

**MINUTES
MID-BAY BRIDGE AUTHORITY
THURSDAY, MAY 14, 2020**

**NICEVILLE CITY HALL COUNCIL CHAMBERS
208 NORTH PARTIN DRIVE
NICEVILLE, FLORIDA**

I. OPENING

Members present: Gordon E. Fornell
 James D. Neilson, Jr.
 Victoria S. Harker
 Parker Destin
 T. Patterson Maney

Member absent: Bryant Paulk FDOT Ex officio, non-voting

Also present: Van Fuller Executive Director
 Michelle Anchors Legal Counsel
 Cathy Demoreski Administrative Assistant

II. PUBLIC HEARING

A. Fiscal Year 2021 Budget

1. Resolution 2020-02

Mr. Fornell opened the advertised Public Hearing and presented the proposed Fiscal Year 2021 annual budget comprised of operating revenues and operating expenses. Mr. Fornell further explained that if the FY2021 budget is adopted, it will be presented to the Board of County Commissioners of Okaloosa County on Tuesday, May 19, 2020 as required by the Authority’s Enacting Legislation. Mr. Fuller explained that the administrative portion of the budget, which is essentially the expenses of the Authority office, is the primary area item presented to the Okaloosa Board of County Commissioners, with the FDOT budget also discussed. Discussion included Ms. Harker’s question on the need/costs of advertising, more specifically outdoor advertising, in the age of GPS directions. Mr. Destin agreed the Authority should take a second look to possibly reduced costs considering revenue losses during the COVID-19 Pandemic. Mr. Fuller provided background of the previous action taken by the Authority to approve the current level of advertising earlier this fiscal year. Mr. Fuller also discussed ways to cut costs in advertising by re-looking at reducing ads in print publications and eliminating rack card printing and distribution. In response to Mr. Maney’s inquiry, Mr. Fuller explained that the Okaloosa County Tourist Development Council (TDC) has not responded to requests for cost sharing of the Authority’s outdoor advertising. He noted that the Authority’s outdoor advertising was specifically changed to highlight images of the beaches of Destin and Okaloosa County versus a bridge. Mr. Maney noted that it would be polite for the TDC to respond even if in the negative. Mr. Fuller will provide a second advertising review prior to the FY2022 Budget approval cycle. After discussion and there being no public comment, Mr. Fornell closed the Public Hearing at 9:13 a.m. and recommended approval of the FY2021 Budget.

A motion was made by Mr. Neilson to approve the Fiscal Year 2021 Budget by adopting Resolution 2020-02 and presenting the Budget to the Board of County Commissioners of Okaloosa County on Tuesday, May 19, 2020 with a second by Mr. Destin and a 5-0 vote taken for adoption and approval.

III. INTRODUCTION OF VISITORS & PUBLIC COMMENTS

Mr. Fornell welcomed all visitors and members of the press. In attendance were JoAnn Rocque from Carr, Riggs, Ingram; Kevin Bowyer from Warren Averett; and Mike Griffith from The Bay Beacon.

IV. APPROVAL OF MINUTES

A. Regular Meeting – February 20, 2020 (March and April 2020 Meetings cancelled due to Pandemic governmental restrictions)

A motion to approve the February 20, 2020 Regular Meeting Minutes, was made by Mr. Neilson with a second by Mr. Destin and a 5-0 vote was taken for approval.

V. TREASURER’S REPORT

Ms. Harker presented the Treasurer’s Report for February 2020. Account balances were:

FNBT	\$ 99,694.01
Regions	\$46,488,920.60

Ms. Harker presented the Treasurer’s Report for March 2020. Account balances were:

FNBT	\$ 96,466.70
Regions	\$48,439,369.68

Ms. Harker presented the Treasurer’s Report for April 2020. Account balances were:

FNBT	\$ 112,682.48
Regions	\$42,898,126.33

Ms. Harker made a motion to accept the Treasurer’s Reports for February, March, and April 2020 with a second by Mr. Destin and a 5-0 vote was taken for approval.

VI. EXECUTIVE DIRECTOR

A. Operations. Mr. Fuller explained that the April 2020 Treasurers Report reflects the first of two annual Debt Service payments and because of the decrease in travel/toll collections due to COVID-19, the Authority currently has less than \$300K in revenue available for required monthly debt service distribution. He reported that the March 2020 revenue was down 67% as compared to FY2019. At the halfway point in March, when collectors were removed from the booths, traffic was already down significantly. When compared to 2019, transactions were down significantly for Spring Break as well. Traffic is expected to increase as Phase 1 is implemented and people start going back to work. Toll collectors will be back in the booths on Monday, May 18, 2020 after a two-month absence. Year-to-date comparison between FY2019 and FY2020 traffic and revenue is difficult as a result of the October 2018 toll suspension due to Hurricane Michael (traffic was up and revenue was down), the January – June 2019 negative effects of the Bridge closure and subsequent vehicle load restrictions and intermittent nighttime closures for repairs, and the delayed billing for Toll-By-Plate

from June 2018 through January 2019 by the Florida Turnpike Enterprise (FTE) due issues associated with the Centralized Customer Support System (CCSS) upgrade in June 2018. As reported by The Southern Group, governmental restrictions in response to the pandemic have worked; however, there has been a drastic impact on State revenues. Mr. Maney inquired as to whether we know the percentage of traffic and revenue that comes from out of state. Mr. Fuller explained that is it not something we track, but he will find an answer (*after the meeting Mr. Fuller coordinated with Jacobs Engineering, the Authority's traffic engineer, and provided Mr. Maney a response of an average of 60% in-state traffic/40% out-of-state traffic*). Mr. Fuller also reported that most of the traffic into/out of Destin is via US 98, with the Mid-Bay Bridge accounting for about 20%.

- B. Mid-Bay Bridge Maintenance, Inspection, and Repair-Update.** Mr. Fuller reported there have been two closures since the tendon replacement contract started, one to de-tension and the other re-tension one of five tendons identified as needing to be replaced. At Mr. Maney's request, Mr. Fuller arranged a repair site visit of the inside of the bridge and invited Mr. Maney to describe his experience. Mr. Maney thanked Mr. Fuller and said it was fascinating. The way it is constructed is awesome and viewing it from the inside was wonderful. They walked a good distance during the two hours they were inside. It was clear that it is hard and heavy work to de-tension the cables as there was a lot of grunting and groaning which serves to highlight the importance and difficulty to maintain.
- C. Ferrovial Service Contract - 2020 Tourist Season North Lakeshore Drive Ramp Closure.** Mr. Fuller presented for the Authority's consideration the costs to support the seasonal closure of the Lakeshore Drive interchange to southbound traffic to redirect traffic off White Point Road to SR293 via SR20 on Saturday's between Memorial Day and Labor Day. Due to the decrease in traffic because of the pandemic this year, the closure of North Lakeshore Drive Ramp will be a game day decision made by the Okaloosa County Sheriff's office in coordination with Ferrovial for set-up. The contract will be flexible and billed at a weekly rate of \$2,491.45.

A motion was made by Mr. Neilson with a second by Mr. Destin to approve the Service Contract for up to \$39,863.24 and billed weekly as used at a weekly rate of \$2,491.45 in support of the North Lakeshore Drive southbound entry/exit ramps closures and VMS boards during the 2020 summer tourist season from approximately Memorial Day through Labor Day and a 5-0 vote was taken for approval.

- D. FY2019 Audited Financial Statement – Warren Averett and Carr, Riggs, Ingram.** Mr. Fuller introduced the Authority's Accounting Consultant Kevin Bowyer with Warren Averett. Mr. Bowyer thanked the Authority and explained that he has served as its accountant since almost the beginning. Several years ago, accounting guidelines changed and now there are two firms serving the Authority essentially providing two reports, one a financial compilation and the other audited financial statements. Warren Averett prepares the compilation of financial statements, notes, supplemental work papers and documentation while Carr, Riggs, Ingram audits the compiled financial statements with an audited opinion. JoAnn Rocque with Carr, Riggs, Ingram explained that she is representing John Slingerland who is recovering from bypass surgery and

that she is very familiar with the Authority's financial statements. The independent auditors' opinion is that the FY2019 financial statements have been presented fairly in all material respects. The audit did not identify any deficiencies in internal controls and no material weaknesses were identified. The independent auditors' management letter to the Auditor General indicates the Authority is in compliance with all Florida Statutes. Finally, Mr. Fuller read, verbatim, Subsequent Event Note 14 on page 38 which relates to the COVID-19 pandemic and the effects of governmental restrictions.

“In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. In addition, both National and State Emergencies have been declared and local authorities have also taken actions to mitigate the spread of the virus. As a result, uncertainties have arisen that will have a negative impact on the toll revenues of the Mid-Bay Bridge Authority. As a result, Standard & Poor's Global Ratings revised to negative the outlooks on nearly all long-term debt ratings in the U.S. transportation infrastructure sector, including the Mid-Bay Bridge Authority, due to the severe and ongoing impact associated with the COVID-19 pandemic. Fitch Ratings Global Infrastructure subsequently followed suit and revised to negative its outlook for the Mid-Bay Bridge Authority. The occurrence and extent of the overall impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.”

Mr. Fuller reported that he has spoken with several bondholders about the Authority's financial position. Additionally, although both Standard & Poor's and Fitch will continue to review, they are likely to sustain the Authority's current rating with a negative outlook.

A motion was made by Mr. Destin with a second by Mr. Neilson to accept the FY2019 Financial Statement and a 5-0 vote was taken for approval.

E. FY2019 Traffic Engineers' Annual Report. Mr. Fuller presented the FY2019 Traffic Engineers' Annual Report. Two key events affected the traffic and toll revenue results for FY2019, the suspension of tolls due to Hurricane Michael in October 2018 and the closure of the Mid-Bay Bridge in January 2019 as a result of deteriorated tendons uncovered during FDOT inspections and the resulting multi-axle vehicle restriction through June 2019. As communicated previously, Jacobs Engineering recommended that there be no changes to the toll rate structure in FY2020. Jacobs Engineering will continue to monitor traffic and revenue conditions on the Authority's facilities, update forecasts, and recommend to the Authority when sustained revenues may allow for additional toll rate relief.

F. Ratify Task Order No. 9 - COVID-19 Impact - Services Agreement, Jacobs. Mr. Fuller presented, for ratification, a COVID-19 Impact Monitoring and Analysis Agreement. Since it was necessary to cancel both the March and April 2020 regular monthly meetings of the Authority, Mr. Fuller, in coordination with Ms. Anchors, the Authority's legal counsel, authorized the Agreement pending ratification at the next

regular meeting. Due to the COVID-19 pandemic, the Authority requested Jacobs monitor and assess the impact on traffic and toll revenue as a result of governmental restrictions. Task Order No. 9 includes weekly monitoring, analyses/projections; and if necessary, a toll rate analysis as required by the Master Trust Indenture for a total price of \$31,229.06 for the period of April 1, 2020 through October 31, 2020.

A motion was made by Mr. Neilson with a second by Mr. Maney to ratify Jacobs Task Order No. 9 – COVID-19 Impact Services Agreement in the amount of \$31,229.06 with a 5-0 vote taken for approval.

G. Task Order No. 10 - 2020-2021 Traffic and Revenue Consultant Annual Agreement, Jacobs. Mr. Fuller presented the 2020-2021 Traffic and Revenue Annual Services Agreement (August 1, 2020-July 31, 2021) in the amount of \$55,989.60. The contract also contains a contingency in the amount of \$11,197.92 which will require specific approval of the Authority to be expended, for a total NTE of \$67,187.52 and recommended approval.

A motion was made by Mr. Neilson with a second by Mr. Maney to approve the 2020-2021 Jacobs Engineering Traffic and Revenue Scope of Services for a total NTE \$67,187.52, as described, and a 5-0 vote taken for approval.

Finally, Mr. Fuller reported that he attended a webinar recently which included Kevin J. Thibault, FDOT Secretary of Transportation; Nicola Liquori, FDOT FTE Executive Director; and executives from Central Florida Expressway Authority, Tampa Hillsborough Expressway Authority, and Miami-Dade Expressway Authority. The traffic and revenue impacts due to governmental restrictions in response to the COVID-19 pandemic extend throughout the State. TEAMFL, the professional association of transportation authorities in Florida, sent a letter to US House and Senate leaders requesting stimulus aid for tolled facilities and their infrastructure projects. Discussion included that the language to link toll reinstatement after toll suspension to county emergency operations status did not make the floor during the 2020 legislative session.

VII. LEGAL COUNSEL

Ms. Anchors expressed happiness at seeing everyone after so long and had no legal comments.

VIII. BOARD MEMBER COMMENTS

None

IX. GENERAL DISCUSSION

The next regular meeting of the Authority will be held on **Thursday, June 18, 2020** at 9:00 a.m. in the Destin City Hall Board Room, Destin, Florida.

X. ADJOURNMENT

The meeting adjourned at approximately 9:46 a.m.

Approved this 18th day of June 2020.



Gordon E. Fornell, Chair