

LOWCOUNTRY COUNCIL OF GOVERNMENTS  
BOARD OF DIRECTORS MEETING  
October 23, 2008  
6:30 p.m.

MINUTES

PRESENT:

ABSENT:

**BEAUFORT COUNTY:**

Steven Baer  
Gerald Dawson  
Herbert Glaze  
Mary Beth Heyward  
Hank Johnston  
William McBride  
Joseph McDomick  
James Outlaw  
John Safay  
Laura Von Harten  
George Williams

Donnie Beer (Proxy to L. Von Harten)  
Catherine Ceips

**COLLETON COUNTY:**

Esther Black  
Joseph Flowers  
Vic Nettles  
Evon Robinson  
Gene Whetsell  
George White  
Bill Young

Burley Lyons

**HAMPTON COUNTY:**

Frankie Bennett  
Jimmy Bilka  
Lloyd Griffith  
Pete Hagood  
Buddy Phillips  
Nat Shaffer

J. L. Goodwin

**JASPER COUNTY:**

Henry Lawton  
Roy Powell

Al Cleland (Proxy to G. Hodges)  
George Hood (Proxy to B. McBride)  
Isaiah Orr (Proxy to T. Orr)

**GUESTS:**

Terri Crosby, Town of Cottageville; Celia Price, guest of Esther Black; Craig Forrest with Lowcountry Regional Transportation Authority; Mayor Gary Hodges representing Al Cleland; Lesley Kelly with McGregor & Company; Teareather Orr representing Isaiah Orr; Mike Sullivan with SCDOT

**STAFF:**

Chris Bickley, Ginnie Kozak, Sherry Smith, Carol Stonebraker

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Chairman Heyward called the October 23, 2008 Lowcountry Council of Governments regular board meeting to order at 6:30 p.m. and led the Pledge of Allegiance. Evon Robinson gave the invocation, and introduction of guests and staff followed. Minutes of the July 24, 2008 meeting were unanimously approved on motion by Henry Lawton with a second from Esther Black. Proxies presented by the Executive Director included Donnie Beer to Laura Von Harten, George Hood to Bill McBride, Al Cleland to Ridgeland Mayor Gary Hodges and Isaiah Orr to Teareather Orr. All were general proxies. The meeting proceeded after determining a quorum was present.

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There were no items of Old Business. Chairman Heyward addressed New Business and recognized Lesley Kelly with McGregor & Company to present the FY 2007-2008 Agency Audit. Copies of the audit were in meeting packets. Chris Bickley announced it was the final audit in a three-year engagement with McGregor & Company and that audit services would go out for bid with board action to select a new auditor next spring. Ms. Kelly stated that the audit had been conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. She reviewed the audit report and financial statements, noting that it was a clean, unqualified opinion with no material weaknesses found.

Ms. Kelly reported one finding detailed in the report (Item 2008-1, page 40) concerning lack of documentation related to Economic Adjustment Assistance loans that, although requiring remedy, was not a material weakness. She reviewed the auditor's recommendation noting LCOG agreed with the finding and had implemented a corrective action plan that would on all future loans require and keep on file documentation of the borrower's inability to secure credit through traditional means to finance the project. Staff would continue working with EDA to remedy that requirement for existing loans. Discussion followed. Chris Bickley asked Ms. Kelly if anything was found during the course of the audit that he and the board needed to know. Ms. Kelly responded that, beyond what was reported, no. Hank Johnston moved to accept the report as information, Jim Outlaw seconded and the motion carried with all in favor.

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Chairman Heyward recognized Chris Bickley to present the Lowcountry Regional HOME Consortium Consolidated Annual Performance and Evaluation Report (CAPER) for FY 2007-2008. A summary was mailed to board members prior to the meeting and included in meeting packets with the full 25-page report available on request. Affordable Housing Manager Barbara Johnson was unable to attend the meeting. Chris presented the summary as written and asked the board to approve the report as governing body of the Lowcountry Regional Home Consortium. Joe Flowers moved to approve the report, Jim Outlaw seconded and the motion carried with all in favor.

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The Chair recognized Transportation Committee Chairman George Williams to review Lowcountry STIP Intersection Improvement Projects and report on the Transportation Committee meeting held earlier that day. Copies of the COG's Preliminary Multi-Modal Transportation Project (STIP) List and a map of Potential Intersection Improvement Projects were included in meeting packets. Mr. Williams reported that the committee recommended removing two Colleton County intersection improvements from the list because they had already been funded by SCDOT. It ranked the other eight projects and asked staff to obtain data updates from SCDOT before presenting the projects to the board for consideration in January. The committee also requested that staff obtain information from SCDOT about widening Highway 17 between Highway 170 to the Georgia State line as part of the Jasper Port transportation requirements. No projects were recommended or approved for addition to the STIP.

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Chris Bickley was recognized to present the Comprehensive Economic Development Strategy (CEDS) annual update for board review. A copy of the Course of Action Plan listing projects eligible for EDA funding in the region was mailed to board members prior to the meeting and included in meeting packets with the complete 44-page document available on request. Noting it was a minor annual update, Chris submitted the plan as written and asked that local government representatives notify staff if there were other economic development projects that should be added to the list—a project must be on the list in order to request EDA funding. Staff recommended approval. John Safay suggested that the Title IX

loan program be reevaluated at a future meeting. Joe McDomick moved to approve the plan, Henry Lawton seconded and the motion carried with all in favor.

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Chairman Heyward recognized Sherry Smith to present the Title IX Revolving Loan Fund (RLF) Semi-Annual Report. A summary of RLF operations and a draft certification resolution were included in meeting packets. Sherry reported significant progress on the program's corrective action plan and other management improvements: loan administration software had been purchased and installed, staff training completed, existing loan data entry into the new system was underway, and the system should be fully operational within a few weeks. Reconfiguration of the Loan Review Committee would occur before resuming new loan activity.

Sherry reported two important issues she and Michelle Knight identified during training hosted by the EDA Regional Office in Atlanta. The COG had been remiss in not requiring formal bank turn-down letters as a loan prerequisite and keeping them on file. It was also learned the COG had previously reported RLF expenses under the wrong CFDA number on the Schedule of Expenditures of Federal Awards. Sherry noted EDA had not notified the COG of that error over several years of reporting. Under the correct number, the RLF Program is considered a major program under auditing standards. Staff reported those deficiencies to management and the auditor, and the program was audited during this year's audit resulting in the finding on missing documentation presented by Ms. Kelly during the audit review. Sherry said procedures were now in place to prevent recurrence and that the COG was working with EDA to remedy the audit finding relative to existing loans and to go forth in compliance.

Sherry reported that she and Michelle had met with the EDA regional representative to discuss the COG's loan portfolio and actions taken on specific loans. The RLF portfolio had shown some improvement, and Sherry reviewed current status. With corrective action in place, staff recommended that LCOG continue operating the RLF Program as a viable regional economic development asset. Sherry requested board action adopting the proposed certification resolution regarding the RLF Plan—an annual requirement by EDA. Hank Johnston questioned the wording of Resolution Item No. 2., and Chris Bickley explained the statement did not refer back to EDA regulations but to the COG's RLF plan, and it was in compliance. Hank Johnston then moved to adopt the resolution, and Jim Outlaw seconded the motion. Chairman Heyward called for discussion during which Chris Bickley gave a brief program background and responded to questions about the program: The resolution refers to target criteria/status outlined on the resolution attachment; the program has been marketed through bank referrals and lending agencies such as SBA; however, the corrective plan included a concerted marketing effort; staff and the Loan Review Committee review applications and make recommendations to the board with all loans approved or denied by the full board; and, the Loan Review Committee consists of one LCOG Board member from each county, a banker, an attorney, an accountant and one other professional representative. General consensus of the board was that, although it held concern about some loans, it agreed with corrective action and to cautiously go forward to retain and strengthen the program because of the great need for those funds in the region. Chairman Heyward called for a vote on the motion to adopt the plan certification resolution and it passed with all in agreement.

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The Chair recognized Chris Bickley to discuss the LCOG Building Expansion Project. Chris reviewed the project memo. He expressed reluctance to proceed with expansion based on current economic concerns and recommended re-looking at the project in January and again in April 2009 to reassess plans. Comments were heard, and Joe Flowers moved to delay the COG building expansion. Esther Black seconded the motion, and Chairman Heyward allowed discussion to continue during which Jim Outlaw commended staff for being financially prudent. Chris Bickley reviewed interim alternatives. The Chairman called for a vote, and the motion carried by majority with one dissenting vote from Nat Shaffer, who noted that such action only makes the economic situation worse. Noting the need for the board to discuss projects and other matters of importance, Pete Hagood suggested reverting to the previous monthly meeting schedule. No action was taken.

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Sherry Smith was recognized for the September Finance Report. Sherry reviewed the report noting Operations was low in part due to writing off one loan. The variance to State restricted revenue was due to Aging Program dollars not yet received from the State, but expected the following Tuesday—funds that represented pass-through dollars to aging services contractors not affecting the COG's bottom-line status. Chris Bickley commented on the higher than usual accounts receivable that he understood was due to the State changing over to a new accounting system—the COG normally would show one month Aging Program receivables but this report included two months. Joe McDomick moved to receive the report as information, Pete Hagood seconded and the motion passed unanimously.

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Chris Bickley was recognized to present the Community and Economic Development Report for Michelle Knight, who was out of town. Copies were in meeting packets. Chris submitted the report as written noting the COG had 44 active projects and six in application process. Hank Johnston moved to receive the report as information, Jimmy Bilka seconded and the motion passed unanimously.

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Chairman Heyward asked Chris Bickley to continue with the Director's Report. The report was mailed to board members prior to the meeting and included in meeting packets. Chris reviewed selected items. He reminded board members of the upcoming annual SCARC conference in November and announced that Bill McBride would be installed as the new SCARC president at the conference. Chris reviewed the COG's anticipated cuts in state budget line-item appropriations. He also commented on other handouts including the 208 reports and Lowcountry unemployment rates and labor force charts. Evon Robinson moved to accept the Director's Report as information, Henry Lawton seconded and the motion passed unanimously.

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During Council Time Chairman Heyward asked the board to consider having a potluck dinner at a future meeting.

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With no additional business to address, and on motion duly made, seconded and approved, Chairman Heyward adjourned the meeting at 8:10 p.m. Copies of the agenda were distributed prior to the meeting. A notice of the meeting was posted on the LCOG bulletin board at least twenty-four hours prior to the meeting.

Respectfully submitted,

L. Chriswell Bickley, Jr.  
Executive Director

Attachments