

AGENCY NAME:	SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK		
AGENCY CODE:	U15	SECTION:	85

**Fiscal Year 2017-18
Accountability Report**

SUBMISSION FORM

AGENCY MISSION

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

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 RECOMMENDATIONS:	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

	<u>Name</u>	<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):

[Handwritten Signature], CFO

(TYPE/PRINT NAME):

Tami Reed 9/14/18

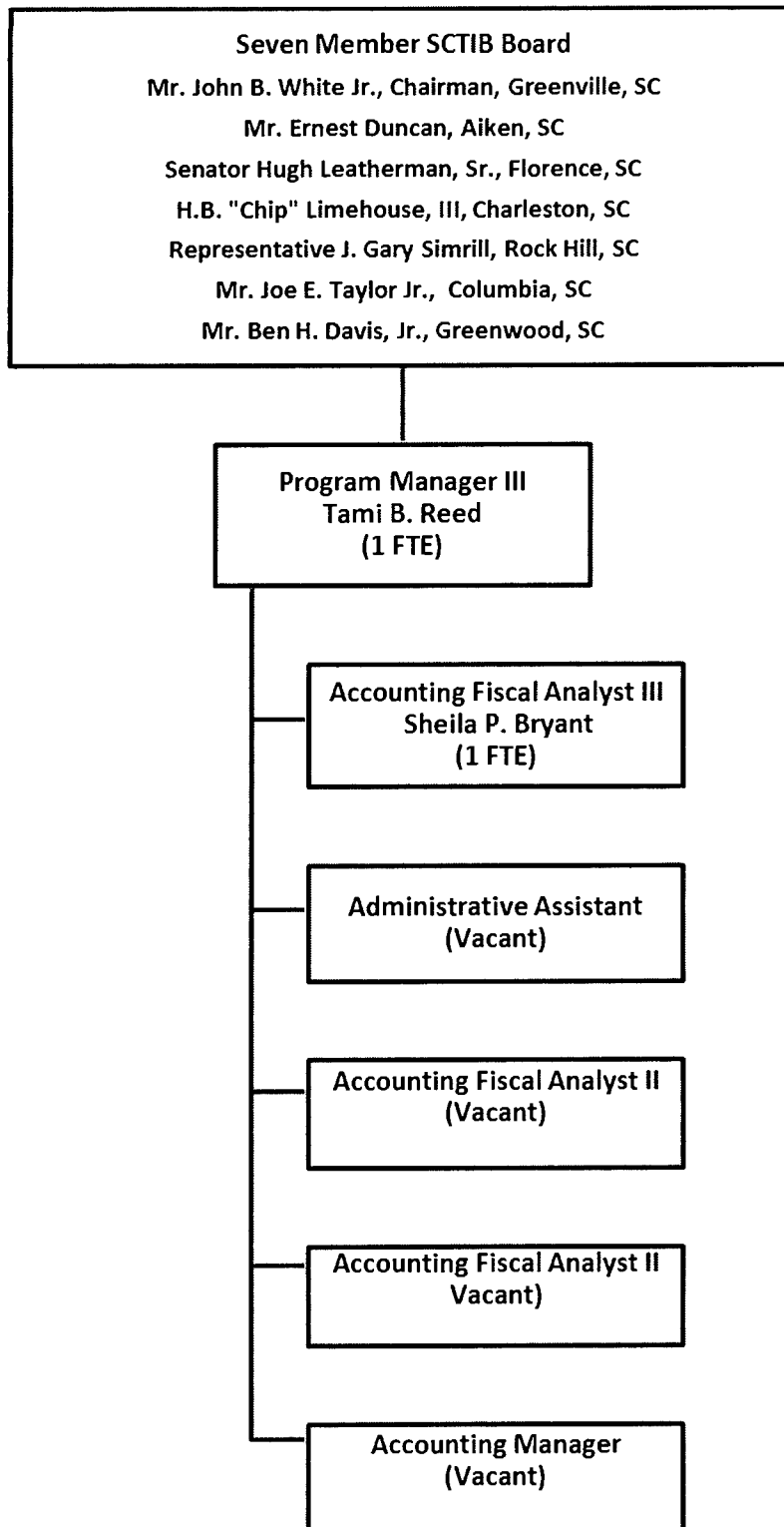
BOARD/CMSN CHAIR
(SIGN AND DATE):

[Handwritten Signature]

(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.

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Strategic Planning and Performance Measurement Template

Statewide Enterprise Strategic Objective	Type	Item #			Description	2017-18			Time Applicable	Data Source and Availability	Calculation Method	Meaningful Use of Measure
		Goal	Strategy	Measure		Base	Target	Actual				
Public 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 annually.
-	-	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 Fi 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		
Government 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 Revenue		
-	-	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 Payment		
-	-	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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Strategic Planning and Performance Measurement Template

Statewide Enterprise Strategic Objective	Type	Item #			Description	2017-18			Time Applicable	Data Source and Availability	Calculation Method	Meaningful Use of Measure
		Goal	Strategy	Measure		Base	Target	Actual				

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Strategic Planning and Performance Measurement Template

Statewide Enterprise Strategic Objective	Type	Item #			Description	2018-19			Time Applicable	Data Source and Availability	Calculation Method	Meaningful Use of Measure
		Goal	Strategy	Measure		Base	Target	Actual				
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 financial capacity		100%		7/1/18-6/30/19		Annual Financial Advisor Cost/Benefit Analyses	
	-		1.1.2.		Consult with potential applicants to advise of preferred percentage and type of l		100%		7/1/18-6/30/19		Annual SCTIB Audited Fi Cost/Benefit Analyses	
	-		1.1.3.		Issue refunding bonds when significant saving will be generated		100%		7/1/18-6/30/19		Annual Financial Advisor Percentage of Savings	
Government and Citizens	G	2			Maintain "A" bond rating							
	-		2.1		Ensure fiscal sufficiency to make required debt service payments							
	-		2.1.1		Monitor annual revenues from sources pledged to repayment of bonds		100%		7/1/18-6/30/19		Monthly SCEIS Reports - Percentage of Expected Revenue	
	-		2.1.2.		Monitor loan payments for adherence to loan agreement documents		100%		7/1/18-6/30/19		Monthly SCEIS Reports - Percentage of Expected Payment	
	-		2.1.3.		Monitor legislation for possible impacts to bonding ability/rating		100%		7/1/18-6/30/19		SC General Assembly, SC Observation	
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Program Template

Program/Title	Purpose	<u>FY 2017-18 Expenditures (Actual)</u>				<u>FY 2018-19 Expenditures (Projected)</u>				Associated Measure(s)
		General	Other	Federal	TOTAL	General	Other	Federal	TOTAL	
I.A. Administration	Leadership for the agency, includes administration, finance, and legal services.		\$ 393,679		\$ 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.		\$ 115,138,665		\$ 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.		\$ 65,060		\$ 65,060		\$ 178,000		\$ 178,000	1.1.1, 1.1.2, 1.1.3, 2.1.1, 2.1.2, 2.1.3
					\$ -				\$ -	
					\$ -				\$ -	
					\$ -				\$ -	

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Customer Template

Divisions or Major Programs	Description	Service/Product Provided to Customers	Customer Segments	<i>Specify only for the following Segments: (1) Industry: Name; (2) Professional Organization: Name; (3) Public: Demographics.</i>
I.B. Transportation Infrastructure	Provide funding for major transportation	Infrastructure projects.	General Public Local Govts. Executive Branch/State Agencies	State of South Carolina Citizens

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Partner Template

Name of Partner Entity	Type of Partner Entity	Description of Partnership	Associated Goal(s)
S.C. State Treasurer's Office	State Government	Essential partnership to process payments and issue bonds to	
S.C. Department of Motor Vehicles	State Government	Essential partnership to accurately process and transfer	
S.C. Comptroller General's Office	State Government	Essential partnership to process payments and accurately	
S.C. General Assembly	State Government	Essential partnership to protect citizens of S.C. by adequately	
Joint Bond Review Committee	State Government	Legislated partnership to provide oversight of project and bond	
Local Governments	Local Government	Essential partnership to provide funding to applicants where	
S.C. Department of Transportation	State Government	Essential partnership to ensure compliance with state and	
Bond Counsel	Private Business Organization	Essential partnership to issue bonds.	
Legal Counsel	Private Business Organization	Essential partnership to ensure compliance with all laws.	
Financial Management Firm	Private Business Organization	Essential partnership to ensure best use of all available sources	
Citizens	Individual		