

Memorandum of Understanding Toll Credit Program

Overview:

Section 120(j) of 23 U.S.C. provides states the flexibility to utilize certain capital investments on toll facilities, which are backed by toll revenues, as a credit toward the non-Federal matching share of programs authorized by Title 23 and for transit programs authorized by Chapter 53 of Title 49.

Determination of Amount of Credit:

The amount of credit earned is based on revenues generated by the toll authority (i.e., toll receipts, concession sales, right-of-way leases or interest), including borrowed funds (i.e., bonds, loans) supported by this revenue stream, that are used by the toll authority to build, improve or maintain highways, bridges or tunnels that serve interstate commerce.

Determination of Maintenance of Effort (MOE):

To be able to earn a credit, a State must satisfy the MOE determination. This determination covers a State's non-Federal transportation capital expenditures over a 4-year period. The expenditures in the last year of the 4-year period must exceed the annual average of the expenditures in the preceding three years of the 4-year period.

In determining the 12 month period to use for the fiscal years in the MOE determination, a state can use the 12 month period represented by the FFY or the 12 month period for the fiscal year(s) of the entities whose expenditures are included in the MOE. SCDOT chose to use the SFY in both calculations.

SCDOT selected MOE Alternate 1 of the 4 available in determining MOE (Attachment A).

- MOE Alternate 1 - This alternate uses the 4 years prior to the SFY for which a credit is being determined. For example, if a toll credit is to be earned for SFY 1998, a MOE Alternate 1 determination would compare FY 1997 expenditures with the annual average expenditures for SFYs 1994, 1995 and 1996.

Request and Approval of Credit:

- South Carolina Department of Transportation (SCDOT) request for approval as shown on (Attachment A) for the sum of **\$217,934,915** for eligible capital expenditures made in SFY 1996 through SFY 2002. The attachment outlines the

- MOE for each year and capital improvement expenditures for the Cross Island Parkway located in Beaufort and Southern Connector located in Greenville.
- Both the Cross Island Parkway and Southern Connector are open to public travel and serve interstate commerce.
 - The Cross Island Parkway is owned and operated by the South Carolina Department of Transportation and was financed with bonds issued by the State of South Carolina.
 - The Southern Connector is owned and operated by Connector 2000 Association under the terms of a licensing agreement with the South Carolina Department of Transportation and was financed with bonds issued by the association.
 - SCDOT's request includes a certification (Attachment B) that 1) the credit and MOE determinations have been based on expenditures for improvements that meet the eligibility criteria, and 2) there is on file adequate documentation to support the amounts included in the these determinations. This documentation is available for audit or inspection.

Approval Authority for Toll Credits:

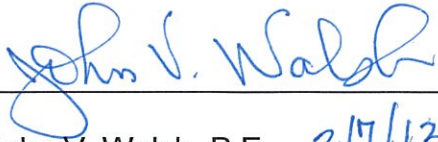
Toll Credits and Maintenance of Effort (MOE) determination are to be approved by the FHWA Division Administrator (DA).

SCDOT Special Account to Track Credits:

SCDOT will establish a special account to track appropriate use of approved toll credits. The State will place into the special account the amount of credit that the FHWA has approved. When the State requests authorization of a project using the toll credit, it shall request that all or a portion of the non-Federal share be credited from the special account. These projects will be processed and administered in accordance with normal procedures except that the amount of funds authorized on the project and the Federal participation will be increased. When the State submits a request to use credits from the special account, it will reduce the account by the amount applied to a project. The amount of non-Federal share credited will be deducted from the unobligated balance of Federal-aid funds available and charged to the State's obligation limitation. In accordance with 23 U.S.C. 120(j)(1)(A), toll credits may not be applied to projects funded with FHWA Emergency Relief funds.

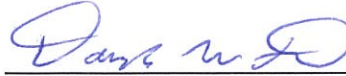
SCDOT proposes to utilize the flexibility of the approved toll credits allowed under Section 120(j) of 23 USC toward non-Federal matching share of programs authorized by Title 23 and for transit programs authorized by Chapter 53 of Title 49 in no less than 6 years and no more than 12 years. SCDOT will provide annual status reports summarizing toll credits utilized.

Recommended:



John V. Walsh, P.E. 2/7/13 - Date
Deputy Secretary for Engineering

Recommended:



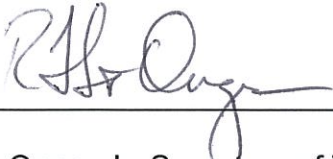
Douglas W. Frate 2/6/2013 - Date
Deputy Secretary for Intermodal & Freight

Recommended:



Christy A. Hall, P.E., C.P.M. 2-7-13 - Date
Deputy Secretary for Finance & Administration

Approved:



Robert J. St. Onge, Jr. Secretary of Transportation 2/7/13 - Date
South Carolina Department of Transportation

Approved:



Robert L. Lee, Division Administrator 2/13/13 - Date
Federal Highway Administration
South Carolina Division

Attachment A

Verified Toll Expenditures for Credit Determination (SFY)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Cross Island Parkway (Source: Allotment Ledger System)					\$ 951,176	\$ 26,205,940	\$ 15,126,797	\$ 2,714,031	\$ 2,056		
Southern Connector (Source: Annual Audit Reports)							\$ 28,041,405	\$ 64,616,754	\$ 63,698,669	\$ 15,382,049	\$ 2,147,214

MOE Calculations (Alternative Method 1)

SCDOT Program Expenditures (Total Expenditures less Federal Reimbursements)

SCDOT Program Expenditures (Total Expenditures less Federal Reimbursements)	\$ 158,897,676	\$ 152,610,101	\$ 139,779,415	\$ 128,211,984	\$ 157,716,962	\$ 203,250,852	\$ 166,159,498	\$ 138,505,998	\$ 170,180,639	\$ 113,519,446	\$ 56,037,953
CTC Program Expenditures			\$ 42,179,200	\$ 32,606,229	\$ 51,523,111	\$ 74,811,043	\$ 94,934,779	\$ 124,699,985	\$ 57,286,867	\$ 84,711,832	\$ 87,675,410
SIB Program Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,998,819	\$ 69,936,479	\$ 164,632,883	\$ 138,195,387	\$ 265,107,297
Total State Expenditures	\$ 158,897,676	\$ 152,610,101	\$ 181,958,615	\$ 160,818,213	\$ 209,240,073	\$ 278,061,895	\$ 275,093,096	\$ 333,142,462	\$ 392,100,389	\$ 336,426,665	\$ 408,820,660

Average Expenditures (For 3 Years Prior to Year Credits Earned)

Average Expenditures (For 3 Years Prior to Year Credits Earned)				\$ 164,488,797	\$ 165,128,976	\$ 184,005,634	\$ 216,040,060	\$ 254,131,688	\$ 295,432,484	\$ 333,445,316	
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Total State Expenditures > or = Average?

No Yes Yes Yes Yes Yes Yes

State expenditures must be greater than or equal to the average of the prior three years expenditures to meet MOE requirements. If yes, the credits calculated for subsequent year are eligible for approval.

Credits Determined Eligible					\$ 26,205,940	\$ 43,168,202	\$ 67,330,785	\$ 63,700,725	\$ 15,382,049	\$ 2,147,214	\$ 217,934,915
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To: Christy Hall

From: Alfred Comfort, III

Date: January 11, 2013

Re: South Carolina Department of Transportation (SCDOT) Toll Credit Application: Toll Credit for Non-Federal Aid Share, Section 120 (j) of 23 USC.

SCDOT Accounting has reviewed prior year financial statements and reports and hereby certifies that the information shown in the attachment provides sufficient documentation for the calculation of the non-Federal transportation capital expenditures for the Maintenance of Effort (MOE) from 1992 - 2002. Additionally, capital improvement costs expended for the Cross Island Parkway Toll Road located in Hilton Head, and the Southern Connector located in Greenville, South Carolina are also confirmed with this letter. This certification provides for a total of \$217,934,915 of Toll Credits utilizing MOE 1. The documentation to support this amount is on file at SCDOT and this documentation is available for audit purposes or further inspection.

Respectfully submitted,
Alfred Comfort, III

A handwritten signature in blue ink that reads "Alfred Comfort, III".

SCDOT Financial Controller

Attachment:

CC: James Warren, CFO

Attachment: B