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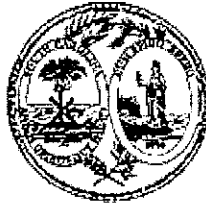
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Representative J. Gary Simrill

Joe E. Taylor, Jr.

**South Carolina
Transportation Infrastructure Bank**



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April 24, 2018

Representative Wm. Weston J. Newton
Chairman, House Legislative Oversight Committee
P.O. Box 11867
Columbia, South Carolina 29211

RE: Follow Up from 2017 Legislative Oversight Study

Dear Representative Newton:

Since the April 7, 2017 study of the South Carolina Transportation Infrastructure Bank (Bank) was released, the Bank and the South Carolina Department of Transportation (SCDOT) have had several meetings and have had ongoing discussions and communications regarding the future working relationship between the two agencies. Those discussions and communications are continuing. The Bank is poised to comply with and implement Act 275 of 2016, and now Act 40 of 2017. The Bank believes its ongoing cooperative relationship with SCDOT is healthy and sound.

At its meeting on October 24, 2017, the Bank Board voted unanimously to accept and implement the recommendation of its Evaluation Committee that completed applications under consideration by the Board for projects that would be funded under its revenue sources that pre-date Acts 275 and 40 be held in abeyance until the Board determines that circumstances have changed concerning the availability of the Bank's resources to allow the further consideration of those applications by the Bank. For the reasons explained below, the Bank Board determined that the prudent course of action is to reserve those prior revenue sources, at least temporarily, if needed for SCDOT projects for the reasons explained below. The Bank conferred with SCDOT prior to taking the aforementioned action.

The Evaluation Committee's recommendation and Board's ensuing action were in response to pending lawsuits against the General Assembly challenging the

constitutionality of Act 275 of 2016 and Act 40 of 2017. The Acts authorize SCDOT to seek financing from the Bank on certain types of projects, but due to the pendency of the lawsuits, the Bank is not legally in a position at this time to issue revenue bonds that could be repaid with revenue provided by those Acts. The repeal of Act 98 of 2013 during the last legislative session also was a factor in the Board's action. Act 98 provided the SCDOT and Bank revenues to fund certain types of interstate projects. SCDOT and the Bank needed time to address how to complete the interstate projects underway that were being funded by Act 98 revenues.

At its meeting on April 19, 2018, the SCDOT Commission approved the Secretary of Transportation's recommendation that until the above-mentioned lawsuits are resolved, SCDOT will fund its interstate improvement program on the current schedule by using management of Federal funds, cash and General Obligation Highway Bonds. Once the lawsuits are favorably resolved, the SCDOT and Bank would cooperate in bringing on line the financing of these projects through Act 275 and Act 40 revenue sources in the most effective manner. The Secretary's recommendation that was approved by the Commission also committed SCDOT to funding the balance of the Act 98 projects from the same sources remaining after the expenditure of all available Act 98 funds held by the Bank.

Due to the SCDOT Commission's recent action, the Bank Board will in the future be reviewing its prior decision to hold pending applications in abeyance. The Bank Board stands ready to assist the SCDOT and the General Assembly in providing the quality infrastructure the citizens of South Carolina deserve.

Please let us know if you need any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "John B. White, Jr.", with a stylized, cursive script.

John B. White, Jr.
Chairman, SCTIB