



**MISSOURI HIGHWAYS AND TRANSPORTATION
COMMISSION**

Official Minutes

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**MINUTES OF THE REGULARLY SCHEDULED HIGHWAYS AND
TRANSPORTATION COMMISSION MEETING HELD IN
TRENTON, MISSOURI, WEDNESDAY, OCTOBER 6, 2010**

A regularly scheduled meeting of the Missouri Highways and Transportation Commission was held on Wednesday, October 6, 2010, at the North Central Missouri College, 1301 Main Street, Trenton, Missouri. Rudolph E. Farber, Chairman, called the meeting to order at 11:10 a.m. The following Commissioners were present at the meeting location: Rudolph E. Farber, David A. Gach, Grace M. Nichols, Lloyd J. Carmichael, Stephen R. Miller, and Kenneth H. Suelthaus. The meeting had been called pursuant to Section 226.120 of the 2000 Revised Statutes of Missouri, as amended. The Secretary verified that notice of the meeting was posted in keeping with Section 610.020 of the 2000 Revised Statutes of Missouri, as amended.

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Kevin Keith, Interim Director/Chief Engineer of the Missouri Department of Transportation; Rich Tiemeyer, Chief Counsel for the Commission; and Pamela J. Harlan, Secretary to the Commission were present on Wednesday, October 6, 2010.

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*“Department” or “MoDOT” herein refers to Missouri Department of Transportation.
“Commission” or “MHTC” herein refers to Missouri Highways and Transportation Commission.*

-- CLOSED MEETING --

VOTE TO CLOSE MEETING

The agenda of the closed meeting was posted in keeping with Sections 610.020 and 610.022, RSMo, including the following statutory citations allowing the meeting to be closed:

1. Section 610.021(11), (12) – Specifications for competitive bidding, sealed bids, or negotiated contracts.
2. Section 610.021(1) – Legal actions and attorney-client privileged communications
3. Section 610.021(3), (13) – Personnel administration regarding particular employees.

Upon motion duly made and seconded to convene in closed session, the Chairman called for a voice vote of the members. The vote was as follows:

Commissioner Farber, Aye
Commissioner Gach, Aye
Commissioner Nichols, Aye
Commissioner Carmichael, Aye
Commissioner Miller, Aye
Commissioner Suelthaus, Aye

The Commission met in closed from 9:00 a.m. until 11:00 a.m., and reconvened at 2:00 p.m. and adjourned at 3:00 p.m.

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-- OPEN MEETING --

CONSENT AGENDA

Consent Agenda Process

In order to make the most efficient use of Commission meeting time and to ensure Commission members are well informed on issues requiring their action, the staff prepares and submits to the Commission members, in advance of their meeting, internal memoranda consisting of advice, opinions, and recommendations related to the items on the Commission meeting agenda. Those items considered by staff to be of a routine or non-controversial nature are placed on a consent agenda. During the meeting, items can be removed from the consent agenda at the request of any one Commission member. The items that are not removed from the consent agenda are approved with a single motion and unanimous vote by a quorum of the members.

Minutes reflecting approval of items on the consent agenda are singly reported herein and intermingled with minutes reflecting action on related subjects that were openly discussed. Reference to “consent agenda” is made in each minute approved via the process described in the paragraph above. Minutes reflecting action on items removed from the consent agenda and openly discussed reflect the open discussion and vote thereon.

Consideration of October 6, 2010, Consent Agenda

No items were removed from the consent agenda. Upon motion by Commissioner Gach, seconded by Commissioner Suelthaus, the consent agenda items were unanimously approved by a quorum of Commission members present.

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COMMISSION COMMITTEES AND COMMISSION RELATED BOARDS

The Commission has two committees: Audit and Legislative. In addition, it elects Commission representatives to two boards: Missouri Transportation Finance Corporation Board of Directors and MoDOT and Patrol Employees' Retirement System Board of Trustees. The following committee reports were made during the October 6, 2010, meeting.

Audit Committee – Commissioner Nichols stated there was no report.

Legislative Committee – Commissioner Miller stated there was no report.

Director Search Committee – Chairman Farber reported the committee has been working very hard to select a new director for the department, and is on target to have the new director in place in December. The Chairman expressed appreciation to the Commission and Micki Knudsen for the work they have done because it has required a great deal of time and effort.

Missouri Transportation Finance Corporation – Commissioner Gach reported the Board met yesterday and received an audit report from Williams-Keepers, LLC on the Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2010. The Board received an unqualified opinion with no audit findings. This is the fourteenth consecutive unqualified opinion. The next Board meeting is scheduled for February 1, 2011.

MoDOT and Patrol Employees Retirement System – The Board met on September 30, 2010, and welcomed two new board members, Bret Johnson with the Missouri State Highway Patrol and Ken Suelthaus with the Missouri Highways and Transportation Commission. Appointments were made to the various committees of the Board. The actuary, Ken Albert, presented the preliminary annual actuarial evaluation which revealed an unfunded liability of \$1.8 billion as of June 30, 2010. Due to the large unfunded liability, the board voted to not lower the employer contribution rate for post 2011 hires until those members are accounted for in the 2012 evaluation. The department contribution rate for

fiscal year 2012 will be \$156 million. Mr. Albert also reviewed the Governmental Accounting Standards Board Statement 27 which addressed how pension expenses are recognized on a government entity's balance sheet and income statement. Sue Cox reported the Governance Committee received a proposal for a facilitated strategic planning workshop and the board accepted the proposal. Larry Krummen presented the investment report noting the return for Fiscal Year 2010 was 12.9 percent and was quite exceptional. A revised investment policy was presented by the Investment Committee and approved by the Board.

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ANNOUNCEMENT OF AWARD

On behalf of the Commission, Chairman Farber announced that Kevin Keith will be receiving the President's Transportation Award for Administration from AASHTO at the annual meeting in Mississippi. The President's Award recognizes exemplary service and contributions that impact transportation regionally and nationwide. MoDOT staff nominated Mr. Keith for this award for his role in creating and implementing the practical design concept. Practical design is based on the idea of building a good, not great, transportation system that can spread limited resources further. Through practical design, the department saved over \$500 million, and is now the standard way of doing business. As a result, additional work has been accomplished and Missouri has received the benefit of Mr. Keith's vision. The Commission congratulated Mr. Keith for receipt of this prestigious award.

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INTERIM DIRECTOR'S REPORT

During the October 6, 2010, Commission meeting Interim Director, Kevin Keith, provided the following report:

Bridges and flooding. Mr. Keith reported it has been a bad year for bridges due to the flooding experienced across the state. A bridge was damaged and required the recent road closure on Route A over the Thompson River; this is only ten miles from Trenton. The bridge will need to be replaced and staff anticipates the road will be opened to traffic by the end of March 2011. This year alone, there have been twenty-six roads, bridges, and culverts damaged or washed out in some way due to flooding; the majority of these are in the northern part of the state. There have been four hundred road closures at one time or another due to high water this year. Water has been an issue for the department all year.

Christopher S. Bond bridge dedication. On September 27, 2010, the kcICON team held a ceremony dedicating the new bridge to Christopher S. Bond. The Senator was instrumental in obtaining funding for the construction of the bridge. At the ceremony, Mr. Keith announced traffic for the interstate will be on the new bridge by the end of 2010, six months earlier than scheduled. Mr. Keith thanked the contracting team for working so hard to finish the project ahead of schedule.

Awards. Mr. Keith was pleased to announce that Kris Sandgren, a maintenance employee from District 8, who rode his bicycle across the country to raise funds for the Fallen Workers Memorial, was named the State Employee of the Month for September 2010. The Governor's Award for Quality and Productivity was recently awarded to the Motor Carrier Services Customer Satisfaction Team, and the Governor's Pinnacle Award, which is rarely awarded, was presented to the Diverging Diamond Interchange Team for the first diverging diamond in Springfield, Missouri. Shane Peck, Community Relations Director, received the Special Recognition Award from the AASHTO Sub-Committee on Public Affairs for his extensive contributions to the National Transportation Public Affairs Workshop.

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CITY OF TRENTON WELCOME AND THANK YOU TO THE COMMISSION

Cathy Smith, Mayor of Trenton, welcomed the Commission to the City of Trenton and thanked the Commission and the department for working with the City on several projects. These projects include the storm water grates on Highway 6 and addressing a drainage problem on Harris Avenue. Although these projects may seem small, they are very important to the citizens of Trenton who use these roads daily. Mayor Smith thanked the Commission and the department for collaborating with the City, Grundy County, the hospital, and the community college, to build a new entrance on Highway 65 for the new hospital and the Barton Agricultural Campus. Mayor Smith also expressed appreciation for the new overlay on Highway 65 which will provide a smoother, safer roadway for the community to travel. Chairman Farber thanked the Mayor for the City’s hospitality and for her presentation.

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DELEGATION REPRESENTING THE HIGHWAY 63 TRANSPORTATION CORPORATION

Harriet Beard, Chair of the Highway 63 Transportation Corporation, thanked the Commission and the department for their efforts on improving Highway 63. Although construction is complete on the twenty-three miles of four lanes from Macon to Kirksville, the corporation continues to receive sales tax revenues to pay for the project. Currently, work is underway on the alternate route for Highway 63 around Kirksville. Although the alternate route will be built as a two lane facility, the corporation hopes to expand it to a four-lane road someday. Mrs. Beard introduced Mary Maycomber and Martha Rau who serve on the corporation and regional planning commission and who have helped improve transportation in the Kirksville region. Mrs. Beard explained that efforts are underway with the state of Iowa to create a “Corridor of the Capitols” that calls for improving Highway 63 to four lanes from state Capitol to state Capitol. Mrs. Beard shared a video highlighting how the current and proposed

improvements to Highway 63 have and will help with developing the community for business and education services. Interim Director, Kevin Keith, thanked Mrs. Beard for being a partner with MoDOT for the community of Kirksville. Chairman Farber thanked Mrs. Beard for her presentation.

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DELEGATION REPRESENTING THE HIGHWAY 65 CORRIDOR COALITION

Randy Pogue and Irv Jensen, Representatives of the Route 65 Coalition, made a presentation about the need to improve the entire Highway 65 corridor to four lanes across Missouri. Mr. Pogue started the presentation explaining an improved Highway 65 corridor would create commerce and connectivity for the entire state. Mr. Jensen explained the coalition realizes improving the entire length of Highway 65 is a long-term goal that will be a marathon, not a sprint; but improving the corridor will create jobs and increase safety. Mr. Jensen explained that the coalition consists of two groups one for partners and one for planning. He noted all twelve counties along the corridor are partners of the coalition. The partners will meet twice a year. The planning groups are going to be “gap groups” that meet to address the gaps on Highway 65 which are less than four lanes. Currently, the gaps are between Warsaw and Buffalo, Marshall and US 36, and US 36 to the Iowa border. Each one of the gap groups will meet regularly to determine their plan that includes short and long-term priorities. The gap groups will come back to the Highway 65 Coalition partners who will build consensus on priorities and strategies. The strategies can include how the coalition may be able to help the department complete the Highway 65 corridor. Chairman Farber thanked the gentlemen for their presentation and explained the need for funding and expressed appreciation for their willingness to partner on this project.

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SUCCESS & CHALLENGES IN NORTH CENTRAL MISSOURI

On behalf of the Interim Director, Dan Niec, District 2 Engineer, presented the state of the district report to the Commission. Mr. Niec listed the five categories of his presentation: innovative solutions, partnering initiatives, dealing with adversity, employee engagement, and future challenges. Mr. Niec began with reviewing the innovative solutions for three structurally deficient bridges in the district. There are two Missouri River Bridges, one in Glasgow and one in Miami that needed to be rebuilt. The district was challenged with finding a solution that would replace both bridges at only the cost of rebuilding one bridge. The district was able to do a partial replacement of both structures that used as much of the existing infrastructure as possible. In addition, in Glasgow, the community needed to be able to cross the river daily, a solution of a ferry system was established during the closure of the bridge. The third bridge was in New Franklin and was over a rail yard that was no longer in service. This bridge was historically significant because it was a Works Progress Administration (WPA) project that put people to work after the Great Depression in the 1930's. The solution was to remove the structure and create the New Franklin Parkway. Part of the railing from the old bridge was incorporated in the design for the barrier wall of the Katy Trail which preserved some of the historic nature of the bridge. This project was unique because it was the first project where one hundred percent of the structure was recycled.

Mr. Niec then highlighted the projects that were accomplished through partnering with many cities and counties throughout the district. A few examples of the partnering included three-laning a section of Route 24 through Moberly, intersection improvements in Chillicothe and Marshall, a bridge replacement on Route 5 in Sullivan County, and addressing sidewalk and drainage issues in Bevier.

The adversity the district dealt with was due to the extensive rain fall. Every major route in District 2 was closed at some point in time except for Interstate 70. At one point in time the district had

sixty-seven road closures because water was over the road. The district also experienced extensive damage due to the flooding. There have been three emergency repair projects and the fourth one is underway. There has been excessive damage to the minor road system, some of the minor damage has been repaired with the maintenance crews, and significant progress is being made to make the roads passable for the winter season.

Mr. Niec then recognized several employees. He recognized first place winners from the Tool and Equipment challenge: Rick Gaul, Jeff Peters, Jeff Lewis, Kenny Jolliffe, Bobby Lockard, Keith Hartwig, Jeff Miller, Andy Willis, Donald Stanley, and Sam Stockdall. In addition, Mr. Niec recognized district staff for being CPR certified. In 2008, only forty-six percent of the district employees were CPR certified; however, in 2010 one hundred percent of the district employees were certified. Mr. Niec recognized a few of the trainers and the coordinator for the CPR program: Derick Gott, Drew Daniels, and Jamie Martin. Mr. Niec also acknowledged Preston Kramer, project manager of the New Franklin bridge/parkway project, for receipt of the 2010 Team Recycling Award for the state of Missouri.

Mr. Niec concluded his presentation by explaining that the condition of minor roads in the district is going to be the number one challenge. It will take innovation and an aggressive repair program to improve the 3,300 miles of minor roads in the district.

Following inquiry from the Commission, Chairman Farber thanked Mr. Niec for his presentation.

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RESOLUTION AUTHORIZING THE ISSUANCE OF SENIOR LIEN REFUNDING STATE ROAD BONDS, SERIES C 2010

On behalf of the Interim Director, Roberta Broeker, Chief Financial Officer, explained how money can be saved through bond refunding. About \$907 million worth of senior bonds were issued between 2000 and 2003 through authority granted by the legislature. With falling interest rates, there is

an opportunity to refinance some of these bonds at a better interest rate. Ms. Broeker explained the department would like to sell \$131 million of bonds and use the proceeds to pay off \$141 million worth of debt and save money on interest payments going forward. The interest rate savings is calculated at \$7.98 million and is 5.6% of the par value. Commission policy requires that there be at least a five percent savings. The department plans for a competitive sale on October 27, 2010. Ms. Broeker recommended the adoption of the following Resolution Authorizing the Issuance of Senior Lien Refunding State Road Bonds, Series C 2010, in an aggregate principal amount not to exceed \$160,000,000, to refund certain outstanding state road bonds. The Resolution further delegates authority for approving certain documents and actions in connection with the issuance of said bonds. Ms. Broeker also requested authority for the execution of documents related to the bonds.

RESOLUTION

**RESOLUTION AUTHORIZING THE ISSUANCE OF SENIOR LIEN
REFUNDING STATE ROAD BONDS, SERIES C 2010, IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$160,000,000,
TO REFUND CERTAIN OUTSTANDING STATE ROAD BONDS;
AND AUTHORIZING AND APPROVING CERTAIN DOCUMENTS AND
ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS.**

1. The Commission is duly organized and existing under Article IV, Section 29 of the Missouri Constitution and Sections 226.010 to 226.190 of the Revised Statutes of Missouri, as amended, and is vested with the powers and duties specified in Chapters 226 and 227 of the Revised Statutes of Missouri, as amended, including authority and supervision over the construction, reconstruction and repairs of state roads, highways and bridges which are constructed, improved and maintained in whole or in part by the aid of state moneys, and of highways constructed in whole or in part by the aid of moneys appropriated by the United States government, so far as such supervision is consistent with the acts of Congress relating thereto (the **“State Highway System”**).

2. The Commission is authorized by Section 226.133 of the Revised Statutes of Missouri, as amended by House Bill No. 1742 enacted by the second regular session of the 90th General Assembly of the State of Missouri, upon authorization of the General Assembly, to issue bonds or other evidence of indebtedness in an amount not to exceed **\$2,000,000,000** from fiscal year 2001 to fiscal year 2006 in order to obtain financing for projects (the **“Projects”**) in conformity with the priorities contained in the 1992 Plan, which bonds are payable out of the State Road Fund as provided in Article IV, Section 30(b) of the Missouri Constitution and Section 226.133 of the Revised Statutes of Missouri, as amended.

3. The Commission has entered into a Master Bond Indenture dated as of December 1, 2000 (as originally executed, the “**Master Bond Indenture,**” and with all amendments and supplements thereto, the “**Bond Indenture**”), to provide for the issuance of state road bonds (the “**Bonds**”), in separate series under the Master Bond Indenture as amended and supplemented by Supplemental Bond Indentures from time to time, in authorized principal amounts as the Commission may determine to be appropriate to comply with the constitutional and statutory duties of the Commission to fund the cost of implementing state highway projects (the “**Projects**”) as provided in the State Highway Act, and to pay certain costs related to the issuance of the Bonds, on the terms and conditions provided for in the Master Bond Indenture and in the Supplemental Bond Indentures authorizing such series of Bonds.

4. Pursuant to the State Highway Act and a resolution duly adopted by the Commission, the Commission issued \$250,000,000 principal amount of **Missouri Highways and Transportation Commission, State Road Bonds, Series A 2000** (the “**Series A 2000 Bonds**”), under the Master Bond Indenture, as amended and supplemented by the Supplemental Bond Indenture No. 1, for the purpose of providing funds to (a) finance the costs of highway construction and repairs scheduled in the five-year plan, (b) pay capitalized interest on the Series A 2000 Bonds, and (c) pay costs related to the issuance of the Series A 2000 Bonds.

5. Pursuant to the State Highway Act and a resolution duly adopted by the Commission, the Commission issued \$200,000,000 principal amount of **Missouri Highways and Transportation Commission, State Road Bonds, Series A 2001** (the “**Series A 2001 Bonds**”), under the Master Bond Indenture, as amended and supplemented by the Supplemental Bond Indenture No. 2, for the purpose of providing funds to (a) finance the costs of Projects in conformity with the priorities established in the 1992 Plan and the plan and analysis submitted by the Commission to the first regular session of the 91st General Assembly of the State of Missouri, (b) pay capitalized interest on the Series A 2001 Bonds, and (c) pay costs related to the issuance of the Series A 2001 Bonds.

6. Pursuant to the State Highway Act and a resolution duly adopted by the Commission, the Commission issued \$203,000,000 principal amount of **Missouri Highways and Transportation Commission, State Road Bonds, Series A 2002** (the “**Series A 2002 Bonds**”), under the Master Bond Indenture, as amended and supplemented by the Supplemental Bond Indenture No. 3, for the purpose of providing funds to (a) finance the costs of Projects in conformity with the priorities established in the 1992 Plan and the plan and analysis submitted by the Commission to the first regular session of the 91st General Assembly of the State of Missouri, (b) pay capitalized interest on the Series A 2002 Bonds, and (c) pay costs related to the issuance of the Series A 2002 Bonds.

7. Pursuant to the State Highway Act and a resolution duly adopted by the Commission, the Commission issued \$254,000,000 principal amount of **Missouri Highways and Transportation Commission, State Road Bonds, Series A 2003** (the “**Series A 2003 Bonds**”), under the Master Bond Indenture, as amended and supplemented by Supplemental Bond Indenture No. 4, for the purpose of providing funds to (a) finance the costs of Projects in conformity with the priorities established in the 1992 Plan and the plan and analysis submitted by the Commission to the second regular session of the 91st General Assembly of the State of Missouri and (b) pay costs related to the issuance of the Series A 2003 Bonds.

8. Pursuant to the State Highway Act and a resolution duly adopted by the Commission, the Commission amended and supplemented the Master Bond Indenture with its Supplemental Bond Indenture No. 5 for the purpose of, among other things, limiting the issuance of additional Bonds under the Master Bond Indenture except to refund Bonds issued and Outstanding under the Bond Indenture.

9. Pursuant to the State Highway Act and a resolution duly adopted by the Commission, the Commission issued **\$394,870,000** principal amount of **Missouri Highways and Transportation Commission, Senior Lien Refunding State Road Bonds, Series 2006** (the “**Series 2006 Bonds**”), under the Master Bond Indenture, as amended and supplemented by Supplemental Bond Indenture No. 6, for the purpose of providing funds to (a) refund a portion of the Series A 2000 Bonds, the Series A 2001 Bonds, the Series A 2002 Bonds and the Series A 2003 Bonds, and (b) pay costs related to the issuance of the Series 2006 Refunding Bonds.

10. The Commission proposes to issue state road bonds in an amount not to exceed **\$160,000,000** designated as the **Missouri Highways and Transportation Commission, Senior Lien Refunding State Road Bonds, Series C 2010** (the “**Series C 2010 Bonds**”), under the Master Bond Indenture, as amended and supplemented by Supplemental Bond Indenture No. 7 for the purpose of providing funds, together with other available funds of the Commission, to (a) refund a portion of the Series A 2000 Bonds, the Series A 2001 Bonds, the Series A 2002 Bonds and the Series A 2003 Bonds (the portion of such bonds to be refunded being the “**Refunded Bonds**”), and (b) pay costs related to the issuance of the Series C 2010 Bonds.

11. The Commission finds and determines that it is necessary and desirable in connection with the issuance of the Series C 2010 Bonds that the Commission execute and deliver certain documents and that the Commission take certain other actions as herein provided.

NOW THEREFORE, BE IT RESOLVED BY THE MISSOURI HIGHWAYS AND TRANSPORTATION COMMISSION, AS FOLLOWS:

Section 1. Authorization of the Series C 2010 Bonds. The Commission is authorized to issue and sell the Series C 2010 Bonds in an aggregate principal amount not to exceed \$160,000,000, for purposes aforesaid which shall be issued under and secured by and shall have the terms and provisions set forth in the Master Bond Indenture dated as of December 1, 2000, as supplemented and amended by supplemental indentures including the Supplemental Bond Trust Indenture No. 7 referred to herein (collectively, the "Indenture"). The principal amount of, and interest rates on, the Series C 2010 Bonds shall be in such amounts with such interest rates to provide present value debt service savings of at least 5% of the cumulative principal amount of the Refunded Bonds or a cumulative call option value of at least 70%, and shall mature in principal installments with a final maturity not later than fifteen years from the date of issuance of the Series C 2010 Bonds, and shall have such redemption provisions, including premiums, and other terms to be determined by the authorized officers of the Commission and the Missouri Department of Transportation ("MoDOT") in the manner described herein.

The Commission hereby authorizes the preparation of a Preliminary Official Statement and a Notice of Sale to provide for the competitive public sale of the Series C 2010 Bonds. Notice of said bond sale is hereby authorized and directed to be given by mailing copies, or by providing electronic notice through *PARITY* electronic bid submission system ("*PARITY*"), of the Notice of Sale and Preliminary Official Statement to investment banking firms and banks and other financial institutions located throughout the United States. Bids for the Bonds may be received by a representative of the Commission, or by electronic bids through *PARITY*, upon the terms and conditions set forth in the Notice of Sale. The Commission hereby consents to the use and public distribution of the Preliminary Official Statement and the Notice of Sale related to the offering for sale of the Bonds. The Commission further authorizes the filing of an application to Moody's Investors Service, Inc., Standard & Poor's Rating Service and Fitch Ratings for a rating of the Bonds, and to take other actions necessary to carry out the competitive public sale of the Bonds. The Bonds shall be sold by the Commission to the underwriters (the "Underwriters") providing the best bid in response to the Notice of Bond Sale distributed by the Commission, plus accrued interest. The final terms of the Bonds shall be specified in the Indenture upon the execution thereof, and the signatures of the officers of the Commission or MoDOT executing such Indenture shall, subject to approval as to form by the Chief Counsel's Office, constitute conclusive evidence of their approval and the Commission's approval thereof.

Section 2. Limited Obligations. The Series C 2010 Bonds shall be limited obligations of the Commission payable solely from the sources and in the manner as provided in the Indenture, and shall be secured by a pledge and assignment of and a grant of a security interest in the Trust Estate (as defined in the Indenture) to the Bond Trustee (herein defined) and in favor of the holders of the Series C 2010 Bonds, as provided in the Indenture. The Series C 2010 Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any State of Missouri constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State of Missouri or of any political subdivision thereof, but shall be payable solely from the funds provided in the Indenture. The issuance of the Series C 2010 Bonds shall not, directly, indirectly or contingently, obligate the State of Missouri or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The State of Missouri shall not in any event be liable for the payment of the principal of, redemption premium, if any, or interest on the Series C 2010 Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Commission. No breach by the Commission of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State of Missouri or any charge upon its general credit or against its taxing power.

Section 3. Authorization and Approval of Documents. The following documents (the "Financing Documents") are hereby approved in substantially the forms filed in the records of the Secretary to the Commission, and the Commission is hereby authorized to execute and deliver each of such documents (the "Financing Documents") with such changes therein as shall be approved by the officers of the Commission or MoDOT executing such documents, such officers' signatures thereon being conclusive evidence of their approval and the Commission's approval thereof, subject to approval as to form by the Chief Counsel's Office:

- (a) Supplemental Bond Trust Indenture No. 7 between the Commission and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Bond Trustee"), providing for the issuance thereunder of the Series C 2010 Bonds, and setting forth additional terms and provisions applicable to the Series C 2010 Bonds.
- (b) Tax Compliance Agreement between the Commission and the Bond Trustee, which sets forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the proceeds of the Series C 2010 Bonds, to establish and maintain the exclusion of

interest on the Series C 2010 Bonds from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate provisions of § 148(f) of the Internal Revenue Code.

- (c) Continuing Disclosure Agreement between the Commission and The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent, under which the Commission agrees to provide continuing disclosure of certain financial information, operating data and material events, for the benefit of the owners of the Series C 2010 Bonds and to assist the Underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission.
- (d) Escrow Trust Agreement between the Commission and The Bank of New York Mellon Trust Company, N.A., as escrow agent, to provide for the defeasance and payment of the principal of and interest on the Refunded Bonds.

Section 4. Approval of Notice of Sale, the Preliminary Official Statement and the Final Official Statement. The form and substance of the Preliminary Official Statement and the Notice of Sale relating to the Series C 2010 Bonds submitted to the Commission are hereby in all respects ratified, confirmed and approved, and the officers of the Commission and MoDOT are hereby authorized, empowered and directed to execute the Notice of Sale, the Preliminary Official Statement and the final Official Statement in the name and on behalf of the Commission. The Commission approves the use and distribution of the Notice of Sale, the Preliminary Official Statement and the final Official Statement in connection with the offering and sale of the Series C 2010 Bonds. The Notice of Sale, the Preliminary Official Statement and the final Official Statement shall be in substantially the same form as the draft Notice of Sale and the Preliminary Official Statement now on file in the records of the Secretary to the Commission and hereby approved, with such changes therein as shall be approved by the officer of the Commission or MoDOT executing the same, and such execution shall constitute conclusive evidence of such officer's approval and the Commission's approval of any departures therein from the form of the Notice of Sale and the Preliminary Official Statement now on file in the records of the Secretary to the Commission. The Commission authorizes and ratifies the use of the Notice of Sale, the Preliminary Official Statement and the final Official Statement in connection with the offering and sale of the Series C 2010 Bonds. For the purpose of enabling the Underwriters to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the Commission hereby deems the information contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the Commission and MoDOT are hereby authorized, if requested, to provide the Underwriters a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Underwriters to comply with the requirements of such Rule.

Section 5. Execution of Series C 2010 Bonds and Financing Documents. The Chairman or the Vice Chairman of the Commission, or the Director, Interim Director, Chief Engineer or the Chief Financial Officer of MoDOT, are hereby authorized and directed to execute the Series C 2010 Bonds by manual or facsimile signature and to deliver the Series C 2010 Bonds to the Bond Trustee for authentication for and on behalf of and as the act and deed of the Commission in the manner provided in the Bond Indenture. The Chairman or Vice Chairman of the Commission, or the Director, Interim Director, Chief Engineer or the Chief Financial Officer of MoDOT, are hereby authorized and directed to execute and deliver the Financing Documents, the Notice of Sale and the Official Statement for and on behalf of and as the act and deed of the Commission, subject to approval as to form by the Chief Counsel's Office. The Secretary to the Commission is hereby authorized and directed to attest to the Series C 2010 Bonds by manual or facsimile signature, to the Financing Documents and to such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 6. Subscription for United States Treasury Securities. The officers of the Commission, the Financial Advisor to the Commission, the Bond Trustee and the Escrow Agent are hereby authorized to subscribe for the purchase of United States Treasury Securities, State and Local Government Series, in order to provide for the refunding of the Refunded Bonds.

Section 7. Further Authority. The Commission shall, and the officers, agents and employees of the Commission and MoDOT are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments, including, without limitation, any credit enhancement, liquidity or security documents, arbitrage certificate, closing certificates, redemption notices, and tax forms, as may be necessary or desirable to carry out and comply with the intent of this Resolution, and to carry out, comply with and perform the duties of the Commission with respect to the Series C 2010 Bonds and the Financing Documents, subject to approval as to form by the Chief Counsel's Office.

Section 8. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Commission.

After consideration and upon motion by Commissioner Nichols, seconded by Commissioner Carmichael, the Commission took the following action:

- Adopted a resolution authorizing the issuance of the Senior Lien Refunding State Road Bonds, Series C 2010, in an aggregate principal amount not to exceed \$160,000,000, to (1) refund a portion of the Series A 2000 Bonds, the Series A 2001 Bonds, the Series A 2002 Bonds and the Series A 2003 Bonds; (2) pay costs related to the issuance of the Series C 2010 Bonds; and (3) authorize and approve certain documents and actions in connection with the issuance of said Series C 2010 Bonds.
- Authorized the Secretary to the Commission to execute the Resolution confirming its adoption by the Commission, subject to approval as to form by the Chief Counsel's Office.
- Authorized the Director, Interim Director, Chief Engineer or the Chief Financial Officer to execute the following documents for the Series C 2010 Senior Lien Refunding State Road Bonds: (1) Supplemental Bond Trust Indenture No. 7; (2) Tax Compliance Agreement; (3) Continuing Disclosure Agreement; (4) Notice of Bond Sale; (5) the Official Statements; and (6) any other ancillary documents, certificates or instruments necessary to complete the bond issuance, subject to approval as to form by the Chief Counsel's Office.

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FIVE-YEAR DIRECTION PROGRESS REPORT

Kevin Keith, Interim Director and Don Hillis, Director of System Management, provided an update on the implementation of the Five Year Direction. In March 2010, the Commission approved the Five Year Direction to make the best use of available resources and enable MoDOT to:

1. Honor commitments.
2. Keep major roads in good condition.
3. Improve minor roads.
4. Hold steady on bridges.
5. Provide outstanding customer service.

There are two major strategies to free up existing resources to help focus on these five areas. One major strategy is MoDOT will get smaller; the goal is to reduce staff through attrition by at least

400 people by 2013. Currently, MoDOT has 177 fewer people than there were six months ago. Although there has been some hardship in this reduction, staff responded well and are aware of the need to be flexible about where they work and what they do, this means staff are moving around to make sure they are productive employees for the department.

The other strategy is to find ways to redirect money from existing resources to these five priorities. Staff identified \$64 million that can be redirected to these five priorities. These funds will be put to the most critical need, improvement of minor roads. Future resources that will be identified for redirection will be spent on other needs.

Mr. Keith asked Don Hillis and staff to review internal operations to see if resources can be redirected to these five priorities. Mr. Hillis labeled this effort “Practical Operations”. Practical Operations began with a team of staff who reviewed where the money was being spent and what the department is doing in operations. The team focused on five major operations activities: winter operations, signing, striping, mowing, and pavement maintenance. The goal of Practical Operations is to increase efficiency and redirect resources to MoDOT’s Five Year Direction. The department anticipates a one time savings of \$11 million and an annual ongoing savings of \$20 million from Practical Operations. Practical Operations is a long-term direction for the department, it will focus on the Five Year Direction using a common sense approach to do quality work with fewer resources and provide greater accountability.

Chairman Farber thanked Mr. Keith and Mr. Hillis for their presentation.

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MODOT DATA SECURITY

On behalf of the Interim Director, Mike Miller, Information Systems Director, reviewed steps the Information Systems division has taken to protect MoDOT data and its information systems. Mr. Miller

explained there is a basic lock on the doors to MoDOT information through a valid i.d. and password system to enter the network. There is a fire wall for basic protection from the internet. There is also a system in place to identify any intrusion attempts to the network. Suspicious activities are attended to through that system. Additional safeguards are in place for sensitive information so that only those that need to know have access to it. In addition to all of these steps, employees are educated on how to handle sensitive information.

The information systems of the department is dynamic, as business changes and technology changes, security needs are assessed and addressed. There is active risk management in the information systems division coordinated by the security officer. For example with recent upgrades to the Transportation Management System and the Motor Carrier Express System, steps were taken to upgrade security in those systems. As the department implements the Five Year Direction security needs will be assessed and adapted to meet the needs of the department and its customers.

Following inquiry from the Commission, Chairman Farber expressed appreciation to Mr. Miller for his presentation on behalf of the Commission.

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SAFE & SOUND BRIDGE IMPROVEMENT PROGRAM UPDATE

On behalf of the Interim Director, Don Hillis, Director of System Management, provided a report to the Commission on the status of the Safe and Sound Bridge Improvement Program (SSBIP). Mr. Hillis recalled in September 2008, the Commission directed MoDOT to move forward with a two-phased approach to repair or replace 802 of the state's lowest-rated bridges. The first phase included 248 bridges for rehabilitation through a modified design-bid-build process. The bridges were to be grouped by type, size, or location to get the most competitive bids from the contracting community. The first 100 bridges were to be under contract within six months. The second phase was the department's

third design-build project and would replace 554 bridges. KTU Constructors was identified as the best-value provider, and contract negotiations were completed in July 2009. Mr. Hillis was pleased to announce the program is on track to be completed ahead of schedule and within budget.

Speed of construction to minimize inconvenience to motorists and local residents was a primary goal of the SSBIP. One of the strategies employed by the program was to close most bridges to control costs and facilitate rapid construction. Under the first phase, the rehabilitation of bridges has averaged 45 days; and under the second phase, the replacement of bridges have averaged 39 days; much faster than the typical bridge replacement project that takes 60 to 90 days.

The program is creating and sustaining jobs. Almost forty Missouri contractors have built or repaired bridges in this program along with a host of subcontractors, fabricators, and material suppliers. In addition, KTU Constructors is well on its way to meeting the disadvantaged business enterprise (DBE) and on-the-job training (OJT) goals of the program. The DBE goal is seven percent or \$34.1 million, to date \$21 million has been contracted with DBEs. The OJT goal is 25 trainees and 25,000 hours, to date 19 trainees have worked 8,787 hours.

Mr. Hillis reported that MoDOT's customers are pleased with the progress of the program. He shared a video highlighting comments made at a recent bridge opening in Pettis County. In addition, Missourians were given the opportunity to sign a steel girder at the State Fair that will be used to build another bridge in Pettis County.

Mr. Hillis concluded his remarks by explaining that the schedule for 2011 is aggressive with more than 300 new and improved bridges scheduled to be delivered through the program. Mr. Hillis then invited Troy Heckmaster, Project Director for KTU Constructors to present to the Commission. Mr. Heckmaster explained the goal is to be done a year early and build good bridges of great value while providing safe travel for the public. Mr. Heckmaster thanked the Commission for the opportunity to

present comments about the program but acknowledged that it is the people behind the scenes who are making the program a success.

Following inquiry and discussion with the Commission, Chairman Farber thanked Kevin Keith, Don Hillis, and Troy Heckmaster for their presentations.

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CONSIDERATION OF BIDS FOR ROADWAY IMPROVEMENTS

On behalf of the Interim Director, Dave Nichols, Director of Program Delivery, presented the following recommendations.

Mr. Nichols recommended (1) Award of contracts to the lowest responsive bidders for bids received on the September 24, 2010 letting, as recommended and noted in Table I below. Non-contractual costs for these projects are shown on the below tabulation. (2) Note Call 601 has funding by the State of Illinois and requires their concurrence, the State of Illinois concurred.

**Table I
Award of Contracts
September 24, 2010, Bid Opening**

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
501	65	Benton	J5P0960	\$1,093,162.34	\$0	Chester Bross Const. Co./ C. B. Equipment Inc.	Optional Resurfacing
502	65	Pettis	J5P0967	2,542,503.02	0	Chester Bross Const. Co./ C. B. Equipment Inc.	Resurface Southbound Lanes with UBAWS and Superpave
	65	Pettis	J5P0968				
601*	55/64/70	St. Louis City	J6I2302	2,492,010.00	288.00	Thomas Industrial Coatings, Inc.	Bridge Painting
602	270 OR	St. Louis	J6B0801K	402,527.04	23,726.53	R. V. Wagner, Inc.	Bridge Deck Replacement
701	71	Vernon	J7B0801J	2,747,797.57	418.00	Lehman Construction, LLC	Three Bridge Replacements
702	54	Vernon	J7P0842B	2,096,564.33	656.00	Leo Journagan Construction Co., Inc.	Add Alternate Bid Resurfacing - Superpave
703	39	Cedar	J7S2172B	378,277.03	0	Leo Journagan Construction Co., Inc.	Add Alternate Bid Resurfacing – Thin Lift Overlay (SL)

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
704	174	Lawrence, Greene	J7S2219	2,149,879.91	274.00	Leo Journagan Construction Co., Inc.	Add Shoulders and Rumble Stripes
	174	Greene	J8S2282		0		Resurface Driving Lanes w/ Superpave and Shoulders w/ BP-1
	174	Lawrence, Greene	J7S2197		144.00		Resurfacing with Superpave
705	H	Lawrence	J7S2172E	549,150.86		APAC-Missouri, Inc.	Add Alternate Bid Resurfacing – Thin Lift Overlay (SL)
706	52	Bates	J7P2213	1,659,154.74	0	Leo Journagan Construction Co., Inc.	Add Shoulders and Rumble Strips
			J7S2172D				Add Alternate Bid Resurfacing – Thin Lift Overlay (SL)
707	96	Lawrence	J7S2172F	505,488.93	274.00	Blevins Asphalt Construction Company, Inc.	Add Alternate Bid Coldmill – Resurfacing with Superpave
708	FF	Jasper	J7S0811	643,851.31	863.60	Leo Journagan Construction Co., Inc.	Grading and Optional Paving
709	175	Newton	J7S2172G	718,878.42	274.00	Blevins Asphalt Construction Company, Inc.	Add Alternate Bid Resurfacing – Superpave
710	Various	McDonald	J7S2172C	1,325,043.81	0	Hutchens Construction Co.	Add Alternate Bid Resurfacing – Thin Lift Overlay (SL)
711	FF	Jasper	J7S2190	258,551.46	0	Blevins Asphalt Construction Company, Inc.	Thin Lift Overlay (SL)
712	249	Jasper	J7P2158	1,326,882.35	432.00	CE Contracting, Inc.	Slide Repair at Five Disconnected Locations
713	HH	Jasper	J7S0810	23,884.00	0	Time Striping, Inc.	Guardrail Installation
901	44	Pulaski	J9I0585	1,463,112.53	0	H. R. Quadri Contractors, LLC	Grading and Optional Pavement to Construct Outer Road
X01	55	Scott, Cape Girardeau	J0M0043	93,362.50	0	Freedom Fence, LLC	Guardrail Installation
X02	67	Wayne	J0P0877C	519,670.94	0	Park-Mark, Inc.	Rumble Strips and Add Alternate Striping
**	24	Marion	J3P2197	198,654.60	0	Laverdiere Construction, Inc.	Bridge Repair
TOTAL:				\$23,188,407.69	27,350.13		

* Call 601 – Funding by Illinois Department of Transportation \$746,005.

**Project let by Illinois Department of Transportation on July 30, 2010, MoDOT's share of cost 50%, \$99,327.30.

Commission Consideration and Action

After consideration, and upon motion by Commissioner Gach, seconded by Commissioner Nichols, the Commission took the following action:

1. Awarded contracts to the lowest responsive bidders for bids received on the September 24, 2010 bid opening, as recommended and noted in Table I above. Non-contractual costs for these projects are shown on the above tabulation.
2. Noted receipt of concurrence in award of Call 601 from the State of Illinois.

In keeping with the Commission's Delegation of Authority to Execute Documents Policy, the Director, Chief Engineer, Chief Financial Officer, or the Director of Program Delivery may execute the contracts awarded above.

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REQUEST FOR APPROVAL OF LOCATION AND DESIGN OF HIGHWAYS

**Route 45, Platte County
Bridge over the Platte River Just South of Farley
Job No. J4P2203
Public Hearing Held August 26, 2010**

The proposed improvement provides for grading, drainage, paving and bridge replacement adjacent to the existing roadway. Route 45 will consist of two 11-foot lanes with four-foot shoulders. This project will have normal access right of way. Route 45 will remain open to traffic during construction except for short closures to complete the roadway tie in. This project is 0.8 mile in length.

Ms. Beth Wright, District 4 Engineer, recommended approval of the location and design as presented through the public hearing.

**Route W, Jefferson County
From 0.4 Mile North of Route 30
To Meramec River Bridge on Route 109
Job No. J6S2207
Public Hearing Held August 10, 2010
On-Line Public Meetings August 10 – August 25, 2010**

The proposed improvement provides for resurfacing, geometric improvements, including left

turn lanes and adding shoulders where possible. Route W will consist of two 11-foot lanes with four-foot shoulders where possible. This project will have normal access right of way. The roadway will be open to traffic during construction and will be controlled with a one-way, two-lane operation using flaggers. This project is 6.3 miles in length.

Mr. Ed Hassinger, District 6 Engineer, recommended approval of the location and design as presented at the public hearing including the modifications to the alignment impacting the LaFarge Drive intersection.

After full consideration of the favorable and adverse economic, social and environmental effects of the recommended designs, the Commission via approval of the Consent Agenda unanimously found and determined the recommended designs would best serve the interest of the public and approved the recommendation.

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FISCAL YEAR 2011 BUDGET AMENDMENT

On behalf of the Interim Director, Brenda Morris, Resource Management Director, recommended approval of an increase to disbursements of \$12.6 million. In addition, Ms. Morris recommended adjustments for transfers between appropriations to address changing priorities and provide greater flexibility to districts and divisions in funding program priorities. The amended budget for fiscal year 2011 is \$2,846,452,000.

Via approval of the consent agenda, the Commission unanimously approved the amendments and adjustments to the fiscal year 2011 budget as noted above.

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MEDICAL AND LIFE INSURANCE PLAN, APPOINTMENT OF BOARD MEMBER

On behalf of the Interim Director, Jeff Padgett, Director of Risk and Benefits Management, recommended approval of the appointment of Mr. Steven Campbell as a Missouri Department of

Transportation active employee representative to the Board of Trustees for a term ending October 2016, or until a successor is named.

Via approval of the consent agenda, the Commission unanimously approved the recommendation.

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-- REPORTS --

The Commission received the following written reports.

**FINANCIAL – BUDGET - REPORTS
YEAR-TO-DATE FINANCIAL REPORT, AUGUST 31, 2010**

Deborah S. Rickard, Controller, provided to the Commission the Fiscal Year 2010 monthly financial report for the period ending August 31, 2010, with budget and prior year comparisons.

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**MEDICAL AND LIFE INSURANCE PLAN: MISSOURI DEPARTMENT OF
TRANSPORTATION AND MISSOURI STATE HIGHWAY PATROL MEDICAL AND LIFE
INSURANCE PLAN REPORT**

Mr. Jeff Padgett, Director of Risk and Benefits Management and Chairman-Medical and Life Insurance Plan Board of Trustees, presented reports on the financial status of the Medical and Life Insurance Plan covering the period from January through June 2010 and for the most recent five calendar years. The report indicated that the number of claims continues to increase, which was primarily attributable to increased utilization. The Medical and Life Insurance Plan Board of Trustees continues to closely monitor increases in utilization, and the balance of the premium stabilization reserve. Contributions have increased over this five-year period. The Commission paid the entire amount for the contribution increase from 2005 through 2007. In calendar years 2008 through 2010 the employees and retirees shared in the necessary contribution increases.

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By unanimous consensus of all members present, the meeting of the Commission adjourned.

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