

Posted:  
MHTC Central Office  
105 West Capitol  
Jefferson City, Missouri 65101

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Jennifer Jorgensen  
Secretary to the Commission  
(573) 751-2824

## Missouri Highways and Transportation Commission Tentative Agenda

*This meeting will be available to watch live stream at [www.modot.org/mhtc/live](http://www.modot.org/mhtc/live).*

Department of Transportation Building  
105 West Capitol Avenue  
Jefferson City, MO

March 4, 2026

Open Meeting 9:00 a.m.

- |   | <u>Est. Time</u> |
|---|------------------|
| 1. <b><u>Non-Action Item</u></b> – <b><u>Commission Workshop: Debt and Bonding Program.</u></b><br><i>Brenda Morris, Chief Financial Officer, and Jon Burmeister, PFM Financial<br/>Advisors, LLC</i> | 9:00 – 10:15     |
| <b>Recess.</b>  | 10:15 – 10:30    |



# Workshop

## **COMMISSION WORKSHOP: DEBT AND BONDING PROGRAM**

-- Presented by Brenda Morris, Chief Financial Officer, 573-526-5688, and Jon Burmeister, PFM Financial Advisors LLC.

**ISSUE:** This workshop will include discussions about the Missouri Highways and Transportation Commission's (MHTC) outstanding debt and proposed Amendment 3 bond issuance for the Third Lien State Road Bonds, Series A 2026.

### **RECOMMEND that the Commission:**

- This item is for information only; no action is required.

### **DEPARTMENT VIEW:**

- Bond financing allows the Missouri Department of Transportation (MoDOT) 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 MHTC has three bond programs in place: Amendment 3 (First Lien and Third Lien), Federal Reimbursement (Grant Anticipation Revenue Vehicle (**GARVEE**) Bonds), and State Appropriations Mega Projects Bonds.
- MoDOT supports future targeted bond issues for projects with long term benefits that comply with the MHTC's conservative Debt Management Policy.
- The MHTC currently has \$1.568 billion in outstanding bonds.

### **OTHER VIEWS:**

- MoDOT's financial advisor, PFM Financial Advisors LLC (PFM), believes investors are ready for new MHTC bonds. A strong demand for municipal bonds and the MHTC's conservative Debt Management Policy should result in the MHTC receiving a favorable True-Interest Cost (TIC).
- Credit rating agencies view MHTC's Debt Management Policy and its conservative approach to using debt in a positive manner. The result is credit ratings assigned to the MHTC's outstanding bonds ranging from "AAA" to "AA+". Of the \$1.568 billion of outstanding bonds, the MHTC has \$649 million in outstanding bonds which are rated by at least one of the credit rating agencies as "AAA" or "Aaa," which is the highest credit rating available.

### **MHTC POLICY:**

- Financial – Debt Management – Bond Financial Summary.
- Financial – Debt Management Policy.

### **OTHER PERTINENT INFORMATION:**

- The Series A 2026 bond proceeds will provide funding for projects in the Statewide Transportation Improvement Program (STIP).
- 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 in the State Road Bond Fund which the Commissioner of Administration and the Highways and Transportation Commission each certify is 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. Per the Commission policy, before proceeding with certification, the Commission should consider whether there are state highway construction projects that will benefit from the issuance of state road bonds. Using the new revenue for bond repayment allowed the MHTC to deliver projects faster. The MHTC borrowed a total of \$2.43 billion from fiscal years 2006-2023, not including the bond issuances for the Focus on Bridges program, which was done within the third lien of this program.

- The current MHTC Debt Management Policy was approved in October 2023.
- The annual Debt Management Report presented to the Commission on July 9, 2025, is provided in Attachment 1.

**SOURCE OF FUNDING:** State Road Fund and State Road Bond Fund revenues.



# Missouri Highways and Transportation Commission Debt Workshop

Missouri Department of Transportation

PFM

Gilmore & Bell

March 4, 2026

# Introductions



- MHTC Members
- MoDOT Staff
- Financial Advisor – PFM
- Bond Counsel – Gilmore & Bell

# Agenda/Objectives



- Overview of the Bonding Program
- Overview of the Amendment 3 Bonding Program
- Considerations & Scenarios
- Market Overview
- Preliminary Schedule for Proposed Bond Transaction

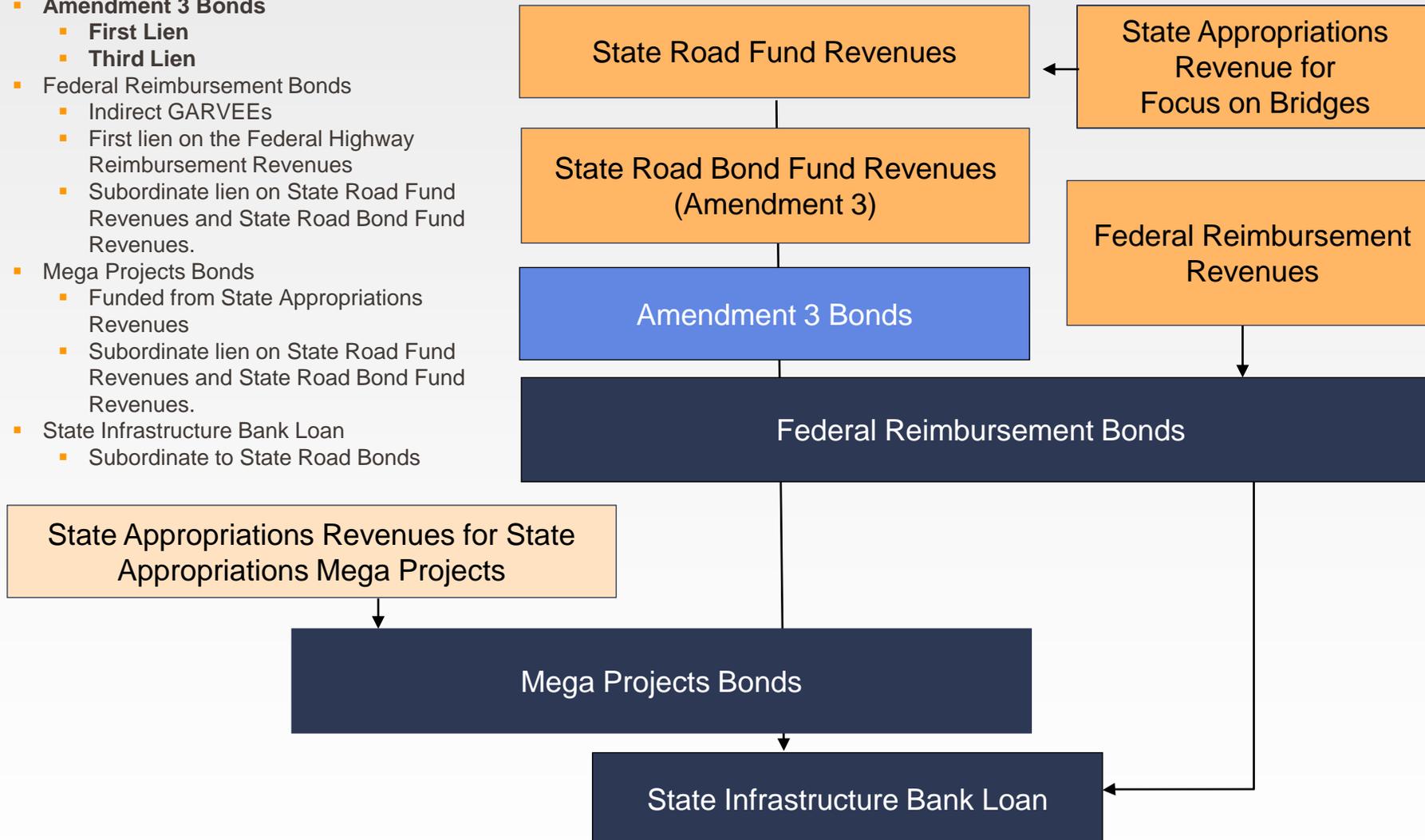


# Overview of the Bonding Program

# MHTC Lien Structure



- **Amendment 3 Bonds**
  - **First Lien**
  - **Third Lien**
- **Federal Reimbursement Bonds**
  - Indirect GARVEEs
  - First lien on the Federal Highway Reimbursement Revenues
  - Subordinate lien on State Road Fund Revenues and State Road Bond Fund Revenues.
- **Mega Projects Bonds**
  - Funded from State Appropriations Revenues
  - Subordinate lien on State Road Fund Revenues and State Road Bond Fund Revenues.
- **State Infrastructure Bank Loan**
  - Subordinate to State Road Bonds



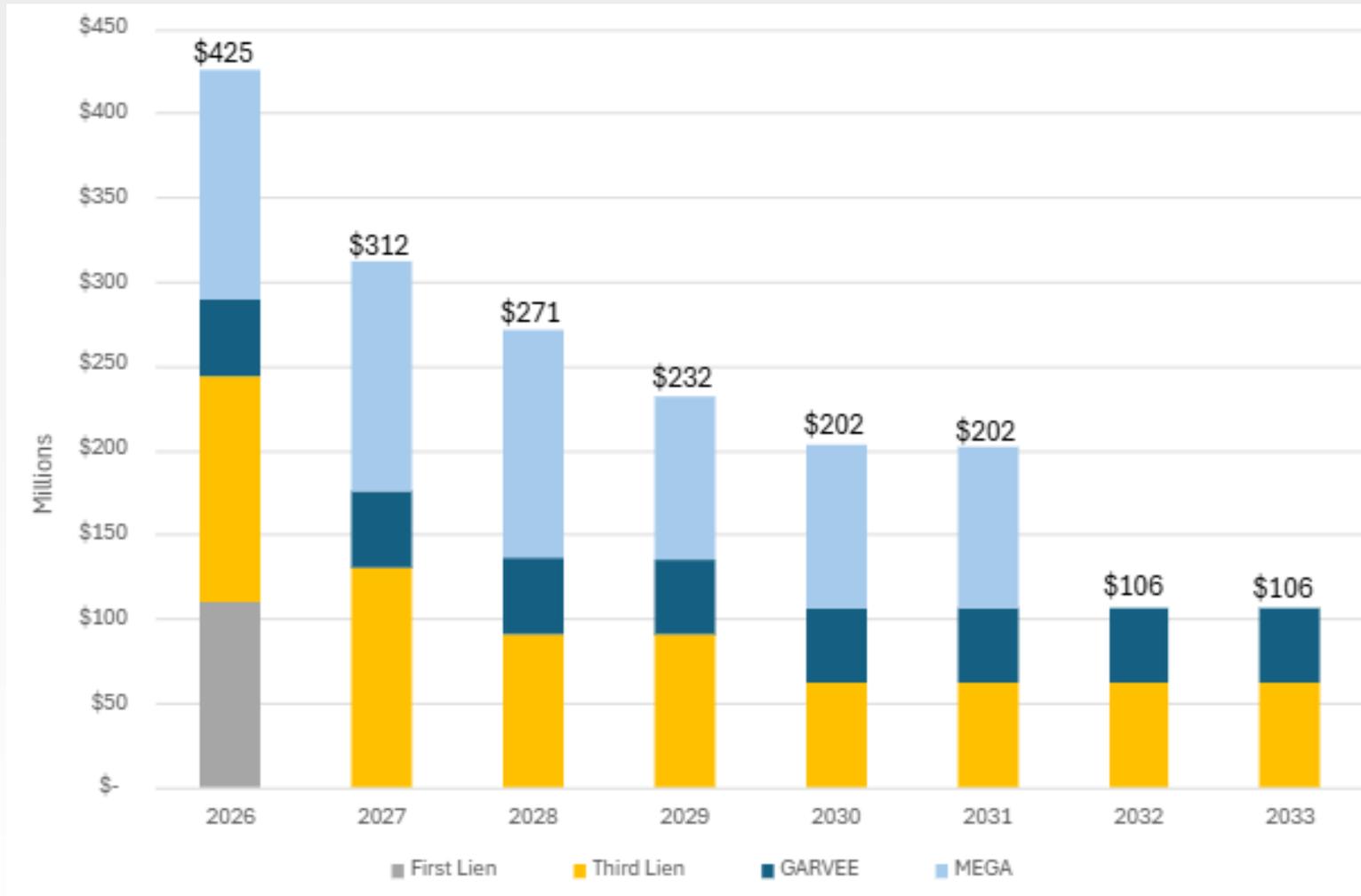
# MHTC State Road Bonds



Series	Par Issued	Par Outstanding *	Final Maturity
<b>Amendment 3 Bonds</b>			
<b>First Lien State Road Bonds</b>			
Series A 2014 - Refunding	\$589,015,000	\$104,510,000	5/1/2026
<b>Third Lien State Road Bonds</b>			
Series C 2009 (BAB)	\$300,000,000	\$106,235,000	5/1/2029
Series B 2019	\$178,370,000	\$23,600,000	11/1/2026
Series A 2021	\$88,955,000	\$15,465,000	11/1/2026
Series A 2022	\$453,005,000	<u>\$399,175,000</u>	5/1/2033
<b>Total Amendment 3 Bonds</b>		<b><u>\$648,985,000</u></b>	
<b>Federal Reimbursement State Road Bonds</b>			
Series B 2009 (BAB)	\$404,375,000	<u>\$307,225,000</u>	5/1/2033
<b>Total Federal Reimbursement Bonds</b>		<b><u>\$307,225,000</u></b>	
<b>State Appropriation Mega Projects Lien State Road Bonds</b>			
Series A 2023	\$381,610,000	\$129,520,000	5/1/2026
Series A 2025	\$481,780,000	\$481,780,000	5/1/2031
<b>Total State Appropriation Mega Projects Lien State Road Bonds</b>		<b><u>\$611,300,000</u></b>	
<b>Total State Road Bonds</b>		<b><u>\$1,567,510,000</u></b>	

\* Current bonds outstanding as of December 31, 2025

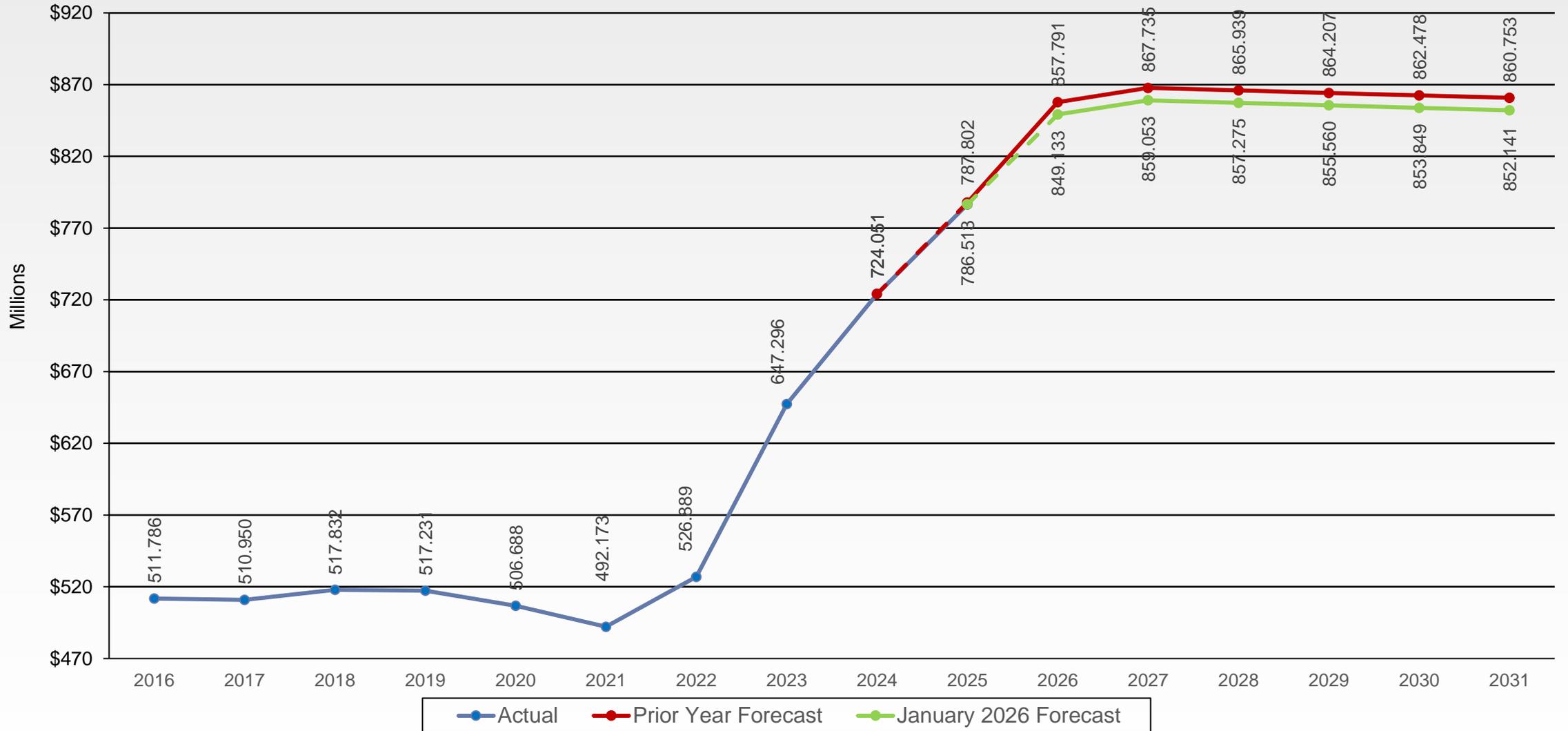
# Annual Debt Service by Lien\*



\*Does not include subordinate State Infrastructure Bank Loan with Missouri Transportation Finance Corporation.



# Motor Fuel Taxes



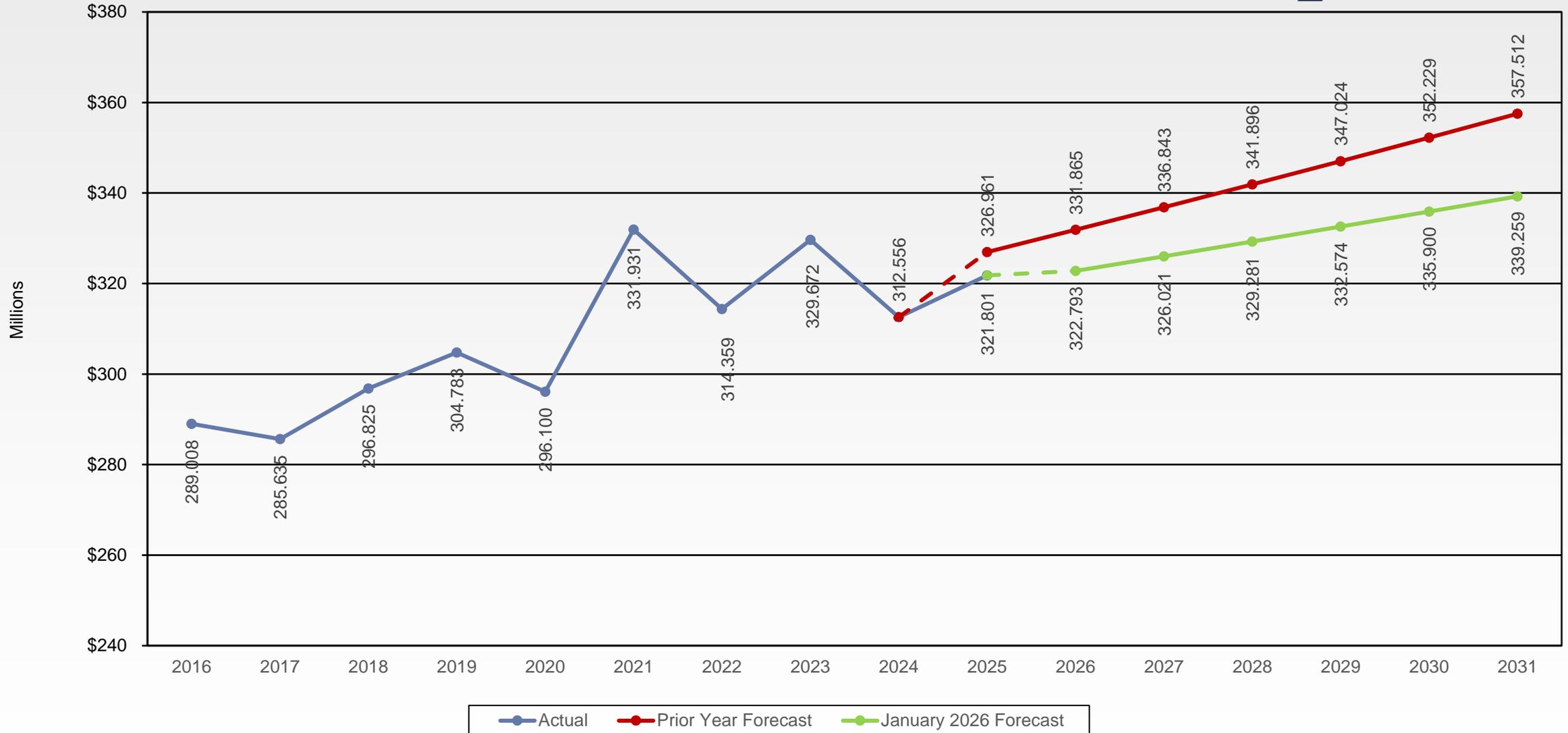
# FY 2026 Motor Fuel Tax



Fiscal Year 2026 (in millions)			
<u>Month</u>	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>
July	\$69.4	\$73.8	\$4.4
August	\$65.2	\$65.8	\$0.6
September	\$75.5	\$80.1	\$4.6
October	\$78.6	\$80.2	\$1.6
November	\$67.3	\$75.1	\$7.8
December	\$77.9	\$71.5	(\$6.4)
January	\$72.9	\$73.2	\$0.3
<b>TOTAL</b>	<b>\$506.8</b>	<b>\$519.7</b>	<b>\$12.9</b>



# Motor Vehicle & Drivers Fees



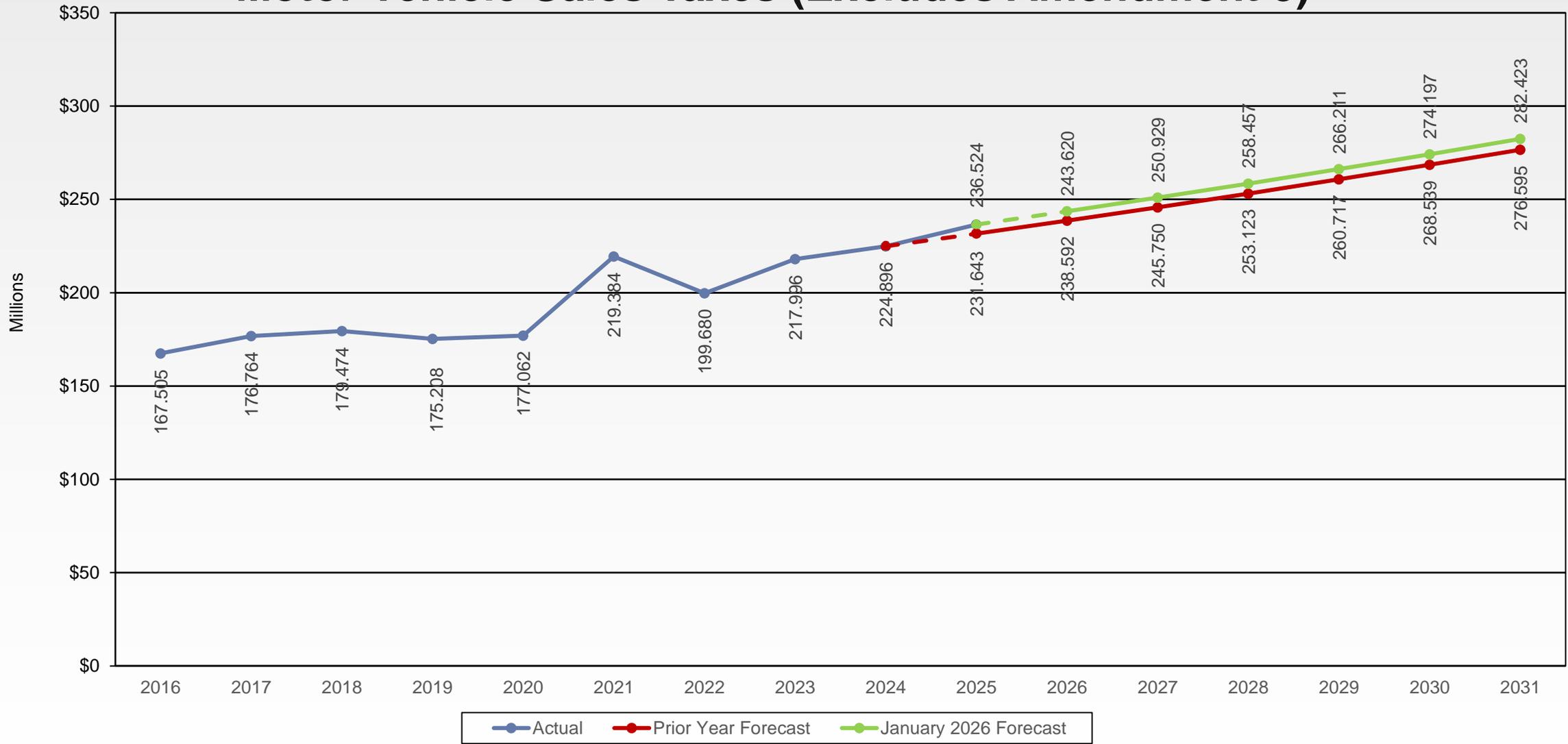
# FY 2026 Motor Vehicle & Driver Licensing Fees



Fiscal Year 2026 (in millions)			
<u>Month</u>	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>
July	\$25.6	\$21.2	(\$4.4)
August	\$24.2	\$23.0	(\$1.2)
September	\$21.9	\$22.5	\$0.6
October	\$24.1	\$24.5	\$0.4
November	\$24.7	\$21.3	(\$3.4)
December	\$34.4	\$32.7	(\$1.7)
January	\$33.9	\$37.2	\$3.3
<b>TOTAL</b>	<b>\$188.8</b>	<b>\$182.4</b>	<b>(\$6.4)</b>



# Motor Vehicle Sales Taxes (Excludes Amendment 3)



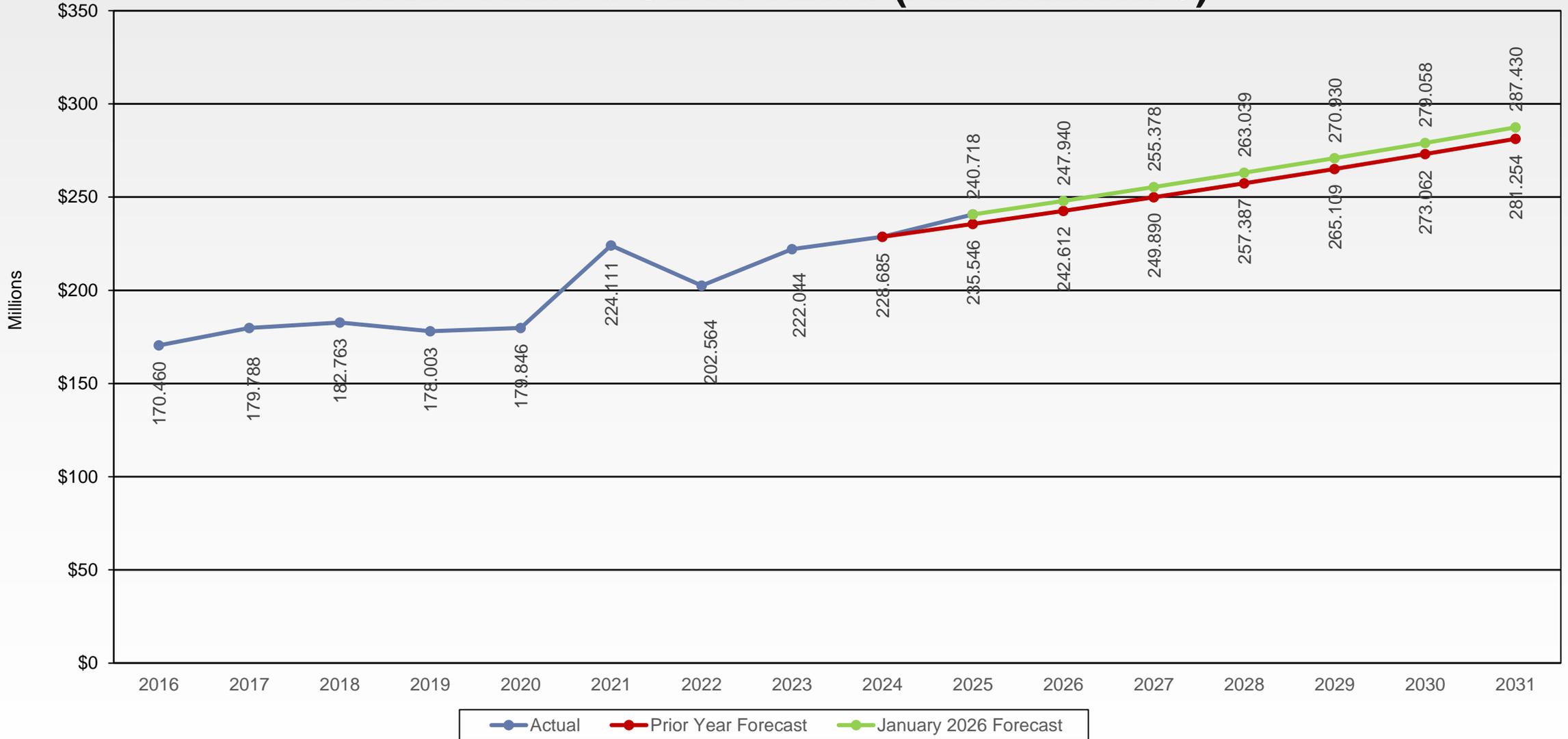
# FY 2026 Motor Vehicle Sales Tax (excluding Amendment 3)



Fiscal Year 2026 (in millions)			
<u>Month</u>	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>
July	\$23.5	\$17.4	(\$6.1)
August	\$20.2	\$20.1	(\$0.1)
September	\$19.8	\$21.5	\$1.7
October	\$21.9	\$22.7	\$0.8
November	\$19.0	\$18.8	(\$0.2)
December	\$17.9	\$16.6	(\$1.3)
January	\$19.7	\$18.4	(\$1.3)
<b>TOTAL</b>	<b>\$142.0</b>	<b>\$135.5</b>	<b>(\$6.5)</b>



# Motor Vehicle Sales Taxes (Amendment 3)



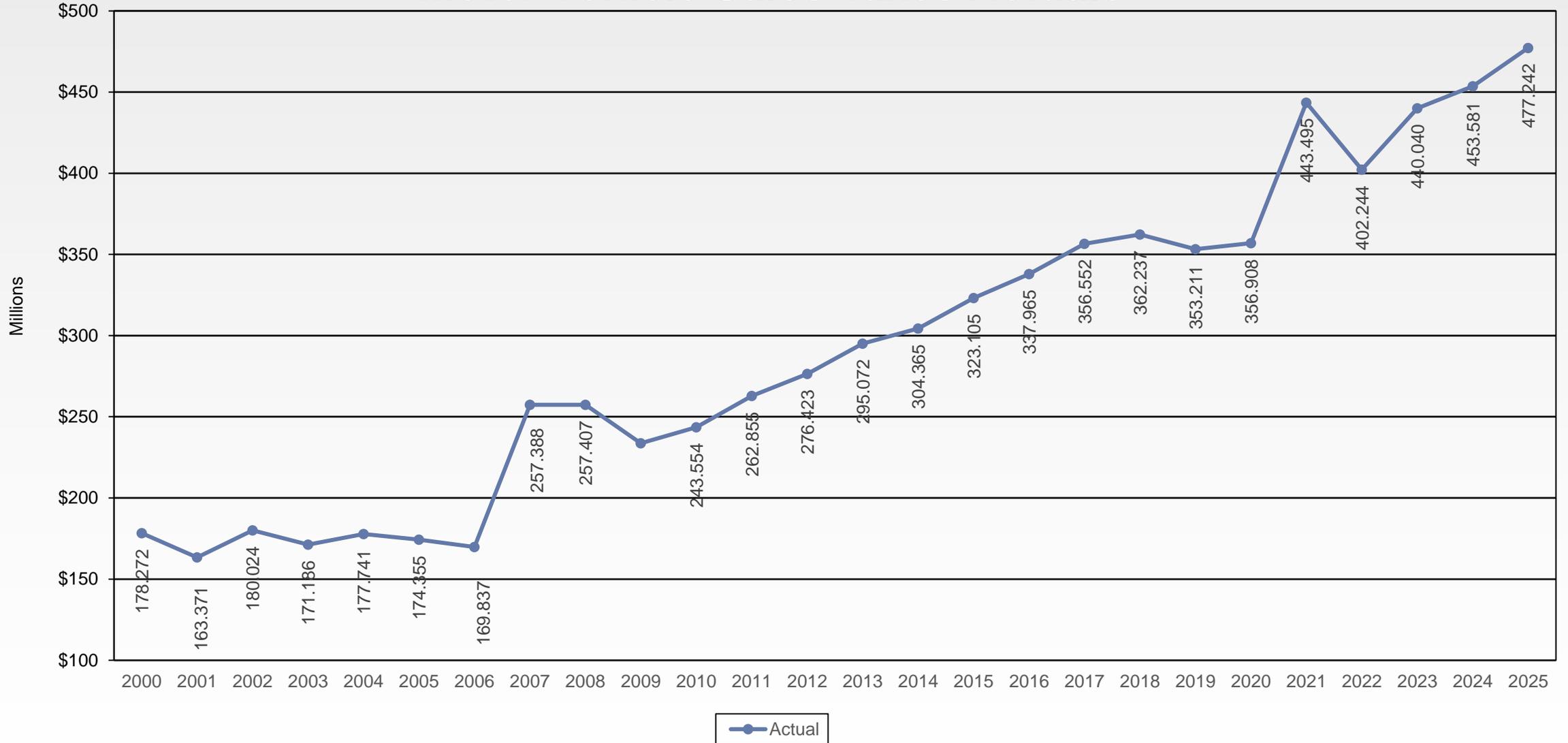
# FY 2026 Motor Vehicle Sales Tax (Amendment 3)



Fiscal Year 2026 (in millions)			
<u>Month</u>	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>
July	\$24.0	\$17.6	(\$6.4)
August	\$20.7	\$20.4	(\$0.3)
September	\$20.3	\$21.9	\$1.6
October	\$22.4	\$23.0	\$0.6
November	\$19.2	\$19.0	(\$0.2)
December	\$18.2	\$16.8	(\$1.4)
January	\$20.1	\$18.7	(\$1.4)
<b>TOTAL</b>	<b>\$144.9</b>	<b>\$137.4</b>	<b>(\$7.5)</b>



# Motor Vehicle Sales Taxes Actuals





# Specific Project vs. Bonding Program Funding

## Specific Project

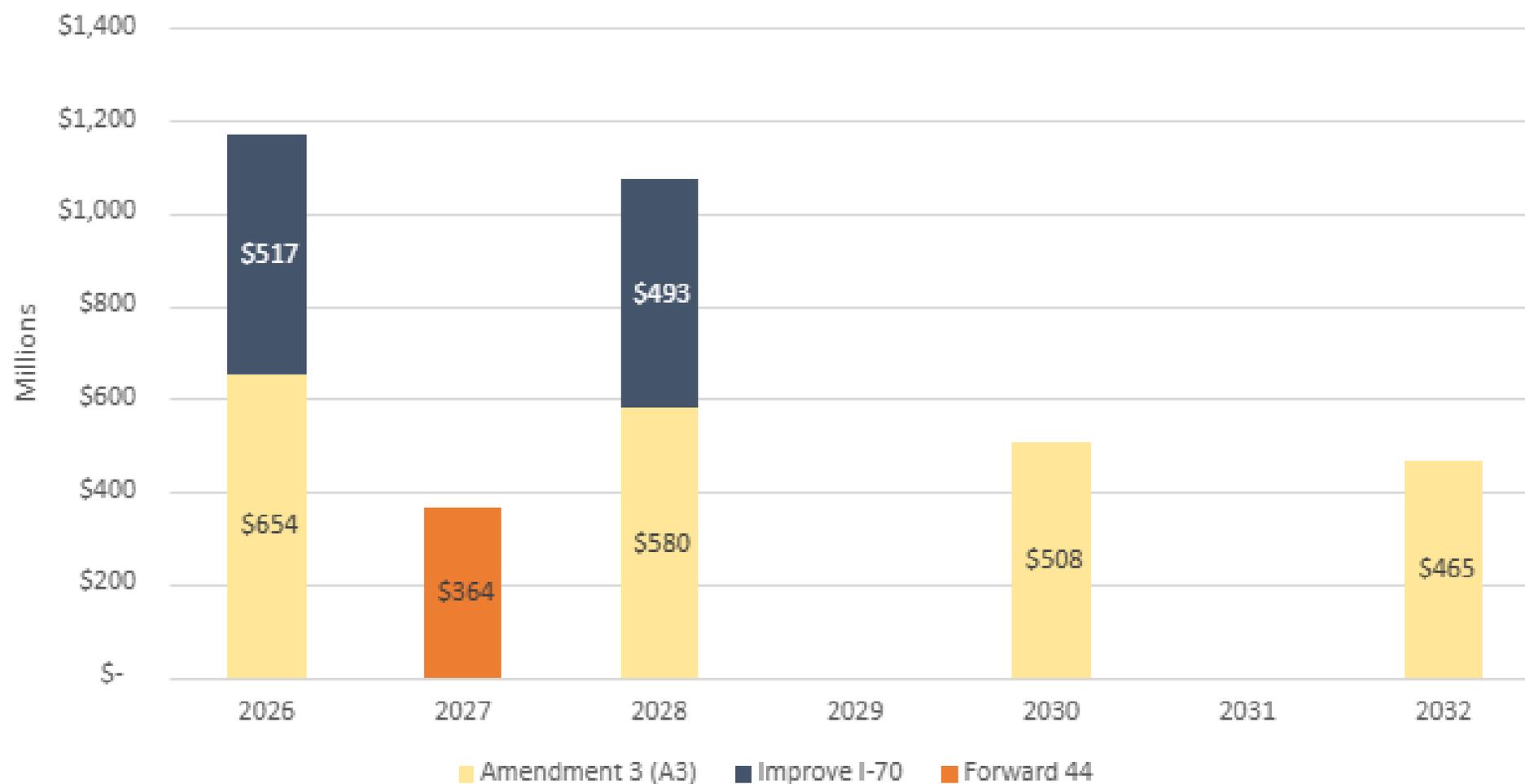
- Defined beginning & end date
- Specific Goals
- Spend rate & arbitrage
- Inputs Defined
  - Total bond proceeds
  - Annual debt service
  - Maximum term of bonds
- Term = Life

## Program

- Defined beginning but ongoing
- Provides consistent & predictable resources
- Less concerned with spend rate
- More flexible
  - Not tied to a specific project
  - Timing of issuances
- Stabilizes the STIP
- Interest vs. Inflation



## Forecasted Bond Issuances



# Investment Banking Pool



Investment Banking Service Provider	Size
Bank of America Merrill Lynch*	Large
Citigroup Global Markets, Inc.	Large
J.P. Morgan Securities LLC	Large
Morgan Stanley & Co., LLC	Large
Wells Fargo Securities	Large
Estrada Hinojosa Investment Bankers	Medium
Siebert Williams Shank & Co., LLC	Medium
Stifel, Nicolaus & Co., Inc.*	Medium
UMB Bank, N.A.*	Medium
Stern Brothers & Co.*	Small

\* Indicates firms with offices in Missouri



# Overview of the Amendment 3 Bonding Program

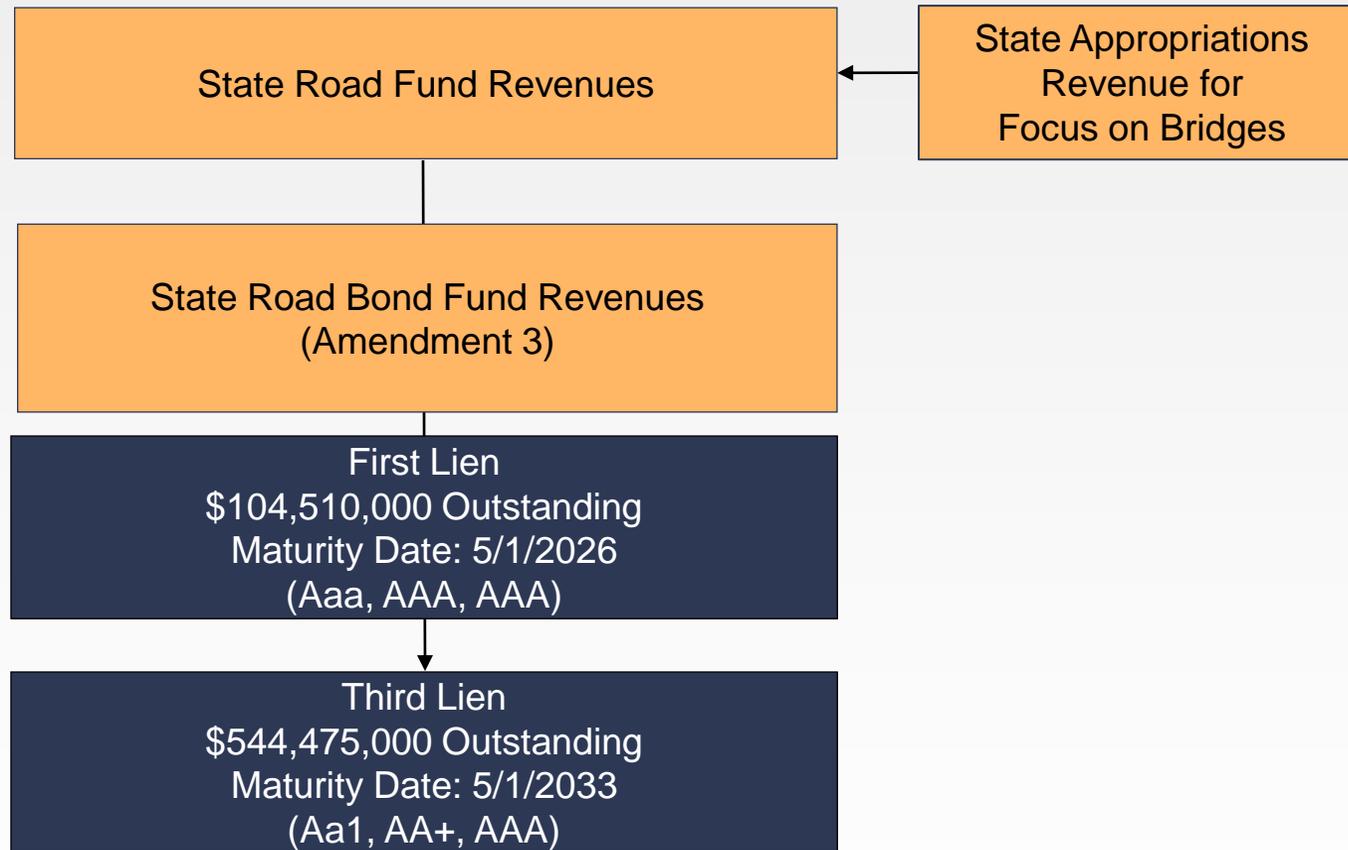
# Amendment 3



- Voter-approved  
November 2004
- State Road Bond Fund
- To pay debt service



# Amendment 3 Lien Structure



# State Road Bond Fund Issuances



## Missouri Highways and Transportation Commission

### Bonds Outstanding as of December 31, 2025

<u>Lien</u>	<u>Series</u>	<u>Par Amount of Original Issuance</u>	<u>Bonds Outstanding (12/31/2025)</u>	<u>TIC</u>	<u>Maturity Date</u>	<u>Term in Years</u>
<b>Amendment 3 Bonds:</b> (Principal & Interest in May and Interest in November <sup>1</sup> )						
1st Lien	2005 A	278,660,000	0	3.37%		10
	2006 A	296,670,000	0	4.58%		15
	2006 B	503,330,000	0	4.58%		20
	Refunding 2014 A	0	104,510,000	2.33%	5/1/2026	12
		<u>1,078,660,000</u>	<u>104,510,000</u>			
2nd Lien	2007 A	526,800,000	0	4.57%		20
	Refunding 2014 B	0	0	1.71%		11
		<u>526,800,000</u>	<u>0</u>			
3rd Lien	2005 B	72,000,000	0	0.84%		10
	2009 C	300,000,000	106,235,000	3.44%	5/1/2029	19
	2019 B <sup>1</sup>	178,370,000	23,600,000	1.25%	11/1/2026	7
	2021 A <sup>1</sup>	88,955,000	15,465,000	0.49%	11/1/2026	5
	2022 A	453,005,000	399,175,000	2.99%	5/1/2033	10
		<u>1,092,330,000</u>	<u>544,475,000</u>			
<b>Total Amendment 3 Bonds</b>		<b>2,697,790,000</b>	<b>648,985,000</b>			

Notes: <sup>1</sup> Series B 2019 and Series A 2021 Bonds for the Focus on Bridges Program have principal & interest in November and interest in May. Debt service payment for the Focus on Bridges Program will be made from the State Road Fund with funds transferred from the General Revenue Fund.

# Amendment 3 Program



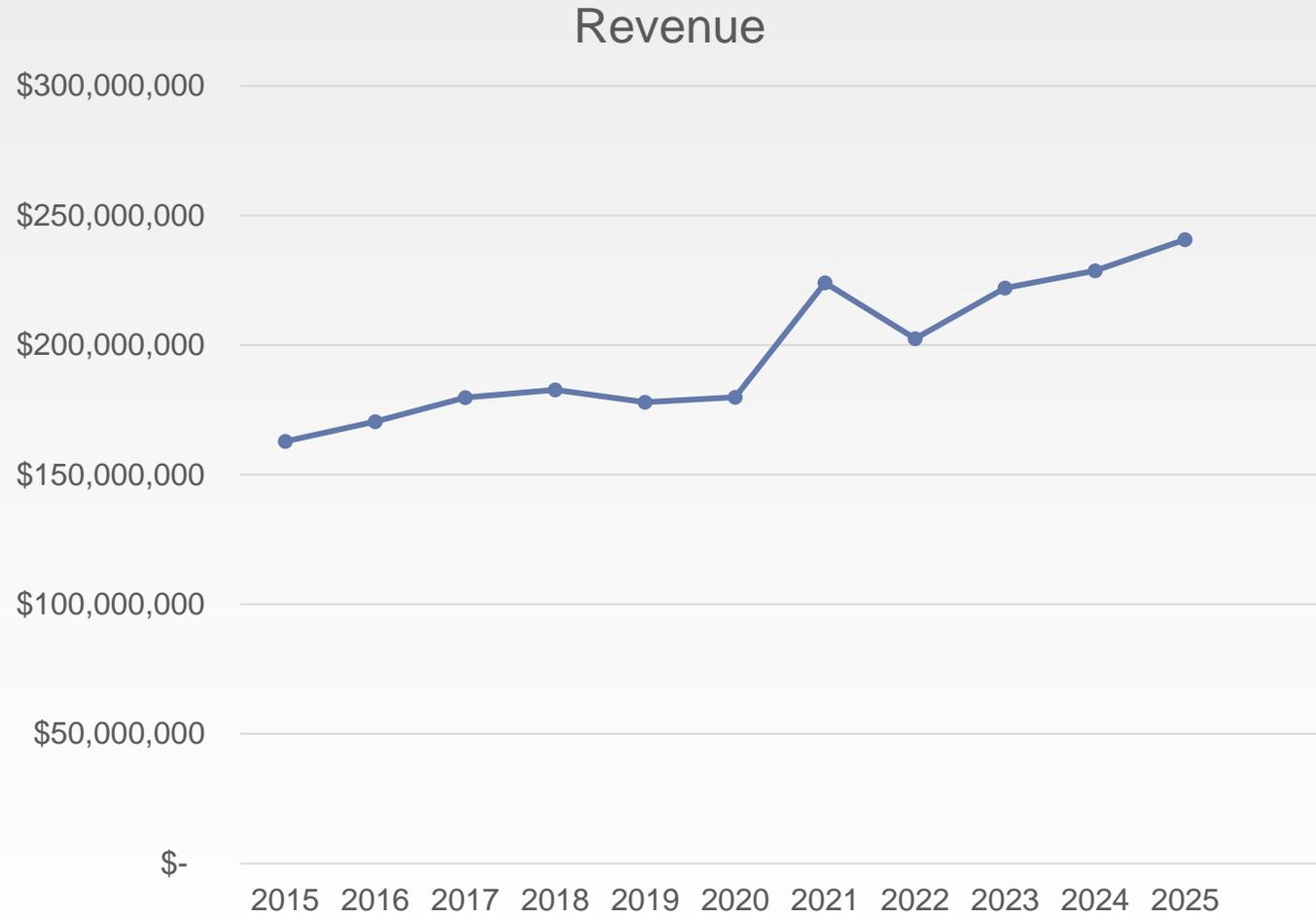
- Sustainable
- Every 3-4 Years
- 10-Year Term
- > \$500 million
- Third Lien
- Included as part of STIP funding
- Consistent & Predictable



# Amendment 3 Revenue - Actuals



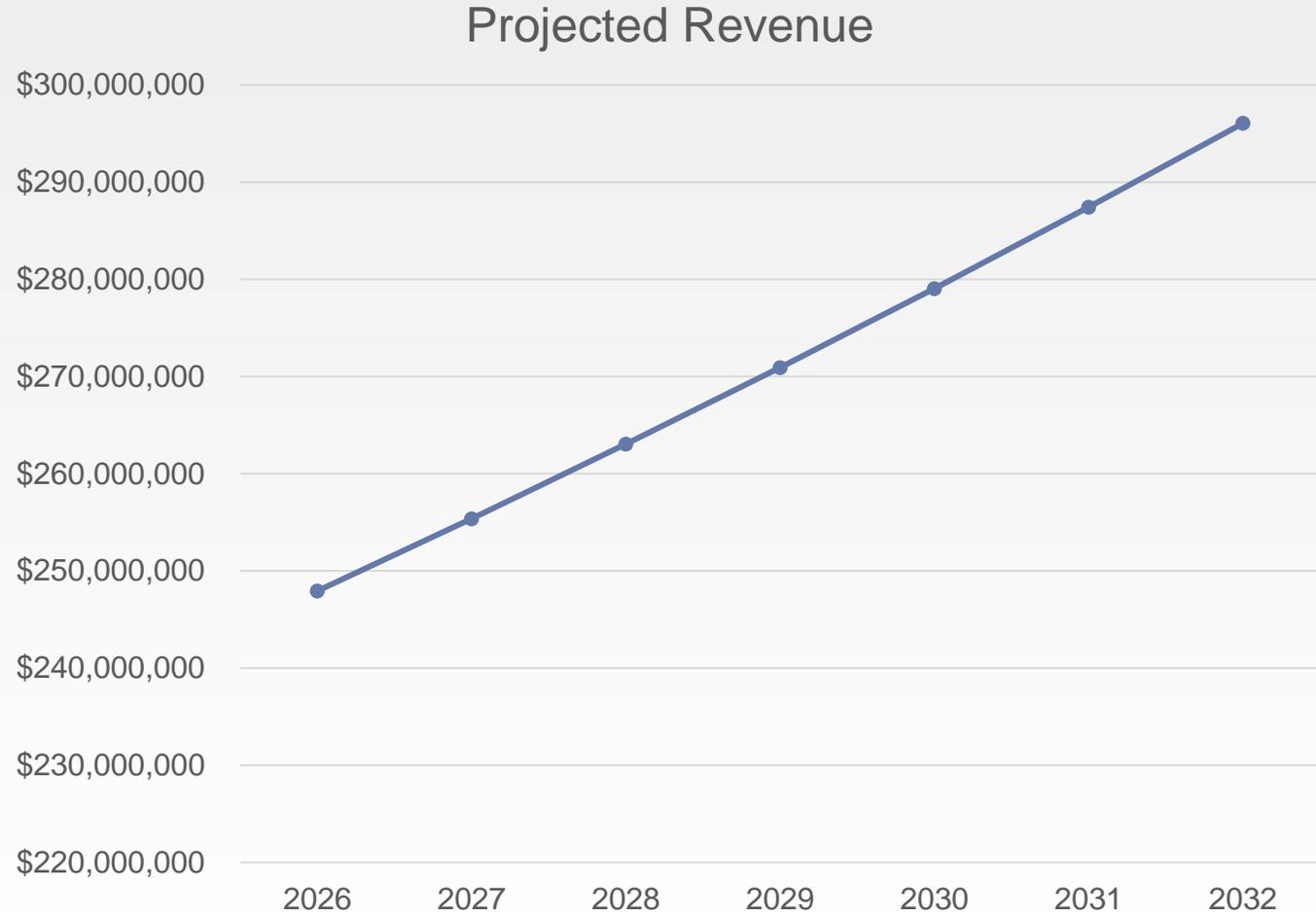
Fiscal Year	Revenue
2015	\$162,857,873
2016	\$170,459,768
2017	\$179,788,359
2018	\$182,762,641
2019	\$178,003,341
2020	\$179,845,826
2021	\$224,111,208
2022	\$202,563,606
2023	\$222,043,813
2024	\$228,684,867
2025	\$240,718,271



# Amendment 3 Revenue - Projected



Fiscal Year	Projected Revenue
2026	\$247,940,000
2027	\$255,378,000
2028	\$263,039,000
2029	\$270,930,000
2030	\$279,058,000
2031	\$287,430,000
2032	\$296,053,000

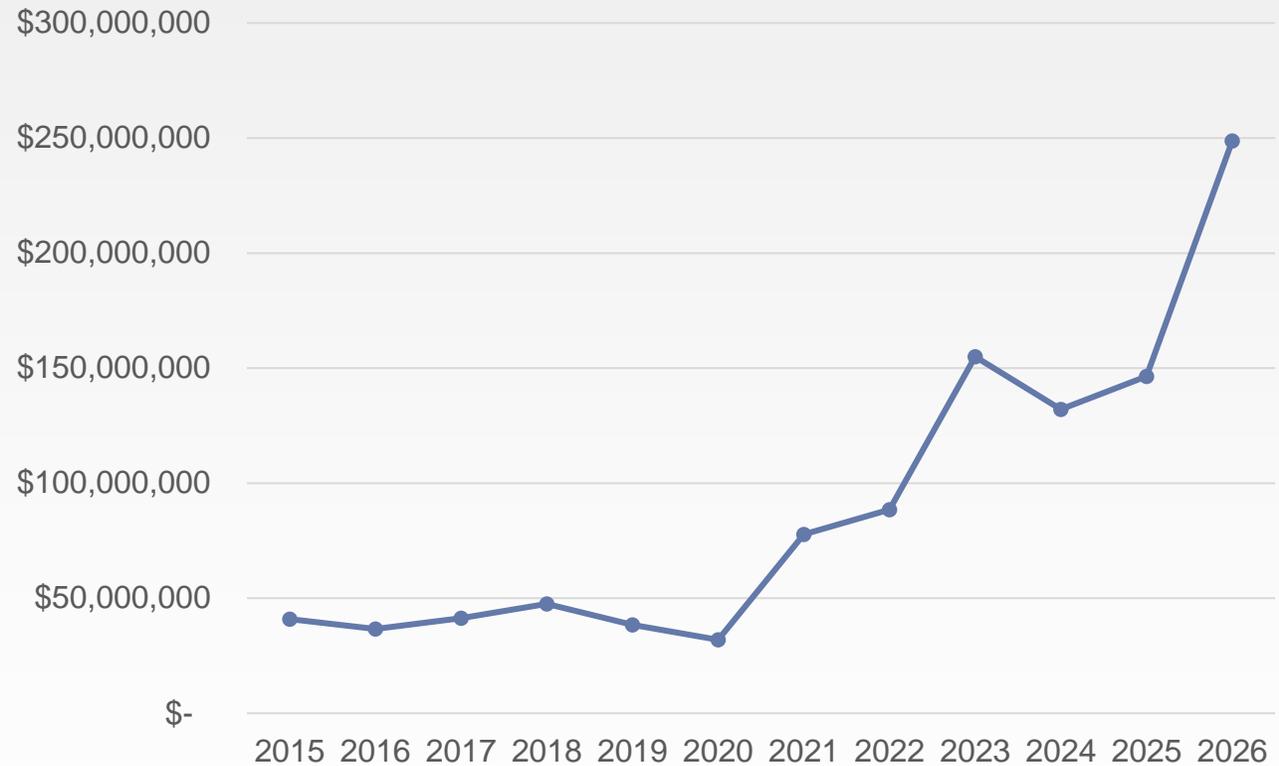


# State Road Bond Fund Balance



	State Road Bond Fund Balance (as of June 30th)
2015	\$40,981,580
2016	\$36,676,391
2017	\$41,360,028
2018	\$47,542,545
2019	\$38,426,544
2020	\$31,936,514
2021	\$77,760,781
2022	\$88,528,497
2023	\$154,976,028
2024	\$132,018,755
2025	\$146,496,251
2026*	\$248,815,882

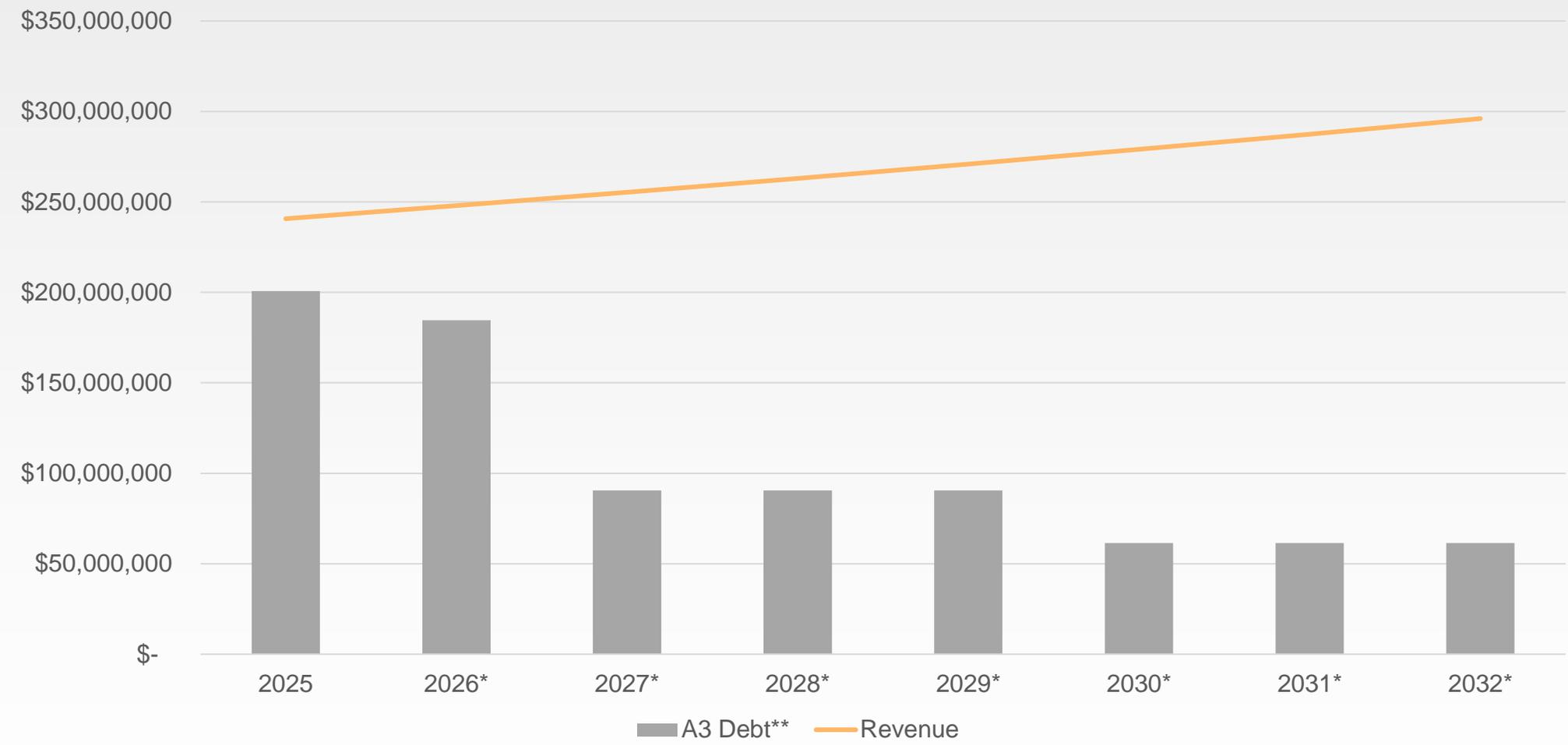
State Road Bond Fund Balance as of June 30th



\* 2026 balance is as of December 31st



# Amendment 3 Revenue & Debt Service



\* Revenue numbers for 2026 – 2032 are estimated and based off the 2027 - 2031 Financial Forecast

\*\* A3 Debt excludes Series B 2019 and Series A 2021 for Focus on Bridge Program



# Considerations & Scenarios

# Bonding Assumptions



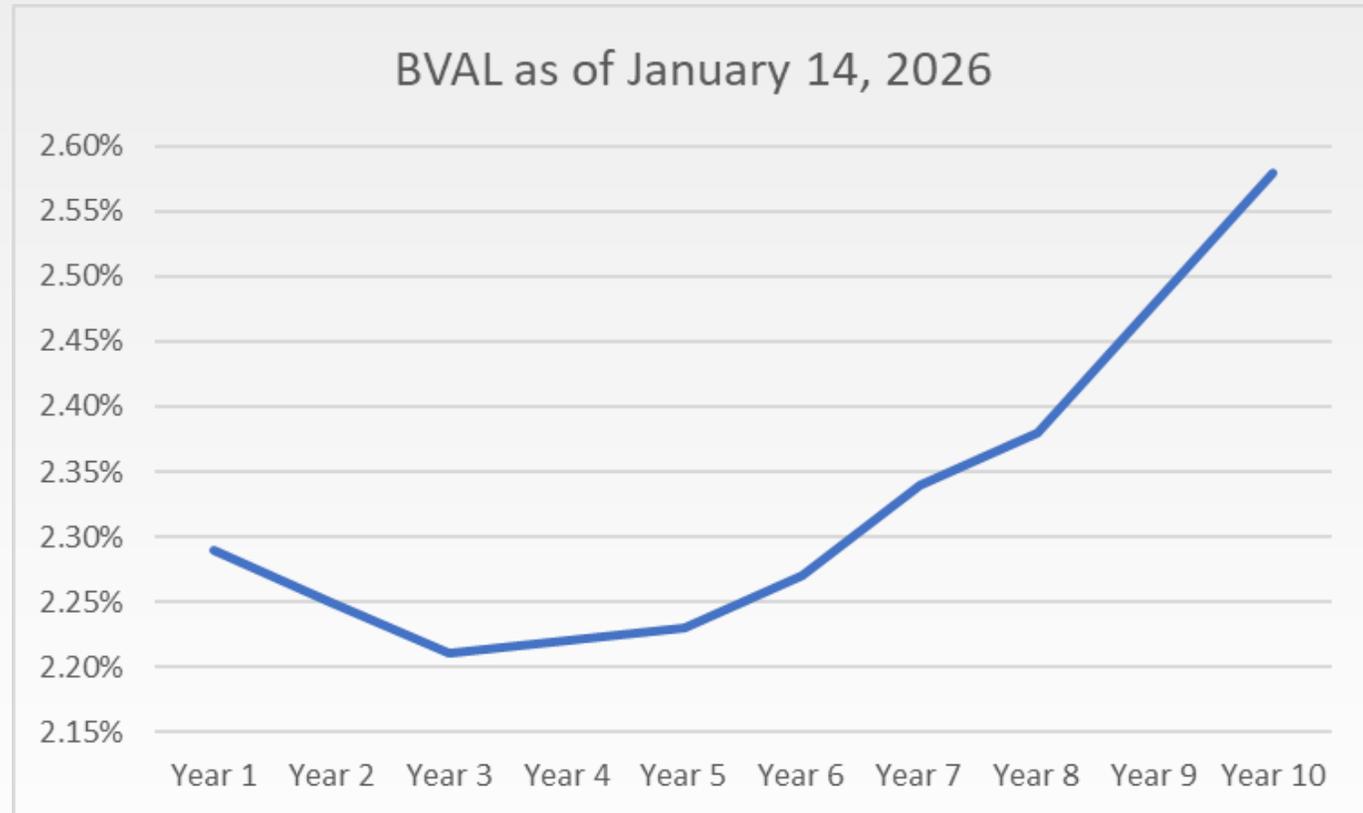
- Projected Revenue less \$10M
- Existing Debt Service
- Bond Proceeds > \$500M
- 10-year period
- Interest Rate Scale – Aaa BVAL 1/14/2026
- Credit Spread – 15 bps
- Timing Spreads
  - 50 bps in 2026
  - 100 bps in 2028-2035
- Coupon Rate
  - 5.00% for all scenarios
- Analyzed 3, 5, 7, and 10 year term bonds



# Interest Rates Assumptions



	<b>1/14/2026</b>
	<b><u>BVAL</u></b>
5/1/2027	2.29%
5/1/2028	2.25%
5/1/2029	2.21%
5/1/2030	2.22%
5/1/2031	2.23%
5/1/2032	2.27%
5/1/2033	2.34%
5/1/2034	2.38%
5/1/2035	2.48%
5/1/2036	2.58%



# 3-Year Term



Series	<u>2026</u>	<u>2029</u>	<u>2032</u>	<u>2035</u>
Dated Date	6/16/2026	6/15/2029	6/15/2032	6/15/2035
Par	406,400,000	591,190,000	724,700,000	783,500,000
Project Fund	421,498,708	607,930,708	746,099,332	805,481,452

Year	State Road Bond Fund	1st Existing Lien Debt Service	3rd Existing Lien Debt Service	<u>Series 2026</u>	<u>Series 2029</u>	<u>Series 2032</u>	<u>Series 2035</u>	Total A3 Debt Service	Unleveraged Revenues
2026	247,940,000	109,735,500	134,351,552					244,087,052	3,852,948
2027	255,378,000		130,540,561	114,780,000				245,320,561	10,057,439
2028	263,039,000		90,473,476	162,520,000				252,993,476	10,045,524
2029	270,930,000		90,451,788	170,467,500				260,919,288	10,010,712
2030	279,058,000		61,376,800		207,676,672			269,053,472	10,004,528
2031	287,430,000		61,377,800		215,973,000			277,350,800	10,079,200
2032	296,053,000		61,381,300		224,658,000			286,039,300	10,013,700
2033	296,053,000		61,380,800			224,656,278		286,037,078	10,015,922
2034	296,053,000					286,042,500		286,042,500	10,010,500
2035	296,053,000					286,020,000		286,020,000	10,033,000
2036	296,053,000						286,036,944	286,036,944	10,016,056
2037	296,053,000						286,042,500	286,042,500	10,010,500
2038	296,053,000						286,020,000	286,020,000	10,033,000
2039	296,053,000						0	0	296,053,000

# 5-Year Term



Series	<u>2026</u>	<u>2029</u>	<u>2031</u>	<u>2034</u>
Dated Date	6/16/2026	6/15/2029	6/15/2031	6/15/2034
Par	615,850,000	619,970,000	473,880,000	478,915,000
Project Fund	650,000,000	650,000,000	500,000,000	500,000,000

Year	State Road Bond Fund	1st Existing Lien Debt Service	3rd Existing Lien Debt Service	Series 2026	Series 2029	Series 2031	Series 2034	Total A3 Debt Service	Unleveraged Revenues
2026	247,940,000	109,735,500	134,351,552					244,087,052	3,852,948
2027	255,378,000		130,540,561	114,793,438				245,333,999	10,044,001
2028	263,039,000		90,473,476	162,550,000				253,023,476	10,015,524
2029	270,930,000		90,451,788	170,452,500				260,904,288	10,025,712
2030	279,058,000		61,376,800	129,604,500	78,074,794			269,056,094	10,001,906
2031	287,430,000		61,377,800	129,606,750	86,435,250			277,419,800	10,010,200
2032	296,053,000		61,381,300		187,691,250	36,978,067		286,050,617	10,002,383
2033	296,053,000		61,380,800		187,689,500	36,960,000		286,030,300	10,022,700
2034	296,053,000				187,687,500	98,341,250		286,028,750	10,024,250
2035	296,053,000					197,623,250	88,419,047	286,042,297	10,010,703
2036	296,053,000					197,625,750	88,425,750	286,051,500	10,001,500
2037	296,053,000						126,198,250	126,198,250	169,854,750
2038	296,053,000						126,197,500	126,197,500	169,855,500
2039	296,053,000						126,194,250	126,194,250	169,858,750
2040	296,053,000						0	0	296,053,000

# 7-Year Term



Series	<u>2026</u>	<u>2028</u>	<u>2031</u>	<u>2033</u>
Dated Date	6/16/2026	6/15/2028	6/15/2031	6/15/2033
Par	612,315,000	620,110,000	566,365,000	521,355,000
Project Fund	650,000,000	650,000,000	600,000,000	600,000,000

Year	State Road Bond	1st Existing Lien	3rd Existing					Total A3	Unleveraged
	Fund	Debt Service	Lien Debt Service	Series 2026	Series 2028	Series 2031	Series 2033	Debt Service	Revenues
2026	247,940,000	109,735,500	134,351,552					244,087,052	3,852,948
2027	255,378,000		130,540,561	114,835,281				245,375,842	10,002,158
2028	263,039,000		90,473,476	162,562,250				253,035,726	10,003,274
2029	270,930,000		90,451,788	88,771,250	81,702,797			260,925,835	10,004,165
2030	279,058,000		61,376,800	88,768,500	118,910,250			269,055,550	10,002,450
2031	287,430,000		61,377,800	88,772,000	127,278,500			277,428,300	10,001,700
2032	296,053,000		61,381,300	88,767,750	103,476,250	32,426,544		286,051,844	10,001,156
2033	296,053,000		61,380,800	88,767,000	103,479,750	32,424,750		286,052,300	10,000,700
2034	296,053,000				103,475,250	127,131,250	55,443,839	286,050,339	10,002,661
2035	296,053,000				103,477,500	127,135,750	55,435,000	286,048,250	10,004,750
2036	296,053,000					127,136,000	158,912,500	286,048,500	10,004,500
2037	296,053,000					127,134,750	105,329,500	232,464,250	63,588,750
2038	296,053,000					127,134,000	105,326,750	232,460,750	63,592,250
2039	296,053,000						105,327,500	105,327,500	190,725,500
2040	296,053,000						105,330,750	105,330,750	190,722,250
2041	296,053,000							0	296,053,000

# 10 -Year Term



Series	<u>2026</u>	<u>2028</u>	<u>2030</u>	<u>2033</u>
Dated Date	6/16/2026	6/15/2028	6/15/2030	6/15/2033
Par	602,060,000	613,530,000	611,315,000	611,035,000
Project Fund	650,000,000	650,000,000	650,000,000	650,000,000

Year	State Road Bond Fund	1st Existing Lien Debt Service	3rd Existing Lien Debt Service	Series 2026	Series 2028	Series 2030	Series 2033	Total A3 Debt Service	Unleveraged Revenues
2026	247,940,000	109,735,500	134,351,552					244,087,052	3,852,948
2027	255,378,000		130,540,561	114,830,125				245,370,686	10,007,314
2028	263,039,000		90,473,476	162,558,500				253,031,976	10,007,024
2029	270,930,000		90,451,788	58,284,500	112,177,150			260,913,438	10,016,562
2030	279,058,000		61,376,800	58,282,000	149,384,000			269,042,800	10,015,200
2031	287,430,000		61,377,800	58,281,000	62,710,500	95,049,936		277,419,236	10,010,764
2032	296,053,000		61,381,300	58,281,500	62,713,250	103,664,750		286,040,800	10,012,200
2033	296,053,000		61,380,800	58,283,250	62,709,750	103,669,250		286,043,050	10,009,950
2034	296,053,000			58,280,750	62,710,000	66,752,250	98,307,647	286,050,647	10,002,353
2035	296,053,000			58,283,500	62,708,250	66,750,250	98,307,250	286,049,250	10,003,750
2036	296,053,000			58,280,250	62,708,750	66,749,750	98,310,750	286,049,500	10,003,500
2037	296,053,000				62,710,250	66,749,750	67,970,750	197,430,750	98,622,250
2038	296,053,000				62,711,250	66,749,000	67,970,500	197,430,750	98,622,250
2039	296,053,000					66,751,000	67,974,500	134,725,500	161,327,500
2040	296,053,000					66,753,750	67,971,500	134,725,250	161,327,750
2041	296,053,000						67,975,500	67,975,500	228,077,500
2042	296,053,000						67,974,500	67,974,500	228,078,500
2043	296,053,000						67,971,750	67,971,750	228,081,250
2044	296,053,000							0	296,053,000

# Timing of Bond Proceeds



	Bond Proceeds			
	<u>3 Year</u>	<u>5 Year</u>	<u>7 Year</u>	<u>10 Year</u>
6/15/2026	421,498,708	650,000,000	650,000,000	650,000,000
6/15/2027				
6/15/2028			650,000,000	650,000,000
6/15/2029	607,930,708	650,000,000		
6/15/2030				650,000,000
6/15/2031		500,000,000	600,000,000	
6/15/2032	746,099,332			
6/15/2033			600,000,000	650,000,000
6/15/2034		500,000,000		
6/15/2035	805,481,452			
Total Bond Proceeds	2,581,010,199	2,300,000,000	2,500,000,000	2,600,000,000



# Summary Comparison

	<u>3 Year</u>	<u>5 Year</u>	<u>7 Year</u>	<u>10 Year</u>
Project Fund	2,581,010,199	2,300,000,000	2,500,000,000	2,600,000,000
Principal	2,505,790,000	2,188,615,000	2,354,310,000	2,437,940,000
Interest	245,103,394	368,933,596	500,363,212	609,322,858
Debt Service	2,750,893,394	2,557,548,596	2,854,673,212	3,047,262,858
PV of Future Bond Proceeds	2,219,776,104	2,070,704,067	2,267,936,981	2,368,531,428
TIC For 2026 (with 50 bps timing)	3.0346%	2.9839%	3.0035%	3.0782%





# Summary Comparison

	<u>3 Year</u>	<u>5 Year</u>	<u>7 Year</u>	<u>10 Year</u>
Project Fund	2,581,010,199	2,300,000,000	2,500,000,000	2,600,000,000
Principal	2,505,790,000	2,188,615,000	2,354,310,000	2,437,940,000
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# Proposed Third Lien State Road Bonds, Series A 2026\*



Sources	
Par Amount	\$609,035,000
<u>Premium</u>	<u>\$43,292,462</u>
<b>Total:</b>	<b>\$652,327,462</b>

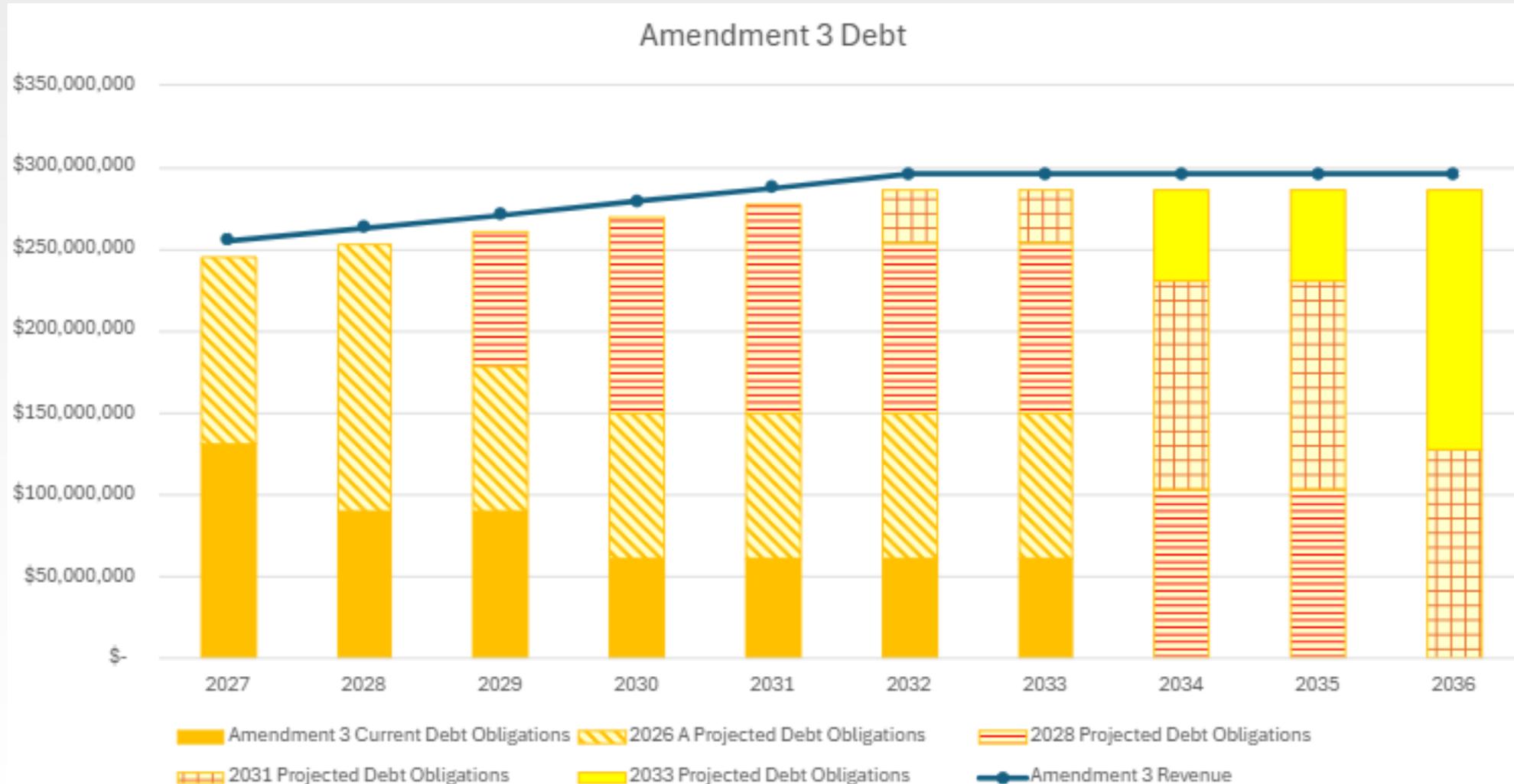
Uses	
Project Fund	\$650,000,000
<u>COI/UD/Add.</u>	<u>\$2,327,462</u>
<b>Total:</b>	<b>\$652,327,462</b>

- Expected Closing: June 16, 2026
- 7-Year Term
- May Principal Payments
  - 2027 through 2033
- First Interest: November 1, 2026
- Non-callable

Payment Date	Principal Amount	Interest Amount	Total Debt Service	Annual Debt Service
11/1/2026		\$11,419,406	\$11,419,406	
5/1/2027	\$88,190,000	15,225,875	103,415,875	\$114,835,281
11/1/2027		13,021,125	13,021,125	
5/1/2028	136,520,000	13,021,125	149,541,125	162,562,250
11/1/2028		9,608,125	9,608,125	
5/1/2029	69,555,000	9,608,125	79,163,125	88,771,250
11/1/2029		7,869,250	7,869,250	
5/1/2030	73,030,000	7,869,250	80,899,250	88,768,500
11/1/2030		6,043,500	6,043,500	
5/1/2031	76,685,000	6,043,500	82,728,500	88,772,000
11/1/2031		4,126,375	4,126,375	
5/1/2032	80,515,000	4,126,375	84,641,375	88,767,750
11/1/2032		2,113,500	2,113,500	
<u>5/1/2033</u>	<u>84,540,000</u>	<u>2,113,500</u>	<u>86,653,500</u>	<u>88,767,000</u>
	<b>\$609,035,000</b>	<b>\$112,209,031</b>	<b>\$721,244,031</b>	<b>\$721,244,031</b>

\*Preliminary; subject to change

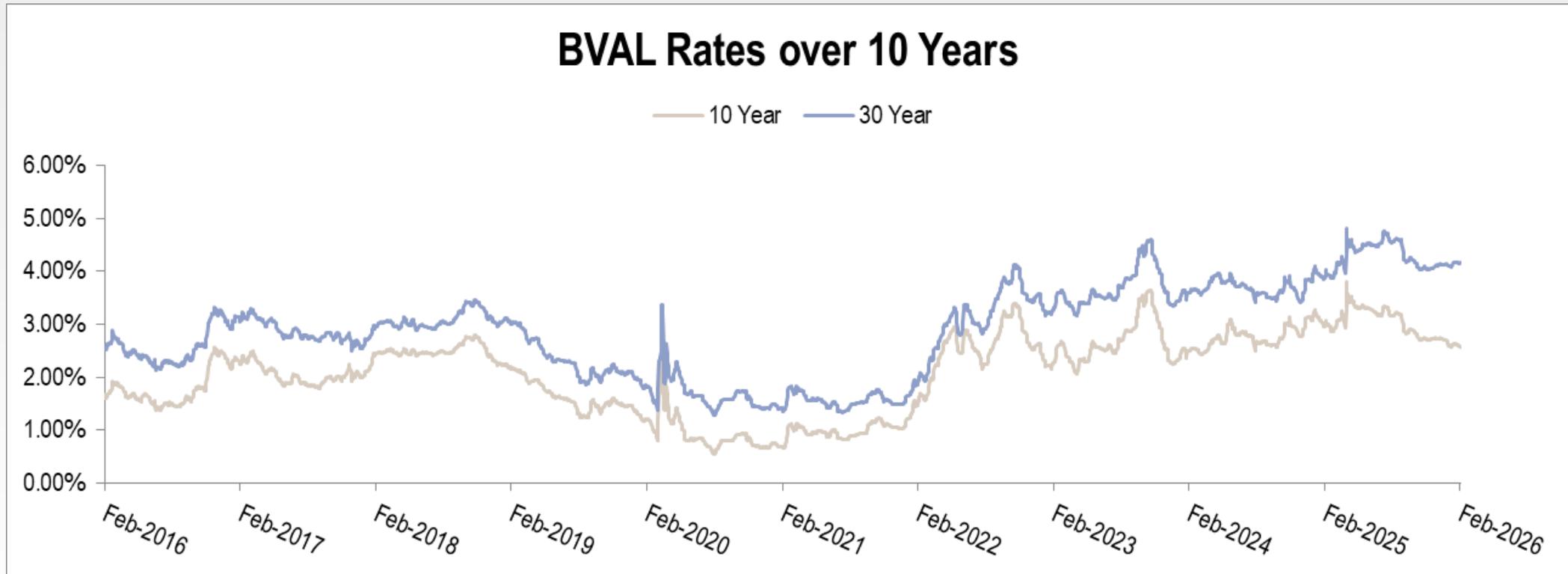
# Annual Debt Service by Lien – Including Projected Future Bonds



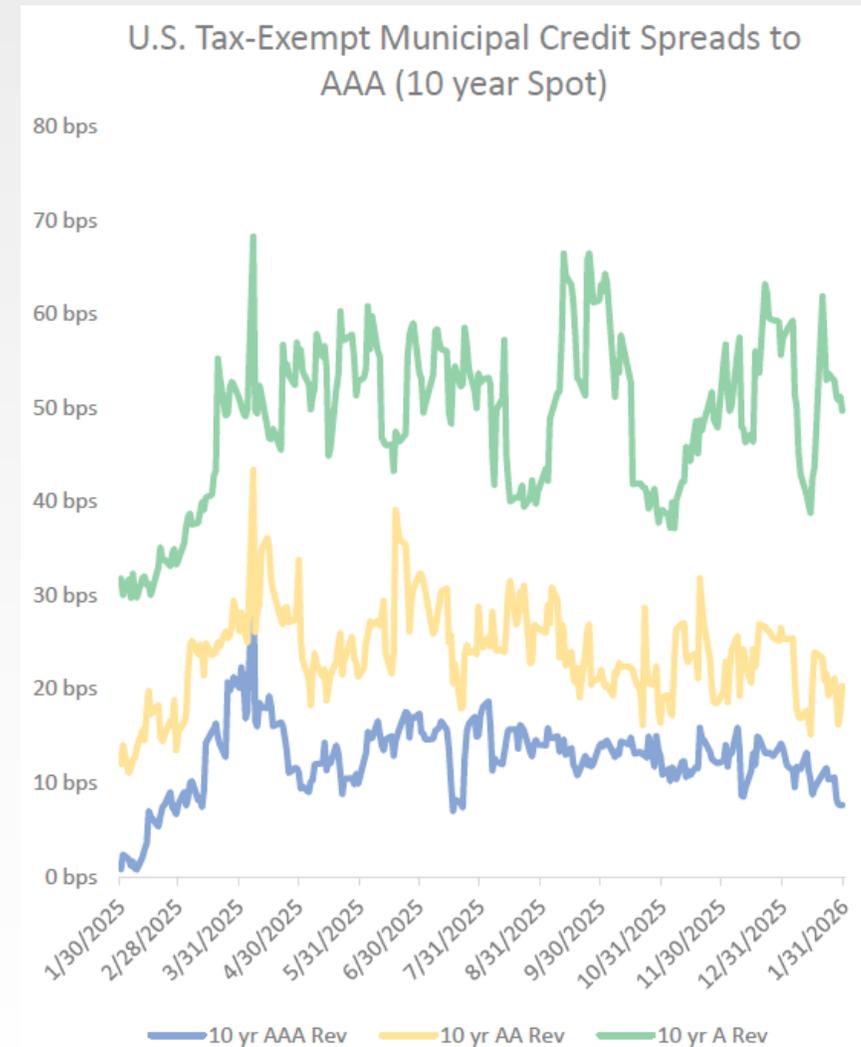
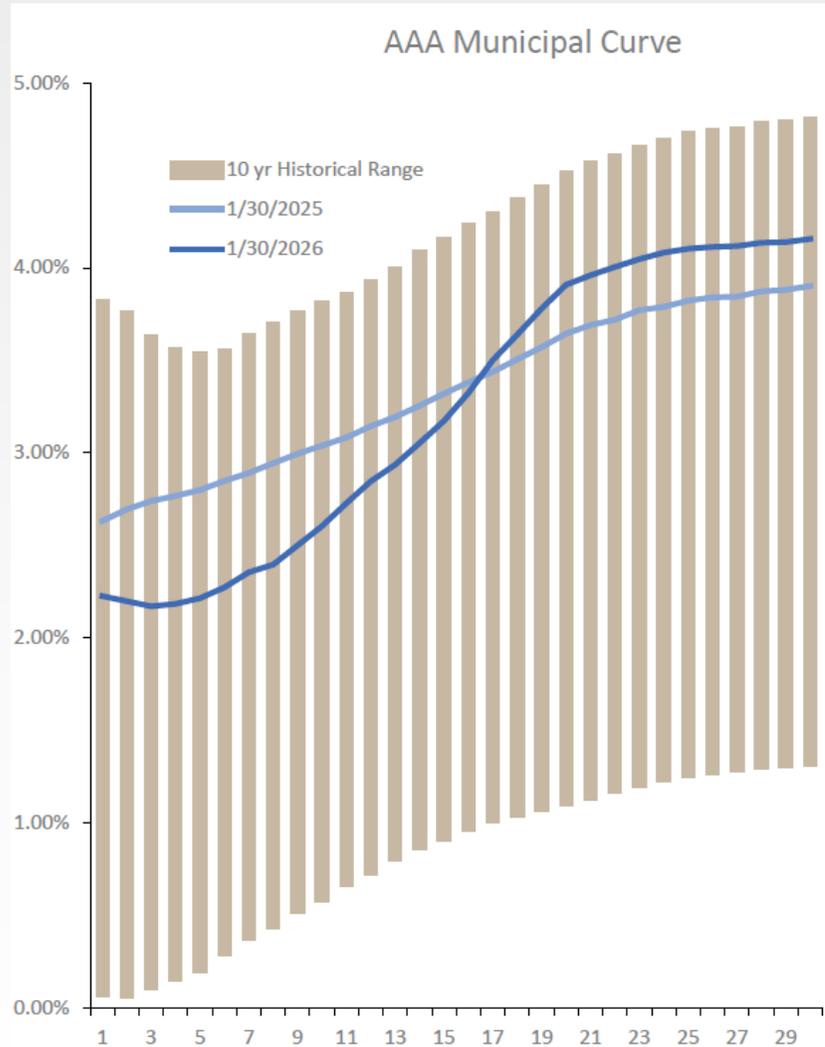


# Market Overview

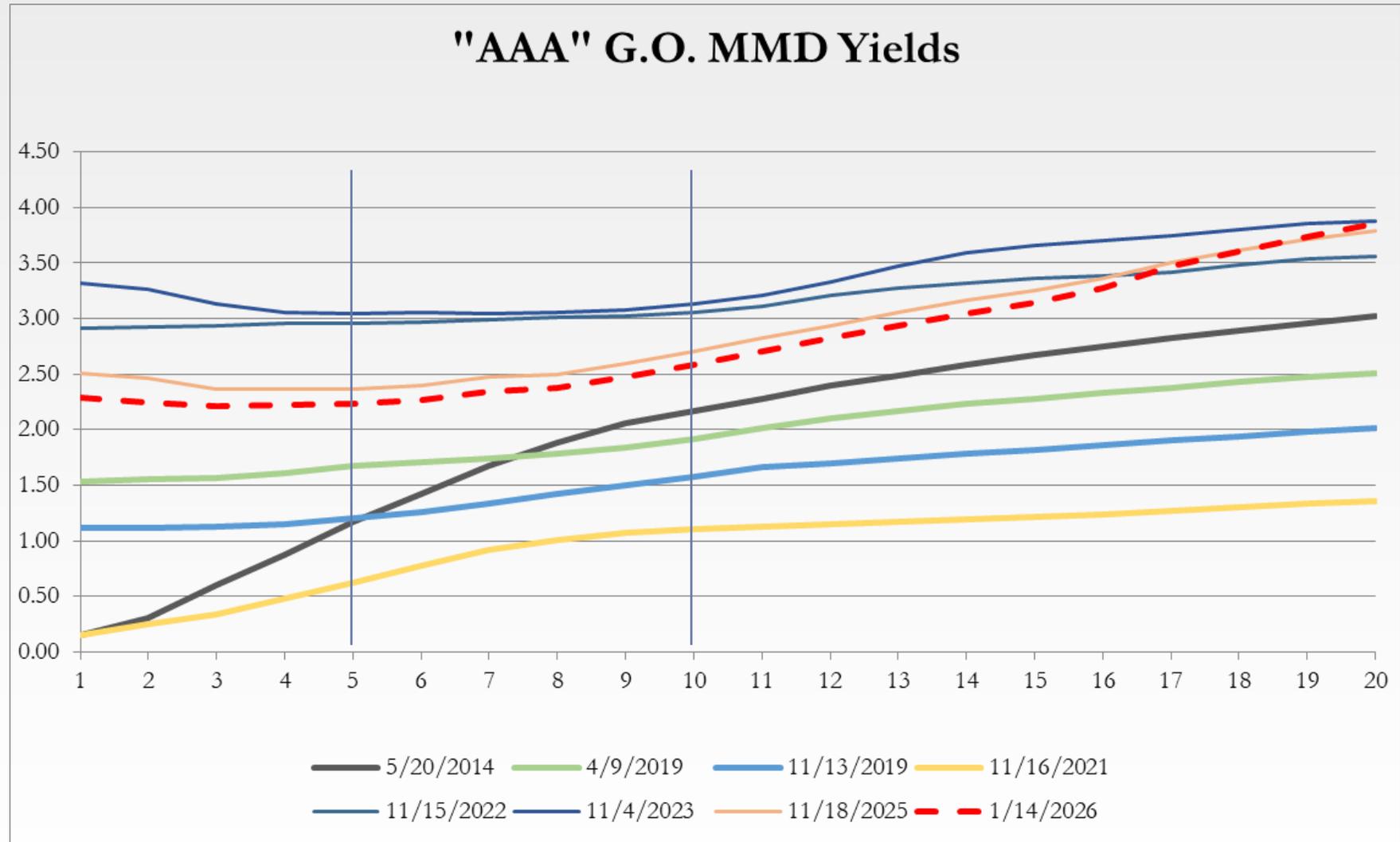
# Historical Rates



# Yield Curve & Credit Spreads



# Relative Yield Curves



# Economic Calendar: May 2026



MAY ECONOMIC CALENDAR				
MON	TUES	WED	THU	FRI
				<b>May 1</b> 12:00 AM Wards Total Vehicle Sales 9:45 AM S&P Global US Manufacturing PMI 10:00 AM ISM Indicators 10:00 AM ISM Services Prices Paid 10:00 AM ISM Services New Orders 10:00 AM ISM Services Employment 10:00 AM Construction Spending
<b>May 4</b> 10:00 AM Factory Orders 10:00 AM Durable Goods 10:00 AM Capital Goods	<b>May 5</b> 8:30 AM Trade Balance 8:30 AM Exports MoM 8:30 AM Imports MoM 9:45 AM S&P Global US Services PMI 9:45 AM S&P Global US Composite PMI 10:00 AM ISM Indicators	<b>May 6</b> 7:00 AM MBA Mortgage Applications 8:15 AM ADP Employment Change	<b>May 7</b> 7:30 AM Challenger Job Cuts YoY 7:30 AM Challenger Job Cuts Total 8:30 AM Nonfarm Productivity 8:30 AM Unit Labor Costs 8:30 AM Initial Jobless Claims 8:30 AM Initial Claims 4-Wk Moving Avg 8:30 AM Continuing Claims 11:00 AM NYFed 1-Yr Inflation Expectations 3:00 PM Consumer Credit	<b>May 8</b> 8:30 AM Payrolls 8:30 AM Nonfarm Payrolls 3-Mo Avg Chg 8:30 AM Avg Hourly Earnings 8:30 AM Avg Weekly Hours All Employees 8:30 AM Unemployment Rate 8:30 AM Labor Force Participation Rate 8:30 AM Underemployment Rate 10:00 AM Michigan Sentiment 10:00 AM Wholesale Inventories MoM 10:00 AM Wholesale Trade Sales MoM
<b>May 11</b> 10:00 AM Existing Home Sales	<b>May 12</b> 6:00 AM NFIB Small Business Optimism 8:30 AM Consumer Price Index 8:30 AM Core CPI MoM 8:30 AM Core CPI YoY 8:30 AM Core CPI Index SA 8:30 AM Real Avg Earnings 2:00 PM Federal Budget Balance	<b>May 13</b> 7:00 AM MBA Mortgage Applications 8:30 AM Producer Price Index	<b>May 14</b> 8:30 AM Business Inventories 8:30 AM Import Index 8:30 AM Retail Sales 8:30 AM Export Index 8:30 AM Initial Jobless Claims 8:30 AM Initial Claims 4-Wk Moving Avg 8:30 AM Continuing Claims 10:00 AM Factory Orders	<b>May 15</b> 8:30 AM Empire Manufacturing 9:15 AM Industrial Production 9:15 AM Manufacturing (SIC) Production 9:15 AM Capacity Utilization
<b>May 18</b> 8:30 AM New York Fed Services Business Activity 4:00 PM Total Net TIC Flows 4:00 PM Net Long-term TIC Flows	<b>May 19</b> 8:30 AM Housing Starts 8:30 AM Building Permits 10:00 AM Leading Index 10:00 AM Pending Home Sales	<b>May 20</b> 7:00 AM MBA Mortgage Applications 2:00 PM FOMC Meeting Minutes	<b>May 21</b> 8:30 AM Initial Jobless Claims 8:30 AM Initial Claims 4-Wk Moving Avg 8:30 AM Philly Fed Busi. Outlook 8:30 AM Continuing Claims 9:45 AM S&P Global US Manufacturing PMI 9:45 AM S&P Global US Services PMI 9:45 AM S&P Global US Composite PMI 11:00 AM Kansas City Fed Manf. Activity	<b>May 22</b> 12:00 AM Kansas City Fed Services Activity 10:00 AM Michigan Sentiment
<b>May 25</b> 12:00 AM Memorial Day 8:30 AM Chicago Fed Nat Activity Index	<b>May 26</b> 8:30 AM Philadelphia Fed Non-Manufacturing Activity 9:00 AM FHFA House Price Index 9:00 AM House Price Purchase Index 9:00 AM S&P CotalityCS 20-City MoM SA 9:00 AM S&P CotalityCS 20-City YoY NSA 9:00 AM S&P CotalityCS US HPI YoY NSA 10:00 AM GDP Indicators 10:30 AM Dallas Fed Manf. Activity	<b>May 27</b> 7:00 AM MBA Mortgage Applications 10:00 AM Richmond Fed Manufact. Index 10:00 AM New Home Sales 10:00 AM Richmond Fed Business Conditions 10:00 AM Building Permits 10:30 AM Dallas Fed Services Activity	<b>May 28</b> 8:30 AM Personal Income 8:30 AM Durable Goods 8:30 AM GDP Indicators 8:30 AM Personal Spending 8:30 AM Personal Consumption 8:30 AM Capital Goods 8:30 AM PCE Price Index MoM 8:30 AM Core PCE Price Index QoQ 8:30 AM PCE Price Index YoY 8:30 AM Core PCE Price Index MoM 8:30 AM Core PCE Price Index YoY 8:30 AM Initial Jobless Claims 8:30 AM Initial Claims 4-Wk Moving Avg 8:30 AM Continuing Claims	<b>May 29</b> 8:30 AM Advance Goods Trade Balance 8:30 AM Advance Goods Exports MoM SA 8:30 AM Advance Goods Imports MoM SA 8:30 AM Wholesale Inventories MoM 8:30 AM Retail Sales 9:45 AM MNI Chicago PMI

Pricing



# Preliminary Schedule for Proposed Bond Transaction

# Bond Sale Schedule



<u>Date</u>	<u>Event</u>
April 7	Presentations to rating agencies (Moody's & S&P)
April 8	Commission Meeting
Week of April 13	Follow-up with rating agencies (Moody's & S&P)
April 20	Presentations to rating agency (Fitch)
Week of April 27	Follow-up with rating agency (Fitch)
April 30	Series A 2026 ratings released
May 6	Commission Meeting: Approve Parameters Resolution
May 19	Pricing of Series A 2026
June 16	Closing and delivery of funds

## **DEBT MANAGEMENT REPORT**

-- Presented by Brenda Morris, Chief Financial Officer, 573-751-2803

**ISSUE:** Attachments are provided to give an update on the Missouri Highways and Transportation Commission's (MHTC) outstanding debt. Between December 2000 and December 2023, the MHTC borrowed \$4,914,135,000 through new money bonds and \$1,528,955,000 through refunding bonds. As of June 30, 2025, the amount of outstanding bonds is \$1,127,955,000.

### **RECOMMEND that the Commission:**

- No action is required. This report is for informational purposes.

### **DEPARTMENT VIEW:**

- Bond financing allows the Missouri Department of Transportation (MoDOT) 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 following major activities took place in fiscal year 2025 regarding the MHTC's debt portfolio:
  - Principal of \$378.1 million was paid for scheduled debt service payments.
  - The Series B 2010 bonds were paid off.
  - The Series B 2014 bonds were paid off.
  - The Series A 2019 bonds were paid off.
- MoDOT staff will continue to work with the MHTC's financial advisor, Public Financial Management (PFM) which is comprised of Public Financial Management, Inc., and PFM Financial Advisors LLC, to monitor refinancing opportunities that provide cost savings to MoDOT, while falling within the guidelines established by the MHTC Debt Management Policy.
- Attachment 1 provides a summary of the bonds outstanding by series as of June 30, 2025 and does not include bonds which have been paid-off.
- The MHTC has a five-lien structure in place: Amendment 3 (First Lien, Second Lien, and Third Lien), Federal Reimbursement Lien (Grant Anticipation Revenue Vehicle (GARVEE) Bonds), and State Appropriations Mega Projects Lien. Attachment 2 identifies the sources of revenue pledged to repay the debt under each lien.
- MoDOT's fiscal year 2026 budget includes \$375.9 million in principal and \$49.3 million in interest payments for debt service on outstanding bonds. Attachment 3 provides projections of future debt service payments by year. The current outstanding bonds are projected to be paid in full on May 1, 2033.
- The Commission first approved its MHTC Debt Management Policy in May 2000, with the latest revision approved by the Commission in October 2023. The MHTC 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 MHTC 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 Revenue Fund monies, 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 percentage limit set forth above. Debt obligations include debt service on bonds and loan repayments to the State Infrastructure Bank (**SIB**); leases of one-year or longer; and repayments 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. Attachment 4 reports the MHTC's estimated debt obligations compared to the estimated debt limitations, which are in compliance with the Debt Management Policy.

- Attachment 5 reports the call dates of the outstanding bonds. Currently, \$46.1 million in bonds are callable and will remain so until they mature in fiscal year 2026.
- MoDOT staff will continue to work with the Bond Trustee, BOK Financial, N.A., to ensure: (1) bondholders are paid on time, (2) certain financial and operational information is disclosed on an ongoing basis as required, and (3) the MHTC stays in compliance with its Master Bond Indentures.

#### **OTHER VIEWS:**

- Credit rating agencies view MHTC's Debt Management Policy and its conservative approach to using debt in a positive manner. The result is credit ratings assigned to the MHTC's outstanding bonds ranging from "AAA" to "AA+" (see Attachment 2). The MHTC has \$691.2 million or 61 percent in outstanding bonds rated by at least one of the credit rating agencies as "AAA" or "Aaa," which is the highest credit rating available.

#### **MHTC POLICY:**

- Financial – Debt Management – Debt Management Policy.

#### **OTHER PERTINENT INFORMATION:**

- 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 with the intent it be used to pay debt service. 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 would require a General Assembly appropriation of the unused funds from the State Road Bond Fund to the State Road Fund along with certain certifications, which would then be used on pay-as-you-go projects. Using the new revenue for bond repayment allowed the MHTC to deliver projects faster. The MHTC has 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 because 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 \$123.0 million. The MHTC borrowed \$178.4 million in December 2019 and \$89.0 million in December 2021 in bonds for the Focus on Bridges Program. The Focus on Bridges Program constructed, reconstructed, rehabilitated, or significantly repaired 250

bridges around the state. These bonds were issued under the third lien of Amendment 3, but the debt service is being paid from appropriations of General Revenue. The final payment date for the Focus on Bridges bonds is May 1, 2027.

- From 2008 to 2010, three other 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 MHTC used GARVEE Bonds, which is debt used to finance federal transportation improvements, to pay for all or a portion of the projects. The MHTC borrowed a total of \$927.7 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.
- During the 2023 legislative session, the General Assembly passed and the Governor signed legislation that made available \$2.8 billion in General Revenue Fund monies (\$1.4 billion in cash and \$1.4 billion in bonding authority) to fund the costs to plan, design, construct, reconstruct, rehabilitate, and repair three lanes in each direction on approximately 200 miles of I-70, from Blue Springs to Wentzville (the “Improve I-70 Program”). The MHTC borrowed \$381.6 million in December 2023 in bonds for the Improve I-70 Program.
- The MHTC borrowed funds using various types of bonds. The largest percentage was tax-exempt fixed rate debt (\$714.5 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 MHTC resulted in lower net interest rates when compared to the traditional tax-exempt bonds. The MHTC currently has \$413.5 million of BABs outstanding. The final payment date for the BABs bonds is May 1, 2033.
- Due to sequestration (spending cuts mandated under the 2011 federal budget resolution), the MHTC 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 approximately \$0.5 million in fiscal year 2025.
- Attachment 6 provides a list of the MHTC’s top ten bondholders as of May 29, 2025. The top ten bondholders owned approximately 28 percent of the MHTC’s outstanding debt at that time.
- The overall weighted average true interest cost for the bonds outstanding as of June 30, 2025, is 2.99 percent.

**SOURCE OF FUNDING:** Principal and interest on the bonds will be paid from revenues deposited into the State Road Fund and the State Road Bond Fund as defined in the Master Bond Indentures. In the case of BABs, the MHTC authorizes the federal government to send the interest subsidy payments directly to the Bond Trustee on behalf of the MHTC. For the Series B 2019, Series A 2021, and Series A 2023 Bonds, a transfer from the General Revenue Fund into the State Road Fund will be made annually to cover the debt service payments for the current fiscal year.

Missouri Highways and Transportation Commission  
Bonds Outstanding as of June 30, 2025

<u>Lien</u>	<u>Series</u>	<u>Par Amount of Original Issuance</u>	<u>Bonds Outstanding (6/30/2025)</u>	<u>Principal Payment Due in FY 2026</u>	<u>Total Debt Service Due in FY 2026</u> <sup>1</sup>
<b>Amendment 3 Bonds:</b> (Principal & Interest in May and Interest in November <sup>2</sup> )					
1st Lien					
	Refunding 2014 A	\$ <u>0</u>	\$ <u>104,510,000</u>	\$ <u>104,510,000</u>	\$ <u>109,735,500</u>
		0	104,510,000	104,510,000	109,735,500
3rd Lien					
	2009 C	300,000,000	106,235,000	25,140,000	29,149,127 <sup>3</sup>
	2019 B <sup>2</sup>	178,370,000	46,050,000	22,450,000	24,191,250
	2021 A <sup>2</sup>	88,955,000	35,240,000	19,775,000	21,042,625
	2022 A	<u>453,005,000</u>	<u>399,175,000</u>	<u>40,600,000</u>	<u>59,968,550</u>
		1,020,330,000	586,700,000	107,965,000	134,351,552
	<b>Total Amendment 3 Bonds</b>	<b>1,020,330,000</b>	<b>691,210,000</b>	<b>212,475,000</b>	<b>244,087,052</b>
<b>GARVEE Bonds:</b> (Principal & Interest in May and Interest in November)					
	2009 B	<u>404,375,000</u>	<u>307,225,000</u>	<u>33,925,000</u>	<u>45,088,327<sup>3</sup></u>
	<b>Total GARVEE Bonds</b>	<b>404,375,000</b>	<b>307,225,000</b>	<b>33,925,000</b>	<b>45,088,327</b>
<b>State Appropriations Mega Projects Bonds:</b> (Principal & Interest in May and Interest in November)					
	2023 A <sup>4</sup>	<u>381,610,000</u>	<u>129,520,000</u>	<u>129,520,000</u>	<u>135,996,000</u>
	<b>Total State Appropriations Mega Projects Bonds</b>	<b>381,610,000</b>	<b>129,520,000</b>	<b>129,520,000</b>	<b>135,996,000</b>
	<b>Total of all Bonds Outstanding</b>	<b>\$ <u>1,806,315,000</u></b>	<b>\$ <u>1,127,955,000</u></b>	<b>\$ <u>375,920,000</u></b>	<b>\$ <u>425,171,379</u></b>

Notes <sup>1</sup> Does not include various annual trustee fees.

<sup>2</sup> Series B 2019 and Series A 2021 Bonds for the Focus on Bridges Program have principal & interest in November and interest in May. Debt service payment for the Focus on Bridges Program will be made from the State Road Fund with funds transferred from the General Revenue Fund.

<sup>3</sup> Series B & C 2009 Bonds are Build America Bonds and the debt service is net of budgeted interest subsidy payments from the U.S. Treasury.

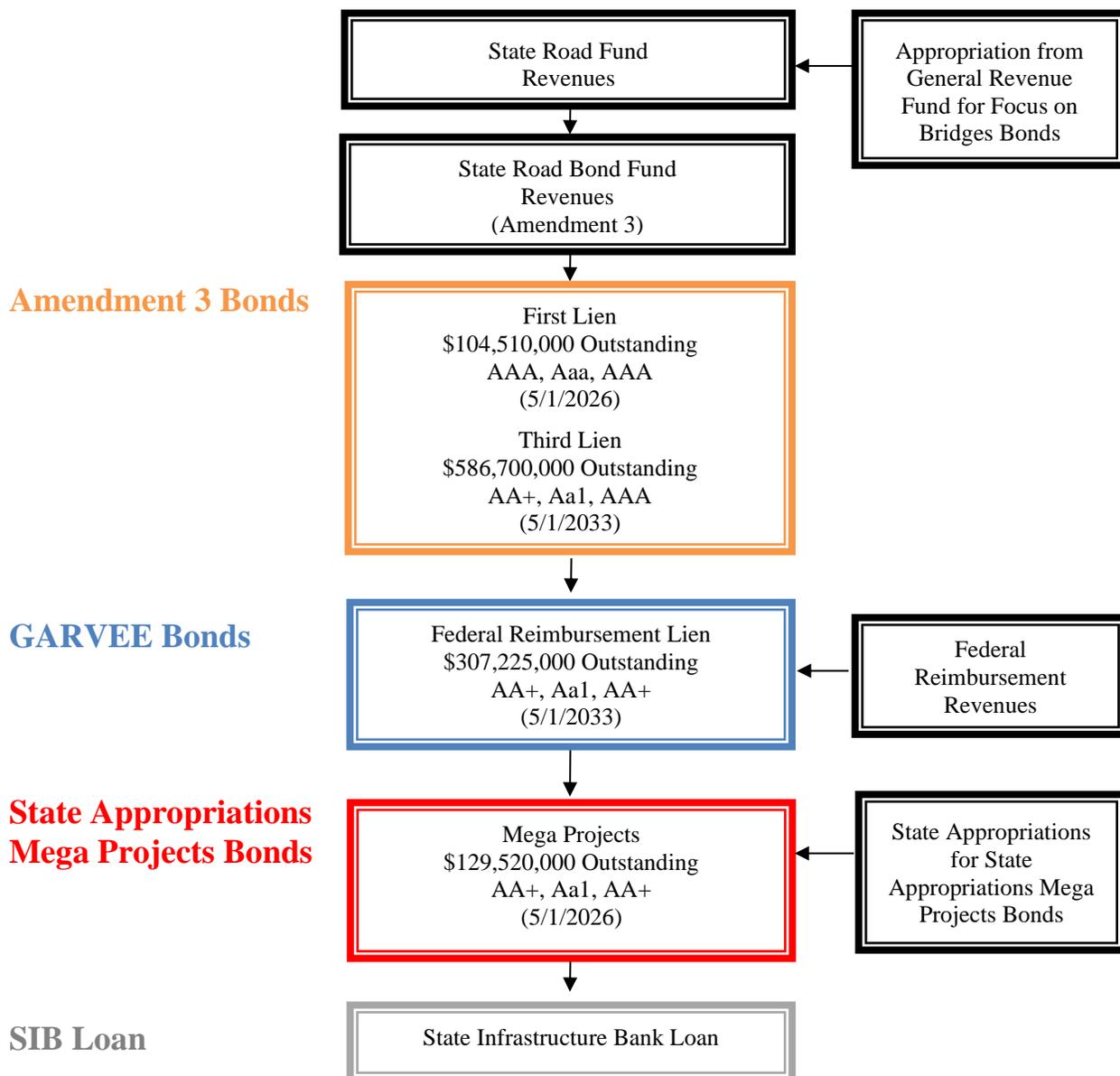
<sup>4</sup> Debt service payment for the Improve I-70 Program will be made from the State Road Fund with funds transferred from the General Revenue Fund.

# Missouri Highways and Transportation Commission

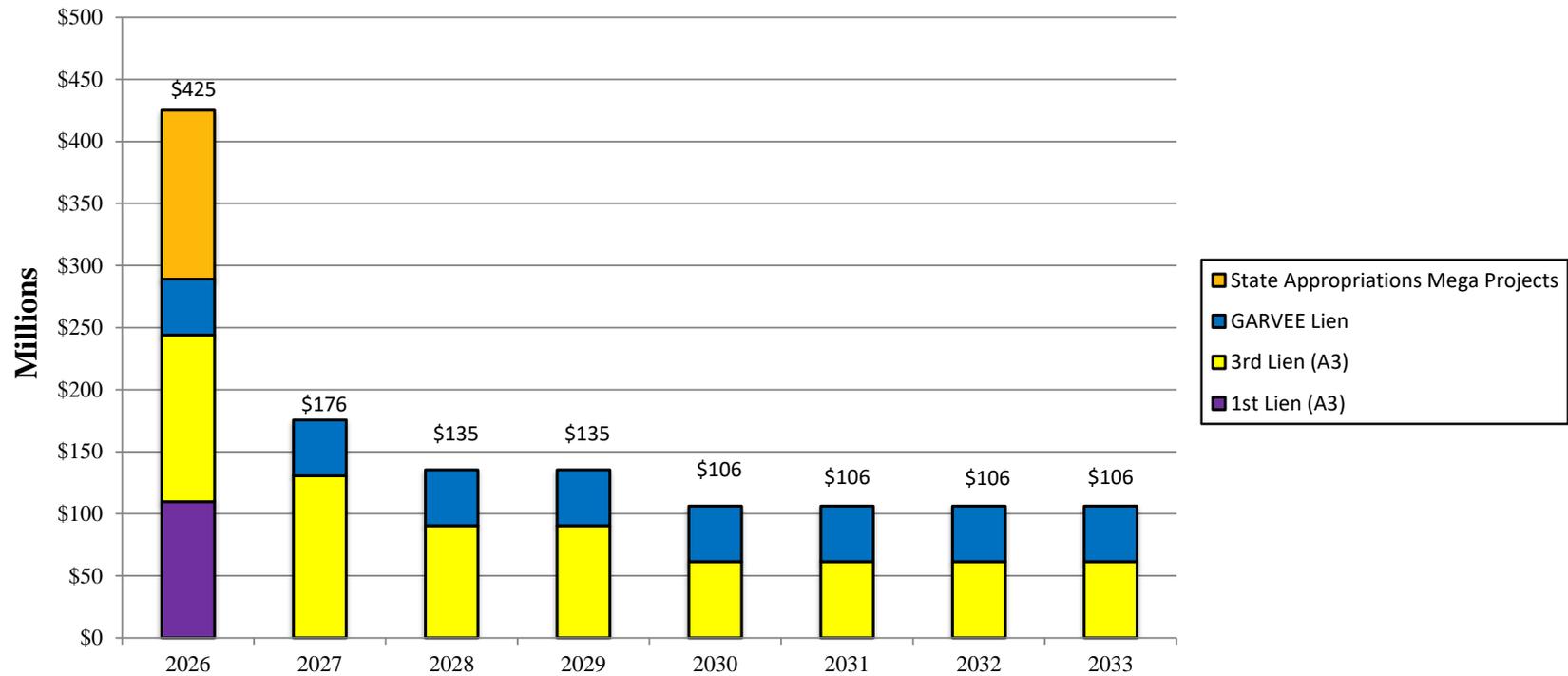
## Lien Structure as of June 30, 2025

The Missouri Highways and Transportation Commission has three bonding programs that conservatively leverage state and federal revenues to expedite the completion of important transportation projects.

The flow chart reflects the pledged revenues, amount of debt outstanding, the credit ratings (Standard & Poor's, Moody's and Fitch) and the final payment date by lien.



## Missouri Highways and Transportation Commission Annual Debt Service by Lien

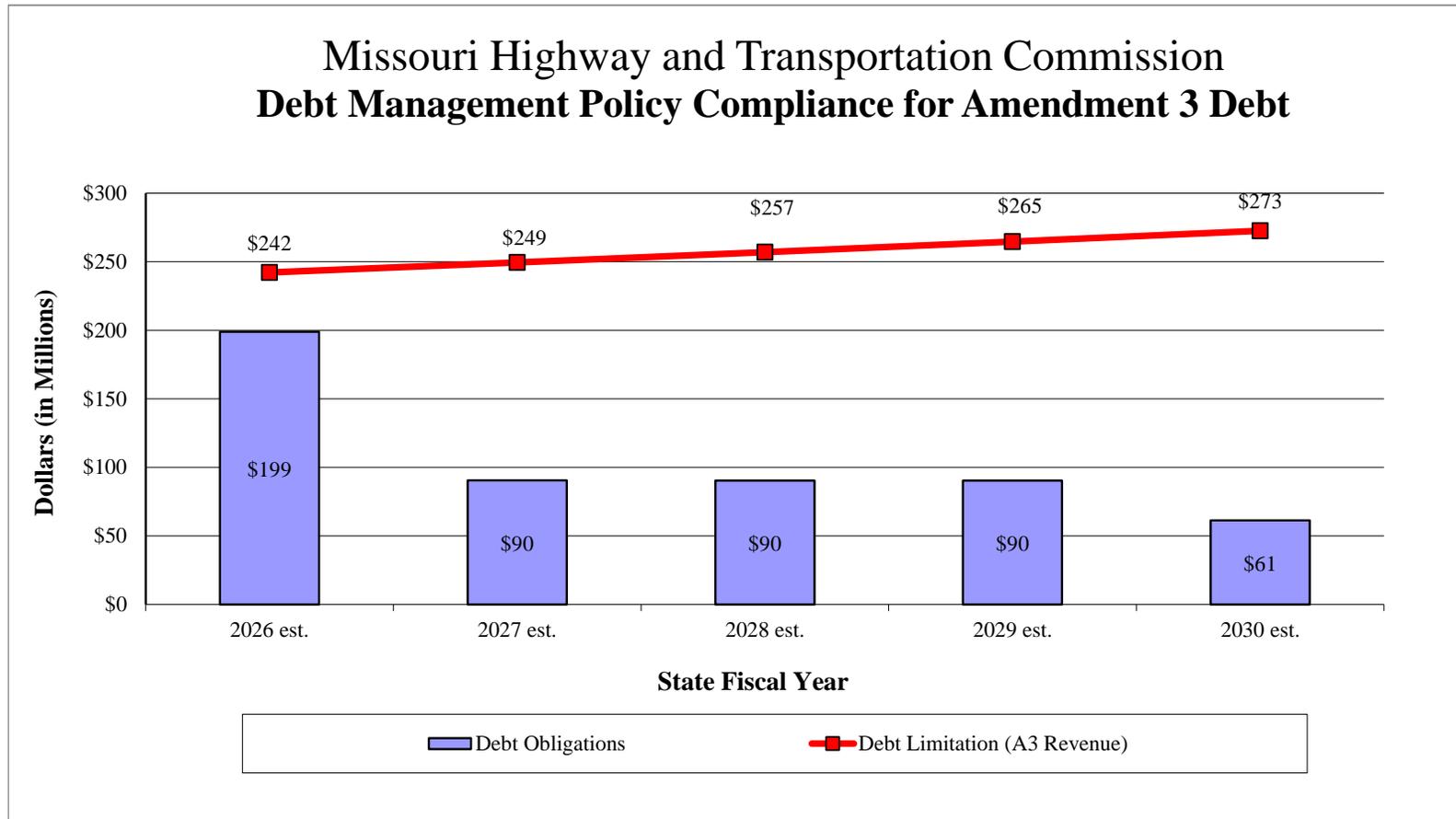


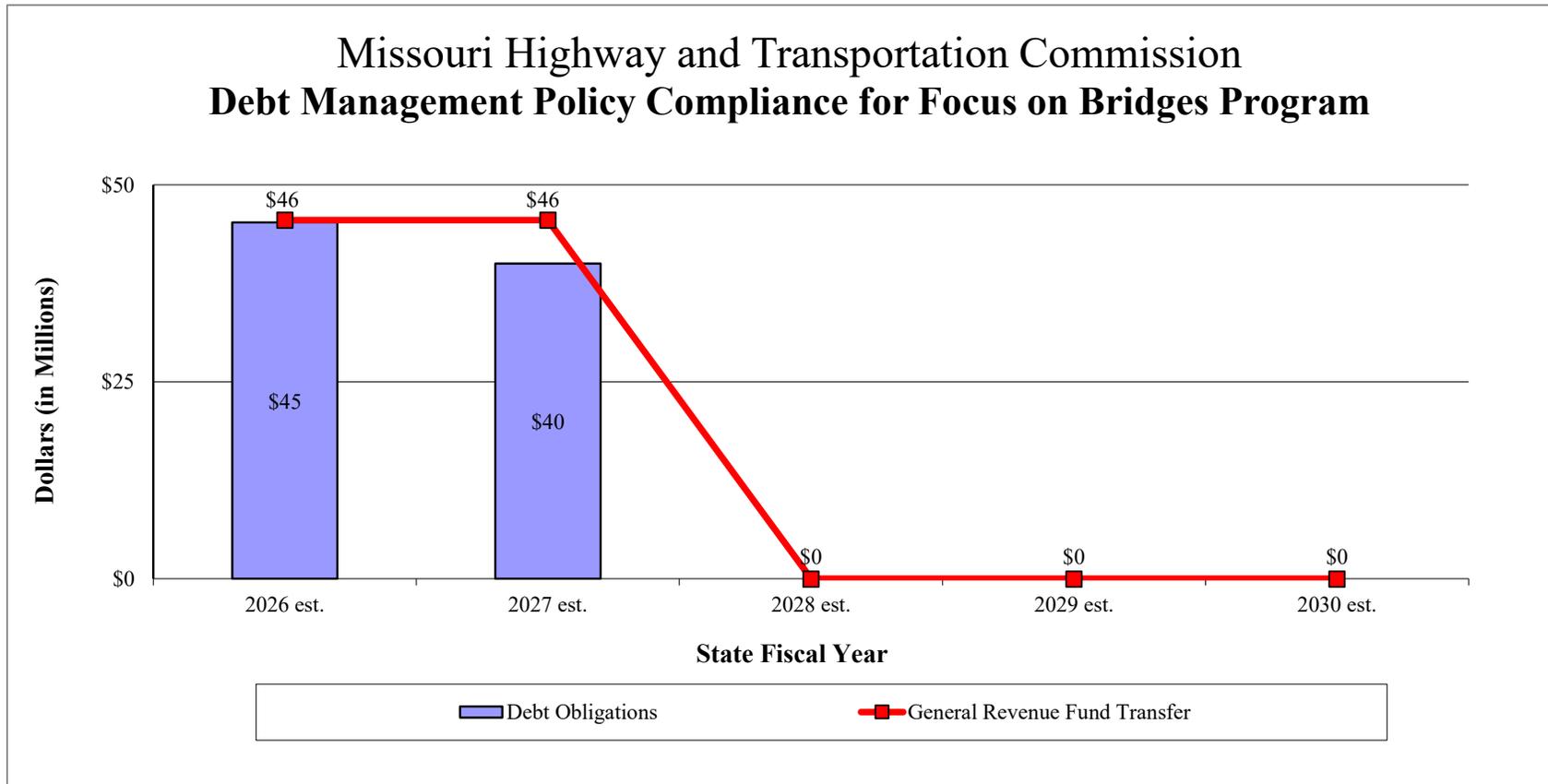
## Missouri Highways and Transportation Commission Annual Debt Service by Lien

Fiscal Year	(A3) 1st Lien Bonds	(A3) 3rd Lien Bonds <sup>1</sup>	(A3) Subtotal Bonds	GARVEE Lien Bonds <sup>1</sup>	State Appropriations Mega Projects Lien Bonds	Total Annual Debt Service Payment <sup>2</sup>	Bonds Outstanding (June 30)
2026	\$ 109,735,500	\$ 134,351,552	\$ 244,087,052	\$ 45,088,327	\$ 135,996,000	\$ 425,171,379	\$ 752,035,000
2027		\$ 130,540,561	\$ 130,540,561	\$ 45,039,650		\$ 175,580,211	\$ 607,800,000
2028		\$ 90,473,476	\$ 90,473,476	\$ 45,010,339		\$ 135,483,815	\$ 498,220,000
2029		\$ 90,451,788	\$ 90,451,788	\$ 44,975,430		\$ 135,427,218	\$ 384,040,000
2030		\$ 61,376,800	\$ 61,376,800	\$ 44,943,463		\$ 106,320,263	\$ 294,110,000
2031		\$ 61,377,800	\$ 61,377,800	\$ 44,907,615		\$ 106,285,415	\$ 200,245,000
2032		\$ 61,381,300	\$ 61,381,300	\$ 44,866,243		\$ 106,247,543	\$ 102,270,000
2033		\$ 61,380,800	\$ 61,380,800	\$ 44,827,707		\$ 106,208,507	\$ 0

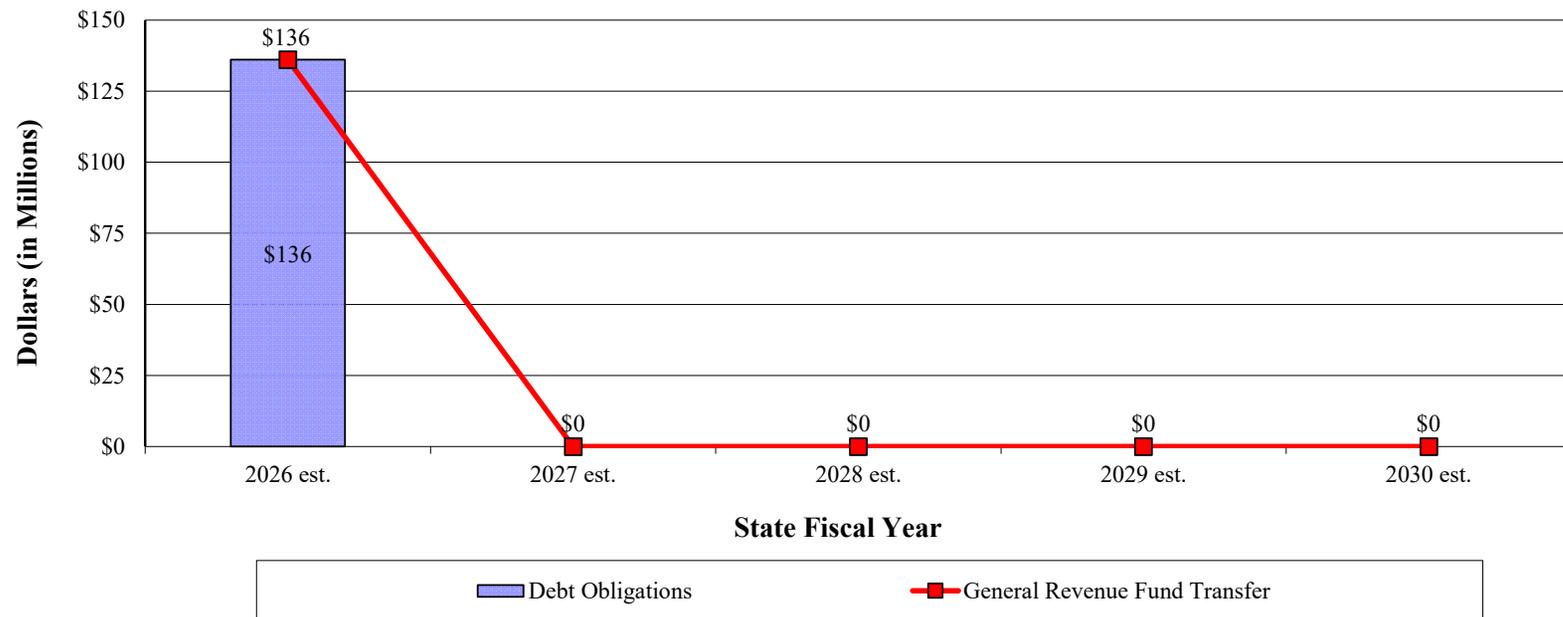
Notes: <sup>1</sup> Series B & C 2009 Bonds are Build America Bonds and the debt service is net of budgeted receipt of interest subsidy payments from the U.S. Treasury.

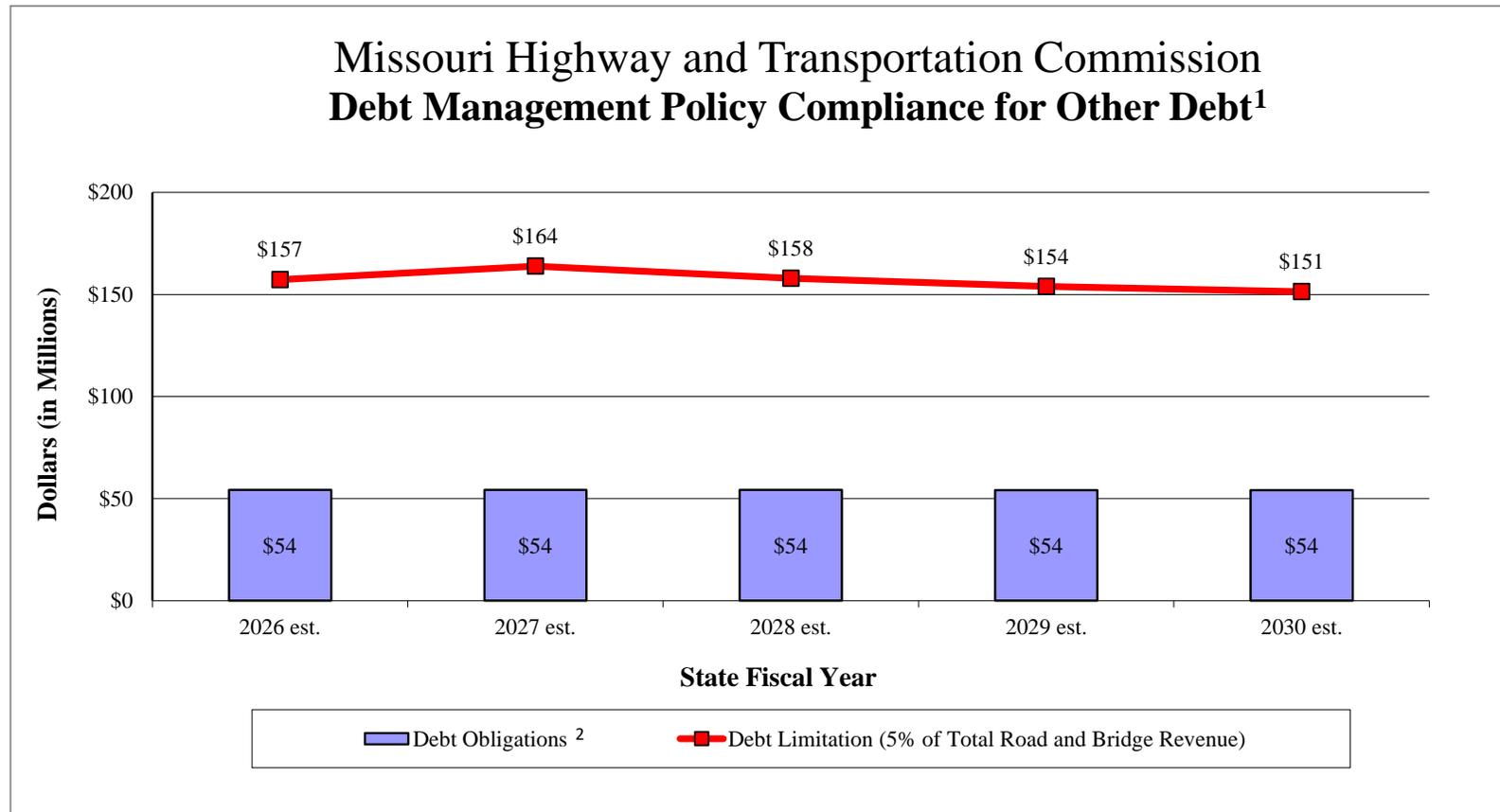
<sup>2</sup> Does not include various annual trustee fees.





### Missouri Highway and Transportation Commission Debt Management Policy Compliance for Improve I-70 Program

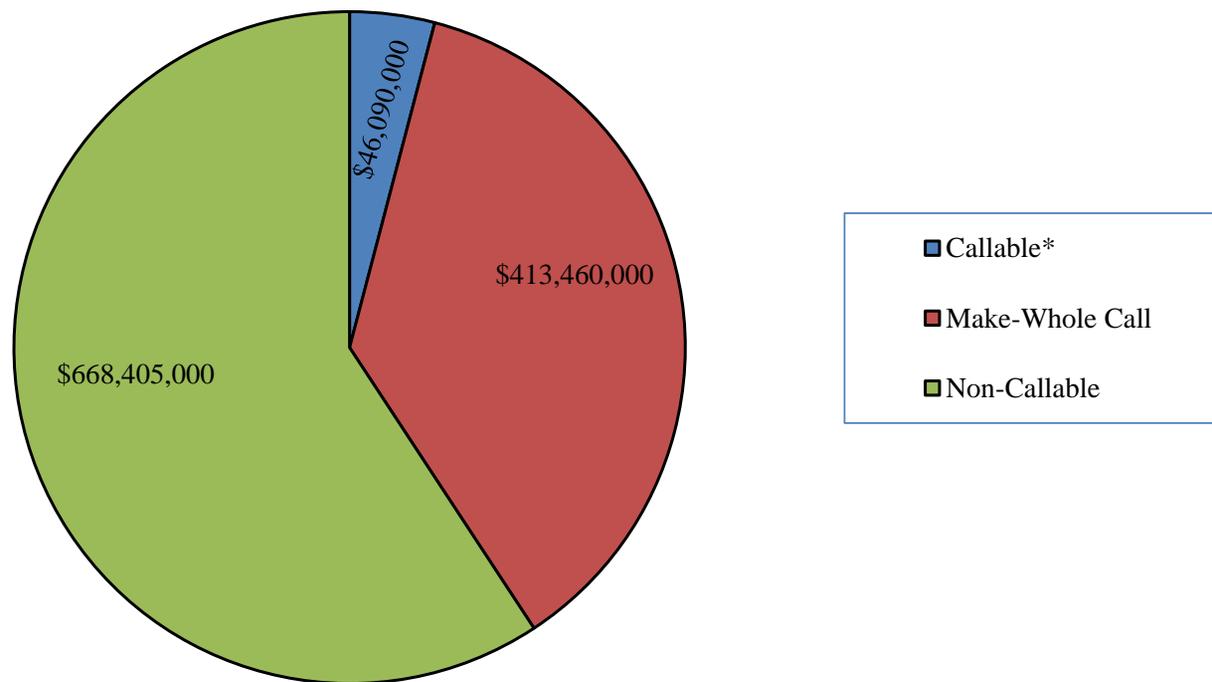




Notes: <sup>1</sup> Other Debt excludes Amendment 3, the Focus on Bridges Program, and the Improve I-70 Program.

<sup>2</sup> Debt Obligations include debt service on bonds; leases of one-year or longer, repayment to local entities for accelerated program payments; and the MTFC/SIB loan for the Rocheport Bridge / Mineola Hill project.

### Missouri Highways and Transportation Commission Call Dates on Outstanding Bonds as of June 30, 2025



\* Bonds became callable on May 1, 2024 and will remain so until they mature in fiscal year 2026.

# Missouri Highways and Transportation Commission

## Top 10 Bondholders

- BlackRock, Inc. \$113 million
- The Vanguard Group, Inc. \$50 million
- Northern Trust Corp. \$40 million
- MetLife Investment Management \$30 million
- State Street Corp. \$17 million
- Prudential Financial, Inc. \$14 million
- New York Life Group \$14 million
- JP Morgan Chase & Co. \$12 million
- Berkshire Hathaway Inc. \$12 million
- Conning Inc. \$10 million

Source: Bloomberg as of May 29, 2025