



As a courtesy to others, please silence all electronic devices during the meeting.

## 1. Call to Order

## 2. Committee Minutes


-  Minutes from the November 13, 2014 Oversight Committee Pg 2


## 3. Committee Agenda

### A. Oversight Committee Agenda

-  Compressed Natural Gas (CNG) Bus Lease Update Pg 10

### B. Oversight Committee Agenda

-  FY2016 Proposed Budget Development Assumptions Pg 13

-Attachments 

### C. Oversight Committee Agenda

-  Election of the 2015 Oversight Committee Officers Pg 22

## 4. Committee Information Items

### A. Oversight Committee Information

-  Finance and Audit Committee R Pg 23

### B. Oversight Committee Information

-  Risk Management Committee Pg 24

Section 286.0105, Florida Statutes states that if a person decides to appeal any decision made by a board, agency, or commission with respect to any matter considered at a meeting or hearing, he will need a record of the proceedings, and that, for such purposes, he may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

In accordance with the Americans With Disabilities Act of 1990, persons needing a special accommodation at this meeting because of a disability or physical impairment should contact Benjamin Gonzalez at 455 N. Garland Ave, Orlando, FL 32801 (407) 254-6038, not later than three business days prior to the meeting. If hearing impaired, contact LYNX at (407) 423-0787(TDD).

**LYNX**  
**Central Florida Regional Transportation Authority**  
**Oversight Committee Meeting Minutes**

**PLACE:**     **LYNX Central Station**  
              **455 N. Garland Avenue**  
              **Conference Room, 2<sup>nd</sup> Floor**  
              **Orlando, FL 32801**

**DATE:**       **November 13, 2014**

**TIME:**       **11:37 a.m.**

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**Members in Attendance:**

Seminole County Commissioner, Carlton Henley, Chairman  
Osceola County Economic Government Affairs, Tiffany Homler  
FDOT District 5 Transit Analyst, Jo Santiago  
Orange County, Assistant County Administrator, Jim Harrison  
City of Orlando, Transportation Project Manager, Claudia Korobkoff

**Members Absent:**

FDOT District 5 Secretary, Noranne Downs

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**1. Call to Order**

The Chairman, Commissioner Carlton Henley, called the meeting to order at 11:37 a.m.

**2. Approval of Minutes**

The Chairman asked the Committee if there were any additions or deletions to the September 25, 2014 Minutes as presented.

**Motion** was made and seconded to approve the Minutes of the September 25, 2014 Audit Committee meeting. The motion passed unanimously.

**3. Audit Agenda Items**

**A. Compressed Natural Gas (CNG) Unsolicited Proposal Negotiations Update**

The Chairman recognized John Lewis, LYNX' Chief Executive Officer, to make the presentation.

Mr. Lewis noted that LYNX received an unsolicited proposal from NoPetro. At its May 22, 2014 meeting, the Board of Directors authorized the CEO to enter into negotiations. The proposal is to convert LYNX' fleet to Compressed Natural Gas (CNG) and to upgrade the maintenance facility for its use. The proposal also allows for NoPetro to construct a fueling station adjacent to LYNX Operations Center.

Staff has held numerous meetings and the Oversight Committee has received presentations from LYNX' consultant, Stifel Nicolaus. In addition, presentations have been made to the Finance and Audit Committee. At the Finance & Audit Committee's most recent meeting, the final draft of the Contract was reviewed and favorable responses were received.

LYNX is in negotiations on a final contract and on schedule to bring it to the Board at its meeting today to authorize the CEO to execute the contract.

Mr. Lewis recognized Margaret Lezcano, Managing Director, Stifel Nicolaus, to provide the final outcomes of the business points that were being addressed in the final contract negotiations.

Ms. Lezcano stated the presentation today will consist of the top negotiation points presented to the recent Finance and Audit Committee.

➤ CNG Bus Purchase / Lease Commitment –

Original Proposal:

NoPetro's original proposal requested that any future expansion or replacement of buses purchased or leased be at least 50% CNG for a period of 20 years (the length of the contract).

Final Agreement:

LYNX would purchase 100% CNG buses for a period of 5 years.

Ms. Lezcano stated that a schedule has been modeled that indicates which current buses will be replaced and an estimated amount of time the buses will be in service. By the model, at the end of the five year period, LYNX' current fleet, if there is no expansion, will be approximately 150 buses or 50% will be CNG buses.

The Committee asked if there was a contractual requirement for LYNX to purchase a specific number of buses.

Ms. Lezcano replied that there is an initial requirement for LYNX to purchase 35 buses. Otherwise, the requirement is for LYNX to purchase CNG buses for five years.

Pat Christiansen, LYNX' General Counsel, noted that if any buses are purchased during the next five years, they must be CNG buses if they are to operate from the LYNX Operations Center (LOC).

Ms. Lezcano added that the model indicates that LYNX will need to purchase approximately 25 buses per year.

The Committee stated their concern for entering into an agreement that requires the purchase at an unknown price.

Mr. Lewis provided that LYNX has a five year agreement with Gillig at the price of \$547,000 for CNG buses and \$500,000 for diesel buses.

Ms. Sherman stated that there are state funds available to offset the increased cost of CNG buses.

➤ Take or Pay Commitment –

Original Proposal:

A minimum purchase on a take or pay basis of 500,000 Diesel Gallon Equivalents (DGEs) per year for 15 years.

Final Agreements:

No Change.

➤ Length of Contract –

Original Proposal:

20 years with no obligation to purchase CNG fuel past 15 years, but if LYNX chooses to use CNG, it must purchase from NoPetro.

Final Agreements:

Agreement can be revisited after 5 years if consuming CNG has material adverse effect on LYNX.

➤ Applicable Government Grants / Rebates –

Original Proposal:

100% benefit to NoPetro

Final Agreements:

Benefit divided 50% / 50% between NoPetro and LYNX.

➤ Royalty Payments from 3<sup>rd</sup> Party Sales –

Original Proposal:  
\$0.08 per DGE

Final Agreements:  
\$0.08 per DGE with annual CPI increase

➤ Liquidated Damages –

Original Proposal:  
Not Addressed.

Final Agreements:  
Hourly penalty imposed for delays in meeting fueling schedule.

Mr. Christiansen provided that LYNX' concern relates to the ability to fuel buses to allow them to leave on their scheduled departure time. This provision would provide if there is a delay in fueling the buses within a specified time, then LYNX would be able to recover liquidated damages in the amount equal to what the charge is to funding partners per hour.

➤ Audits –

Original Proposal:  
Not addressed.

Final Agreements:  
Annual, quarterly, reporting, true-up provisions.

Ms. Lezcano introduced team member, Mr. Alex Bugallo.

Mr. Bugallo began with the key business matters:

➤ Components of CNG Cost per DGE –

Original Proposal:

- Cost of Natural Gas
- Taxes and Delivery Costs
- Compression Fee

Final Agreements:

- Cost of Natural Gas
- Taxes and Delivery Costs
- Compression Fee
- Adder for Maintenance Facility Modifications

- Adder for Staffing, Fueling and Fluids on Premises
- “Favored Nation” Clause –

Original Proposal:  
Not Addressed.

Final Agreements:  
Included.

- Covered LYNX Vehicles –

Original Proposal:  
Any LYNX CNG Bus to be Fueled at Station.

Final Agreements:  
Only LYNX CNG Buses Scheduled for Service from John Young Parkway Bus Depot must use Station.

- Dispensing Fluids at Station –

Original Proposal:  
Not Addressed.

Final Agreements:  
NoPetro will Provide Service.

Mr. Christiansen provided a brief overview of the Fuel Purchase Agreement and the Construction Contract. He noted that the key date is December 28, 2014 as NoPetro has an option on the land purchase. Mr. Christiansen stated that staff will be requesting the Board of Directors’ authorization for the CEO to complete the negotiations and execute the Agreement. If, however, there is a material difference in the terms, staff will return and discuss with the Board Chairman for final approval of the material changes.

Mr. Lewis reported that there is a matter to be discussed with the Committee. He stated that a letter was forwarded to him this morning from a law firm in South Florida on behalf of Trillium, a CNG company. The letter was sent to all Board members. The firm is asking that the Board not take action because LYNX did not follow FTA or State requirements in the solicitation.

Mr. Lewis stated that he is confident that LYNX has followed the necessary FTA requirements. Their requirements were reviewed and included in the process of LYNX’ Unsolicited Proposals. This proposal and LYNX’ process has been discussed with the FTA during staffs’ quarterly meetings.

Mr. Lewis noted that he had spoken with Mr. Christiansen regarding the State requirements.

Mr. Christiansen stated that he concurred on the matter of LYNX' meeting State requirements.

Mr. Lewis noted that during the proposal process, several groups participated in varying forms of the process. He stated that some groups asked for more information and asked questions; however, no group submitted a competing proposal. He also noted that Trillium was not among the participating groups.

Mr. Christiansen stated that the questions arise from time to time as to whether LYNX is subject to the Administrative Procedure Act and whether it must publish its Agenda in the Florida Registry. He noted that publishing in the Florida Registry creates some issues because if you change your Agenda you cannot Blue Sheet items. Under LYNX Administrative Rule 2, LYNX is not subject to that procedure. Under the Administrative Procedure Act, it specifically indicates in language that LYNX and other transportation agencies are not subject to that. However, there are some that believe because LYNX is a "state agency" it is subject to both the Administrative Procedure Act and publishing in the Florida Registry.

The Committee asked if FTA would provide a review. Mr. Lewis stated that Trillium would have to ask for their review.

Ms. Sherman provided that at this time, there are no federal dollars in the project.

Mr. Lewis stated that the Unsolicited Proposal is a Public/Private Partnership (P3); thereby, not subject to the FTA's requirements. However, LYNX has included the FTA in the process because, if possible, of utilizing Federal grants in the future to offset capital costs.

Without objection, the Committee's recommendation to the Board will be, subject to LYNX' legal counsel's review that the procurement process was followed, to authorize the Chief Executive Officer (CEO) or designee to complete the negotiations and execute the Agreement. If there is a material difference in the terms, staff will return and discuss with the Board Chairman for final approval of the material changes.

## **B. Project Update on the SR 50/UCF Connector Alternatives Analysis**

The Chairman recognized Andrea Ostrodka, LYNX' Director of Planning and Development, to make the presentation.

Ms. Ostrodka provided that LYNX concluded a regional Assessment and Vision Plan in 2011 that identified 22 corridors for future transit investment. Staff has taken a look at those corridors and identified the most important ones to take an additional look at to

see how those relate to the other economic investments that LYNX is making in the region. Staff did that with US 192, in Osceola County and now State Road 50.

Ms. Ostrodka recognized LYNX' consultant, Mary Raulerson, Kittelson & Associates.

Ms. Raulerson provided the purpose and history of the study. The study was funded by FTA; the study area includes the area with 1 mile of SR 50 between the Lake County line and SR 434, and along SR 434/Alafaya Trail to UCF; the corridor is a key link of regional transportation system and has high levels of transit use; and, will leverage SunRail investment and expand its reach.

Ms. Raulerson noted that investing in SR 50 is important. The corridor serves approximately 130,000 jobs, 117,000 people are imported every day to work and export about 57,000 people. It is important from the FTA's standpoint and from LYNX' standpoint to make sure investments are made where the region is making investments. SR 50 is an education and innovation corridor. There are 100,000 higher education students with 10,000 jobs in the 7<sup>th</sup> largest research park. The SR 50 (East / West) investment will make SunRail operate more efficiently by increasing its reach of its riders by 150%.

The projects' alternatives, alignments, and modes have been reviewed and determined that the most cost effective and appropriate investment for the corridor is Bus Rapid Transit (BRT). BRT is similar to LYMMO but for a more regional trip. The BRT would operate in mixed traffic on SR 50 with 10 minute headways during the peak and 15 minute headways off-peak. The BRT would have Q-jumps to help it stay on time and clear the intersections better. FDOT is making an investment in transit signal priority in this corridor in the next two to three years leveraging that investment.

LYNX' Strategic Planning Group has involved key public agency stakeholders through the Project Advisory Working Group, private sector stakeholders through the Community Liaison Group and interested citizens through public workshops, meetings and presentations.

Based on the community input, a set of needs was created that look at economic development, access to jobs and education, how well is the existing ridership base being served, how cost effective is the investment, and is there public support.

Alternatives were reviewed that were along SR 50 and off of SR 50 and there was strong support for staying on SR 50 and serving the activity centers that are along the corridor in particular, the Mills / 50 area in the core and coming into LYNX Central Station and serving it.

#### **4. Review of Board Package**

The Chairman recognized John Lewis, Chief Executive Officer, to provide an overview of items that will come before the Board.



Mr. Lewis noted that staff is recommending that the Request for Proposal (RFP) for the procurement of ten 60-foot, low floor, BRT, Articulated, Heavy Duty, CNG transit buses be moved from the Consent Agenda to the Action Agenda. This item is grant funded through the Ladders of Opportunity Grant.

The Chairman asked if there is additional business for the Committee.

The Chairman asked if it is an appropriate time to select new officers.

Mr. Christiansen noted that it may be more appropriate to look at the issue at the January meeting after Osceola has appointed its representative to the Board.

**The meeting adjourned at 12:35 p.m.**

**Oversight Committee Agenda Item #3.A.**

**To:** LYNX Board of Directors

**From:** Blanche Sherman  
DIRECTOR OF FINANCE  
Patricia Bryant  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6100

**Item Name:** Compressed Natural Gas (CNG) Bus Lease Update

**Date:** 1/28/2015

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Staff will update the Oversight Committee members on the contract award for the Compressed Natural Gas (CNG) bus lease.

LYNX typically acquires its annual bus requirements through a single payment purchase utilizing grant funding. However, in FY2007 LYNX entered into a leasing agreement for the lease of twenty-one (21) Gillig diesel buses to meet the fleet expansion requirements at that time. The twenty-one (21) bus lease was paid in full in August 2014. The twenty-one (21) bus lease was funded with local contributions from Orange County.

LYNX wishes to pursue another leasing option for ten (10) of the thirty-five (35) replacement buses included in the FY2015 Adopted Capital Budget. The ten (10) leased buses will support the requirements of the Unsolicited Proposal to acquire thirty-five (35) buses to begin the CNG fleet conversion. LYNX will utilize federal funds to purchase twenty-five (25) of the replacement buses and local \$2 capital funds to support the lease payments for the additional ten (10) CNG buses. The acquisition of the additional ten (10) CNG buses will help reduce the high maintenance costs associated with the operation of an aging fleet

On September 25, 2014, LYNX staff requested the Board of Directors' authorization for the Chief Executive Officer (CEO) or designee to issue an Invitation for Bid (IFB) for the lease of ten (10) Compressed Natural Gas (CNG) buses for a period of four (4) or five (5) years.

The CNG buses will be acquired through the existing Gillig, LLC Contract #14-C09. The Gillig price quote for 40' low floor CNG buses is \$543,087 per bus for a total of \$5,430,870 for ten (10) buses. LYNX will enter into a capital leasing agreement with a leasing agency that will include principal and interest repayments over the next four (4) or five (5) years.

On November 17, 2014, Central Florida Regional Transportation Authority ("LYNX") solicited proposals via an Invitation for Bid ("IFB") from qualifying firms to lease-acquire ten new transit buses at an estimated cost of \$5,430,870 over a 4-year and 5-year term. As outlined in the IFB,

# LYNX Board Agenda

LYNX requested for annual lease payments not to exceed \$1 million with a residual/buyout and/or balloon payment due at lease end.

LYNX received responses from PNC Bank, Municipal Services Group, Inc. (“MSG”), and Bank of America. The only two firms to provide a bid in accordance with the terms specified in the IFB were MSG and Bank of America. Based on the two qualifying responses, after careful evaluation of their proposed interest rate(s), total interest, and annual lease payment requirements, LYNX has determined that Bank of America’s 5-year proposal best serves the financing needs of LYNX for this project. Bank of America’s 5-year financing proposal is based on a quoted interest rate of 2.17% versus MSG’s 2.60% resulting in approximately \$194,000 less in interest over the term of the lease. Please see the following schedule for more details:

LYNX Comparison of Bank Responses to Bus Lease RFP					
	PNC Equipment Finance, LLC.	Municipal Services Group, Inc.	Municipal Services Group, Inc.	Bank of America Public Capital Corp	Bank of America Public Capital Corp
Contact	Daniel Wong	Donovan Stevens	Donovan Stevens	Charles T. Maguire	Charles T. Maguire
Project Amount Financed	\$5,430,870	\$5,430,870	\$5,430,870	\$5,430,870	\$5,430,870
Lease Term	7 years	4 Years	5 Years	4 Years	5 Years
Payment Mode / Frequency	Quarterly	Qtly, S/A, or Annual	Qtly, S/A, or Annual	Qtly, S/A, or Annual	Qtly, S/A, or Annual
Stated Base Interest Rate/Yield	1.890%	2.40% True Interest Cost	2.60% True Interest Cost	2.08% (S/A)	2.17% (S/A)
Index	5 Year fed interest rate swap as of 12/11/2014, then adjusted by movement in the swap rate times .65	Final rate based on MMD or Bloomberg Bond Scales	Final rate based on MMD or Bloomberg Bond Scales	Lock in until 1/16/2014, based on average life swap	Lock in until 1/16/2014, based on average life swap
Buyout Amount / Balloon Payment at Lease End	7 year \$1 out lease purchase	\$1,902,049	\$979,772	\$1,740,925	\$785,228
Average Annual Lease Payment (Excluding Final Balloon Payment)	\$818,120	\$999,911	\$999,903	\$1,000,000	\$1,000,000
Total Gross Payments	\$5,810,843	\$5,901,692	\$5,979,288	\$5,740,925	\$5,785,228
Total Interest	\$379,973	\$470,592	\$548,888	\$310,055	\$354,358
PV of Total Payments @ 2.25%	\$5,321,276	\$5,524,480	\$5,555,610	\$5,377,414	\$5,382,005
Prepayment	2nd anniversary of lease; principal balance plus 3%	No Prepayment Penalty or Premium	No Prepayment Penalty or Premium	In Whole on any payment date	In Whole on any payment date
Insurance Requirement	\$2 mill single property damage liability and bodily injury liability	-	-	Requires casualty insurance	Requires casualty insurance
Fees & Expenses	Lessor does not assess any closing costs	\$90,000	\$90,000	Lessee and Lessor Responsible for own expenses	Lessee and Lessor Responsible for own expenses

It should be noted that the final interest rate for any of the proposal will fluctuate and therefore will only be locked upon the execution date and that both LYNX and the Lessor will need to complete and agree upon all required documents prior to execution of the financing.

## LYNX B ard Agenda

On January 15, 2015, the Finance and Audit Committee met and recommended approval to award the contract for the lease of ten (10) CNG buses to Bank of America for a period of five (5) years.

**Oversight Committee Agenda Item #3.B.**

**To:** LYNX Board of Directors

**From:** **Blanche Sherman**  
DIRECTOR OF FINANCE  
**Julie Caple**  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6100

**Item Name:** FY2016 Proposed Budget Development Assumptions

**Date:** 1/28/2015

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Staff is in the process of developing the FY2016 Operating and Capital Budgets. The key assumptions that LYNX' budget team will use in the preparation of these budgets will be presented. This item gives the Oversight Committee an opportunity to provide direction and feedback to management at the beginning of the budget development process. Staff will also present the budget calendar for the FY2016 budget.

The key overall budget assumptions are as follows:

- FY2016 Funding based on LYNX Adopted Funding Model
- Maximize current service levels through efficiencies
- Apply additional Flex (NeighborLink) services, where appropriate

# FY2016 Budget Development Assumptions

Presented to LYNX Oversight Committee  
January 28, 2015

# Key Budget Assumptions – Overall

- ▶ FY2016 Funding based on the adopted LYNX Funding Model
- ▶ Maximize current service levels through efficiencies
- ▶ Apply additional Flex (NeighborLink) services, where appropriate

# Key Budget Assumptions – Revenue

- ▶ Maintain current Preventative Maintenance funding level
- ▶ Maximize use of anticipated Advertising Revenue
- ▶ Potential Royalties from third party usage of Compressed Natural Gas (CNG)



# Key Budget Assumptions – Expenses

- ▶ Salary increases consistent with Funding Partners
- ▶ Anticipated impact of a new Union contract
- ▶ Continuation of Fuel Hedging Program, as appropriate
- ▶ Impacts of conversion to Compressed Natural Gas (CNG)

# Key Budget Assumptions – Expenses

- ▶ Continued application of reductions based on LYNX ownership of paratransit vehicles
- ▶ Continuation of Bio-diesel Program, as appropriate
- ▶ Evaluate LYNX' current Health Insurance Program for consideration of becoming self-insured

# Pending Items

- ▶ Fare increase in FY2016(?)
- ▶ Toll Revenue Credits (?)
- ▶ Funding Partner approved COA Recommendations
- ▶ Impacts of SunRail Phase 2 expansion
- ▶ Continuation of Express Bus Pilot

# Future Items

- ▶ Continue to review the type of fixed route vehicles used in future operations
- ▶ Consideration of public/private partnership (satellite facilities/BRT)
- ▶ Seek State grant funding opportunities for capital projects

# Budget Calendar

Key Budget Assumptions Presentation to Audit Committee	January 28
Preliminary Budget Presentation	March 26
Funding Request Letters Submitted to Funding Partners	May
Budget Presentation Osceola & Orange Counties	June/July
Budget Presentation Seminole County	August
Final Board Action	September 24
Budget Year 15 – 16 Commences	October 1

**Oversight Committee Agenda Item #3.C.**

**To:** LYNX Board of Directors

**From:** **John Lewis**  
CHIEF EXECUTIVE OFFICER  
**Deborah Morrow**  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6017

**Item Name:** Election of the 2015 Oversight Committee Officers

**Date:** 1/28/2015

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On an annual basis, the Oversight Committee elects from its membership a Chairman and Vice Chairman. These positions shall exercise such powers and duties empowered within each as noted in Section 2.12.1 of Administrative Rule #2 – Board Governance (bylaws).

Pat Christiansen, LYNX' General Counsel, will preside over the election of officers.

**Oversight Committee Information Item #4.A.**

**To:** LYNX Board of Directors

**From:** **Blanche Sherman**  
DIRECTOR OF FINANCE  
**Julie Caple**  
(Technical Contact)  
**Vicki Hoffman**  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6100

**Item Name:** Finance and Audit Committee Report

**Date:** 1/28/2015

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Meetings of the Finance and Audit Committee were held and the Agenda Items covered are as follows:

Thursday, September 18, 2014

- Amendment of Administrative Rule 2
- Discussion on Healthcare Costs, Recommendations, and Future Plans
- Compressed Natural Gas (CNG) Project

Wednesday, November 5, 2014

- Compressed Natural Gas (CNG) Contract – Final Negotiations

Thursday, January 15, 2015

- Election of Officers
- FY2016 Budget Development Assumptions
- Compressed Natural Gas (CNG) Bus Lease

**Oversight Committee Information Item #4.B.**

**To:** LYNX Board of Directors

**From:** Susan Black  
GENERAL MANAGER  
ALLYSON JONES-PHILLIP  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6058

**Item Name:** Risk Management Committee Report

**Date:** 1/28/2015

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LYNX Board of Directors Risk Management Committee has scheduled meetings on the following dates:

Wednesday, February 4, 2015  
Wednesday, April 22, 2015  
Wednesday, June 24, 2015  
Wednesday, August 19, 2015  
Wednesday, October 7, 2015  
Wednesday, December 16, 2015

LYNX staff will update the Oversight Committee members on the following Oversight Committee dates:

Wednesday, January 28, 2015  
Thursday, March 26, 2015  
Thursday, May 28, 2015  
Thursday, July 23, 2015  
Thursday, September 24, 2015  
Thursday, November 12, 2015