

Walterboro City Council
City Hall
January 4, 2022

Minutes

A Regular Meeting of Walterboro City Council at City Hall on Tuesday January 4, 2022, at 6:15 P.M., with Mayor Bill Young presiding.

Present: Joined in the meeting were: Mayor Bill Young, Councilmembers: Paul Siegel, Judy Bridge, Greg Pryor, James Broderick, Carl Brown, and Ladson Fishburne. City Manager Jeff Molinari, Assistant City Manager Hank Amundson, Finance Director Amy Risher, Utilities Director Wayne Crosby, City Clerk Adrienne Nettles, Police Chief Wade Marvin, and Tourism Director Madison Terry.

Call to Order:

With the above-mentioned Councilmembers present, Mayor Young called the meeting to order, and invited everyone to join in as he gave the invocation. Councilmember Pryor led the pledge of allegiance to our flag.

Swearing-in of Newly Elected Councilmembers:

Circuit Judge Bobby Bonds was in attendance to swear in the following members, Mayor Bill Young, Councilmembers: Carl Brown, James Broderick, and Greg Pryor. Mayor Young stated that he would like to thank the public for electing them to office, and we will work hard to be worthy of the trust and confidence that has been placed in us.

Public Input on Agenda Items:

There was no public input on agenda items.

Public Hearing:

Ordinance # 2021-08, AN ORDINANCE PROVIDING FOR THE ISSUANCE OF AND SALE OF NOT EXCEEDING FOUR MILLION DOLLARS (\$4,000,000) HOSPITALITY AND ACCOMMODATIONS FEE IMPROVEMENT AND REFUNDING REVENUE BOND, SERIES 2022 OF THE CITY OF WALTERBORO, SOUTH CAROLINA; PROVIDING FOR THE ISSUANCE OF BOND ANTICIPATION NOTES; AND OTHER MATTERS RELATING THERETO (Walterboro Wildlife Sanctuary Boardwalk Replacement/Rehabilitation and other Improvements/Refinancing of 2018 Wildlife Center Bond).

City Manager Molinari stated the City put out a request for proposals for financing some improvements to the Walterboro Wildlife Sanctuary to rebuild the boardwalks and to refinance the 2018 Wildlife Center Bond. We have the City Financial Advisor Jeremy Neidfeldt with us who is going to brief the City Council.

Good evening, Mayor and City Council, I am Jeremy Neidfeldt. I will be presenting to you the second financing we have done in the last year. As discussed with staff in November 2021, we recommend given the size of the loan, the term of the loan, and the current market conditions at the time combine and potentially do a refinancing of the current outstanding loan. This strategy was successful. The proposal has the lowest rate by about thirty base points or .3%. In real dollars that is about sixty thousand dollars. This

was a very competitive process. We received three responses to the proposal, and it is set to close next week on Monday with Council approval.

Carol Black a part-time resident of Walterboro asked, is four million dollars the total amount you can borrow and over how long a period?

Mr. Neidfeldt stated that the market dictates your financing capacity, based on what your revenues are. We had set the parameters to not exceed a \$450,000 annual payment. We were able to get a ten-year loan with payments less than \$435,000 a year with a 1.27% rate. It is up to the Council and what they authorize. The four million is set for new money and refunding. A little over two million dollars is for the refinancing of the current loan. The new loan was wrapped around the refinance portion. The Hospitality and Accommodations fees are what's securing the loan. The bank looks at the creditability of the revenue and they dictate the coverage terms for additional terms for the City. For the City to add another two, three or four million would be a stressor and the capacity is not there to do that. There is market restriction on how much capacity there truly is. The four million was approved and that's what we are moving forward with.

Ms. Black asked; if they do borrow the four million dollars at, what point do you project, they can borrow more money?

Mr. Neidfeldt stated you can borrow more money next month; we could structure a loan that wraps around if need be. One of the benefits of this loan is you can refinance it when you do the next transaction. From a practical perspective you only have so many chances unless revenues grow. If they keep building hotels, generating additional revenue over the current base, then you will have additional financing capacity. If you stress the coverage levels the bank will not participate in that.

Ms. Black asked; does South Carolina require that you provide any type of data for the projections of the Hospitality and Accommodations Fee Improvement and Refunding Bond?

Mr. Neidfeldt stated I do not want to misrepresent what the requirements are for the financing. We are required to provide two disclosures. There are no requirements by the State to have additional recording requirement.

Ms. Black asked; so, there is no requirements for this projection?

Mr. Neidfeldt stated we do not use a growth projection; we use most recent audit numbers to provide the coverage level. So, there is sensitivity that we could have a scale back in tourism and we would see reduced sales tax. That is a risk a bank takes. So, the bank knows the market and the credits as we proposed, and they were comfortable issuing a ten-year loan in the amount of four million dollars at 1.27 percent.

Ms. Black asked; what if there is a drop in the amount of revenue coming from the Hospitality and Accommodations, what would happen?

Mr. Neidfeldt stated it is really the banks concern. The city would have to appropriate other funds or if its not a signific loss, there would be sufficient funds. There is a coverage factor that you could see a material reduction in collection and still have the revenues generate enough on an annual basis to cover the debt service. For example, when that rate drops to \$450,000 the bank would like to have discussion about restructuring.

Ms. Black stated that she would like to ask Council to consider lowering the amount of money that has been requested at this time. She stated I see that you are required to have City funds that are already

generated, I assume from the revenue bond to apply for the \$200,000 grant. What I am concerned about is this is so much money for one project. Have you all thought about doing it in phases, perhaps using the money that you already have to redo the boardwalks? I am concerned if there is any tracking information to see how many people visit the Wildlife Sanctuary, there is no tracking data to see how many people use this Sanctuary. Why would we spend this kind of money, if we do not generate enough to cover it? So, in all I am asking if you would consider scaling back the amount which you are borrowing.

Approval of Minutes:

Upon motion of Councilmember Brown, seconded by Councilmember Bridge, the following meeting minutes were unanimously approved:

1. Regular meeting - July 6, 2021
2. Regular meeting – September 7, 2021
3. Special Called Meeting – December 14, 2021
4. Special Called Meeting – December 22, 2021

Old Business:

1. **Ordinance # 2021-08**, AN ORDINANCE PROVIDING FOR THE ISSUANCE OF AND SALE OF NOT EXCEEDING FOUR MILLION DOLLARS (\$4,000,000) HOSPITALITY AND ACCOMMODATIONS FEE IMPROVEMENT AND REFUNDING REVENUE BOND, SERIES 2022 OF THE CITY OF WALTERBORO, SOUTH CAROLINA; PROVIDING FOR THE ISSUANCE OF BOND ANTICIPATION NOTES; AND OTHER MATTERS RELATING THERETO (Walterboro Wildlife Sanctuary Boardwalk Replacement/Rehabilitation and other Improvements/Refinancing of 2018 Wildlife Center Bond).

Motion: Councilmember Broderick; Seconded: Councilmember Pryor

Discussion: None.

Carried: All in favor, except Councilmember Brown, whom had to recuse himself because he is on the board at South State Bank.

New Business:

1. Consideration of Rescheduling the February 1, 2022, City Council Meeting.

City Manager Molinari asked for City Council to move the February City Council Meeting date to February 8, 2022, because February 1st conflicts with MASC Hometown Legislative Action Day.

Motion: Councilmember Brown; seconded: Councilmember Fishburne

Discussion: None.

Carried: All ayes.

2. Notice of 2022 Annual Retreat, Location and Time.

City Manager Molinari stated that City Council will conduct its annual retreat on January 14, 2022, at the Walterboro Wildlife Center.

City Manager's Report:

1. 2022 Capital Project Sales Tax Projects.

City Manager Molinari stated you have a memo in your agenda packet. City Council identified several different projects that they are interested in at last year's retreat. In November of this year, there is going to be another capital project sales tax referendum; staff is recommending that we apply for three projects. The first project is the I-95 Business Loop Project Phase 3. This will extend from the intersection of North Jefferies Boulevard and Bells Highway to the Exit 57 interchange. The second project is the Ireland Creek Revitalization Project. The third are various water and sewer system projects. First, lower, and middle Ireland Creek sewer line improvement. Second, the Northeast Walterboro Water and Waste improvement feasibility design and engineering. Third, Wastewater Treatment plant demolition of structures no longer in use, and fourth, Forest Hills water system improvements. The projected cost of phase three of the I-95 loop project is \$6,802,045. We are still waiting on an estimate from Wood environment and Infrastructure Solutions for the Ireland Creek project. Mr. Molinari stated I should have that no later than next week. For the Water and Sewer System project we are looking at a total of \$6,418,427. As City Council is aware the deadline for submission to the Sales Tax Commission is January 24, 2022. I would like to get everything to the Commission no later than Friday, January 14, 2022. The Sales tax Commission will convene in March to hear presentations on all the different projects and will rate order the projects. The staff recommends the above-mentioned projects be submitted to the Capital Project Sales Tax Commission.

Councilmember Siegel asked, are these projects going to be combined with County projects and other Municipalities request as well?

City Manager Molinari stated yes, we will be competing with the County and other Jurisdictions. What the Sales Tax Commission does is they evaluate the projects and rank order them, based on the amount that the application is for in the amount of money. It is a very competitive process, and we will certainly put our best foot forward with our application and presentations. As you are aware the City has two appointments with the Sales Tax Commission.

Motion: Councilmember Siegel; seconded: Councilmember Broderick

Discussion: None.

Carried: All ayes.

A motion was made to go into Executive Session by Councilmember Pryor, seconded by Councilmember Broderick. Mayor Young explained that City Council would be going into Executive Session to discuss a Contractual Matter – I-95 Business Loop Project Phase 2 and that City Council may take action when they get out of executive session.

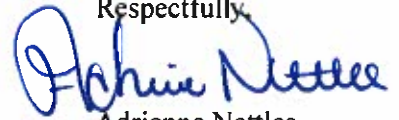
EXECUTIVE SESSION:

1. Contractual Matter – I-95 Business Loop Project Phase 2.

A motion to come out of Executive Session was made by Councilmember Brown, seconded by Councilmember Bridge.

There being no further business to consider, a motion to adjourn was made by Councilmember Broderick, seconded by Councilmember Fishburne, and passed unanimously. Mayor Young adjourned the meeting at 7:14 P.M. Notice if this meeting were distributed with the agenda packets, to all local media, posted on City Hall bulletin boards and on the City's website at least twenty-four hours prior to meeting time.

Respectfully,



Adrienne Nettles
City Clerk