

Investment & Cash Management Conference

Infrastructure Financing

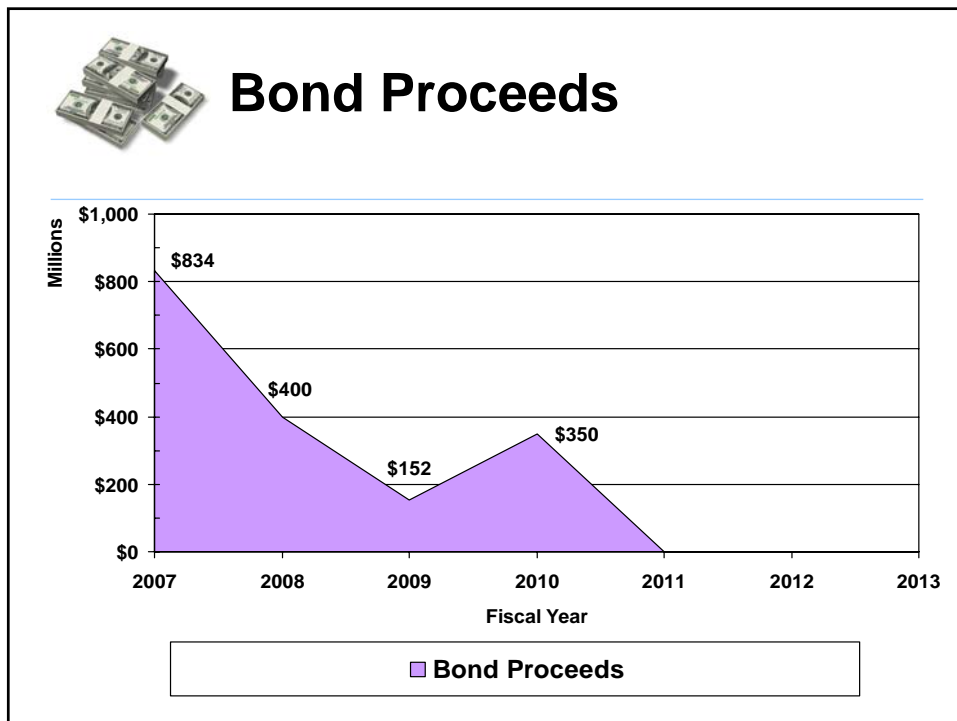
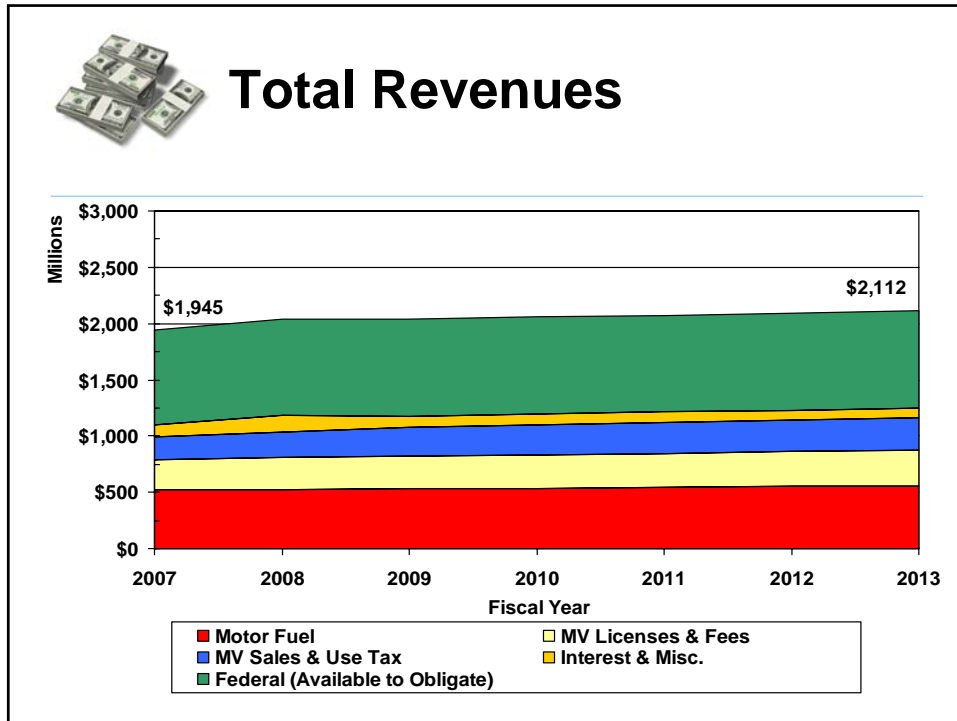
Jay Moore & Derek Gregg

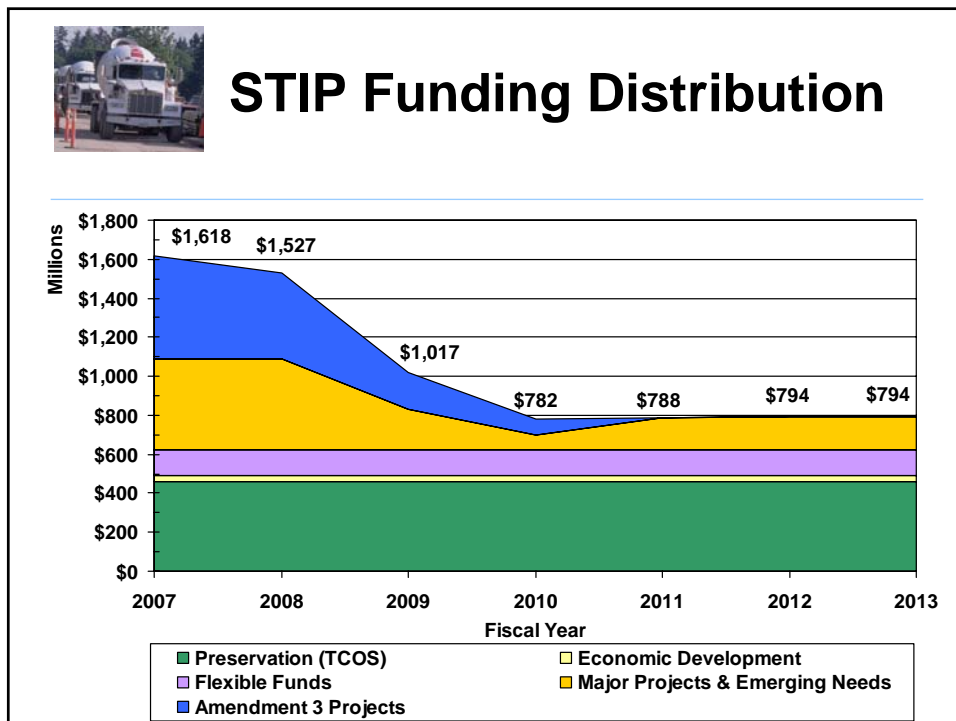
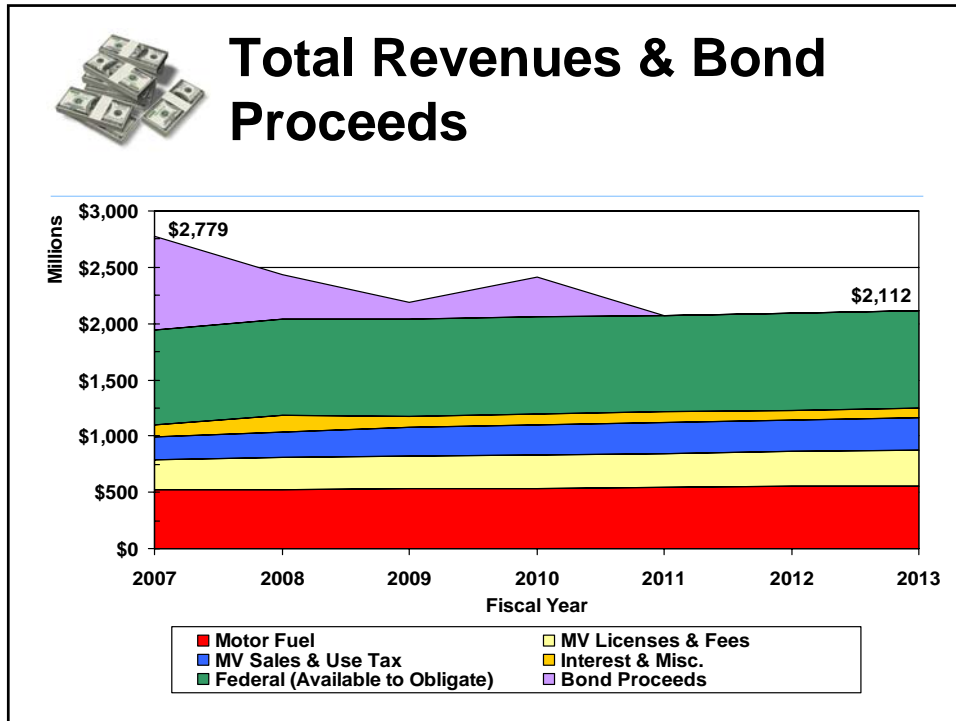


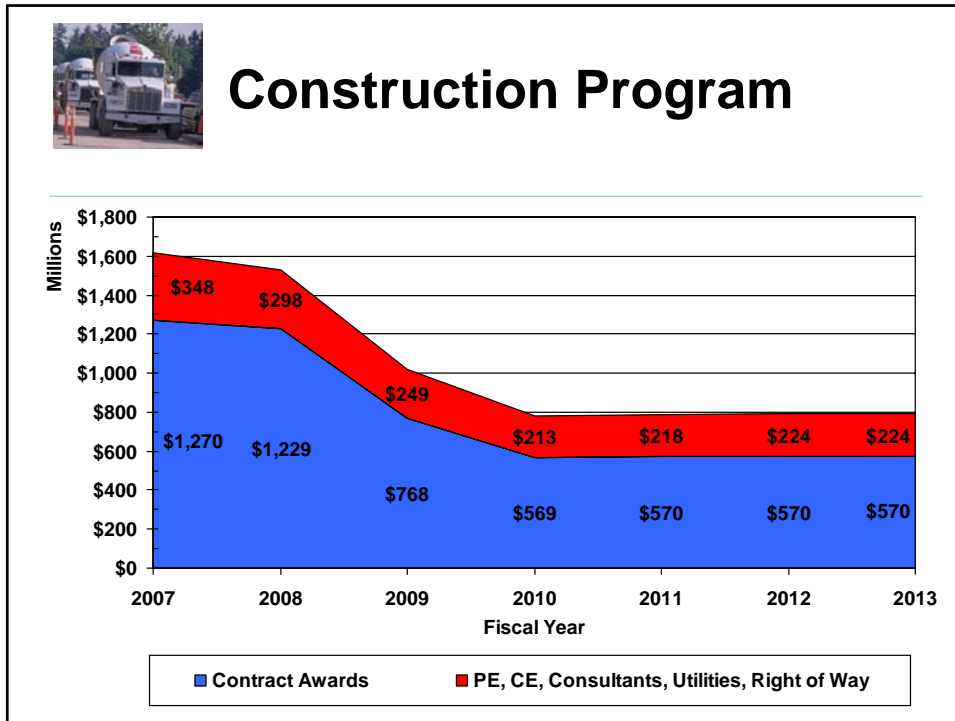
Resource Management Division

Purpose

- Basics of MoDOT financing
- Get to know partnership programs
 - Their role in transportation infrastructure development
- Provide guidance regarding accessing MoDOT programs
- Get feedback







Stretching Resources



The Lineup

- Missouri Transportation Finance Corporation (MTFC)
- State Transportation Assistance Revolving (STAR) Fund
- Cost Share / Economic Development
- Cost Participation

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The Funding

- Local funding options
 - Transportation Development District (TDD)
 - Tax Increment Financing (TIF)
 - Transportation Corporation (TC)
 - Community Improvement District (CID)
 - Local economic development funds
 - Other local resources

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Missouri Transportation Finance Corp

- MTFC / State Infrastructure Bank (SIB)
- Independent, not-for-profit corporation
 - Not a state agency
- Purpose
 - Assist local transportation projects
 - Administer the STAR Fund
 - Serves as a resource for funding transportation projects in many different venues

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Missouri Transportation Finance Corp

- MTFC Board
 - Commissioner Michie
 - Commissioner Kehoe
 - Commissioner Gach
 - Director Rahn
 - S. Lee Kling (former Commissioner)
 - Dr. Thomas Johnson (UMC Professor)
 - Roberta Broeker, MoDOT CFO
 - Brian Weiler, MoDOT Multimodal Operations Director

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Missouri Transportation Finance Corp

- SIB services
 - Loans (primary and subordinated)
 - Standby lines of credit
 - Debt service reserve financing
 - Bond security
 - Limited financial planning assistance
 - Grant Anticipation Notes
 - Gap financing
 - Credit enhancements

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Missouri Transportation Finance Corp

- Eligible Applicants
 - Cities
 - Counties
 - Transit Authorities
 - Metropolitan Planning Organizations
 - Port Authorities
 - Airport Authorities
 - Any transportation operator providing a public service
 - Other private entities

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Missouri Transportation Finance Corp

- Examples of Eligible Projects

- Highways
- Bridges
- Aviation
- Rail
- Port facilities
- Transit facilities & equipment

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Missouri Transportation Finance Corp

- Application evaluation

- Public benefit
- Transportation need
- Economic benefit
- Financial feasibility
- Non-MoDOT financial contributions
- Policy compliance

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Missouri Transportation Finance Corp

- Eligible Project Costs

- Project planning
- Property acquisition
- Development
- Construction

- Ineligible Project Costs

- Operating expenses

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State Transportation Assistance Revolving (STAR) Fund

- Administered by Missouri Transportation Finance Corp

- Low-interest loans

- Non-Highway transportation projects
 - Waterways
 - Rail
 - Air
 - Transit
- Fewer Federal “strings”
- Approved by the Missouri Highways & Transportation Commission

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Cost Share/Economic Development Programs

- \$30 million allocated each fiscal year
 - Both Cost Share and Economic Development programs pull from the same pool of funds
 - Projects limited to \$5 million a year for a maximum of 4 years
- Cost share
 - MoDOT may fund up to 50% of infrastructure project costs

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Cost Share/Economic Development Programs

- Economic Development
 - MoDOT may fund up to 100% of project costs
 - Must support new or threatened jobs
- For both programs, project must be on state system
- Must be supported by local planning partners and local MoDOT district

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Cost Participation

- “While we’re at it...”
 - Infrastructure improvements that can be tied to a project
 - Typically sidewalks
 - Funded by others
 - Contractors usually give communities a financial break
 - no mobilization costs
 - Enhances communities’ infrastructure

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Innovative Local Share Funding Options

- Transportation Development Districts (TDD)
 - Political subdivisions established by petitioning the circuit court for the purposes of funding local transportation infrastructure
 - Potential petitioners
 - Registered voters
 - Real property owners
 - Local Transportation Authority
 - Multi-jurisdictional transportation authority
 - Can levy taxes (usually sales taxes)
 - Can issue bonds

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Innovative Local Share Funding Options

Tax Increment Financing (TIF)

- Sometimes used in conjunction with a TDD
- Declaration of blight is necessary
- Local taxing jurisdictions forego a portion of increased tax revenue generated by improvements
- Funds can pay for infrastructure as well as other improvements
- Local taxing jurisdiction can issue bonds based upon TIF revenues

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Innovative Local Share Funding Options

▪ Transportation Corporations

- Formed by at least 3 people filing an alternative funding application with the Commission
- Hearing is held
- Usually obtains funding via cooperative agreements with political subdivisions in exchange for building infrastructure
- Can issue tax-exempt bonds
- When project is completed and paid for, Corporation is dissolved unless it takes on more projects

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Innovative Local Share Funding Options

▪ Community Improvement Districts

- Property or business owners within a specified area form either a not-for-profit corporation or a political subdivision
- Can levy and collect special assessments and taxes*
- Usually acts in conjunction with the governing body of the municipality
- A wide variety of transportation-related improvements are eligible options

* Only if organized as a political subdivision 24

Innovative Local Share Funding Options

▪ Economic Development Sales Tax

- allows citizens to authorize a supplemental sales tax dedicated exclusively for certain economic development initiatives
- Limited to ½ percent
- Cannot be used on retail development
- Can be used in conjunction with TDDs and CIDs
- Can be used in wider arena than transportation infrastructure alone

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Developing Partnerships

Recent Projects

- Hwy 36
- Hwy 63
- Hwy 67
- Hwy 100 (Washington)
- Hwy 179 (Transportation Corporation)
- **Bottom Line**
 - Partnership Balance
 - Provide a venue for projects to happen
 - Fiduciary responsibility to taxpayers

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Application highlights

- Common cost share/economic development and MTFC application
- Applications are typically co-developed by the local MoDOT district and applicant—usually a city or county
 - Private entities are also eligible
- Applications due six weeks prior to the next IFSC / MTFC Board meeting
 - Due diligence

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More Application Highlights

- Desirable characteristics
 - Clarity
 - Brevity
 - Complete
 - Keep your audience in mind
 - MTFC = MTFC Board
 - Cost Share/Economic Development = IFSC
 - Keep purpose in mind
 - Cost Share = Benefit to the state system
 - Economic Development = Jobs created/retained (but for)
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Application Process

- Cost Share/Economic Development
 - Reviewed by Cost Share / Economic Development (CS/ED) Team
 - Resource Management
 - Transportation Planning
 - Chief Counsel's Office
 - Traffic
 - Design
 - Right of Way
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Application Process

- Cost Share/Economic Development
 - Applications are distributed to CS/ED Team
 - Staff meets to synthesize observations
 - Purpose
 - Avoid factual errors
 - Provide a recommendation
 - Team acts on a consensus basis, if possible
 - Recommendations and project summaries are compiled by Resource Management
 - District is given results of team questions/concerns

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IFSC Meeting

- Usually quarterly, but can be more often
- Projects are assigned a status by the IFSC
 - Approved
 - Pending
 - Renew Request
 - Declined
- IFSC will program which projects are in which fiscal years
- Minutes to go out to districts within a week

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Potential future developments

- Cost Share / Economic Development status on intranet/internet
 - Project-specific
 - \$ available by fiscal year
- After IFSC approves and STIP amendments are made
 - Press release
 - Involve local legislators

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Application Process

- MTFC
 - Applications are due six weeks prior to MTFC meeting date
 - Usually meets quarterly, but can be more often
 - Applications are analyzed
 - MTFC is a bank; applicant ability to repay is critical
 - MTFC loan policies
 - Recommendations and application summaries are compiled by Resource Management
 - District is worked with throughout the process
 - Hint: Involve us early in the process

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MTFC meeting

- General observations
 - MTFC is not swayed by impassioned pleas
 - Empirical data
 - Approval typically based on
 - Ability to repay
 - Desirability and benefit to the state system
 - Statewide or regional (instead of local) impact
 - Funds available

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Summary

- Partnering brings desired results
 - TRACKER 6c
 - Number of \$ generated through cost sharing and other partnering agreements
 - TRACKER 7a
 - Number of mile of new 4-lane corridors completed
 - TRACKER 7b
 - Percent utilization of the SIB and STAR loan program
 - Goodwill and overall positive image for MoDOT

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Request

- We want your feedback
 - Suggestions for improvement
 - Better
 - Faster
 - Easier
 - Useful
 - Please keep in mind our fiduciary responsibilities

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Thank You!

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