

Chairman Wm. Weston J. Newton

*First Vice-Chair:*  
Laurie Slade Funderburk

## Legislative Oversight Committee



Nathan Ballentine  
Gary E. Clary  
Kirkman Finlay III  
Joseph H. Jefferson Jr.  
Walton J. McLeod  
Joshua Putnam  
Samuel Rivers Jr.  
Tommy M. Stringer  
Bill Taylor

William K. (Bill) Bowers  
Raye Felder  
Phyllis J. Henderson  
Mia S. McLeod  
Ralph W. Norman  
Robert L. Ridgeway III  
James E. Smith, Jr.  
Edward R. Tallon Sr.  
Robert Q. Williams

South Carolina House of Representatives

Post Office Box 11867

Columbia, South Carolina 29211

Telephone: (803) 212-6810 • Fax: (803) 212-6811

Room 228 Blatt Building

Jennifer L. Dobson  
*Research Director*

Charles L. Appleby IV  
*Legal Counsel*

Cathy A. Greer  
*Administration Coordinator*

Carmen J. McCutcheon  
*Auditor/Research Analyst*

### Economic Development, Transportation, Natural Resources, and Regulatory Subcommittee

June 28, 2016

#### Archived Video Available

- I. Pursuant to House Legislative Oversight Committee Rule 6.8, South Carolina ETV was allowed access for streaming the meeting. You may access archived video of this meeting by visiting the South Carolina General Assembly's website (<http://www.scstatehouse.gov>) and clicking on *Committee Postings and Audits*, then under *House Standing Committees* click on *Legislative Oversight*. Then, click on *Video Archives* for a listing of archived videos for the Committee.

#### Attendance

- I. The Economic Development, Transportation, Natural Resource, and Regulatory Subcommittee meeting was called to order by Chair Phyllis J. Henderson on Tuesday, June 28, 2016, in Room 110 of the Blatt Building. The following members of the Subcommittee were present for the meeting: Chair Henderson, Representative Samuel Rivers, Jr., and Representative Robert L. Ridgeway, III.
- II. The following were present from the State Transportation Infrastructure Bank: Mr. Vincent Graham (Chairman); Mr. Jim Holly (Legal Counsel); and Ms. Tami Reed (Chief Financial Officer).

- III. The following were present from the Department of Transportation: Secretary Christy Hall and Mr. Allen Hutto (Governmental Affairs Officer).
- IV. The following were present from the Legislative Audit Council: Mr. Earle Powell (Director); Mr. Andy Young (Audit Manager); and Courtney Phillips (Auditor).

**Minutes**

- I. House Rule 4.5 requires standing committees to prepare and make available to the public the minutes of committee meetings; the minutes do not have to be verbatim accounts of meetings. It is the practice of the Legislative Oversight Committee to provide minutes for its subcommittee meetings.
- II. Representative Ridgeway moved to approve the minutes from the Subcommittee’s previous meeting on May 26, 2016. A roll call vote was held, and the motion was passed.

Rep. Ridgeway’s motion that the Subcommittee approve the May 26 minutes:	Yea	Nay	Not Voting
Representative Norman			✓
Representative Ridgeway	✓		
Representative Rivers	✓		
Representative Henderson	✓		

**Discussion of the Transportation Infrastructure Bank**

- I. Chair Henderson said that the purpose of the meeting was to give the Subcommittee the opportunity to ask questions of the Transportation Infrastructure Bank and to hear testimony from the Bank.
- II. Mr. Vincent Graham (Chairman) and Mr. Jim Holly (Legal Counsel) provided testimony in response to the Legislative Audit Council’s audit of the Bank, and they explained which of the LAC recommendations with which the agency agreed and disagreed.

Mr. Holly testified that the Bank was in the process of updating its website so as to provide more information about the agency to the public.

Mr. Holly answered questions asked by Chair Henderson about the changes in the Bank's sources of revenue over time.

Mr. Andy Young (Audit Manager) testified about one of LAC's recommendations with which the Bank disagreed.

Mr. Holly answered questions asked by Chair Henderson about the Bank's guidelines for funding projects with local matches.

Representative Ridgeway asked for more information about the Bank's opinion that its bonding activities were constitutional. He also asked for an explanation of the process the Bank uses to amend its policies and guidelines.

Ms. Christy Hall (Secretary of Transportation) testified that the Department of Transportation had its own internal code of conduct that regulates the types of ethics activities that had been highlighted in the LAC audit.

- III. Representative Ridgeway moved that the Subcommittee's study include the Legislative Audit Council's recommendation number 24 relating to ethics violations by state employees for further study. A roll call vote was held, and the motion was passed.

<b>Rep. Ridgeway's motion that the Subcommittee's study include Legislative Audit Council's recommendation number 24:</b>	Yea	Nay	Not Voting
Representative Norman			✓
Representative Ridgeway	✓		
Representative Rivers	✓		
Representative Henderson	✓		

Representative Rivers moved that the Subcommittee include in its study, for information purposes, the Bank's response to the audit by the Legislative Audit Council and the Bank's summary of the changes to its guidelines and processes for informational purposes. A roll call vote was held, and the motion was passed.

Rep. Ridgeway's motion that the Subcommittee include in its Study the Bank's response to the audit by the Legislative Audit Council and the Bank's summary of the changes to its guidelines and processes for informational purposes:	Yea	Nay	Not Voting
Representative Norman			✓
Representative Ridgeway	✓		
Representative Rivers	✓		
Representative Henderson	✓		

IV. Mr. Graham testified before the Subcommittee about the changes the Bank had recently made to its operating guidelines and about his strategic vision for the agency.

Mr. Graham testified that he hoped to have a revised strategic plan to present to the Subcommittee in two or three months.

V. Ms. Hall testified that the recent reforms of Act 275 were positive and would help the Department of Transportation and the Transportation Infrastructure Bank work together.

Chair Henderson asked if the two agencies had worked out the collaboration process that was required by Act 275. Secretary Hall said that the two agencies had started to develop the collaboration process.

VI. Chair Henderson asked for an explanation of the process the Bank uses to choose a bonding agency. Mr. Holly and Mr. Graham testified about the bonding process of the Bank.

VII. Chair Henderson said that the Subcommittee would likely hold another meeting with the Bank in a few months so that the Bank could submit the revised guidelines and strategic plan, and that the Subcommittee would complete its Subcommittee Study of the Bank after that time.

VIII. The meeting was adjourned.