



**MISSOURI HIGHWAYS AND TRANSPORTATION
COMMISSION**

Official Minutes

TABLE OF CONTENTS

July 8, 2009

VOTE TO CLOSE MEETING	3
COMMISSION/DIRECTOR ITEMS	
Meeting Minutes	4
Consent Agenda	4
Commission Committees and Commission Related Boards	5
Director's Report	6
PUBLIC PRESENTATIONS	
Welcome from City Utilities	6
Update on Local Partnering to Achieve Regional Goals and Complete Major Projects	7
Presentation by Bella Vista Bypass Coalition	9
COMMISSION RESOLUTION	
Resolution Expressing Appreciation to James B. (Jim) Anderson for Outstanding Service On the Missouri Highways and Transportation Commission	10
STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM	
2010-2014 Statewide Transportation Improvement Program	11
Consideration of Bids on Federal-Aid and State Projects	13
Request for Approval of Location/and or Design	18
Ratification and Approval of Right of Way Plans for Condemnation	19
BUSINESS ISSUES	
Debt Management Policy	20
PROPERTY ACQUISITION AND CONVEYANCES	
Disposal of Excess Property, Route 45, Platte County, Excess Parcel Number E4-0550	37
Waiver of Billboard Exclusion Clause in Disposal of Excess Properties, Greene County, Route 744, Excess Parcel Numbers E8-611 and E8-612	37
COMMISSION ORGANIZATION	
Announcement of Chairman Mike Kehoe's Intent to Resign	38
Election of Chairman and Vice-Chairman	38

REPORTS

Financial – Budget – Reports

Year-to-Date Financial Report, May 31, 2009 ----- 39

**MINUTES OF REGULARLY SCHEDULED HIGHWAYS AND
TRANSPORTATION COMMISSION MEETING HELD IN
SPRINGFIELD, MISSOURI, ON WEDNESDAY, JULY 8, 2009**

A regularly scheduled meeting of the Missouri Highways and Transportation Commission was held on Wednesday, July 8, 2009, at the City Utilities, 301 E. Central, Springfield, Missouri. Mike Kehoe, Chairman, called the meeting to order at 10:15 a.m. The following Commissioners were present at the meeting location: Mike Kehoe, David A. Gach, Rudolph E. Farber, Grace M. Nichols, Lloyd J. Carmichael, and Duane S. Michie.

The meeting had been called pursuant to Section 226.120 of the 2000 Revised Statutes of Missouri, as amended. The Secretary verified that notice of the meeting was posted in keeping with Section 610.020 of the 2000 Revised Statutes of Missouri, as amended.

* * * * *

* * * * *

Pete Rahn, 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 Wednesday, July 8, 2009.

* * * * *

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

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 Kehoe, Aye
Commissioner Gach, Aye
Commissioner Farber, Aye
Commissioner Nichols, Aye
Commissioner Carmichael, Aye
Commissioner Michie, Aye

The Commission met in closed session from 8:00 a.m. until 10:00 a.m.

* * * * *

-- OPEN MEETING --

APPROVAL OF MINUTES

Upon motion by Commissioner Michie, seconded by Commissioner Farber, the Commission unanimously approved the minutes of the regularly scheduled meetings held on May 6, and June 3, 2009, and the special meeting minutes of May 21, 2009. The Chairman and Secretary to the Commission were authorized and directed to sign and certify said minutes and to file same in the office of the Secretary.

* * * * *

CONSENT AGENDA

Consent Agenda Process

In order to make the most efficient use of Commission meeting time and to ensure Commission members are well informed on issues requiring their action, the staff prepares and submits to the Commission members, in advance of their meeting, internal memoranda consisting of advice, opinions, and recommendations related to the items on the Commission meeting agenda. Those items considered by the staff to be of a routine or non-controversial nature are placed on a consent agenda. During the meeting, items can be removed from the consent agenda at the request of any one Commission member. The items that are not removed from the consent agenda are approved with a single motion and unanimous vote by a quorum of the members.

Minutes reflecting approval of items on the consent agenda are singly reported herein and intermingled with minutes reflecting action on related subjects that were openly discussed. Reference to "consent agenda" is made in each minute approved via the process described in the paragraph above. Minutes reflecting action on items removed from the consent agenda and openly discussed reflect the open discussion and vote thereon.

Consideration of July 8, 2009, Consent Agenda

Consent Agenda Item 2, “Debt Management Policy Revision”, was removed by staff from the consent agenda for discussion. Upon motion by Commissioner Nichols, seconded by Commissioner Michie, all remaining consent agenda items were unanimously approved by a quorum of Commission members present.

* * * * *

COMMISSION COMMITTEES AND COMMISSION RELATED BOARDS

The Commission has two committees: Audit and Legislative. In addition, it elects Commission representatives to two boards: Missouri Transportation Finance Corporation Board of Directors and MoDOT and Patrol Employees’ Retirement System Board of Trustees. The following committee reports were made during the July 8, 2009, meeting.

Audit Committee – Commissioner Farber reported the committee met on July 7, 2009 with the external auditor, BKD, to discuss the financial audit, including the scope and approach for the financial statement this year. The committee also received and concurred with the recommendations of two internal audit reports. Commissioner Farber commended staff for their work.

Legislative Committee – Chairman Kehoe reported the Governor signed the omnibus transportation bill, House Bill 683, which removed the inspector general position. House Bill 359 was signed by the Governor and will allow additional design build projects. On behalf of the Commission, Chairman Kehoe expressed appreciation for the Governor’s veto of Senate Bill 202, which would have repealed Missouri’s motorcycle helmet law. Commissioner Carmichael commented two additional safety issues passed in the omnibus transportation legislation that will reduce the amount of time an abandoned vehicle may remain on the side of the road, and increased the penalty for hitting a worker in a work zone.

Missouri Transportation Finance Corporation – Commissioner Gach stated there was no report.

MoDOT and Patrol Employees Retirement System – Commissioner Kehoe reported that Commissioner Farber is serving on the board governance committee. The board continues to work through the issues that the market decline has created with the negative return of twenty-four percent for last fiscal year. The board’s goal is to continue to work with the actuaries and investment strategies to improve the plan’s performance.

* * * * *

DIRECTOR'S REPORT

During the July 8, 2009, Commission meeting, Director Pete Rahn provided the following report:

American Recovery and Reinvestment Act (ARRA) update. Director Rahn reported MoDOT met the requirement to obligate fifty percent of ARRA funds by June 30, as did all 50 states, which means there will not be a redistribution of funds from states that did not act. As part of the ARRA, MoDOT submitted a preliminary application to the Federal Rail Administration for high-speed rail improvements to the Union Pacific line between Kansas City and St. Louis.

Congressional activity update. Director Rahn informed the commission that the chairman of the United States House of Representatives Transportation and Infrastructure Committee, Congressman James Oberstar, released his proposal for the next transportation authorization. In contrast, the President proposed an eighteen-month extension instead of trying to pass a bill before September 30, the expiration date of the current highway authorization, SAFETEA-LU. This proposed extension would transfer \$20 billion from the general fund to the trust fund to continue the highway program until a reauthorization bill may pass.

Safety Pays. On July 1, 2009, the department launched the new Safety Pays program that will reward work units in the maintenance area for extremely safe performance of their jobs. If there is a single occurrence of an incident that requires a visit to the doctor, that would disqualify the entire work unit from a payment for that quarter. It is a high standard that is designed to continue the progress made in controlling the workers compensation cost and ensure employees work in a safe environment.

* * * * *

WELCOME FROM CITY UTILITIES

Mr. John Twitty, General Manager of City Utilities of Springfield, welcomed the Commission to Springfield and to the City Utilities building. Mr. Twitty expressed appreciation for transportation, and for transit in particular because City Utilities operates the local bus system. He also noted the importance of highways to economic development for Springfield and for the state.

* * * * *

UPDATE ON LOCAL PARTNERING TO ACHIEVE REGIONAL GOALS AND COMPLETE MAJOR PROJECTS

Chris Upp, Chair of the Transportation Committee for the Springfield Area Chamber of Commerce, welcomed the Commission to Springfield. Mr. Upp explained something truly unique to the area, the partnerships among local agencies, working together to identify and prioritize transportation projects. Mr. Upp introduced the individuals who made the joint presentation: Marc Thornsberry, Director of Public Works for the City of Springfield; Dan Smith, Green County Highway Administrator; and Tim Conklin, Executive Director of the Ozarks Transportation Organization (OTO).

Mr. Conklin stated OTO represents nine communities in the urban area, who together with MoDOT prioritize and develop consensus on the regional transportation needs for southwest Missouri. The planning partners understand that regional mobility is critical for the continued growth and economic development within the region. There are five priority projects for the region: (1) capacity improvements to U.S. 65 from I-44 to South Street/Route F in Ozark, (2) capacity improvements to Route 14 from Route NN in Ozark to the future north/south corridor in Nixa, (3) capacity and safety improvements to U.S. 60 from West Bypass to state highway 125, (4) capacity and safety improvements to U.S. 160 from I-44 to Jackson Street in Willard, and (5) capacity improvements to U.S. 160 from U.S. 60 to state highway 14 in Nixa. Mr. Conklin also reviewed the area projects that are being accomplished with American Recovery and Reinvestment Act (ARRA) funds; he explained some of the ARRA projects also have local funding.

Mr. Thornsberry reported that it takes everyone with a willingness to work together to have partnerships. The Springfield region has presented to the Commission for twenty years and Mr.

Thornsberry believes that in the past, the Commission would hear from communities asking the Commission to fix a problem, whereas the Springfield region has always sought opportunities to partner for progress. The partners for progress in this area include the City of Springfield, Greene County, MoDOT, and the Springfield Area Chamber of Commerce.

Mr. Thornsberry reviewed the region's keys to success including the one-eighth cent transportation sales tax program that has helped fund many projects that are completed or underway. Some of the highlighted projects include the nation's first diverging diamond at I-44 and Kansas Expressway that addressed congestion and safety, Kearney Street east of U.S. 65 which created jobs and promoted economic development, James River Freeway and National Avenue diverging diamond has a private contribution from Cox Health Care, rehabilitation of Kansas Expressway viaduct has a local contribution to take care of the system, and a new transportation management center that will be built with a sustainable LEEDS silver design.

Mr. Smith continued with a review of projects that are completed or under construction, highlighting county and private cost participation and the impact that the projects will have on growth and economic development. These projects include: James River Freeway and Glenstone interchange improvements, Missouri 266 and Airport Boulevard, I-44 and Route H, James River Freeway and Campbell Avenue interchange, and intermodal connectivity with bus turnouts and improved sidewalks.

The gentlemen concluded their presentation explaining how partnering delivers results. For the past several years \$70 million of local funds from the City of Springfield, Greene County, and private sources have leveraged advancement of \$160 million in transportation improvements. When projects are advanced they can be built for a cheaper price, meet the public's needs faster, and creates jobs. Working together benefits everyone.

Following inquiries and discussion, the Commission thanked the region for their presentation and for their continued partnership for progress with the city, county, metropolitan planning organization, and the department.

* * * * *

PRESENTATION BY BELLA VISTA BYPASS COALITION

Raymond Burns, President/ CEO Rogers-Lowell Area Chamber of Commerce, made a brief presentation regarding the future of the I-49 corridor, specifically the portion referred to as the Bella Vista Bypass. When complete, I-49 will connect the nation in a north south corridor from New Orleans up to Winnipeg, Canada. Mr. Burns expressed appreciation to the Commission for their willingness to partner on a joint application for federal stimulus funds with the Arkansas Highway and Transportation Department. The coalition developed a website and is adding coalition partners. Members of the coalition are prepared to visit with members of Congress to encourage support of the project and this application at the federal level. Mr. Burns introduced Alan Meadors, Director of Planning and Research for the Arkansas Highway and Transportation Department. They are working on the benefit cost analysis and intend to have a draft application prepared in early August. The application deadline is September 15, 2009. The Commission expressed appreciation to Mr. Burns and Mr. Meadors for their presentation.

* * * * *

RESOLUTION EXPRESSING APPRECIATION TO JAMES B. (JIM) ANDERSON FOR OUTSTANDING SERVICE ON THE MISSOURI HIGHWAYS AND TRANSPORTATION COMMISSION

WHEREAS, James B. (Jim) Anderson was appointed to the Missouri Highways and Transportation Commission by Governor Bob Holden on October 16, 2001, and served an extended term of eight years; and

WHEREAS, Commissioner Anderson brought to the Commission a distinguished background of business expertise and civic service which merited acceptance and respect throughout the state; and

WHEREAS, Commissioner Anderson's expertise in the development of sound public policy coupled with his humility in resolving complex civic challenges gained his well-known and well-deserved recognition as a great public servant; and

WHEREAS, Commissioner Anderson performed his duties with extraordinary professionalism, integrity, dignity, and a keen sense of humor that would rise to the occasion; and

WHEREAS, Commissioner Anderson was instrumental in the development and promotion of an objective funding allocation process that is used to address transportation needs in an equitable manner across the state of Missouri. He encouraged flexibility in the funding allocation for department districts and funding for economic development related transportation improvements; and

WHEREAS, Commissioner Anderson valued and encouraged the use of the planning process that seeks participation from Missouri's citizens when planning and prioritizing transportation projects; and

WHEREAS, Commissioner Anderson advocated the connection between a good transportation network and economic development in the state of Missouri; and

WHEREAS, Commissioner Anderson gave unselfishly of his personal time to enhance public awareness of Missouri's transportation needs and holds a record of perfect attendance at regular Commission meetings during his term; and

WHEREAS, Commissioner Anderson served as Chairman of the Commission from March 2007 until March 2008, and as Vice-Chairman of the Commission from March 2008 until March 2009; and

WHEREAS, Commissioner Anderson's interest in, and concern about others endeared him to his cohorts on the Highways and Transportation Commission and to department staff,

NOW, THEREFORE, BE IT RESOLVED that the Highways and Transportation Commission does hereby publicly express its appreciation and gratitude to Commissioner Anderson for the public service he has performed for the citizens of Missouri and extends to him best wishes in his future endeavors.

BE IT FURTHER RESOLVED that a copy of this resolution be forwarded to Commissioner Anderson so he will have a permanent record of the admiration and affection in which he is held by the members of the Missouri Highways and Transportation Commission and department staff.

* * * * *

2010-2014 STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM

On behalf of the Director, Kevin Keith, Chief Engineer, presented the 2010-2014 Statewide Transportation Improvement Program (STIP). The STIP is a five-year list of all the projects for the department, which is required by federal law. It is more than just a list though; it is a commitment to the public.

This STIP represents \$6.6 billion worth of transportation investment over the next five years across Missouri. The largest portion is for highways and bridges, however it includes funding for other modes of transportation and for local programs with cities and counties. The multimodal portion is included in the STIP because it is important to show all the projects the department is working on in all modes of transportation, however, this portion of the STIP is dependent upon what occurs during the legislative budget process.

There is uncertainty in both state and federal revenue streams for this STIP. State revenues are experiencing an unprecedented decline. The federal transportation authorization act is due for renewal, but it is unclear when or what dramatic changes could potentially occur. Due to the revenue uncertainty, \$1.2 billion has not been programmed to specific projects. This amount is intentionally higher than normal in the event revenues come in lower than projected. The good news

is, if revenues come in higher than projected, there will be more funds available for more projects. This allows the department and the commission to honor the commitments and complete the projects.

The 2010-2014 STIP includes: (1) the completion of the Smoother, Safer, Sooner Campaign funded by Amendment 3, (2) the last of the American Recovery and Reinvestment Act (ARRA) projects, (3) the New Mississippi River Bridge, (4) the Better Roads Bright Future projects that will accomplish the goal of eighty-five percent of major roads in good condition, and (5) the remaining part of the Safe and Sound Bridges Program. All together there are still a lot of good things accomplished with this STIP.

If nothing changes in the current projected revenue streams, the department will only be able to take care of the system in years 2012, 2013, and 2014. However, in contrast, 2009 and 2010 are the busiest years in the history of MoDOT.

The department's planning process is the real public involvement process that developed the STIP. The draft STIP was presented in May to the Commission, and then a required thirty-day public comment period was held. The department received sixty-three comments total; of which, fifty-nine were from citizens of Worth County that want a specific project. District staff will assist them with their request. The fact that the department received only four comments about anything else is a positive reflection of the department's planning process that seeks and encourages public involvement.

After further discussion and consideration, and upon motion by Commissioner Michie, seconded by Commissioner Gach, the Commission unanimously approved the 2010-2014 STIP, as recommended by Mr. Keith, and authorized the Chief Engineer to add scoping and design projects and approve hardship right-of-way purchases.

* * * * *

CONSIDERATION OF BIDS ON FEDERAL-AID AND STATE PROJECTS

On behalf of the Director, Dave Nichols, Director of Program Delivery, presented the following recommendations pertaining to bids received on federal-aid and state highway and bridge projects during the past month.

Mr. Nichols recommended (1) Award of contracts to the lowest responsive and responsible bidders for bids received on the June 26, 2009 letting, as recommended and noted in Table I below. Non-contractual costs for these projects are shown on the below tabulation. (2) Rejection of bids received on Calls X02 and X06 due to excessive bids per Section 102.15(a) of the Missouri Standard Specifications for Highway Construction, as noted in Table II below. (3) Declare the bid of Archer Western Contractors, LTD non-responsive due to failure to provide a good faith effort to meet the required Disadvantage Business Enterprise (DBE) goal for Call 802 per DBE Program Requirements of the General Provisions; and award Call 802 to the second low bidder, Emery Sapp & Sons, Inc. as noted in Table I below; also forfeit the bid guarantee on Call 802 submitted by Archer Western Contractors, LTD to cover the difference between the bids submitted by Archer Western Contractors, LTD and Emery Sapp & Sons, Inc. (4) Declare the bids of Freeman Concrete Construction, LLC on Calls 402 and 403 as irregular due to submission of non-standard bid bonds per Section 102.9 of the Missouri Standard Specifications for Highway Construction. (5) Declare the bid of Widel, Inc. on Call 502 as irregular for failure to complete the bid in accordance with the bidding documents per Section 102.8 of the Missouri Standard Specifications for Highway Construction. (6) Declare the bid from Fronabarger Concreters, Inc. on Call X02 as irregular due to receipt of the bid after the time for opening bids per Section 102.10 of the Missouri Standard Specification for Highway Construction. (7) The City of Springfield opened bids on April 21, 2009

for signal improvements on Route 13 (Kansas Expressway) near the I-44 interchange. The City awarded the project to the low bid of Hartman & Company. MoDOT is funding \$242,210.30 for this project. It is recommended the Commission concur in award of this project as noted in Table III below.

**Table I
Award of Contracts
June 26, 2009, Bid Opening**

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
101	AC	Buchanan	J1S2154	\$1,937,843.36	\$656.00	Ideker, Inc.	Resurfacing with Superpave and Construct Right Turn lanes
102	146	Harrison	J1L1000D	2,254,757.34	0	Ideker, Inc.	Thin-Lift Overlay (SL)
	DD	Daviess	J1L1000E		144.00		
	146	Grundy	J2L1000B		72.00		
201	Various	Caldwell, Carroll, Lafayette, Linn, Livingston, Macon	J2P1979	303,537.08	0	Penhall Company	Install Edgeline Ruble Strips & Pavement Marking Removal
202	156	Macon	J2M0140	321,426.40	0	R. & L. Boone Construction Company	Grading, Drainage and Optional Bid Pavement (Bituminous Pavement or PCCP)
301	61	Pike	J3P0776	1,079,219.71	656.00	Mid-River Asphalt, Inc.	Diamond Grinding and Shoulder Replacement
302	Various	Audrain, Clark, Lincoln, Marion, Monroe, Montgomery	J3P1979	384,452.75	0	Penhall Company	Install Edgeline Rumble Strips
401	13	Johnson	J4P1138E	483,773.45	0	Chester Bross Const. Co./ C. B. Equipment Inc.	Grading and Drainage for Two Box
402	169	Clay	J4P2265	1,116,659.26	0	St. Joseph Fuel Oil & Manufacturing Company	ADA Upgrades

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
403	1	Clay	J4P2266	1,219,949.45	656.00	Musselman and Hall Contractors, LLC	ADA Upgrades
404	29, 35, 435	Clay, Platte	J4Q1767B	1,748,081.00	311,300.00	Leath & Sons, Inc.	Installation of ITS
405	435	Jackson	J4Q1769B	199,561.50	0	Leath & Sons, Inc.	Install Ramp Metering Signals
501	5	Camden	J5P0592F	16,150,581.53	1,312.00	Emery Sapp & Sons, Inc.	Alternate Bid Pavement (Superpave or PCCP) for Shared Four Lane
	5	Laclede	J8P0902		656.00		Alternate Pavement (PCCP or Superpave), Optional Pavement (Whitetopping or Asphalt Overlay) for Shared Four Lane
502	CR N 165	Camden	J0P0931G	204,818.60	0	Enviro Control, LLC	Low Water Crossing Modification Alternate Bridges
503	63	Boone	J5M0058	115,214.45	72.00	Emery Sapp & Sons, Inc.	Grading & Optional Pavement to Widen Ramp
504	Various	Andrew, Boone, Callaway, Cooper, Daviess, DeKalb	J5Q0974	955,414.61	635,468.84	Gerstner Electric Inc.	Installation of ITS
505	740	Boone	J5P2170	1,682,289.98	656.00	APAC-Missouri, Inc.	Ultrathin Bonded Asphalt Wearing Surface, Type C
506	Various	Benton, Boone, Callaway, Camden, Cole, Cooper	J5P1979	484,183.65	0	Penhall Company	Install Edgeline Rumble Strips
601*	270	St. Louis	J6I1830B	33,459,241.43	4,456.00	Fred Weber, Inc.	Alternate Pavement (PCCP & UBAWS or Superpave), New Bridges, Signals, Lighting & Grading for Interchange Reconstruction.

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
	270	St. Louis	J6I1978		1,656.00		Bridge Rehabilitation
	364	St. Louis	J6U1045B		1,312.00		Alternate Pavement (PCCP or Superpave) for New Directional Ramp, New Bridges
602	44 OR	St. Louis	J6I2253	171,612.30	3,000.00	N. B. West Contracting Company	Optional Pavement for Commuter Lot Expansion, Paved Ditch, Drainage & Lighting
603	I-70 OR	St. Louis City	J6I2092	5,092,878.03	18,588.00	St. Louis Bridge Construction Company	Coldmilling & Resurface w/ Superpave, Bridge Rehabilitation, Lighting, ADA Upgrades, Drainage, Signals, Signing
604	44	Franklin	J6I2011	17,377,494.69	656.00	Fred Weber, Inc.	Grading, Coldmilling and Alternate Bid Pavement (PCCP or Superpave)
801	76	Taney	J8S2149	680,159.65	656.00	Interstate Improvement, Inc.	ADA Upgrades
802**	65	Greene	J8P0605B	26,943,391.78	328.00	Emery Sapp & Sons, Inc.	Alt. Pavement (PCCP or Superpave), Alt. Shoulders, Grading, Drainage
			J8P0605D		1,438.00		Bridge Replacement & Rehabilitation, Alt. Pavement (PCCP or Superpave), Alt. Shoulders (PCCP or BP-1)
			J8P0605E		1,694.00		Alt Pavement (PCCP or Superpave), Alt. Shoulders (PCCP or BP-1), Bridge Rehabilitation & Redeck

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
X01	55, 57, 60	Butler, Cape Girardeau, Howell, Mississippi, New Madrid, Pemiscot	J0Q2168	733,778.89	460,797.81	Gerstner Electric, Inc.	DMS & CCTV Camera Installation at Various Locations
X03	H	Scott	J0S0818	249,950.00	0	J. M. Marschuetz Construction Co.	Bridge Replacement with Triple Box Culvert (9' x 6')
X04** *	34	Wayne	J0P0876	10,490,752.07	5,648.57	H. R. Quadri Contractors, LLC	Widen, Resurface with BP-1, Paved Shoulders
X05	55	Pemiscot	J0I0972	11,629,285.75	257,760.00	R. L. Persons Construction Inc.	Welcome Center Bldg, Grading, Paving, Drainage, Lighting, Landscaping, & Signing
		New Madrid	J0I2147		301,678.00		
			TOTAL	\$137,470,308.71	\$2,011,317.22		

* Call 601 – Job J6I1803B – Funding by MO Dept. of Economic Development, St. Louis County, City of Maryland Heights, & Jones Financial Companies \$4,810,028.32.

** Call 802 – Funding for J8P0605B by City of Springfield \$2,000,000. Funding for J8P0605E by Greene County \$1,628,416 (SPT-Urban ARRA Funds).

***Call X04 – Funding by the City of Piedmont \$55,522.00.

**Table II
Rejection of Bids
Jun 26, 2009, Bid Opening**

Call No.	Route	County	Job No.	Description
X02	D	Pemiscot	J0S0742	Alt. Pavement (PCCP or Bit. Pave.), Asphalt Overlay, Widen
X06	W	Cape Girardeau	J0P2183	Widen & Resurface with BP-1, Modified A2 Shoulders, Culvert Extensions

**Table III
Concurrence in Award
May 5, 2009**

Route	County	Job No.	Description
13	Greene	J8P0841C & J8P0841D	Route 13 (Kansas Expressway) and Evergreen Road Traffic Signal Relocation

Commission Consideration and Action

After consideration, and upon motion by Commissioner Michie, seconded by Commissioner Gach, the Commission took the following action:

1. Awarded contracts to the lowest responsive and responsible bidders for bids received on the June 26, 2009 bid opening, as recommended and noted in Table I above. Non-contractual costs for these projects are shown on the above tabulation.
2. Rejected the bids received on Calls X02 and X06 as noted in Table II above, because they were considered excessive.
3. Declared the bid of Archer Western Contractors, LTD as non-responsive for failure to provide a good faith effort to meet the required DBE goal for Call 802; and awarded Call 802 to the second low bidder, Emery Sapp & Sons, Inc.; also forfeited the bid guarantee on Call 802 submitted by Archer Western Contractors, LTD, to cover the difference between the bids submitted by Archer Western Contractors, LTD and Emery Sapp & Sons, Inc.
4. Declared the bids of Freeman Concrete Construction, LLC on Calls 402 and 403 as irregular due to the submission of non-standard bid bonds.
5. Declared the bid of Widel, Inc. on Call 502 as irregular for failure to complete the bid.
6. Declared the bid from Fronabarger Concreters, Inc. as irregular on Call X02 due to the bid not being received on time for opening.
7. Concurred with the City of Springfield to award the signal improvements project on Route 13 south of I-44 to the low bid of Hartman & Company.

In keeping with the Commission's Delegation of Authority to Execute Documents Policy, the Director, Chief Engineer, Chief Financial Officer, or the Director of Program Delivery may execute the contracts awarded above.

* * * * *

REQUEST FOR APPROVAL OF LOCATION AND DESIGN OF HIGHWAYS

**Route 159, Holt County
Missouri River Bridge to Rulo, Nebraska
Job No. J1P0777
Public Hearing Held December 2, 2008**

The proposed improvement provides replacement of the Missouri River Bridge south of the existing bridge location at Rulo, Nebraska. The new bridge and Missouri Roadway will have two 12-foot lanes and eight-foot shoulders. The project will have normal access right of way. Traffic will be maintained over the existing bridge during construction.

Mr. Don Wichern, District 1 Engineer, recommended approval of the location and design as presented at the public hearing.

Route 67, Butler County (South of Poplar Bluff)

**1.5 Miles South of Route M to 1.0 Mile South of Route 160
Job No. J0P0959
Public Hearing Held April 2, 2009**

The proposed improvement provides grading, bridges and paving to improve Route 67 to a four-lane facility from south of Poplar Bluff to South of Route 160. Route 67 will consist of four 12-foot lanes with four-foot shoulders. This project will have normal access right of way. Traffic will be maintained on existing Route 67 during construction.

Mr. Mark Shelton, District 10 Engineer, recommended approval of the location and design as presented at the public hearing.

After full consideration of the favorable and adverse economic, social and environmental effects of the recommended designs, the Commission via approval of the Consent Agenda unanimously found and determined the recommended designs would best serve the interest of the public and approved the recommendation.

* * * * *

RATIFICATION AND APPROVAL OF RIGHT OF WAY PLANS FOR CONDEMNATION

On behalf of the Director, Dave Nichols, Director of Program Delivery, recommended the Commission ratify the approval of the Chief Engineer of the following right of way plans, which have been filed for condemnation.

<u>County</u>	<u>Route</u>	<u>Job Number</u>	<u>Date Commission Approved Design</u>
St. Louis City	I-64	J6I1609*	**
Wayne	34	J0P0876	March 4, 2009

*Formerly J6I0985

** In accordance with the Engineering Policy Guide 129.1.1.7 and 129.1.3 for projects that impact fewer than 5 parcels Commission approval is not required.

In accordance with Section 227.050 RSMo, the Commission via approval of the Consent Agenda, approved the right of way plans for the above noted projects and directed they be filed as necessary for the condemnation of right of way.

* * * * *

DEBT MANAGEMENT POLICY

On behalf of the Director, Roberta Broeker, Chief Financial Officer, proposed revisions to the Missouri Highways and Transportation Commission Debt Management Policy that was approved on May 10, 2006, to better reflect the use of Grant Anticipation Revenue Vehicles (GARVEE) bonds and other minor adjustments to clarify current practices regarding the issuance of debt by the commission.

During the annual Debt Workshop held on July 7, 2009, the proposed revisions were reviewed. One of the issues discussed was a proposed change to Section 15 Term of Bonds that would make the policy consistent with IRS Regulations. The commission indicated they prefer to retain a more conservative view on the term of bonds. Following this discussion, Ms. Broeker recommended approval of the proposed revisions to the debt management policy with the exception that no changes are made to Section 15 Term of Bonds, it will remain the same as before. After consideration, and upon motion by Commissioner Nichols, seconded by Commissioner Farber, the Commission unanimously approved the following revised Debt Management Policy.

**MISSOURI HIGHWAYS AND TRANSPORTATION COMMISSION
DEBT MANAGEMENT POLICY**

Table of Contents

	<u>Page</u>
SECTION 1: STATEMENT OF POLICY OBJECTIVES	23
SECTION 2: APPLICATION OF POLICY	23
SECTION 3: DEFINITIONS	1
SECTION 4: APPROPRIATE USES OF DEBT	25
SECTION 5: DESCRIPTION OF TYPES OF DEBT	4
SECTION 6: ANALYSIS OF DEBT CAPACITY	26
SECTION 7: DEBT AND FINANCE PLAN MANAGEMENT	5
SECTION 8: PROJECT ACCELERATION	6
SECTION 9: DISCLOSURE PRACTICES	6
SECTION 10: CREDIT RATING RELATIONS AND SELECTION	28
SECTION 11: USE OF CREDIT ENHANCEMENT	28
SECTION 12: OPTIONAL REDEMPTION PROVISIONS	28
SECTION 13: FINANCIAL ADVICE	7
SECTION 14: METHOD OF SALE	29
SECTION 15: TERM OF BONDS	29
SECTION 16: REFUNDING PROCEDURES AND PRACTICES	29
SECTION 17: USE OF VARIABLE RATE DEBT	30

SECTION 18: USE OF DERIVATIVE PRODUCTS	30
SECTION 19: INVESTMENT OF BOND PROCEEDS	9
SECTION 20: ARBITRAGE REBATE COMPLIANCE	9
SECTION 21: DEBT SERVICE RESERVE FUNDS	10
SECTION 22: MARKET AND INVESTOR RELATIONS	10
SECTION 23: USE OF ORIGINAL ISSUE DISCOUNT AND PREMIUM	10
APPENDIX A: MISSOURI CONSTITUTION, ARTICLE IV, SECTION 30(B)	11

Section 1: Statement of Policy Objectives

The purpose of this debt management policy (**Policy**) is to ensure that each debt financing of the Missouri Highways and Transportation Commission (**Commission**) is completed in the most efficient and professional manner and in accordance with the highest standards of the industry to achieve the Commission's fiscal management goals and objectives. The goals of the Commission are to:

- Maintain the best possible underlying credit ratings on long-term debt issued by the Commission;
- Minimize borrowing costs;
- Optimize future flexibility and debt profile; and
- Use debt to fund significant projects.

This Policy has been developed and amended to reflect current state and federal laws regarding Commission and public entity debt obligations as of the effective date of this Policy.

Section 2: Application of Policy

This Policy will apply to any long-term indebtedness of the Commission. Long-term indebtedness refers to debt issued for capital financing with terms of one year or longer. This Policy shall also apply to capital equipment financing having a life of one year or longer. The Missouri Department of Transportation's Chief Financial Officer (**CFO**) will be responsible for ensuring compliance with this Policy.

The CFO has the responsibility and authority for structuring, implementing and managing the debt program. The CFO shall also advise the Commission regarding the need to amend this Policy and recommend any amendments. The Commission shall approve any amendments to this Policy.

The Commission may amend this Policy if doing so advances its fiscal management goals and objectives and such an amendment is fiscally prudent. Approved amendments shall be evidenced in writing and copies shall be delivered promptly to the rating agencies.

Section 3: Definitions

Arbitrage: Investment earnings on bond proceeds and certain monies pledged for payment of bonds, which are invested at a yield greater than the yield on the applicable bonds or the yield on the obligation adjusted for federal interest subsidy payments received by the Commission. The Internal Revenue Service regulates the amount which may be earned from the investment of such money and conditions under which arbitrage must be rebated to the U. S. Treasury. Arbitrage

	rules enforced by the Internal Revenue Service generally apply to all Tax Advantaged Financings.
<i>Commission:</i>	Missouri Highways and Transportation Commission created in article IV, section 29, Missouri Constitution.
<i>Debt Capacity:</i>	The maximum amount of debt or financing obligations that may be issued by a borrower within legal constraints without overextending the borrower's ability to repay those obligations.
<i>Debt Service Coverage from Pledged Federal Revenue:</i>	Annual Pledged Federal Revenue divided by the annual debt service on outstanding bonds issued by the Commission as Grant Anticipation Revenue Vehicles (GARVEE) or similar bonds.
<i>Debt Service Coverage from Pledged State Revenue:</i>	Annual Pledged State Revenue less the amount of debt service associated with closed liens divided by the annual debt service on open liens for outstanding bonds issued by the Commission.
<i>Department:</i>	Missouri Department of Transportation as created in article IV, section 29, Missouri Constitution.
<i>Derivative Product:</i>	A financial agreement associated with a debt issue or an investment in which its value is derived from other sources. A derivative product includes agreements to exchange fixed and floating rates, limit variable interest rate risk, or fix an interest rate on an investment or debt product for certain periods.
<i>Official Statement:</i>	The disclosure document prepared by the Commission describing the structure and security of the bond issue, as well as the economic, financial, demographic and managerial characteristics of the Commission, as appropriate.
<i>Original Issue Discount:</i>	The amount below par value paid by the ultimate purchasers at the time a bond or other debt instrument is issued.
<i>Original Issue Premium:</i>	The amount above par value paid by the ultimate purchasers at the time a bond or other debt instrument is issued.
<i>Pledged Federal Revenue:</i>	Federal aid reimbursements for road and bridge projects pledged and available to pay debt service on GARVEE or similar bonds issued by the Commission pursuant to the Missouri Constitution.
<i>Pledged State Revenue:</i>	State revenues derived from highway users pledged and available to pay debt service on bonds issued by the Commission pursuant to the Missouri Constitution.
<i>Project Acceleration:</i>	Debt financing issued by an outside entity to finance a Commission approved project to be constructed earlier than originally programmed by the Commission.

<i>Refunding Bonds:</i>	Bonds issued for the purpose of retiring, either at maturity, or in advance of maturity, previously issued bonds. These bonds are typically issued to achieve interest rate savings, restructure principal or to eliminate burdensome covenants with bondholders.
<i>State Road Bonds:</i>	As defined in article IV, section 30(b), Missouri Constitution, any bonds or refunding bonds issued by the Commission to finance or refinance the construction or reconstruction of the state highway system (see Appendix A).
<i>Tax Advantaged Financing:</i>	Bonds, notes, capital leases or other instruments treated as debt for federal income tax purposes, that are issued under provisions of federal income tax laws and regulations to provide special tax treatment either (1) for the debt holder in the form of a federal income tax credit or the ability to exclude interest paid on the obligation from gross income for federal income tax purposes or (2) for the issuer of the obligation in the form of a federal subsidy payment to offset a portion of interest expense.
<i>Total Road and Bridge Revenue:</i>	Total Commission revenues less funds dedicated for non-highway purposes such as airports, rail, transit and waterways.
<i>Variable Rate Debt:</i>	An instrument typically with a long-term maturity where the interest rate is adjusted periodically, on a daily, weekly, monthly, semi-annual or annual basis. With true variable rate demand obligations, the investor has the ability to unilaterally sell back their bonds to the remarketing agent. There are other types of short-term (variable rate) debt, such as auction rate securities, where investors may tender a bid to buy, sell or hold securities on a periodic basis, but there is no ability to sell the bonds back to a broker-dealer.

Section 4: Appropriate Uses of Debt

The Commission deems the following as appropriate uses of debt:

- Providing funds for the construction and reconstruction of the State Highway System pursuant to article IV, section 30(b) of the Missouri Constitution;
- Refunding Bonds under the guidance in Section 16 of this Policy; and
- Leases of one year or longer. Similar term leases as part of a statewide contract, master agreement, or any other agreement fall within the scope of this Policy.

Section 5: Description of Types of Debt

This section identifies the three categories of debt or other long-term obligations, which may be incurred by the Commission and the intended sources of repayment.

<i>CATEGORIES</i>		<i>REPAYMENT SOURCE</i>
1.	Contractual obligations of the Commission to pay for all or some portion of debt service on debt issued by an outside entity to finance a Commission approved project.	State or federal funds
2.	State Road Bonds.	State or federal funds
3.	Leases of one year or longer.	State funds

Each of these potential debt instruments are payable from resources deposited into the State Road Fund, the State Road Bond Fund or funds held in trust.

Section 6: Analysis of Debt Capacity

The Commission acknowledges the relationship between the amount of outstanding debt and the credit rating and the importance of maintaining a high credit rating. This, in turn, helps preserve the Commission's continuous access to low-cost capital financing. Thus, the Commission will monitor its Debt Capacity and incorporate its debt obligations when determining other department spending priorities.

The Commission will limit the amount of Total Road and Bridge Revenue that can be allocated to debt obligations. The following capacity constraints relate to the Commission's potential debt or long-term obligations identified in Section 5 of this Policy. These constraints are in addition to the requirements set forth by the Commission's bond indentures.

A fixed percentage not to exceed 20 percent of the annual Total Road and Bridge Revenue may be used to meet the repayment requirements of the Commission's debt obligations identified in Section 5 of this Policy.

The Commission structures its debt based on the pledged revenue sources. When issuing debt, the Commission pledges either state revenue or a combination of federal and a subordinated pledge of state revenue. The State Road Bonds are categorized into five liens – senior lien, first lien, second lien, third lien and subordinated lien. The senior lien will not have additional bonds issued other than for the purpose of refunding the senior lien bonds. As a result, the senior lien is closed. The Commission will seek to maintain at least 5.0 x Debt Service Coverage from Pledged State Revenue

for the first lien debt, at least 4.0x Debt Service Coverage from Pledged State Revenue on the second lien debt and at least 3.0x Debt Service Coverage from Pledged State Revenue on the third lien debt.

The combination of federal and subordinate lien State Road Bonds are categorized into a single lien, referred to as the GARVEE lien. The Commission will seek to maintain at least 5.0x Debt Service Coverage from Pledged Federal Revenue on the GARVEE lien debt.

Section 7: Debt and Finance Plan Management

The CFO shall be responsible for implementing the debt and finance plans of the Commission, including preparing cash flow projections of the Commission's capital and debt programs. These projections should include estimates of:

- All sources of funds;
- Each capital program component;
- The timing of construction commitments and disbursements;
- The timing of operating expenditures and transfers;
- Debt service requirements; and
- Debt service coverage.

The cash flow projections shall be revised as needed to reflect and incorporate current estimates for each element, including revised revenue and expense estimates, inflation and interest rates.

The Commission may use Tax Advantaged Financing. The purposes for which Tax Advantaged Financings may be used are generally limited by federal law and treasury regulations to financing or refinancing capital expenditures for publicly owned and operated facilities. When Tax Advantaged Financing is used, the CFO is also responsible for (1) developing and maintaining a system to account for the expenditure or allocation of bond proceeds to expenditures for purposes permitted under the provisions of the Internal Revenue Code and (2) to the extent required by applicable law and specific circumstances, monitoring the ownership and use of assets financed with proceeds of a Tax Advantaged Financing until the obligations are discharged. The CFO is also responsible for ensuring the bond financings remain in compliance with federal tax and post-issuance requirements.

Section 8: Project Acceleration

A public or private entity may request Project Acceleration of a project identified in the Commission's current Statewide Transportation Improvement Program (**STIP**). If approved, the Commission will commit to future payments for all or some portion of debt service on debt issued by an outside entity to finance a Commission approved project. These debt service payments must fall within the acceptable levels of debt as outlined in this Policy.

Section 9: Disclosure Practices

Official Statements and other financial disclosure documents shall be prepared based upon industry practices, regulatory requirements and the *Disclosure Guidelines for State and Local Government Securities* prepared by the Government Finance Officers Association (**GFOA**) where applicable. The Commission shall covenant to comply with all applicable market disclosure requirements.

Section 10: Credit Rating Relations and Selection

Credit ratings are a major factor in determining the cost of borrowed funds in the municipal market. The determination of credit quality by a rating agency is based on that agency's assessment of the creditworthiness of the Commission with respect to a specific obligation. The goal of the Commission is to maintain its positive presence in the credit markets through the maintenance and improvement of all relevant credit characteristics within its control.

As this Policy is amended from time to time, a copy will be sent to the credit rating agencies.

Section 11: Use of Credit Enhancement

Credit enhancement (third party guarantees of debt including but not limited to bond insurance, bank facilities, and surety bonds, as appropriate) may be used to improve the marketability of a particular issue or when the cost of the credit enhancement is less than the financial benefit, which results from use of the enhancement. Absent special circumstances, credit enhancement providers shall be selected by competitive proposal.

Section 12: Optional Redemption Provisions

Commission debt issues shall customarily include an option by the Commission to redeem the outstanding principal after a specific date at a price at or above the par amount of the principal then outstanding. Exceptions may exist for shorter-term debt for which optional redemption may have an adverse effect on the interest rate or marketability of debt. The optional redemption terms shall be determined based upon the following factors:

- Special requirements of the Commission due to program or business terms; and
- The earliest date at which bonds may be redeemed at the lowest price which does not have a material adverse effect on the price or marketability of the issue.

Section 13: Financial Advice

The Commission may retain an independent professional service provider and bond counsel advisor in connection with all debt issues, when necessary. A service provider is prohibited from acting as

an underwriter on any financing for which they have been engaged by the Commission to provide financial advisory services for a period of one year after the scheduled expiration of such financial advisor agreement.

Any person, firm, corporation or other entity doing business in the state of Missouri as a financial advisor, underwriter or investment advisor shall be selected in a manner consistent with the requirements of federal and state laws, regulations and administration rules.

Section 14: Method of Sale

Analysis will be conducted to ensure the most effective and efficient method of sale is selected.

Section 15: Term of Bonds

The term of the bonds will match the useful life of the projects.

Section 16: Refunding Procedures and Practices

Refunding of outstanding debt will be considered in order to:

- Achieve interest rate savings;
- Restructure principal; and
- Eliminate burdensome covenants with bondholders.

An advanced refunding takes place when new bonds are issued at least 90 days before the call date on the outstanding bonds being refunded. The proceeds of the new bonds are invested in an escrow account and then used to pay off the old bonds when the old bonds are callable. The number of advanced refundings on governmental bonds is limited to one by federal regulations. Therefore, refunding to achieve interest rate savings should be sufficient to offset reduced future refunding flexibility. The targeted level of the net present value of debt service savings for advance refundings will be 5 percent of the refunded par amount of bonds. Current refundings (issued and used to pay off old bonds within 90 days of call date) must achieve material net savings above the cost of issuance.

The manner in which savings are realized (up front, deferred or on a level annual basis) should be determined based upon the overall needs and objectives of the Commission. In most instances, up front savings will be used to fund the construction and reconstruction of state highway system projects, while annual savings will be used to reduce ongoing revenue or appropriation requirements.

Refundings involving a restructuring of principal shall be considered if there is no adverse affect on the credit rating or credit perception of the issue, or if the Commission can achieve a more favorable matching of revenues or other resources pledged to meet debt service payments. Restructuring of principal shall seek to minimize the amount of Refunding Bonds to be issued.

Refundings undertaken to respond to a change of legal covenants or to make pledged reserves available for other purposes should determine any economic impact on the Commission as measured by present value savings or loss, inclusive of cash contributions and any debt service reserve fund earnings. Such economic effects include:

- Limitations imposed by the Internal Revenue Code;
- Use of reserves;
- Future financing capacity;
- Future marketability of the Commission's debt; and
- Credit ratings, which may be related to the specific circumstances of the refunding.

Any debt service reserve funds, which are released after a refunding, shall not be used for operating expenses.

Section 17: Use of Variable Rate Debt

The Commission will not have unhedged Variable Rate Debt outstanding in excess of 20 percent of the total principal amount of all debt outstanding.

Section 18: Use of Derivative Products

The Commission may consider the use of Derivative Products to manage interest rate risk, other financing risks, or to reduce the interest cost on any debt it is authorized to incur. The Commission shall not consider any Derivative Product that creates extraordinary leverage or financial risk.

Before entering into a Derivative Product contract, the Commission shall:

- Identify the specific financial objective(s) to be realized;
- Seek and obtain analysis and recommendations on the use of any Derivative Product(s) from an independent financial advisor (**advisor**); and
- Assess the product's risks.

The analysis and recommendation of the advisor shall establish that the financial risks to the Commission from using Derivative Product(s) are justified in relation to the expected benefit to be obtained from such product(s). At a minimum, the Commission and advisor shall evaluate the following risk factors: potential basis cost, interest rate, tax, termination, credit, liquidity, counterparty, rating agency and amortization.

Derivative Product contracts shall not exceed 20 percent of the Commission's outstanding long-term debt, adjusted for any authorized long-term debt not yet issued. This limitation excludes cash settled swaps.

The Commission shall only enter into agreements with highly rated financial institutions (**counterparties**). All counterparties shall be rated by at least two of the three national rating agencies and at least one rating shall be no lower than “AA-“ by Standard & Poor’s Rating Services or Fitch Investors Ratings Service or “Aa3” by Moody’s Investors Services, Inc. In addition, the Commission and advisor shall establish criteria to diversify its exposure to individual counterparties.

Derivative Product transactions shall be managed and evaluated by the advisor and Department staff responsible for such transactions on behalf of the Commission. All services related to the Derivative Products shall be procured in a manner which is intended to satisfy applicable state laws and federal income tax laws and regulations applicable to the use of the Derivative Product in a Tax Advantaged Financing and to provide the Commission the highest level of service at the best available terms and pricing while ensuring consistency with applicable laws.

Section 19: Investment of Bond Proceeds

To the extent possible, investments will be managed to preserve principal, maximize the interest earned, meet legal covenants and requirements, match liquidity requirements and observe tax law limitations.

Section 20: Arbitrage Rebate Compliance

To the extent required by applicable federal laws, regulations and bond covenants, the Commission will comply with all Arbitrage rebate requirements including Tax Advantaged Financing. The Commission may use outside experts, including bond counsel, financial advisor or public accountants, to assist in preparing required filings and making payments. The Commission will annually determine any accrued rebate liability and make provisions for reserving funds for rebate purposes.

Section 21: Debt Service Reserve Funds

Debt service reserves funded by proceeds of bonds or available cash or cash equivalents may be created to secure debt issues of the Commission. Debt service reserve funds will be created only when required to market a specific type of debt, achieve a desired credit rating or provide a needed liquidity source for a debt issue.

Section 22: Market and Investor Relations

The Commission and/or its financial advisor shall maintain favorable relations with the investing public and the underwriters, which buy and sell its debt. The following actions shall be taken to achieve this purpose:

- Maintain contacts with investment banking firms;
- Maintain contacts with rating agencies to ensure that they are informed of the Commission's financial position and major initiatives; and
- Provide financial statements, Official Statements and periodic financial information pursuant to the Commission's ongoing disclosure obligations.

Section 23: Use of Original Issue Discount and Premium

The Commission will minimize the use of Original Issue Discount or Original Issue Premium (**OID** and **OIP**, respectively) unless financial benefits can be demonstrated or it is necessary for purposes of marketing a portion of a bond issue. Bonds which carry significant **OID** may be rendered nonrefundable, a significant disadvantage to the Commission for which a commensurate benefit should be received. Bonds that generate a substantial **OIP** create more proceeds for the Commission but at a higher rate of interest.

(Adopted May 5, 2000) (Amended June 10, 2005) (Amended May 10, 2006)

Appendix A:

Missouri Constitution

Article IV

EXECUTIVE DEPARTMENT

Section 30(b)

Source and application of state road fund--sales tax imposed on sale of motor vehicles, apportionment, how, use of revenue--distribution of increases--sales taxes not part of total state revenues or expenses of state government.

Section 30(b). 1. For the purpose of constructing and maintaining an adequate system of connected state highways all state revenue derived from highway users as an incident to their use or right to use the highways of the state, including all state license fees and taxes upon motor vehicles, trailers and motor vehicle fuels, and upon, with respect to, or on the privilege of the manufacture, receipt, storage, distribution, sale or use thereof (excepting those portions of the sales tax on motor vehicles and trailers which are not distributed to the state road fund pursuant to subsection 2 of this section 30(b) and further excepting all property taxes), less the (1) actual cost of collection of the department of revenue (but not to exceed three percent of the particular tax or fee collected), (2) actual cost of refunds for overpayments and erroneous payments of such taxes and fees and maintaining retirement programs as permitted by law and (3) actual cost of the state highway patrol in administering and enforcing any state motor vehicle laws and traffic regulations, shall be deposited in the state road fund which is hereby created within the state treasury and stand appropriated without legislative action to be used and expended by the highways and transportation commission for the following purposes, and no other:

First, to the payment of the principal and interest on any outstanding state road bonds. The term state road bonds in this section 30(b) means any bonds or refunding bonds issued by the highways and transportation commission to finance or refinance the construction or reconstruction of the state highway system.

Second, to maintain a balance in the state road fund in the amount deemed necessary to meet the payment of the principal and interest of any state road bonds for the next succeeding twelve months.

The remaining balance in the state road fund shall be used and expended in the sole discretion of and under the supervision and direction of the highways and transportation commission for the following state highway system uses and purposes and no other:

(1) To complete and widen or otherwise improve and maintain the state highway system heretofore designated and laid out under existing laws;

(2) To reimburse the various counties and other political subdivisions of the state, except incorporated cities and towns, for money expended by them in the construction or acquisition of roads and bridges now or hereafter taken over by the highways and transportation commission as permanent parts of the state highway system, to the extent of the value to the state of such roads and bridges at the time taken over, not exceeding in any case the amount expended by such counties and subdivisions in the construction or acquisition of such roads and bridges, except that the highways and transportation commission may, in its discretion, repay, or agree to repay, any cash advanced by a county or subdivision to expedite state road construction or improvement;

(3) In the discretion of the commission to plan, locate, relocate, establish, acquire, construct and maintain the following:

(a) interstate and primary highways within the state;

(b) supplementary state highways and bridges in each county of the state;

(c) state highways and bridges in, to and through state parks, public areas and reservations, and state institutions now or hereafter established to connect the same with the state highways, and also national, state or local parkways, travelways, tourways, with coordinated facilities;

(d) any tunnel or interstate bridge or part thereof, where necessary to connect the state highways of this state with those of other states;

(e) any highway within the state when necessary to comply with any federal law or requirement, which is or shall become a condition to the receipt of federal funds;

(f) any highway in any city or town which is found necessary as a continuation of any state or federal highway, or any connection therewith, into and through such city or town; and

(g) additional state highways, bridges and tunnels, either in congested traffic areas of the state or where needed to facilitate and expedite the movement of through traffic.

(4) To acquire materials, equipment and buildings and to employ such personnel as necessary for the purposes described in this subsection 1; and

(5) For such other purposes and contingencies relating and appertaining to the construction and maintenance of such state highway system as the highways and transportation commission may deem necessary and proper.

2. (1) The state sales tax upon the sale of motor vehicles, trailers, motorcycles, mopeds and motortricycles at the rate provided by law on November 2, 2004, is levied and imposed by this section until the rate is changed by law or constitutional amendment.

(2) One-half of the proceeds from the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles shall be dedicated for highway and transportation use and shall be apportioned and distributed as follows: ten percent to the counties, fifteen percent to the cities, two percent to be deposited in the state transportation fund, which is hereby created within the state treasury to be used in a manner provided by law and seventy-three percent to be deposited in the state road fund. The amounts apportioned and distributed to the counties and cities shall be further allocated and used as provided in section 30(a) of this article. The amounts allocated and distributed to the highways and transportation commission for the state road fund shall be used as provided in subsection 1 of this section 30(b). The sales taxes which are apportioned and distributed pursuant to this subdivision (2) shall not include those taxes levied and imposed pursuant to sections 43(a) or 47(a) of this article. The term "proceeds from the state sales tax" as used in this subdivision (2) shall mean and include all revenues received by the department of revenue from the said sales tax, reduced only by refunds for overpayments and erroneous payments of such tax as permitted by law and actual costs of collection by the department of revenue (but not to exceed three percent of the amount collected).

(3) (i) From and after July 1, 2005, through June 30, 2006, twenty-five percent of the remaining one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund which is hereby created within the state treasury; (ii) from and after July 1, 2006, through June 30, 2007, fifty percent of the aforesaid one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund; (iii) from and after July 1, 2007, through June 30, 2008, seventy-five percent of the aforesaid one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund; and (iv) from and after July 1, 2008, one hundred percent of the aforesaid one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund. Moneys deposited in the state road bond fund are hereby dedicated to and shall only be used to fund the repayment of bonds issued by the highways and transportation commission to fund the construction and reconstruction of the state highway system or to fund refunding bonds, except that after January 1, 2009, that portion of the moneys in the state road bond fund which the commissioner of administration and the highways and transportation commission each certify is not needed to make payments upon said bonds or to maintain an adequate reserve for making future payments upon said bonds may be appropriated to the state road fund. The highways and transportation commission shall have authority to issue state road bonds for the uses set forth in this subdivision (3). The net proceeds received from the issuance of such bonds shall be paid into the state road fund and shall only be used to fund construction or reconstruction of specific projects for parts of the state highway system as determined by the highways and transportation commission. The moneys deposited in the state road bond fund shall only be withdrawn by appropriation pursuant to this constitution. No obligation for the payment of moneys so appropriated shall be paid unless the commissioner of administration certifies it for payment and further certifies that the expenditure is for a use which is specifically authorized by the provisions of this subdivision (3). The proceeds of the sales tax which

are subject to allocation and deposit into the state road bond fund pursuant to this subdivision (3) shall not include the proceeds of the sales tax levied and imposed pursuant to sections 43(a) or 47(a) of this article nor shall they include the proceeds of that portion of the sales tax apportioned, distributed and dedicated to the school district trust fund on November 2, 2004. The term "proceeds from the state sales tax" as used in this subdivision (3) shall mean and include all revenues received by the department of revenue from the said sales tax, reduced only by refunds for overpayments and erroneous payments of such tax as permitted by law and actual costs of collection by the department of revenue (but not to exceed three percent of the amount collected).

3. After January 1, 1980, any increase in state license fees and taxes on motor vehicles, trailers, motorcycles, mopeds and motortricycles other than those taxes distributed pursuant to subsection 2 of this section 30(b) shall be distributed as follows: ten percent to the counties, fifteen percent to the cities and seventy-five percent to be deposited in the state road fund. The amounts distributed shall be apportioned and distributed to the counties and cities as provided in section 30(a) of this article, to be used for highway purposes.

4. The moneys apportioned or distributed under this section to the state road fund, the state transportation fund, the state road bond fund, counties, cities, towns or villages shall not be included within the definition of "total state revenues" as that term is used in section 17 of Article X of this constitution nor be considered as an "expense of state government" as that term is used in section 20 of article X of this constitution.

(Adopted March 6, 1962) (Amended November 6, 1979) (Amended by Initiative November 2, 2004)

(1962) Highway commission had authority to condemn easement to provide a substitute location for pipelines which was necessary for interstate highway construction as the taking was for public purpose and was not in violation of Article III, § 38(a) since state received compensation in surrender of existing right-of-way. State ex rel. State Highway Commission v. Eakin (Mo.), 357 S.W.2d 129.

(1968) Toll road authority act of the 74th General Assembly which permitted resorting to gas tax money to meet bonding obligations violated constitutional provision for allocation of gas tax money. Pohl v. State Highway Commission (Mo.), 431 S.W.2d 99.

(1972) Subdivision (5) of this section does not empower the State Highway Commission to provide rest areas abutting state routes. State ex rel. State Highway Commission v. Pinkley (A.), 474 S.W.2d 46.

(1973) Held, this provision requires interest or income from state road fund to be credited to such fund and not diverted to general revenue or any purpose other than state highway purposes. State Highway Commission v. Spainhower (Mo.), 504 S.W.2d 121.

(1984) Fees collected by motor vehicle unit of Dept. of Revenue for copies of motor vehicle records made pursuant to section 109.190, RSMo, are "revenue derived from state highway users" and as such are to be credited to state road fund. State Highways and Transportation Commission of Missouri v. Director, Department of Revenue (Mo. banc), 672 S.W.2d 953.

(1992) Logo signs along highway rights-of-way, announcing availability of purveyors of food, fuel and lodging at highway exits constitute an improvement to the highways and the initial use of highway funds, whether reimbursed or not, does not transgress constitutional restrictions. Missouri Outdoor Advertising Association, Inc. v. Missouri State Highways and Transportation Commission, 826 S.W.2d 342 (Mo. en banc).

(1994) Expenditure of state road fund for mitigation plan required by federal Pipeline Safety Act is appropriate expenditure as it relates and appertains to the construction of Page Avenue Extension of state highway. DeMere v. Missouri State Highway and Transportation Commission, 876 S.W.2d 652 (Mo. App. W.D.).

* * * * *

DISPOSAL OF EXCESS PROPERTY, ROUTE 45, PLATTE COUNTY, EXCESS PARCEL NUMBER E4-0550

On behalf of the Director, Beth Wright, District 4 Engineer, recommended conveyance of 0.89 acre located on the north side of Route 45 (NW 64th St.) at the corner of Route 45 and NW Prairie View Road (I-29 NW Outer Road), Kansas City, to American National Insurance Company for the consideration of \$1.00 in exchange for other land containing 0.97 acre and operational improvements on Route 45, subject to approval as to form by Chief Counsel's Office.

Via approval of the consent agenda, the Commission unanimously approved the property conveyance described above.

* * * * *

WAIVER OF BILLBOARD EXCLUSION CLAUSE IN DISPOSAL OF EXCESS PROPERTIES, GREENE COUNTY, ROUTE 744, EXCESS PARCEL NUMBERS E8-611 AND E8-612

On behalf of the Director, Kirk Juranas, District 8 Engineer, recommended conveyance of excess parcel numbers E8-611 and E8-612 without the billboard restriction. During construction of the project, it was determined that the single designated entrance serving two properties would not meet one of the owners needs. It was necessary to deed back the acquired properties and reconnect the previous two entrances. The owners will not accept a deed of conveyance that includes a billboard restriction since there were no restrictions prior to the acquisition by MoDOT.

Via approval of the consent agenda, the Commission unanimously approved the property conveyance described above.

* * * * *

ANNOUNCEMENT OF CHAIRMAN MIKE KEHOE'S INTENT TO RESIGN

Chairman Mike Kehoe stated at the end of the meeting he would resign as a commissioner, and submit a letter of resignation to the Governor. Mr. Kehoe expressed appreciation for his association with current and past commission members and MoDOT staff. Mr. Kehoe stated it has been a privilege to be a part of an organization that can deliver projects like the New I-64 and Paseo Bridge, and is able to complete corridors such as highways 63 and 36. An organization that makes the right decisions, although not always easy decisions, says a lot about the culture at MoDOT. Mr. Kehoe also enjoyed serving and meeting Missourians as a Commissioner, however he stated it is time to start a new chapter in his life.

* * * * *

ELECTION OF CHAIRMAN AND VICE-CHAIRMAN

When the position of chairman is vacant, the law requires the vacancy to be filled by a member from the same political party. Due to Chairman Kehoe's resignation, Commissioner Farber and Commissioner Michie are eligible to fill the vacancy, however both declined to serve as chairman at this time. In order to fill the vacancy in leadership, Commissioner Michie nominated Commissioner Gach to serve as chairman until March 1, 2010, Commissioner Farber seconded the nomination, and it was approved unanimously.

Commissioner Gach's election as chair created a vacancy in the position of vice-chair. Commissioner Carmichael nominated Commissioner Farber to serve as vice-chair until March 1, 2010, Commissioner Michie seconded the nomination, and it was approved unanimously, Commissioner Farber abstained from the vote.

* * * * *

--- REPORTS ---

The Commission received the following written reports.

**FINANCIAL – BUDGET – REPORTS
YEAR-TO-DATE FINANCIAL REPORT, May 31, 2009**

Deborah S. Rickard, Controller, provided to the Commission the Fiscal Year 2009 monthly financial report for the period ending May 31, 2009, with budget and prior year comparisons.

* * * * *

* * * * *

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

* * * * *