

MINUTES
South Carolina Transportation Infrastructure Bank
Board Meeting

Gressette Building – Room 308
Columbia, SC 29201

January 10, 2019
10:00 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
 Ernest L. Duncan, Vice Chairman
 Senator Hugh K. Leatherman, Sr.
 H.B. “Chip Limehouse, III
 Representative J. Gary Simrill
 Joe E. Taylor, Jr.

Not Present: Dr. Ben Davis (Proxy)

Others present: Tami Reed, representing the Bank; Rob Tyson, Board Secretary and Bank Counsel; Jim Holly, 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 Bank’s website thanks to the efforts of SCETV.

The meeting was called to order by Chairman White at 10:10 a.m.

Opening Remarks:

Chairman White welcomed everyone to the meeting and reviewed the agenda. Chairman White asked if any proxies were received. Mr. Tyson replied that a proxy had been received from Mr. Davis.

Agenda and Consideration of Minutes:

Mr. Duncan made a motion to approve the minutes of the October 2, 2018 Bank Board meeting. Mr. Taylor seconded the motion. The motion carried with a unanimous vote.

Administrative Items:

Fiscal Sufficiency Resolution. Mr. Youngblood stated that the Bank has sufficient revenues to meet the annual debt service requirements and administrative expenses. Mr. Youngblood explained the Board annually reviews the financial advisors' tables on the sufficiency of revenues. Chairman White stated that he and Ms. Reed had spoken with David Miller from PFM and Mr. Miller confirmed the Bank had sufficient revenues to meet the annual debt service requirements and administrative expenses. The resolution states the Bank has sufficient revenues to meet its annual debt service requirements. Mr. Simrill made the motion to adopt the resolution and Senator Leatherman seconded the motion. A vote was taken and the resolution passed unanimously.

Debt Service Budget Resolution. Mr. Youngblood stated the second resolution is related and concerned the debt service budget. Mr. Youngblood explained the Master Revenue Bond Resolution requires revenues be sufficient to meet all bond debt service payments. Senator Leatherman asked if the revenues were sufficient for the existing bonds and for future bonds. Mr. Youngblood answered yes to current bonds but that there is no way to project for future bond debt, just the outstanding bonds. Mr. Youngblood described the Master Bond Resolution shows the sources of funds, the Bank's pledged revenues, and the debt service on the Bank's outstanding bonds. The resolution states the Bank has sufficient revenues to meet all bond debt service payments. Mr. Taylor made the motion and Mr. Duncan seconded the motion. A vote was taken and the resolution passed unanimously.

Executive Session:

Mr. Duncan made a motion to go into executive session to discuss a contractual agreement, information protected by attorney-client privilege and to obtain legal advice and information concerning the Mark Clark Extension Project. Senator Leatherman seconded the motion and it was approved. The Board went into Executive Session at 10:19 a.m.

Chairman White called the meeting back to order at 11:55 a.m. and called on Mr. Duncan to make the motion. Mr. Duncan stated that the Bank Board had been in Executive Session discussing communications on possible contractual agreement and attorney-client privilege, legal advice and information concerning the Mark Clark Extension Project. While in Executive Session, no vote or formal action was taken. Senator Leatherman seconded the motion and the vote was approved to come out of executive session.

Mark Clark Expressway

Chairman White presented brief overview. Chairman White stated Transportation Secretary Christy Hall and attorney Linda McDonald have been integral participants in the negotiations regarding a path forward with 526.

Chairman White stated counsel Robert Tyson and Jim Holly would provide an explanation of the status of the Mark Clark Project. Chairman White called on attorney Tyson to describe the terms of the amended Intergovernmental Agreement (IGA) with Charleston County.

Mr. Tyson gave the history of the project. The Project initially was approved by an IGA in 2007 after obtaining approval by JBRC. At that time, the Banks was scheduled to fund the complete cost of the project, \$420 Million. The County was to provide local matching of approximately \$119 Million on local road projects. After commencing the required environmental review, DOT changed the scope of the Project from an interstate to a parkway, known as "Alternative G". Also, the total project cost went from \$420 Million to approximately \$725 Million based on DOT cost estimates developed in 2015. After the release of the increased estimates, the County and the Bank argued over who was responsible for the increased costs. In 2017, Charleston County unsuccessfully sued the Bank at the South Carolina Supreme Court.

After more unsuccessful attempts by the parties to determine who is responsible for the increased costs, the Bank voted in June 2018, to terminate its participation in the 2007 IGA. Shortly thereafter, Governor McMaster got involved and assisted in looking at alternative ways to fund the project. Eventually, Charleston County made a proposal to fund completely the increased costs, the legal costs and to cap the Bank's contribution at \$420 million. In October 2018, the parties agreed to a term sheet and agreed to negotiate the terms of an amended IGA.

The amended IGA contains the following terms: Pre-Construction costs will be split on a 50%/50% basis by the Bank and the County; construction costs will be split 55/45% until Bank reaches its cap of \$420 Million. The Bank's total contribution will be capped at \$420 Million. The County will pay legal costs. The County intends for its share of the costs to come primarily from the Transportation Sales Tax. The County agreed that they will be legally obligated and contractually obligated to finish the project. There is no security interest so there is no debt that you can look to as a security; rather, it is a straight contractual agreement. The SCDOT provided cash flow scenarios of what the annual costs will be for the County and for the Bank. The Bank will comply with all laws and obtain the necessary approvals from the federal or state public bodies that are required to provide the Bank's financial assistance. The County agreed annually to adopt as part of its budget, its share for the year's costs.

Chairman White asked Secretary of Transportation Christy Hall if she had any comments to which

she replied no comments.

Senator Leatherman stated he has been pegged as someone who opposes the project. He stated that he was not opposed to the project, he wanted to see how the County was going to fund the project. He stated he believes he has a fiduciary responsibility to the taxpayers of this state to conduct this review. If the County puts up its money, then he will be ready to proceed. Chairman White thanked him for his comments.

Chairman White marked as Exhibit 2-A, a 21-page document entitled "First Amended Intergovernmental Agreement for the Charleston County Mark Expressway Extension Project in Charleston County, South Carolina". Attached to the Exhibit and made part of the Record, is the latest DOT cash flow estimates for the life of the project.

Mr. Limehouse expressed his thanks to the Board and the County for working hard to negotiate a new IGA. He stated this had been a tough fight the past five or 6 years but was glad it is moving forward.

Chairman White asked for a motion. Mr. Duncan moved that the Bank approve the Amended Intergovernmental Agreement, or "IGA" as presented by staff between Charleston County, the South Carolina Department of Transportation, and the South Carolina Transportation Infrastructure Bank. I further move that the Chairman be authorized to execute the amended IGA with the County of Charleston and the South Carolina Department of Transportation. Mr. Simrill seconded the motion.

Discussion on the motion ensued. Senator Leatherman stated that he would vote no because he needed more time to review the cash flow estimates provided by the DOT. He said he wants to make sure he is doing his due diligence to determine if this project is in the best interests of the people of the state of South Carolina. He wants the record to reflect why he voted no.

Chairman White asked Charleston County Council Chairman Elliot Summey to describe the County's plan to approve the IGA. Chairman Summey stated a County Council meeting was scheduled for 5:00 p.m. later today, January 10, 2019 to approve the amended agreement. He thanked Chairman White for the time and effort that he had put into the project.

Chairman White stated the amended IGA, if approved, will be signed today but is contingent on Charleston County's approval.

Chairman White called for the question on the motion. Mr. Simrill called for the vote. Chairman White called for a voice vote to approve the amended IGA. Members present voting for the motion: White, Simrill, Limehouse, Duncan, and Chairman White. Members present voting against the motion: Leatherman and Taylor. Chairman White stated for the record Exhibit Number 1 is a proxy

received from Board member Mr. Davis. By proxy vote dated January 9th, Mr. Davis voted yes for the adoption of the motion approving the amended IGA.

Horry County Loan Defeasance:

Mr. Bill Youngblood spoke to the Board concerning Horry County. Since Horry County has sufficient funds to pay off its loan to the Bank, Horry County has asked for the Bank to defease its loan. Mr. Youngblood stated this is a success story for the Bank. Mr. Jim Holly stated the partnership with Horry County was a tremendous partnership. When the third loan is paid off, Horry County will have paid the Bank more than \$650,000,000.00 which not only helped fund the County's projects, but also was leveraged by the Bank to fund other projects across the state. Mr. Holly wanted to note Horry County's cooperation and its investment not only in its own projects, but also in the Infrastructure Bank.

Chairman White emphasized these were loans and not grants to Horry County and it was productive for all. Mr. Youngblood described the resolution to authorize execution and delivery of documents necessary to defease Horry County Program Loan 2, uninsured. It is the final and third of their loans and all are fully paid.

Chairman White asked for a motion to authorize the resolution. Mr. Limehouse and Senator Leatherman made the motion to approve and Mr. Duncan seconded the motion. After little discussion, the resolution was passed unanimously.

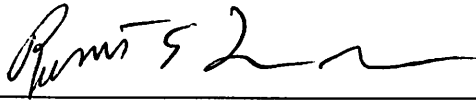
Old Business:

Chairman White provided an update that the legal challenge to Act 275 was unsuccessful and that the litigation had ended. Chairman White asked Mr. Youngblood to provide an update on the current bond issues and to give a status report every 30 days. Mr. Youngblood stated the process needs to start for review of the 2003B bonds because action is needed by June.

Closing:

Chairman White thanked everyone for their attendance and asked for a motion to adjourn. Chairman Leatherman made the motion to adjourn that was seconded by Mr. Limehouse. All voted in favor to adjourn.

The meeting was adjourned by acclamation at 12:26 p.m.

A handwritten signature in black ink, appearing to read "Rums 5 2", written over a horizontal line.

Board Secretary