



HENRY McMASTER
GOVERNOR

July 23, 2018

The Honorable Kevin L. Bryant
President of the Senate
State House, First Floor, East Wing
Columbia, South Carolina 29201

Dear Mr. President and Members of the Senate:

Enclosed please find correspondence confirming my interim appointment of Charles M. Condon, Esquire to serve as chairman of the Board of Directors of the South Carolina Public Service Authority ("Santee Cooper") pursuant to sections 1-3-210 and 58-31-20 of the South Carolina Code of Laws. As required by section 58-31-20(B) of the South Carolina Code of Laws, Mr. Condon has been screened and deemed qualified by the State Regulation of Public Utilities Review Committee ("PURC"). A copy of the PURC's written report confirming the same is enclosed herewith for your records.

The present interim appointment is to fill the vacancy created by the departure of W. Leighton Lord, III, Esquire, who tendered his resignation as chairman of Santee Cooper's Board of Directors on or about December 29, 2017. In accordance with section 1-3-210 of the South Carolina Code of Laws, I will forward a formal appointment to the Senate for consideration at its next regular session.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Henry McMaster".

Henry McMaster

Enclosures
HM/tl

State Regulation of Public Utilities Review Committee

Sen. Thomas C. Alexander, Chairman
Rep. William E. Sandifer, III, Vice Chairman
Margaret Bluestein, Esquire
Rep. P. Michael Forrester
Sen. C. Bradley Hutto
Dan Jones
Rep. David J. Mack, III
Gregg Morton
Sen. Luke A. Rankin, Sr.
John S. Simmons, Esquire



Heather Anderson
Committee Counsel
Steve Davidson
Committee Counsel

Post Office Box 142
Columbia, South Carolina 29202
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MEMORANDUM

TO: The Honorable Jeff Gossett, South Carolina Senate

FROM: Senator Thomas C. Alexander, Chairman

DATE: May 4, 2018

RE: Screening of Candidates for Appointment to the Santee Cooper Board of Directors

The Governor submitted the names of the candidates shown below for the Senate's consideration for appointment to the Board of Directors of the South Carolina Public Service Authority (Santee Cooper). The appointments were referred to the Senate Judiciary Committee.

Chairman, At-Large Seat:	Charles M. Condon
Fifth Congressional District Seat:	Charles H. Leaird

Pursuant to Section 58-3-530(14), the State Regulation of Public Utilities Review Committee (Review Committee) is charged with the duty "to review candidates for appointment to the South Carolina Public Service Authority Board of Directors as submitted by the Governor to determine whether the candidates meet the qualifications set forth in Section 58-31-20."

Section 58-31-20(C) provides that Santee Cooper directors "must possess abilities and experience that are generally found among directors of energy utilities serving this State and that allow him to make valuable contributions to the conduct of the authority's business." These abilities include:

- (1) general knowledge of the history, purpose, and operations of the Public Service Authority and the responsibilities of being a director of the authority;
- (2) the ability to interpret legal and financial documents and information so as to further the activities and affairs of the Public Service Authority;
- (3) with the assistance of counsel, the ability to understand and apply federal and state laws, rules, and regulations including, but not limited to, Chapter 4 of Title 30 as they relate to the activities and affairs of the Public Service Authority; and
- (4) with the assistance of counsel, the ability to understand and apply judicial decisions as they relate to the activities and affairs of the Public Service Authority.

Additionally, pursuant to Section 58-31-20, directors representing the counties of Berkeley, Georgetown, and Horry must reside in those counties and be customers of Santee Cooper.

Section 58-31-55 requires that a Santee Cooper director must discharge his duties in good faith, with the care of an ordinarily prudent person and in a manner he reasonably believes to be in the best interests of Santee Cooper (“best interests” are determined by balancing three factors: customer interest, economic development of service area, and preservation of financial integrity of Santee Cooper). Directors are subject to personal liability for violating Section 58-31-55, and wholesale and retail customers of Santee Cooper (including indirect customers of Santee Cooper through electric cooperatives) are authorized to bring suit against any director alleging a breach of fiduciary duties.

A Board of Directors has a general duty to act in the best interests of a corporation. Such fiduciary duties include the duty of loyalty and the duty of care.¹ The duty of loyalty provides that directors and officers must remain loyal to the corporation, acting at all times in the best interests of the corporation and its shareholders whose interests must take precedence over any self-interest of the director, officer, or controlling shareholder that is not shared by the stockholders generally. The duty of loyalty includes the duty to avoid conflicts of interest and prohibit faithlessness and self-dealing. The duty of care requires a director to act in good faith and with the level of care of an ordinarily prudent person in similar circumstances.

The Santee Cooper Screening Subcommittee of the Review Committee sent Mr. Condon and Mr. Leaird a set of questions to elicit information with respect to their respective knowledge as an initial appointee of the operations of Santee Cooper, knowledge of best practices for boards of directors, and knowledge of the Freedom of Information Act (FOIA). Mr. Leaird appeared before the Subcommittee on March 29, 2018 and answered further questions from the Subcommittee on those issues and others. Mr. Condon appeared before the Subcommittee on April 26, 2018 and answered further questions from the Subcommittee. The transcripts of these hearings

¹ In the typical corporate setting, these duties extend to the shareholders, as owners of the corporation. Santee Cooper, as a public utility, is a quasi-state agency; thus, the board owes duties not to shareholders, but to its customers and bondholders, as well as to the people of South Carolina by way of the people’s elected representatives in the General Assembly and the Governor.

are appended to this report by reference. The candidates' responses to the Subcommittee's written questions are included in the Subcommittee hearing transcript. The transcripts are posted online at:

www.scstatehouse.gov/CommitteeInfo/PublicUtilitiesReviewComm/2018SanteeCooperScreening.php.

The Review Committee met on May 2, 2018, to consider the Subcommittee's report, to further question the candidates, and to make a determination regarding the candidates' qualifications.

CHARLES H. LEAIRD
SANTEE COOPER BOARD OF DIRECTORS
SEAT: FIFTH CONGRESSIONAL DISTRICT
TERM: MAY 19, 2016 THROUGH MAY 19, 2023

Review Committee's Findings: Qualified

1) Constitutional and Statutory Qualifications

Mr. Leaird meets the general qualifications prescribed by law for service as a Director for Santee Cooper. Mr. Leaird is a resident of Sumter, South Carolina. He has been a resident of South Carolina for at least the immediate past five years and is a qualified elector of this State. Mr. Leaird also has substantial experience on an electric cooperative board.

2) Educational Background

Mr. Leaird obtained a Bachelor of Science degree in Industrial Management from Clemson College in 1961.

3) Ethical Fitness, Character, and Reputation

The Review Committee's investigation did not reveal any evidence of unethical conduct by Mr. Leaird and did not reveal evidence of any convictions or criminal allegations made against him. Mr. Leaird has good standing in his community as well as a personal history of sound business affairs.

4) Professional Experience and Training

Mr. Leaird was the CEO for the Black River Electric Cooperative from 1983-2015. From 1970-1982, he was the CEO for the Lynches River Electric Cooperative.

Mr. Leaird served in the U.S. Marine Corps from 1961-1969, and received an honorable discharge.

5) Statutory Requirements

Pursuant to Section 58-31-20(C), the Review Committee is required to determine if Mr. Leaird has:

- a) working knowledge of the activities and affairs of Santee Cooper;
- b) the ability to interpret legal and financial documents and information;

- c) with the assistance of counsel, the ability to understand and apply federal and state laws, rules, and regulations as they relate to Santee Cooper, including the Freedom of Information Act; and
- d) with the assistance of counsel, the ability to understand and apply judicial decisions as they relate to the activities and affairs of Santee Cooper.

Mr. Leaird's responses to written and oral questions reflect he has working knowledge of the operations and activities of Santee Cooper. His experience as CEO with Lynches River Electric Cooperative and Black River Electric Cooperative indicate that he not only meets the statutory qualifications to serve, but also his commitment to serve on the board.

6) Knowledge of Current Energy Issues

Mr. Leaird understands and appreciates the challenges faced by Santee Cooper. He discussed the issues facing Santee Cooper, including the difficulties following the decision to abandon construction of V.C. Summer nuclear units 2 and 3, and the issues associated with that decision. *See Generally Tr. pgs. 8-9; 18-20; 25-27; 30-35.*

7) Knowledge of Santee Cooper's Other Roles

Mr. Leaird is knowledgeable about Santee Cooper's various roles, including economic development. *See Generally Tr. pgs. 17; 35-36.*

8) Independence

Mr. Leaird stated that as a director, he would "have a loyalty to Santee Cooper..." *See Generally Tr. pg. 21, lines 6-7; See also Generally Tr. pgs. 20-22; 27-30*

Findings as to Overall Qualification

Mr. Leaird has been nominated to be appointed as a director representing the Fifth Congressional District on the Board of Directors of Santee Cooper. The Review Committee believes Mr. Leaird possesses the depth of experience to enable him to be a successful member of the Santee Cooper Board of Directors and finds him qualified.

CHARLES M. CONDON
SANTEE COOPER BOARD OF DIRECTORS
SEAT: CHAIRMAN, AT-LARGE SEAT
TERM: INITIAL APPOINTMENT: MAY 19, 2011 THROUGH MAY 19, 2018
RE-APPOINTMENT: MAY 19, 2018 THROUGH MAY 19, 2025

Review Committee's Findings: Qualified

1) Constitutional and Statutory Qualifications

Mr. Condon meets the general qualifications prescribed by law for service as a Director for Santee Cooper. Mr. Condon is a resident of Charleston, South Carolina. He has been a resident of South Carolina for at least the immediate past five years and is a qualified elector of this State.

2) Educational Background

Mr. Condon earned a Bachelor of Arts degree from the University of Notre Dame in 1975 and his Juris Doctorate from Duke University School of Law in 1978.

3) Ethical Fitness, Character, and Reputation

The Review Committee's investigation did not reveal any evidence of unethical conduct by Mr. Condon and did not reveal evidence of any convictions or criminal allegations made against him. Mr. Condon has good standing in his community as well as a personal history of sound business affairs.

4) Professional Experience and Training

Mr. Condon worked as an Assistant Solicitor for the Charleston County Solicitor's Office from 1978-1979. From 1981-1992, he was the Ninth Circuit Solicitor. From 1992-1995, he was engaged in his own law practice. From 1995-2003, he served as the South Carolina Attorney General. He served as General Counsel for the Palmetto Surety Corporation from 2003-2004. Since 2004, he has practiced law in the Charlie Condon Law Firm.

Mr. Condon is a member of the American Bar Association, the National Association of Attorneys General, the South Carolina Association of Criminal Defense Lawyers, the National Association of Criminal Defense Lawyers, and the Charleston County Bar. He was admitted to the South Carolina Bar in 1978, the U.S. District Court for the District of South Carolina in 1978, the Fourth Circuit U.S. Court of Appeals in 1987, and the U.S. Supreme Court in 1988.

5) Statutory Requirements

Pursuant to Section 58-31-20(C), the Review Committee is required to determine if Mr. Condon has:

- a) working knowledge of the activities and affairs of Santee Cooper;
- b) the ability to interpret legal and financial documents and information;
- c) with the assistance of counsel, the ability to understand and apply federal and state laws, rules, and regulations as they relate to Santee Cooper, including the Freedom of Information Act; and
- d) with the assistance of counsel, the ability to understand and apply judicial decisions as they relate to the activities and affairs of Santee Cooper.

Mr. Condon's responses to written and oral questions reflect he has working knowledge of the operations and activities of Santee Cooper.

6) Knowledge of Current Energy Issues

Mr. Condon understands and appreciates the challenges faced by Santee Cooper. He discussed the issues facing Santee Cooper, including the difficulties following the decision to abandon construction of V.C. Summer nuclear units 2 and 3, and the issues associated with that decision. *See Generally Tr. pgs. 9; 12; 14-15; 21-24; 33-34.*

7) Knowledge of Santee Cooper's Other Roles

Mr. Condon is knowledgeable about Santee Cooper's various roles, including economic development. *See Generally Tr. pgs. 15-18*

8) Independence

Mr. Condon stated that as chairman, "the chairman's job would be strictly to do the best he or she can to lead and improve the organization, period." *Tr. pg. 29, lines 22-24. See Generally Tr. pgs. 27-30.*

Findings as to Overall Qualification

Mr. Condon has been nominated for initial appointment and reappointment as Chairman of the Board of Directors of Santee Cooper. The Review Committee believes Mr. Condon possesses the depth of experience to enable him to be a successful member of the Santee Cooper Board of Directors and finds him qualified.