

MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

May 12, 2020 – 9:30 A. M.

The State Fiscal Accountability Authority (Authority) met at 9:30 a.m. on Tuesday, May 12, 2020, 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. Curtis M. Loftis, Jr., State Treasurer;
Mr. Richard Eckstrom, Comptroller General;
Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee; and
Representative G. Murrell Smith, Chairman, Ways and Means Committee.

Governor McMaster chaired the meeting on-site and all other Authority members participated in the meeting via videoconference.

Also participating in the meeting were State Fiscal Accountability Authority Executive Director Grant Gillespie (on-site); Authority General Counsel Keith McCook (on-site); State Auditor George Kennedy; Governor's Deputy Chief of Staff Mark Plowden (on-site); Treasurer's Chief of Staff Clarissa Adams; Comptroller General's Chief of Staff Eddie Gunn; Senate Finance Committee Budget Director Mike Shealy; Ways and Means Chief of Staff Daniel Boan; Authority Secretary Delbert H. Singleton, Jr. (on-site); and other State Fiscal Accountability Authority staff.

Adoption of Agenda for State Fiscal Accountability Authority

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority approved the agenda as presented.

Minutes of Previous Meetings

Mr. Eckstrom requested that the State Fiscal Accountability Authority minutes for the February 4, 2020, meeting be amended on page 28 to reflect that the Authority met on March 3, 2020, to consider a ceiling allocation item that was carried over from the February 4, 2020, meeting and not March 24, 2020.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority approved the minutes of the February 4, 2020, as amended, March 3, 2020, and April 28, 2020, State Fiscal Accountability Authority meetings; and, acting as the Tobacco Settlement Revenue Management Authority, approved the minutes of the February 4, 2020, Authority meeting.

Minutes of State Fiscal Accountability Authority
May 12, 2020 – Page 2

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

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

CONDUIT ISSUES:

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer’s Counsel
\$475,000,000; Hospital Facilities Revenue Bonds; Bon Secours Mercy Health, Inc.; Series 2020 (South Carolina Jobs-Economic Development Authority – “SC JEDA”)	Bon Secours Mercy Health, Inc. Conduit: SC JEDA	Haynsworth Sinkler Boyd – Jeremy Cook	Parker Poe – Ray Jones, Emily Luther
\$86,970,000; Florence County; South Carolina Refunding Hospital Revenue Bonds; McLeod Regional Medical Center Project; Series 2020A	McLeod Regional Medical Center Project Conduit: Florence County	Pope Flynn – Joe Lucas Co-Counsel; Robinson Bradshaw – Allen Robertson	Aiken Bridges – Boone Aiken Moore & Van Allen – Manning Unger
\$21,850,000; Multifamily Housing Revenue Bonds; Broad River Village Apartments Project; Series 2020 (SC State Housing Finance and Development Authority - “SCSHFDA”)	Broad River Village LP (Broad River Village Apartments Project) Conduit: SCSHFDA	Burr Foreman McNair – Michael Seezen Co-Counsel; Ice Miller – Phil Genetos	Tracey Easton, General Counsel
\$11,000,000; Multifamily Housing Revenue Bonds; Waters at Ribaut Apartments Project; Series 2020 (Conduit: SCSHFDA)	Water at Ribaut LP (Waters at Ribaut Apartments Project) Conduit: SCSHFDA	Parker Poe – Ray Jones, Emily Luther	Tracey Easton, General Counsel
\$89,500,000; Multifamily Housing Revenue Bonds; Bridgeview Village Apartments Project; Series 2020 Conduit: SCSHFDA)	Standard Bridgeview Venture LP (Bridgeview Village Apartments Project) Conduit: SCSHFDA	Parker Poe – Ray Jones, Emily Luther	Tracey Easton, General Counsel

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

Patriots Point Development Authority: Annual Report Regarding Lease to Patriots Annex, LLC (Regular Session #2)

On August 31, 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 lease and project. The Authority received a timely status report on or about March 19, 2020 and, in response to the COVID-19 pandemic, the Authority received an updated report dated April 20, 2020.

The March 19 PPDA report states that while extensive infrastructure design work has been completed (see Patriots Annex's Conceptual Master plan), no actual construction has begun, no revenue producing improvements have been completed, and a total of \$13,575 has been paid in property taxes and storm water fees. This initial report further indicates that the Inspection Period has expired, and lease payments are scheduled to begin on October 5, 2020. At the time of the March 19 report, PPDA anticipated receiving \$121,088 in rental income between October 5, 2020 and March 30, 2021.

In response to the COVID-19 pandemic and South Carolina's closure of non-essential businesses, PPDA issued an Updated Annual Report on April 20, 2020 to reflect the impacts of the State of Emergency. The Updated Annual Report outlines a Relief Plan approved by PPDA Board, which, while not forgiving any rent due, provides for a delay in the payment of rent by the lessee, delay of construction commencement deadlines, and delay until 90 days after the South Carolina State of Emergency is lifted of any rent due on any lease for any period prior to March 2020. The PPDA Board will re-evaluate the terms of the relief period under the Relief Plan and may extend the same for additional 3 months, up to a maximum of 1 year. PPDA does not believe the Relief Plan constitutes an amendment of the lease, as all terms of the lease will be enforced.

In December 2019 Charleston County finalized the fee in lieu of taxes agreement. Likewise, prior to the declaration of a State of Emergency, the Town of Mt. Pleasant approved the request for Waterfront Gateway District zoning, and further approved the impact assessment, building heights within the premises, a development agreement, and a fee-in-lieu-of-taxes agreement for certain elements of the Conceptual Master Plan. While some of these

administrative processes have been suspended under the current state of emergency, it is anticipated that said efforts will resume once local governments and economies fully re-open. It is now expected that construction on infrastructure improvements will begin in 2022.

Lastly, the annual report contains updates concerning various deadlines for PPDA to vacate or relocate its improvements affected by the lease and provides an overview of a tenant equity interest transfer within the prior 12 months. The sole controlling and majority owner of Patriots Annex, LLC has not changed.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority received as information a report from Patriots Point Development Authority updating the status of the Patriots Annex development.

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

Division of Procurement Services: Procurement Audit and Certification (Reg. Session #3)

In accordance with Section 11-35-1210 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services audited the following agency and recommended certification within the parameters described in the audit report for the following agencies for a period of three years.

Department of Motor Vehicles: supplies and services¹, \$350,000* per commitment; information technology², \$150,000* per commitment.

*Total potential purchase commitment whether single year or multi-term contracts are used.

¹Supplies and Services includes non-IT Consulting, and Printing Services

²Information technology includes consultant assistance for any aspect of information technology, systems and networks

The internal controls of the Department of Motor Vehicles' procurement system are adequate to ensure compliance, in all material respects, with the South Carolina Procurement Code and ensuing regulations as described in the audit report. The Division recommended the Authority approve procurement certification for the Department of Motor Vehicles (DMV) at the limits noted above for a period of three years.

Mr. Eckstrom stated that it is unfortunate for a procurement audit to have the findings for an agency the size of the Department of Motor Vehicles. He noted that there were several sole source exceptions and many indications of weak controls with regard to purchasing cards. He stated that the report is a good example of what agencies should try to avoid in the future. He commended Crawford Milling and John White for heading up the audit that revealed the findings. He asked that agencies commit to more closely complying with the Procurement Code than DMV did in this instance.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority granted procurement certification, in accord with Section 11-35-1210, for the following agency within the parameters described in the audit report for the following limits (total potential purchase commitment whether single-or multi- year contracts are used):

Department of Motor Vehicles: supplies and services¹, \$350,000* per commitment; information technology², \$150,000* per commitment.

*Total potential purchase commitment whether single year or multi-term contracts are used.

¹Supplies and Services includes non-IT Consulting, and Printing Services

²Information technology includes consultant assistance for any aspect of information technology, systems and networks

Information relating to this matter has been retained in these files and is identified as Exhibit 3.

Executive Director: Revenue Bonds (Regular Session Item #4)

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority approved the following requests to issue revenue bonds.

- a. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: \$89,500,000 Multifamily Housing Revenue Bonds
Allocation Needed: \$89,500,000 (carryforward to be used)
Name of Project: Bridgeview Village Apartments
Employment Impact: N/A
Project Description: acquisition and rehabilitation of a 300-unit multifamily affordable housing development located in the City of Charleston
Bond Counsel: Emily S. Luther, Parker Poe Adams & Bernstein LLP

- b. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: N/E \$21,850,000 Multifamily Housing Revenue Bonds
Allocation Needed: -0-
Name of Project: Broad River Village Apartments
Employment Impact: N/A
Project Description: finance acquisition, construction and rehabilitation of 160-unit multifamily rental housing project in Beaufort County
Bond Counsel: Michael J. Seezen, Burr Forman McNair
- c. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: \$11,000,000 Multifamily Housing Revenue Bonds
Allocation Needed: \$11,000,000 (carryforward to be used)
Name of Project: Waters at Ribaut
Employment Impact: N/A
Project Description: funding a mortgage loan to Waters at Ribaut, LP, to provide a portion of the financing needed for the acquisition and rehabilitation of a 60-unit multifamily affordable housing development located in the City of Beaufort, known as Waters at Ribaut
Bond Counsel: Emily S. Luther, Parker Poe Adams & Bernstein LLP
- d. Issuing Authority: Florence County
Amount of Issue: \$86,970,000 Refunding Hospital Revenue Bonds
Allocation Needed: -0-
Name of Project: Refunding Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2020A
Employment Impact: N/A
Project Description: refunding of \$86,970,000 principal amount of Florence County Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2020A
Bond Counsel: Allen K. Robertson, Robinson Bradstreet

Information relating to this matter has been retained in these files and is identified as Exhibit 4.

State Fiscal Accountability Authority: Future Meeting (Regular Session Item #5)

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority agreed to meet at 10:00 a.m. on Tuesday, June 30, 2020, in Room 252, Edgar A. Brown Building.

Adjournment

The meeting adjourned at 9:40 a.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 in the office of the Governor's Press Secretary and in the Press Room, near the Authority Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 1:00 p.m. on Friday, May 8, 2020.]