



TOWN OF PAWLEYS ISLAND
TOWN COUNCIL MEETING MINUTES
12 JULY 2021

PRESENT: Mayor Brian Henry, Sarah Zimmerman, Ashley Carter, Rocky Holliday, Guerry Green.

ABSENT: None

1. CALL TO ORDER

Mayor Henry called the meeting to order at 5:01 PM.

2. PUBLIC COMMENTS

Mayor Henry asked for public comments to be given. An email was sent in however Ryan Fabbri said we were just going to make it part of the approved minutes so that it could be on the record. (See Attached)

3. APPROVAL OF 6-14-2021 MINUTES

Mayor Henry asked for a motion to approve the minutes from the 6-14-2021 meeting. Rocky Holliday motioned to approve. Ashley Carter seconded the motion. All approved.

4. REPORTS AND UPDATES

A. Presentation and Review of Comprehensive Annual Financial Report for the year ended December 31, 2020 – Stacey Moree, Harper, Poston & Moree, CPAs

Mayor Henry asked Stacey Moree to present the 2020 Audit Report. (See attached Overview).

Guerry Green asked Stacey how the 2020 report and 2019 report compared to one another. Stacey was unsure since she did not have the full 2019 report with her. Stacey explained that the reasoning the town is seeing a net loss of the report is due to the Beach Renourishment project which was projected to happen. Mayor Henry added that it was interesting and great that the A-Tax funds of 2020 were equal to 2019 despite short-term rentals being shutdown due to Covid-19. Guerry Green asked Stacey to reiterate her explanation of the Town's income balance increasing 200,000-300,000 annually. All of Council thanked Stacey for her work on the audit report.

B. Police Report

Chief Mike Fanning discussed the June Police Report and how nothing too out of the ordinary happened. He stated that there were several break ins, and one included a gun being stolen out of a car. There was a car that needed assistance getting out of the Creek and there was an increase in traffic tickets. Chief Fanning stated that there was some concern that the Eagle

Project life rings keep getting stolen. It costs \$150 each to replace them. Rocky Holliday asked Chief Fanning about golf cart violations. Mike Fanning and Ryan Fabbri explained how the Town has over 600 golf cart permits issued now. Chief Fanning stated that the main reason people get ticketed for golf carts are driving after dark. Guerry Green asked Chief Fanning to remind him of the golf cart rules and regulations. Chief Fanning explained that the main rules are obtaining a state registration that is within two miles of the Island, obtaining a Pawleys Island Permit, and driving during daylight hours only.

Mayor Henry stated that he read an editorial from a property owner in the Coastal Observer about the great job the police did on the 4th of July. Mayor Henry thanked Chief Fanning and the police on their hard work during the 4th of July.

C. Building Report

Ryan Fabbri stated that there was nothing out of the ordinary regarding building permits.

D. Financial Report

Mayor Henry asked Ryan to give the financial report. Ryan stated that A-Tax funds are up considerably, and that these next three months are the prime months for A-Tax funds. Ryan stated that the Town is in line with the budget. Mayor Henry asked Ryan to explain an expense column in the report. Ryan explained how the number was more of an estimate due to the Town having a broad range of payments. Some payments are paid in full, paid monthly, paid quarterly, etc.

I. Approve Payment to Belser & Belser, P.A. for \$5,456.74 (Invoice #23030).

Ryan Fabbri presented the invoice to Council from Belser & Belser P.A. to pay. Ryan stated that we have spent around \$42,000 with them right now. A budget amendment will be needed due to the legal costs not being part of the budget. Rocky motioned to approve the payment. Ashley seconded the motion. All approved.

5. BUSINESS

A. Appointments to Board, Commissions and Committees.

I. Appoint new member to Planning Commission for a term expiring February 18, 2023. New appointee will fill the unexpired term of Ken Leach.

Mayor Henry discussed Ken Leach leaving the Planning Commission to be the Chairman of the ARB, so his seat needs to be filled. Mayor Henry stated that he has some people in mind however one of them is currently serving on another board. Rocky Holliday stated that he has some in mind as well, but he still needs to discuss it with them. Mayor Henry tabled the appointments to the meeting in August.

B. Planning Commission update regarding historical preservation ordinance.

Ryan explained to Council that the PC had discussed a Historical Preservation Ordinance at their last meeting. Mayor Henry stated that the goal seems to be protecting the 9 homes on the Island that are already recognized on the National Registry. Mayor Henry stated that this Ordinance is coming through quickly believes some due diligence needs to be done before anything is approved on this matter. Mayor Henry and Council agreed that Historical Preservation has merit however it will need more research. Time is also needed due to the recent implementation of the ARB.

C. Resolution 2021-02: A resolution of the Town Council of the Town of Pawleys Island amending the Architectural Design Guidelines.

Mayor Henry discussed that the ARB is recommending a change to the Design Guidelines regarding the statement of “requiring an architect” to “recommending an architect”. Ryan explained that the PC decided to steer away from the ARB’s recommendation and instead vote on changing it to “requires an architect and/or engineer”. Guerry Green clarified that Ryan that this was only for new construction. Guerry Green and Rocky Holliday both believe the phrasing should be changed to “recommends a license architect and/or design professional”. Mayor Henry asked for a motion to approve the change to “recommends a license architect and/or design professional”. Rocky Holliday motioned to approve. Guerry Green seconded the motion. All approved.

6. EXECUTIVE SESSIONS - Pursuant to Freedom of Information Act §30-4-70- (a)(2) legal advice or other matters covered by the attorney-client privilege.

Mayor Henry asked for a motion to step into executive session. Guerry Green motioned to step into executive session. Rocky Holliday seconded the motion. All approved. Guerry Green motioned to step out of executive session. Rocky Holliday seconded the motion. All approved.

Upon returning to open session, Council may take action on matters discussed in Executive Session.

7. COMMENTS BY COUNCIL MEMBERS

No comments were given.

8. ADJOURNMENT

Mayor Henry asked for a motion to adjourn the meeting. Sarah Zimmerman motioned to adjourn. Rocky Holliday seconded the motion. The meeting adjourned.



APPROVED



ATTEST

8/19/21

DATE

8/18/21

DATE

**TOWN OF PAWLEYS ISLAND, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2020**

The discussion and analysis of The Town of Pawleys Island's financial performance provides an overall review of the Town's financial activities for the year ended December 31, 2020. We encourage readers to consider this information in conjunction with the additional information in the Town's financial statements and the accompanying notes to those financial statements.

We hope that the financial comparisons provided this year will be more meaningful to the reader and will be of assistance in explaining the Town's financial position and results of operations.

FINANCIAL HIGHLIGHTS

- The Town's total net position decreased \$6,031,470, which represents a 104.5% decrease from fiscal year end 2019.
- The unrestricted net position totaled (\$1,702,821) at year-end compared to \$897,129 at the end of 2019. This is the excess of the Town's unrestricted assets over its liabilities and may be used to meet ongoing obligations to its citizens and creditors.
- Total revenues totaled \$4,304,440 compared to \$4,701,735 at the end of 2019, a decrease of 8.5%. The decrease is primarily the result of receiving less grant funds from the State of South Carolina to complete the Town's beach renourishment projects. The underground wire donations accounted for \$38,570 in revenue for 2020, which is \$70,140 less than collected in 2019. The decrease in underground wire donations can be attributed to the invoices going out later than usual and not collecting as many payments before the end of the year. The town's collections in total Accommodations Tax revenue were almost identical to the amount collected in 2019, which is a favorable outcome given the economic uncertainty produced by COVID-19. The pandemic appears to have had a positive impact on the local short-term vacation rental market, and more families choosing to vacation outside the traditional summer months.
- Total expenditures totaled \$10,335,910 compared to \$7,304,653 at the end of 2019. The increase in expenditures is almost entirely due to the costs associated with the construction of the beach renourishment project.
- Our principal operating fund, the General Fund, had \$600,097 in year 2020 revenues versus \$652,950 in year 2019. The lower total revenue is due to the decrease in underground wire payments and receiving slightly less income from the sale of t-shirts around the 4th of July holiday. Other operating income consisted of inter-governmental revenues, interest, and accommodations tax and

license fee income. The General Fund had \$538,393 in expenditures versus \$482,195 in 2019, the increase is attributed to additional need for legal representation.

- The Town entered into a direct borrowing intergovernmental loan agreement on May 18, 2020, with Santee Cooper to repay \$285,000 in overages on the underground wire project. The agreement requires the Town to forgo the 5% bi-annual franchise fee payments and they are to be applied to the loan balance until paid in-full.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. A description of these statements and some related definitions follow:

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business. These statements outline functions of the Town that are principally supported by general revenue items and intergovernmental revenues (governmental activities). The Town imposed no property taxes in 2020. The governmental activities of the Town include administration; law enforcement; judicial; public works; buildings; tourism and promotion; and beach re-nourishment. The government-wide financial statements can be found on pages 12 and 13 of this report.

Statement of Net Position: The statement of net position presents information on all of the Town's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Statement of Activities: The statement of activities presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be classified as governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial

statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spend-able resources, as well as on balances of spend-able resources available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 15 and 17 of this report.

The Town maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, accommodations tax fund, beach re-nourishment fund, and debt service fund, all of which are considered to be major funds.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-32 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules as required supplementary information for the general fund, accommodations tax fund, and beach re-nourishment fund, all of which have annual appropriated budgets. Required supplementary information can be found on pages 33-39 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, liabilities exceeded assets resulting in a net position of (\$258,347) as of December 31, 2020, a decrease of 104.5% compared to the net position of \$5,773,123 as of December 31, 2019.

The largest portion of the Town's net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The Town has a deficit net unrestricted position on December 31, 2020. This deficit reflects certain long-term liabilities that are funded as they come due.

The following table presents a summary of the Town's net position for the year ended December 31, 2020 and December 31, 2019:

**NET POSITION
GOVERNMENTAL ACTIVITIES**

	2020	2019
Current and Other Assets	\$ 1,292,503	\$ 10,639,086
Capital Assets	1,420,875	1,474,489
Total Assets	\$ 2,713,378	\$ 12,113,575
Current Liabilities	\$ 288,303	\$ 3,700,452
Long-Term Liabilities	2,683,422	2,640,000
Total Liabilities	\$ 2,971,725	\$ 6,340,452
Net Position:		
Net Investment in Capital Assets	\$ 1,420,875	\$ 1,474,489
Restricted	23,599	3,401,505
Unrestricted	(1,702,821)	897,129
Total Net Position	\$ (258,347)	\$ 5,773,123

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MEMORANDUM
July 11, 2021

TO: Brian Henry, Mayor (brian@pimentocheese.com)

Members of Pawleys Island Town Council:
Sarah Zimmerman (ubecrabin@aol.com)
Ashley Carter (racarter111@aol.com)
Rocky Holliday (rholliday@holliassoc.com)
Guerry Green (guerry@screentight.com)

Ryan Fabri (rfabbri@townofpi.com)

FROM: Martha C. (Bee) Jones, 646 Springs Avenue

RE: **Ordinance 2021-05:** *to restrict the second story heated living space of residential development to 80% or less of the first story heated living space.*

Ordinance 2021-06: *To establish an Architectural Review Board for the Town of Pawleys Island.*

Resolution 2021-02: *A resolution of the Town Council of the Town of Pawleys Island amending the Architectural Design Guidelines.*

Pawleys has been part of my family's life since pre WWII and mine for 70 + years and counting. We appreciate our history and the efforts taken to qualify our valuable historic structures for protection under state and federal Register of Historic Places. I understand there is also an actual 'District' designated between the causeways. The Planning Commission should limit this excessive regulatory reach to creating an historic overlay district with special restrictions within current zoning rather than throwing the entire island into a narrow minded, burdensome HOA regime.

I really feel that due process for such an extreme restriction on property ownership has been insufficient, especially for a population of 2nd home owners who live elsewhere. Severe limits are being imposed and in the spirit of transparency, all property owners should be informed that more than 'guidelines' are being imposed and you WILL be impacted.

Where I really differ with Mayor, Council, and Planning Commission is guiding principal for governing as a public servant. You certainly don't embrace the balance of 'free use'. The Cato Institute nicely sums up my expectations for trustworthy governing:

"It is no accident that a nation conceived in liberty and dedicated to justice for all protects property rights. Property is the foundation of every right we have, including the right to be free...."

Much moral and legal confusion would be avoided if we understood that all of our rights — all of the things to which we are "entitled" — can be reduced to property. ...

It would be to no avail, however, if property, once acquired, could not be used and enjoyed — if rights of acquisition, enjoyment, and disposal were not legally protected. Thus, common law judges, charged with settling disputes between neighbors, drew on principles of reason, efficiency, and custom to craft a law of property that by and large respected the equal rights of all.

In a nutshell, the basic rights they recognized, beyond acquisition and disposal, were the right of **sole dominion** — variously described as a right to exclude others, a right against trespass, or a right of quiet enjoyment, which all can exercise equally at the same time and in the same respect — and the right of active use, at least to the point where such use violates the rights of others to quiet enjoyment."

Mayor & Council have created a problem that the great majority of us didn't view as a problem or even know we had. Personal taste (good, bad, indifferent) is an inherent liberty/right in this country unless you voluntarily give up the right when you live behind gates in places like Wild Dunes, DeBordieu, etc. You have created

bigger, more expensive and intrusive regulatory government (dictated by non-elected officials, no less) that severely limits discretionary ability to build, rebuild, update a home of our own on Pawleys. Should we get another hit like Hugo, we'll be forever trying to build back if we desire to change anything in our current design.

I first heard Mayor Henry's overview via email early April. It sounded benign: just wanted to avoid future big box housing on Pawleys, preserve character (not defined), flexibility, want people free to build what they want, but just offer 'guidance' to preserve our 'unique history'. The reality has evolved into: a single & limited aesthetic vision based on 18th century design, restriction of 2nd story space/dormers/rooflines as attics, and no stacked porches thus limiting 2nd story livable space, head room, and porch access. The process for approval is an excruciating expansive & expensive level on top of the other Federal, State, County, Town demands/requirements we must satisfy.

Welcome to the world of living in an entire municipal Island community that in the blink of an eye has been restructured as an HOA. However, our design regulations are more restrictive than I've ever encountered and without the usual trade-off benefits provided by private homeowner associations. I live in Wild Dunes and our home has dormers and a 9:12 roof pitch, so it's not that I truly object to the design aesthete or reasonable, transparent community rules. Even so I can vouch the WD-ARB is a big pain in the wazoo. Further it doesn't make all the architecture especially 'tasteful', just more of a wide range of 'cookie cutter'.

From experience on Front beach, south end at Pawleys demands different consideration of needs:

- The lots are smaller, mostly 60' & the depth depends on the Atlantic Ocean & FEMA;
- Such lots negate a side porch in the design;
- Many of us have shared or trust ownership with ever growing families, there is a need for as much space as we can eke out;
- The American four-square is the most efficient home style and can be very attractive as many of my Springs Ave. neighbors epitomize; though there are a few that don't inspire, I respect their right to own & enjoy a home I don't care for;
- Most homes in early photographs opted for the four-square; they should be an option for 'historical' design;
- The Pelican Inn is the biggest box on the island, so restricting design details for historical preservation while not including such design as acceptable isn't logical;
- My personal favorite Pawleys' experience are porches, front/back/1st floor/2nd floor; the more the better & guaranteed to detract from 'the box' look as well as bring more enjoyment of both creek & ocean from home;
- The low attic roof line & dormers constrict and don't promote tall furniture placement or air flow;
- We are already overburdened & plagued with regulations;
- A quick skim of Pawley's Island Civic Association's **Pawleys Island, A Century of History and Photographs** with contributions by Linwood Altman & Lee Brockington will show many diverse styles through our history. All are valuable to our collective memory;
- Homes began to be rebuilt big after Hugo & even bigger as property taxes & prices went to the sky (who wants to build/buy a dark, squat, cramped 18th century house on a small, \$1,000,000 front beach lot;

I find that promotion & support of this regulatory over-reach is sophistry at best and disingenuous dialogue at worst of those promoting it. We have 8 - 9 designed historical houses that are protected as such. Do the rest of us have to conform to those exacting standards?. Obviously someone built something big that offended, and this is being shoved down our throats with very little published public input, debate, substantiating facts supporting the reasoning.

Mayor Henry is in a hurry, and the regulatory zeal & over-reach gets scarier: Minutes of the June 3rd planning meeting states, "Mayor Henry stated that he prefers to not be too heavy handed on the rules in the beginning. He would like to get the ARB started first before adding more requirements." Plus landscape regulations and a future Historical Preservation Committee was discussed.

With the astronomical costs of owning, maintaining property/homes on Pawleys, I don't understand how Mayor and Council can so arrogantly further compromise property rights. SC Code, SECTION 6-29-340 states,... "plans and programs must be designed to promote public health, safety, morals, convenience,

prosperity, or the general welfare as well as the efficiency and economy of its area of jurisdiction. Specific planning elements must be based upon careful and comprehensive surveys and studies of existing conditions and probable future development and include recommended means of implementation.

I do not believe you have exhibited any of the above due diligence. I would use two of my favorite legal terms to describe the emergency need for an ARB: Arbitrary & Capricious. They factor in as a test on Constitutionally based judicial cases, so I hope you have some 'substantial evidence' of need besides 2 fellas sitting in front of a fireplace saying it's what we need.

Please slow down this sprint to unnecessarily capture everyone in a limited structural design format. It's too important to rush.

