

Bond Financing – A Brief History

May 2000

State legislature gives MoDOT authority to issue up to \$2.25 billion in bonds to accelerate high-priority road and bridge improvement projects. \$250 million is to be issued right away, with the remaining \$2 billion to be issued between fiscal years 2001-2006, with no more than \$500 million in any one year. Legislative intent was to kick-start construction work until new revenue can be found.

June 2000

Commission approves \$250 million in bond financing to accelerate 58 projects in FY01. These projects all come from MoDOT's existing 5-year construction plan, as required by law, for the first round of bond financing only.

January 2001

Commission approves \$403 million in bond financing to accelerate 90 projects in FY02. Also approved is an additional \$450 million in bond financing to accelerate 68 projects in FY03. MoDOT Director says revisions could occur in the FY03 list, but identifying the projects early will help the department get work started quickly.

December 2001

MoDOT Chief Financial Officer tells commission that, due to downturn in economy and declining MoDOT revenue, department may have to accelerate less than the \$450 million originally expected to be issued for FY03.

January 2002

Commission approves revised FY03 list of \$254 million in bond financing to accelerate 31 projects. Although project work begins in FY03, bonds aren't issued for these projects until FY04. MoDOT officials say that to issue more would not be financially prudent.

April 2002

Commission agrees to issue up to \$300 million in additional bond financing if legislature removes sunset on 6 cents of state fuel tax revenue, scheduled to expire in 2008. Issuance would be subject to financial viability and ability to match future federal funds. Legislature removes sunset a few weeks later.

October 2002

Commission agrees to issue no additional bond financing, due to concerns of jeopardizing the department's bond rating, as well as its ability to match future federal funds by going into any more debt. The state treasurer also expresses reluctance with any additional MoDOT bond issuances.

Total Bond Financing Commitments

- \$907 million (\$250M in FY01, \$403M in FY02, \$254 in FY04)
- 179 accelerated projects
- Debt payments of \$75 million per year for approximately 20 years, starting in FY05