

MINUTES
SOUTH CAROLINA CONSERVATION BANK
Thursday, July 27, 2017 – 10:00 am
The Quack Shack
Orangeburg, SC 29115

The South Carolina Conservation Bank (SCCB) Board held its regular meeting at 10:00 am, Thursday, July 27, 2017 at The Quack Shack on the Chairman's farm in Orangeburg, SC. Notice of the date, time and place of the meeting was posted and mailed to the news media in accordance with the Freedom of Information Act. Chairman James Roquemore presided at the meeting and members present included Michael G. McShane, Vice Chairman; Andrea Clark; C. Douglass Harper; D. Clinch Heyward; Charles G. Lane; W. Thomas Lavender, Jr.; William L. Snow, Sr. and Ex-Officio member Phil Gaines for Duane Parrish, Director for SCPRT. Members absent were Elliott Close and Ex-officio members Cary L. Chastain, Chairman SCDNR Board and Dr. Walt McPhail, SC Forestry Commission Chairman.

I. WELCOME AND CALL TO ORDER

The Chairman called the meeting to order, welcomed everyone and thanked everyone for their work in getting the meeting organized.

II. ADOPTION OF MINUTES

The Chairman called for a motion to adopt the minutes from the November 16, 2016 and the March 8, 2017 meetings. Mr. McShane made the motion to approve the November 2016 minutes. Ms. Clark seconded and the motion unanimously passed. Mr. McShane then made the motion to approve the March 2017 minutes. Ms. Clark seconded and the motion unanimously passed.

III. INTRODUCTION

Mr. Davant congratulated Ms. Rish on her retirement from the SCCB Staff. Mr. Davant thanked Ms. Rish for not only her work she has done for the Bank and the State of South Carolina, but also for her friendship throughout the past 12 years. Mr. Davant stated that it has been a pleasure and honor to work beside her and believes that they have made a wonderful team. The Chairman, speaking for the entire board, mentioned Ms. Rish's level of competence and ability to keep the Board informed. The Chairman stated that he knows a lot of work goes into doing this job and that it is amazing what Ms. Rish and Mr. Davant have done with little help over the past 12 years. The Chairman thanked Ms. Rish again for her contributions to the Conservation Bank and the State of South Carolina and expressed his appreciation for all that Ms. Rish has done. Ms. Rish thanked Mr. Davant, the Chairman and the rest of the Board.

IV. OLD BUSINESS

A. ATTORNEY GENERAL (AG) LETTER

The Chairman asked Mr. Davant to cover the points on the AG's letter attached to the Board's packages. Mr. Davant stated that at the last board meeting he was asked to contact the AG about potential legal representation at the Board Meetings. Mr. Davant stated the AG's response was that they could not handle personnel matters for the Bank but, otherwise, are willing to assist on a case by case basis. However, if the assistance the Board needed was more than the AG's office could comfortably handle, the Bank will be asked to seek the services of a law firm. Mr. McShane recommended that the SCCB invite Mr. Hunter to all future Board Meetings, as the Board does not always know what issues may arise. Mr. Lavender agreed with Mr. McShane and stated since

the Board meets so infrequently, twice a year typically, that it doesn't seem like too much to ask. The Chairman stated that since the AG's Office has offered, that no vote need to be taken. The Chairman asked if there were any other thoughts or questions regard the AG's letter.

B. FINANCIAL STATUS

The Chairman asked Mr. Davant to provide a financial status update. Mr. Davant stated that the SCCB is no longer receiving documentary stamp tax revenue and that the General Assembly provided \$5 million out of the General Fund and \$5 million out of the Reserve Fund with an additional \$283,916 for personal services. Mr. Davant stated that none of the funds from the \$10 million will become available until the State closes its books which leaves the Bank in a tenuous position. When these funds become available the Bank will have enough to pay the DNR grant worth \$3 million, \$6,923,978 worth of approved outstanding grants and roughly \$352,775 in operating expenses, leaving the Bank with little to no excess funds for new grants. Mr. Davant stated that a couple of the outstanding grants may withdraw within the year, which may give the Bank some amount to fund new grants but as of now this cannot be planned for.

C. LEVERAGE

The Chairman asked Mr. Davant to comment on the leverage document attached to the Board's packages. Mr. Davant stated he wanted to remind the Board and those present at this meeting that when the SCCB funds a grant, it doesn't stop there but actually the Land Trusts and Natural Resource Agencies find matching funds which in many cases would not be awarded if not for the SCCB. Mr. Davant stated that the amount of money generated from matching funds is more than that awarded from the Bank which means more money coming into this State and our economy. Ultimately, there has been at least \$147 million in matching funds for SCCB grants compared to \$135 million spent as of that date.

D. APPROVED OUTSTANDING GRANTS

The Chairman stated that next on the agenda was approved outstanding grants. Mr. Davant informed the Board that the total outstanding amount was currently \$6,923,978. Mr. Davant stated that the SCCB has been informed that the M.J. Holstein Farm Tract is waiting for NRCS funds. Mr. McShane asked Mr. White, Congaree Land Trust's Executive Director, to comment on where this grant is in terms of waiting for the federal grant. Mr. White states that he believes that this issue will resolve in the next six months but probably not by the end of this calendar year. The Chairman stated that NRCS is working to improve their process and should have this issue sorted out soon and recommended to hold off on any decisions regarding this grant. Mr. Davant agreed and moved on to the Johnsonville Tract that is having similar issues with SC DHEC and asked Mr. Johnson, The Conservation Fund's State Director, to clarify. Mr. Johnson stated that the city is trying to work with DHEC to move forward but he was unsure of the timeline. Mr. Davant stated that this grant was important to the board at the time of approval because it is located in Florence County which currently holds few grants. Mr. Roquemore continued with Silver Bluff Audubon Center and Sanctuary. Mr. Davant stated this tract has submitted all of their required due diligence and upon the SCCB receiving funding, the tract will be paid. Mr. Davant, then referring to Tall Pines, stated that the Conservation Fund is trying to find a way to fund this grant other than the Bank. Mr. Johnson stated that it is moving forward with putting in a mitigation bank and if it is approved, the Conservation Fund may not need any funding from the SCCB. The Conservation Fund is hoping for a confirmation by November to move forward and SC DNR to be the end holder of the property. Mr. Snow asked about the timeline policy that was put into place two years ago; specifically if these grants, come November, would move to the back of the line or have to reapply. Mr. Davant stated these grants would have to reapply unless the Board decides to grant extra time for extenuating circumstances. Mr. McShane asked for clarification on the closing of the Precision Property Development Tract. Mr. White stated that chances are it may not move forward and that he will inform the SCCB by October 1, 2017. For Harrell Farm Trust Tract, Mr. Davant stated it is under a similar set of circumstances. Mr. White stated that it should close between January and June of 2018. Mr. McShane requested the Board defer the Oakland Club grant as there may be additional discussing necessary. Mr. Roquemore moved the discussion to Seven Oaks, it was noted by Mr. Davant that Lowcountry Land Trust is waiting for the SCCB's funding for the second payment. Mr. Davant stated the Landco (Stevens) Project has also completed their due diligence and is waiting for the SCCB to receive funding.

Mr. Davant informed the Board that the Bampfield Tract was sold and Lowcountry Land Trust is working with the new landowners to resubmit. Mr. Davant stated that both the Harris Pillow Property and the Kling Property were approved subject to the SC Battleground Preservation Trust being able to attain matching funds necessary. The SCCB has currently not received any indications from the Battleground Preservation Trust that this has been done. Mr. McShane requested that Mr. Davant write Mr. Bostick, SC Battleground Preservation Trust's Executive Director, requesting that information within 30 days. Mr. Roquemore and Mr. Davant agreed with this request. Mr. Davant stated that for Gap Creek, the SCCB is still waiting on due diligence and when received the SCCB can proceed with the first payment. Mr. Robertson stated they are working towards a closing date of September 1, 2017 and that this property will then be owned by the State. Mr. Gaines mentions that it important to recognize that the State, with additional donations, will acquire nearly 2,000 acres of State Park with pure public access. Mr. Roquemore moves the discussion to MillRho (Oak Grove 2). Mr. Robertson, The Nature Conservancy's Executive Director, stated that he will have to get back to the Board on the timing of this grant's closing. Mr. Roquemore stated that was not an issue and called for the next item on the agenda.

E. REVIEW OF PROCESS

Mr. Davant stated that he has received many questions about the SCCB's process and turned the Board's attention to the presentation. Mr. Davant stated the SCCB's mission statement and objectives as well as discussed general procedures and evaluating/scoring procedures. Within these evaluating/scoring procedures, Mr. Davant discussed what each of the sections mean and how they are used to help determine which grants to approve. These sections included conservation value, financial value, public access value, and other considerations. Mr. Davant directed the Board's attention the tables and graphs at the end of the presentation and request Mr. Jim Scurry to explain this portion. Mr. Scurry stated that, as shown in the presentation table, the current scoring criteria used for the SCCB is not only consistent but effective. The Chairman thanked Mr. Scurry for analyzing and discussing the matter. Mr. Davant stated that the SCCB can incorporate this presentation on the website.

V. NEW BUSINESS

A. ETHICS STATEMENT

The Chairman called to move to the next item on the agenda. Mr. Davant explained that the "Board Ethics Guidelines" included in the Board's packages were to be signed in order to keep the SCCB's files up to date. The Chairman stated that the Board will sign and return these forms to the SCCB as well as requested that this information be included on the website. Mr. Davant agreed with the request.

B. SIGNAGE DISCUSSIONS

The Chairman asked to move to the item on the agenda titled "signage discussions". Mr. Davant stated that it is not only important to the SCCB but required that the Bank is recognized but could leave it up to the Land Trust to decide how that be done. The Chairman asked Mr. Davant if he would like the Board to take an action and Mr. Davant said yes. Mr. Lane made a motion that, on future easements, signage be required on SCCB grants. Mr. Lavender seconded the motion and the motion unanimously passed. The chairman asked for any other questions. Mr. Lavender clarified that the signage should be at each entrance of the property. Mr. McShane asked if instead the SCCB should ask that applicants to explain the location of the sign within the application. The Chairman asked for the Land Trust to give their recommendations. Mr. White stated that it may be easiest for the SCCB to provide the Land Trust with a logo and the wordage requested to apply to their own sign. Mr. Lane suggests requiring one sign at the main entrance. The Chairman agrees, states that the motion has already passed, and requests moving on to the next item on the agenda.

C. SCDNR GRANT PER PROVISIO 117.129 & 117.130

The Chairman suggests moving to the SC Department of Natural Resources (SCDNR) grant per proviso 117.129 and 117.130. Mr. McShane motioned that the funds be granted per the provisos following the requests from Director Taylor and the funding becoming available to the SCCB. Mr. McShane added to the motion that

Mr. Davant meet with Director Taylor to explain the timeline regarding the Bank's funding this year. Mr. Lavender seconded the motion and the motion unanimously passed.

III. EXECUTIVE SESSION

Mr. McShane stated there were some contractual and personnel issues that the Board needed to review before going into any of the grant proposals. Mr. McShane made a motion for a brief Executive Session to review the contractual and personnel matters. Mr. Lavender seconded and the motion unanimously passed. The Chairman asked all parties to leave for the Board to go into a brief Executive Session.

The Chairman called for a motion to go back into regular session. Mr. Lane made a motion to go back into regular session. Mr. Lavender seconded and the motion unanimously passed.

IV. RETURN TO REGULAR SESSION

The Chairman stated that the Board was moving to the next agenda item.

V. NEW BUSINESS CONTINUED

A. PROPOSED APPLICATION CHANGES & PROPOSED SCORING CHANGES

Mr. Davant stated that the draft applications, attached in the Board's packets, include the proposed application changes. Mr. Lavender recommends sending the proposed applications to the applicant community and ask for their input before voting on them. The Chairman agrees with Mr. Lavender and asks Mr. Davant to continue going through the proposed changes. Mr. Davant stated that at the request of some board members, the proposed applications have been split up into three separate forms; one for conservation easements, fee simple transfers, and cultural resource grants. Mr. Davant stated that the proposed application changes are shown in red and while there are not many changes to the application, the few changes are pretty significant. Mr. Davant noted the new acreage breakdown that would include Carolina Bays, family farm/agriculture, urban parks, and historic sites as well as the question for the current land use. Per signage issues and concerns by the LAC, the proposed changes also include an additional area for the applicants to attest that all information included within the application is true. Mr. Davant explained that the proposed changes also included areas under many questions that require detailed narratives and any documentation or reports that support the comments. Mr. Davant pointed out that the question concerning the danger of development now requires a statement from the appraiser. Mr. Davant moved past the application and focused on the proposed changes to the evaluation criteria. Mr. Davant stated that while some things are moved around, overall, the information and criteria is the same. It was also noted that the numbers used for scoring have been converted to percentages and that the total was changed from 88 to 100 for simplicity in the proposed changes. Mr. Davant called the Board's attention to the public benefit section of the Fee Simple proposed application that would now require the applicant to submit a budget and a management plan. Mr. Lane asked that we ask for a copy of the annual inspection on easements from the applicants upon the grant being paid. Mr. Roquemore and Mr. Davant agreed and stated that this request can be added to the award letter on further grants.

B. LIST OF NEW GRANTS

The Chairman called for the next item on the agenda. Mr. Davant stated that there are 16 new and carried-over grants totaling in \$4,777,030 requested which covers roughly 5,325 acres. It was noted that the appraised value for these properties was around \$14,993,510. Mr. Davant stated that he has looked over these grants but has not yet ranked or scored them as the SCCB is not at a place, financially, to approve any grants. Mr. Davant stated that, overall, these are all great grants.

IX. TIME AND PLACE OF NEXT BOARD MEETING

The Chairman called for a motion for the time and place for the next Board meeting and asked for Mr. Davant's recommendation. Mr. Davant recommended the first or second week in November 2017 depending on where the

SCCB is financially at that time. The Chairman asked if Thursday, November 9th, 2017 at 10:00 a.m. with the location to be determined would work and all members agreed.

X. ADJOURN

The Chairman called for a motion to adjourn. Mr. Snow made the motion to adjourn. Ms. Clark seconded and the motion unanimously passed.