



**CITY OF BEAUFORT**  
1911 BOUNDARY STREET  
BEAUFORT MUNICIPAL COMPLEX  
BEAUFORT, SOUTH CAROLINA 29902  
(843) 525-7070  
**CITY COUNCIL WORKSESSION AGENDA**  
**January 8, 2019**

**NOTE: IF YOU HAVE SPECIAL NEEDS DUE TO A PHYSICAL CHALLENGE,  
PLEASE CALL IVETTE BURGESS 525-7070 FOR ADDITIONAL  
INFORMATION**

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**STATEMENT OF MEDIA NOTIFICATION**

"In accordance with South Carolina Code of Laws, 1976, Section 30-4-80(d), as amended, all local media was duly notified of the time, date, place and agenda of this meeting."

**WORKSESSION - Planning Conference Room, 1st Floor - 5:00 PM**

**I. CALL TO ORDER**

- A. Billy Keyserling, Mayor

**II. EMPLOYEE NEW HIRE RECOGNITION**

- A. Joe Musgrave - Public Works

**III. DISCUSSION ITEMS**

- A. Draft Investment Policy
- B. Credit Card Processing and Convenience Fees
- C. Zoning Issues



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**CITY OF BEAUFORT**  
DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

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**TO:** CITY COUNCIL **DATE:** 1/2/2019  
**FROM:** Kathy Todd  
**AGENDA ITEM TITLE:** Draft Investment Policy  
**MEETING DATE:** 1/8/2019  
**DEPARTMENT:** Finance

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*BACKGROUND INFORMATION:*

The City has an informal investment policy. The draft policy presented is to formalize that policy.

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*PLACED ON AGENDA FOR:* Discussion

**REMARKS:**

**ATTACHMENTS:**

Description	Type	Upload Date
Draft Investment Policy	Cover Memo	1/2/2019



William A. Prokop  
City Manager

**CITY OF BEAUFORT**  
1911 BOUNDARY STREET  
BEAUFORT, SC 29902

**City Council Members**  
Billy Keyserling, Mayor  
Mike McFee, Mayor Pro Tem  
Phillip Cromer  
Stephen Murray  
Nan Sutton

## **INVESTMENT AND LIQUIDITY POLICY**

### **I. SCOPE**

This investment and liquidity policy apply to all moneys and other financial resources available for deposit and investment by the City of Beaufort, SC on its own behalf or on behalf of any other entity or individual.

### **II. OBJECTIVES**

The primary objectives of the City's investment activities are, in priority order:

1. To conform with all applicable federal, state, and other legal requirements (legality);
2. To adequately safeguard principal (safety);
3. Provide sufficient liquidity to meet all operating requirements (liquidity) and;
4. To obtain a reasonable rate of return (yield).

To appropriately meet these objectives, the City of Beaufort, SC, will make investment decisions based on categories of cash with which the time horizon is continually calculated using a liquidity analysis of past and anticipated future financial requirements.

### **III. DELEGATION OF AUTHORITY**

The governing body may delegate the investment authority provided by Section 6-5-10 to the treasurer or other financial officer or any fiscal agent or corporate trustee charged with custody of the funds of the City of Beaufort, SC, who shall thereafter assume full responsibility for such investment transaction until the delegation of authority terminates or is revoked.

### **IV. PRUDENCE**

All participants in the investment process shall seek to act responsibly as custodian of the public trust and shall avoid any transaction that might impair public confidence in the City of Beaufort, SC to govern effectively.

Investments shall be made with prudence, diligence, skill, judgement and care, under circumstances then prevailing, which knowledgeable and prudent persons acting in like capacity would use, not speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

**V. DIVERSIFICATION**

It is the policy of the City of Beaufort, SC to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling. The governing body shall establish appropriate limits for the amount of investments which can be made with each financial institution or dealer and shall evaluate this listing at least annually.

**VI. INTERNAL CONTROLS**

It is the policy of the City of Beaufort, SC for all moneys collected by any officer or employee of the City to transfer those funds to the finance director's custody within 1 day of deposit, or within the time period specified in law, whichever is shorter.

The Finance Director is responsible for establishing and maintaining internal control procedures to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization, properly recorded, and managed in compliance with applicable laws and regulations.

**VII. DESIGNATION OF DEPOSITORIES**

The City of Beaufort, SC may utilize the services of any bank or trust company authorized to do business within the state of South Carolina.

**VIII. SECURING DEPOSITIS AND INVESTMENTS**

All deposits and investments at a bank or trust company, including all demand deposits, certificates of deposit and special time deposits (hereinafter, collectively, "deposits") made by officers of the City of Beaufort, SC that are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, including pursuant to a Deposit Placement Program in accordance with law, shall be secured by:

1. As used in this section, "local entity" means the governing body of the City of Beaufort, SC
2. A qualified public depository, as defined below in subsection (7), upon deposit of funds by a local entity, must secure these deposits by deposit insurance, surety bonds, investment securities, or letter of credit to protect the local entity against loss in the event of insolvency or liquidation of the institution or for any other cause.
3. To the extent that these deposits exceed the amount of insurance coverage provided by the Federal Deposit Insurance Corporation, the qualified public depository at the time of deposit must pledge as collateral:
  - a. Obligations of the United States;
  - b. Obligations fully guaranteed both as to principal and interest by the United States;
  - c. General obligations of the State of South Carolina or any political subdivision of this State; or

- d. Obligations of the Federal National Mortgage Association, the Federal Home Loan Bank, Federal Farm Credit Bank or the Federal Home Loan Mortgage Corporation.
4. The local entity must exercise prudence in accepting collateral securities or other forms of deposit security.
5. A qualified public depository has the following options:
  - a. To secure all or a portion of uninsured funds under the Dedicated Method where all or a portion of the uninsured funds are secured separately. The qualified public depository shall maintain a record of all securities pledged, with the record being an official record of the qualified public depository and made available to examiners or representatives of all regulatory agencies. The local entity shall maintain a record of the securities pledged for monitoring purposes;
  - b. To secure all of the remainder of the uninsured funds under the Pooling Method where a pool of collateral is established by the qualified public depository under the direction of the State Treasurer for the benefit of local entities. The depository shall obtain written approval from each entity before pooling in the entity's collateral. The depository shall maintain a record of all securities pledged, with the record being an official record of the qualified public depository and made available to examiners or representatives of all regulatory agencies. The State Treasurer shall determine the requirements and operating procedures for this pool. The State Treasurer is responsible for monitoring and ensuring a depository's compliance and providing monthly reports to each local entity in the pool.
  - c. Notwithstanding the provisions of item (b), the local entity, when other federal or state law applies, may require a qualified public depository to secure all uninsured funds separately under the Dedicated Method.
6. A qualified public depository shall not accept or retain any funds that are required to be secured unless it has deposited eligible collateral equal to its required collateral with some proper depository pursuant to this policy.
7. "Qualified public depository" means a national banking association, state banking association, federal savings and loan association, or federal savings bank located in the State of South Carolina and a bank, trust company, or savings institution organized under the law of this State that received or holds funds that are secured pursuant to the Policy.
8. In addition to the investments authorized for local entities in Section 6-5-10 and notwithstanding another provision of law, the City of Beaufort may deposit all or a portion of surplus public funds in its control or possession in accordance with the following conditions:
  - a. The funds are initially deposited in a qualified public depository selected by the City;
  - b. The selected qualified public depository arranges for depositing the funds in one or more federally insured banks or savings and loan associations, wherever located, for the account of the entity;
  - c. The full amount of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation; and
  - d. The selected qualified public depository acts as custodian for the City of Beaufort with respect to each deposit.

**IX. PERMITTED INVESTMENTS**

As provided by the State of South Carolina Code of Laws Section 6-5-10, the City Council of the City of Beaufort, SC authorizes the Finance Director to invest moneys not required for immediate expenditures for terms not to exceed its projected cash flow need.

1. The City may invest money subject to their control and jurisdiction in the following types of investments:
  - a. Obligation of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
  - b. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or graduation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
  - c. General Obligations of the State of South Carolina or any of its political units; or revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or graduation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
  - d. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
  - e. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
  - f. Repurchase agreements when collateralized by securities as set forth in this section.
  - g. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of the local government unit, political subdivision, or county treasurer if the particular y portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar share and to that end, value its assets by the amortized cost method.
  - h. A political subdivision receiving Medicaid funds appropriated by the General Assembly in the annual general appropriations act may utilize appropriated funds and other monies generated by hospital operations to participate in principal protected investments in the form of notes, bonds, guaranteed investment contracts, debentures, or other contracts issued by a bank chartered in the United States or agency of a bank if chartered in the

United States, financial institution, insurance company, or other entity which provides for full principal payment at the end of the contract term not to exceed twelve years if the issuer has received a rating on one of the three highest general rating categories issued by no fewer than two nationally recognized credit rating organizations. No more than forty percent of the appropriated funds and other monies generated by hospital operations may be invested in the manner provide in this item. Revenues realized pursuant to these investments must be expended on health care services.

2. The provisions of this section shall not impair the power of the City of Beaufort to hold funds in deposit accounts with banking institutions as otherwise authorized by law.
3. Such investments shall have maturities consistent with the time or times when the invested moneys will be needed in cash.
4. For purposes of subsection (a), in the case of a defeased obligation, an obligation shall be treated as the obligation of the issuer of the obligation included in the qualifying defeasance escrow for the defeased obligation. A “defeased obligation” means any obligation the payment of which is secured and payable solely from a qualifying defeasance escrow and the terms of which may not be amended or modified without the consent of each of the holders of the defeased obligation. A “qualifying defeasance escrow” means a deposit of securities, including defeasance obligations, with a trustee or similar fiduciary under the terms of an agreement that requires the trustee or fiduciary to apply the proceeds of any interest payments or maturity of the defeasance obligation to the payment of the defeased obligation and when the trustee or fiduciary has received verification from a certified public accountant that the payments will be sufficient to pay the defeased obligation timely. A defeasance obligation must not be callable or subject to prepayment by the issuer and it must be a direct general obligation of the United States and its agencies, or an obligation the payment of principal and interest on which is fully and unconditionally guaranteed by the United States.
5. The South Carolina Pooled Investment Fund. The City of Beaufort may deposit monies in excess of current needs into the South Carolina Pooled Investment Fund.

Except as may otherwise be provided in a contract with bondholders or noteholders, any money of the City of Beaufort authorized to be invested may be commingled for investment purposes, provided that any investment of commingled moneys shall be payable or redeemable at the option of the City of Beaufort within such time as the proceeds shall be needed to meet expenditures for which such moneys were obtained. The separate identify of the sources of these funds shall be maintained at all times and income received shall be credited on a pro rata basis to the fund or account from which the moneys were invested.

**X. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

All financial institutions and dealers with which the City of Beaufort, SC transacts business shall be creditworthy, and have an appropriate level of experience, capitalization, size, and other factors that make the financial institution or the dealer capable and qualified to transact business with the City of Beaufort, SC. The Finance Director shall evaluate the financial position and maintain a listing of proposed depositories, trading partners and custodians.

The City of Beaufort, SC shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amounts of investments that can be made with each financial institution or dealer. To maximize safety, the City of Beaufort, SC could purchase through, deliver to and hold in custody of a bank or trust company all obligations, unless registered or inscribed in the name of the local government.

XI. **ANNUAL REVIEW AND AMENDMENTS**

The City of Beaufort, SC shall review this investment policy annually, and it shall have the power to amend this policy at any time.

XII. **ASSISTANCE OF STATE TREASURER**

The State Treasurer is authorized to assist the City of Beaufort, SC in investing funds that are temporarily in excess of operating. This can be accomplished by explaining investment opportunities through publication and other appropriate means; acquainting the City of Beaufort, SC with the State's practice and experience in investing short-term funds; and providing technical assistance in investment of idle funds when such assistance is requested.

DRAFT

## **APPENDIX A – Repurchase Agreements**

Repurchase Agreements (REPOs) are complex transactions that can expose the investing local government to serious risks. Investing officers must have the resources to negotiate these complex agreements with trading partners and custodial banks and trust companies and to monitor the investment daily. As long as the City of Beaufort, SC has a relatively small portfolio and/or limited staff resources, use of REPOs may not be appropriate. The Finance Director will ensure that the legal counsel for the City reviews all REPO documents.

Among other things, any REPOs will comply with the following:

1. Trading partners should be limited to creditworthy banks or trust companies located and authorized to do business in South Carolina or to registered primary dealers.
2. Unless the obligations that are purchased pursuant to the REPO are registered or inscribed in the name of the City of Beaufort, obligations must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to do business in the State of South Carolina. The custodial bank or trust company should not be the seller of the obligations that are the subject of the REPO.
3. The City of Beaufort must enter into a master REPO, outlining basic responsibilities and liabilities of the buyer and seller and a written agreement with the custodial bank and trust company, outlining the basic responsibilities and liabilities of the buyer, seller and custodian.
4. The custodial agreement should provide that the custodian takes possession and maintains custody of the obligations exclusively for the City of Beaufort, that the obligations are free of any claims against the trading partner, and that any claims by the custodian are subordinate to the local government's claim or rights to those obligations.
5. The obligations must be credited to the City of Beaufort on the records of the custodial bank or trust company, and the transactions must be confirmed in writing to the City of Beaufort, SC by the custodial bank or trust company.
6. The obligations purchased by the local government may only be sold or presented for redemption or payment by the local government's custodian upon written instructions of the Finance Director of the City of Beaufort.
7. The City of Beaufort must obtain a perfected security interest in the obligation.
8. Agreements should be for short periods of time (no more than 30 days).
9. The City of Beaufort, SC should determine whether to include margin requirements.
10. No substitution of obligations is permitted.
11. Payment for the purchased obligations should not be made by the custodial bank or trust company until the obligations are actually received.



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## CITY OF BEAUFORT

### DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

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**TO:** CITY COUNCIL **DATE:** 12/20/2018  
**FROM:** Kathy Todd  
**AGENDA ITEM**  
**TITLE:** Credit Card Processing and Convenience Fees  
**MEETING**  
**DATE:** 1/8/2019  
**DEPARTMENT:** Finance

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*BACKGROUND INFORMATION:*

The City currently uses two different credit card processors. For over the counter and telephone payment transactions, Sterling Financial through Palmetto State Bank handles all over the counter and telephone credit card transactions. Official Payments through Ameris Bank, handles all credit card processing transactions through the City's Online Payment portal.

Prior to FY 2017, the credit card processing fees from Sterling Financial were absorbed by Palmetto State Bank. As these fees began to increase, we were informed by the bank that they were no longer able to absorb the fees and would instead pass them on to the City. Beginning with FY 2018, the City absorbed \$18,585 of credit card transaction fees thereby reducing the revenues charged. This fee is anticipated to climb in FY 2019 as more customers are paying by credit and debit card.

During fiscal year 2018, the City Finance Department began to analyze the fees and other alternatives to processing credit cards that would maximize the revenues received by the City. Through that research, we determined that the credit card processor used by the City's Online Payment portal, was more economical (lower fees per transaction). In addition, Official Payments provides the option of passing those fees to the credit card holder through a convenience fee at the time of the transaction. The impact of passing the processing fee to the customer results in the City earning the full value of the fee or tax charged, versus net of the transaction fee.

Upon further research, the Finance Department determined that most local, state and federal governments are turning to the option of passing the fees to the customer for the convenience of using their credit card or debit card to pay for services and taxes. Customers still have the option of paying by check via mail or walk in payments without a convenience fee.

The City Finance Department would like to proceed with converting all credit card transactions through Official Payments and passing the convenience fee onto the customer. This approach will be applied to all credit card payments (online, walk in and telephone transactions), except those made as donations to Pride of Place.

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***PLACED ON AGENDA FOR:*** Discussion

**REMARKS:**



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**CITY OF BEAUFORT**  
DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

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**TO:** CITY COUNCIL **DATE:** 1/4/2019  
**FROM:** David Prichard, Community Economic Development Director  
**AGENDA ITEM**  
**TITLE:** Zoning Issues  
**MEETING**  
**DATE:** 1/8/2019  
**DEPARTMENT:** Planning

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*BACKGROUND INFORMATION:*

**Regulatory relief for redevelopment.** If a site with changed zoning is proposed for redevelopment and, therefore, is transitioning from an older development pattern to the new, prescribed pattern, is it reasonable to allow some regulatory relief for the redevelopment?

**Number of menu boards and pre-order boards allowed.** Currently, the Code allows one pre-order board and one menu board. With the recent advent of additional drive-thru lanes, should the Code be amended to allow one pre-order board and one menu board per drive-thru lane?

**ransect 5 – Urban Corridor (T5-UC) fuel station conditional standards.** Should the Code be amended to better reconcile the goals of the Civic Master Plan with the functional realities of a fuel station?

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*PLACED ON AGENDA FOR:*

*REMARKS:*