Tampa-Hillsborough County Expressway Authority
Minutes of May 4, 2020 Virtual Board Committees as a Whole Meeting
Tampa, Florida 33602

The Tampa-Hillsborough County Expressway Authority held a virtual public meeting at 1:30 p.m. on May 4, 2020. The following were present:

Board:	Vincent Cassidy, Chairman Bennett Barrow, Vice Chairman FDOT Secretary David Gwynn Shaun Oxtal
Staff:	Joe Waggoner, Amy Lettelleir, Sue Chrzan, Rafael Hernandez, Man Le, Carl Shack, Brian Ramirez, Debbie Northington, Diane Stull, Max Artman Shari Callahan, Judith Villegas, Julie Aure, Anna Quiñones, Andrew Laflin, Liz Gray, Bob Frey

The following registered to attend the virtual meeting:

Atkins	Tom Knuckey
Ballard Partners	Todd Josko, Carlos Ramos
Bank of America Securities	Doug Draper
CDM Smith	John Melendez
Elie and Accounting Tax	Jean Pierre Elie
HNTB/GEC	Jim Drapp, Al Stewart
J.P. Morgan	Ben Djiounas, Nathaniel Johnson
Patel, Greene & Associates	Laura Herrscher
PFM	Brent Wilder, Hope Scarpinato
Playbook Public Relations	Sally Dee, Sarah Lesch
RS&H	Douglas Reed
Stantec	Rick Gobeille, Phil Eshelman, Pamela Bailey-Campbell
U. S. Army	Alphonso McCall, Sr.
VIBE	Sage Kamiya
Wells Fargo Securities	John Generalli
WGI	Kimberlee DeBosier
WSP	Jeffrey Diemer, Christina Kopp
WTSP	Susan Wilson

Registered to attend and have no company affiliation:

Marie Colon, Tyrone Taylor, Gloria Delgado, Christopher Edge, Jim Calpin, Tabita Erazo, Michael O'Neill, Jose Jimenez, Kierra Benford, Tonya Sandy, Paula Washington, Edilquer Clege, Jason Demitro, Zeid Margarita Gonzalez Alvarez, Yornyn Carrazana, Maria Tamayo

I. Introduction/Workshop Purpose

Meeting was called to order at 1:30 p.m. by Chairman Vince Cassidy. Joe Waggoner then explained the purpose of the meeting was to provide updates to the Board Members. Presentations include operating maintenance and administrative budgets, the work program and current traffic events. The budget would be brought to the Board in June for approval and adoption. Today would be to show the effects of Covid-19 on the future revenue stream. There would be no Action Items, just presentations of information and an opportunity to answer questions and take direction on what will be presented at the June Board Meeting. Mr. Waggoner then introduced Phil Eshelman of Stantec, traffic and revenue engineers, to present a THEA traffic update.

II. Traffic and Revenue Monitoring with the Effects of Covid-19

Mr. Eshelman began his presentation with a summary of the analysis of the current happenings around the state and nation. It was mentioned that Governor DeSantis would begin reopening the state on this date and that the Tampa region also anticipated reopening. THEA's tolled traffic appeared to have hit a floor and was beginning to recover from the 55% loss over the same time in 2019. Lately, there were small increases in week over week comparisons. With revised Covid-19 scenarios, the focus would be on recovery from short to long terms. Mr. Eshelman reviewed the three phases of the federal guidelines of re-opening which would apply to the region This would include a downward turn of cases and increased testing. There would be a slow return to work in Phase 1 with minimal travel, going on to Phases 2 and 3. There was an appointment of a "Re-Open Florida Task Force," which would oversee Phase 1 of the reopening, starting on May 4. In Phase 1, there would be a 25% capacity for restaurants and retail while bars, movies, salons, and gyms would remain closed. The next phases would have more reopening.

A graph was shown to compare THEA's traffic with other peer toll agencies. The middle line in the graph represented THEA's traffic loss compared to nine other agencies. Traffic comparisons continued with 2019-2020 comparisons, which did show THEA's losses to the 55% loss of year over year, but it also showed a slight inching up in traffic. Mr. Eshelman continued by showing Hillsborough County's Vehicle Miles Traveled (VMT) vs. THEA's traffic. This was calculated by cell phone data and compared to VMT by day to an average January 2020 day and against THEA transactions as another data point.

Mr. Eshelman continued by introducing the University of Washington Covid-19 model, which suggested that Florida has hit its peak cases. On April 30, 2020, the model predicted that the peak cases were on April 19, 2020. The next chart showed the confirmed Covid-19 cases by county on a downward trajectory, which would allow opening to Phase 2. There would be a chance that cases would spike upon re-opening. Depending on the recovery rate, there were three different forecasts – short, medium, and long - of "what if" scenarios. The original forecast had no Covid-19 impact. Since there was an impact, the scenarios were developed. Mr. Eshelman mentioned that employment does drive traffic demands. With Tampa's diverse market, some areas were more at risk of unemployment and some areas were more inclined to teleworking. The presentation was a high-level view. Stantec continue monitoring.

Mr. Eshelman asked if there were any questions. Board Member Shaun Oxtal asked about the three scenarios for recovery and how were they developed. Mr. Oxtal also asked if there was a shorter duration since Phase 1 was starting. Mr. Eshelman explained the short duration scenario included a return to school in August with a little bump at that time. The longer duration was if the "safer at home" was extended through July with slower recovery. It was asked if the state would shut down again but there was no forecast for further shelter in place. There has been discussion of possible scenarios but there is knowledge gained each day. Mr. Oxtal also asked if there was base line of the most likely scenario, as with the mid-base scenario. However, it was still early to define the scenario.

Mr. Eshelman then introduced Stantec's Mr. Rick Gobeille to further answer the question. It was a standard question but no easy answer. Most agencies picked the mid-duration scenario as a base line with the understanding that the agencies would keep the option open to re-budget on the basis of more available information and current events. The scenario would not be considered a forecast as it would be continually updated. Mr. Gobeille stated that the chart looks very different than the first chart as Florida did hit the floor and there were signs of recovery.

Mr. Oxtal asked at what level does it affect THEA's bond rating. The long duration is the only one that jeopardizes the covenants when revenue is reduced. The debt service payment would be made in the other scenarios. Mr. Waggoner introduced Ms. Lettelleir to explain further.
Ms. Lettelleir said the covenant states THEA needs to work the traffic revenue engineers to set toll rates and not considered as a default. There would be revenues and reserves to cover the debt ratio.

Mr. Gwynn wondered why THEA had a lower budget estimate than say the Turnpike and MDX. FY20 is 13%-14% lower now. Mr. Waggoner could not speak to the other agencies but agreed with the estimates for THEA. Mr. Waggoner said THEA used the mid-duration scenario which meets debt service ratios. The budget that is approved by the Board is a live document and will be updated quarterly to be sure that THEA can continue to meet those ratios and outstanding financial obligations. It was asked if the other agencies use the same fiscal year. Mr. Gwynn said that the Turnpike was and thought MDX would too. Mr. Waggoner considered the forecast for FY21 at 10%-13% lower, to be optimistic, as the recovery would depend on rate of re-employment. It may take longer.

The Chairman asked about MacDill's stay at home policy, which Mr. Waggoner did not know. Mr. Cassidy thought that could be a significant portion of the 55% drop and if the military staff does return to work, it is not like other companies who would re-evaluate the work from home policy. It was not certain what MacDill's work force was working from home.

Mr. Gobeille says there is more resiliency in long roads, like the Florida Turnpike with longer distance trips. Experience states that urban, commuter roads, such as the Selmon, typically do not totally return to the pre-status normal. Reasons include companies allowing more employees to work from home due to company's reevaluating new ways of working from home, thus less traffic on urban roads.

Mr. Barrow, answering the question regarding MacDill's workforce with information from a Lt. Colonel from MacDill, stated that 50% of MacDill's staff stayed home and 50% were working on the base during April.

Mr. Waggoner was surprised that MDX was forecasting such strong recovery given the South Florida situation with Covid-19.

III. Finance and Accounting Committee –

At this time, Ms. Amy Lettelleir introduced Andrew Laflin, Acting Finance Director to go over the proposed FY2021 budget. Primary objective was to put together the operating budget for FY21. Mr. Laflin presented a summary comparison between FY20 and FY21. Each slide going forward would be a comparison between FY20 and FY21.

Because of the downturn in current revenue, the toll revenues are projected to be $78.3 million due to circumstances. Miscellaneous revenue also dropped. The total revenues for FY21 are projected to be at $80,989,840, while expenses are projected for $18,833,645.

For revenue, the projected Toll Revenue was based on Stantec's mid-duration figures, with investment income projected to be higher in FY21. Miscellaneous income was projected to be less due to ConAgra moving off its current property and the loss of rent.

Toll operations expenses of $6.58 million, was sent to THEA by the Florida Department of Transportation (FDOT) in April These costs were for activity as of December 2019. Some costs were fixed but this was the amount THEA is using to budget. The other costs, such as Toll Collections, Toll System Maintenance and Support, other Toll Operations expenses and contingency expenses were consistent from FY20 to FY21.

The Maintenance Expense projections for FY21 were also slightly less than FY20. Roadway and Facilities with Business Integration Services remained with the same budgeted amounts. There were some projected increases in ITS for small equipment and permitting, otherwise there were decreases for Support Services and Bridge Inspection Services.

For the FY21 Marketing Expenses, the cost reductions were more aggressive in reducing costs by essentially dividing the FY20 budget in half for FY21. This was mainly due to the reduction in revenue the objective was to find ways to aggressively reduce costs, due to the reduction in revenue. As a result, there were cuts in each of the Marketing areas.

The FY21 Administrative/Personnel expense was based on 25 full time employees and two part time paid interns. This showed a reduction of two positions. The Deputy Director of Operations and a Toll Specialist were two open positions not filled in FY20, so it was decided these two positions would not be filled in FY21, due to cost sensitivity.

Mr. Laflin continued with the Administrative/Professional Services for FY21. This budget showed some cuts in Legal and General Engineering Consultant Services and other administrative support. IT support services was increased to allow for some equipment upgrades.

While Administrative Office and Occupancy expenses were mainly consistent between FY20 and FY21, there was a reduction in Other Administrative Support Services such travel, post-secondary education, and professional development. There was an increase in IT Support, including small equipment and maintenance.

The Debt Service Payments show a slight decrease for FY21 due to the sale of Series 2012 Bonds in FY 20 instead of FY21 . Even with the reduction in revenue, THEA is still above its debt service requirements. The proposed FY21 showed a projected Debt Service Coverage Ratio of 1.77 above the required. It is still above the 1.3 required. Revenue less Operating Expenses less $500,000 shall be sufficient to pay the Annual Debt Service Requirement for Authority's Outstanding Bonds.

At this time, Mr. Waggoner asked that Ms. Lettelleir explain the Debt Service Ration. Ms. Lettelleir continued by stating THEA would defease the 2012C Bonds that would be due on July 1, 2021. THEA would defease these bonds with the help of Bond Counsel and financial advisors to lower the debt service coverage. Ms. Lettelleir continued by stating that THEA did budget for the full FDOT amount with the FY21 budget. THEA should receive an amendment for the first quarter, lowering the payment. FDOT also gave THEA a break in the last few months due to reduced revenue. Any updated information received would be updated in the budget.

With toll collections being down about 40%, that information would be reflected in the FY20 budget. The Chairman asked when the actual FY20 would be available, hopefully before June 30, 2020. Mr. Laflin stated there was ten months of actual data and it could be annualized, with adjustments for the reduction in revenue. An estimated FY20 budget could be presented at the next Board meeting.

IV. THEA Draft Work Program

Bob Frey began the proposed FY21 Work Program. Mr. Frey began his presentation with an overview of the Work Program, which identifies capital projects and resource commitments , provides an annual snapshot of budgeting needs for THEA. The Work Program is based on fiscal years, which begin July 1 and end June 30. It is based on six-years, which include the existing fiscal year, the budget year and four planning years. It is monitored for 30 years by continuing ongoing preservation needs and planned enhancements.

The two programs, Preservation and Enhancements are broken down into four categories: roadway, ITS, tolls, and facilities. The project phases include planning, design, right-of-way, and construction, all consistent with Florida Department of Transportation planning projects. Mr. Frey presented the total six-year FY21 proposed cost summary as $941,155,000 with preservation, such as upkeep at $29,581,000 and enhancements, such as capacity, performance, and safety at $911,974,000. Mr. Frey continued with the proposed FY21 comparison to the adopted FY202. There three differences, the first being a $104.6 million total change in the FYs 20-25 between the adopted FY20 program and the proposed. FY21 program. There would be $58.5 million of unexpended FY19 toll project funds rolled into the future years and finally, there would be $46.1 million of added funds in the proposed FY21 program.

Mr. Frey explained four projects from FY19 would be rolled forward totaling $52.8 million, which account for 90% of the $58.4 million mentioned previously. The projects are re-scheduled preservation program work, the Selmon West Extension, the South Selmon safety project and major capital reserve.

The added funds in the Work Program include scope adjustments and new projects of $28.2 million. The scope adjustments included the Selmon East Phase 1 and the South Selmon Capacity Project, which includes the noise walls from Whiting to the South Selmon West Extension. Two other new projects totaling $17 million. include the Selmon System Technology upgrade, which includes a grant pursuit and a CV Real World Test Site. The CV Pilot project ends on September 30 and THEA is working to expand the project with USDOT and FDOT as an $8.5 million project. There is a project to utilize the I-4 connector and other options that would require working with FDOT.

Mr. Waggoner summarized the presentation by stating that there would be constant reviewing of the budgets and plans so that what is presented is prudent and achievable. Still in the mix was the 2012A bond sale of approximately $192 million, which would be ready after June.

At this time, Mr. Cassidy asked if there were any further comments from the Board Members. Mr. Barrow stated that the presentation was good with the information presented. Mr. Cassidy continued by mentioning a City of Tampa City Council meeting where THEA was referenced as a partner to help solve traffic issues by at least one city council member. Mr. Waggoner said he would be happy to speak with Mayor Castor or the Chairman of the City Council to see how THEA could assist.

Mr. Cassidy also wanted to know if there had been any complaints about racing. Ms. Sue Chrzan mentioned there have been reports from Gandy Bridge and the Expressway and those reports were turned over to the city as the incidents were enforcement issues.

Mr. Barrow complimented Mr. Laflin on his presentation and the information presented. Mr. Cassidy also mention that there were traffic correlations with Phase 1. Mr. Waggoner has reported that traffic is increasing. There were companies that would return people to work and there were those who were reevaluating. Mr. Waggoner stated that remote working is working well for THEA and he was planning on expenditures to make it better. This was all a good trial for potential hurricane times. Mr. Waggoner was asked about masks for THEA workers and if they would be required. We will be developing our reopening plan in the next months. Mr. Gwynn mentioned that only about 20% of the FDOT District 7 staff was working in the office and FDOT was preparing for the next phase. Masks were not required unless there could not be social distancing. The masks were provided.

VII. ADJOURNMENT

There being no further business to come before the Board Committee Meetings as a Whole, the Chairman adjourned the meeting 2:26 p.m.

APPROVED:____________________ **ATTEST:**____________________

Chairman: Vincent J. Cassidy **Vice Chair: Bennett Barrow**

DATED THIS 4th DAY OF May 2020

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