

House Standing Committee on Transportation

February 4, 2020





- Focused on rebuilding the state highways and bridges that are critical to the state's economy and carry the most traffic.
- Aimed at fixes that result in longer useful lives and improves the condition of the state's infrastructure.
- Addresses key corridors and rebuilds major segments of highly travelled interstate, as well as several other busy freeways and bridges
- With a corridor approach, MDOT can coordinate bridge projects along with the road projects





Benefits of this strategy:

- These are present day needs that will continue to go unaddressed in the near term absent this strategy
- The public will receive the benefit of the long-term fixes sooner – like better condition, better ride, less wear and tear on their vehicles, and supporting the economy
- The ability to advance more long-term fixes will reduce the frequency and intensity of maintenance required over the next decade
- These fixes modernize our transportation system, rather than continuing to cover up old infrastructure with band-aids
- Interest rates are at historic lows



Construction Expenditures:

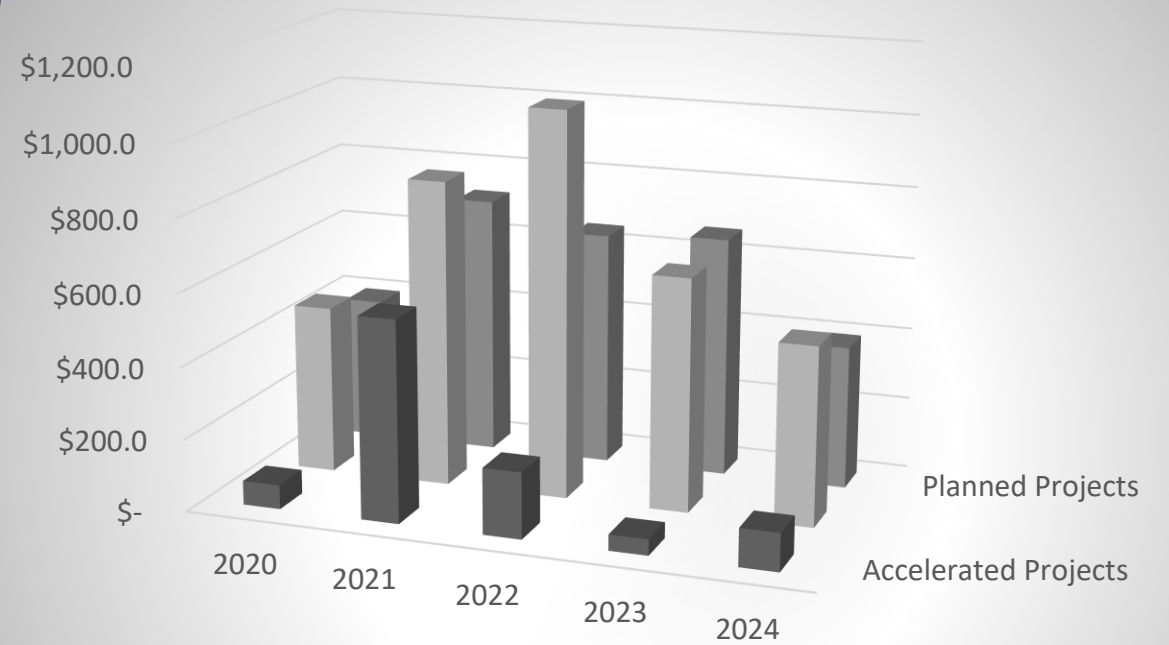
- Previous 5 Year Plan \$3.857 Billion
- New 5 Year Plan \$7.300 Billion
(Revised Revenue \$3.78 Billion + Bond Financed \$3.52 Billion)

122 Projects added to the 5 Year Plan

- 49 projects will be financed with bond proceeds
 - Some projects were converted from rehabilitation to reconstruction
 - Average fix life for these projects is 27.17
- 73 projects will be funded with transportation revenue sources
 - These projects extend the useful life of the statewide road and bridge system



By Fiscal Year



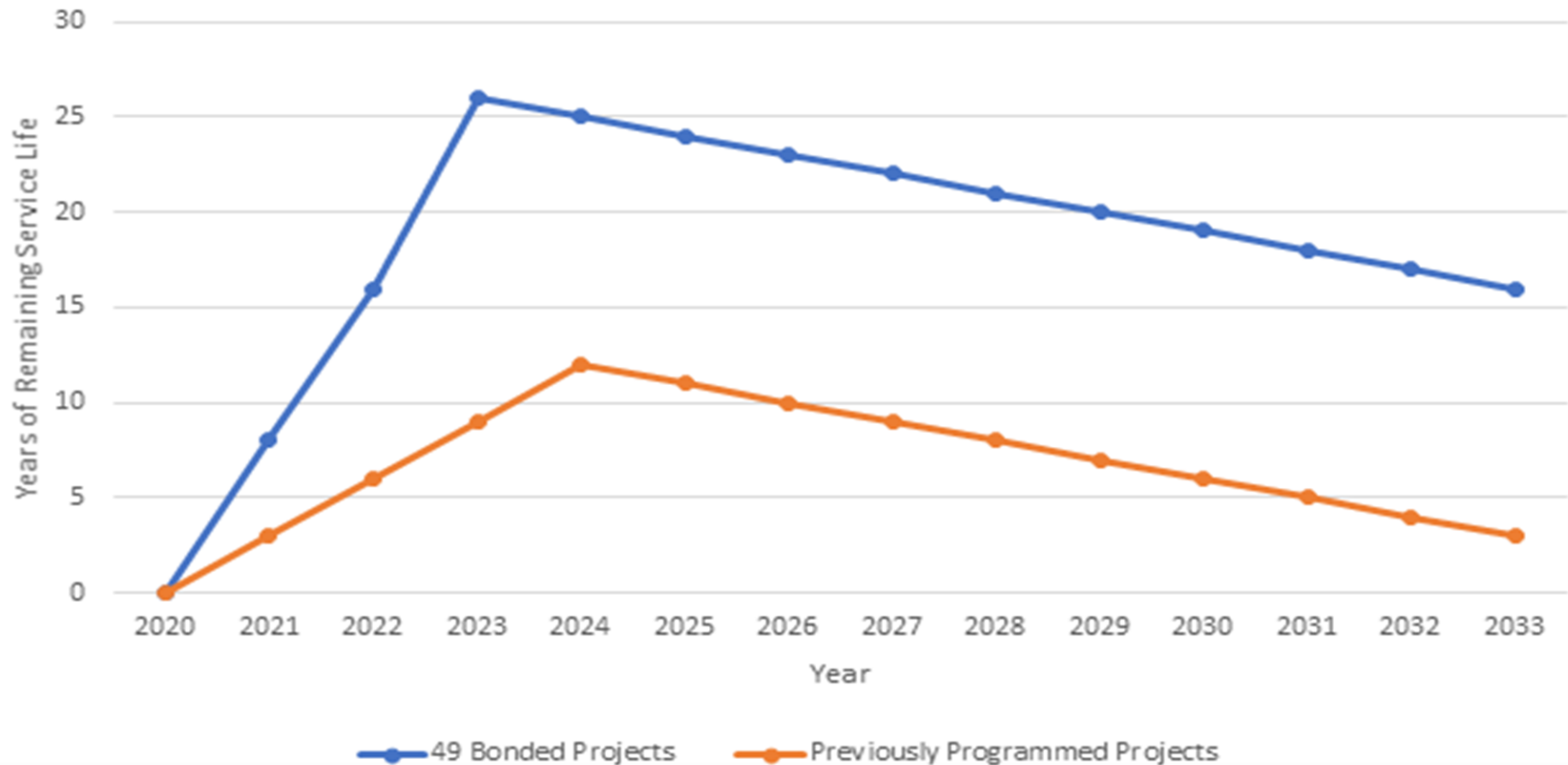
	2020	2021	2022	2023	2024
■ Accelerated Projects	\$66.6	\$556.7	\$182.7	\$44.0	\$104.4
■ Bond Financed Projects	\$466.1	\$847.7	\$1,064.9	\$643.2	\$493.7
■ Planned Projects	\$398.10	\$719.60	\$649.70	\$667.00	\$395.80

Accelerated Projects
 Bond Financed Projects
 Planned Projects

Rebuilding Michigan



Pavement Life Cycle Comparison Rebuilding Bonded Projects vs Previously Programmed Projects
2020-2033





- Preliminary Finance Plan
 - Bonds Issued over 4-year Period
 - Expected Average Term of approximately 25 Years
 - Based on anticipated Useful Lives of the Projects being Financed
 - Current Rates for 25-year Bonds are 2.5% to 3.5%
- Bonding will Match our Cash Flow needs and the Project Schedules

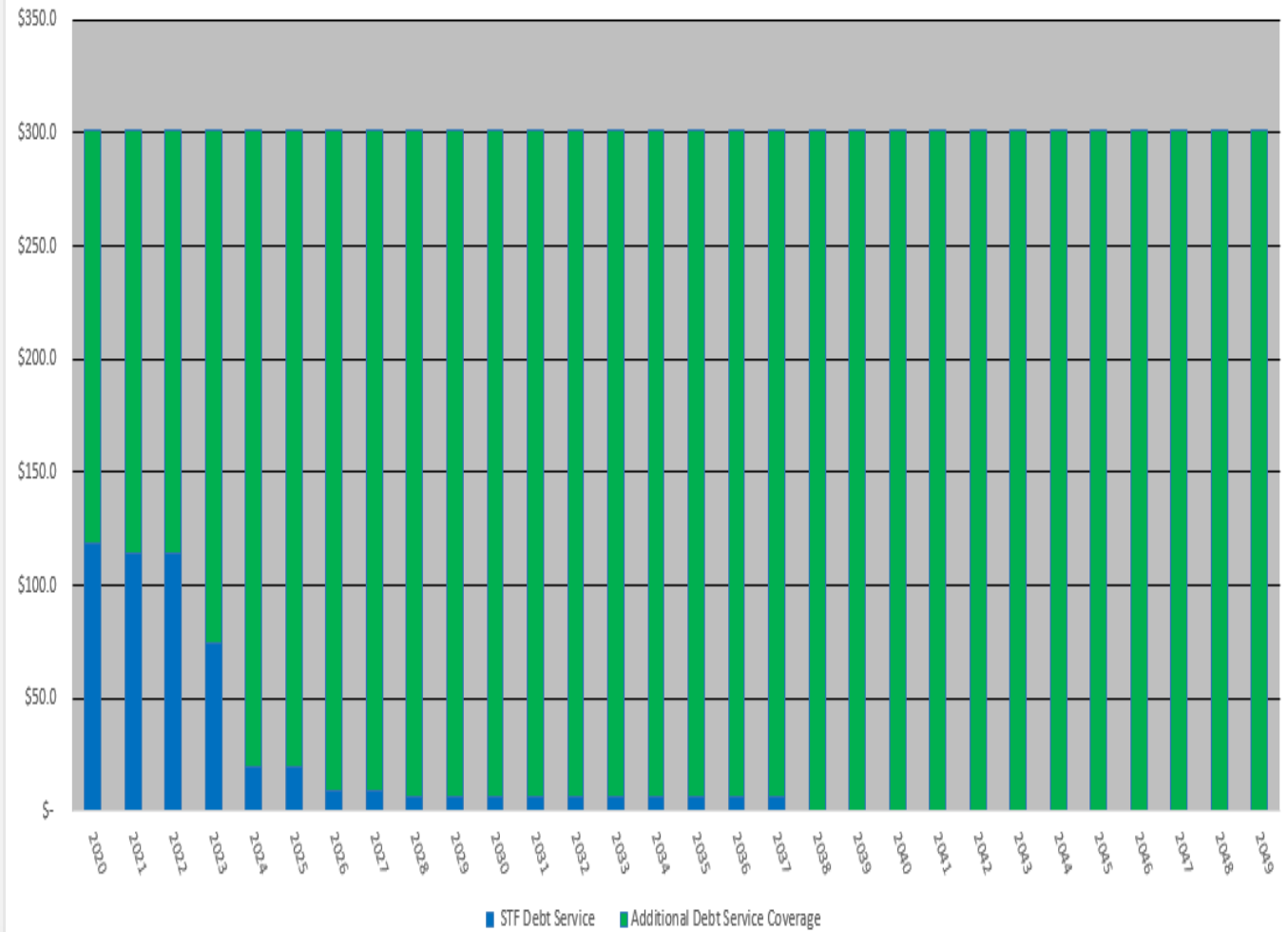


Rebuilding Michigan FY 2020 Example

Debt service coverage and additional capacity calculation	2020
	Revenues Compared to Debt Service
	To Remain within 4x Coverage
Constitutionally Restricted Revenues Transferred by Formula	\$ 1,062,290,000
Additional Constitutionally Restricted Revenues	\$ 141,709,675
Total Constitutionally Restricted Revenues Available for Debt Service: 🔍	\$ 1,203,999,675
Annual Debt Service on Outstanding Bonds	\$ 118,410,519
Debt Service Coverage	10.17
Amount Available after Current Debt Service	\$ 1,085,589,156
Maximum Future Annual Debt Service on Future Bonds and the Outstanding Bonds	\$ 301,000,000
Debt Service Coverage	4.00
Additional Annual Maximum Debt Service Capacity for MDOT to remain at or above 4X coverage	\$ 182,589,481

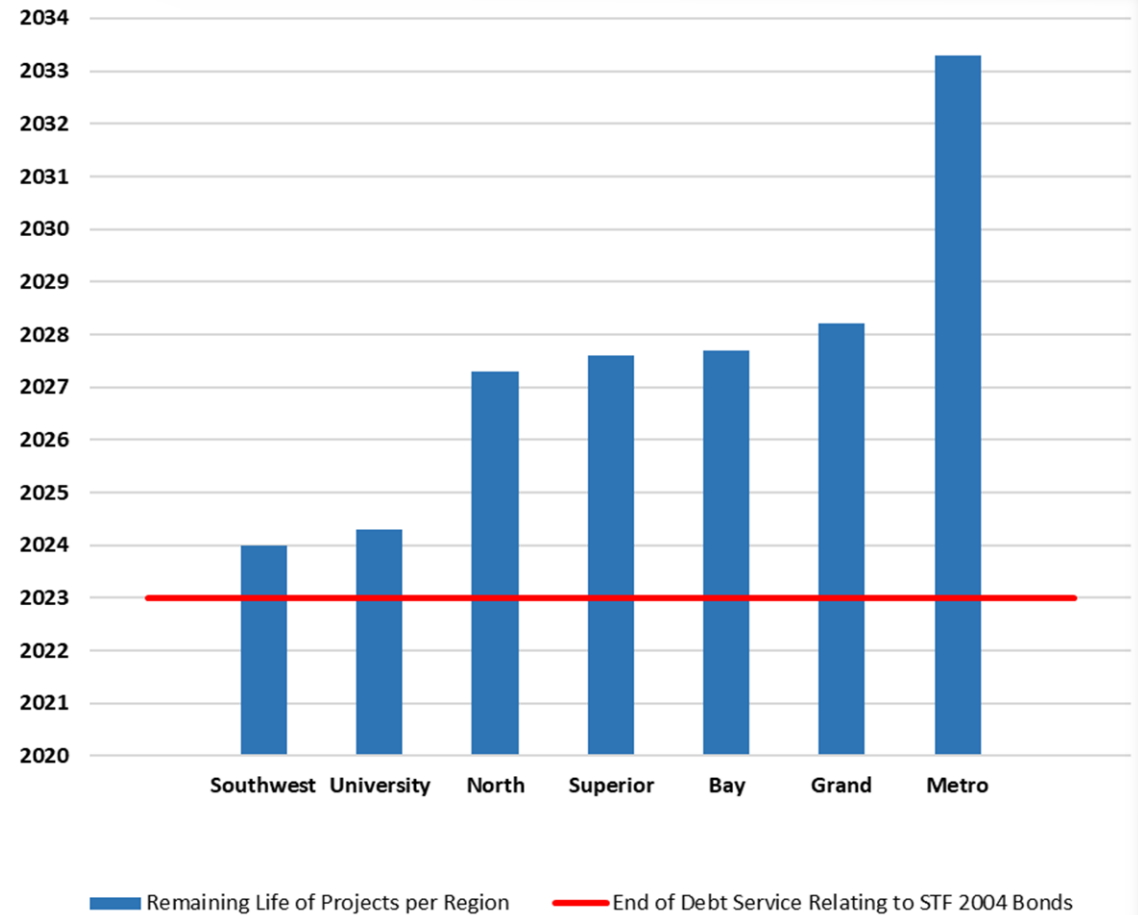


Repayment Schedule of Constitutionally Restricted Revenues for State Trunk Line Fund Debt Service
(in millions)





2004 State Trunk Line Fund Bond Proceeds Remaining Life of Projects by Region

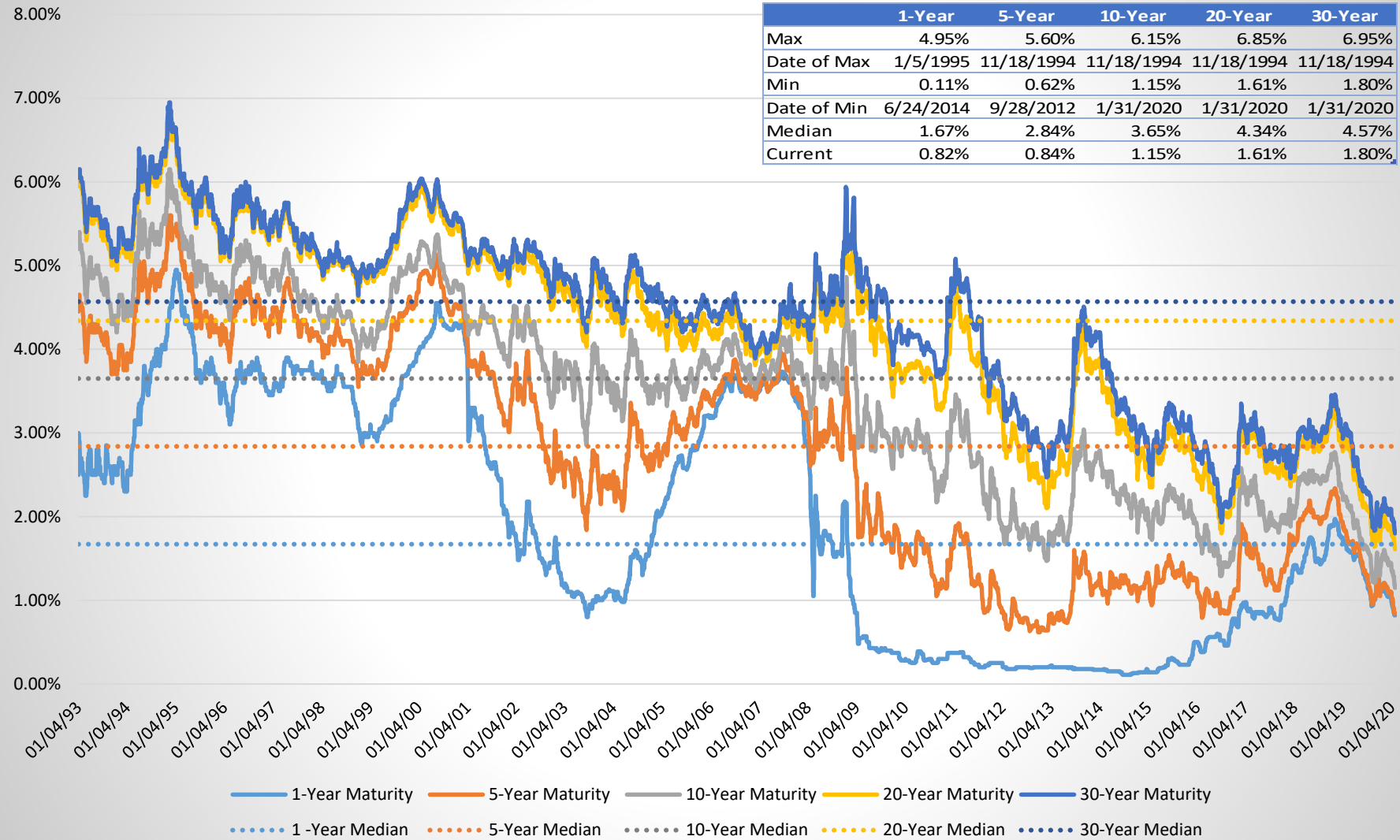


RSL of all the projects on MDOT's list is 7.5. An RSL of 7.5 would extend into 2027 with the remaining debt service for these bonds ending in 2023.

Note: STF 2004 bonds have no remaining debt service, however they were refunded by the STF 2005 refunding and STF 2014 refunding. Chart is for the remaining debt service left on the refunding bonds that relate to the STF 2004 bonds.



AAA General Obligation Yields (1993-2020)

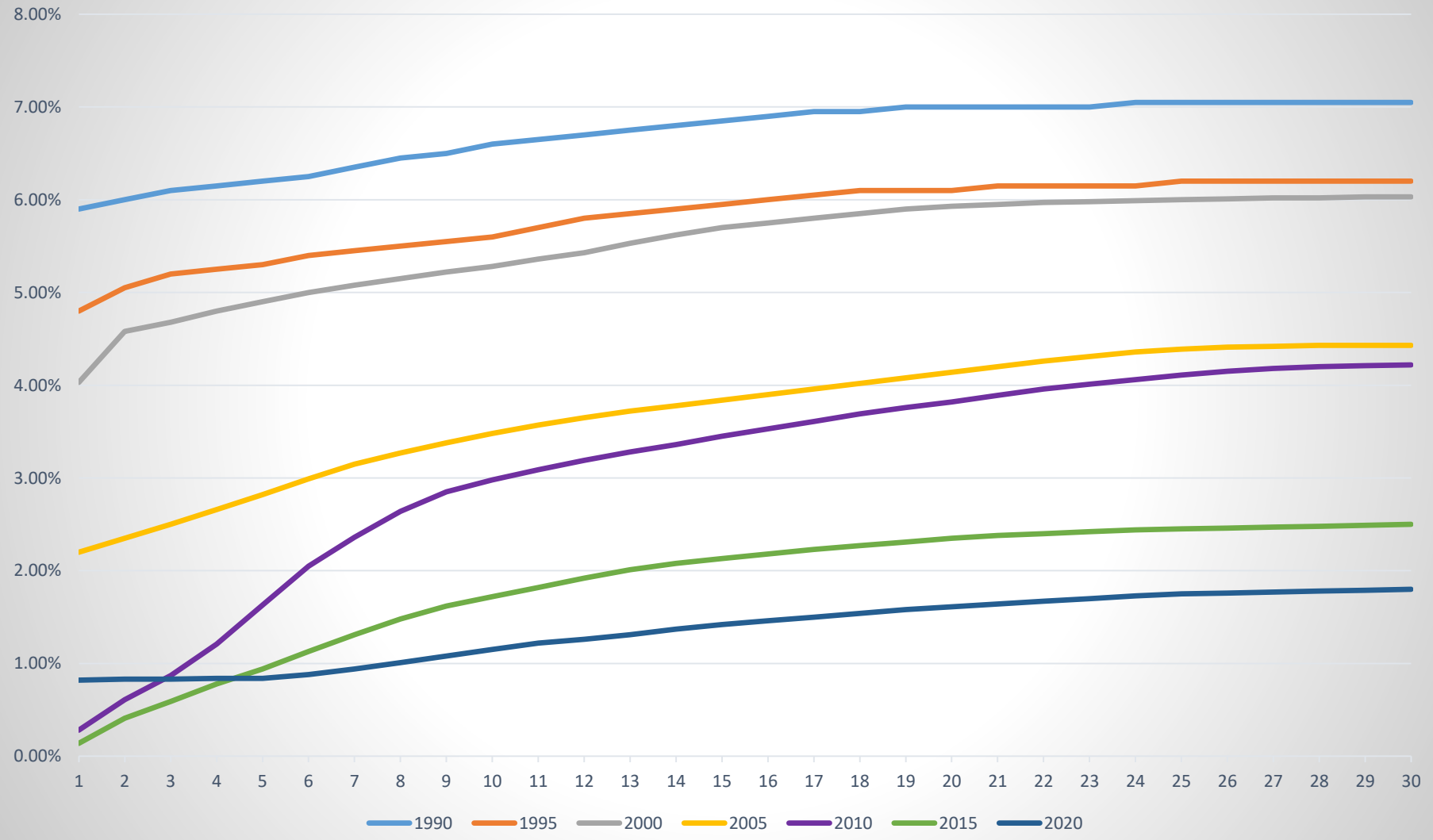


*Current as of 1/31/2020

Source: Thomson Reuters



Historical AAA General Obligation Yield Curves



*Data as of 1/31/XXXX

Source: Thomson Reuters



QUESTIONS?