



South Carolina Transportation Infrastructure Bank

**Presentation to Senate Finance Committee
February 9, 2016**

**The Act creating the bank was signed by
Governor David Beasley on June 26, 1997**



Corporate Purpose

Section 11-43-120 (C)

To select and assist in financing *major qualified projects by providing loans and other financial assistance for constructing and improving highway and transportation facilities necessary for public purposes including *economic development*.****

*** Major Qualified Project – subsequently defined by bank board in August, 1997 as \$100 million or more.**

**** What constitutes “economic development” is not defined in legislation.**

7 member Board of Directors

Chairman of the SCDOT Commission

2 members appointed by the Governor, one of whom serves as Chairman

2 members appointed by the Speaker of the House of Representatives

2 members appointed by the President Pro Tempore of the Senate

Initial Projects

<u>Project</u>	<u>County</u>	<u>Total Cost</u>	<u>Bank Funding</u>
Ravenel Bridge	Charleston	\$650 M	\$325 M
Upstate Grid	Anderson, Greenville, Spartanburg	617 M	406 M
Conway Bypass & Carolina Bays	Horry	1142 M	383 M
SC 170 Bridge & widening	Beaufort	140 M	65 M
520 Expressway	Aiken	241 M	208 M
York I-77 widening & various roads	York	275 M	176 M
Lexington to Irmo/ Lake Murray Dam, SC 6&60	Lexington	<u>115 M</u>	<u>48 M</u>
Totals		\$3,180 M	\$1,911 M

Definitions

Section 11-43-130

(6) "Eligible project" means a highway, including bridges, or transit project which *provides public benefits by either enhancing mobility and safety, promoting economic development, or increasing the quality of life and general welfare of the public. "Eligible project" also includes mass transit including, but not limited to, monorail and monobeam mass transit systems.**

*** What constitutes "economic development", "quality of life", and "general welfare" is not defined in legislation.**

Definitions

Section 11-43-130

(16) "**Qualified project**" means an *eligible project which has been selected by the bank* to receive a loan or other financial assistance from the bank to defray an eligible cost.

Selection of Projects, Preference, Considerations Section 11-43-180 (B)

Preference must be given to eligible projects which have local financial support. In selecting qualified projects, the board shall consider the projected feasibility of the project and the amount and degree of risk to be assumed by the bank.

Section 11-43-180 (B) (continued)

The board also may consider the following criteria in making its determination that an *eligible project is a qualified project*:

- (1) the local support of the project;**
- (2) economic benefit, enhancement of mobility and public safety, acceleration of project completion, and enhancement of transportation services;**
- (3) the ability of the applicant to repay a loan;**
- (4) the financial or in-kind contributions to the project;**
- (5) greater weighting to areas of the State experiencing high unemployment;
and**
- (6) whether the governing bodies of the county or the incorporated municipality in which the project is to be located provides...a finding that the project is essential to economic development, or the bank receives a certificate from the Advisory Coordinating Council for Economic Development of the Department of Commerce that the project is essential to economic development, or both.**

SCTIB Selection of Projects

- **Selection Process Includes Application Eligibility Requirements and Grading by Evaluation Committee**

Eligibility

- **Must be a major project (\$100 million or more) that provides public benefit in one or more of the following areas:**
 - **Promote economic development**
 - **Enhance mobility**
 - **Enhance public safety**
 - **Improve quality of life**
 - **Improve general welfare of the public**

Application Process

- **The Bank provides assistance to counties, cities, and other government entities that submit applications.**
- **Applications may be received by the SCTIB at any time (no specific solicitation by SCTIB Board).**
- **Applications are to describe the project in detail including the scope, benefits, financing components and eligibility for financial assistance.**
- **Applications are to contain maps with traffic volumes, engineering data, supporting letters from all local governments, state agencies, etc.**
- **Upon receipt, the SCTIB Board determines if the project is eligible under the SCTIB Act, the Bank's selection criteria and Board policies, and if so refers the application to the Evaluation Committee**

Application Evaluation Process

- **Bank's Evaluation Committee (several members of SCTIB Board)**
- **Committee visits with local officials, engineers and consults with SCDOT. Committee also personally inspects each project and grades every application (39 separate criteria similar to Act 114)**
- **Major evaluation criteria**
 - **Public Benefit – 30 points**
(includes 10 specific items of consideration)
 - **Financial Plan – 50 points**
(includes 25 specific items of consideration)
 - **Project Approach – 20 points**
(includes 4 specific items of consideration)
 - **Other Factors**

Application Evaluation Process

“Local Match”

- **The SCTIB Act requires the Bank to give preference to eligible projects which have local financial support**
- **% of local match generally 1/3 of project cost**
- **Higher % of local match results in higher ranking**
- **Local match in the form of revenues, as a loan or project contribution, directed to the Bank results in higher ranking**
- **Source of local match also affects ranking, as non-state tax revenues may be pledged to Bank revenue bonds (e.g., local road fees, impact fees, development fees).**

Application Evaluation Process

- **Each application evaluation is deliberative process with clarifications and additional information requested as needed from the applicants and SCDOT.**
- **Evaluation Committee assigns ranking points and makes recommendation to SCTIB Board.**
- **SCTIB Board considers the recommendation and analyzes funding capacity.**
- **Every project and every bond issue is reviewed and approved by the Joint Bond Review Committee.**

SCTIB Approved Projects

Bank has provided financial assistance to highway projects with total estimated costs of \$5.3 billion, with Bank funding of \$3 billion.

Funding by Application

Aiken County
Anderson County
Beaufort County
Berkeley County
Charleston County
Cherokee County
City of Aiken
City of Charleston
City of Greenville
City of Hardeeville
Colleton County

Dorchester County
Florence County
Georgetown County
Greenville County
Horry County
Jasper County
Lexington County
Richland County
Spartanburg County
Town of Mt. Pleasant
York County

SCTIB Approved Projects

Bridge Replacement

Charleston County

Chester County

Chesterfield County

Colleton County

Fairfield County

Horry County

Jasper County

Lancaster County

Marion County

Union County

York County

Median Barrier Program

Anderson County

Calhoun County

Charleston County

Cherokee County

Greenville County

Kershaw County

Laurens County

Lexington County

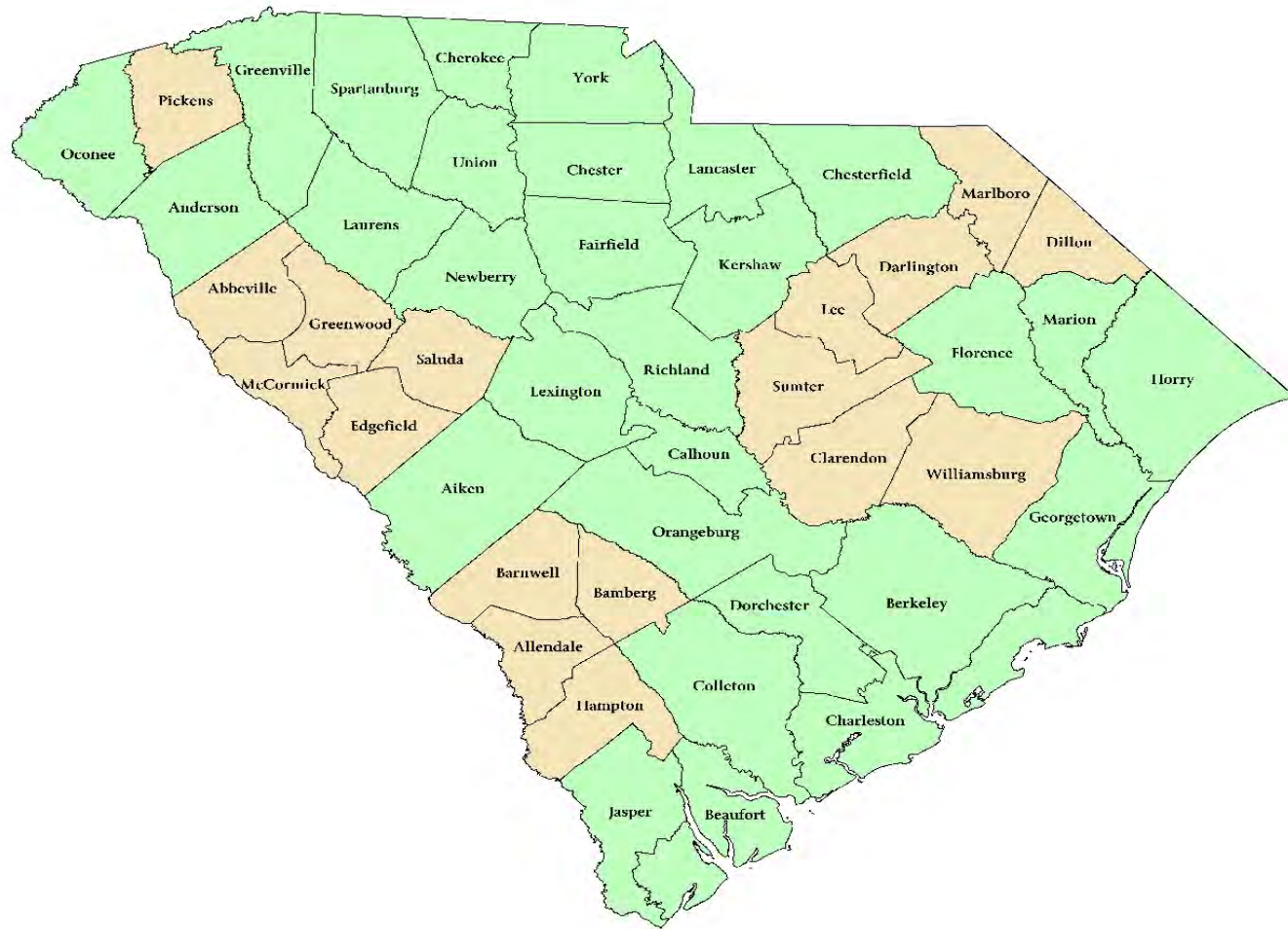
Newberry County

Oconee County

Orangeburg County

Richland County

Spartanburg County



Sources of SCTIB Revenues

- **State Sources:**
 - **General Fund surplus of \$66 M in FY 1997 (one-time)**
 - **Truck Registration Fees**
 - **50% in FY 1999 and 100% thereafter**
 - **\$68 M in FY 2015**
 - **Amount from SCDOT not to exceed proceeds from 1¢ per gallon of gasoline tax**
 - **\$28 M in FY 2015**

Sources of SCTIB Revenues

- **Other State Sources:**
 - **Motor Vehicle Registration Revenues**
\$41 M in FY2015
 - **Portion of Electric Power Tax**
\$4.2 M in FY2015

Sources of SCTIB Revenues

- **Horry County Loan I**
 - **First \$15 million per year from Hospitality Fees for 20 years**
- **Horry County Loan II**
 - **Increasing amounts also paid from Hospitality Fees for 22 years**
- **SCDOT Conway Bypass Loans II**
 - **\$7.6 million per year for 20 years beginning in 2000**

Sources of SCTIB Revenues

- **Charleston County – Cooper River Bridge Project**
 - \$3 million per year for 25 years beginning Jan 2004
- **SC State Ports Authority – Cooper River Bridge Project**
 - \$5 million in FY2002, \$15 million in FY2003
 - \$1 million per year for 25 years beginning in FY2003
- **SCDOT – Cooper River Bridge Project**
 - \$8 million per year for 25 years beginning in FY2003

Sources of SCTIB Revenues

- **SCDOT – US17 Ace Basin Project**
 - repayment of \$82 million loan @ \$4.9 M a year until FY2037
- **SCDOT – Multi-Project Agreement**
 - Repayment of \$94 million loan for various projects @ \$10 M a year until FY2022
- **Florence County – Florence County Sales Tax Projects**
 - \$125 million over 7 years from county local option sales tax beginning in FY2007 (2014 final year)
- **Berkeley County – Jedburg Rd./I-26 Interchange**
 - \$6.4 M loan repaid quarterly until FY2029 (Paid in full 2015)

SCTIB Bonds Issued

(\$ in millions)

➤ Total Revenue Bonds Issued - \$2.4 billion

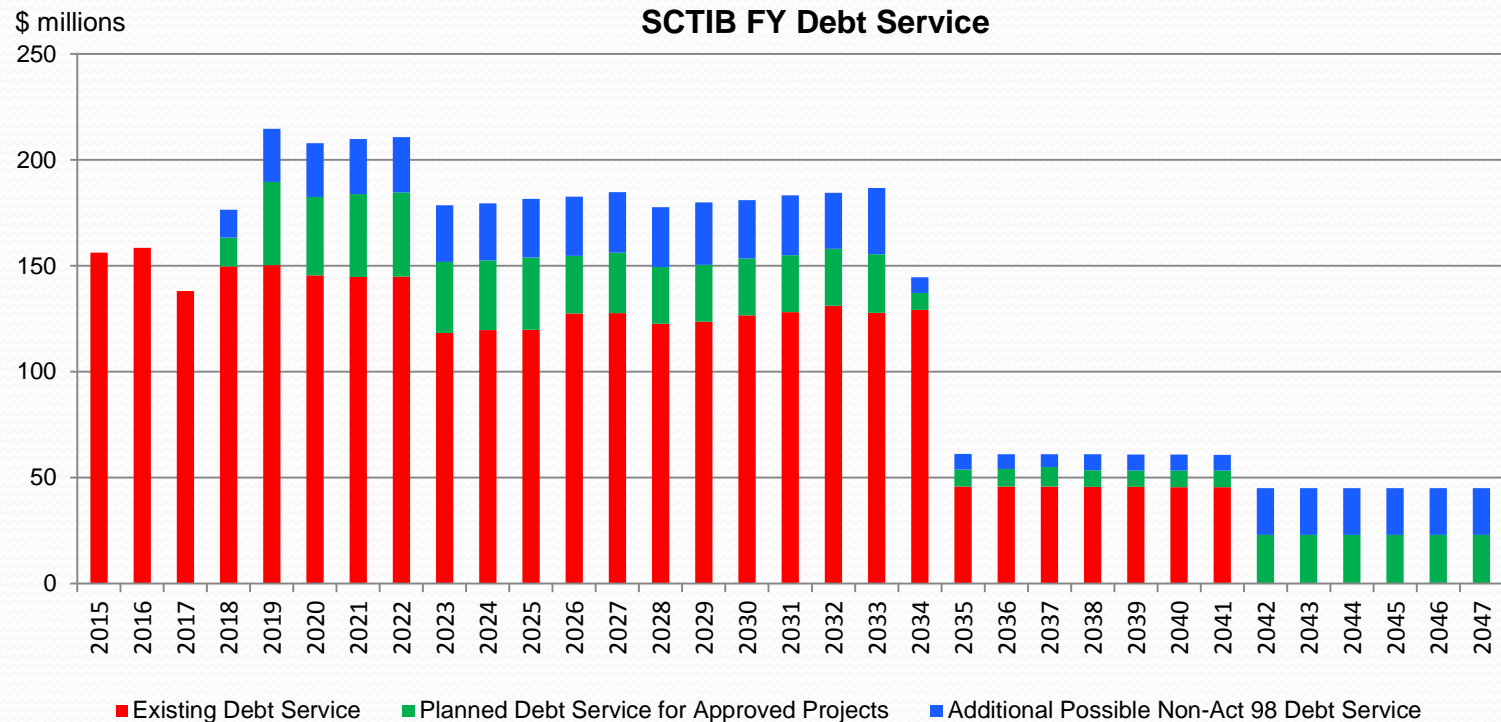
- **Debt Service on Revenue Bonds FY 2015 - \$156.3 M**
- **Revenue refunding bonds have been issued over the years resulting in a total of \$198 million in net present value savings**

➤ Total General Obligation Bonds Issued - \$60 million

- **Debt Service on GO Bonds FY 2015 - \$3.7 M**

SCTIB Debt Service

- **\$345 million additional capacity**
 - **\$325M Projects**
 - **\$20M cash available in excess of \$50M target**



Notes:

- Act 98 Funds are included for coverage purposes only
- Capacity sizing targets 1.45x minimum senior lien coverage and a reasonable debt structure

New Source of SCTIB Revenues- ACT 98

- **Act 98 approved June 2013 effective July 1, 2013**
- **\$50 million dollars per year appropriated from the General Fund to the Bank**
- **Fund main-line interstate and bridge widening and improvement projects based on SCDOT prioritization list**
- **November 2013 – Bank approved financial assistance not to exceed \$549,402,000 and the issuance of up to \$500 million bonds for these projects:**
 - Greenville County – I-85/385 Interchange**
 - Lexington County – I-20 Widening**
 - Spartanburg & Cherokee Counties – I-85 Widening**
 - Richland County – I-77 Widening**
 - Richland & Lexington Counties – I-26/I-20 Interchange Preliminary Engineering**
 - Cherokee County – Phase III of I-85 Widening Preliminary Engineering**
- **December 2013 – Joint Bond Review Committee approved the list as submitted by the Bank**
- **In June of 2015, the SCTIB Board and the Joint Bond Review Committee approved an additional three projects for the remaining \$6 million in Preliminary Engineering for Act 98:**
 - Spartanburg County - I-26, US I76 to SC 296**
 - Aiken County - I-20, Georgia Stateline to US25**
 - Berkeley and Dorchester Counties - I-26, SC27 to US I7-A**
- **Coordination between SCTIB and SCDOT is to expend the Act 98 funds in accordance with the law.**

Bank Management

- **Financial Management:** Bank management has saved the citizens of South Carolina over \$198 million in net present value (\$306 million over the life of the bonds) interest expense in the past 12 years.
 - Bank coordinates all bond issues with State Treasurer's Office.
 - Since 1997, the Bank has built and maintains a strong relationship with credit rating agencies, investment firms that purchase bonds, and investors.
- **Management Efficiency:** Administrative expenses are less than 1% of the total annual expenditures by limiting the number of staff and by outsourcing. Bank's Board of Directors have given their director fees back to the state for the past 12 years.

Economic Impact

- **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**

Partnership with SCDOT

- **Installation of cable barriers on interstate medians. The bank provided \$30 million, and the barriers have experienced over 24,000 hits, saving hundreds of lives and preventing many serious injuries.**

Summary

- **Catalyst for over 100 projects in 29 counties and 5 municipalities**
- **By law, reviews applications for major projects with local participation**
- **Evaluation Committee uses 39 criteria similar to Act 114 to grade applications in consultation with SCDOT**
- **Every project and bond issue reviewed and approved by Joint Bond Review Committee**
- **Saved \$198 million in net present value with administrative expenses less than 1% of annual expenditures**
- **Major contributions to SC economic development**
- **Built strong relationships with credit rating agencies and investment industry.**

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