

Introduction to Highway Project Financing

Presentation to the State Highway Commission

August 23, 2024

NEBRASKA

Good Life. Great Journey.

DEPARTMENT OF TRANSPORTATION


Introduction to Highway Project Financing

- Overview of the legal authority in Nebraska Highway Bond Act
- Introduction to the concepts and processes involved in bond financing



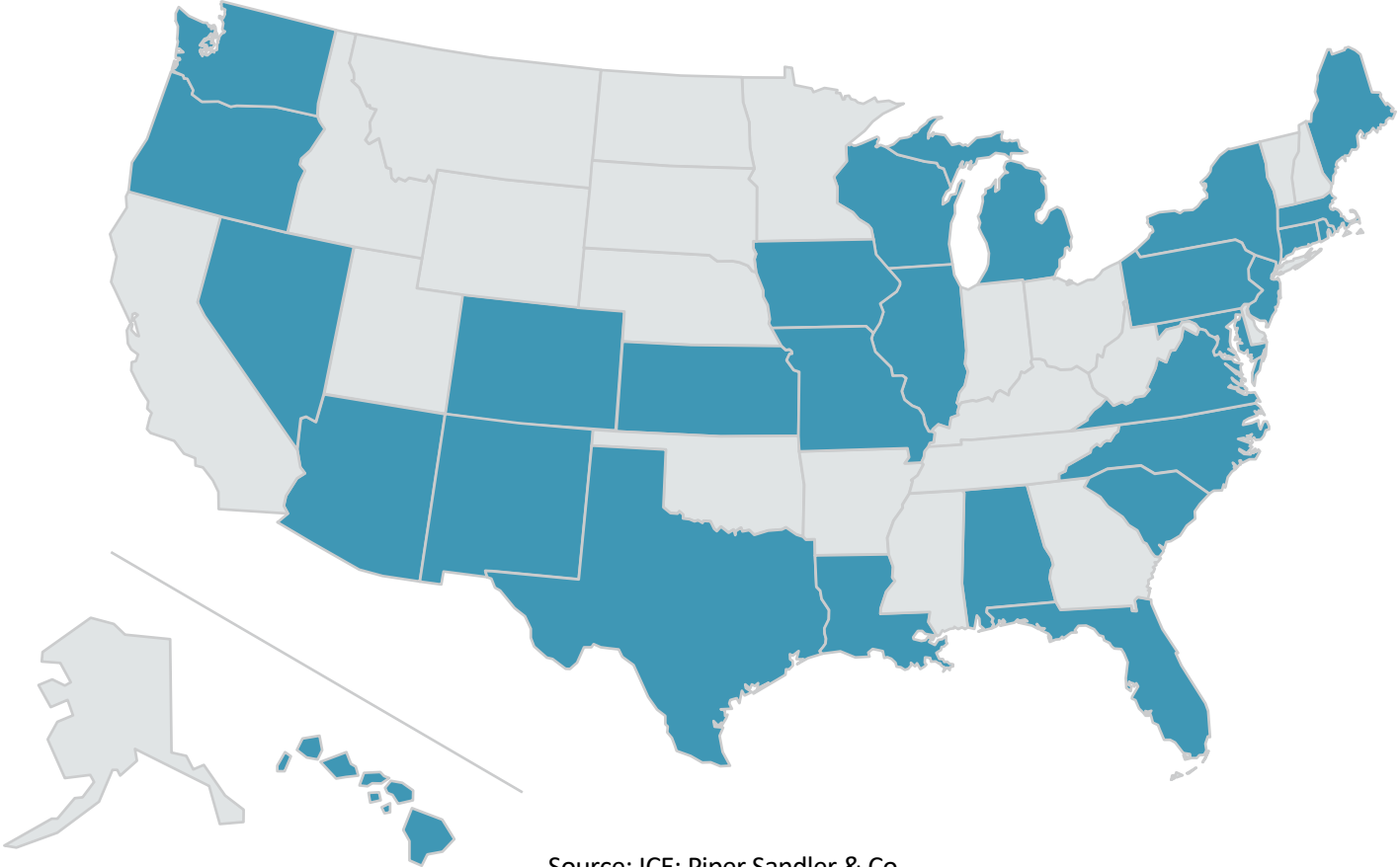
Source: Office of the Capitol Commission

Conservative, Responsible Bond Financing

- NDOT's Approach
 - New fiscally responsible option
 - Delivers completion of expressway corridors faster
 - Financing issuance will be selective
 - Responsibly balanced along with pay-as-you-go approach for other projects
 - Shares cost of projects with future beneficial users
- 

NDOT is in Good Company

States with Transportation Revenue Bonds Secured by Motor Fuel Taxes and Other Transportation Fees



Source: ICE; Piper Sandler & Co

The Nebraska Highway Bond Act

- Legal Authority

- Article XIII-1 of the Nebraska Constitution

- In 2023, Nebraska Highway Bond Act amended

- Legislative Purpose


- Aims to accelerate projects under the Build Nebraska Act (BNA)

- State Highway Commission's role



The Nebraska Highway Bond Act

- Key Provisions

- Principal of all bonds issued cannot exceed \$450 million
 - Annual debt service cannot exceed \$35 million
 - \$70 million annually pledged for bond repayment
 - No bonds can be issued after June 30, 2029
 - All bonds must be paid in full by June 30, 2042
 - Bonds are payable only from the State Highway Capital Improvement Fund
- 

A photograph of a business meeting around a wooden table. Several people in business attire are looking at and writing on various documents. One document in the foreground shows a line graph and a table with values like 3.45, 2.58, 6.58, and 12.3. Another document shows a bar chart and values like 6.47, 8.02, and 7.83. The background is a plain, light-colored wall.

Participants in the Financing

- Issuer
- Bond Counsel
- Municipal Advisor
- Underwriting Firm
- Investors
- Trustee/Paying Agent
- Rating Agency
- Additional Parties

NDOT's Experienced Advisors

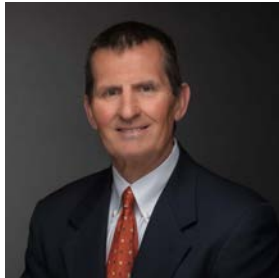
Municipal Advisor



Scott Keene, Managing Director
Piper Sandler & Co. Public Finance Investment Finance Group - Lincoln

- 35 years experience

Bond Counsel



Gregory Dietrich, Partner
Kutak Rock Public Finance - Omaha

- 25+ years experience

Bond Counsel



Steven Likes, Partner
Kutak Rock Public Finance - Omaha

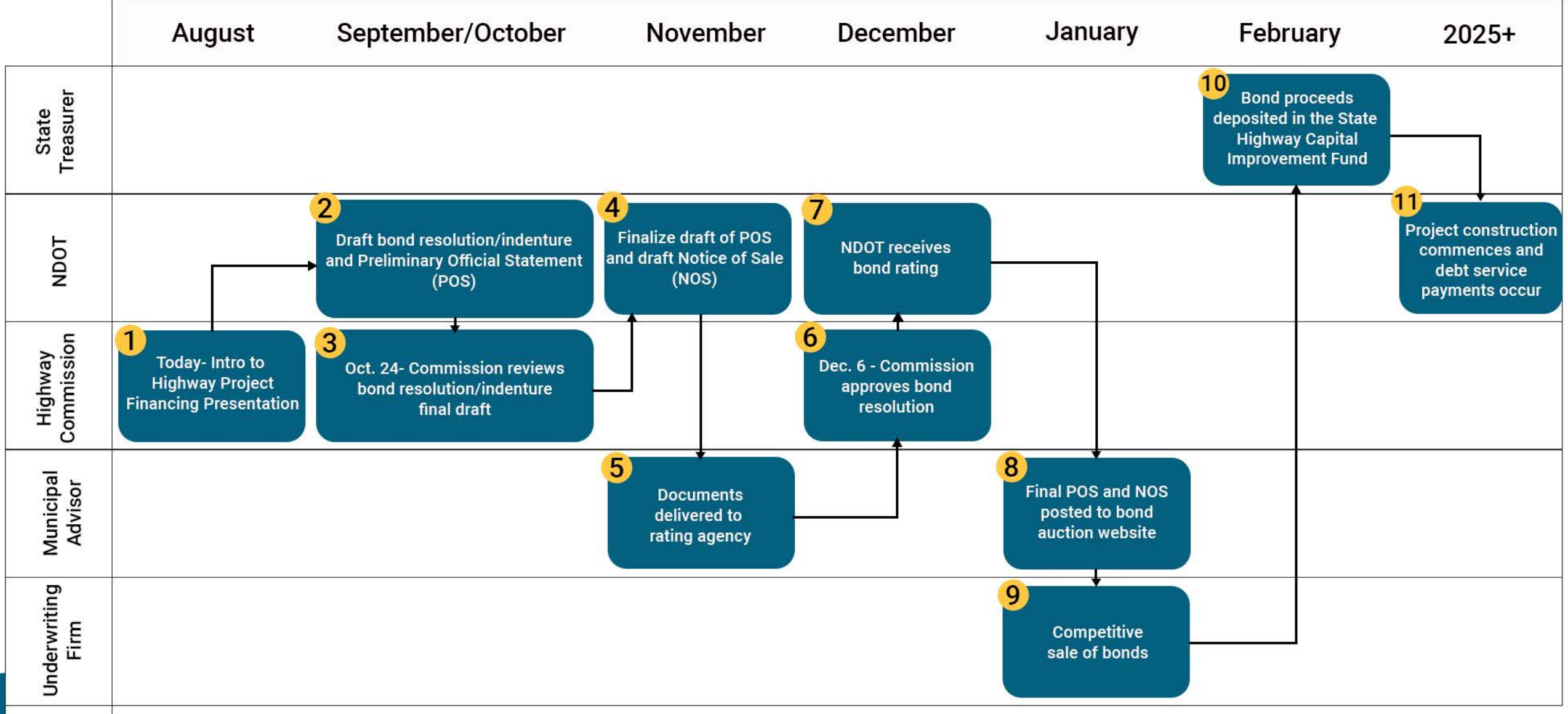
- 25+ years experience

Documents For Review


- Bond Resolution/Indenture
- Preliminary Official Statement
- Notice of Sale



Preliminary Timeline of Events



A Quick Reminder of Potential Constraints

- Resource agency constrained staffing
 - Contractor capacity
 - Material shortages
 - Extreme weather conditions
 - Future inflation
 - Significant cost escalation due to influx of funding
- 

Conclusion

- Project financing provides a fiscally responsible option to selectively expedite critical highway projects
 - The Nebraska Legislature, through the Nebraska Highway Bond Act, has established clear expectations, guidelines and limits
 - Key participants and processes ensure efficiency in preparation and issuance
- 