

MINUTES

A Public Hearing and Regular Meeting of Walterboro City Council was held at City Hall on Tuesday, January 24, 2006 at 6:15 P.M., with Mayor Charles H. Sweat, Jr. presiding.

PRESENT WERE: Mayor Charles H. Sweat, Jr., Council Members: Charles Lucas, Bill Young, Johnnie Thompson, Franklin Smalls and Mary Anne Cannady. City Manager Tuck McConnell, City Clerk Betty Hudson and City Attorney George Cone were also present. Council Member Ted Parker was absent.

There being a quorum present, Mayor Sweat welcomed everyone to the meeting and called on Council Member Smalls for the invocation and Council Member Thompson to lead the pledge of allegiance to our flag.

The Mayor then announced a public hearing on the establishment of two separate TIF (Tax Increment Financing) Districts. Before proceeding, he asked the City Manager to explain the meaning of TIF districts. It is noted that 20 or more persons were in attendance at this public hearing. Most of the persons attending the hearing represented the downtown business and/or property owners.

City Manager McConnell explained that a Tax Increment Financing District is used to pay for public improvements in what can be joint public and private endeavors. He used the old Walterboro Motor Sales property as an example. He stated, if that property was available and purchased and we were to put in parking, roads, landscaping, this would be publicly owned. Let's say the price of doing that is \$500,000 as an example. Then, on the rest of the property, a private developer would come in and build shops, maybe apartments, offices, etc., then the taxes that would be created and paid by that developer on those improvements would be used to pay off the bonds that the city would sell to make the public improvements. Also, if you owned property in that district, and let's say your annual taxes are \$200. If your annual taxes went up to \$225, then the annual incremental increase of \$25 would go to help pay for the public improvements.

Mr. McConnell stated that a Tax Incremental Financing District does not increase your taxes at all. They go up, not at all more than they would normally be. The only advantage is, if your property values go up, then the City, the County and School Districts get the same amount of money they have always gotten. The incremental difference goes to retire the debt. TIF's never pay for themselves. A TIF is just a financing vehicle which allows you to sell bonds, which you can't do otherwise. You have to have a method. If you want to sell bonds for major public improvements downtown, then you've got to sell bonds. You can also use a General Obligation Bond. If you can't do a G.O. bond for some reason, then you have to do a TIF. You can also use revenue bonds. So revenue bonds and General Obligation Bonds are your only options. But if you put a TIF in there, then you can pick a particular area that the people in the area wanted to make improvements to, and it gives you a vehicle to repay the bonds.

City Manager McConnell explained that there is a movement in the South Carolina legislature that might have a negative effect upon TIF's. So, we thought it would be smart to get a TIF set up

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for downtown in case something happens in the next 10 years and you want to do some major public and private improvements in the downtown area. He stated you have 10 years to exercise the TIF. This TIF downtown will not be activated now, because there are no current projects associated with it. We had to put some information in the TIF in order to get it done. All the information included in it is just a guess. No one expects it to be anything different.

Mr. McConnell stated that staff met with bond counsel yesterday and they wanted staff to proceed with the public hearing, but they want to reintroduce and rewrite the ordinance on both of the TIF's. He stated that the attorney's would go back and start a completely new package before we start on the TIF's. Staff did not have any problem with this.

In concluding, Mr. McConnell stated that there is nothing carved in stone. You can change it around any way you wish now. He emphasized that this is just a vehicle, it does not and cannot increase taxes in any way other than what you normally pay. The TIF for downtown is one we thought was a smart precaution to take. If the legislation changes it, we'll already have the TIF done, and keep an opportunity to do something big and fancy downtown. By this, we will have the vehicle to finance it.

Mr. Gary Davis, a downtown business owner, wanted to know why the state wanted to change the TIF. Mr. McConnell stated there was a senator at the state level who is pushing the change, who has had a problem with his jurisdiction. He stated this was a personal matter between the senator and his city. He explained there are hundreds of TIF's set up in other states which are operational.

Mr. Charles Rowland stated this sounds like something the city just wants to add to its tool box. What you see on the horizon makes you want to go ahead, move and get it done, so we can use it when it's needed.

Mr. McConnell stated we thought it would be smart to get you a 10-year option and if something comes up in that area that you want to do, then it'll give you an opportunity to do a public/private partnership which has been successful in a number of downtowns.

Mr. McConnell explained that the other TIF district, which involves South Jefferies Blvd. and the Great Swamp Sanctuary is exactly the same thing. It's just a vehicle to raise funds to allow us to sell bonds and pay back the bonds for those public improvements.

Further discussion was held on whether the TIF would raise taxes for the property owners downtown. Mr. McConnell explained that the incremental increase on any taxes downtown would go to pay off the TIF bonds. The school and county would receive their same amount of money.

Mr. McConnell then stated that if the schools and the county decided to "opt out," then their portion of the incremental tax money would not go to pay off the TIF. The money would go straight to the schools and the county. So, they have the option of "participating" or "not participating."

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Mr. McConnell stated that he felt there could not be enough property value increases in downtown to make a substantive difference in reducing a TIF debt.

City Manager McConnell explained that staff will do whatever Council wants to do on this. Staff is just drawing lines on paper, and setting it up to where 5 years from now some project comes down the road, we'll have a way to finance it

He stated that the other option would be to use up the City's General Obligation Bond capacity. The city, at its maximum level does not have enough to make any impact on a big project. This is kind of the only option.

Mr. Joe Williams, downtown business owner, asked where does the money come from to do a project. Mr. McConnell explained that the city would borrow the money and sell bonds. He explained that the city would also guarantee the monies borrowed with its water and sewer revenues. He stated that Council has to come up with a financing package to pay the money back. He explained that if there is a huge project, you might get insurance companies involved, but normally you just get the state's banks involved and right now the interest rate is 3.75% to 4% on TIF money.

Further discussion was held on how the bond payments are guaranteed. Mr. McConnell told the business/property owners that this has nothing to do with your property now, at all. He explained that as a rule of a thumb, cities borrow at a tax-free rate, which is about 1/2. If we borrow at 3.75%, you are looking at 7% or higher.

Dr. Lori Campbell, local veterinarian and business owner, asked how basic costs which increase from year to year would be absorbed. Mr. McConnell explained that if a person is paying \$200 now, and we have an 18-year bond, then the city won't get but \$200 for 18 years. Any incremental tax difference in that 18-year period would go to pay off the bonds. When basic costs go up, that's a problem that Council would address at budget time. The incremental increase in those taxes would not go to the city's budget, but would go to pay off the bonds. He explained that only the properties inside the TIF are affected.

Concluding, Mr. McConnell stated that no ordinances on the TIF's are before Council tonight. The ordinances listed on the agenda have been withdrawn, because the bond counsel wanted to rewrite the ordinances. He stated that the city's bond counsel felt the whole process should be redone with the ordinances attached when first reading is done.

Mr. Joe Williams stated that the property owners did not receive notification of the public hearing being held tonight. He was concerned that down the line when a project is entertained that the property owners are notified. Mr. McConnell explained that notification of the tonight's public hearing was placed in the local newspapers.

Council Member Cannady asked if the downtown merchants, as well as the property owners who do not live in the city, would be involved when the option is made to exercise the TIF. The City

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Manager felt that many public hearings would be held on any proposed plan and anyone wishing to attend the public hearings would be welcomed.

Council Member Young stated that basically this gives us an option down the road. If we don't do this now, and the state changes the laws, then we don't have the option. If we do this now, then we have the option of looking at something to do or not do.

City Manager McConnell stated that if we have a developer come in, he (the developer) may want to pay the city a fee in lieu of taxes. That fee in lieu of taxes may be in the same amount as the city's bank payments. We (the city) could do it cheaper than the developer. So, that might be another source of revenue.

He further pointed out that there are no projects currently on the table, there's nothing being considered, there's no amount of money. The only money noted in the plan is "blue sky" amount of money that's necessary to put in there in order to get it passed. He stated that there were no projects or plans at this time.

Council Member Lucas recommended that the downtown TIF district coincide with the Central Business District Overlay.

City Manager McConnell emphasized that bond money can only be spent on public improvements. We can't spend a dime on private property. Attorney Cone added that we can't issue a bond without a new ordinance.

In support of the 2005 Tourism Project and District Redevelopment Plan, Mr. Danny Drain, owner of the Slave Relic Museum located at 208 Carn Street, briefly addressed Council. After a brief outline of the accomplishments of the museum, Mr. Drain asked Council to consider expanding the boundaries of the Downtown TIF District to include Carn Street to Lucas Street.

The hearing was then closed and the regular meeting began.

The Minutes of the January 10, 2006 Regular Meeting were approved as submitted on the motion of Council Member Cannady, seconded by Council Member Young, with all members voting in favor.

The Mayor announced that Council Member Parker had a brief medical procedure today and is unable to attend the meeting.

Next, public notice was given announcing that the 2005 City Council Retreat will be held on February 2-4 at Wild Dunes Conference Center, Island of Palms, SC.

The next item on the agenda, a request by Raleigh Williams concerning property on Carn Street, was not considered by Council since Mr. Raleigh Williams was not present at the meeting.

Next, with the Mayor's consent, Mr. Gary Davis, addressed Council regarding the Downtown District Improvement Review Board. He stated that he joined this committee three years ago, with the understanding that this was a review board for improvements for downtown. He has been since told that this is really not the case. He stated that of all the merchants downtown there might only be four people who live in the city. He stated that the code book

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does not specify that a person must live within the city limits. Mayor Sweat reminded Mr. Davis that all members of our Boards and Commissions must live in the city limits as a matter of policy.

Council Member Cannady reminded Council that there have been people serving on that committee, since it was organized, who do not live in the city limits.

Council Member Young asked whether the requirement that committee members must live in the city was made by ordinance or policy. Attorney Cone responded it was by policy. However, some ordinances specifically state they must live in the city and some do not.

Council Member Young stated it is a problem sometimes when we are looking for people to serve on our committees. We do feel that the people who live in the city, should be on our committees, but a lot of time, we have talented people who want to serve and don't live in the city. This has been a problem for us.

Council Member Cannady again emphasized that there have been persons serving on the Downtown Review Committee for many years, who do not live in the city limits. At the same time, when you are looking for someone to review downtown, you can't find many people who are merchants/owners who live in the city. She felt this was something Council needed to look at and possibly change. She stated we don't need people who do not operate a business or own a building downtown telling us how to operate downtown.

Mr. Davis stated he had not yet seen a set of bylaws for this committee.

Mr. McConnell explained that this committee only meets in the case that there is an appeal from some action taken by a code enforcement officer, to enforce the special provisions of the Downtown Improvement District. In the last years, he stated he could not remember any merchant appealing a decision. Until, you have an appeal, this is basically an inactive committee. He explained that the committee is only activated at the moment of an appeal.

City Attorney Cone pointed out that section 11.203 (d) of the Code gives the powers of this board. Attorney Cone also suggested that Mr. Davis check with the Building Inspector to get a copy of the Downtown District Improvement Plan to help identify exactly what this board enforces.

There were no Committee Reports given.

A motion to enter Executive Session to discuss two contractual matters relating to the Colleton County Schools Land Purchase and the Colleton County Intergovernmental Agreement was made by Council Member Lucas. Council Member Young seconded the motion that passed unanimously.

The meeting returned to Open Session at approximately 7:30 P.M. A motion was then made by Council Member Young to purchase the land adjacent to the Great Swamp Sanctuary from Colleton County Schools in the amount of \$35,000. Council Member Cannady seconded the motion that passed unanimously.

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A second motion was made by Council Member Cannady to accept the low bid for the Liftstations design and supervision. Council Member Smalls seconded the motion that passed unanimously. A copy of the bid summary sheet is attached as part of these minutes.

There being no further business to consider, a motion to adjourn the meeting was made by Council Member Cannady, seconded by Council Member Young and passed unanimously. The Mayor adjourned the meeting at 7:31 P.M. Notice of this meeting was distributed to all local media and posted on the City Hall bulletin board at least twenty-four hours prior to meeting time.

Respectfully,

Betty J. Hudson
City Clerk