MoDOT

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CCO Form: GS14
Approved: 02/06 (AR)
Revised: 12/10 (AR)
Modified: 07/11 (JC)

REQUEST FOR PROPOSALS

FINANCIAL ADVISOR SERVICES
RFP 6-110817FR

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LIST OF ACRONYMS

BABs	Build America Bonds
GARVEE	Grant Anticipation Revenue Vehicles
MBE	Minority Business Enterprise
MHTC	Missouri Highways and Transportation Commission

Medical and Life Plan	Missouri Department of Transportation and Missouri State Highway Patrol's Medical and Life Insurance Plan
MoDOT	Missouri Department of Transportation
MPERS	Missouri Department of Transportation and Highway Patrol Employees' Retirement System
MSHP	Missouri State Highway Patrol
MTFC	Missouri Transportation Finance Corporation
RFP	Request For Proposals
RSMo	Revised Statutes of Missouri
Self Insurance Plan	Missouri Department of Transportation and Missouri State Highway Patrol's Self Insurance Plan
TIC	True Interest Cost
WBE	Women Business Enterprise

INTRODUCTION

This Request For Proposals (**RFP**) seeks proposals from qualified organizations (**Offeror**) to furnish the described services to the Missouri Highways and Transportation Commission (**MHTC**). **One (1) original and five (5) copies (total of six) of each proposal and one (1) copy of the entire proposal (including brochures, attachments, etc.) in an electronic format on a CD-ROM** must be mailed in a sealed package to the office of General Services – Procurement and Inventory Management to one of the following addresses **on or before 2:00 p.m., Central Time, August 17, 2011**. Standard mail and delivery service mail addresses are noted below:

Missouri Department of Transportation
General Services – Procurement and Inventory Management
Attn: Frankie Ryan – RFP Coordinator
P.O. Box 270 ***(standard mail)***
Jefferson City, MO 65102

Missouri Department of Transportation
General Services – Procurement and Inventory Management
Attn: Frankie Ryan – RFP Coordinator
830 MoDOT Drive ***(delivery service)***
Jefferson City, MO 65109

In the case of a discrepancy in information between the copy of the proposal on the CD-ROM and the original submitted, the original, signed proposal will prevail. Proposals received after the specified deadline will not be considered.

Proposals are limited to twenty (20) pages, front and back, excluding a one page cover, with minimum margins of 1 inch, and minimum 11 point font size.

The MHTC reserves the right to reject any and all proposals for any reason whatsoever.

PROPOSAL

(1) The Offeror shall provide a fee proposal to the MHTC on the **PRICING PAGE** in accordance with the terms of this RFP.

(2) The Offeror agrees to provide the services at the fees quoted, under the terms of this RFP.

Name of Offeror: ____

Authorized Signature of Offeror: ____

Printed or Typed Name of Signer: ____

Date of Proposal: ____

Mailing Address: ____

City: ______________________ State: ____________________ Zip: __________

Telephone: __________________________ Fax: __________________________

Electronic Mail Address: ____

ACCEPTANCE

This proposal is accepted by the MHTC.

_______________________________________ ______________

(Name and Title) Date

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SECTION (1):
GENERAL DESCRIPTION AND BACKGROUND

(A) **Request for Proposal**: This document constitutes a RFP and is requesting a response from qualified organizations to provide financial advisor services to the MHTC, the Missouri Department of Transportation (**MoDOT**), and affiliated entities. The MHTC solicits the professional services of a financial advisor to assist the MHTC, MoDOT and affiliated entities in determining the optimal financing mechanisms for its various operations. The MHTC has financed various projects and major equipment purposes in the past. The financial advisor will be responsible for advising the MHTC, MoDOT and affiliated entities on the applicability of financing arrangements, structure of financing, necessary steps for a sale of securities and on the management of financing programs.

(B) **Background:** The MHTC is created by Article IV, Section 29 of the Missouri Constitution which, together with Chapters 226 and 227 of the Revised Statutes of Missouri (**RSMo**), as amended, grant the MHTC authority over MoDOT and the state highway system, as well as all other transportation programs and facilities as provided by law, including aviation, railroads, mass transportation, ports and waterborne commerce. Article IV, Sections 29 through 34 of the Missouri Constitution together with the statutes referenced above authorize the MHTC to issue state road bonds to finance or refinance the construction or reconstruction of the state highway system. The MHTC's Debt Management Policy provides the parameters related to debt issuances and debt coverage requirements (see Attachment 1).

MoDOT's state revenues consist of highway user taxes and fees and are pledged for repayment of Senior, First, Second and Third Lien bonds. The MHTC also has issued Grant Anticipation Revenue Vehicles (**GARVEE**) bonds, with the MHTC's apportionment of federal-aid highway moneys pledged as the primary revenue stream for repayment of the GARVEE bonds. Attachment 2 provides a summary of the MHTC's lien structure.

As of June 30, 2011, debt outstanding and credit ratings on outstanding MHTC debt are as follows:

Liens	**Par Amount Outstanding**	**Ratings (S&P, Moody's & Fitch)**
Senior Lien	$557,050,000	AAA Aaa AAA
First Lien	$881,460,000	AAA Aaa AAA
Second Lien	$510,145,000	AAA Aa1 AA+
Third Lien	$358,920,000	AA+ Aa2 AA
GARVEE Lien	$897,140,000	AA+ Aa1 AA-
Total	**$3,204,715,000**	

A portion of the Third Lien bonds ($58,920,000) are variable rate debt obligations and are currently in the weekly reset mode. Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Bank, N.A. are serving as the remarketing agents and State Street Bank and Trust Company is the provider of the direct-pay letter of credit for the bonds. The remaining $300,000,000 of Third Lien bonds and $460,510,000 of the GARVEE Lien bonds are Build America Bonds (**BABs**).

The MHTC maintains a pre-qualified pool of investment banking firms authorized to provide debt underwriting services for negotiated bond sales. The MHTC has also completed and is open to utilizing competitive bond sales.

The MHTC currently does not anticipate issuing new state road bonds until additional funding is identified. New debt capacity will be influenced by future new or additional revenues authorized to be pledged for such debt by the Missouri legislature and Missouri voters and the amortization of existing debt obligations. Offerors should refer to the MHTC's Debt Management Policy for the current requirements related to the MHTC's debt coverage, debt issuance and refunding of outstanding state road bonds, although such Debt Management Policy may be amended by the MHTC in its sole discretion.

The MHTC maintains a close working relationship with the following affiliated entities and these entities may need financial advice on issues impacting them from time to time:

- Missouri Department of Transportation and Missouri State Highway Patrol's Medical and Life Insurance Plan (**Medical and Life Plan**) - The Medical and Life Plan is a self-insured medical and life insurance plan covering all enrolled employees and retirees of MoDOT and the Missouri State Highway Patrol (**MSHP**), as well as enrolled spouses and dependents of the subscribers;
- Missouri Department of Transportation and Missouri State Highway Patrol's Self Insurance Plan (**Self Insurance Plan**) - The Self Insurance Plan is a self-insured plan covering all risk exposures related to property damage, fleet liability, general liability and workers' compensation for MoDOT and the MSHP;
- Missouri Department of Transportation and Highway Patrol Employees' Retirement System (**MPERS**) - MPERS is the retirement system which covers MoDOT and MSHP employees; and
- Missouri Transportation Finance Corporation (**MTFC**) - The MTFC is a not-for-profit corporation which focuses on funding Missouri highway and transportation projects by offering financing options such as low interest direct loans to private and public entities.

(C) **Contract Period**: The MHTC intends to award the contract for an initial five (5) year period with the option to renew for two (2) additional one (1) year periods, or any portion therein, at the sole discretion of the MHTC.

(D) **Schedule of Events**: Below is the schedule that will be followed. Unless otherwise specified, the time of day will be 7:30 a.m. to 5:00 p.m. Central Time. MoDOT reserves the right at its sole discretion to expand this schedule, as deemed necessary, without any notification except for the deadline date for submitting a proposal.

Issuance of RFP	July 22, 2011
Written Questions Due	August 3, 2011
Questions & Answer Addendum Issued	August 8, 2011
Proposals Due by 2:00 p.m.	August 17, 2011
Interview Conference with Offerors in Jefferson City (if needed)	August 29 - September 2, 2011
MHTC to Review & Finalize Contract Award	October 5, 2011
Effective Date of Contract	No later than November 1, 2011

SECTION (2): SCOPE OF WORK

(A) **Services:** The Offeror shall provide financial advisor services to assist the MHTC, MoDOT, and at the direction of the MHTC or MoDOT, any of the MHTC's affiliated entities in determining the optimal financing mechanism for their on-going operations, including meeting the guidelines of the MHTC's Debt Management Policy in regard to state road bond transactions.

(B) **Specific Requirements:** The Offeror will provide to the RFP Coordinator the number of copies of the proposal, as noted in the INTRODUCTION, providing documentation which will include, but not necessarily be limited to, addressing the following:

- Knowledge of the municipal bond markets and experience with tax-exempt, BABs, variable rate demand obligations and GARVEE bond issuances;
- Financial advisory services available on bond issues related to an original financing or a refunding project such as:
    - Evaluation and analysis of the outstanding debt to determine the optimal refunding program for the purpose of achieving interest cost savings both upfront and over the life of the issue;
    - Advisement on bond market conditions and timing of the sale of debt instruments;
    - Advisement and assistance in determining the term of amortization, call provision and other factors relevant to marketing the debt;
    - Evaluation and advisement on alternative and/or innovative financing mechanisms;
    - Preparation of the Preliminary Official Statement, the Official Statement, the Notice of Sale and other related documents;
    - Arrangement for printing and distribution of the Preliminary Official Statement, the Official Statement, the Notice of Sale and other related documents in hard copy as well as posting on the internet;
    - Advisement and assistance in obtaining the best possible ratings from the major credit rating agencies and attendance at any presentation to the credit rating agencies;
    - Attendance at sale closing and all other meetings and conferences as deemed necessary by MoDOT staff;
    - Arrangement for electronic bidding on competitive sales;

- Advisement and assistance in the selection of a trustee, paying agent/registrar and escrow verification agent;
- Preparation of arbitrage rebate analysis; and
- Any other services necessary in connection with a debt issuance;

- Ongoing financial advisory services such as:
  - Analysis of outstanding debt for refunding opportunities;
  - Assistance with credit rating agency presentation updates;
  - Analysis of new financing techniques, methodologies and trends;
  - Assistance and advisement on debt management policies;
  - Advisement on any proposed use of debt;
  - Advisement on best practices of transportation financing;
  - Prepare, analyze and advise on proposed debt scenarios;
  - Assistance with secondary market disclosure requirements; and
  - Assistance with RFP preparations and proposal evaluations for any services related to financing;
- Other financial advisory services for potential issues such as:
  - Public-Private Partnership opportunities;
  - Tolling;
  - Retirement Benefits;
  - Other Post-Employment Benefits; and
  - Any other issues that may have a financial impact to on-going operations; and
- Acknowledgement that the Offeror and Offeror's personnel shall be prohibited from serving as an underwriter on any MHTC related financing.

(C) Administration of Program: The Offeror will consult the MHTC's representative regarding any problems involved with the administration of the services provided pursuant to this RFP.

SECTION (3): AGREEMENT REQUIREMENTS

This RFP shall be governed by the following contract provisions. The award of this RFP is subject to a post-award negotiated contract. These same contract provisions will appear in the post-award negotiated contract. If the parties are unable to agree to terms in the post-award contract, the MHTC shall reserve the right to cancel the award of the RFP and contract and select a different offeror.

(A) MHTC's Representative: MoDOT's Financial Services Director is designated as the MHTC's representative for the purpose of administering the provisions of the Agreement as defined in Paragraph (E) of this section. The MHTC's representative may designate by written notice other persons having the authority to act on behalf of MHTC in furtherance of the performance of the Agreement. The Offeror shall fully coordinate its activities for the MHTC with those of the Financial Services Director. As the work of the Offeror progresses, advice and information on matters covered by the Agreement shall be made available by the Offeror to the Financial Services Director throughout the effective period of the Agreement.

(B) **Release to Public:** No material or reports prepared by the Offeror shall be released to the public without the prior written consent of the MHTC's representative.

(C) **Assignment:** The Offeror shall not assign or delegate any interest, and shall not transfer any interest in the services to be provided (whether by assignment, delegation, or novation) without the prior written consent of the MHTC's representative.

(D) **Status as Independent Contractor:** The Offeror represents itself to be an independent contractor offering such services to the general public and shall not represent itself or its employees to be an employee of the MHTC or MoDOT. Therefore, the Offeror shall assume all legal and financial responsibility for taxes, FICA, employee fringe benefits, workers' compensation, employee insurance, minimum wage requirements, overtime, or other such benefits or obligations.

(E) **Components of Agreement:** The Agreement between the MHTC and the Offeror shall consist of: the RFP and any written amendments thereto, the proposal submitted by the Offeror in the response to the RFP and the post-award contract agreement signed between the parties. However, the MHTC reserves the right to clarify any relationship in writing and such written clarification shall govern in case of conflict with the applicable requirements stated in the RFP or the Offeror's proposal. The Offeror is cautioned that its proposal shall be subject to acceptance by the MHTC without further clarification.

(F) **Amendments:** Any change in the Agreement, whether by modification or supplementation, must be accompanied by a formal contract amendment signed and approved by the duly authorized representative of the Offeror and the MHTC.

(G) **MBE/WBE Participation Encouraged:**

1. Offerors are encouraged to submit copies of their existing affirmative action programs, if any. Offerors are also encouraged to directly hire minorities and women as direct employees of the Offerors.

2. Offerors are encouraged to obtain minority business enterprise (**MBE**) and women business enterprise (**WBE**) participation in this work through the use of subcontractors, suppliers, joint ventures, or other arrangements that afford meaningful participation for M/WBEs. Offerors are encouraged to obtain 10% MBE and 5% WBE participation.

3. Regardless of which persons or firms, if any, that the Offeror may use as subcontractors or suppliers of goods or services for the services to be provided, the Offeror ultimately remains responsible and liable to the MHTC for the complete, accurate and professional quality/performance of these services.

(H) **Nondiscrimination:** The Offeror shall comply with all state and federal statutes applicable to the Offeror relating to nondiscrimination, including, but not limited to, Chapter 213, RSMo; Title VI and Title VII of Civil Rights Act of 1964 as amended (42 U.S.C. Sections 2000d and 2000e, *et seq.*); and with any provision of the “Americans with Disabilities Act” (42 U.S.C. Section 12101, *et seq*).

(I) **Executive Order:** The Offeror shall comply with all the provisions of Executive Order 07-13, issued by the Honorable Matt Blunt, Governor of Missouri, on the sixth (6th) day of March, 2007. This Executive Order, which promulgates the State of Missouri's position to not tolerate persons who contract with the state engaging in or supporting illegal activities of employing individuals who are not eligible to work in the United States, is incorporated herein by reference and made a part of this Agreement.

1. By signing this Agreement, the Offeror hereby certifies that any employee of the Offeror assigned to perform services under the contract is eligible and authorized to work in the United States in compliance with federal law.

2. In the event the Offeror fails to comply with the provisions of the Executive Order 07-13, or in the event the MHTC has reasonable cause to believe that the Offeror has knowingly employed individuals who are not eligible to work in the United States in violation of federal law, the MHTC reserves the right to impose such contract sanctions as it may determine to be appropriate, including but not limited to contract cancellation, termination or suspension in whole or in part or both.

(J) **Incorporation of Provisions:** The Offeror shall include the provisions of Section (3), paragraph I of this Agreement in every subcontract. The Offeror shall take such action with respect to any subcontract as the MHTC may direct as a means of enforcing such provisions, including sanctions for noncompliance**.**

(K) **Non-employment of Unauthorized Aliens:** Pursuant to Section 285.530, RSMo., no business entity or employer shall knowingly employ, hire for employment, or continue to employ an unauthorized alien to perform work within the State of Missouri. As a condition for the award of any contract or grant in excess of five thousand dollars by the State or by any political subdivision of the State to a business entity, or for any business entity receiving a state-administered or subsidized tax credit, tax abatement, or loan from the state, the business entity shall:

1. By sworn affidavit and provision of documentation, affirm its enrollment and participation in a federal work authorization program with respect to the employees working in connection with the contracted services. E-Verify is an example of a federal work authorization program. The business entity must affirm its enrollment and participation in the E-Verify federal work authorization program with respect to the employees proposed to work in connection with the services requested herein by providing acceptable enrollment and participation documentation consisting of **completed** copy of the E-Verify Memorandum of Understanding (MOU). For business entities that are not already enrolled and participating in a federal work authorization program, E-Verify is available at:

   http://www.dhs.gov/xprevprot/programs/gc_1185221678150.shtm.

2. By sworn affidavit, affirm that it does not knowingly employ any person who is an unauthorized alien in connection with the contracted services. A copy of the affidavit referenced herein is provided within this document, attached as Exhibit A.

(L) Proof of Lawful Presence For Sole Proprietorships and Partnerships: If the business entity is a sole proprietorship or partnership, pursuant to Section 208.009, RSMo., each sole proprietor and each general partner shall provide affirmative proof of lawful presence in the United States. Such sole proprietorship or partnership is eligible for temporary public benefits upon submission by each sole proprietor and general partner of a sworn affidavit of his/her lawful presence on the United States until such lawful presence is affirmatively determined, or as otherwise provided by Section 208.009, RSMo. A copy of the affidavit reference herein is provided within this document, attached as Exhibit B.

(M) Bankruptcy: Upon filing for any bankruptcy or insolvency proceeding by or against the Offeror, whether voluntarily, or upon the appointment of a receiver, Offeror, or assignee, for the benefit of creditors, the MHTC reserves the right and sole discretion to either cancel the Agreement or affirm the Agreement and hold the Offeror responsible for damages.

(N) Law of Missouri to Govern: The Agreement shall be construed according to the laws of the state of Missouri. The Offeror shall comply with all local, state and federal laws and regulations relating to the performance of the Agreement.

(O) Cancellation: The MHTC may cancel this Agreement at any time for a material breach of contractual obligations or for convenience by providing the Offeror with written notice of cancellation. Should the MHTC exercise its right to cancel the contract for such reasons, cancellation will become effective upon the date specified in the notice of cancellation sent to the Offeror.

(P) Venue: No action may be brought by either party concerning any matter, thing or dispute arising out of or relating to the terms, performance, nonperformance or otherwise of the Agreement except in the Circuit Court of Cole County, Missouri. The parties agree that the Agreement is entered into at Jefferson City, Missouri, and substantial elements of its performance will take place at or be delivered to Jefferson City, Missouri, by reason of which the Offeror consents to venue of any action against it in Cole County, Missouri.

(Q) Ownership of Reports: All documents, reports, exhibits, etc. produced by the Offeror at the direction of the MHTC's representative and information supplied by the MHTC's representative shall remain the property of the MHTC.

(R) Confidentiality: The Offeror shall not disclose to third parties confidential factual matters provided by the MHTC's representative except as may be required by statute, ordinance, or order of court, or as authorized in writing by the MHTC's representative. The Offeror shall notify the MHTC immediately of any request for such information.

(S) Nonsolicitation: The Offeror warrants that it has not employed or retained any company or person, other than a bona fide employee working for the Offeror, to solicit or secure the Agreement, and that it has not paid or agreed to pay any percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of the Agreement. For breach or violation of this warranty, the MHTC shall have the right to annul the Agreement without liability, or in its discretion, to deduct from the Agreement price or consideration, or otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

(T) Conflict of Interest: By executing this RFP, the Offeror covenants as follows: (1) that it presently has no actual conflict of interest or appearance of conflict of interest and shall not acquire any interest, directly or indirectly, which would conflict in any manner or degree with the performance of the services under this Agreement; (2) that no person having any such known interest shall be employed or conveyed an interest, directly or indirectly, in this Agreement by the Offeror; (3) that it is in lawful compliance with all of the campaign contribution limitations, restrictions, reporting requirements and other campaign-related provisions of any state and federal securities laws, as well as all Missouri laws and regulations regarding campaign contributions, including, but not limited to, section 226.136, RSMo; and (4) that it will stay in compliance with all such state and federal securities laws and campaign contribution provisions during the duration of the Agreement.

(U) Maintain Papers: The Offeror must maintain all working papers and records relating to the Agreement. These records must be made available at all reasonable times at no charge to the MHTC and/or the Missouri State Auditor during the term of the Agreement and any extension thereof, and for three (3) years from the date of final payment made under the Agreement.

1. The MHTC's representative shall have the right to reproduce and/or use any products derived from the Offeror's work without payment of any royalties, fees, etc.

2. The MHTC's representative shall at all times have the right to audit any and all records pertaining to the services.

(V) Indemnification: The Offeror shall defend, indemnify and hold harmless the MHTC, including its members and MoDOT's employees, from any claim or liability whether based on a claim for damages to real or personal property or to a person for any matter relating to or arising out of the Offeror's performance of its obligations under this Agreement.

(W) Insurance: Prior to contract signing, the Offeror may be asked about its ability to provide certificates of insurance which meet, or approach, the following coverages:

1. General Liability	Not less than $500,000 for any one person in a single accident or occurrence, and not less than $3,000,000 for all claims arising out of a single occurrence;
2. Automobile Liability	Not less than $500,000 for any one person in a single accident or occurrence, and not less than $3,000,000 for all claims arising out of a single occurrence;

3. Missouri State Workmen's Compensation policy or equivalent in accordance with state law.

SECTION (4):
PROPOSAL SUBMISSION INFORMATION

(A) Submission of Proposal

1. **Pricing and Signature:** Proposals should be priced, signed and returned (with necessary attachments) to the RFP Coordinator as provided in this RFP in the INTRODUCTION. Specifically, any form containing a signature line in this RFP and any amendments, PRICING PAGES, etc., must be manually signed and returned as part of the proposal.

2. **Submission of All Data Required:** The Offeror must respond to this RFP by submitting all data required in paragraph (4)(B) below for its proposal to be evaluated and considered for award. Failure to submit such data shall be deemed sufficient cause for disqualification of a proposal from further consideration.

3. **Public Inspection:** The Offeror is hereby advised that all proposals and the information contained in or related thereto shall be open to public inspection and that the MHTC does not guarantee nor assume any responsibility whatsoever in the event that such information is used or copied by individual person(s) or organization. Therefore, the Offeror must submit its proposal based on such conditions without reservations.

4. **Clarification of Requirements:** Any and all questions regarding specifications, requirements, competitive procurement process, or other questions must be directed to the RFP Coordinator at the contact information noted in the INTRODUCTION. The deadline for submitting questions is outlined in the Schedule of Events noted herein. It is sole responsibility of all Offerors to check the website for any and all addendums throughout the procurement process.

(B) Required Elements of Proposal

1. **Experience.** The proposal must clearly identify the Offeror's experience in offering the services requested in this RFP during the past five (5) years. The description should include a list of the government agencies including, but not limited to, any other state department of transportation agencies with which the Offeror has served as or is currently serving as a financial advisor. Provide a summary of bond issuances with which the Offeror has served as a financial advisor on indicating the name of the issuer, date of issuance, type of issuance (i.e., tax-exempt, BABs, variable rate, GARVEE, etc.), amount of issuance, credit rating assigned to the issuance (if applicable), and any other pertinent information. Describe any distinguishing attributes and/or processes of the Offeror used to challenge the bond underwriters to assure that your clients receive the lowest True Interest Cost (**TIC**) on bond issuances.

2. **Personnel.** The proposal must indicate the name, location, telephone number and e-mail address of the primary contact person(s) for the Offeror. In addition, provide the

name, location, telephone number and e-mail address of any other personnel which will be assigned to this contract. Information presented in this section should highlight the experience and qualifications of all of the personnel which will be assigned to servicing this contract. The Offeror must furnish a complete listing of each sub-Offeror, if any, and complete contact information for such sub-Offeror.

3. **Sample of Proposed Upcoming Services.** The MHTC's variable rate bonds (Series B 2005 Multi-Modal Third Lien State Road Bonds) is supported by a direct-pay letter of credit provided by State Street Bank and Trust Company. The letter of credit is set to expire in July 2012 while the final maturity of the variable rate bonds is May 1, 2015. The Offeror must include in its proposal a summary of alternatives on how the MHTC may want to address this timing difference.

4. **Legal Proceedings.** The proposal must provide a summary of any pending and final legal proceedings involving the Offeror within the last three (3) years related to the types of services addressed in this RFP.

5. **Insurance:** Provide a summary of insurance coverage / bonding carried by the Offeror that would be relevant to the services requested under this RFP.

6. **References.** The proposal must include the name, title, organization, address and telephone number of at least three clients in which the Offeror has served as a financial advisor within the past five (5) years.

(C) Evaluation Criteria and Process

1. **Evaluation Factors:** Any agreement for services resulting from this RFP shall be awarded to the Offeror providing the best proposal to the MHTC. After determining responsiveness, proposals will be evaluated in accordance with the following criteria:

   a. Transportation finance expertise of assigned personnel (30 points);
   b. Transportation finance experience of the firm and proposed offered services (30 points);
   c. Cost, Fees and Expenses (30 points); and
   d. Quality and clarity of the proposal (10 points).

2. **Historic Information:** The MHTC reserves the right to consider historic information and facts, whether gained from the Offeror's proposal, question and answer conferences, references, or other sources, in the evaluation process.

3. **Responsibility to Submit Information:** The Offeror is cautioned that it is the Offeror's sole responsibility to submit information related to the evaluation categories and that the MHTC's representative is under no obligation to solicit such information if it is not included with the Offeror's proposal. Failure of the Offeror to submit such information may cause an adverse impact on the evaluation of the Offeror's proposal.

(D) Pricing: The Offeror must submit a proposed fee for all services defined in the SCOPE OF WORK. This fee must be shown on Section (5), PRICING PAGE, of this proposal which must be completed, signed and returned with the Offeror's proposal. Note: The MHTC will not pay retainer fees nor make pre-payments for any services proposed as part of this RFP.

(E) Award and Implementation: Award and implementation will be as noted in the Schedule of Events outlined in Section (1) of the RFP.

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SECTION (5):
PRICING PAGE
Page 1 of 2

(A) Fee Schedule: The Offeror shall indicate below all fees for providing services in accordance with the provisions and requirements stated herein for each series of bonds to be issued. Please sign where indicated on the PRICING PAGE and submit with your other documentation:

Separate fees for (1) general financial advisory services and (2) financial advisory services specifically for bond issuances.

1. General financial advisory services:

   1st year hourly rate $___________
   2nd year hourly rate $___________
   3rd year hourly rate $___________
   4th year hourly rate $___________
   5th year hourly rate $___________

2. Financial advisory services for bond issuances including, but not limited to, variable rate structures, GARVEEs or derivate products:

   Fixed fee for a bond issuance requiring a new indenture / lien: $_____________
   Fixed fee for a bond issuance under existing indentures / liens: $_____________

RENEWAL INFORMATION: The Offeror shall provide below the maximum percentage of increase of the hourly rate and fixed fee for bond issuances for each renewal period. The renewal percentage is to be based on the 5th year hourly rate and the fixed fee for bond issuances as provided above. If the Offeror does not provide a percentage of increase for each renewal period, MoDOT staff will assume the renewal percentage is zero percent (0%) for the renewal period.

1st Renewal Period: __________ % of maximum increase
2nd Renewal Period: __________ % of maximum increase

SECTION (5):
PRICING PAGE
Page 2 of 2

(B) Expenses: The estimated out-of-pocket expenses that are not included in the fixed fee per dollar values quoted above for the MHTC bond issuances and for which the Offeror expects reimbursement must be separately identified by name and cost. Please use a separate sheet if necessary. Failure to identify or supply a cost in the proposal will be taken by the MHTC that all expenses are included in the fixed fees as provided above with this submitted proposal. The MHTC reserves the right to negotiate the cost, and type, of any and all such expenses, as deemed in the best interest of the MHTC. Further, the MHTC must approve any anticipated expenses prior to such expenses being incurred as part of the services provided by the Contractor.

List the nature of expenses for which reimbursement would be sought and the estimated amount of such expenses.

Expense Item	Estimated Number of Units	Price per Unit	Cost of Expense Item
Total			

Signature of Offeror: ______________________________

Printed or Typed Name of Signer: ______________________________

Date: ______________________________

EXHIBIT A

ANNUAL WORKER ELIGIBILITY VERIFICATION AFFIDAVIT

(for joint ventures, a separate affidavit is required for each business entity)

STATE OF ________________)
) ss
COUNTY OF ________________)

On the _____ day of _______________, 20____, before me appeared ________________________________, personally known to me or proved to me on the basis of satisfactory
Affiant name
evidence to be a person whose name is subscribed to this affidavit, who being by me duly sworn, stated as follows:

- I, the Affiant, am of sound mind, capable of making this affidavit, and personally certify the facts herein stated, as required by Section 285.530, RSMo, to enter into any contract agreement with the state to perform any job, task, employment, labor, personal services, or any other activity for which compensation is provided, expected, or due, including but not limited to all activities conducted by business entities.
- I, the Affiant, am the _______________ of ______________________________, and I am duly
title business name
authorized, directed, and/or empowered to act officially and properly on behalf of this business entity.
- I, the Affiant, hereby affirm and warrant that the aforementioned business entity is enrolled in a federal work authorization program operated by the United States Department of Homeland Security, and the aforementioned business entity shall participate in said program to verify the employment eligibility of newly hired employees working in connection with any services contracted by the Missouri Highways and Transportation Commission (MHTC). I have attached documentation to this affidavit to evidence enrollment/participation by the aforementioned business entity in a federal work authorization program, as required by Section 285.530, RSMo.
- I, the Affiant, also hereby affirm and warrant that the aforementioned business entity does not and shall not knowingly employ, in connection with any services contracted by MHTC, any alien who does not have the legal right or authorization under federal law to work in the United States, as defined in 8 U.S.C. § 1324a(h)(3).
- I, the Affiant, am aware and recognize that, unless certain contract and affidavit conditions are satisfied pursuant to Section 285.530, RSMo, the aforementioned business entity may be held liable under Sections 285.525 though 285.550, RSMo, for subcontractors that knowingly employ or continue to employ any unauthorized alien to work within the state of Missouri.
- I, the Affiant, acknowledge that I am signing this affidavit as a free act and deed of the aforementioned business entity and not under duress.

____
Affiant Signature

Subscribed and sworn to before me in ______________________, _____, the day and year first above-written.
city (or county) state

____
Notary Public

My commission expires:

[attach documentation of enrollment/participation in a federal work authorization program]

EXHIBIT B
APPLICANT AFFIDAVIT FOR SOLE-PROPRIETORSHIP OR PARTNERSHIP
(a separate affidavit is required for each owner and general partner)

STATE OF ________________)
) ss
COUNTY OF ________________)

On this _______ day of ____________________, 20_____, before me appeared ________________________________, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instruments, who being by me duly sworn, deposed as follows:

My name is __________________________________, and I am of sound mind, capable of making this affidavit, and personally certify the facts herein stated, as required by Section 208.009, RSMo, for failure to provide affirmative proof of lawful presence in the United States of America:

I am the _______________ (owner or partner) of ______________________________ (business name), which is applying for a public benefit (grant, contract, and/or loan) administered/provided by the Missouri Highways and Transportation Commission (MHTC), acting by and through the Missouri Department of Transportation (MoDOT).

I am classified by the United States of America as: (check the applicable box)

- ❑ a United States citizen.
- ❑ an alien lawfully admitted for permanent residence.

I am aware that Missouri law provides that any person who obtains any public benefit by means of a willfully false statement or representation, or by willful concealment or failure to report any fact or event required to be reported, or by other fraudulent device, shall be guilty of the crime of stealing pursuant to Section 570.030, RSMo, which is a Class C felony for stolen public benefits valued between $500 and $25,000 (punishable by a term of imprisonment not to exceed 7 years and/or a fine not more than $5,000 – Sections 558.011 and 560.011, RSMo), and is a Class B felony for stolen public benefits valued at $25,000 or more (punishable by a term of imprisonment not less than 5 years and not to exceed 15 years – Section 558.011, RSMo).

I recognize that, upon proper submission of this sworn affidavit, I will only be eligible for temporary public benefits until such time as my lawful presence in the United States is determined, or as otherwise provided by Section 208.009, RSMo.

I understand that Missouri law requires MHTC/MoDOT to provide assistance in obtaining appropriate documentation to prove citizenship or lawful presence in the United States, and I agree to submit any requests for such assistance to MHTC/MoDOT in writing.

I acknowledge that I am signing this affidavit as a free act and deed and not under duress.

________________________________ ________________________________
Affiant Signature | Affiant's Social Security Number or Applicable Federal Identification Number

Subscribed and sworn to before me this ______ day of ________________, 20_____.

____
Notary Public

My commission expires:

MISSOURI HIGHWAYS AND TRANSPORTATION COMMISSION
DEBT MANAGEMENT POLICY

Table of Contents

Effective Date: July 8, 2009

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.
Commission:	Missouri Highways and Transportation Commission created in article IV, section 29, Missouri Constitution.
Debt Capacity:	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.
Debt Service Coverage from Pledged Federal Revenue:	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.
Debt Service Coverage from Pledged State Revenue:	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.
Department:	Missouri Department of Transportation as created in article IV, section 29, Missouri Constitution.
Derivative Product:	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.
Official Statement:	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.
Original Issue Discount:	The amount below par value paid by the ultimate purchasers at the time a bond or other debt instrument is issued.
Original Issue Premium:	The amount above par value paid by the ultimate purchasers at the time a bond or other debt instrument is issued.
Pledged Federal Revenue:	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.

Pledged State Revenue:	State revenues derived from highway users pledged and available to pay debt service on bonds issued by the Commission pursuant to the Missouri Constitution.
Project Acceleration:	Debt financing issued by an outside entity to finance a Commission approved project to be constructed earlier than originally programmed by the Commission.
Refunding Bonds:	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.
State Road Bonds:	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).
Tax Advantaged Financing:	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.
Total Road and Bridge Revenue:	Total Commission revenues less funds dedicated for non-highway purposes such as airports, rail, transit and waterways.
Variable Rate Debt:	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.

	CATEGORIES	***REPAYMENT SOURCE***
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.).

Missouri Highways and Transportation Commission

Lien Structure

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.