

CATAWBA REGIONAL COUNCIL OF GOVERNMENTS
EXECUTIVE COMMITTEE MEETING

Catawba Regional Center
Rock Hill, South Carolina
February 5, 2024

A regular meeting of the Catawba Regional Council of Governments Executive Committee was held via Zoom at 12:00 p.m. on Monday, February 5, 2024.

The following members were present:

Nettie Archie
Joe Branham, Vice Chair
Todd Lumpkin
Charlene McGriff, Chair
Harold Thompson
Chad Williams
Leroy Worthy

Others present were:

Staff
Steve Allen
Amy Chitwood
Randy Imler
Tyler Lewis
Eleanor Mixon
Jessica Sawyers

Guests
Kim Smith, Burkett CPAs
Jim Bennett, CRDC Vice President

Following the Call to Order and Invocation, a motion was made to approve the minutes of the November 2, 2023, COG Executive Committee meeting. The motion was duly seconded and approved unanimously.

I. Review of 2023 Annual Audited Financial Statements

Ms. Kim Smith, CPA, of Burkett, Burkett & Burkett CPAs, presented the FY2023 Audit. The auditor's report showed an unmodified or clean opinion. There were no significant changes in accounting policies this year and no noteworthy audit adjustments other than updating the leases for the current year. All of the accounting estimates determined by management were considered reasonable, and no changes were required. Ms. Smith also reviewed the Reports on Internal

Control and on Compliance and noted no significant deficiencies or material weaknesses in internal controls.

As of June 30, 2023, CRCOG had \$21,091,519 in total assets and \$5,469,327 in total liabilities. Total revenues decreased from 2022 to 2023 by 36 percent, primarily due to the initial completion of grant draws under the EDA COVID 19 Revolving Loan Fund grant in FY22, and total expenses increased by only 0.3 percent. There was an increase in net position of \$1,301,302 in FY23 compared to an increase of \$5,021,111 in the prior year.

CRCOG established a loan loss reserve for the first time on the de-federalized (i.e. “Legacy”) Revolving Loan Fund (RLF). The Economic Development Administration (EDA) will not allow loan loss reserves on RLFs that retain their federal identity. When \$7.2 million of CRCOG’s EDA RLF capital was defederalized in the prior year, CRCOG set up a loan loss reserve for future potential loan losses. The reserve is equal to five percent (5%) of outstanding de-federalized RLF loan balances.

CRCOG’s unrestricted net position, exclusive of GASB related adjustments, increased from \$1,239,573 in FY22 to \$1,285,593 in FY23. The total net position for CRCOG increased from \$12,572,420 in FY22 to \$13,873,722 in FY23. CRCOG’s unassigned/unreserved fund balance increased from \$1,156,040 in FY22 to \$1,201,135 in FY23, and the total fund balance increased from \$17,698,520 in FY22 to \$18,892,870 in FY23. Following discussion, a motion was made to accept the FY23 CRCOG Audit Report. The motion was seconded and passed unanimously.

II. Review of 12/31/23 (6-month) Interim Operating Report

Ms. Chitwood reviewed the December 31, 2023, six-month interim operating financial statements. Total assets were \$20,921,139 with total liabilities of \$1,452,757. Total revenues exceeded expenditures by \$586,217. Operating revenues before passthrough were \$1,539,577, and the passthrough revenue brought total revenues to \$2,674,807. Total operating expenses were \$1,427,949. Workforce Innovation and Opportunity Act (WIOA) passthrough revenues and expenditures totaled \$988,842. EDA COVID-19 Revolving Loan Fund grant drawdowns equaled \$505,027. Additionally, due to the current antiquated condition of the elevator at 215 Hampton Street and the lack of replacement parts, CRCOG staff has determined that the best course of action is to install new mechanical equipment for the building’s elevator. CRCOG and CRDC will split the cost of the elevator. To date, CRCOG has paid \$30,438 for the elevator with an additional \$30,000 anticipated in the coming months. The Board received this report as information.

III. Consideration of a \$500,000 Loan from CRCOG to CRDC to Capitalize the Community Advantage SBA 7(a) Guaranteed Loan Program

Mr. Imler presented information about the Community Advantage SBA 7(a) Guaranteed Loan Program that was introduced at the previous Executive Committee meeting. Catawba Regional Development Corporation (CRDC) was approved to be a lender in the program by the U.S. Small

Business Administration. The Community Advantage (CA) program allows a lender (CRDC) to make loans up to \$350,000 as long as 60 percent of the CA loan portfolio is in underserved markets. The SBA guarantee is 85 percent for loans up to \$150,000 and 75 percent for loans greater than \$150,000. CRDC can sell the SBA-guaranteed portion on the secondary market for a premium while holding the remaining unsecured portion in portfolio. Mr. Imler reviewed the funding options for Community Advantage loans, which include either borrowing from an individual bank or syndicate of banks or borrowing from CRCOG. Due to the de-federalization of the EDA Revolving Loan Fund, CRCOG has funds available to lend to CRDC to capitalize the CA program. Loaning \$500,000 for the Community Advantage program will result in approximately \$2.7 million in additional CRDC lending capacity.

CRDC is ready to sign an agreement with a loan service provider who will do the packaging and secondary market sales. Once the agreement is signed, CRDC will be ready to make loans and wants to make sure the capital is available.

Following discussion, a motion was made to recommend approval of a \$500,000 loan from CRCOG to CRDC to capitalize the Community Advantage SBA 7(a) Guaranteed Loan Program. The terms are a 36-month draw period with interest only paid monthly at 3%; the draw period will be followed by at 20-year amortization period with annual principal and interest payments, again at 3%. The Executive Committee's approval will result in a motion to the full COG board at the next meeting on February 22, 2024. The motion was duly seconded and passed unanimously.

IV. Consideration of Additional Brownfields Properties for Environmental Assessments

Mr. Lewis presented an update on the EPA Brownfields Community-Wide Assessment Grant and the SC Brownfields Environmental Site Testing (BEST) Program. The Executive Committee serves as the Brownfields Task Force for both programs. The Task Force selects top-priority brownfields sites for assessment. After reviewing the sites currently being assessed in CRCOG's four counties, Mr. Lewis presented five additional sites for consideration: the former City of Chester U.S. Post Office in Chester County, a former City of Chester filling station in Chester County, the former Eureka Mill in Chester County, the former County landfill in York County, and the former Kershaw Mill in Lancaster County. Following discussion, a motion was made to approve the additional sites to receive assessment grant funds from EPA and/or the SC BEST Program. The motion was duly seconded and passed unanimously.

V. Transportation Update

Mr. Imler and Mr. Allen provided a transportation update. CRCOG receives approximately \$7.5 million in Guideshare funding to program for rural transportation projects in the rural part of the region. The COG Board is the policy committee for prioritization, rating, and ranking of transportation project funding. Approximately two years ago, SC DOT approached CRCOG about maximizing the impact of Guideshare money by prioritizing projects if they are in strategic corridors. Since that time, CRCOG has been waiting on SC DOT to provide additional information

and data and to finalize a corridor strategy. Simultaneously, \$7.5 million continues to be allocated to the region every year, and the total balance of funds available for programming is increasing. There is the possibility that CRCOG will be criticized for not programming Guidesshare funds while waiting to deploy the corridor strategy. CRCOG staff believes that it is in the region's best interest to defer the corridor strategy until SC DOT is ready to move forward. In the meantime, the COG's Transportation Advisory Committee (TAC) will continue recommending projects for the COG's Rural Transportation Improvement Plan (TIP) regardless of whether or not they are located in a strategic corridor. Neither the full COG Board nor the Executive Committee need to take action at this time. A list of projects for the TIP will be brought to the full board at the May meeting for approval. The Executive Committee expressed no concerns with staff's plan for moving forward.

VI. Other Business

Mr. Imler introduced Eleanor Mixon as the Clerk to Council for the COG Board.

There being no further business, the meeting adjourned at 1:00 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Randy Imler".

Randy Imler
Executive Director