

MINUTES OF THE STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

October 18, 2022- 4:00 P.M.

The State Fiscal Accountability Authority (Authority) met at 4:00 p.m. on Tuesday, October 18, 2022, via videoconference. The meeting originated from Room 252 in the Edgar A. Brown Building, with the following members participating in the videoconference:

Governor Henry McMaster, Chair;
Mr. Richard Eckstrom, Comptroller General;
Senator Harvey S. Peeler, Jr., Chairman Senate Finance Committee and
Representative J. Gary Simrill, Chairman, Ways and Means Committee.
Mr. Curtis M. Loftis, Jr., State Treasurer, participated in the meeting via video.

Also participating in the meeting were State Fiscal Accountability Authority Executive Director Grant Gillespie; Authority General Counsel Keith McCook; State Auditor George Kennedy; Governor's Deputy Chief of Staff Mark Plowden; Treasurer's Chief of Staff Clarissa Adams; Comptroller General's Chief of Staff Eddie Gunn; Joint Bond Review Committee Director of Research Rick Harmon; Ways and Means Chief of Staff Daniel Boan; Authority Secretary Delbert H. Singleton, Jr.; and other State Fiscal Accountability Authority staff.

Adoption of Agenda for State Fiscal Accountability Authority

Upon a motion by Senator Peeler, seconded by Representative Simrill, the Authority adopted the agenda as proposed.

State Treasurer's Office: Bond Counsel Selection (Regular Session Item #1)

Upon a motion by Mr. Eckstrom, seconded by Senator Peeler, the Authority received the State Treasurer's Office report on the assignment of bond counsel as information in accord with Authority policy.

GENERAL OBLIGATION / REVENUE ISSUES:

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer's Counsel	Date STO Approved
\$70,300,000; General Obligation State Economic Development Bonds; Series 2023	State of South Carolina – (Project Managed by SC Department of Commerce)	Haynsworth Sinkler Boyd - Theodore DuBose	South Carolina Attorney General	9/23/2022

Information relating to this matter has been retained in these files and is identified as Exhibit 1.

South Carolina Department of Commerce: Not Exceeding \$70,300,000 General Obligation State Economic Development Bonds of the State of South Carolina (Regular Session Item #2)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$70,300,000 General Obligation State Economic Development Bonds of the State of South Carolina.

The proceeds of the bonds will be used to defray the cost of certain infrastructure proposed to be developed in connection with an Economic Development Project, Project Samurai.

Upon a motion by Senator Peeler, seconded by Representative Simrill, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$70,300,000 General Obligation State Economic Development Bonds of the State of South Carolina for Project Samurai. Governor McMaster, Mr. Loftis, Senator Peeler, and Representative Simrill, voted for the item. Mr. Eckstrom did not vote on the item.

Mr. Eckstrom asked if consideration had been given to using surplus funds instead of bonding. He noted that by using other funds the cost of issuance would be just over \$500,000 which compared to the State budget is not significant but compared to other needs is significant. He said that over the 20-year life of the bonds interest costs of just under 4% will be incurred. He asked if borrowing for a shorter term has been considered. He stated that the General Assembly may need to be involved in providing some other funding mechanism. He said he questions if this method of funding is the appropriate way to proceed. Mr. Eckstrom stated that he supports the funding for the project but has issue with how the funding will be provided.

Senator Peeler said that the JBRC met and determined that the General Assembly should address paying cash if it is available. Mr. Eckstrom stated in reply that the State has \$1.2 billion in the contingency reserve fund that was carried over into this year and nearly \$200 million in the capital reserve fund that could be used for a project like this. He said that would avoid significant financing costs over a 20-year period.

Mr. Loftis stated that this was addressed at the JBRC meeting earlier in the day and that

the debt will be issued as bond anticipation notes (BANs). Mr. Eckstrom stated that his documents do not indicate that the issue is a BAN, but that it is a 20-year debt issue. Robert MacDonald, Director of the Debt Management Division for the State Treasurer's Office, appeared before the Authority. He stated that the documents allow for BANs or bonds to be issued. He said the BANs would be used in the situation where there is not time to issue the bonds in time to release the money for the project. Mr. Eckstrom asked when that decision would be made. Mr. MacDonald said the use of BANs were approved by the JBRC earlier in the day in anticipation of the General Assembly appropriating cash for the project.

In further discussion, Mr. Eckstrom inquired if the interest rate would be lower by using BANs. Mr. MacDonald said that he would expect the rate to be lower for the BANs.

After the vote on the matter, Mr. Eckstrom noted that he did not vote on the item because he has not seen that it is going to proceed as a BAN. Mr. Eckstrom asked Mr. MacDonald if he said earlier that JBRC had approved the issuance of BANs. Mr. MacDonald said the recommendation from JBRC was to consider the issuance of BANs to give the General Assembly the opportunity to appropriate cash for the project. Mr. Eckstrom said he wanted to know if that is what is going to be done and that he does not want to approve a 20-year bond deal. Mr. MacDonald said he could not give that guarantee.

Information relating to this matter has been retained in these files and is identified as Exhibit 2.

Adjournment

The meeting was adjourned at 4:15 p.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards near the Board Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 2:30 p.m. on Wednesday, October 12, 2022.]