TAMPA HILLSBOROUGH EXPRESSWAY AUTHORITY

COMMUNITY. INVESTMENT. RESULTS.

2015 ANNUAL REPORT

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LETTER FROM **THE CHAIRMAN:**

Perhaps it's human nature, but at the end of a year, we try to label it, attaching a word or phrase that sums up the developments of the previous 12 months.

At THEA, we think 2015 should be remembered as the "Year of the Community". The Tampa Bay community achieved so much in 2015 and we are proud to be a part of that progress.

In May, we opened the Selmon Greenway, an urban trail for pedestrians and bicyclists through the heart of downtown Tampa – mostly in the shade of the Expressway. This trail helps to connect the Riverwalk, Amelie Arena and Ybor City.

In September, THEA was awarded a $17 million contract by the US Department of Transportation. This contract makes Tampa Bay one of only three locations in the United States chosen to pilot connected vehicle technology. Connected vehicle technology can not only make our driving safer and more efficient, but it has the potential to bring new companies, more jobs and economic growth to our community.

All year long, we offer opportunities to our community to save money on the Selmon Expressway by offering free SunPass Mini Transponders. In addition to putting coupons for free Mini's in each invoice a Toll-By-Plate customer receives, we offer the coupons on MacDill Air Force Base, downtown at the Convention Center during Kids Day, out at Brandon Town Center during their 4th of July celebration and at various other locations in Tampa.

We also think of community in our commitment to use qualified SBE* firms for Authority business. In fact, in 2015, THEA SBE expenditures hit an all-time high of 15 %, and we will continue efforts to grow small business opportunities with the agency.

And finally, there's our bridge building competition. Helping to train the engineers of the future, THEA sponsors a bridge building competition for high school and middle school students. Working with the College of Engineering at USF, we bring students together in February to test the strength of their bridges.

As a local toll authority, we are proud to be an active participant in our community, from economic growth, to education, to civic improvement.

Community is one of the foundations upon which our great nation was built and continues to grow. At THEA, our commitment to Tampa Bay is enduring: Last Year. This Year. Always.

Sincerely,

Rebecca J. Smith
Chairman

*THEA's inclusive SBE program category includes Small Business Enterprise Firms, Women Owned Businesses, Minority Owned Businesses and Disability Business Firms.

MISSION

Our mission is to provide safe, reliable and financially-sustainable transportation services to the Tampa Bay region while reinvesting customer-based revenues back into the community.

VISION

Our vision is to lead, partner and implement safe, economically-sound and innovative multimodal transportation solutions for our Tampa Bay community.

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February 23, 2016

Tampa-Hillsborough Expressway Authority
1104 E. Twiggs Street, Suite 300
Tampa, Florida 33602

Members of the Authority:

CDM Smith is pleased to provide key inputs to the THEA Annual Report for the fiscal year ending June 30, 2015, in accordance with Section 5.13 of the Master Bond Resolution. We appreciate the cooperation of THEA management during the analysis and production of this material.

The FY2015 Annual Report contains traffic and toll (T&R) data and other data for the Selmon Expressway. Detailed summaries of historical trends, traffic characteristics, toll collection, expenses, and other financial data are provided to help readers understand THEA's performance and its operating and business environment.

In this report, CDM Smith provides updated T&R estimates for the ten-year period FY2016 through FY2025. These estimates reflect impacts of the recently-opened Selmon Connector, the planned opening of the Selmon West Bus Toll Lanes in FY2021 and the continuation of the annual toll rate adjustments.

Respectfully submitted,

CDM Smith

Hugh W. Miller, Jr.

Hugh W. Miller, Jr. PhD, P.E.
Vice President

WHO WE ARE.
WHERE WE'RE GOING.

The Tampa Hillsborough Expressway Authority (THEA) was established by statute in 1963 as a local option to bring roadway infrastructure projects online sooner than with conventional funding.

As an independent agency of the state, THEA owns, maintains and operates four facilities within Hillsborough County: The Lee Roy Selmon Expressway, Brandon Parkway, Meridian Avenue and the Selmon Greenway.

THEA is a key partner in Tampa Bay's regional transportation system. The Selmon Expressway, which links east and west Hillsborough County through downtown Tampa, is our primary community asset.

The Selmon Expressway is an all-electronic toll roadway, collecting revenues that are used to improve, maintain and expand THEA's assets.

Brandon Parkway, Meridian Avenue and the Selmon Greenway include pedestrian and bicycle paths that provide options and opportunities for exercise and healthy lifestyles. Brandon Parkway and Meridian Avenue are also streets that feed traffic onto and off of the Selmon Expressway's Reversible Express Lanes (REL) for easy commuting to and from Brandon.

THEA has led the charge to adopt state-of-the-art transportation options on a local and national level. The REL was Florida – and the worlds – first reversible all-electronic toll lanes. Building upon innovation, THEA has leveraged its award-winning infrastructure capabilities as a designated test bed for Autonomous Vehicle Technology (AVT). THEA is maximizing its ability to reconfigure its reversible lanes to provide real-time traffic testing and closed-course testing on the same roadway.

SELMON EXPRESSWAY

BRANDON PARKWAY

MERIDIAN AVENUE

SELMON GREENWAY

THEA continues to drive forward by expanding mobility options and innovations.

In 2014, the Florida Legislature gave THEA the ability to offer services in counties contiguous to Hillsborough County. These projects may include "roads, bridges, avenues of access, thoroughfares, boulevards, and managed lanes and other transit supporting facilities" and could include a bus toll lanes (BTL) concept. THEA's BTL concept allows transit to invest in the toll road and to use a percentage of toll revenue to help pay for transit operation and maintenance.

Just as THEA has been a strong partner within Hillsborough County, it is taking the steps necessary to be a collaborative partner with neighboring counties. In order to continue to serve our community with the highest and most efficient service, we are using our Strategic Blueprint to map our route into the future.

As a result of the management and legislative changes, THEA today has the ability to impact and shape local and regional mobility like never before.

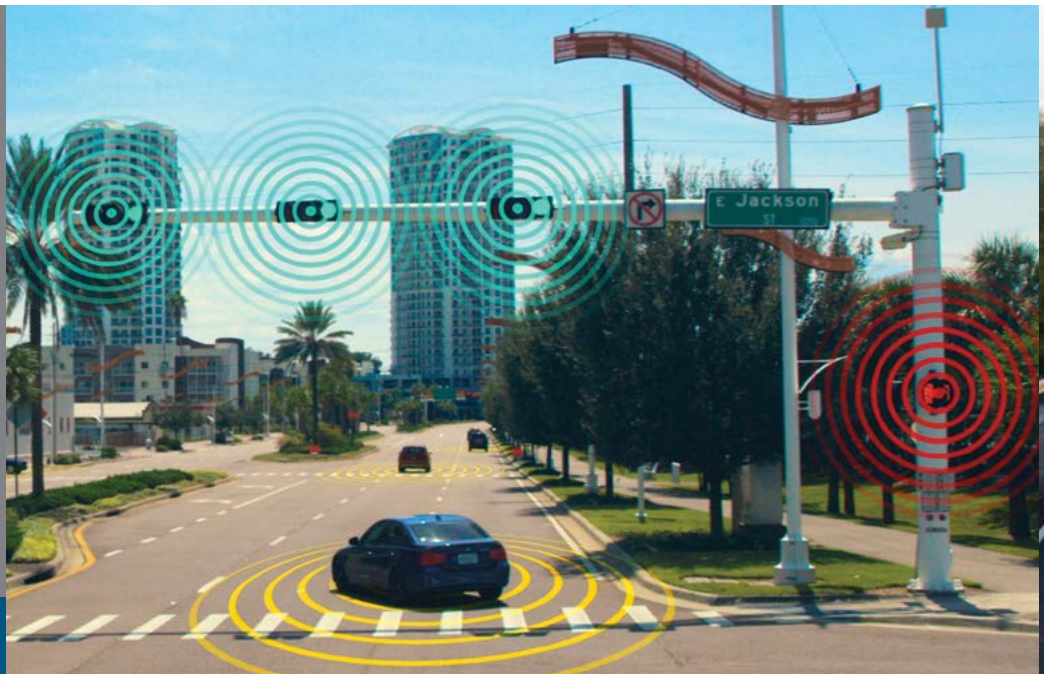
TECHNOLOGY

Automated and Connected Vehicle technologies are the wave of the future, but THEA is giving Tampa Bay an early start–by leading in this arena. In 2015 we signed a $17 million contract with the U.S. Department of Transportation to plan and implement a Connected Vehicle Pilot Project in downtown Tampa, making Tampa one of only four locations under the auspices of the United States Department of Transportation engaged in Connected Vehicle Technology testing.

"I think you are going to see businesses cluster around THEA in order to take advantage of the data being collected," said State Senator Jeff Brandes, Florida Senate Transportation Committee Chairman. The connected car technology industry is currently estimated at $35 billion, and the potential implications for our local economy are huge.

THE CONNECTED CAR TECHNOLOGY INDUSTRY IS CURRENTLY ESTIMATED AT

$35 BILLION



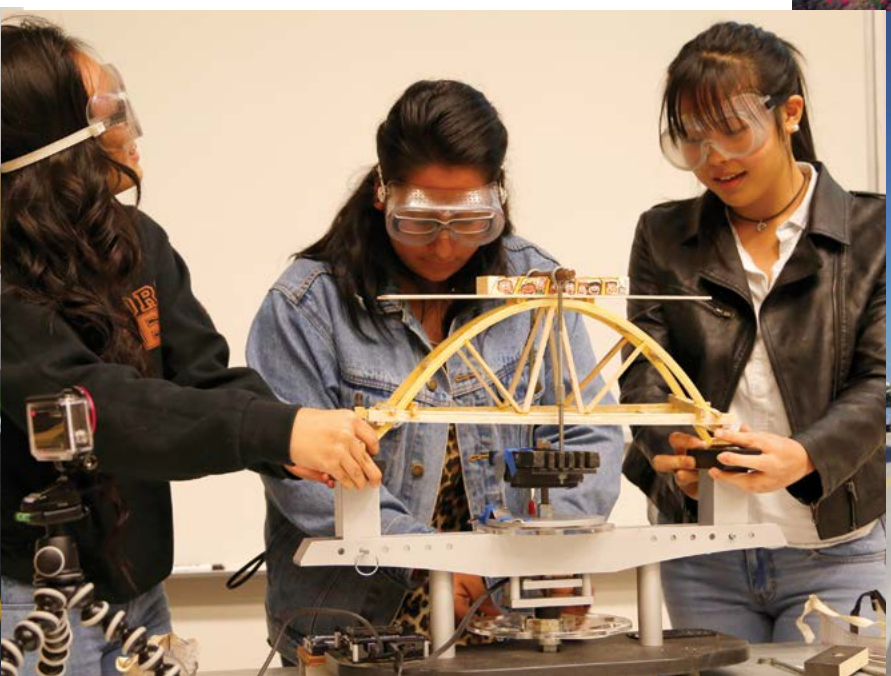
COMMUNITY

THEA's revenue is invested in projects, programs and activities that help make the Tampa Bay area a better place to live, work and play.

In May 2015, we proudly opened the first phase of the Selmon Greenway, a multi-use trail that will be part of a world-class network of urban paths in downtown Tampa. When the pocket parks are completed, THEA will have invested over $3 million in the Greenway.

For 6 years, THEA has sponsored a Selmon STEM Scholarship Program at the University of South Florida (USF) School of Engineering. We offer book scholarships for freshmen, sophomores, juniors and seniors, and internships at THEA for juniors and seniors.

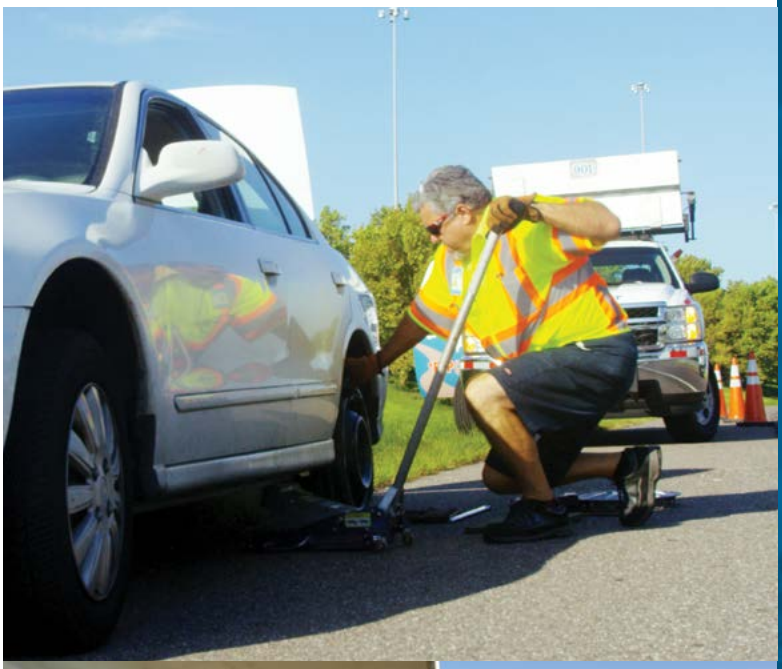
We also sponsor the USF Engineering Expo Bridge Building Competition for high school and middle school students.



CUSTOMER **FOCUSED**

In 2015, we gave away over 9,000 SunPass Minis…Free! These electronic toll transponders are one of the biggest values in local transportation, saving motorists time and money. They also provide operational cost savings and effciencies.

Our Road Ranger program operates Monday-Friday from 6:30 am to 6:30 pm. These Rangers are on patrol looking for disabled vehicles to help. Whether it's a flat tire, water for the radiator, or a minor repair, our Rangers can get you back on the road quickly.



CONNECTED

THEA is socially connected – and we invite you to join us. Check out our Facebook, Twitter, Instagram, YouTube and Google+ pages. Learn about special promotions, community events and traffic alerts.

Just as important, our social media network gives you the opportunity to voice your opinions about THEA and issues related to the local transportation system.

Your thoughts and opinions are important to us and we look forward to hearing from you.

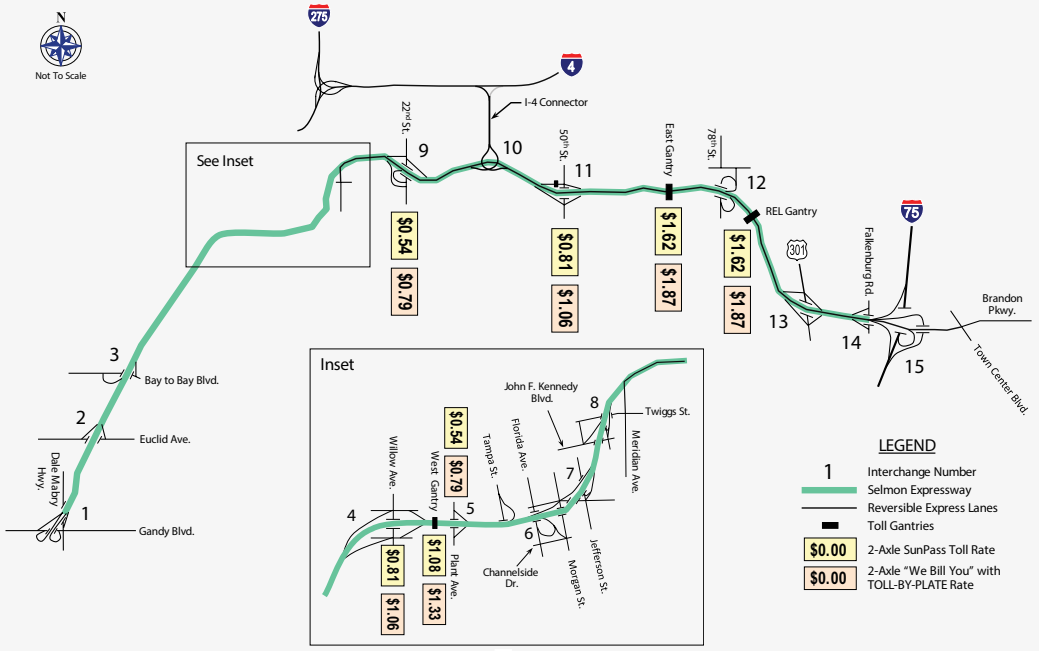
To learn more, visit our website at tampa-xway.com

TRAFFIC & REVENUE

SECTION 1
FY2015 TRAFFIC & TOLL REVENUE

The Tampa Hillsborough Expressway Authority operates the 15-mile Lee Roy Selmon Expressway (Selmon Expressway) and the Reversible Express Lanes (REL), a part of the Selmon Expressway. THEA also owns and operates Brandon Parkway and Meridian Avenue, which are both non-tolled roads. The Selmon Expressway connects Gandy Boulevard in Southwest Tampa to I-75 and the community of Brandon to the east. The facility is a limited access toll road with two lanes in each direction. The REL provides an additional three lanes, westbound during the morning commute from Brandon to Tampa and eastbound during the evening commute and on weekends. The Selmon Expressway is an all-electronic toll facility with tolls collected through SunPass transponder accounts or "We Bill You" video billing. Figure 1-1 shows the location of the toll points and corresponding toll rates during FY2015.

Figure 1-1
Selmon Expressway



In FY2015, toll transactions on the Selmon Expressway increased 28.1 percent compared to the same period in FY2014. Toll revenues increased by 39 percent in FY2015 compared to FY2014. The significant increases over the prior year reflect impacts from the introduction of the I-4/Selmon Connector and the July 2014 toll rate adjustment.

Table 1-1
Transactions and Toll Revenue
(thousands)

Fiscal Year	Total Transactions	Percent Change	Gross Toll Revenue	Percent Change
2011	31,836		$40,467	
2012	33,668	5.8%	42,968	6.2%
2013	32,664	-3.0%	41,803	-2.7%
2014[1]	38,057	16.5%	49,850	19.3%
2015[1]	48,754	28.1%	69,299	39%

Source: THEA Finance
[1] Gross Toll Revenue before Allowance for Doubtful Accounts

The average toll varies slightly from year to year due to toll rates and to the normal variation in the number of transactions at toll plazas with different toll rates. Table 1-2 shows the average toll (revenue per transaction) from FY2006 to FY2015. The average toll for the facility increased from $0.91 in FY2006 to $1.42 in FY2015 due mostly to toll rate adjustments in January 2007 and July 2014. The increase in the average toll from $1.28 in FY2013 to $1.42 in FY2015 can be attributed to toll rate adjustments and to changes in travel patterns due to the opening of the I-4/Selmon Connector.

Table 1-2
Average Toll Rate
(thousands)

Fiscal Year	Total Transactions	Gross Toll Revenue	Average Toll
2006	32,222	$29,320	$0.91
2007[1]	33,664	37,308	1.11
2008	32,652	41,455	1.27
2009	31,599	40,350	1.28
2010	31,743	40,018	1.26
2011[2]	31,836	40,467	1.27
2012	33,668	42,968	1.28
2013	32,664	41,803	1.28
2014[3]	38,057	49,850	1.31
2015[4]	48,754	69,299	1.42

Souce: FTE and THEA
[1] Toll adjustment during FY2007
[2] All-Electronic Tolling (AET) began September 2010
[3] Gross Toll Revenue before Allowance for Doubtful Accounts
[4] Toll adjustment during FY2015

TRANSITION TO CASHLESS OPERATIONS

Prior to FY2011, the method of toll collection varied depending on location. While all tolls were collected electronically on the Reversible Express Lanes (REL), via SunPass or video tolling, the local lanes processed both SunPass and cash transactions.

Toll collection became consistent across the Selmon Expressway in FY2011 when all-electronic tolling (AET) was introduced. Since September 2010, tolls have been collected electronically either via a pre-paid SunPass account (by the use of a SunPass transponder) or via a video-based, post-paid billing process. Video billing uses a photo of the customers' license plate, bundles tolls and mails a monthly invoice to the address on the license plate registration. However, customers save at each tolling location by using SunPass.

Revenue transactions per month by payment method (SunPass or video) for FY2015 are shown in Table 1-3. Overall, the system recorded a 78.1 percent SunPass participation (transactions) in FY2015, which is down slightly by 0.9 percent from FY2014 due to an increase in video transactions. The monthly SunPass transactions peaked at 81.7 percent in September of 2014.

The SunPass percentage for revenue on Table 1-4 is lower on average than the SunPass percentage of transactions because the video toll rates are higher at all toll locations.

Table 1-3
Transactions by Payment Method FY2015
(thousands)

Month	SunPass	Video	Non-Revenue Transactions	Total	Percent Sun Pass
July 2014	2,802	756	20	3,578	78.3%
August	2,706	758	19	3,483	77.7%
September	3,255	708	20	3,983	81.7%
October	3,175	824	21	4,020	79.0%
November	2,804	744	18	3,566	78.6%
December	3,047	931	18	3,996	76.3%
January 2015	3,162	940	19	4,121	76.7%
February	3,129	907	17	4,053	77.2%
March	3,501	1,101	19	4,621	75.8%
April	3,513	968	18	4,499	78.1%
May	3,486	884	17	4,387	79.5%
June	3,481	948	18	4,447	78.3%
Total	**38,061**	**10,469**	**224**	**48,754**	**78.1%**

Source: THEA CFO Traffic and Revenue Reports, FY2015

SunPass continues to be the preferred payment method with 78.1 percent of the transactions. Video transactions continue to remain an important method of toll collection with 21.4 percent of the transactions. The remainder of the transactions are non-revenue transactions, at 0.5 percent, as shown in Figure 1-2.

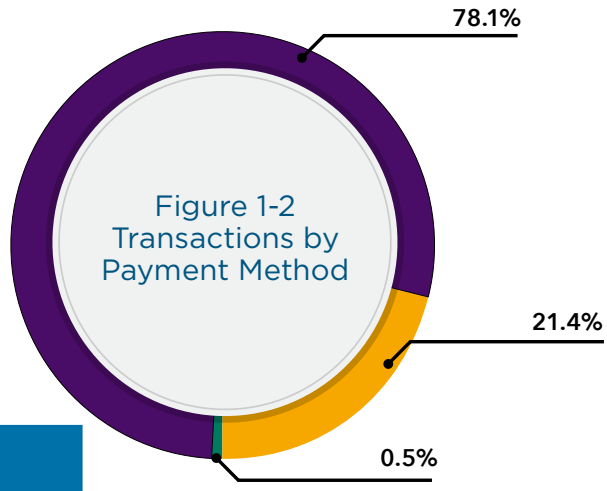


Figure 1-2
Transactions by Payment Method

Table 1-4
Revenue by Payment Method FY2015
(thousands)

Month	SunPass	Video	Fees	Total	Percent Sun Pass
July 2014	$3,793	$1,179	$92	$5,064	74.9%
August	3,584	1,173	65	4,822	74.3%
September	4,480	1,127	44	5,651	79.3%
October	4,291	1,283	114	5,688	75.4%
November	3,801	1,170	114	5,085	74.7%
December	4,134	1,453	84	5,671	72.9%
January 2015	4,275	1,474	164	5,913	72.3%
February	4,235	1,414	160	5,809	72.9%
March	4,766	1,725	121	6,612	72.1%
April	4,799	1,523	122	6,444	74.5%
May	4,768	1,397	86	6,251	76.3%
June	4,825	1,364	100	6,289	76.7%
Total	**$51,751**	**$16,282**	**$1,266**	**$69,299**	**74.7%**
Allowance for Doubtful Accounts			**-$1,089**	**$68,210**	**75.9%**

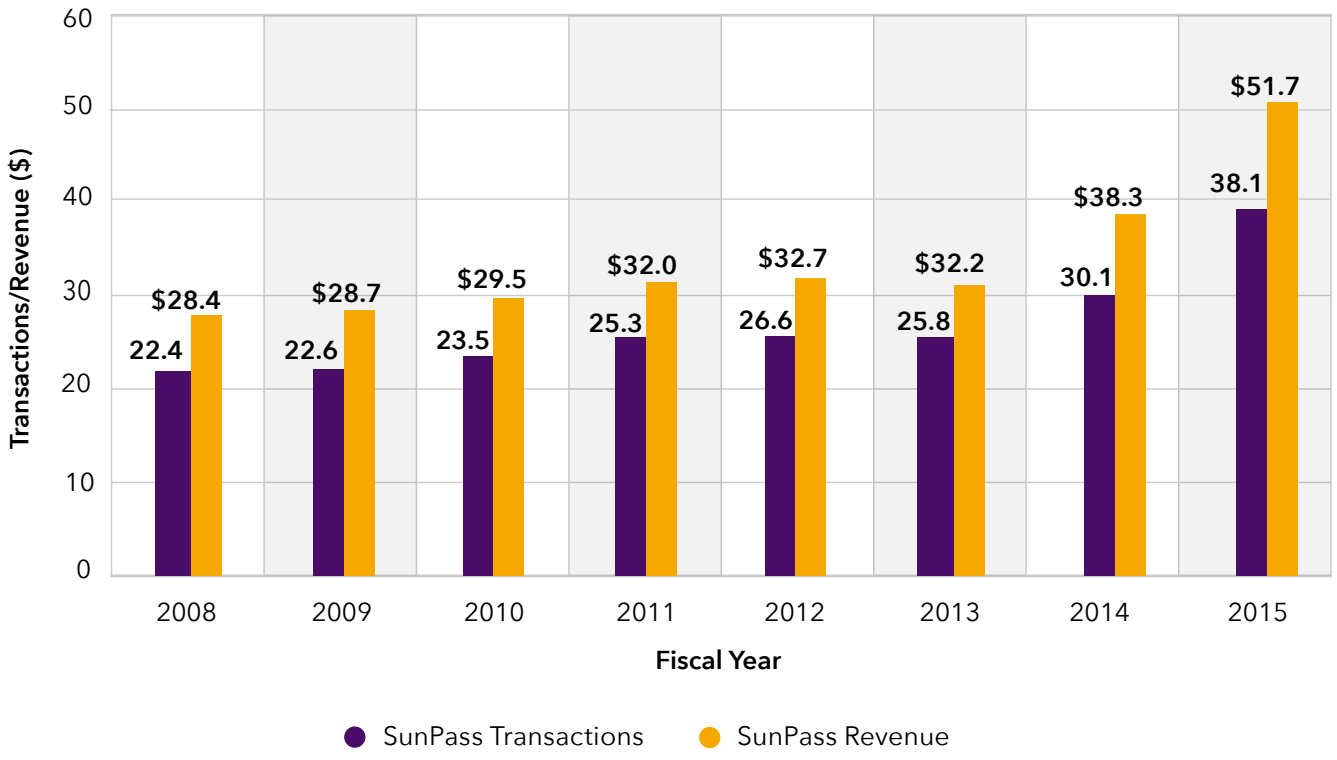
Source: THEA CFO Traffic and Revenue Reports, FY2015

Table 1-4 contains the toll revenue contributions per month from SunPass and video payments on the Selmon Expressway for FY2015. Electronic collection by SunPass declined slightly in FY2015 with 74.7 percent of the revenues, before taking into account the year-end allowance for doubtful accounts in the total revenue. During FY2015 SunPass collection peaked at 79.3 percent of the monthly revenue collected during the month of September 2014. The SunPass percentage increased to 75.9 percent of total revenue when the allowance for doubtful accounts is taken.

SUNPASS TRANSACTIONS & REVENUE

Figure 1-3 shows the number of SunPass transactions and related toll revenue trends. SunPass transactions increased from 30.1M in FY2014 to 38.1M in FY2015. Similarly SunPass revenue increased from $38.3M to $51.7M in the past financial year excluding additional fees. The increase in SunPass transactions and toll revenue can be attributed primarily to increased transactions from the opening of the I-4/Selmon Connector and economic growth in the region.

Figure 1-3
SunPass - Annual Transactions & Toll Revenue
(millions)



HISTORIC GROWTH

Detailed historical traffic and toll revenue growth on the Selmon Expressway since FY2000 is shown in Table 1-5. Over this period, annual transactions exhibited an overall pattern of growth punctuated by the impacts of recession and construction. Annual transactions increased from FY2001 to FY2003 with 31 million in FY2003 prior to the March 2004 toll rate adjustment. This time the adjustment was for cash transactions only. Annual transactions then continued to increase until FY2007, reaching 33.7 million, prior to the toll increase in January 2007. It is also important to note that the REL opened to traffic in July 2006, near the beginning of FY2007. Since the opening of the REL, annual transactions have maintained that level, increasing to 33.7 million transactions in FY2012. Transactions decreased in FY2013 by 3 percent, primarily due to impacts of construction. In FY2014, transactions increased by 16.5 percent, which can primarily be attributed to the opening of the Selmon Connector in January 2014 (halfway through FY2014). Transactions in FY2015 increased by 28.1 percent due once again to the introduction of the Selmon Connector and economic growth in the region. Between FY2000 and FY2015, the average annual growth rate in transactions has been 3.7 percent per year.

During this fifteen year period, annual toll revenue has grown from $21.4 million to $68.2 million. The annual toll revenue increased every year but three over this period. As expected, annual revenues increased at double digit rates after the toll increases, followed by periods of positive growth at lower rates. Between FY2000 and FY2015, the compound average annual growth rate in toll revenue was 8 percent.

Table 1-5
Historical Traffic and Toll Revenue Growth
(thousands)

Transactions					Toll Revenue[1]	
Fiscal Year	Toll Paying	Non Revenue	Total	Percent Change	Amount	Percent Change
2000	27,837	312	28,149		$21,447	
2001	28,998	359	29,357	4.3%	24,105	12.4%
2002	29,982	391	30,373	3.5%	24,520	1.7%
2003	30,589	411	31,000	2.1%	25,078	2.3%
2004	30,374	382	30,756	-0.8%	25,815	2.9%
2005	29,604	1,081	30,685	-0.2%	27,796	7.7%
2006	32,088	134	32,222	5.0%	29,320	5.5%
2007	33,520	144	33,664	4.5%	37,308	27.2%
2008	32,490	162	32,652	-3.0%	41,455	11.1%
2009	31,398	202	31,600	-3.2%	40,350	-2.7%
2010	31,581	162	31,743	0.5%	40,018	-0.8%
2011	31,635	201	31,836	0.3%	40,467	1.1%
2012	33,476	192	33,668	5.8%	42,968	6.2%
2013	32,465	198	32,664	-3.0%	41,803	-2.7%
2014	37,848	209	38,057	16.5%	45,108	7.9%
2015[1]	48,530	224	48,754	28.1%	68,210	51.2%

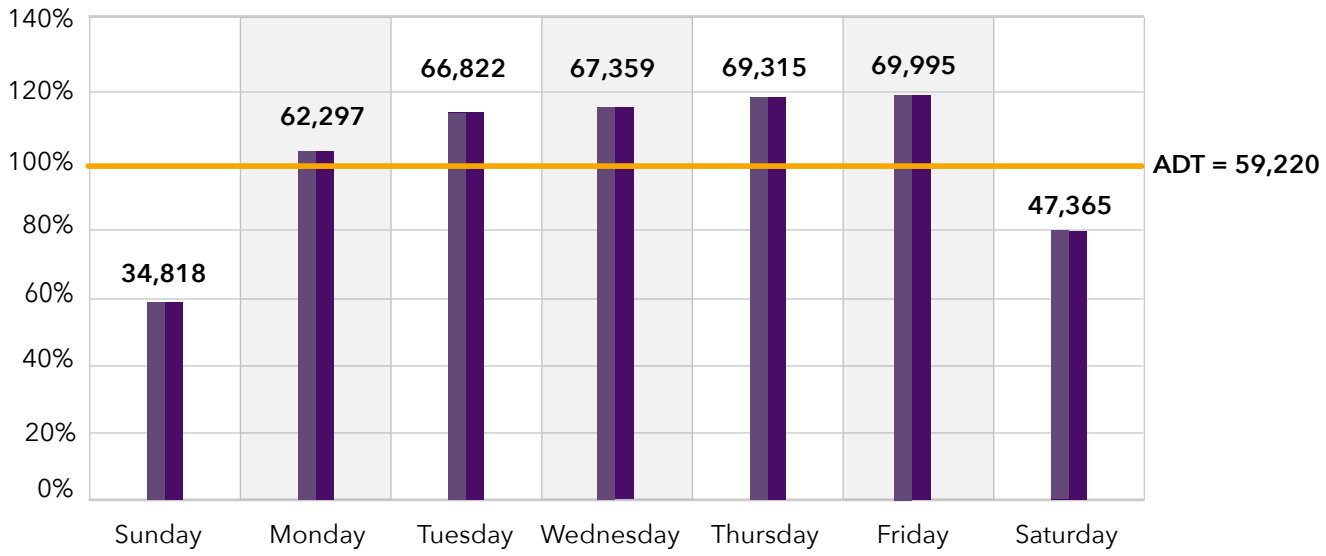
Source: FTE, FDOT Office of the Comptroller and THEA, CFO Traffic and Revenue Report, FY2015
[1]Toll Revenue includes an Allowance for Doubful Accounts of $1,089,000.

DAILY TRAFFIC VARIATION

The typical variations in daily transactions for each of the plaza groups are shown in Figures 1-4 through 1-6. The West Group consists of the West Toll Gantry, Plant Avenue ramps and Willow Avenue ramps. The East Group comprises the East Toll Gantry, 50th Street ramps, and 22nd Street ramps. The Reversible Express Lanes (REL) is presented alone. Average daily transactions (ADT) volumes by day of the week are shown for the sample period in March of 2015, a month that generally represents average conditions. The values are indexed to the average daily traffic for each plaza group. The Selmon Expressway has considerably higher weekday traffic, reflecting its primary use as a commuter facility.

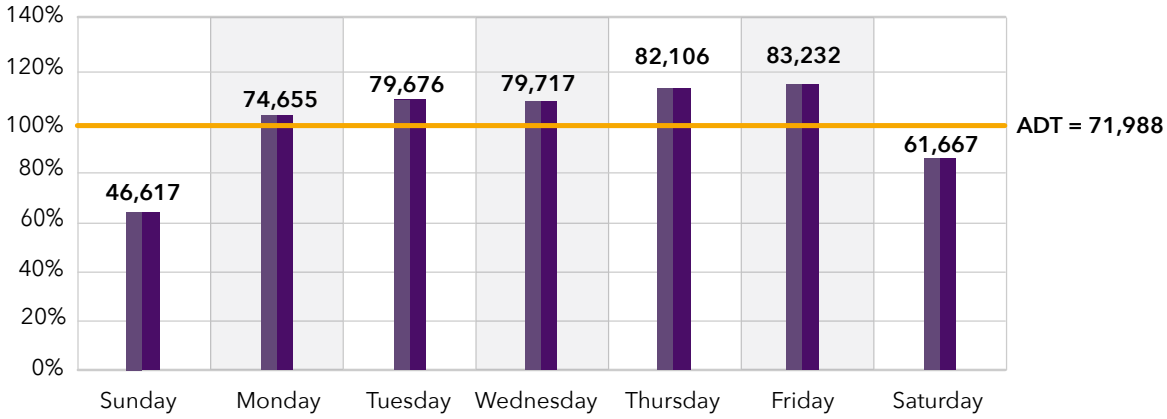
In the West Group, the busiest day of the week is Friday which averages 18 percent more than the ADT as shown in Figure 1-4. Monday at the West Group carries 5 percent more than the ADT whereas Tuesday, Wednesday and Thursday carry between 13 and 17 percent above the ADT. The weekends shown below carry 20 percent below the ADT on Saturday and 41 percent below the ADT on Sunday. These daily transaction variations are expected on a commuter facility.

Figure 1-4
West Group Day-of-Week Transactions



Source: THEA March 2015 Traffic Transactions Report
Note: Transaction averages: ADT (7-day) = 59,220 AWT (5-Day) = 67,158

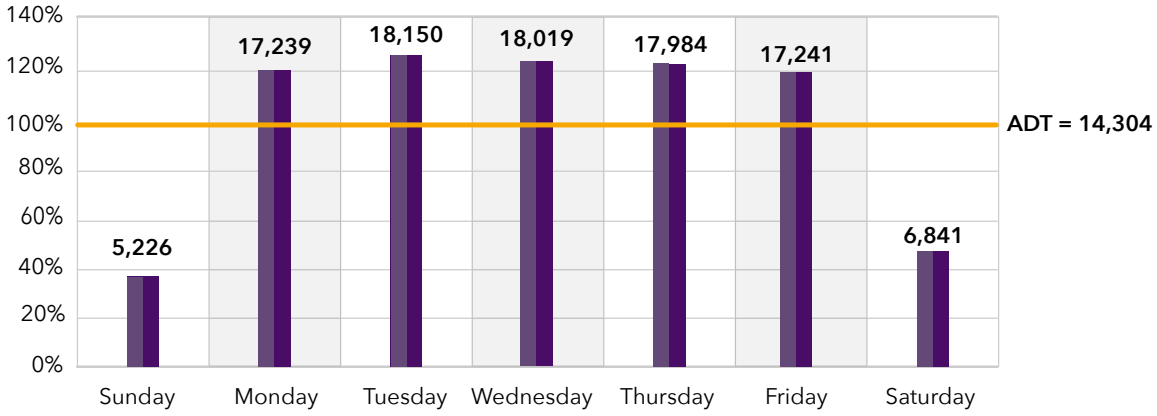
Figure 1-5
East Group – Day-of-Week Transactions



Source: THEA March 2015 Traffic Transactions Report
Note: Transaction averages: ADT (7-day) = 71,988 AWT (5-Day) = 79,877

The variation in day-of-week transactions for the East Group of toll gantries is shown in Figure 1-5. As with the West Group, the busiest day for the East Group of toll plazas is Friday, which is 16 percent above the ADT. Tuesday, Wednesday and Thursday at the East Plaza have similar characteristics as those days at the West Plaza with transactions being 11 to 14 percent above the ADT. Monday is the least busy weekday at only 4 percent more than the ADT. Traffic on the weekends at the East Group are similar to traffic on the weekends at the West Group with Saturdays averaging 14 percent below the ADT and Sundays averaging 35 percent below the ADT.

Figure 1-6
REL – Day-of-Week Transactions



Source: THEA March 2015 Traffic Transactions Report
Note: Transaction averages: ADT (7-days) = 14,304, AWT (5-Day) = 17,726

The variation in day-of-week transactions on the REL are shown in Figure 1-6. Since the REL is a reversible express facility, taking motorists from the Brandon area to downtown Tampa in the morning and returning in the evening, the heaviest usage is during commuting hours. The same data demonstrates that because of the reversible nature of the facility, the REL is even more focused on the commuter traffic into and out of downtown Tampa. Tuesdays are the busiest day on the REL with average traffic at 27 percent above the ADT. Mondays and Fridays are the least busy weekdays at 21 percent above the ADT and the transactions for the remaining weekdays (Tuesdays and Wednesdays) varies between 26 and 27 percent above the ADT. On Saturdays, the REL only sees about 48 percent of the ADT and Sundays only carry 37 percent of the ADT.

A comparison of average daily traffic for the same seven day period in March for FY2013, FY2014 and FY2015 is included in Table 1-6. As shown, the East Group average daily traffic increased 75 percent from FY2013 to FY2015. The West Group also experienced growth in average daily transactions of 49.7 percent from FY2013 to FY2015. The REL experienced a decline of 1.5 percent in average daily transactions from FY2013 to FY2015. This significant growth can be attributed to the opening of the Selmon Connector in January 2014 (halfway through FY2014) and to overall normal growth on the Selmon Expressway. The increase of traffic passing through the East Group helps to explain the recent increase in the average toll rate.

Table 1-6
7-Day Average Daily Traffic
(thousands)

Plaza	FY2013	FY2014	FY2015	Growth FY2013-FY2015
West	39,570	48,380	59,220	49.7%
East	41,140	56,210	71,988	75.0%
REL	14,250	13,400	14,304	-1.5%

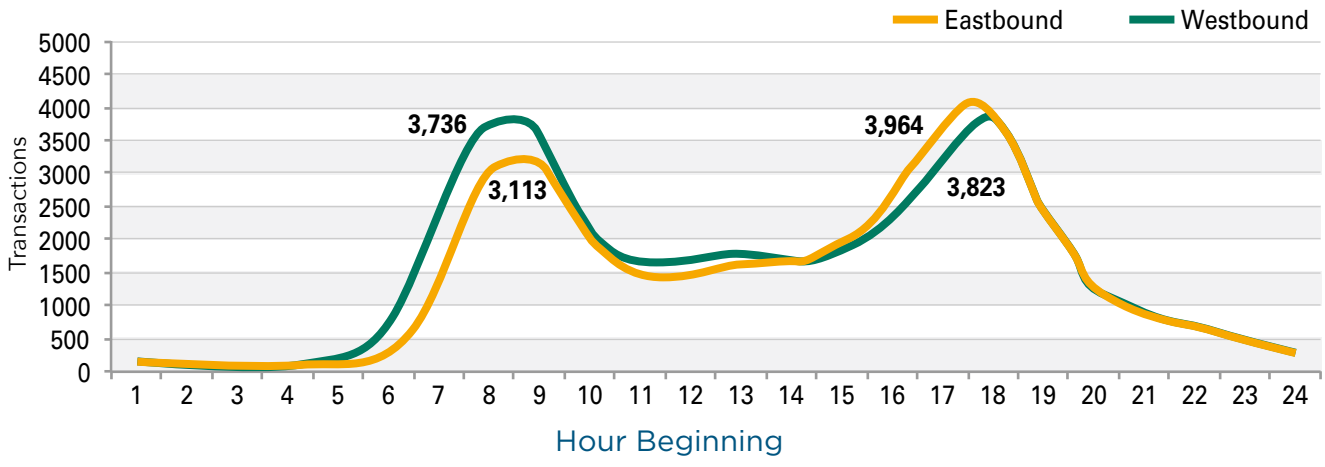
Source: THEA March 2013, 2014 and 2015 Traffic Transactions Report

WEEKDAY DISTRIBUTION

On the west side of Tampa, expressway traffic is not directionally peaked. The average hourly transaction variations passing through the West Mainline toll gantry are shown in Figure 1-7. The data represents average transactions from the period of April 21-23, 2015. As consistent with a centrally located highway, there are two peaks in each direction. In the morning peak, motorists from southwest Tampa and St. Petersburg are traveling westbound to the downtown area, as well as motorists from east Tampa and eastern Hillsborough County are traveling westbound to MacDill Air Force Base (AFB) and St. Petersburg.

The morning peak period occurs between 8:00 and 9:00 AM and has over 3,700 transactions in the westbound direction and approximately 3,100 transactions in the eastbound direction. The evening peak period occurs between 5:00 and 6:00 PM with 3,800 transactions in the westbound direction and nearly 4,000 transactions in the eastbound direction.

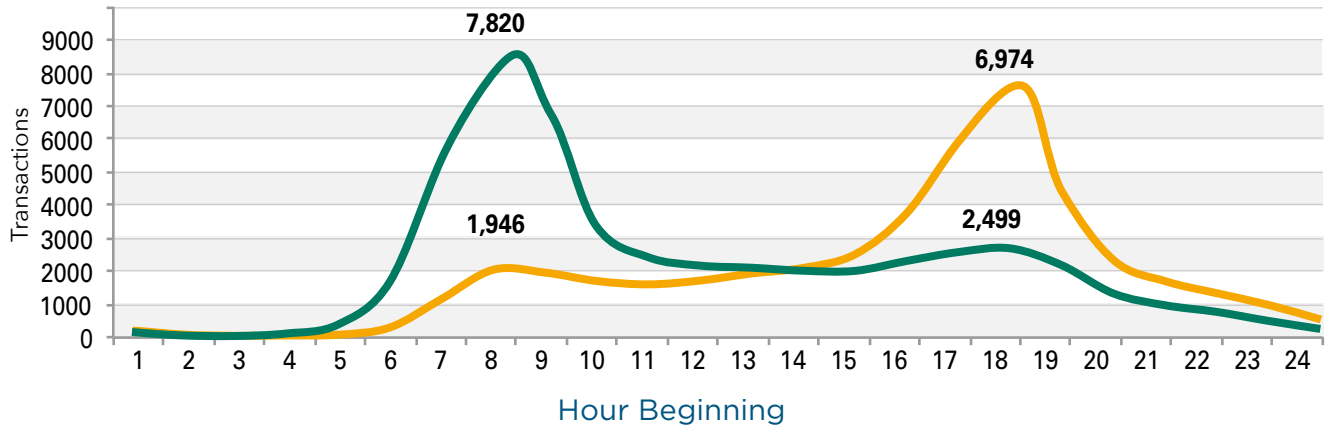
Figure 1-7
West Mainline Toll Gantry Weekday Hourly Transactions
April 2015



Source: THEA Hourly Data Report April 21-23, 2015

On the east side of Tampa, traffic on the Selmon Expressway is directionally peaked; meaning that a high proportion of the traffic appears in the peak periods and peak direction of travel. Figure 1-8 shows the average hourly transaction variations over the same periods in April of 2015 at the East Mainline toll gantry and the REL. The REL is included as both locations serve the same purpose in this type of analysis. The combined East toll gantry and REL morning peak period traffic volumes are exceptionally high in the westbound direction, heading into downtown Tampa, with approximately 7,800 transactions during the 7:00 AM hour. The next highest AM hour occurs during the 8:00 AM hour with nearly 6,200 transactions. The evening peak direction is in the eastbound direction, or heading out of downtown Tampa, with transactions peaking in the 5:00 PM hour with nearly 7,000 transactions. The next highest hour is the 4:00 PM hour with nearly 5,500 transactions.

Figure 1-8
East Mainline and REL Toll Gantries Weekday Hourly Transactions
April 2015



Source: THEA Hourly Data Report April 21-23, 2015

TRAFFIC MIX

The traffic mix on the Selmon Expressway is primarily comprised of 2-axle vehicles with minimal truck or commercial vehicle traffic. As shown in Table 1-7, two-axle vehicles comprise 96.6 percent of the traffic mix, which suggests a mainly commuter facility. Vehicles with three or more axles, typically commercial vehicles, comprise the remaining 3.4 percent of the vehicles that travel the Selmon Expressway. The 50th street and 22nd Street ramps have higher multi-axle percentages (approximately seven to nine percent of the vehicle mix) reflecting their connections to the Port of Tampa.

Table 1-7
FY2015 Annual Transactions by Vehicle Class

Axle	East Group	West Group	REL	Total
2-axle	95.4%	97.0%	99.8%	96.6%
3-axle	1.7%	1.1%	0.1%	1.3%
4-axle	1.0%	0.7%	0.1%	0.8%
5-axle	1.8%	1.2%	0.0%	1.3%
6-axle	0.1%	0.0%	0.0%	0.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

EXPENSES

The historical operating and maintenance (O&M) expenses for the Selmon Expressway are shown in Table 1-8. From FY2009 through FY2015, THEA significantly reduced its operating budget, due to the conversion to AET in FY2011 and sound financial management practices.

Table 1-8
Historical Operating & Routine Maintenance Expenses (thousands)

Fiscal Year	Operating Expense	Routine Maintenance Expense	Total O&M Expenses
2006	$5,309	$1,456	$6,765
2007	6,211	2,282	8,493
2008	6,541	3,530	10,071
2009	6,834	4,022	10,856
2010	5,827	3,475	9,302
2011	4,000	3,265	7,265
2012	4,336	3,430	7,766
2013	4,319	2,624	6,943
2014	3,978	2,767	6,745
2015	4,624	2,919	7,543

Souce: THEA Finance Office - Operations, Maintenance and Administration Budget Worksheet

SECTION 2
FACTORS AFFECTING TRAFFIC & TOLL REVENUE

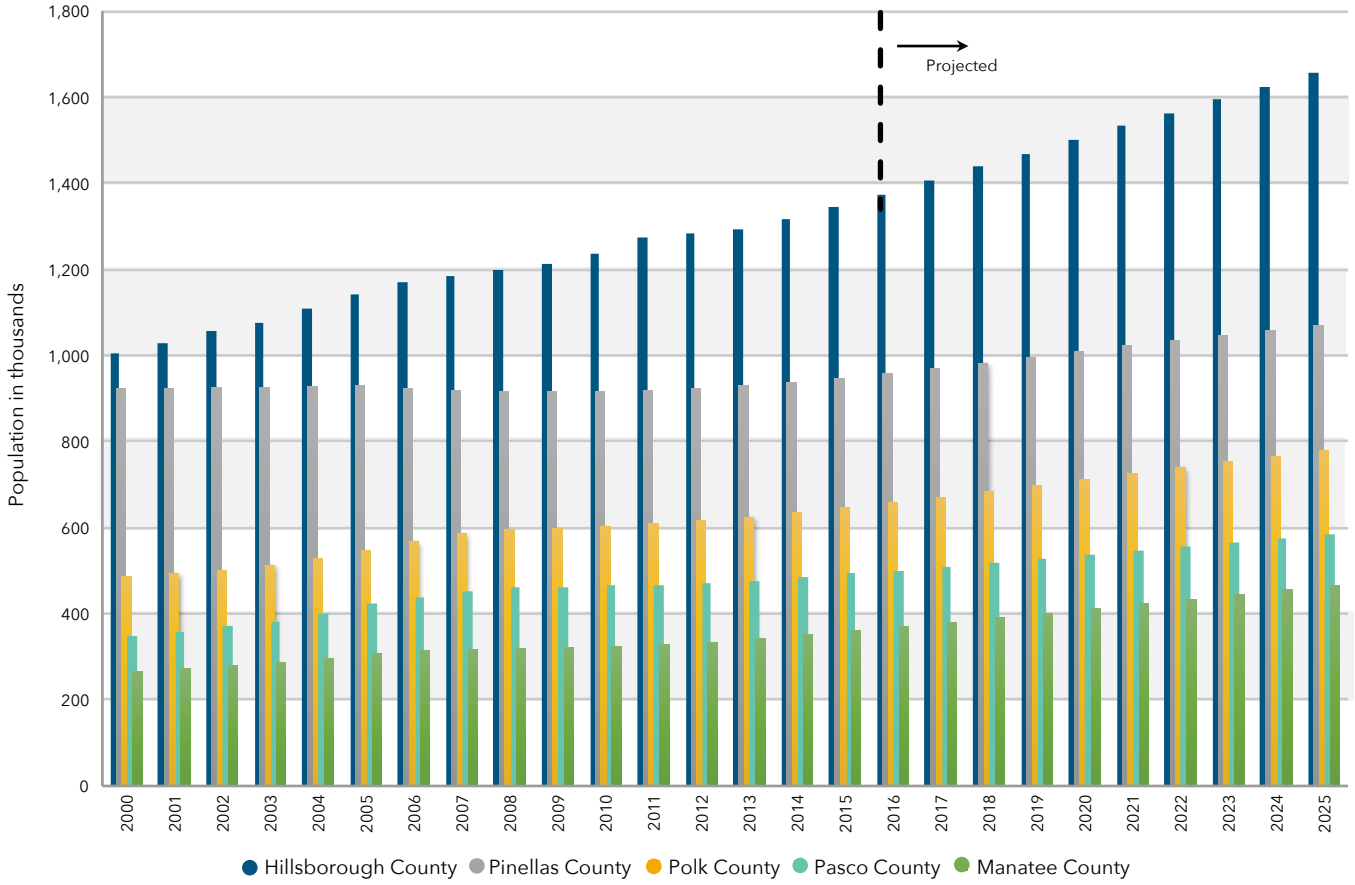
This section contains a review of several key factors that affect future levels of traffic and toll revenue on the Selmon Expressway, including Tampa Bay area population growth, region gross product, employment growth, housing market changes and fuel prices. These factors are recognized in the preparation of traffic and revenue forecasts prepared by CDM Smith for the Selmon Expressway and are qualified by certain assumptions that influence those forecasts.

TAMPA BAY AREA POPULATION GROWTH

Traffic growth on the Selmon Expressway is directly related to the population growth of west-central Florida. The population of Hillsborough County has undergone strong growth historically with an average annual population growth rate of 2 percent from 2000 to 2013. However, growth reduced to approximately 1.7 percent in 2014.

Future population projections for Hillsborough County and the surrounding counties are shown in Figure 2-1. Hillsborough County population growth is expected to return to a strong 2.1 percent average annual growth rate from 2015 through 2025. Most counties in the Tampa Bay Region Metropolitan Statistical Area (Tampa MSA) are also projected to have comparable growth.

Figure 2-1
Tampa Region Population 2000-2025

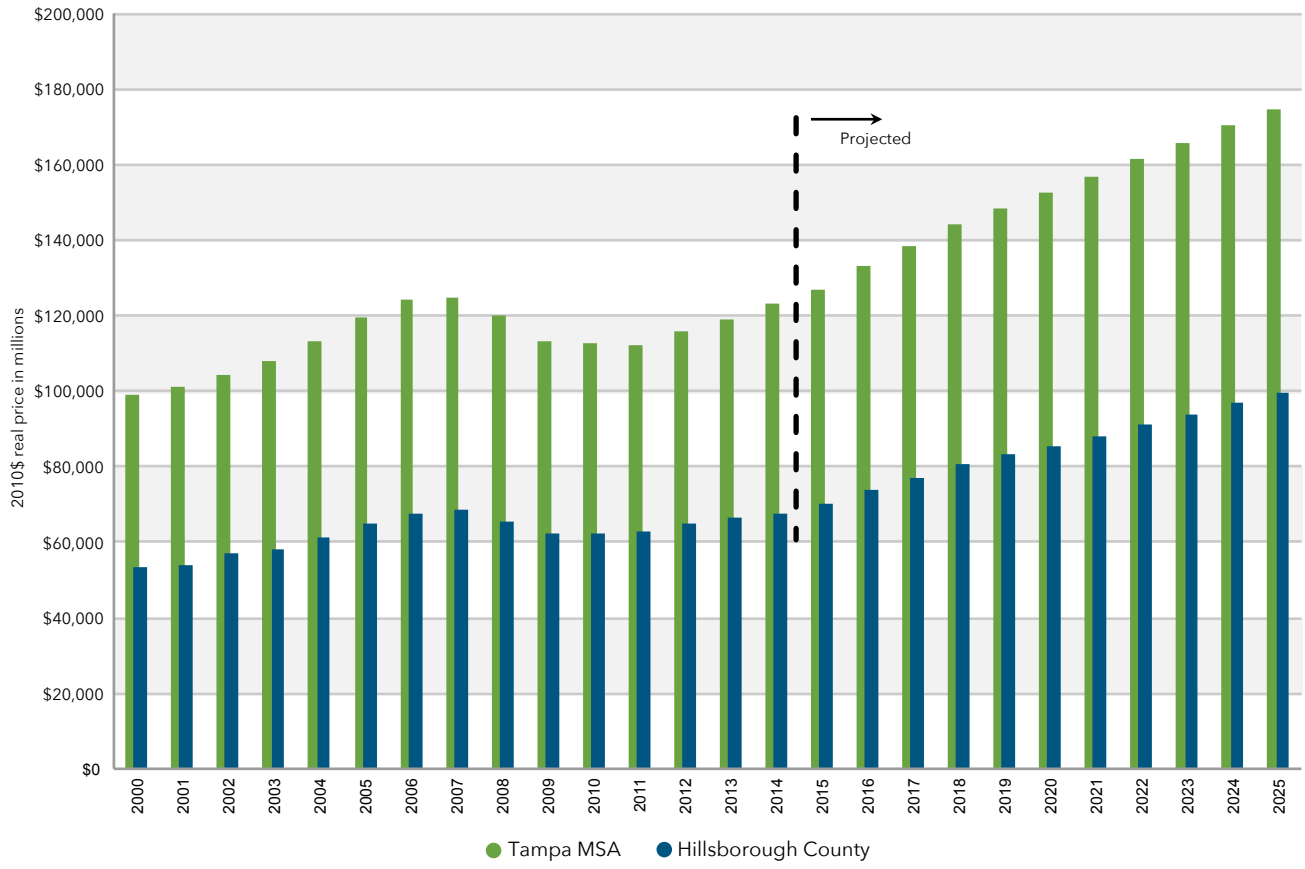


Source: Moody's Economy.com October 2015

ECONOMIC CONDITIONS

Between 2007 and 2010, transportation growth saw a downturn in traffic levels and vehicle miles traveled due to the Great Recession. The toll industry was also affected with many toll agencies experiencing year-on-year reductions in traffic and toll revenues. Shown in Figure 2-2 is the historical and projected Gross Product for Hillsborough County and the Tampa MSA by Moody's Economy.com. The growth trend turned positive in 2012. Economic activity is expected to see a return to long-term growth.

Figure 2-2
Tampa Region Gross Product 2000-2025



Source: Moody's Economy.com October 2015

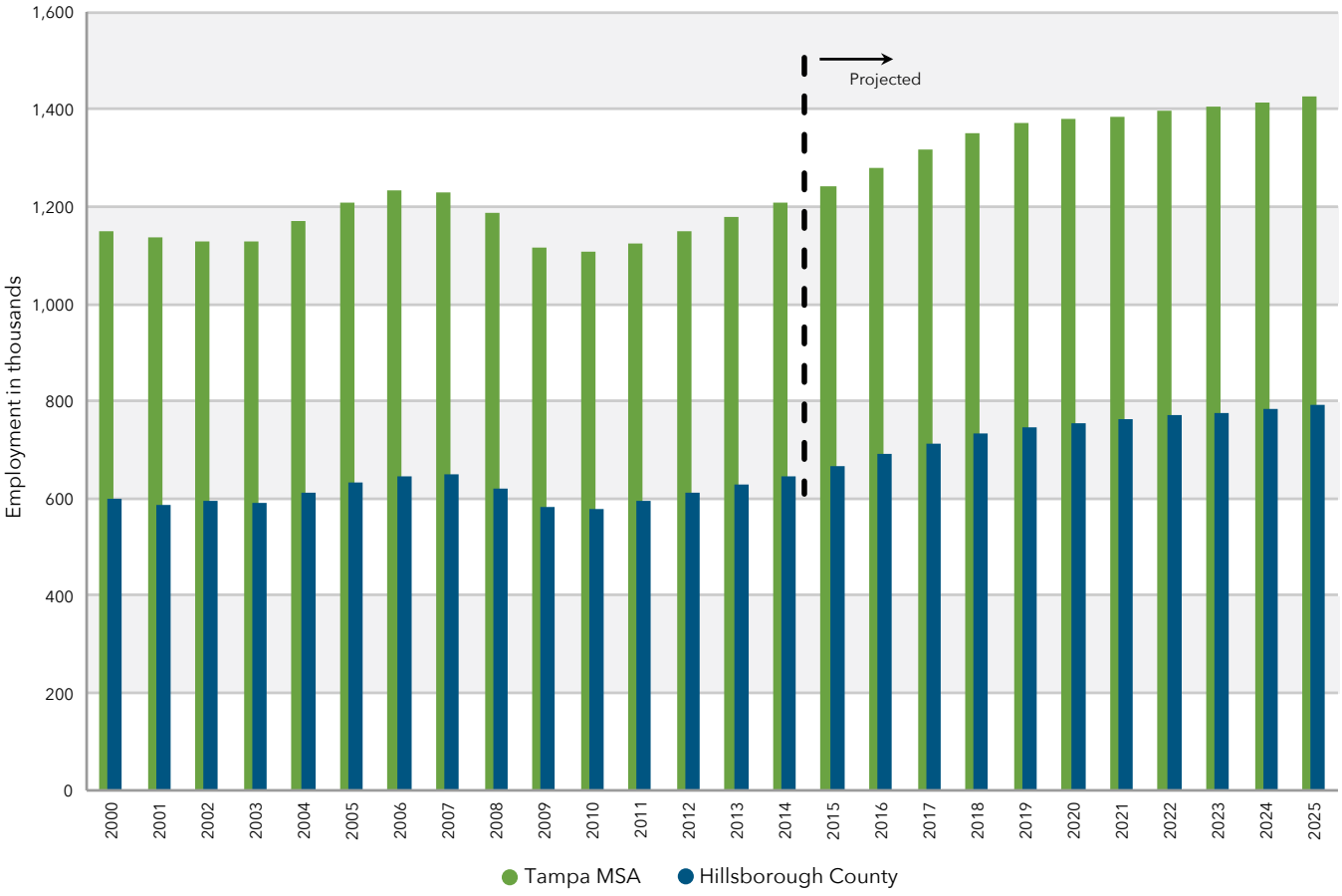
EMPLOYMENT

In general, the Selmon Expressway is a "commuter" road. As such, the magnitude and spatial distribution of housing and jobs are critical determinants of a large proportion of the customer base. Hillsborough County and the Tampa MSA historical and projected employment are shown in Figure 2-3.

The number of jobs in Hillsborough County grew steadily between 2004 and into 2007. However, since April 2008, Florida and the Tampa MSA unemployment rates have been higher than national rates. According to the Bureau of Labor Statistics, the January 2009 non-seasonally adjusted unemployment rate for the Tampa MSA reached 10 percent and continued to be in double digits through August 2011. The unemployment rate for Tampa MSA touched its peak in January 2010 at 11.7 percent and has since steadily declined to 5.3 percent as of August 2015, which is still higher than the national unemployment rate of 5.1 percent.

The long-term outlook is for continued growth in the Tampa MSA and for Hillsborough County. Employment is forecast to begin an upward trend that will reach pre-recession levels in 2016 and continue upward throughout the remaining forecast period.

Figure 2-3
Tampa Region Employment 2000-2025



Source: Moody's Economy.com October 2015

HOUSING GROWTH

Residential housing growth is another factor influencing the customer base of a toll facility such as the Selmon Expressway. Growth in the number of households is likely to translate directly into traffic growth.

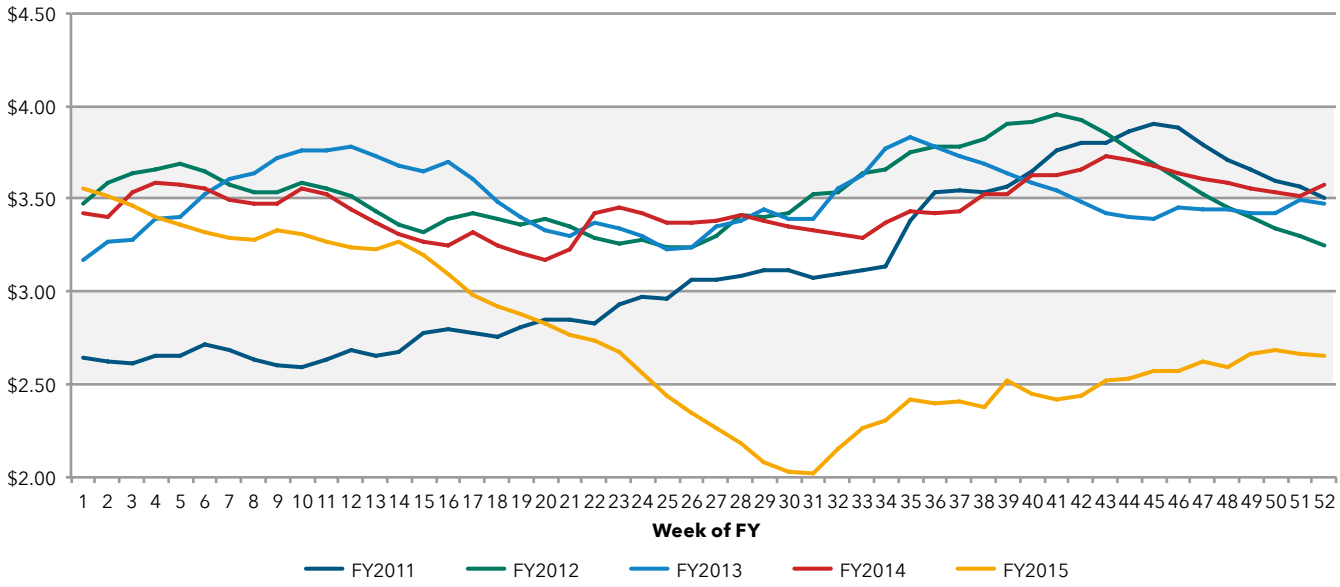
According to the Florida Association of Realtors, single-family residential home sales in Florida through the third quarter of 2015 increased to 74,141, up 14.7 percent from the prior year. Single-family residential home sales in the Tampa MSA through the third quarter of 2015 increased to 12,632, which is 19.7 percent higher than the same quarter in 2014. The number of building permits issued is an indicator of the current health of the housing construction market. According to the U.S. Census Bureau for 2014, 12,386 building permits were authorized in the Tampa MSA, up from 12,152 and 10,161 in 2013 and 2012, respectively. These compare to a peak of 34,174 annual permits in 2005. The State of Florida had 84,075 building permits approved in 2014 versus 86,752 and 64,810 in 2013 and 2012, respectively—which are significantly below the peak of 287,250 in 2005.

FUEL PRICES

High gasoline prices will tend to discourage motor vehicle travel. During FY2015, retail gasoline prices in Florida continued to fluctuate, as shown in Figure 2-4. During FY2015 gasoline prices dropped significantly in the middle of the year and have gradually increased through the end of the fiscal year. Prices are still lower than those seen in July 2014. Regular grade gasoline prices varied between $2.02 and $3.56 per gallon, while premium grade gasoline prices varied between $2.47 and $3.98 per gallon, a $1.51 fluctuation.

By the end of FY2015 regular grade retail gasoline prices were $2.66 per gallon for regular grade and $3.08 for premium grade gasoline. Gasoline prices have continued to decline through January 2016.

Figure 2-4
Average Retail Gas Prices - Florida
Price of Regular Grade/Gallon



Source: Energy Information Administration

SECTION 3
TRAFFIC AND REVENUE FORECAST

Estimates of annual transactions and toll revenue for the THEA system are presented in Table 3-1. Estimates have been presented through FY2025. Also shown is the average revenue per transaction for each financial year. There were nearly 48.7 million transactions in FY2015 yielding $68.2 million in toll revenue. These transactions were 28.1 percent higher than FY2014 transactions. This increase was primarily due to additional traffic on the Selmon Expressway since the opening of the Selmon Connector in January of FY2014 and normal growth. Toll revenue increased 51.2 percent over FY2014, which can be attributed to the same factors that influenced traffic growth and the toll rate adjustment that occurred on July 1, 2014 (FY2015). It is important to note that the FY2013, FY2014 and FY2015 toll revenues shown in Table 3-1 are revenue amounts "booked" for the respective fiscal years. This includes collected toll revenues, additional revenues from fees, violations and negative adjustments for doubtful accounts.

Table 3-1
Estimated Annual Transactions and Toll Revenue
(thousands)

Fiscal Year	Annual[1] Transactions	Percentage	Annual[2] [3] Revenues	Percentage	Revenue per Transaction
2013[4]	32,664	-3.0%	$41,803	-2.7%	$1.28
2014[4][5]	38,057	16.5%	45,108	7.9%	1.19
2015[4][6]	48,754	28.1%	68,210	51.2%	1.40
2016	49,100	0.7%	71,600	5.0%	1.46
2017	49,800	1.4%	74,000	3.4%	1.49
2018	50,400	1.2%	76,500	3.4%	1.52
2019	51,100	1.4%	79,100	3.4%	1.55
2020	51,700	1.2%	81,700	3.3%	1.58
2021[7]	50,300	-2.7%	84,000	2.8%	1.67
2022	50,900	1.2%	87,300	3.9%	1.72
2023	51,500	1.2%	90,500	3.7%	1.76
2024	52,300	1.6%	93,700	3.5%	1.79
2025	52,900	1.1%	97,100	3.6%	1.84

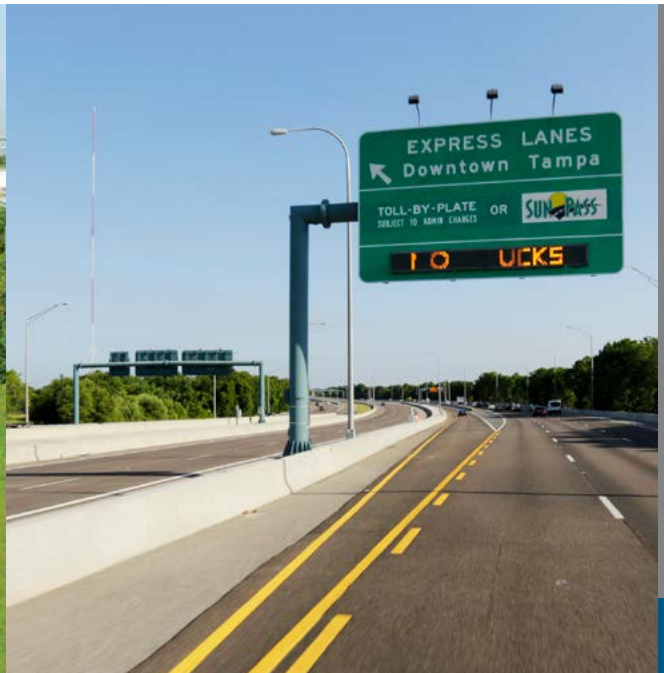
[1] Includes 20 percent of transactions on the S Movement at the Connector plaza.
[2] 'Indicated Revenue' estimates - SunPass revenue plus indicated revenue from video tolling (transaction volumes multiplied by video toll rate at each plaza by vehicle classification), excluding additional revenue from fees, violations & losses from doubtful accounts. Includes 20 percent of the toll revenues collected on the S Movement at the Connector plaza.
[3] In future year dollars
[4] Actual Transactions & Booked Revenue as reported by THEA Department of Finance. Booked Revenue = Revenue from Actual SunPass + Connector + SunPass Violation + "Misc. SunPass + Indicated Video + Additional fees - Allowance for Doubtful Accts."
[5] The Connector opened in January FY2014
[6] 'Toll Indexing' - first year of toll rate adjustment, incorporating inflation adj. since FY2012.
[7] Assumes TBX and Selmon West Bus Toll Lanes first full year of operations in FY2021.

Pursuant to the toll indexing policy adopted by THEA in 2012, the first toll rate adjustment was implemented on July 1, 2014 (FY2015). This adjustment included inflation changes since the beginning of FY2012, which is three years of adjustment. As a result of the adjustment, toll rates were increased by 8 percent at all mainline plazas and ramps on the THEA system. THEA will index tolls annually based on inflation changes each year. Tolls were increased again by 2.5 percent as of July 1, 2015 (FY2016).

As a combined result of the toll rate adjustment and the increase in traffic from the Selmon Connector, CDM Smith estimates THEA will process approximately 49.1 million Systemwide transactions in FY2016 yielding about $71.6 million in toll revenues, including the THEA share of the Selmon Connector revenue.

It is assumed that the annual toll rate indexing will be continued on the THEA system at 2.5 percent per year. CDM Smith has assumed that tolls on the Selmon Connector will be indexed at 2 percent per year in accordance with FDOT policy. By FY2017, it is estimated that a total of approximately 49.8 million transactions will occur on the THEA system with tolling assumptions as outlined above. Overall, toll revenues are estimated to increase to $74 million in FY2017, which includes revenue from the Selmon Connector.

The Selmon Expressway is estimated to have 52.9 million transactions and $97.1 million in toll revenues by FY2025. This translates to average revenue of $1.84 collected per transaction compared to $1.40 in FY2015. There are multiple factors contributing to the growth potential of the Selmon Expressway corridor, which mainly includes the significant positive impact by opening of the Selmon Connector in FY2014, the annual toll rate adjustment and the projected growth of the catchment area of the Selmon Expressway. CDM Smith assumed that the Selmon West Extension will begin operating in FY2021. Estimates of the Selmon Extension were prepared in a separate sketch-level T&R study. The forecasts also assume that the managed lanes planned on Tampa's Interstates (known as Tampa Bay Express – TBX) will also open in FY2021. The opening of TBX may have a slight negative impact on transactions and toll revenue growth on the Selmon Expressway.



RECENT TRAFFIC AND TOLL REVENUE PERFORMANCE

The actual and forecasted traffic and toll revenue for FY2006 – FY2015 are shown in Table 3-2. The actual transactions for FY2015 were 12.3 percent above the previous forecast and the actual toll revenue was 12 percent above the previous forecast. Transactions and toll revenues were higher than the estimates in FY2015 due to the positive impacts of the additional traffic from the Selmon Connector, which was more significant than anticipated.

Table 3-2
Transactions and Toll Revenue Estimates
(thousands)

Fiscal Year	Total Transactions	Previous Forecast	Transactions % Variance	Gross Toll Revenue	Previous Forecast	Revenue % Variance
2006	32,222	31,100[1]	3.6%	$29,320	$28,500[1]	2.9%
2007	33,664	34,400[1]	-2.1%	37,308	36,700[1]	1.7%
2008	32,652	35,300[1]	-7.5%	41,455	43,700 [1]	-5.1%
2009	31,599	31,400[2]	0.6%	40,350	39,700[2]	1.6%
2010	31,743	31,700[2]	0.1%	40,018	39,800[2]	0.5%
2011	31,836	32,300[2]	-1.4%	40,467	40,100[2]	0.9%
2012	33,668	32,600[3]	3.3%	42,968	41,200[3]	4.3%
2013	32,664	34,400[4][5]	-5.0%	41,803	44,100[4][5]	-5.2%
2014	38,057	34,400[4][6]	10.6%	45,108	44,300[4][6]	1.8%
2015	48,754	43,400[4][7]	12.3%	68,210	60,900[4][7]	12.0%

Source: FTE Actuals and THEA General Purpose Financial Statement FY2015.
[1] Official Statement 2005, CDM Smith
[2] Updated Traffic and Revenue Study 2009, CDM Smith
[3] CDM Smith Estimates, T&R Annual Report 2011
[4] CDM Smith forecasts post-AET do not include additional fees from video collection or allowance for doubtful accounts that are included in the actual gross revenue data. Therefore, variances may not be based on perfect comparisons of actual v. forecast revenue.
[5] CDM Smith Estimates, T&R Annual Report 2012
[6] CDM Smith Estimates, T&R Annual Report 2013
[7] CDM Smith Estimates, T&R Annual Report 2014

Disclaimer
CDM Smith developed the forecasts for FY2016 through FY2025 used in this annual report during a sketch-level Traffic and Revenue (T&R) Study of the Selmon Expressway System and a separate sketch-level T&R Study of the Selmon West Bus Toll Lanes (BTL), formerly known as the Gandy Connector. CDM Smith used currently-accepted professional practices and procedures in the development of these sketch-level T&R estimates. However, as with any forecast of the future, it should be understood that differences between forecasted and actual results may occur, as caused by events and circumstances beyond the control of the forecasters. In formulating the estimates, CDM Smith reasonably relied upon the accuracy and completeness of information provided (both written and oral) by the Tampa Hillsborough Expressway Authority. CDM Smith also relied upon the reasonable assurances of independent parties and is not aware of any facts that would make such information misleading.

CDM Smith has made qualitative judgments related to several key variables in the development and analysis of the traffic and revenue estimates that must be considered as a whole; therefore selecting portions of any individual result without consideration of the intent of the whole may create a misleading or incomplete view of the results and the underlying methodologies used to obtain the results. CDM Smith gives no opinion as to the value or merit of partial information extracted from this report.

All estimates and projections reported herein are based on CDM Smith's experience and judgment and on a review of information obtained from multiple agencies, including the Tampa Hillsborough Expressway Authority. These estimates and projections may not be indicative of actual or future values, and are therefore subject to substantial uncertainty. Future developments cannot be predicted with certainty, and may affect the estimates or projections expressed in this report, such that CDM Smith does not specifically guarantee or warrant any estimate or projection contained within this report.

While CDM Smith believes that the projections or other forward-looking statements contained within the report are based on reasonable assumptions as of the date of the report, such forward looking statements involve risks and uncertainties that may cause actual results to differ materially from the results predicted. Therefore, following the date of this report, CDM Smith will take no responsibility or assume any obligation to advise of changes that may affect its assumptions contained within the report, as they pertain to socioeconomic and demographic forecasts, proposed residential or commercial land use development projects and/or potential improvements to the regional transportation network.

CDM Smith is not, and has not been, a municipal advisor as defined in Federal law (the Dodd Frank Bill) to the Tampa Hillsborough Expressway Authority and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to the Tampa Hillsborough Expressway Authority with respect to the information and material contained in this report. CDM Smith is not recommending and has not recommended any action to the Tampa Hillsborough Expressway Authority. The Tampa Hillsborough Expressway Authority should discuss the information and material contained in this report with any and all internal and external advisors that it deems appropriate before acting on this information.

SECTION 4
DEBT SERVICE COVERAGE

Debt Service Coverage calculations, reflecting actual FY2014 and FY2015, and estimated FY2016 through FY2025, are represented in Table 4-1. All estimated years exceed the bond covenant requirement of 130%.

Table 4-1
Estimated Debt Service Coverage
(thousands)

Fiscal Year	Gross Toll Revenue	Estimated Net Toll Revenue[1]	Annual Debt Service[2]	Debt Service Coverage
2014	$45,108	$34,633	$19,767	1.75
2015	68,210	57,273	21,617	2.65
2016	71,600	59,502	23,272	2.56
2017	74,000	61,096	26,553	2.30
2018	76,500	63,036	29,786	2.12
2019	79,100	65,757	31,295	2.10
2020	81,700	67,491	34,140	1.98
2021	84,000	68,200	35,296	1.93
2022	87,300	71,631	35,291	2.03
2023	90,500	74,320	35,294	2.11
2024	93,700	76,462	35,298	2.17
2025	97,100	79,825	35,298	2.26

Souce: THEA Finance Plan and Annual Financial Statements
[1] Gross Toll Revenue minus OM&A expenses and deposits to OM&A Reserve
[2] FY2017 - FY2025 includes preliminary debt service for Selmon West Extension BTL

SECTION 5
EXPENSE FORECASTS

Expenses associated with the operation of the Selmon Expressway include operations, maintenance and administration. The following expense estimates are based on historical experience and future programmed costs.

OPERATIONS, MAINTENANCE AND ADMINISTRATION EXPENSES (OM&A)

Operations expenses are all necessary costs and expenses for the operation of a toll facility which include, but are not limited to, the cost of collecting and accounting for tolls, insurance, any fees and expenses of consultants and professional advisors and all other necessary operating expenses.

Maintenance expenses are all necessary costs and expenses to maintain the Expressway System and keep it open to public travel. Maintenance expenses are categorized as either routine or periodic. Annual costs to preserve the system and extend the life of the facility are considered routine maintenance. Renewal and replacement costs are periodic maintenance costs which do not recur annually such as resurfacing and bridge deck repairs.

Administration expenses include employee compensation, office expenses and professional services.

OM&A costs are paid before payment of senior and subordinate lien debt. An $11.9 million OM&A reserve has been established. An annual analysis of the reserve requirements will be completed. Additional deposits to the reserve account will be made prior to payment of OM&A costs and senior and subordinate lien debt.

Table 5-1 shows the estimated OM&A expenses and deposits to the OM&A reserve and does not include Renewal and Replacement for FY2016–FY2025.

Renewal and replacement maintenance costs are paid after payment of OM&A costs and senior and subordinate lien debt. A $10 million Renewal and Replacement fund has been established. Renewal and Replacement costs will be reviewed annually and the amount will be increased or decreased when necessary. Table 5-2 shows the estimated Renewal and Replacement Expenses for FY2016–FY2025.

Table 5-1
Estimated OM&A Expenses and Reserves
(thousands)

Fiscal Year	Operating Expenses	Routine Maintenance	Administration	OM&A Reserve Deposit	Total
2016	$4,927	$3,189	$3,982	$0	$12,098
2017	5,299	3,273	4,036	296	12,904
2018	5,403	3,422	4,272	367	13,464
2019	5,415	3,535	4,332	61	13,343
2020	5,625	3,610	4,574	400	14,209
2021	6,177	4,053	4,641	929	15,800
2022	6,363	4,171	4,803	332	15,669
2023	6,561	4,296	4,971	352	16,180
2024	6,765	4,425	5,145	903	17,238
2025	6,976	4,557	5,325	417	17,275

Souce: THEA Finance Plan

Table 5-2
Estimated Renewal and Replacement Expenses
(thousands)

Fiscal Year	Estimated Renewal and Replacement Expenses
2016	$9,562
2017	10,950
2018	12,738
2019	7,237
2020	4,117
2021	1,340
2022	4,907
2023	1,408
2024	4,319
2025	4,937

Souce: THEA Work Program

TAMPA HILLSBOROUGH EXPRESSWAY AUTHORITY

SELMON EXPRESSWAY

BRANDON PARKWAY

MERIDIAN AVENUE

SELMON GREENWAY

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