



MISSOURI HIGHWAYS AND TRANSPORTATION COMMISSION
Official Minutes

TABLE OF CONTENTS
September 3, 2025

VOTE TO CLOSE MEETING

COMMISSION/DIRECTOR ITEMS

Commission Workshop: Debt and Bonding Program 5

**MINUTES OF THE SPECIAL HIGHWAYS AND TRANSPORTATION
COMMISSION MEETING HELD IN BRANSON, MISSOURI,
WEDNESDAY, SEPTEMBER 3, 2025**

A special meeting of the Missouri Highways and Transportation Commission was held on Wednesday, September 3, 2025, at Branson Convention Center, Short Creek 3, 200 South Sycamore Street, Branson, Missouri. Warren K. Erdman, Chair, called the meeting to order at 1:00 p.m. The following Commissioners were present: Gregg C. Smith, Daniel J. Hegeman, Francis G. Slay, and Ann Marie Baker.

W. Dustin Boatwright, P.E. was absent.

The meeting was called pursuant to Section 226.120 of the Revised Statutes of Missouri, as amended. The Secretary verified that notice of the meeting was posted in keeping with Section 610.020 of the Revised Statutes of Missouri, as amended.

* * * * *

* * * * *

Ed Hassinger, Director of the Missouri Department of Transportation; Terri Parker, Chief Counsel to the Commission; and Jennifer Jorgensen, Secretary to the Commission, were present on Wednesday, September 3, 2025.

* * * * *

*“Department” or “MoDOT” herein refers to Missouri Department of Transportation.
“Commission” or “MHTC” herein refers to Missouri Highways and Transportation Commission.*

-- CLOSED MEETING --

VOTE TO CLOSE MEETING

The agenda of the closed meeting was posted in keeping with Sections 610.020 and 610.022, RSMo, including the following statutory citations allowing the meeting to be closed:

1. Section 610.021(1) – Legal actions and attorney-client privileged communications.
2. Section 610.021(3), (13) – Personnel administration regarding particular employees.
3. Section 610.021(11), (12) – Competitive bidding specs, sealed bids, or negotiated contracts.

Upon motion duly made and seconded to convene in closed session, the Chairman called for a voice vote of the members. The vote was as follows:

Commissioner Erdman, Aye
Commissioner Boatwright, Absent
Commissioner Smith, Aye
Commissioner Slay, Aye
Commissioner Hegeman, Aye
Commissioner Baker, Aye

The Commission met in closed session on Wednesday, September 3, 2025, at 3:00 p.m. and adjourned at 4:45 p.m.

* * * * *

*“Department” or “MoDOT” herein refers to Missouri Department of Transportation.
“Commission” or “MHTC” herein refers to Missouri Highways and Transportation Commission.*

-- OPEN MEETING --

COMMISSION/DIRECTOR ITEMS

COMMISSION WORKSHOP: DEBT AND BONDING PROGRAM

The Commission held a special meeting to discuss the Commission’s outstanding debt and proposed bond issuance for the Improve I-70 program. The Governor and Missouri General Assembly recognized the need for the expansion of Interstate 70 across the state by passing and signing Conference Committee Substitute for Senate Committee Substitute for House Committee Substitute for House Bill No. 4 during the 2023 legislative session. House Bill 4 authorized the Office of Administration and the Commission to execute a financing agreement to pledge sufficient State moneys to be the first recourse for payment of the debt service on Commission bonds issued to finance the planning, designing, constructing, reconstructing, rehabilitating, and significant repair of Interstate 70 on the State Highway System to provide three lanes of traffic going east to west and going west to east across the state of Missouri. This workshop reviewed the department’s debt management history, the current events that provided additional funding, and what steps will need to be taken to issue bonds for transportation projects.

Bond financing allows the department to provide much needed infrastructure improvements to the traveling public sooner than pay-as-you-go funding allows. Building projects sooner results in cost savings by reducing project inflation costs, while at the same time advancing economic development, improving safety, and easing congestion. The Commission has a three-lien structure in place: Amendment 3 bonds (First Lien and Third Lien), Federal Reimbursement bonds (Grant Anticipation Revenue Vehicle [GARVEE] Bonds), and Mega Projects Bonds, for specific projects like the Improve I-70 Program and the Forward 44 project.

The Commission currently has \$1.128 billion in outstanding bonds. Between December 2000 and December 2023, the Commission borrowed \$4.9 billion through new money bonds and \$1.5 billion through refunding bonds. The current outstanding bonds are projected to be paid in full on May 1, 2033.

History

The following is a summary of the recent history of Commission bond issuances. During the 2000 legislative session, the Missouri General Assembly passed legislation authorizing the Missouri Highways and Transportation Commission (MHTC) to borrow up to \$2.25 billion of bonds. The intent was to jumpstart road and bridge construction prior to passing a statewide tax increase for transportation. From December 2000 through November 2003, the Commission borrowed a total of \$907 million for statewide construction projects through four bond series. The Commission did not utilize the entire bonding authority after Proposition B, a proposal to increase the state motor fuel tax by four cents per gallon and the general sales tax by one-half percent, was defeated by voters by a 3-to-1 margin in 2002. The funds borrowed under this authority are referred to as Senior Lien Bonds. A portion of these bonds were refunded in December 2006 and November 2010, resulting in savings of \$27 million and \$13 million, respectively. On two occasions the Commission authorized the calling of Senior Lien Bonds; first in December 2010 and again in December 2016. These bonds were called in February 2011, February 2017, and May 2017, resulting in savings of \$0.6 million, \$12.8 million, and \$9.8 million, respectively. These bonds are paid off and this lien is closed.

In November 2004, Amendment 3 was voter-approved as a constitutional amendment and redirected a portion of the statewide sales tax on motor vehicle purchases from the state's General Revenue Fund to a newly created State Road Bond Fund. The law mandated the redirected revenue be used to repay bonds until January 1, 2009. After January 1, 2009, the amount not needed for debt service or to maintain a reserve would require a General Assembly appropriation of the unused funds from the State Road Bond Fund to the State Road Fund, which would then be used on pay-as-you-go projects. Using the new revenue

for bond repayment allowed the Commission to deliver projects faster. The Commission borrowed a total of \$2.7 billion through nine series of Amendment 3 Bonds. A significant decrease in the annual debt service payment occurs in fiscal year 2027 as a result of the First Lien Bonds being paid in full. The final payment date for the Amendment 3 Bonds is May 1, 2033. A portion of these bonds were refunded in June 2014 resulting in savings of \$123 million. The Commission borrowed \$178.4 million in December 2019 and \$89 million in December 2021 in bonds for the Focus on Bridges Program. The Focus on Bridges Program constructs, reconstructs, rehabilitates, or significantly repairs 250 bridges around the state. These bonds were issued under the third lien of Amendment 3.

From 2008 to 2010, three major projects utilized debt financing: the New I-64 in St. Louis, the Safe and Sound Bridge Improvement Program, and the Stan Musial Veterans Memorial Bridge in St. Louis. The Commission used GARVEE Bonds, which is debt used to finance federal transportation improvements, to pay for all or a portion of the projects. The Commission borrowed a total of \$928 million through five GARVEE Bond series. The final payment date for the GARVEE Bonds is May 1, 2033. A portion of these bonds were refunded in May 2019 resulting in savings of \$9.5 million.

The Commission borrowed funds using various types of bonds. The largest percentage was tax exempt fixed rate debt (\$941.5 million outstanding). In 2009 and 2010, the MHTC utilized Build America Bonds (BABs), which are sold as fixed rate taxable bonds that receive an interest subsidy payment from the U.S. Treasury. The BABs utilized by the Commission resulted in lower net interest rates when compared to the traditional tax-exempt bonds. The Commission currently has \$307.2 million of BABs outstanding. Due to sequestration (spending cuts mandated under the 2011 federal budget resolution), the Commission may not receive the full amount of the interest subsidy payments due from the federal government on the BABs. The interest subsidy payments were reduced by \$500,000 in fiscal year 2025.

Events

The following is a review of recent events that have led to additional funding and bonding authority. Governor Mike Parson recognized the need for additional funding for infrastructure projects in Missouri and in January 2023 put forth a proposal to improve Interstate 70 by adding a third lane across the state. As passed by the 2023 General Assembly and signed by the Governor, \$1.4 billion was appropriated from State General Revenue to pay a portion of the costs to improve I-70. House Bill 4 also authorized \$1.4 billion of bonding authority to pay another portion of the costs to improve I-70. The legislation set some limits on the bonding authority. The fiscal year debt service cannot exceed \$136 million, each bond series should not exceed fifteen years. MoDOT will receive state appropriations to pay annual debt service. The Improve I-70 program will result in the addition of three lanes from Wentzville to Blue Springs and is funded with \$1.4 billion in general revenue and \$1.4 billion from bonding authority.

Policy

The issuance of new debt by the Commission will be in accordance with the Commission's Debt Management Policy. The Commission first approved its Debt Management Policy in May 2000, with the latest revision approved by the Commission in October 2023. The Commission adopted a Debt Management Policy to ensure each debt financing is completed in the most efficient and effective manner and in accordance with the best practices of the industry to achieve the Commission's fiscal management goals and objectives. The Debt Management Policy limits the amount of debt the Commission can borrow by capping annual debt service to no more than five percent of the annual Total Road and Bridge Revenue, not including Amendment 3 revenues. New or additional funding sources, such as Amendment 3 or General Revenues, may be designated for the exclusive purpose of covering debt service to advance construction projects and these may be considered beyond and apart from the five percent limit. Debt obligations include debt service on bonds; loan repayments to the State Infrastructure Bank; leases of one year or longer; and repayment to local entities for accelerated program payments. The accelerated program

is MoDOT's reimbursement to other entities, usually local governments, for proceeds they provided to accelerate construction projects. When comparing the Commission's estimated debt obligations compared to the estimated debt limitations, the Commission is in compliance with the Debt Management Policy. The Commission's policy is conservative and allows the department to focus on preserving the existing system through asset management and continue to be able to operate and maintain the system.

Proposed Bond Program and Issuance

New debt may be issued with the authority granted by Conference Committee Substitute for Senate Committee Substitute for House Committee Substitute for House Bill 4 passed during the 2023 legislative session. House Bill 4 authorizes the Office of Administration and the Commission to execute a financing agreement to pledge sufficient state moneys to be the first recourse for payment of the debt service on Commission bonds issued to finance the planning, designing, construction, reconstruction, rehabilitation, and significant repair of Interstate 70 on the State Highway System to provide three lanes of traffic each direction across the state of Missouri. House Bill 4 authorized \$1.4 billion of bonding proceeds available for I-70 projects with the term of each bond issue not to exceed 15 years and total annual debt service not to exceed \$136 million. The debt service will be paid from future appropriations made by the General Assembly from the state General Revenues to the State Road Fund. This bond issuance is unique because the Commission is using its constitutional authority to borrow, but the legislature has authorized the payment of debt service through general revenue.

The department proposed adding a new bonding program titled "State Appropriations Mega Projects State Road Bonds." This program is specifically created for when the Governor and General Assembly appropriate state revenues for specific projects like the Improve I-70 program.

Eric Schroeter, Deputy Director, provided an overview of the Improve I-70 program. He noted it has been two years since the money was authorized for this program, and MoDOT is moving at lightening speed. The project is currently two years in and there is \$1.3 billion worth of work under contract.

Kingdom City to Columbia is well underway with contractors currently paving. Wentzville to Warrenton is also underway with paving, railroad bridge construction, and interchange modifications. Blue Springs to Odessa will begin construction within the next month. For Columbia to Rocheport, the design-build teams are submitting proposals.

The department recommended proceeding with a competitive sale for the State Appropriations Mega Projects State Road Bonds, Series A 2025. This issuance is projected to be in compliance with the Debt Management Policy and below the debt limitations. The proposed bond sale schedule will begin with a presentation to the rating agencies on October 23. On October 31, the Series A 2025 ratings will be released. On November 6, the department will seek Commission approval of the resolution authorizing the sale of the bonds. At the December 3 Commission meeting, the department will report the final sale results, with anticipated delivery of the funds on December 16. The Commission's current credit rating remains high with each credit rating agency. These good ratings are anticipated to continue with this new debt issuance. Brenda Morris, Chief Financial Officer, noted for this transaction the department is planning to issue \$481.8 million of bonds to get approximately \$500 million in bond proceeds. She also highlighted the need to issue additional bonds in fiscal year 2026 and fiscal year 2028. After the sale, the department will file the necessary Continuing Disclosure/Post-Issuance Compliance reports. The department will also continue to produce its annual debt management report for the July Commission meeting and summarize any debt activity for the year.

Following discussion, the Commission commended the department and its excellent stewardship of the Commission's debt. Commissioner Erdman also noted the professionalism and great work to make the organization a better place. No action was taken at this meeting as recommendations for action will be made by the department at a later date.

* * * * *

* * * * *

By unanimous consensus of all members present, the meeting of the Commission adjourned.

* * * * *

* * * * *

The Mission of the Missouri Highways and Transportation Commission is to:

- Represent the citizens of Missouri pursuant to the Constitution by providing independent and nonpartisan governance of the Missouri Department of Transportation; and
- Establish policies, exercise oversight, and ensure accountability in developing and maintaining a world class transportation system in Missouri which fosters safety and economic development.

* * * * *