FISCAL BRIEF

STATE TRANSPORTATION BONDS AND DEBT SERVICE

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FAST FACTS

- The State Transportation Commission has constitutional and statutory authority to issue debt by pledging revenue from motor fuel and vehicle registration taxes.
- Transportation revenue bonds issued between 2001 and 2011 helped the Michigan Department of Transportation achieve and sustain its 90% "good" pavement performance goal.
- State Trunkline Fund related debt peaked in FY 2008-09 at $2.3 billion and totaled $1.2 billion at the end of FY 2017-18.
- The last "new money" issue of transportation revenue bonds was in December 2011 for $91.0 million.

INTRODUCTION

The State Transportation Commission has constitutional and statutory authority to issue debt secured by constitutionally restricted revenue from motor fuel and vehicle registration taxes. This authority is put into effect when the State Transportation Commission authorizes the Michigan Department of Transportation (MDOT) to sell revenue bonds. The department has, for many years, used bonding as a method for financing its capital road and bridge construction and reconstruction programs, as well as for capital public transportation projects.

AUTHORITY FOR TRANSPORTATION BOND PROGRAM

Article IX, Section 9 of Michigan's 1963 Constitution mandates that revenue from specific taxes on motor fuels and vehicle registrations be used exclusively for transportation purposes. The section also states: "The legislature may authorize the incurrence of indebtedness and the issuance of obligations pledging the taxes allocated or authorized to be allocated under this section, which obligations shall not be construed to be evidence of state indebtedness under this constitution." This language gives constitutional authorization for debt secured by constitutionally restricted transportation revenue and indicates that transportation notes and bonds issued under the authority of the section are not general obligations of the State of Michigan.

This constitutional authority is put into effect in statute by 1951 PA 51 (Act 51) which authorizes the State Transportation Commission to issue notes or bonds by pledging as payment constitutionally restricted transportation revenue. Act 51 also authorizes the State Transportation Commission to issue notes or bonds in anticipation of federal revenue and authorizes the refunding (refinancing) of previously issued bonds.

Section 18b of Act 51 requires that the State Transportation Commission, prior to issuing notes or bonds, adopt a resolution providing a pledge of payment of the notes or bonds from constitutionally restricted transportation revenue. It also requires that the resolution contain a brief statement describing the projects for which the notes or bonds are to be issued, including estimated cost of the projects, or, for refunding bonds, a description of the notes or bonds to be paid or refunded from the proceeds.

Section 18k of Act 51 requires that the State Transportation Commission provide to the House and Senate Appropriations Committees the list of projects for which notes or bonds are to be issued at least 30 days before they are issued. If the State Transportation Commission determines that the projects for which bonds were issued should change, the Commission must adopt the change by resolution, and notice of intention to adopt the resolution must be given to the House and Senate Appropriations Committees. Although Act 51 includes these notification provisions, the act does not require legislative authorization for the State Transportation Commission to issue notes or bonds and does not give the appropriations committees or the Legislature as a whole authority to approve or reject the proposed project list.

Proceeds from the sale of notes or bonds can be used only for projects included in the note or bond resolution project list. However, the proceeds are not earmarked for any specific project or projects on the list. Some of the projects on the list may be constructed using other state-restricted or federal-aid revenue sources; some may not be constructed at all. Projects on the bond project list simply represent the pool of projects for which the bond proceeds may be used.

State Transportation Commission authorization for note or bond sales is typically a two-step process. The Commission first authorizes the Michigan Department of Transportation to circulate a preliminary official note or bond statement, including the list of projects. In a subsequent resolution, after the 30-day notification period, the Commission authorizes the department to issue the notes or bonds up to the amount authorized in the resolution. The department times the actual sale of the debt issue based on anticipated cash flow needs and market conditions.

STATE TRUNKLINE FUND BONDS

Act 51 specifically authorizes the State Transportation Commission to sell bonds by pledging constitutionally restricted transportation revenue deposited to the State Trunkline Fund (STF). STF bonds are used to provide funds for capital state trunkline road and bridge construction or reconstruction projects. STF bonds also include bonds issued for Transportation Economic Development Fund (TEDF) projects, Blue Water Bridge projects, and Critical Bridge Program projects. The TEDF, Blue Water Bridge, and Critical Bridge Program bonds are considered “STF” because they are secured by STF revenue. STF debt, broadly speaking, also includes debt secured by anticipated federal aid revenue. These bonds are sometimes referred to as Grant Anticipation Revenue Vehicles, or “GARVEEs.”

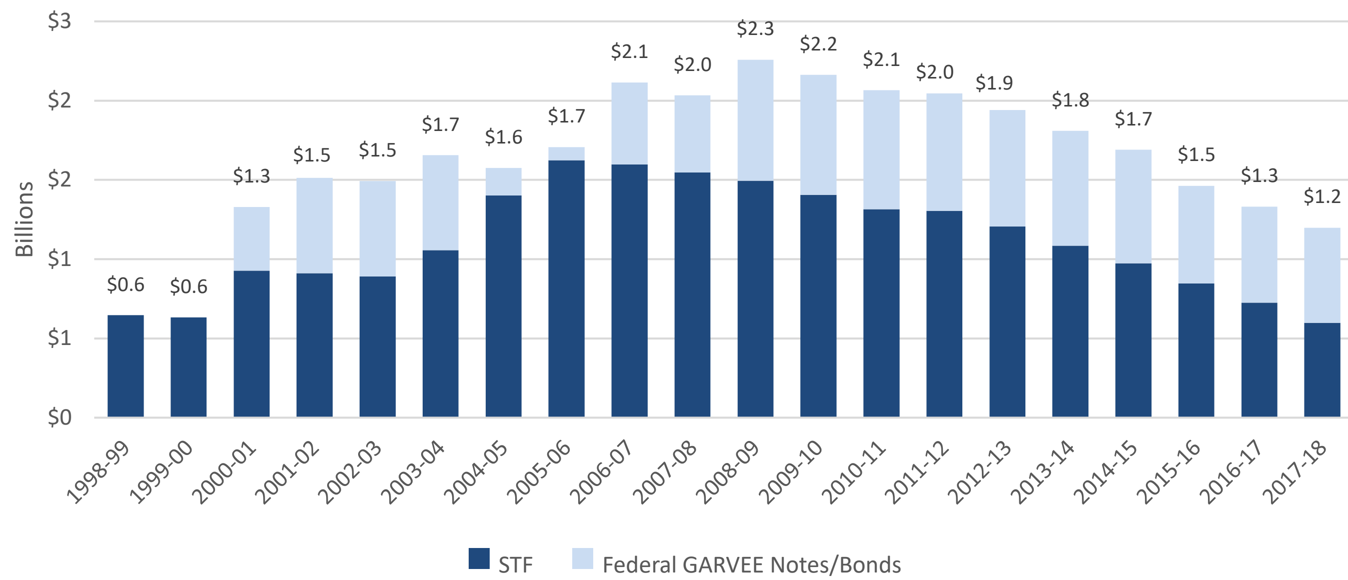
In 2001, state transportation debt obligations increased significantly with the sale of $308.2 million in State Trunkline Fund (STF) Build Michigan II bonds and $400.0 million in federal grant anticipation notes. The department sold an additional $200.0 million in federal grant anticipation notes in 2002. As a result, outstanding STF debt, including federal grant anticipation notes, more than doubled—from $633.2 million at the end of FY 1999-2000, to $1,512.0 million at the end of FY 2001-02. Between 2004 and 2011 the department completed five additional sales of entirely “new money” STF and federal grant anticipation bonds, not including refunding bond issues:

- $185.7 million STF bonds (September 2004)
- $244.5 million in STF bonds (July 2006)
- $485.1 million Jobs Today GARVEE bonds (September 2007)
- $281.9 million Jobs Today/Economic Stimulus Build America Bonds (June 2009)
- $91.0 million STF Bonds (December 2011)
    - $61.0 million for Blue Water Bridge projects
    - $40.0 million STF to match federal aid [1]

[1] The breakdown of the 2011 STF bond issue between Blue Water Bridge projects and STF programming total more than the face value of the bond issue. Because of issue premiums, actual bond proceeds totaled $101.6 million.

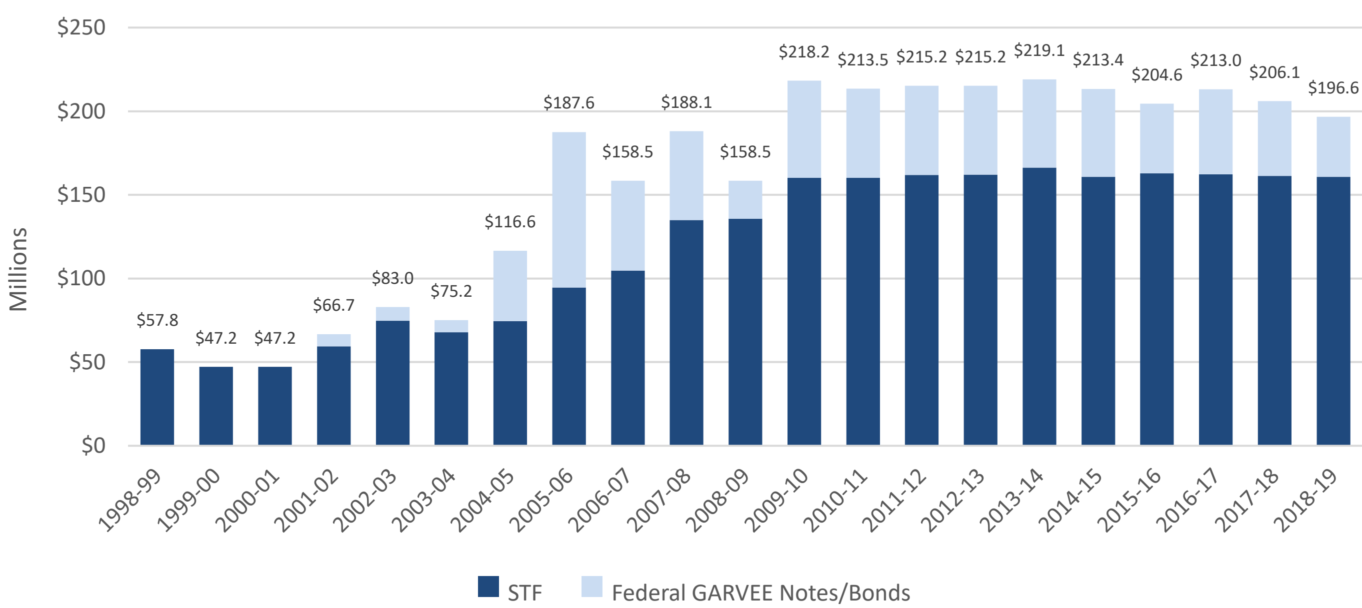
The department has not sold any "new money" STF or GARVEE bonds since December 2011. Outstanding STF debt, including federal grant anticipation bonds, peaked in FY 2008-09 at $2.3 billion. Outstanding debt has declined each year since 2009 and totaled $1.2 billion at the close of FY 2017-18.

Figure 1: State Trunkline Fund Bond and Federal Grant Anticipation Note - Outstanding Debt



As state transportation debt increased, so did annual debt service payments. In FY 2000-01, STF debt service totaled $47.2 million. By FY 2013-14, debt service on STF-related debt, including federal grant anticipation bonds, peaked at $219.1 million. For FY 2018-19, total STF debt service will total $196.6 million. MDOT debt service schedules anticipate all current STF debt will be retired by FY 2036-37.

Figure 2: State Trunkline Fund – Annual Debt Service

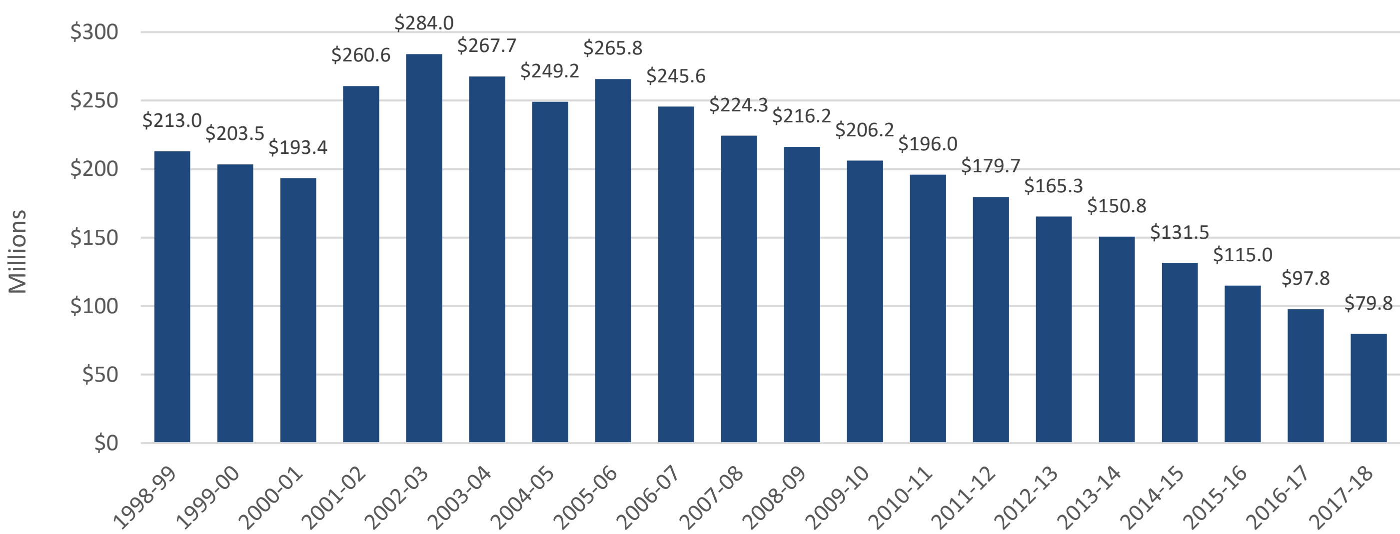


The department's STF bond program, particularly during the early 2000s, helped "frontload" the department's road and bridge reconstruction program, and helped the department achieve its state trunkline pavement performance goal of 90% in "good" condition by 2007. However, subsequent increases in debt service reduced the amount of STF and federal aid revenue available for the department's ongoing state trunkline road and bridge capital construction program. State trunkline pavement condition fell below the 90% good condition measure in 2011, and has declined each year since.

COMPREHENSIVE TRANSPORTATION FUND BONDS

Section 18k of Act 51 also authorizes the State Transportation Commission to sell bonds by pledging constitutionally restricted transportation revenue deposited to the Comprehensive Transportation Fund (CTF). CTF bonds are used to fund capital public transportation projects, including the purchase of buses for transit agencies, construction of bus transit and intermodal terminals, and rail passenger and rail freight projects. CTF bond proceeds have also been used to support certain airport improvement projects. Between 2001 and 2006 the department issued three series of CTF-backed bonds in support of capital public transportation projects. The department has not sold any new CTF bonds, other than refunding bonds, since 2006. As of September 30, 2018, total outstanding CTF debt was $79.8 million and debt service for FY 2018-19 will be $22.8 million.

Figure 3: Comprehensive Transportation Fund - Outstanding Debt



DEBT LIMITS

Act 51 limits transportation-related debt service to 50% of the previous year's constitutionally restricted transportation revenue. Or to state this another way, transportation revenue pledged to secure bonds or notes must be at least twice the amount of the related transportation debt service.

Current debt service is below these statutory limits. For the fiscal year ending September 30, 2017, available STF revenue was 6.3 times the amount needed to cover STF debt service, and available CTF revenue 13.9 times the amount needed to cover CTF debt service.[2] State Transportation Commission policy is more restrictive than statute; it requires a 4-to-1 revenue to debt service coverage ratio.[3]

REFUNDING BONDS

In addition to the new money bond issues described above, between 2001 and 2016, the department issued several series of "refunding bonds" to retire previously issued bonds. The department refunds previously issued bonds in order to capture lower interest rates and achieve present value savings. State Transportation Commission policy is to allow for the refunding of outstanding bonds when the department can achieve a net present value saving of 3% or more. The department last refunded bonds in July 2016 when the department sold $607.1 million in federal grant anticipation refunding bonds. This sale resulted in significant interest savings and reduced debt service payments. All savings achieved from refunding STF and federal grant anticipation bonds are redirected to the state road and bridge capital construction program.

CURRENT DEBT SERVICE AND INTEREST RATES

Debt service for STF bond issues, including federal grant anticipation bonds, will total $196.6 million in FY 2018-19. According to department debt service schedules, for the next eight fiscal years (FY 2019-20 to FY 2026-27) STF-related debt service, including debt service on federal grant anticipation bonds, will average $153.1 million, ranging from $199.6 million (FY 2019-20) to $134.4 million (FY 2023-24). STF-related debt service declines to $6.4 million in FY 2027-28 and remains at that level until all STF bonds are retired in FY 2036-37. The weighted average interest rate on STF bonds outstanding at September 30, 2018 ranged from 4.49% to 5.24%.

Table 1 is a consolidated schedule of outstanding Transportation–related debt as of September 30, 2018. The outstanding debt figures through FY 2016-17 are taken from the department's Annual Financial Reports; the figures for the fiscal year ending September 30, 2018 are provisional figures provided by the Michigan Department of Transportation, Financial Operations Division. The debt service figures through FY 2017-18 are based on actual debt service payments as recorded in the state's accounting system. Debt service figures for FY 2018-19 reflect budgeted amounts based on anticipated debt service schedules.

[2] STF and CTF debt service coverage ratios are as shown in supplementary schedules in the state of Michigan's Comprehensive Annual Financial Report (CAFRs). The department also computes and reports debt service coverage ratios as part of the disclosure statements made in connection with issuing bonds. Debt service coverage ratios were not available for FY 2017-18 at the time of this publication.

[3] In accordance with State Transportation Commission policy adopted August 26, 1999, the department adopted capital financing guidelines. Those guidelines require that restricted revenue must be at least four times annual debt service. The guidelines also require that bonding be used only for capital projects, infrastructure and equipment, and require the department to make every effort to ensure that the average life of bonds not exceed the average life of the capital-financed projects.

Table 1: Revenue Dedicated Bonded Debt

Michigan Department of Transportation
Bonds Issues and Outstanding
(In Thousands)

	Amounts Issued	Outstanding 9/30/2018	Outstanding 9/30/2017	Maturities First Year	Maturities Last Year	Average Interest Rate Percentage
Comprehensive Transportation Fund Bonds:						
Series 2005 (Refunding)	$62,180	$34,080	$39,380	2009	2023	5.25
Series 2009 (Refunding)	42,335	8,115	15,825	2012	2019	4.49
Series 2011 (Refunding)	18,470	8,740	10,685	2013	2022	4.50
Series 2013 (Refunding)	10,130	1,540	3,575	2014	2023	4.70
Series 2015 (Refunding)	29,380	27,300	28,360	2017	2031	4.89
Total Comprehensive Transportation Fund Bonds	**$162,495**	**$79,775**	**$97,825**			
State Trunkline Fund Bonds:						
Series 1998 A (Refunding)	$377,890	$34,120	$66,410	2006	2019	5.15
Series 2004 (Refunding)	103,450	45,355	55,330	2006	2022	5.02
Series 2005 (Refunding)	223,020	89,815	108,365	2010	2022	5.24
Series 2009 (Revenue and Refunding)	146,190	146,185	146,190	2018	2027	4.99
Series 2011	90,980	79,425	81,930	2014	2037	4.72
Series 2012 (Refunding)	49,305	24,660	27,965	2014	2022	4.80
Series 2014 (Refunding)	265,085	123,815	184,390	2016	2022	4.49
Series 2015 (Refunding)	54,055	54,055	54,055	2023	2023	4.84
Total State Trunkline Fund Bonds	**$1,309,975**	**$597,430**	**$724,635**			
Grant Anticipation Bonds:						
Series 2007	$485,115	-	-	2009	2017	5.15
Series 2009 B Taxable Build America Bonds	281,910	-	-	2012	2016	7.62
Series 2016 (Refunding)	607,110	601,285	607,110	2018	2027	4.97
Total Grant Anticipation Bonds:	**$1,374,135**	**$601,285**	**$607,110**			
TOTAL REVENUE DEDICATED BONDED DEBT - TRANSPORTATION RELATED	**$2,846,605**	**$1,278,490**	**$1,429,570**			

Preliminary Schedule provided by the Michigan Department of Transportation, Financial Operations Division.

APPENDIX
TRANSPORTATION BOND PROGRAM – SUMMARY OF BOND ISSUES

1989 – $135,779,506 STF Bonds

Used primarily to finance a number of state and local economic development (TEDF) projects. Approximately 38% of the funds were used for state trunkline projects—59% if one includes projects that involved the jurisdictional transfer of local roads to the state trunkline system. Listed projects included the Haggerty Road extension in Oakland County, Davison Freeway reconstruction in Detroit, and upgrading the Capital Loop in Lansing.

In addition to the funds used for TEDF projects, approximately $30.0 million from the original bond proceeds was used for state trunkline right-of-way projects.

1992 – $253,618,067 STF Build Michigan Bonds

Primarily used to match federal funds for state trunkline projects. In addition, approximately $30.0 million of the bond proceeds was used for local Critical Bridge projects. The total *Build Michigan* bond issue was $353.2 million, of which $253.6 million was "new money". The balance of the bond proceeds was used to refund existing debt. At the same time, the department issued $37.7 million in CTF obligation bonds.

1994 – $150,000,000 STF Bonds

Used entirely for state trunkline projects.

1996 – $55,000,000 STF Bonds

$35.0 million was used to finance, in part, Blue Water Bridge projects including construction of the second span and rehabilitation of the original span; $20.0 million was used for the advance purchase of right of way.[4]

1998 – STF and CTF Refunding Bonds

$377.9 million STF and $38.6 million CTF to refinance previously issued bonds.

2001 – $308,200,000 STF *Build Michigan III* Bonds

These bonds, issued in July 2001, were intended to be the first phase of the Build Michigan III bond program, a program involving a number of state reconstruction and capacity improvement projects, as well as local economic development projects. The State Transportation Commission had authorized up to $900.0 million in borrowing under the Build Michigan III program. However, no additional bonds were issued under this program.[5]

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4 Under this program, the department purchased right of way in advance of the completion of early preliminary engineering and environmental clearance. The department subsequently discontinued the use of the advance purchase of right of way account. Use of advance purchase of right of way makes the entire project ineligible for federal aid. Cost savings achieved in purchasing right of way prior to final highway alignment are offset by the loss of federal project participation.

5 Debt service for the Build Michigan III bond program was to have come, in part, from an annual $35 million appropriation from the Budget Stabilization Fund (BSF) for a sixteen-year period beginning in FY 2000-01 and ending in FY 2015-16. The $35 million BSF transfer was made for the first two fiscal years, but was suspended in FY 2002-03 because of reduction in GF/GP revenue and the depletion of the BSF. In addition, $8.0 million per year was to have come from a proposed increase in the diesel motor fuel taxes. The proposed diesel tax increase was not enacted.

APPENDIX
TRANSPORTATION BOND PROGRAM – SUMMARY OF BOND ISSUES

2001 – $400,000,000 GARVEE Notes

These notes, issued in July 2001, were issued to accelerate previously programmed state trunkline projects (*Build Michigan II*). These were considered short term notes (less than 10 year maturity). The state pledged anticipated revenue from the federal aid highway program to secure repayment of these notes. Additional GARVEE notes were issued in 2002.

2001 – CTF Refunding Bonds

In July 2001, at the same time the department issued the *Build Michigan III* bonds and GARVEE notes, it refinanced $27.8 million in CTF bonds.

2002 – $82,310,000 CTF Bonds

On July 19, 2002, the State Transportation Commission authorized the sale of up to $160.0 million in CTF bonds. In August 2002 in the department issued $82.3 million in CTF bonds; the department received an additional $6.7 million in bond issue premium. Proceeds were used for a number of public transportation capital projects, including rail freight track rehabilitation projects, local public transportation bus and facility projects, intermodal terminal projects, and rail passenger projects. The project list also included $10.4 million for Midfield Terminal project at Detroit-Wayne County Metro Airport. The approved project list was last revised by the State Transportation Commission at its July 29, 2010 meeting.

In addition to public transportation projects, the State Transportation Commission's original approved bond project list had identified $60.0 million for various "Airport Safety and Protection Plan" (ASAP) projects. ASAP was a program using bond proceeds to support various safety and security projects at public airports. Bond proceeds were to be used to leverage federal, local, and other state revenue. However, none of the bond proceeds were used for ASAP projects, and no additional CTF bonds were issued under this authorization. As described further below, the department issued bonds for the ASAP program in 2003 under a separate State Transportation Commission authorization.

2002 – $200,000,000 GARVEE Notes

On September 19, 2002, the department issued an additional $200.0 million in short-term federal-aid grant anticipation notes intended to accelerate previously programmed state trunkline projects (*Build Michigan II*). This was the second series of notes issued under this program bringing total GARVEE borrowing to $600.0 million. In 2005 the department converted a large part of the short-term GARVEE notes into longer-term STF bonds (see below). The final payment on the remaining short-term notes, $32.1 million, was made in FY 2007-08.

2002 – CTF and STF Refunding Bonds

In May 2002, the department sold $89.6 million in CTF refunding bonds. The total proceeds (including premium) refinanced $95.6 million in CTF bonds. In August 2002, the department sold $97.9 million in STF refunding bonds. The total proceeds (including premium) totaled $104.5 million.

APPENDIX
TRANSPORTATION BOND PROGRAM – SUMMARY OF BOND ISSUES

2003 – $35,020,000 CTF/ASAP Bonds

In April 2003, the State Transportation Commission authorized the sale of up to $38.0 million in CTF bonds. The approved bond list was identical to the one approved in 2002—$88.5 million in various CTF bond projects and $60.0 million for ASAP airport improvement projects. The department sold $35.0 million in CTF bonds in July 2003 ($36.4 million net proceeds). The department identified $24.0 million from the bond proceeds as related to the ASAP program. The approved project list was last revised by the State Transportation Commission at its July 29, 2010 meeting.

In 2006, the department sold additional CTF bonds under a separate authorization, of which $36.0 million was identified as for the ASAP program. See below for additional description.

2004 – $185,710,000 STF Bonds

At its October 30, 2003 meeting, the State Transportation Commission approved a preliminary resolution regarding the sale of up to $480.0 million in new STF bonds. The Commission gave final approval for the issuance of these bonds on July 29, 2004. The bond list identified a total of 125 projects with a total estimated cost of $633.6 million. In addition to preservation projects, there were three capacity improvement projects on the list: M-24 in Lapeer County, I-96 at 36th Street in Kent County, and M-42 in Wexford County.

In September 2004, the department issued $185.7 million in bonds, ($201.2 million including premium to issue date) as part of the authorized bond sale. An additional sale under this authorization was made in July 2006.

The State Transportation Commission revised the associated project list at its September 28, 2006 meeting to include certain local projects as part of the $80 million *Local Jobs Today* grant program. The use of STF bond proceeds for local road agency grants was authorized by Public Act 141 of 2006 (House Bill 6003) which amended Act 51 of 1951. The project list related to this bond issue was last amended by the State Transportation Commission at its April 30, 2009 meeting.

2004 – STF Refunding Bonds

In April 2004, the department sold $103.5 million in STF refunding bonds. The total proceeds (including premium) totaled $113.2 million.

2005 – $378,250,000 STF Bonds to Refund GARVEE Notes

On June 30, 2005, the State Transportation Commission authorized the department to restructure up to $400.0 million in short-term GARVEE notes with STF bonds. In August 2005, the department issued $378.2 million in STF bonds. From the proceeds of this sale, which totaled $402.1 million including issue premium, $400.0 million was used to refund GARVEE notes.

2005 – CTF and STF Refunding Bonds

In April 2005, the department issued $62.2 million in CTF refunding bonds ($70.0 million total proceeds), and $223.0 million in STF refunding bonds ($250.0 million total proceeds).

APPENDIX
TRANSPORTATION BOND PROGRAM – SUMMARY OF BOND ISSUES

2006 – $53,685,000 CTF/ASAP Bonds

On March 30, 2006, the State Transportation Commission authorized the sale of up to $100 million in CTF bonds. As part of this sale, the department identified $36.0 million as the second and final part of the $60.0 million ASAP bond program. The first $24.0 million in ASAP bonding had been authorized in 2003. The actual bond sale was completed in June 2006. The sale proceeds, including issue premium, totaled $55.0 million. The additional bond proceeds above the $24.0 million for the ASAP program were used to refund prior CTF issues.

2006 – $244,525,000 STF Bonds

In July 2006, the department issued $244.5 million in STF bonds (proceeds totaled $261.5 million). This represented the second and final part of the $480.0 million bond issue first authorized in 2004. The project list associated with this bond issue, and the subsequent revisions, are the same as for the original 2004 STF bond issue described above.

2006/2007 – $485,115,000 Jobs Today GARVEE Bonds

On January 26, 2006, the State Transportation Commission approved a preliminary resolution for the sale of up to $630.0 million in STF bonds or GARVEE bonds as part of the *Jobs Today* program. The related project list totaled $796.7 million.

The authorization was amended September 28, 2006, to include up to $192.0 million for a local federal-aid loan program, part of the *Local Jobs Today* program. Under this program, the department loaned money to local road agencies to allow for the construction of local federal-aid projects in 2006 and 2007 which would otherwise have been postponed. The local road agencies were to repay the loans from future federal aid. This financing method is also called "advance construct." All loans to local road agencies under this program were fully repaid in early FY 2010-11 when remaining federal aid became available.

Note that there were two parts of the *Local Jobs Today* program: the local advance-construct loan program using the STF or GARVEE bond proceeds to be issued under this 2006 authorization; and the $80 million local federal-aid grant program authorized under the revised project list for the 2004 STF bonds.

In September 2007, the department sold $485.1 million in GARVEE bonds under this authorization. The total proceeds from the sale, including premium, totaled $503.8 million.

Note: At its March 27, 2008 meeting, the State Transportation Commission also approved a preliminary resolution regarding the sale of up to $150.0 million in new STF or GARVEE bonds. This proposed bond issue was related to Governor Granholm's *Economic Stimulus* program which would advance $150.0 million projects originally slated from construction in 2009 into the 2008 construction season. As noted below, the department sold grant anticipation bonds under the *Jobs Today*/*Economic Stimulus* authorizations in 2009.

APPENDIX

TRANSPORTATION BOND PROGRAM – SUMMARY OF BOND ISSUES

2009 – $281,910,000 STF Jobs *Today/Economic Stimulus* Build America Bonds

In June 2009, the department sold $281.9 million of federal "Build America Bonds." These were a new type of grant anticipation bond; Build America Bonds were authorized under provisions of the American Recovery and Reinvestment Act of 2009. Debt repayment was secured by anticipated revenue from the federal-aid highway program.

At the time the bonds were issued, the department indicated that $138.0 million of the bond proceeds related to the *Jobs Today* program, and $150.0 million was for the *Economic Stimulus* program. After issue discount, the actual proceeds from the bond issue totaled $280.0 million.

Unlike other bonds issued by the department, Build America Bonds were not tax-exempt. As a result, the nominal interest rate on the bonds was higher than other department-issued bonds. However, under provisions of the Build American Bond program, the department was to receive an interest rebate from the Internal Revenue Service equal to 35% of the of the annual interest payment made to bondholders. This bond issue was fully retired in 2018.

2009 – $42,335,000 CTF Refunding Bonds

In January 2008, the State Transportation Commission authorized the sale of up to $70 million in CTF refunding bonds. The authorization was amended in August 2008. In May 2009, the department sold $42.3 million in CTF bonds. The sale proceeds, including issue premium, totaled $44.6 million. The proceeds from this issue were used to retire previously issued CTF bonds, reducing total CTF debt service by approximately $41 million over three fiscal years—FY 2008-09 through FY 2010-11. Because of the nature of the refunding, the *appropriation* for debt service during those years was not reduced. According to IRS regulations the CTF debt service savings was instead transferred to a CTF bond proceeds account for subsequent expenditure on public transportation capital projects. This debt service treatment, i.e. the appropriation and subsequent transfer to a CTF Bond proceeds account, was recognized in three fiscal years as follows: FY 2008-09, $15.4 million; FY 2009-10, $12.8 million; FY 2010-11, $13.2 million.

2009 – $146,190,000 in STF New and Refunding Bonds

In January 2008, the State Transportation Commission authorized the sale of up to $290.0 million in STF refunding bonds. The authorization was amended March, 27, 2008. In November 2009, the department sold $146.2 million in STF bonds. The sale proceeds, including issue premium, totaled $155.5 million. The proceeds from this issue were primarily used to retire previously issued STF bonds; $4.0 million of the proceeds were used to finance state trunkline projects. The present value savings achieved through refunding was $5.9 million.

2011 – $18,470,000 in CTF Refunding Bonds

On August 25, 2011, the State Transportation Commission authorized the sale of CTF refunding bonds. In November 2011, the department sold $18.5 million in CTF bonds. The sale proceeds, including issue premium, totaled $21.0 million. The proceeds from this issue were used to retire previously issued CTF bonds. The present value savings achieved through refunding was $3.2 million.

APPENDIX

TRANSPORTATION BOND PROGRAM – SUMMARY OF BOND ISSUES

2011 – $90,980,000 in STF Bonds

On March 31, 2011, the State Transportation Commission authorized the sale of up to $105 million in STF bonds. The authorization was amended October 27, 2011, to increase the authorization to $145 million. In December 2011, the department sold $91.0 million in STF bonds under this authorization. The sale proceeds, including issue premium, totaled $101.6 million.

The October 2011 project list associated with this bond issue included 29 trunkline projects with an estimated state share totaling $106.2 million.

The department indicated that $40.0 million of this would be used to match federal funds for state trunkline projects. The use of $40.0 million in bond financing to match federal funds had been part of the FY 2010-11 budget agreement with the Legislature. However, the actual sale was not made until December 2011, during the 2011-12 fiscal year. The project list included 29 trunkline projects with an estimated state share totaling $106.2 million.

Of the 29 projects on the project list, two were related to the certain phases of the Blue Water Bridge Plaza project. Specifically, $1.7 million was for the replacement of the Welcome Center near on I-94/I-69 near the Blue Water Bridge, and $61.0 million was related to the reconstruction and widening of I-94/I-69, related interchange, and replacement the bridge over the Black River. All the bonds in this debt issue were guaranteed with a pledge of STF revenue; the State Transportation Commission has no constitutional or statutory authority to issue bonds secured with toll revenue. However, the department anticipates paying debt service related the Blue Water Bridge projects from Blue Water Bridge toll revenue.

2012 – $49,305,000 in STF Refunding Bonds

On May 17, 2012, the State Transportation Commission authorized the sale of up to $60 million in STF refunding bonds. In July 2012, the department sold $49.3 million in STF bonds. The sale proceeds, including issue premium, totaled $58.0 million. The proceeds from this issue were used to retire previously issued STF bonds. The present value savings achieved through refunding was $9.5 million.

2013 – $10,130,000 in CTF Refunding Bonds

On June 27, 2013, the State Transportation Commission authorized the sale of CTF refunding bonds. In August 2013, the department sold $10.1 million in CTF bonds. The sale proceeds, including issue premium, totaled $11.0 million. The proceeds from this issue were used to retire previously issued CTF bonds. The present value savings achieved through refunding was $813,000.

2014 – $265,085,000 in STF Refunding Bonds

On March 20, 2014, the State Transportation Commission authorized the sale of up to $285 million in STF refunding bonds. In August 2014, the department sold $265.1 million in STF bonds. The sale proceeds, including issue premium, totaled $304.4 million. The proceeds from this issue were used to retire previously issued STF bonds. The present value savings achieved through refunding was $23.0 million.

APPENDIX

TRANSPORTATION BOND PROGRAM – SUMMARY OF BOND ISSUES

2015 – $29,380,000 in CTF Refunding Bonds

On July 14, 2015, the department sold $29.3 million (face value) in CTF bonds. The sale proceeds, including issue premium, totaled $34.5 million. The proceeds from this issue were used to retire previously issued CTF bonds. The present value savings achieved through refunding was $4.7 million.

2015 – $54,055,000 in STF Refunding Bonds

On October 15, 2015, the department sold $54.1 million (face value) in STF bonds. The sale proceeds, including issue premium, totaled $66.8 million. The proceeds from this issue were used to retire previously issued STF bonds. The present value savings achieved through refunding was $14.8 million.

2016 – $607,110,000 in GARVEE Refunding Bonds

On July 14, 2016, the department sold $607.1 million (face value) in federal grant anticipation bonds. The sale proceeds, including issue premium, totaled $749.7 million. The proceeds from this issue were used to retire previously issued federal grant anticipation bonds. The present value savings achieved through refunding was $136.2 million.