



**CITY OF BEAUFORT**  
1911 BOUNDARY STREET  
BEAUFORT MUNICIPAL COMPLEX  
BEAUFORT, SOUTH CAROLINA 29902  
(843) 525-7070  
**CITY COUNCIL WORKSESSION AGENDA**  
**October 16, 2018**

**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. Mike McFee, Mayor Pro Tem

**II. DISCUSSION ITEMS**

- A. Review and Discuss the 2019 GO Bond for Stormwater
- B. FY 2019 TDAC Recommendations for ATAX Grants

**III. ADJOURN**



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## CITY OF BEAUFORT

### DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

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**TO:** CITY COUNCIL **DATE:** 10/12/2018  
**FROM:** Kathy Todd  
**AGENDA ITEM**  
**TITLE:** Review and Discuss the 2019 GO Bond for Stormwater  
**MEETING**  
**DATE:** 10/16/2018  
**DEPARTMENT:** Finance

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#### *BACKGROUND INFORMATION:*

As the City Council and staff have been discussing for the past several months the stormwater issues affecting the City and the best ways to address them, financing has been a key component of those discussions. The past several weeks, the City Manager, City Finance Director, City Council along with our Bond Attorney and Financial Analyst have been evaluating several different financing instruments to secure the funding needed to make the necessary improvements to those critical areas affected. Tonight's discussion is to present the Draft Ordinance on the issuance of a \$6M General Obligation Bond that will be presented to City Council in 1st reading on October 23, 2018.

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

#### **REMARKS:**

#### **ATTACHMENTS:**

Description	Type	Upload Date
Draft Bond Ordinance	Cover Memo	10/12/2018

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**AN ORDINANCE**

**TO PROVIDE FOR THE ISSUANCE AND SALE OF A NOT EXCEEDING SIX MILLION DOLLAR (\$6,000,000) GENERAL OBLIGATION BOND, SERIES 2018 OF THE CITY OF BEAUFORT, SOUTH CAROLINA, TO PRESCRIBE THE PURPOSES FOR WHICH THE PROCEEDS SHALL BE EXPENDED, TO PROVIDE FOR THE PAYMENT THEREOF, AND OTHER MATTERS RELATING THERETO.**

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**City of Beaufort, South Carolina**

**Dated: November 13, 2018**

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BEAUFORT, SOUTH CAROLINA, IN COUNCIL ASSEMBLED, AS FOLLOWS:

## ARTICLE I

### FINDINGS OF FACT

#### Section 1.01 Findings and Recitals.

As an incident to the enactment of this ordinance (this “**Ordinance**”) and the issuance of the Bond (as hereinafter defined), the City Council of the City of Beaufort (the “**City Council**”), the governing body of the City of Beaufort, South Carolina (the “**City**”), finds that the facts set forth in this Article exist and the statements made with respect thereto are in all respects true and correct.

1. The City is a municipal corporation of the State of South Carolina (the “**State**”), located in Beaufort County, South Carolina, and as such possesses all general powers granted to municipal corporations.

2. By virtue of Chapter 21, Title 5 and the provisions of Section 11-27-40, Code of Laws of South Carolina 1976, as amended (together, the “**Enabling Act**”), the City is empowered to issue general obligation bonds for any “authorized purpose” as therein defined.

3. The City Council, after due investigation and deliberation, has determined that it is necessary to issue general obligation debt in an amount not exceeding \$6,000,000 of the City to: (1) defray the costs of the planning, designing, constructing and equipping of certain improvements to the stormwater system and other infrastructure of the City (the “**Project**”); and (2) pay costs of issuance of the Bond. It is presently estimated that the costs of the Project, together with the costs of issuance of the Bond, will not be in excess of \$6,000,000.

4. The Project constitutes an authorized purpose within the meaning of the Enabling Act.

5. Section 14 of Article X of the Constitution of the State of South Carolina 1895, as amended (the “**Constitution**”) provides that subsequent to November 30, 1977, the municipalities of the State may issue bonded indebtedness in an amount not exceeding 8% of the assessed value of all taxable property therein (the “**Debt Limit**”). As certified by the County Auditor on October 5, 2018, the assessed value of all taxable property in the City as of June 30, 2018, which is the last completed assessment thereof, is not less than the sum of \$104,342,910; thus the Debt Limit equals \$8,347,433.

6. Article X, § 14(6) and (7) of the Constitution provides that general obligation debt authorized by a majority vote of the qualified electors of a political subdivision pursuant to a referendum shall not be considered in the computation of the Debt Limit. The City previously issued its General Obligation Bonds, Series 2008 in the principal amount of \$15,000,000 (the “**Series 2008 Bonds**”). The Series 2008 Bonds were approved by referendum on October 23, 2007 and were not chargeable against the Debt Limit. The Series 2008 Bonds maturing in years 2019 through 2027 (the “**Refunded Bonds**”) were advance refunded by City through the issuance of its Series 2016 Bonds (as defined below). The unrefunded portion of the Series 2008 Bonds matured on February 1, 2018 and are no longer outstanding.

7. Presently, the City has two outstanding general obligations: (i) its \$1,850,000 original principal amount General Obligation Bond, Series 2012 (the “**Series 2012 Bond**”); the Series 2012 Bond is currently outstanding in the principal amount of \$815,000; and (ii) its \$9,785,000 original principal amount General Obligation Refunding and Improvement Bonds, Series 2016 (the “**Series 2016 Bonds**”); the Series 2016 Bonds are currently outstanding in the principal amount of \$9,705,000.

8. The Series 2012 Bond was not approved by referendum and therefore, the entire balance of the Series 2012 Bond is chargeable against the City’s Debt Limit

9. The proceeds of Series 2016 Bonds were used to (i) advance refund the Refunded Bonds, and (ii) defray the costs of certain capital improvements (the “**2016 Projects**”). On the basis of the tax certificate for the Series 2016 Bonds, 92.28% (\$9,029,598) of the Series 2016 Bonds were applied toward the redemption of the Refunded Bonds and do not count against the Debt Limit<sup>1</sup>, and 7.72% (\$755,402) of the Series 2016 Bonds were applied toward the 2016 Projects and shall be charged against the Debt Limit (the “**New Money Percentage**”). While the percentage of the Series 2016 Bonds subject to the Debt Limit has been identified, the City has not separately determined how such percentage should be allocated to the Series 2016 Bonds. As a result, the City has determined to rely on the “safe harbor for pro rata allocation method for bonds” found in Treasury Regulation Section 1.148-9(h)(4)(ii) of the Code (as defined in Article II below). Under this safe harbor, the New Money Percentage shall be allocated on a pro rata basis against each maturity for the Series 2016 Bonds to determine the amount of the Series 2016 Bonds that is chargeable against the Debt Limit. The table providing such allocation is presented below:

Year (Feb. 1)	Par Amount of Series 2016 Bonds	New Money Percentage	Amount Allocated	Debt Limit Balance for Series 2016 Bonds <sup>2</sup>
2017	\$40,000	7.72%	\$3,088	\$752,314
2018	40,000	7.72	3,088	749,226
2019	815,000	7.72	62,918	686,308
2020	840,000	7.72	64,848	621,460
2021	855,000	7.72	66,006	555,454
2022	885,000	7.72	68,322	487,132
2023	910,000	7.72	70,252	416,880
2024	940,000	7.72	72,568	344,312
2025	985,000	7.72	76,042	268,270
2026	1,035,000	7.72	79,902	188,368
2027	1,095,000	7.72	4,534	103,834
2028	1,135,000	7.72	87,622	16,212
2029	70,000	7.72	5,404	10,808
2030	70,000	7.72	5,404	5,404
2031	70,000	7.72	5,404	0

<sup>1</sup> See *Williams v. City of Rock Hill*, 177 S.C. 82 (1935) citing 44 C.J. 1132, “[a] municipal corporation does not incur new debt or increase its indebtedness, within the meaning of constitutional or statutory limitations, when it...funds or extends an existing indebtedness, as by issuing funding bonds.”

<sup>2</sup> Balance calculated after payment made on February 1.

10. In consideration of the foregoing, the sum of \$1,501,308 (\$815,000 for the Series 2012 Bonds, plus \$686,308 of the Series 2016 Bonds) is currently chargeable against the Debt Limit. Therefore, the City is authorized to borrow not exceeding \$6,846,125 by way of general obligation debt. The available Debt Limit is in excess of the anticipated not exceeding \$6,000,000 principal amount intended to be borrowed by the City under this Ordinance and under the provisions of the Constitution and the Enabling Act; therefore, the City may borrow such money without the necessity of holding a referendum.

11. In connection therewith, the City Council has determined to issue general obligation debt of the City in an amount not to exceed \$6,000,000 to finance the costs of the Project and the cost of issuance thereof.

[End of Article I]

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## ARTICLE II

### DEFINITIONS AND AUTHORITY

#### Section 2.01 Definitions.

As used in this Ordinance, unless the context shall otherwise require, the following terms shall have the following respective meanings:

**“Authorized Investments”** means any securities which are now or hereafter authorized legal investments for municipalities pursuant to the Code of Laws of South Carolina 1976, as amended.

**“Authorized Officers”** means the City Manager of the City, the Mayor of the City, the Mayor Pro Tempore, the Finance Director of the City, the City Clerk, or any other officer or employee designated from time to time as an Authorized Officer by resolution of the City Council, and when used with reference to any act or document also means any other person authorized by resolution of the City Council to perform such act or sign such document. For purposes of this Ordinance and the delegations recited herein, the City Manager shall be the Authorized Officer responsible for making such determinations.

**“Bond”** means the not exceeding \$6,000,000 General Obligation Bond issued in accordance with the provisions of this Ordinance.

**“Bondholder”** or **“Holder”** or **“Holder of Bond”** or **“Owner”** or similar term means, when used with respect to the Bond means any person who shall be registered as the owner of the Bond Outstanding as shown on the registration books of the City maintained by the Registrar.

**“Bond Payment”** means the periodic payments of principal of, interest on and redemption premium, if any, on the Bond.

**“Bond Payment Date”** means each date on which a Bond Payment shall be payable.

**“City”** means the City of Beaufort, South Carolina.

**“City Clerk”** means the City Clerk of the City of Beaufort, South Carolina.

**“City Council”** means the City Council of the City of Beaufort, the governing body of the City or any successor governing body.

**“City Manager”** means the City Manager of the City of Beaufort, South Carolina.

**“Code”** means the Internal Revenue Code of 1986, as amended.

***“Enabling Act”*** means Chapter 21, Title 5 and the provisions of Section 11-27-40, Code of Laws of South Carolina 1976, as amended.

***“Government Obligations”*** means and includes direct general obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which is fully and unconditionally guaranteed by the United States of America.

***“Ordinance”*** shall mean this ordinance of the City Council authorizing the issuance of the Bond.

***“Original Issue Date”*** shall mean the date of delivery of the Bond to the initial purchaser thereof.

***“Outstanding”***, when used in this Ordinance with respect to the Bond, means as of any date, the Bond theretofore delivered pursuant to this Ordinance except:

- (a) the Bond if cancelled or delivered to the Registrar for cancellation on or before such date;
- (b) the Bond if deemed to have been paid in accordance with the provisions of Section 7.01 hereof; and
- (c) the Bond if in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Section 3.05 hereof.

***“Paying Agent”*** means the City, acting through the City Clerk.

***“Person”*** means an individual, a partnership, a corporation, a trust, a trustee, an unincorporated organization, or a government or an agency or political subdivision thereof.

***“Record Date”*** means the 15th day immediately preceding each Bond Payment Date.

***“Registrar”*** means the City, acting through the City Clerk.

## Section 2.02 Construction.

In this Ordinance, unless the context otherwise requires:

1. Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Ordinance.
2. Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

3. Any fiduciary shall be deemed to hold an Authorized Investment in which money is invested pursuant to the provisions of this Ordinance, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

[End of Article II]

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## ARTICLE III

### ISSUANCE OF BOND

#### Section 3.01 Ordering the Issuance of the Bond.

Pursuant to the provisions of the Enabling Act and for the purpose of obtaining funds to defray the costs of the Project, there shall be issued by the City a general obligation bond in the principal amount of not exceeding Six Million Dollars (\$6,000,000) designated “General Obligation Bond, Series 2018 of the City of Beaufort, South Carolina” (the “**Bond**”) or such other designation as determined appropriate by an Authorized Officer. The Bond shall bear a series designation as determined by an Authorized Officer, but in all cases shall include the calendar year of the issuance thereof. An Authorized Officer is hereby authorized to determine the final principal amount of the Bond and other items related to the sale and marketability of the Bond. As determined by an Authorized Officer, the Bond may be sold in multiple series bearing any such designation as appropriate.

#### Section 3.02 Maturity Schedule of the Bond.

The Bond shall be dated as of the date of its delivery and shall bear interest from its dated date. The principal amount, term, rate of interest and payment details of the Bond shall be determined by an Authorized Officer, provided, however, that in no event shall the principal amount of the Bond exceed \$6,000,000. Bond Payments on the Bond shall be scheduled to occur no less frequently than annually, or more frequently as determined by an Authorized Officer.

The Bond shall be dated and authenticated as of the Original Issue Date, unless an Authorized Officer and purchaser of the Bond agree otherwise.

#### Section 3.03 Medium of Payment; Form and Denomination of the Bond; Place of Payment.

(a) The Bond shall be payable as to principal and interest on the basis of a 360-day year, consisting of twelve thirty-day months each, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(b) The Bond shall be issued in the form of one fully registered bond.

(c) The City shall serve as Paying Agent for the Bond, and the Bond Payments shall be made by the Paying Agent to the Person appearing on each Record Date on the registration books of the City, which books shall be held by the City as Registrar, as provided in Section 3.06 hereof, as the registered owner thereof, by check or draft mailed from the City to such registered owner at his or her address as it appears on such registration books in sufficient time to reach such registered owner on each Bond Payment Date. Payment of the final Bond Payment shall be made when the same is due and payable upon the presentation and surrender for cancellation of the Bond at the administrative office of the City; provided, however, the requirement for final presentment and surrender may be waived by a mutual, written agreement of the City and the Holder.

#### Section 3.04 Execution.

The Bond shall be executed in the name and on behalf of the City by the manual or facsimile signature of an Authorized Officer, with its corporate seal impressed, imprinted or otherwise reproduced thereon, and attested by the manual signature of the City Clerk or other Authorized Officer (other than the officer or officers executing the Bond). The Bond may bear the manual signature of any person who shall have been such an Authorized Officer authorized to sign the Bond at the time such Bond was so executed, and shall bind the City notwithstanding the fact that his or her authorization may have ceased prior to the authentication and delivery of the Bond.

#### Section 3.05 Exchange of the Bond.

The Bond, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered Holder or his or her duly authorized attorney, may, at the option of the registered Holder thereof, be exchanged for a new Bond of the same interest rate and maturity. So long as the Bond remains Outstanding, the City shall make all necessary provisions to permit the exchange of the Bond. Such new bond shall reflect the principal amount thereof as then yet unpaid.

#### Section 3.06 Transferability and Registry.

The Bond shall at all times, when the same is Outstanding, be payable to a Person, and shall be transferable only in accordance with the provisions for registration and transfer contained in this Ordinance and in the Bond. So long as the Bond remains Outstanding, the City (acting through the City Clerk), as Registrar, shall maintain and keep, at its administrative office, books for the registration and transfer of the Bond, and, upon presentation thereof for such purpose at such office, the City shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it may prescribe, such Bond.

#### Section 3.07 Transfer of the Bond.

The Bond shall be transferable only upon the books of the Registrar, upon presentation and surrender thereof by the Holder of the Bond in person or by his or her attorney duly authorized in writing, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered Holder or his or her duly authorized attorney. Upon surrender for transfer of the Bond, the City shall execute, authenticate and deliver, in the name of the Person who is the transferee, a new Bond of the same principal amount and maturity and rate of interest as the surrendered Bond. Such new Bond shall reflect the principal amount thereof as then yet unpaid.

#### Section 3.08 Regulations with Respect to Exchanges and Transfers.

The Bond surrendered in any exchange or transfer shall forthwith be cancelled by the Registrar. For each such exchange or transfer of the Bond, the Registrar may make a charge sufficient to reimburse itself for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Holder requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The City shall not be obligated to issue, exchange or transfer the Bond during

the 15 days next preceding any (a) Bond Payment Date, or (b) date upon which the Bond will be redeemed, if any.

#### Section 3.09 Mutilated, Destroyed, Lost and Stolen Bond.

(a) If the Holder surrenders a mutilated Bond to the Registrar or the Registrar receives evidence to its satisfaction of the destruction, loss, or theft of the Bond, and there is delivered to the Registrar such security or indemnity as may be required by it to save it harmless, then, in the absence of notice that the Bond has been acquired by a bona fide purchaser, the City shall execute and deliver, in exchange for the mutilated Bond or in lieu of any such destroyed, lost, or stolen Bond, a new Bond of like tenor, maturity, and interest rate bearing a number unlike that of such mutilated, destroyed, lost, or stolen Bond, and shall thereupon cancel any such mutilated Bond so surrendered. In case any such mutilated, destroyed, lost, or stolen Bond has become or is to become due for final payment within one month, the City in its discretion may, instead of issuing a new Bond, pay the Bond.

(b) Upon the issuance of any new Bond under this Section 3.09, the City may require the payment of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees or other fees, of the City or the Registrar connected therewith.

(c) Each new Bond issued pursuant to this Section, in lieu of any destroyed, lost, or stolen Bond, shall constitute an additional contractual obligation of the City, whether or not the destroyed, lost, or stolen Bond shall at any time be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with the Bond duly issued pursuant to this Ordinance.

(d) The Bond shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of the mutilated, destroyed, lost, or stolen Bond and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement or payment of the mutilated, destroyed, lost, or stolen Bond or securities.

#### Section 3.10 Holder As Owner of the Bond.

In its capacity as Registrar, the City may treat the Holder of the Bond as the absolute owner thereof, whether the Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Bond Payment on the Bond and for all other purposes; and payment of the Bond Payment shall be made only to, or upon the order of, such Holder. All payments to such Holder shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid, and the City shall not be affected by any notice to the contrary.

#### Section 3.11 Cancellation of the Bond.

The Registrar shall destroy the Bond when the same shall be surrendered to it for cancellation. In such event, the Bond shall no longer be deemed Outstanding under this Ordinance and no bond shall be issued in lieu thereof.

Section 3.12 Payments Due Saturdays, Sundays and Holidays.

In any case where the Bond Payment Date shall be Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of the Bond Payment need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close, with the same force and effect as if made on the Bond Payment Date and no interest shall accrue for the period after such date.

Section 3.13 Tax Exemption in South Carolina.

The interest on the Bond shall be exempt from all State, county, municipal, school district, and all other taxes or assessments of the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

Section 3.14 Order to Levy Ad Valorem Taxes to Pay Principal and Interest of the Bond.

For the payment of Bond Payments as the same become due and for the creation of such sinking fund as may be necessary therefor, the full faith, credit, and taxing power of the City are hereby irrevocably pledged, and there shall be levied and collected an *ad valorem* tax, without limit as to rate or amount, upon all taxable property located within the City sufficient to pay the Bond Payments until the Bond is no longer Outstanding. Such levy may be reduced to the extent that, at the time the annual millage levy for the Bond Payments is set, the City has available other amounts for the payment of amounts due on the succeeding Bond Payment Date and has deposited the same into the sinking fund established for the payment of the Bond Payment.

Section 3.15 Form of the Bond.

The form of the Bond and registration provisions to be endorsed thereon, shall be substantially as set forth in Exhibit A attached hereto and made a part of this Ordinance.

[End of Article III]

**ARTICLE IV**  
**REDEMPTION OF BOND**

Section 4.01   Redemption of the Bond.

The Bond shall be subject to redemption prior to maturity at such times and in such amounts and upon such terms as may be determined by an Authorized Officer.

Section 4.02   Election to Redeem.

In the event that the City shall, in accordance with the provisions of Section 4.01 hereof, elect to redeem the Bond, it shall give notice to the Registrar and the Paying Agent of each optional redemption. Such notice shall specify the date fixed for redemption and the Bond which is to be redeemed. Such notice shall be given at least 30 days prior to the date fixed for redemption or such lesser number of days as shall be acceptable to the Registrar and the Purchaser.

[End of Article IV]



**ARTICLE V**  
**SALE OF BOND**

**Section 5.01**   **Sale of the Bond.**

The Bond shall be sold at public sale, at a price not less than par plus accrued interest to the date of delivery. Bids shall be solicited on the basis of an official notice of sale, the form of which is attached hereto as Exhibit B (the “*Notice of Sale*”). Unless all of the bids are rejected, the award of the Bond shall be made to the party offering the terms most advantageous to the City. An Authorized Officer, in his or her sole discretion, shall determine what grounds constitute the terms most advantageous to the City.

**Section 5.02**   **Notice of Sale.**

In accordance with the Enabling Act, the Notice of Sale shall be published in The State, a newspaper of general circulation in the State or, if deemed appropriate by an Authorized Officer, in a financial publication published in the City of New York, State of New York, or both. The Notice of Sale shall appear at least once, not less than 7 days before the date set for said sale.

In lieu of publishing the Notice of Sale in its entirety, an Authorized Officer may elect to publish an abbreviated form of such notice and provide the entire Notice of Sale to those parties who may request the same. The summary notice of sale shall be published on the same terms described in the foregoing paragraph. A form of the summary is attached hereto as Exhibit C; such form shall be subject to change in the sole discretion of the Authorized Officer.

[End of Article V]

## **ARTICLE VI**

### **DISPOSITION OF PROCEEDS OF SALE OF BOND**

#### **Section 6.01 Disposition of Bond Proceeds Including Temporary Investments.**

The proceeds derived from the sale of the Bond shall be paid to the City, to be applied as follows: (a) to payment of costs of issuance of the Bond; and (b) the remaining amount shall be deposited in a separate account, and shall be expended and made use of by the City Council to defray the costs of the Project described in Section 1.01 hereof. Pending the use of Bond proceeds, the same shall be invested and reinvested by the City in Authorized Investments. All earnings from such investments shall be applied, at the direction of an Authorized Officer, either (1) to defray the cost of the undertakings for which the Bond is issued and if not required for this purpose, then (2) to pay the first maturing Bond Payment on the Bond; if any balance remains, it shall be held by the City in a special fund, invested by the City Clerk in Government Obligations, with a yield not in excess of the yield on such Bond and used to effect the retirement thereof.

Neither the purchaser nor Holder of the Bond shall be liable for the proper application of the proceeds thereof.

[End of Article VI]

## ARTICLE VII

### DEFEASANCE OF BOND

#### Section 7.01 Discharge of Ordinance - Where and How the Bond is Deemed to Have Been Paid and Defeased.

If the Bond and the interest thereon shall have been paid and discharged, then the obligations of the City under this Ordinance and all other rights granted hereby shall cease and determine. The Bond shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances:

- (a) a third party fiduciary, which shall be any bank, trust company, or national banking association which is authorized to provide corporate trust services (the “*Fiduciary*”), shall hold, in trust and irrevocably appropriated thereto, sufficient moneys for the payment of all Bond Payments due thereunder; or
- (b) if default in the payment of the Bond Payment due shall have occurred on any Bond Payment Date, and thereafter tender of such payment shall have been made, and at such time the Fiduciary shall hold in trust and irrevocably appropriated thereto, sufficient moneys for the payment thereof to the date of the tender of such payment; or
- (c) if the City shall elect to provide for the payment of the Bond prior to its stated maturity and shall have deposited with the Fiduciary, in an irrevocable trust, moneys which shall be sufficient, or Government Obligations, the principal of and interest on which when due will provide moneys, which together with moneys, if any, deposited with the Fiduciary at the same time, shall be sufficient to pay when due the Bond Payment due and to become due, together with any redemption premium applicable thereto.

Neither the Government Obligations nor moneys deposited with the Fiduciary pursuant to this Section nor the Bond Payments thereon shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Bond Payments and redemption premium, if any, on the Bond; provided that any cash received from such principal or interest payments on Government Obligations deposited with the Fiduciary, if not then needed for such purpose, shall to the extent practicable be invested and reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the Bond Payments and redemption premium, if any, to become due on the Bond on and prior to the Bond Payment Dates thereof, and interest earned from such reinvestments not required for the payment of the Bond Payments and redemption premium, if any, may be paid over to the City, free and clear of any trust, lien or pledge.

[End of Article VII]

## ARTICLE VIII

### CERTAIN TAX AND DISCLOSURE CONSIDERATIONS

#### Section 8.01 Covenants to Comply with Requirements of the Code.

The City acknowledges that it has ongoing responsibilities with respect to the Code and the preservation of the tax-exempt status of the Bond. The City hereby represents and covenants that it will comply with all requirements of the Code, and that it will not take any action which will, or fail to take any action (including, without limitation, filing the required information reports with the Internal Revenue Service) which failure will, cause interest on the Bond to become includable in the gross income of the Holder thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Bond. Without limiting the generality of the foregoing, the City represents and covenants as follows:

(a) All property financed or refinanced with the net proceeds of the Bond will be owned for federal income tax purposes by the City throughout the entire term of the Bond and until the Bond is paid in full.

(b) The City shall not permit the proceeds of the Bond or any property financed or refinanced with the proceeds of the Bond to be used such that (i) ten percent (10%) or more of such proceeds are considered as having been used in a “private business use” (as defined in Section 141(b) of the Code), (ii) five percent (5%) or more of such proceeds are considered as having been used in a “private business use” that is either “unrelated” or “disproportionate” to the governmental use of such proceeds (as the terms “unrelated” and “disproportionate” are defined for purposes of Section 141(b) of the Code), or (iii) an amount greater than five percent (5%) of such proceeds are considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

(c) The City is not a party to, will not enter into, or permit any other party to enter into, any contracts with any entity involving the management of any property provided with the proceeds of the Bond that do not conform to the guidelines set forth in Revenue Procedure 2017-13, as the same may be modified by subsequent official guidance, unless the City obtains an opinion of nationally recognized bond counsel that such contract will not adversely affect the tax-exempt status interest on the Bond.

(d) No property, or any portion thereof, financed or refinanced with the proceeds of the Bond will be (i) sold, leased, or otherwise disposed of to (or for the benefit of) any private person engaged in a private trade or business, or (ii) otherwise used (directly or indirectly) by (or on behalf of) any private person engaged in a private trade or business, unless the City obtains an opinion of nationally recognized bond counsel that such sale, lease, other disposition to (or on behalf of) such private person, or such use in a private trade or business, will not adversely affect the tax-exempt status of interest on the Bond for federal income tax purposes.

(e) The Bond will not be “federally guaranteed” within the meaning of Section 149(b) of the Code. No property, nor any portion thereof, financed or refinanced with the proceeds of the Bond will be (i) sold, leased, or otherwise disposed of to (or for the benefit of) the federal government or any of its agencies, or (ii) managed, serviced or otherwise used (directly or indirectly) by (or on behalf of) the federal government or any of its agencies, unless the City obtains an opinion of nationally recognized bond counsel that such sale, lease, other disposition to, or such use by (or on behalf of), the federal government or any of its agencies will not adversely affect the tax-exempt status of interest on the Bond for federal income tax purposes.

(f) The City covenants to file IRS Form 8038-G at the time and in the place required therefor under the Code.

(g) Prior to the issuance of the Bond, an Authorized Officer may designate the Bond or a portion thereof as taxable under the Code. The election to issue a series of taxable obligations shall be clearly indicated by including the phrase “Taxable Series,” or words to that effect, in the series designation of such taxable obligations. With respect to any such taxable obligations (and the property financed with the proceeds of such obligations), the City shall not be required to comply with the covenants set forth elsewhere in this Section 8.01 or in Section 8.02 hereof.

#### Section 8.02 Ability to Meet Arbitrage Requirements.

(a) The City hereby covenants that (i) on the date of issuance of the Bond, it will reasonably expect that no use of the proceeds of the Bond, and (ii) after the issuance date of the Bond, it will make no use of the proceeds of the Bond, that would cause the Bond to be an “arbitrage bond,” as defined in the Code, and (iii) it will comply with all of the requirements of Section 148 of the Code with respect to the Bond.

(b) In order to comply with the requirements of paragraph (a) of this Section, the City further agrees to compute and pay arbitrage rebate as required under Section 148(f) of the Code.

(c) Supplemental to the covenants of Section 8.01 hereof, and in no way in limitation thereof, an Authorized Officer is hereby authorized and directed to execute, at or prior to delivery of the Bond, a certificate or certificates specifying actions taken or to be taken by the City, and the reasonable expectations of such officials, with respect to the Bond, the proceeds thereof, or the City.

#### Section 8.03 Continuing Disclosure.

Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended (“**Section 11-1-85**”), the City covenants to file with a central repository for availability in the secondary bond market, when requested:

(a) An annual independent audit, within thirty days of the City’s receipt of the audit; and

(b) Event-specific information within thirty days of an event adversely affecting more than five percent of revenue or the City's tax base.

The only remedy for failure by the City to comply with the covenant in this Section 8.03 shall be an action for specific performance of this covenant. The City specifically reserves the right to amend this covenant to reflect any change in Section 11-1-85, without the consent of any Bondholder.

Section 8.04 Qualified Tax-Exempt Obligation.

The City expects to issue no tax-exempt obligation in calendar year 2018 which, along with the Bond, would aggregate more than \$10,000,000. Accordingly, the Bond is hereby designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code.

[End of Article VIII]

## **ARTICLE IX**

### **MISCELLANEOUS**

#### Section 9.01 Savings Clause.

If any one or more of the covenants or agreements provided in this Ordinance should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Ordinance.

#### Section 9.02 Successors.

Whenever in this Ordinance the City is named or referred to, it shall be deemed to include any entity, which may succeed to the principal functions and powers of the City, and all the covenants and agreements contained in this Ordinance or by or on behalf of the City shall bind and inure to the benefit of said successor whether so expressed or not.

#### Section 9.03 Ordinance to Constitute Contract.

In consideration of the purchase and acceptance of the Bond by those who shall purchase and hold the same from time to time, the provisions of this Ordinance shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Bond, and such provisions are covenants and agreements with such Holders which the City hereby determined to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants, and agreements herein set forth to be performed on behalf of the City shall be for the benefit, protection, and security of the Holders of the Bond.

#### Section 9.04 Filing of Copies of Ordinance.

Copies of this Ordinance shall be filed in the offices of the City Clerk and in the office of the Clerk of Court of Beaufort County, South Carolina (as a part of the Record of Proceedings for the Bond).

#### Section 9.05 Further Action by Officers of the City.

The Authorized Officers are fully authorized and empowered to take the actions required to implement the provisions of this Ordinance and to furnish such certificates and other proofs as may be required of them. In the absence of any officer of the City Council herein authorized to take any act or make any decision, the Mayor Pro Tempore is hereby authorized to take any such act or make any such decision.

Section 9.06 Notice Pursuant to Section 11-27-40, paragraph 8 of the Code of Laws of South Carolina 1976, as amended.

In order that the City Council may proceed as soon as possible to issue and deliver the Bond authorized hereby, an Authorized Officer may determine that the City avail itself of the provisions of paragraph 8 of Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended. If such determination is made, the notice of enactment prescribed thereby shall be published, the form of which shall be substantially as set forth in Exhibit D attached hereto.

Section 9.07 Effective Date of Ordinance.

This Ordinance shall take effect upon its second reading and shall be forthwith codified in the City's Code of Ordinances.

[End of Article IX]

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**DONE, RATIFIED AND ENACTED** this 13th day of November, 2018.

**CITY OF BEAUFORT, SOUTH CAROLINA**

(SEAL)

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Mayor

Attest:

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City Clerk  
City of Beaufort, South Carolina

First Reading:     October 23, 2018  
Second Reading:   November 13, 2018

DRAFT

**EXHIBIT A**

**[FORM OF BOND]**

**WITH THE CONSENT OF THE PURCHASER, AND NOTWITHSTANDING ANY CONTRARY PROVISION CONTAINED IN THE ORDINANCE, THE BOND MAY BE SOLD OR TRANSFERRED ONLY TO PURCHASERS WHO EXECUTE AN INVESTMENT LETTER DELIVERED TO THE CITY, IN FORM SATISFACTORY TO THE CITY, CONTAINING CERTAIN REPRESENTATIONS, WARRANTIES AND COVENANTS AS TO THE SUITABILITY OF SUCH PURCHASERS TO PURCHASE AND HOLD THE BOND. SUCH RESTRICTION SHALL BE SET FORTH ON THE FACE OF THE BOND AND SHALL BE COMPLIED WITH BY EACH TRANSFEREE OF THE BOND.**

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
CITY OF BEAUFORT  
GENERAL OBLIGATION BOND, SERIES 2018

No. 1 \$[\_\_\_\_\_]

Registered Holder:

Principal Amount: \_\_\_\_\_ Dollars (\$\_\_\_\_\_)

The City of Beaufort, South Carolina (the “**City**”), a public body corporate and politic and a political subdivision of the State of South Carolina (the “**State**”), created and existing by virtue of the laws of the State, acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Holder named above or registered assigns, the Principal Amount stated above.

This Bond is issued in the principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) for purposes authorized by and pursuant to and in accordance with the Constitution and statutes of the State, including particularly the provisions of Sections 5-21-210 through 5-21-500 and Section 11-27-40, Code of Laws of South Carolina 1976, as amended, and an ordinance (the “**Ordinance**”) duly enacted by the City Council of the City (the “**Council**”) on November 13, 2018.

[Insert Redemption Provisions, if any]

The principal and interest on this Bond shall be paid by way of an equal \_\_\_\_\_ amortized payment in the amount of \$\_\_\_\_\_ (each a “**Bond Payment**”) due and payable on \_\_\_\_\_ of each of the years 20\_\_ through 20\_\_, inclusive (the “**Bond Payment Dates**”). This Bond shall bear interest

at the rate of \_\_\_\_\_% per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months, from the date of this Bond and shall be paid by way of the Bond Payments to the person in whose name this Bond is registered at the close of business on the fifteenth day of the month next preceding each Bond Payment date. The Bond Payments shall be payable by check or draft mailed at the times provided herein from the City to the person in whose name this Bond is registered at the address shown on the registration books. The Bond Payments are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinance. Certified copies of the Ordinance are on file in the office of the Clerk of Court of Beaufort County, South Carolina and in the office of the City Council.

This Bond is payable from an *ad valorem* tax, without limit as to rate or amount, levied and collected on all taxable property within the City. For the prompt payment of the Bond Payments as the same shall become due, the full faith, credit, and taxing power of the City are irrevocably pledged.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer, or certain franchise taxes.

This Bond is issued in the form of one fully registered bond and is transferable, as provided in the Ordinance, only upon the registration books of the City kept for that purpose at the offices of the City by the registered Holder in person or by his or her duly authorized attorney upon (i) surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered holder or his or her duly authorized attorney, and (ii) payment of the charges, if any, prescribed in the Ordinance. Thereupon a new fully registered bond of like interest rate and principal amount shall be issued to the transferee in exchange therefor as provided in the Ordinance. The City may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of the Bond Payment due hereon and for all other purposes.

For every exchange or transfer of this Bond, the City may make a charge sufficient to reimburse itself for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer.

It is hereby certified and recited that all acts, conditions, and things required to exist, happen, and to be performed precedent to and in the adoption of the Ordinance and in the issuance of this Bond in order to make the legal, valid, and binding general obligation of the City in accordance with its terms, do exist, have been done, have happened and have been performed in regular and due form as required by law; and that the issuance of this Bond does not exceed or violate any constitutional, statutory, or other limitation upon the amount of indebtedness prescribed by law.

**IN WITNESS WHEREOF**, the City has caused this Bond to be signed by the manual signature of the Mayor of the City, attested by the manual signature of the City Clerk, and the seal of the City impressed hereon.

**CITY OF BEAUFORT,  
SOUTH CAROLINA**

(SEAL)

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk  
City of Beaufort, South Carolina

**(FORM OF ASSIGNMENT)**

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto the  
within bond and does hereby irrevocably constitute and appoint  
attorney to transfer the within bond on the books kept for registration thereof, with full power of  
substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Authorized Officer)

\_\_\_\_\_  
Notice: The signature to the assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

**OFFICIAL NOTICE OF SALE**

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## **OFFICIAL NOTICE OF SALE**

### **\$6,000,000\* CITY OF BEAUFORT, SOUTH CAROLINA GENERAL OBLIGATION BOND, SERIES 2018**

NOTICE IS HEREBY GIVEN that electronic bids, addressed to the City of Beaufort, South Carolina (the “**City**”), will be received by the City until 2:00 P.M. (local time) on

**THURSDAY, November 8, 2018** (the “**Date of Sale**”)

at which time said bids will be opened in the offices of Stephens Inc., Financial Advisor to the City, located at 3344 Peachtree Road, Suite 1650, Atlanta, Georgia 30326, for the purchase of a commercial loan to be evidenced by \$6,000,000\* General Obligation Bond, Series 2018, of the City of Beaufort, South Carolina (the “**Bond**”).

<i>Issuer:</i>	City of Beaufort, South Carolina.
<i>Par Amount:</i>	The preliminary par amount is \$6,000,000*; however, the City has the right to adjust the total par amount and estimated annual principal amounts as shown on <b>Exhibit A</b> , attached hereto, prior to closing.
<i>Purposes:</i>	The Bond is being issued for the purposes of (i) planning, designing, constructing and equipping improvements to the City’s stormwater system, (ii) planning, designing, constructing and equipping improvements to other City infrastructure, and (iii) paying costs associated with issuing the Bond.
<i>Tax Treatment:</i>	Tax-exempt, not subject to AMT (although certain corporations must take interest into account when determining adjusted current earnings in calculating the corporate AMT for taxable years that began prior to January 1, 2018). The City will covenant and agree that it will not take any actions which will, or fail to take any action which failure will, cause interest on the Bond to become includable in the income of holders of the Bond for federal income tax purposes pursuant to the provisions of Section 103 of the Internal Revenue Code of 1986, as amended (the “ <b>Code</b> ”).
<i>Bank Qualified:</i>	The Bond will be designated as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3)(B) of the Code.
<i>Legal Authority:</i>	Pursuant to Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended, Title 5, Chapter 21 of the Code of Laws of South Carolina 1976, as amended, and Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended, the City is authorized to issue general obligation debt for any corporate or public purpose. The Bond are further authorized by an ordinance of the City Council of the City of Beaufort, dated November 13, 2018 (the “Bonds Ordinance”), a copy of which is available upon request to Bond Counsel. All capitalized terms used

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\* Items marked with an asterisk throughout this Official Notice of Sale are preliminary and subject to change.

but not otherwise defined shall have the meaning ascribed thereto in the Bond Ordinance.

<i>The Bond:</i>	The Bond will be issued as a single bond, in registered form and will be dated as of its date of delivery, which is expected to be December 10, 2018 as described in <u>Anticipated Delivery</u> below. Interest on the Bond will be a single, fixed rate of interest, computed on a 30/360 basis (calculated on the basis of a 360-day year consisting of twelve-30 day months). Bidders shall specify the rate of interest per annum that the Bond is to bear, to be expressed in multiples of 1/100 of 1%. The City requests that bidders submit a bid for the Bond based on either or both maturity schedules attached as <b>Exhibit A</b> hereto.
<i>Security:</i>	As security for the payments of the principal of and interest on the Bond (the “Bond Payments”), the full faith, credit, and taxing power of the City are irrevocably pledged and there shall be levied an ad valorem property tax, without limit as to rate or amount, upon all taxable property located within the City sufficient to pay the Bond Payments until the Bond is no longer outstanding.
<i>Outstanding Bonds</i>	A listing of the City’s Outstanding general obligation bonds is provided at <b>Exhibit B</b> hereto.
<i>Principal Payment Dates:</i>	Annual principal payments on the Bond will be due on December 1 of each year, beginning December 1, 2019, until the final maturity date.
<i>Interest Payment Dates:</i>	Semi-annual interest payments shall be due on each June 1 and December 1 commencing June 1, 2019, until the Bond matures or is otherwise redeemed.
<i>Denominations:</i>	The Bond will be issued in a single denomination equal to the par amount thereof.
<i>Redemption Provisions:</i>	In whole or in part at any time at par.
<i>Paying Agent, Registrar:</i>	The City of Beaufort, South Carolina.
<i>Rating:</i>	The City has no plans to apply for bond ratings directly related to the Bond. The City’s maintains an AA rating from S&P Global Ratings and an Aa2 rating from Moody’s Investors Services for its outstanding \$9,785,000 original principal amount General Obligation Refunding and Improvement Bonds, Series 2016.
<i>Award of the Bond:</i>	Although the selection will be based substantially on the lowest total financing cost (including both interest cost (calculated on a true interest cost basis) together with any upfront fees and expenses), the City reserves the right to award the Bond to the bidder proposing the most advantageous

terms to the City (as determined by the City).

All bids shall be final and binding. The successful bidder will be notified of the award within twenty-four (24) hours from the Date of Sale. Any bid for less than one hundred percent (100.0%) of the principal amount of the Bond will be rejected. The right is reserved to reject any and all bids and to waive informalities in any and all bids. Each bid must clearly state, and the City reserves the right to reject any bid that contains, any covenants, conditions, provisions, or requirements that may be in addition to the stated terms and conditions set forth in this Official Notice of Sale. Bids shall not be contingent upon or subject to further credit approval. All costs and expenses associated with a bid shall be fully disclosed as absolute figures and will be taken into account in awarding the Bond.

Any accepted bid will be subject to official acceptance by the City.

*Yield Maintenance:* The successful bidder will not be allowed to receive an after tax yield or gross up on the interest remaining on the then outstanding principal amount of the Bond upon the occurrence of a determination of taxability or in the event of a change in the successful bidder's corporate tax rate.

*Anticipated Delivery:* The Bond is offered when, as, and if issued. The Bond will be dated the date of delivery and is expected to be delivered on or about December 10, 2018. Delivery of a properly executed Bond will be made in Beaufort, South Carolina, or such other place as is mutually agreed upon by the City and the purchaser, at the expense of the City, accompanied by a transcript of the record of the proceedings, a Signature and No-Litigation Certificate, and the unqualified approving opinion of Pope Flynn, LLC, as Bond Counsel ("***Bond Counsel***"). The proceeds of the Bond shall be made in immediately available Federal funds by wire transfer as directed by the City on or prior to closing. The amount of the payment shall be equal to the principal amount bid.

*Investment Letter:* The purchaser of the Bond will be expected to execute an investment letter to the City regarding its purchase of the Bond. The form of the investment letter is available upon request.

*Submission of Bids:* Bids are due by **THURSDAY, NOVEMBER 8, 2018 AT 2:00 P.M. (LOCAL TIME)** by email.

*E-Mail Delivery.* Bidders are required submit bids to the City by email to the individuals listed below. Any delay in receipt of an email bid, or any incompleteness or illegible portions of any bid, will be the responsibility of the bidder.

Bids should be transmitted to the following individuals on a term sheet incorporating the information in this Official Notice of Sale and transmitted to the following:

Kathy Todd, Finance Director of the City



Email: [ktodd@cityofbeaufort.org](mailto:ktodd@cityofbeaufort.org)

Lawrence Flynn, Bond Counsel

Email: [lflynn@popeflynn.com](mailto:lflynn@popeflynn.com)

Lyman Wray, Financial Advisor

Email: [lyman.wray@stephens.com](mailto:lyman.wray@stephens.com)

Sean Carney, Financial Advisor

Email: [sean.carney@stephens.com](mailto:sean.carney@stephens.com)

*Audited Financial  
Statements:*

The City's budgets and audited financial statements are available on electronically through the below listed websites:

<http://www.cityofbeaufort.org/budgets.aspx>

<http://www.cityofbeaufort.org/comprehensive-annual-financial-reports-cafr.aspx>

*Additional Information:* Any questions regarding this Official Notice of Sale should be directed in writing, via e-mail, to the City's Financial Advisor, Stephens Inc., using the e-mail address above. All questions will be answered via e-mail with a copy to each firm.

## Exhibit A

### Proposed Maturity Schedules

15 Year Amortization		20 Year Amortization	
Payment	*Principal	Payment	*Principal
Date	Amount	Date	Amount
12/1/2019	\$ 305,000	12/1/2019	\$ 206,000
12/1/2020	316,000	12/1/2020	214,000
12/1/2021	328,000	12/1/2021	222,000
12/1/2022	341,000	12/1/2022	231,000
12/1/2023	353,000	12/1/2023	239,000
12/1/2024	367,000	12/1/2024	248,000
12/1/2025	381,000	12/1/2025	258,000
12/1/2026	395,000	12/1/2026	267,000
12/1/2027	410,000	12/1/2027	277,000
12/1/2028	425,000	12/1/2028	288,000
12/1/2029	441,000	12/1/2029	299,000
12/1/2030	458,000	12/1/2030	310,000
12/1/2031	475,000	12/1/2031	322,000
12/1/2032	493,000	12/1/2032	334,000
12/1/2033	512,000	12/1/2033	346,000
<b>Total</b>	<b>\$6,000,000</b>	12/1/2034	360,000
		12/1/2035	373,000
		12/1/2036	387,000
		12/1/2037	402,000
		12/1/2038	417,000
		<b>Total</b>	<b>\$ 6,000,000</b>



## **Exhibit B**

### Outstanding Bonds

The City has previously issued the following Series of Bonds, which are currently Outstanding<sup>1</sup>:

- (1) The outstanding \$815,000<sup>2</sup> principal amount of the originally issued \$1,850,000 General Obligation Bond, Series 2012 dated May 29, 2010; and
- (2) The outstanding \$9,705,000<sup>3</sup> principal amount of the originally issued \$9,785,000 General Obligation Bond, Series 2016 dated April 6, 2016.

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<sup>1</sup> Entire balance chargeable against the City's constitutional debt limit.

<sup>2</sup> Par amount through October 1, 2018.

<sup>3</sup> A portion of the balance is chargeable against the City's constitutional debt limit; see the Ordinance for a breakout of the current balance chargeable against the City's constitutional debt limit.

**FORM OF SUMMARY NOTICE OF SALE**

Bids will be received by the City of Beaufort, South Carolina, at 2:00 p.m. (Eastern Time) on Thursday, November 8, 2018, pursuant to the Official Notice of Sale dated October 29, 2018 with respect to the sale of the \$6,000,000 General Obligation Bond, Series 2018 of the City of Beaufort, South Carolina. The par amount of the bonds is subject to adjustment as set forth in the Official Notice of Sale. The Official Notice of Sale and other information is available from Lyman Wray, Financial Advisor to the City (email: [lyman.wray@stephens.com](mailto:lyman.wray@stephens.com)).

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**NOTICE OF ENACTMENT**

Notice is hereby given that on November 13, 2018, the City Council of the City of Beaufort, enacted an ordinance entitled “AN ORDINANCE TO PROVIDE FOR THE ISSUANCE AND SALE OF A NOT EXCEEDING SIX MILLION DOLLARS (\$6,000,000) GENERAL OBLIGATION BOND, SERIES 2018 OF THE CITY OF BEAUFORT, SOUTH CAROLINA, TO PRESCRIBE THE PURPOSES FOR WHICH THE PROCEEDS SHALL BE EXPENDED, TO PROVIDE FOR THE PAYMENT THEREOF, AND OTHER MATTERS RELATING THERETO.”

By order of the City Council, this \_\_\_\_ day of \_\_\_\_\_ 2018.

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## CITY OF BEAUFORT

### DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

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**TO:** CITY COUNCIL **DATE:** 10/12/2018  
**FROM:** Kathy Todd  
**AGENDA ITEM**  
**TITLE:** FY 2019 TDAC Recommendations for ATAX Grants  
**MEETING**  
**DATE:** 10/16/2018  
**DEPARTMENT:** Finance

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#### *BACKGROUND INFORMATION:*

On August 3, 2018 the FY 2019 ATAX Application notice was published in the newspaper and applications were made available on the website. In addition, the notice included the mandatory workshops that were to be held. Mandatory workshops were held on August 14th and August 23rd. Applicants were required to attend one workshop as a qualification to applying. Application submission date was Wednesday, September 19th at 2pm. The TDAC received all application and met on October 2 to hear each applicants presentation of their request. Following the presentations, the TDAC completed their evaluations, discussed and made their recommendation for the FY 2019 ATAX grant awards.

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

#### **REMARKS:**

The TDAC will be presenting to City Council their recommendations of award recipients of the FY 2019 ATAX grants.

#### **ATTACHMENTS:**

Description	Type	Upload Date
TDAC Scoring on FY 2019 ATAX Applications	Cover Memo	10/12/2018
TDAC Recommendation on FY 2019 ATAX grants	Cover Memo	10/12/2018

<u>Applicant for FY - 2018/2019</u>	<u>Program/Event</u>	<u>FY 2018 Request</u>	<u>FY 2018 Approved</u>	<u>Other Source Funds</u>	<u>FY 2019 Request</u>	<u>Score</u>	<u>FY 2019 TDAC Recommended</u>	<u>Approved by Council, 11.14.17</u>
Beaufort International Film Festival				\$ 75,000.00	\$ 15,000.00	<b>4.94</b>	\$ 10,000.00	
Greater Beaufort-Port Royal CVB	Destination Marketing	\$ 130,000.00	\$ 130,000.00	\$ 369,610.00	\$ 140,000.00	<b>4.91</b>	\$ 135,000.00	
Greater Beaufort-Port Royal CVB	Sales Plan			\$ 55,000.00	\$ 45,000.00	<b>4.84</b>	\$ 35,000.00	
Greater Beaufort-Port Royal CVB	Website and Apps				\$ 50,000.00	<b>4.78</b>	\$ 35,000.00	
Friends of the Spanish Moss Trail	Site Survey	\$ 7,000.00		\$ 15,000.00	\$ 15,000.00	<b>4.76</b>	\$ 7,500.00	
Port Royal Sound Foundation				\$ 53,500.00	\$ 9,450.00	<b>4.69</b>	\$ 7,114.50	
Santa Elena Foundation	External Marketing Initiative	\$ 8,000.00	\$ 7,000.00	\$ 12,000.00	\$ 12,000.00	<b>4.68</b>	\$ 7,000.00	
Greater Beaufort-Port Royal CVB	Visitor Center Engagement	\$ 45,000.00	\$ 30,000.00	\$ 79,201.00	\$ 45,000.00	<b>4.67</b>	\$ 30,000.00	\$ -
SC Lowcountry & Resort Islands Tourism Commission	2016-2017 General Promotion	\$ 27,000.00	\$ 15,000.00	\$ 517,225.00	\$ 29,975.00	<b>4.58</b>	\$ 20,000.00	
Friends of the Spanish Moss Trail	Historic Signage	\$ 6,525.00	\$ 4,000.00	\$ 3,249.00	\$ 3,248.00	<b>4.46</b>	\$ -	
Exchange Club of Beaufort (for CAPA)	Exchange Club Ghost Tours	\$ 2,000.00	\$ 1,000.00	\$ 3,500.00	\$ 1,000.00	<b>4.44</b>	\$ 1,000.00	
Friends of Hunting Island				\$ 4,419.00	\$ 4,419.00	<b>4.43</b>	\$ -	\$ -
USCB				\$ 325,000.00	\$ 25,000.00	<b>3.67</b>	\$ -	
Beaufort County Black Chamber of Commerce	Cultural Tourism Marketing	\$ 75,000.00	\$ -	\$ 75,000.00	\$ 75,000.00	<b>1.51</b>	\$ -	\$ -
							\$ -	\$ -
		\$ 300,525.00	\$ 187,000.00	\$ 1,587,704.00	\$ 470,092.00		\$ 287,614.50	\$ -

TOTAL AVAILABLE  
Var

\$ 287,614.50  
\$ -

## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

CVB - DMO Marketing

Total Score

4.91

Applicants will be rated on a 1-5 scale for the below category items.

Impact on Tourism							Avg
1	5	5	5	5	3	5	4.67
2	5	5	5	5	3	5	4.67
3	5	5	5	5	4	5	4.83
4	5	5	5	5	5	5	5.00

Coordination and collaboration							
1	5	5	5	5	5	5	5.00
2	5	5	5	5	5	5	5.00
3	5	5	5	5	5	5	5.00

Fiscal Stability and Administration							
1	5	5	5	5	5	5	5.00
2	5	5	4	5	5	5	4.83
3	5	5	5	5	5	5	5.00

Budget							
1	5	5	5	5	5	5	5.00

Historical A-Tax Success**							
1	5	5	5	5	4	5	4.83
2	5	5	5	5	5	5	5.00



## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

CVB - Visitor Center

Total Score

4.67

Applicants will be rated on a 1-5 scale for the below category items.

Impact on Tourism							Avg
1	5	5	5	4	5	4	4.67
2	3	5	5	5	5	5	4.67
3	3	5	5	5	5	5	4.67
4	3	5	5	5	5	4	4.50

Coordination and collaboration							
1	3	5	4	5	4	4	4.17
2	3	5	5	5	5	4	4.50
3	3	5	5	5	5	5	4.67

Fiscal Stability and Administration							
1	4	5	5	5	5	5	4.83
2	4	5	5	5	5	4	4.67
3	4	5	5	5	5	5	4.83

Budget							
1	5	5	5	5	5	5	5.00

Historical A-Tax Success**							
1	4	5	5	5	5		4.80
2	4	5	5	5	5		4.80

## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

### CVB - Sales Plan

### Total Score

4.84

Applicants will be rated on a 1-5 scale for the below category items.

Impact on Tourism							Avg
1	5	4	5	5	5	5	4.83
2	5	5	5	5	5	5	5.00
3	5	5	5	5	5	3	4.67
4	5	5	5	5	5	4	4.83

Coordination and collaboration							
1	5	5	5	5	5	5	5.00
2	5		5	4	5	5	4.80
3	5	5	5	5	5	5	5.00

Fiscal Stability and Administration							
1	5	5	5	4	5	4	4.67
2	5	5	5	4	5	5	4.83
3	5	5	5	4	5	3	4.50

Budget							
1	5	5	5	5	5	4	4.83

Historical A-Tax Success**							
1	5		5		5		5.00
2	5		5		5		5.00

## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

### CVB - Website and Apps

### Total Score

4.78

Applicants will be rated on a 1-5 scale for the below category items.

Impact on Tourism							Avg
1	5	5	4	4	5	4	4.50
2	5	5	5	5	5	5	5.00
3	5	5	5	5	5	5	5.00
4	5	5	4	5	5	3	4.50

Coordination and collaboration							
1	5	5	4	4	5	5	4.67
2	5	5	5	4		3	4.40
3	5	5	5	5		4	4.80

Fiscal Stability and Administration							
1	5	5	5	5	5	4	4.83
2	5	5	5	5	5	5	5.00
3	5	5	5	5	5	4	4.83

Budget							
1	5	5	5	5	5	5	5.00

Historical A-Tax Success**							
1	5	5		5			5.00
2	5	5		4			4.67

## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

SC Lowcountry Tourism Commission

Total Score

Applicants will be rated on a 1-5 scale for the below category items.

4.58

### Impact on Tourism

							Avg
1	4	5	5	4	5	3	4.33
2	4	5	5	5	5	4	4.67
3	4	5	5	5	4	3	4.33
4	4	5	5	4	5	4	4.50

### Coordination and collaboration

1	4	5	5	5	5	4	4.67
2	4	5	5	5	4	5	4.67
3	4	5	5	5	5	5	4.83

### Fiscal Stability and Administration

1	4	5	5	5	5	4	4.67
2	4	5	5	5	5	3	4.50
3	4	5	5	5	5	4	4.67

### Budget

1	4	5	5	5	5	4	4.67
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### Historical A-Tax Success\*\*

1	4	5	5	4	5	4	4.50
2	4	5	5	4	5	4	4.50

## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

Friends of Hunting Island

Total Score

4.43

Applicants will be rated on a 1-5 scale for the below category items.

Impact on Tourism							Avg
1	5	4	5	5	3	5	4.50
2	5	4	5	5	5	4	4.67
3	3	4	5	5	4	5	4.33
4	3	4		5	5	4	4.20

Coordination and collaboration							
1	4	4		5	3	5	4.20
2	5	4	4	5	4	4	4.33
3		4	5	5	4	5	4.60

Fiscal Stability and Administration							
1	2	4	5	5	5	4	4.17
2	4	4	5	5	5	5	4.67
3	4	4	5		5	5	4.60

Budget							
1	5	5	5	5	4	5	4.83

Historical A-Tax Success**							
1				5	4		4.50
2				5	3		4.00

## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

CAPA/Exchange Club

Total Score

Applicants will be rated on a 1-5 scale for the below category items.

4.44

### Impact on Tourism

Avg

1	4	3	5	3	5	4	4.00
2	4	3	5	3	5	4	4.00
3	4	5	5	5	5	5	4.83
4	4	4	4	4	5		4.20

### Coordination and collaboration

1	4	5	5	4	5	4	4.50
2	4	5	5	4	5	3	4.33
3	4	5	5	2	5	4	4.17

### Fiscal Stability and Administration

1	4	5	5	4	5	5	4.67
2	4	5	5	4	5	4	4.50
3	4	5	5	5	5	4	4.67

### Budget

1	5	5	5	5	5	4	4.83
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### Historical A-Tax Success\*\*

1	5	4	5		5	3	4.40
2	5	4	5		5	4	4.60

## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

Beaufort County Black Chamber

Total Score

Applicants will be rated on a 1-5 scale for the below category items.

1.51

### Impact on Tourism

							Avg
1	3	1	2	1	1	1	1.50
2	2	1	2	1	1	1	1.33
3	2	1	2	1	1	1	1.33
4	1	1	2	1	1	2	1.33

### Coordination and collaboration

1	1	1	1	3	3	1	1.67
2	2	1	1	3	3	1	1.83
3	1	1	1	2	3	1	1.50

### Fiscal Stability and Administration

1	1	1	1	2	1	1	1.17
2	1	1	1	2	1	1	1.17
3	1	1	1	3		1	1.40

### Budget

1	1	1	1	5	4	1	2.17
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### Historical A-Tax Success\*\*

1		1	2		3	1	1.75
2		1	2		2	1	1.50

## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

Santa Elana Foundation

Total Score

4.68

Applicants will be rated on a 1-5 scale for the below category items.

Impact on Tourism							Avg
1	4	5	5	5	5	4	4.67
2	4	5	5	5	5	4	4.67
3	5	5	5	5	5	5	5.00
4		5	5	5	5	5	5.00

Coordination and collaboration							
1	3	5	5	5	4	4	4.33
2	4	5	5	5	4	5	4.67
3		5	5	5	4	4	4.60

Fiscal Stability and Administration							
1	4	5	4	5	4	4	4.33
2	5	5	5	5	4	5	4.83
3	5	5	4	5	4	4	4.50

Budget							
1	3	5	5	5	5	4	4.50

Historical A-Tax Success**							
1		5	5	5	5	4	4.80
2		5	5	5	5	5	5.00



## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

Beaufort Film Society

Total Score

Applicants will be rated on a 1-5 scale for the below category items.

4.94

### Impact on Tourism

						Avg
1	5	5	5	5	5	5.00
2	5	5	4	5	4	4.60
3	5	5	5	5	5	5.00
4	5	5	5	5	4	4.80

### Coordination and collaboration

1	5	5	5	5	5	5.00
2	5	5	5	4	5	4.80
3	5	5		5	5	5.00

### Fiscal Stability and Administration

1	5	5	5	5	5	5.00
2	5	5	5	5	5	5.00
3	5	5	5		5	5.00

### Budget

1	5	5	5	5	5	5.00
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### Historical A-Tax Success\*\*

1	5	5	5	5		5.00
2	5	5	5	5		5.00

## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

USCB

Total Score

3.67

Applicants will be rated on a 1-5 scale for the below category items.

Impact on Tourism							Avg
1	3	3	5	5	1	3	3.33
2	2	3	4	5	1	3	3.00
3	3		4	5	1	4	3.40
4		4	5	5	1	3	3.60

Coordination and collaboration							Avg
1		4	4	5	1	4	3.60
2		4	5	5	1	5	4.00
3		4	5	5	1	3	3.60

Fiscal Stability and Administration							Avg
1		5	5	5	1	5	4.20
2	1	5	5	5	1	3	3.33
3	5	5	5	5	1	5	4.33

Budget							Avg
1	2	5	5	5	1	3	3.50

Historical A-Tax Success**							Avg
1		5	5	5	1		4.00
2		5	4	5	1		3.75

## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

Port Royal Sound Foundation

Total Score

Applicants will be rated on a 1-5 scale for the below category items.

4.69

### Impact on Tourism

						Avg
1	4	5	5	4	4	4.40
2	3	5	5	5	4	4.40
3	5	5	5	5	4	4.80
4	4	5	5	5	4	4.60

### Coordination and collaboration

1	4	5	5	5	5	4.80
2	5	5	5	5	5	5.00
3	4	5	5	5	5	4.80

### Fiscal Stability and Administration

1	3	5	5	5	5	4.60
2	5	5	5	5	5	5.00
3	5	5	5	4	5	4.80

### Budget

1	3	5	5		5	4.50
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### Historical A-Tax Success\*\*

1		5	5	4	4.67
2		5	5	4	4.67

## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

### Spanish Moss Trail - Site Survey

Applicants will be rated on a 1-5 scale for the below category items.

Total Score

4.46

Impact on Tourism							Avg
1	5	5	4	4	5	2	4.17
2	5	4	4	5	5	2	4.17
3		3	3	5	5	2	3.60
4			3	5	5	2	3.75

Coordination and collaboration							
1		5	5	5	5	4	4.80
2		3	5	5	5	4	4.40
3		5	5	5	5	4	4.80

Fiscal Stability and Administration							
1	5	5	5	5	5	4	4.83
2	5	5	5	5	5	4	4.83
3		4	5	4	5	4	4.40

Budget							
1		5	5	5	5	5	5.00

Historical A-Tax Success**							
1	5		4	5	5	4	4.60
2	5		4	5	5	4	4.60

## 2017 - 2018 City of Beaufort ATAX Applicant Scoring

### Spanich Moss Trail - Historic Points Signage

Total Score

4.76

Applicants will be rated on a 1-5 scale for the below category items.

Impact on Tourism							Avg
1	5	5	4	5	3	5	4.50
2	5	5	4	5	2	5	4.33
3	5	5	4	4	1	5	4.00
4	5		4	5		5	4.75

Coordination and collaboration							
1	5	5	5	5		5	5.00
2	5	5	5	5		5	5.00
3	5		5	5		5	5.00

Fiscal Stability and Administration							
1	5	5	5	5	5	5	5.00
2	5	5	5	5	5	5	5.00
3	5	5	5	4	5	5	4.83

Budget							
1	5	5	5	5	5	5	5.00

Historical A-Tax Success**							
1	5		4	5		5	4.75
2	5		4	5		5	4.75

## City of Beaufort TDAC 2018/2019 ATAX Recommendations

October 2, 2018 at 9:12am first presentation began in Council Chambers at Beaufort City Hall.

TDAC Members present:

Vimal Desai

Jason Frazier

Ron Callari

Jonathan Sullivan, Chair

Jeff Evans

Jane Sidwell

Following applicant presentation TDAC took recess at 12:15.

TDAC returned to Council Chamber to begin applicant discussion at 12:50, all doors were open for any public observation.

DMO Destination Marketing was discussed first as this is the core requests to market the City of Beaufort. The committee agreed to start at \$135,000 near the full request as this is the primary marketing engine and has continued to provide YOY growth and demonstrated results in previous years marketing strategies.

Next application of focus was the SC LowCountry & Resort Island Tourism Commission request. TDAC recommends \$20,000 of the requested \$29,975. In addition to our CVB, they partner to focus on different strategies in an effort not to duplicate efforts and gain the maximum amount of exposure for our destination. The YOY demonstrated results are compelling and the shift in marketing strategy to capture a larger digital footprint.

After reviewing the key marketing request TDAC started at the top of the applicant request based on total score.

Beaufort International Film Festival TDAC recommends \$10,000 of request. This is an annual festival that has grown significantly in popularity and has a positive impact on the downtown hotels, restaurants and merchants in a shoulder season. BIFF is looking to add an additional day in 2019 extending the festival and adding to the economic impact.

\*Jonathan Sullivan recused from score and discussion of award.

CVB Sales Plan, \$35,000. The CVB is working to diversify the marketing plan and bring new business that will focus on Sunday – Thursday travel and summer travel. Additionally this will reduce our dependence on military and leisure travel. It was felt that this is a long over due strategy that will begin building the base for business travel.

CVB Website/App Development- this was initially held to the end to see how the funding of other applicants would be fulfilled. There is a great need to provide improved way-finding for our visitors and connect them to attractions and restaurants. As this grows it will help other businesses to reduce the marketing need in expensive paper maps. It will allow our consumer to get direct access and information about the things they want to experience while in Beaufort. TDAC recommends \$35,000.

Friends of Spanish Moss Trail – Site Survey. TDAC Recommends \$7,500. Connecting the trail to Historic Downtown will add a greater level of impact to tourism use as well have a bigger economic impact on all the businesses downtown.

## City of Beaufort TDAC 2018/2019 ATAX Recommendations

Port Royal Sound Foundation – Map Exhibit. \$7,114.50 this will fund research, design and install of project. The PRSF has established itself as an impactful attraction to our region, it continues to improve and enhance its exhibits and gets high marks from it's customers. PRSF is working to grow it's reach to attract overnight accommodations with school field trips and coordinate two days worth of activities in our local attractions and spending an overnight in a hotel.

\*Jonathan Sullivan recused from score and discussion of award.

Santa Elena Foundation – Experience Beaufort History Shuttle \$7,000, this recommendation is contingent on the shuttle being able to run routes up Boundary street. In it's current operation it serves the downtown core, moving the in-town guest around and those who have already found parking. It appears that Santa Elena Foundation is now the sole contributor to the Experience Beaufort program and has limited support from HBF and the History Museum. The creates some concern on this size of a project and having minimal commitment from other anchor attractions in the downtown core. We would like to see Santa Elena partner with the Downton Merchants association, this could be heavily funded by H-Tax as this will put more in market tourist in downtown to shop in local stores and eat in restaurants in and around the Historic District.

CVB - Visitor Center TDAC recommends \$30,000 to support the front door of tourism in market, many day trips who turn into future overnight stays as well serve the local attractions for ticket sales and tourist experience planning. This is a critical function for our overnight traveler and understanding how they can plan their time in Beaufort.

Friends of Spanish Moss Trail – Historic Sign Markers TDAC agrees this is a great amenity and has an impact on tourism but is limited in its current capacity. The signs are a nice enhancement that will mostly serve its local use and not contribute to adding additional room nights in the market. TDAC Recommends \$0

Exchange Club of Beaufort – TDAC recommends \$1,000. Proud of the work they do and impact of their enhancement to our tourist. Additionally they do Sunday tours to help extend stays and promote off peak overnight stays.

Friends of Hunting Island – TDAC recommends \$0. Project is nice and will contribute to overall visitor interaction. Applicant indicated in presentation that they had enough cash to complete project without assistance

USCB – Performing Arts Renovations TDAC recommends \$0. Project was previously completed and done, the facility is nice but serves as a local arts venue with little tourism generating activities. One of it's largest tourist events is BIFF which rents the facility at full rate for each day of use. In the audit for completed 2017, USCB Performing Arts did not use the awarded funds for a project, under the application guidelines this would make them ineligible for funding in 2018/2019 and 20129/2020.

Beaufort County Black Chamber of Commerce - Cultural Tourism Marketing TDAC Recommends \$0. This was an incomplete application, TDAC did not have the data needed to support the appropriate use of ATAX funds, no clear explanation of request with limited accounts of how money has been accounted for in the past or the future. The application did not list required information about other source funds as it relates to ATAX, BCBCC has a request for Cultural Marketing to the County ATAX for \$100k+. For such a large request there was no demonstrated results of past marketing efforts or a specific plan of future marketing strategy.