



**MISSOURI HIGHWAYS AND TRANSPORTATION
COMMISSION**

Official Minutes

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**MINUTES OF THE HIGHWAYS AND TRANSPORTATION COMMISSION MEETING
HELD IN WEBB CITY, MISSOURI,
THURSDAY, SEPTEMBER 30, 2021**

A meeting of the Missouri Highways and Transportation Commission was held on Thursday, September 30, 2021, in the General Aviation-Community Room at the Joplin Regional Airport, 5501 Dennis Weaver Drive, Webb City, Missouri. Robert G. Brinkmann, P.E., Chair, called the meeting to order at 1:30 p.m. The following Commissioners were present: John W. Briscoe, Gregg C. Smith, Michael T. Waters, Jr., Terry L. Ecker, and W. Dustin Boatwright, P.E.

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.

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Patrick McKenna, Director of the Missouri Department of Transportation; Rich Tiemeyer, Chief Counsel for the Commission; and Pamela J. Harlan, Secretary to the Commission, were present on Thursday, September 30, 2021.

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*“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 second bond issuance for the Governor’s Focus on Bridges program. The department supports future targeted bond issues for projects with long term benefits that comply with the MHTC’s conservative Debt Management Policy. The Commission currently has \$1.371 billion in outstanding bonds. This workshop reviewed the department’s debt management history, 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 allowed. 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 five-lien structure in place: Senior Lien bonds, Amendment 3 bonds (First Lien, Second Lien, and Third Lien) and Federal Reimbursement bonds {Grant Anticipation Revenue Vehicle (GARVEE) Bonds}. The Amendment 3 Third Lien includes Series B 2019 for Focus on Bridges program and will include the proposed Series A 2021 bond issuance for the Focus on Bridges program.

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 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. The funds borrowed under this authority are referred to as Senior Lien Bonds. This lien is closed except for refunding and the final payment date for the Senior Lien Bonds is February 1, 2023.

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. The Commission borrowed a total of \$1.98 billion through six series of Amendment 3 Bonds. The final payment date for the Amendment 3 Bonds is May 1, 2029.

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.

The Governor and Missouri General Assembly recognized the need for the repair or replacement of bridges on the state highway system by passing and signing Senate Substitute #2 for Senate Concurrent Resolution 14 (SCR 14) during the 2019 legislative session. The General Assembly appropriated from State General Revenue to replace or repair forty-five bridges in Fiscal Year 2020. In July 2019, MoDOT received an \$81.2 million INFRA Grant from the U.S. Department of Transportation that will facilitate the construction of a new I-70 Missouri River Bridge at Rocheport and I-70 climbing lanes at Mineola

Hill in Montgomery County – two significant improvements to the I-70 freight corridor. Award of the INFRA grant triggered a \$301 million bonding program, authorized by SCR 14, which will repair or replace an additional 215 bridges across the state. The Focus on Bridges program will result in the repair or replacement of 250 bridges and is funded with \$50 million in general revenue and \$301 million from bonds of which \$201 million was issued in November 2019 (Amendment 3 Third Lien Series B 2019). The department reviewed the proposed second bond issuance of \$100 for the Governor’s Focus on Bridges program (Amendment 3 Third Lien Series A 2021).

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 February 2019. The Commission adopted a Debt Management Policy to ensure that 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, 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; lease payments on vehicles, equipment, and office buildings; 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 Issuance

New debt will be issued with the authority granted by Senate Substitute #2 for Senate Concurrent Resolution 14 (SCR 14) passed during the 2019 legislative session. SCR 14 authorizes the Office of Administration and the Commission to execute a financing agreement to pledge sufficient state General Revenue Fund 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 215 state bridges. The total estimated project costs are not to exceed \$301 million, the bonds will be payable over a term not to exceed seven years, and 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 resolution takes effect upon the department's acceptance of the federal INFRA grant. SCR14 lays the foundation for this bond issuance and 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 is planning to proceed with a competitive sale for the Third Lien State Road Bonds, Series A 2021. 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 19. On November 1, the Series A 2021 ratings will be released. On November 2, the department will seek Commission approval of the resolution authorizing the sale of the bonds. At the December 1 Commission meeting, the department will report the final sale results, with anticipated delivery of the funds on December 15. 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. 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 leadership for its excellent stewardship of transportation revenues over the years. The Commission also commended the department for their educational presentation of the Commission's debt management. No action was taken at this meeting as recommendations for action will be made by the department at a later date.

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

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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.

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