

MINUTES
South Carolina Transportation Infrastructure Bank
Board Meeting

SCDOT Headquarters Building
5th Floor Auditorium
955 Park Street
Columbia, SC 29201

May 26, 2016
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 U. S. Mail, electronic mail, or facsimile.

Present: Vincent G. Graham, Chairman, Presiding
Paul "Bo" Aughtry, III
Representative Chip Limehouse
Joe E. Taylor, Jr.
James "Mike" Wooten

Absent: Ernest Duncan
Senator Hugh K. Leatherman

Others present: Tami Reed, representing the Bank; Jim Holly, Board Secretary and Bank Counsel; Bill Youngblood of the McNair Firm, Bond Counsel for the Bank; Jay Glover of Public Financial Management, the Bank's financial advisory firm; Christy Hall, Secretary of SCDOT; Wendy Nicholas, SCDOT Chief of Staff; Leland Colvin, SCDOT; and other representatives of SCDOT; members of the public; representatives from several counties; members of the General Assembly; and media representatives.

The meeting was called to order by Chairman Graham. The Chairman welcomed Mr. Wooten and Mr. Aughtry to the Board.

Approve March 3, 2016 Minutes: Mr. Limehouse made a motion, seconded by Mr. Aughtry to approve the minutes of the March 3, 2016, meeting as presented. The motion passed unanimously.

Administrative Items

Chairman Graham gave a brief history of the different Legislative Committee and Subcommittee meetings he, Mr. Holly and Ms. Reed had attended since the last Board meeting. Ms. Reed explained that Senate Bill #1258 was being considered by the Legislature. The bill was originally a roads funding bill but had been amended in the House of Representatives to include the House language from another bill in relation to the governance of the S.C. Department of Transportation (SCDOT). Representative Limehouse gave a brief summary of the status of the bill. Mr. Holly explained the direct impact the bill may have on the Bank as presently worded. If passed, the SCDOT Commission would have the right to review and approve financial assistance for projects approved by the Bank Board. The bill does not change the existing requirement in the SCTIB Act that the Joint Bond Review Committee also approve such actions by the Bank Board. Mr. Holly explained that as presently worded, this requirement does not apply to decisions by the Bank Board that relate to any payment or contractual obligations that the Department of Transportation has to the Bank that are pledged to bonds issued by the Bank.

Chairman Graham explained the SCDOT had requested that Administrative item III, B., SCDOT, Payment Process Request, be removed from the agenda. There were no objections, and the item was removed by unanimous acclamation.

Committee and Working Group Reports

Finance Working Group

Mr. Bill Youngblood of McNair Firm, made a presentation on the status of the proposed 2016 Refunding of the 2007A and 2007B Revenue Bonds and the path forward to conclude that refunding. He explained that the sale of the refunding bonds would be through a competitive sale with the assistance of the State Treasurer's Office scheduled for July 7th. The award of the sale of the bonds would be to the firm that submits the bid with the lowest true interest cost to the Bank. The current projected present net value savings from the sale as determined by the Bank's financial adviser is approximately \$30 million. The Board will have a call in meeting on July 7 to consider adoption of a resolution authorizing the sale to the winning bidder.

After an introduction of the subject by Mr. Youngblood, Mr. Jay Glover of Public Financial Management made a presentation on the benefits from the proposed Restructuring of the Series 2003B Revenue Bonds. Upon the request of the Bank's Bond Counsel, Representative Limehouse moved approval of the Second Amended and Restated Sixth Series Revenue Bond Resolution in substantially the form presented to the Board by the Bank's Bond Counsel and Chief Financial Officer. The motion was seconded by Mr. Wooten and unanimously approved by the Board. A copy of the Resolution is on file in the official records of the Bank.

Strategic Plan Committee

Mr. Taylor explained the recommendations of the Strategic Plan Committee that had been previously presented to and discussed by the Board along with proposed Operating Guidelines. The Board had copies of the proposed Operating Guidelines, including the components added by the Strategic Plan Committee, in its agenda materials for the meeting and a copy is on file in the official records of the Bank. Mr. Taylor reviewed the stressing the four main ideas in the proposed additions to the pending Operating Guidelines submitted as a result of the Strategic Review Initiative summarized by him as follows:

1- The Bank will invite submissions of applications from local governments for financial assistance once per calendar year (if sufficient financial assistance capacity is available) by a date set by the Board. The Bank will evaluate the applications and projects, which are determined to be eligible and qualified, based on the Bank's application criteria and render decisions on those applications by a date set by the Board.

For the 2016, applications would be requested by June 30 with the Board's decisions issued by September 30, unless the schedule is altered by the Chairman.

Thereafter, the submission date will be approximately January 1 and the decision date will be approximately September 1.

These schedules would not apply to applications or requests submitted by SCDOT.

2. Upon receipt of an application, the Chairman would submit the application to the Evaluation Committee to determine if the application is complete and to request that the applicant provide any omitted or needed information or documents by a set date.

The Committee first will make an initial decision on each project's eligibility under the SCTIB Act as soon as feasible.

The Board will make a final determination on the project's eligibility if an applicant submits a request to the Board within a time period set by the Board stating the reasons why the initial decision by the Committee was incorrect. The Board reserves the right to make a final decision on a project's eligibility on its own initiative.

The Committee would evaluate each eligible project based on the criteria in the SCTIB Act and the Bank's application criteria and recommend a score or ranking on each project to the Board and the type and form of financial assistance for the project, if any, determined to be qualified for financial assistance. As part of its evaluation, the Committee will request and consider the recommendations or comments of SCDOT on the project.

The Board will review the recommendations of the Committee and render its decisions on whether the project is qualified, the scoring or ranking of the project, and the type and amount of financial assistance to be provided by the Bank, if any. The Board may decline to provide financial assistance on all projects or any project.

3. Local matches or loan payments on a project consisting of payments to the Bank that may be pledged to revenue bonds will be scored higher than other forms of matches or payments. Next in order of scoring will be local matches that consist of payments of project costs or loan payments that may not be pledged to revenue bonds. Local matches that are in kind or consist of the local government improving roads that are collateral to or not part of the project may not be considered.

4. The focus of the Bank will be to provide one-time financial assistance on projects it determines are eligible and qualified.

Mr. Taylor moved that the Board approve the adoption of the Operating Guidelines, including the components proposed for addition by the Strategic Plan Committee, as presented at the meeting. Mr. Wooten seconded the motion. The motion was unanimously approved by the Board.

In order to accommodate the schedules on members of the General Assembly in attendance, the Chairman asked for a motion moving item V, Mark Clark, 526 Extension Project, up in the agenda in front of item IV.C., the report of the Evaluation Committee. Representative Limehouse so moved. The motion was seconded by Mr. Taylor and approved unanimously by the Board.

Mark Clark, 526 Extension Project:

City of Charleston Mayor Tecklenburg spoke on behalf of the city. He submitted a presentation, a copy of which is on file in the official records of the Bank. The Mayor explained that the Charleston City Council has passed a resolution to sponsor a toll study to verify that tolls could be implemented to offset the costs of the Mark Clark Expressway (MCE). Mayor Tecklenburg went on to explain that there was a toll study done in 2005. The City is willing to pay to have a new toll study done since Charleston County could not do both a sales tax and a toll for the Mark Clark Extension Project. The Mayor explained that citizens needed this road to be built. The new toll study would determine the amount of money that could be raised to offset the cost of the road. The Mayor further explained that the study should be back before the referendum on an additional County sales tax in November if County Council pursues the referendum.

Chairman Graham asked about the Bus Rapid Transit (BRT) route listed in the presentation. County Council Chairman Summey explained that the estimated cost to run the BRT from the Berlin Myers Parkway in Summerville to downtown was estimated at \$360 million. Mr. Summey explained that due to issues with the I-526 and not being able to close one lane in each direction the plan for the BRT was to use Savannah Hwy. The operating cost for the BRT would be \$8 million annually.

State Representative Stavrinakis spoke on behalf of the Mark Clark Extension Project. Representative Stavrinakis expressed his concern that rumors were spreading that this project was on the rocks which in his view was not true. He stated that Charleston County feels it has a signed contract and does not want to walk away. He explained that people are trapped because the road is not built and that the area's economic development depends on it. Representative Stavrinakis asked the Board to keep the project moving forward and honor the current contract.

Charleston County Council Chairman Elliott Summey spoke on behalf of the County. He explained that the approximately additional \$138 million in additional financial assistance approved by the Bank Board some years ago, but not approved by the Joint Bond Review Committee, may still be an option to reduce the amount of the gap between the Bank's financial assistance and the current total cost of the project as estimated by SCDOT. He believes the Federal Highway Administration would accept soft matches or commitments from the County, City and regional Council of Governments with respect to the permitting process. He emphasized that the County had spent over \$500 million from its sales tax revenues to improve the state highway system. If the County pursued an additional sales tax, it should generate approximately \$2 billion. The County is still working on the possible list of projects for an additional sales tax. He recognized there was some local opposition to the project.

Mr. Wooten discussed the issue of a new NEPA document being required and the length of time that could delay the project with respect to a toll being part of the funding for the project. He further noted that litigation challenging the Federal approvals and permits could last 2 to 3 years. Mr. Taylor asked about the length of time since the agreement was signed in 2006 and how much longer it would be before construction could begin. Mr. Wooten stated that he had never seen the level of commitment shown by the Mayor and was impressed.

Mr. Taylor wanted it stated “for the record” that the City was proposing a toll study and the County was discussing the possibility of a sales tax to pay the difference for the project. It was discussed that the entire permitting process would have to start over since the toll would make this a new project for the federal permitting process.

Representative Limehouse stated he wanted to make a motion to extend the deadline for the County in the Bank’s Resolution adopted on December 15, 2015, until May 26, 2017. This extension would allow SCDOT and the City time to complete a toll study (approximately 9-12 months) and during this time SCDOT would move forward with the environmental permitting process. Representative Limehouse moved (1) to extend the final date in the December 15, 2015, Resolution until SCDOT completes or obtains a toll study on the Mark Clark Project but not to exceed May 26, 2017, (2) to authorize the Bank to reimburse SCDOT for eligible project expenditures on the toll study and all environmental updates related to a toll being part of the financing for the project, and (3) that by the aforementioned deadline of May 26, 2017, the County shall provide the Bank with funding commitments to cover the shortfall in funding for the project. Mr. Wooten seconded the motion. Voting in favor of the motion were Representative Limehouse and Mr. Wooten. Voting against the motion were Mr. Taylor, Mr. Aughtry, and Mr. Graham. Thus, the motion failed.

Mr. Holly summarized the SCTIB December 15, 2015, Resolution and explained that critical deadlines in the resolution had been missed or not satisfied. In order to preserve the balance of the \$420 million commitment of the Bank, the County under the Resolution was to have identified dedicated sources of funding for the additional funds needed to complete the project by March 30, 2016.

Chairman Graham explained that in response to a request from Chairman Summey, he proposed to seek retroactive Board approval to extend the March 30, 2016, deadline in Section 1 of the Resolution until April 8, 2016, since the County Council did not have the meeting scheduled to discuss funding sources until April 7, 2016. The Chairman read a portion of his letter to Chairman Summey on this matter. The Chairman requested such a motion to extend the March 30, 2016, deadline to April 8, 2016, Representative Limehouse so moved. The motion was seconded by Mr. Aughtry and unanimously approved by the Board.

The Chairman noted that in his opinion, the County Council's action at its meeting on April 7, 2016, was unsatisfactory to meet the requirement for the County's response to the Bank under the Resolution.

Mr. Holly explained among other things that there was an April 30, 2016 deadline in the Resolution whereby the County and Bank would have a new IGA explaining the terms of the new funding. This deadline was not met.

Mr. Holly explained that by the terms of the Resolution, if deadlines are missed the Bank may declare a 60 day work out period to unwind the contract. During the 60 day period the parties would resolve issues related to the unwinding the project such as disposition of Rights of Way and similar matters as provided by the Resolution. Mr. Holly requested that the Board consider going into executive session to receive privileged legal advice relating to the implementation of the Resolution adopted by the Board on December 15, 2015. The Chairman called for such a motion which was made by Mr. Taylor and seconded by Mr. Aughtry. All members of the Board voted in favor of the motion with Representative Limehouse voting against the motion.

Executive Session:

Executive Session was called at 12:30 pm.

Executive Session was ended a 12:53 pm with no action taken.

Discussion of Mark Clark, 526 Extension Project Continued:

Mr. Wooten made a motion to adopt the Resolution on the Mark Clark Extension Project as submitted and read by Mr. Holly with the exception of deleting the last clause in the seventh "Whereas" provision in the Resolution. The motion was seconded by Mr. Aughtry. Mr. Wooten, Mr. Taylor, Mr. Aughtry and the Chairman voted in favor of the motion, and Representative Limehouse voted against the motion. Thus, the Resolution was adopted and a copy of Resolution as adopted is on file in the official records of the Bank.

Evaluation Committee/ Project Presentations

Dorchester County Presentation

Senator Bennett spoke on behalf of the project and Dorchester's request for additional financial assistance from the Bank of up to an additional \$4 million to complete the SC 165 project.

Senator Bennett explained that there were few bids on the entire program when it was let due to the expected increase in project costs exceeding the available funding. This phase of the SC 165 overrun addresses safety issues along this corridor. Mr. Taylor asked why the County had not done the work sooner if it concerns safety issues. Senator Bennett explained that the project was a part of a larger 22 road package sales tax referendum and the County's financial contribution from the sales tax to this project could not be increased. When the referendum was passed the new high school on SC 165 had not been built so the issue had never been addressed.

Jason Ward spoke on behalf of the project and gave a presentation which is on file in the official records of the Bank. The County requested an additional \$4 million from the Bank to finish the SC 165 project.

Representative Limehouse made a motion to approve up to an additional \$4 million dollars in financial assistance to complete the SC 165 Project as requested by Dorchester County subject to the Bank's standard conditions. Mr. Wooten seconded the motion. The motion was approved unanimously.

Berkeley County/Interstate 26 Presentation

Thomas Lewis, the Berkeley County Engineer, introduced John Walsh of Michael Baker Inc. who made a presentation on behalf of Berkeley County. The presentation is on file in the official records of the Bank.

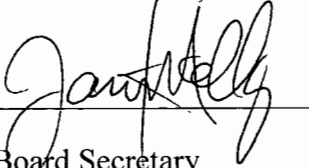
Mr. Taylor suggested the Board or Evaluation Committee tour the project area before giving further consideration to the County's request for additional financial assistance.

The Board received the presentation as information.

Jasper County/Town of Hardeeville Interstate 95 Exit 3 Project Presentation

John Felder spoke on behalf of Jasper County and explained that the County had hosted the Evaluation Committee previously and were awaiting the decision of the Committee. Mr. Felder went on to explain that the Jasper Ocean Terminal had been approved and would increase the need for the proposed Exit 3 project. The Board received his presentation as information.

Other Agenda Items and Other Business: No other business was discussed. There being no further business, the meeting was adjourned by acclamation.


Board Secretary

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

BOARD OF DIRECTORS

MARK CLARK PROJECT RESOLUTION

May 26, 2016

Whereas, the Board of Directors of the South Carolina Transportation Infrastructure Bank (the Bank) adopted a Resolution on December 15, 2015, (the Resolution) that set forth the steps and conditions the Charleston County Council (the County Council) should engage in in order to provide or secure funding sources to cover the shortfall in funding determined by the South Carolina Department of Transportation as necessary to complete the full scope of the Mark Clark Extension Project (the Project), and the Board later amended the Resolution to address a concern of the County;

Whereas, after December 15, 2015, representatives of the Bank and the County Council met and had discussions concerning the aforesaid Resolution of the Board;

Whereas, the County failed to meet the initial date of March 30, 2016, in Section 1 of the Resolution by which it was to provide a resolution setting forth its plan to fund or secure funding from specified, dedicated revenue sources to cover the shortfall in funding for the Project, but the Board on this date granted an extension retroactively until April 8, 2016, for the County to provide the described plan;

Whereas, on April 7, 2016, a majority of the County Council adopted Resolution #16-07 which stated that County Council "may explore funding" from various sources to cover the shortfall for the Project, and that resolution on its face does not meet the requirements of Section 1 of the Resolution;

Whereas, County Council has indicated that it may not include the funding necessary to complete the Mark Clark Extension Project in its proposed transportation sales tax referendum that may be held in November of this year;

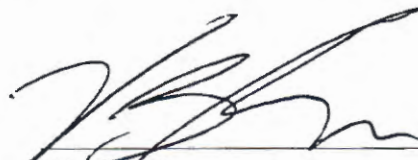
Whereas, County Council failed to meet the date of April 30, 2016, in Section 1 of the Resolution concerning a new or amended Intergovernmental Agreement for the Project;

Whereas, the Chairman of the Board and the Board have determined and hereby declare as of this date that County Council has failed to meet the first two conditions in Section 1 of the Resolution;

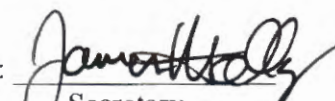
Whereas, the Bank has reserved \$420 million in funding for the Project since June of 2007, a period of nine years, but the Project is still years away from moving to construction in any form; and

Whereas, without the commitment of full funding for the full scope of the Project, the Project will not receive the necessary approvals and permits from federal agencies.

Now, therefore, based on the foregoing and the reasons stated in the Resolution of December 15, 2016, the Board of Directors of the South Carolina Transportation Infrastructure Bank hereby resolves that the Chairman, Director, Bank Counsel and other representatives of the Bank are directed to implement the provisions of Section 4 of the Resolution of December 15, 2015.



Vincent G. Graham, Chairman

ATTEST: 
Secretary

Adopted May 26, 2016