

**MINUTES OF THE
JACKSONVILLE TRANSPORTATION AUTHORITY
BOARD WORK SESSION
JUNE 10, 2020**

The JTA Board of Directors held a Work Session on June 10, 2020. Board of Directors and Staff attended virtually. The Work Session included updates by the Board Committee(s).

BOARD ATTENDEES: Kevin Holzendorf, Arezou Jolly, Isaiah Rumlin, Debbie Buckland, and Ray Driver.

JTA STAFF ATTENDEES: Nathaniel P. Ford Sr., Cleveland Ferguson III, Bonnie Todd, Bernard Schmidt, Greg Hayes, Greer Gillis, Andy Rodgers, Kelli O'Leary, Katie Smith, Michael Corbitt, Khisha Dukes and Monique Thompson.

OTHER ATTENDEES: Richard Milian, General Counsel, Larry Parks, FDOT and representatives from KIPP Jacksonville School: Dr. Jennifer Brown, Executive Director, Zach Rossley, President/COO, Gary Chartrand, Chair of the Board, and Dan Edelman, Chair of Finance Committee.

I. WELCOME: Chairman Holzendorf called the work session to order at 2:02 p.m. and welcomed the Board Members, JTA staff and guests.

II. PUBLIC COMMENT: Chairman Holzendorf asked for public comments. There were no public comments.

III. LONG RANGE PLANNING AND SYSTEM DEVELOPMENT COMMITTEE

a. Approval of Minutes from Long Range Planning and System Development Committee Meeting on May 26, 2020.

MOTION (Holzendorf/Rumlin) Motion Approved (5-0).

b. Economic Development Update:

i. Golfair Boulevard: Mr. Ferguson introduced Chairman Chartrand of KIPP Jacksonville Schools (KIPP). Chairman Chartrand presented information on the Project to build a new KIPP School on the Golfair property. He stated 10 of Duval's 22 persistently low-performing schools are located within a 10-minute drive of the Golfair property. He explained that these are schools that received a school grade of D or F in at least three of the past five school years. Chairman Chartrand stated he believes KIPP can offer a great education to the children within the neighborhood.

Chairman Chartrand stated KIPP anticipates spending approximately \$15 million to build a top-tier educational facility serving the Golfair and adjoining neighborhoods. The initial site plan is for a two-story building between 60,000-65,000 square feet, in addition to a full gymnasium, recreational/playing fields, parking lots, and lanes for school buses and parent

pick-up/drop-off. He added that KIPP would rebuild and relocate current JTA bus stops to a new, accessible location on the property facing Golfair Boulevard.

Chairman Chartrand stressed the importance of building partnerships and trust with the Golfair and adjoining neighborhoods by offering organized, regular access to the facility.

Mr. Edelman stated the economic value is driven by the fair market value and cap rate. He stated appraisals were reviewed with Mr. Ford and Mr. Ferguson, there are some issues with the nature of which the appraisals were performed, they are a fee simple appraisal, but KIPP Jacksonville Schools is not being offered the opportunity to buy the property, only the opportunity to lease it. This is due to the Federal funds involved with the project. Mr. Edelman stated KIPP would prefer to purchase the property to allow financing at 3.5 – 4.5 percent. He stated this is compared to what the appraisal shows as a cap of 6 – 8 percent. Inheriting this would be a penalty if they leased the property versus purchasing. Considering this from an economic standpoint, a portion of the property is a retention pond and it is not a fully usable space to KIPP. He also stated that with the \$15 million investment they are going to make in the property, movement of the bus stop, intangible value to JTA and the neighborhood, KIPP agrees to the proposed \$40,000 annual lease rental. This would be a long term lease with cost of living and adjustments every five years. Mr. Edelman stated it would be fair to both parties.

Mr. Ferguson stated that the Long Range Planning and System Development Committee (LRPSD) was briefed on this project proposal at their last meeting. Staff now presents its recommendation for the LRPSD to approve move the project proposal and lease to the full Board for action and approval. He reminded the attendees that the experts at the Transit Oriented Development event stated the Golfair property would be one of the most difficult areas for transit supported urbanism. Mr. Ferguson stated from a staff perspective this would be an excellent use in keeping with the Board policy developed for this purpose. It interconnects with JTA's Bus Rapid Transit (BRT) Green Line and would be a benefit to the community.

Mr. Ford stated the Board received a message regarding a grant for planning activities from the Federal Transit Administration (FTA). The grant amount is \$980,000. This grant is not for all Duval County. Mr. Ford stated the grant is specifically for the BRT Green Line Corridor.

Director Jolly asked Mr. Ferguson for clarification on when the staff's recommendation will be presented to the Board. Mr. Ferguson stated this will be presented to the Board at the June 25, 2020 Board meeting, with LRPSD Committee approval. Director Jolly thanked Mr. Ferguson, JTA Staff and KIPP.

Director Rumlin asked about the transfer ratio of students' charter schools to public schools. Dr. Brown stated she could only speak to the data that pertains to KIPP specifically. She is unable to offer data on average for charter schools across Duval County. Dr. Brown stated on average there is 20 – 22 percent attrition rate of students that are transferring. She stated some are not necessarily transferring to Duval County Public Schools, but also out of state, or to a neighboring county. Dr. Brown stated she could work on getting the data

specifically pertaining to the number of students transferring to Duval County Public Schools.

Director Rumlin inquired about the funds that were already given to the charter schools for a student and if those dollars are transferred back to the Duval County School Board when a student transfers out of KIPP. Dr. Brown stated the money is transferred back to Duval County Public Schools. She added that KIPP does not keep the money as the funds follow the student. Director Rumlin shared his concern that he has heard otherwise – that money does not transfer back. Dr. Brown stated that in the State of Florida there are two student body counts, one in October and one in February. This is how money is disbursed to schools and is not specific to charter schools.

Chairman Holzendorf asked if the local KIPP schools receive funding from the national KIPP schools, or if the funds stay with the local KIPP schools. Mr. Edelman stated KIPP Jacksonville is a franchise of KIPP National. He advised that a small amount of funds is taken from KIPP National on an annual basis for administrative support but beyond that, all dollars stay in Jacksonville.

Chairman Holzendorf also asked how KIPP could ensure the longevity of the school in the Golfair area. Mr. Edelman stated the school has grown and as certain capital dollars have been made available, the finances of the school have gotten better, as the overhead cost can be spread over more and more students. He stated approximately 95 percent of the budget now is covered through per person funding and other funding sources received from the state. The gap is handled through local fund raising and there is a broad base of support for local fund raising.

Director Driver thanked the KIPP team for their time. He shared his appreciation of Chairman Chartrand's incredible dedication to improving education in the community, particular those that are less fortunate.

Director Buckland stated that it is important how we loosely use the term partnership between KIPP and JTA. The JTA staff does an amazing job, working diligently and vetting items with the committee(s) and ultimately to the Board. She stated that given what is going on in our country right now, the timing could not be better for us to move forward on a partnership with a KIPP in that area of town and for all of us to ensure it is a success.

Chairman Holzendorf asked KIPP if they received a buy-in from the City Council Member from that district. Dr. Brown stated she has been cautious about proceeding with any next steps until they knew they were going to move forward. She stated is very critical that KIPP build solid relationships in the community.

Staff advised that they would work with Dr. Brown and her team to set up a meeting with the Councilman Gaffney that represents the district.

ii. Flagler Proposal: Mr. Ferguson provided the Board with an overview of the air rights over the Kings Avenue Garage. He stated it is owned by Flagler and this is their last asset in Northeast Florida.

Mr. Ferguson asked the Board if they would like staff to take any further action. Director Jolly asked Mr. Ferguson to share what the Consultants stated about the value of air rights in Jacksonville versus places like Chicago or New York. She stated it had a lot of value on the evaluation of the air rights and the position of the Board. Mr. Ferguson responded that it makes it difficult to compare an individual transaction and happens infrequently in Northeast Florida. When Flagler stated Mr. Balanky purchased the air rights for the Kings Avenue Phase I in the amount of \$300k, JTA's appraiser felt that was not comparable and needed to base on the percentage of the land value. This was the most acceptable best practice in valuation. The appraiser stated 10 percent was a bit generous for Northeast Florida but would meet an acceptable valuation and this is how we reached the \$375,000. Mr. Ferguson stated anything beyond that is out of the scale of best practice. He stated staff would need other recommendations, but at this time, there are no other recommendations for the Board.

c. JTAMobilityWorks Program Update: Ms. Gillis provided the Board with an update of the JTAMobilityWorks (JTAMW) Program. She stated the program has three project that need to be completed, Alta Drive, Parramore Road and San Pablo Road. Ms. Gillis stated the program has had some challenges and wanted to share those with the Board. She also stated that staff wants to share their commitment to completing the JTAMW Projects Program. Ms. Gillis stated Mr. Hayes, CFO/VP of Finance will discuss the plan and Andy Rodgers, AVP of Construction & Engineering will be available to answer any questions.

Mr. Hayes provided the Board with an overview of the Funding Model for the remaining deficit of the JTAMobilityWorks Program. He stated the plan was to fund the Program through Real Estate proceeds. He stated in recent months as the Alta Drive and San Pablo Road have been designed that would not be sufficient. There is a \$41.1 million deficit, which is greater than the total amount of Real Estate proceeds. Mr. Hayes stated in the Fiscal Year 2021 budget he will propose JTA issue additional revenue bonds against the existing 6 percent Local Option Gas Tax (LOGT). When the program was started in 2015, Local Gas Option Tax revenue bonds were issued for \$100.55 million expected to fund the full program.

Mr. Ford and Mr. Hayes provided some background on the history of the LOGT for funding for JTA and the JTAMW Program, as determined by Jacksonville City County. They also explained the changes and revisions during the course of the program in response to requests and direction from the City of Jacksonville (City) and City Council related to specific properties. Mr. Ford stated that in addition to taking on what was presented \$100 million road projects, JTA also agreed to take on the St. Johns River Ferry. Mr. Ford stated immediately upon the transfer to JTA it was recognized those estimates were short of what was needed to complete the projects. In many cases the projects were decades old, some of the assumptions and early design work were not adequate. The Board in 2016 made the commitment to complete the list. Mr. Ford stated overtime the staff realized there was going to some challenges at some point. He stated the staff feels they have done enough review and design work on the remaining projects that the deficit is accurate and can close out the program with the funding strategy outlined by Mr. Hayes.

Director Jolly that stated we are an organization that is committed and that commitment to this program has given the JTA a tremendous amount of goodwill when

projects are completed. Director Jolly stated the projects do need to be completed. She thanked Mr. Ford, Mr. Hayes and Ms. Gillis for their recommendations. Director Jolly asked if this would be presented to the Board for approval. Ms. Gillis confirmed that it would be.

Chairman Holzendorf stated that in a post COVID-19 environment these are projects that will impact our community and provide economic relief. He is 100 percent in support of this direction. Chairman Holzendorf inquired about the City's acknowledgment of JTA's partnership and commitment to getting these projects completed. Mr. Ford stated he thinks the City does appreciate it and we are keeping the promises made to the citizens. Mr. Ford added, going back to Mr. Guilford, it would be hard to go back with any new initiatives if the promises were not fulfilled to the citizens that were made under the Better Jacksonville Plan. Within the City, Public Works has worked with JTA very well. Sam Mousa worked with us very closely when he was Chief Administrative Officer. Director Jolly stated as we communicate with the City, maybe the scriptwriters could help create that awareness in regards to the challenges and the unknowns.

Director Parks stated that during the Better Jacksonville Plan a lot of projects were underestimated. He stated part of that was the economy at that time and the City was very happy to give this to JTA. Director Parks added that JTA has done a great job completing the projects.

IV. SAFETY, AUDIT AND COMPLIANCE COMMITTEE

a. Administrative Rules – Revisions

i. Bylaws – Rule 000: Mr. Ferguson provided the Board with an overview of the revisions to the JTA Bylaws – Administrative Rule 000. The proposed Amendment is to change the address of the Administration Office to the Jacksonville Regional Transportation Center at LaVilla located at 100 LaVilla Center Drive. Because this is an Administrative Rule, a Public Hearing must be held for the opportunity to give the public to make comments. The hearing is expected to be scheduled on either June 23, 2020 or June 24, 2020.

ii. Procurement – Rule 002: Mr. Ferguson provided the Board with an overview of the revisions to Procurement Rule – 002. The Rule would add an additional section for General Provision related to an organizational conflict.

Mr. Ferguson stated both Rules will be presented to the Board for approval on June 25, 2020.

b. Board Policies – Revisions

i. Financial Reserves: Mr. Hayes provided the Board with an overview of the Proposed Amendment to the Financial Reserves Policy. He stated the Financial Reserves Policy is a Board level policy for all JTA investments and reserves. It was originally adopted in 2010. Most recently, it was amended in 2018. Mr. Hayes shared the revision to include provisions for federal and state funding related to the Cares Act. Mr. Hayes stated the amended policy will be presented for Board action at the June 25 Board meeting.

V. FINANCE AND ADMINISTRATION COMMITTEE

a. FY21 Budget Update: Mr. Hayes provided the Board with the Fiscal Year 2021 Budget Proposal. He stated the budget was prioritized to support the goals and objectives of JTA's Strategic Plan. The focus was on Safety, Customer Service and Ridership. He stated we continue to evaluate our assumptions due to the pandemic. Revenues are projected to be negatively impacted by the COVID-19 pandemic. Funding from the CARES Act in the amount of \$13.3 will help balance the budget.

Director Buckland asked Mr. Hayes how much bonding capacity does the JTA have left. Mr. Hayes responded that in total the estimated amount is about \$65 million. If \$41 million was issued there would be another \$24 million remaining based on the current market. Director Buckland stated financial flexibility is important to her as she continues to learn about the Authority. She inquired about the recommendation to change the Financial Reserves Policy for this year for clarification if the change is to accommodate this year or if it will be a permanent change. Mr. Hayes stated the immediate need is to change it for this year. Mr. Hayes explained that when the policy is amended it would carry over into future years, until it is amended again. Mr. Hayes stated the goal is to amend the policy and not have to amend it again in the future. This will allow Board discretion. Director Buckland ask Mr. Hayes about the amended version in 2018. He stated initially it was put in place in 2010 and amended in 2018. He stated there had been other amendments over the previous years. Mr. Hayes stated that in the 2015-2016 timeframe, the goal was to fully allocate all investment and reserve dollars to the City primarily that they were all spoken for. He stated funds were also allocated to projects and no true excess funds over and above what was needed to complete projects for JTA. Chairman Holzendorf stated the Board had decided the dollars were to be allocated for capital projects. Mr. Ford stated there was a fiscal discipline strategy related to the First Coast Flyer (FCF), JRTC and other capital projects. He stated if there were surpluses they were to be put in the Capital Investment Fund. Director Rumlin stated in that 2018 City Council had an issue with the budget that was being presented and some of those issues.

Chairman Holzendorf stated that he understands that the funds from the Cares Act have to be used on certain items but requested information on receiving funds and if unused funds had to be returned. Mr. Hayes advised that when the CARES Act was created the funds were made available to JTA based on the formula grant apportionment. He stated that the Authority knew how much would be available to the JTA, which was \$42.5 million. Mr. Hayes stated the goal is to draw down the funds as quickly as possible. A strategy was initiated to claim payroll cost, non-payroll expenses, capital funds, additional payroll and other operating cost in order to full draw down the \$42.5 million. Mr. Hayes stated staff expects this to be done by the end of June. The only delay would be on the capital awards that would be on a reimbursement basis. This is around \$6 million of the \$42.5 million. For this Fiscal Year, the JTA expects to claim and receive \$36 million. This is why it is important to amend the policy to allow those funds to be utilized for operating cost next year because of the loss of revenue.

Mr. Ford stated the JTA is being extremely conservative on how it is approaching this. He stated another best practice had been added. The Internal Audit department is auditing the submission and invoices because the FTA will be doing a Triangular Audit of JTA next year.

VI. ROUNDTABLE: Mr. Ford announced that the JTA State of the Authority will be held virtually on Wednesday, June 24, 2020 at 10:00 a.m.

He then shared that Thursday, June 11, 2020 a virtual Procurement Pre-Bid Meeting will be held in preparation of the Request for Quote (RFQ) for the Bay Street Innovation Corridor. Mr. Ford stated that he sent the Board a memo in regards to the process at this point. As this will be a very competitive process, he wanted to ensure there is an abundance of transparency with the information shared with the Board and to make information available to perspective bidders.

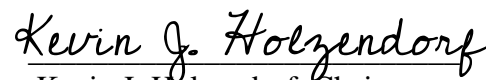
Chairman Holzendorf stated diversity is critical as potential companies are considered. He added that JTA has always been inclusive and this has been one of our priorities. In this day and time, it is especially important that we do not lose sight of diversity on all projects. Chairman Holzendorf stated he believes the Board would benefit from a full briefing of the Disadvantaged Business Enterprise (DBE) and Small Business Emerging (SBE) Program. Mr. Ford stated staff will work on scheduling a full briefing of the DBE and SBE programs.

Director Buckland asked staff to take Director Jolly's comment seriously, as it relates to letting the City know the good job JTA is doing. She stated if the partnership with the KIPP moves forward there could be a misinterpretation about Charter Schools. Director Buckland said in her opinion, this partnership would be a huge benefit to the community. She added that she is not sure about the grant for the Green Line and its full impact, but this would be an opportunity to help the community. She wants to ensure the story is told.

Chairman Holzendorf stated there is a great deal to be told about partnerships. He stated diversity partnerships are important as well. There is not just one model but several models that could spur an economic surge.

There being no more discussion, the Work Session adjourned at 3:58.

SEAL


Kevin J. Holzendorf, Chairman


Debbie Buckland, Secretary