Arkansas State Highway Commission Meeting

Wednesday, December 9, 2020
Agenda Item 1
Meeting Minutes
Wednesday, October 14 and
Thursday, November 12
Agenda Item 2
Connecting Arkansas Program
Bond Refinancing
State of Arkansas
General Obligation Four-Lane Highway
Construction and Improvement Bonds
Series 2013

Debt Service Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Principal</th>
<th>Coupon</th>
<th>Interest</th>
<th>Total P+I</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/30/2021</td>
<td>134,790,000.00</td>
<td>5.00%</td>
<td>16,453,600.00</td>
<td>151,243,600.00</td>
</tr>
<tr>
<td>06/30/2022</td>
<td>141,530,000.00</td>
<td>3.25%</td>
<td>9,714,100.00</td>
<td>151,244,100.00</td>
</tr>
<tr>
<td>06/30/2023</td>
<td>146,125,000.00</td>
<td>3.50%</td>
<td>5,114,375.00</td>
<td>151,239,375.00</td>
</tr>
<tr>
<td>Total</td>
<td>$422,445,000.00</td>
<td>-</td>
<td>$31,282,075.00</td>
<td>$453,727,075.00</td>
</tr>
</tbody>
</table>

Yield Statistics

- Base date for Avg. Life & Avg. Coupon Calculation: 3/18/2021
- Average Life: 1.268 Years
- Average Coupon: 3.4127090%
- Weighted Average Maturity (Par Basis): 1.268 Years
- Weighted Average Maturity (Original Price Basis): 1.750 Years
### SUMMARY OF 2013 REFUNDING

#### Information on Series 2013 Bonds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Outstanding of Refunded Maturities (2022 &amp; 2023)</td>
<td>$287,655,000</td>
</tr>
<tr>
<td>Average Interest Rate</td>
<td>3.41%</td>
</tr>
<tr>
<td>Final Maturity</td>
<td>6/15/2023</td>
</tr>
<tr>
<td>Optional Redemption Date</td>
<td>6/15/2021</td>
</tr>
<tr>
<td>Total Debt Service of Refunded Maturities</td>
<td>$304,912,000</td>
</tr>
</tbody>
</table>

#### Preliminary Series 2021 Refunding Bonds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Principal</td>
<td>$269,360,000</td>
</tr>
<tr>
<td>Estimated True Interest Cost (TIC)</td>
<td>0.342%</td>
</tr>
<tr>
<td>Estimated Final Maturity</td>
<td>6/15/2023</td>
</tr>
<tr>
<td>Estimated Total Debt Service</td>
<td>$292,062,988</td>
</tr>
<tr>
<td>Estimated Total Savings</td>
<td>$12,798,646</td>
</tr>
</tbody>
</table>
# ESTIMATED INTEREST SAVINGS

**State of Arkansas**

General Obligation Four-Lane Highway Refunding Bonds (2013)
Series 2021

## Gross Debt Service Comparison

<table>
<thead>
<tr>
<th>Date</th>
<th>Principal</th>
<th>Yield</th>
<th>Interest</th>
<th>New D/S</th>
<th>Old D/S</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/30/2021</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(840.19)</td>
<td>2,428,525.00</td>
<td>2,429,365.19</td>
</tr>
<tr>
<td>06/30/2022</td>
<td>130,285,000.00</td>
<td>0.23%</td>
<td>15,750,077.78</td>
<td>146,035,077.78</td>
<td>151,244,100.00</td>
<td>5,209,022.22</td>
</tr>
<tr>
<td>06/30/2023</td>
<td>139,075,000.00</td>
<td>0.25%</td>
<td>6,953,750.00</td>
<td>146,028,750.00</td>
<td>151,239,375.00</td>
<td>5,210,625.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$269,360,000.00</strong></td>
<td>-</td>
<td><strong>$22,703,827.78</strong></td>
<td><strong>$292,062,987.59</strong></td>
<td><strong>$304,912,000.00</strong></td>
<td><strong>$12,849,012.41</strong></td>
</tr>
</tbody>
</table>

## PV Analysis Summary (Gross to Gross)

- Gross PV Debt Service Savings: 15,226,331.09
- Transfers from Prior Issue Debt Service Fund: (2,428,525.00)
- Contingency or Rounding Amount: 840.19

<table>
<thead>
<tr>
<th>Net Present Value Benefit</th>
<th>$12,798,646.28</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net PV Benefit /$287,655,000 Refunded Principal</td>
<td>4.449%</td>
</tr>
<tr>
<td>Net PV Benefit /$269,360,000 Refunding Principal</td>
<td>4.752%</td>
</tr>
<tr>
<td>Date</td>
<td>Event</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>December 9</td>
<td>Commission authorizes proceeding with refunding issue and instructing the Director to accept the best bid for the bond offering</td>
</tr>
<tr>
<td>December 10</td>
<td>Credit rating agencies contacted and advised of upcoming bond issue</td>
</tr>
<tr>
<td>December 10</td>
<td>Financing schedule of events and distribution list circulated to all parties</td>
</tr>
<tr>
<td>December 18</td>
<td>Initial drafts of bond resolution, preliminary official statement and bond documents distributed</td>
</tr>
<tr>
<td>December 21</td>
<td>Initial draft of credit rating package circulated to working group</td>
</tr>
<tr>
<td>December 22</td>
<td>Working group meeting/conference call to review initial drafts of financing documents and credit rating presentation</td>
</tr>
<tr>
<td>December 22</td>
<td>Credit package electronically submitted to credit rating agencies</td>
</tr>
</tbody>
</table>
| January 12  | Conference calls for credit rating presentations  

S&P 8:30 AM CDST / 9:30 AM EST  
Moody's 10:00 AM CDST / 11:00 AM EST                                                                 | ARDOT / SI / CA|
| January 27  | Receive ratings from credit agencies                                                                                                                                                    | ARDOT / SI    |
| February 18 | Preliminary official statement and bid documents electronically delivered to investors                                                                                                        | SI            |
| February 19 | Begin pre-marketing efforts to include contacts with potential bidders                                                                                                                     | SI            |
| March 1     | Execution of Governor’s Proclamation regarding the issuance of refunding bonds                                                                                                               | FEC           |
| March 11    | Acceptance of bids on bonds                                                                                                                                                                | ARDOT / SI    |
| March 17    | Approval of authorizing resolution by the Commission and execute closing documents                                                                                                          | ARDOT / FEC / SI|
| March 18    | Blacklined official statement distributed to working group for review                                                                                                                      | FEC           |
| March 22    | Distribute final official statement                                                                                                                                                          | FEC / SI      |
| April 12-13 | Pre-closing to review and approve closing documents                                                                                                                                          | All Parties   |
| April 14    | Closing and transfer of funds                                                                                                                                                               | All Parties   |

Key:  
ARDOT: Arkansas Department of Transportation  
FEC: Friday, Eldredge & Clark  
CA: Credit Rating Agencies (Standard & Poor’s, Moody's)  
SI: Stephens Inc.
Agenda Item 3
Consideration of Minute Orders
Agenda Item 4
State Highway Revenue Update
OCTOBER 2020-2021 REVENUE

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2020 (Millions)</th>
<th>FY 2021 (Millions)</th>
<th>Variance</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Fuel Registration</td>
<td>$103.0</td>
<td>$99.1</td>
<td>-$4.0</td>
<td>-3.9%</td>
</tr>
<tr>
<td>ACT 416</td>
<td>$29.5</td>
<td>$31.3</td>
<td>$1.8</td>
<td>6.1%</td>
</tr>
<tr>
<td>Permits &amp; Penalties</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other</td>
<td>$5.5</td>
<td>$5.0</td>
<td>$0.5</td>
<td>-9.1%</td>
</tr>
<tr>
<td>Natural Gas Severance Tax</td>
<td>$2.5</td>
<td>$2.5</td>
<td>-0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Interest</td>
<td>$4.1</td>
<td>$1.0</td>
<td>-$3.1</td>
<td>-75.6%</td>
</tr>
<tr>
<td>Diesel Tax</td>
<td>$1.3</td>
<td>$0.0</td>
<td>-$1.3</td>
<td>-100.0%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$139.9</td>
<td>$152.7</td>
<td>$12.8</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

MOTOR FUEL REGISTRATION
ACT 416
PERMITS & PENALTIES
OTHER
NATURAL GAS SEVERANCE TAX
INTEREST
DIESEL TAX
TOTAL REVENUES
FY 2021 BUDGETED VS. ACTUAL - OCTOBER

<table>
<thead>
<tr>
<th>VARIANCE</th>
<th>BUDGETED</th>
<th>ACTUAL</th>
<th>% CHANGE</th>
<th>VARIANCE</th>
<th>BUDGETED</th>
<th>ACTUAL</th>
<th>% CHANGE</th>
<th>VARIANCE</th>
<th>BUDGETED</th>
<th>ACTUAL</th>
<th>% CHANGE</th>
<th>VARIANCE</th>
<th>BUDGETED</th>
<th>ACTUAL</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11.8</td>
<td>$99.1</td>
<td>$88.3</td>
<td>13.5%</td>
<td>$2.4</td>
<td>$28.9</td>
<td>$26.5</td>
<td>8.3%</td>
<td>-$0.5</td>
<td>$31.3</td>
<td>$28.9</td>
<td>-9.1%</td>
<td>$0.0</td>
<td>$4.1</td>
<td>$3.1</td>
<td>0.0%</td>
</tr>
<tr>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>0.0%</td>
<td>-$3.1</td>
<td>-$5.5</td>
<td>-$5.5</td>
<td>-75.6%</td>
<td>-$1.3</td>
<td>-$0.5</td>
<td>-$1.3</td>
<td>-100.0%</td>
<td>-$0.5</td>
<td>-$4.1</td>
<td>-$3.1</td>
<td>-9.1%</td>
</tr>
<tr>
<td>$8.8</td>
<td>$132.9</td>
<td>$124.1</td>
<td>7.1%</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

**MOTOR FUEL**

**REGISTRATION**

**PERMITS & PENALTIES**

**OTHER**

**NATURAL GAS SEVERANCE TAX**

**INTEREST**

**DIESEL TAX**

**TOTAL REVENUES**

(MILLIONS)
OCTOBER 2020-2021 ACT 416 BUDGETED VS. ACTUAL

<table>
<thead>
<tr>
<th>VARIANCE</th>
<th>% CHANGE</th>
<th>$1.7</th>
<th>9.8%</th>
<th>$0.2</th>
<th>33.3%</th>
<th>$1.9</th>
<th>10.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOTOR FUEL</td>
<td></td>
<td>$17.3</td>
<td></td>
<td>$19.0</td>
<td></td>
<td>$17.9</td>
<td></td>
</tr>
<tr>
<td>ELECTRIC/HYBRID FEES</td>
<td>$0.6</td>
<td>$0.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$19.8</td>
<td></td>
</tr>
</tbody>
</table>

(MILLIONS)
**OCTOBER 2020-2021 FUEL CONSUMPTION**

<table>
<thead>
<tr>
<th>VARIANCE</th>
<th>% CHANGE</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>GASOLINE</td>
<td>522.6</td>
<td>499.0</td>
<td></td>
</tr>
<tr>
<td>DIESEL</td>
<td>222.9</td>
<td>223.5</td>
<td></td>
</tr>
<tr>
<td>ALTERNATIVE FUELS</td>
<td>0.42</td>
<td>0.33</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>745.9</td>
<td>722.8</td>
<td></td>
</tr>
</tbody>
</table>

**Variation and Percent Change:**
- Gasoline: -23.6 million gallons (-4.5%)
- Diesel: 0.6 million gallons (0.3%)
- Alternative Fuels: -0.09 million gallons (-21.8%)
- Total: -23.1 million gallons (-3.1%)
## Arkansas Fuel Consumption

### Rolling 12-month Comparison

<table>
<thead>
<tr>
<th>Fuel</th>
<th>Previous 12 Months (gallons)</th>
<th>Current 12 Months (gallons)</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline</td>
<td>1,512,372,140</td>
<td>1,435,216,653</td>
<td>-5.10%</td>
</tr>
<tr>
<td>Diesel</td>
<td>676,985,401</td>
<td>662,688,813</td>
<td>-2.11%</td>
</tr>
<tr>
<td>Alternative</td>
<td>2,400,163</td>
<td>2,177,168</td>
<td>-9.29%</td>
</tr>
<tr>
<td>Total</td>
<td>2,191,757,704</td>
<td>2,100,082,634</td>
<td>-4.18%</td>
</tr>
</tbody>
</table>
## State Fiscal Year 2021 Sales Tax

<table>
<thead>
<tr>
<th>Mon</th>
<th>Projected Net</th>
<th>Actual Receipts</th>
<th>Variance</th>
<th>Monthly Variance</th>
<th>Annual Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul</td>
<td>17,170,000</td>
<td>18,816,487</td>
<td>1,646,487</td>
<td>9.59%</td>
<td>9.59%</td>
</tr>
<tr>
<td>Aug</td>
<td>17,380,000</td>
<td>18,702,853</td>
<td>1,322,853</td>
<td>7.61%</td>
<td>8.59%</td>
</tr>
<tr>
<td>Sept</td>
<td>17,240,000</td>
<td>18,476,462</td>
<td>1,236,462</td>
<td>7.17%</td>
<td>8.12%</td>
</tr>
<tr>
<td>Oct</td>
<td>16,450,000</td>
<td>19,012,252</td>
<td>2,562,252</td>
<td>15.58%</td>
<td>9.92%</td>
</tr>
<tr>
<td>Nov</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec</td>
<td></td>
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<tr>
<td>Jan</td>
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</tr>
<tr>
<td>Feb</td>
<td></td>
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<td></td>
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<tr>
<td>Mar</td>
<td></td>
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<tr>
<td>Apr</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>May</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jun</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>68,240,000</td>
<td>75,008,054</td>
<td>6,768,054</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Half-Cent Sales Tax Projected vs Actual

<table>
<thead>
<tr>
<th>Projected Net</th>
<th>Actual Receipts</th>
<th>Variance</th>
<th>Percent Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,325,878,512</td>
<td>$1,329,014,563</td>
<td>$3,136,051</td>
<td>0.24%</td>
</tr>
</tbody>
</table>
Agenda Item 5
COVID-19 Update
COVID-19 Update

• $11 Million Reduction in Motor Fuel Revenues
• Traffic Normal
• Impacts of Recent Increase in COVID-19 Cases
• Some Employees to Work From Home Again

Employees Impacted

- Positive Cases
- Suspected Cases
- Potential Cases
- Secondary Cases
Agenda Item 6
Status of Federal Highway and Transit Funding Issues
Federal Highway Funding Issues

- FAST Act Expired September 30, 2020
- Currently Operating Under A Continuing Resolution
- Congress Seeks Spending Bill and COVID-19 Stimulus Bill
- Second Continuing Resolution
Agenda Item 7
30 Crossing Update
Design Continues

9th Street Overpass

Arkansas River Bridge

Ramp Closures
30 Crossing Project Update

9th Street Overpass
Clinton Library
Arkansas River Bridge
Basketball Bridge
Current Court Cases

• Federal District Court
  The “NEPA” Case

• Pulaski County Circuit Court
  The “Amendment 91” Case

• Pulaski County Circuit Court
  The “State LRDNA” Case
The “NEPA” Case

- Challenges Approval of the 30 Crossing Environmental Document

- Cross Motions for Summary Judgment Filed
  Awaiting the Court’s Ruling

- Appeal of the Denial of Plaintiffs’ Motion for Preliminary Injunction
  Filed in 8th Circuit Court, but then Voluntarily Dismissed
The “Amendment 91” Case

• Challenged Use of Amendment 91 Funds:
  ✔ Interstate 30 – 30 Crossing Project
  ✔ Interstate 630 – Baptist Hospital to University Avenue

• Six-lane Interstates

• Arkansas Supreme Court Reversed Circuit Court Ruling and Remanded for Judgment Consistent with its Opinion

• No Amendment 91 Funds on 30 Xing Since Ruling
The “State LRDNA” Case

- Plaintiffs Include Little Rock Downtown Neighborhood Association (LRDNA)

- Plaintiffs Contend Department Must Show Non-Amendment 91 Funds Sufficient to Complete:
  - Interstate 30 – 30 Crossing Project
  - Interstate 30 – Highway 70 to Sevier Street

- Plaintiffs Interpretation - Applies to Other 4-Lane CAP Projects

- Judge Denied Plaintiffs’ Motion For Preliminary Injunction
November 2020

Issue 1

- Less than 50% - Failed
- 50% to 60% - Passed
- 60% or More - Passed
November 2012

Connecting Arkansas Program

- Less than 50% - Failed
- 50% to 60% - Passed
- 60% or More - Passed
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For</strong></td>
<td>58.2%</td>
<td>55.3%</td>
</tr>
<tr>
<td></td>
<td>597,215</td>
<td>660,018</td>
</tr>
<tr>
<td><strong>Against</strong></td>
<td>41.8%</td>
<td>44.7%</td>
</tr>
<tr>
<td></td>
<td>428,745</td>
<td>532,915</td>
</tr>
<tr>
<td><strong>Total Votes</strong></td>
<td>1,025,960</td>
<td>1,192,933</td>
</tr>
</tbody>
</table>

- **Failed** – Less than 50%: 7 (2012) vs. 3 (2020)
- **Passed** – Greater than 50%: 68 (2012) vs. 72 (2020)
- **Passed** – 50% – 60%: 41 (2012) vs. 53 (2020)
- **Passed** – 60% or More: 27 (2012) vs. 19 (2020)
What’s Next?
Agenda Item 9

Efficiency Review Study Update
Efficiency Review Study Update

- Arkansas Legislative Council Adopted Final Report
- Contains 13 Recommendations in 6 Focus Areas
- Includes Proposed Legislation to Expand Authority of HCRAS
  - Maintains Oversight of Implementation
  - Review of Proposed Rules for Implementation
  - Review of Proposed Contracts Over $50,000
  - Allows for Public Comments
  - Requires Monthly Report
Agenda Item 10

93rd General Assembly Update
2021 General Session Important Dates

- **OCTOBER 13**: Budget Hearings Start
- **NOVEMBER 16**: Bills May Be Pre-Filed
- **JANUARY 11**: General Session Starts
- **JANUARY 25**: Retirement Bill Filing Deadline
- **FEBRUARY 10**: Constitutional Amendment Filing Deadline
- **MARCH 01**: Appropriations Bill Filing Deadline
- **MARCH 08**: All Bills Filing Deadline
- **MARCH 11**: Last Day Unless Extended

*The Director of DFA is required to propose a balanced budget and revenue forecast no later than 60 days before the start of the session.*

*No bill may be filed the last three days of a session.*
93rd General Assembly

**SENATE**
- 35 Total Members
- 4 New Members
- 28 Republicans
- 7 Democrats
  - Republicans gain 2 seats

**HOUSE**
- 100 Total Members
- 16 New Members
- 78 Republicans
- 22 Democrats
  - Republicans gain 2 seats
Senators - New Members

Charles Beckham
District 12

Dan Sullivan
District 21

Ben Gilmore
District 26

Clark Tucker
District 32

Bruce Maloch
District 12

John Cooper
District 21

Eddie Cheatham
District 26

Will Bond
District 32
House - New Members

Howard Beaty
District 9

David Tollett
District 12

Richard McGrew
District 22

Rick McClure
District 26

Tony Furman
District 28

Keith Brooks
District 31

Ashley Hudson
District 32

LeAnne Burch
District 9

Chris Richey
District 12

Mickey Gates
District 22

Laurie Rushing
District 26

Jasen Kelly
District 28

Andy Davis
District 31

Jim Sorvillo
District 32
House - New Members

Joy Springer  
District 34

David Ray  
District 40

Jon Milligan  
District 53

Mark Berry  
District 82

Kendon Underwood  
District 90

Delia Haak  
District 91

John Carr  
District 94

Joshua Bryant  
District 96

John Walker  
District 34

Douglas House  
District 40

Dan Sullivan  
District 53

Sarah Capp  
District 82

Jana Della Rosa  
District 90

Dan Douglas  
District 91

Rebecca Petty  
District 94

Grant Hodges  
District 96
House – Public Transportation

- David Fielding
  - Member
- Mike Holcomb
  - Member
- David Whitaker
  - Member
- David Hillman
  - Member
- Dwight Tosh
  - Member
- Sonia Eubanks
  - Barker
  - Member
- Johnny Rye
  - Member
- Danny Watson
  - Member
- Craig Christiansen
  - Member
- Harlan Breaux
  - Member
Next Committee Membership Has Not Been Appointed

No Timeline For Appointment

Must Be Appointed By The End Of The Session
Agenda Item 11

Consultant Selection:

Architectural/Engineering Assessment of the Central Office's Expanded Main Campus
Agenda Item 12
Upcoming Events
Upcoming Events

December 10
Good Roads Executive Board Meeting | Chairman Moore
10:30 a.m. | Little Rock, AR

December 16
HCRAS | Director Tudor
1:30 p.m. | MAC Room A

January 7
Arkansas Asphalt Pavement Association Technical Conference | Director Tudor
10:00 a.m. | Little Rock, AR

January 12
Little Rock Rotary Club | Director Tudor
Noon | On-line Meeting

February 3
Commission Meeting
Agenda Item 13

Other Business
Perpetual Pavement Award

District 2
Jefferson County
Highway 79
West of Altheimer
Original Construction - 1962
Arkansas State Highway Commission Meeting

Wednesday, December 9, 2020