

Lancaster County Council Administration Committee

Regular Meeting Agenda

Tuesday, September 18, 2018

County Council Conference Room
County Administration Building
101 N. Main Street
Lancaster, SC 29720

1. **Call to Order – Committee Chair Charlene McGriff** **5:00 p.m.**
2. **Approval of the agenda** *[deletions and additions of non-substantive matters]*
3. **Citizens Comments**
4. **Approval of Minutes from the August 16, 2018 Administration Committee regular meeting – pgs. 3-7**
5. **Discussion / Action Items**
 - a. **Resolution 1018-R2018 regarding a Fee Agreement with Project Pepper**
Resolution Title: A Resolution To State the Commitment of Lancaster County To Enter Into A Fee Agreement With Project Pepper, And/Or Its Designee Or Nominee; To Provide The General Terms Of The Fee Agreement Including The Provision Of Special Source Revenue Credits; To Provide That This Resolution Is An Inducement Resolution For Purposes Of The Fee In Lieu Of Tax Simplification Act; And To State The Commitment Of Lancaster County To Place Project Property In A Multi-County Park. – ***Jamie Gilbert – pgs. 8-14***
 - b. Discussion of plans for Barnett Medical Building – ***Steve Willis***
 - c. Discussion of Solar Farm incentives – ***Vincent Sheheen***
 - d. Update on AFCS Collections of Business/Personal Property Taxes – ***Lee Weeks – pg. 15***
 - e. Updated policy documentation: Procurement Card Program – Policies and Procedures. – ***Nicholas Miller – pgs. 16-27***

f. Monthly Report – *Kimberly Hill*

6. Adjournment

Anyone requiring special services to attend this meeting should contact 285-1565 at least 24 hours in advance of this meeting.

Lancaster County Council Administration Committee agendas are posted at the Lancaster County Administration Building and are available on the Website: www.mylancastersc.org



Members of Lancaster County Council
Administration Committee

Charlene McGriff, District 2, Chairwoman
Steve Harper, District 5
Terry Graham, District 1

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Minutes of the Lancaster County Council Administration Committee Regular Meeting

101 N. Main Street, Lancaster, SC 29720

Thursday, August 16, 2018

Committee members present were Charlene McGriff, Steve Harper and Terry Graham. Also present were County Administrator Steve Willis, County Attorney John Weaver, Budget Analyst Kim Belk, Procurement Director Nicholas Miller, Clerk to Council Sherrie Simpson, Deputy Clerk to Council Chelsea Gardner, Allen Blackmon, Dick Christie of the Katawba Valley Land Trust, Sheriff Barry Faile, Director of Fire Services Darren Player, various department heads and staff and Indian Land Fire Department Chief Tom Pickard and Indian Land Fire Fee Board Member Peggy Burke. A quorum of the Lancaster County Administration Committee was present for the meeting.

The following press were notified of the meeting by e-mail in accordance with the Freedom of Information Act: *Lancaster News*, *Kershaw News Era*, *The Rock Hill Herald*, *Fort Mill Times*, Cable News 2, Channel 9 and the local Government Channel. The agenda was posted in the lobby of the County Administration Building and also on the county website for the required length of time.

Call to Order

Chairwoman Charlene McGriff called the meeting to order at approximately 6:00 p.m.

Approval of the agenda

Steve Willis asked to amend the order of the agenda and let Jamie Gilbert discuss the GOLD program (Item 5e) first since he has another event and has to leave the Committee Meeting early.

Terry Graham moved to approve the agenda as amended. The motion was seconded by Steve Harper. The Committee approved the amended agenda by unanimous vote of 3-0.

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Citizens Comments

There were no citizens that came forward for comments.

Consent Agenda

Steve Harper moved to approve the Consent Agenda. The motion was seconded by Terry Graham. The motion to approve the Consent Agenda, the June 14, 2018 Administration Committee regular meeting minutes, passed by unanimous vote of 3-0.

Discussion / Action Items

Discussion of GOLD program.

Jamie Gilbert stated that one of the most pressing issues facing Economic Development is the lack of available industrial properties that are shovel ready and that he is proposing that the County use the GOLD program to help with funding for this issue. He noted that this program would take the money from new Fee In Lieu Of Tax (FILOT) agreements for three (3) years and reinvest those revenues back into Economic Development projects. He reviewed the handouts that he provided and those handouts are attached as Schedule A.

He stated that he would be willing to present this program to the School Board in September. He noted that the Economic Development Advisory Board would set the projects for this program. Charlene McGriff asked when the projects would come before full Council. Jamie Gilbert responded that he wants concept approval and then he will come back to Council with specific numbers for potential costs for projects. Charlene McGriff asked how this program would be handled in the budget and Jamie Gilbert responded that the money would be appropriated every year.

Steve Harper moved that the GOLD program be moved to full Council with a favorable recommendation from the Administration Committee. The motion passed by unanimous vote of 3-0.

Ordinance 2018-1531 regarding Approval of a Second Master Multi-County Park Agreement Between Lancaster County and Chesterfield County

Ordinance Title: An Ordinance To Authorize And Approve A Second Master Multi-County Park Agreement By And Between Lancaster County And Chesterfield County; To Require The Payment Of A Fee In Lieu Of Ad Valorem Taxes By Businesses And Industries Located In The Park; To Apply Zoning And Other Laws In The Park; To Provide For Law Enforcement Jurisdiction In The Park; And To Provide For The Distribution Of Park Revenues Within Lancaster County.

Terry Graham moved that Ordinance 2018-1531 be moved to full Council with a favorable recommendation from the Administration Committee. The motion passed by unanimous vote of 3-0.

Discussion of Staffing Plans for Indian Land Fire Department.

Peggy Burke explained that the Indian Land Fire Department would like their budget to be modified so that they can hire three (3) new firefighters so that the Department can provide twenty-four (24) hour, seven (7) day a week coverage. She stated that the money would be coming out of the fee district revenues and they are not requesting any funding from the County. She noted that they would simply be re-allocating money in their existing budget.

Charlene McGriff asked how this request would need to be handled within the County budget and Kim Belk responded that Council would need to address the request via a Resolution. John Weaver stated that he could prepare a Resolution for the request for the first meeting in September.

Terry Graham moved that the Indian Land Fire Department budget modification request be moved to full Council with a favorable recommendation from the Administration Committee via a Resolution. The motion passed by unanimous vote of 3-0.

Equipment request for School Resource Officer positions for the 2018-2019 school year.

Sheriff Faile explained that the schools are paying the salaries for School Resource Officers and that he would like the County to fund the one time cost for equipment for these officers. Kim Belk stated that this request would require a budget amendment since it would be coming out of fund balance. Sheriff Faile noted that there would be School Resource Officers in every middle and high school in the County.

Steve Harper moved that the approval for equipment for five (5) School Resource Officers be moved to full Council with a favorable recommendation from the Administration Committee via a budget amendment and that the money for the equipment come out of fund balance. The motion passed by unanimous vote of 3-0.

John Weaver noted that this presentation will be made at the next Council meeting for a verbal approval from Council since a budget amendment will not be forthcoming for a couple of months.

Potential Donation of three County parcels of property to Katawba Valley Land Trust in conjunction with the Forfeited Land Commission.

Steve Willis explained that the three parcels of property being considered for a donation to the Katawba Valley Land Trust are not in the City and they are all in a flood plain.

Terry Graham moved that the donation of three parcels of property to the Katawba Valley Land Trust be moved to full Council with a favorable recommendation from the Administration

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Committee. The motion was seconded by Steve Harper. The motion passed by unanimous vote of 3-0.

Discussion of Boards and Commissions appointments for the Chairman of County Council (RFATS – from District 1 or District 7; COG; Charlotte Regional Partnership Board; and I-77 Alliance).

John Weaver noted that for most Boards and Commissions, the code says who makes the appointments; however, some do not and the question is should the Chairman make the appointment or should the Council nominate someone. Steve Willis noted that the Chairman has made these appointments by custom and tradition.

Steve Harper explained that he would like to have it in writing which appointments the Chairman makes. John Weaver noted that this appointment clarification can be done via a Resolution.

Upcoming Community Development Block Grant (CDBG) application.

Steve Willis explained that the County has applied for a Community Development Block Grant for the Brooklyn and Midway areas for the demolition of thirty-two (32) structures. He noted that no property will be acquired with this grant and that the property owners retain the property so that the property stays on the tax rolls. Steve Harper noted that once this is complete, the area could potentially be used for affordable housing.

Steve Harper moved that the information regarding the CDBG application be moved forward to full Council with a favorable recommendation from the Administration Committee. The motion passed by unanimous vote of 3-0.

Monthly Report.

Kim Belk reviewed the revenues and expenditures for the month of July, 2018. The Budget Monitoring Report for July 2018 is attached as Schedule B.

Executive Session

Steve Harper moved to go into Executive Session to discuss a contractual matter pursuant to SC Code Section 30-4-70(a)(2). The motion to go into Executive Session passed by a vote of 3-0. The Committee went into Executive Session at approximately 7:12 p.m.

Steve Harper moved to come out of Executive Session. The motion to come out of Executive Session passed by a vote of 3-0. The Committee came out of Executive Session at approximately 7:30 p.m.

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Upon returning to open session, Attorney John Weaver noted that the Committee received a briefing on a contractual matter during Executive Session. He stated that during the course of that briefing, no decisions were made and no votes were taken.

Steve Harper moved that the animal shelter project be moved forward to full Council for final consideration with a favorable recommendation from this Committee. The motion passed by unanimous vote of 3-0.

Adjournment

Terry Graham moved to adjourn the Committee meeting. The motion to adjourn passed by unanimous vote of 3-0. There being no further business, the Committee meeting adjourned at approximately 7:32 p.m.

Respectfully Submitted:

Approved by the Administration Committee

Sherrie Simpson
Clerk to Council

Charlene McGriff, Chairwoman



Resolution#: 1018-R2018
Contact Person / Sponsor: Jamie Gilbert
Department: Economic Development
Date Requested to be on Administration Committee Agenda: September 13, 2018

Issue for Consideration:

Project Pepper is a manufacturing operation considering the establishment of a new 100,000 square foot facility at the Lancaster Business Park. The highly competitive project is expected to result in an investment of \$20,000,000 and create 200 new jobs over five years. The project has looked at several locations in South Carolina and North Carolina. LCDED is working with the company's site location consultant and South Carolina Department of Commerce (SCDOC) to secure the project in Lancaster County.

LCDED and SCDOC have prepared a comprehensive incentive package for Project Pepper to locate at the Lancaster Business Park which has been presented it to the company. Project Pepper has developed a final list of locations for the project and requested that Lancaster County approve an inducement resolution in order to show the county's commitment to the incentives recommended for the project.

LCDED is recommending the following incentives be awarded for Project Pepper:

- 1) A 30 Year Fee-In-Lieu-of-Taxes (FILOT) agreement that provides a property tax assessment rate reduction from 10.5% to 6% with a locked in millage rate at lowest rate available and a five year investment period.
- 2) A 15 Year Special Source Revenue Credit (SSRC) of 70% for years 1-6, 65% for years 7-11 and 60% for years 12-15 each investment made during the investment period.
- 3) The SSRC will require 130 new qualified jobs with a wage rate of at least \$15/hour to be created over a five year period. The 130 qualified jobs will have to be maintained annually from year five until the SSRC is no longer applied in order to receive the full SSRC. Wage rates for the qualified jobs will be adjusted every five years to reflect 72.5% of the county average wage rate at the time.

Points to Consider

- Project Pepper is evaluating several locations for the project and the incentives are critically important in their selection of a location for the project.
- The project will result in a large number of new jobs and substantial investment coming to Lancaster County.
- The company is well respected and a leader in their industry sector.
- SCDOC is recommending Job Development Credits be awarded for the project for all jobs that pay at least \$15/hour.

Funding and Liability Factors

There is no direct funding required or liability factor.

Council Options

Approve Resolution # 1018-R2018 for Project Pepper in order to secure the project in Lancaster County.

Recommendation

Approve Resolution # 1018-R2018

STATE OF SOUTH CAROLINA

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COUNTY OF LANCASTER

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RESOLUTION NO. 1018-R2018

A RESOLUTION

TO STATE THE COMMITMENT OF LANCASTER COUNTY TO ENTER INTO A FEE AGREEMENT WITH PROJECT PEPPER, AND/OR ITS DESIGNEE OR NOMINEE; TO PROVIDE THE GENERAL TERMS OF THE FEE AGREEMENT INCLUDING THE PROVISION OF SPECIAL SOURCE REVENUE CREDITS; TO PROVIDE THAT THIS RESOLUTION IS AN INDUCEMENT RESOLUTION FOR PURPOSES OF THE FEE IN LIEU OF TAX SIMPLIFICATION ACT; AND TO STATE THE COMMITMENT OF LANCASTER COUNTY TO PLACE PROJECT PROPERTY IN A MULTI-COUNTY PARK.

WHEREAS, Lancaster County, South Carolina (the "County"), acting by and through its County Council (the "County Council") is authorized and empowered under and pursuant to the provisions of the Fee in Lieu of Tax Simplification Act, codified as Title 12, Chapter 44, Code of Laws of South Carolina 1976, as amended (the "Act"), to enter into a fee in lieu of tax agreement (the "Fee Agreement") with respect to a project which requires the industry to make a payment of a fee in lieu of taxes, through which powers the industrial development of the State of South Carolina and the County will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in the State of South Carolina and the County and thus to utilize and employ the workforce, products, and natural resources of the State of South Carolina to benefit the general public welfare of the County by providing services, employment, and other public benefits not otherwise provided locally; and

WHEREAS, Project Pepper, on its own or together with one or more of its subsidiaries, affiliates, successors, assigns, sponsors, lessors, and others (collectively, the "Company"), desires to invest capital in the County in order to construct and/or expand one or more buildings at multiple sites in the County (the "Project"), *provided, that*, approvals of various incentives contemplated for the Project are formalized by the State and/or County; and

WHEREAS, the Project is anticipated to result in an investment of not less than \$20 million in real and personal property and the creation of at least one hundred thirty (130) new, full-time jobs over the number of full-time employees on April 1, 2018; and

WHEREAS, the Company has requested that the County enter into a Fee Agreement, thereby providing for fee-in-lieu of tax ("FILOT") payments ("FILOT Payments") and special source revenue credits ("SSRCs") with respect to the Project; and

WHEREAS, the County has determined on the basis of the information supplied to it by the Company that the Project would be a "project" and "economic development property" as such terms are defined in the Act and that the Project would serve the purposes of the Act; and

WHEREAS, pursuant to the authority of Section 4-1-170 of the Code of Laws of South Carolina 1976, as amended and Article VIII, Section 13(D) of the South Carolina Constitution (collectively, the

“MCP Laws”), the County is authorized to create a multi-county park (an “MCP Park”) pursuant to a qualifying agreement with one or more contiguous South Carolina counties (the “Park Agreement”); and

WHEREAS, the County intends by this Resolution to commit itself to (i) enter into a negotiated fee-in-lieu of tax agreement with the Company under the Act, (ii) provide for SSRCs against the FILOT Payments to be made by the Company in connection with the foregoing fee-in-lieu of tax arrangements, and (iii) locate the Project in an MCP Park.

NOW, THEREFORE, BE IT RESOLVED by the Council of Lancaster County, South Carolina:

1. For purposes of the Act, this Resolution is an “Inducement Resolution.” For purposes of Section 12-44-110 of the Act, this Resolution constitutes preliminary approval by the County prior to the execution of a fee agreement.

2. The County commits to enter into a negotiated FILOT arrangement with the Company for the Project, the terms of which shall be set forth in a Fee Agreement in form and manner satisfactory to the County and the Company containing substantially the following terms:

- a. an Investment Period, as defined in the Act, of five (5) years;
- b. the Company’s commitment to create new full-time jobs (*i.e.*, at least thirty (30) hours per week), all with health care benefits and an hourly wage rate (such wage rate to be based on all cash compensation of any kind, including overtime and bonuses) not less than fifteen dollars (\$15.00) (“New Full-Time Jobs”) at the following employment levels and in the designated timeframes with the “Year” number referring to the year that corresponds with the earlier of either (i) the year following the year in which economic development property is first placed in service (that is reported under the Fee Agreement) or (ii) the first year SSRCs are taken, with Year 1 being the first year:
 1. to have employed, as measured over the base number of employees as of April 1, 2018, to be set in the Fee Agreement (the “Base Number of Employees”), in New Full-Time Jobs an average of not less than zero (0) during Year 1,
 2. to have employed, over the Base Number of Employees, in New Full-Time Jobs an average of not less than fifty-two (52) during Year 2,
 3. to have employed, over the Base Number of Employees, in New Full-Time Jobs an average of not less than seventy-eight (78) during Year 3,
 4. to have employed, over the Base Number of Employees, in New Full-Time Jobs an average of not less than ninety-four (94) during Year 4, and
 5. to have employed, over the Base Number of Employees, in New Full-Time Jobs an average of not less than one hundred thirty (130) during Year 5 and each year thereafter in which the Company is receiving a special source revenue credit.

The hourly wage rate of fifteen dollars (\$15.00) shall be adjusted at the end of Year 5 to 72.3% of the then current per capita hourly wage rate as published by the South Carolina Department of Revenue and applied to Years 6 through 10; *provided that*, at the end of Year 10 the hourly wage rate shall be adjusted to 72.3% of the then current per capita

hourly wage rate and applied to Years 11-15. Jobs relocated from other states to the Project shall be counted as New Full-Time Jobs. The Company's commitment to create New Full-Time Jobs as described in this Paragraph 2.b is referred to as the "Jobs Commitment." The provisions of the Fee Agreement providing for the Jobs Commitment will set the Base Number of Employees and will include a total number of jobs for each Year to reflect the Base Number of Employees plus the number of New Full-Time Jobs;

- c. calculation of FILOT Payments using an assessment ratio of six percent (6%);
- d. calculation of FILOT Payments using a millage rate fixed for the life of the FILOT that is the lower of the cumulative property tax millage rate levied by, or on behalf of, all taxing entities within which the Project, or portion of the Project is located, on either (i) June thirtieth of the year preceding the calendar year in which the Fee Agreement is executed, or (ii) the millage rate in effect on June thirtieth of the calendar year in which the Fee Agreement is executed. The millage rate applicable to a specific portion of the Project will be only the millage rate for the taxing entities in which the portion of the Project is located.
- e. in any year after December 31, 2020 in which the Company fails to have employed, as measured over the Base Number of Employees, in New Full-Time Jobs an average of not less than ten (10), for a total number of jobs at the facility to be set in the Fee Agreement, the Company shall pay to the County an additional fee equal to the difference between the total amount of property taxes that would have been paid by the Company had the Project been subject to *ad valorem* property taxes and the total amount of FILOT Payments actually made by the Company.
- f. a term of 30 years for the Fee Agreement and for each phase of the Project;
- g. a special source revenue credit equal to (i) 70% of the FILOT Payments for the first six (6) consecutive years in which FILOT Payments are required to be made under the Fee Agreement, (ii) 65% for Years 7-11; and (iii) 60% for Years 12-15; *provided, however*, that in any year in which the Company fails to meet the Jobs Commitment, the annual special source revenue credit shall be reduced in the same proportion that the Company failed to meet the Jobs Commitment. For example, if in Year 3, the Company should have employed, over the Base Number of Employees, in New Full-Time Jobs an average of not less than seventy-eight (78), but the Company employed an average of sixty-four (64), then the SSRC would be set at 82.05% (64 divided by 78 equals 82.05%) of 70% which results in a special source revenue credit in Year 3 of 57.44% (82.05% times 70% equals 57.44%); and
- h. the Company's commitment to reimburse the County for its administrative expenses associated with the review, negotiation and preparation of all documentation and authorizing proceedings, including attorney's fees, for the Project, but in no event exceeding \$8,000 and for its administrative expenses associated with the annual computation of the special source revenue credits, but in no event exceeding \$1,000 annually.

3. Council shall use its best efforts to adopt a new Park Agreement or amend an existing Park Agreement to include the land on which the Project is located, to the extent that the land, or any portion thereof, is not currently subject to a Park Agreement. The period of time for inclusion of the land in an MCP Park shall be for the same period that the Fee Agreement is effective.

4. (A) The County shall use its best efforts to (i) assist the Company in locating potential grants from the state and utilities for any public infrastructure costs associated with the Project, (ii) assist the Company in applying for state economic development incentives that flow through the County, and (iii) assist the Company in securing job training through the ReadySC program.

(B) As used in this Section 4, “best efforts” include, without limitation, filing all required and necessary documents and applications relating to the grants or assistance, formally recommending approval of the grants or assistance and making the grants or assistance available at the commencement of the construction of the Project if provided by the granting or assisting entity and giving the Company written evidence of the grants or assistance when approved.

5. Council’s commitments and agreements contained in this Resolution are conditioned on the County obtaining consents, agreements, amendments or waivers as may be required by law or contract in order to provide the incentives contemplated in this Resolution.

6. Council’s commitments and agreements contained in Sections 3, 4 and 5 are subject to the exercise of discretion by granting or approving entities other than the County and the exercise of that discretion is not controlled by the County.

7. Council shall approve the Fee Agreement, and any other agreement or document contemplated by this Resolution in accordance with South Carolina law and the rules and procedures of the Council.

8. County Council finds that (i) the Project is anticipated to benefit the general public welfare of the County by providing services, employment, recreation or other public benefits not otherwise adequately provided locally, (ii) the Project gives rise to no pecuniary liability of the County or incorporated municipality and to no charge against the general credit or taxing power of either the County or any incorporated municipality, (iii) the purposes to be accomplished by the Project are proper governmental and public purposes, and (iv) the benefits of the Project to the public are greater than the costs to the public.

9. To the extent this Resolution contains provisions that conflict with other orders, resolutions, and parts thereof, the provisions contained in this Resolution supersede all other orders, resolutions and parts thereof and this Resolution is controlling.

10. This Resolution takes effect upon its adoption.

SIGNATURES FOLLOW ON NEXT PAGE.

AND IT IS SO RESOLVED

Dated this _____ day of _____, 2018.

LANCASTER COUNTY, SOUTH CAROLINA

[SEAL]

Steve Harper, Chair, County Council

Larry Honeycutt, Secretary, County Council

Attest:

Sherrie Simpson, Clerk to Council

Agenda Item Summary

Ordinance # / Resolution#: N/A
Contact Person / Sponsor: NICHOLAS MILLER
Department: Council / Administration
Date Requested to be on Agenda: ADMIN COMMITTEE, 9/13/18

Issue for Consideration

Updated policy documentation: Procurement Card Program – Policies and Procedures.

Points to Consider

New User Agreement for County Employees, including, but not limited to, greater documentation requirements for individual P-Card transactions, minor changes to allowable/prohibited purchases lists, and enhanced transparency controls for auditing purposes.

Funding and Liability Factors

No funding and/or liability risk factors; increased policy controls, only.

Council Options

Approved with favorable recommendation for passage to three (3) Council readings.

Recommendation

TBD.



THE COUNTY OF LANCASTER, SC
PROCUREMENT CARD PROGRAM
POLICIES AND PROCEDURES

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DEFINITIONS OF PARTIES INVOLVED

Cardholder. An employee of the County of Lancaster ("County") or an elected official of the same, who is approved to use the Procurement Card ("P-Card") to execute credit transactions on behalf of the County.

Card Issuer. Bank of America; whose services include the issuance of Visa P-Cards to Organization employees, providing electronic transaction authorizations, and billing for all purchases made on County P-Cards.

Department Head. County official who must: a) set internal controls for their department's usage of P-Cards; b) approve issuance of an employee's P-Card and submit P-Card applications to Program Administrator; c) if applicable, assign a Department Proxy; and, d) electronically sign-off on all monthly department purchases made. Department Head's approval delegates full transaction authority to the Cardholder.

Department Proxy. An employee within department designated by Department Head to be responsible for transaction review, account allocation, and electronic submittal. Department Proxy is to follow all internal controls as dictated by Department Head as well as program policy.

Organization. The County of Lancaster, SC; sole entity that arranges and approves to have P-Cards issued.

Program Administrator. The Procurement Director, located in the Lancaster County Procurement Department, who coordinates the P-Card program for the Organization. The Program Administrator will act as the intermediary in all correspondence between Organization and Card Issuer.

Vendor. The merchant from whom a Cardholder makes a purchase.

P-CARD PROGRAM OVERVIEW

The P-Card is a VISA charge card issued to a Cardholder to make small value purchases of items such as approved supplies, materials, equipment, and services for Organization use. The objective of the program is to streamline payments by eliminating the administrative burdens and costs associated with other methods of payment. The use of the P-Card is intended to eliminate the need for small dollar purchase orders. The P-Card program offers a simplified purchasing and payment process that allows for an expedited delivery of goods. The P-Card is issued under a contract awarded by the State Materials Management Office which permits County participation in the program. Use of the P-Card is limited to the procurement procedures as established in this document, unless otherwise authorized.

ETHICAL CONDUCT

The County of Lancaster, SC is committed to upholding the highest level of integrity and ethical conduct. It is required that all Organization employees and officials participate in the procurement process and follow the associated policies and procedures in regards to conflict of interest, personal purchases, gratuities, and prohibited relationships with Vendors. Lancaster County requires those who do business within the County to follow strict ethical guidelines in accordance with Section 8-13-705 of the Code of Laws of SC, which states:

"Offering, giving, soliciting, or receiving anything of value to influence action of public employee, member or official, or to influence testimony of witness; exceptions; penalty for violation; shall be subject to the punishment provided by Section 16-9-210 and Section 16-9-220."

CONFLICT OF INTEREST

Organization employees must not make any attempt to influence any purchase if the employee has a financial stake in the outcome of the purchasing decision. Nor shall transactions be conducted with any fellow employee, relative, or near-relative unless there has been a documented determination by Purchasing Director or County Administrator that goods or services procured are not available through other sources or that contract was awarded via competitively sealed bid process.

GRATUITIES

Organization employees must not accept gifts, entertainment, favors, or services from present or potential Vendors that could influence, or appear to influence, purchasing decisions.

ISSUANCE OF P-CARD

The Program Administrator will issue P-Cards to authorized Cardholders who have signed the mandatory Cardholder Responsibilities Agreement that covers the Program Policies and Procedures code of conduct outlining the terms and conditions of the program. The issuance of a P-Card to a Cardholder is strictly prohibited if Cardholder has not signed the agreement. The Program Administrator shall maintain a copy

of the signed P-Card Agreement. The Program Administrator must maintain the following information: a) the name of the Cardholder issued a P-card; b) the date of issue; c) card number details; and, d) spend control limits. Access to the P-Card database is restricted to authorized personnel only. Any misuse is strictly prohibited and is subject to immediate termination and possible prosecution. The P-Card is the sole property of Lancaster County and must be maintained in a secure location at all times.

SPEND CONTROL LIMITS

The P-Card is to be used only for authorized Organization purchases only. Organization spending parameters are set at two-thousand five-hundred (\$2,500) US dollars per *single transaction*, including all associated fees and taxes. As used in this section, "single transaction" means one (1) or more items purchased from the same vendor at the same time on the same day. Any intentional circumvention of the single transaction limit is strictly prohibited and may result in the immediate termination of employment. *Monthly spending limits* are designated by Program Administrator based on demonstrated need of Cardholder; monthly spending limits may be adjusted at the discretion of Program Administrator based on demonstrated needs of Cardholder.

One-time transactions for purchases above individual transaction limit of two-thousand five-hundred (\$2,500) US dollars may be requested in writing to Program Administrator who may, in sole discretion, adjust temporary spend control limits of Cardholder until transaction is complete.

FIRST PURCHASING OPTION / COMPETITION

The P-Card should be used as the first option before other methods to obtain and pay for authorized goods and services costing \$2,500 or less, including taxes and fees. If the use of a P-Card is not possible, such as when a Vendor will not accept P-Card and no other competitive Vendor can be located, then a Purchase Order / Claim for Payment shall be issued. Cardholders are encouraged to complete purchases by obtaining more than one (1) quotation whenever possible. Cardholders will be required to show justification that the price paid for any purchase is fair and reasonable.

BONA FIDE VENDORS

Any purchase made shall be from a Vendor who is deemed established, reputable, and reliable, with appropriate licensing, insurance, etc., and not of questionable status. Do not make P-Card purchases from Vendor sources including:

- Drop shipping E-commerce sites, e.g., Wish, AliExpress, etc.
- Reseller sites, e.g., Craigslist, Letgo, etc.
- EBay (auctions)
- Flea markets, estate sales, etc.
- Relatives, friends, etc.

The following Vendors consistently offer fair and reasonable pricing and are sufficiently competitive with each other for similar types of purchases. These chains are:

- Amazon Business (with account ID registered through Lancaster County)
- Office Depot (with account ID registered through Lancaster County)
- Wal-Mart
- Lowes
- Home Depot

P-CARD PURCHASES

Permitted Purchases:

- a) Airline tickets for business travel;
- b) Hotel accommodations for business travel;
- c) Car rental for business travel;
- d) Conference and seminar registration fees;
- e) Ground transportation for business travel;
- f) Facsimile charges when traveling;
- g) Non-travel related business meals (must attach agenda or meeting minutes with receipt);
- h) Authorized memberships and / or subscriptions;
- i) Advertising;
- j) Utilities;
- k) Uniforms / authorized work clothing;
- l) Books, periodicals, magazines and paper subscriptions with authorized Vendors;
- m) Election expenses;
- n) Approved office supplies; and
- o) Small dollar amount maintenance contracts / repair services on non-capital items may be paid for using P-Card as long as the Vendor has a current certificate of insurance ("COI") in the appropriate amounts, including Worker's Compensation, and that the total cost of the transaction does not exceed the individual transaction limit of two-thousand five-hundred (\$2,500) US dollars.

In addition to the goods and services listed above, the Program Administrator may, with proper documentation, designate other goods and services that may be authorized for purchase with P-Card.

Prohibited Purchases:

- a) Personal purchases of any kind;
- b) Unauthorized food purchases (including office parties, retirements, holidays, etc.);
- c) Employee travel expenses such as meals and personal expenditures;
- d) Donations of gifts to charity, gifts to Organization employees, political contributions;
- e) Cash advances;
- f) Gift cards, calling cards, or any pre-paid cards of similar type;
- g) Entertainment (including in-room services);
- h) Alcoholic beverages;

- i) Tobacco products;
- j) Weapons, side arms, ammunition (even if for training);
- k) Hazardous materials / chemicals;
- l) Fuel;
- m) IT purchases: hardware and installable software (unless approved by IT Director); and,
- n) Professional services conducted on County property (unless permitted qualifications are met).

In addition to the goods and services listed above, the Program Administrator may, with proper documentation, designate other goods and services that may be listed as prohibited purchases with P-Card.

Additional Prohibited Uses:

- a) Employee Travel Expenses / Meals – Cardholders are NOT authorized for P-Card usage with meals or food expenses associated with internal business meetings or travel. Cardholders will be authorized for P-Card usage on any business meal expense, non-travel related, that comes accompanied by an approved meeting agenda and / or meeting minutes. Travel meals and other travel expensed items shall be reimbursed via Lancaster County's Travel Reimbursement Policy (Policy 8.1), which states:
 - There must be a business connection to the expenditure;
 - There must be adequate accounting by the recipient within a reasonable period of time;
 - Excess reimbursements or advances must be returned within a reasonable period of time.

A travel expense report must be submitted to the Finance Department within 30-days of return from travel. Copies of receipts must be attached for all expenses requested for reimbursement. Any amounts owed to the County must be paid within 30-days of receipt of the travel expense report. Failure to follow these procedures may result in taxable income to the employee, delay or denial of expense reimbursement, and discipline up to and including termination of employment.

Travel Expenses – Overnight Stay:

- Mileage – when personal vehicles are used, reimbursement will be based on IRS Rate;
- Meals – employees staying overnight will receive a per diem of \$40 for each full day, \$30 for the day travel begins, and \$30 for the day travel ends to cover all meals and incidental expenses;
- Conference Fees – County will pay base registration cost.

Travel Expense(s) – Not Overnight Stay:

- Mileage – when personal vehicles are used, reimbursement will be based on IRS rate;
 - Meals – not reimbursed;
 - Conference Fees – County will pay base registration cost.
- b) Flowers – Cardholders are not authorized for flower arrangement purchases on P-Cards. This is policy for any General Fund department. The only departments authorized to purchase flower

arrangements are as follows: County Council and its Members and the County Administrator's Office. If a department would like to send flowers out to any group or individual, including funeral services or employees out on medical leave, then all arrangements must be paid for in another manner, i.e., personal funds.

- c) Vendor Reward / Loyalty Programs – Cardholders are not authorized to use their P-card to gain credit towards any Vendor reward / loyalty programs for personal gain. Cardholders must not present their reward / loyalty cards in connection with any authorized P-Card purchases. If Cardholders are found to be engaging in this type of practice they may be subject to disciplinary actions in accordance with Organization Program Policies and Procedures, including termination for cause. In addition, the purchase may constitute fraud and criminal charges could be instituted against the Cardholder.
- d) Amazon Prime Membership – Cardholders are not authorized to use their P-card to obtain an Amazon Prime Membership for any individual department's use. Any Department interested in Amazon Prime ordering is required to register through the Organization's Amazon Business account. No personal Amazon Prime Memberships shall be authorized to ship Organization goods purchased with P-Cards, nor shall any Organization Prime Membership be used to ship personal goods. Further, all purchases made must be shipped to an Organization address only; no goods shall be shipped to and received at personal domain or private residence for any reason.
- e) Grocery Items – Requests for grocery items made at grocery / retail stores for any item, including those related to special meetings, events, retirements, or training purposes, are subject to review and must be submitted in writing by requesting Department Head and submitted to Program Administrator for documentation purposes; each request may be subject to additional approval by County Administrator.

PROGRAM DOCUMENTATION

The Cardholder or Department Proxy will maintain all Vendor receipts / charge slips. These receipts / charge slips are to be uploaded along with appropriated account information for each transaction, further, a brief explanatory description of each transaction should be noted in the 'comments' column of Bank of America Works software. All receipts / charge slips are to include verification of sales tax as all credit transactions are subject to SC Use Tax. If an itemized receipt is not provided, Cardholder must contact vendor to determine whether or not sales tax was applied and provide verification to Organization's Finance Department.

In addition, the Cardholder or Department Proxy may be requested to provide additional details of any purchase if deemed necessary for transparency and / or compulsory reasons with P-Card Program Policies and Procedures. These details may include, but are not limited to, the following: a) purchase justification; b) program details (e.g. Special Projects); c) event / training purposes; and, d) funding / budget information. This documentation may be requested via email memo for attachment with transaction.

Lastly, all business meals must have accompanying attendance / meeting minutes and all business conferences / seminars must have associated agenda / itinerary attached. All documentation regarding the Program Policies and Procedures will be maintained by the Program Administrator. The Organization's Finance Department will maintain the monthly master billing statements.

SIGN-OFFS

Any Cardholder, Department Head, and / or Department Proxy must complete all transactional sign-offs, including uploading of appropriate backup documentation, by the first business day of each calendar month at noon (12:00 PM) EST; however, with suitable notification to Program Administrator, there may be an allowable three (3) business day grace period for justifiable circumstances of delayed sign-off, e.g., known out-of-office/vacation dates, etc. Repeated lack of timely sign-offs may result in P-Card termination for Cardholder.

MISSING RECEIPT AFFIDAVIT

Cardholder is responsible for submitting itemized receipts with P-Card transactions. Notwithstanding, Organization recognizes that Cardholder may lose or inadvertently not have a receipt for a transaction. Cardholder is responsible for contacting Vendor to request duplicate copy. When a good faith effort to obtain copy is unsuccessful, a Missing Receipt Affidavit may be used in conjunction with transaction reconciliation. All information must be completed on Missing Receipt Affidavit. Cardholder must also contact Vendor to determine if appropriate sales tax was charged as all credit transactions are subject to SC Use Tax. Both the Cardholder and Program Administrator shall approve the Affidavit. The Missing Receipt Affidavit may not be used on a routine basis. Repeated use of Missing Receipt Affidavit may result in P-Card termination for Cardholder.

CARDHOLDER LIABILITY

The P-Card is a corporate charge card and will not affect personal credit rating levels. It is a Cardholder's responsibility to ensure that the card is used within the stated guidelines of Program Policies and Procedures. Failure to comply with Program Policies and Procedures may result in permanent revocation of P-Card, notification of situation to Organization officials, and punitive action in accordance with Lancaster County Policies and Procedures relating to disciplinary action and termination for cause. Misuse of P-Card may constitute fraud and criminal charges may be issued against any Cardholder in violation.

FRAUD; P-CARD MISUSE / ABUSE

Fraud – This involves the unauthorized use of P-Card by the Cardholder, someone other than the individual whose name is on the card, or individuals outside the organization. This includes stolen cards, counterfeit cards, and / or identity theft. It could also involve non-Organization employees or former Organization employees working in collusion with current Organization employees to commit fraudulent acts.

Merchant Fraud – This is an unauthorized activity and involves any Cardholder charges for goods and / or services not provided by a Vendor.

Misuse / Abuse – This is an unauthorized activity that involves the misuse and abuse of the purchasing activity by the Cardholder. This includes poor asset management resulting from improper order quantities, regularly not practicing “best value” due diligence when making authorized purchases, or regularly buying from unauthorized Vendor sources.

Usage of the P-Card for personal gain would represent serious abuse of the P-Card and could result in termination of employment and / or criminal charges filed against the Cardholder.

CREDITS

Under no circumstances should Cardholder accept cash in lieu of a credit to their P-Card account. The Vendor should always issue a credit to the account for any item / service agreed to process for a return.

P-CARD TERMINATION

The Program Administrator may close a Cardholder account if: a) Cardholder transfers to a different department that no longer requires P-Card; b) terminates employment with Organization; or, c) for any reason subjecting Cardholder to disciplinary action in accordance with Program Policies and Procedures relating to termination for cause, including the following:

- Cardholder does not adhere to all P-Card Program Policies and Procedures.
- P-Card being used for personal gain or unauthorized purposes;
- Continued or frequent misuse / abuse of P-Card;
- P-Card usage for purchases of any substance(s), material(s), or service(s) that violates policy, law, or regulation relating to Organization;
- Cardholder allows card to be used by another individual for any reason;
- Cardholder splits purchase to circumvent the established single transaction limit of \$2,500;
- Cardholder fails to provide required receipts and / or documentation for P-Card purchases;

In conjunction with P-Card termination, a request for closing a Cardholder’s account will be processed by Program Administrator. P-Card must also be returned to Procurement Department for immediate disposal.

LOST, MISPLACED, OR STOLEN P-CARDS

Cardholders must report any lost, misplaced, or stolen P-Cards immediately to Bank of America toll-free at 888-449-2273. Representatives are available to assist 24-hours a day, 7-days a week, 365-days a year.

CARDHOLDER RESPONSIBILITIES

I, the undersigned, as an approved Procurement Card (P-Card) holder, fully understand and agree to the following terms and conditions regarding the usage and safekeeping of the P-Card entrusted to me.

I, as Cardholder, must use my P-Card for legitimate Organization business and travel only. Misuse of my P-Card will be subject to disciplinary action in accordance with Program Policies and Procedures. Any misuse of my P-Card may constitute fraud and, if necessary, criminal charges may be instituted against me.

I, the Cardholder, must:

- a) Maintain full knowledge and adherence to P-Card Program Policies and Procedures;
- b) Ensure the P-Card is used only for legitimate Organization business expenses;
- c) Provide appropriate justification for all P-Card purchases, with documentation (if applicable);
- d) Maintain the P-Card in a secure location at all times;
- e) Not allow for other individuals to use my issued P-Card;
- f) Obtain "best value" for all Organization purchases made with P-Card;
- g) Adhere to all purchase limits of the P-Card and ensure total charges, including taxes, shipping, and fees for any single transaction does not exceed two-thousand five-hundred (\$2,500) US dollars;
- h) Verify all charges on monthly statement and approve all monthly transactions using electronic software (i.e. Works) from Card Issuer;
- i) Obtain all sales slips, register receipts for proper transaction documentation, and provide the same to Department Proxy (if applicable) for proper reconciliation and allocation;
- j) Attempt to resolve any disputes or billing errors directly with Vendor;
- k) Not accept cash in lieu of a credit for P-Card account reconciliations;
- l) Return P-Card to Program Administrator, Department Head, or Human Resource Department upon termination of employment with Organization; and
- m) Immediately report lost / stolen cards to Card Issuer [Bank of America @ 888-449-2273, 24/7/365] and notify Program Administrator at first opportunity during business hours.

ANY VIOLATION OF P-CARD PROGRAM POLICIES AND PROCEDURES MAY RESULT IN DISCIPLINARY ACTION(S) INCLUDING TERMINATION OF EMPLOYMENT AND, IF NECESSARY, CRIMINAL CHARGES.

As a Cardholder, I hereby agree to the above terms and conditions and take full administrative responsibility pursuant to the P-Card Program Policies and Procedures for the action(s) of a Cardholder.

Cardholder Name:

Account Number: xxxx xxxx xxxx

Transaction Limit: \$2,500

Monthly Credit Limit:

Cardholder Signature: _____ Date: _____

Program Administrator Signature: _____ Date: _____