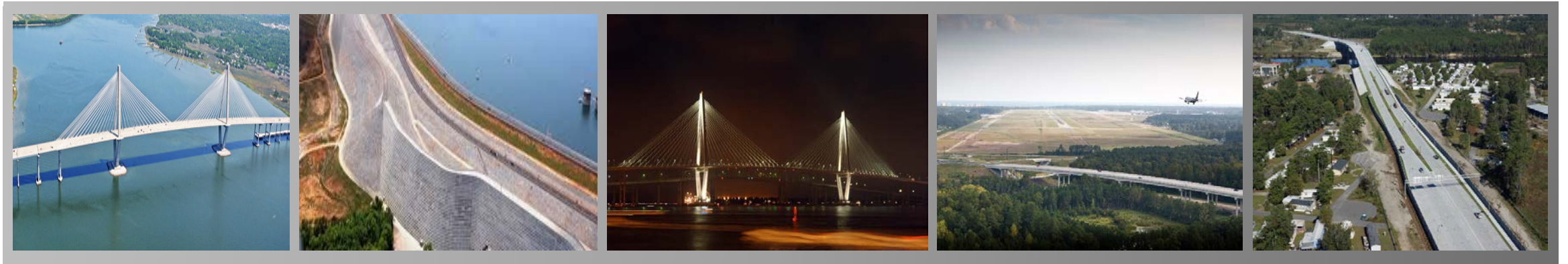




South Carolina Transportation Infrastructure Bank



Introduction to the SCTIB

- South Carolina Transportation Infrastructure Bank Act was signed on June 26, 1997
- **Purpose of Act:** To focus greater attention on larger transportation projects, and thereby allow South Carolina Department of Transportation (SCDOT) to devote resources to maintenance of the existing state highway system and other important transportation projects
- **Purpose of Bank:** To select and assist in financing major qualified projects (exceeding \$100 M; reduced to \$25 M by Act 275 of 2016) by providing loans and other financial assistance ... for constructing and improving highway and transportation facilities necessary for public purposes including economic development
- The Bank has been a catalyst for \$5.9 billion in highway and bridge construction in South Carolina. This \$5.9 billion in transportation infrastructure includes over 100 projects in 29 counties and 5 municipalities.
- **Bond Rating** - On September 26, 2019, Moody's Investors Service upgraded the Bank's revenue bonds to **Aa3 from A1**, affecting \$1.48 billion of debt outstanding, and the outlook is stable. The credit opinion released on October 8, 2019, states, “ The Aa3 revenue bond rating is supported by a history of oversight from the State of South Carolina (Aaa, stable), which relies on the SCTIB to finance large road and bridge projects. The state consistently has allocated additional financial resources to SCTIB, both to ensure adequate debt service coverage for the revenue bonds and to help fund projects. SCTIB's recent upgrade was driven largely by our expectation the state will keep providing such support, while avoiding actions that materially erode the ratio of pledged revenue to debt service, indicating a closer credit alignment between the SCTIB and its parent government.”

SCTIB Staff

Staff and Management:

- Management Efficiency: To date administrative expenses have historically been less than 1% of the total annual expenditures by limiting the number of staff and by outsourcing.

Seven Member Board of Directors:

- Two members appointed by the Governor with one of those being the Chairperson
 - John B. White, Jr.
 - Ernest L. Duncan
- Two members appointed by the Speaker of the House with one being a Representative
 - Representative J. Gary Simrill
 - Harry B. "Chip" Limehouse, III
- Two members appointed by the President of the Senate with one being a Senator
 - Senator Hugh K. Leatherman, Sr.
 - David Shehan
- One member being the Chairman of the SCDOT Commission - Robert D. "Robby" Robbins

Currently three (3) full-time staff members:

Tami Reed, Chief Financial Officer
Jerri Butler, Accounting Manager
Sheila Bryant, Accountant

History of Application Refinement

1997 Financial Assistance Application

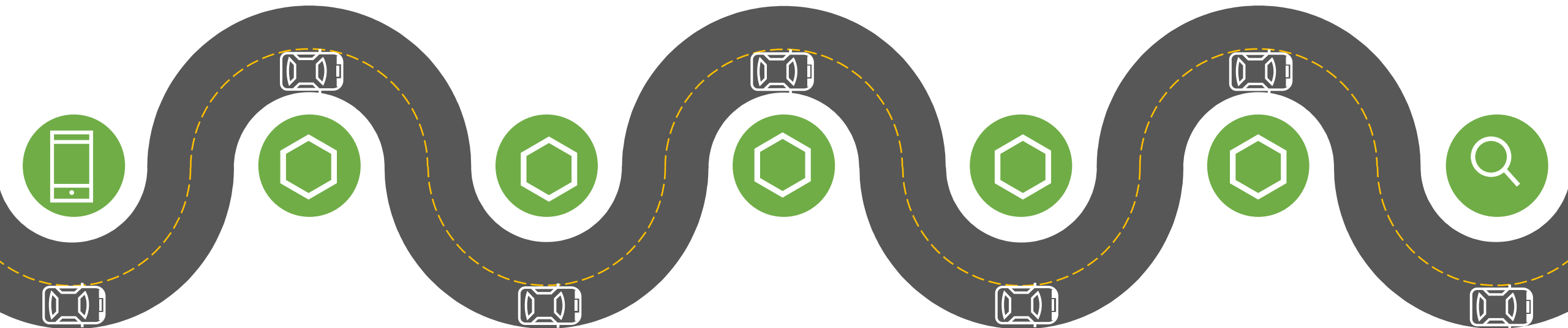
- **Public Benefits** 20 Points
5 requirements
- **Financial Plan** 40 Points
9 requirements
- **Project Approach** 20 Points
5 requirements
- **Bonus Points** 20 Points
- points for innovative solutions, enhancements, etc.

5/12/2008 Revised

- **Public Benefits** 30 Points
8 requirements
- **Financial Plan** 50 Points
25 requirements
- **Project Approach** 20 Points
4 requirements

12/15/16 Revised

- Major Project re-defined as at least \$25 million, projects cannot be combined to meet minimum.
- **Public Benefits** 30 Points
10 requirements
 - **Financial Plan** 50 Points
25 requirements
 - **Project Approach** 20 Points
4 requirements



1997 SCTIB Act Created

Eligibility defined as Major Project which provides public benefit.

- **Major Project** defined as \$100 million
- **Public Benefits** – one or more areas:
 - enhancement of mobility an safety;
 - promotion of economic development; or,
 - increase in the quality of life and general welfare of the public.

10/19/2005 Revised

- **Public Benefits** 30 Points
8 requirements
- **Financial Plan** 50 Points
11 requirements
- **Project Approach** 20 Points
4 requirements

10/8/2013 Revised

- **Public Benefits** 30 Points
10 requirements
- **Financial Plan** 50 Points
25 requirements
- **Project Approach** 20 Points
4 requirements

8/7/2019 Revised (Current)

- **Public Benefits** 50 Points
16 requirements
- **Financial Plan** 50 Points
24 requirements

Project Selection & Criteria

- Selection Process Includes Application Eligibility Requirements and Grading by Evaluation Committee. Basic criteria has remained the same over the history.
- Eligibility – Must be a major project (\$25 million or more) for the construction of or improvements to highways, including bridges, that provides public benefit in one or more of the following areas: enhancement of mobility and safety; promotion of economic development; or, increase in the quality of life and general welfare of the public. Projects may not be combined to meet the minimum project cost of \$25 million.
- Evaluation Committee
 - 3 members of SCTIB Board / 1 member from SCDOT
 - Committee visits with local officials, engineers and consults with SCDOT. Committee also personally inspects each project and grades every application
- Major evaluation criteria
 - Public Benefit – 50 points
 - Financial Plan – 50 points
- The SCTIB Act requires the Board to give preference to eligible projects which have local financial support.
 - In excess of \$50 million: the amount of the local contribution must be at least 25% of the total project costs and the application may receive 10 points for each increase in the local contribution of 5% of the total project costs up to a maximum of 50 points.
 - Equal or less than \$50 million: the amount of the local contribution must be at least 15% of the total project costs and the application may receive 10 points for each increase in the local contribution of 5% of the total project costs up to a maximum of 50 points.
- Multipliers if project supports one of SCDOT's Multimodal Transportation Plan Goals
- Match must be local contribution of funds
- Local contributions and non-Bank funding must cover all costs up to construction
- Up to 25 points awarded for Loan versus Grant

Approved SCTIB Financial Assistance

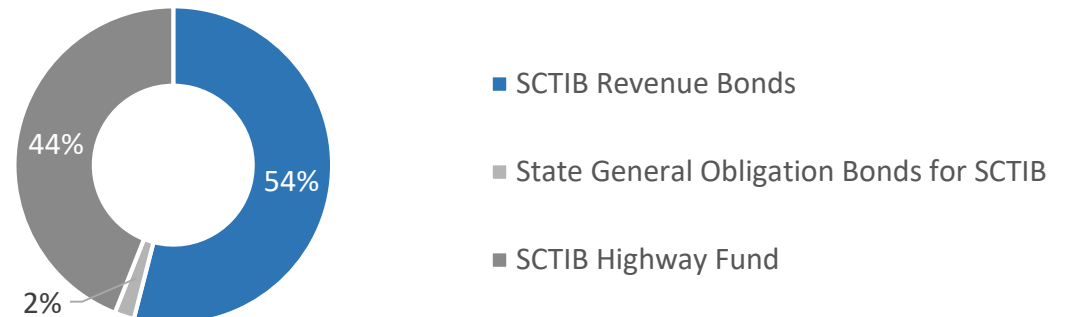
| Completed Projects (\$ in millions) | |
|-------------------------------------|---------------------------|
| Project | Total SCTIB Contributions |
| Aiken County* | \$208 |
| Beaufort County* | 65 |
| Charleston County Ravenel Bridge* | 325 |
| Horry County Ride* | 383 |
| Jasper /Hardeeville Exit 3 I-95 | 1.3 |
| Lexington County* | 48 |
| Median Barrier | 30 |
| SCDOT Statewide Bridge | 12 |
| Upstate GRID* | 406 |
| York County* | 176.8 |
| Berkeley County | 8.5 |
| Beaufort County SC 170 | 24.9 |
| Berkeley County Sheep Island/I-26 | 21.5 |
| Mount Pleasant | 57.41 |
| U.S. 17 Widening | 102 |
| Total | \$1,869 |

* Original projects

| Current Projects Approved by the Bank for Funding (\$ in millions) | | |
|--|---------------------------|---------------------------|
| Project | Total SCTIB Contributions | Amount Paid to 11/30/2019 |
| Charleston County Mark Clark* | \$420 | \$42 |
| Florence County | 309 | 286 |
| Horry County 2007 Program | 225 | 175 |
| City of Aiken - Various Widening | 6.2 | 0 |
| Dorchester County-Variou widenings | 23 | 17 |
| Dorchester County-Berlin Myers | 30 | 0 |
| City of Charleston Septima Clark | 88 | 31 |
| Total | \$1,132 | \$551 |

*SCTIB, Charleston County and SCDOT entered into an Amended Intergovernmental Agreement dated January 10, 2019, and on June 4, 2019, the Joint Bond Review Committee took action to authorize a \$12 million dollar commitment from the Bank and a matching \$12 million dollar commitment from the County to fund the remaining preliminary work reflected in the amended agreement.

Project Funding Sources to Date



SCTIB Master Revenue Bond Resolution

Pledged Revenues

1 System Payments, include portions of 4 streams of annually recurring revenues allocated to the Bank:

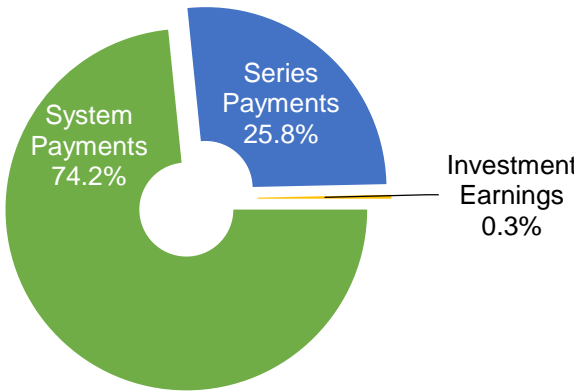
- Truck Registration Fees and Penalties
- Motor Vehicle Registration Fees and Penalties
- Electric Power Funds
- State Highway Funds

2 Series Payments include revenues received pursuant to certain loan agreements, including:

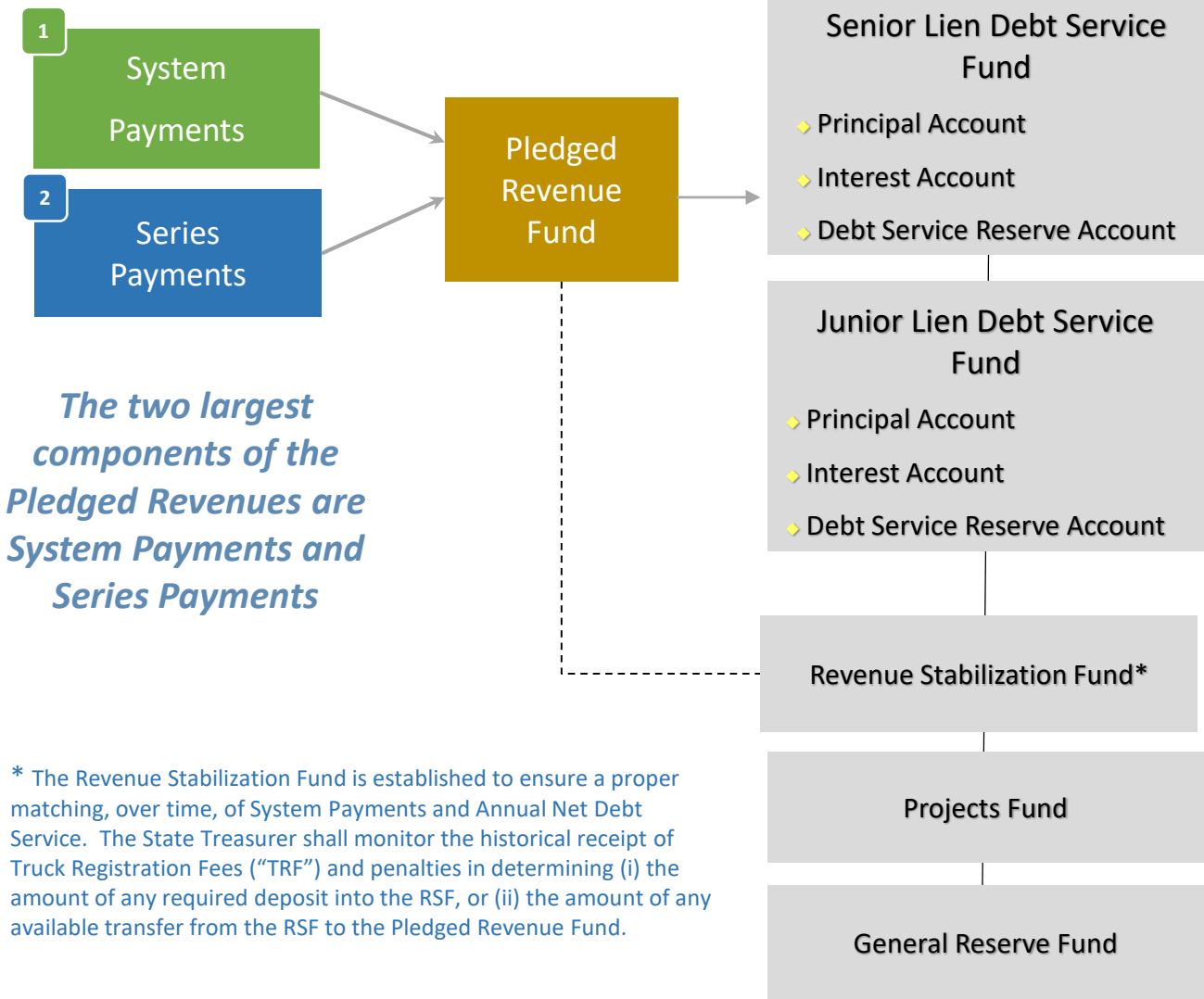
1. SCDOT Cooper River Bridge
2. SCDOT Multi Project Funding Agreement
3. SCDOT US 17 Project Payment

FY2019 Pledged Revenues

FY2019 Pledged Revenues were approximately \$210.7 million, including \$156.3 million of System Payments and \$54.5 million of Series Payments



Bond Flow of Revenues

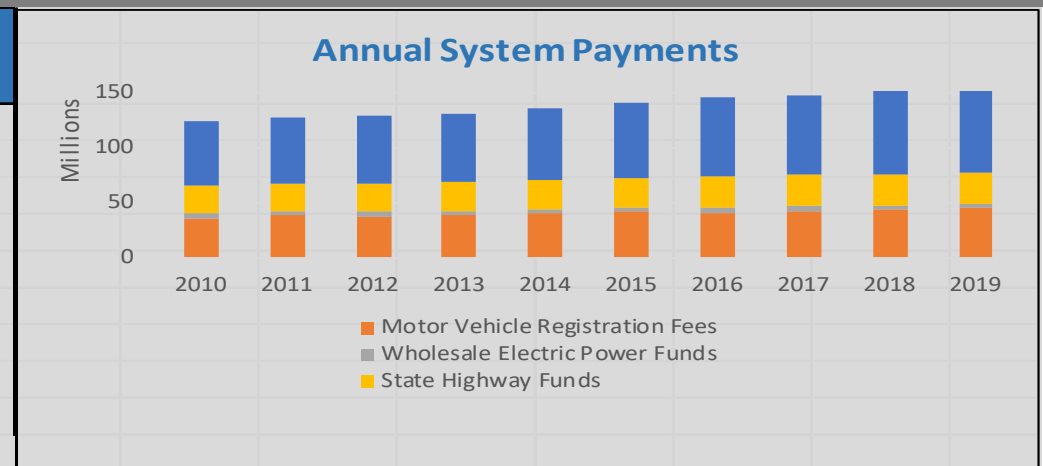


Sources of Revenues for Existing SCTIB Bonds – System Revenues

- **Motor Vehicle Registration Fees** pursuant to Act No. 176 of 2005
 - \$2 per registration withheld to fund tag replacements
 - Pledged First to General Obligation State Highway Bonds
- **Electric Wholesale Power Funds** mandated by Section 12-28-2915(B) of the South Carolina Code
 - Amount to SCTIB is based on 50% of amount exceeding \$20 million. SCTIB began receiving 50% of amount exceeding \$20 million in FY 2008 from non-state tax funds
 - Pledged First to General Obligation State Highway Bonds
- **State Highway Funds** pursuant to SC 11-43-160
 - Pursuant to SC 11-43-160 and action of SCTIB Board, from non-state tax revenue sources available to SCDOT an amount equal to revenues produced by 1 cent per gallon of gasoline tax
 - Paid from SCDOT non-state tax revenue sources, primarily FHWA Reimbursement Funds
- **Truck Registration Fees** pursuant to Sections 56-3-660 and 56-3-670 of the South Carolina Code
 - Derived from truck registration and license fees and penalties collected
 - Remainder is reciprocal with other states based on miles driven in each state
 - Pledged First to General Obligation State Highway Bonds

10-Year Historical System Revenues

| Fiscal Year | Motor Vehicle Registration Fees | Wholesale Electric Power Funds | State Highway Funds | Truck Registration Fees | Total System Payments |
|-------------|---------------------------------|--------------------------------|---------------------|-------------------------|-----------------------|
| 2010 | 35,813,672 | 4,109,516 | 25,671,014 | 58,805,091 | 124,399,293 |
| 2011 | 37,901,362 | 4,197,737 | 25,857,527 | 60,093,311 | 128,049,937 |
| 2012 | 37,570,955 | 3,581,762 | 26,100,142 | 61,769,704 | 129,022,563 |
| 2013 | 39,271,026 | 3,415,698 | 26,055,312 | 61,964,721 | 130,706,757 |
| 2014 | 39,463,422 | 3,746,976 | 26,534,357 | 65,494,147 | 135,238,902 |
| 2015 | 41,224,566 | 4,241,590 | 27,443,640 | 67,539,769 | 140,449,565 |
| 2016 | 41,082,751 | 4,081,976 | 28,383,414 | 71,745,820 | 145,293,961 |
| 2017 | 42,281,984 | 4,139,134 | 28,792,520 | 71,840,209 | 147,053,847 |
| 2018 | 42,837,844 | 4,501,616 | 28,441,793 | 76,362,296 | 152,143,549 |
| 2019 | 44,573,660 | 4,538,271 | 28,586,311 | 78,584,888 | 156,283,131 |



Sources of Revenues for Existing SCTIB Bonds – Series Payments

- Series Payments are those received by the SCTIB pursuant to an intergovernmental loan agreement and pledged to Revenue Bonds
- Series Payments could be Intercept Funds, such that if a government unit fails to make required payments to the Bank, the State Treasurer is authorized to withhold funds and apply such funds toward required Bank payments
- Under a Master Funding Agreement between SCDOT and the Bank, SCDOT has agreed to make payments under SCDOT Intergovernmental Agreements from Federal Highway Reimbursement Funds, or if such Funds are insufficient, other non-state tax revenues of the Department
- Horry County’s Uninsured Loan II payment obligations were defeased in February 2019 (payments are now secured by an irrevocable escrow), making SCDOT the sole loan obligor responsible for making Series Payments to the Bank

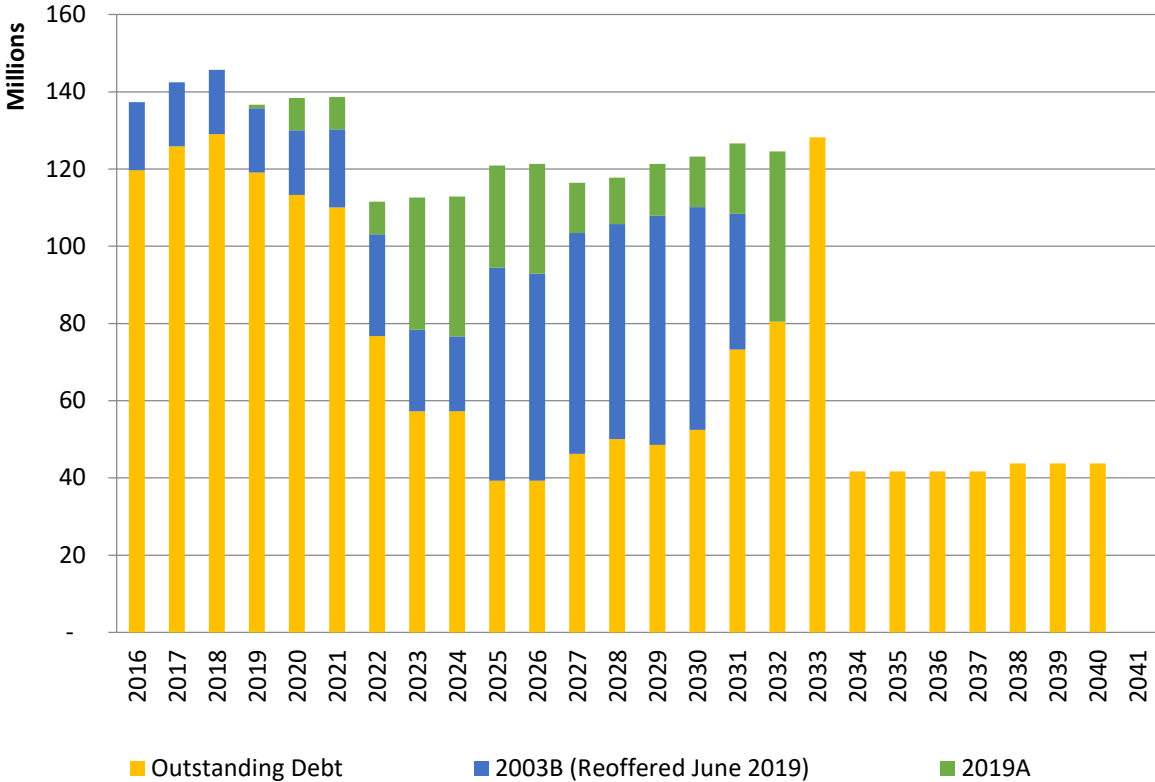
10-Year Historical Series Payments

| Fiscal Year | Horry County Loan I Payments | Horry County Insured Loan II | Horry County Uninsured Loan II | Lexington County Loan Payments | SCDOT Conway Bypass Loan I | SCDOT Conway Bypass Loan II | SCDOT Cooper River Bridge | SCDOT US 17 Project | Multi-Project Funding Agreement | | Total Series Payments |
|-------------|------------------------------|------------------------------|--------------------------------|--------------------------------|----------------------------|-----------------------------|---------------------------|---------------------|---------------------------------|-------------------------|-----------------------|
| | | | | | | | | | SCDOT Loan Payments | SCDOT Exchange Payments | |
| 2010 | 15,000,000 | 10,400,000 | | 5,900,000 | | 7,600,000 | 8,000,000 | 4,979,751 | 10,000,000 | 2,815,081 | 64,694,832 |
| 2011 | 15,000,000 | 11,500,000 | | 5,900,000 | | 7,600,000 | 8,000,000 | 4,979,751 | 10,000,000 | 2,843,684 | 65,823,435 |
| 2012 | 15,000,000 | 12,600,000 | | 5,900,000 | | 7,600,000 | 8,000,000 | 4,979,751 | 10,000,000 | 2,917,432 | 66,997,183 |
| 2013 | 15,000,000 | 13,900,000 | | 5,900,000 | | 7,600,000 | 8,000,000 | 4,979,751 | 10,000,000 | 2,838,129 | 68,217,880 |
| 2014 | 15,000,000 | 15,200,000 | | 5,900,000 | | 7,600,000 | 8,000,000 | 4,979,751 | 10,000,000 | 2,807,654 | 69,487,405 |
| 2015 | 15,000,000 | 16,800,000 | | | | 7,600,000 | 8,000,000 | 4,979,751 | 10,000,000 | 2,527,960 | 64,907,711 |
| 2016 | 15,000,000 | 17,600,000 | | | | 7,600,000 | 8,000,000 | 4,979,751 | 10,000,000 | 3,272,718 | 66,452,469 |
| 2017 | 15,000,000 | | | | | 7,600,000 | 8,000,000 | 4,979,751 | 10,000,000 | 4,693,476 | 50,273,227 |
| 2018 | | | 19,177,658 | | | 7,600,000 | 8,000,000 | 4,979,751 | 10,000,000 | 4,693,476 | 54,450,885 |
| 2019 | | | 19,177,658 | | | 7,600,000 | 8,000,000 | 4,979,751 | 10,000,000 | 4,693,476 | 54,450,885 |

SCTIB Revenue Bonds

- \$1.5 billion of debt outstanding
 - Final Maturity: 2041
 - Average Coupon: 4.03%
- Refunding Overview
 - SCTIB has realized over \$288 million of NPV debt service savings (net of all fees) through the refunding of outstanding bonds which equates to \$445 million gross savings

Outstanding Debt Service

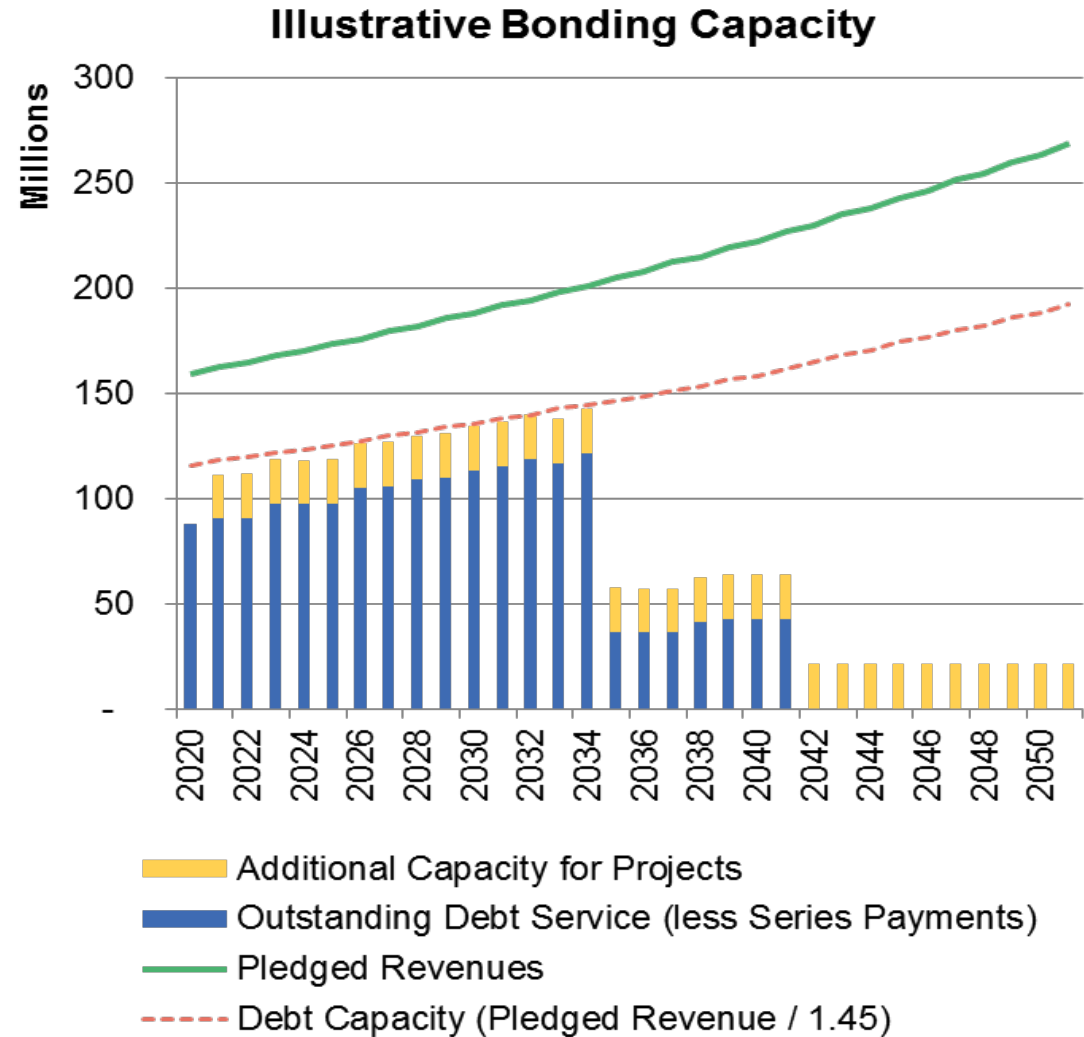


Project Funding Capacity – \$280 million Cash on Hand

- SCTIB targets a minimum Unrestricted cash balance, including the Revenue Stabilization Fund, of \$50 million
- Approximately **\$280 million** is currently on hand above the minimum
- Current Capacity has built up over time due to the following:
 - Actual revenues coming in higher than forecast over time
 - Project costs coming in below preliminary estimates
 - Project expenditures being slower than originally estimated
 - Revenue bond principal being paid down annually
 - Interest rates lower than modelled
 - Periodic debt refinancing for savings
- Based on current estimates for revenue growth and estimated project spenddown schedules, ***additional cash of over \$185 million may become available for projects over the following 5 year horizon***
- Other than debt being paid down over time, it cannot be predicted how quickly SCTIB capacity may grow in the future

Total Project Funding Capacity - \$380 million Bonding Capacity

- Pledged Revenues Projections assuming System Payments Revenue Growth Estimates
 - Truck Registration Fees - 2% biennial growth
 - SCDOT Highway Funds - 0.5% annually
 - Motor Vehicle Registration Fees - 1.5% annually
 - Wholesale Electric Power Funds – 1.5% annual escalation
- Future Debt / Bond Issuance
 - 30-year term
 - Fully funded debt service reserve
 - Interest rates at 1.00% above current market rates*
 - Minimum Senior lien Revenue Bond debt service coverage of 1.45 times
- Based on the assumptions above, it is estimated that the SCTIB could bond fund approximately **\$380 million** of additional project costs via a public debt issuance in the coming year

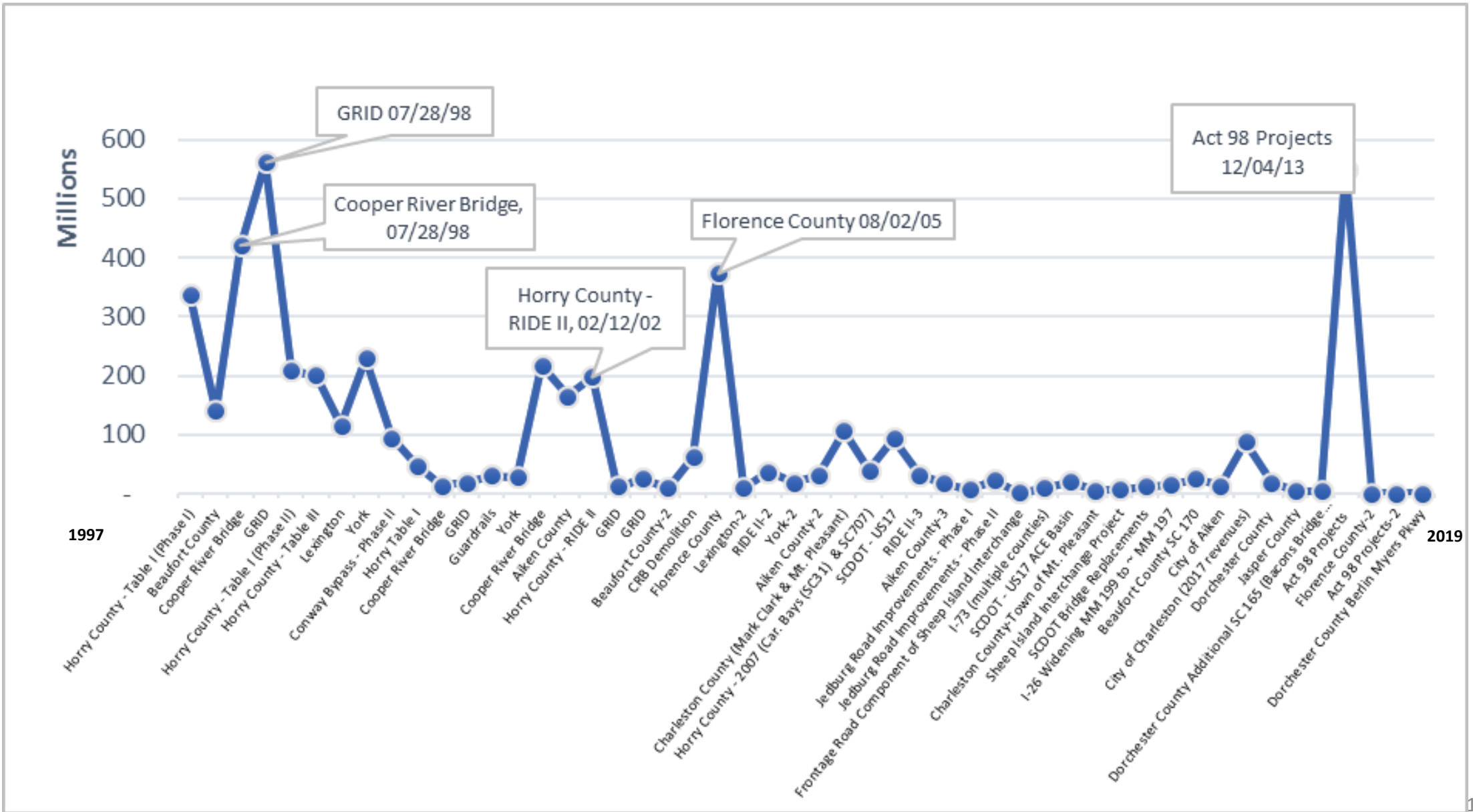


*Analysis based on 'A' rated Revenue Bond yields per TM3 as of /12/2019

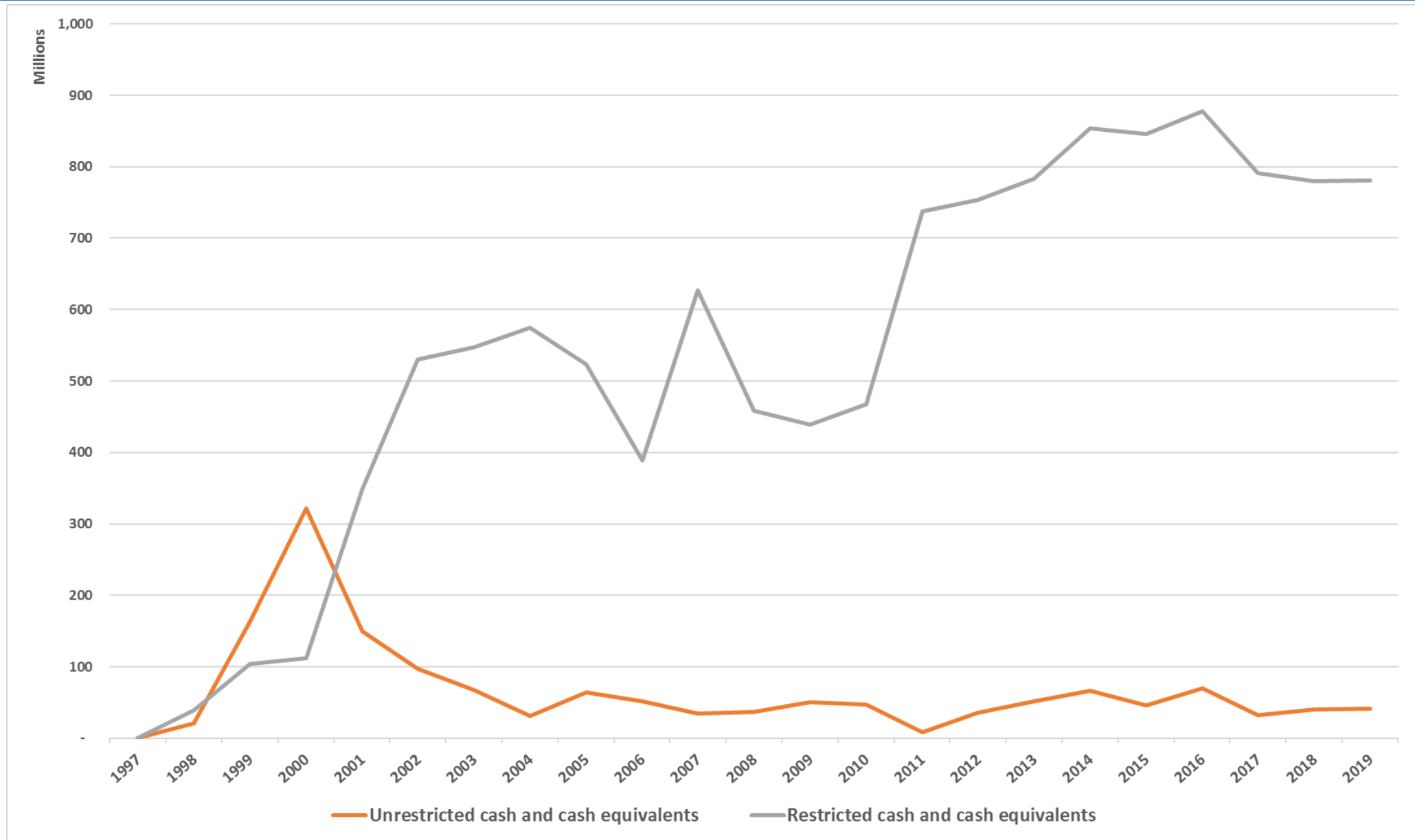
Future Funding Capacity (above approved SCTIB funding commitments)

- Total Capacity – **\$660 million**
 - Cash on Hand Today: \$280 million Unrestricted Cash on Hand
 - Revenue Bonding Capacity: \$380 million Revenue Bond Proceeds
- Capacity does not include any 2019 Applications
 - 12 applications received totaling approximately \$600 million to be reviewed by SCTIB Board, SCDOT Commission, and JBRC in coming months.
- Capacity also excludes self-supporting loans – SCTIB can bond against creditworthy loan repayments*
 - Rating agencies must affirm at least an 'A' credit rating for the underlying revenue source and a rating in the 'A' category for the revenue bonds to add a series payment
 - The underlying revenue source must provide at least 1.20x historical coverage over the series payment
 - Payments must be derived from a hospitality fee, toll, franchise fee, or other available revenue which does not involve a state tax
 - Series Payments must be approved by the issuer of each Bond Credit Facility issued for the benefit of at least 10% of the principal amount of the bonds outstanding

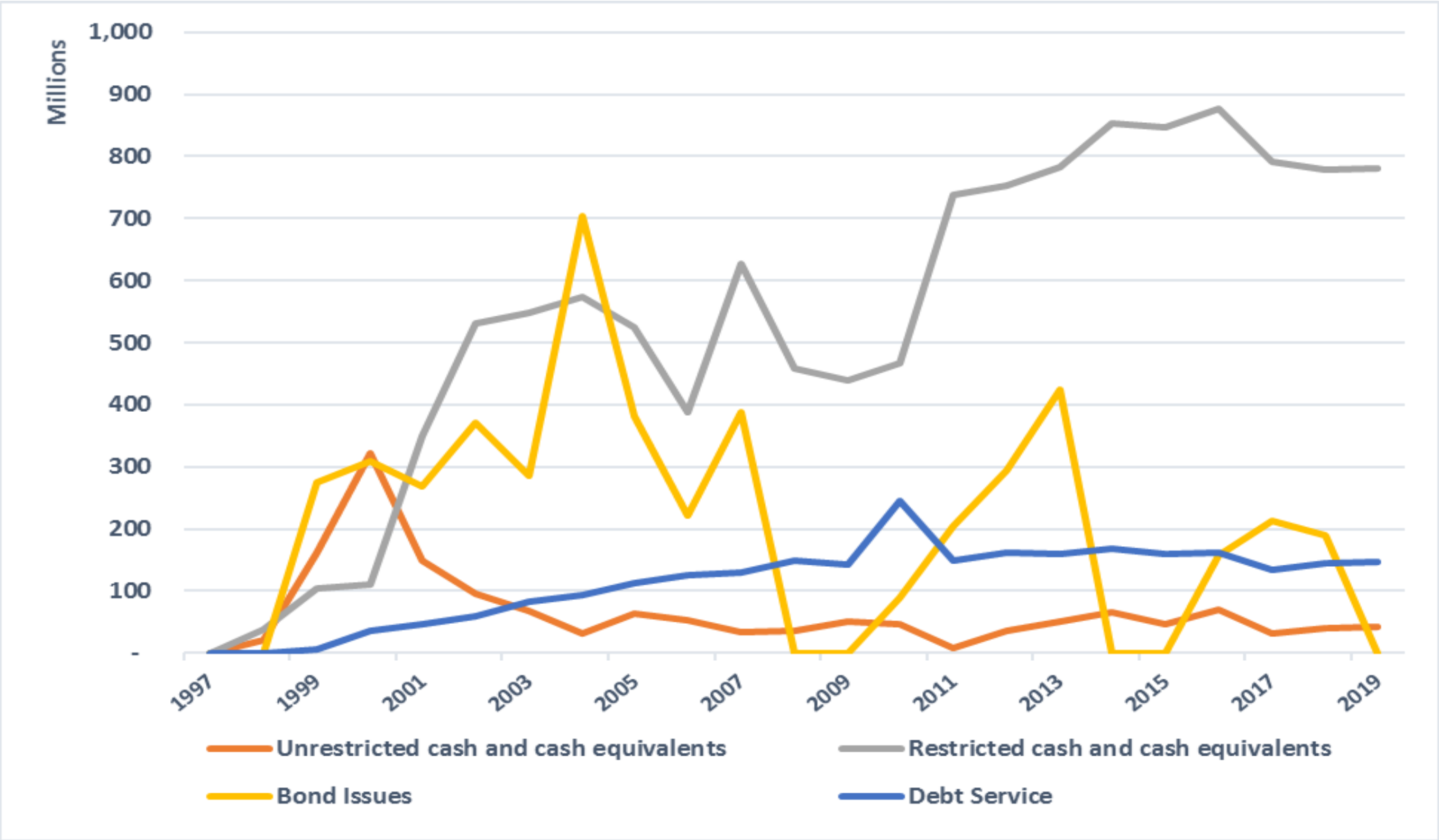
Project History



Cash and Cash Equivalents



Cash and Cash Equivalents, Bond Issues and Debt Service



Implementation of ACT 275 / ACT 40

- Prior slides refer to activities of the Bank originally authorized including those revenues statutorily designated for the Bank's purposes as well as the various revenues associated with loan agreements entered into by the Bank
- None of the Bank's revenues, bonds, projects, or loan agreements previously referenced relate to Acts 275 / 40*
- SCTIB staff and advisors have met with SCDOT previously and developed financial plans and a term sheet to assist with implementation of Acts 275 / 40 while achieving the following objectives:
 - Maximum flexibility to SCDOT to manage project construction program
 - SCTIB to function as a conduit issuer with respect to Acts 275 / 40; Separate lien from SCTIB's existing revenue bond program
 - Maintain solid credit ratings for new Act 275 / 40 revenue bonds
 - Structure should protect the credit of existing SCTIB Revenue Bonds
 - Flexibility to optimize timing and structure of SCTIB Acts 275 / 40 revenue bonds to fund related projects
 - Flexibility to continue and manage existing SCTIB program, including that SCTIB and SCDOT could enter into more loan agreements for additional projects under the existing Bank structure
- The Bank is ready, able, and willing to support SCDOT and the related programmatic financing needs associated with Acts 275 / 40

**Act 275 made several substantive changes to the original SCTIB ACT (e.g. \$25 million threshold to qualify as a "major project"; no local match requirement for certain bridge and road projects identified by SCDOT; enhanced role of SCDOT Commission in project selection).*

SCTIB Acts and Board Actions

Act No. 148 of 1997, effective June 26, 1997

Established the SCTIB to finance the cost of major transportation infrastructure projects.

Provided for the **establishment** of four Bank funds: the state highway account, state transit account, federal highway account, and federal transit account.

Permitted the Bank to issue bonds pledged to Bank revenues and general obligation bonds.

Provided that qualified borrowers could pledge and assign certain revenues to secure their obligations to the Bank for qualified projects.

Provided that, **beginning in fiscal year 1998-1999**, revenues collected pursuant to S.C. Code Ann. §§ 56-3-660 and 56-3-670 (i.e., “truck fees”) would be used to provide capital for the Bank.

Provided that Bank could provide funding to eligible projects it had selected to be qualified to receive financial assistance; the Bank must consider projected feasibility and the amount and degree of risk assumed by the Bank, and may consider six other criteria. S.C. Code Ann. § 11-43-180(B).

Act No. 100 of 1999, effective July 1, 1999

Appropriations bill that changed a previous funding mechanism of three percent of funds for state highway maintenance to a one-cent gas tax.

Act No. 184 of 2004, effective March 15, 2004

Minor modification to wording of prohibition on issuing general obligation bonds unless there are sufficient revenues to cover principal and interest.

Modification to wording of general obligation bond language to strengthen ability of state treasurer to pay principal and interest from general tax revenues.

SCTIB Acts and Board Actions Cont.

Act No. 176 of 2006, effective June 14, 2005

Modified S.C. Code Ann. § 56-3-910 to provide that all fees and penalties collected by DOT must be placed in the state highway account of the Bank (except for those otherwise allocated by law)

Modified S.C. Code Ann. § 12-28-2915(B)(2) to provide that DOT must make an annual contribution from nonstate tax sources to the State Highway Account of the Bank

Act No. 98 of 2013, July 1, 2013

Provided for the annual transfer of \$50 million of non-tax revenues from the DOT to the Bank for “bridge replacement, rehabilitation projects, and expansion and improvements to existing mainline interstates.”

Act No. 121 of 2014, effective July 1, 2015

Changed State Budget and Control Board to State Fiscal Accountability Authority for purposes of issuing general obligation bonds.

Act No. 275 of 2016, effective July 1, 2016

Required approval by the DOT Commission before Bank can provide financial assistance.

Required that the Bank prioritize all projects according to the prioritization criteria provided at S.C. Code Ann. § 57-1-370(B)(8); these prioritization criteria is a new, subsequent step to the Bank finding that an eligible project is a project qualified to receive funding from the Bank pursuant to S.C. Code Ann. § 11-43-180(B).

Provided that the General Assembly can enact a joint resolution allowing the Bank to fund a project without using the prioritization criteria.

Placed a minimum on projects funded by the Bank of \$25 million.

Created a revenue stream from the various DOT fees and fines to be credited to the State Highway Fund, some funds of which may be allocated to the Bank for certain bridge and road projects identified by DOT.

SCTIB Acts and Board Actions Cont.

Act No. 40 of 2017, effective May 10, 2017

Repealed S.C. Code Ann. § 11-43-165, which had provided for \$50 million in annual revenues from the DOT for certain types of projects.

Somewhat minor statutory changes impacting the Bank; primary impact was to DOT Commission and establishment of Infrastructure Maintenance Trust Fund.

Bank Board Action, October 24, 2018

Board voted to adopt Evaluation Committee's recommendation that it hold consideration of pending applications in abeyance until litigation against Act Nos. 275 and 40

Bank Board Action, March 25, 2019

Board voted to adopt Evaluation Committee's recommendation to adopt the Revised Policy & Prioritization Process.

Act No. 1 of 2019, effective January 31, 2019

Minor modifications to language related to board appointments.

Glossary

FHWA – Federal Highways Administration

JBRC – Joint Bond Review Committee

Restricted cash and cash equivalents - Generally, under the applicable bond indentures, the earnings and receipts of loans and certain receivables are required to be used for the related bonds payable debt service payment. Because these assets are generally restricted for this purpose, they have been reflected in the restricted portion of the financial statements.

SCDOT – South Carolina Department of Transportation

SCTIB/Bank – South Carolina Transportation Infrastructure Bank

STO – State Treasurer’s Office

Unrestricted cash and cash equivalents - Holds no restriction regarding their usage. The agency uses these funds to pay general expenses or to pay project expenses.