

BOARD OF DIRECTORS

John B. White, Jr., *Chairman*

Ernest Duncan

Senator Hugh K. Leatherman, Sr.

H.B. "Chip" Limehouse, III

Representative J. Gary Simrill

Joe E. Taylor, Jr.

Woodrow "Woody" W. Willard, Jr.

**South Carolina
Transportation Infrastructure Bank**



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SCTIB Board Meeting

Edgar Brown Building – Room 252

1205 Pendleton Street

Columbia, SC 29201

October 24, 2017

9:00 am

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| I. | Call to Order | Chairman John B. White, Jr. |
| II. | Consideration of Minutes of July 20, 2017 | |
| III. | Opening Remarks | Chairman John B. White, Jr. |
| IV. | Evaluation Committee Report and Board Action | Chairman John B. White, Jr. |
| V. | Administrative Items | Tami Reed |
| | A. FY18-19 Appropriation Budget and Board Action | |
| | B. Project Progress Report | |
| VI. | June 30, 2017 Financial Statement Presentation | Chris Halkowitz, CPA, CFE
Scott & Company |
| VII. | Executive Session (if necessary) | Chairman John B. White, Jr. |
| VIII. | Adjourn | |

MINUTES
South Carolina Transportation Infrastructure Bank
Board Meeting

Room 252, Edgar Brown Building
Columbia, SC 29201

October 24, 2017
9:00 a.m.

NOTE: Notification of the time, date, place and agenda of this meeting has been posted and sent, in accordance with the provisions of the South Carolina Freedom of Information Act, to all persons or organizations, local news media, and other news media that requested notification of the time, date, place and agenda of this meeting. Efforts to notify the requesting person or entity include, but are not limited to, the transmissions of notice by the U.S. Mail, electronic mail, or facsimile.

Present: John B. White, Jr., Chairman, Presiding
Senator Hugh K. Leatherman, Sr.
H.B. "Chip Limehouse, III
Representative J. Gary Simrill
Joe E. Taylor, Jr.
Woodrow "Woody" W. Willard, Jr.

Others present: Tami Reed, representing the Bank; Jim Holly, Board Secretary and Bank Counsel; Bond Counsel; Secretary of Transportation and other representatives of SCDOT; staff representatives of legislative committees; media; and members of the public.

The meeting was live-streamed through the SCTIB website thanks to the efforts of SCETV.

The meeting was called to order by Chairman White.

Agenda and Consideration of Minutes:

The first item of business was the July 20, 2017 Minutes of the last board meeting. Chairman White asked for a motion to approve. Mr. Taylor made a motion to approve and Mr. Willard seconded the motion. The motion carried with a unanimous vote.

Opening Remarks:

Chairman White welcomed Joe Taylor stating that he (Mr. Taylor) had had some health problems, and that he (Mr. White) was happy that Mr. Taylor was present. The Chairman thanked Mr. Taylor for his service, past and present, for the State of South Carolina.

Evaluation Committee Report and Board Action:

The Chairman stated that he chairs the Evaluation Committee and a meeting was held on September 14, 2017. Draft minutes were presented to the Board, but the Evaluation Committee had not had a subsequent meeting at which it could have approved the minutes. Chairman White asked if there was a reason to consider action today on the recommendation adopted by the Evaluation Committee at its last meeting. He asked if there was a motion. Mr. Taylor made a motion to accept and implement the recommendations of the Evaluation Committee which was that the pending completed applications under consideration by the Bank be held in abeyance until the Board determines that the relevant circumstances have changed, so as to allow further consideration of those applications by the Bank. Mr. Willard seconded the motion. The Chairman asked for discussion. Senator Leatherman asked for the motion to be read or for the Chairman to tell him what it meant. The Chairman responded to Senator Leatherman stating that two lawsuits are pending challenging the constitutionality of Act 275 of 2016 and Act 40 of 2017 that provide new funding sources for SCDOT. Based on conversations with the Bank's general counsel, bond counsel and our financial consultants, the pending lawsuits impair the ability of the Bank to pledge those new funding sources to issue new revenue bonds to assist SCDOT with projects.

The Chairman stated further that the revenue source that had been provided the Bank through Act 98 of 2013 fund specified SCDOT interstate projects was repealed by the General Assembly in 2017. About \$250 million or more was needed to complete the Act 98 projects. Chairman White stated that he was not critical of the legislature, nor was he asking for it to restore that funding source to the Bank. The last payment was in the fall of this year and the Bank has about 60 million left out of the Act 98 funds. The Bank has potential viable projects that may meet the state priority system, but from a conservative standpoint in regards to where the Bank's reserves are terms of its current bonding capacity, the Bank needs to hold that capacity in reserve until the lawsuits and the remaining funding for the Act 98 projects are resolved. Chairman White stated that the recommendations are to suspend, not deny, current applications until there is a resolution of the litigation on Act 275 and 240. If and when the Bank's capacity is available the applications could be reactivated and the Evaluation Committee would develop specific recommendations and the Board would vote on those with the advice and consent of SCDOT and then reviewed by the Joint Bond Review Board.

Mr. Phillip Wiggins, a member of the audience was asked to come to the microphone to ask a question.

Mr. Phillip Wiggins stated he was from Dallas, Texas and with Stratford Land and that he had come before the Board before. He asked for some clarification on the Evaluation Committee. Mr. Wiggins wanted to know if the Evaluation Committee was an executive committee. He stated that he thought an Evaluation Committee evaluated projects and did not set policy for the Board. The Chairman asked Mr. Wiggins which project he had personal interest in. Mr. Wiggins stated he had interest in Riverport in Jasper County. Chairman White asked if that was the Interstate 95 Interchange project in Jasper County. Mr. Wiggins responded that it was.

Chairman White stated to him that Jasper County does not have approval from the Federal Government for the interchange so the Bank was not at the point of considering application at this time. Mr. Wiggins stated he was a land developer and land investor and that his company has about \$80 million in the property in Jasper County. Mr. Wiggins asked how the Evaluation Committee operates. The Chairman explained that the Committee is open to the public and invited Mr. Wiggins to come to a meeting. The Chairman explained that the Evaluation Committee has certain criteria that must be used and reviewed by the Committee in conjunction with a representative of SCDOT to determine whether a project meets those criteria and is a priority on a statewide basis. The Chairman stated that approval by Federal Highway Administration is a criteria and Jasper County has not met that criteria. The Chairman asked him to come to a Committee meeting and stated that he did not think this is the forum today to debate how Board may choose to conduct its business and thanked him for coming.

The motion previously made passed by unanimous vote.

2018-2019 Budget:

Chairman White called upon the Bank's CFO, Ms. Tami Reed, to talk about the budget for Fiscal Year 2018-2019. Ms. Reed stated that she was going before the Governor's Office on November 4, 2017, to present the Bank's budget. She stated the differences between Fiscal Year 2017-2018 are the revenues. She stated that not knowing the precise cost of future projects during the fiscal year that the Bank needs to have enough budgetary authority for the maximum that it could possibly be required to pay out for the year. Mr. Willard asked about the expenditures under personal services. Ms. Reed explained that there were approved positions that were currently vacant. Ms. Reed stated that the difference in revenues is due to the changes in Horry County Loan payments. Mr. Taylor moved to approve the budget for Fiscal Year 2018-2019 as presented, and Mr. Simrill made the second motion. The Chairman stated that before any decisions were made on spending money or doing anything special other than the normal administrative and project costs, it would come back before the Board.

Mr. Simrill wanted the Board updated on working with the SCDOT. The Chairman stated that he has been working closely with Transportation Secretary Christy Hall, and with a working group that Ms. Hall implemented. Mr. Chairman stated that the group is a channel for communications. Brian Keys of SCDOT is on the Bank's Evaluation Committee. The Chairman stated that a letter has been sent to Secretary Hall with two plans on long term financing for SCDOT's needs: a 15 year bonding plan and a 25 year bonding plan. Mr. Willard stated that from the SCDOT standpoint they are committed to the Act 98 projects.

Project Progress Report:

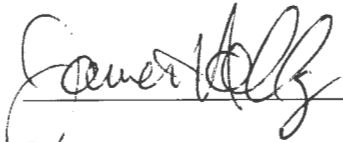
Ms. Reed stated that currently there are 29 active projects. Two projects were closed in Fiscal Year 2017; the Beaufort 170 project and the Town of Mount Pleasant projects. One Act 98 project has met the Bank's contribution maximum of \$80 million: the Greenville Interstate 85/385 Project. Mr. Limehouse entered the room at 9:35 a.m. Mr. Taylor asked about the progress of the SC 165 Dorchester Project. An act of urgency was requested for improving a road to the high school on SC 165 in Dorchester County. The Chairman stated that the Bank went beyond its normal role to ensure that there was sufficient funding for the road. Mr. Willard stated he done a personal analysis of the June 30, 2017 audit of financial statements and the Bank is continuing to make progress toward meeting the funding commitments that the Bank has obligated itself to. Mr. Taylor stated that the Evaluation Committee was ensured that the funding is there for existing projects. Mr. Holly stated that the exception was the Mark Clark Extension Project in Charleston County.

2016-2017 Audit Report:

Chris Halkowitz, an audit partner from Scott and Company, presented the financial statements audit report for July 1, 2016 to June 30, 2017. Mr. Halkowitz stated that he has been an audit partner for the Bank for eight years. Scott and Company is required by standards to send the Bank Board two letters: one at the outset of the audit, which defines their responsibility, Ms. Reed's responsibility and the Bank's responsibilities; another letter is sent at the conclusion of the audit which highlights the key points and key takeaways from the audit. Mr. Halkowitz stated that the state moved up the required deadline by two weeks this year to have the letters issued and final by October 1, 2017. The audit was completed within the deadline. There were no significant findings in the audit. After some discussion of the components of the audit, Mr. Taylor made a motion to accept the audit for Fiscal Year 2017 as information, Mr. Simrill made a second motion, and the Board vote to accept the audit report unanimously.

Closing:

Chairman White stated that the Bank will have increased personnel needs within the organization. He stated that Ms. Reed and Mr. Holly know. All of his needs as a Chairman have been met in a timely manner. Mr. Taylor made a motion to adjourn and Mr. Limehouse seconded the motion. All Board members voted in favor of the motion. The meeting adjourned at 10:16 a.m.


Secretary