



LYNX Finance & Audit Committee

A G E N D A

November 4, 2015

2:30 PM

LYNX Central Station

Second Floor Room #215

- Call to Order
- Approval of Prior Meeting Minutes
- Mobile Ticketing Unsolicited Proposal Update
- Satellite Facilities Unsolicited Proposal Update
- Wellness Update
- 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: September 3, 2015
TIME: 10:03 AM

Members in Attendance:

Chairperson Chris McCullion, City of Orlando
Vice Chairperson Ray Walls, Orange County
Zoraida Cruz, Osceola County
Jo Santiago, FDOT

LYNX Staff in Attendance:

Susan Black, Interim Chief Executive Officer
Blanche Sherman, Director of Finance
Pat Christiansen, LYNX' General Counsel

Members Absent:

Edward Bass, Seminole County

1. Call to Order/Introduction

Chairperson Chris McCullion called the meeting to order at 10:03 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 July 15, 2015 Finance & Audit Committee. The Motion passed unanimously.

3. Audit Agenda Items

✓ **Amendment to LYNX' FY2015 Operating & Capital Budgets**

Chris McCullion called on Blanche Sherman, Director of Finance, to discuss the first agenda item. Ms. Sherman provided a brief overview of the FY2015 amended operating budget which is increasing from \$126.6M to \$127.4M. Ms. Sherman discussed the increases and reclassifications of expenses previously approved at the March and July Board of Directors meetings as summarized below:

	FY2015 Amended Budget as of March 2015	Professional Fees - Workers' Compensation	Purchased Transportation - MV	US 192 BRT	Salaries, Wages & Fringe	Reclassifications / Transfers	FY2015 Amended Budget as of September 2015
Revenue							
Fund Balance	\$ 1,665,286		\$ -	\$ -	\$ -	\$ -	\$ 1,665,286
LYNX-Generated Revenue	38,446,206		-	-	-	-	38,446,206
Federal Revenue	15,875,297		196,535	105,000	-	336,537	16,513,369
State Revenue	13,263,175		-	-	-	140,000	13,403,175
Local Revenue	57,326,743	65,000	254,938	-	-	(319,938)	57,326,743
Total Revenue	\$ 126,576,707	\$ 65,000	\$ 451,473	\$ 105,000	\$ -	\$ 156,599	\$ 127,354,779
Expense							
Salaries/Wages/Fringes	\$ 70,796,959		\$ -	\$ -	\$ 25,646	\$ -	\$ 70,822,605
Other Services	11,138,951	65,000	-	105,000	(25,646)	156,599	11,439,904
Fuel	16,108,610		-	-	-	-	16,108,610
Materials & Supplies	7,411,652		-	-	-	-	7,411,652
Utilities	1,439,337		-	-	-	-	1,439,337
Casualty & Liability	1,399,850		-	-	-	-	1,399,850
Taxes & Tags	409,841		-	-	-	-	409,841
Purchased Transportation	16,929,333		451,473	-	-	-	17,380,806
Miscellaneous	676,674		-	-	-	-	676,674
Interest & Leases	265,500		-	-	-	-	265,500
Total Operating Expenses	\$ 126,576,707	\$ 65,000	\$ 451,473	\$ 105,000	\$ -	\$ 156,599	\$ 127,354,779

Ms. Sherman also discussed the impact of the changes on the operating revenues as follows:

FY2015 Amended Operating Budget

Operating Revenues	FY2015 Amended Budget as of March 2015	Revisions	FY2015 Amended Budget as of September 2015
Fund Balance	\$ 1,665,286	\$ -	\$ 1,665,286
LYNX-Generated Revenue	38,446,206	-	38,446,206
Federal Revenue	15,875,297	638,072	16,513,369
State Revenue	13,263,175	140,000	13,403,175
Local Revenue	57,326,743	-	57,326,743
Total Revenue	\$ 126,576,707	\$ 778,072	\$ 127,354,779

Ms. Sherman then discussed minor changes (reclassifications) to the FY2015 amended capital budget as listed below:

Capital Expenditures	FY2015 Amended as of March 2015	Reclassifications			FY2015 Amended as of September 2015
		Real Time Information	Kissimmee Intermodal	Vehicles	
Revenue Vehicles	\$ 49,153,072	\$ -	\$ -	\$ 100,646	\$ 49,253,718
BRT	15,674,570	-	-	-	15,674,570
Facilities	2,922,475	-	(1,192)	-	2,921,283
Passenger Amenities	12,987,746	(3,300,000)	1,192	-	9,688,938
Technology	3,823,241	3,300,000	-	-	7,123,241
Security	1,010,244	-	-	-	1,010,244
Support Equipment	2,054,205	-	-	(100,646)	1,953,559
ARRA	1,804,075	-	-	-	1,804,075
Total	\$ 89,429,628	\$ -	\$ -	\$ -	\$ 89,429,628

- Reclassification of Real Time Information from Passenger Amenities to Technology
- Reclassification of Service Vehicles from Support Equipment to Vehicles
- Reclassification of Kissimmee Intermodal Purchase Order balance from Facilities to Passenger Amenities

Chris McCullion asked if there were any questions. There being none, Mr. McCullion asked for a motion to approve the recommended adjustments to the FY2015 budget. **Motion** was made and seconded to approve the recommended adjustments to the FY2015 budget. The Motion passed unanimously.

✓ **Overview of FY2016 Proposed Operating & Capital Budgets**

Chris McCullion called on Blanche Sherman, Director of Finance, to discuss the second agenda item. Ms. Sherman mentioned that the preliminary FY2016 operating budget was presented to the Board of Directors in March 2015. Ms. Sherman discussed the FY2016 key budget assumptions as follows:

Overall:

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

Revenue:

- Maintain current Preventative Maintenance Funding Level
- Maximize use of Anticipated Advertising Revenue
- Potential Royalties from third party usage of Compressed Natural Gas (CNG)

Expenses:

- Continuation of Fuel Hedging Program, as appropriate
- Impacts of conversion to Compressed Natural Gas (CNG)
- 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

- Osceola County Service Improvements (Link 10 & Link 26)

Pending Items:

- Implementation of Funding Partner approved COA Recommendations
- Impacts of SunRail Phase 2 expansion

Ms. Sherman briefly discussed the overall decrease of (0.2%) in the FY2016 proposed operating budget to the FY2015 amended operating budget as follows:

	FY2015 Amended Budget	FY2016 Proposed Budget	Dollar Change Amount	% Change
Operating Expenses				
Salaries/Wages/Fringes	\$ 70,822,605	\$ 73,270,554	\$ 2,447,949	3.5%
Other Services	11,439,904	10,861,200	(578,704)	-5.1%
Fuel	16,108,610	13,569,071	(2,539,539)	-15.8%
Materials & Supplies	7,411,652	8,284,043	872,391	11.8%
Utilities	1,439,337	1,454,571	15,234	1.1%
Casualty & Liability	1,399,850	1,524,850	125,000	8.9%
Taxes & Tags	409,841	434,605	24,764	6.0%
Purchased Transportation	17,380,806	16,334,771	(1,046,035)	-6.0%
Miscellaneous	676,674	826,779	150,105	22.2%
Interest & Leases	265,500	485,000	219,500	82.7%
Total Operating Expenses	\$ 127,354,779	\$ 127,045,444	\$ (309,335)	-0.2%

Committee members discussed various increases and upcoming negotiations with the union, the change in contract services (Medicaid), and the change in fuel. Ms. Sherman spoke about additional funding from Osceola County that will be included in the FY2016 proposed budget.

Ms. Sherman then discussed the increase of 5.7% in the FY2016 proposed capital budget to the FY2015 amended operating budget as listed below:

Description	FY2015 Amended Budget	FY2016 Proposed Budget	Dollar Amount Change	% Change
ARRA	\$ 1,804,075	\$ -	\$ (1,804,075)	-100.0%
BRT	15,674,570	14,070,635	(1,603,935)	-10.2%
Facilities	2,921,283	5,776,330	2,855,047	97.7%
Passenger Amenities	9,688,938	10,064,773	375,835	3.9%
Security	1,010,244	603,995	(406,249)	-40.2%
Support Equipment	1,953,559	4,845,270	2,891,711	148.0%
Technology	7,123,241	5,578,366	(1,544,875)	-21.7%
Support Vehicles	1,139,133	702,655	(436,478)	-38.3%
Revenue Vehicles	48,114,585	52,901,775	4,787,190	9.9%
Total	\$ 89,429,628	\$ 94,543,799	\$ 5,114,171	5.7%

Ms. Sherman mentioned that the FY2016 capital budget was discussed in detail at the Finance & Audit Committee meeting in July 2015.

Ms. Sherman discussed a net change in headcount of nine (9) positions which includes eight (8) additional positions because of service improvements in Osceola County, three (3) additional Administrative positions, and a reduction of two (2) Road Ranger program positions.

Ms. Sherman then mentioned future items including public/private partnerships with two unsolicited proposals being reviewed (one for satellite facilities and one for mobile ticketing), continuing to review fixed route vehicles and continuing to seek state grant funds as needed.

Ray Walls asked about an estimate of the unassigned fund balance for next year. Ms. Sherman responded that the fund balance estimate is \$30 million.

Chris McCullion asked for a recommendation for approval of the FY2016 operating and capital budgets to the Oversight Committee. **Motion** was made and seconded to recommend the approval of the FY2016 operating and capital budgets to the Oversight Committee. The Motion passed unanimously.

✓ **Overview of Health Insurance Cost Containment Status**

Chris McCullion called on Blanche Sherman to present the third agenda item. Ms. Sherman discussed the two charts listed below showing the previous costs presented to the Finance & Audit Committee in July 2015 and a comparison of best and final offers from the providers.

The table below summarized the preliminary costs to LYNX for health insurance premiums from Cigna, the current provider, and three optional providers, AIG, SunLife, and Voya for self-insured options.

Healthcare Plan Proposal without H.S.A. Component Summary - July 2015		
Description:	Employer FY2016 Projected Cost of Plan	Difference from FY2016 Preliminary Budget Healthcare Cost
FY2016 Preliminary Budgeted (26.0% Increase) - Fully-insured	\$ 8,508,987	\$ -
Cigna Proposed Policy (33.14% Increase) - Fully-insured	\$ 8,881,356	\$ 372,369
Cigna 12-12 (16.1% Increase) - Self-insured	\$ 7,992,678	\$ (516,310)
Cigna 12-15 (25.0% Increase) - Self-insured	\$ 8,456,835	\$ (52,153)
SunLife 12-12 (16.5% Increase) - Self-insured	\$ 7,995,285	\$ (513,702)
SunLife 12-15 (26.8% Increase) - Self-insured	\$ 8,550,709	\$ 41,722
AIG 12-12 (18.8% Increase) - Self-insured	\$ 8,133,489	\$ (375,498)
AIG 12-15 (31.6% Increase) - Self-insured	\$ 8,801,041	\$ 292,054
Voya 12-12 (18% Increase) - Self-insured	\$ 8,091,767	\$ (417,220)
Voya 12-15 (34% Increase) - Self-insured	\$ 8,926,207	\$ 417,220

The table below represents the best and final offers from Cigna, the current provider, and three optional providers, AIG, SunLife, and Voya for self-insured options since the July Finance & Audit Committee meeting.

Healthcare Plan Proposal without H.S.A. Component Summary - September 2015		
Description:	Employer Cost of Plan	Difference from FY2016 Proposed Budgeted Healthcare Cost
FY16 Preliminary Budgeted (26.0% Increase) - Fully-insured	\$ 8,540,470	\$ -
Cigna Proposed Policy (24.53% Increase) - Fully-insured	\$ 8,463,438	\$ (77,031)
Cigna 12-12 (5.4% Increase) - Self-insured	\$ 7,460,981	\$ (1,079,489)
Cigna 12-36 (12.3% Increase) - Self-insured	\$ 7,822,558	\$ (717,912)
Cigna 12-36 (17.6% Increase) - Gallagher Projection Self-insured	\$ 8,100,290	\$ (440,180)
SunLife 12-12 (12.8% Increase) - Self-insured	\$ 7,848,759	\$ (691,711)
SunLife 12-15 (23.21% Increase) - Self-insured	\$ 8,394,267	\$ (146,203)
AIG 12-12 (13.9% Increase) - Self-insured	\$ 7,906,401	\$ (634,069)
AIG 12-15 (26.4% Increase) - Self-insured	\$ 8,561,431	\$ 20,961

Ms. Sherman then introduced Joshua Rubich, Area Vice President with the firm of Arthur J. Gallagher & Co., to present an overview of health insurance cost containment status.

Mr. Rubich presented the following healthcare information for LYNX:

- 2015 Executive Summary
- Claims Experience
 - Looking at an additional month's claim experience
- Fully Insured and Self Insured Options
 - Medical Cost Comparison
 - Stop Loss Comparison
- Proposal Comparison
 - Good options from the initial to the final
 - New quotes and new projections
 - Most viable option would be the Cigna 12-36 self -insured offer
- Observations/Next Steps
 - Plan design changes having an impact
 - LYNX continuing to perform better as the year progresses
 - Impact of the last six months of FY2014 impacting underwriting
- Considerations
 - Results of agreeing to the current fully insured renewal
 - Results of transitioning to a self-funded arrangement
- Steps to Moving to Self-Insurance
 - 112.08 Filing
 - Banking Setup
 - Claims Reconciliation
 - Health Insurance Portability and Accountability Act (HIPAA) Privacy Policy
 - Administrative Only Agreement (ASO) Contract
 - Plan Document Creation

Topics discussed by the group during the presentation included:

- Claims audit being worked on by Mr. Ron Conrad at Cherry Bekeart
- Transfer of risk
- More access to data to manage and better understand claims
- Funding adequate reserves
- Renewals driven by large claims
- Challenging claim year in 2014 and improved claims in 2015
- Deductibles in comparison to funding partners
- Re-evaluating at the lower final proposal amounts
- LYNX' potential total liability/worst case scenario
- Estimated savings
- Discussed the steps to moving to self-insured
- Impact to LYNX employees in moving to self-insured
 - No plan design changes
 - No impact to employees from a plan user standpoint
 - Less of a premium increase than fully insured renewal
- Premium stabilization
- Wellness Program benefits/ funding of the Wellness program

Susan Black, Interim Chief Executive Officer, stated that she will bring a presentation on the Wellness Program to the Finance & Audit Committee in October or November.

Chris McCullion asked if a recommendation was going to be made by Committee members to go to self-insured or remain fully insured.

After further discussion by Committee members, Mr. McCullion asked for approval of a recommendation to the Oversight Committee to move forward with self-insured funding. **Motion** was made and seconded to recommend moving to self-insured funding using the Gallagher projection. The Motion passed unanimously.

✓ **Other Business**

Chris McCullion asked if there was any other business.

Pat Christiansen, LYNX' General Counsel, gave an update about the Compressed Natural Gas (CNG) project with Nopetro. Mr. Christiansen spoke about being within days of signing the documents for Nopetro to obtain financing and about Nopetro being close to obtaining permits.

Mr. Christiansen also spoke about LYNX being close to obtaining federal funds to cover construction costs by using proceeds from the sale of South Street. Upon approval from the Federal Transit Administration (FTA), LYNX will be able to pay the construction costs up front rather than pay an adder to CNG fuel purchases.

Mr. McCullion mentioned that the Committee may want updates on this project at future meetings.

The meeting was adjourned at 11:21 AM.

LYNX Finance & Audit Committee Agenda

Action Agenda Item #1

To: LYNX Finance & Audit Committee Members
From: Blanche W. Sherman, Director of Finance
Phone: 407.841.2279 extension 6100
Item Name: Mobile Ticketing Unsolicited Proposal Update
Date: 11/04/15

BACKGROUND:

LYNX received an Unsolicited Proposal from Accenture to implement a “Mobile Payment Solution”. LYNX is considering the use of mobile payments to enhance LYNX’ customer experience in today’s fast moving, digital world, reduce the cost of fare operations and deliver long term value.

On May 13, 2015, Shyam Dunna, Principal with nMomentum Corporation and LYNX staff provided a brief overview of Automated Fare Collection Systems and Mobile Payment Systems for discussion with the Oversight Committee members.

OVERVIEW:

LYNX staff reviewed the proposal and has determined that it is a viable option that could be worthwhile and essential to LYNX’ mission responsibilities. LYNX will continue to work with the Florida Department of Transportation (FDOT) and Xerox to implement the “Automated Fare Collection System” which is a Smartcard based fare collection system.

It is anticipated that mobile payments meet customer demands for easy-to-use transit and represent a sound investment when integrated with existing fare systems allowing customers to purchase fare products and stored value that can be validated hands-free upon boarding, or loaded onto existing system fare cards.

The use of mobile payments can turn the customer’s mobile device into both a ticket and a ticket vending machine supplementing existing payment streams and reduce the use of the costlier channels in LYNX’ fare system. Through the use of mobile payments, LYNX may be in position to uniquely provide the vision and roadmap for LYNX to incrementally evolve a mobile fare solution to use technology that will synthesize and personalize trip planning, fare purchases, rider alerts, station amenities, and more.

The cost savings and benefits from having a mobile payment solution can be leveraged to enable a coherent, universally accessible system for the Central Florida Region and the diversity of its riders.

Mr. Dunna, will provide a brief overview of mobile payment systems at the November 4, 2015 Finance & Audit Committee meeting.

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CONCLUSION:

Upon concurrence of the Finance & Audit Committee and the Oversight Committee, LYNX staff will begin the advertising process acknowledging the receipt of the proposal and solicitation for any additional proposals or comments from interested parties.

Mobile Payment Systems

Presented

by Shyam K. Dunna

Principal, nMomentum Corporation

November 4, 2015

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9. Q & A

Mobile Payment Systems



- Mobile Payment Systems (MPS) and Benefits presented to the LYNX Board on May 13, 2015
- Latest in Fare Payment Technologies
- Enhanced Customer Service Benefits
- Reduced Costs for Authority
- Additional Sources of Revenue
- Easier to use
- Provides for flexible payment options
- Eliminates need for POS and retailer locations
- Very popular among riders



People are increasingly using their phone to pay



MPS History and Progress



- LYNX received an Unsolicited Proposal from Accenture to implement an MPS solution
- LYNX reviewed and found it to be a very viable option
- LYNX is in the process of drafting an Advertisement to seek additional Unsolicited Proposals following the guidelines of Administrative Rule 4.18
- Every incoming proposal then considered an unsolicited proposal under the guidelines
- After that, the normal procurement rules and procedures apply

MPS Advertisement Highlights

- Mobile Payments App
- Customer Website with Self-Service Options
- MPS Back-Office
- Customer Loyalty Programs/Advertising & Couponing
- Supports all transfer combinations
- Support LYNX and Regional Partners
- Secure Validation to Reduce Fraud
- Supports numerous fare payment methods
- Vendor hosted, managed and maintained solution
- **Revenue Sharing Approach**

Project/Procurement Approach



- **Functional based requirements with innovative technologies and concepts**
- **Performance based final procurement**
- **Two (2) step procurement process**
 - Step 1 – Unsolicited Pilot / proof of concept: employees and riding public
 - Step 2 – Final award / full implementation
- **“Account based” regional fare collection system**
 - None to very little integration with existing AFC system
- **Migrate towards one single integrated app**
 - Mobile payments, real time trip planning, Alerts, Safety App etc.

Project Components



- **Customer**
 - Purchase and validate tickets using smart devices (phones and tablets)
- **Cutting edge technologies**
 - QR/Bar Codes, NFC, RFID long range and Bluetooth
- **System components:**
 1. New LYNX mobile app installed in customer owned smart devices
 2. Integration with on-board smart device validators on the fixed route and paratransit vehicles. Integration with on-board Mobile Data Terminals.
 3. Customer website with self-service options
 4. Customer service tools
 5. Regional multimodal account based Back-office and clearinghouse

MPS Pilot Process



- Pilot Participants Selection and Coordination
- Pilot Phases
 - **Phase 1** - Employee Pilot
 - **Phase 2** - Paratransit Pilot
 - **Phase 3** - Customer Pilot
 - **Phase 4** - Electronic Validation Pilot
- Source Evaluation Committee to Review/Analyze/Rank Results
- Final Contract Award for full implementation

Marketing and Other Activities



Marketing:

- System branding and Copyright
- Marketing strategy
- Rider Engagement and Pilot (Social Media)



Communication:

- Communication Plan for Media

Legal:

- New Privacy Policies for Mobile Ticketing
- New Terms of Use Policies for Mobile Ticketing

Implementation:

- Pilot Plan (routes, stations, vehicles and participants)



Estimated Timelines



- Vendor Industry Day December 7, 2015
- Advertisement Issued December 16, 2015
- Advertisement Responses Due January 29, 2016
- Proposal Evaluations 2/1/16 - 2/26/16
- MPS Pilot Contracts Issued March 11, 2016
- Pilot System Design/Configuration 3/28/16 - 5/16/16
- Employee Pilot – Visual Validation 5/9/16 - 5/20/16
- Paratransit Pilot – Visual Validation 5/23/16 - 5/27/16
- Customer Pilot – Visual Validation 5/30/16 - 6/10/16

Estimated Timeline Highlights



- Full Pilot Configuration/Installation 6/18/16 - 7/1/16
- Full Pilot with Electronic Validation 7/4/16 - 7/15/16
- SEC Review/Analyze/Rank 7/18/16 - 7/22/16
- BAFO Process 8/1/16 - 8/12/16
- Final Contract Award Sept. 19, 2016
- Full Bus/Paratransit Installation 9/5/16 - 10/21/16
- Full System Testing 10/24/16 - 11/4/16
- Final Production – In Service Nov. 21, 2016
- Final Acceptance Dec. 16, 2016

Thank You



Questions



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Action Agenda Item #2

To: LYNX Finance & Audit Committee Members

From: Blanche W. Sherman, Director of Finance

Phone: 407.841.2279 extension 6100

Item Name: Satellite Facilities Unsolicited Proposal Update

Date: 11/04/15

BACKGROUND:

In May 2015, LYNX received an Unsolicited Proposal (UP) from Iskalo WD, Orlando LLC (“Developer”) for the development of two (2) bus maintenance facilities to be completed pursuant to a public private partnership arrangement. The bus facilities are proposed to be located in Osceola and Seminole counties. Both facilities are proposed to be developed on sites that are strategically located within the Southern and Northern service areas to allow LYNX to more efficiently serve its ridership and to significantly reduce operating costs by eliminating “dead-head” hours compared to present operations.

OVERVIEW:

LYNX engaged Stifel, Nicolaus & Company, Incorporated (“Stifel”) to conduct a preliminary financing assessment of the unsolicited proposal submitted by the Developer. In preparation of the preliminary assessment, Stifel worked closely with LYNX’ staff and General Counsel for data collection and legal review of LYNX’ legal structure.

Each of the two (2) proposed facilities is preliminarily designed to accommodate 175 vehicles, including 40’ buses, articulated buses and paratransit vehicles. The Seminole facility would encompass approximately 11.4 acres with a total project cost estimated at \$59,377,000. The Osceola facility would be built on approximately 13.5 acres with an estimated total project cost of \$66,260,000. The proposed combined total cost of constructing the two facilities is \$125,637,000. The Developer estimates that the design and construction will take roughly two years.

Stifel has modeled, for illustrative purposes, the potential annual payments required from LYNX for various project costs financed over various terms. At this time, we have not taken account of the affordability of this project. This analysis can be expanded to account for potential operational cost reductions, project scalability, outside funding opportunities and the willingness of LYNX’ funding partners to adjust their current funding level for LYNX as a re-investment in LYNX.

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LYNX may be able to re-allocate certain Federal Transit Administration (“FTA”) capital dollars to finance the proposed maintenance facilities. However, such re-allocation would likely require adjustments to LYNX’ capital program as the actual amount of money received from the FTA is not anticipated to increase in the near term. The impact on LYNX’ operations and budget from projects that would be delayed or eliminated would have to be accounted for should LYNX choose to use FTA funds.

The table provided below illustrates, under current market conditions, LYNX’ estimated annual payments for a project of a given size amortized over 20, 25 or 30 years. For example, a \$60,000,000 project financed over 30 years would cost LYNX approximately \$4.25 million per year.

Annual Lease / Debt Service Matrix			
Project Fund	Amortization Period		
	20-Year	25-Year	30-Year
\$10,000,000	\$896,603	\$780,985	\$709,254
\$20,000,000	\$1,793,487	\$1,561,505	\$1,418,025
\$30,000,000	\$2,689,647	\$2,342,240	\$2,126,767
\$40,000,000	\$3,585,962	\$3,122,883	\$2,835,860
\$50,000,000	\$4,482,564	\$3,903,668	\$3,544,720
\$60,000,000	\$5,378,917	\$4,684,010	\$4,253,292
\$70,000,000	\$6,275,090	\$5,464,469	\$4,962,436
\$80,000,000	\$7,171,455	\$6,245,337	\$5,671,195
\$90,000,000	\$8,068,212	\$7,025,816	\$6,380,254
\$100,000,000	\$8,964,615	\$7,806,673	\$7,088,792
\$110,000,000	\$9,860,865	\$8,589,750	\$7,797,390
\$120,000,000	\$10,757,519	\$9,367,551	\$8,506,712
\$125,637,000	\$11,262,532	\$9,807,505	\$8,906,318

- 1) Assumes a level debt service structure with an interest rate of 5.00%
- 2) Assumes a fully funded Debt Service Reserve Fund (DSRF)
- 3) Assumes total cost of issuance of 1% of par amount

Unlike with the affordability factor, where there are many variables and choices available to LYNX, “legality” or legal constraints are more easily identified. LYNX’ General Counsel delivered a memorandum to LYNX on September 4, 2015 that details LYNX’ limited borrowing powers pursuant to Chapter 343, Florida Statutes. LYNX’ ability to incur debt is limited to \$10 million per calendar year and given the language in the statute, further clarification is required in determining whether or not this limitation allows for the debt issuance of new projects or is limited to refinancing only. For projects above the \$10 million limit, LYNX can either apply for authorization to issue revenue bonds through the State Division of Bond Finance payable from LYNX’ existing revenue sources or enter into a lease purchase agreement that is “subject to annual appropriation” by LYNX.

In addition to identifying a revenue source to secure debt service payments, the Division of Bond Finance will conduct its own analysis to determine the feasibility of issuing such bonds under the strict

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guidelines set by the State Board of Administration. Among other things, these guidelines will require that the bonds be rated at least as investment grade.

As an alternative to issuing revenue bonds via the Division of Bond Finance, LYNX is permitted by its Board of Director's approval to enter into lease purchase financings as long as any lease is structured in accordance with State law. The most notable characteristics of lease purchase financings are that any lease must be "subject to annual appropriation" and that any remedies of the lessor be effectively limited to repossessing the financed asset. If LYNX fails to appropriate annually, the lessor can take ownership of the maintenance facilities with little to no recourse due from LYNX. Theoretically, the lessor would release or liquidate the facilities. It should be noted that given the subject to annual appropriation clause and the limited purpose of the proposed facilities, the Developer may face challenges in finding a way to securitize LYNX' lease payments at a reasonable interest rate.

Margaret Lezcano, Manager Director with Stifel will be presenting an overview of the preliminary financial assessment at the November 4, 2015 Finance & Audit Committee meeting.

NEXT STEPS:

The next step for LYNX' finance team is to determine whether the proposed new facilities are affordable at the proposer's current estimated project cost of \$125.6 million, including the direct and/or indirect cost of financing the project. If not, consider whether the project can be decreased to a size that makes the project affordable based on LYNX' anticipated funding levels.

The Developer has indicated that it may have the ability to secure other forms of a tax exempt supplemental financing on LYNX' behalf to lower LYNX' cost of borrowing. This is an avenue to explore to the extent such financing tools are allowable within LYNX' legal construct and, just as importantly, a repayment source(s) is/are identified by LYNX.

Furthermore, LYNX' General Counsel has discussed the possibility of approaching the Florida Legislature for clarification or amendment request with respect to its debt limitations pursuant to Chapter 343, Florida Statutes. Such a clarification/amendment could make it possible for LYNX to pursue additional financing options.



PRESENTATION TO FINANCE AND AUDIT COMMITTEE
**PRELIMINARY REVIEW OF UNSOLICITED PROPOSAL
FOR MAINTENANCE FACILITIES**

OVERVIEW: UNSOLICITED PROPOSAL

- Lynx received an unsolicited proposal (“UP”) in May 2015 from Iskalo Orlando, LLC (“Proposer”)
- UP is for the development of two bus maintenance facilities, one in Osceola and one in Seminole
- Each Facility would have the capacity to accommodate up to 100 40 foot buses, 25 articulated buses and 50 paratransit vehicles (175 VEHICLES)
- Proposer estimates that each project would produce an annual operating cost reduction to LYNX of \$2 million or more from “dead head” miles, or non-revenue drive time
- The total cost of the facilities is estimated at \$125.7 million
 - Osceola facility: \$66.3 million
 - Seminole facility : \$59.4 million
- The completed facilities would be delivered to LYNX in 29 months with interim milestones
- The UP identifies the following benefits to LYNX approving the project:
 - Ability to fast-track construction
 - Cost reductions from more efficient routing
 - Improved customer service

PRELIMINARY FINANCING ASSESSMENT

- Stifel's preliminary analysis reviewed the UP
 - Reviewed UP based upon scope of work defined by LYNX CFO
 - Met with Proposer to ask for clarifications
 - Met with LYNX General Counsel to review appropriate legal framework
 - Modeled basic financing assumptions to develop preliminary debt service matrix
- A separate group has been tasked by LYNX interim CEO to review the operations and engineering aspects of the UP

AFFORDABILITY: REVIEW PROCESS

- Stifel has modeled, for illustrative purposes, an average annual payment stream due from LYNX to finance the project
- The analysis can be expanded to account for:
 - Operational cost reductions
 - Project scalability
 - Outside funding opportunities
 - Willingness of LYNX funding partners to adjust their current funding level for LYNX
- LYNX may be able to reallocate certain FTA capital dollars to Project with adjustments to its CIP
 - Any proposed delay or elimination of other capital projects would have to be considered
 - Currently, increases in the FTA funding are not anticipated

AFFORDABILITY: SAMPLE ANNUAL PAYMENTS DUE FROM LYNX

- Sample annual payments due from LYNX for various project costs over various terms:
- For example, a \$50 million project funded over 30 years would result in \$3.5 million of annual debt service

Annual Lease / Debt Service Matrix			
Project Fund	Amortization Period		
	20-Year	25-Year	30-Year
\$10,000,000	\$896,603	\$780,985	\$709,254
\$20,000,000	\$1,793,487	\$1,561,505	\$1,418,025
\$30,000,000	\$2,689,647	\$2,342,240	\$2,126,767
\$40,000,000	\$3,585,962	\$3,122,883	\$2,835,860
\$50,000,000	\$4,482,564	\$3,903,668	\$3,544,720
\$60,000,000	\$5,378,917	\$4,684,010	\$4,253,292
\$70,000,000	\$6,275,090	\$5,464,469	\$4,962,436
\$80,000,000	\$7,171,455	\$6,245,337	\$5,671,195
\$90,000,000	\$8,068,212	\$7,025,816	\$6,380,254
\$100,000,000	\$8,964,615	\$7,806,673	\$7,088,792
\$110,000,000	\$9,860,865	\$8,589,750	\$7,797,390
\$120,000,000	\$10,757,519	\$9,367,551	\$8,506,712
\$125,637,000	\$11,262,532	\$9,807,505	\$8,906,318

1) Assumes a level debt service structure with an interest rate of 5.00%

2) Assumes a fully funded debt service reserve fund

3) Assumes total cost of issuance of 1% of loan amount

LEGALITY: REVIEW PROCESS

- LYNX General Counsel has previously detailed LYNX limited borrowing powers under Chapter 343, F.S.
- Based on current interpretations, LYNX ability to incur debt is limited to \$10 million per calendar year for refunding purposes
- LYNX may be able to issue Revenue Bonds with State approval or enter into a lease-purchase agreement. The latter must be subject to annual appropriation by LYNX.
- The UP includes the concept that the Proposer may be able to finance the project for LYNX and propose a solution that would minimize LYNX legal constraints

NEXT STEPS

- Based on the information presented, staff seeks the guidance and direction from the Finance and Audit Committee as well as the Oversight Committee on the financial feasibility and essentiality of the projects
- If this effort is deemed to be worthwhile, the next steps would be as follows:
 - Determine if the proposed facilities are affordable at current estimated cost of \$125.7 million plus the direct or indirect costs of financing
 - Explore Proposer's indication that it may be able to secure other forms of tax-exempt supplemental financing on behalf of LYNX
 - Discuss with LYNX General Counsel the possibility of approaching the Legislature for clarification or amendment request with respect to LYNX debt limitations
 - Extend this analysis to take account of additional scenarios and model a tailored plan of finance if LYNX decides to move forward with the UP

DISCLAIMER

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LYNX Finance & Audit Committee Agenda

Action Agenda Item #3

To: LYNX Finance & Audit Committee Members

From: Blanche W. Sherman, Director of Finance

Phone: 407.841.2279 extension 6100

Item Name: Wellness Update

Date: 11/04/15

At the September 3, 2015 Finance and Audit Committee meeting, LYNX staff presented updated Healthcare proposals and options for modifying health insurance from a fully-insured plan to a self-insured plan. The Finance and Audit committee concurred with LYNX staff that migrating to a self-insured health plan for the FY2016 budget year is the best option for health care coverage.

Topics discussed during the presentation were benefits and utilization of a Wellness Program. The Finance and Audit Committee members inquired about LYNX' plans to reduce health risks and to improve overall organizational health. Susan Black, Interim Chief Executive Officer, stated that she will bring a presentation on LYNX' Wellness Program to the next Finance and Audit Committee meeting.

The main focus of LYNX Wellness Program is to create an environment where all employees can develop and achieve optimal well-being through education and awareness. LYNX' Wellness Coordinator will work with the Wellness Committee to develop and organize a diversified wellness program designed to meet the needs of the Authority and its employees. This is part of LYNX long-term plan to reduce the cost of healthcare throughout the Authority.

Donna Tefertiller, Director of Human Resources will present an overview of LYNX' Wellness Committee purpose, goals, and accomplishments.

LYNX WELLNESS COMMITTEE

Building LYNX Future Wellness

Members

Melinda Buckner, Bus Operator
Fabian Whyllly, Bus Operator
Beverly Glenn, Bus Operator
Christine St. Louis, Bus Operator
Deborah Thomas, Transportation Supervisor
Kindretta Williams, Supervisor of Customer Service
Steve Wachtler, Maintenance Manager
Keith Tillet, Transportation Manager
Julie Caple, Manager of Fin. Planning & Budgets
Mike Dickens, Technician & 1596 Union VP Maint.
Norm Audet, Local ATU 1596, President
Myles O'Keefe, Senior Planner
Nirso Amaya, Accountant
Sally Yacoob, HR Technician
Brian Anderson, HR Generalist
Donna Tefertiller, HR Director

Live Well:
Get Up; Get
Out; Get Fit





Purpose and Goals



To be the leaders who plan, promote, and implement a wellness program with LYNX

Short-Term

- Educate Employees about wellness Issues.
- Provide resources that help promote healthy lifestyles and better health among employees.

Mid-Term

- Guide employees in the use of health promotion training, activities and incentives that help employees feel better and stay well.
- Help to reduce health risks and overall organizational health.

Long-Term

- Create an environment where all employees can develop/achieve their optimal well-being.

Short-Term

To be the leaders who plan, promote, and implement a wellness program with LYNX

Short-Term

- Educate Employees about wellness Issues.
- Provide resources that help promote healthy lifestyles and better health among employees.

Total Health Promotion

- Health Risk Appraisals
- Biometric Evaluations
- Activity Programs
- Preventative Exam Promotion
- Cigna Online Coaching
- Cigna Personal Coaching
- Onsite Wellness Gym
- Educational Seminars
- Flyers and Pamphlets
- Electronic Information

Live Well: Get Up; Get Out; Get Fit



Mid-Term

To be the leaders who plan, promote, and implement a wellness program with LYNX

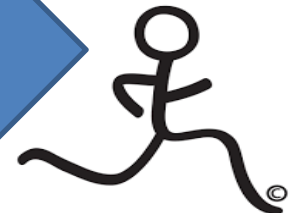
Mid-Term

- Guide employees in the use of health promotion training, activities and incentives that help employees feel better and stay well.
- Help to reduce health risks and overall organizational health.

Total Health Promotion

- Exercise
- Healthy Eating
- Work/Life Balance
- Communication on Health
- Knowing the Agency Numbers
- Goals Established Based on Numbers
- Employees Know Their Numbers
- Pledge for Life

Live Well: Get Up; Get Out; Get Fit



Long-Term

To be the leaders who plan, promote, and implement a wellness program with LYNX

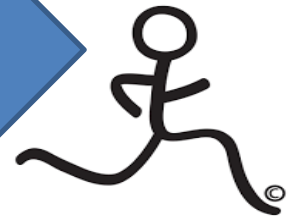
Long-Term

- Create an environment where all employees can develop/achieve their optimal well-being.

Total Health Promotion

- Work Design Assessment
- Nutrition / Weight Management
- Health and Wellness is Spoken by Everyone
- Stress Management
- Stairwell to Health


Live Well: Get Up; Get Out; Get Fit




Accomplishments



Over 650 people participated in basketball games, corporate walk, biking, and softball games.



Hosted Healthy Eating Events at all locations.



Live Well: Get Up; Get Out; Get Fit



HEALTH & WELLNESS FAIR

Over 900 participants



Presentations related to Health, Coverage, Coaching, and Open Enrollment



Questions?
