AGENCY NAME:	SOUTH CAROLINA	TRANSPORTATION INFRA	ASTRUCTURE BANK	
AGENCY CODE:	U15	SECTION:	85	

# Fiscal Year 2017-18 Accountability Report

## **SUBMISSION FORM**

The corporate purpose of the bank is to select and assist in financing major qualified projects by providing loans and other financial assistance to government units and private entities for constructing and improving highway and transportation facilities necessary for public purposes including economic development.

AGENCY VISION

**AGENCY MISSION** 

The vision of the SCTIB is to provide financial assistance for projects that provide public benefit by enhancing mobility and safety, promoting economic development, and enhance the quality of life of the citizens of South Carolina.

Please select yes or no if the agency has any major or minor (internal or external) recommendations that would allow the agency to operate more effectively and efficiently.

	Yes	No
RESTRUCTURING		
<b>RECOMMENDATIONS:</b>		$\boxtimes$

Please identify your agency's preferred contacts for this year's accountability report.

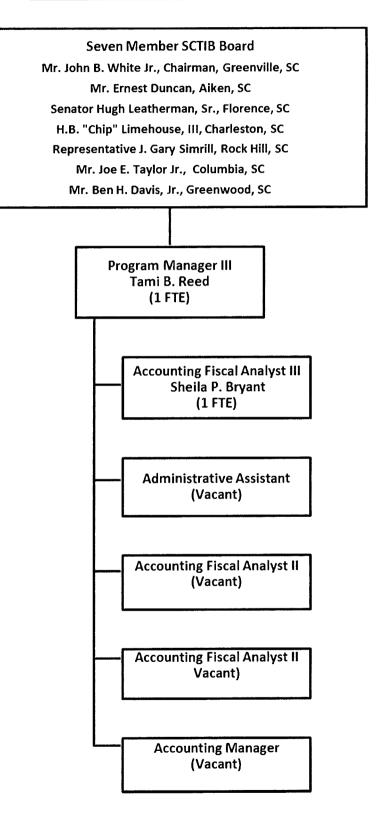
	Name	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Tami Reed	(803)737-2875	reedtb@scdot.org
SECONDARY CONTACT:			

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I have reviewed and approved the enclosed FY 2017-18 Accountability Report, which is complete and accurate to the extent of my knowledge.

AGENCY DIRECTOR (SIGN AND DATE):	San Brul, CFO
(Type/Print Name):	TAMilled 9/14/18
BOARD/CMSN CHAIR (SIGN AND DATE):	Sthe B White &
(Type/Print Name):	John B. White, Jr., Chairman 9/14/18

## AGENCY'S DISCUSSION AND ANALYSIS



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#### HIGHLIGHTS OF THE S.C. TRANSPORTATION INFRASTRUCTURE BANK

The funding sources dedicated to the Bank by the General Assembly, such as truck registration fees, motor vehicle registration fees, and one cent of the gasoline fuel fees, have been used to provide financial assistance to more than \$5.3 billion in highway road and bridge projects since 1997. Issuing bonds for major road construction completes the projects much sooner than with pay-as-you-go funding, thus increasing safety and mobility to the motoring public and improving economic development opportunities. Also, the roads and bridges are constructed at a lower cost as the cost of interest is less than the inflationary costs of highway construction and land acquisition. The success of the Bank is due to partnerships with counties, municipalities, and the SCDOT. These entities are the applicants to the Bank, and often provide a significant amount of funding to the projects.

The South Carolina Transportation Infrastructure Bank continues to be recognized as the largest and most efficient State Infrastructure Bank, and has been named in Federal Highway Publications as a national model for the way progressive states can fund and build transportation infrastructure. Over one hundred projects in thirty four counties and municipalities have benefited from Bank funding by direct application for assistance, and partnerships with the SCDOT, including the design-build bridge replacement program. One partnership with SCDOT resulted in replacement of the Cooper River Bridges in Charleston County. The Bank provides assistance to the SCDOT, as well as counties and cities that submit applications.

- Bank's \$5.3 billion in construction has a tremendous effect on the economy of the state
- Important role in economic development
  - Clemson University International Center for Automotive Research (ICAR)
  - Distribution Center in Berkeley County
  - New infrastructure to encourage tourism in Charleston, Beaufort and Horry Counties
  - Truckers now have a 4-lane Highway 17 from I-95 to Charleston
  - Financing for the back-up dam at Lake Murray and 2 additional lanes of traffic helping to protect Columbia from a disaster
- Installation of cable barriers on interstate medians. The bank provided \$30 million, and the barriers have experienced over 31,000 hits, saving hundreds of lives and preventing many serious injuries.
- Catalyst for over 100 projects in 29 counties and 5 municipalities
- By law, reviews applications for major projects with local participation
- Evaluation Committee uses criteria in line with Act 114 to grade applications in consultation with SCDOT
- Every project and bond issue reviewed and approved by Joint Bond Review Committee and the SCDOT Commission
- Major contributions to SC economic development
- Built strong relationships with credit rating agencies and investment industry.

### **RISK ASSESSMENT AND MITIGATION STRATEGIES**

The Bank is unique in that it does have the ability to issue Revenue Bonds as well as General Obligation bonds. While General Obligation bonds are backed by the "full faith and credit" of the State of South Carolina, revenue bonds are not. In addition to the legislatively mandated revenue sources received by the bank, loan repayments and project contributions are also considered revenue that may be pledged to the repayment of bond debt.

The Bank's first goal is to maximize funding for major projects. In order to accomplish this goal all forms of financial assistance must be explored and a balance maintained. Issuing bonds for each major project might

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provide an immediate influx of funds, but that may not be the most cost effective decision. All aspects needed to be examined such as the construction schedule, interest rates, and available cash. Major infrastructure projects can take years to start construction, bonds proceeds have to be spent within a specific timeframe or arbitrage expenses have to be paid. Revenue streams from project applicants need to be monitored for any potential problems or disruptions. When revenue is pledged to bond it is pledged for the entire life of the bond (or some set timeframe defined in bond documents). The Bank has the responsibility of enforcing payment obligations. Financial plans are revised frequently to optimize all forms of financial assistance.

The Bank's second goal is to try and maintain an "A" rating on those bonds that are issued in the Bank's name. Not only does an "A" rating garner better rates in the marketplace for the Bank, it also helps the State of South Carolina. The Bank is currently the fourth largest municipal bond issuer in South Carolina behind the S.C. Public Service Authority, the S.C. Economic Development Authority, and the State of South Carolina (respectively). A lowered rating could adversely affect other issuers.

#### **RESTRUCTURING RECOMMENDATIONS**

The Bank has no restructuring recommendations at this time.

Agency Name:	DEPARTM	ENT OF TRANSPORTATION INFRASTRUC	TURE BANK					Fiscal Year 2017-2018 Accountability Report
Agency Code:	U15	Section:	085					
								Report and External Review Template
ltem	Is this a Report, Review, or both?	Report or Review Name	Name of Entity Requesting the Report or Conducting Review	Type of Entity	Reporting Frequency	<u>Current Fiscal Year:</u> Submission Date or Review Timeline (MM/DD/YYYY)	Summary of Information Requested in the Report or Reviewed	Method to Access the Report or Information from the Review
1	External Review and Report	Audited Financial Statements	SC State Auditor's Office	State	Annually	October 1, 2018	Financial information for use in State CAFR.	http://osa.sc.gov/Reports/stateengagements
2	External Review and Report	LAC Review of SCTIB	Legislative Audit Council	State	Other	May 1, 2016	Review of processes with in the SCTIB.	http://lac.sc.gov/LAC_Reports/2016/Pages/SCTIB.aspx
3	External Review and Report	House Oversight Committee Report	House Oversight Committee	State	Other	April 1, 2017	Review of processes with in the SCTIB.	https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCo

gency Name:	DEP	ARTMENT OF	TRANSPORTATION IN	IFRASTRUCTURE BANK					Fiscal Year 2017-2018
ency Code:	U1	5 Sec	ction:	85				Strategic Planning and	Accountability Report d Performance Measurement Template
Statewide Enterprise Strategic Objective	Туре	Goal Str	I <u>tem #</u> rategy Measure	Description	2017-18 Base Target Actual	Time Applicable	Data Source and Availability	Calculation Method	Meaningful Use of Measure
lic Infrastructure and Economic Development	G	1		Maximize funding for major projects					
	-		1.1	Review financial capacity					Because applications are generated at the local level, performance measures can be impacted by the number and quality of applications received
	-		1.1.1	Make the best use of available financial capacity	. 100%	7/1/17-6/30/18	Annual Financial Advisor	Cost/Benefit Analyses	
	-		1.1.2.	Issue bonds as needed to fund approved projects	100%	7/1/17-6/30/18	Annual SCTIB Audited Fit	Cost/Benefit Analyses	
	-		1.1.3.	Issue refunding bonds when significant saving will be generated	100%	7/1/17-6/30/18	Annual Financial Advisor	Percentage of Savings	
ernment and Citizens	G	2		Maintain "A" bond rating					
	-		2.1	Ensure fiscal sufficiency to make required debt service payments					Because of the revenue sources, performance measures can be impacted by economic factors as well as legislatively imposed.
	-		2.1.1	Monitor annual revenues from sources pledged to repayment of bonds	100%	7/1/17-6/30/18	Monthly SCEIS Reports -	Percentage of Expected Reve	<i>i</i> enue
	-		2.1.2.	Monitor loan payments for adherence to loan agreement documents	100%	7/1/17-6/30/18	Monthly SCEIS Reports -	Percentage of Expected Payn	/ment
	-		2.1.3.	Monitor legislation for possible impacts to bonding ability/rating	100%	7/1/17-6/30/18	SC General Assembly, SC	Observation	
	-	-							
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Agency Name:	DEPARTMENT OF TRANSPORTATION IN	FRASTRUCTURE BANK				Fiscal Year 2017-2018 Accountability Report
Agency Code:	U15 Section:	85			Strateg	c Planning and Performance Measurement Template
Statewide Enterprise Strategic Objective	Type <u>Item #</u> Goal Strategy Measure		Description	2017-18 Base Target Actual		on Method Meaningful Use of Measure

Agency Name:	DEF	PARTMENT OF TRANSPORTATION IN	NFRASTRUCTURE BANK	]						Fiscal Year 2018-2019
Agency Code:	U1	5 Section:	85	]						Accountability Report
									Strategic Planning and P	Performance Measurement Template
Statewide Enterprise Strategic Objective	Туре	<u>Item #</u>		Description	2018	3-19	Time Applicable	Data Source and Availability	Calculation Method	Meaningful Use of Measure
		Goal Strategy Measure			Base Targ	get Actual		Availability		
Public Infrastructure and Economic Development	G	1	Maximize funding for major	projects						
	-	1.1	Review financial capacity							
	-	1.1.1	Make the best use of available	e financial capacity	1	100%	7/1/18-6/30/19	Annual Financial Adviso	Cost/Benefit Analyses	
	-	1.1.2.	Consult with potential applica	ints to advise of preferred percentage and type of I	1	L00%	7/1/18-6/30/19	Annual SCTIB Audited Fi	Cost/Benefit Analyses	
	-	1.1.3.	Issue refunding bonds when s	ignificant saving will be generated	1	L00%	7/1/18-6/30/19	Annual Financial Adviso	Percentage of Savings	
Government and Citizens	G	2	Maintain "A" bond rating							
	-	2.1	Ensure fiscal sufficiency to ma	ake required debt service payments						
	-	2.1.1	Monitor annual revenues from	n sources pledged to repayment of bonds	1	100%	7/1/18-6/30/19	Monthly SCEIS Reports -	Percentage of Expected Reven	nue
	-	2.1.2.	Monitor loan payments for ac	Iherence to loan agreement documents	1	L00%	7/1/18-6/30/19	Monthly SCEIS Reports -	Percentage of Expected Paym	lent
	-	2.1.3.	Monitor legislation for possib	le impacts to bonding ability/rating	1	100%	7/1/18-6/30/19	SC General Assembly, SC	Observation	
	-									
	-									
	-									

Agency Name:	DEPARTMENT OF TRANSPORTATIO	N INFRASTRUCTU	RE BANK										Fiscal Year 2017-2018
Agency Code:	U15	Section:	085										Accountability Report
													Program Template
	Durmana		FY 2017-18	8 Expend	ditures (Actual)			<u>FY 2</u>	018-19 Expendi	itures (Projected	<u>1)</u>		
Program/Title	Purpose	General	Other	r	Federal	TOTAL	General		Other	Federal		TOTAL	Associated Measure(s)
I.A. Administration	Leadership for the agency, includes administration, finance, and legal services.		\$ 39	3,679		\$ 393,679		\$	707,780		\$	707,780	1.1.1, 1.1.2, 1.1.3, 2.1.1, 2.1.2, 2.1.3
I.B. Transportation Infrastructure	Provide funding for major transportation projects.		\$ 115,13	8,665		\$ 115,138,665		\$	252,100,000		\$	252,100,000	1.1.1, 1.1.2, 1.1.3, 2.1.1, 2.1.2, 2.1.3
II. Employee Benefits	Total of fringe benefits for employees.		\$6	5,060		\$ 65,060		\$	178,000		\$	178,000	1.1.1, 1.1.2, 1.1.3, 2.1.1, 2.1.2, 2.1.3
						\$ -					\$	-	
						\$ -					\$	-	
						\$ -					\$	-	

Fiscal Year 2017-201			]	RE BANK	RTATION INFRASTRUCTUR	DEPARTMENT OF TRANSPO	Agency Name:
Accountability Repor			1	085	Section:	U15	Agency Code:
Legal Standards Templat			-				
i <u>yes,</u> what type of service or product? <u>If other service or product</u> , please specify what service or product.	Does the law specify a product or service your agency must or may provide?	Does this law specify who your agency must or may serve? (Y/N)	Statutory Requirement and/or Authority Granted	Type of Law	Jurisdiction	Law Number	Item #
			The "South Carolina Transportation Infrastructure Bank Act". This Chapter creates the SCTIB;	Statute	State	Title 11, Chapter 43	1
			Requires the Department of Motor Vehicles to place all of the fees and penalties collected by	Statute	State	56-3-910	2
		e	Exempts the Bank from the general rule that Members of the General Assembly may not serve	Statute	State	8-13-770	3
			Requires the Department of Transportation contribute annually fifty percent of the taxes	Statute	State	12-28-2915	4
			Exempts projects funded by the Bank from the definition of "major facility project" for	Statute	State	48-52-810	5
			The State Ports Authority shall, from other general fund or operating fund surplus available	Statute	State	Proviso 88.1	6
			South Carolina Lottery Commissioners and South Carolina Transportation Infrastructure Bank	Statute	State	Proviso 108.1	7
		1	Members of the state boards, commissions, or committees whose duties are not full-time and	Statute	State	Proviso 117.20	8

Agency Name:	DEPARTMENT OF T	RANSPORTA	TION INFRASTRUCTURE BANK		Fiscal Year 2017-2018 Accountability Report
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					Customer Template
Divisions or Major Programs	Description		Service/Product Provided to Customers	Customer Segments	<u>Specify only for the following Segments:</u> (1) <u>Industry:</u> Name; (2) <u>Professional Organization:</u> Name; (3) <u>Public:</u> Demographics.
I.B. Transportation Infrastructure	Provide funding for major transport	tation	Infrastructure projects.	General Public	State of South Carolina Citizens
				Local Govts.	
				Executive Branch/State Agencies	

Fiscal Year 202		ION INFRASTRUCTURE BANK	F TRANSPORTATI	DEPARTMENT OF TR	Agency Name:
Accountability		085	Section:	U15	Agency Code:
Partner Te					
Associated Goal(s)	of Partnership	Descriptior	er Entity	Type of Partner E	Name of Partner Entity
	ss payments and issue bonds to	Essential partnership to proce		State Government	S.C. State Treasurer's Office
	ately process and transfer	Essential partnership to accura		State Government	S.C. Department of Motor Vehicles
	ss payments and accurately	Essential partnership to proce		State Government	S.C. Comptroller General's Office
	ct citizens of S.C. by adequately	Essential partnership to prote		State Government	S.C. General Assembly
	ide oversight of project and bond	Legislated partnership to prov		State Government	Joint Bond Review Committee
	le funding to applicants where	Essential partnership to provid		Local Government	Local Governments
	e compliance with state and	Essential partnership to ensur		State Government	S.C. Department of Transportation
	bonds.	Essential partnership to issue	zation	Private Business Organizati	Bond Counsel
	e compliance with all laws.	Essential partnership to ensur	zation	Private Business Organizati	Legal Counsel
	e best use of all available sources	Essential partnership to ensur	zation	Private Business Organizati	Financial Management Firm
				Individual	Citizens