



LYNX Finance & Audit Committee

AGENDA

July 15, 2015

10:00AM

LYNX Central Station

Second Floor Room #215

- Call to Order
- Approval of Prior Meeting Minutes
- Overview of FY2016 Preliminary Capital Budget
- Recommendation to Award Contract to Cherry Bekaert LLP for Auditing Services
- Overview of Health Insurance Cost Containment Status
- Review of LYNX' Unsolicited Proposals (UP) Policy (Admin Rule 4.18) and Clarification Policy Supplemental
- Other Business
- Adjournment

LYNX
Central Florida Regional Transportation Authority
Finance & Audit Committee Meeting Minutes

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

DATE: **May 5, 2015**

TIME: **09:01 AM**

Members in Attendance:

Chairperson Chris McCullion, City of Orlando
Vice Chairperson Ray Walls, Orange County
Michael Kurek, Osceola County
Edward Bass, Seminole County
Lisa Buscher, FDOT

LYNX Staff in Attendance:

John Lewis, Chief Executive Officer
Blanche Sherman, Director of Finance
Jim Goldsmith, LYNX' General Counsel

Members Absent:

1. Call to Order/Introduction

Chairperson Chris McCullion called the meeting to order at 09:01 AM.

2. Approval of Prior Meeting Minutes

Chris McCullion asked for approval of the prior meeting minutes. **Motion** was made and seconded to approve the Minutes of the March 18, 2015 Finance & Audit Committee. The Motion passed unanimously.

3. Audit Agenda Items

✓ **Discussion of FY2016 Preliminary Budget Funding Model**

Chris McCullion called on Blanche Sherman, Director of Finance, to discuss the FY2016 Preliminary Budget Funding Model. Ms. Sherman stated that the preliminary FY2016 budget presented to the Committee in March remains the same at \$126.5 million with a .5% increase in the local funding based on the model. Ms. Sherman discussed the methodology and how costs were determined for each section of the Regional Model Calculation, a copy of which is included on the page that follows.

LYNX				
FY2016 Preliminary Budget Development				
Regional Model Calculation				
4/28/2015 13:33				
		FY2016		
Total Operating Expenses:		\$ 126,493,478		
Minus: Paratransit Costs		(17,680,647)		
Minus: NL Services		(2,115,136)		
Minus: Estimated Federal, State and Other Revenue		(25,241,489)		
Minus: Estimated Lymmo		(1,420,137)		
Minus: Estimated Lymmo E/W and Parromore		(885,274)		
Minus: Estimated Road Rangers		(1,336,804)		
Minus: Mears - Link 208		(290,241)	Reserves	Express Bus Pilot
Minus: AA SR50		(75,205)	Reserves	AA State Road 50
Minus: Private, Federal, and State Funded Services		(4,637,109)		
Net Total Cost		\$ 72,811,435		
Base Service Hours		1,059,295		
Systemwide Hourly Rate:				
<i>Divide the net total operating costs by the total number of service hours</i>		68.74		
Assess Maintenance & Replacement Capital Cost \$2 per hour		70.74		
FY2016 Hourly Rate times the number of service hours:				
County Fixed Route Hours				
		Orange	Osceola	Seminole
		Region		
Fixed Route Hours		850,652	101,635	107,008
% of Hours		80.30%	9.59%	10.10%
Hours		850,652	101,635	107,008
Hourly Rate		70.74	70.74	70.74
Total Fixed Route Cost		\$ 60,170,619	\$ 7,189,660	\$ 7,569,746
		\$ 74,930,025		
Estimated County Farebox Revenue		\$ (21,924,159)	\$ (2,619,475)	\$ (2,757,954)
		\$ (27,301,588)		
Net County Fixed Route Costs		\$ 38,246,461	\$ 4,570,185	\$ 4,811,792
		\$ 47,628,438		
County American With Disabilities Act (ADA) Costs:				
		Orange	Osceola	Seminole
		Region		
ADA Costs		\$ 5,188,198	\$ 893,474	\$ 1,296,312
Trips		229,145	39,462	57,254
% of Local Contribution		70.32%	12.11%	17.57%
Total Operating and Capital:				
	Recap:	Orange	Osceola	Seminole
		Region		
Net County Fixed Route Costs		\$ 38,246,461	\$ 4,570,185	\$ 4,811,792
ADA Costs		5,188,198	893,474	1,296,312
		7,377,984		
Total Regional Model - FY2016		\$ 43,434,659	\$ 5,463,659	\$ 6,108,104
		\$ 55,006,422		
Plus: Special Local Medicaid Request		-	-	-
Plus: Special Local TD Request		1,114,697	267,217	266,558
		1,648,473		
Grand Total Funding Request		\$ 44,549,357	\$ 5,730,875	\$ 6,374,662
		\$ 56,654,894		
Less: Cities - Status Quo		\$ (3,873,006)	\$ (161,999)	\$ (213,900)
		\$ (4,248,905)		
Plus: NL Services		454,580	346,474	271,714
Plus: Local Match_Federal and State Funded Services		315,277	219,141	-
		534,419		
Total County Specific Request		\$ 41,446,208	\$ 6,134,491	\$ 6,432,476
		\$ 54,013,175		
County Specific Operating Request		\$ 39,744,904	\$ 5,931,221	\$ 6,218,460
		\$ 51,894,585		
County Specific Capital Request		\$ 1,701,304	\$ 203,270	\$ 214,016
		\$ 2,118,590		

Ms. Sherman and the Committee members discussed the following topics related to the budget funding model:

- Meeting with departments to determine expenses
- Projected trip levels
- Direct and net fixed route charges
- New service funding
- Funding by private partners
- LYMMO and service development routes
- Contingency funds
- Medicaid funding cut-back factored into paratransit costs
- Base service hours based on the December bid with a projection into FY2016
- Fixed route hours
- Estimated fare box revenues based on trends
- Inclusion of \$2 capital hourly rate
- ADA cost allocation based on trips and programs (ADA, Medicaid, and TD)
- Funding partners covering twelve (12) months of trips
- Local match for NeighborLink service components
- Use, monitoring, and replenishment of reserves
- No changes proposed in the methodology used to calculate the budget funding model

The Committee discussed the funding model in detail and discussed the recommendation to the Oversight Committee in regards to the format of the model. **Motion** was made and seconded to recommend acceptance of the FY2016 Preliminary Funding Model as presented. The Motion passed unanimously.

✓ **Overview of “Agreement Regarding Funding of LYNX Pursuant to Funding Formula” (Master Agreement)**

Chris McCullion called on Blanche Sherman to present the second agenda item.

Ms. Sherman discussed the process over the last year with Pat Christiansen, LYNX’ General Counsel, to have a Master Agreement to include the funding model as formally adopted by the LYNX Board.

Mr. Goldsmith discussed that the funding partners are agreeing that the funding model is going to be used which creates a contractual obligation for allocation based on the funding model but no funding payment is obligated until a separate agreement is signed by each funding partner. Specific funding issues can be negotiated separately with LYNX.

Mr. Goldsmith mentioned that the agreement is a basic template that will be the same amongst all the funding partners with an additional exhibit to provide information specific to each partner.

Comments from the group included how the agreement lays out a process, provides an established procedure, and provides clear expectations between all the funding partners and LYNX.

The Committee discussed the recommendation to the Oversight Committee. **Motion** was made and seconded to recommend acceptance of the Master Agreement. The Motion passed unanimously.

✓ **Other Business**

Chris McCullion asked if there was any other business.

The following items were briefly discussed:

- Establishment of by-laws to use as a guideline for items to be reviewed by the Committee
- Healthcare update possibly in July
- Preparing a debt management policy
- Having a signed lease with Bank of America and compressed natural gas (CNG) buses scheduled for delivery in October

Mr. McCullion then discussed the possible need for a meeting to be held before the next tentatively scheduled meeting on August 27. Ms. Sherman is to find out the status of information on healthcare and will be presenting the capital budget to the Committee. Ms. Sherman will get back to the Committee to schedule a meeting after the fourth of July.

The meeting was adjourned at 9:37 AM.

LYNX Finance & Audit Committee Agenda

Agenda Item #1

To: LYNX Finance & Audit Committee Members

**From: Blanche W. Sherman, Director of Finance
Julie Caple, Technical Contact**

Phone: 407.841.2279 extension 6100

Item Name: FY2016 Preliminary Capital Budget

Date: 07/15/15

BACKGROUND:

At the March 26, 2015 Board meeting, staff presented the FY2015 Amended Capital Budget in the total amount of \$89,429,628. Since then, staff discussed capital priorities for FY2016 and the corresponding funding sources available. The FY2016 Preliminary Capital Budget has been developed for Board review and input.

The Key Capital Budget assumptions are:

- Enhance LYNX Facilities
- Construction Modification to CNG Bus Facility
- Advanced Fare Collection – Mobile Ticketing
- Fleet to support all service modes
- Continue LYMMO expansion activities
- Passenger Amenities Program improvements
- Continuation of security and surveillance
- Advance communications and technological capabilities

OVERVIEW:

The proposed Capital Budget for FY2016 is \$93,730,654, which is an increase of \$4,301,026 or approximately 4.8% more than the FY2015 Amended Capital Budget. The increase in the capital budget from the FY2015 Amended Capital Budget results from the planned construction modifications to the CNG bus facility, CNG replacement buses, and the upgrade to mobile ticketing.

The capital budget is funded from a combination of federal, state and local sources, and includes items such as the planned purchase of replacement buses and vans, bus shelters, and the use of technology to assist in service delivery and improvements. The majority of the capital budget, 92.24% is funded through federal grants, .46% is funded through state grants, and the remaining

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7.3% through local funds and reserves. The local contribution from the funding partners covers the capital bus lease and LYMMO BRT expansion projects. In addition, funding through LYNX negotiated agreements will contribute to passenger shelter costs.

Specifically, this budget includes funds from the following sources:

<u>Capital Contributions</u>	<u>FY2015 Amended Budget</u>	<u>FY2016 Preliminary Budget</u>	<u>% Change</u>
Federal Contributions	\$ 82,151,672	\$ 86,460,205	5.24%
State Contributions	411,879	429,256	4.22%
Local Contributions	6,666,077	6,641,193	-0.37%
Reserves	200,000	200,000	0.00%
Total	<u>\$ 89,429,628</u>	<u>\$ 93,730,654</u>	4.81%

The funds are programmed to fund the following types of capital expenditures:

<u>Description</u>	<u>FY2015 Amended Budget</u>	<u>FY2016 Preliminary Budget</u>	<u>Dollar Amount Change</u>	<u>% Change</u>
ARRA	\$ 1,804,075	\$ -	\$ (1,804,075)	-100.0%
BRT	15,674,570	14,478,987	(1,195,583)	-7.6%
Facilities	2,922,475	5,722,519	2,800,044	95.8%
Passenger Amenities	12,987,746	10,219,534	(2,768,212)	-21.3%
Security	1,010,244	665,044	(345,200)	-34.2%
Support Equipment	2,054,205	4,930,361	2,876,156	140.0%
Technology	3,823,241	5,655,890	1,832,649	47.9%
Support Vehicles	1,038,487	791,790	(246,697)	-23.8%
Revenue Vehicles	48,114,585	51,266,529	3,151,944	6.6%
Total	<u>\$ 89,429,628</u>	<u>\$ 93,730,654</u>	<u>\$ 4,301,026</u>	4.8%

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Notes:

- Vehicles include expansion and replacement vehicles for fixed-route, vanpool, and paratransit services and support vehicles.
- BRT includes the Orange, Lime, and Grapefruit LYMMO line capital activities, as well as, the FlexBus project.
- Facilities include funds for LCS, LOC, Osceola, LB McLeod improvements and CNG facility modifications.
- Passenger amenities include shelters, transfer centers, solar power, benches, and trash receptacles.
- Technology includes items to improve communication and information delivery such as network improvements, servers, software upgrades and real time information.
- Security includes equipment to enhance security and surveillance.
- Support equipment includes items such as mobile ticketing, fare payment on board validators, copiers, printers, shop tools, furniture, and storage cabinets.

The Local Contributions consist of the following:

Description	FY2016 Preliminary Budget Amount	Source
*LYMMO- East/West	\$ 182,047	City of Orlando
LYMMO- Parramore	3,637,206	City of Orlando, Orlando Utilities Commission, Other Utilities
Capital Bus Lease	1,000,000	Local \$2 Capital
Articulated CNG Buses	1,481,600	Local \$2 Capital
Passenger Amenities	340,340	Wal-Mart/Mills District/Pine Hill
Total	\$ 6,641,193	

*These funds are related to open purchase orders; however, any funds that are not utilized from these purchase orders will be de-obligated and may be utilized through agreement by the City of Orlando to support the Parramore BRT project's local match.

CONCLUSION:

The FY2016 Operating and Capital Budgets, will be presented to the Board of Directors for final consideration and approval at the September 24, 2015 Board meeting.

FY2016 Overview of Preliminary Capital Budget

**Presented to the
LYNX Finance & Audit Committee**

July 15, 2015

Key Capital Budget Assumptions

- Enhance LYNX facilities
- Construction Modification to CNG Bus Facility
- Advanced Fare Collection – Mobile Ticketing
- Fleet to support all service modes
- Continue LYMMO expansion activities
- Passenger Amenities Program improvements
- Continuation of security and surveillance
- Advance communications and technological capabilities

FY2016 Preliminary Capital Budget



Overview

	FY2015	FY2016	
	Amended	Preliminary	% Change
Capital Contributions	\$ 89,429,628	\$ 93,730,654	4.81%
Capital Expenditures	89,429,628	93,730,654	4.81%
Capital Gains/(Losses)	\$ -	\$ -	N/A

FY2016 Preliminary Capital Budget by Category



	Preliminary FY2016	Amended FY2015	Variance
ARRA Projects	\$ -	\$ 1,804,076	\$ (1,804,076)
BRT Project	14,478,987	15,674,570	(1,195,583)
Facility Improvements	5,722,519	2,922,475	2,800,044
Passenger Amenities	10,219,534	12,987,746	(2,768,212)
Security Equipment	665,044	1,010,244	(345,200)
Support Equipment	4,930,361	2,054,206	2,876,155
Technology	5,655,890	3,823,241	1,832,649
Support Vehicles	791,790	1,038,487	(246,697)
Revenue Vehicles	51,266,529	48,114,583	3,151,946
	\$ 93,730,654	\$ 89,429,628	\$ 4,301,026

FY2016 Preliminary Capital Budget Contributions



	FY2015	FY2016	
Capital Contributions	Amended	Preliminary	% Change
Federal Contributions	\$ 82,150,813	\$ 86,460,205	5.2%
State Contributions	411,879	429,256	4.2%
Local Contributions	6,666,936	6,641,193	-0.4%
Reserves	200,000	200,000	0.0%
Total	\$ 89,429,628	\$ 93,730,654	4.8%

FY2016 Preliminary Capital Budget



– Local Contributions

Description	FY2016 Preliminary Budget Amount	Source
*LYMMO- East/West	\$ 182,047	City of Orlando
LYMMO- Parramore	3,637,206	City of Orlando, Orlando Utilities Commission, Other Utilities
Capital Bus Lease	1,000,000	Local \$2 Capital
Articulated CNG Buses	1,481,600	Local \$2 Capital
Passenger Amenities	340,340	Wal-Mart/Mills District/Pine Hill
Total	\$ 6,641,193	

***This amount has already been paid by the City of Orlando.**

FY2016 Budget Calendar



Final Board Action

September 24

Budget Year 15 – 16 Commences

October 1

LYNX Finance & Audit Committee Agenda

Agenda Item #2

To: LYNX Finance & Audit Committee Members

From: Blanche W. Sherman, CPA Director of Finance
Patti Bryant, Technical Contact

Phone: 407.841.2279 extension 6100

Item Name: Recommendation to Award Contract to Cherry Bekaert LLP for Auditing Services

Date: 07/15/2015

At the March 26, 2015 LYNX Board of Director's meeting, staff received authorization to issue a Request for Proposal (RFP) for Auditing Services. The RFP was released on May 11, 2015, with responses due June 10, 2015. Five (5) proposals were received on that date from the following firms listed in alphabetical order:

PROPOSER
Averett, Warmus & Durkee
Carr, Riggs & Ingram
Cherry Bekaert LLP
Globalbiz Enerprise Solutions LLC
Saltmarsh, Cleveland & Gund

The proposals were evaluated by each member of the Source Evaluation Committee (SEC). The SEC ranked the proposals received, and based on the SEC's ranking and recommendation, LYNX staff is requesting authority to award this contract to Cherry Bekaert LLP.

Cherry Bekaert's fee schedule is as follows:

Fiscal Year Ending	Total Maximum Price
September 30, 2015	\$ 99,000
September 30, 2016	\$101,000
September 30, 2017	\$103,000
September 30, 2018	\$105,000
September 30, 2019	\$107,000

LYNX Finance & Audit Committee Agenda

Agenda Item #3

To: LYNX Finance & Audit Committee Members

From: Blanche W. Sherman, Director of Finance
Julie Caple, Technical Contact

Phone: 407.841.2279 extension 6100

Item Name: Overview of Health Insurance Cost Containment Status

Date: 07/15/15

As of the September 18, 2014 LYNX Finance and Audit Committee meeting, staff have been providing updates on the ongoing review of health insurance coverage and the evaluation of self insurance versus fully insured. The information below briefly recaps the agency's health insurance history over the past 5 years.

- FY2011 - LYNX participated in the Orange County group medical program.
- FY2012 - LYNX contracted with Florida Blue receiving a 16% decrease in insurance premiums.
- FY2013 - LYNX contracted with Cigna resulting in a 4% increase in insurance premiums.
- FY2104 - LYNX maintained its contract with Cigna for health insurance and received a 16% increase in claims.
- FY2015 - LYNX received an initial proposal during budget development of a 15% increase from Cigna. As budget development continued, additional premium increase projections were received from Cigna of twenty 20 and 28%. Through plan modifications, LYNX was able to maintain premiums within the budgeted 15% initially projected increase.

As monitoring health insurance cost trends and the FY2016 budget development process continues by LYNX staff, insurance premium projections were received with an estimated 26% increase. Recently, LYNX received its latest projections from Cigna indicating a 33.14% increase over current plan premiums. The most current Cigna projection is estimated to cost LYNX an additional \$372,369 in healthcare cost over the amount included in the FY2016 Preliminary Operating Budget.

Based on the projected increases in plan costs, LYNX' broker continued to review additional options. LYNX received health insurance plan quotes from AIG, SunLife, and Voya that are currently being reviewed. LYNX will also be proceeding with an audit of health insurance claims, pending LYNX Board of Directors approval, to determine the drivers for health insurance costs and potential alternatives to mitigating the increases experienced over the past several fiscal years.

LYNX Finance & Audit Committee Agenda

Following up on the discussions occurring during the FY2015 health plan cost negotiations and development of the FY2015 Amended and FY2016 Preliminary Operating Budgets, LYNX will continue evaluating the pros and cons of self insurance versus fully insured. As negotiations continue for the 2016 health insurance plan year, updates will be brought forth to this committee.



Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

2016 Renewal: Initial Meeting

JOSHUA RUBICH

JULY 15, 2015



Agenda





2014 Look Back

- Plan Design
 - Increased deductibles and maximum out of pockets on base plan and middle plan
 - Introduced the Cigna Local Plus Network in the base plan (free plan)
 - Increased the H.S.A. incentives from \$750 for singles to \$1,250, and \$1,250 for families to \$2,250
- Premium
 - Premium reduced for the 2015 plan year by approximately 2% based upon the plan design changes
- Claims
 - Large claims continue to have a significant impact on LYNX
 - 2014 claims trend was 23.4 % PMPY over 2013
 - Claims trend is 7.6% PMPY over 2013 when catastrophic claims over \$50k are excluded
 - Number of catastrophic claimants are almost double the norm



LYNX

Medical Cost Comparison
Effective date of coverage: January 1, 2015

Final 2015 Medical Renewal

Carrier	Cigna						Cigna						
Website	www.cigna.com						www.cigna.com						
Plan	Current						Proposed: Option 2						
Plan Name	HSA	HSA	HSA	HRA	HSA	HSA	HSA	HSA	HSA	HSA	HSA		
Plan Type	OAP-IN	OAP-Plus	OAP-Plus	OAP-Plus	Local Plus	OAP-IN	OAP-Plus	OAP-Plus	OAP-IN	OAP-Plus	OAP-Plus		
Open Access	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		
Location(s)	All	All	All	All	All	All	All	All	All	All	All		
In Network Benefits	Deductible (Single/Family)	Calendar Year (CYD) \$1,250/\$2,500	Calendar Year (CYD) \$1,250/\$2,500	Calendar Year (CYD) \$1,500/\$3,000	Calendar Year (CYD) \$2,500/\$5,000	Calendar Year (CYD) \$2,000/\$4,000	Calendar Year (CYD) \$1,300/\$2,600						
	Coinsurance	20%	20%	20%	20%	20%	20%						
	Maximum OOP (Single/Family)	Incl CYD,Coins. \$2,450/\$4,900	Incl CYD,Coins. \$2,450/\$4,900	Excl Rx \$3,000/\$6,000	Includes all expenses \$5,000/\$10,000	Includes all expenses \$4,000/\$8,000	Includes all expenses \$2,600/\$5,200						
	PCP Visit	CYD then 20%	CYD then 20%	\$35	CYD then 20%	CYD then 20%	CYD then 20%						
	Specialist	CYD then 20%	CYD then 20%	\$70	CYD then 20%	CYD then 20%	CYD then 20%						
	Preventive Care	\$0	\$0	\$0	\$0	\$0	\$0						
	Urgent Care	CYD then 20%	CYD then 20%	\$50	CYD then 20%	CYD then 20%	CYD then 20%						
	Inpatient Hospital	CYD then 20%	CYD then 20%	CYD then 20%	CYD then 20%	CYD then 20%	CYD then 20%						
	Outpatient Surgical	CYD then 20%	CYD then 20%	CYD then 20%	CYD then 20%	CYD then 20%	CYD then 20%						
	Routine Lab & X-Ray	CYD then 20%	CYD then 20%	CYD then 20%	CYD then 20%	CYD then 20%	CYD then 20%						
Complex Imaging	CYD then 20%	CYD then 20%	\$150	CYD then 20%	CYD then 20%	CYD then 20%							
Emergency Room	CYD then 20%	CYD then 20%	\$300	CYD then 20%	CYD then 20%	CYD then 20%							
Rx	Deductible	Combined w/ Med	Combined w/ Med	N/A	Combined w/ Med	Combined w/ Med	Combined w/ Med						
	Preventive	CYD Waived	CYD Waived	N/A	CYD Waived	CYD Waived	CYD Waived						
	Retail (in-network)	\$10/\$50/\$80	\$10/\$50/\$80	\$10/\$30/\$50	\$10/\$50/\$80	\$10/\$50/\$80	\$10/\$50/\$80						
	Mail Order	\$25/\$125/\$200	\$25/\$125/\$200	\$25/\$75/\$125	\$25/\$125/\$200	\$25/\$125/\$200	\$25/\$125/\$200						
OON	Deductible	Not Covered	\$2,500/\$6,250	\$3,000/\$6,000	Not Covered	Not Covered	\$2,500/\$6,250						
	Coinsurance	Not Covered	40%	40%	Not Covered	Not Covered	40%						
	Maximum OOP	Not Covered	\$4,900/\$12,250	\$6,000/\$12,000	Not Covered	Not Covered	\$4,900/\$12,250						
	Emergency Room	CYD then 20%	CYD then 20%	\$300	CYD then 20%	CYD then 20%	CYD then 20%						
Number of Employees													
Rates	Employee Only	619	\$545.90	26	\$558.99	30	\$596.46	619	\$520.54	26	\$607.73	30	\$722.58
	Employee + Spouse	77	\$1,150.36	10	\$1,177.86	9	\$1,256.52	77	\$1,104.19	10	\$1,289.14	9	\$1,532.76
	Employee + Child(ren)	71	\$1,040.45	6	\$1,065.33	2	\$1,136.50	71	\$998.05	6	\$1,165.23	2	\$1,385.43
	Employee + Family	86	\$1,644.93	6	\$1,684.22	5	\$1,796.58	86	\$1,581.73	6	\$1,846.67	5	\$2,195.65
	Monthly Plan Cost	\$641,825.75		\$42,809.64		\$40,458.38		\$614,127.22		\$46,763.78		\$49,221.35	
	Percent change by plan								-4.32%		9.24%		21.66%
Cost	Total Annual Cost	\$8,701,125						\$8,521,348					
	Annual \$ Difference	N/A						(\$179,777)					
	Annual % Difference	N/A						-2.07%					
Notes													



2015 CLAIMS EXPERIENCE

LYNX

Monthly Healthcare Experience Report Rolling 12: Paid June 2014 through May 2015

Year / Month	Capitation	In-Network	Out-of-Network	Pharmacy	Total Claims	Billed Premium	Pooled Premium	Total Premium	Premium vs. Claims	Subs	Members	Claims PEPM
Jun-2014	\$20,662	\$535,307	\$0	\$153,339	\$709,308	\$685,757	\$47,444	\$733,201	96.7%	955	1,510	\$743
Jul-2014	\$28,938	\$662,741	\$1,816	\$111,236	\$804,731	\$689,400	\$47,711	\$737,111	109.2%	963	1,520	\$836
Aug-2014	\$21,081	\$562,964	(\$1,104)	\$185,232	\$768,173	\$678,316	\$46,937	\$725,252	105.9%	950	1,497	\$809
Sep-2014	\$20,797	\$635,041	\$6,020	\$114,438	\$776,296	\$676,105	\$46,742	\$722,847	107.4%	948	1,485	\$819
Oct-2014	\$25,009	\$765,527	\$34,767	\$105,989	\$931,291	\$668,792	\$46,277	\$715,068	130.2%	941	1,468	\$990
Nov-2014	\$21,442	\$795,052	\$2,548	\$135,381	\$954,422	\$667,888	\$46,168	\$714,056	133.7%	940	1,471	\$1,015
Dec-2014	\$22,215	\$794,134	\$1,363	\$211,368	\$1,029,079	\$666,729	\$46,125	\$712,853	144.4%	943	1,470	\$1,091
Jan-2015	\$25,296	\$778,057	\$1,551	\$84,707	\$889,612	\$658,414	\$45,242	\$703,656	126.4%	948	1,451	\$938
Feb-2015	\$19,282	\$334,294	\$11,196	\$104,837	\$469,610	\$656,900	\$45,138	\$702,038	66.9%	947	1,451	\$496
Mar-2015	\$19,718	\$483,759	\$1,408	\$134,393	\$639,277	\$666,075	\$45,768	\$711,843	89.8%	961	1,469	\$665
Apr-2015	\$23,895	\$718,488	\$969	\$148,455	\$891,808	\$666,265	\$45,782	\$712,047	125.2%	961	1,468	\$928
May-2015	\$19,661	\$517,481	\$5,473	\$127,164	\$669,780	\$658,784	\$45,268	\$704,052	95.1%	952	1,458	\$704
Grand Total	\$267,996	\$7,582,845	\$66,007	\$1,616,540	\$9,533,387	\$8,039,424	\$554,601	\$8,594,025	110.9%	11,409	17,718	\$836

LYNX

Monthly Healthcare Experience Report Plan Year to Date: Paid January 2015 through May 2015

Year / Month	Capitation	In-Network	Out-of-Network	Pharmacy	Total Claims	Billed Premium	Pooled Premium	Total Premium	Premium vs. Claims	Subs	Members	Claims PEPM
Jan-2015	\$25,296	\$778,057	\$1,551	\$84,707	\$889,612	\$658,414	\$45,242	\$703,656	126.4%	948	1,451	\$938
Feb-2015	\$19,282	\$334,294	\$11,196	\$104,837	\$469,610	\$656,900	\$45,138	\$702,038	66.9%	947	1,451	\$496
Mar-2015	\$19,718	\$483,759	\$1,408	\$134,393	\$639,277	\$666,075	\$45,768	\$711,843	89.8%	961	1,469	\$665
Apr-2015	\$23,895	\$718,488	\$969	\$148,455	\$891,808	\$666,265	\$45,782	\$712,047	125.2%	961	1,468	\$928
May-2015	\$19,661	\$517,481	\$5,473	\$127,164	\$669,780	\$658,784	\$45,268	\$704,052	95.1%	952	1,458	\$704
Grand Total	\$107,853	\$2,832,080	\$20,597	\$599,557	\$3,560,087	\$3,306,438	\$227,197	\$3,533,635	100.7%	4,769	7,297	\$747

LYNX
Large Claim Summary

Claims Exceeding
\$25,000

Category	Number of Claimants	Total PY Claims	Total R12 Claims
New to rolling 12 report with data paid through May	4	\$278,533	\$303,095
No longer on the plan	7	\$30,679	\$666,463
On Rolling 12 and Plan Year through May	22	\$1,795,580	\$3,237,402
Rolling 12 Claimants with less than \$25,000 in the current plan year	46	\$417,199	\$2,168,870
Grand Total	79	\$2,521,991	\$6,375,830



FULLY INSURED AND SELF INSURED OPTIONS



LYNX

Medical Cost Comparison
Effective Date of Coverage: January 1, 2016

Medical Insurance: Renewal

Carrier		Cigna											
Website		www.cigna.com											
Plan		Current					Renewal						
Plan Name		HSA		HSA		HSA		HSA		HSA			
Plan Type		Local Plus		OAP-IN		OAP-Plus		Local Plus		OAP-IN			
Open Access		Yes		Yes		Yes		Yes		Yes			
Location(s)		All		All		All		All		All			
In Network Benefits	Deductible (Single/Family)	Calendar Year (CYD) \$2,500/\$5,000		Calendar Year (CYD) \$2,000/\$4,000		Calendar Year (CYD) \$1,300/\$2,600		Calendar Year (CYD) \$2,500/\$5,000		Calendar Year (CYD) \$2,000/\$4,000			
	Coinsurance	20%		20%		20%		20%		20%			
	Maximum OOP (Single/Family)	\$5,000/\$10,000		\$4,000/\$8,000		\$2,600/\$5,200		\$5,000/\$10,000		\$4,000/\$8,000			
	PCP Visit	CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%			
	Specialist	CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%			
	Preventive Care	\$0		\$0		\$0		\$0		\$0			
	Urgent Care	CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%			
	Inpatient Hospital	CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%			
	Outpatient Surgical	CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%			
	Routine Lab & X-Ray	CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%			
	Complex Imaging (MRI, CT, PET)	CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%			
Emergency Room	CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%				
Rx	Deductible	Combined w/ Med		Combined w/Med		Combined w/Med		Combined w/Med		Combined w/Med			
	Preventive Rx (on the list)	\$0		\$0		\$0		\$0		\$0			
	Retail (in-network)	\$10/\$50/\$80		\$10/\$50/\$80		\$10/\$50/\$80		\$10/\$50/\$80		\$10/\$50/\$80			
	Mail Order	\$25/\$125/\$200		\$25/\$125/\$200		\$25/\$125/\$200		\$25/\$125/\$200		\$25/\$125/\$200			
OON	Deductible	Not Covered		Not Covered		\$2,450/\$6,250		Not Covered		Not Covered			
	Coinsurance	Not Covered		Not Covered		40%		Not Covered		Not Covered			
	Maximum OOP	Not Covered		Not Covered		\$4,900/\$12,250		Not Covered		Not Covered			
	Emergency Room	CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%		CYD then 20%			
Number of Employees													
Rates	Employee Only	581	\$520.54	102	\$607.73	13	\$722.58	581	\$690.81	102	\$807.78	13	\$961.86
	Employee + Spouse	66	\$1,104.19	25	\$1,289.14	3	\$1,532.76	66	\$1,473.80	25	\$1,721.92	3	\$2,048.75
	Employee + Child(ren)	57	\$998.05	19	\$1,165.23	3	\$1,385.43	57	\$1,331.41	19	\$1,555.69	3	\$1,851.10
	Employee + Family	53	\$1,581.73	29	\$1,846.67	1	\$2,195.65	53	\$2,114.44	29	\$2,469.86	1	\$2,938.03
	Monthly Plan Cost	\$516,030.82		\$169,909.76		\$20,343.76		\$686,587.10		\$226,625.61		\$27,141.76	
Percent Change by Plan								33.05%		33.38%		33.42%	
Cost	Total Annual Cost	\$8,475,412						\$11,284,254					
	Annual \$ Difference	N/A						\$2,808,842					
	Annual % Difference	N/A						33.14%					
Notes													



Lynx

Marketing Results

Effective Date: January 1, 2015

Stop Loss Coverage	
AIG	Quoted
Cigna	Quoted
Guardian	Declined to Quote
HighMark	Quoted - not competitive
Optum	Quoted - not competitive
Reliance Standard	Declined to Quote
SunLife	Quoted
Symetra	Quoted - not competitive
Voya	Quoted
Zurich	Declined to Quote - requires six months of data in the current policy period

While GBS does not guarantee the financial viability of any health insurance carrier or market, it is an area we recommend that clients closely scrutinize when selecting a health insurance carrier or HMO. There are a number of rating agencies that can be referred to including, A.M. Best, Fitch, Moody's, Standard & Poor's, and Weiss Ratings (TheStreet.com). Generally, agencies that provide ratings of U.S. Health Insurers, including traditional insurance companies and other managed care (e.g., HMO) organizations, reflects their opinion based on a comprehensive quantitative and qualitative evaluation of a company's financial strength, operating performance and market profile. However, these ratings are not a warranty of an insurer's current or future ability to meet its contractual obligations.





LYNX

Stop Loss Comparison
 Effective Date of Coverage: 1/1/2015

Stop Loss Carrier		Sun Life			
Plan		Proposed	Proposed		
Contract Type		12/12	12/15		
Lines of Coverage		Medical & Rx	Medical & Rx		
Total Enrollment (Employees)		952			
Fixed Cost Factors	Stop Loss	Specific (Individual) Stop Loss			
		Deductible	\$250,000	\$250,000	
		Rate per Employee	\$33.06	\$39.98	
		Monthly Specific Premium	\$31,473	\$38,061	
		Aggregate Stop Loss			
		Rate per Employee	\$3.06	\$3.06	
		Monthly Aggregate Premium	\$2,913	\$2,913	
	Total Stop Loss (Specific + Aggregate)				
	Rate per Employee	\$36.12	\$43.04		
	Monthly Stop Loss Premium	\$34,386	\$40,974		
	Admin	Claims Administration			
		Rate per Employee	\$47.95	\$47.95	
		Monthly Administration Cost	\$45,648	\$45,648	
	Total	Total Fixed Cost (Stop Loss + Claims Administration)			
Rate per Employee		\$84.07	\$90.99		
Monthly Fixed Cost		\$80,035	\$86,622		
Annual Fixed Cost		\$960,416	\$1,039,470		
Claims Factors	Expected & Aggregate	Expected Claims			
		Per Employee	\$771.81	\$844.29	
		Monthly Expected Claims	\$734,760	\$803,761	
	Total Monthly Expected Costs		\$814,794	\$890,384	
	Aggregate Claims				
	Aggregate Corridor	125%	125%		
	Per Employee	\$964.76	\$1,055.36		
Monthly Aggregate Claims	\$918,450	\$1,004,701			
Total Monthly Aggregate Costs		\$998,484	\$1,091,324		
HCR	Total	HCR Fees			
		Per Member per Month	1,457	\$3.84	\$3.84
		Total Monthly HCR Fees		\$5,593.19	\$5,593.19
Total Annual Expected Costs		\$9,844,651	\$10,751,721		
Total Annual Aggregate Costs		\$12,048,931	\$13,163,004		
Notes		Claims needed through August to make the quote firm			



LYNX

Stop Loss Comparison
 Effective Date of Coverage: 1/1/2015

Stop Loss Carrier		Cigna			
Plan		Proposed	Proposed		
Contract Type		12/12	12/15		
Lines of Coverage		Medical & Rx	Medical & Rx		
Total Enrollment (Employees)		952			
Fixed Cost Factors	Stop Loss	Specific (Individual) Stop Loss			
		Deductible	\$250,000	\$250,000	
		Rate per Employee	\$35.77	\$46.29	
		Monthly Specific Premium	\$34,053	\$44,066	
		Aggregate Stop Loss			
		Rate per Employee		\$4.73	
		Monthly Aggregate Premium	\$0	\$4,503	
		Total Stop Loss (Specific + Aggregate)			
		Rate per Employee	\$35.77	\$51.02	
	Monthly Stop Loss Premium	\$34,053	\$48,569		
	Admin	Claims Administration			
		Rate per Employee	\$47.95	\$47.95	
		Monthly Administration Cost	\$45,648	\$45,648	
	Total	Total Fixed Cost (Stop Loss + Claims Administration)			
Rate per Employee		\$83.72	\$98.97		
Monthly Fixed Cost		\$79,701	\$94,218		
	Annual Fixed Cost	\$956,417	\$1,130,610		
Claims Factors	Expected & Aggregate	Expected Claims			
		Per Employee	\$771.81	\$823.49	
		Monthly Expected Claims	\$734,760	\$783,961	
	Total Monthly Expected Costs	\$814,461	\$878,178		
	Aggregate Claims				
	Aggregate Corridor	125%	125%		
	Per Employee	\$964.76	\$1,029.36		
Monthly Aggregate Claims	\$918,450	\$979,951			
Total Monthly Aggregate Costs	\$998,151	\$1,074,168			
HCR	Total	HCR Fees			
		Per Member per Month	1,457	\$3.84	\$3.84
		Total Monthly HCR Fees		\$5,593.19	\$5,593.19
Total Annual Expected Costs		\$9,840,653	\$10,605,256		
Total Annual Aggregate Costs		\$12,044,932	\$12,957,137		
Notes		Firm Quote. Includes a Laser of \$400k on a Hemophiliac claimant. Potential for another \$150k in expenses on this person			



LYNX

Stop Loss Comparison
 Effective Date of Coverage: 1/1/2015

Stop Loss Carrier		AIG			
Plan		Proposed	Proposed		
Contract Type		12/12	12/15		
Lines of Coverage		Medical & Rx	Medical & Rx		
Total Enrollment (Employees)		952			
Fixed Cost Factors	Stop Loss	Specific (Individual) Stop Loss			
		Deductible	\$250,000	\$250,000	
		Rate per Employee	\$54.05	\$61.13	
		Monthly Specific Premium	\$51,456	\$58,196	
		Aggregate Stop Loss			
		Rate per Employee	\$2.11	\$2.67	
		Monthly Aggregate Premium	\$2,009	\$2,542	
		Total Stop Loss (Specific + Aggregate)			
		Rate per Employee	\$56.16	\$63.80	
	Monthly Stop Loss Premium	\$53,464	\$60,738		
	Admin	Claims Administration			
		Rate per Employee	\$47.95	\$47.95	
		Monthly Administration Cost	\$45,648	\$45,648	
Total	Total Fixed Cost (Stop Loss + Claims Administration)				
	Rate per Employee	\$104.11	\$111.75		
	Monthly Fixed Cost	\$99,113	\$106,386		
	Annual Fixed Cost	\$1,189,353	\$1,276,632		
Claims Factors	Expected & Aggregate	Expected Claims			
		Per Employee	\$771.81	\$859.42	
		Monthly Expected Claims	\$734,760	\$818,172	
	Total Monthly Expected Costs	\$833,873	\$924,558		
	Aggregate Claims				
	Aggregate Corridor	125%	125%		
	Per Employee	\$964.76	\$1,074.28		
Monthly Aggregate Claims	\$918,450	\$1,022,715			
Total Monthly Aggregate Costs	\$1,017,562	\$1,129,101			
HCR	Total	HCR Fees			
		Per Member per Month	1,457	\$3.84	\$3.84
		Total Monthly HCR Fees		\$5,593.19	\$5,593.19
Total Annual Expected Costs		\$10,073,588	\$11,161,810		
Total Annual Aggregate Costs		\$12,277,868	\$13,616,325		
Notes		Claims needed through August to make the quote firm			



LYNX

Stop Loss Comparison
 Effective Date of Coverage: 1/1/2015

Stop Loss Carrier		Voya			
Plan		Proposed	Proposed		
Contract Type		12/12	12/15		
Lines of Coverage		Medical & Rx	Medical & Rx		
Total Enrollment (Employees)		952			
Fixed Cost Factors	Stop Loss	Specific (Individual) Stop Loss			
		Deductible	\$250,000	\$250,000	
		Rate per Employee	\$50.07	\$60.08	
		Monthly Specific Premium	\$47,667	\$57,196	
		Aggregate Stop Loss			
		Rate per Employee	\$3.50	\$3.50	
	Monthly Aggregate Premium	\$3,332	\$3,332		
	Total Stop Loss (Specific + Aggregate)				
	Rate per Employee	\$53.57	\$63.58		
	Monthly Stop Loss Premium	\$50,999	\$60,528		
	Admin	Claims Administration			
		Rate per Employee	\$47.95	\$47.95	
		Monthly Administration Cost	\$45,648	\$45,648	
Total	Total Fixed Cost (Stop Loss + Claims Administration)				
	Rate per Employee	\$101.52	\$111.53		
	Monthly Fixed Cost	\$96,647	\$106,177		
	Annual Fixed Cost	\$1,159,764	\$1,274,119		
Claims Factors	Expected & Aggregate	Expected Claims			
		Per Employee	\$771.81	\$877.48	
		Monthly Expected Claims	\$734,760	\$835,361	
	Total Monthly Expected Costs	\$831,407	\$941,538		
	Aggregate Claims				
	Aggregate Corridor	125%	125%		
	Per Employee	\$964.76	\$1,096.85		
Monthly Aggregate Claims	\$918,450	\$1,044,201			
Total Monthly Aggregate Costs	\$1,015,097	\$1,150,378			
HCR	Total	HCR Fees			
		Per Member per Month	1,457	\$3.84	\$3.84
		Total Monthly HCR Fees		\$5,593.19	\$5,593.19
Total Annual Expected Costs		\$10,044,000	\$11,365,569		
Total Annual Aggregate Costs		\$12,248,280	\$13,871,651		
Notes		Claims needed through August to make the quote firm			



OBSERVATIONS AND NEXT STEPS



Observations/Next Steps

- Plan design changes are having an impact as 2015 YTD is running at \$647 PEPM vs. \$774 PEPM for CY 2014 (excluding claims over the pooling point of \$250k)
- Claim expense will likely go higher in the year as deductibles and max out of pockets are met, however should not meet 2014 levels
- Last six months of 2014 were all above 100% loss ratio, with the highest being over 140%. These months are all impacting the underwriting



Observations/Next Steps

- Continue to monitor claims to see if the 2015 YTD experience continues to run better than 2014
- Negotiate with Cigna on fully insured and self insured proposals and stop loss carriers on self insured proposals including reviewing different specific deductible and aggregate corridor amounts
- Once best and final numbers are negotiated, conduct risk/reward analysis to determine the self insured vs. fully insured decision



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Thank You

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LYNX Finance & Audit Committee Agenda

Agenda Item #4

To: LYNX Finance & Audit Committee Members

From: Blanche W. Sherman, CPA Director of Finance

Phone: 407.841.2279 extension 6100

Item Name: Review of LYNX' Unsolicited Proposals (UP) Policy (Admin Rule 4.18) and Clarification Policy Supplemental

Date: 07/15/2015

On August 9, 2012, the LYNX Board of Directors approved an Unsolicited Proposals Amendment to Administrative Rule 4 - Procurement and Contract Administration.

This policy was developed after a review of FTA "best practices", similar policies drafted by other public agencies and reaching out to LYNX' regional funding partners.

By way of summary, this policy:

- Defines exactly what constitutes an unsolicited proposal,
- Provides requirements of a valid unsolicited proposal,
- Establishes submittal requirements for unsolicited proposals and,
- Details LYNX evaluation procedures for unsolicited proposals.

On June 15, 2015, the LYNX Chief Executive Officer executed a clarification policy supplemental under Administrative Rule 4.18.

LYNX staff is currently in the process of initiating the evaluation of two Unsolicited Proposals (Digital Retailer Mobile Fare Solution and Osceola and Seminole Bus Maintenance Facilities) and is requesting review of the attached policies by Committee members for any recommendations to strengthen the process.

ADMINISTRATIVE RULE 4 (AMENDMENT)

SUBJECT: UNSOLICITED PROPOSALS

EFFECTIVE DATE:

SCOPE:

Unsolicited proposals allow unique and innovative ideas or approaches that have been developed to be made available for use in accomplishing the Authority's mission. Unsolicited proposals are offered with the intent that the Authority may enter into a contract with the offeror for research and development, new services, land development or other efforts essential in supporting the Authority's mission, and often represent a substantial investment of time and effort by the offeror. This amendment to Administrative Rule 4 establishes requirements for the submission of unsolicited proposals and establishes procedures for the Authority to consider such proposals.

Authority:

Authority for the establishment of this Administrative Rule is as follows:

Part II, Chapter 343, Florida Statutes

AMENDMENT:

Amendment to Rule 4. The following Section 4.18 is hereby added to Rule 4:

4.18. Unsolicited Proposals

4.18.1 **Definition.** The term "**unsolicited proposal**" means a written proposal for a new or innovative idea that is submitted to the Authority on the initiative of an offeror for the purpose of obtaining a contract with the Authority, and is not in response to a request for proposal, invitation to bid, or any other Authority-initiated solicitation or program.

4.18.2 **Requirements.** A valid unsolicited proposal must:

- A. Be innovative and unique;
- B. Be independently originated and developed by the offeror;
- C. Be prepared without the Authority's supervision, endorsement, direction, or direct Authority involvement, except for preliminary meetings with the Authority's staff for informational purposes and/or requests for information; and

- D. Include sufficient detail to permit a determination that Authority support could be worthwhile and the proposed work is essential to the Authority's mission responsibilities.

4.18.3 **Applicability of Public Records Act.** Offerors should be aware that all documents, papers, letters, maps, books, tapes, photographs, films, sound recordings, data processing software, or other material, regardless of the physical form, characteristics, or means of transmission, made or received in connection with the transaction of official business by the Authority are public records under the Public Records Act, Chapter 119, Florida Statutes, and, therefore, unsolicited proposals may constitute public records. Offerors should also be aware that while certain laws may prohibit the release of trade secret information by the Authority, in order to be applicable, the owner of such trade secrets must take reasonable measures to prevent trade secrets from becoming available to persons other than those selected by the owner to have access thereof for limited purposes (which measures may include prominently labeling each page of an unsolicited proposal where trade secret information appears as being "TRADE SECRET CONFIDENTIAL"). This paragraph is not intended to nor should it be construed to constitute legal advice or an obligation for the Authority or the Authority's staff to undertake any particular action. If an offeror would like to protect its trade secret information it should consult with an attorney to determine how best to do so.

4.18.4 **Content of Unsolicited Proposals.** Unsolicited proposals shall contain the following information to permit consideration in an objective and timely manner:

A. **Basic information:**

1. Offeror's name, address and type of organization, e.g., profit, non-profit, educational, small business;
2. Names and telephone numbers of technical and business personnel to be contacted for evaluation or negotiation purposes;
3. Identification of proprietary data to be used only for evaluation purposes;
4. Names of other federal, state, or local agencies or parties receiving the proposal or funding the proposed effort;
5. Date of submission; and

6. Signature of the person authorized to represent and contractually obligate the offeror.

B. Additional Information Required:

1. Concise title and abstract (preferably fewer than 200 words) of the proposed effort;
2. A reasonably complete discussion stating the objectives of the effort or activity, the method of approach and extent of effort to be employed, the nature and extent of the anticipated results, and the manner in which the work is essential to support accomplishment of the Authority's mission;
3. Names and biographical information on the offeror's key personnel who would be involved, including alternates;
4. Type of support needed, if any, from the Authority, e.g., facilities, equipment, materials, financial or personnel resources;
5. Financial plan that includes in sufficient detail for meaningful evaluation: (a) proposed price or total estimated cost for the effort; and (b) identifies all required funding sources and timing of funding;
6. Period of time for which the proposal is valid (six (6) month minimum);
7. Type of contract preferred;
8. Proposed duration of effort;
9. Brief description of the organization, previous experience, relevant past performance, and facilities used;
10. Other statements, if applicable, about organizational conflicts of interest, security clearances, and environmental impacts; and
11. The names and telephone numbers of Authority technical or other Authority points of contact already contacted regarding the unsolicited proposal.

C. **Evaluation Fee:**

1. An initial evaluation fee of Twenty Five Thousand Dollars (\$25,000) payable to the Central Florida Regional Transportation Authority d/b/a LYNX must accompany each unsolicited proposal (the "**Initial Fee**"). Proposals received without the Initial Fee will not be accepted. The Initial Fee may be waived in whole or in part by the Authority's Chief Executive Officer. Unsolicited proposals submitted by governmental entities shall be exempt from the payment of any fees.
2. Payment of the Initial Fee and any additional fees shall be made by business check, cashier's check, or any other non-cancelable instrument. Personal checks will not be accepted.
3. If the Initial Fee is not sufficient to pay the Authority's costs of evaluating the unsolicited proposal, the Authority shall request in writing such additional amounts as determined by the Authority's Chief Executive Officer. The public-private partnership or private entity submitting the proposal shall pay the requested additional fee within thirty (30) days of receiving the request. Failure to pay the additional fee shall result in the proposal being rejected.
4. The Authority shall refund any fees in excess of the costs of evaluating the proposal after the evaluation is complete. The cost of evaluating the proposal is equal to the amount of all out-of-pocket costs incurred by the Authority in its review (including all fees and expenses paid by the Authority to outside consultants) and the amount of all labor costs incurred by the Authority for the Authority personnel to participate in the review. If the Authority personnel participating in the review are paid on an hourly basis, the labor cost will be equal to the sum of the number of hours that such employees spent on the review multiplied by their hourly pay. If the Authority personnel involved in the review are not paid on an hourly basis, the labor cost will be equal to the sum of the number of hours that such employees spent on the review multiplied

by an hourly rate equal to the prorated cost of their annual salary.

5. The fee requirement can be waived if it conflicts with federal requirements or can be reduced by the Authority's Chief Executive Officer if the Authority's Chief Executive Officer determines that the estimated cost of evaluation will be less than the Initial Fee.
6. Unsolicited proposals valued at \$150,000 or less shall be exempt from the Initial Fee requirement in **Section 4.18.4(c)(1)**. However, the Authority's Chief Executive Officer shall have the authority to require a fee to be paid by the offeror in the event that staff time devoted to the unsolicited proposal is substantial, as determined by the Authority's Chief Executive Officer.

4.18.5 **Authority Procedures**

A. **Acceptance and negotiation of an unsolicited proposal:** Within sixty (60) days of receipt of an unsolicited proposal and before initiating a comprehensive evaluation, the Authority's Chief Executive Officer shall determine if the proposal:

1. Is a valid unsolicited proposal, meeting the requirements of this **Section 4.18;**
2. Is essential to the Authority's mission;
3. Contains sufficient technical and cost information for evaluation; and
4. Has been approved by a responsible official or other representative authorized to obligate the offer contractually.

If the proposal meets these requirements, the Authority shall promptly acknowledge receipt and advertise for 30 days, in a newspaper of general circulation in one or more counties in the Authority's service territory, its receipt of the proposal and solicitation for any additional proposals or comments from interested parties. The advertisement shall not improperly disclose proprietary information or originality of thought or innovativeness of the property or services sought. Following the end of the advertisement

period, the Authority shall begin to process any related unsolicited proposals. A favorable comprehensive evaluation of an unsolicited proposal does not, itself, justify awarding a contract without providing for full and open competition.

B. Comprehensive Evaluation:

1. When performing a comprehensive evaluation of an unsolicited proposal, evaluators (to be selected by the Authority's Chief Executive Officer) shall consider the following factors, in addition to any others appropriate for the particular proposal:
 - (i) Unique, innovative, and meritorious methods, approaches, or concepts demonstrated by the proposal;
 - (ii) Overall scientific, technical, or socioeconomic merits of the proposal;
 - (iii) Potential contribution of the effort to the Authority's specific mission;
 - (iv) The offeror's capabilities, related experience, facilities, techniques, or unique combinations of these that are integral factors for achieving the proposal objectives;
 - (v) The qualifications, capabilities, and experience of the proposed principal investigator, team leader, or key personnel critical to achieving the proposal objectives; and
 - (vi) The realism of the proposed cost.
2. A favorable comprehensive evaluation of an unsolicited proposal does not, in itself, justify awarding a contract without providing for full and open competition.
3. The Authority's staff shall have at least ninety (90) days from the close of the advertisement period to complete their comprehensive evaluation and provide their recommendation to the Authority's Governing Board, where a Major Contract may be

awarded, or to the Authority's Chief Executive Officer, where a Minor Contract may be awarded. When deemed necessary due to the complexity of the issues or other special circumstances, this timeframe may be extended by the Authority's Chief Executive Officer.

4.18.5 **Contract Negotiations:** The Authority may commence negotiations on a sole source basis when an unsolicited proposal offers an innovative proprietary concept, has received a favorable comprehensive evaluation by the Authority's staff, has been deemed to be essential to accomplishing the Authority's objective, and the requirements for a sole-source procurement in accordance with this Administrative Rule 4 have been met.

4.18.6 **Contract Award:**

- A. The award and execution of any Major Contract resulting from an unsolicited proposal is subject to approval by the Authority's Governing Board. The award and execution of a Minor Contract resulting from an unsolicited proposal is subject to approval by the Authority's Chief Executive Officer.
- B. Prior to contract award, the Authority will publicize the intention to award a contract based on the unsolicited proposal or another proposal submitted in response to the publication provided in **Section 4.18.5(A)**.

4.18.7 **Rejection of Unsolicited Proposal:** The Authority shall return an unsolicited proposal to the offeror, citing reasons, when its substance:

- A. Is available to the Authority without restriction from another source;
- B. Closely resembles a proposed or pending competitive acquisition requirement;
- C. Is not essential to accomplishing the Authority's mission;
or
- D. Does not demonstrate an innovative and unique method, approach, or concept, or is otherwise not deemed a meritorious proposal.



POLICY: UNSOLICITED PROPOSALS

ISSUING DEPARTMENT: CHIEF EXECUTIVE

EFFECTIVE DATE: JUNE 15, 2015

Approved:

John M. Lewis Jr.
Chief Executive Officer

BACKGROUND

This Policy clarifies and supplements the Authority's rules contained in Administrative Rule 4.18 pertaining to unsolicited proposals (the "Unsolicited Proposal Rule").

AUTHORITY

Authority for the establishment of this Policy is Section 2.6 of Administrative Rule 2.

POLICY

4.18.1 Definition of Unsolicited Proposal. The initial unsolicited proposal and all proposals received in response to the advertisement described in Section 4.18.5.A. of the Unsolicited Proposal Rule (the "Advertisement") are "unsolicited proposals" for purposes of the Unsolicited Proposal Rule. However, to the extent that LYNX receives any additional unsolicited proposals in response to the Advertisement, the receipt of such unsolicited proposal shall not restart the unsolicited proposal procedures. For example, if LYNX receives a second unsolicited proposal in response to the Advertisement, LYNX shall not be required to publish any additional advertisements or make an initial determinations as to the uniqueness of the second unsolicited proposal.

4.18.3 Applicability of Public Records Act. The forms of Invitation for Bid ("IFB") and Request for Proposals ("RFP") that LYNX utilizes for procurements subject to competitive solicitation contain provisions that provide that if a bidder or proposer asserts that information contained in its bid or proposal is a trade secret, and if LYNX declines to satisfy a public records request in reliance upon such assertion, the bidder or proposer will indemnify and hold LYNX harmless from any liabilities, damages, losses, costs and expenses, including attorney's fees, that LYNX may incur as a result of such refusal, if such refusal is wrongful. In the context of an unsolicited proposal, there is no IFB or RFP being issued that would contain such requirements. LYNX reserves the right to reject any unsolicited proposal if the proposer fails to deliver a written undertaking upon request by LYNX agreeing to indemnify LYNX in accordance with the terms set forth herein.

4.18.4.C. Evaluation Fee. Administrative Rule 4.18.4.C. requires that an initial evaluation fee of Twenty Five Thousand Dollars (\$25,000) payable to the Central Florida Regional Transportation Authority, d/b/a LYNX accompany each unsolicited proposal, subject to waiver in whole or in part by the Chief Executive Officer. Any waiver of the fee requirement must be in writing. The fee is primarily intended to be utilized by LYNX for purposes of the comprehensive analysis described in Section 4.18.5.B. of the Unsolicited Proposal Rule; however, it may also be used by LYNX for other aspects of the unsolicited proposal process, including developing and posting the Advertisement. Any proposer submitting an unsolicited proposal in response to the Advertisement must also pay an initial evaluation fee in the same amount as the initial proposer so that LYNX will have the resources available to thoroughly review its proposal. LYNX will separately account for expenses incurred for each unsolicited proposal that it receives and charge those expenses against the associated evaluation fee. To the extent that the nature of a particular expense makes it impractical for LYNX to separately account for such expense, as determined by LYNX, LYNX may allocate such expense among multiple proposals as it determines reasonable and appropriate in its sole and absolute discretion.

4.18.5.A. Receipt of Unsolicited Proposal, Advertising and Processing of Related Unsolicited Proposals.

(a) The sixty (60) day time period referenced in the first sentence of Section 4.18.5.A. of the Unsolicited Proposal Rule shall commence once LYNX receives a complete unsolicited proposal that includes the initial evaluation fee. If LYNX receives an incomplete unsolicited proposal or an unsolicited proposal that does not include the initial evaluation fee (which, for the avoidance of doubt, also constitutes an “incomplete unsolicited proposal”), LYNX may, in its sole and absolute discretion, either reject and return the incomplete unsolicited proposal to the proposer or permit the proposer to supplement its incomplete unsolicited proposal (with the presumption that following such supplement, the incomplete unsolicited proposal will become a complete unsolicited proposal).

(b) The advertising requirements set forth in Section 4.18.5.A. of the Unsolicited Proposal Rule are in addition to any other advertising requirements imposed by applicable law or regulation (including Federal Transit Administration (“FTA”) regulations, to the extent applicable). LYNX staff should consider the advertising requirements contained in Section 287.05712(4), Fla. Stat. (the “P3 Requirements”), to the extent that an unsolicited proposal relates to a public private partnership subject to such requirements. Nothing herein is intended to impose any requirements (including the P3 Requirements) upon LYNX other than those required by applicable law or regulation.

(c) The initial processing of any related unsolicited proposals that are received pursuant to the Advertisement consists of evaluating whether those additional unsolicited proposals are complete (including whether the required fee is included) and whether they comply with the requirements contained in (1) – (4) of Section 4.18.5.A. of the Unsolicited Proposal Rule. LYNX reserves the absolute right in its sole and absolute discretion to waive any informalities or irregularities that LYNX determines in its sole and absolute discretion to not be material or to reject any incomplete unsolicited proposal or any unsolicited proposal that fails to comply with the aforementioned requirements.

4.18.5.B. Comprehensive Evaluation. After the public notification period referenced in Section 4.18.5.A. of the Unsolicited Proposal Rule expires, and if LYNX receives multiple unsolicited proposals, the Chief Executive Officer will convene a Source Evaluation Committee (“SEC”) to evaluate the unsolicited proposals received. The SEC will rank the unsolicited proposals received in order of preference. In ranking the proposals, the SEC will consider such factors, and the relative weights assigned to such factors, designated by the Chief Executive Officer, including the factors contained in Section 4.18.5.B of the Unsolicited Proposal Rule. The SEC will govern itself in accordance with Florida’s Government in the Sunshine Law, Section 286.011, Fla. Stat. LYNX may, in its sole and absolute discretion, create a short-list of proposers based upon an initial round of evaluations and permit such selected proposers to undertake a proof of concept or pilot, and ultimately select a proposer based upon the results of such proof of concept or pilot (alternatively, LYNX may, in its sole and absolute discretion, permit all proposers to undertake a proof of concept or pilot). Failure to participate in such proof of concept or pilot would result in rejection of a proposer’s proposal.

4.18.5. Contract Negotiation. If LYNX receives multiple unsolicited proposals, LYNX may begin negotiations with the highest-ranked proposer following the posting of the intention to award a contract referenced in Section 4.18.6 of the Unsolicited Proposal Rule (the “Recommendation of Award”). If LYNX is not satisfied with the results of the negotiations, LYNX may terminate negotiations with the highest-ranked proposer and negotiate with the second-ranked or subsequent ranked proposers, in the order ranked by the SEC. If only one unsolicited proposal is received, LYNX may negotiate with the proposer, and if LYNX is not satisfied with the results of the negotiations, LYNX may terminate negotiations with the proposer. LYNX may, in its sole and absolute discretion, reject all unsolicited proposals at any point in the process until a contract with a proposer is executed. If federal funds are to be utilized by LYNX, in whole or in part, to pay for any goods or services provided under a contract resulting from the unsolicited procurement process, the contract will contain the LYNX General Provisions (which is available at www.golynx.com) to the extent that LYNX determines necessary to comply with FTA requirements. LYNX also may require that a proposer (either prior to or following contract award) sign and deliver certifications regarding debarment, lobbying, disadvantaged business enterprise (DBE) participation, and such other certifications as may be required by applicable law or regulation.

4.18.6.B. Publication of Intention to Award Contract. The publication of the Recommendation of Award shall be undertaken in accordance with LYNX’s standard procedures for publication of the intention to award a contract in a competitive solicitation.

4.18.7. Rejection of Proposal. The reasons for rejection identified in Section 4.18.7 of the Unsolicited Proposal Rule are intended to apply to the Chief Executive Officer’s initial review of an unsolicited proposal. LYNX reserves the right to reject any and all unsolicited proposals in accordance with the terms set forth in the Unsolicited Proposal Rule, this Policy or the advertisement published pursuant to Section 4.18.5.A of the Unsolicited Proposal Rule.

4.18.8 Protests. In the event any proposer wishes to file a protest regarding the unsolicited proposal process, such protest must be made in accordance with LYNX Administrative Rule 6

(which is available at www.golynx.com), the terms of which are hereby included herein by this reference. In the event a protest is filed, LYNX Administrative Rule 6 requires that a cash bond be posted with LYNX at the time the protest is filed. In addition, a protest must meet strict time limitations for filing. Reference is made to LYNX Administrative Rule 6 for these and other matters relating to any protest.

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