

**WAYS & MEANS COMMITTEE MEETING
KIAWAH ISLAND MUNICIPAL CENTER
1ST FLOOR CONFERENCE ROOM
August 4, 2008, 8:00 AM**

Minutes

I. Call to Order: Mayor Wert called the meeting to order at 8:00 AM.

II. FOIA: Notice of this meeting has been published, and posted in accordance with the Freedom of Information Act and the requirements of the Town of Kiawah Island.

III. Roll Call:

Present: William G. Wert, Mayor
Alan Burnaford, Councilman

Also Present: Tumiko Rucker, Town Administrator
Kenneth Gunnells, Town Treasurer
Catherine Wilson, Town Clerk

Absent: Steven Orban, Chairman

IV. Minutes

A. Ways & Means Committee Meeting – June 30, 2008

Mr. Burnaford motioned to approve the minutes; Motion seconded by Mr. Burnaford. Mayor Wert replaced “Donald McIver, Jr.” with “G. Steven Orban” on the signature line for approval. With those changes, the minutes were approved unanimously.

V. Old Business

None

VI. New Business

A. Election of Chairman

Mayor Wert motioned to elect Mr. Orban as the Ways and Means Committee Chair. Mr. Burnaford seconded the motion. Motion carried unanimously.

B. Charlotte Allen, CPA, CFE of Bryan, Truesdale, Adkins & Williams, PA

Mrs. Allen stated that this meeting met the Statement on Auditing Standards 114 requirement of communication between the auditing firm and those charged with governance. She introduced herself and welcomed any questions from the committee members. She also requested that if the Council had any specific questions or concerns that they contact her personally. Mrs. Allen stated that the auditing firm will test the internal controls and assess the financial statements. Mrs. Allen stressed that management is responsible for the design of internal controls. The Town has been through the confirmation process with the auditing firm and the audit has started. The auditing firm will be in-house within three weeks to begin their field work and the audit is due by October 1, 2008.

C. Restricted Fund/SCDHEC Grant

Mr. Gunnells explained that in order to account for the \$40,000 SCDHEC grant award, the Town should create a new fund group entitled "Restricted Fund". Mr. Gunnells also recommended that the Town move \$40,000 from contingency to the restricted fund and that the \$40,000 be authorized for expenditure as permitted in the SCDHEC grant and the SATAX fund. The SCDHEC grant will reimburse the Town's \$40,000 expenditure.

The funds will be used to purchase a new Tool Cat machine and to solid waste expenditures as outlined in the grant application. Mr. Gunnells explained that the Tool Cat was approved in the SATAX budget.

Mr. Burnaford motioned to recommend to Town Council the approval of a new fund entitled, "Restricted Fund", the reallocation of \$40,000 from contingency to the new Restricted Fund and the expenditure of funds from the Restricted Fund. Mayor Wert seconded the motion. Motion carried unanimously.

D. Policy Amendments to the Building Code Regulations

Mrs. Rucker explained that the Town's Building Code, Article 9, automatically adopts the Counties Building Code and any revisions. Effective July 1, 2008, the County adopted a new policy regarding business licenses and permits. The revision requires a permit fee of \$25.00 for the following trades: vinyl/aluminum siding, insulation, masonry, carpentry, stucco, low voltage electrical, landscaping/site development, painting/wall paper hanging, floor covering installation, drywall hanging/repair, roofing, fire (suppression and fire alarm systems), burglar alarms, swimming pools, signs, and elevators. Charleston County will be responsible for collecting all permit fees and business license fees associated with these trades anytime work is done in the Town of Kiawah Island. The County will remit to the Town of Kiawah Island a portion of the permit fees and 100% of the Business License fee as calculated using the Town's rates for the corresponding trade.

This item required was submitted for informational purposes only and did not require an ordinance change. It will be forwarded to Town Council for informational purposes, as well.

E. Kiawah Island Nature Conservancy

The Kiawah Island Conservancy presented a request for \$100,000 as budgeted in the Town's 2008-2009 budget for land preservation. These funds will be applied towards the preservation of lot 66 Blue Heron Pond Road, Kiawah Island, SC.

Mr. Burnaford motioned to submit to Town Council the approval of a disbursement of \$100,000 to the Kiawah Island Conservancy as budgeted in the Town's 2008-2009 Budget. Mayor Wert seconded the motion. Motion carried unanimously.

F. Barrier Islands Free Medical Clinic, Inc

The Barrier Islands Free Medical Clinic, Inc., presented a request for additional matching funds of \$20,000 to match the golf greens and carts donated by KRA. Mayor Wert stated that during the July Town Council meeting, Council approved a donation of \$30,000 as a funding match.

Mayor Wert motioned to recommend to Town Council the approval of the original \$30,000 donation to the Barrier Island Free Medical Clinic, Inc. as accrued from the Town's 2007-2008 Budget and to deny the request for in-kind matching funds for \$20,000. Mr. Burnaford seconded the motion. Motion carried unanimously.

G. HVAC System

Mr. Gunnells stated that the Town published an RFP for the replacement of two HVAC units. The following companies submitted qualified bids: Berkeley Heating and Air Conditioning, Lonzie and Allen, LLC. and Signature Heating and Air. Based on staff evaluation, it was recommended to approve up to \$12,000 for two Carrier Sea Coast 5 ton 14 seer machines using R-410a refrigerant from Berkeley Heating and Air.

Mayor Wert motioned to recommend to Town Council the approval of up to \$12,000 for the purchase of two Carrier Sea Coast units from Berkeley Heating and Air. Mr. Burnaford seconded the motion.

Mr. Burnaford explained that because the Town has plans to replace all of the HVAC units at the Municipal Center, from a financial perspective, it seems the Town should replace all units at this time if the prices are as competitive. Mrs. Rucker explained that due to the total cost of four additional units, the Town is required to seek bids and the funding would come from contingency since this was unbudgeted. Mayor Wert instructed staff to contact Berkeley Heating and Air to enquire about the pricing of four additional units.

Mayor Wert amended his motion to explain that if Berkeley Heating and Air agreed to price four additional units at \$5,374 per unit (originally submitted bid price quote) that he would motion for Town Council to approve the expenditure of the required funds from contingency to cover the cost of the four additional units. Mr. Burnaford seconded the amendment. Motion carried unanimously.

VII. Chairman's Report

No report.

VIII. Treasurer's Report

Mr. Gunnells stated that the Town's financial affairs are in good shape and everything is up-to-date. The Town is producing financial statements in-house this year and saving over 50% of the cost compared to previous year audits. This is the first year the Town has produced all financial statements in-house.

Mr. Gunnells announced that the Town has been notified that the popular report and debt policy will be receiving award recognition.

Mr. Gunnells asked for direction on the Town's option to pay for the Parkway Project in cash or issue a bond. Mayor Wert explained that the Town's stance at this point is to pay for the project by issuing a bond. Mr. Gunnells stated that financially, the bond option makes more sense because he can obtain a higher rate of return on cash investment than the interest rate on the bond. Mr. Gunnells explained that he can obtain a 5% return on investment and the bond has a 3.5% interest rate. Mayor Wert instructed Mr. Gunnells to invest the excess monies and pursue the bond with Wachovia Bank.

IX. Committee Member Comments:

X. Public Comment:

None

XI. Adjournment

Mr. Burnaford motioned to adjourn the meeting at 8:47 AM. Mayor Wert seconded the motion. Motion carried unanimously.

Submitted by,

Catherine Wilson, Town Clerk

APPROVED:

G. Steven Orban, Chairman

Date:_____

CC: Ways and Means Committee

Town Council
Tumiko Rucker, Town Administrator