

BOARD OF DIRECTORS

John B. White, Jr., *Chairman*

Ernest Duncan, *Vice Chairman*

Representative Chris Murphy

Senator C. Ross Turner, III

Pamela L. Christopher

David B. Shehan

André Bauer

**South Carolina
Transportation Infrastructure Bank**



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Board Meeting

November 20, 2024

Solomon Blatt Building

1105 Pendleton St, Room 110

9:30 a.m.

Columbia, SC 29201

AGENDA (Revised 11-19-24)

- | | | |
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| I. | Call to Order and Opening Remarks | Chairman John B. White, Jr. |
| II. | Consideration of meeting minutes | Chairman John B. White, Jr. |
| | A. February 21, 2024 | |
| | B. March 27, 2024 | |
| | C. September 10, 2024 | |
| III. | Project Updates | |
| | A. Charleston County | County Representative |
| | B. Beaufort County | County Representative |
| | C. Jasper County/Town of Hardeeville | County/Town Representative |
| | D. York County | County Representative |
| IV. | Executive Session (Discussion of negotiations incident to proposed contractual arrangements and receipt of legal advice on matters covered by attorney-client privilege on matters listed on Agenda.) | |
| V. | Updates on Current Projects – Quarterly Reports | Jerri Butler |
| VI. | Actions and Resolutions Arising out of Executive Session | Chairman John B. White, Jr. |
| VII. | Rural Project Applications | Rob Tyson |
| VIII. | Administrative Items for Discussion and/or Action | |
| | A. 2025-2026 Proposed Budget | Jerri Butler |
| | B. Financial Statement Audit Discussion | Chad Jackson, M&J |
| | C. Credit Rating Update | Hope Scarpinato, PFM |
| | D. Bond Refunding | Hope Scarpinato, PFM |

- IX. Resolutions for the following
 - A. James M. Holly
 - B. J. Gary Simrill
 - C. David Miller

- X. New Business
 - A. Administrative
 - a) Website
 - b) Accounting System Update
 - B. Changes to Application for Funding

- XI. Adjournment

Rob Tyson
Charles Cannon
Rion Foley

Jerri Butler

Rob Tyson

NOTES: The Agenda consists of these two (2) pages. There is no opportunity listed for the public to comment on matters listed on the Agenda. The Committee may enter into additional executive sessions at any time during the meeting when such a motion is made and adopted.

MINUTES

South Carolina Transportation Infrastructure Bank Board Meeting

Solomon Blatt Building
1105 Pendleton St, Room 110
Columbia, S.C. 29201

November 20, 2024

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: Mr. John B. White, Chairman Presiding
Ernest Duncan, Vice Chairman
Mr. David B. Shehan
Andre Bauer (via Teams)
Representative Chris Murphy
Senator C. Ross Turner, III
Ms. Pamela L. Christopher

Others present: Mr. Charles Cannon, COO, representing the Bank; Ms. Jerri Butler, CFO, representing the Bank; Mr. Rob Tyson, Board Secretary and Bank Counsel; Mr. Rion Foley, Bond Attorney; Hope Scarpinato, Financial Advisor, PFM; David Miller, Financial Advisor, PFM; Chad Jackson, Mauldin & Jenkins; Justin Powell, SCDOT; Maggie Hendry, SCDOT; Nadine Garrett, Creel Court Reporter; and several County Representatives

Call to Order:

The meeting was called to order at 9:30 a.m. by Chairman White.

Motion to Approve Minutes:

Chairman White asked if there was a motion to approve the minutes from the February 21, 2024, March 27, 2024 and September 10, 2024 meetings. Representative Murphy made the motion to approve the minutes, Senator Turner seconded. The motion passed unanimously.

Project Updates:

– Charleston County

Charleston County provided an update on the Mark Clark-526 Project. County representatives included Herb Sass, Chairman of Charleston County Council; Joe Boykin, Charleston County Council; Jenny Honeycutt, Vice Chair of Charleston County Council; Natalie Ham, County Attorney; Bill Tuten, County Administrator; and Carter McMillan, County Ombudsman.

Ms. Honeycutt stated the County had been working to address possible funding sources after the Charleston County Transportation Sales Tax Referendum failed. The County has been exploring funding sources and alternative delivery methods, including the Federal Mega and INFRA grants; public finance options, such as the TIFIA program, private finance-design build funding and operational models; as well as another referendum in 2026. She added to provide the level of detail this Board expects, the County respectfully requests an additional 120 days to provide this information. Ms. Honeycutt concluded by adding Charleston County Council held a special finance and council meeting, and by a majority vote of 6 to 3 Council authorized the Chairman to request DOT to proceed with the next steps in advancing with Mark Clark and negotiate revisions to the Intergovernmental Agreement between the parties.

Chairman White asked if the request for an additional 120 days was necessary to meet the County's obligations of the IGA. After Ms. Honeycutt replied yes, Chairman White stated he did not understand the request to negotiate amendments to the IGA. Ms. Honeycutt stated the intention was for the Bank and the County to chart a path forward after the sales tax failed. Chairman White reiterated the Bank will abide by the terms of the current contract.

Chairman White provided financial information concerning the Bank and the County's contribution toward the Project. He also stated the SCDOT still had monies of both the Bank and the County it was holding from prior draw requests. Chairman White asked questions about the County's request to SCDOT that the Department obtain a Record of Decision (ROD). Chairman White asked about the cost of obtaining the ROD. Ms. Honeycutt responded the ROD requires no additional dollar amounts beyond the \$150 million previously agreed to by the Joint Bond Review Committee. Chairman White asked Secretary Powell about the specific cost to the Bank and Secretary Powell confirmed the funding would come from the previously approved funding. Secretary Powell further updated the status of the project and the next phases of the project.

Representative Murphy asked questions to Secretary Powell about the next steps and the total funding for the next phase to obtain the ROD. Secretary Powell responded the next phase would be for preliminary engineering, right-of-way acquisition and construction. Representative Murphy asked if Secretary Powell thought it was a prudent use of taxpayer's money to go forward with a \$75 million commitment for right-of-way acquisition when there is no plan in place to fund the construction. Secretary Powell stated that was a decision of the funding partners, adding if there was a desire for this project to be considered at any point in the future, to get the ROD would be the logical point to cease the project.

Representative Murphy asked Council Chair and Vice Chair how can the Board continue to go down this path and be fiscally responsible to the taxpayers since the voters overwhelmingly rejected the proposed funding of the Project. Ms. Honeycutt stated we have wasted the tens of millions of dollars in four federal environmental assessments if we drop the ball at this point. Representative Murphy stated providing an additional 120 days would not change the minds of voters in Charleston County.

He didn't see moving forward as fiscally prudent. He asked Charleston County if it had any alternative funding sources such as a rainy-day fund. Ms. Honeycutt stated the County needs 120 days to provide its funding plan. Ms. Honeycutt added that the County was here today to ask the Board and the JBRC to honor its previous commitment of \$75 million, which is irrelevant to the outcome of the referendum.

Chairman White stated that the Infrastructure Bank Board will stand by the contractual obligations but that it was not here today to negotiate.

The Chairman concluded the current status is today that the funding is not there. Chairman White stated on December 2, he will report to the Joint Bond Review Committee the status of where we are, adding we want to stand by our commitment and we will get some direction on whether the funds are authorized or not.

Chairman White called upon Chairman Sass for concluding comments. Mr. Sass stated Charleston County is here to abide by the contract that we have and that the County is willing to renegotiate the terms with the parties. Chairman White stated for the record the Bank stands behind the terms of the contract and Mr. Sass stated the County is following the terms of the contract too.

- Beaufort County

Senator Tom Davis provided the update on US-278. He stated there's roughly \$300 million committed for this Hilton Head Bridge; a combination of \$120 million in a SIB grant, \$80 million from Beaufort County and then money from the DOT that's been set aside. The project's current estimate totals approximately \$480 million to complete. Beaufort County has proposed in the past to both DOT and the SIB to come up with \$90 million of that \$180 million as part of a way to address that shortfall. Beaufort County's portion was to be funded by a transportation sale tax referendum on the ballot in November, 2024. That referendum failed.

In response to Chairman White's letter, the County would like to request more time to assimilate a funding plan moving forward. Senator Davis said he had been advised by SCDOT that the go/no-go point for the DOT is March 31, 2025. In other words, if there is not a financial plan in place at that point in time, to pay for the project that's credible, the SCDOT will have to immediately begin doing a parallel new bridge structure to the south of the existing span coming off the mainland heading toward Pinckney Island. Thus, Senator Davis, on behalf of Beaufort County, requests Beaufort County be given until March 31, 2025 to come up with a financial plan.

Chairman White thanked Senator Davis for being here today. Chairman White stated Beaufort's original application asked for \$120 million. The Bank has not taken this issue to the Joint Bond Review Committee, for the additional money that you've asked for prior to the result of the referendum. He recapped the County is asking the Bank to defer action until the County can get back with the Bank. Chairman White responded he wanted Senator Davis to recognize that the Bank hasn't approved any additional money that would match any money the County might have. Senator Davis stated he understood.

- Jasper County/Town of Hardeeville

Mayor Williams presented on behalf of the Exit 3 Project. Mayor Williams introduced the local officials that were present; City Manager of Hardeeville, Mr. Josh Gruber; County Administrator, Mr. Andy Fulghum; and Jasper County Council Member, John Kemp. He added there were several members

from our team, to assist in answering questions along with development partners from Gramling, Mr. Ben Gramling and Mr. Mikell Harper.

Mayor Williams gave a brief history of the project, the current financial agreement previously approved by the Board, the other committed funding and the cost increase of \$81 million. He stated they are asking for an additional \$35 million grant or 43% of the increase. Chairman White asked if there were any questions from the Board.

Representative Murphy asked in order to address the overage, the plan was to come back to the SIB to cover the overage and not Jasper County or Hardeeville. Mayor Williams stated we're asking the Bank to cover 43% of the overage, not the full amount of the overage, adding Jasper County contributed an additional \$13.5 million, and all of us have put in the other 57%.

Representative Murphy asked if Jasper County was obligated for any overages in the original contract. Mayor Williams answered no. He added that his understanding was when the bids went out, it would come back to Jasper County and the City of Hardeeville to accept or walk away from the project. When we learned of the substantial overages the applicants had a meeting and offered this additional \$13.5 million. The landowners and the developers continued to pay, continued to honor their contract to build the roads and give the land donations that were involved. The developer also agreed to cover the costs of meeting the environmental protection requirements.

Mr. Harper introduced himself, stating he was with Riverport and Exit 3 project team. Mr. Harper gave a brief history of the project and funding, adding the project costs have escalated, doubling from \$80 million to \$160 million today. He stated the local team was prepared to cover \$45 million (rounding numbers) of that \$80 million cost increase. He added if we were to follow the one third, two third percentages of what was approved four years ago, that would be a significantly different number than what we're asking for today. We're prepared to fund \$45 million of the additional \$80 million in cost increase, which is 57% of those cost increases, which if the Board were to approve our grant request, would take us to a 56% paid with SIB funds, 44% paid by local match adding we're funding 57% of the cost that have gone up over four years.

Chairman White asked County Administrator Mr. Fulghum to address the Board. Chairman White asked Mr. Fulghum asked if the applicants had everyone present who has a stake in this. Mr. Fulghum answered yes.

Chairman White stated, based on conversations with Secretary Powell, the Project was in a time crunch in that if the Board didn't approve the additional funding, the Exit 3 Project would not be included in the I-95 widening bid documents. Mr. Fulghum answered yes. Chairman White stated to do that, there's got to be permitting; assuming your request here is contingent upon having the permits to do it timely. He asked if the City, the County and the developer agreed with that. All parties replied yes.

Chairman White asked if the County, City and Developers would agree to a contingency to seek the additional funds from the Resiliency Fund or any other eligible funds, to reduce the \$35 million. Mayor William stated the Applicants are willing to apply for grants and reduce the obligation to the Bank, adding their preference would be to reduce the loan. He stated we're the only project in the State, to my knowledge, with a loan. The Chairman asked if the Developer, the County and the City were willing to timely pass the necessary resolutions and sign the documents to get that done. All parties answered yes. The Chairman stated you'll have an affirmative duty. He added he wanted to

hear from everybody here on the record that everyone is willing to do that and I heard you were – right. All replied you did, yes sir. Chairman White asked for additional comments or questions.

-York County

Josh Edwards, York County Manager, presented for York County. He introduced Patrick Hamilton, Assistant County Engineer, to assist with the updates on Exit 82 and Exit 90.

Mr. Hamilton stated Exit 85 is currently under construction. We had to work with RFATS and the MPO to come up with additional funding after construction bids came in. York County is finalizing the updated IGA with the Bank to include the additional funding sources. Chairman White stated it is critical and time sensitive to complete the execution of the Exit 85 IGA. Chairman White asked for York County's commitment to complete the IGA. Mr. Hamilton replied the County agreed.

Mr. Hamilton stated SCDOT is finalizing the traffic analysis and alternative design for Exit 82. He added based on some cost estimates on the preferred alternative the estimated cost is \$100 to \$120 million range for total project cost. Chairman White stated the original grant for Exit 82 was \$32,486,150. Mr. Hamilton replied yes sir. Chairman White asked what the original project cost was. Mr. Hamilton replied in the \$38 million range, going back to the original application in 2016.

Chairman White stated the Project has significant cost overruns. Mr. Hamilton replied yes. Chairman White stated it was his understanding they used a lot of your MPO and COG money to finish Exit 85. Mr. Hamilton replied correct. Chairman White stated so that money's not there anymore. Mr. Hamilton replied RFATS has future money for Exit 82, but no funding is available today. Chairman White stated that funding would be four or five years down the line and it would not kick in until that period. Mr. Hamilton stated that would be six or seven years down the line.

Chairman White stated it was his understanding that York County has three proposals and it was deciding which proposal. Mr. Hamilton stated that was correct. Chairman White asked about the first proposal. Mr. Hamilton stated that the County manager sent a letter regarding the Exit 90 project; currently there's \$64 million in grant funding committed to Exit 90. Our letter requested that funding be shifted to Exit 82, along with the \$21 million local match requirement from the County all be applied to Exit 82 which if approved, would fully fund Exit 82.

Chairman White stated the Bank had received a letter from Carowinds saying it supports the County not doing Exit 90. Mr. Hamilton stated that was correct. Chairman White asked about the previous Penny Sales Tax referendums. Mr. Hamilton stated that no penny sales tax funding is dedicated to Exit 90. That was other funding sources for the local match to go towards that project. Chairman White asked how much money will be coming from Exit 90. Mr. Hamilton stated it's approximately \$86 million, which includes the grant and local match. Mr. Hamilton stated the grant was \$64.5 million and the match was \$21.5 million. Chairman White stated that's close to \$86 million and you want add it to the grant on Exit 82. Mr. Hamilton stated that was their request.

Mr. Hamilton stated the County believes if the money from Exit 90 is able to be shifted to Exit 82, along with our local match, Exit 82 would be fully funded. Chairman White stated any additional funding would need to be presented to the Joint Bond Review Committee since this would be considered a material change.

Chairman White asked if York County had considered requesting some of these monies in the form of a loan. Mr. Hamilton stated York County had had preliminary discussions. Chairman White encouraged the County to consider studying this option.

Chairman White asked if any of these 3 exits were the so-called "Panthers Exit". Mr. Hamilton replied no sir. Chairman White asked if there were any questions from the Board and if there were others in the audience that would like to be recognized during this special period of project updates or other business. No responses were heard.

Executive Session:

The Chairman stated the Board needed to go into Executive Session to discuss negotiations incident to proposed contractual agreements and personnel matters, receipt of legal advice on matters covered by attorney-client privilege and other matters listed on the agenda. Representative Murphy made the motion to enter into Executive Session and Mr. Shehan seconded. The motion passed unanimously.

Executive session lasted from 10:37 a.m. until 11:31 a.m. The Chairman stated he will entertain a motion to come out of Executive Session, adding for the record, no votes were taken during executive session nor any action. Mr. Shehan made the motion and Senator Turner seconded. The motion passed unanimously.

Project Update Decisions:

- Charleston County

Chairman White stated the Board had taken Charleston County's request under advisement but at this time, the Bank Board is not going to take any action today, adding the next step is for the Bank Board to update the Joint Bond Review Committee on December 2. No action was taken.

- Beaufort County

Chairman White asked for a motion on behalf of the request by Beaufort County. Mr. Duncan moved to allow Beaufort County to provide information by March 31, 2025 on its future funding plan which is consistent with South Carolina DOT's letter to Beaufort County. Representative Murphy seconded the motion. No discussion was had and the motion and the motion passed unanimously.

- Jasper County

Mr. Shehan moved to approve the applicants' request to increase the amount of the grant by \$35 million and revise the loan such that it has a 25 year term. This motion has the following conditions:

1. Requirement to seek additional funding options, including but not limited to, federal and state grants, loans, appropriations. Any additional funding options should be offset against the Bank's increased grant amount;
2. The Applicants are required to update the Bank of their efforts every 90 days. If the Bank is not satisfied with the Applicants' pursuit of additional funding, it reserves the right not to fund all of the addition grant amount;

3. Any cost savings resulting from the contingency should be offset against the Bank's additional grant funding;
4. The Bank's additional grant funding should be expended last; and
5. The Bank's additional funding is contingent upon Applicants' receiving all permits.

Mr. Duncan seconded the motion. Chairman White asked for any discussion. Chairman White stated the representatives from the City, the County, and the developer/owner all agreed to do what was necessary to ratify this motion by their specific actions. And other considerations that we had on the motion, that will be a part of the record.

Chairman White asked if there was a motion to amend and add all the language that was said on the motion to this resolution and motion. Mr. Duncan agreed to the amendment. Representative Murphy seconded the motion and it passed unanimously.

- **York County**

Chairman White stated the presentation and update by York County was received as information only. Chairman White said the Bank Board would like to have some resolution and a report back to us in our next scheduled meeting. He said the County should be prepared to have picked the alternative, update the Board on funding, including consideration of a request for a loan.

Updates on Current Projects – Quarterly Reports:

Ms. Jerri Butler, CFO presented on the quarterly reports. She stated the Bank currently has 17 active projects. Of those 17 projects, ten have reported overages. Of the ten, three have requested additional funding from the Bank. The others have funds in place to support those projects. She added the overages total approximately \$420 million and that doesn't include Mark Clark. Ms. Butler stated we receive the quarter reports the 15th after the end of each quarter. We review them and coordinate with SCDOT to ensure the accuracy of the figures. Two projects, Jasper County/Hardeeville (Exit 3) and Pickens County do not have signed IGAs. The Bank staff is finalizing these agreements.

Chairman White recapped the report. Of the 10 current projects with overages, seven have agreed to fund on their own. Of the other 3, the Board approved addition funding for Exit 3. That leaves Beaufort County and York County. These Projects are to bring funding plans back to the Bank before March 31, 2025 or before the Bank's next meeting. Chairman White asked if there were any questions; none were heard.

Actions and Resolutions Arising out of Executive Session:

Chairman White provided an update on the Rural Program applications. He reported the Bank had received three applications in the last round of funding. He explained the applications received did not meet the eligibility requirements.

Chairman White stated one of the potential actions is to suspend the rural program and then reopen again and to allow those applicants and others to reapply. Representative Murphy made a motion to suspend the current rural application program and to open up another round of rural applications to commence on March 15, 2025. Mr. Duncan seconded the motion. The motion passed unanimously.

Representative Murphy made a motion to approve proposed revisions to the rural project application and the Bank's Operating Guidelines that will require applications that are submitted to include an exhibit that describes the timeline of the project, including commencement of construction through completion of construction. Mr. Shehan seconded the motion. The motion passed unanimously.

Administrative Item – FY 2025 – 2026 Proposed Budget:

Ms. Butler presented the proposed budget for FY 25-26. Ms. Butler stated the FY 25-26 budget did increase by \$300,000 increasing the total budget to \$126.569 million. The Bank requested \$1.3 million to cover the lost revenues resulting from the implementation of Act 37. This amount will fund that lost truck registration fees for carrier motor vehicles going from biannual to annual. Additionally, there is a request for an increase in personnel. The Bank intends to hire staff for all six of its full-time employment positions. The request also represents an increase in rent due to the lease with SCDOT has expired and the Bank anticipates higher rental costs for the upcoming year. This budget request maintains the Bank's operating costs to still be less than 2% of the total budget.

Chairman White asked if there were any questions. None were heard. Senator Turner made a motion to approve the FY 2025-26 budget. Ms. Christopher seconded. The motion passed unanimously.

Administrative Item – Financial Statement Audit:

Mr. Jackson, an accountant with Mauldin and Jenkins, presented the results of the FY 2024 audit. He stated the accounting firm issued an unmodified opinion, a clean opinion. He said here is no higher opinion the accounting firm could give for the audit. He added there are no instances for noncompliance for any internal controls over financial reporting. He stated the accounting firm received full cooperation with the Bank's management and staff and that there were no disagreements throughout the audit with management on accounting issues. He expressed his appreciation to the Bank for how smoothly the audit went. He stated there were no past or posted audit adjustments during the audit and that there were no significant issues discussed about business conditions, plans, or strategies.

Chairman White thanked Mr. Jackson and asked if there were any questions. None were heard.

Administrative Item – Credit Rating Update:

Hope Scarpinato, of PFM, presented information concerning the Credit Rating Update. She stated in August the Bank went to both rating agencies in preparation for a bond sale. During the process the rating agencies reviewed the Bank's credit and then put out a rating establishing their view on the Bank's ability to repay debt obligations. Moody's upgraded the Bank to a strong credit rating of Aa2 and Fitch affirmed the current rating at AA-. Moody's identified the importance of the Bank's financing program to meet the State's infrastructure needs as one of the key credit considerations in their decision to upgrade the Bank. Ms. Scarpinato stated this was good and put the Bank well positioned to continue financing projects moving forward to attractive interest rates.

Ms. Scarpinato also spoke about the recent bond refunding. Ms. Scarpinato stated in September the Bank issued bonds of \$149 million to refund outstanding debt to achieve debt service savings. On September 10, 2024, the Bank received a total of 6 bids through a competitive process to ensure the debt was issued at competitive rates. The resulting true interest costs on that debt is 2.696%, a net present value savings of \$9.7 million for the Bank. Typically refunding savings are presented

as a percentage of refunded par, and in this case it's 5.9%. Over the years, the Bank has achieved net present value savings of approximately \$320 million, a substantial savings to the Bank.

Chairman White asked if there were any questions. None were heard.

Resolutions:

Chairman White stated the Bank had resolutions for Mr. James M. Holly, a friend, Bank counsel, and mentor, who passed away suddenly this year; Mr. Gary Simrill, former House Member, Chairman of the Ways and Means and Bank Board Member; and Mr. David Miller, Bank Financial Advisor.

Mr. Tyson read the resolution for Mr. James M. Holly, reading it in its entirety (a copy will be placed in the record).

Mr. Cannon read the resolution for Mr. J. Gary Simrill, reading it in its entirety (a copy will be placed in the record).

Ms. Scarpinato read the resolution for Mr. David Miller, reading it in its entirety (a copy will be placed in the record).

New Business:

– Administrative – Website

Ms. Butler updated the Board on the website and the accounting system. Ms. Butler stated the website has been revamped and that staff is still learning the nuances and protocols of the website controls.

Ms. Butler stated Bank staff has decided to move from the Legacy System, to SCEIS System, which is the system the State of South Carolina uses. The Bank staff is working with the Department of Administration and intends to complete the transfer by July 1, 2025. Currently, the Bank staff is running both systems parallel.

Chairman White asked if there were any questions. None were heard.

Update on Modernizing Website:

Ms. Butler stated we are working with Tyler Technology to update the website, adding there is a project schedule showing the timeline to completion. Currently they are working behind the scenes to update the site and get it done.

Special Recognition:

Chairman White asked Mrs. Charlotte Holly to come up. Mrs. Holly said thanked Chairman White, Bank staff, and the Bank Board on how they treated Jim Holly. She said Jim Holly loved his work for the Bank and a large part of this, was due to all of you. Mr. Cannon and Ms. Butler presented Mrs. Holly gifts in honor of Jim Holly's service to the State and to the Bank.

Adjournment:

Chairman White asked for a motion to adjourn. Representative Murphy moved to adjourn and Ms. Christopher seconded the motion. The motion passed unanimously. The meeting adjourned at 12:28 p.m.


Board Secretary