

STATE FISCAL ACCOUNTABILITY AUTHORITY  
MEETING OF June 16, 2026

REGULAR SESSION  
ITEM NUMBER 12

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AGENCY: Patriots Point Development Authority

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SUBJECT: Report Regarding Lease to Patriots Annex, LLC

October 5, 2017, the State Fiscal Accountability Authority (the Authority) approved a lease agreement between Patriots Point Development Authority (PPDA) and Patriots Annex, LLC. The approval required PPDA to submit a report to the Authority each year prior to March 31 regarding the status of the proposed lease. The attached report, dated March 19, 2026, provides an update on the status of the development.

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AUTHORITY ACTION REQUESTED:

Receive as information the report from Patriots Point Development Authority updating the status of the Patriots Annex development.

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ATTACHMENTS:

03/19/2026 - Letter from Allison Hunt, Executive Director, PPDA

**PATRIOTS POINT**  
**NAVAL & MARITIME**  
**MUSEUM**

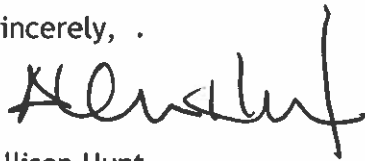
March 19, 2026

Mr. Grant Gillespie  
Executive Director  
State Fiscal Accountability Authority  
P. O. Box 12444  
Columbia, SC 29211

Dear Mr. Gillespie,

The State Fiscal Accountability Authority approved a lease agreement between Patriots Point Development Authority and Patriots Annex LLC on October 5, 2017. The attached report provides an update on the status of this development. This same report has been submitted to the Joint Bond Review Committee. The report is in the format previously provided by JBRC with our updates annotated after each item.

Sincerely, .



Allison Hunt  
Executive Director

cc:

Mr. Wayne Adams, Interim Chairman, PPDA Board of Directors (via E-mail)  
Mr. William Craver, Esq., PPDA Legal Counsel (via E-mail)  
Mr. Terry Ansley, PPDA Director of Property Manager, (via E-mail)



**Annual Report to JBRC and SFAA**  
**Lease Between Patriots Point Development Authority and Patriots Annex, LLC**  
**(as of March 2026)**

i. Financial Information

A. A report concerning the amount of Rent generated by the Lease in the prior 12 months, including:

- (1) The amount of Minimum Rent received; and
- (2) The amount of Percentage Rent received, broken down into the various categories of Percentage Rent. The Percentage Rent will be further broken down to show how much Percentage Rent is being generated by each improvement on the property
- (3) PPDA's use/expenditure of the revenue received in the prior 12 months, including carry-forward balances.

PPDA Response: In accordance with the provisions of the Lease and applicable time tables, monthly rent payments have been due and payable for the last 12 months. Minimum Rent and Additional Rent due in the 12 months from April 2025 through March 2026 total \$1,283,563.41, all of which has been paid at the time of this report. Monthly Rent in this stage of the Lease is Minimum Rent based on Fair Market Rent with no Percentage Rent being payable until the applicable percentages of Gross Sales from the Premises exceed Minimum Rent. At this point, the only Gross Sales are parking revenues, and percentage rents generated by Gross Sales do not exceed Minimum Rent. The lone exception is rent being paid on the designated Temporary Parking Lot. Rent for the Temporary Parking Lot is based on 67% of parking fees received. All Rents received by PPDA under the Lease with Patriots Annex, LLC are being used in the general budget for ongoing Patriots Point operations and ship maintenance.

B. A projection of the Rent PPDA expects the Lease to generate in the next 12 months.

PPDA Response: Per the terms of the Lease, rent is currently being paid at 80% of Fair Market Rent (FMR) for the year October 5, 2025 through October 4, 2026. FMR was pre-determined through formal appraisals and is adjusted annually with CPI increases. For the 6-month period April 1 – September 30, 2026, rent will be due at a rate of \$77,267.73 per month. On October 1, 2026, Fair Market Rent will be increased by the change in CPI, anticipated to be approximately 2.5%. Minimum Rent for the period October 1, 2026 – September 30, 2027 will be paid at 90% of Fair Market Rent. The resulting monthly payments of \$89,099.35 will be due for the 6-month period October 1, 2026 – March 31, 2027. Rent generated through fee-sharing for the Temporary Visitor Parking Lot is estimated to be approximately \$31,460.41 per month. The combined total rent expected to be received over the 12-month period April 1, 2026 – March 31, 2027 is estimated to be \$1,375,726.57. (This is Base Minimum Rent solely from current Patriots Annex acreage comprised in Premises and parking for rent calculation)

- C. An estimate of the local and state tax revenue generated by the activity on the Premises during the prior 12 months.

PPDA Response: No revenue-producing Gross Sales have occurred on the Premises that would generate sales or hospitality taxes. Property taxes have been paid in the amount of \$23,010.00, along with Storm Water Fees of \$4,950.37 and Solid Waste Disposal Fees of \$1,430.00, all for the period January 1, 2025 – December 31, 2025.

- D. An estimate of the number of people employed by the businesses operating on the Premises.

PPDA Response: Five employees are associated with Palmetto Parking with parking operations.

## II. Development

- A. An overview of the current Master Plan (or Conceptual Master Plan if no Master Plan is in place yet), including any subdivision of the Premises approved by PPDA in the prior 12 months.

PPDA Response: The Conceptual Master Plan that was prepared in accordance with the Lease and unanimously approved by the PPDA Board on March 15, 2019 was amended and approved unanimously by the PPDA Board on October 30, 2024. No subdivision of the Premises occurred.

B. The status of each project shown on the Master Plan (or Conceptual Master Plan), including:

- (1) The status of Mt. Pleasant and/or Charleston County approvals required to commence construction.

PPDA Response: The Town of Mount Pleasant has previously approved Waterfront Gateway District zoning, impact assessment, building heights within the Premises, a Development Agreement, and a fee-in-lieu-of-taxes agreement for elements of the Conceptual Master Plan. Patriots Annex, LLC has received final approval from Town of Mount Pleasant Design Review Board (“DRB”) for the Conceptual Master Plan, the Master Infrastructure Plan, the Seafair Hotel, Seafair Retail Village, Grand Lawn and Grand Patriot Hotel. The infrastructure plan for the entire Master Plan, as well as all development phases include mixed uses of hotel, retail, restaurant, office and apartments.

- (2) The status of any improvements currently under construction.

PPDA Response: Construction of a new visitor parking lot with the first 351 spaces was completed and put into operation on September 16, 2024. Simultaneously, the former Patriots Point visitor parking lot was designated as a Temporary Parking Lot and PPDA shares in parking revenue received for this Temporary Parking Lot. This work was a necessary first phase to make room for site work, infrastructure and the construction of buildings to follow.

- (3) The status of any improvements completed and operational within the prior 12 months.

PPDA Response: None.

- (4) Any change in the status of operating improvements.

PPDA Response: None.

- (5) The status of any major repairs or renovations to improvements that required PPDA’s approval in the prior 12 months.

PPDA Response: None.

- C. An update concerning the Lease's various development-related deadlines.

PPDA Response: The "Lease Commencement Date" was October 5, 2017, when SFAA approved and signed the Lease.

The "Inspection Period" ended on January 17, 2020, when the final negotiated agreement with Charleston County was fully-executed.

The "Minimum Rent Commencement Date" was October 5, 2020.

The deadline for "Commencement of Construction" was January 17, 2023 and construction commenced in October, 2022.

- D. Milestones expected in the upcoming 12 months.

PPDA Response: PPDA expects Patriots Annex, LLC to commence clearing and grading for the primary site encompassing the Conceptual Master Plan by April 2026 and begin new infrastructure work by June 2026. Construction of the first buildings is anticipated to begin in the first quarter of 2027.

- E. An update concerning the PPDA improvements affected by the Lease, including:

- (1) Any improvements vacated by PPDA in the prior 12 months.

PPDA Response: None.

- (2) The status of any improvements currently being relocated or constructed.

PPDA Response: None.

- (3) The status of any improvements, the relocation or construction of which was completed in the prior 12 months.

PPDA Response: None.

- (4) An update concerning the various deadlines for PPDA to vacate or relocate its improvements affected by the Lease.

PPDA Response: PPDA continues to use a portion of the Premises for the operation and support of its museums and administrative functions. At Lease Commencement, the portions of the property used by PPDA for its operations were excluded from the Premises, and Patriots Annex, LLC is not responsible for paying rent with regard to that land. Patriots Annex, LLC's initial plans will include construction of infrastructure systems to support the overall development plan for Patriots Annex, LLC. Patriots Annex, LLC provided PPDA with a required notice of its intent to commence construction on December 1, 2025. This notice will require PPDA to vacate the Gift Shop Pavilion and relocate the specific uses within the building and that portion of the Premises within the next 14 months. The vacated parcel will be added to the leased Premises and minimum base rent will be due for the added parcel. Any relocation by PPDA to other portions of the Premises will cause those portions of the Premises to be deleted for rent purposes. PPDA and Patriots Annex, LLC are having ongoing dialogue regarding expectations for anticipated notices and property releases. Discussions include transition from the current Temporary Parking Lot to a newly designated Temporary Parking Lot, release of the current Temporary Parking Lot and Gift Shop Pavilion, as well as alternative locations and options for PPDA facilities.

Current Primary Landlord Facility. PPDA must vacate the Current Primary Landlord Facility within 60 days of the "Current Landlord Facility Vacancy Deadline" (CLFVD). The CLFVD is 3 months after the Commencement of Construction provided that 12 months notice has been given prior to the Commencement of Construction. Effectively, these terms allow 17 months to vacate the premises after Patriots Annex, LLC gives PPDA notice of the Commencement of Construction. Patriots Annex, LLC must give PPDA a 12-month prior notice of the anticipated date for commencement of construction and update this estimate quarterly. PPDA received the 12-month prior notice of the anticipated date for commencement of construction on December 1, 2025.

Pier Facility. PPDA's current pier facility is located at the head of the pier leading to the Yorktown. PPDA's new pier facility will be located in approximately the same location and will also include some of the land between the head of the pier and the PPDA's new primary facility. The Landlord Pier Boardwalk is the only new element of the PPDA's pier facilities. If the Conceptual Master Plan and the Master Plan include the Tenant Pier Boardwalk and the Landlord Pier Boardwalk, PPDA has 30 days from receipt of the notice of the anticipated date for the Commencement of Construction of the first phase of improvements to be constructed on the Premises to

commence the process required by South Carolina law for PPDA to obtain approval from the applicable State authorities for PPDA to construct the Landlord Pier Boardwalk. PPDA shall have constructed the Landlord Pier Boardwalk as of the later of (i) six (6) months after the Current Primary Landlord Facility Vacancy Deadline, (ii) twelve (12) months after PPDA receives approval for construction of the Landlord Pier Boardwalk, or (iii) a later date agreed to by PPDA and Patriots Annex, LLC to coordinate Landlord's construction of the Landlord Pier Boardwalk with Patriots Annex, LLC's construction schedule. PPDA has not received a 12-month prior notice of the anticipated date for commencement of construction.

PPDA's storage and maintenance facility and PPDA's Vietnam Support Base exhibit. These two facilities are going to be relocated onto a portion of Parcel 2A, most of which is currently subject to a conservation easement with South Carolina Department of Natural Resources. A recent agreement released a portion of Parcel 2A from the easement for use as a relocation site for the PPDA storage and maintenance facility as well as the PPDA Vietnam Experience. There has been no change in the prior 12 months.

PPDA's personnel parking and PPDA's visitor parking. Patriots Annex, LLC completed construction of the first 351 spaces of a new visitor parking lot and took possession of the Current Visitor Lot site designating it as the Temporary Visitor Parking Lot. The PPDA personnel parking area will be relocated to a portion of Parcel 2A that has been released from the conservation easement. The relocation of the PPDA personnel parking has not yet commenced though the location has been designated.

III. Legal/Miscellaneous.

- A. An overview of any Sublease or Subparcel Sublease transfers that have occurred in the prior 12 months.

PPDA Response: None.

- B. An overview of any tenant equity interest transfers that have occurred in the prior 12 months.

PPDA Response: None.

- C. Any changes in the status of the Conservation Easement or the Federal Land Water Conservation Fund restrictions.

PPDA Response: None.

D. Any update concerning all loans secured by the leasehold estate.

PPDA Response: No loans are currently in place.