

Highway Revenue Bonds Refresher

Presentation to the State Highway Commission

December 12, 2025

NEBRASKA
Good Life. Great Journey.
DEPARTMENT OF TRANSPORTATION

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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)
 - Completion of Expressway System identified in 1988 plus other high priority capital improvement (i.e. capacity expansion) projects
- State Highway Commission's role



Source: Office of the Capitol Commission

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Statutory Guardrails

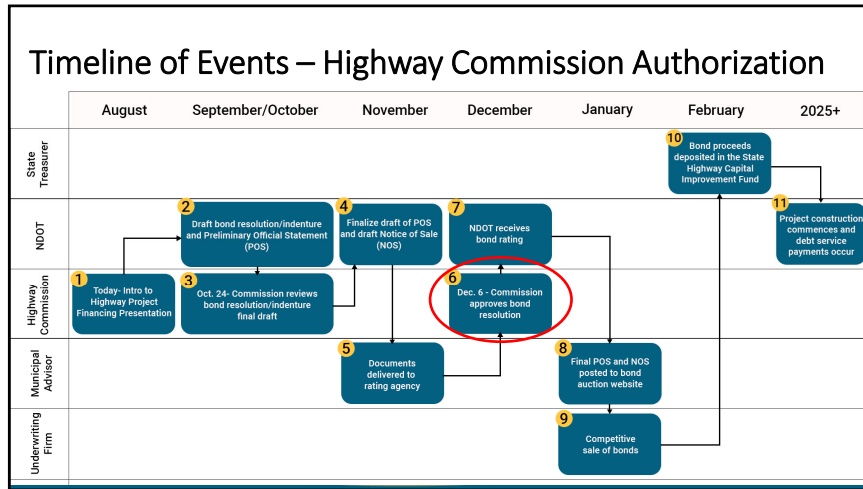
- Principal of all bonds issued cannot exceed \$450 million
- Annual debt service cannot exceed \$35 million
- No bonds can be issued after June 30, 2029
- All bonds must be paid in full by June 30, 2042
- Bonds are payable only from the State Highway Capital Improvement Fund, which includes revenues dedicated under the Build Nebraska Act

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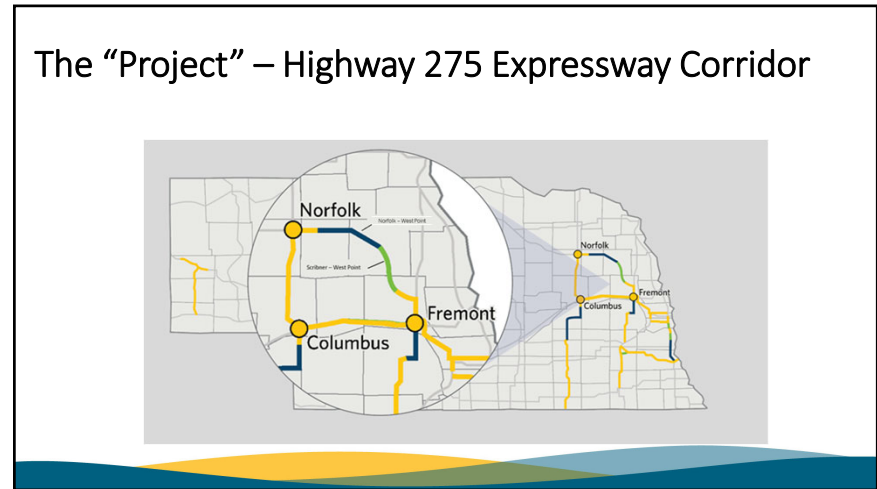
Conservative, Responsible Bond Financing

- Delivers completion of expressway corridors faster
- Financing issuance is selective
- Balanced along with pay-as-you-go approach for other projects
- Shares cost of projects with future benefited users

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Highway 275 Expressway Corridor (cont.)

- **Fulfill legislative intent** to continue development of the expressway system identified in the 1988 Nebraska Highway Needs Study.
- **Improve regional connectivity and safety** for vehicles in northeast Nebraska, including commercial vehicles, by providing important expressway connections with both the existing highway and communities within the area
- **Reduce the annual corridor delay** of 477,300 vehicle hours between Norfolk and West Point, which is expected to worsen as traffic volumes increase in this area.
- **Maximize use of existing transportation infrastructure**, including connecting highways, and existing right-of-way (ROW) and improve the reliability and condition of existing facilities.

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Status of Series 2025A Bonds

- AAA Rating from S&P Global
- Competitive Sale on February 13, 2025
- 11 Bidders w/ low True Interest Cost rate of 3.59% (Morgan Stanley)
- \$100 million deposited to construction account

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Construction Account and NDOT Projects

- US Highway 275 Expressway Corridor Segments
 - NE-57 to NE-15 East; Hawkins Construction; Contract Amount: \$73.2 million; Construction Start: April 2025; Estimated End: November 2027
 - NE-15 East to Wisner; Werner Construction; Contract Amount: \$32.1 million; Construction Start: October 2025; Estimated End: October 2028
 - Wisner to West Point North; Letting on 12/18/25; Construction Start expected April 2026; will determine additional amount needed for construction account
- Expended to date: \$35.3 million
- Remaining balance (as of 12/2/25): \$64.7 million

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NDOT's Advisors

Municipal Advisor



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

Bond Counsel



Dawn Roth, Partner
Kutak Rock Public Finance - Omaha

Paying
Agent/Registrar &
Disclosure Agent



John Larsen, Assistant Vice President
Union Bank & Trust Corporate Trust - Lincoln

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Documents

- Bond Resolution
- Trust Indenture
- Official Statement
- Notice of Sale
- Many others



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Pledged Revenues

• Nebraska Constitution Article XIII-1

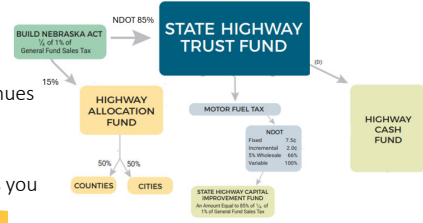
o On bonds issued for highway construction

o “for the payment of the interest and the retirement of such bonds” ... “it may irrevocably pledge for the term of the bonds all or a part of any state revenue closely related to the use of such highways, such as motor vehicle fuel taxes or motor vehicle license fees.”

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Build Nebraska Act

- Enacted in May 2011 (LB 84, codified as law 39-2703) with an original effective period of July 1, 2013 through June 30, 2033; in 2023, extended through June 30, 2042
- Revenue from 1/4 of 1 percent of state general sales tax rate (all taxable purchases except motor vehicles sales, ATVs/UTVs, motorboats)
- Collected by Department of Revenue
- Distributed 85% to NDOT and 15% to Cities/Counties
- NDOT sales tax revenue now directed to Highway Cash Fund
- Equivalent amount of highway user revenues now directed to State Highway Capital Improvement Fund
- Available for debt service and “pay as you go”



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Next Steps – Series 2026A Issuance

- 2nd Issuance to provide for total of up to \$200 million
- NDOT Working Group and Advisors drafting documents
- Expected February 2026 Closing

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Questions

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