May 8, 2017
Public Hearing:
Third and Final Reading:

2017 / ____

FY 2017-2018 BEAUFORT COUNTY BUDGET

To provide for the levy of tax for corporate Beaufort County for the fiscal year beginning July 1, 2017 and ending June 30, 2018, to make appropriations for said purposes, and to provide for budgetary control of the County's fiscal affairs.

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, 4, 5, 6, 7 and 8 of this Ordinance. Further, that the County Council of Beaufort County hereby establishes the millage rates as detailed in Sections 2 and 3 of this Ordinance. However, the County Council of Beaufort County reserves the right to modify these millage rates as may be deemed necessary and appropriate.

SECTION 2. MILLAGE

The County Auditor is hereby authorized and directed to levy in Fiscal Year 2017-2018 a tax of 63.39 mills on the dollar of assessed value of property within the County, in accordance with the laws of South Carolina. 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 hereafter passed by the County Council of Beaufort County.

County Operations	50.61
Higher Education	2.40
Purchase of Real Property Program	4.80
County Debt Service	5.58

SECTION 3. SPECIAL DISTRICT TAX LEVY

The County Auditor is hereby authorized and directed to levy, and the County Treasurer is hereby authorized and directed to collect and distribute the mills so levied, as provided by law, for the operations of the following special tax districts:

	Revenues	Expenditures	Millage Rate
Bluffton Fire District Operations	$13,663,186	$14,032,311	24.70
Bluffton Fire District Debt Service	$ 572,000	$ 569,000	1.04
Burton Fire District Operations	$ 5,112,442	$ 5,554,308	64.53
Burton Fire District Debt Service	$ 385,268	$ 385,268	5.26
Daufuskie Island Fire District Operations	$ 1,180,282	$ 1,180,282	60.27
Daufuskie Island Debt Service	$ - 0 -	$ - 0 -	0.00
Lady's Island/St. Helena Is. Fire District Operation	$ 5,746,643	$ 5,746,688	39.26
Lady's Island/St. Helena Is. Fire District Debt Service	$ 309,237	$ 309,237	2.11
Sheldon Fire District Operations	$ 1,350,160	$ 1,350,160	38.32
Sheldon Fire District Debt Service	$ 139,259	$ 139,259	3.21

Note: Any difference between revenue and expenditures will constitute a use of fund balance.

SECTION 4. COUNTY OPERATIONS APPROPRIATION

An amount of $123,387,800 is appropriated to the Beaufort County General Fund to fund County operations and subsidized agencies as follows:

I. Elected Officials and State Appropriations:

A. Sheriff	$22,304,949
Emergency Management	$ 7,693,069
B. Magistrate	$ 1,894,965
C. Solicitor	$ 1,245,000
D. Clerk of Court	$ 1,110,126
E. Treasurer	$ 1,094,659
F. Auditor	$ 855,551
G. Public Defender	$ 819,293
H. Probate Court	$ 761,622
I. County Council	$ 623,418
J. Coroner	$ 530,310
K. Master-in-Equity	$ 314,129
L. Social Services	$ 147,349
M. Legislative Delegation	$ 65,175
Total	$39,459,615

Management of these individual accounts shall be the responsibility of the duly elected official for each office. At no time shall the elected official exceed the budget appropriation identified above without first receiving an approved supplemental appropriation by County Council.

II. County Administration Operations:

A. Public Works	$16,746,565
B. Administration	$ 9,327,350
C. Emergency Medical Services	$ 6,800,786
D. Detention Center	$ 5,884,728
E. Community Services	$ 3,752,480
F. Library	$ 3,752,948
G. Parks and Leisure Services	$ 3,428,584
H. Assessor	$ 2,176,021
I. Mosquito Control	$ 1,701,066
J. Building Codes and Enforcement	$ 1,137,874
K. Public Health	$ 1,081,000
L. Animal Services	$ 937,793
M. Employee Services	$ 807,724
N. Voter Registration	$ 718,261
O. Planning	$ 675,219
P. General Government subsidies	$ 585,579
Q. Traffic Engineering	$ 570,789
R. Register of Deeds	$ 506,613
S. Zoning	$ 181,401
T. Employer Provided Benefits	$18,811,964
Total	$79,584,745

The detailed Operations budget containing line-item accounts by department and/or agency is hereby adopted as part of this Ordinance.

SECTION 5. HIGHER EDUCATION ALLOCATION

An amount of $4,343,440 is appropriated for higher education within Beaufort County to subsidize the following agencies:

A.	The Technical College of the Lowcountry	$2,171,720
B.	University of South Carolina – Beaufort	$2,171,720

SECTION 6. COUNTY OPERATIONS REVENUES

The appropriation for County Operations will be funded from the following revenue sources:

A.	$	96,435,749	to be derived from tax collections;
B.	$	11,702,715	to be derived from charges for services;
C.	$	9,197,645	to be derived from intergovernmental revenue sources;
D.	$	3,429,000	to be derived from fees for licenses and permits;
E.	$	1,568,750	to be derived from inter-fund transfers;
F.	$	750,000	to be derived from fines and forfeitures' collections;
G.	$	251,136	to be derived from miscellaneous revenue sources;
H.	$	52,805	to be derived from interest on investments;

Additional operations of various County departments are funded by Special Revenue sources. The detail of line-item accounts for these funds is hereby adopted as part of this Ordinance.

SECTION 7. PURCHASE OF DEVELOPMENT RIGHTS AND REAL PROPERTY PROGRAM

The revenue generated by a 4.80 mill levy is appropriated for the County's Purchase of Development Rights and Real Property Program.

SECTION 8. COUNTY DEBT SERVICE APPROPRIATION

The revenue generated by a 5.58 mill levy is appropriated to defray the principal and interest payments on all County bonds and on the lease-purchase agreement authorized to cover other Capital expenditures.

SECTION 9. BUDGETARY ACCOUNT BREAKOUT

The foregoing County Operations appropriations have been detailed by the County Council into line-item accounts for each department. The detailed appropriation by account and budget narrative contained under separate cover is hereby adopted as part of this Ordinance. The Fire Districts, as described in Section 3 of this Ordinance, line-item budgets are under separate cover, but are also part and parcel of this Ordinance.

SECTION 10. 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 Unreserved Fund Balance of that fund.

SECTION 11. AUTHORIZATION TO TRANSFER FUNDS

In the following Section where reference is made to "County Administrator", it is explicit that this refers to those funds under the particular auspices of the County Administrator requiring his approval as outlined in Section 4 subpart II.

Transfers of monies/budgets among operating accounts, capital accounts, funds, and programs must be authorized by the County Administrator or his designee, upon the written request of the Department Head. Any transfer in excess of $50,000 for individual or cumulative expenditures during any current fiscal year is to be authorized by the County Council, or its designee.

Transfer of monies/budgets within operating accounts, capital accounts, funds, and programs must be authorized by the County Administrator or his designee, upon written request of the Department Head. The County Administrator, or his designee, may also transfer funds from any departmental account to their respective Contingency Accounts. All transfers among and within accounts in excess of $50,000 for individual or cumulative expenditures during any current fiscal year are to be reported to County Council through the Finance Committee on a quarterly basis.

SECTION 12. ALLOCATION OF FUNDS

The County Administrator is responsible for controlling the rate of expenditure of budgeted funds in order to assure that expenditures do not exceed funds on hand. To carry out this responsibility, the County Administrator is authorized to allocate budgeted funds.

SECTION 13. MISCELLANEOUS RECEIPTS ABOVE-ANTICIPATED REVENUES

Revenues other than, and/or in excess of, those addressed in Sections 4, 5 and 6 of this Ordinance, received by Beaufort County, and all other County agencies fiscally responsible to Beaufort County, which are in excess of anticipated revenue as approved in the current budget, may be expended as directed by the revenue source, or for the express purposes for which the funds were generated without further approval of County Council. All such expenditures, in excess of $10,000, shall be reported, in written form, to the County Council of Beaufort County on a quarterly basis. Such funds include sales of products, services, rents, contributions, donations, special events, insurance and similar recoveries.

SECTION 14. TRANSFERS VALIDATED

All duly authorized transfers of funds heretofore made from one account to another, or from one fund to another during Fiscal Year 2017, are hereby approved.

SECTION 15. EFFECTIVE DATE

This Ordinance shall be effective July 1, 2017. Approved and adopted on third and final reading this ____day of June, 2017.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY:_____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

_____
Thomas J. Keaveny, II, Esquire
Beaufort County Attorney

ATTEST:

_____
Ashley M. Bennett, Clerk to Council

First Reading, By Title Only: May 8, 2017
Second Reading: May 22, 2017
Public Hearings: May 22, 2017
Third and Final Reading:

ORDINANCE NO. 2017 / __

FY 2017-2018 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, 2017 and ending June 30, 2018, 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.

SECTION 2. MILLAGE

In Fiscal Year 2017-2018 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	113.50
School Bond Debt Service (Principal and Interest)	31.71

The values listed above, in accordance with Section 6-1-320(A)(2) of the *Code of Laws of South Carolina*, 1976, as amended.

	Prior Year Millage	% Average CPI	% Population Growth	Allowable Annual % Increase of Millage Rate	Millage Bank Used	Millage Bank Balance
2015	103.5	1.46%	2.27%	3.73%	-3.73%	1.81%
2016	103.5	1.62%	2.50%	4.12%	0.00%	5.93%
2017	111.5	0.12%	2.55%	2.67%	-7.73%	.87%

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 $225,764,555 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. $137,164,216 to be derived from tax collections;
B. $ 76,851,629 to be derived from State revenues;
C. $ 700,000 to be derived from Federal revenues;
D. $ 1,463,500 to be derived from other local sources;
E. $ 5,425,804 to be derived from inter-fund transfers; and
F. $ 4,159,406 to be derived from 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 2017-2018 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 of 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 2018 are hereby approved.

SECTION 7. EFFECTIVE DATE

This Ordinance shall be effective July 1, 2017. Approved and adopted on third and final reading this 12th day of June, 2017.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY:_____
D. Paul Sommerville, Chairman

APPROVED AS TO FORM:

_____
Thomas J. Keaveny, II, Esquire
Beaufort County Attorney

ATTEST:

_____
Ashley M. Bennett, Clerk to Council

First Reading, By Title Only: May 8, 2017
Second Reading: May 22, 2017
Public Hearings: May 22, 2017
Third and Final Reading:

ADD-ONS

The document(s) herein were provided to Council for information and/or discussion after release of the official agenda and backup items.

Topic:	Documents Submitted During Public Comment
Date Submitted:	June 12, 2017
Submitted By:	Tommy O'Brien
Venue:	Council Regular Session

$ 65,037.11 Total

5216

Form 668 (Y)(c)
(Rev. February 2004)

Department of the Treasury - Internal Revenue Service

Notice of Federal Tax Lien

Area:
SMALL BUSINESS/SELF EMPLOYED AREA #3
Lien Unit Phone: (800) 913-6050

Serial Number
223998516

For Optional Use by Recording Office

As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.

BEAUFORT COUNTY SC - ROD
BK 117 Pg 2300
FILE NUM 2016043225
08/15/2016 03:58:04 PM
REC'D BYpbaxley RCPT# 820586
RECORDING FEES $10.00

Name of Taxpayer COVERT AIRE LLC
MICHAEL E COVERT MBR

Residence
PO BOX 3440
BLUFFTON, SC 29910-3440

IMPORTANT RELEASE INFORMATION: For each assessment listed below, unless notice of the lien is refiled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).

Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
941	06/30/2014	XX-XXX4862	09/29/2014	10/29/2024	2400.22
941	09/30/2014	XX-XXX4862	02/16/2015	03/18/2025	9132.91
941	12/31/2014	XX-XXX4862	04/27/2015	05/27/2025	2450.95
941	03/31/2015	XX-XXX4862	08/03/2015	09/02/2025	5517.28
941	06/30/2015	XX-XXX4862	10/05/2015	11/04/2025	14776.09
941	09/30/2015	XX-XXX4862	02/22/2016	03/24/2026	5677.64
941	12/31/2015	XX-XXX4862	05/30/2016	06/29/2026	9823.92

Place of Filing
REGISTER - PO DRAWER 1197
Beaufort COUNTY
BEAUFORT, SC 29901-1197

Total $ 49779.01

This notice was prepared and signed at BALTIMORE, MD, on this,

the 04th day of August, 2016.

Signature Cheryl Cordova
for GLENN R LANKOWSKI

Title
REVENUE OFFICER
(912) 651-1168

23-12-4131

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax lien Rev. Rul. 71-466, 1971 - 2 C.B. 409)

Part 1 - Kept By Recording Office

Form 668(Y)(c) (Rev. 2-2004)
CAT. NO 60025X

Topic: Documents Submitted During Public Comment
Date Submitted: June 12, 2017
Submitted By: Tommy O'Brien
Venue: Book117/Page2300 County Register Session

14742

Form 668 (Y)(c)
(Rev. February 2004)

Department of the Treasury - Internal Revenue Service

Notice of Federal Tax Lien

Area:
SMALL BUSINESS/SELF EMPLOYED AREA #3
Lien Unit Phone: (800) 913-6050

Serial Number
228836916

For Optional Use by Recording Office

As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.

BEAUFORT COUNTY SC - ROD
BK 118 Pg 1518
FILE NUM 2016050333
09/19/2016 04:40:11 PM
REC'D BYrwebb RCPT# 824484
RECORDING FEES $10.00

Name of Taxpayer COVERT AIRE LLC
MICHAEL E COVERT MBR

Residence
PO BOX 3440
BLUFFTON, SC 29910-3440

IMPORTANT RELEASE INFORMATION: For each assessment listed below, unless notice of the lien is refiled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).

Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
941	03/31/2016	XX-XXX4862	07/18/2016	08/17/2026	7070.92

Place of Filing
REGISTER - PO DRAWER 1197
Beaufort COUNTY
BEAUFORT, SC 29901-1197

Total $ 7070.92

This notice was prepared and signed at BALTIMORE, MD, on this,

the 09th day of September, 2016.

Signature Cheryl Cordero
for GLENN R LANKOWSKI

Title
REVENUE OFFICER
(912) 651-1168

23-12-4131

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax lien Rev. Rul. 71-466, 1971 - 2 C.B. 409)

Part 1 - Kept By Recording Office

Form **668(Y)(c)** (Rev. 2-2004)
CAT. NO 60025X

11874

Form 668 (Y)(c)
(Rev. February 2004)

Department of the Treasury - Internal Revenue Service

Notice of Federal Tax Lien

Area:
SMALL BUSINESS/SELF EMPLOYED AREA #3
Lien Unit Phone: (800) 913-6050

Serial Number
248271817

For Optional Use by Recording Office

As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.

BEAUFORT COUNTY SC - ROD
BK 120 Pg 1764
FILE NUM 2017007430
02/13/2017 03:42:46 PM
REC'D BYpbaxley RCPT# 839620
RECORDING FEES $10.00

Name of Taxpayer COVERT AIRE LLC
MICHAEL E COVERT MBR

Residence
PO BOX 3440
BLUFFTON, SC 29910-3440

IMPORTANT RELEASE INFORMATION: For each assessment listed below, unless notice of the lien is refiled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).

Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
941	06/30/2016	XX-XXX4862	10/03/2016	11/02/2026	8187.18

Place of Filing
REGISTER - PO DRAWER 1197
Beaufort COUNTY
BEAUFORT, SC 29901-1197

Total $ 8187.18

This notice was prepared and signed at BALTIMORE, MD, on this,

the 06th day of February, 2017.

Signature Cheryl Cordero
for GLENN R LANKOWSKI

Title
REVENUE OFFICER
(912) 651-1168

23-09-2131

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax lien Rev. Rul. 71-466, 1971 - 2 C.B. 409)

Part 1 - Kept By Recording Office

Form **668(Y)(c)** (Rev. 2-2004)
CAT. NO 60025X

Topic:	Documents Submitted During Public Comment
Date Submitted:	June 12, 2017
Submitted By:	Skip Hoagland
Venue:	Council Regular Session

Most comprehensive study and research done to date with Chamber / CVB / DMO corruption nationwide, not just SC. Everyone on Town council will get these printed out to enter into record. As my lawsuits against the Hilton Head chamber, Hilton Head Town council, Bluffton Town council move forward, we will now focus our efforts on Beaufort Town council, Beaufort chamber, Charleston, Myrtle Beach, Greenville, and Columbia.

I will pass out these examples below to be part of record. I will address your joining all chambers in Beaufort County with tax monies, which is a conflict and misappropriation of taxpayers money. Will address both of you refusing to force or address the fact Town is a chamber member and now the Town can force all chambers in Beaufort county who refused SC FOIA laws, to now comply to access the chamber financials under the non-profit corporation act laws to all members, which you both refuse. I will state the only reasons you both would do this is you are either weak, scared, corrupted or incompetent and I do not think either of you are incompetent nor stupid.
Further to add, Kubic or Gruber joined all chambers except the Greater Bluffton Chamber, the only one operated properly in Beaufort county not committing misuse, theft, secrecy, non transparency, accountability, and this Council misappropriated our tax monies to all chambers except the Greater Bluffton Chamber. Why? Please do not say mistake and forgot? Even the crooks, Marc Orlando, Town manager and real estate agent Lisa Sulka did not join their own Greater Bluffton chamber and joined the Hilton Head Chamber instead. These crooks even illegally used town

employees to raise 90k and sell 500 memberships for crook buddy, Bill Miles. Extreme abuse.

Next I will address you issuing thousands and millions of tax dollars over the years to the private Beaufort chamber and Hilton Head Bluffton chamber 501-c6 non-profit corporations run by corrupted secretive crooks Blakely Williams and Bill Miles as the county DMOs misusing Atax funds and can prove it. This Council is in further violation of fair bidding procurement laws, no DMO contract, no transparency, no FOIA demands, no independent audits, no oversight and again Mr Sommerville and Mr Caporale both again refuse to force transparency and full accountability as town members under the non-profit corporation act laws of SC. Why? Outrageous corruption.

The last thing I want to do is hold you Paul, as Chairman, accountable and come back next meeting and single you out and address you as a corrupted crook, accomplice and co-conspirator for the corrupted chamber crooks and thieves of public funds. If you knowingly allow this to continue, you are no better than the crooks themselves. The last thing we need is corrupted elected official part of and assisting the misuse of public funds.

You can't give public money for private profit comingling purposes for apps and websites to profit the Chambers pockets and not use this DMO atax money for the intended purpose of promoting and including the entire business tax paying community for free, not up sell ads to profit and

exclude all businesses if they don't buy ads! This could not be any more abusive to local media and is, in complete violation of IRS Ubit tax laws. DMO is an ad agency job, not a local chamber job. Blakeley Williams is using Brandon Ad Agency in Myrtle Beach to do all DMO work and pocket money as middleman. Worse, crook and thief Bill Miles hiring and taking our tax monies to Canada for DMO apps / website. Caught overcharging for a 30k app receiving 100k and attempt 340k robbery attempt.

Note: atax monies used to profit the pockets of chamber crooks, Bill Miles' 400k pay package and will not know what he and Blakeley Williams are stealing until a forensic audit is done.

I attach a huge education not from just me, but others who wrote these articles. Paul / Rick, perhaps you both just think this is all just going away and all this is no big deal just business as usual in corrupt Beaufort County? I have a big surprise for you – read Berkeley SC chamber corruption! You must also both learn to respect the expert advice of others who address you and not have a false sense of superiority or knowledge sitting on the dias.

This is my most comprehensive report on all this I have done to date and have much more, perhaps 1000 emails on all this, I look forward to how you both debate or deny this. Rick, if you can't assist Paul and help him come to his senses, I think you should share your, what I consider to be your most intelligent and informative (mofo) email to date, with everyone and my response back. I am sure Paul would

like to comment on this. Perhaps after you read this, you and Paul and other elected officials will see by my actions what taxpayers would like to see from you both as leaders. Not all talk no action. Elected officials tossed in with corruption, who worse let our corrupted town employees run the show. Nothing works well when employees tell the owners what to do. General public and young people are tired of it.

You are only as good on what you left behind. Sure you have both done some good, but allowing chamber crooks to try and escape from transparencies must end. When Beaufort chambers are finally brought to justice, like Berkeley chamber and Palm Beach Cvb, you will both be tied to the corruption because you failed to act and will not be able to play dumb. You were fully educated for 3 yrs. Ignorance is no excuse in the eyes of the law.

PALM BEACH COUNTY
CONVENTION AND VISITORS BUREAU
AUDIT

SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

Audit Services Division

December 2006

SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

December 14, 2006

Honorable Addie Greene, Chair
Members, Board of County Commissioners

Board of Directors
Discover Palm Beach County, Inc.,
d/b/a Palm Beach County Convention and Visitors Bureau

We have conducted an audit of the Palm Beach County Convention and Visitors Bureau (CVB).

The objectives of our audit were to determine weaknesses in internal controls, adequacy of management and accounting internal controls, whether other improprieties exist, whether audited expenditures were reasonable and necessary for effective tourist-related activities, and whether tax monies were used in conformity with County contracts and policies.

Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the findings and recommendations presented in this report are not all-inclusive.

We conclude that internal controls are not adequate. This lack of controls, in addition to gross mismanagement, allowed the misappropriation of $1.55 million to occur without detection. We identified some expenditures that may not be reasonable or necessary. We were unable to analyze all expenditures because of inadequate records.

I emphasize that we have not conducted a forensic audit to determine the total amounts misappropriated by the former Controller. That task is being performed by a commercial forensic auditing firm. That audit is ongoing. While we worked in cooperation with the auditing firm during the course of our audit, our findings as to the total amount misappropriated may differ.

Our normal procedure would be to obtain written responses from

301 North Olive Avenue
West Palm Beach, Florida 33401

P.O. Box 229
West Palm Beach, Florida 33402

Telephone 561-355-2996
Facsimile 561-355-6727

www.pbcountyclerk.com

the auditee to be included in our report. Because of the urgent and critical nature of our findings and recommendations, along with the fact that CVB management is in transition, we are issuing this report without responses to make the information available to decision-makers as soon as possible. Our findings and recommendations have been discussed with counsel for the CVB Board of Directors.

We appreciate the cooperation shown by the staff of the Palm Beach County Convention and Visitors Bureau during the course of this review.

Respectfully submitted,

Sharon R. Bock, Esq.
Clerk & Comptroller
Palm Beach County

EXECUTIVE SUMMARY

The Clerk & Comptroller conducted a review of the internal control structure and environment of the Palm Beach County Convention and Visitors Bureau (CVB). Discover Palm Beach County, Inc., d/b/a Palm Beach County Convention and Visitors Bureau was formed in 1983 as a nonprofit corporation under contract with Palm Beach County to provide tourism marketing services and management of the Palm Beach County Convention Center (Convention Center).

Internal controls in the operation of the CVB are not adequate. The lack of controls, along with mismanagement, allowed the misappropriation of approximately $1.55 million without detection. We identified some expenditures that did not appear reasonable or necessary; however, because of inadequate records, we are unable to provide assurance that, overall, the CVB's expenditures were reasonable and necessary.

The former CVB Controller has misappropriated $1,556,961, which is the amount known to date. The misappropriations occurred during the period from June 4, 2003 to October 18, 2006. This included a total of 222 checks the Controller made payable to herself. The misappropriations went undetected for over three years as a result of gross mismanagement within the corporation. The Vice President of Finance & Administration (VPF&A) failed to monitor the Controller's and the Bookkeeper's activities and responsibilities. Had the VPF&A properly monitored activities, the misappropriation of funds could have been prevented or detected on a timely basis.

The CVB contracted with a commercial auditing firm for the past ten years to perform annual audits. During the Clerk & Comptroller's audit, several requests were made of the external audit firm to review its working papers, including its work product on the annual financial audits of the CVB. The external audit firm declined to provide any portion of their work papers unless the County signed a waiver that would prohibit the County from taking action in the event inadequate audit work was found. The external audit firm failed to detect the misappropriations during the last three annual financial audits of the CVB. Although fraud detection is not the objective of the annual audit, the auditor does have certain due diligence responsibilities relating to material fraud.

The County's relationship with Discover Palm Beach County, Inc. should be reconsidered. The current contractual arrangement does not reasonably ensure the efficient and effective use of public resources. Several Board Members of the CVB may have an actual or perceived conflict of interest with the Palm Beach County Convention Center. Several of the CVB Board Members are industry leaders in Palm Beach County, including business owners and managers that are in direct competition with the Palm Beach County Convention Center

for business. The current structure, whereby the Convention and Visitors Bureau is a nonprofit corporation, has effectively reduced County oversight of the use of tourist development tax funds, and also has facilitated CVB activities that may not be reasonable or necessary.

Public funds have been co-mingled and converted into private funds. The CVB has developed outside revenue sources that have been earned largely as a result of tax-supported activities. The CVB then retains earned revenues and spends them outside of County control. We noted expenditures for activities that do not appear reasonable or necessary. These include flowers for staff, dinners for Board members, tickets to numerous sporting events, including, in April 2006, four season tickets to the Dolphins games at a cost of $10,151. While some of the expenditures may be reasonable, there was no documentation available to justify the individual expenses.

The CEO traveled extensively without adequate documentation or oversight. Travel included first class overseas airfare in violation of County policy. The CVB Board of Directors Executive Committee or the full Board of Directors should approve all of the CEO's travel in advance.

The CVB has paid over $140,000 to a contractor and pays $5,800 per month for a reservation system that is providing virtually no benefit to the County. The reservation system did not go online until February 23, 2006 and has had produced only 36 bookings, 127 room nights, and $468 in transaction revenues. The online reservation system should be eliminated immediately.

Credit card controls need improvement. Some CVB employees are issued corporate credit cards with which to charge CVB-related activities. CVB employees have made personal charges on CVB's corporate credit cards. In one incident, a CVB employee who was subsequently terminated had $6,000 in personal charges on the CVB credit card. The CVB hired a CPA firm to provide additional services to review and determine a course of action to recover the $6,000 after the individual was terminated. Currently, credit card statements are mailed to the employees' homes; the employees pay the bill, and then seek reimbursement from the CVB. To exercise more control, the CVB should receive the credit card statements and pay the bill directly. Any personal use would then be discovered promptly.

Many weaknesses in internal controls allowed the misappropriations to occur without detection. These weaknesses include inadequate segregation of duties, improper use of the accounting system's test database, an inadequate record management system, inadequate check security, lack of financial reporting to division directors, and inadequate policies and procedures.

This report contains 34 findings and 75 recommendations. The CVB is encouraged to implement all recommendations as applicable to its future operational structure.

Great Bend looking into possible corruption from former CVB Director

July 13, 2016 by Cole Reif 6 Comments

Cris Collier – former Great Bend Convention & Visitors Bureau Director

Discussion during the Tuesday, July 12 budget session by the Great Bend City Council brought forth alarming information regarding the former Great Bend Convention & Visitors Bureau director.

Multiple sources have stated the City of Great Bend is looking into possibly misused funds and a long list of questionable actions taken by the recently retired director.

Cris Collier retired as the Convention & Visitors Bureau (CVB) Director at the end of 2015. The City of Great Bend then acquired the CVB and turned the organization into city personnel and put it under the city's guidance on January 1, 2016. Great Bend would eventually hire Emily Goad as Collier's replacement the following month.

According to a source, Collier repeatedly used a CVB-provided vehicle and charged gas money and hotel expenses to the CVB to perform work for a business in Goodland, KS in which she was paid separately.

Collier was also reportedly sold the vehicle the CVB provided her for thousands of dollars less than the vehicle was worth.

Great Bend allegedly had the Kansas Bureau of Investigation come investigate the matter and their findings have been turned over to the Barton County Attorney's Office.

Sources say the Attorney's Office and Great Bend may struggle to find absolute proof because when law enforcement officers and city officials went into Collier's office they did not find much. After decades of serving as the CVB Director, Collier apparently shredded most of her files and cleared her computers and email.

Confirmation on the extent of the misused funds while Collier was the director has not been made by city officials. Requests for comments from city officials and Collier were unanswered as of Wednesday afternoon.

Visitors Bureau Director Charged in Embezzlement Case

Posted 2:48 pm, January 28, 2016, by Kait McKinney

MARSHALLTOWN, Iowa — The director of the Marshalltown Convention and Visitors Bureau was arrested after an embezzlement investigation.

Marshalltown authorities say Shannon Espenscheid turned herself into authorities Thursday and was charged with first-degree theft and ongoing criminal conduct.

Espenscheid was relieved of her duties as executive director on Dec. 29, 2015 after an internal investigation that found suspicious and possibly fraudulent credit card expenditures.

On Jan. 5, the CEO of the Marshalltown Regional Partnership contacted the Marshalltown Police Department and handed the case over to them.

Espenscheid was released on her promise to appear in court on Feb. 10.

Former Bristol Chamber of Commerce CEO arrested

Posted: Apr 24, 2017 01:45 PM EDT

Updated: Apr 24, 2017 01:45 PM EDT

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The former CEO of the Bristol Chamber of Commerce has been arrested in York County, South Carolina.

According to an arrest warrant, Lisa Cross Meadows was arrested and charged with petit larceny. Court documents say Meadows took three bottles of tanning lotion from Ultratan in Fort Mill, South Carolina and didn't pay for them. That lotion was valued at $348.

Meadows serves as the executive director at the Rock Hill-York County Convention and Visitors Bureau. News 5 contacted them this morning and found out she is still employed there.

Meadows retired from the Bristol Chamber back in 2012. She worked there for 18 years. The Rock Hill-York County Convention and Visitors Bureau Board of Directors will discuss Meadows during an executive session on Wednesday.

Former Convention and Visitors Bureau Employee Arrested on Seven Felony Counts

September 17, 2014 No comments

Kokomo – Recently, a criminal investigation by Indiana State Police Detective Mike Tarrh resulted in the arrest of the former assistant director of the Howard County Convention and Visitors' Bureau (CVB). Kimberly Morgan, 48, Kokomo, IN, surrendered to correctional officers at the Howard County Jail, where she was served a Howard Superior Court II arrest warrant alleging seven felony counts for theft. She has posted bond.

Detective Tarrh initiated his investigation at the request of the Howard County Prosecutor's Office. A criminal complaint affidavit was completed by a representative from the Greater Kokomo Economic Development Alliance (GKEDA), which oversees the CVB. GKEDA indicated an internal audit revealed possible misuse of CVB funds. The investigation revealed that from January 2012 until January 2014, Morgan had allegedly completed numerous unauthorized transactions utilizing a CVB credit card. The transaction totaled over $18,000 and Morgan purportedly deposited funds into her personal bank account, for personal use.

Morgan worked at the CVB for approximately10 years. She was released in January 2014.

Report: Berkeley Chamber of Commerce under federal investigation after review of accommodation tax funds

- By Rickey Ciapha Dennis Jr. rdennis@berkeleyind.com
- Apr 26, 2017

Public officials revealed at an April 24 council meeting that the Berkeley Chamber of Commerce is under investigation by the Federal Bureau of Investigation after a review of accommodations tax financial records.

According to Deputy Supervisor Tim Callanan, per the request of the accommodations tax advisory committee, an outside certified public accountant reviewed expenditures, balances, invoices, bank statements and other financial information pertaining to the accommodation tax funds. The funds were held in an account controlled by the Chamber.

"The invoice themselves and some research on the company themselves led me to believe there was more there…and possibly someone should look into it," Callanan told county council at the meeting. "I felt it was my responsibility to submit those to the necessary authorities."

Those authorities, Callanan added, were the South Carolina Law Enforcement Division and the Federal Bureau of Investigation.

"The particular agents submitted the information to the FBI and they agreed it was grounds for an investigation," Callanan said.

Berkeley County would not comment any further on the investigation other than a statement released on Tuesday after the meeting.

"At the request of the new advisory commission board, Berkeley County was asked to do a financial review of the accommodations tax records," Callanan said in a statement. "We did that. We hired an outside accountant. They did the review, and turned over the results. Based on that review, there were areas of concern that warranted turning it over to proper authorities. That is the limit of this administration's involvement."

Representatives from SLED did not return a request for confirmation of the investigation.

On April 28, the Chamber released a statement stating they have been transparent with the county in regards to accommodations funds.

"It is worthy to note that for over 30 years the Chamber has been the recipient of accommodation funding and has reported to the Berkeley County Accommodation Oversight Committee, which is appointed by Berkeley County Council," the statement read.

"Additionally, the Chamber has made numerous presentations to County Council over the years, detailing how these funds have been expended for advertising and promoting tourism within the County. On multiple occasions the Chamber has offered to provide additional information to County Council, including offers to

"The Berkeley Chamber and our Board of Directors hold our legal processes in high regard and commit to compliance in every respect."

Currently, nearly $450,000 is being recommended by the accommodations tax committee to be given to 22 special events, festival and other organizations to promote tourism in Berkeley County. A final approval to distribute those funds is expected to be made by council at the first May council meeting.

Jim Rozier, chairman of the accommodations tax advisory committee, urged council to move forward with approving the funds to be distributed among the applicants.

The committee serves as an advisory group selected by council on decisions to be made regarding accommodations tax funds. The funds are a percentage of the money spent at local hotels. Another accommodations tax percentage is also levied by the state. A small portion of that is returned to the county.

Financial Statement Auditing vs. Forensic Accounting Audit/Analysis

Tuesday, January 19, 2016

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The increasing spotlight on corporate ethics and fraud has resulted in a demand for accountants who have sufficient training and investigative skills to conduct investigations into financial crime in the workplace. The integration of accounting, auditing and investigative skills yields the specialty known as Forensic Accounting. The term "forensic" means suitable for use in a court of law, and the term "forensic accounting" was created to differentiate between accountants who specialize in investigating fraud and the more familiar work of traditional financial statement auditors.

Forensic accounting is a specialty practice area of accounting that focuses on a specialized approach and methodology designed to identify financial fraud. Forensic accountants/fraud auditors are generally accountants or auditors who – by virtue of their attitudes, attributes, skills, knowledge, and experience – are experts at detecting and documenting fraud in accounting and financial transactions. The skills forensic accountants/auditors require include all of those that are required of financial statement auditors, plus knowledge of how to gather evidence of and document fraud losses for criminal and civil purposes, how to interview third party witnesses, and how to testify as an expert witness.

However, while forensic accounting has become more prevalent in the workplace, many individuals still are not clear on the differences between a financial statement audit and a forensic audit/examination. These services are mutually exclusive and have distinctively unique purposes. When engaging the services of a forensic accountant, it is important to understand the process and objectives of a forensic audit and how it differs from a financial statement audit.

Financial Accounting – Financial Statement Audit

A financial statement audit is conducted by a CPA firm to opine whether a company's financial statements fairly present its financial position as of a particular point in time. The auditors evaluate whether the financial statements prepared by management are stated in all material respects in accordance with Generally Accepted Accounting Principles ("GAAP"). The auditors reach their opinion by examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements. ***A financial statement audit does not analyze every transaction or look for fraud specifically***. While a properly planned financial statement audit may uncover fraud, the focus is not on uncovering potential fraudulent acts. It is possible for a company to have a significant embezzlement or fraud perpetrated without it being uncovered during a financial statement audit.

Many in the public have questioned why financial statement audits do not detect more fraud. The general public believes that a financial statement audit would detect a fraud if one were being perpetrated. The truth, however, is that the procedures for financial statement audits are designed to detect material

misstatements, and thus financial auditors focus on misstatements that singularly or in the aggregate are large enough to be material. Fraud auditors and forensic accountants are not constrained by materiality. .

The financial statement audit reports are typically used for a wide range of purposes by several different corporate audiences and stakeholders. These typically include senior management, the audit committee, the board of directors, owners, shareholders, investors, suppliers and the company's bank or financial institution. Third parties use audited financial statements to evaluate the financial strength of a company for investing or lending purposes.

Forensic Accounting – Financial/Fraud Investigation

A forensic accounting engagement, on the other hand, is conducted by a forensic accounting expert and is specifically designed to uncover fraud. The objective often includes finding out who committed the fraud, how they did it, how much they took, and how to stop it from happening in the future. A forensic audit is more encompassing than a financial statement audit in terms of assessing the entity's internal control structure and identification of alleged fraudulent activity or irregularities. While forensic engagements follow the basic rules prescribed under GAAP, it may depart from all or parts of what is stated under GAAP depending on the circumstances. In other words, there are no set guidelines when it comes to forensic accounting. Forensic accountants will generally start with data from a company's financial statements, but will then move to other procedures in an effort to follow specific circumstances or a series of events that has occurred in the company. The forensic accountant will interview a wide range of company personnel, from the clerical staff to the senior management, as necessary. Based on these interviews, as well as other observations, the examiner will start to identify red flags and design follow up procedures to address the suspicions and/or high risk areas within the organization.

A forensic audit report of findings is a fact-based document that may detail internal control weaknesses, alleged acts of malfeasance, and the magnitude of the alleged loss. In certain circumstances, the forensic audit report may even include recommendation to improve the identified weakness or gaps in internal controls. The forensic audit report can have many purposes, including use by an entity's management to seek restitution from the alleged perpetrator, use by management to strengthen internal controls to prevent fraud from occurring in the future, or use by law enforcement to bring criminal charges.

Each forensic project is unique and may require the forensic accountant to develop an audit program for the specific objective of the individual engagement. Typically, the forensic accountant will work with a legal team, and will always work under the assumption that he or she will have to testify as an expert in a court proceeding. The qualifications and expertise of the engagement team is paramount as the documents created during the forensic audit may be needed in civil and criminal proceedings, by law enforcement, government agencies, or confidential investigations.

Concluding Thoughts

As a business owner, or as an accounting practitioner, it is imperative that you clearly understand and define your objectives as it relates to an audit engagement. A forensic audit and a financial statement audit have very different objectives that no not overlap. Financial statement auditors and fraud specialists are two different specialized-skills and disciplines in the auditing field.

Is forensic accounting to catch possible losses worth it?

Anonymous (*Manager*) | Jul 28, 2013

I understand that the biggest risks many companies face is from internal fraud. My company is growing rapidly and recently I have noticed some accounting inconsistencies. When does it make sense to invest in some forensic accounting?

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Regis Quirin (*Director of Finance* at Gibney Anthony & Flaherty LLP) | Oct 6, 2012

If you detect some inconsistencies, there are multiple steps you should take. Forensics accounting activities are last, if they make sense.

First remove the opportunities for "inconsistencies" to occur. Establish or alter your current policies and procedures to close opportunities for fraud.

Next dismiss the individual(s) that are behind the inconsistencies. Hopefully you are in an at will state.

Now consider what you are trying to achieve with the forensic accounting activities. This work is a specialty and may cost you. Forensic Accounting does not help "to catch possible losses," forensic accounting will only tell you what you lost, in preparation for litigation.

Good luck.

Chris Shumate (*Accounting Manager* at Dominion Development Group, LLC) | Oct 8, 2012

Dear Anonymous - Forensic accounting may not be necessary, as Regis stated. Something you could do, if you chose to, is to hire a fraud examiner, although related to forensic accounting, a fraud examiner is normally less expensive to obtain.

Another option would be to find a recent Forensic Accounting/Fraud Examiner's textbook, review portions of it, there are multiple, helpful ideas on what to check for yourself. If you cannot find any indications of fraud doing your own research, and after doing what Regis suggested, the yes forensic accounting. May I also suggest going to http://www.acfe.com/ (http://www.acfe.com/) and seeing what the site recommends as resources.

Just remember a forensic audit will cost you. Specialty accounting functions are not cheap.

Denise McClure (*President* at Averti Fraud Solutions, LLC) | Oct 9, 2012

As a forensic accountant, I agree you do not need to retain someone like me to review your accounting records for mere suspicions. However, many forensic accountants also perform internal control assessments. We evaluate accounting processes and recommend changes so that honest errors and dishonest acts are highly likely to be identified in the normal course of operations.

In a small organization where only 1-2 people are involved in the accounting process, my top recommendations are (1) an owner routinely reviews the bank statements, credit card statements and merchant service statements, either on-line or by having a duplicate copy sent to his/her home; and (2) an owner (or outside accountant) performs "surprise audits" periodically by looking at one area in depth. It is important that the accounting staff know about these oversight procedures. The vast majority of embezzlement in small to medium size businesses is an act of opportunity - these types of oversight procedures promote accountability and transparency and create the perception that a dishonest act is likely to be identified, which is an effective deterrent to fraud and embezzlement.

2012

My two cents:

In the times that I have done "forensic accounting" (rare, given I'm not an accountant, and thus the quotes) or it has been done for me, there has generally been a known problem. A history of bad controls, an incompetent (or absent) staff, a procedure that was broken....whatever. In all these situations, the payback on the time and $ invested was (give or take) 100x the investment. It is staggering what you can find.

Do you need a forensic accountant to do this? Not necessarily. You do need a known, professional third party to come in and review, advise and help you fix it up. To Denise's point, forensic accountants don't just track down Al Capone, they also are experts in building healthy systems, so (imho) they fit the mold of a "known, professional third-party".

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Need arises if you have any suspicion that something beyond stupid/incompetent/lazy/oops has happened. If it gets to that level, then they aren't just a reasonable resource, but a necessary one. This level I've happily only uncovered once (note...the employee had no concept that what they were doing was stealing...really unfortunate all around), and we were able to handle it outside of court; if something does go to court, the FA's role is even more critical.

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But, back to the second paragraph, just because you aren't necessarily going to court, doesn't mean that they aren't a good resource for your situation.

(#)

Jeffrey McCandless (*Managing Partner* at Stone Harbour Partners) | Oct 9, 2012

Lots of really good suggestions. Quite simply, follow the cash. follow the cash in the door and out the door. That will tell you everything you need to know. Look for things like partial payments from Clients, aggressively collect overdue invoices, ensure that credit card charges are supported by receipts that reflect an appropriate business purpose to back up the expense, review overdue accounts payable, review & substantiate reconciling items on bank reconcilliations, validate all new employees added to payroll to ensure that all documentation is in order, and look for unusual activity in accruals and other liabilities.

Set up and track appropriate KPIs and other financial & operational ratios. If something is amiss, then chances are these basic metrics will also be inconsistent.

By performing some of these quick checks, you will know whether you need to have professionals perform additional forensic procedures.

Topics: Business Risk Analysis (/topics/business-risk-analysis) | Forensic Accounting (/topics/forensic-accounting)

Prominent Charleston legislator suspended from office after indictment - South Carolina Radio Network

southcarolinaradionetwork.com

State Rep. Jim Merrill (Image: SCETV/File)

A high-profile Charleston legislator and former South Carolina House Majority Leader has now been suspended from office after his indictment on corruption-related charges Wednesday.

The Richland County Grand Jury indicted State Rep. Jim Merrill, R-Daniel Island, on two counts of misconduct in office and 28 counts of ethics violations. Merrill is accused of not reporting more than $1.3 million he and his consulting firm received from organizations and businesses on whose behalf he then lobbied for legislation in the state House of Representatives.

First Circuit Solicitor David Pascoe had been appointed as a special prosecutor to probe for corruption at the Statehouse on behalf of the state Attorney General's Office. He announced the charges on Wednesday.

"At this point in the process, the indictments are mere accusations," said Pascoe in a statement released with the indictment, "Mr. Merrill is presumed innocent until proven guilty."

On receiving the indictment charges House Speaker Jay Lucas, R-Darlington, suspended Merrill from his position.

"This suspension is in pursuant to state law and will remain in place until the matter is resolved or the seat is declared vacant," Lucas said in a statement.

Merrill "adamantly" denied the charges in a statement released by his attorney Leon Stavrinakis.

"The work performed by Jim Merrill's private company was completely legal and legitimate," Stavrinakis wrote, arguing that Merrill's conduct "was not illegal under South Carolina law."

Stavrinakis is also a Democratic legislator from Charleston who frequently allies with Merrill on House matters that impact the Charleston region.

Merrill has represented Berkeley and Charleston counties since 2001. He was elected by his fellow Republicans as the Majority Leader in 2004.

The indictments claim that Merrill has been accepting money from various groups from as far back as 2002 and failed to report those contributions to the proper channels. It also alleges that Merrill accepted over $391,000 from the South Carolina Association of Realtors to sponsor bills from May 2008 to April 2012, which directly benefited the association or its affiliates. The indictment claims most of those contributions (nearly $212,000) in 2009 while promoting "point of sale" legislation that would benefit realtors.

Merrill operates a consulting and printing business. He was then-presidential candidate Donald Trump's campaign director in South Carolina.

According to another indictment, Merrill accepted $172,485 from Student Transportation of America, Inc. through his business Geechie Communications from 2011 until 2016 and failed to report the money. During that time, Merrill has been an advocate for decentralizing the state's school bus fleet. According to the indictment, Merrill received a $3,000 per-month retainer to sponsor and promote legislation that would have privatized the state fleet.

More indictments also accuse Merrill of laundering more than $148,000 for Geechie Communications from the Charleston Area Convention and Visitors Bureau (CVB) or its affiliates between 2012 and 2014. Prosecutors say the CVB made payments to a public affairs firm owned by Merrill's brother. During that time, a House budget panel that Merrill chaired helped ensure CVB received a "substantial" amount of its budget through a state agency Merrill's subcommittee oversaw on budget matters

The indictments also charge Merrill with not reporting $35,000 in payments that his business received from Infilaw in 2014. At the time, Infilaw was attempting to acquire the private Charleston School of Law. South Carolina legislators were trying to stop the sale at the time after strong pushback from students and faculty. Charleston County's delegation later pushed for a nonprofit to purchase the school instead after learning about Merrill's involvement.

In addition to his undisclosed lobbying money, Merrill is also accused of using his position in the House to charge the House Republican Caucus and Palmetto Leadership Council roughly $275,521 for candidate mailings and advertisement placements during elections and failing to properly report the payments in an "effort to conceal" them. The indictments also claim Merrill illegally marked up his actual costs by more than 50 percent for printing and graphic services.

S.C. Political Corruption, Part 1: Jim Merrill

A year or so ago, I was driving around Charleston with a member of the S.C. Legislature talking about various people, problems and politics in the Statehouse. My friend is a long-time legislator and one of the most decent and honorable public servants I know.

As we topped the Ravenel Bridge, I asked him, "Is Jim Merrill a crook?" After a long pause, he said, "That is a question of law that must be determined by the courts…but, he *is* extremely bold."

Last week, State Representative Jim Merrill was indicted on 30 counts of using his office to funnel $1.3 million to himself and his business. A court of law will now decide if he is a crook. As for his (and his fellow legislators') boldness, there is a lot that we know now and a lot more that we are going to learn in the months to come.

Let's begin with the case against Merrill – but first we should all remember that under our legal system, a person is presumed innocent until they are proven guilty. And, this presumption extends to Merrill.

As recounted by The State newspaper, Solicitor David Pascoe's indictment alleges that

"… four entities together paid Merrill $534,178 in exchange for policy favors, including sponsoring legislation." Those involved who made the payments have a different explanation:

- Payment # 1, $283,693 – An attorney for the Charleston Area Convention and Visitors Bureau said Merrill's business was paid to write promotional materials for tourism publications.
- Payment # 2, $172,486 – New Jersey-based bus contractor Student Transportation of America says it paid Merrill to market its business to school districts across the Southeast.
- Payment # 3, $43,000 – The chief executive of Savannah-based Thomas & Hutton Engineering says his firm hired Merrill as a public relations consultant during the 2008 economic downturn.
- Payment # 4, $35,000 – Infilaw, a Florida-based company that runs for-profit law schools and attempted to buy the Charleston School of Law, says it hired Merrill for his "public relations and policy support in the Charleston area."

Additionally, the indictment said Merrill was paid $391,175 for his public influence by the S.C. Association of Realtors.

S.C. Common Cause Director and ethics watchdog John Crangle said, "These entities have no choice but to deny the allegations. Private companies or individuals can be charged under state and federal bribery laws if they attempt to buy a public official's influence. I'm skeptical of interest groups that go to public officials and hire them to do some kind of work when there is a reasonable expectation that public official will do something in his public office that will give an advantage to a person who is paying him."

Beyond the particulars of the Merrill indictment, there are several other aspects of the case that are even more troubling than the individual issues of Merrill's activities.

First, no one thinks that this is an unusual or isolated case; this is just the most recent case in the continuing prosecution of corrupt members of legislature. In the last few years, several other House and Senate members have been prosecuted, most notably Speaker of the House Bobby Harrell who pleaded guilty to a variety of corruption charges and resigned his office in October 2014.

No one (expect David Pascoe and his staff) knows how many others are slated for indictment but the estimates rumored around the statehouse range from only a handful to as many as 15 to 20 more legislators.

Second, the way Merrill, Harrell et. al. have been operating has become accepted as simply politics as usual. Not one member of the legislature, lobbyist or Statehouse hanger-on is on record as saying, "What a surprise, I'm shocked." It's just simply the way business is done in the Statehouse.

Third, simple ethics reforms could fix the problems (or a lot of them). Four simple reforms: 1) require lawmakers to report in detail all sources of income and release their income tax returns, 2) prohibit legislators from doing business with state, county or local governments, 3) create an independent ethics watch dog agency with real teeth and the power to send corrupt politicians to jail, and 4) reform the Democratic and Republican party caucus system that allows large sums of special interest money to be funneled to legislators, their families, their businesses and their campaigns.

We in South Carolina don't deserve this corruption.

And, it's just this type of special interest corruption that keeps us from tackling the many other important issues that face our state.

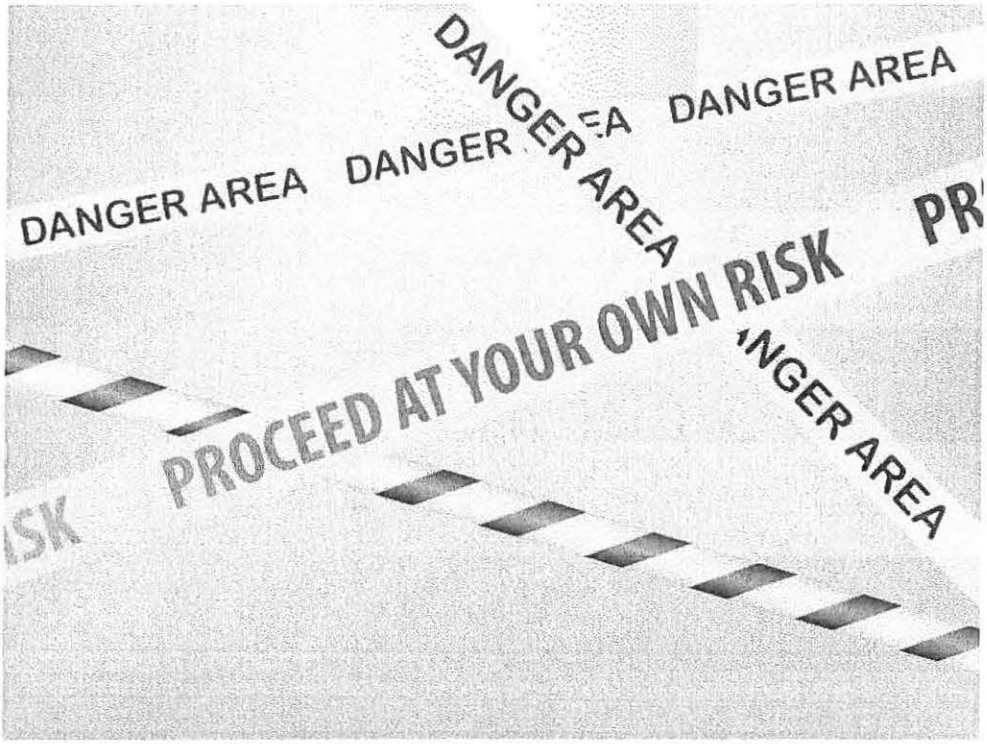
We deserve legislators that have a basic sense of honesty and integrity. We deserve legislators that view their office as an opportunity for public service and not an opportunity for a personal profit center.

The title of this column is S.C. Political Corruption, Part 1: Jim Merrill. There will certainly be a Part 2, Part 3, Part 4... who knows how many.

Stay tuned.

Conflict of Interest: Mischief, Thou Art Afoot

By RICK COHEN, NATIONAL CORRESPONDENT | March 21, 2007



Like beauty, conflict of interest is often in the eye of the beholder. Or, as the 17th-century French dramatist Jean Racine put it, "Crime, like virtue, has its degrees."[1] The public, the press, and the government frequently hold different definitions of conflict of interest, focus on different aspects, and act or fail to act in ways that are sometimes hard to fathom and predict.

In the past year of press coverage of nonprofits, the term conflict of interest pops up regularly. Sometimes conflict of interest is insinuated by outside observers and reporters, as in, "This is something that looks like it might be conflict of interest." Other times it is addressed by nonprofits themselves, asserting that what might look like a priori conflict of interest really isn't or that "we've dealt with it already." In still other circumstances, government monitors themselves discover conflicts of interest that leave them flummoxed about what to do.

This review of press coverage of nonprofit conflicts of interest draws on examples that illuminate some of the different circumstances and meanings of conflict of interest in the nonprofit sector. The Fourth Estate's coverage reveals a slippery concept, but one that

suggests that the constituents of the nonprofit sector are none too pleased at what they see as inappropriate behaviors they categorize as conflicts of interest. The veneer of charity and philanthropy, of doing God's work on earth, doesn't provide the cover for nonprofit behavior that it used to. The public increasingly perceives what Shakespeare's insightful Hamlet found, that "one may smile, and smile, and be a villain."[2] Or, in more contemporary terms, we might adopt conflict of interest policies, but if we can't understand, test, and implement them in real-world situations, the pernicious effect of conflicts of interest will chip away at the public's trust in the nonprofit sector.

Nothing Wrong

It took the state auditor of Ohio nearly four years to complete an audit of Oriana House, Inc., a nonprofit that runs the Summit County correctional facility, some halfway houses, and other facilities. The audit concluded that there was no misspending of government funds (or at least it found nothing that warranted recovery of monies).[3] One of Oriana's executives welcomed the report, saying, "The audit is a lot of speculation but no substance—other than that we spent the money appropriately."[4]

What the audit did find, however, was 138 related-party transactions, including 44 real estate sale or lease deals between July 1999 and December 2002, amounting to more than $3.5 million between Oriana House and its subsidiaries and business interests controlled by the president and CEO of Oriana. The audit contains pages of graphics depicting complex real estate transactions between for-profit firms associated with the Oriana CEO and various nonprofit affiliates of Oriana. As the auditor's spokesperson noted, the number and diversity of related-party transactions constituted a red flag. "It's something you don't want to see when it comes to accountability," she said.[5]

The backstory. There aren't many alternative sentencing programs that have real estate subsidiaries engaged in buying and selling resort properties in Aruba and Aspen. That alone probably makes Oriana House, operating on an annual budget of some $25 million, unusual. The principal of a for-profit that engages in transactions with Oriana, the CEO also happens to own property in the same two resorts and has a salary and benefits of nearly $400,000, twice the salary of the mayor of Akron, the county's largest city.[6] The CEO's spouse is also on the Oriana House payroll as his executive assistant.

The investigations of Oriana House were not spurred by its lack of programmatic success. From the courts to the media, various sources had long declared Oriana House a model; one judge described it as "the best alternative programming system in the state and possibly the nation."[7]

But an otherwise laudatory review of Oriana's programs by a University of California–Berkeley professor unleashed a hailstorm of investigations by noting in passing the organization's various potential conflicts of interest. Oriana's executive director lambasted the Berkeley study as a "personal vendetta," sued other critics for defamation, and condemned the Ohio auditor's investigation as a political "witch hunt." In response to the investigation, the Oriana executive director fought the auditor's access to Oriana's financial records, claiming the confidentiality afforded 501(c)(3) nonprofits against certain kinds of financial disclosure. Despite its near-total dependence on government funds, Oriana was not the equivalent of a public agency, the courts said, and did not have to accede to the auditor's request for unrestricted access to the records.[8] Despite having argued in court for public disclosure, the auditor then joined Oriana House in a display of contempt for the public's right to know and turned the investigation over to a private firm, meaning that the details of the investigation, per Ohio law, could be kept secret.[9]

Oh My!

For several months, the Myrtle Beach Sun News reported on the mounting accountability problems of the Five Rivers Community Development Corporation (CDC) in Georgetown County, South Carolina. Some of the articles consist almost entirely of annotated lists of

alleged conflicts of interest involving the leadership of the CDC. If there were a national conflict of interest competition, Five Rivers might win based solely on the numbers of instances and allegations. A sampling of the charges includes the following:[10]

- Investigators discovered that one of the daughters of the executive director was placed on the payroll without the knowledge, much less approval, of the board of directors.
- Despite her employment running the CDC, the executive director enrolled in one of Five Rivers' job training programs and paid herself $3,900 for participating. One of her children served as the CDC's chief financial officer (CFO) and was also paid for attending the job training program.
- The executive director's family got additional cash out of the CDC for life, health, and car insurance.
- The CFO's husband (and executive director's son-in-law) received more than $2,700 in compensation for tagging along on his wife's business travel; it's not clear that his travel on the CDC's nickel had any relationship to his business receiving the CDC's Entrepreneur of the Year award in 2004.
- A private developer on the Five Rivers board sold a vacant property to Five Rivers for a development that never happened, but the purchase established the "precedent price" that he needed in order to develop and sell adjacent properties under his control.[11]
- In 2005, consulting payments of $113,000 went to a consulting firm run by the former executive director of another local CDC, which happened to employ the executive director of Five Rivers and one of her daughters as consultants.[12]

- One CDC board member received a $25,000 loan from Five Rivers toward the purchase of a $75,000 home.
- As of October, the members of the Five Rivers board had apparently submitted their resignations, and by November, the Five Rivers CDC was out of business.

The backstory. Georgetown County, South Carolina, presents a stark contrast between the conditions of African Americans and that of whites. Located along the Atlantic Ocean between Charleston and Myrtle Beach, with luxury resorts and Jack Nicklaus golf courses abounding, Georgetown County's population is nearly half African American, some descended from the Gullah communities of the coast and offshore islands. Almost 30 percent of black families live below the federal poverty level, compared with 5 percent of whites.

Started in 1995, Five Rivers CDC had the aim of developing affordable housing in otherwise luxury development focal points like Pawley Island, launching entrepreneurship programs for local residents, and running subsidized individual development accounts (IDAs) programs for local asset building. The CDC's programs won millions of dollars in federal grants and earmarks, "best practices" awards from the Department of Housing and Urban Development (HUD), case studies examining Five Rivers national replicability, and widespread recognition for the CDC's executive director.

Without the panoply of conflicts of interest, Five Rivers would be a case study of a nonprofit fighting to protect the economic and civil rights of a historic African-American community against the ravages of unbridled tourism development. If press reports are to be believed, the alleged misdeeds of the Five Rivers family of managers were not aberrations occurring at the end of an otherwise long history of stellar organizational ethics. Somehow, eager to see Five Rivers as a successful rural development model, plenty of people who should have cared and known—particularly federal and state government agencies, local banks, and philanthropic grantmakers and regrantors—seem to have turned a blind eye to the CDC's dubious practices until the accumulated evidence was simply too overwhelming to deny.

Stories like Five Rivers have human and organizational consequences. At a minimum, federally subsidized community centers and enterpreneurship training facilities probably won't be built, with most of the millions in federal monies gone without a paperwork trail. Georgetown County families counting on the CDC to fulfill commitments of matching funds for their IDAs or down-payment assistance with their home purchases must be fretting that those monies have disappeared into the organization's conflict of interest morass.

No One Noticed

An audit of the nonprofit Palm Beach County Convention and Visitors Bureau discovered activities that "could be conflicts of interest, at least in appearance, if not in fact," including the following:[13]

- Board members' spouses were hired to work for the bureau.
- Elected officials also had their spouses on the bureau's payroll.
- The bureau contracted with elected officials for

consulting services.

- A relative of the CEO got a contract to provide unspecified goods and services to the bureau.

A much larger example was the finding that the chairman of the board had won the contract to build the convention center hotel. According to the audit, "CVB Board members have the ability to affect the business of the Convention Center and to otherwise oversee their operations by voting on rate changes, contracts, policies, procedures, staffing, etc."[14] In other words, the bureau's oversight of the convention center might have been a factor in choosing the board chair's development company for the hotel project and therefore a potential conflict of interest.[15]

The backstory. The gentleman in question, serving simultaneously as the bureau's board chair and as a developer of the convention center hotel complex, termed much of the audit report "innocuous" and many items "nonexistent."[16]

But the audit wasn't prompted by innocuous or nonexistent accountability programs inside the organization. Try the bureau's controller stealing $1.55 million over three years, which involved the forgery of 222 checks. Apparently no one noticed counterfeit checks and other questionable, if not illegal, misappropriations. While auditors were busy uncovering conflicts and embezzlement, the CEO displayed remarkable managerial insouciance and took off for one of his 30 all-expense-paid trips on behalf of the bureau, this time to a trade show in London.[17] The globe-trotting CEO has retired, the embezzling controller has been fired (but not yet charged), and the board is pondering whether it should establish a more muscular, enforceable conflict of interest policy.

Cracking the Nut

The Association of Community Organizations for Reform Now (ACORN) is the largest community organization in America. Although its home office is in Little Rock, Arkansas, and its national operations office is in Brooklyn, New York, ACORN has a special connection to New Orleans. Its founder, Wade Rathke, runs an organizing center there and serves as chief organizer for Local 100 of the Service Employees International Union (SEIU).

In the wake of the combined devastation of Hurricane Katrina and the abysmal response of the Federal Emergency Management Administration, ACORN was on the scene, winning visibility and plaudits, advocating on behalf of the neighborhoods most affected by the storm. ACORN quickly become involved in helping shape the city's recovery plans and positioning its development affiliate, ACORN Housing, to take on the redevelopment of much of the Lower Ninth Ward. ACORN Housing applied to get control of more than 250 residential properties, of which the organization was designated to develop about 150.

In October 2006, however, ACORN was booted from the planning team behind the Unified New Orleans Plan (UNOP). The executive director of the Greater New Orleans Foundation, Ben Johnson, attributed ACORN's removal to a potential conflict of interest.18 From Johnson's public description, the allegations concerned an organizational, rather than an individual, conflict of interest. At least two other community organizations, Neighborhoods Empowering Neighborhoods (located itself in the Ninth Ward) and the Faubourg Marigny Improvement Association contended that it was a conflict of interest for ACORN to serve as both planner, determining what properties would be redeveloped, and developer, rebuilding the properties identified in the plan for subsidized reconstruction.

The backstory. In the wake of Hurricane Katrina, city leaders offered several plans for the redevelopment of New Orleans, most of which were pilloried by community organizations, including ACORN, as giving short shrift to the needs of the city's minority population and neighborhoods that had been most devastated by the disaster, especially in the Ninth Ward.

The current plan for recovery, helped by a $3.5-million investment from the Rockefeller Foundation and $1 million from the Greater New Orleans Foundation, is UNOP, comprising neighborhood and citywide rebuilding plans that the city had hoped would be formally adopted in early 2007. ACORN had been designated for both planning and implementation roles in the Ninth Ward and elsewhere. ACORN's ability to position itself at the forefront of planning and development functions made it a logical target for community groups that might have also coveted the federally subsidized redevelopment deals or simply questioned the appropriateness of one organization's carrying out both functions.

Nationally, ACORN is hardly a stranger to people challenging its connections and priorities. In New York City, Forest City Ratner, led by CEO and president Bruce C. Ratner, has long promoted plans to redevelop the Atlantic Yards section of central Brooklyn, proposing major residential and commercial development plus a basketball arena for an NBA team. Despite the opposition of several community groups, ACORN's New York City chapter received funding from Ratner to help promote the development's affordable and luxury apartments (Ratner is apparently among the largest donors to ACORN in New York City.[19]) ACORN is hardly the only community organization to have struck a deal with Ratner. Brooklyn United for Innovative Local Development—unlike ACORN, which is an organization of dubious provenance—has seen its budget increase from $10,000 in 2004 to $2.5 million in 2005 and a projected $2.6 million in 2006, with just about every nickel coming from Ratner.[20]

In both Brooklyn and New Orleans, ACORN's track record of advocacy is known and admired. But while Ratner was unlikely to ditch ACORN's support, the Greater New Orleans Foundation did act on an alleged instance of ACORN's appearing to make deals that worked as much in its organizational self-interest as the broader community's. Having lost its UNOP planning role, ACORN subsequently challenged the legitimacy of the Unified New Orleans Plan and issued its own vision for the Ninth Ward.[21]

A Potpourri of Conflicts

The examples cited above are hardly the only instances of alleged conflict of interest to find their way into recent press coverage of the nonprofit sector. A few more examples demonstrate the diversity of meanings and situations attached to the concept:

- The dogged work of the Oregonian newspaper examining charities across the nation that train and employ blind and severely disabled people revealed numerous abuses, including the brazen practices of a nonprofit in El Paso, Texas, whose executive director had channeled $14 million from the nonprofit to his own management firm and additional millions to for-profits also connected to him and his associates. The executive director resigned, but the Oregonian also discovered that the federal committee that oversees grants to these nonprofits (the Javits-Wagner-O'Day committee) "relied on two nonprofit trade associations to regulate the program . . . which receive up to 4 percent of the contract revenues as a

commission." In other words, conflict of interest at the individual organization level and conflict of interest involving the regulators themselves.[22]

- In Omaha, Nebraska, a city councilman and chair of the Omaha Housing Authority (OHA) became the first and only paid staff person of a nonprofit, Housing in Omaha, Inc., which functions as OHA's nonprofit development arm. The councilman's personal attorney advised him that there was no conflict of interest in his running Housing in Omaha and simultaneously serving on the city council (in charge of providing funding for its projects), but he did decide to step down as chair of the Housing Authority.[23]

- In San Antonio, public officials were a little surprised to discover that a major affordable housing developer, under FBI investigation for its activities in Dallas, struck a $20-million partnership deal with a local nonprofit, Our Casas Residents Council. The executive director of the small nonprofit happened to be a commissioner (and onetime chair) of the Housing Authority of Bexar County. He didn't think the agency's conflict of interest rules, including disclosure, applied to him because Our Casas was a nonprofit. The county's law firm also didn't see a reason to call the commissioner's dual roles a conflict of interest, perhaps blinded by the substantial fees the firm earned from its legal work on behalf of the partnership.[24] The for-profit's problems with the FBI in Dallas include another nonprofit developer attracting millions in city government project funds, with a board comprising people who all had personal or business dealings with the firm.[25]

- In January 2007, as the result of a federal corruption investigation, the former mayor of Ravenna, Ohio, pleaded guilty in federal court. One part of the guilty plea was failing to disclose his ownership of a lawn mowing company that earned more than a $250,000 from a local nonprofit community development corporation that managed millions in city contracts.[26]

- The indefatigable Republican Senator Charles Grassley of Iowa conducted the Senate Finance Committee's two-year investigation of the nonprofit National Association of Investors Corporation (NAIC) until it was turned over to the IRS and the Securities and Exchange Commission (SEC) for their review and action. Among the items of interest to the Senate Committee investigators were overlapping board memberships between NAIC's nonprofit and for-profit arms; benefits to board members that included company cars, entertainment expense accounts, and Detroit Athletic Club gym memberships; and NAIC's efforts to silence a whistle-blowing board member.[27]

The Slope on Which We Slip

These and other incidents might be mistaken allegations, innocent actions by well-intentioned people, maybe nothing subject to prosecution. Many are examples of small-scale conflicts, involving inconsequential sums that hardly look worth the risk. But whether actionable or not, there are lessons to be drawn from how the public and the press are sniffing hard at the heels of nonprofits looking for conflicts of interest.

Big mouthfuls often choke.[28] Sometimes the conflicts of interest yield benefits that are seem petty—a few thousand here, a few thousand there. But the people involved can't seem to pull themselves away from the table, scarfing down larger portions of illegal swag until they are exposed and caught. It is difficult to imagine that the examples cited here went unnoticed for years and years by board members until finally an investigating reporter or disgusted whistle-blower stumbled on the facts. The practice of nonprofit omerta—silence about the misdoings of colleagues on a board, on staff, or within the sector—is ultimately self-defeating.

One deceit needs many others.[29] It cannot be more obvious that conflicts of interest do not emerge as isolated instances. If the news reports cited here are to be believed, each

organization's conflicts of interest were surrounded by other inappropriate, if not illegal, nonprofit muck and mire. Conflict of interest doesn't sneak up by surprise; it is part of organizational culture, usually embedded in layers of misbehavior.

Commit a crime, and the earth is made of glass.[30] Or perhaps Emerson might have said, "Engage in conflict of interest, and sooner or later, you'll be found out." Connecting the dots between family members and their businesses or their personal lives doesn't take much digging. In nearly every instance profiled here, the conflicts of interest were discovered by intrepid newspaper reporters and then followed up on by government agencies. The pathetic defense of some alleged miscreants that they had publicly disclosed their conflicts of interest—and then blithely pursued the self-aggrandizing booty nonetheless—fails to provide the immunity of "hide in plain sight."

The law hath not been dead, though it hath slept.[31] In every instance recounted here except for the anomalous ACORN story, an explicit conflict of interest regulation or statute covered these organizations and their behavior. Remarkably, despite instance upon instance of conflict of interest and often months of front-page newspaper coverage, there was little government action. For the nonprofit organizations themselves, the mere adoption of a conflict of interest policy (one of the recommendations of charitable accountability reform efforts such as the Panel on the Nonprofit Sector at Independent Sector) does not mean anything if the policies aren't remembered, tested and implemented by the board members that adopted them. In nearly every case noted here, the organizations had conflict of interest policies, the board members were vaguely aware of them and may have even signed off on them, and even controlling government statutes contained explicit conflict of interest provisions. Clearly the self-regulators and peers of these nonprofit organizations seem to have turned a blind eye to the thievery occurring in the sector's midst.

A new science of politics is needed for a new world.32 Conflict of interest is seen as a problem of both individuals and organizations. Where organizations are seen as manipulating circumstances to their own benefit to the disadvantage of others, the public and the press will call them on conflicts of interest. The ACORN example in New Orleans may be an innocent public debate, an example of competing nonprofits in the scrum for funding opportunities in nonprofit environments, but the perception of an organization enriching itself to the detriment of its nonprofit competitors may at times be construed of and described as organizational conflict of interest.

Some of these stories sound like they were plotted by Shakespeare himself, lacking only witches and ghosts. Speaking to the entire sector, Shakespeare might have witnessed the sector's still-languid efforts to rid itself of conflicts of interest and observed, "False face must hide what the false heart doth know."[33]

The prevailing wisdom articulated by some sector leaders is that nonprofit conflict of interest occurs when malefactors slither their way into positions of power and plunder the nonprofit storehouse. As egregious as some of these alleged conflicts of interest might appear, not all of their perpetrators were people who joined nonprofits to loot and pillage.

To the contrary, the principals in most of these examples have adamant defenders, even admirers. Their organizations have track records of years of demonstrable accomplishments. Nonprofit sector apologists are shortsighted when these excesses are attributed simply to human nature and the justification that some percentage of the population is going to engage in petty larceny whether they work for charity, business, or government. No, there are dynamics in our sector that unfortunately and sometimes inexorably encourage practices that can evolve into conflicts of interest—and they require all of us to be specially attuned to make sure that things do not go horribly awry.

There is an aspect of self-interest in the nonprofit sector that some people might say is natural and positive. The motivation for creating a neighborhood community development corporation, for example, might not be airy intellectual theory, but rather the result of local

residents coalescing behind a community leader to build themselves some affordable housing and find job training and placement opportunities that the private market isn't willing to supply. When does that community-based self-interest cross the line into conflict of interest? How can we guard against it?

There is also a lot of personal identification of organizations with their leaders. Funders constantly talk about making decisions based on the person leading an organization rather than because of the institution itself. Nonprofits become not institutions but so-and-so's organization, linked inescapably with the persona of the executive director. Funders, board members, and others feed the personal identification of the executive director with inducements, perks, and indulgences that accrete over time, sometimes crossing the line between empowering talented leaders into permitting self-aggrandizing behaviors that constitute conflicts of interest.

We have a moral obligation to call out conflicts of interest in our sector—institutional as well as individual—and to adopt a critical posture toward activity that undermines the probity of charity and philanthropy. But, as one perceptive observer has noted, saying that we are all responsible means, in practical terms, that no one is responsible. That's how life works. More than the bland admonishment to do the right thing, the sector needs an ethic of honoring and supporting the truth tellers and whistle-blowers who are willing to call out the miscreants.

In our own organizations, the baseline protection against conflicts of interest should start with the board of directors, particularly the chair. Where the board is complicit in the conflict of interest, there isn't much to be said. But it should be a reminder to current and prospective nonprofit board members that, functionally, they constitute our sector's and our society's early-warning system against these depredations.

Beyond the specific organizations involved, peer organizations sustain the collateral damage of conflicts of interest. Consequently, it should be incumbent on nonprofits and nonprofit associations to raise questions with an organization sliding into the morass—and sound the alarm publicly if the descent into this circle of hell continues.

Ultimately, the backstop is the government agencies charged with guaranteeing nonprofit probity. Given the years over which these conflicts have spanned, the diffidence of regulators and enforcers is noticeable. Without prejudging whether the Ohio auditor's suspicions were right or wrong, it clearly cost the auditor's office time and money to go after Oriana House, starting with prolonged litigation to get access to the nonprofit's financial records. Add to that charges of a political witch hunt (the Republican auditor ran for, and lost, the position of Ohio attorney general) and the fallout for alleging that a nonprofit leader has played fast and loose with nonprofit accountability, and it's not a battle that some public oversight agencies would be eager to join.

But join they must. Public funders like HUD in the Five Rivers case, local oversight agencies such as the clerk's office in Palm Beach County, state offices of the attorney general, and others all have to examine and support the conflict of interest standards that they themselves have promulgated—and they have to do this in something getting a little closer to real time. At some point, someone has to call the behavior into question and take action.

Conflict of interest in the nonprofit sector cannot be written off as the aberrant infiltration of low-level Sopranos skimming their cut of the tax-exempt dollar. Add a few bad judgments, some uncontrolled self-interest, a dose of all-too-common egoism, and the result is a conflict of interest pit that can engulf otherwise good people and organizations.

Rick Cohen is NPQ's national correspondent. This article's title is taken from Mark Antony's speech in William Shakespeare's Julius Caesar, Act III, Scene ii.

Endnotes

What is a Chamber?

Chambers of Commerce: The Basics

Misconceptions abound regarding many brands, products and organizations. When it comes to the term "chamber of commerce," confusion and erroneous assumptions are even more likely, even though almost everyone has heard of the term. The lack of understanding is in large part self-inflicted because chambers in various towns, cities, regions, states and even nations focus on different things and actually operate in different ways. A chamber of commerce primer may be helpful. What follows is a "living" document produced by the American Chamber of Commerce Executives staff. It will be adapted based on input from chambers and others. (Version V, 11/2/09)

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Definition

A **chamber of commerce** is an organization of businesses seeking to further their collective interests, while advancing their community, region, state or nation. Business owners in towns, cities and other territories voluntarily form these local societies/networks to advocate on behalf of the community at large, economic prosperity and business interests. Chambers have existed in

the US for more than two centuries, with many having been established *before* the jurisdictions they represent. A business-led civic and economic advancement entity operating in a specific space may call itself any number of things – board of trade, business council, etc. – but for the purposes of this primer, they are all *chambers of commerce*.

Chamber missions vary, but they all tend to focus to some degree on five primary goals: Building communities (regions/states/nations) to which residents, visitors and investors are attracted; Promoting those communities; Striving to ensure future prosperity via a pro-business climate; Representing the unified voice of the employer community; and Reducing transactional friction through well-functioning networks. Chambers have other features in common. Most are led by private-sector employers, self-funded, organized around boards/committees of volunteers and independent. They share a common ambition for sustained prosperity of their community/region, built on thriving employers. Most are ardent proponents of the free market system, resisting attempts to overly burden private sector enterprise and investment.

Local businesses are voluntary paying members of a chamber (non-profits, quasi-public and even public sector employers also sometimes pay dues to belong). The membership, acting collectively, elects a board of directors and/or executive council to set policy for, and guide the workings of, the chamber. The board or executive committee then hires a chief executive (various titles), plus an appropriate and affordable number of staff to run the organization.

In the majority of countries, the use of the term "chamber of commerce" is regulated by statute, though this is not the case in the US. Only trademark, copyright and domain name rules protect a chamber's identity – only state corporation law defines their existence and reason for being. While most chambers work closely with government, they are *not part of* government although many consider the process of appropriately influencing elected/appointed officials to be one of their most important functions.

Currently, there are about 13,000 chambers registered in the official Worldchambers Network registry. There are roughly 3,000 chambers of commerce in the US with at least one full-time staff person and thousands more established as strictly volunteer entities.

Membership

membership tend to define the chamber's footprint and "claim" to a territory. Adjoining organizations often establish formal or informal understandings about borders.

Minority chambers – Hispanic, African-American, Asian – exist in many larger markets. Women's chambers, gay chambers, German heritage and other demographically focused business groups have been established around the country.

While a chamber's name (trademarked) is usually drawn from its approximate territory (The Greater Lehigh Valley Chamber, or the Chicagoland Chamber), there are no rules governing the number of business-led economic advancement groups (chambers) that may exist in, or serve, a given plot of land. Just within the city limits of Chicago, there are more than 20 chambers of commerce and similar organizations. Even where a county or regional chamber has been incorporated and established over generations, there may be dozens of local and town chambers operating independently within that same turf.

Why are there so many chambers? Historical circumstances, population fluctuations, differing ambitions and the needs of employers have all played a role in the formation of chambers. At the time many chambers were established, geographic isolation underscored the need for separate organizations to represent local business and community issues. While developments in infrastructure, transportation and communications over the past century have better linked businesses with their peers in neighboring communities and even foreign countries, the chambers that represent those businesses have remained viable and vital institutions. Without a valid purpose, chamber's boards, members and funders would have abandoned them long ago.

As suburban and exurban populations blossomed, new chambers sprung up to promote the interests of business in those communities. In some cases, a crisis such as a hurricane, or an opportunity, like attracting a rail connection or promoting an airport expansion, has led to the formation of a chamber that remains viable for decades. New chambers have also been formed out of disagreements or disgruntlement about the direction, position or focus of an existing chamber.

Like other businesses, chambers also dissolve and merge based on economic or other conditions. Both the economic recession and increased focus on regionalism appear to be driving

increased examination of the benefits of mergers.

Relationships

The chambers in the US and Canada are ***not*** bound together under contracts or government regulations. There is no chapter or franchise arrangement between or among them. There can be very strong relationships between neighboring organizations, but those relationships are voluntary and informal rather than required or written. Chambers interact with each other across the nation and the globe – many even maintain formal memberships in other chambers – but the network is informal. In the chamber world, nobody is "in charge" of anybody; a local chamber does not answer to a state or national chamber.

Local chambers are often, but *not always*, paying members of their state and national chambers of commerce. This connection is one of voluntary membership and does not extend to control or governance. A significant number of chamber executives also choose to join professional associations of their peers, such as the American Chamber of Commerce Executives, the Western Association of Chamber Executives, State Chamber Executive Associations, or the World Chambers Federation. These memberships are for professional development purposes similar to those of any trade association and, once again, the relationships do not involve the abdication of self-determination.

Policy Independence and Cooperation

The most difficult aspect for the general public, media, government officials and even some businesses to understand is that there is literally no inherent hierarchical structure in the chamber world. This can be extremely confusing to those who naturally assume that a few thousand entities sharing the same name must be related and that some ordered lineage must exist among them. That is simply not the case in the US. When business and economic policy priorities align, which is usually the case, chambers of all sizes attempt to work together and speak with a unified voice. Inevitably, conflicting positions will arise about some issues, or about strong positions (or lack thereof) of chambers at various levels.

To illustrate: The head of a community-based organization like a retired citizen group may wrongly assume that a position taken by a state chamber is shared and endorsed by their local

chamber. Likewise, a large metropolitan chamber of commerce could take a strong position in favor of an infrastructure project or educational reform initiative, which will not be embraced or supported by suburban chambers operating within the same metro region.

Or, a coalition of chambers might unite under the leadership of the United States Chamber (the national business advocacy organization representing hundreds of thousands of member corporations) to advocate for/against a bill affecting border crossings, but the coalition may include only a few dozen of the thousands of chambers in the US. Any individual chamber may take a very visible, contradictory stand on that same international visitor policy. On certain issues at certain times, the US Chamber can organize thousands of its member chambers and associations into a unified grassroots lobbying force. Many chambers have also voluntarily entered into a "Federation" relationship with the United States Chamber, which involves more consistent engagement in federal policy activities by both the local chamber and its members.

Since businesses are not required to join a chamber (penetration levels vary widely), and because territories overlap, it can be difficult for any one organization, regardless of size, to state that it "speaks for business," but they do. They earn that privilege by attracting numerous and large heterogeneous employers to their membership and leadership, as well as by utilizing their collective voice on meaningful policy initiatives. In general, the smaller the chamber (and community it represents), the less active the organization will be on the policy/advocacy front. Even small organizations, however, take stands on regional issues ranging from school funding to road development.

The processes of choosing and articulating specific policy positions vary by organization and issue. For the most part, a vote (or expression of consensus) of a chamber board of directors determines the stand to be taken in the name of *that* chamber on any issue. In recent years, with the increased involvement of public sector and non-profit employers in chambers, consensus-building has become more difficult at all levels. Chamber boards are independent, but they usually take into account the recommendations of state and national organizations when larger issues are considered.

The US Chamber and state chambers provide local counterparts with extensive background and adaptable sample documents. Local chambers then debate, adopt, adapt or reject the larger

entities' recommendations. Likewise, local, regional and state chambers express their opinions about legislation specific to them, in hopes that their views will be shared, embraced and supported by others. The American Chamber of Commerce Executives provides access to a Policy Clearinghouse, which enables member chambers to share knowledge about state and local public policy issues and strategies being employed in various regions to deal with those issues.

Because the chamber world is not structured around an affiliate or chapter model, such disagreements cannot be solved by a controlling authority. Sometimes the disagreements cause destructive friction which results in bonds between chambers being broken. More often, chambers issue differing position statements and agree to disagree, knowing that the opportunity for cooperation on future issues will be critical for them all.

Structure

Chambers of commerce in the US operate almost exclusively as non-profit entities known as 501(c)(6) corporations. Unlike charities, these 501(c)(6) non-profits have the authority under state and federal tax rules to represent their members in public policy debates. They may lobby and take positions on actual or proposed legislation, subject to local, state and federal laws. Chambers may legally endorse candidates for public office and/or ballot propositions (but most do not). The use of general fund revenues for chamber political and lobbying purposes is strictly regulated. The chief executive or another member of the staff is sometimes a state-registered lobbyist. The portion of any member's dues investment allocated to direct lobbying is not deductible as a business expense.

Chamber business models and organizational missions vary significantly. Some chambers may offer services and products that appear to compete with businesses operating within their own territories. One group of chambers may affiliate with a service provider to offer discounts or other benefits to chamber members (from low-cost office products to health insurance), while another group aligns with a completely different vendor. As a rule, larger chambers tend to rely less on membership dues revenue than their smaller counterparts. About one-third of the chambers of commerce in the US also include economic development corporations and/or tourism and visitors bureaus. Virtually *all chambers have revenue sources other than dues*; event income is the most common.

Although a chamber is a non-profit entity under federal tax law, such a 501(c)(6) is free to undertake supporting business activities (referred to as "unrelated business income) – publishing, trade shows, insurance programs, etc. In many cases, these activities are subject to business income taxes.

Many chambers establish charitable/educational foundations, known as 501(c)(3) corporations, to support specific, eligible parts of the chamber's agenda. The allowable purposes and rules related to such supporting foundations are different than those that have been established for 501(c)(6) organizations.

(NOTE: In a few cases, for-profit chambers have been established in some communities. These business ventures are routinely shunned and fought by traditional non-profit chambers.)

The largest metro or state chambers may employ up to 100 people. The vast majority, however, have staffs numbering fewer than five and budgets under half a million dollars. Chamber professionals serve in jobs covering most of the disciplines found in other small businesses – communications, finance, marketing, customer service and event planning. Some chambers specialize in certain activities, such as economic development, tourism, research, and/or advocacy. Some provide staffing and management to development-related government agencies on a contract basis.

If You've Seen One...

The term "chamber of commerce" is one of the oldest and most well-recognized brands in the world, but there is significant public misunderstanding of its meaning. There is an old adage in the chamber world: "If you've seen one chamber, you've seen one." Others who find themselves frustrated with a desire to apply universal truths to chamber of commerce models point to the Chinese parable of the seven blind men touching different parts of an elephant and coming away describing it differently ("It's a snake . . . no it's a tree . . . no it's a brush on a rope . . ."). In all cases, the whole of a chamber of commerce is greater than the sum of its parts, programs, people and participants.

Additional Notes on International Chambers

In many countries around the world, membership in the chamber of commerce is mandatory under national laws, with fees collected under some part of the business permit or taxation process. These organizations are referred to as "public law" chambers. Many of them boast memberships in hundreds of thousands, since literally all legitimate businesses must belong. Chambers in the UK, Canada, Australia and Eastern Europe tend to operate on a voluntary membership basis like the US. In the European Union and much of Asia, public law chambers are more prevalent

The government advocacy activities of these chambers are, of course, substantially different than those in the US, but many of the issues addressed by these public law chambers would seem familiar to chambers of commerce in North America – i.e.: workforce, infrastructure, economic development, education, community image, etc. The issues are similar, but the business models are dramatically different, since they have government-sanctioned status, rather than corporate identities.

Many chambers around the globe belong to regional associations such as Eurochambres or the Mediterranean Chambers of Commerce. The World Chambers Federation ties a few thousand chambers from around the world together into one loose association, which operates under the auspices of the International Chamber of Commerce in Paris. The WCF meets every other year for a World Chambers Congress.

Entities nicknamed "Am-Chams" exist in many large markets around the world – i.e.: The American Chamber of Commerce of Singapore, or the Egyptian Am-Cham. These organizations involve the American companies operating in these locales, as well as the local firms doing business with US firms. They focus on trade issues, but also on regulatory climates in the host countries.

Q: What does a chamber of commerce do?

A:

QUICK ANSWER

A chamber of commerce is a membership organization that exists primarily to represent and promote the interests of its member businesses. Many chambers of commerce, especially those organized at the local level, also work to develop and deepen local relationship networks to promote business activity and business-to-business exchanges. Chambers of commerce also commonly engage in charitable activities that focus on local needs.

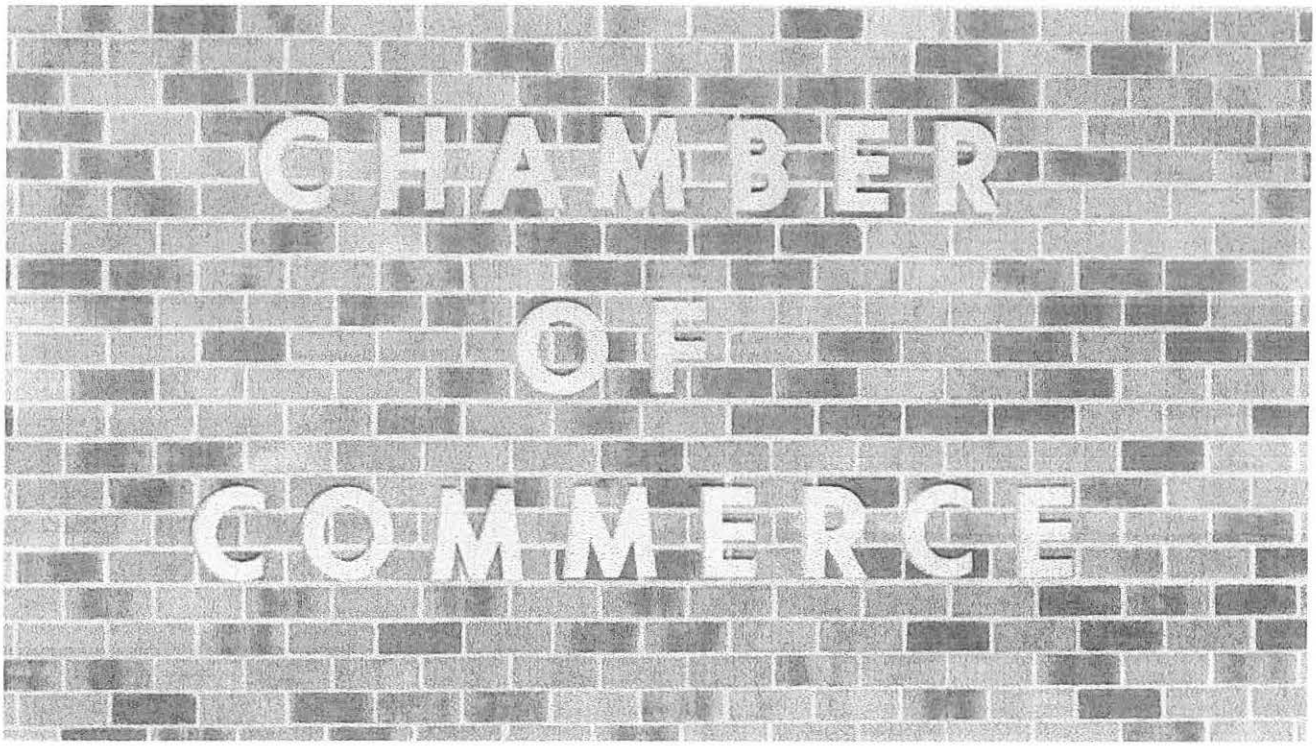
CONTINUE READING

KEEP LEARNING

Are there fees to belong to a country club?

What is the purpose of the chamber of commerce?

How does a hay baler work?



Credit: Steve Shepard / E+ / Getty Images

FULL ANSWER

Chambers of commerce operate at the local, state, regional and national level. It is not uncommon for a business to be a member of multiple chambers of

PURPOSE OF THE CHAMBER

What is a Chamber of Commerce?

A Chamber of Commerce (also referred to in some circles as a **board of trade**) is a form of **business network**, e.g., a local organization of businesses whose goal is to further the interests of businesses. Business owners in towns and cities form these local societies to advocate on behalf of the business community. The chamber of commerce is an organization of citizens who are investing their time and money in a community development program-working together to improve the economic, civic, and cultural wellbeing of the area. Local businesses are the members that elect a board of directors and/or executive council to set policy for the chambers.

There are two primary functions of a chamber of commerce: *first,* it acts as a spokesman for the business and professional community and translates the group thinking of its members into action; *secondly*, it renders a specific product or services type that can be most effectively be beneficial by a community organization and to its members as a whole.

How does it function?

The Chamber's mission is creating an environment in which businesses can prosper. The main function of a Chamber of Commerce is to promote interest in local business possibilities. Money, Planning, Inspiration, and Guidance, depends on the members working vigorously on the committees of their choice. Careful study is made of the community needs and an action plan is designed. The goal of the Action Plan is to improve the economic welfare of the community. The Chamber works for industrial and business development, which supports new residents with their revenues for our community. It provides educational opportunities and assists businesses with the latest marketing and promotional techniques.

The Chamber works for the ever-increasing population, assuring additional customers and income. It works toward the increasing development of highways, recreational areas, new industries, and the expansion of existing industries; all of which increase the demand for services. The Chamber provides an expanding market for construction, real estate and insurance professionals by promoting business, and attracting new industries and residents. Potential customers are referred to members on a daily basis. The Chamber works continuously for the growth of the city, business expansion and population increase to insure the professional a prosperous place in which to make a living.

Q: What is the function of a chamber of commerce?

A:

QUICK ANSWER

By definition, a chamber of commerce is a voluntary association of people whose function is to promote and develop the commercial and industrial opportunities in a community. The association's members generally consist of businesspeople. A chamber collectively acts on behalf of its members, much like a spokesperson, communicating their desires for the betterment of the community to parties in power that can see them to fruition. CONTINUE READING

KEEP LEARNING

How is a ribbon cutting ceremony conducted?

What is the purpose of the chamber of commerce?

What is the meaning of a code of practice?

FULL ANSWER

Chambers of commerce aren't limited to cities. There's an International Chamber of Commerce. They also exist in towns, regions, states and nations; the United States has an official chamber known as the U.S. Chamber of Commerce that represents more than three million businesses. Local chambers don't answer to the U.S. Chamber; these are autonomous entities. However, they may choose to work with the U.S. Chamber and allow it to be their mouthpiece if they have the same goals in mind, for example, to sponsor a bill.

Minority chambers like the San Francisco African American Chamber of Commerce ensure the specific needs of their constituencies, such as business owners, are being heard and met throughout the community. The National Gay and Lesbian Chamber of Commerce's purpose, or function, is to expand the economic opportunities of the lesbian, gay, bisexual and transgender community.

LEARN MORE ABOUT BUSINESS RESOURCES

Sources: bigspringchamber.com acce.org uschamber.com

; of your vendors and suppliers.

Chamber finance chief to relentless critic: 'You don't know who you're f---ing with'

By Caitlin Turner and Alex Kincaid

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Apparently tired of multiple accusations of embezzlement and taunts that he would be going to jail, the finance chief of the local chamber of commerce angrily confronted a relentless critic of the chamber, telling him, "You don't know who you are f---ing with."

The scene, at Hilton Head Island Town Hall on Tuesday afternoon, devolved to the point Skip Hoagland called deputies, and Sheriff P.J. Tanner even got involved to de-escalate the situation.

Hoagland has become a controversial figure locally, relentlessly firing off long email missives and showing up to speak at public meetings all over the county to point out what he sees as abuses of power. No one has been a bigger target than the Hilton Head Island-Bluffton Chamber of Commerce, which Hoagland believes lacks fiscal transparency and has something to hide.

Hoagland addressed the Finance and Administrative Committee on Tuesday, and Hoagland and Raymond Deal argued afterward in the hall.

According to Hoagland, Deal followed him out and threatened him, saying, "You don't know who you are f---ing with. I'll f--- you up." Hoagland said Wednesday that he feared for his safety and that Deal was being held back.

Hoagland told the deputies that "all" he said to Deal was that "he was going to be put in prison for embezzlement," according to the police report.

Deal, who did not return a phone call seeking comment Wednesday, told deputies that it was Hoagland who followed him out of the meeting room. Deal said Hoagland called him a "crook" and repeatedly said he was going to prison. After listening to the threats "for a while," Deal said he approached Hoagland and made the "You don't know who" comment. The police report does not specifically say whether Deal denied saying the second part of the quote Hoagland attributed to him.

Deal said at no time did the argument become physical.

Deputies also interviewed Mayor David Bennett, who was in the hallway at the time. Bennett described a "heated argument" involving "tax fraud and embezzlement" and confirmed hearing the "you don't know who" comment. Bennett told deputies he did not witness any more of the argument and declined to speak about the incident to a reporter Wednesday.

Tanner arrived shortly thereafter — to attend a 5 p.m. meeting with the Town Council — and spoke with Hoagland.

"I listened to him," Tanner said of his conversation with Hoagland. "He got it off his chest, and we made everyone go their separate ways and cool off. I told him this sounded like a school-yard squabble.

"I've known Skip for years, and he and I have never had a cross word about anything," Tanner said. "I know he's very good at pushing buttons when it comes to raising temperatures and emotions. I've never known Skip to be physical with anyone, but he does say the right things to irritate or aggravate a certain situation. That's just his demeanor."

Tanner said the Sheriff's Office has not filed any charges in relation to the incident. He added that he told Hoagland that if he wanted to pursue charges that they could "go down that path if needed."

The Hilton Head Island-Bluffton Chamber of Commerce said in a statement on Wednesday, "Due to Hoagland's frequent false, harassing and antagonizing personal attacks that have gone on for many years, Ray Deal exchanged words with Hoagland. There was no physical contact of any kind."

The statement goes on to say, "Mr. Hoagland's extremely malicious personal attacks on the chamber, its staff and numerous others throughout our community continue to reflect his abusive and escalating erratic behavior. It's unfortunate."

Related stories from The Island Packet

Critic of Hilton Head Chamber, Hoagland finally gets his 3 minutes before Bluffton Town Council

Hoagland is currently suing the town for $10 million over claims that it is illegally funding a private lawsuit against him filed by Councilwoman Kim Likins.

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FILE: Skip Hoagland, a local businessman and outspoken Hilton Head Island-Bluffton Chamber of Commerce critic, was finally alloted his three minutes, and then some, to speak before Bluffton town council on Feb. 9, 2016, during a public comment session. Hoagland chastised Mayor Lisa Sulka and Town Manager Marc Orlando for Hoagland and claims Bluffton officials provided improper support to the Hilton Head Island-Bluffton Chamber of Commerce at the expense of competing chambers. Lucas High lhigh@islandpacket.com

Beaufort Today

Thu, 12/22/2016 - 12:30pm

S.C. political corruption

Phil Noble

A year or so ago, I was driving around Charleston with a member of the S.C. Legislature talking about various people, problems and politics in the Statehouse. My friend is a longtime legislator and one of the most decent and honorable public servants I know.

As we topped the Ravenel Bridge, I asked him, "Is Jim Merrill a crook?" After a long pause, he said, "That is a question of law that must be determined by the courts… but he is extremely bold."

State Rep. Jim Merrill was indicted on 30 counts of using his office to funnel $1.3 million to himself and his business. A court of law will now decide if he is a crook. As for his (and his fellow legislators') boldness, there is a lot we know now and a lot more we are going to learn in the months to come.

Let's begin with the case against Merrill, but first we should all remember that under our legal system a person is presumed innocent until they are proven guilty. This presumption extends to Merrill.

As recounted by the State newspaper, Solicitor David Pascoe's indictment alleges that "four entities together paid Merrill $534,178 in exchange for policy favors, including sponsoring legislation."

Those involved who made the payments have a different explanation:

• Payment 1, $283,693: An attorney for the Charleston Area Convention and Visitors Bureau said Merrill's business was paid to write promotional materials for tourism publications.

• Payment 2, $172,486: New Jersey-based bus contractor Student Transportation of America says it paid Merrill to market its business to school districts across the Southeast.

• Payment 3, $43,000: The chief executive of Savannah-based Thomas & Hutton Engineering says his firm hired Merrill as a public relations consultant during the 2008 economic downturn.

• Payment 4, $35,000: Infilaw, a Florida-based company that runs for-profit law schools and attempted to buy the Charleston School of Law, says it hired Merrill for his "public relations and policy support in the Charleston area."

Additionally, the indictment said Merrill was paid $391,175 for his public influence by the S.C. Association of Realtors.

S.C. Common Cause Director and ethics watchdog John Crangle said, "These entities have no choice but to deny the allegations. Private companies or individuals can be charged under state and federal bribery laws if they attempt to buy a public official's influence.

"I'm skeptical of interest groups that go to public officials and hire them to do some kind of work when there is a reasonable expectation that public official will do something in his public office that will give an advantage to a person who is paying him."

Beyond the particulars of the indictment, there are several other aspects of the case that are even more troubling than the individual issues of Merrill's activities.

First, no one thinks this is an unusual or isolated case. This is just the most recent case in the continuing prosecution of corrupt members of the Legislature. In the last few years, several other House and Senate members have been prosecuted, most notably Speaker of the House Bobby Harrell, who pleaded guilty to a variety of corruption charges and resigned his office in October 2014.

No one (except David Pascoe and his staff) knows how many others are slated for indictment, but the estimates rumored around the Statehouse range from only a handful to as many as 15 to 20 more legislators.

Second, the way Merrill, Harrell et. al. have been operating has become accepted as politics as usual. Not one member of the Legislature, lobbyist or Statehouse hanger-on, is on record as saying, "What a surprise, I'm shocked." It's just the way business is done.

Third, simple ethics reforms could fix the problems (or a lot of them). Four simple reforms:

• Require lawmakers to report in detail all sources of income and release their income tax returns.

• Prohibit legislators from doing business with state, county or local governments.

• Create an independent ethics watchdog agency with real teeth and the power to send corrupt politicians to jail.

• Reform the Democratic and Republican party caucus system that allows large sums of special interest money to be funneled to legislators, their families, businesses and campaigns.

We don't deserve this corruption.

It's just this type of special interest corruption that keeps us from tackling the many other important issues that face our state.

We deserve legislators who have a basic sense of honesty and integrity. We deserve legislators who view their office as an opportunity for public service and not a personal profit center.

Phil Noble has a technology firm in Charleston and writes a weekly column for the S.C. Press Association. Reach him at phil@philnoble.com.

STATE OF MINNESOTA
CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD

FINDINGS REGARDING THE DULUTH CONVENTION AND VISITORS BUREAU

Procedural Background

In response to an inquiry from the Campaign Finance and Public Disclosure Board ("the Board"). Tara Mattessich, counsel, People in Construction Political Action Committee (#30268), notified the Board that Duluth Convention and Visitors Bureau, an association that is not registered with the Board, made a $180 in-kind contribution to People in Construction Political Action Committee.

Minn. Stat. §10A.27, subd. 13 (b), prohibits an unregistered association from making a contribution to a registered political committee unless, at the time the contribution was made, the unregistered association provides the recipient with the disclosure required by Minn. Stat. §10A.20.

On November 15, 2004, People in Construction Political Action Committee, notified the Board that it had returned $180 to Duluth Convention and Visitors Bureau on October 25, 2004.

On November 15, 2004, Renee Appel, Duluth Convention and Visitors Bureau, stated, "the Duluth Convention and Visitors Bureau did receive a refund for a contribution made to the People in Construction Political Action Committee. The check has been received and cashed."

This matter was considered by the Board in executive sessions in its meetings on November 17, 2004, and December 17, 2004. The Board's decision was based upon correspondence from Ms. Mattessich, correspondence from Ms. Appel and Board records.

Based on the record before it, the Board issues the following:

EVIDENTIARY FINDINGS

1. There is evidence that Duluth Convention and Visitors Bureau inadvertently violated Minn. Stat. §10A.27, subd. 13, when it made a contribution in excess of $100 to the People in Construction Political Action Committee without providing the required disclosure.

2. There is evidence that this contribution was not returned within 60 days. Minn. Stat. §10A.27, subd. 13 (b), provides that an unregistered association that makes a contribution to a political committee without the required disclosure is subject to civil penalty of up to $1,000.

Based on the above Statement of the Evidence, the Board makes the following:

FINDINGS CONCERNING PROBABLE CAUSE

There is probable cause to believe that Duluth Convention and Visitors Bureau inadvertently violated Minn. Stat. §10A.27, subd. 13, by making a contribution to People in Construction Political Action Committee without providing the required disclosure.

Based on the above Findings, the Board issues the following:

ORDER

1. The Board imposes a civil penalty of $80, one times the amount by which the contribution exceeded $100, on Duluth Convention and Visitors Bureau, an unregistered association, for making a contribution to a registered political committee without providing the disclosure required by Minn. Stat. §10A.20.

2. Duluth Convention and Visitors Bureau is directed to forward to the Board payment of the civil penalty, by check or money order payable to the State of Minnesota, within thirty days of receipt of this order.

3. If Duluth Convention and Visitors Bureau does not comply with the provisions of this order, the Board's Executive Director shall refer this matter to the appropriate County Attorney for civil enforcement pursuant to Minn. Stat. §10A.28, subd.4.

4. The Board investigation of this matter is hereby made a part of the public records of the Board pursuant to Minn. Stat. §10A.02, subd. 11, and upon payment by the civil penalty imposed herein, this matter is concluded.

Dated: December 17, 2004

Wil Flugel, Chair
Campaign Finance and Public Disclosure Board

CLERK & COMPTROLLER ALERT

PROTECTING YOUR PUBLIC DOLLARS

SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

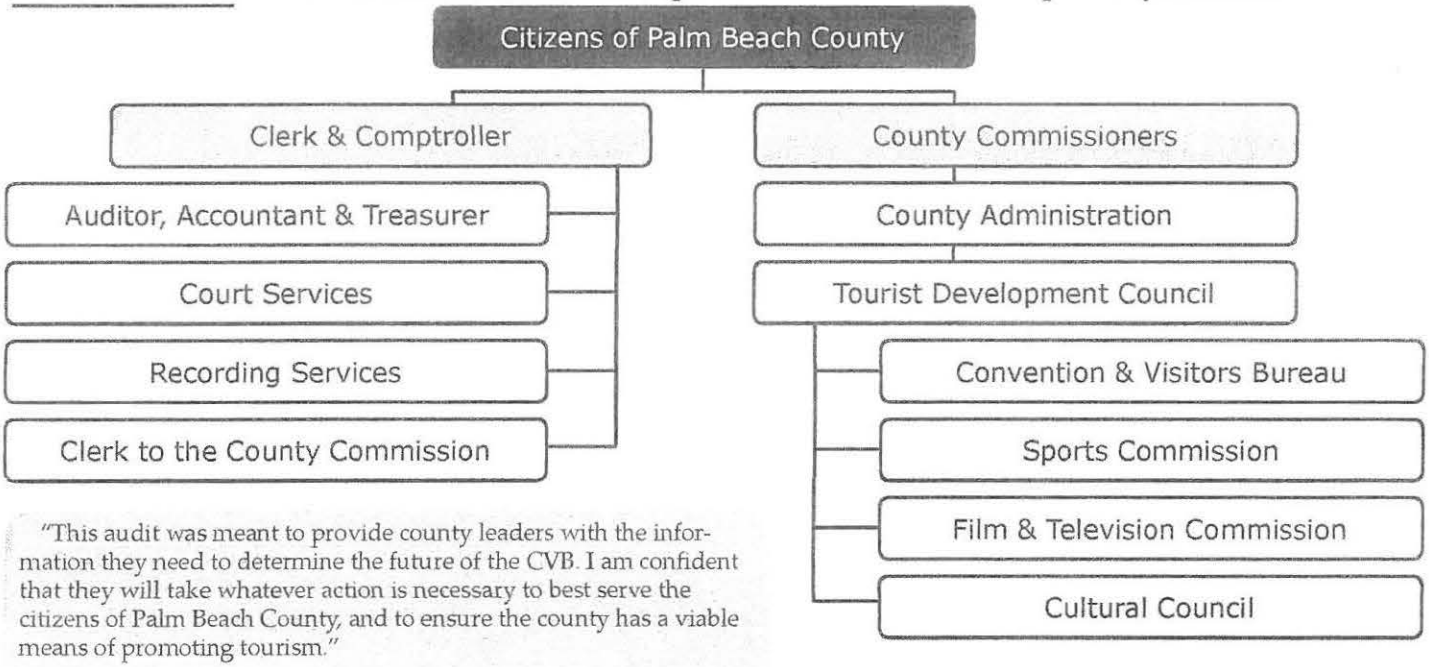
The Clerk's role in the audit of the Convention and Visitors Bureau

Public corruption has been at the forefront of the news in Palm Beach County. According to the 2005 Annual Report by the U.S. Department of Justice's Public Integrity Section, the Southern District of Florida leads the nation in prosecutions of public corruption, reporting a total of 576 cases since 1996.

Clerk & Comptroller Sharon R. Bock last week released her audit report for the Palm Beach County Convention and Visitors Bureau (CVB), a private nonprofit entity under contract with Palm Beach County to provide tourism marketing services. As the county's elected auditor, Bock initiated the audit in response to the CVB's former Controller misappropriating over $1.5 million.

Sharon R. Bock

The audit revealed that weak internal controls, combined with "gross mismanagement," made it possible for the Controller to forge 222 separate checks, payable to herself, over a three-year period, without being detected. The 46-page document details 34 findings and 75 recommendations. Findings include reports of public funds being co-mingled with private funds, $750,000 in withholding taxes not being paid to the I.R.S., and varied conflicts of interest. Overall, lax internal controls and the management environment contributed to the weakness in the operational structure. **The audit is available to the public on the Internet at www.pbcountyclerk.com.**



"This audit was meant to provide county leaders with the information they need to determine the future of the CVB. I am confident that they will take whatever action is necessary to best serve the citizens of Palm Beach County, and to ensure the county has a viable means of promoting tourism."

–Sharon Bock

An ongoing and separate forensic audit is being performed by a private firm at the request of the Board of County Commissioners. The matter is under investigation by the West Palm Beach Police Department. The former Controller has not yet been charged. The President/CEO and the Vice President of Finance and Administration have resigned.

The Clerk's role as County Auditor

My role as county auditor goes back to the Florida Constitution of 1838, which provides for the protection of public funds through the creation of an independent, elected chief financial officer in each county who would serve as the county's accountant, treasurer, and auditor. In Palm Beach County, this official is the Clerk & Comptroller, a "watch-dog" of county funds who is directly responsible to the citizens.

This unique, constitutionally-created audit function acts as the final check and balance on county expenditures. The clerk's audit role is most effectively summarized in the 1984 Palm Beach County case of W & F Limited v. Dunkle. It states that the Clerks actions in this regard would

> "be an effective antidote to several political maladies found in other communities: the soap syndrome--one hand washes the other; complacency--be concerned only when someone gets caught, and lock-jaw--don't rock the boat."

As your public trustee, I take very seriously my responsibility to protect your money from theft, fraud and misappropriation. I welcome any comments or questions you may have about my auditor role.

Best regards,

Sharon R. Bock
Clerk & Comptroller
Palm Beach County

Sharon R. Bock

I welcome your input!

Executive Offices:
301 North Olive Avenue, 9th Floor, West Palm Beach, FL 33401
Website: www.pbcountyclerk.com
Phone: 561-355-2996
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C2 Exclusive Interview: SKIP HOAGLAND In His Own Words

Author: Special To C2 Magazine | Photographer: Mark Staff

Three months ago, Hilton Head businessman Skip Hoagland launched a very public campaign calling into question the business practices and the motives of the Hilton Head Island Chamber of Commerce, and the organization's president Bill Miles. Here, Hoagland tells us what's behind his offensive and what he hopes to achieve.

C2: What was the straw that broke the camel's back; why this fight, and why now?
Skip Hoagland: I have been operating media businesses on Hilton Head Island for over 35 years, and I have been observing this build-up of abuse by the Chamber for a very long time. I, as well as other business owners, particularly other local business owners in the media industry, have been the victims of unfair competition by the Chamber. But the abusive practices don't end with this unfair and subsidized competition. As I began to peel more layers of the onion, it became very apparent that the abuse really victimizes all area businesses, taxpayers, and especially our brand, Hilton Head Island. What I am talking about is spelled out in greater detail on our website—stopchamberabuse.com—through the views and observations of other area business leaders and community residents, not just from my own viewpoint. This is not the fight of Skip Hoagland. I am just the messenger, or perhaps the tip of the spear. There is truly a groundswell of dissatisfaction within the community, and it is rapidly reaching a tipping point. There is a lot to be dissatisfied with and angry about. We are not just complaining though. We offer viable solutions.

C2: What do you believe qualifies you to lead the troops into this fight?
SH: One individual of passion can do more than 10,000 who just have an interest. Perhaps I am the catalyst for this as I was among the first to be unafraid to speak out about it. There are many in the community who are now voicing their concerns and still many who are afraid to speak out due to concern of retribution from the Chamber towards their business and livelihoods. Plus, I am fortunate to be able to put money where my mouth is through the media to bring attention to this issue. I am not just condemning the status quo, but rather I am offering real workable solutions. The information I have gathered did not just come from me; many people contributed to these findings, and we are still adding to the list of questions and concerns on a daily basis.

C2: In the spirit of transparency (which you ask the Chamber to practice), who are the "many in the community who are voicing their concerns"? Who else is fighting the good fight with you?
SH: There are many. All one has to do is read some letters to the editor and online comments to articles recently published in *The Island Packet*, comments on stopchamberabuse.com, or just speak with business owners in general. The attendees at the recently held Mission Resource Group session represented a sampling of what you will learn.

C2: Actually, with the exception of one comment on your website, last names are omitted. Why? Who are these business leaders?
SH: I feel it best not to mention others. Again 99.99 percent agree with most of what I say. Once the association is launched, the board is created and an executive director is hired, then it can go public. I respect people's privacy.

C2: With the newly established Greater Hilton Head / Bluffton Visitors and Convention Bureau (GHHBVCB) that you are spearheading, who will sit on the board and provide organizational oversight?

SH: The executive director of the GHHBVCB and its initial start-up board will be announced as soon as it is set up, and you will then be able to see the names associated with this movement for change.

The board will be solely made up of local advertising and marketing professionals. The executive director will have a strong background in this industry as well. Internet marketing strengths will be mandatory since this is the way people book travel. We want board members who will direct the organization in a way that is transparent, fiscally responsible and in a manner that maximizes the return to our area businesses, residents and other community stakeholders.

C2: In a January 3 e-mail, you asked the ATAX Committee and Town Council to hold off on any funding decisions, especially for supplemental fund disbursements to the Hilton Head Bluffton Chamber of Commerce, until such time as the GHHBVCB has been provided the opportunity to present to the ATAX Committee. Did you receive a response? And, will you have the opportunity to present your case for funding?
SH: No response yet, however, I am optimistic that we will receive a response shortly to our reasonable requests. We expect the committee will do the right thing, especially in light of the recent exposure of issues we have brought to the forefront during that past several months. The taxpayers and the public at large will then have a chance to speak up, as well as the local media, and make it apparent that we should be allowed to present our case.

C2: What is the recruitment strategy for the GHHBVCB? Whom are you targeting? And, how will you compete with the Chamber? Is it a competition?
SH: First, we are not competing with what the Chamber should be doing to support its members, who are local businesses. The Chamber has taken on the additional role to be the engine to bring tourism to our area. We think the current engine is an out-of-date gas-guzzler. Our objective is to bring more tourism to Hilton Head through more modern practices, and we will provide a superior value proposition than what is currently being done by the Chamber. We will apply for ATAX funds as a 501© (3) and invest at least 80 percent of all monies to market the Hilton Head Island brand. We will minimize our overhead and other costs in order that our total operating costs are 20 percent or less.

In contrast, the Chamber has very high operating costs with 22 salaries. The executive director alone receives over $400,000 in annual compensation. It's hard to give a small island and 1,600 members a fair return with that kind of overhead. It takes well over 1,000 membership dues just to cover the executive director's compensation at the Chamber. We expect there is a large amount of other wasteful practices within the current Chamber organization, many of which have been outlined in my ads.

C2: One of your criticisms of the Chamber is that they utilize a number of vendors who are not local. Specifically that their advertising/social media firm is in Arkansas and their website development company in Nova Scotia. How will the GHHBVCB ensure that local businesses are tapped?
SH: It certainly bothers me and I expect it angers many in the community. Our solution is simple. We will just use local businesses. The talent is here. Plus we really don't need that many services as we will not produce media products to compete against local media members and, in fact, will use and buy what we need from local media and services.

C2: Your website—stopchamberabuse.com—raises a number of serious and relevant questions of the Chamber. Have you received any answers, any response, from the Chamber?
SH: No. And how could they defend themselves. I expect it is better for them to say and do nothing. The survey the Chamber recently distributed contained "soft-ball" questions. The members should be asked their feelings about the issues and questions I have raised in my ads. Don't worry. Many more ads and e-mails are on their way, and we will do our own survey on real questions and then submit the results.

C2: Let's talk about compensation specifically. You—almost comically—point out that Bill Miles, the president and CEO of the Hilton Head Island-Bluffton Chamber of Commerce earns a salary equal to that of the president of the United States, quadruple that of Governor Haley, and 40 times more

than the Hilton Head's mayor, Drew Laughlin. How do you determine worth of your employees within the businesses you own?
SH: Yes, 40 times our mayor. First, in private for-profit companies, it is much different from a not-for-profit organization. The business must make enough revenue to cover its costs, including compensating its employees, and hopefully make a profit for its owners/shareholders. Still both should be based on performance with a cap of some sort or else shareholders and members don't get a fair return. According to numbers I received, our island has experienced an annual decline for the last 14 years. At the same time, compensation to Bill Miles has gone up over that same period. To me $400,000 for Bill Miles is simply abusive to members of the Chamber. Now I hear the Chamber is trying to say Bill Miles' $400,000 will be paid by its members and not come from ATAX contributions. How do you expect a small business owner feels sending in his annual membership dues, knowing that it is virtually going straight into Mr. Mile's pocket? The abuse just shifts from one to another.

C2: What do you think is the biggest mistake the Chamber has made?
SH: Losing sight of what its function and role should be. And in so doing, it has become a large and growing empire that is inefficient and perhaps too powerful, thereby insulating itself from scrutiny. Bill Miles seems to have surrounded himself with people who are willing to ink these abusive practices and allow conflicts of interest. This is why so many big corporations are in trouble and shareholders fed up; stock prices go down, corporate salaries go up. Chamber performance goes down, and salaries have gone up at members' and taxpayers' expense.

C2: When you're not stirring the pot, where can we find you? What do you do to relax?
SH: I like fine dining and frequent many area restaurants. I travel a lot between Hilton Head, Argentina and Naples, Florida. My passion, when I can, is fishing.

C2: Do you expect to receive any criticism about your involvement in this effort when your business is based in Argentina? What business holdings do you have on Hilton Head?
SH: Argentina is just one location; we have various offices for many of our companies in the USA. My local company is Island Communications; we have been a member of the Chamber for 30 years. By remaining a member, my voice can be heard. I actually will launch similar campaigns to clean up other Chambers in our other markets as well. This is nationwide abuse, not just Hilton Head.

C2: Anything else we need to know?
SH: The more questions the better. Keep 'em coming.

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Here's the **The Lowdown** from **DN Journal**, updated daily to fill you in on the latest buzz going around the domain name industry.

The Lowdown is compiled by DN Journal Editor & Publisher **Ron Jackson**.

GeoDomain Giant Skip Hoagland Goes on the Warpath - Slaps Chamber of Commerce With Lawsuit

Skip Hoagland

Skip Hoagland (who was profiled in our July 2008 **Cover Story**) owns one of the world's best geodomain portfolios, including many well developed websites like **Atlanta.com**, **BuenosAires.com**, **SouthCarolina.com** and **HiltonHead.com** (he also owns may category defining generic sites like **Fishing.com** and **Shooting.com**).

Skip is a **local media veteran** who got started by publishing magazines for visitors to tourist destinations like **Hilton Head Island** and **Myrtle Beach**. Local magazines, newspapers, radio, TV and geo oriented websites like Skip's depend, of course, upon **advertising dollars** to stay in business.

Many of them join their local **Chambers of Commerce** thinking that their membership in the **non-profit** organizations would help boost tourism and thus **their own businesses**, but for more than a year now, Hoagland has been **sounding an alarm** that just **the opposite was happening!** Hoagland showed that local chambers all over the country, many of which are supported with taxpayer money, were **competing against their own members** by selling ads to publications and websites the Chambers starting putting out on their own. Hoagland decided it was **time to go to the mat**.

He just **filed a lawsuit** against the **Hilton Head Island-Bluffton Chamber of Commerce** that operates in his **South Carolina** backyard, demanding detailed financial information, including invoices, contracts and checks written by the Chamber. Hoagland claims the Chamber, which receives tax money levied on accommodations by Hilton Head and Beaufort County, **unfairly competes** with its owns members **and wastes taxpayer money** by paying some employees exorbitant salaries (including the local CEO's compensation of more than $320,000) and approving lavish expenses.

Hoagland has also filed complaints with the **IRS** about this kind of situation going on in major cities throughout the country, claiming the are **violating their non-profit charters** through their current activities.

With friends like this who needs enemies?
Image from Bigstock

Hoagland first told me he was taking up this battle in an October 2011 letter in which he wrote, "It is not only an **unfair competitive advantage** with being a **501-C3 non-profit** and **using bed-tax monies** and **members dues** that compete with local medias, but simply **against the charter** of a Chamber, which is to **support and help their business members prosper** within the community. Chambers just seem to not be able to support themselves from member dues and additional tax monies and continue to launch **for-profit side ventures** to do so."

As the situation has only **gotten worse** since then, Hoagland has **pressed the battle on all fronts** (including an assault on the **U.S. Chamber of Commerce**), alerting media outlets across the country, demanding federal action as an IRS whistle blower and filing lawsuits against individual chambers. This kind of fight takes a lot of time and money but Hoagland insists is in it for **as long as it takes** and with each passing week he is building support for his efforts from other local media outlets who become aware of a situation that is **hazardous to their health**. You can read more about Hoagland's crusade at **StopChamberAbuse.com**.

(Posted January 18, 2013)

For all current Lowdown posts - Go Here

We need your help to keep giving domainers **The Lowdown**, so please email **editor@dnjournal.com** with any interesting information you might have. If possible, include the source of your information so we can check it out (for example a URL if you read it in a forum or on a site elsewhere).

Hit

Former Chamber of Commerce President Under Federal Investigation

A federal search warrant was issued to Thomas Hammond on suspicions of fraudulent investment practices.

By Joshua Staab (Patch Staff) - Updated April 5, 2011 5:54 am ET

Fair Oaks financial advisor and now former President, Thomas Hammond, is being investigated by Federal and Placer County detectives for unlawful investing of clients' money.

Federal agents as well as Placer County sheriff's detectives, according to federal authorities, issued a search warrant for Hammond on March 31, according to KCRA.No charges have been filed and the U.S. Attorney's office has not confirmed the investigation.

Though details are still being gathered, residents, fellow financial advisors and Chamber of Commerce members have met the news with a mix of disbelief and surprise. Pulic perception of Hammond's abrupt and surprising Feb. 28 resignation now has many wondering what the real reasons were for his sudden departure. "Well it's apparent he has some serious personal and business issues," said Fair Oaks Chamber of Commerce Director, Jan Bass-Otto. "He just submits his resignation to the Chamber and that was the last we heard from him."

Bass-Otto explained that multiple calls had been put into Hammond following the fallout since word broke on his ongoing investigation. "We called at least twice," Bass-Otto said. "He must have had his phone shut off, or something."

Financial advisors tend to work with companies such as Edward Jones, or are independent agents of large insurance and annuity companies, explained Alan Canton, owner of A.N. Canton Insurance Services in Fair Oaks. "I've lived here for 29 years and I simply can't believe the allegations against Tom. He's been a pillar of the community and I'm sure this is a big mistake," said Canton. Insurance agents and the representatives of the large financial firms have to abide by strict compliance regulations mandated by the companies and the state, Canton said. Most are paid a commission by the company or carrier they represent.

Others, like Hammond, are what Canton described as "Lone Rangers" who take client funds and invest them as they see fit. They charge a fee based on the amount invested, called AUM or "assets under management." It is usually around 1.5 percent per year. They do not get commissions for making sales. Canton went on to explain that fee-based advisors claim they are more independent and can give unbiased opinions, as they are not paid if a client decides to buy something. Most require, or are given discretionary powers by the client and are able to do what they want with the money.

"While commission-based agents and reps compete with fee-based advisors, there is no one-size-fits-all approach," said Canton. "For most people an insurance agent and/or a stock broker (known in the trade as registered reps) are best. For very upscale clients, a fee-based advisor might be an advantage." Insurance agents are far more constrained in what they are allowed to advise clients on than stock brokers, but both are far more regulated than independent fee-based advisors, Canton said.

Meanwhile, business continues as usual for the Fair Oaks Chamber of Commerce. Hammond's resignation meant someone would have to quickly fill the vacant role Hammond left behind. Bass-Otto turned to former Chamber president and personal friend to Hammond, Don Troutman.

"It doesn't bother me to have to do it," said Troutman. "It's an honor."

Though Troutman can separate the business side of things, on a personal level, he maintains the allegations against Hammond won't change their friendship.

"I'm sad he hasn't contacted me," Troutman said. "I've done everything to contact him, short of showing up at his home."

Troutman has entrusted Hammond with many of his financial investments over the years.

When asked about Hammond's ability to repay Troutman on his investments, Troutman said, "I've never had to ask him about it. He's always paid me back on time."

Should the investigation prove Hammond was indeed guilty on the charges, Troutman encourages Hammond to take responsibility.

"I would support him through the difficulty," Troutman said. "If he's guilty, though, he should man up and clean it up."

Originally published April 4, 2011.

Woodstock police have launched an investigation into the alleged fraudulent activities of former Woodstock Chamber of Commerce General Manager Martha Dennis

By Megan Stacey, Beacon Herald

Friday, September 23, 2016 7:08:39

A prominent member of the local business community is under investigation by the Woodstock Police after her former employer brought forward evidence of financial "irregularities." Martha Dennis, longtime general manager of the Woodstock Chamber of Commerce, was fired on Aug. 12.

Board president Paul Chambers confirmed there is an ongoing police investigation into alleged fraudulent activities during Dennis' time with the Chamber. He called the issue a "breach of trust."

"We're just kind of floored by the whole thing," he said. "We, as an executive... thought there was enough of an issue that we should terminate with cause. That's in the best interest of the membership and the Chamber in general." Though he wouldn't comment more on the specifics of the investigation or the scope of the alleged problem, Chambers said he expected to be able to release more details when and if charges are laid.

"Until this thing sees its eventual course, it's hard for us to speak to anything," Chambers said. "At some point in time, there will be full disclosure. We just don't know what that disclosure is at this point." He noted that a fraud investigation is outside his usual realm. "This is not normal for me as an electrician."

Woodstock Police Const. Nikki VanLeeuwan also confirmed that the force is investigating Dennis' activities during her time with the Chamber. "We're just at the beginning phases of the investigation," she said. It was another employee who first raised the concerns, Chambers said.

"Some irregularities were bought to us by our bookkeeper. We investigated them and at that point we decided that we needed to consult the police," he said. Members of the Chamber of Commerce – including several hundred businesses and organizations in the Woodstock community – were not informed of the police investigation.

But several members said they understood the need for the board to tread lightly. "I can definitely understand confidentiality, and I respect that," said Steve Halyk, branch manager at Meridian Credit Union. "Putting myself in her shoes, I would not want anyone being told that I'm being investigated until it was proven."

The board first sent a mass email after Dennis' dismissal to alert members that she was no longer with the Chamber. After being contacted by the Sentinel-Review, the board issued an official statement to its members, though light on details, to inform members about "recent activities" in the Chamber office.

"On Aug. 12, Martha Dennis was terminated for cause from the Woodstock District Chamber of Commerce," the statement read. "We have sought legal opinion on these matters. Further details on this may be released in due time." The Chamber has hired an interim general manager, Deborah Masters, who will begin her role on Tuesday.The board was waiting to confirm the new position before issuing the statement, Chambers said.

Local members of the Woodstock Chamber of Commerce were shocked by the news. "It's surprising," said Jennifer Swain, officer manager with Agile Transportation Services. "But it is what it is. I know it happens

every day in the business world, unfortunately." Overwhelmingly, members said a criminal investigation doesn't affect their view of the Chamber.

"I don't think it will be an issue on our end," Swain said when asked about renewing membership. "We would continue to support the Chamber, 100 per cent." Halyk said he had no concerns whatsoever.

"The Woodstock Chamber is a fantastic organization. I've worked in many different communities, and usually communities will either have a strong Chamber or a strong BIA, and we are very fortunate in Woodstock to have both," he said.

Dennis, an Oxford native, is well known in Woodstock, having been at the helm of the Chamber since 2002. She also ran for the Liberal party in the 2008 federal election, telling the Sentinel-Review at that time that she would "stand up for Oxford."

"I'm known for my work ethic and for getting things done," she said in 2008.

She did not respond to requests for comment.

On her LinkedIn account, Dennis described herself as someone "passionate about connecting local businesses... (and) helping them make meaningful connections to resources, advocacy and other businesses that can help our economy grow."

Chambers said the board believes its actions will speak for themselves.

"This sucks on many levels," he said. "We're trying to get through this so the Chamber stays in tact, the Chamber ends up being better, and minimizing the damage to all parties."

Big business is strong, but Americans suffer from Chamber-backed policies

By Robert Weissman, *contributor* - 01/14/15

Today, Tom Donohue, the head of the U.S. Chamber of Commerce, the lobby group for big business, gives his annual "State of American Business" address.

Donohue has a lot to celebrate. Corporate profits have risen for 12 straight quarters. Corporate profits as a share of the economy are at a record high. Wages as a share of the economy are at a record low. Effective corporate taxes are at a record low.

Although corporate America is living larger than ever before, the odds are overwhelming that Donohue in his address will complain about the imaginary shackles on big business and demand still more subsidies and deals that aid the world's biggest companies but hurt America and Americans. The odds are overwhelming because Donohue pretty much gives the same speech every year.

Here's some of what we can expect:

• A plea for more NAFTA-style trade agreements and revival of the Nixon-era fast-track authority to railroad them through Congress. No doubt these deals increase business power. But over the past two decades, these trade agreements have failed to meet their business sector and political backers' glowing promises, and instead have resulted in unprecedented and unsustainable trade deficits, the net loss of nearly 5 million U.S. manufacturing jobs, more than 57,000 factories with millions of higher-wage service-sector jobs offshored, flat median wages despite significant productivity gains and the worst U.S. income inequality in the past century.

Now Donohue will likely call for a NAFTA-style deal with Asian and Latin American countries, and for fast-track trade authority to strip Congress of its constitutional authority over trade. Fast-track empowers trade officials, directed by 600 official corporate trade advisers, to diplomatically legislate — using "trade" agreements to put into place policies favored by the U.S. Chamber that failed in the sunshine of public debate. This includes imposing anti-consumer policies that have nothing do with traditional conceptions of "trade," covering matters such as patent and copyright rules, regulatory standards, food safety rules, special powers for corporations to sue governments before private tribunals over alleged lost profits, Internet governance and much more.

• Complaints about the alleged enormous regulatory burden on business and the need for legislation to handcuff consumer, health, safety, environmental, worker protection and other agencies from issuing new rules, as well as to roll back Dodd-Frank financial reforms. Somehow, Donohue will neglect to mention the costs of regulatory failures: The financial crisis and Great Recession (cost measured in the trillions); the BP oil disaster; Upper Big Branch and Sago coal mine disasters, among others; salmonella outbreaks involving everything from cantaloupe to peanut butter; widespread preventable workplace-related death and disease; life-threatening air pollution; and much more.

Donohue will almost certainly complain about the unfairness of regulation and how it injures the economy. He almost certainly will fail to say that the benefits massively outpace costs, even when measured by corporate-friendly cost-benefit accounting techniques. The Office of Management and Budget (OMB), part of the White House, finds that:

The estimated annual benefits of major [f]ederal regulations reviewed by OMB from October 1, 2003, to September 30, 2013, for which agencies estimated and monetized both benefits and costs, are in the aggregate between $217 billion and $863 billion, while the estimated annual costs are in the aggregate

between $57 billion and $84 billion. These ranges are reported in 2001 dollars and reflect uncertainty in the benefits and costs of each rule at the time that it was evaluated.

In other words, benefits of the rules issued over the past decade — including during the George W. Bush administration — are at least three times greater than costs, and as much as 13 times higher.

• A demand to immunize companies from lawsuits that aim to hold them accountable for wrongdoing. Donohue will harp on this bugaboo even though consumers' right to sue wrongdoers has been eviscerated by a series of U.S. Supreme Court rulings that enable companies to use fine-print terms in contracts to force disputes to be resolved by kangaroo arbitration panels rather than real courts, and to block consumers from banding together over shared wrongs. The Consumer Financial Product Bureau has found that such fine-print provisions are pervasive in the financial sector, and they are manifold throughout the economy.

Even more ironic, perhaps, is the Chamber claim about the need for "legal reform" to protect corporate wrongdoers even as the Chamber engages in excessive litigation and even as it aids the giant foreign corporation BP in its effort to persuade courts to overturn a legal settlement into which it entered voluntarily. Here the Chamber is actually siding with an admitted felon foreign multinational against the interests of the small businesses injured by the BP oil disaster.

• A call for greater development of dirty energy. Oil prices have plummeted, and U.S. production of oil and gas is skyrocketing. Meanwhile, evidence abounds that the world is rushing face-first toward climate catastrophe. Instead of calling for massive public investment in energy efficiency and renewable energy — investments that would spur creation of new jobs, build up a fledgling U.S. industry and, eventually, yield enormous economy-wide savings on energy — Donohue is almost certain to insist on the need to further subsidize and immunize the dirty energy industries.

He is almost certain not to mention the grave threat that climate change poses to business over time, a stunning oversight for the man who fancies himself the spokesperson for the corporate class, and who should be looking out for its long-term interests.

There are a few other things Donohue is not likely to mention.

For example, the U.S. Chamber of Commerce purports to represent all business. Its funding base, however, is a handful of giant corporations. More than half of its contributions came from just 64 donors.

And the Chamber has disproportionate influence not because of the merits of its positions, but its deployment of money in politics. It was the largest dark-money organization in the 2014 elections. The Chamber invested very heavily and successfully in the 2014 elections to defeat populist-minded Tea Party candidates somewhat independent of big business control in primaries and to elect corporate-minded candidates in the general election. And, the Chamber is the largest lobbying organization in Washington by far.

In his annual address, Tom Donohue routinely conflates the state of American business with the state of the American economy. Well, the state of giant corporations is flush. But regular people continue to suffer — from precisely the policies that the Chamber urges.

Weissman is president of Public Citizen.

The $19 Million That Sent New York's Attorney General After The U.S. Chamber Of Commerce

By Nick Martin Published June 28, 2012 1:15 am

Seven years before the Supreme Court changed the nature of campaign spending as we know it, a New York philanthropy began making massive donations to an arm of one of the most influential conservative forces in American politics.

The gifts, eventually totaling about $19 million, went little noticed at the time.

But now, a source familiar with the matter tells TPM, some of those donations are the focus of an investigation by New York Attorney General Eric Schneiderman that could shed light on the growing and largely untamed role tax-exempt groups are playing in politics.The investigation, which was first reported late Tuesday by the New York Times, is looking at a series of gifts the New York philanthropy known as the Starr Foundation gave to the charitable arm of the pro-business powerhouse U.S. Chamber of Commerce.

The source said the probe is examining whether those gifts were then illegally funneled to the chamber's political causes through a series of loans.

The Starr Foundation did not return a message seeking comment on Wednesday. But the Chamber of Commerce released a statement dismissing Schneiderman's investigation as a political ploy.

"In the midst of a highly charged political season, it comes as no surprise that the New York State Attorney General would use his office to rehash a very old story about the Chamber's finances," senior vice president Thomas Collamore wrote.

The Starr Foundation may not be a household name, but it has a huge charitable role throughout the United States.

Run by Maurice "Hank" Greenberg, the former chief executive of the insurance giant AIG, the foundation gives tens of millions of dollars a year to an array of groups. Its beneficiaries have included school students, New York's Metropolitan Opera and Harvard University.

But federal tax records examined by TPM show that in 2003 Greenberg's philanthropy began giving millions of dollars to the National Chamber Foundation. Registered as a tax-exempt 501(c)(3) organization, it bills itself as "the public policy think tank affiliate of the U.S. Chamber of Commerce."

In the first year, gifts from Greenberg's foundation totaled $7 million and were split into three donations. The following year, another three gifts from his foundation totaled $12 million.

At about the same time, a source familiar with the investigation tells TPM, the National Chamber Foundation began making what were described as loans of millions of dollars to the chamber itself.

The amount of those loans, the source said, totaled about $18.1 million.

While the amount of the original donations were not exactly the same as the loans that were eventually made to the U.S. Chamber of Commerce — $19 million versus $18.1 million — the source told TPM they

were close enough to raise red flags. Schneiderman took up the investigation after what the source would only describe as a "watchdog group" filed a complaint last year.

After initially vetting the complaint, Schneiderman launched a full investigation into the matter. He recently sent a "wide-ranging" subpoena to the National Chamber Foundation, demanding copies of emails, memos and bank records in order get a clearer picture of the transactions, according to the source. Depending on what turns up, the investigation could branch out from there.

In his statement, the chamber's Collamore confirmed the subpoena and called it "curiously timed." He blamed the investigation on what he described as "an activist group."

While it's not clear exactly which group filed the complaint that spurred Schneiderman to act, his investigation appears to match closely with concerns raised in 2010 by a union-backed group called U.S. Chamber Watch.

In a complaint to the IRS, attorneys for Chamber Watch alleged that the payments were a way for Greenberg's foundation to funnel money to the Chamber of Commerce for political causes.

"These operations," they wrote, "include substantial lobbying and campaign intervention in support of an agenda that advances the private interests of AIG and its CEO, Hank Greenberg — both insiders with significant ties to the Starr Foundation."

The group alleged that the chamber's lobbying efforts matched up with Greenberg's interests in Congress at the time. During those years the Chamber of Commerce spent huge amounts of money lobbying Congress on issues that could benefit AIG.

Records kept by the Center for Responsive Politics show the U.S. Chamber of Commerce spent more than $34 million in 2003 and $53 million in 2004 to lobby members of Congress. The records show the organization's top issue those years, as it has been almost every year since, was tort reform.

Chamber Watch also alleged that Greenberg paired up with the Chamber of Commerce to send money to campaigns aimed at defeating politicians who opposed their efforts, including former Sen. Tom Daschle.

The group further alleged that the $18.1 million given to the Chamber of Commerce was never really a loan. It cited tax documents that show the chamber never paid off the balance and only began making interest payments two years after the loan was made.

As proof, Chamber Watch pointed to a 2010 New York Times story that took a closer look at the transactions. Stan Harrell, the chief financial officer of the Chamber of Commerce, told the newspaper that the money was recorded as a loan as part of a financial maneuver and that the whole thing was cleared by the organization's attorneys and accountants.

"We wanted to make sure we guaranteed the investment return," Harrell told the newspaper. "Legally, that has to be represented as a loan. This was all done very scrupulously. If anything, we overdisclosed the transaction."

Criminal investigation into MB chamber-related donations continues

By DAVID WREN - dwren@thesunnews.com

An Internal Revenue Service agent has confirmed that a federal criminal investigation into political donations linked to the Myrtle Beach Area Chamber of Commerce is continuing. Ellen Burrows, with the IRS' criminal investigations division, told The Sun News last week that her agency is investigating donations made in 2009 to state and local politicians by a group of limited liability corporations with ties to the chamber. This is the first time that a person directly involved in the investigation has confirmed its existence. The joint investigation with the FBI is now in its third year.

Burrows contacted The Sun News last week seeking documents the newspaper obtained regarding the political donations. The Sun News has declined to provide investigators with copies of the documents to protect the newspaper's sources and maintain its independence from the investigation.

Brad Dean, the chamber's president and chief executive officer, did not respond to a request for comments.

The $324,500 in campaign donations purportedly were given by 14 corporations, all of which listed Myrtle Beach lawyer Robert ``Shep" Guyton -- a former chairman of the chamber's board of directors -- as their registered agent. The donations were given to members of Horry County's legislative delegation and to incumbents running for Myrtle Beach City Council, all of whom helped pass a 1 percent local-option sales tax which sends millions of dollars each year to the chamber for out-of-state tourism marketing.

Guyton did not return a telephone call on Monday seeking comment.

Guyton's partners in the corporations, including Horry County Council Chairman Mark Lazarus, have told The Sun News they do not know where the money came from for the campaign donations. The corporations were land-holding groups that had no income and at least one of the corporations was defunct at the time the donations were made. Several of the corporations lost their property to foreclosure in the months after they had purportedly given money to politicians for their re-election campaigns, court records show.

One of the corporations -- Beach Paralegal Services LLC -- had been dissolved for more than a year before it purportedly made $24,000 in campaign donations. The company was dissolved in October 2007 because it failed to pay its taxes, according to the S.C. Secretary of State's website.

The political donations also were not reported on the corporations' tax returns.

Critics of the chamber say the donations were payback for politicians' support of the controversial sales tax increase, which the City Council passed in May 2009 without a voter referendum. The donations -- all in the form of sequentially numbered cashier's checks purchased on a single day at South Atlantic Bank, where Guyton was a board member -- are dated June 8, 2009, and were delivered to candidates in the weeks after the tax was passed.

Three of the Myrtle Beach City Council members who received contributions are running for re-election this year -- Wayne Gray, Randal Wallace and Mayor John Rhodes. Also receiving donations were: former City Councilman Chuck Martino; and area state legislators Sen. Ray Cleary, R-Murrells Inlet; Rep. Alan Clemmons, R-Myrtle Beach; Rep. Liston Barfield, R-Aynor; Rep. Nelson Hardwick, R-Surfside Beach; and former Rep. George Hearn, R-Conway. Failed gubernatorial candidate Gresham Barrett also received campaign donations purportedly from the corporations.

Edge was the only legislator who received contributions to ultimately reject them, saying he suspected the donors listed on the cashier's checks weren't legitimate.

Dean has said no chamber or public money was used for the donations.

Initially, Brant Branham -- the chamber's board chairman at the time the donations were made -- said he helped raise the campaign contributions from "like-minded businessmen and women." Branham did not identify those individuals. Branham later became chief of staff for former Lt. Gov. Ken Ard, who resigned last year after an investigation by a state Grand Jury into ethics violations, including allegations Ard used campaign money to buy personal items such as iPads, clothes, football tickets and a TV.

The chamber has received nearly $69.5 million from the local-option sales tax since its inception to pay for advertisements that promote Myrtle Beach to out-of-state visitors. The chamber's receipts for fiscal 2013, which ended June 30, were up less than 1 percent from the previous fiscal year. The chamber has said the tax has led to an increase in out-of-state visitors and about 8.5 million visits to its vacation planning website in 2012. *Contact DAVID WREN at 626-0281.*

Judge orders University City to apologize, pay lawyer fees of resident barred from meetings

- By Ashley Lisenby St. Louis Post-Dispatch
- Apr 26, 2017
- (14)

Updates at 10 a.m. Wednesday with reaction from University City Mayor Shelley Welsch.

ST. LOUIS • A federal judge here on Tuesday ordered University City officials to publicly apologize to a resident expelled from a City Council meeting last year and to lift restrictions on the content of speakers' comments at future meetings.

University City Mayor Shelley Welsch demanded police remove resident Andrew Roberts from a meeting on Jan. 11, 2016, while he was reading prepared statements calling for the censure of Welsch.

Roberts was unhappy with a proposal from Welsch calling for the censure of Councilman Terry Crow.

Welsch was attempting to reprimand Crow at the January meeting for forwarding an email she said held confidential information on political campaigning by public employees.

The mayor also banned Roberts from future meetings, though the ban was reportedly rescinded.

In her order on Tuesday, District Judge Audrey Fleissig also ordered the city to pay Roberts' lawyer fees and costs totaling $3,060, according to the consent decree.

Fleissig also ordered that the city "cease making a public statement at city council meetings that personal attacks on councilmembers will be ruled out of order" and "cease making a public statement at city council meetings that councilmembers' motives may not be called into question."

The American Civil Liberties Union filed a suit against the city on Roberts' behalf in June, saying Welsch violated his free speech and due process rights.

The suit said Welsch interrupted Roberts and demanded his removal over "personal" attacks on her.

Welsch said Wednesday that she accepts the judgment but disputes that she was the one who called for Roberts to be ejected from the meeting, despite what court documents report.

"I wish I had reacted more quickly that evening," she said in a phone interview. "I am a strong supporter of freedom of speech."

Welsch said she expanded the public comment section during meetings from one to two sections several years ago to give residents more time to speak.

But she also started reading a statement before meetings prohibiting personal attacks in public comments. Welsch said she stopped reading the statement last year.

ACLU of Missouri Legal Director Tony Rothert defended Roberts in a statement on Tuesday.

"Just because a public official does not like what someone says about her does not give her the right to censor constitutionally protected speech. The right to criticize public officials without retribution is at the heart of a thriving democracy," Rothert said.

The decision also calls for the city to "develop, implement, and enforce a written policy prohibiting content-based restrictions on speech during the public comment period at city council meetings."

The order comes less than two weeks after **Error! Hyperlink reference not valid.** to probation for a run-in with a resident at a meeting last year. A jury had convicted Councilman Leo Michael Glickert of assault for shoving the resident at the meeting on March 22, 2016.

Chamber of Commerce Accused of Tax Fraud

U.S. Chamber of Commerce Accused of Tax Fraud

By ERIC LICHTBLAU

September 10, 2010

WASHINGTON — With a war chest rivaling that of the Republican Party itself, the U.S. Chamber of Commerce has emerged in the last year as perhaps the Obama administration's most-well-financed rival on signature policy debates like health care and financial regulation.

Critics on the left have long complained about the chamber's outsize influence. But now they are taking on the business association directly, charging in a complaint filed Friday with the Internal Revenue Service that it violated tax codes by laundering millions of dollars meant for charitable work from a group with ties to the insurance giant A.I.G.

The complaint was brought by a group called U.S. Chamber Watch, which was created four months ago — with the strong financial backing of labor unions — to scrutinize the Chamber of Commerce's growing influence and provide a counterbalance.

But chamber officials said they had complied with all tax laws and dismissed the complaint as a political ploy.

A chamber spokeswoman, Tita Freeman, said its opponents "are desperately looking for opportunities to undermine the chamber's efforts to promote free markets and economic growth."

The I.R.S. refused to comment on the complaint, citing the confidentiality of taxpayer records.

I.R.S. regulators have often been wary of wading into political grievances, particularly after evidence emerged during the Watergate scandal that the Nixon White House had sought to use the agency for political purposes.

But in recent years the agency has occasionally gotten involved in politically tinged controversies. In one high-profile case in 2004, Republican complaints led it to open an investigation into the N.A.A.C.P.'s tax-exempt status after the group's leader criticized President George W. Bush in a speech. The I.R.S. concluded two years later that the remarks did not violate the group's nonprofit restrictions on political activity.

At issue in the complaint against the Chamber of Commerce is whether the group mixed funds for charitable and noncharitable political purposes in violation of tax codes.

The chamber, often using expensive mass-market radio and TV spots, has weighed in on many major public policy debates in recent months, including the Obama administration's health care policy, business regulations, campaign finance laws and Internet rules, as well as job creation and the threat of tax hikes. On many issues, it has pushed for less government regulation in favor of free-market incentives.

Now the chamber's political arm is turning to the November elections, and it expects to spend $50 million or more to push pro-business candidates, usually Republicans. As part of a wave of new commercials broadcast this week, the chamber's California affiliate attacked Senator Barbara Boxer — a Democrat

running for re-election against Carly Fiorina, the former chief executive of Hewlett-Packard — and accused Ms. Boxer of "destroying jobs" by voting against business.

Cyrus Mehri, a Washington lawyer who brought the I.R.S. complaint on behalf of U.S. Chamber Watch, said in an interview that the chamber's current political activities were, in effect, being underwritten with money intended for charitable work.

The complaint focuses on loans and grants totaling about $18 million that were made beginning in 2003 to a nonprofit affiliate, the National Chamber Foundation, by the Starr Foundation, a charity started by the founder of A.I.G. and now led by Maurice R. Greenberg, the insurer's former chairman.

Lawyers for Chamber Watch said their research, based largely on public tax filings, found that none of the principal on some $12 million in loans had been paid back and that the money appeared to have been given to the chamber's foundation for unrestricted use.

The lawyers said that the money, in violation of nonprofit restrictions, was ultimately funneled to the chamber itself and used to finance broader political causes, including support for legal tort reform to shield companies like A.I.G. from liability. Mr. Greenberg himself had worked to promote restrictions on lawsuits, the complaint notes.

"You have millions of dollars improperly going to the chamber," said Mr. Mehri, who drafted the complaint with Gail M. Harmon, a Washington lawyer specializing in tax law. "This is not a technical violation."

But Stan Harrell, chief financial officer for the Chamber of Commerce, said in an interview Friday that the chamber's lawyers and its accountants at Ernst & Young had reviewed the Starr Foundation funding and found that it complied with all relevant tax law.

"We've never had an issue, period," Mr. Harrell said. He said that Chamber Watch, which was created by a federation of five unions called Change to Win, was simply trying to create trouble for the chamber because of its opposing political views.

"That's democracy. From time to time, people make allegations," he said. "If their real interest was proper accounting, they'd be talking to us. This is political."

Mr. Harrell said that the funding from the Starr Foundation was listed in tax documents as a loan only in the most technical sense and that it was never intended to be paid back. Instead, he said, the money was restricted for long-term use on educational and research projects as part of the chamber's capital plan and was invested by the chamber to ensure the Starr Foundation a set rate of return.

"We wanted to make sure we guaranteed the investment return," he said. "Legally, that has to be represented as a loan. This was all done very scrupulously. If anything, we overdisclosed the transaction" in the group's federal tax returns, he said.

Denison Chamber requests investigation of alleged theft

The Texas Rangers have been asked by the Denison Area Chamber of Commerce to investigate an allegation of theft. This comes just one day after the Texas Rangers and Department of Public Safety said there was no ongoing investigation into the chamber or former Chamber of Commerce President Anna McKinney.

By Michael Hutchins, Herald Democrat

Posted Feb 22, 2017 at 9:10 PM Updated Feb 23, 2017 at 8:49 AM

(Editor's note: This article has been updated throughout.)

The Texas Rangers have been asked by the Denison Area Chamber of Commerce to investigate an allegation of theft. This comes just one day after the Texas Rangers and Department of Public Safety said there was no ongoing investigation into the chamber or former Chamber of Commerce President Anna McKinney.

"The Denison Chamber of Commerce and city of Denison have been working jointly on an in-depth audit of both the Chamber and the Convention and Visitors Bureau funds since identifying the need for such a review toward the end of 2016," the Chamber said in a statement issued Wednesday evening.

"The city and chamber have been in contact with the Texas Rangers on the discoveries of the audit and are in the process of turning over the information to the Rangers for investigative purposes," the Chamber continues.

Calls to McKinney Wednesday night by the Herald Democrat were not returned, and McKinney has not returned calls seeking comment since here retirement was originally announced.

In late October, McKinney retired as president of the chamber after nearly 40 years of service. After starting work within the chamber in 1977, McKinney became its president in 1995. At the time of her retirement, McKinney and officials with the Chamber said it was simply her time to retire.

The following month, however, the Herald Democrat received an unsigned letter that tied McKinney to an ongoing internal investigation at the chamber. After questions the Herald Democrat raised questions regarding a possible audit, the chamber released a statement the same day that confirmed McKinney retired amid an internal investigation.

"The board's initial review has identified the need to engage a professional auditor immediately and such action has been taken," that statement said, in part.

The Herald Democrat submitted requests in late November for public information regarding McKinney's personnel history, information and correspondence related to her departure and any previous investigations of disciplinary action that may have been taken in the past.

The city of Denison, chamber, and later DPS, voiced opposition to this request to the Texas Attorney General's Office. In its opposition the city cited multiple exemptions related to ongoing or pending litigation or "information held by a law enforcement agency or prosecutor that deals with the detection, investigation or prosecution of a crime."

Assistant city attorney Marie Rovira said the files requested included records related to a pending matter with the Texas Rangers. Despite this, officials with the DPS and Denison Police Department said in

November that there were no ongoing investigations related to McKinney, the chamber, or any of its employees both past and present.

The Herald Democrat received a response from the Attorney General's Office Tuesday denying the request to release the information because it "would interfere with an ongoing criminal investigation by Texas Rangers."

"Based on this representation, we conclude the city may withhold the submitted responsive information," the letter says.

Both the Chamber and Texas Rangers, in separate emails, said there would be no additional comments due to the ongoing investigation. The two email statements were received by the Herald Democrat within three minutes of each other.

Philly's more fun when you... embezzle? What's next for Visit Philly

Now mired in controversy, the tourism agency say it's making changes. But should the city step in and do it for them?

No doubt you've seen Visit Philadelphia's ubiquitous marketing campaigns that include billboards dotting the I-95 corridor with splashes of red and text that looks like a handwritten note: "With Love, Philadelphia."

Since Visit Philly's inception in 1996 under former Mayor Ed Rendell who wanted to put Philly tourism on the map, more people have come to Philadelphia than ever before to visit. They've stayed longer, paid more to sleep in our hotels and booked more tours to take in this city.

But the nonprofit agency with its own governing board — which is almost entirely funded through the city's hotel tax — has also been mired in controversy, not the least of which is that a grand jury says the former chief financial officer allegedly embezzled $200,000 over multiple years to pad a luxurious lifestyle of fur, expensive skin care and high-end restaurants.

Joyce Levitt, the former CFO, was charged this month and an investigating grand jury put partial blame on Visit Philly, CEO Meryl Levitz and the city for "lax oversight" it says allowed the embezzlement to occur. Had it not been for a reporter for a now-defunct nonprofit news outlet who dug up the story and a district attorney willing to prosecute, Levitt may have never been charged.

There have also been questions raised over the years as to how and why Visit Philly exists. It's the second of two tourism agencies funded by the city and there's been a chorus of voices calling for the two agencies — Visit Philly and the Philadelphia Convention and Visitors Bureau — to merge into one organization with one administration and one messaging campaign.

For now, Visit Philly says its oversight structure is just fine and it contends it's made changes to ensure something like this doesn't happen again. But some city officials say they'll heed District Attorney Seth Williams' calls and reevaluate it anyway.

Mostly because there's $10 million of annual taxpayer money at stake.

What Visit Philly's done for the city

Center City has seen a 287 percent increase in leisure hotel demand since 1996, Visit Philly's inception, and there's been a 90 percent increase in overnight leisure travel since the same time.

Visit Philly considers itself a success. Those figures don't lie, and they correspond with massive economic impact to the city and the region. But a lot's changed in the city in the last 20 years and, since then, both Rendell and former Mayor Michael Nutter put an emphasis on improving Center City and marketing the city to tourists.

Visit Philly has an annual budget of about $11 million that's largely spent on marketing. More than $9 million of their funds come from the city's hotel tax. That tax is split among the Pennsylvania Convention

Center Authority, the PHLCVB and Visit Philly, the last of which receives the smallest cut of the hotel tax dollars.

The tourism agency has objectively increased the city's visibility, especially within 200 miles of Philly — where the agency focuses almost all of its efforts. And it's almost impossible to talk about those successes without talking about Levitz, the CEO of Visit Philly and a well-known face in tourism and civic leadership circles.

Levitz has been with the organization since the beginning and made Visit Philly, originally known as the Greater Philadelphia Tourism Marketing Corporation, her baby. Leaders in the city have said there are few people who have done more for the city in the last two decades than Levitz, a hands-on leader and a frequent guest at city functions.

Tax records show she's been well-compensated for that high profile. In 2013, Levitz made $458,000 for leading Visit Philly, or more than twice what the mayor of the city made last year. In a letter to the *Inquirer* this week, Rendell defended the agency and Levitz in wake of charges being announced against the former CFO and questions being raised about how Visit Philly operates.

"As the *Inquirer* said, Visit Philly is not without its flaws. But isn't that true of almost any organization?" Rendell wrote. "Visit Philadelphia should be very proud of all the men and women who work there and particularly of Levitz."

A tale of two agencies

The Convention and Visitors Bureau that was created in the 1940s has a different target audience. It's looking to draw in conventions, business travel and international leisure tourists. CVB also has a higher annual budget than Visit Philly and spends about $17 million yearly.

Philadelphia is the only major city *Billy Penn* could find that has two separate marketing and tourism agencies. Other major cities like New York, Chicago and Houston have consolidated their tourism-related efforts into one agency over the years and have seen better results in terms of increases in visitors. Most cities depend entirely on their convention and visitors bureau to market the city to tourists.

Instead, Philly has two agencies. That means competing campaigns and dual messages.

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City Controller Alan Butkovitz released a report in 2014 examining the structure of the city's two tourism marketing agencies and recommended the mayor convene a group of stakeholders to work toward merging the two. His report suggested at least $1 million could be saved in efficiencies. Butkovitz said this week that under Nutter, that convening never happened. He says he'd still recommend Kenney take similar steps.

Bill Gullan, a Philadelphia branding expert who has been critical of the city's dual marketing campaigns, called the structure "non-sensical" and said from a branding perspective, putting two messages out there — one being "With Love, Philadelphia" and another being "PHL: Here For the Making" — doesn't benefit consumers or the city.

"It doesn't coalesce and Philadelphia loses for that reason," he said. "When you look at other cities that do this in a unified way… the expression of those cities and regions leaves the marketplace with a much clearer sense of what they're known for and how they regard themselves."

Gullan says he prefers the CVB's marketing campaign. Butkovitz hinted that people in the city think Visit Philadelphia has done a better job. Whatever the case, they both say the city needs to pick one.

"What has been lacking, generally speaking, has been a "referee," in the words of a hospitality leader," Butkovitz wrote in his 2014 report. "Without strong, strategic leadership focused on the good of the sector as a whole, Philadelphia's hospitality sector has not yet achieved its potential."

There's another person who has thoughts on the city's multiple tourism agencies: Joyce Levitt, the former CFO now facing criminal charges. She still has active social media accounts, including a LinkedIn profile where she's removed the names of her last two employers. Her Facebook page shows that she commented on an NBC10 story in 2013 about a report done by Butkovitz that concluded police overtime spending was "out of control."

"…since additional police are always necessary for any sports, concert, parade, etc. why not allocate some of the tax collected on hotels, restaurants and tickets sold for these events to the police budget?" Levitt wrote. "That is where the funds are needed. Instead they are designated for advertising to multiple organizations all doing the same thing! It is about time the city took a look at where the tax dollars are really going."

Was there a cover-up?

It was an internal audit that found some $200,000 missing over the years in Visit Philly's budget.

In 2012, when leaders of Visit Philly went to Levitt and told her she'd been busted, she agreed to pay back the $210,000 and resign without the authorities being notified. Visit Philly didn't make a public announcement that Levitt had exited (and paid full restitution) in February 2012. And there was a single note 30 pages into a tax return noting the cash that came back to the agency after Levitt paid it back.

Visit Philly and its board, which at the time included former Mayor Michael Nutter and then-Councilman Jim Kenney, contends lawyers told them this was the best course of action in order to be fully paid back. Members of the Visit Philly board *Billy Penn* reached declined to comment.

In 2014, a story popped up on the now-defunct *AxisPhilly* detailing what had gone down at Visit Philly, and by August of that year, the DA's office had launched an investigation. The case was referred to a grand jury in January 2015.

The grand jury didn't buy that Visit Philly leaders were just listening to their lawyers. It came to the conclusion that the agency covered up the alleged embezzlement because it didn't want the public finding out that Levitz — a well-known community figure — didn't catch what her CFO was allegedly up to.

"It was Levitz's negligence and the city's lack of oversight," the grand jury wrote, "that led to Levitt's continuous embezzlement."

DA Williams said in a press conference announcing the charges that he'd reached out to Kenney to express his concerns about the oversight of Visit Philly, saying the city should re-evaluate how it keeps tabs on its tourism organization gone rogue.

"Visit Philadelphia let Joyce Levitt watch the ledger books and $200,000 of the agency's money charged out the door," Williams said in a prepared statement. "Thank you to the men and women of my Economic and Cyber Crime Unit and the Investigating Grand Jury who, like me, are disgusted by Joyce Levitt's embezzlement of money that was meant to benefit the people and City of Philadelphia and not her lifestyle."

Williams' spokesman Cameron Kline wouldn't comment beyond that, and when asked why Levitz or anyone else from Visit Philly isn't facing charges as well, Kline said "we don't discuss the methodology behind our investigations, who is charged or why they're charged."

But Visit Philly says Levitz isn't responsible.

"Joyce Levitt was responsible for the misappropriation," Visit Philly spokeswoman Paula Butler said in a prepared statement. "The Grand Jury's presentment clearly and unequivocally did not recommend any charges against Meryl Levitz. The wording of the presentment is simply the opinion of the prosecutor. We disagree with the ADA's opinion."

There's also a legitimate question here: Even with a different oversight structure, is it possible Visit Philly still wouldn't have confronted Levitt until 2012?

Doug Karpp, a California-based underwriter for crime insurance and an expert in corporate embezzlement, said employee fraud is much more common than most people think, and easy to miss if certain safeguards aren't in place. He said he understands Visit Philly says it was heeding the advice of legal counsel to not go to the police — but he would have probably done things differently.

"They're setting a tone that they're not going to be hard on any embezzlers in the company," he said. "They should make these people do the perp walk and publicize within the organization that 'we caught this person, and we don't put up with that.'"

Changes could be ahead

Visit Philly says it's made internal changes since 2012 to ensure embezzlement of taxpayer dollars doesn't happen again. But Williams and Butkovitz say the city should step in to make a change. Maybe that change would finally be that Philadelphia has just one tourism and marketing agency.

When asked if Visit Philly would be in favor of merging with the Convention and Visitors Bureau, Butler said in a prepared statement: "We have said repeatedly that we are always open to strengthening the industry."

Butkovitz says it would be up to mayoral leadership and council legislation to make a merger happen. Kenney's spokeswoman said the mayor supports merging Visit Philly with the PHLCVB and "additional oversight would be built into that new structure." A spokeswoman for Council President Darrell Clarke said the councilman doesn't typically comment on potential legislation before it's introduced.

So at least the mayor is on board. The City Controller says it should happen. But when?

In 2014, Levitz' contract was extended until 2018 when she'll be 71. It's conceivable the agency could phase in a new leader at that time, as Levitz is approaching retirement age.

"The board voted unanimously to extend Meryl's contract because it felt she was the best person in the country to lead the organization," Visit Philly board chair Manuel Stamatakis said at the time of her contract extension. "Meryl has led the way in redefining leisure tourism in our region, and her success… is unparalleled."

Gullan said he's still support change over time in terms of how Philadelphia markets itself. But he has his doubts that it will come.

"It's politics and it's money and fiefdoms and kingdoms and personal brands," he said. "Which is not to say these folks don't care about the city. The net effect is that our potential as a brand is constrained by the fact that organizations work in parallel ways."

Hotel Online

News for the Hospitality Executive

The Denver Post
Knight Ridder/Tribune Business News

Nov. 1, 2003 - The board of the Denver Metro Convention & Visitors Bureau has placed bureau chief Eugene Dilbeck on administrative leave.

The bureau is under review by the city auditor, and a recent investigation by Denver's Channel 7 captured images of members of Dilbeck's administration hosting an event at a Denver strip club.

"The executive committee of the board of directors for the Denver Metro Convention & Visitors Bureau has placed bureau president Eugene Dilbeck on administrative leave with pay," said bureau spokesman Rich Grant, reading from a statement issued late Friday.

The statement said Richard Scharf, head of sales and marketing, is assuming the role of acting president.

Dilbeck wasn't available for comment Friday.

Denver Auditor Dennis Gallagher's office is conducting a review of how the bureau spends public money and has already determined that the bureau "commingled" tax money with private funds.

"It's not a violation of their contract with the city, but it makes it difficult to determine how they are spending the money," said Gallagher's spokesman, Denis Berckefeldt. "We told them that they have to change that, and they are committed to making that change."

Berckefeldt said the bureau had a budget of about $7 million last year -- with about $5.4 million that came from the bureau's share of hotel taxes.

The auditor's review of the bureau's spending, launched at the request of Mayor John Hickenlooper, will take about two months.

The auditor will look for specific violations of the city's contract with the bureau, such as whether the bureau used public money to buy alcohol. But drawing conclusions could be difficult because of how the bureau has handled its money.

Dilbeck was a strong backer of Hickenlooper's effort to become mayor. After winning the election, Dilbeck recruited volunteers to work on Hickenlooper's transition to power at City Hall.

Dilbeck was instrumental in the push to expand the city's convention center. Voters approved a $268 million expansion of the Colorado Convention Center in 1999, and the City Council this spring approved public funding for a $374.3 million hotel next to the center.

The expansion is expected to be completed in December 2004 and the hotel by 2006.

"Right now we are on pace to double the amount of future convention bookings," Dilbeck said in a statement released Wednesday, revealing that his bureau had booked $1.1 billion in future convention business and that another $900 million in business was tentatively booked.

Dilbeck was named director of the bureau in fall 1993. He replaced eight-year director Roger Smith, who

abruptly resigned in 1993 amid criticism from the bureau's board concerning his job performance.

Dilbeck came to Denver from the New Jersey Travel and Tourism Division, where he had worked for three years. He jumped into the Denver bureau's wheelhouse just after voters killed a statewide tourism tax, leaving the state without tourism funding for the first time in a decade. Since then, he has championed tourism -- and the need to secure consistent funding for tourism promotion -- in dozens of arenas within Colorado.

Dilbeck has served on the governor-appointed board for the Colorado Tourism Office since its inception in 2000. He chairs the office's research committee, which this year is burdened with the task of proving to state legislators that the recent one-time injection of $9 million in tourism funding was a worthwhile investment. Last year's $2.5 million campaign yielded $12.74 in state and local taxes for each dollar spent.

"Truly you don't see an individual who is more passionate or more knowledgeable or more willing to work with every community in Colorado on tourism issues," said Sarah MacQuiddy, former chair of the state tourist board and executive director of the Greeley Convention & Visitors Bureau. "My mouth is hanging open on this."

Last week, Channel 7 news launched an investigation into how the bureau spends the money provided by the city to help lure conventions to Colorado. When the bureau rebuffed Channel 7's request for access to bureau expense reports, the news cameras followed the bureau administration to a two-hour event at the Diamond Cabaret, a Denver strip club.

City Councilman Doug Linkhart said leaders at the bureau showed poor judgment in holding a meeting at a strip club when its spending was under investigation by a television reporter.

"I would think that having a staff meeting at an inappropriate location with people doing inappropriate things would be a good cause for a reprimand," Linkhart said.

City Council President Elbra Wedgeworth said she believes the bureau has used public money appropriately.

"The visitor's bureau has always been diligent in how it spends city funds," Wedgeworth said. "I'm confident that there will be due diligence in reviewing that spending."

Wedgeworth said the bureau discloses how it spends the public money it gets to promote tourism and lure conventions to Denver, and that any spending of private money should be left to the bureau's discretion.

The mayor's office said it had nothing to do with the decision to put Dilbeck on leave and will leave the decision in the hands of the independent nonprofit board that oversees the bureau.

"The Convention & Visitors Bureau is a critical part of the city's economic future," said Hickenlooper in a statement. "I have full confidence in the board's ability to decide what course is best for the bureau."

But the mayor's office also called for the bureau's books to be open regarding the use of public money.

"The Convention & Visitors Bureau has generated an enormous return on taxpayers' investment," said mayoral spokeswoman Lindy Eichenbaum Lent. "That said, the mayor believes that the portions of the bureau's records that involve public tax dollars should be open."

By Jason Blevins and Mark P. Couch.

The lawsuit said Visit Austin is required to disclose salaries and benefits for its highest-paid employees on its annual tax return, "which is itself public information available online." The agency told Bunch the 2016 return had not been filed yet, the lawsuit said.

On Wednesday evening, Visit Austin released a number of documents to Bunch and Aleshire. It also released the documents to the American-Statesman.

Included among the documents was salary information and other financial and operational documents, along with a report listing convention business the agency says Austin lost due either to lack of convention center space or availability. The documents included the employment contract for Tom Noonan, president and CEO of Visit Austin, and showed Noonan has a annual base salary of $300,000. The documents also show Noonan received a bonus of $34,616 in 2016.

However, the documents released to the Statesman did not list the names of other salaried employees or the names of the entities included in the report on lost business, as the lawsuit requested.

Bunch confirmed he received documents from Visit Austin, but said it appeared what he received "does not comply with my request."

"The table (of lost business) they sent is self serving and cannot be truth tested, much less even understood given all of the codes," Bunch said in an email late Wednesday.

Aleshire said: "The information received is incomplete. The lawsuit will continue until they provide all of the information Bill Bunch requested. Giving a list of 'lost conventions' without identifying them, means we, the taxpayers and the press are just supposed to take their word for it."

In a May 3 letter to the Texas attorney general's office, Julie Hart, Visit Austin's vice president and chief financial officer, said releasing employees' financial information and names of specific conventions and events would put the organization at a competitive disadvantage.

Noonan, president and CEO of Visit Austin, released the following statement to the American-Statesman on Wednesday evening:

"The information provided today clearly indicates that our city has lost out on a significant amount of business due to lack of space and/or availability at our convention center. The center is booked at maximum capacity—and forced to turn down nearly one-half of the requests for future bookings due to a lack of space or availability.

"In terms of salaries at Visit Austin, studies confirm we are very much in line with similar organizations across the country, including San Antonio, Dallas and Houston, among others. Out of 24 similar-sized competitors, 13 CVB presidents make a higher salary than I do. Furthermore, on a scale of 80 to 120 percent, with 100 being the average, our staff is paid 88 percent of what the average CVB employee is paid, and our vice presidents are paid 86 percent of what the average CVB vice president is paid.

"We are proud of our outstanding employees who have played a major role in helping Austin become such a premier destination for tourists and business travelers alike."

Tourism audit questions spike in pay for Experience Scottsdale executives

Parker Leavitt, The Republic | azcentral.com Published 1:26 p.m. MT Dec. 1, 2016 | Updated 10:20 a.m. MT Dec. 2, 2016

Scottsdale taxpayers spent more than $30 million on the city's contract for tourism promotion during the past four years, but the public may not be getting as much as they should out of the deal, according to a recent city audit.

Auditors questioned the organization's "rapidly increasing" pay for executives, found errors and irrelevant information in reported data and challenged its policy giving no preference to hotels and businesses located within city borders when promoting tourism.

Accessing records with azpublicinfo.com

The Arizona Republic and azcentral.com have created the website azpublicinfo.com to make it as simple as possible for citizens to request public records from government agencies. The website identifies the types of public information maintained by Arizona's governmental jurisdictions, helps users identify records they may be seeking, and allows users to send public-record requests directly to the agencies.

Experience Scottsdale, formerly the Scottsdale Convention & Visitors Bureau, receives half of the city's hotel-sales-tax collections each year, which amounted to about $9.4 million in fiscal year 2016. The non-profit organization promotes Scottsdale through national and international marketing campaigns.

Scottsdale tax dollars account for about 70 percent of Experience Scottsdale's budget, while a smaller amount comes from Paradise Valley, the Salt River Pima-Maricopa Indian Community, Fort McDowell Yavapai Nation and private sources.

Experience Scottsdale officials disputed many of the audit findings and voiced disappointment that auditors did not give them an opportunity to discuss the findings before they were made public.

Karen Churchard, the city's tourism and events director, expressed satisfaction with the "phenomenal job" Experience Scottsdale does promoting the area in an interview with *The Republic*.

Salaries spike, cash reserves grow

Experience Scottsdale CEO Rachel Sacco. (Photo: Experience Scottsdale)

Executive salaries at Experience Scottsdale rose quickly and cash reserves swelled to nearly $1.4 million as the organization's revenue grew by about 25 percent over the past four years, primarily due to an increase in Scottsdale tax revenue, city auditors found.

Compensation for the organization's CEO, Rachel Sacco, reached $469,000 in 2015 — a 76 percent increase over four years, according to tax records and the city audit. Other key staff salaries increased by 43 percent, according to the audit, and tax records show at least seven employees earn six-figure salaries.

"Given the city's substantial investment ... more oversight or guidelines exercised through contract terms may be appropriate," the audit stated. Auditors recommended the contract require Experience Scottsdale to submit its annual IRS forms to the city to help monitor executive salaries.

Experience Scottsdale officials, meanwhile, said their pay is in line with similar "destination marketing" organizations and say they follow a thorough compensation review process, including using outside consultants.

IRS tax documents show a range of CEO salaries at other tourism organizations, including some that make less than Sacco at larger companies in markets where the cost of living is higher.

"I believe the staff we've assembled here is the best in the business, and it's really hard to keep them here. Compensation is a reflection of performance."

Rachel Sacco, CEO of Experience Scottsdale

Visit Seattle Washington's CEO makes about $356,000 at an organization with a considerably larger budget than Experience Scottsdale, while Visit Denver's CEO makes about $430,000, according to tax records. The CEO of Visit Phoenix made $465,000 in 2015, records show.

Experience Scottsdale's compensation committee in 2013 recommended a raise for Sacco and other employees after finding their pay was "below market" after several years of tighter budgets during the recession, Sacco said. Some employees received raises that were tied to promotions, she said.

Sacco said she has lost valuable employees to private-sector companies that offered higher pay, but that has changed with the recent salary increases.

"I believe the staff we've assembled here is the best in the business, and it's really hard to keep them here," Sacco said. "Compensation is a reflection of performance."

Audit finds 'irrelevant' data

City auditors reported finding errors and irrelevant data in Experience Scottsdale's annual performance report. That report includes figures such as convention bookings, hotel bookings, website visitors and economic impact.

The non-profit's fiscal 2016 report had activities benefiting its 180 non-Scottsdale members but did not make that clear, potentially giving the impression that the data reflects direct benefits to the city, auditors said.

For example, Experience Scottsdale reported 536 convention bookings for fiscal year 2016, but that number is 297 when non-Scottsdale properties are excluded, according to the audit. Hotel room nights associated with those conventions were reported at 167,000 during that year, but the Scottsdale bookings represented about half, or less than 84,000, the audit found.

Of the group's 411 members, 164 are located outside Scottsdale borders and another 16 are outside of Maricopa County in destinations such as Sedona, according to the audit.

MY TURN: Scottsdale tourism office meets challenges with bold marketing

Churchard, however, said the non-Scottsdale data helps capture the organization's regional success and does not see the need for a change. While Experience Scottsdale works to promote destinations around the region, its focus is on the city found in its name, she said.

"They do an excellent job of reporting (performance data), and I never have to remind them, which isn't always the case with the contracts that we see," Churchard said. "I believe they are doing a phenomenal job with the destination marketing. Hopefully our citizens would agree the money is being well spent."

Errors outlined in the audit included a report of more than 2.6 million "unique visitors" to Experience Scottsdale's website, which is nearly 28 percent more than the audit found. Experience Scottsdale spokeswoman Rachel Pearson attributed the gap to a mistake in terminology and explained the group is really tracking "web sessions," a figure that includes repeat visitors.

The audit put the economic impact related to visitor inquiries at Experience Scottsdale around $262 million, about 16 percent less than the group reported.

Scottsdale auditors also questioned annual performance goals, suggesting the figures are based on "guaranteed minimums" rather than expected performance. The goal for "convention sales leads" in fiscal 2017, for example, was set at 1,356, even though the previous year's total exceeded 1,500 leads, auditors said.

New contract weighed

City leaders are preparing to renew their contract with Experience Scottsdale, which is in the last year of a five-year agreement. When the contract expires in June 2017, the city will likely have paid more than $42 million over the term.

Scottsdale auditors also believe a significant portion of the organization's surging cash reserves is attributable to public tax dollars, although Sacco refuted that claim during an interview with *The Republic*.

"Absolutely I will tell you, our reserve is solely from our private-sector dollars," Sacco said. That includes membership dues and other private sources, which are kept in a separate bank account, she said.

"We recognize the auditor has a very difficult job," Sacco said. "How could they possibly understand every business outside the city? There's no way ... What we felt was missing was an opportunity to have a conversation with the auditor."

Despite Churchard's stated satisfaction with Experience Scottsdale, she expressed general agreement with the audit recommendations, and officials say they will consider including some of the recommendations for the new contract, which would begin in fiscal year 2018.

Recommendations include requiring Experience Scottsdale to set annual goals that build on the previous year's results, to prioritize Scottsdale-based businesses and to submit documents in support of performance data.

A City Council subcommittee tasked with reviewing the audit on Nov. 14 delayed its approval until city officials can meet with Experience Scottsdale executives to further discuss the findings. Councilwoman Virginia Korte and Vice Mayor Kathy Littlefield voted to table the audit while Councilwoman Suzanne Klapp opposed the motion.

The audit likely will return to the council subcommittee for additional review in January and then advance to the full council for potential approval.

Critic wins lawsuit against Hilton Head Island-Bluffton chamber

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The Hilton Head Island-Bluffton Chamber of Commerce will appeal a Beaufort County judge's ruling that it must allow public access to information regarding how it spends public funds.

In his decision dated Feb. 22, Circuit Court Judge Michael Nettles ruled Hilton Head Island businessman Skip Hoagland should be allowed access to those documents under South Carolina's freedom of information law.

Because the chamber receives accommodations tax money from the towns of Hilton Head and Bluffton and Beaufort County, as well as a grant from the S.C. Department of Parks, Recreation and Tourism, it is considered a public body and subject to the law, Nettles wrote.

Chamber officials have long maintained the organization is not subject to the law because it has private nonprofit status.

Chamber attorney Bobby Stepp, of Columbia, said Wednesday he plans to file an appeal this week and will ask the S.C. Supreme Court to take up the case over the Court of Appeals.

"Obviously we're disappointed with the (Circuit Court) judge's ruling and decision because we do not believe the chamber is a public body, and it should not be subject to FOIA laws," Stepp said. "In the end, I believe the Supreme Court will agree with that."

Hoagland, a longtime outspoken critic of the chamber who has repeatedly accused its top officials of corruption, announced his victory in the three-year-old case in an email Monday night.

When reached Tuesday, he said he is happy with the ruling and feels partially vindicated.

"I hope this sends a loud message to all the chambers and visitor and convention bureaus across the country that they must be held accountable for how they spend taxpayer dollars," Hoagland said.

"My intention is to gain access to these documents and hold everyone accountable. I have reason to believe there will be massive wrongdoing discovered, because otherwise they wouldn't be fighting so hard not to have to release this information."

Hoagland submitted a FOIA request to the chamber on Tuesday.

Hoagland first requested Nov. 28, 2012 that the chamber provide a host of documents, including all information regarding receipt and expenditures of public funds and all other matters that would affect public interests, according to the ruling.

The chamber denied the request Dec. 17, 2012, contending it was not subject to FOIA and its status as the designated marketing organization for the towns did not negate its private nonprofit status because its operating funds were accounted for separately from the public funds it receives.

Hoagland filed his lawsuit as president and CEO of DomainsNewMedia.com, LLC, on Jan. 15, 2013.

In his ruling, Nettles noted the state's FOIA law partly defines a public body as "any organization, corporation or agency supported in whole or in part by public funds or expending public funds."

Nettles wrote that the chamber only submits a proposed budget before the expenditure of public funds and a financial accounting summary to local governments after each fiscal year. But neither the approved chamber budget nor the accounting summary specifically describes how the funds are spent, Nettles said.

"The accounting provides very little, if any, information on, for instance, the particular vendor chosen for a certain expenditure in furtherance of a state tourism purpose," Nettles wrote. "Without the chamber being subject to FOIA, the residents of the areas the chamber serves will not be able to learn how (the chamber) manages the expenditure of public funds."

But Stepp countered Wednesday that the chamber's submission of its accounting summary and budget, as well as a contract it has with Hilton Head Island Town Council to closely monitor how it spends the bed tax money, is sufficient.

"The chamber has always fully complied with the laws," Stepp said, "and I just don't see what governmental purpose it serves to open all the records of a private entity."

Wed, 06/29/2016 - 7:19pm

Ads bring accusations against mayor to forefront

Sulka, Hoagland spar over personal profits during her term

Mary Carr Mayle

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Hilton Head area businessman Calvin "Skip" Hoagland has issues with Bluffton Mayor Lisa Sulka, issues he has publicly detailed in two full-page ads in Bluffton Today.

In those ads, Hoagland accuses Sulka of using her position as mayor to profit in her real estate business, giving her an "unfair advantage" over other agents in the area.

He resorted to placing the ads, Hoagland said, because Sulka continues to refuse his demands – issued both in emails and in person at Bluffton town council meetings - to release her federal tax returns.

He also accused Sulka of "making deals with cronies," particularly with Hilton Head Island-Bluffton Chamber of Commerce president Bill Miles, after the town of Bluffton participated in a membership drive for the chamber.

"It pays to be mayor of Bluffton. Just ask Lisa Sulka," he wrote in the first ad, which ran Memorial Day weekend. "Since becoming mayor of Bluffton, she has become not just one of the most successful agents in Beaufort County, she's become one of the most successful in the entire state of South Carolina."

"In the spirit of transparency, I asked her to release her federal tax returns – as elected officials or candidates for office typically do, especially in election years," Hoagland said in his ad.

But Sulka, who was overwhelmingly re-elected last year to a third term as the town's mayor, emphatically disputes Hoagland's accusations, as does her broker.

"While she does a good job, Lisa is nowhere close to being the top producer in Beaufort County, let alone the state," said Matt Rowe, owner of Carson Realty in Bluffton.

"In fact, she's not the highest paid agent in my office."

As for releasing her tax returns, Sulka said she has declined to do so because they are joint returns filed with her husband, who is a private citizen.

"The Mayor of Bluffton is under no obligation, legally, ethically or otherwise, to release her tax returns," town attorney Terry Finger wrote in response to Hoagland's request.

When Hoagland requested every real estate purchase or sale by the town involving a real estate agent since Sulka became mayor in 2008, Finger said he complied.

"We gave him every contract, closing statement and addendum going back to the year before Mrs. Sulka became mayor," Finger said.

A disputed deal

Still, Hoagland insists there is a large deal – one in which he contends Sulka profited – that was not reported. He has asked for copies of five checks paid out by the town of Bluffton on that deal.

"This was a deal involving federal stimulus money during the recession," said Hoagland, who is CEO of Domains New Media LLC. "The public has a right to know who profited from that."

The deal Hoagland is referring to involves the Wharf Street Development, Finger said, in which the town redeveloped some blighted property in the historic district and sold affordable houses to first-time buyers. The city initially hired Central City Realty in Columbia to help identify property, as required by the grant, but canceled the contract when suitable property was found.

"The city paid Central City an hourly fee for work done to date, submitting the invoice for a grant reimbursment for $2,500 under the category Real Estate Commission," he said, adding that the amount was submitted on five separate properties.

Hoagland also insists that Sulka has used – and continues to use - her office as leverage to solicit real estate clients, although could offer no specific evidence of such.

"Do I make a good living in real estate? Yes, but it's because I work hard and I have more time to devote now that our children are either in college or out of the house," Sulka said. "Do some people come to me because I'm mayor? I don't know. I suppose that's possible.

"But just as many clients I work with, especially outside of the immediate Bluffton area, don't have a clue that I'm the mayor. I certainly don't tell them and my real estate office knows not to mention it.

"I'm very careful to keep my two jobs separate. I have two sets of business cards, two separate phone, two computers," she said.

"I have never brokered anything with the town of Bluffton. The firm I work for had one piece of property listed through other agents, but I never saw a penny of that."

Why the concern

So why does Hoagland, who is not a Bluffton resident, continue to insist Sulka and the town of Bluffton is hiding something?

"I'm simply a citizen who wants public officials to be accountable and transparent," Hoagland said, adding the both he and his organization, beaufortwatchdog.org, have been following Bluffton and Hilton Head Island officials for several years, although his home in Windmill Harbor is in neither municipality.

Another issue of concern, he said, is Bluffton's two chambers of commerce – the Hilton Head Island-Bluffton Chamber and the Greater Bluffton Chamber – and what he sees as Bluffton officials' "clear preference" for the former.

"In May of 2015, my investigators discovered that town manager Marc Orlando was among the leaders of a membership drive conducted by the Town of Bluffton on behalf of the Hilton Head Island-Bluffton Chamber of Commerce," he said, adding that the drive was conducted using city employees and on city time.

"More than helping the Hilton Head Chamber, the drive harmed the three-year-old Greater Bluffton Chamber, an excellent organization that does a wonderful job for the Bluffton business community," Hoagland said.

Indeed, Bluffton Today reported that the membership drive raised concerns from the other local chamber, which saw it as both unfairly promoting one chamber over the other and a sign of disrespect.

"But after several meetings, officials with the town and Greater Bluffton Chamber of Commerce say they've put the issue behind them and hope to have better communication going forward," Bluffton Today reported.

The Hilton Head Island-Bluffton Chamber is the Designated Marketing Organization – or DMO - for the area, meaning they receive monies from both towns, primarily from hotel/motel taxes, which they then use to promote tourism and do other marketing for the area.

Sulka said it was never the town's intention to cause a controversy.

"We have good relationships with both our chambers, but the Hilton Head Chamber is our DMO and we rely on them to promote our town," Sulka said in a recent interview.

"We talked with the Bluffton Chamber and told them our participation in the drive was never intended to harm or disrespect them and we are sorry if it did.

"They accepted our apology and we told them that we would be happy to do a membership campaign for them at any time; all they have to do is ask."

Finger agreed.

"We also told them that, if at any time they wanted to be considered our DMO, we would be happy to talk with them about that process. They said they were far from being ready to do something like that," he said.

But Sulka and Finger say Hoagland won't let the issue rest.

A year-long dispute

"Shortly after the membership drive last year, he began sending me emails saying he was 'going to boot me out of office' and calling me 'neither fit, qualified nor smart enough to be mayor.'

"He said he looked forward to his public speeches that would expose the truth and warned me not to attempt to silence him," she said.

Shortly after that, Sulka said, Hoagland began coming to town council meeting to offer public comment.

"We have a public comment period at every meeting where all citizens are invited to speak on issues they want to bring before the council," she said. "We don't have many rules for this public comment – for example, you don't have to be a resident of Bluffton – but we do ask that everyone who speaks is respectful and civil to council, staff and anyone in the audience."

Hoagland, she said, got up to comment and immediately began making accusations.

"He was calling our town manager and me by name, then bringing Bill Miles of the Hilton Head Chamber up, accusing us all of conspiring to harm the Greater Bluffton Chamber," she said.

"I stopped him and said, 'Sir, you are being disrespectful. Please refrain from calling out names. But he kept on and I kept asking him to keep his comments respectful.

"By this point, our police officers had begun to take note and were standing behind him. Finally, I said, 'Sir, you're finished.'

"That's when our officers escorted him out," she said. "I didn't ask them to remove him.

"But it things seemed to escalate from there. His emails, threats and vitriol got much worse. He began sending requests under the Freedom of Information Act and he put those ads in the paper."

Hoagland has a different take on the issue, insisting the emails, FOIA requests and ads have come as a result of his frustration "with a mayor and town council that refuses to be transparent."

He also says he doesn't intend to let up.

"Lisa you are a public servant. You work for me and others like me who pay taxes in Bluffton," he wrote in an email last December after Sulka was re-elected. "I do not work for you!!! When I come back (to the) next town hall meeting for my 3 minute speech I expect you to sit there, keep quiet, show me respect as a tax payer and respected business man in this community who employs you."

Hoagland said in a recent interview that he has asked local, state and federal officials to investigate his complaints – an investigation that he hopes will result in Sulka's removal from office.

Sulka said she would have no problem with such an outside investigation and would cooperate fully.

"If that's what it takes to satisfy him, then bring it on," she said. "Maybe then we can put this to rest."

Last Call: How Hilton Head Island lost $1 Billion a year

Barry

31 January 2012

By now, most of our readers have picked up on the feud between Skip Hoagland and the Hilton Head Island–Bluffton Chamber of Commerce. Hoagland has been taking out full-page ads in the local newspaper to draw public attention to what he claims is "Chamber abuse."

I would pay money to see a presidential-style debate between self-made entrepreneur Skip Hoagland and Chamber President Bill Miles—especially if it would be followed by a boxing match.

However, I'm not here to judge. Instead, I would like to take the opportunity to put things into a broader context and take the discussion to a bigger stage. This debate is not about nitpicking about inflated salaries or other allegations; the real discussion is about how our community is performing economically, which is of huge importance to all of us. In order to fully explain this perspective, I need to point out that our economic well-being and the quality of life we all enjoy is dependent on what I call renewables. Unlike a city like Columbia that can depend on a stable population, which has the government, the military and the university as the anchor tenants of its economy, Hilton Head Island is dependent on visitors (who are usually staying for a week), second-home owners (who stay for a few months) and retirees (who stay for years). We have a constant need to renew these three population segments in order to keep our economy going.

Here are some highlights that the Mayor's Vision Task Force has documented in the report submitted to Town Council, which has since been made public:

• Hilton Head Island's visitor trend has been on a steady decline for more than a decade.

• Today, 35% fewer people come to visit the island than in its heyday—that's more than 700,000 fewer visitors per year.

• The economic impact of the missing visitors is estimated to represent $1 billion in annual spending in our local economy.

• As a result of this decline, Hilton Head Island has lost valuable spring and fall tourism business.

• Another result of the decline is that businesses have less money for renovating our aging infrastructure and for promoting themselves, making us less appealing and less competitive.

• Many establishments have been forced out of business.

• Hilton Head Island is, by many, no longer regarded as a first-class destination.

• Tourism depends on active marketing campaigns that constantly stimulate the desire to visit a destination and drive potential vacationers to make reservations.

• Hilton Head Island has many competing destinations that vie for the same visitors, and often, those competitors have larger marketing budgets.

• The days when the original developers had large advertising budgets are over. Then time when Marriott was using its marketing machine to bring potential timeshare buyers to our shores is over. As a result, we depend to a large degree on the effectiveness of the Chamber, which receives more than $2 million in public funds as our designated marketing organization. Therefore, the Chamber has a responsibility to the entire community.

• The percent of overall revenue actually being spent on promoting Hilton Head Island is crucial.

• According to its audited financial statements, the Chamber generated $4.5 million in revenue, but only spent $1.5 million to promote Hilton Head Island, meaning that the other $3 million was spent on salaries, overhead, studies, etc. This is an unacceptable ratio.

• Today's visitor is tomorrow's neighbor, and if fewer visitors come to experience our island, this will translate into fewer people buying second homes, starting businesses here or retiring in the Lowcountry—which in turn means less tax revenue for the town and less demand for housing, which then drives real estate prices down and means fewer job opportunities, less money for cultural institutions and less money for not-for-profit organizations. The list goes on.

• A general economic decline ultimately affects everybody's quality of life, because we could not afford beach renourishment projects, parks, bicycle paths, the symphony, the arts center, great golf courses, and the variety of restaurants and retail stores without the influx of visitor spending.

Hopefully by now I have made it abundantly clear that it is time for the public to get engaged in this discussion. Town council, ATAX committee members and the Chamber board need to look at the big picture and realize the responsibility they have toward the entire community. While not everybody can agree with the way Skip Hoagland rang the alarm bell, it is time for all of us to wake up and start working on a solution that will reverse the declining tourism trend.

Onward!

Some Kenner council members calling for independent investigation of convention bureau

Posted on August 8, 2011 at 4:53 PM

By

Brett Duke, The Times-PicayuneA field is watered at Muss Bertolino Playground in Kenner. Playgrounds have come up in the dispute between Kenner and its former convention and visitors bureau.

When Mayor Mike Yenni terminated the city's contract with the KCVB last week, he also forwarded information of possible misspending by the group to Police Chief Steve Caraway asking him to investigate, but some council members said someone removed from the city should step in.

"I think we need to get with somebody that is a little more independent," said Councilman Kent Denapolis, acknowledging there are accusations of wrongdoing flying back and forth between the convention bureau and the city government.

City officials had been investigating the bureau, which receives more than $200,000 a year in public money. A preliminary audit indicated several questionable spending practices, including unauthorized credit card spending, a $500 bonus to Executive Director Tim Rada and $30,000 in yearly consulting fees to Forrest "Bucky" Lanning, a former City Council member.

Visitors bureau employees shot back, saying that city officials bypassed public bid laws by directing the convention bureau to pay contractors for work at Kenner playgrounds with money from a 2009 Laketown festival that was designed to benefit the Recreation Department. While money in the Recreation Department budget would be subject to public bid laws, the profit from the festival remained with the KCVB and was not subject to the public spending regulations. City officials have said they did not violate the bid law because city money was not involved. It's legal, they said, for the nonprofit convention bureau to donate playground equipment to the city.

Yenni defended his choice to ask Caraway, as chief of criminal investigations in the city.

But Councilman Gregory Carroll agreed with Denapolis, saying "there should be an independent audit done."

And Walt Bennetti, president of Citizens for a Better Kenner, asked the council to authorize a "truly independent investigation" and consider seeking help from the New Orleans inspector general.

Caraway bristled at any suggestion that an investigation by his office would not be independent. He said the issue is raised by people who don't "have any earthly clue about how a criminal investigation is conducted ...That's an insult to the men and women of the Kenner Police Department." He said all the allegations of wrongdoing, whether by the KCVB or city officials, will be investigated.

"I can assure you that everything will be looked at," he said. "There will be no stone unturned. We don't do investigations that are less than thorough."

He added that after the police department finishes the report, it will be forwarded to another set of eyes, the Jefferson Parish District Attorney's office.

In addition to calling for the independent investigation, some people have criticized Yenni's decision to redirect the money that had been going to the KCVB to the Jefferson Convention and Visitors Bureau.

"I think Kenner deserves its own convention and visitors bureau," Bennetti said, adding that JCVB doesn't have "the best interests of Kenner at heart."

The KCVB had been getting $50,000-a-year from Kenner, money that came from hotel-motel taxes. The group also got more money from hotel-motel taxes, a percentage of the total raised at Kenner inns, which varies from year to year.

The $50,000, by state law, must be used for tourism. The percentage of hotel-motel tax must be used for a "mayor-designated" convention and visitors bureau, according to the state law.

Yenni said creating a visitors bureau has start-up costs. "Here's a good trusted group," he said, referring to the Jefferson bureau. He said he's looking at using the $50,000 the city can spend on tourism to hire someone to work with the JCVB and focus solely on Kenner.

Councilman Joe Stagni said the city should not discount that the KCVB has had value and consider giving the money to another Kenner group. "That money," he said, "belongs to the city of Kenner."

UPDATED: Ex-Farmington Tourism Exec Commits Suicide in AZ

By Elizabeth Piazza/The Daily Times

Published: Thursday, February 2nd, 2012 at 5:02am

Updated: Thursday, February 2nd, 2012 at 3:40pm

Sheriff's deputies in northwest Arizona say a woman whose body was found in the desert was the former tourism director in Farmington, N.M.Mohave County sheriff's spokeswoman Trish Carter said Thursday that the county medical examiner concluded that 41-year-old Aztec resident Debbie Dusenbery committed suicide.

12:53 p.m. — Associated Press — Sheriff's deputies in northwest Arizona say a woman whose body was found near a Jeep owned by the former tourism director in Farmington committed suicide.

Mohave County sheriff's spokeswoman Trish Carter says the dead woman's name is being withheld pending notification of her family. The body was found after a man riding in the desert south of Lake Havasu City found a note on the abandoned Jeep and called deputies. A handgun was found near the body.The Farmington Daily-Times confirmed the Jeep belonged to Debbie Dusenbery. She disappeared after coming under suspicion for embezzling more than $200,000 from the city tourism department. She allegedly used the money to pay for trips for friends and family to Miami, Las Vegas and the Cayman Islands.

Dusenbery resigned January 17.

5:02 a.m. — By Elizabeth Piazza/The Daily Times

FARMINGTON — Police are investigating whether or not the female body found near a vehicle in Mohave County, Ariz., on Tuesday is that of accused embezzler Debbie Dusenbery.

Farmington police declined to comment on specific information about the condition of the body and directed all questions to the Mohave County Sheriff's Office, which is conducting the death investigation.

Dusenbery, the city's top tourism official, was reported missing by relatives Saturday after concerns over her whereabouts grew, Farmington Sgt. Robert Perez said.Dusenbery was believed to be en route to or from California. She remains under investigation following allegations she embezzled more than $200,000 from the Farmington Convention and Visitors Bureau over a two-year period.The car matching the one believed to be driven by Dusenbery, a red 2011 Jeep Grand Cherokee, was found Tuesday. Mohave County Sheriff's Office did not return calls seeking comment.Criminal charges against Dusenbery were forthcoming pending the outcome of a more thorough forensic audit, police said.

Police began investigating Dusenbery after convention center board members reported their suspicions to police. Employed since 2004 with the bureau, Dusenbery resigned Jan. 17, days after the board placed her on suspension.

The initial investigation into the embezzlement revealed that Dusenbery took the money to pay for her personal credit cards and lavish trips with her boyfriend to Miami, Las Vegas and the Cayman Islands, according to police records.

8:04am 2/1/12 — Ex-Farmington Tourism Director Reported Missing

FARMINGTON (AP) — The former Farmington tourism director under investigation for stealing money has been reported missing. A relative who was speaking with Debbie Dusenbery in recent days filed a missing persons report with the Farmington Police Department Saturday after concerns over her whereabouts grew.Farmington Police Sgt. Robert Perez says Dusenbery was reportedly en route to California.

The Daily Times reports police are investigating whether Dusenbery may have embezzled more than $200,000 from the Farmington Convention and Visitors Bureau. Dusenbery resigned Jan. 17, days after tourism board members learned of the allegations and placed her on suspension.

9:03am 1/19/12 — Farmington Tourism Chief Quits Amid Allegations

By The Associated Press

FARMINGTON (AP) — The executive director of the Farmington Convention and Visitors Bureau has resigned amid an investigation into embezzlement allegations. The Farmington Daily Times reports that Debbie Dusenbery resigned Tuesday and delivered a check for more than $100,000 to police. Police began investigating Dusenbery on Friday after several employees reported the possible crimes.

Dusenbery's attorney Victor Titus says his client is going to do what's right and that full audit has need to be conducted to determine the full scope of the situation. Police have seized Dusenbery's computers and financial documents. Farmington Police Sgt. Robert Perez, who leads the investigation, declined to release specific information about the investigation.

Investigators also were reluctant to give a specific dollar amount they believe was embezzled.

How Corruption In Myrtle Beach Continues

By

David Hucks

May 18, 2016

The Sun News story of the continuing saga of a Chinese Ponzi Financial Scheme has received no news coverage from any major Myrtle Beach media stations. Yet this news story alone will affect how corruption in Myrtle Beach continues for the coming decade.

There are dozens of candidates challenging for office in 2016 locally. It is in the financial interests of every local media to endorse every single incumbent candidate. Yet, locals wonder how corruption in Myrtle Beach continues.

Our readers want to know how corruption in Myrtle Beach continues. Practically 3% of our comments on our social pages from tourists ask,"If you know these politicians do these things, why do you keep electing the same people?"

The answer is literally right in front of our eyes, but easy to miss. Locals call it the Incumbency Tax. Most of our readers know it by its other names, the Tourist Tax, the Ad Tax, or the 1% local option tax.

WHAT PART DOES A TAX PLAY IN HOW CORRUPTION IN MYRTLE BEACH CONTINUES?

If you have been following our news over the past six months, you are getting a clear picture by now.The penny per dollar tax is collected by local businesses and then passed on to the state and county, where it is then sent back to the city, who sends 80% to the Myrtle Beach Area Chamber of Commerce.

The following major media stations have been paid in the millions by this same Myrtle Beach Area Chamber of Commerce. The payments continue to this day.

The previous GM of this news station was actually the Chamber of Commerce Board President. He saw no conflict of interest in being such. This station has covered only the most glowing stories on the Chamber of Commerce and city policies. WMBFnews is a key team member who wrote the story in 2014 about the city doing 17.2 million tourists.

This station has also worked to defame critics of the Myrtle Beach Area Chamber in the past, including our team. We have a treasure trove of documented evidence.

Election year after election year, as this station gets millions from the Myrtle Beach Area Chamber provided by local and state wide politicians, which local candidates do you think this station champions with preferred coverage? Incumbents? Great guess. Heard any local news about the state wide political corruption debacle in Columbia between Alan Wilson and David Pascoe? Among the biggest news item in the state of which our local Chamber has a connection. If they covered it, we certainly missed it and we were looking for it everywhere locally.

This TV station also ran the 17.2 million tourist story among thousands of others. Its G.M. is on the powerful Chamber of Commerce finance committee. When MyrtleBeachSC.com asked him about whether those tourist numbers were accurate, he would not comment. It was his station however that ran the story citing it as accurate. When the financial numbers did not square with those traffic numbers, he personally went silent. The Myrtle Beach Area Chamber is currently doing an all out S.C. State House blitz trying to renew this same tax using WPDE news stories as proof that tourism is growing in Myrtle Beach. The facts are otherwise.

This station and its manager too have attacked any and all challengers to the Myrtle Beach Area Chamber. The station manager is best friends with the Mayor and has traveled with the mayor on his controversial trips to China. However, when this week's news broke of the Yiqian's Chinese financial mess that may require these local Chinese owners to unload all 22 area golf courses (completely devastating an entire aspect of the Myrtle Beach area economy), not one peep of news from this station. It was Brad Dean of the Myrtle Beach Area Chamber of Commerce and Mayor Rhodes who pursued this peer to peer lender and brokered this now shady deal. Myrtle Beach could end up with 22 Bay Tree like golf course locations if this financial mess unravels, yet not a word from the very manager who made his own trip with the mayor to China.

This was the team Myrtle Beach could once count on. Not so today. Just this Spring, when MyrtleBeachSC.com began running DHEC's narrative about the then 14 signs posted up and down the city limits of Myrtle Beach concerning spiking bacteria numbers, WBTW was quick to put out two news stories claiming our stories (as Bob Juback stated) weren't entirely true? No one at WBTW ever explained what was not true, however. When we called their reporter, Brennan McDavid, she emailed the wording "No Swim Advisory" was not true. When we explained to her that this was the exact wording used by DHEC until March 5th (our news story pre-dated the March 5th wording change) and that we wrote a new article when the wording changed, we got no response from her nor any correction by this news team. The news site for this station has been running the "Tourism Works For Us" promotional material for some time now. No one at this station has ever questioned the Chamber of Commerce's claim of 17.2 million tourists and they currently allow the Myrtle Beach Area Chamber of Commerce to promote it in those commercials as fact.

This talk radio station features Rush Limbaugh and Sean Hannity and is the area's most popular political talk radio station. It too is also part of the Myrtle Beach Area Chamber of Commerce money grab. When the founder of the Resident's Rights group called the station this week to discuss bill 1122, the bill put up by area Senators Cleary, Rankin, and Hembree, anchor David Priest said he was not informed on those general matters. She was not given air time. Bill 1122 is currently in the S.C. House Ways and Means committee. We are told a vote will be held this Thursday to get it out of committee. It has already passed the Senate by a 100% vote. If it clears the committee with no referendum attached, it will almost certainly get full house approval as well. WRNN has received millions from this Myrtle Beach Chamber, yet the anchor is unaware? Seems as though self interest alone would cause some interest. This in the midst of the recent Alan Wilson, David Pascoe issues surrounding S.C. political corruption.

Local Chinese Owner Says He Will Sell American Investments (22 Area Golf Courses?)

Myrtle Beach is rated as the number one most politically corrupt city in South Carolina.

SLED, (State Law Enforcement Division), can be best described as South Carolina's FBI. SLED is currently investigating the Horry County Police, Horry County Council and the Myrtle Beach City police.

Perhaps MyrtleBeachSC.com missed a journalism ethics class. We believe taking these funds from the Chamber/City makes honest reporting impossible.Residents have told us taxpayers should not be required by law to fund the advertising of private businesses nor media operations. We are one positive voice in minimizing how corruption in Myrtle Beach continues.Ethics far outweigh a current reputation. Sunlight bleaches out stains. While no one gets it perfect, time is a test of consistent truth.

After heated confrontation, Skip Hoagland permitted to speak at Hilton Head meeting

By Zach Murdock

zmurdock@islandpacket.com

Tempers flared Tuesday night as Hilton Head Island Mayor David Bennett and Skip Hoagland locked horns over the outspoken town critic's right to speak during the public comment period of Town Council meetings. A shouting match between the two ended in an abrupt, unexpected recess from the meeting that left Hoagland and more than 60 attendees speechless.

"I've had several conversations offline about this with Mr. Hoagland," Bennett said. "It's the town code. It's a privilege to speak before this council, not a right, and he has abused the rules." After a tense discussion among council members in the hall outside their chambers, the council ultimately overruled the mayor to let Hoagland speak before the council for the first time since he was banned by Bennett last month.

But town leaders unanimously decried Hoagland's tactics in his bitter campaign against the Hilton Head Island-Bluffton Chamber of Commerce.

Just moments after his speech, Hoagland's victory lap outside council chambers turned into another blow to his fight. On the steps outside Town Hall, he was served a lawsuit filed by Councilwoman Kim Likins, who was awarded a restraining order against Hoagland last month.

LIFTING THE BAN

Hoagland was banned from making public comments to Town Council last month after he attacked Likins' support for the town's recent contract with the chamber of commerce.

The ban referenced the town's code that says "any citizen of the town" can make comments. Hoagland is a resident of Windmill Harbour on Jenkins Island, which is just outside town limits. In an email last week, town attorney Brian Hulbert wrote that Hoagland would be permitted to speak if he showed proof of residency within the town -- but that didn't happen, town administrators said. Hoagland announced last week he intended to challenge that decision, and he interjected after public comments closed Tuesday. "Mayor Bennett, you forgot to call me for my public comment," Hoagland said. "I applied to speak. Can you please tell me why you didn't call me?"

"I am a public citizen, and I have the right to speak," he continued.

Bennett tried to cut him off, calling him "out of line," and shouting ensued. Two loud raps of the gavel silenced Hoagland and the audience as Bennett called for an emergency five-minute recess. No one immediately moved, as unease settled across attendees' faces.

After a brief conversation behind closed doors with town manager Steve Riley, deputy town manager Greg Deloach, council attorney Greg Alford and a sheriff's deputy, Bennett reconvened the meeting. A subsequent vote to reverse Hoagland's ban and allow him the typical three-minute public comment period passed 6-1, with only Bennett opposed. "I think any citizen needs to have the right to speak," Councilman Lee Edwards said. "I don't think it was the right decision previously to try to not allow Mr. Hoagland to speak. As much we may disagree with people or not like what they have to say ... I don't think we should be limiting anyone."

Bennett emphatically disagreed, defending the ban.

"I personally don't think it's a matter of disagreeing or agreeing with someone. I think it's a matter of getting things done," he said.

"I think our taxpayers have an expectation that an orderly meeting will be conducted, that business will be done as efficiently and effectively as possible. For someone to come up and repeat the same things over and over works against that." Hoagland spoke for almost four minutes to revive his relentless campaign against the chamber, which he has repeatedly accused of financial malfeasance.

"It's not a privilege, it's a right, and it's mandatory, so I'm glad you made the right decision," Hoagland said.

LIKINS LAWSUIT, OTHER TROUBLE

Just minutes after Hoagland finished his speech, he was served with the lawsuit outside Town Hall.The lawsuit follows a Beaufort County court's decision last month to grant Councilwoman Likins a temporary restraining order against Hoagland after he proclaimed her unfit to serve as director of the Boys & Girls Club of Hilton Head Island.That order itself came just days after Hoagland was ejected from a Bluffton Town Council meeting by two police officers following vicious public comments against Mayor Lisa Sulka and then-councilman Ted Huffman.

The new lawsuit asks the court for unspecified damages for the mental and emotional distress caused by Hoagland's "campaign of intimidation, defamation, bullying and other misconduct." The restraining order prohibits him from harassing Likins or in any way mentioning her employment with the club.Likins would not comment on the lawsuit Tuesday.

Hoagland pledged to fight the order and suggested he would petition the court for a change venue to have the case moved out of the area.

"No one should be able to stop any form of free speech," Hoagland wrote in an email during the second hour of the meeting. "My position is I can say what I want, mention who I want and if they don't like it, anyone can leave the room."

Local government leaders across the county have agreed Hoagland's tactics are inflammatory and disruptive, but attempts to corral him have only stoked Hoagland's commentary.

Bluffton Town Council meetings are now secured by metal detectors and police officers, although Bluffton police deny it's in response to Hoagland. Now a Beaufort County Sheriff's Office deputy is on hand for every Hilton Head Town Council meeting, which happened only sporadically before last month.

"I'll be back next meeting, and I'll have more to say," Hoagland said in closing Tuesday evening.

"I'm looking forward to that, sir," Bennett fired back sarcastically.

Video: Hilton Head Town Council votes to allow Skip Hoagland to speak

Hilton Head Island Town Council holds a vote on whether or not to allow council critic Skip Hoagland to speak during the public comment portion of its Jan. 19 meeting. The vote was 6-1 in favor of allowing Hoagland to address the council.

Jay Karr jkarr@islandpacket.com

S.C. Businessman Battling IRS in Free-Market Fight

June 27, 2014

As the Internal Revenue Service faces tough questions these days about thousands of missing emails from the then-director of the IRS division accused of targeting conservative groups, Skip Hoagland is waging his own national battle involving the massive tax-collection agency.

The longtime Hilton Head Island businessman, whose company, Domains New Media LLC, invests in internet domain names, claims the IRS is not doing its job when it comes to enforcing federal tax laws for chambers of commerce and convention and visitor bureaus nationwide.

Hoagland contends that chambers of commerce and convention and visitor bureaus (CVBs) across the country – several of which in South Carolina receive millions of dollars in public funding and pay six-figure salaries to their leaders, records show – are competing with local advertising media businesses by siphoning big chunks of advertising and marketing dollars from other businesses.

The end result is some local advertising media businesses that are chamber members have been forced to close, Hoagland says.

In documents filed with the IRS Whistleblower Office – copies of which Hoagland provided to *The Nerve*– Hoagland said he believes that many chambers and CVBs are "in violation of their non-profit status" as permitted under federal law and have "failed to pay their fair share" of federal taxes, known as "unrelated business income tax," which generally tax-exempt organizations are required to pay for certain profit-making activities.

"Explosive increases in internet sales and marketing has accelerated this state of affairs dramatically in recent years and there has been a transformation in these organizations to a for-profit business model," Hoagland wrote in a document submitted to the IRS. "These chamber of commerce and convention and visitors bureau entities have changed course in recent years in recognition of these profit making opportunities."

Hoagland provided *The Nerve* with a list of 78 chambers, CVBs and other similar organizations nationwide, which he initially asked the IRS two years ago to investigate, based in part on the amount of revenues over the prior three years – generally $12 million – as reported on their federal income tax returns. He says the number of organizations making the list has since increased to more than 100.

Included on that list from South Carolina are the Hilton Head Island-Bluffton Chamber of Commerce, Myrtle Beach Area Chamber of Commerce, Charleston Area Convention & Visitors Bureau, Charleston Metro Chamber of Commerce, and the South Carolina Chamber of Commerce.

But although the initial filing is two years old, the IRS has taken no enforcement action to date, Hoagland says.

"The bigger crime is the IRS is doing nothing to enforce these non-profit codes, causing millions of uncollected tax monies by these chambers profiting from ad sales and paying no taxes – completely abusing our system and not contributing … to help pay for roads, schools and our military," Hoagland told *The Nerve*.

In an email Wednesday to IRS analyst Lev Glikman, Rob Martin, an accountant at Sadowski & Company in Savannah, which is assisting Hoagland, said, "We are frustrated by the lack of IRS support for this program."

"As an additional measure intended to protect Mr. Hoagland's claims – please be advised that we intend to resubmit all of the above claims individually through the Washington office," Martin wrote. "We believe that we have submitted more than 6,000 pages of documents. We will move forward to obtain individual claim numbers for each entity in violation."

Martin in a separate email told *The Nerve* that "(w)e have had detailed and ongoing conversations with IRS staff" at their offices in Washington, D.C., Manhattan and Ogden, Utah, noting, "Mr. Hoagland's claims remain pending."

Contacted this week by *The Nerve*, Eric Smith, an IRS spokesman in Washington, D.C, declined comment on Hoagland's filings, saying only, "We are barred by law from commenting on a particular disclosure." He referred *The Nerve* to online IRS reports on whistleblower cases.

Under federal law, if an IRS whistleblower complaint results in the identification of more than $2 million in owed taxes, penalties and interest, the person making the complaint is entitled to receive an award worth between 15 percent and 30 percent of the total proceeds that the IRS collects, according to the agency's website.

No individual award amounts were listed in the agency's fiscal 2013 report to Congress, though 130 awards were "paid in full" that year.

Publicly Subsidized Chambers

In a written response this week to questions from *The Nerve* about Hoagland's claims, Brad Dean, president and CEO of the Myrtle Beach Area Chamber of Commerce said his organization "fully adheres to all local, state and federal laws as well as regulations set forth by the IRS."

Dean said the chamber owns a for-profit corporation, called the Myrtle Beach Area Commerce Center, which he noted was "formed to capture and report unrelated business income and any related income taxes."

Citing the federal law dealing with nonprofit organizations engaging in for-profit projects, Dean said his organization "recognizes that certain elements of its marketing and advertising activities fall within this definition."

"The Chamber, in conjunction with its external auditors and other professional consultants have addressed this issue and continues to refine and enhance its systems, processes and reporting of UBIT (unrelated business income tax) since the formation of the Commerce Center in a comprehensive effort to comply with the Internal Revenue Code and related regulations," Dean said.

The chamber's year-end financial report for 2013 shows that it took in nearly $39.1 million in total revenues, about $29 million of which, or 74 percent, was public funds. The nearly $26.7 million listed as "net assets released from restrictions" in the "Local Government Support" category was derived from the "1% Local Option Tourism Development Fee imposed by the city of Myrtle Beach," Jim Wright, the chamber's executive vice president of finance, told *The Nerve* in a written response Thursday.

In addition, the report listed approximately $4.7 million in "net assets released from restrictions" through the S.C. Department of Parks, Recreation and Tourism.

Dean's total compensation in 2013 was $417,036, according to the chamber's annual federal income-tax return reviewed by *The Nerve*.

The Myrtle Beach chamber isn't the only such organization in the Palmetto State that receives heavy public funding. The Hilton Head Island-Bluffton Chamber of Commerce, for example, received nearly $6.3 million in total revenues for the fiscal year that ended June 30, 2013, $4.4 million of which, or about 71 percent, was generated through "Visitor and Convention Bureau (VCB) projects," according to the chamber's annual financial report.

Funding for the VCB, a chamber division, is provided by "membership investment, the state of South Carolina, Beaufort County, the Town of Hilton Head Island and Town of Bluffton through accommodations taxes (ATAX) and the Department of Parks, Recreation and Tourism (PRT) funds," the report noted.

As of June 30, 2012, the total compensation for chamber President and CEO Bill Miles was $351,003, according to the chamber's most recently available federal income tax return reviewed by *The Nerve*.

Miles declined comment in a written response Thursday evening to *The Nerve*. In January 2013, Hoagland, through his company, filed a lawsuit in Beaufort County against the chamber, contending that it is a public body under the state's open-records law because it receives public funding and must release detailed financial information of its operations. That suit is pending.

High-Paid Chamber Leaders

Otis Rawl, president/CEO of the South Carolina Chamber of Commerce; and Bryan Derreberry, president/CEO of the Charleston Metro Chamber of Commerce, did not respond this week to written and phone messages from *The Nerve* seeking comment.

An assistant for Helen Hill, executive director of the Charleston Area Convention & Visitors Bureau, told*The Nerve* that Hill was unavailable for comment this week. The organization's federal income tax return shows that for the fiscal year that ended last June 30, it received nearly $12.5 million in revenue, $8.3 million of which, or 66 percent, came from government grants.

Following is the total annual compensation for those chambers' leaders, according to the organizations' most recently available federal income tax returns reviewed by *The Nerve*:

- Rawl : $244,542 (as of Sept. 30, 2013);
- Derreberry: $235,619 (as of June 30, 2012); and
- Hill: $217,309 (as of June 30, 2013).

Outside South Carolina, the five top-compensated chamber leaders on Hoagland's list provided to *The Nerve* were as follows, based on those organizations' federal income-tax returns:

- Thomas Donohue, president/CEO, U.S. Chamber of Commerce, Washington, D.C.: $4,761,900 (2010);
- Sam Williams, president/CEO (retired in 2013), Metro Atlanta Chamber of Commerce: $798,757 (2012);
- William Pate, president/CEO, Atlanta Convention & Visitors Bureau: $745,423 (2012);
- Robert Wonderling, president/CEO, Greater Philadelphia Chamber of Commerce: $663,336 (2013); and

- Joseph Terzi, president/CEO, San Diego Convention & Visitors Bureau (now called the San Diego Tourism Authority): $591,731 (2013).

Hoagland says the public has a right to know what their local chamber leaders make and other details about their chamber's finances. The 66-year-old says he plans to keep fighting for more transparency – and making as much noise about it as possible.

Besides taking out full-page ads in local newspapers, Hoagland has a website dedicated to his cause, StopChamberAbuse.com, and also announced he was launching two other websites to serve Hilton Head Island businesses and tourism – and to compete with the Hilton Head Island-Bluffton Chamber of Commerce.

Plus, Hoagland told *The Nerve*, "We fully intend on filing more lawsuits until all this abuse, violations and corruption is cleaned up in South Carolina."

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Daytona-area tourism chief resigned amid investigation

By Jim Abbott / jim.abbott@news-jrnl.com

Posted Mar 1, 2016 at 4:57 PM Updated Mar 1, 2016 at 5:50 PM

At the time Tom Caradonio announced his retirement as executive director of the Daytona Beach Area Convention & Visitors Bureau, an investigation by Volusia County personnel and legal departments had documented evidence of "improper behavior" at the CVB, county officials said this week.

Details of the investigation cannot be released under Florida public records law until the process is completed, said Volusia County Manager Jim Dinneen. The final step is an agreement between Caradonio and the county on the terms of ending his employment, Dinneen said.

That paperwork could be signed by Friday, said Charles Hargrove, the deputy county attorney whose duties include advising the Halifax Area Advertising Authority board of directors.

"We heard that there may be a problem in terms of the way people communicate at the HAAA board," Dinneen said of the investigation. "Because there was belief that there may be a problem and because it's an expenditure of public funds, our job was to investigate that. We did the investigation and found substantial evidence that there were issues."

Caradonio's termination agreement must be signed by Hargrove, Caradonio's attorney Jim Rose, and Blaine Lansbury, chair of the HAAA board, Hargrove said. It then should be presented to the HAAA board for approval, he said. The board meets next on March 15.

One of three ad authorities in Volusia County, the HAAA board of directors uses tourism bed-tax revenues collected by the county from hotels and other vacation rentals to fund the CVB, as well as promote the Daytona Beach area to tourists and business travelers. The Halifax area generated about $7.3 million in bed taxes over the 2014-15 fiscal year, records show.

All CVB employees were interviewed as part of the county personnel investigation that started late last fall and stretched into February, the two county officials said. The inquiry was prompted by "a verbal complaint about issues associated with improper behavior," Dineen said. "Our inspector had all the specifics. I did not get into the details."

It was the HAAA board's responsibility to take action on the county's findings, Dinneen said.

"That left the board with some discretion on what they can do," Dinneen said. "They made their own internal decision that related to Tom and he followed through with his resignation."

Caradonio did not respond to calls for comment on the investigation. HAAA board chairman Lansbury, an executive at the Best Western Plus Aku Tiki Inn and Bahama House hotels, could not be reached. Caradonio's attorney, Jim Rose, confirmed he is negotiating a settlement with the county.

Caradonio was hired as executive director in May 2014, coming from New Mexico, where he was senior director of sales for the Albuquerque Convention & Visitors Bureau. In Daytona Beach, he arrived as the CVB's third executive director since 2011.

In announcing his retirement two weeks ago, Caradonio, 66, alluded to two consecutive years of record-setting tourism growth in Volusia County.

"After much soul searching and personal deliberation I feel the way to end a successful 44-year career in the tourism industry is to leave when we have just finished our two record-setting years," Caradonio stated in a staff memo.

This fall, a 4 percent raise to Caradonio's $128,750 annual salary had to be approved twice by the HAAA board after it was discovered that members had violated Florida's Sunshine Law in the initial action. Caradonio's tenure otherwise had been without controversy.

Caradonio and other full-time staff members at HAAA and the CVB are at-will employees leased through TriNet, a human resources outsourcing company based in San Francisco, Hargrove said.

"If it were a county employee, it would be a completely different process," Hargrove said. "One advantage of leased employees is that you can address issues more quickly. I think we've dealt pretty effectively with the issues at HAAA."

Dealing with the latest HAAA issue has been educational, Hargrove said.

"We've been very involved in looking at how things are done there at the executive level and putting some controls in place so this doesn't happen again," Hargrove said. "HAAA has a personnel manual. All the things are in there. I'm at a loss as to why some of those things don't get followed.

"We're going to improve the way they operate internally," Hargrove said. "With each one of these things, we learn a lot more about processes that we can fix and make better."

Critic seeks $10 million in lawsuit against Town of Hilton Head

By Teresa Moss

tmoss@islandpacket.com

Government critic Skip Hoagland has filed a lawsuit seeking $10 million from the Town of Hilton Head Island over claims the town is illegally funding a private lawsuit against him.

The lawsuit contends the town's payments of attorney fees in an ongoing, private defamation lawsuit brought by Town Council member Kim Likins against Hoagland violate his free-speech rights. The suit was filed Thursday in Beaufort County Circuit Court.

"The Defendants are using the Town's unlimited taxpayer funded resources to sue a private citizen and bankrupt him with attorney fees," the suit states, contending the "ulterior purpose" of Likins' suit is to "deprive the Plaintiff of protected speech under the First Amendment and to punish the Plaintiff for the past exercise of such rights at public town council meetings."

As of Monday, the town has paid a total of $139,724 to two law firms representing Likins — Alford & Thoreson Law Firm of Hilton Head and Pratt-Thomas Walker of Charleston, town records show.

Likins' lawsuit, filed against Hoagland in December 2015, contends that Hoagland made statements to her bosses that she was unfit to serve in her job as director of the Boys & Girls Club of Hilton Head Island. According to her suit, Hoagland made that allegation following her vote in favor of a contract with the Hilton Head Island-Bluffton Chamber of Commerce — a contract Hoagland has publicly criticized.

Contacted Monday, Hoagland, who has been a frequent and vocal critic of the chamber, Hilton Head and Bluffton town council members, and others, told The Island Packet and The Beaufort Gazette that "it is time to stop the abuse of citizens."

"There is no justification for Kim Likins, a council person, to use taxpayer dollars for her private lawsuit," he said.

Likins told the newspapers Monday she was unable to comment on her ongoing suit. Likins is not listed in Hoagland's suit; she recused herself from a Town Council vote in December 2015 that gave the town the ability to cover legal costs for council members' private lawsuits.

Hoagland's suit names the town; Town Council members, including Mayor David Bennett; town manager Steve Riley; and town attorney Brian Hulbert as defendants. Current council member David Ames is not listed in the suit. He was not on council at the time of the December 2015 vote, though former council member Lee Edwards, who is named in the suit, was on council then.

Riley said Monday he had been served with Hoagland's suit, though he added he couldn't comment on it. But he recently discussed Likins' suit with the newspapers.

"This (Likins') lawsuit is about an individual's back-door effort to influence a council member by threatening their job," Riley said then. "This was behind the scenes and out of public view and a use of financial coercion."

There also was a fear the town could have trouble recruiting qualified Town Council members in the future if it didn't legally protect Likins and others, Riley said. He noted that any damages awarded to Likins in her suit would first be used to cover legal costs paid by the town, with any remaining amount going to her.

Hoagland's suit, among other things, contends the defendants violated a state criminal law dealing with official misconduct and another more-obscure criminal statute by "stirring up baseless litigation against the Plaintiff" and by "paying for it, as well."

Besides $10 million in damages, the suit also seeks attorney fees and "other and further relief including injunctive relief as this court sees fit to award him (Hoagland)." Hoagland is represented in the suit by Hilton Head attorney Russ Keep III.

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Chamber of Commerce financial records under investigation

The Washington Police Department has opened an investigation into the potentially criminal mismanagement of the Washington Chamber of Commerce funds. Last week the Chamber of Commerce Board President Joe Camp and Treasurer Tom Brecklin turned over financial documents to the police.

By Jennifer Freeman

Posted Oct 14, 2010 at 12:01 AM

The Washington Police Department has opened an investigation into the potentially criminal mismanagement of the Washington Chamber of Commerce funds.

Last week the Chamber of Commerce Board President Joe Camp and Treasurer Tom Brecklin turned over financial documents to the police.

"We had observed some abnormalities," Camp said.

Deputy Chief Don Volk, who examined the documents, said several transactions raised "red flags."

"Some of those transactions may well end up being legitimate and some may not," he said.

Detective Sgt. Jeff Stevens, an 11-year veteran at the WPD, has been assigned to the case. Volk said this is not the first time the department has investigated financial crimes.

On Sept. 4, 2009, Washington resident David Thornburg was convicted of defrauding various area real estate companies of more than $174,000 after a 19-month investigation in coordination with the U.S. Secret Service.

Volk said the Washington Chamber of Commerce Executive Director Carol Hamilton is being considered a "person of interest" in the investigation into the management of funds.

"Nobody else has come to the forefront, but we're not ruling out any options," he said.

As executive director of the chamber, Hamilton is in charge of managing monies raised from various fundraisers throughout the year including the Washington Cherry Festival and the Chamber of Commerce Banquet.

No charges have been filed yet and Volk said it is not certain there will be any charges filed.

"We're working in coordination with the chamber board to get as much information as possible to determine what was proper and what was improper," Volk said.

He indicated that Hamilton agreed to speak with Stevens after seeking legal counsel.

Acting on behalf of the board, however, Camp said he asked Hamilton to go on suspended leave Friday.

"Managing finances is one of her duties, and I would say her performance was inadequate," he said adding, "We don't think we've underserved our membership. We may need better business practices internally, but we've continued to serve our members."

Hamilton was unable to be reached for comment.

StopChamberAbuse.com

I've Filed a Lawsuit Against The Chamber as Well as an IRS Whistle-Blower Action.

Unfortunately I wasn't able to attend the recent "Chamber Ball", which I'm told had a Hollywood/Las Vegas theme. It was certainly a fitting theme considering the lavishly brazen behavior the Hilton Head Island/Bluffton Chamber of Commerce has taken in running its 'non-profit' operation and keeping members at arms length from inspecting its books and business practices.

As an owner of a business that is a dues paying Chamber member in good standing, it should only seem right that I should have access to inspect how my Chamber is being operated. Yet, after more than a year of expressing concerns about Chamber policies, secretive executive committee meetings, and how I believe our Chamber continues to misuse public funds it receives from Accommodations Tax (ATAX) revenues and Parks Recreation & Tourism (PRT), I have been repeatedly and vehemently rebuffed.

Therefore, I'm pushing forward into the courts with a formal request, as is my right under South Carolina Law and its Freedom of Information Act (FOIA), and I have also become a "whistle-blower" regarding what I see as significant violations of the IRS Tax Codes which govern 501-C (6) non-profit organizations.

The Chamber attorneys from Columbia (*are there no qualified lawyers locally?*) have pushed back, claiming our Chamber is not "public" under the definition, but merely a "contractor" acting on behalf of local townships – and therefore not subject to FOIA. **Yet, who is going to believe that ruse when the Chamber itself calls its V&CB a division (not a separate entity)?** The SC Code (30-4-20/c) is quite clear. It doesn't mince words when it defines a **"public body"** as: *"any organization .... supported in whole or in part by public funds or expending public funds ...."*

I ask: Why all this subterfuge and evasiveness? What are you trying to hide, Chamber Board?

Here are a few of the things I'm trying to uncover:

1. When and by whom were the by-laws changed to make it so complicated for regular members to nominate persons to the board? We must eliminate this "buddy board."
2. Breakdown of all 22 employee salaries and what % is allocated to "public funds."
3. How did Bill Miles' CEO pay package reach $351,003 plus other gratis golf club memberships and family trips overseas? Compare with SC Governor Haley's $106,000 salary or President Obama's salary of $400,000.
4. Who decided to use consultants, agencies and web companies in New York, Canada and elsewhere when there is ample skill locally and in South Carolina?
5. How was it decided to generate chamber revenue for its own pockets in direct competition with local businesses? How much money is being generated from this abuse to local media members and in violation of 501-c6 IRS tax codes?
6. What's the real story behind the $600/sq.ft. costs of the Welcome Center? Who is behind that?
7. Revenues from all Chamber and V&CB programs and how is the money then being used?

My FOIA lawsuit will hopefully get all of these questions answered and move our chamber to a position where it is operating cost efficiently and correctly while not abusing many of its members. My IRS whistle-blower action affects not only our local chamber but potentially hundreds of other chambers around the United States and could potentially result in many millions of dollars of penalties and thereby savings for the American public.

Once more I thank you for your continued support. Our chamber must be fixed for the benefit of our community. Please keep sending emails to town council members and local editors and copy me at SpeakUp@StopChamberAbuse.com.

I will not stop until every rock is turned over, and every abuse brought to light.

Skip Hoagland

Paid for by StopChamberAbuse.com and Skip Hoagland
P.O. Box 21787 • HHI, SC 29925

CREW and Campaign Legal Center ask DOJ to Investigate Chamber of Commerce and its President

Washington, D.C. – Citizens for Responsibility and Ethics in Washington (CREW) and the Campaign Legal Center (CLC) wrote to the Department of Justice today asking for an investigation into whether the Chamber of Commerce (the Chamber) and its president, Tom Donohue engaged in criminal violations of campaign finance law.

In September 2004, CREW filed a complaint with the Federal Election Commission (FEC) alleging the Chamber and Mr. Donohue violated the Federal Election Campaign Act (FECA) by making $3 million in illegal corporate contributions to the November Fund, a 527 organization set up as a vehicle to attack John Edwards, then the Democratic nominee for vice-president.

Over four years later, in December 2008, CREW finally received a letter from the FEC explaining that back in 2005, the FEC had found reason to believe Mr. Donohue and the Chamber had violated campaign finance law. In November 2007, the FEC began negotiating a settlement, but in 2008, the commissioners were evenly split on party lines as to how to proceed, so they closed the matter without taking action.

The commission didn't inform CREW of its action until December 2008, leaving CREW only five days under the statute of limitations to file a lawsuit to force the FEC to take action. Even then, the FEC failed to provide CREW with the Republican commissioners' legal explanation for the decision to drop the matter, information CREW would have needed to file suit.

Afraid the Chamber and Mr. Donohue would get off scot-free for clearly illegal conduct, CREW asked DOJ to investigate whether the corporate contributions made by the Chamber and Mr. Donohue violated criminal law.

The Bush administration justice department responded it had no jurisdiction to investigate because the FEC had not found a legal violation. Finding this argument patently ridiculous, CREW and CLC sent a letter to new Attorney General Eric Holder, Jr. asking him to reconsider DOJ's earlier decision.

Melanie Sloan, CREW's executive director said, "Since when does the Department of Justice rely on the notoriously ineffectual and partisan FEC to begin investigating anyone or anything? We hope Attorney General Holder agrees that those who knowingly make corporate contributions in violation of the law must be held accountable for their actions."

"President Obama and Attorney General Holder have promised to restore the integrity of the Justice Department and investigating these allegations abuse of campaign finance laws on such a massive scale is a good place to start," said J. Gerald Hebert, Executive Director of the Campaign Legal Center. "The Bush Justice Department chose to turn a blind eye toward millions of dollars in illegal political contributions by the U.S. Chamber of Commerce, the Obama Justice Department having promised change must do better."

Convention visitors bureau audit prompts Monroeville investigation

Mary Kate MalonePittsburgh Post-Gazette
Jul 17, 2008

A 2007 audit of Monroeville's convention visitors bureau found accounting errors that staff members there could not explain, prompting municipal officials to place the employees on unpaid administrative leave.

The municipality also asked the Allegheny County district attorney's office to look into the case.

Officials in Monroeville would not disclose what the audit of the Convention Visitors Bureau of Greater Monroeville found, but the financial discrepancies were alarming enough to cause Councilman Frank Franci, who sits on the bureau's board of directors, to speak with the bureau's two employees.

"They didn't have the answers for the questions we had, so they were put on leave pending the investigation," Mr. Franci said.

The two employees, executive director Sandy Rice and executive assistant Karen Aiello, are longtime staff members. Ms. Rice has been with the bureau for more than 20 years.

The bureau is overseen by a five-member board of directors made up of officials who have or recently had an affiliation with hotel conventions. The board's president, Richard D'Achille, made the decision to place them on leave. He did not return phone calls from the Post-Gazette.

The convention visitors bureau requests money from Monroeville several times each year, drawing out of the state's hotel and visitors tax. But other than that, Mr. Franci said, the bureau runs "pretty autonomously from Monroeville."

The bureau opened in 1987 and aims to increase the number of tourists and conventioneers visiting Monroeville. Its budget for 2008 is $439,340.

The audit was completed by Castle Shannon-based Hosak Specht Muetzel and Wood, and was given to Monroeville officials two weeks ago.

"We're working with the public's money," Mr. Franci said. "Anytime you have questions about how it was spent or what was done with it, and you don't have answers, it's always a concern."

The decision to involve the district attorney's office ensures that Monroeville is not involved, Mr. Franci said.

"This way, if it turns into a criminal matter, there's no bias on Monroeville's part," he said. "No one can say we were trying to hide it. I thought it was the appropriate way to go."

The district attorney's office has received information from Monroeville, but has not started an investigation yet, said Mike Manko, a spokesman for District Attorney Stephen Zappala Jr.

The convention visitors bureau had been cited in the past for minor accounting errors, Mr. Franci said, but this is the first audit that brought up serious financial discrepancies.

HAWAII NEWS NOW

EXCLUSIVE: HPD investigating $1M check stolen from tourism campaign
Lynn Kawano
Posted: 12/06/2016 11:20 AM

HONOLULU (HawaiiNewsNow) - The Hawaii Visitors and Convention Bureau, or HVCB, was the victim of fraud while trying to pay for an expensive mainland marketing campaign.

Sources say the Honolulu Police Department is investigating after a check, written for more than $1 million, was stolen late last month.

The HVCB sent the high-dollar check to New York to pay for an ad campaign promoting Hawaii. But sources say it was stolen along the way and was cashed in Arizona.

Police do have a possible suspect in that state. They are trying to determine if the thief simply got lucky, stealing checks and finding the million-dollar check, or if he knew the check was coming.

HVCB issued a statement late Monday afternoon, saying the agency is not being forced to absorb the loss.

Its bank is instead taking the hit.

HVCB would not say if it routinely write checks for such large amounts and then uses regular mail to send them.

Former visitors bureau employee faces embezzlement, forgery charges

Staff reports

November 10, 2011

CHARLESTON, W.Va. -- The director of operations for the Charleston Convention and Visitors Bureau was arrested Thursday after police said she forged checks in her boss' name.Tracie Breedlove Dennis, 38, of Charleston, was charged with embezzlement, forgery and uttering. She was fired Thursday upon her arrest.Police began investigating the bureau in the summer after it was reported that several checks appeared to be forged, according to a criminal complaint filed in Kanawha County Magistrate Court.During her time as the director, Dennis allegedly requested a check from the agency's independent accounting firm.The criminal complaint said the check was made out to Dennis' young daughter for $513, in which Dennis forged the name of Patricia Bradley, the president and CEO of the bureau.Dennis allegedly took the check to her bank and deposited $363 into her own personal checking account and then pocketed about $150 cash.

A police investigation has uncovered more than $200,000 in missing funds from the agency, possibly taken in the same manner, the criminal complaint said.The matter is under investigation and additional charges could follow.Dennis was arraigned in Kanawha County Magistrate Court and released on a $25,000 property bond.Bradley released a statement Thursday evening about the matter."We're not going to be any more specific about the investigation other than to say that once we discovered the misuse of funds we contacted the police. We will continue to work with the department through its investigation," Bradley said.

- See more at:
http://www.wvgazettemail.com/News/201111100196#sthash.U80eLJK3.dpuf

Former Marshall County tourism chief under investigation for misuse of funds

Lucy Berry | lberry@al.com

on July 04, 2013 at 9:00 AM, updated July 04, 2013 at 9:54 AM

GUNTERSVILLE, Alabama – Accusations of financial mismanagement have ignited a crime investigation of Lisa Socha, the former president and executive director of the Marshall County Convention and Visitors Bureau, WAAY-31 reports.

Socha, who worked for the agency about 20 years, was fired from her position in April after the Marshall County tourism board voted unanimously to terminate her.

Chairman Tim McRae told WAAY-31 that after Socha was dismissed, officials completed a financial review of her agency, sparking concerns about potential misuse of funds.

During her time as bureau chief, Socha was responsible for managing an annual budget of nearly $100,000, WAAY-31 reports. She also budgeted and allocated money from a $1 lodging surcharge tax, as well as a 25-cent surcharge on campsites in Marshall County.

Chamber of Commerce reports monetary "inconsistencies" in bank ;

MPD investigating, Arrest made

Fri, 05/05/2017 - 7:13pm — John Embry In a letter to its members, the Morgantown-Butler County Chamber of Commerce on December 22, 2016, is reporting that "on December 20, 2016 certain inconsistencies were discovered in our accounts" and that consequently the employee in question has been terminated from the Chamber. The letter was written by James Runion, as president of the Morgantown-Butler County Chamber of Commerce, and on behalf of the Chamber Board of Directors.

"As a Chamber of Commerce, it is our duty to protect and promote the interests of the businesses of our community ... and we take this role with the utmost seriousness," said Runion. "As a member, you are entitled to knowledge of our procedures and happenings that affect our operations."

Although the letter did not provide specific examples of alleged wrongdoing, it indicated that financial discrepancies were found in some accounts.

"Upon review of these monetary inconsistencies, it was discovered that a certain amount of our financing did not reconcile with the information supplied to our board at our last regular meeting of the Chamber board," the letter stated.

According to the letter, the Chamber is "fully cooperating with the Morgantown Police Department while this investigation is underway to discover the full extent of the damages caused and the charges to be filled."

Annette Jared was arrested on Friday, May 5, 2017 and lodged in the Butler County Jail. She is charged with theft by unlawful taking and disposition over $500 but under $10,000, and unlawful access to computer-1st degree.

The Chamber board, according to the statement, acknowledged the "seriousness of this occurrence" and pledged to "proceed with the proper due diligence to review our procedures and practices to ensure that the opportunity of this occurring again does not repeat itself."

The Morgantown-Butler County Chamber of Commerce is an organization comprised of local businesses, industrial corporations, as well as civic and community organizations and leaders. The Chamber organizes and sponsors several community events, including Spring Fling, the Green River Catfish Festival, Harvest on the Square, and the Christmas Parade.

State Chamber Investigation Follows Resignation of SVP Susie Marks

by Arkansas Business Staff

Posted 8/3/2015 12:00 am

Updated 2 years ago

Susie Marks resigned suddenly as senior vice president of programs for the Arkansas State Chamber of Commerce in June, and that resignation has been followed by an investigation into missing money.

Police Investigate Hispanic Chamber Of Commerce Theft

4:24 AM, Feb 21, 2008

An investigation was continuing Thursday into the theft of money from the San Diego Hispanic Chamber of Commerce, police said.

"It's moving along and going forward," said Detective James Borg of the San Diego Police Department's Financial Crimes Unit.

The exact amount of money that was taken from the chamber was unclear, Borg said, saying the chamber did not specify how much was stolen.

Borg said no arrests have been made in the case, although there is a single suspect. He would not provide any other details. Despite some broadcast media reports to the contrary, Borg said chamber President and Chief Executive Officer Linda Caballero-Sotelo has never been under investigation in connection with the theft. Caballero-Sotelo said she, in fact, was the one who reported the theft to police.

Caballero-Sotelo remains on the chamber's staff as president and chief executive officer.

Sources close to the chamber told the San Diego Union-Tribune that a former employee was the primary suspect, and the money was stolen through forged checks.

In an e-mail to the paper, the chamber's board chairman, Joseph Casas, said: "We are saddened by the discovery, as a result of the implementation of our improved financial procedures and protocols, that a longtime employee stole money from out chamber. We are prosecuting the individual to the fullest extent under the law."

An investigation was continuing Thursday into the theft of money from the San Diego Hispanic Chamber of Commerce, police said.

The Hispanic Chamber of Commerce provides business networking and other assistance to Latino-owned businesses, and has in past years sponsored an annual mariachi music festival at the Del Mar fairgrounds as a fundraiser.

MERCED CHAMBER INTERIM CEO SHARON SILVA UNDER INVESTIGATION IN TURLOCK FOR $340,000- CRIMINAL, CIVIL AVENUES BEING EXPLORED

Merced Chamber of Commerce Interim CEO Sharon Silva.

Posted By: Jon Finnegan September 23, 2015

Merced Chamber of Commerce Interim CEO Sharon Silva, 69, was recently hired to help guide the crumbled organization back to its former place in the community before being hit by Great Recession. But it appears as if the Merced Chamber of Commerce was unaware or apparently ignored the fact that SIlva is under a very serious investigation for more than $340,000 in "non-compliant" or "unsupported" expenditures and questionable money spent in breach of her contract over the course of the past six years when she was the CEO for the Turlock Chamber of Commerce.

In June, 2015 Silva retired from her post as CEO of the Turlock Chamber and was hired by the Merced Chamber a short time later.

City of Turlock Mayor Gary Soiseth says Silva was in charge of a city contract for the Turlock Convention & Visitors Bureau, which used tax-payer's money to entice tourism to the city of just under 70,000 residents. Last year questions began to be raised about some of the Bureau's spending habits and lack of financial accounting for use of those taxpayer funds. In February of this year the Turlock City Council voted to terminate the contract agreement with Silva and the Turlock Chamber and Silva publically agreed to relinquish control of Convention & Visitors Bureau (CVB) back to the City of Turlock after a 90-day period.

The Turlock City Council decided to audit Silva's books through an independent auditor, Kemper CPA Group, LLC, which found a total of 105 transactions that Silva had no "sufficient or proper documentation of" for a total of $233,722, plus another nearly $107,000 that the city believes may have violated her contract to operate the CVB, equaling the $340,000.

Among the 105 unsupported or non-compliant expenditures the auditor documented charges ranging in scope from under $100 to tens of thousands of dollars and items ranging from hotel rooms, to retreats and conferences, and computer equipment for Silva and her staff. According to a source with direct knowledge of the situation, this summer, the City of Turlock even physically went into the Silva's downtown Turlock office and confiscated, or re-claimed "several flat-screen televisions, furniture and office equipment." There are a myriad of discrepancies when it came to money spent on maps and visitors guides listed in the auditor's report, many of which are from $1,000 to more than $10,000. The most startling expenditures include apparently random $10,000, vaguely listed as "to support various chamber events."

Also, there are numerous expenditures ranging from a few hundred dollars to again, $10,000 vaguely listed as "admin costs." The source says that the city is in discussions with the Stanislaus County District Attorney's office for possible criminal charges and is also exploring other litigation avenues against Silva.

The Turlock City Council will be holding a public meeting Thursday "to issue the final report and authorizing the Mayor to represent the Council and and take any and all action necessary to resolve the audit exceptions identified in the final report."

MIDJersey Chamber of Commerce president, CEO abruptly leaves

Updated on May 5, 2017

By Cristina Rojas

TRENTON -- The MIDJersey Chamber of Commerce and its president and CEO Bob Prunetti have parted ways after nearly five years.

An email sent to the board Thursday announced that Prunetti is no longer employed by the chamber, effective immediately.

"Please join me in thanking Bob for his years of service and guidance to the MIDJersey Chamber of Commerce and wishing him well in his new endeavors," board chairman Paul Kuhl said in his email.

Kuhl said he could not comment on the reasons behind the departure, but Prunetti said that he and the board's executive committee had differences of opinion over the last several months about the chamber's direction.

"We had a different set of priorities," he said. "I came to the chamber to promote economic development, expand our reach and expand our sphere of influence and using that in places like Trenton, where I thought the chamber could make an impact.

"I'm not saying any board member is opposed to that, but their emphasis was more on traditional chamber things like running events and raising money and that's not why I went there."

The Summer Youth Employment Program are seeking employers to hire or sponsor youth. Prunetti says he felt it was a good time to leave, adding that he's had to pass up other opportunities that have come up. Even though the split might have been mutual, he says the timetable was different. "I wanted to make an announcement and have some sort of transition ... but they wanted to do it immediately," he said.

Prunetti took the helm of the then-Mercer Regional Chamber of Commerce in September 2010. Two years later, the chamber rebranded itself to expand its reach and membership and now serves businesses in seven central New Jersey counties and Bucks County, Pa. Prunetti previously served as the county executive from 1992 to 2004, counting the opening of the Trenton Thunder ballpark and the arena as among his biggest accomplishments.

He says he will now resume a more active role in Phoenix Ventures LLC, a development and business strategy consulting firm he started in 2004. He will also be forming a partnership with former Trenton Mayor Douglas Palmer. The pair worked together to launch the summer youth jobs program, an initiative Prunetti says he will continue to be a part of as the mayor's representative on the city's workforce advisory board.

"I enjoyed my experience at the chamber, but I'm excited about the future," he said.

Meanwhile at the chamber, Jeannine Cimino, the board's vice chair, will work with the staff to handle the day-to-day operations until a replacement is named. Kuhl says a search committee will begin that process shortly.

Big Scandal in Adams County Spells Trouble for Republicans 1

by: Colorado Pols January 6, 2017 at 1:17 PM MDT

Holly Hansen, the now-former Director of the Brighton Chamber of Commerce

In the last few decades, the Adams County government has been working hard to unseat Jefferson County as the epicenter of cronyism and corruption at the local level in Colorado. In recent years, Adams County has really upped their game when it comes to scandal — at the same time that Republicans have been picking up new seats in county government — and it looks like they're gunning for the mythical "corruption title" in 2017.

As the *Brighton Blade* reports, former GOP House candidate **Holly Hansen** (who is married to two-time Adams County Commissioner **Erik Hansen**) has resigned from her role as director of Brighton's Chamber of Commerce because she may have gotten her hand caught in the ol' cookie jar:

Greater Brighton Chamber of Commerce Director Holly Hansen resigned recently, after discrepancies were found during a financial audit, according to Larry Barnaby, the chamber board's chairman.

Authorities have been contacted and the matter is currently under investigation, Barnaby said in a letter that went out to chamber of commerce members via email Wednesday, Jan. 4. [Pols emphasis]

The amount of the discrepancies was not immediately available, according to Charmaine Weis, board member and designated spokeswoman. Weis declined to release Hansen's resignation letter because of the investigation. Authorities have said the investigation could take months, Weis said.

The board is taking the matter "very seriously" and will immediately implement added safeguards and procedures to "close any identified loopholes," Barnaby's letter said.

"Trust was broken and the board is deeply disappointed, but we are committed to protecting our members, the integrity of the Greater Brighton Chamber of Commerce, and will continue to bring value and service to our business community in 2017 and beyond," the letter said.

According to the story in the *Blade*, nobody is publicly using words like "embezzlement," but it's not difficult to read between the lines here.

The Hansens are a prominent family in Adams County political circles, and **Erik Hansen** is rumored to have his eyes on running for higher office sometime soon (Hansen was re-elected to a second term in 2014). This latest scandal could become a significant story for a lot of different Republican candidates in 2018, because Adams County has trended recently toward the GOP.

Atlanta Gay & Lesbian Chamber of Commerce
1530 Dekalb Ave NE, Suite A
Atlanta, GA 30307
March 3, 2017

Statement from Atlanta Gay & Lesbian Chamber of Commerce Board of Directors

We are disappointed to share with you that we have recently discovered evidence of what we believe to be internal financial
fraud at the Atlanta Gay & Lesbian Chamber of Commerce.
Our Executive Committee, with the full support of the board, has taken swift action to investigate the matter and curb any further
Unauthorized activity.

On Thursday, February 23, we met with our sitting Treasurer,
Robby Mathis of Macon firm The Robby Group LLC,
about multiple suspicious payments from our bank accounts.
During the meeting, Mathis acknowledged unauthorized use of
AGLCC funds.
That same day, the AGLCC board removed Mathis from his position as Treasurer of the organization.
AGLCC has filed a police report, and we notified our
insurance carrier so we can begin the process of recovering our assets. A police investigation is under way.
We are interviewing accounting firms to help us conduct a thorough investigation into the full extent of damages. A
preliminary assessment of our financial records leads us to believe the loss may be in excess of $60,000.
We continue to have sufficient capital reserves to allow us to conduct business as usual while we pursue the complete restitution of misappropriated funds.
Be assured that our commitment to our mission, our members, our partners and the LGBTA business community remains unchanged by these events.
We are committed to a fair and transparent investigation of this matter and will make additional details available as we are able during this investigation. Media Inquiries:
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Thomasville Chamber of Commerce announces embezzlement investigation

By Mat Batts / The Dispatch

Posted Aug 15, 2016 at 11:07 AM Updated Aug 16, 2016 at 2:30 PM

THOMASVILLE -- The Thomasville Area Chamber of Commerce announced Monday the completion of an investigation by the N.C. State Bureau of Investigation which resulted in embezzlement charges being brought against two former chamber of commerce employees.

In a press release, the chamber of commerce issued a statement saying the Chamber Executive Committee became aware of possible financial improprieties in 2015 and immediately hired an attorney and a forensic accountant to conduct a full internal investigation. Once the internal investigation was completed, the findings were turned over to law enforcement, the release said.

According to arrest warrants, Krimson Wilson Brown and Amanda Blair Armstrong, both agents and fiduciaries of the Thomasville Area Chamber of Commerce at the time of the alleged offenses, face charges related to embezzlement from the chamber.

Brown, 37, of 777 Sunset Road, Clemmons, was charged with two counts of felony embezzlement and four counts of felony obtaining property under false pretenses.

According to arrest warrants, Brown's embezzlement occurred between Aug. 18, 2013 and Aug. 5 2015. The warrants allege that Brown embezzled approximately $15,093 worth of cash advance ATM withdrawals using a VISA card belonging to the Thomasville Chamber of Commerce.

Warrants also allege Brown took $69,038.71 worth of unauthorized purchases using a VISA card belonging to the Thomasville Chamber of Commerce.

Brown also allegedly forged three checks made payable to "Krimson Bovender" and one made payable to "cash" for $4,000, $3,000, $1,300 and $2,500, respectively. Arrest warrants allege that Brown forged the signature of Amanda Armstrong on the checks.

The offenses occurred between Jan. 5, 2015 and Aug. 7, 2015, according to arrest warrants.

Armstrong, 31, of 3328 Rockingham Road, High Point, was charged with seven counts of felony embezzlement.

According to arrest warrants, Armstrong's alleged offenses occurred between Jan. 21, 2014 and Aug. 14, 2015. Armstrong was arrested July 6.

The Unseen Threat to GeoDomain Owners and Local Media Companies – with Skip Hoagland

Michael Cyger July 8, 2013 | Updated: December 9, 2015

If you own a geographic domain name, such as HiltonHead.com or Seattle.com, or a newspaper, radio station, television station or media company focused on a local geography, there may be an unseen competitor to your business – and the competitor might not be playing fair.

Skip Hoagland has been fighting against unfair business practices since October 2011. He has documented practices by multiple Chambers of Commerce that include excessive salaries and spending, taking jobs out of the cities they serve (and the country), and competing unfairly based on IRS tax exemptions.

Watch this interview to learn more about this issue, and what you can do to determine if abuse is happening in your city.

KBI investigation on former Great Bend CVB Director continues

December 22, 2016 by Cole Reif 9 Comments

For years, it was common practice for cities in Kansas to appoint a board to oversee organizations, and then those businesses were essentially separate entities despite receiving a strong city directive. The Great Bend Convention & Visitors Bureau operated this way for years until the City of Great Bend took over the operations of the CVB on January 1, 2016.

As the city was in the process of taking over the CVB, an investigation discovered possible misused funds by a former director. Great Bend Police Chief Cliff Couch says at that moment it became clear that the Kansas Bureau of Investigation should take over the case.

Cris Collier retired as CVB Director in December of 2015 after 30 years in the position. Great Bend hired Emily Goad in early February of 2016 and Goad has served as director since including during the CVB's office relocation to the Great Bend Events Center.

Couch says questionable expenditures during Collier's tenure surfaced including the CVB Board allowing Collier to keep the company vehicle as a retirement gift. Collier reportedly paid $2,000 for a vehicle that was valued at over $12,000.

Couch also mentioned there was an expense where the CVB Board purchased an $800 sculpture for Collier as a going-away gift with taxpayers' money. More eyebrows were raised from possible expenses that were charged to Great Bend while Collier performed work for the Goodland Convention & Visitors Bureau, while getting paid separately.

Couch says as of today, the KBI is still investigating the case and imagines that they are talking with the Barton County Attorney.

The Police Chief says in some cases, you have to determine if the situation was a criminal act by indviduals or did the structure of the organization cause the trouble.

The funding for the CVB comes from the city's six-percent transient guest tax. The tax is paid by people that stay at the city's motels. Five percent of the guest tax goes to the CVB and other one percent is allocated to the Great Bend Events Center.

Austin visitors bureau embroiled in open records fight

By Shonda Novak - American-Statesman Staff

Bill Bunch. executive director of the Save Our Springs Alliance, has filed an open records lawsuit against Visit Austin.

Posted: 6:54 p.m. Wednesday, May 24, 2017

Lawsuit seeks release of salaries and other information

Embroiled in an open records dispute with a local civic activist, Austin's convention and visitors agency on Wednesday reversed course and released a number of operational documents after a lawsuit was filed demanding access to the information.

The agency – recently renamed Visit Austin after being known for years as the Austin Convention and Visitors Bureau – was sued Tuesday in state District Court in Austin by Bill Bunch. Bunch is executive director of the Save Our Springs Alliance, an environmental watchdog group, but said he filed the lawsuit as an individual. Bill Aleshire, an Austin attorney who specializes in open government litigation, is representing Bunch.

Bunch's lawsuit accused Visit Austin of illegally withholding public information. Visit Austin, a nonprofit, is not formally part of city government. However, it was created by the Austin City Council in 1996 and the majority of its annual budget comes from city tax dollars. As such, the agency functions as a "governmental body," and is therefore subject to the Texas Public Information Act, Bunch's lawsuit contends.

The documents Bunch's lawsuit was seeking include the salaries of Visit Austin's 50 highest-paid employees, its contract with its president and a report the agency compiled that lists convention business Austin is missing out on because the city's convention center is too small.

The lawsuit comes as Visit Austin officials are pushing for a major expansion of the Austin Convention Center downtown, contending Austin is losing millions of dollars a year from turning away conventions that need more space than the existing center at East Cesar Chavez and Trinity downtown can provide.

Visit Austin "is leading the charge to have the Austin City Council increase hotel taxes and buy land to expand the Austin Convention Center," the lawsuit states. The agency "claims it has a report about convention opportunities that Austin lost out on supposedly because the Convention Center is too small. But (the agency) refuses to publicly disclose this report."

In an interview Wednesday with the American-Statesman, Aleshire said: "Here you've got an organization that's pushing for millions of dollars more in increased hotel taxes, and (is considering) taking private property off the tax rolls to expand the convention center because it's too small, but won't give up the information that proves that point. That's why this is an important fight."

In addition to the report about lost business, Bunch requested information about how Visit Austin spends hotel tax money, such as on salaries for its top-paid employees. The lawsuit said the agency "refused to supply this public information" and sought an opinion from the Texas attorney general's office.

Lowcountry Businessman Rages Against SC Chamber

By FITS - NEWS

August 26, 2016

LAWSUITS THREATENED AGAINST CRONY CAPITALIST ORGANIZATION ...

A Lowcountry businessman is irate after being denied membership in the uber-liberal S.C. Chamber of Commerce.

Skip Hoagland – a part-time Beaufort County resident who has made life hell for crony capitalists in his neck of the woods – is accusing state chamber leader **Ted Pitts** of denying his membership in the organization based on the former's good government advocacy.

"You are nothing but a corrupted puppet and co-conspirator for your crooked chamber members," Hoagland wrote in a lengthy email screed to Pitts that was copied to numerous state leaders and reporters. "When we talked, you said you have city chamber member partners to protect. What you meant to say is, 'I have crooked members breaking laws whom I must protect, and the tax money I get from them for their membership must be preserved, and we simply can't allow an honest man who is exposing crimes in SC to mess this up.' Correct?"

Damn … that's pretty blunt.

Hoagland said the chamber's rejection of his membership application was harmful to his business interests – which has prompted him to explore legal options against the crony capitalist organization and its leadership.

"You are not a judge nor jury and to condem (sic) me and reject me to a board of 100 business leaders and all your members in the state who will know as this word spreads like a wild fire, (and) will all consider me a bad person and perhaps a criminal, especially when you can't even give a good valid reason to anyone on why I was rejected," Hoagland's missive added. "It has and will cause irreversible and very severe damages to me personally and my business interest in SC."

Do we think Hoagland has a compelling case against the chamber? Not necessarily … but we his pockets are sufficiently deep so as to give the organization a real fight.

And with Pitts reportedly contemplating a bid for the U.S. Congress, the discovery process associated with any lawsuit filed by Hoagland could prove very damaging to his aspirations.

Stay tuned. If Hoagland pulls the trigger on a lawsuit, this could get very interesting …

Stark County Convention & Visitors' Bureau goes independent Jan. 1

Officials say separation from the Canton Regional Chamber of Commerce will help better position the group on its mission.

By Tim Botos
CantonRep.com staff writer

Posted Dec 16, 2015 at 5:53 PM

The Stark County Convention & Visitors' Bureau will get its freedom on the first of the year.

The 35-year-old agency always had operated in conjunction with the Canton Regional Chamber of Commerce — one of only three in the state set up in that manner.

Chamber and Bureau officials have worked for more than a year on details of the separation, which they say will help better position the group on its mission. On Wednesday, Stark County commissioners approved three resolutions that will allow the newly created and independent convention and visitors' bureau to begin operations Jan. 1.

The action by commissioners also established a 15-member board of directors, including representation from the Pro Football Hall of Fame, Akron-Canton Airport and hotel business, as well as a variety of other tourism or tourism-related industries in the county.

They are Chairman Anne Graffice, Vice Chairman Scott Swaldo, Treasurer Joe Daleiden, Secretary/Legal Counsel Edward Murray, county Commissioner Janet Weir Creighton, Past Chairman Steve Karapasha, and board members Robb Hankins, David Baker, Gerard Mastroianni, Rick McQueen, Eric Hansen, Marion Coblentz, Alexandra Coon, Katrina Barton and Bob Fonte.

Also Wednesday, commissioners:

– Approved an additional $1.5 million in funding for the county drainage and ditch improvement program, on top of $500,000 previously allocated to help alleviate flooding problems.

– Toured a $23,000 pet disaster recovery trailer, recently donated to the county. It's capable of serving as a mobile emergency kennel for as many as 65 dogs during a fire, flood or other emergency. It's only the second in Ohio, and was provided through donations by American Kennel Club members.

– Approved a resolution that will allow the Stark Metropolitan Housing Authority to sell two properties on Woodward Place NW in Plain Township, to the HOF Village for its expansion project.

Reach Tim at 330-580-8333 or

tim.botos@cantonrep.com

Hilton Head man files 'whistleblower' claim against Chamber groups

By CASEY CONLEY - cconley@islandpacket.com

A longtime Hilton Head Island-Bluffton Chamber of Commerce critic says he's filed an IRS whistleblower claim against the local group and dozens of other chambers across the country, saying they are violating U.S. tax laws.

Businessman Skip Hoagland said the island chamber, like most chamber groups, generates revenue by selling ads for its print publications and website. But, he says, because they operate as nonprofits, they avoid paying federal taxes. He contends these ad sales are profit-making ventures and should be taxed.

"Our position is that the Hilton Head Island-Bluffton Chamber of Commerce and others around the country are in complete and blatant violation of IRS tax codes," he said Wednesday.

Hoagland said he filed the claim within the past two months He said an agent in the Ogden, Utah, office is investigating the allegations.

These details could not be independently confirmed late Wednesday.

Mark Green, an IRS spokesman based in Atlanta, said the agency wouldn't confirm or deny whether a such a claim has been filed. He said the matter would become public if any actions were taken or if the matter went to court. Sadowski and Co., a Savannah accounting firm hired by Hoagland to investigate the alleged tax code violations, did not respond to the emailed questions they asked a reporter to send.Dean Bell, Hoagland's attorney, did not return a phone call. Hoagland, 64, has long criticized island chamber president Bill Miles' estimated $321,000 annual salary as exorbitant. He also accuses the chamber of withholding basic financial information from members.

Charlie Clark, a spokesperson for the Hilton Head chamber, said the organization complies with all IRS "statutes, rules and regulation" for 501(c)(6) organizations --- the nonprofit tax status that applies to such groups. "We are dealing with an individual disgruntled with the responsibilities of convention and visitor bureaus and state tourism promotion agencies nationwide on a personal level," she said of Hoagland. Hoagland announced his claim Wednesday afternoon at a meeting of the Hilton Head Island Business Association, which was launched several months ago as a counterweight to the official chamber.

Reaction to the filing among the roughly 20 people at the meeting was generally positive, if muted.

"I am not a fighting man," said Gerard Mahieu, of Hilton Head Consulting. He agreed the chamber is "not working well" but said the IRS claim was not his fight. Mahieu suggested the business association attract others unhappy with chamber leadership to push for internal change. Hoagland owns Domains New Media LLC, an international technology firm that runs city websites such as Savannah.com and Portland.com, among many others. The sites make money through ad sales. He also owns half of Island Communications and operates a website critical of the Hilton Head chamber. Hoagland says chamber groups that sell advertising compete unfairly against companies like his for local ad dollars, but don't have to pay taxes on that revenue. It's not clear when or if the IRS will respond to the claim.

State Chamber Investigation Follows Resignation of SVP Susie Marks

by Arkansas Business Staff on Monday, Aug. 3, 2015 12:00 am 1 min read

Susie Marks resigned suddenly as senior vice president of programs for the Arkansas State Chamber of Commerce in June, and that resignation has been followed by an investigation into missing money.

Tennessee Multicultural Chamber of Commerce faces lawsuit

The Tennessee Multicultural Chamber of Commerce is being sued by a local financial institution for not paying its bills.

The Chattanooga Community Development Financial Institution filed a lawsuit saying the Multicultural Chamber owes it $61,179.82. "It's just trying to collect a debt," said David Elliot, one of the attorneys filing on behalf of CCDFI.

Jerry Hanner Sr., a board member for the Multicultural Chamber, said Thursday it was the first time he heard about the chamber being sued.

"I didn't know about it," he said. He said the Multicultural Chamber would talk about the issue at its next meeting and figure out what steps to take.

Elliot, as well as local attorney Joseph Dickson, filed the lawsuit in Hamilton County Chancery Court on Nov. 23.

According to the lawsuit, the money is owed from a line of credit for $289,850.67 given to the chamber on Oct. 13, 2008. The maturity date was Oct. 13, 2010, and by then, the Multicultural Chamber owed $306,630.44 with interest added on, the lawsuit states.

David Johnson, president of Chattanooga Neighborhood Enterprise and CCDFI, has said the Multicultural Chamber only paid interest on the loan for 33 months. He did not wish to comment Thursday.The Multicultural Chamber used the money to buy property on M.L. King Boulevard. On July 28, the financial institution sent a letter to the chamber, saying it needed to pay the full amount of the loan or face foreclosure of the property.

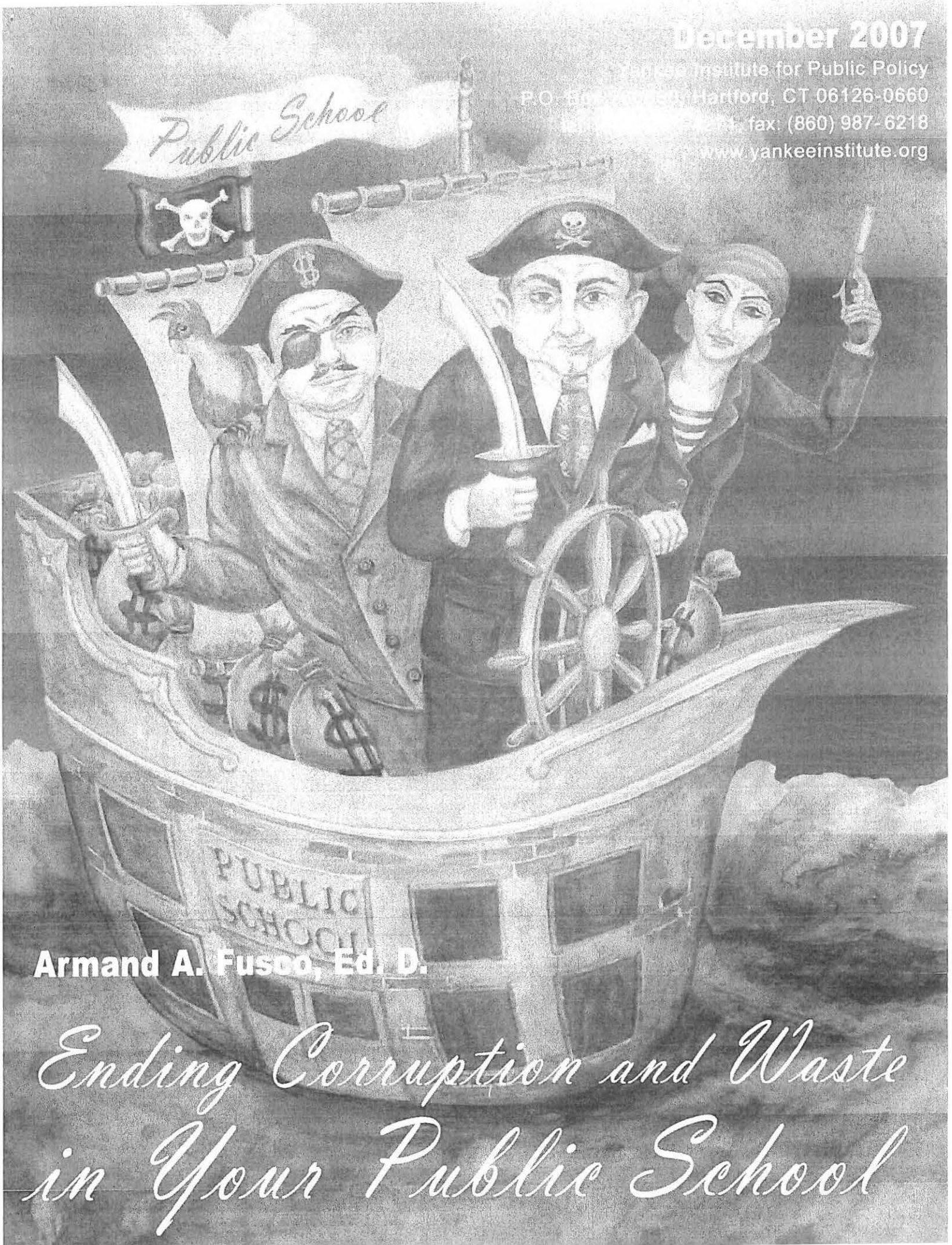
The loan was never repaid, and the CCDFI took the property back, then put it up for auction. Because there were no bids of the $250,000 minimum at the auction, the financial institution absorbed the cost of the property.

The $61,000 asked for in the lawsuit is the difference between the $250,000 and the $306,000 that was due when the chamber's credit line matured, plus other fees. The lawsuit states it would like the damages paid as soon as possible. "TMCC's default has damaged CCDFI and continues to damage CCDFI," suit states.

The Multicultural Chamber has faced numerous setbacks after the FBI and U.S. Department of Housing and Urban Development opened up investigations on its financial dealings. Former Executive Director Sherrie Gilchrist resigned and the chamber moved from a location on Chestnut Street to a new location on South Highland Park Avenue.

The chamber also lost all its annual city and county funding, $75,000 from each. The county decided three weeks ago to give the money to the Chattanooga Area Chamber of Commerce for a minority business program.

The city will hear next week from the Chattanooga Area Chamber of Commerce and the Urban League of Greater Chattanooga on minority business proposals.



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Armand A. Fusco, Ed. D.

Ending Corruption and Waste in Your Public School

About the Yankee Institute for Public Policy

The Yankee Institute for Public Policy, Inc. is a nonpartisan educational and research organization founded more than two decades ago. Today, the Yankee Institute's mission is to "promote economic opportunity through lower taxes and new ideas for better government in Connecticut."

About the Author

Armand A. Fusco, Ed.D. began his career in education as a teacher in 1958. He quickly moved into administrative roles, and in 1971 became superintendent of schools in Hadley, Massachusetts.

In 1980, he resigned his position to pursue a postdoctoral fellowship with the Boston Labor Management Center, specializing in quality of work life programs.

Following his fellowship, he served as superintendent of schools in Branford, Connecticut from 1985 until his retirement in 1992. Dr. Fusco later became a professor of education and director of teacher intern programs at the University of Bridgeport.

He has authored many professional works, including the book *School Corruption: Betrayal of Children and Public Trust*. Dr. Fusco's articles appear regularly in his column "Inside Education," published by several shoreline newspapers.

In May 2006, Fusco authored the Yankee Institute "Stopping School Corruption: A Manual for Taxpayers."

Fusco earned a degree in education from the Central Connecticut State Teachers College, a professional diploma from the University of Connecticut, a Master of Arts from Columbia University, and a doctorate from the University of Massachusetts.

Fusco also founded the Parkside School and Academy for special-education students and co-founded the Springfield Preparatory School.

He resides in Guilford, Connecticut, with Constance, his wife of 53 years. They have four children and fourteen grandchildren.

INTRODUCTION

In order for school boards and their employees to protect, maximize and monitor school resources with due diligence, it is essential that all school operations and practices be reviewed and analyzed independently and constantly. The most effective way to begin and maintain such a process is to form a community-based Forensic Auditing Committee (FAC). One of its primary tasks would be to ask critical questions of the school board. The reason for asking the questions is to determine quickly and easily whether board policies and school practices are protecting and maximizing school resources effectively, efficiently, and ethically and that they are free from the ravishes of potential or actual corruption.

Fortunately, a trend toward the establishment of groups akin to forensic auditing committees (FACs) seems to be gaining momentum. School officials in Mesa, Arizona, have proposed creating a public school audit committee that would "independently review the district's books." Unlike audit committees formed by neighboring school districts, "Mesa's committee would be composed entirely of community volunteers with expertise in accounting and education." (*Arizona Republic* August 6, 2006) Also, the Arizona Tucson Unified School District's governing board is seeking people to join an audit committee to strengthen the school district's internal financial controls. (*Arizona Daily Star*, August 3, 2007)

The reality is that some degree of corruption is likely to be found in most school districts. However, it takes critical questioning and diligent forensic review and analysis to determine whether corrupt acts have taken place, are taking place, or could be committed with relative ease. In this regard, it is vital to understand what is meant by the term "corruption":

> **"breach of trust, bribery, crime, crookedness, deceit, deception, dishonesty, exploitation, evil, extortion, fraud, graft, malfeasance, nepotism, payoff, profiteering, tainted, unethical, untrustworthy and unscrupulousness"**

Typically, boards will be defensive and deny that corruption is a malignant and institutionalized problem and will provide a reason that should never be accepted: *school accounts are audited regularly so there is no reason to be concerned about or suspect any wrongdoing.* Although it appears to be a very credible answer, it does not withstand verification because **routine school audits are not designed to uncover the three categories of corruption: cheating and deceit, waste and mismanagement, or even fraud and stealing.**

If the audit were conducted with generally accepted auditing standards (GAAS) -- and therefore incorporated Standard #99 (Consideration of Fraud in Financial Statement Audits) -- it still would not identify waste and mismanagement issues or cheating and deceitful practices.

The two major problems facing taxpayer advocates are (1) how to discover if there is school corruption and, if so, (2) how to prove corruption to the public. Only when corruption can be proven will practices and procedures be put into place to limit its cancerous impact on resources. This manual will provide the information, tools, and techniques that will assist taxpayer advocates in this critical endeavor.

THE TEN CONFIRMATION QUESTIONS

It is important to understand that regardless of how school districts are organized (county. unified, regional, etc.) budgets begin at the local school and district level where these questions need to be asked with the expectation of receiving credible and verifiable responses.

Question 1: Asset Management

Is there a comprehensive list of assets and an independent management verification system in place to regularly document the existence of each asset? *Failure to have a list of monitored assets is a strong indication that the school district is not managing and protecting resources from loss and abuse.*

Background: Most schools will not have a formal asset management system that is monitored yearly, independently, and physically. If non-consumable assets are missing or stolen, common school practice is to replace the assets using more taxpayer dollars. It would be unusual to find any references in budget documents indicating that asset replacements are needed because they were either stolen or could not be located.

A study completed in 2002 by Quality Education Data surveyed 479 school districts in all 48 contiguous states. The information furnished by the school officials revealed that lost or damaged assets cost the average school system about $250,000 a year, including nearly $80,000 a year in technology equipment alone. Large districts lose as much as $1.4 million in assets per year. (*biblio* #4)

Proposed Solution: What is important is to have a verification system in place that documents the existence of each asset at the end of each year or the reason why an asset is missing. This must be done by independent, physical inspections -- not by internal staff alone. Any organized taxpayer group (properly trained) or audit firm would be able to provide independent verification.

The proper way to develop an asset management program without significant cost is to have a community based Forensic Auditing Committee (FAC) examine each purchase order to determine what has been bought in recent years. Using purchase order documentation is the only way to develop an accurate list; any list prepared by the administration should never be accepted as accurate unless it has been independently verified by purchase orders. Each asset should then be identified by serial number or other designation, where it is located, and the responsible person or department. An excellent example of how to take a physical inventory can be found in the California School Accounting Manual. (*biblio* #6)

Question 2: Board Policies

Are there school board policies dealing with the prevention and detection of school corruption? What policies have been adopted to protect, maximize, and monitor school resources effectively? Is there a policy or procedure manual for handling reported and suspected incidents of corrupt acts?

One of the most shocking examples of school corruption occurred in the Roslyn, Long Island, School District, where the superintendent and others embezzled over $11,000,000 -- this in spite of yearly independent audits that failed to detect or prevent the thefts.

Background: Board policies are contained in a policy manual that is a public document. The manual is available in the central office, at each school, and possibly on the school website. It is extremely unlikely that corruption policies will be found because school boards are reluctant to use the term "corruption" due to its negative implications. Even when corruption is found, it is hidden from public view whenever possible.

However, examining board policies is a critical task for taxpayer advocates to undertake because it will indicate whether the board has any concern about protecting and preventing school resources from being mismanaged and protected from loss and abuse. Failure to have policy statements would be an unequivocal indication that the board is either in denial or ignorant about the nature and extent of school corruption; furthermore, it is also a green light for corrupt acts to be committed.

Proposed Solution: School boards must adopt policies and practices designed to manage, protect, and maximize resources more effectively. Further, they should provide convincing evidence that preventing waste, mismanagement, and other corrupt acts has the highest priority. A school board can provide convincing evidence by adopting the following:

1. Anti-Fraud and prevention policies. (*biblio* #2)
2. The establishment of an internal auditing committee (IAC) that includes some community

representation (such as retirees who have some expertise in finance or budgets) and a member of the community-based auditing committee (if there is one). The purpose of the IAC would be to meet regularly in order to review purchase order requests and other disbursements, check for legitimacy of vendors, match requests with budgeted dollars, etc.

3. Accepted auditing standards that include *Auditing Standard* #99 -- *Consideration of Fraud in Financial Statement Audits. (biblio #1)* It requires auditors to hold brainstorming sessions with their entire engagement team to discuss how fraud might occur, and it also requires auditors to increase scrutiny of documentation, interview district employees, and implement other measures to reduce the risk of fraud. (This standard is now required for all school audits conducted in New York State.) *Governmental Accounting Standards Board* guideline #34, which clarifies the appropriateness of information and sufficiency of evidence in performance audits (*biblio* #10), should also be included.

4. A requirement that the check register be posted monthly on the school website and that it include the reason or documentation to support why a check was issued. Any check reference to a purchase order number should be supported by posting a copy of the purchase order to make sure that it matches the check. More than 50 school districts now post their check registers online. (*biblio* #26)

Question 3: Credit Cards and Employee Reimbursement

Who has credit cards? Are credit card charges and requests for reimbursements independently verified to see if they are not only legitimate school expenses, but also that they are also reasonable?

Background: Credit card abuse and employee reimbursement are one of the prime sources of corruption. The reason for this is that most school districts do not have an effective monitoring system in place to verify credit card charges with supporting documentation in order to determine legitimacy and accuracy or to forensically review employee reimbursements.

Proposed Solution: The internal audit committee and at least one independent source (town treasurer, finance director, or FAC) should review and analyze credit card charges and employee reimbursements.

In addition, guidelines must be developed that specify legitimate expenses and the limits on each such item. However, **the best practice is not to have any credit cards.** Employees can use their personal credit cards and then seek reimbursement, since this process requires more documentation whereas a school credit card statement may not be reviewed for documentation. An alternative to credit cards is to use a purchase order.

If credit cards are to be used, a Procurement Card Manual should be developed to provide procedures and practices so all employees are aware of what is required. If there is one, it should be posted on the school website. Whether or not there is a manual, a list of all credit card users (employees and board members) should be posted on the school website along with the monthly credit card charges with documentation, as well as detailed employee reimbursements.

Because of flagrant credit card abuses, the Dallas Intermediate School District revised its Procurement Card Manual, and it is an excellent example of outlining the procedures necessary to help protect against card abuse. But again, if the policies or procedures are not monitored effectively, abuse will take place. (*biblio* #20)

Question 4: Federal and State Grants

How are grants being managed in the school district? Who is responsible for monitoring and auditing the grants for proper implementation? How are the monitoring and auditing actually done? Has grant money been returned because it was not spent and, if so, why?

Background: Grants are a common source of abuse, mismanagement, and fraud. There are two types of grants -- entitlement and competitive. Entitlement grants are allocated dollar amounts to a school district for

specific purposes, but the school district must still submit a formal application. Competitive grants are either limited in the dollars available and/or they are allocated for special purposes, but schools are not required to compete for such grants.

It is important to note that federal grant monies cannot be used to supplant the budget (replace budgeted dollars). The monies must be used to add to (supplement) the budget. One abuse commonly found in some grant audits is that districts use funds to supplant the budget -- a corrupt act. What must also be reviewed is to see who the recipients of any funds are. Bogus entities (individuals and vendors) have been noted as the recipients of grant dollars, kickbacks schemes have been involved, and bogus contracts have been issued to "friends."

Since grants usually do not involve local dollars (some do require matching funds or resources) local oversight is shoddy at best. State and federal agencies are responsible for monitoring the grants, but they tend to be lax in uncovering corruption. This is the reason grants are so easily abused.

Proposed Solution: During each budget presentation, a list of grants that were available to the school district (entitlement and competitive) should be listed along with the dollar amounts involved. Each grant should indicate whether or not an application was submitted and those that were approved with dollar amounts. If some available grants were not applied for, the reason should be given.

Grants are public documents and should be forensically reviewed and analyzed to determine whether they have been used for the purpose intended. (*biblio* #22)

What taxpayers should be aware of is that any citizen can sue the district, board members or schools officials (as a person) if federal dollars have been misused and receive one-third of any recovered dollars. (*biblio* #13)

Question 5: Student Activity Funds

How are student activity funds and other cash collections monitored? Who monitors such funds? Are income and disbursements verified for accuracy and proper usage? Are bank statements reviewed monthly? Who conducts the review? Are internal and external audits conducted on a regular basis? Who reviews and analyzes the audit reports?

Background: Student activity accounts and other cash collections usually controlled at the building level only are an easy source of embezzlement and misuse. These accounts do not typically involve taxpayer dollars and, therefore, the monitoring of such funds leaves much to be desired. Administrators have stolen children's candy money, and one secretary responsible for a student activity fund embezzled $483,000.

Proposed Solution: Although such funds are not part of the school budget, they should be. Each fund should be listed with its income, expenses, and balances as part of budget presentations. To provide proper oversight, the central office finance department should be required to oversee income and disbursements along with an internal audit committee. In addition, independent audit reviews must be conducted on a regular basis. This could be one of the responsibilities of a Forensic Auditing Committee. Software programs are available to track such funds. **However, under no circumstances should disbursements of student activity funds be controlled and authorized solely at the building level.** (*biblio* #14)

Question 6: Payroll

Are payroll records carefully and systematically monitored and audited to determine accuracy and legitimacy of each paid employee? How is payroll information reviewed and analyzed? Who does the monitoring and auditing?

Background: Payroll abuse has been documented as a pervasive source of corruption. Such abuse consists of fictitious (ghost) employees, falsified time sheets, overtime abuse, inappropriate step and scale placements, extra-duty assignment payments, etc. Since payroll dollars represent the bulk of school expenditures, the amounts can hide many abuses.

Proposed Solution: At the start of every school year and as part of any budget preparation documents, a list of all employees should be made available with their salary or pay rates, step and scale placement, benefit entitlement amount, and extra-duty assignment pay. In addition, those who have been paid over and above what was indicated the prior year, such as overtime pay or extra duty pay, should be indicated. In other words, what were each employee's total earnings the prior year, and what are the earnings expected to be in the current year? (*biblio* #17)

Question 7: No Bid Contracts

Which contracts (construction, insurance, consultants, etc.) have been awarded without competitive bid? What process was used to award such contracts? Who received such contracts? What school official was given the responsibility to oversee the proper completion or implementation of each contract? Was any form of nepotism or favoritism involved? Were board policies followed?

Background: No bid contracts are another source of abuse and fraud and, therefore, they need to be reviewed forensically. Even properly bid contracts can be suspect because bid requirements may have limited those who could apply, or kickbacks and favors can be involved.

Proposed Solution: The Internal Audit Committee or the board finance subcommittee must be given full information about every no bid contract, but the full board must decide whether to approve such contracts as part of regular board meetings. Furthermore, there must be effective oversight of any contracts to determine if the terms or conditions are being followed. (*biblio* #7)

Question 8: Staff Student Loads

What are the number of students each teacher has during each period of the day and the total number of students each teacher has during the course of the day and week? How many paraprofessionals are there to augment teacher loads and assignments?

Background: Staff allocation and assignment is perhaps the one category that accounts for a significant amount of waste and mismanagement. The proliferation of school aides (paraprofessionals) has added to school resources, yet the numbers are not used to indicate student-teacher ratios, and there is little or no documentation supporting their effectiveness.

Proposed Solution: A list of teacher assignments and teacher loads by period (augmented by paras) and by subject should be provided as part of every budget presentation. This computerized list then needs to be forensically examined to determine where there is possible waste and mismanagement in assignments and allocations. Although this a more difficult and time consuming task, the data would provide a plethora of information. (*biblio* #19)

Question 9: Non-Classroom Certified Staff

How are the time and workload of such staff (psychologists, social workers, counselors, speech therapists, etc.) monitored? How is the time of full time staff with reduced teaching loads (department chairpersons, supervising teachers, etc.) monitored?

Background: There is usually no documentation of how non-classroom staff use their time to determine if it is being used constructively and efficiently. How many students does a psychologist test and treat per day, how many students does a counselor see each day, what are the numbers of students a speech therapist treats each day, etc.? What do department chairs and supervising teachers do with their released time? Is it documented in some way? These questions demand credible and verifiable answers.

Proposed Solution: It is essential that documentation be required of each such staff member to verify how his or her time is spent each day. Such staff members are very reluctant to provide such information, but it is incumbent on the school administration and board to require proper documentation. Policies and guidelines must be developed for this purpose. There are no studies or reports to date that have monitored the daily activities and responsibilities of non-classroom staff, nor has there been any documentation to determine their effectiveness and efficiency. Therefore, each district must conduct its own monitoring and evaluation of such staff. One useful means to assist in such evaluations is to benchmark with several similar school districts.

Question 10: Benefits

Are retirees who are being paid their medical insurance by the school department entitled to the payments? Are there retirees listed who are deceased but still having their benefits paid? Is the list reviewed yearly to keep it updated? Do part-time employees pay for a proportional share of their insurance benefits and, if not, why not?

Background: School districts have a retiree list whose benefits are paid either by the school district or the retiree. Such lists have been shown to include retirees who are not entitled to the benefits, as well as retirees whose benefits are still being paid even though they are deceased.

Proposed Solution: An issue that needs to be addressed is whether a part-time employee should receive the same paid benefits as a full-time employee. Logically and fairly, a part-time employee should be required to pay for a proportional share of his or her benefits. For example, a 50% employee should pay 50% of the benefit cost.

Summary

The ten questions provide the framework to elicit credible and verifiable answers in order to determine if the school resources are being protected, maximized, and monitored effectively regarding loss and abuse. Then based on the responses, appropriate corrective action should be initiated.

This process will help boards and administrators do their jobs more responsibly with far more accountability and with full transparency. It will also help to improve negative school statistics, such as high dropout rates, poor testing scores, achievement gaps between white and minority students, and the thousands of schools listed as failing.

Of course, what is required is a management culture that protects, maximizes and effectively monitors human, financial, and physical resources, and programs and services. Such monitoring can only be effective if there is enough outside taxpayer knowledge and pressure to raise legitimate questions and demand credible and verifiable answers. (*biblio* #14)

Taxpayers need to understand that local boards have the power and obligation to adopt policies and practices to manage the school resources so that they are used wisely, ethically, and effectively, as well as protected from corrupt acts. No additional personnel are needed, no additional dollars are necessary, and no other approvals are required for action on their part.

However, there is a problem that school boards face, and it is not necessarily of their own making. Most state departments of education and their own professional associations have been derelict in their duty and obligation to provide critical skills, knowledge, and training for them to be more effective in protecting the school resources from waste, mismanagement, fraud, and stealing. This issue was certainly confirmed by the Suffolk County (NY) Special Grand Jury report on school corruption, and that is why New York State now mandates such training. Therefore, getting the needed information and skills requires that school boards must put forth more effort to become better informed and more skillful.

Another problem that plagues boards is that they cannot distinguish between needs and wants when the administration proposes its budget recommendations. The fact is that boards receive little, if any, training in

how to review and analyze a budget, what information to ask for, and how to monitor spending practices.

Fallacy of Fixed Costs

What must be contended with as part of the ten confirmation questions is the defensive argument widely used by school boards that 75%-80% of the budget represents fixed costs and that is why it is so difficult to control and cut school budgets. This is an extremely important assertion that must be addressed and challenged. ***Taxpayers should never accept such a statement because it is not accurate.***

The answer may seem credible, but it is not verifiable since fixed costs can be changed. It is true that there are fixed cost items (payroll, utilities, transportation, etc.), but the dollars attached to such items can be changed and, in fact, are changed (usually increased) every budget year.

The reason that budgeted amounts are not really fixed is because of the following assumptions that are false:

- Every school employee is essential.
- No consolidations of programs or services is possible.
- All programs and services are efficient and effective.
- Resources are managed with quality practices and procedures.
- Every school operation is performed with utmost efficiency and managed ethically.
- Personnel are trained and knowledgeable in utilizing resources effectively.
- Technology usage to improve administrative functions and classroom instruction is maximized.

Even boards that are prepared to challenge budgets by forensic review and to analyze every budget line item fall victim to the argument that, once adopted, many costs become unalterable contractual commitments. In fact, changes can always be made when contracts are renegotiated with employees, when other contracts are put out to bid, and when more cost effective practices can be implemented.

The fallacy of the "fixed cost" excuse is also demonstrated by the results of independent performance reviews conducted by a number of states, including California, Texas, Florida, and Pennsylvania. These reviews always find waste and mismanagement practices that, if corrected, would save precious dollars. (see *biblio* #8, #18, #23, #23)

Sadly, the number of school board members who can stand on principle and ethical behavior without the prodding of independent taxpayer groups seems to be small. The fact that so many taxpayer advocates are forced to use Freedom of Information (FOI) requests to obtain public information, which they are entitled to receive, is strong evidence that too many boards are reluctant to be accountable and transparent.

The following quote by Chester Finn sums up the problem:

> *"It's clearer than ever that any serious change for the better in education whether at the building, district, state or national level, hinges on effective, courageous and sustained leadership -- and it's clearer than ever that the system does its utmost to discourage, deter and deflect the sorts of people who might provide such leadership."*

But if the prevalence of school corruption is to be arrested, it will require taxpayer advocates who have the persistence, courage, and knowledge to enforce transparency and accountability. It will not be easy, but it can be done!

APPENDIX A -- FORENSIC AUDITING COMMITTEE

What is the purpose of a FAC?

The purpose of a FAC is to have a community based, independent, organized structure and system to help school boards become more responsible in reviewing and analyzing all school procedures, practices, and policies to determine if they safeguard and maximize school resources. This is the best means to achieve improved school performance without additional resources.

How is organized?

A FAC is an alliance representative of the taxpayers, parents, business leaders, senior citizens, community groups, town officials, educational professionals, and other key individuals who all have a stake in seeing that the school system achieves measurable and maximum value for the dollars being expended.

Membership

The number will depend to some degree on the size of the school district, but there should be a minimum of 13 and a maximum of 19 permanent members plus *ad hoc* members. Also, temporary members can be added who may be needed to help conduct specific assignments or activities.

Permanent Members

- Taxpayers (3-6)
- Elected town official (1)
- Senior citizens such as retired financial managers, business executives, auditors, insurance executives, management consultants, contractors (4-6)
- PTA/PTO (1-2)
- Chamber of Commerce (1-2)
- Retired educators (1-3)

Ad hoc Members

- School board (1)
- Central office (1)
- School administrator (1)
- Clergy (1)

What reasoning can be provided to support such a process?

The fundamental problem in any organization is that it is not really possible to objectively review and analyze what it does internally and, therefore, school boards cannot perform this critical responsibility alone. In addition, most boards lack the training and time to conduct effective monitoring activities. There must be an external group to provide unbiased, objective, and independent analysis of school operations and practices. Since a FAC is community based, volunteer group, it does not cost anything, and it will be a permanent and committed organization.

How to Get Started

Step 1: Get a small working group of taxpayers together who would be interested in forming a community based forensic auditing committee. Keep the entire process as free of politics as possible, and make every effort to work cooperatively with the school board and administration.

Step 2: Become fully knowledgeable of what needs to be done by learning from the resources and references provided in this manual.

Step 3: Decide on a tentative plan of action to have a discussion with the board about establishing a FAC with the hope of obtaining their support.

Step 4: Discuss the plan with the school board and the superintendent, emphasizing cooperation and support. Inform them that audit committees are now required in all New York State school districts, and that other districts nationwide have also adopted the practice. Hopefully, they will respond positively. However, since their permission is not needed (though it certainly would be welcomed), proceed with the next step.

Step 5: Decide on who should be represented (groups and individuals), following the suggestions for FAC membership above. An alliance approach would be most effective because it would provide for broad community participation and support.

Step 6: At the initial meeting, explain the purpose of a Forensic Auditing Committee (Alliance): *either to help the school board and superintendent (if they have been responsive) or to be a means to monitor board actions and school management to ensure that a school's financial, human, and physical resources are protected from loss and abuse and maximized through efficient and effective management operations and procedures.*

Present evidence supporting the value of a FAC, and explain how the school board responded to the initial request for support.

Step 7: Have each organizational representative go back to his or her respective group to determine if they want to be a member of the FAC.

Step 8: Wait 30 days, and call another meeting for the purpose of forming a FAC.

Step 9: Organize the FAC, select officers, and establish by-laws as to how it will operate. Take a survey of the members to determine what skills and interests they have. Based on this information, form teams that would concentrate on specific topics, issues, or activities. For example, one team can be assigned to follow-up on the confirmation questions, another team could be responsible for public relations and outreach, and still another could review and monitor the school budget.

Step 10: Communicate the plan to the school board and superintendent. At the same time, submit a written request to the School Board Chairperson that the FAC is interested in having ten questions answered. Also, provide a copy of this taxpayer manual to all board members to support the reason for the request.

Step 11: To start the process, begin by requesting that the board provide written responses to the first three questions only. They are easy questions to answer, so a quick response should be forthcoming, certainly no later than the next board meeting if not sooner.

Step 12: (a) If a response is forthcoming and the answers are credible and verifiable, proceed to get the next series of questions answered. Since they will have had time to read the manual, the board and superintendent will know what else will be expected of them. A positive response would indicate an interest on their part in establishing a working relationship with the taxpayer group, not only to provide answers, but also to take action where needed. (b) If a response is not forthcoming, determine which strategies to use to bring public awareness and pressure on the board (see Appendix C -- "Strategies to Use with Unresponsive Boards") to fulfill their duty and honor their responsibilities.

Step 13: Meet regularly and always have an established agenda.

Step 14: Since membership will change from time to time, and new information must constantly be reviewed and analyzed, it will be important to provide on-going training and education.

APPENDIX B -- REVIEW CHECKLIST

Any question answered with a "Yes" or "In Progress" must be supported by an attached document and/or written statement supporting the response. A "No" response should have a brief written explanation. This checklist should be completed every year to determine board progress.

1. School Assets: There is an effective management system in place to account for and monitor each asset on a yearly basis.

___Yes (attachment # _____) ___In Progress (attachment #_____)
___No Explain_____

_____

2. Board Policies: Policies have been adopted that are comprehensive in managing resources effectively to prevent fraud, mismanagement, and other corrupt acts from taking place.

___Yes (attachment # _____) ___In Progress (attachment #_____)
___No Explain_____

_____

3. Credit Cards: Board policy prohibits the issuance and use of credit cards or provides clear guidelines for their use.

___Yes (attachment # _____) ___In Progress (attachment #_____)
___No Explain_____

_____

4. Grants: All available grants are publicly accounted for every year during the annual budget presentation and an effective management system is in place to monitor each grant for proper implementation.

___Yes (attachment # _____) ___In Progress (attachment #_____)
___No Explain_____

_____

5. Student Activity Funds: The disbursement and receipt of such funds are monitored monthly and verified through bank statement reviews by at least one non-school building source.

___Yes (attachment # _____) ___In Progress (attachment #_____)
___No Explain_____

_____

6. Payroll Records: Payroll documents are made public and show past complete payments made to every employee; in addition, there is a listing of the full amount to be earned for the current year.

___Yes (attachment # _____) ___In Progress (attachment #_____)
___No Explain_____

_____

7. No Bid Contracts: Full disclosure of all no bid contracts is made to the board by the administration as they occur, and an effective monitoring system is in place to ensure that each contract has been completed according to the stated terms and requirements.

___Yes (attachment # _____) ___In Progress (attachment #_____)
___No Explain_____

_____

8. Student Loads: The board annually reviews and analyzes the actual teacher-student workloads for waste and mismanagement.

___Yes (attachment # _____) ___In Progress (attachment #_____)
___No Explain_____

_____

9. Non-Classroom Certified Staff: An effective management system is in place to account daily for the time and activities of such staff.

___Yes (attachment # _____) ___In Progress (attachment #_____)
___No Explain_____

_____

10. Benefits: Employees pay for their portion of benefits according to the time actually worked, and the retiree benefits list is reviewed annually to confirm that only eligible employees are covered.

___Yes (attachment # _____) ___In Progress (attachment #_____)
___No Explain_____

_____

General Comments:

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Date:_____ **Prepared By:**_____

APPENDIX C

TEN STRATEGIES TO USE IF A SCHOOL BOARD IS UNRESPONSIVE

Every effort should be made to work cooperatively with the board and administration. However, public pressure is the most effective means to deal with an unresponsive board.

Strategy 1

Use the Review Checklist to document what has or has not been done, and then have it published in the local paper, have copies distributed throughout town, give copies to town officials and legislators, and provide copies to radio, TV outlets, and local cable access channels.

Strategy 2

Support board members who are receptive in protecting school resources (letters to the editor, positive comments at board meetings, honoring them in some way, etc.), and support those who want to become responsible members of the board.

Strategy 3

Press legislators to pass legislation requiring board members and administrators to receive education and training in the effective use of school resources.

Strategy 4

Write a regular column for the local paper that deals with how effective (or ineffective) the board is in managing school resources that are free from fraud, mismanagement, and other corrupt acts.

Strategy 5

Enlist the support of the PTA/PTO, the local chamber of commerce, and other civic groups and organizations, since they all have a stake in having better schools.

Strategy 6

Use the local cable access channel to conduct informational sessions dealing with the problem and issues involved in managing schools resources more effectively.

Strategy 7

Develop a website so that information is readily available to the community.

Strategy 8

Have the local board of finance ask the ten questions since they are the body that approves a budget and should be entitled to have the answers.

Strategy 9

Get a local area radio host or TV personality to publicize the questions and the answers.

Strategy 10

If all efforts fail, conduct a sit-in at the board or superintendent's office.

FEATURE

Fighting Fraud in Schools

Lax controls open doors to crimes.

By Alan Dessoff — District Administration, Aug 2009
8/1/2009

It's no surprise that school districts are as vulnerable to fraud as the private sector or any other segment of government. Crimes in districts include collusion with outside vendors who provide kickbacks to employees, misuse of district-issued credit cards, embezzlement of district funds, and theft of district property.

"Fraud happens everywhere," says David Neter, chief business officer at Wake County (N.C.) Public School System. The district created the new position in 2006 after losing at least $3.8 million in a case wherein a local company sent the district phony invoices, which the district paid without receiving anything in return. Then the company kicked back some of the money to the director and other employees of the district's transportation department and they used the money to buy luxury items. Neter is a CPA with an MBA from Duke University.

There is no national data on fraud in school districts. But, says Don Mullinax, a former inspector general in the Los Angeles Unified School District, "I think there is a lot more than administrators are aware of because they're not looking for it, and if you're not looking, you're not going to find it until it hits you." He now

when it is found, it's not always reported, he says. "What's scary is that a lot of administrators and principals figure that's not their job," Mullinax says. "They are hired to be educators, and they don't have a background in financial management or accounting or auditing, so they don't focus on fraud. They wouldn't see it if it walks up and hits them in the face."

And sometimes what looks like fraud is not. The California state legislature created the Fiscal Crisis & Management Assistance Team to conduct audits if district leaders suspect possible fraud. FCMAT conducts up to 50 audits a year and often finds that while poor internal controls, processes and procedures give the appearance of fraud, those cases generally turn out to be "either a compliance issue or some procedural policy not being followed," says Joel D. Montero, CEO of the fiscal management team. FCMAT recommends about 15 percent of the cases it audits for further investigation by law enforcement authorities.

School Challenges

In the Los Gatos (Calif.) Union School District in 2006–2007, a district technology staff member was found guilty of stealing about $200,000 of computer equipment from the district and selling it to a local reseller.

When Richard Whitemore was appointed Los Gatos superintendent in May 2008, he assured the community that he would better manage the district's financial and physical assets. "We have put the building blocks in place for a best-in-class inventory management system," Whitmore stated. He declined to give details.

In Los Angeles, Mullinax, while he was inspector general, investigated a high school construction project, the Belmont Learning Complex, that began in 1997 with cost estimates that rose to $200 million, making it the most expensive project of its type in the United States before the district stopped construction in 2000, he says. He called in Forensic/Strategic Solutions, which uncovered fraudulent activities and lapses in financial controls—including fictitious vendors, duplicate payments, and widespread violations of competitive bidding policies—totaling more than $70 million.

Steps to Avoid Fraud

Follow these examples from districts that have put better controls in place after being defrauded:

Provide receipts for small items; otherwise use purchase orders. Michael Jumper, assistant superintendent for business in the Katonah-Lewisboro (N.Y.) School District, says employees can tap petty cash for purchases of $10 or less with permission and get reimbursed with a receipt. For other buys, a purchase order is required. In the Wake County (N.C.) Public School System, a purchase between $10,000 and $90,000 requires approval of one of the superintendent's leadership team members. A chief and the superintendent must approve purchases above $90,000. Hire an experienced claims auditor. This person reports to the board of education and reviews purchase orders, invoices and checks to be sure they match. Alternatively, a

certified public accountant can review the district's accounting, purchasing procedures and fiscal management. Use software. The program can look for patterns in transactions. Expand the district's internal audit department. When there was just one person in the audit department at Wake County, "he was dealing with anything that was acute, and that was about it," says David Neter, chief business officer.

Also in California, state authorities are investigating two cases of alleged fraud by charter schools. In one, state auditors found in 2006 that a charter school chain, Options for Youth and Opportunities for Learning, had overcharged the state more than $57 million over three years, reimbursed its top executives for expensive SUVs, and paid thousands of dollars for employee parties at Disneyland. While the audit findings are under appeal, the charter school chain is still operating and "has not paid anything back at this point," says Michael Hersher, deputy general counsel in the legal division of the California Department of Education.

Meanwhile, he reports the charter school movement still seems strong in California and the "basic structure of charter school regulations hasn't changed."

Credit Card Misuse

"There was no functioning system of controls, and it appears that some took advantage of this." –Alan G. Hevesi, former New York state comptroller

Many districts have adopted policies and implemented procedures to detect and prevent it. "There is a heightened awareness now that you have to follow the proper procedures," says Michael Jumper, assistant superintendent for business in the Katonah-Lewisboro (N.Y.) School District, where the state comptroller in 2005 found lax controls, questionable expense claims, and improper credit card purchases.

The big tip-off that something was awry at the district was the audit, which revealed that 57 percent ($48,129) of credit card purchases from 2001 to 2004 were paid without supporting documentation and $38,400 of the charges were paid without information regarding their business purpose. The audit found that several thousand dollars worth of equipment purchased with a credit card by the district's director of administrative services at the time, including computers, a copier, printer, fax machine, books and software, was at the administrator's home. Some of the items ultimately were returned to the district, but two computers that were unaccounted for cost the district more than $5,000, the audit report stated.

Now, says Jumper, all purchases the district makes are shipped only to district buildings, and Katonah-Lewisboro doesn't use credit cards anymore. Employees can tap petty cash for purchases of $10 or less and are reimbursed only if they have permission from an immediate supervisor and then provide an original receipt. For all other buys, a purchase order is required, even for the superintendent.

Credit cards present potential problems because "they can be passed around and anybody can go on the Internet and use your card," says Melanie K. Johnson, a cash-handling consultant in Raleigh, N.C., who has worked with school districts and discussed fraud at meetings of school business officers. Cash also is hard to track. "It's usually small amounts taken over a long period of time by many people. Then it's reflected in the bottom line at the end of the year and administrators wonder where it went," Johnson says.

The problems at Katonah-Lewisboro occurred "because those responsible for watching were not doing their jobs. There was virtually no functioning system of controls, and it appears that some took advantage of this," says Alan G. Hevesi, the state comptroller at the time, in his audit findings.

Katonah-Lewisboro, with 716 employees and an operating budget of nearly $108 million, hired an experienced claims auditor, who reports to the board of education, to review purchase orders, invoices and

checks to be sure they match. If the auditor finds an error, "we will follow up with whoever created the purchase order and ask for an explanation," Jumper explains.

Similarly, in the Wake County system, multiple new safeguards were put in place following a multimillion-dollar scandal involving district employees and fake invoices that shook public confidence in the system in 2004. A local vehicular parts company sent phony invoices to the district, which paid the bills without receiving anything for them. Then the vendor and the district's transportation director, budget analyst and four other employees of the transportation department used the money to buy large-screen TVs, vehicles, Jet Skis and other luxury items. Most of those involved were convicted, and the company provided restitution, Neter says.

Detecting Fraud

"People are going to trust one another right up to the time they are caught." -Melanie K. Johnson, cash-handling consultant, North Carolina

Once the scandal became known, the Wake County district's first move was turning to the Summerford Accountancy, a group of certified public accountants, to review the district's entire system of accounting, purchasing procedures and fiscal management. The firm later became Forensic/Strategic Solutions.

Community Watchdogs

Some districts that have been defrauded and others that have not have tapped business experts in their local communities to keep an eye on their fiscal operations. In 2006, the Wake County (N.C.) Board of Education established an outside audit committee that still includes six members from the community, appointed by the board, who have business or legal expertise but no business dealings with the district. A written board policy spells out the committee's duties, which include reviewing the results of an independent firm's annual audit of the district as well as internal fiscal documents. Similarly, in the Katonah-Lewisboro (N.Y.) School District, four community members with auditing experience serve with three board of education members on an audit committee that oversees all internal fiscal processes. No fraud has been discovered in the Jeffco (Co.) Public Schools, where a financial oversight committee has functioned since 1999. The committee includes seven business community members who meet monthly throughout the year with the district's finance staff and quarterly with the board of education. "They are great advisors. They push us on how to look at things and also give us credibility in the community because they provide an independent look at how we operate," says Lorie Gillis, the district's chief financial officer. In the Los Angeles Unified School District, concerned district employees, vendors and the public can report allegations of fraud, waste and abuse to the Office of the Inspector General (OIG) on a telephone fraud hotline that Don Mullinax, a former inspector general in the district, initiated, or by e-mail or snail mail on a special Fraud Reporting Form. The OIG either investigates the tips itself or refers them to district administrators. State authorities have acted as well. Following financial scandals at several Long Island school districts, New York legislators enacted a measure in 2005 requiring school board members statewide to undergo training to better understand their fiscal responsibilities. It also mandates that every district be able to do internal audits, form an audit committee, engage external auditors through formal bidding every five years, and create a corrective action plan less than 90 days after receiving an auditor's recommendations.

Based on Summerford's findings and recommendations, as well as its own initiatives, the district beefed up its fiscal system, including its internal purchasing controls. One way the Wake County district seeks to control fraud now is to detect it with software—ACL— that looks for patterns in transactions. For example, the district now requires a purchase order for any purchase over $2,500. The software goes through

accounting systems and looks for "patterns of invoices being paid to a specific vendor just under that $2,500 threshold," explains Neter. If it finds any, his office takes a closer look at them. Neter says that the district's internal audit department uses ACL regularly and proactively to examine purchasing patterns within different departments and divisions of the school system, which has 19,000 employees and a $1.3 billion operating budget. Forensic/Strategic Solutions also used ACL in its LAUSD investigation, and the district bought the software for its own use.

New Checks and Balances

In Wake County, a purchase between $10,000 and $90,000 requires approval of one of the superintendent's leadership team members, who include seven division chiefs, five assistant superintendents and six area superintendents. A chief and the superintendent must approve purchases above $90,000.

Employees who have to make purchases under $2,500 can use credit cards—the district calls them "purchasing cards"—or Direct Pay Requests that require detailed documentation of the purchase and the signature of the appropriate "budget manager," who is generally a principal or central service administrator with budget expenditure authority, Neter says. Then the accounting department issues a vendor check for the purchase. Before being certified as budget managers, administrators must attend a one-and-a-half-day training session on policy and practice issues including purchasing, risk management and compensation services, and then pass a test, Neter says.

Credit card purchases are limited to $2,500 per transaction and a maximum of $15,000 per month. Neter explains that before cards can be used, funds must be encumbered to cover the purchases. Budget managers must review and sign the monthly statements for the cards and confirm there are receipts and shipping documents for goods ordered and that the goods have been received.

Neter's own hiring came in the transportation fraud's aftermath when Deputy Superintendent Adelphos (Del) Burns was appointed superintendent in 2006 and created the position of chief business officer. "A lot of the system's management [in the past] had been through promotion from within," Neter says.

Another step was expanding the internal audit department from one person to five. When there was just one person, "he was dealing with anything that was acute, and that was about it," Neter says. Now the expanded staff audits the district's departments and divisions and 156 schools and their cash management procedures on a regular basis.

Further, the district has hired "fiscal administrators," who have accounting or auditing backgrounds, and embedded them in different departments as "watchdogs" to ensure that fiscal policies and procedures are followed, Neter says. The fiscal administrators provide "expertise and counsel," he explains. To underscore their independence in the departments where they work, they report to the district's finance officer, who works under Neter.

Beyond School Employees

Some types of fraud do not involve crimes by school employees. In Arizona, the state charged a parent last December with defrauding the Prescott Unified School District of $3,000–$25,000 that should have gone to a special-needs tutor for his autistic son in 2007. Legal proceedings against the parent are underway.

"Even when there are controls, there are ways to circumvent them," says Mullinax. "If you can have AIG and Bernie Madoff and all that stuff going on in the private sector, there are people who are clever enough to find

the spaces in school finance systems," adds Hersher of the California Department of Education, "and if the local folks who are supposed to be poring over the books to make sure everything is going right don't do it, you're only going to have after-the-fact law enforcement."

Kelly Todd, a member of Forensic/Strategic Solutions, who spoke about school fraud last year at a conference for school district auditors in Minnesota sponsored by the Minnesota Society of Certified Public Accountants, says a "use it or lose it" budget mentality in many districts is a red flag for fraud. "You hear these horror stories about purchases districts make that they don't really need because if they don't use the money in their budgets, they'll lose it next year," she says. That was a factor in the Wake County transportation fraud, she adds. "The money was in the budget for the transportation department to use, so they ramped up fictitious purchases from a vendor who gave them kickbacks," she explains.

Concludes Melanie Johnson, the consultant in North Carolina: "The school environment is a very trusting network of people, and people are going to trust one another right up to the time they are caught."

Alan Dessoff is a contributing writer for District Administration.

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Lawyers overbilled Elizabeth school board more than $1M, auditor says

Gallery: Elizabeth school board meeting -- June 2016

By Marisa Iati | NJ Advance Media for NJ.com
Email the author | Follow on Twitter
on June 17, 2016 at 4:38 PM, updated June 17, 2016 at 4:39 PM

ELIZABETH -- An ongoing audit of the city school board's past spending revealed this week that a law firm allegedly overbilled the district by more than $1,000,000.

The district hired Hackensack-based Pashman Stein Walder Hayden in June 2011 to work on six matters, auditor Dieter Lerch said Thursday. The board created contracts with the three lead attorneys for hourly rates of $500, $400 and $425.

Several other members of the firm who represented the district, however, had no contract and charged hourly rates ranging from $175 to $450, Lerch said. The board usually pays lawyers $165 per hour.

"Had the district been billed for all the attorneys at $165 an hour, except for those three lead attorneys that were approved specifically [at higher rates], the district would have been billed $1,069,218 less than what it actually paid," Lerch said.

The district ceased working with Pashman Stein in January, when mayor-backed members gained the majority on the politically divided school board.

On Friday, the firm's managing partner denied that Pashman Stein had excessively billed the district.

"We welcome a fair and objective review, which will demonstrate that all billing was authorized, appropriate to the task at hand and approved by the prior board," Michael Stein said.

Lerch in his presentation also questioned $110,000 in unemployment benefits paid to more than 20 people during the summer of 2015. All of those people had been employed by the district before then, he said, and most were still employed the following fall. Many were tenured.

Lester Taylor of the law firm Florio Perrucci Steinhardt & Fader, who is helping with the audit, said the board may be able to recoup some or all of the lost money and would discuss that process in closed session.

School board president Charlene Bathelus on Friday said the audit, which began in January, was meant to ensure taxpayers get value for their money.

"Past practices, past policies and past payments will continue to be reviewed," she said.

Elizabeth's $507M schools budget: 45 new teachers, no tax increase

The district expects state and federal aid to increase very slightly from this school year to the next one.

Previous presentations about the ongoing audit have shown the district paid $350,000 in health benefits to ineligible employees and significantly overpaid certain vendors. The audit also has suggested that someone altered board agendas to change payments to a corrupt lumber company.

The board has submitted the auditors' past findings to law enforcement officials, including the Union County Prosecutor's Office, for evaluation of whether anyone had acted illegally.

Elizabeth Public Schools are no strangers to allegations of mismanagement. Previous investigations have suggested pervasive corruption in the district, which is funded mostly by state and federal aid.

Madame Chair, Board

We have been hearing a lot these past few weeks about why the Beaufort County School District should have a forensic audit conducted.

First, you needed to know the difference between an audit that is performed by a company under contract to the District and a forensic audit. That was explained to you in detail. The Charleston audit firm hired by Beaufort School system also audits over 10 schools in SC and received this school contract in 2014. With the hundreds of firms that could do this, why choose this one? Also, if this firm had a five year contract previously for Beaufort schools, was fair bidding and procurement laws followed? I have asked for all bids over last 10 years under FOIA laws and have not received any response

We shared with you an article from The District Administrator, a publication for school district leaders. It states "It's no surprise that school districts are as vulnerable to fraud as the private sector or any other segment of government. Crimes in districts include collusion with outside vendors who provide kickbacks to employees, misuse of district-issued credit cards, embezzlement of district funds, and theft of district property."

One of our residents of Beaufort County has been giving you examples of charges to the District's Bank of America credit card, commonly called the P-card. Some of these charges need to be looked at in more detail during a forensic audit. And the fact that the card is now linked to the third-party entities, Pay Pal and Square, make the account even harder to untangle.

The reason for an enormous increase in the use of the card in the past 4 years is also an issue that a forensic audit can address. Why has the average yearly total of charges gone from $12 million in Fiscal Year 2012 to over $23 million this Fiscal Year and still counting?

When a FOIA request was made asking for the details of the benefits or rewards that have been accrued over the past four years, the request was denied by saying it did not meet the FOIA requirements. This credit card is like any household card. There is a reward program in place. In fact, the Superintendent has publicly said that the District has received monetary benefit. Yet, at the same time, he refuses to share the details. How much has the District saved these past 4 years? Who has been the beneficiary of these benefits?

In an email yesterday, this same resident pointed out many suspicious charges. One that has been receiving a lot of attention are the 2 charges made on the credit card to Victoria's Secret. How can a charge to this store ever be justified to appear on a school district credit card? Did one of the many card holders use it by mistake when making a personal purchase? If so, how many other charges have been made with that card that were made in error?

In April of this year, the charges on the card came to more than $2.3 million. The total number of transactions was nearly 1500. Who is keeping track and verifying all of these transactions? Remember, these transactions do not require a purchase order. Who is responsible to insure the goods or services were received and, if they were received, where are the goods?

The card is to be used for only small purchases and it is against the Policies and Procedures associated with the card to split transactions on the same day. The District's own policies are being violated over and over every month.

Now, as I understand it, the subject of a forensic audit is to be taken up by the Finance Committee. At least that is what the Chair has proposed. The time for this subject is well past being taken up in committee. It must be done ASAP. With a budget of over $220 million, if you do not order a forensic audit at once, it shows the public/taxpayers that you have something to hide.

TEXAS SCHOOL ADMINISTRATOR MUST PAY BACK EMBEZZLED $500,000

63 0

File Photo: Kim Brent/The Enterprise

by MERRILL HOPE | 9 Jun 2016 | 28

A Texas school district administrator, who pleaded guilty to fraud and conspiracy charges, must pay back $500,000 she embezzled. This is part of a sentence where she will also serve 40 months in federal prison for falsifying standardized test scores.

On Wednesday, June 8, U.S. District Judge Thad Heartfield ordered Patricia Adams Lambert to repay $500,000 she siphoned from a variety of CMMHS sources between 2007-12 — the booster club, a student activities account, college credit courses, and

On Wednesday, June 8, U.S. District Judge Thad Heartfield ordered Patricia Adams Lambert to repay $500,000 she siphoned from a variety of CMMHS sources between 2007-12 — the booster club, a student activities account, college credit courses, and on-campus snack concessions. Lambert, 62, worked for the Beaumont Independent School District as an assistant superintendent and previously served as principal at the district's Central Medical Magnet High School (CMMHS).

A federal grand jury originally indicted Lambert on four counts of fraud and one count of conspiracy. Prosecutors claimed she embezzled more than $750,000 in funds and goods from the students, parents, and the school district while she was CMMHS principal, according to the *Beaumont Enterprise*.

The federal government agreed to drop the three other fraud charges in exchange for her guilty plea on one fraud count. She pleaded guilty late in December 2015 to the single count of fraud on programs receiving federal funds and one count of conspiracy to submit false statements concerning standardized test scores.

Then, in February 2016, prosecutors determined she only stole $500,000 from Beaumont ISD. The evidence showed Lambert diverted school district dollars for shopping sprees at Dillard's department store, vacations to the Bahamas, a home remodel, and the purchase of a silver Lincoln MKX.

Lambert was ordered to pay 25 percent of her monthly retirement income to repay the $500,000 debt as part of the plea agreement. The sentencing memorandum shows 25 percent was "the maximum amount allowed by law from those two sources of income to her restitution judgment." The document identified Lambert currently receives $4,018 a month from two state-run teacher pensions — $2,379 from the Louisiana teacher retirement system and $1,639 from the Texas system. Based on these figures, Lambert would pay about $1,005 a month to Beaumont ISD. It would take her over 41 years to repay the debt — without any interest.

Lambert must report and pay for any of the outstanding debt through inheritances, personal injury or divorce settlements, gifts, tax refunds, bonuses, lawsuit awards and even gambling and lottery winnings, or even, found money, after her prison release. The deal capped her incarceration time at 40 months, avoiding a 15-year maximum federal prison sentence she faced on the two charges, the *Enterprise* added.

Heartfield sentenced her to the 40 months for falsifying test scores on the state's annually administered standardized exam. That test, the Texas Assessment of Knowledge and Skills (TAKS), preceded the current State of Texas Assessments of Academic Readiness (STAAR) end-of-course exams. Texas, like other states, was mandated to implement year-end testing under the No Child Left Behind (NCLB) Act to receive federal funding.

Beaumont ISD hired Lambert in June 2002. By August, they promoted her to assistant principal at Vincent Middle School. Two years later, the district bumped her up to principal status at French Middle School, followed by CMMHS in 2006. As principal, her responsibilities included managing personnel; ensuring proper reporting of grades, testing, and attendance to Beaumont ISD administration; and financial oversight for certain aspects of the campus. The district again promoted Lambert in May 2012 — to assistant superintendent.

According to a press release issued by the U.S. Attorney's Office, Eastern Division of Texas, between 2007-12, as CMMHS principal, Lambert "created a culture" among faculty and staff "where cheating on standardized tests was accepted," noting she falsified "Oaths of Test Security and Test Confidentiality" principals and test administrators had to sign. The Texas Education Agency (TEA) required that teachers abide by these oaths. Test results were provided to the U.S. Department of Education.

However, Lambert "either directly or indirectly" encouraged teachers and staff to manipulate students' test scores or "had knowledge that cheating occurred," the U.S. Attorney's release stated. Lambert signed and submitted the oaths, which falsely claimed the test requirements were met.

During her sentencing, Lambert broke down and cried. She said: "The past four years have been unbelievably shameful and hurtful." She also stated: "The saddest part…my mother and children are here to witness this," Beaumont's KBMT 12 reported. The U.S. Marshals Service took Lambert into custody immediately after the hearing.

Lambert's husband, Howard, left the federal courthouse cursing at news media who tried to interview him, the Beaumont TV news outlet tweeted.

Lambert's husband came out of courtroom with nothing much else to say other than cursing at media. @12NewsNow pic.twitter.com/BMKr2HNnZx

— Rebeca Trejo (@12NewsRebeca) June 8, 2016

Former Beaumont ISD math supervisor Victoria Gauthier Steward, 31, was also sentenced on Wednesday. The Louisiana native worked under Lambert when Lambert was principal at CMMHS. Steward pleaded guilty in December to conspiracy to make false statements in connection with her role in falsifying standardized test scores. She was sentenced to three years of federal probation and 300 hours of community service, the *Enterprise* also reported.

Two other Beaumont ISD schools are under federal investigation for similar cheating scandal allegations but, according to the Beaumont newspaper, U.S. Attorney John M. Bales did not name the campuses or other individuals suspected.

In 2014, Breitbart Texas covered an unstable Beaumont ISD reeling from a $4 million employee embezzlement scandal. It ended with the indictments of its former finance director, Devin McCraney, and comptroller, Shakira Baksh Allison, on federal charges, 19 counts including conspiracy and 18 counts, of fraud.

Other district governance problems led to a TEA investigative financial report which recommended ousting the existing school board in an attempt to stabilize the ailing district. That July, the agency took over Beaumont ISD, appointing a temporary board of managers. They can remain in place for up to two years before the school district may install a school board through an election.

WATCHDOG DEC 9

Dishonor roll: Former FBI agent turned Texas public school investigator sees corruption up close

Dave Lieber, The Dallas Morning News

A retired FBI agent saw The Watchdog's recent report on school board members' groupthink mentality and a big reason for that — undue influence of the Texas Association of School Boards.

My reporting touched a nerve for Don Southerland Jr., the former G-man. The Plano man contacted me.

He spent the last four years conducting forensic accounting investigations in troubled Texas public school districts. Don is also a certified public accountant and certified fraud examiner.

Groupthink weaknesses and poor training lead to leadership failures and ultimately to corruption, the investigator says.

Summary of his findings in those four districts: "Numerous programs were fraudulent. School boards were incompetent. Superintendents were corrupt."

Texas ISDs are little empires responsible for most of your property tax bill. They are run as monarchies by kings (superintendents) and their top servants (school boards). The problem is it's supposed to be the other way around.

WATCHDOG

State lawmaker says Texas school board members get 'indoctrination' into groupthink culture

Independent school districts are also usually the largest employer in town. Except in the rarest of instances, ISDs are unstoppable.

He sees patterns

After sticking his nose into school districts' business, Don says he began to see patterns of behavior like what I've witnessed reporting on Texas ISDs for more than two decades.

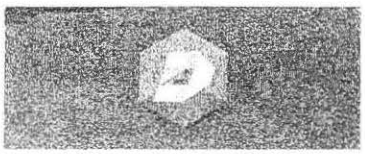
"The consistent theme between all these school boards and superintendents is they say, 'This is for the kids.' And none of it is for the kids," Don says.

"These superintendents are resume builders. They get these bond offerings. They build buildings and put their names on them."

The crux of the problem, he suggests, is that the 1,100-plus school boards across the state, are too heavily influenced and reliant upon the Texas Association of School Boards, nicknamed TASBY.

TASBY is an unregulated nonprofit, where dues are paid with taxpayers' money for training, conferences and memberships.

TASBY is led, in part, and heavily influenced by former superintendents.



WATCHDOG

Watchdog: Texas school boards team up against change

When major budget cuts struck the true regulator — the Texas Education Agency in

Austin — TASBY filled the void as a provider of services that include a purchasing co-op, insurance offerings and legal services.

If the system works as well as the state's powerful educational lobby pretends that it does, and TASBY is such a good instructor of values and governance, as it purports to be, then why do districts get into trouble?

Dysfunctional school boards

For Don, it's a roll of dishonor.

El Paso. Beaumont. Hearne. Sabine.

Don, 57, rolls into town as an outside consultant and checks into a motel. For the El Paso and Beaumont investigations, he and his team spent a total of six months living in town. Some folks knew why they were there.

"When you go into a local diner in a suit and a tie, you get labeled as an outsider. When the investigation is in the newspaper, they put two and two together."

El Paso ISD

"Let's start with El Paso," he told me in an interview this week. "Prior to us arriving, the superintendent had already been indicted and pleaded guilty to a grade-cheating scandal. We were hired to see how deep the cheating scandal went.

"We found the cheating scandal was deeply rooted in the administration. About 10 administrators have been indicted — from assistant superintendent to assistant principals, directors and principals — and half have pleaded guilty ."

The responsibility for administration failures goes to the king superintendent, but

school boards are supposed to oversee the kings. They often aren't trained how to do this, critics say, and subsequently, they don't always do a good job.

"Because of our investigation, the board of trustees was removed and a board of managers was appointed by the commissioner of the Texas Education Agency." That's cleaning house.

Beaumont

In Beaumont, the consultant's final report hasn't been released. But public records show that there was a $388 million bond issue. Of that, $29 million was earmarked for a new football stadium. But without public knowledge, the district spent $47 million on the stadium.

The board of trustees voted to put the superintendent's name on the stadium, which faces Interstate 10 for all the world to see.

All hail the "Carroll A. 'Butch' Thomas Educational Support Center" — also known as a 10,600-seat football stadium.

His auditing team was hired not by the trustees, who lost their jobs in a state takeover, but by a replacement board of managers. (That's the second most serious

discipline available to handle poorly functioning school districts. The worst punishment is dissolving a district.)

Hearne

Hearne, a little ISD near Bryan with only 900 students, has had five superintendents in five years. The last one, Raul Nuques, promised to clean up a culture of corruption. He hired Don and his team to conduct a fraud audit.

The audit recommended the dismissal of several employees who were friends and family of the board. For that, he says, Nuques was fired. The TEA now recommends dismissal of the entire board, to be replaced by a board of managers.

Sabine

Sabine ISD is in Gladewater in East Texas. Don was hired to investigate allegations by board members of corruption by the administrators. He found that the superintendent and some board members failed to disclose conflicts of interest. (Read his report here.)

The superintendent's daughter was hired by a Fort Worth architectural firm selected to build a new elementary school in the district. But her job as a marketing person for the firm was not disclosed to the school board or the state, as required.

A school board member's brother-in-law was hired by the district to drill water wells. That wasn't disclosed by the board member either.

The superintendent failed to disclose gifts from vendors. He also filed false statements to the state attorney general's office claiming he turned over open records requests. But that wasn't true.

The superintendent was caught withholding public records. That's a crime in Texas.

Based on Don's findings, for which he called on TEA for interpretation of the rules, the school board started the process to fire the king. But a new school board came in, and with advice from TASBY's legal division, rescinded the firing.

That's the crux of the former G-man's argument against the system. His solution is to strengthen the powers of TEA at the expense of TASBY's too-powerful influence.

"TASBY does not need to be the interpreter of TEA regulations," he says. "TEA regulations should be clear and transparent. I strongly urge the Texas Legislature to better fund TEA so that they can enhance their regulatory duties."

Do it for the kids, he says. Not the adults.

Staff writer Marina Trahan Martinez contributed to this report.

Check out The Watchdog Mondays on NBC5 at 11:20 a.m. talking about matters important to you.

Don B. Southerland Jr., a retired FBI agent and current forensics accounting investigator. uses his investigative skills to expose

More education stories from The Watchdog

Watchdog: Crying poverty from inside Frisco ISD's Grand Palace

Watchdog: Texas school boards teams up against change

Watchdog: State lawmaker says Texas school board members get 'indoctrination' into groupthink culture.

corruption in Texas school districts. (Rex C. Curry/Special Contributor)

You can't afford to miss The Watchdog. Follow our latest reporting always at **The Watchdog page.**

Watchdog Dave Lieber of The Dallas Morning News is leader of Watchdog Nation, which shows Americans how to stand up for themselves and become super consumers.

VIEW COMMENTS

Topic:	EDC Agreement with SouthernCarolina Alliance
Date Submitted:	June 12, 2017
Submitted By:	Stu Rodman
Venue:	Council Regular Session

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AGREEMENT

Intro

… entered into by and between the SouthernCarolina Regional Development Alliance (ALLIANCE), Beaufort County (COUNTY), and the Beaufort County Economic Development Corporation (EDC), which together comprise the PARTIES.

WHEREAS the COUNTY has designated the EDC to represent it in matters of Economic Development.

WHEREAS the ALLIANCE and the EDC will jointly serve as the County Economic Development Team (TEAM) on behalf of the COUNTY, adding others as needed on a case by case basis.

WHEREAS the South Carolina Department of Commerce may elect to deal with either the ALLIANCE and / or the EDC as it primary point of contact.

WHEREAS the primary objective of PARTIES is primary job creation, expansion, and retention.

WHEREAS the PARTIES are committed to working together to improve the perception of the COUNTY with respect to economic development.

Services

The ALLIANCE agrees to perform the following services for the COUNTY & the EDC:

- **Recruitment to attract job-creating investments to include:**
  1. **Preliminary research**
  2. **Prospect identification**
  3. **Marketing strategies**
  4. **Marketing**
- **Prospect management to include:**
  1. **Sales strategies**
  2. **Interface with the County and State**
  3. **Incentives**
  4. **Negotiations**
  5. **Closing**
- **Product development to include:**
  1. **Site evaluations**
  2. **Site enhancement strategies**
  3. **Site development**
  4. **Marketing**

The ALLIANCE, as requested, will assist the EDC with its programs, initiatives, and responsibilities to include:

1. **Business retention**
2. **Existing business expansion**
3. **Local alliances with the Chambers and others**
4. **Infrastructure development**
5. **Local programs**
6. **Public education**
7. **Community development**
8. **Other EDC initiatives**