



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



1. Call to Order

2. Committee Minutes

-  Minutes of the November 12, 2015 Oversight Committee Meeting Pg 2

3. Committee Agenda

A. Oversight Committee Agenda


-  FY2017 Proposed Budget Development Assumptions Pg 11
- Attachments 

B. Oversight Committee Agenda

-  NoPetro Financing Update Pg 20

4. Committee Information Items

A. Oversight Committee Information

-  Finance and Audit Committee Report Pg 22
- Attachments  

B. Oversight Committee Information

-  Risk Management Committee Meeting Pg 41
- Attachments 

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

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

LYNX
Central Florida Regional Transportation Authority
Oversight Committee Meeting Minutes

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

DATE: **November 12, 2015**

TIME: **10:30 a.m.**

Members in Attendance:

Orange County, Assistant County Administrator, Jim Harrison, Vice Chairman
FDOT District 5 Secretary, Noranne Downs
City of Orlando, Transportation Project Manager, Claudia Korobkoff
Seminole County Commissioner, Carlton Henley

Members Absent:

Osceola County Commissioner, Viviana Janer, Chair

1. Call to Order

The Vice Chair, Jim Harrison, called the meeting to order at 10:38 a.m.

2. Approval of Minutes

The Vice Chair asked the Committee if there were any additions or deletions to the September 11, 2015 Minutes as presented.

Motion was made and seconded to approve the Minutes of the September 11, 2015 Oversight Committee meeting. The motion passed unanimously.

3. Oversight Agenda Items

A. Mobile Ticketing Unsolicited Proposal Update

The Vice Chair recognized Blanche Sherman, LYNX' Director of Finance, to make the presentation.

Ms. Sherman noted that LYNX received an Unsolicited Proposal from Accenture to implement a “Mobile Payment Solution”.

On May 13, 2015, Mr. Shyam Dunna, Principal with nMomentum Corporation provided a brief overview of Automated Fare Collection Systems and Mobile Payment Systems to the Oversight Committee.

Ms. Sherman reintroduced Mr. Dunna to provide the Committee an update of the Unsolicited Proposal.

- Mobile Payment Systems (MPS) and Benefits
 - 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

- 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

Discussion ensued regarding the Unsolicited Proposal process versus the Request For Proposal (RFP) process, the systems compatibility with SunRail’s system, and revenue sharing.

- MPS Advertisement Highlights
 - Mobile Payment 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
 - Function 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

- 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 3/29/16 – 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
 - Full Pilot Configuration/Installation 6/18/16 – 7/1/16
 - Full Pilot with Electronica 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 September 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 November 21, 2016
 - Final Acceptance December 16, 2016

The Vice Chair recognized Chris McCullion, Chair of LYNX’ Finance & Audit Committee, for comment.

Mr. McCullion stated that the presentation was made to the Finance & Audit Committee and the Committee recommended to move forward with the Advertising process.

Ms. Sherman provided that Staff is seeking recommendation from the Oversight Committee

Without objection, the Committee recommended that Staff begin the advertising process acknowledging the receipt of the proposal and solicitation for any additional proposals or comments from interested parties.

B. Satellite Facilities Unsolicited Proposal Update

The Chair recognized Blanche Sherman, LYNX’ Director of Finance, to make the presentation.

Ms. Sherman stated that LYNX had received an Unsolicited Proposal in May, 2015 from Iskalo WD, Orlando LLC 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.

Ms. Sherman noted that LYNX’ Finance and Audit Committee discussed the Unsolicited Proposal.

Ms. Sherman introduced Margaret Lezcano, Stifel, Nicolaus & Company, Inc. to make the presentation.

- Overview: Unsolicited Proposal
 - LYNX received an unsolicited proposal (UP) in May 2015 from Iskalo Orlando, LLC
 - 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 LYNC 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. A \$125.6 million project funded over 30 years would result in \$8.9 million pf annual debt service.

- 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

The Committee asked staff LYNX' current indebtedness. Ms. Sherman stated that LYNX' CNG Bus Lease is \$5.4 million annual for 5 years and the SIB loan has a balance of \$1 million. The Committee asked what the total cost would be for borrowing the \$125.6 million. Ms. Lezcano noted the total payback would be over \$200 million. The Committee then asked wat would be saved in "dead head" annually. Ms. Sherman estimated that current "dead head" cost for Seminole County is approximately \$500 thousand annually and \$600 thousand annually for Osceola County.

Ms. Black noted that the Committee is asking excellent questions and they lead into what the staff is asking the Committee to provide in the way of direction for staff to continue exploring and obtain the answers to the Committee's questions. Staff is at a point in the UP process that it needs direction as whether or not the project is potentially valuable.

The Committee provided that it would be difficult to provide the direction of moving forward without answers to the questions. The Committee asked if staff was looking for the Committee to tell staff to stop considering the proposal or for staff to collect additional information and bring it back. Staff responded they would like to hear from the Committee.

Ms. Sherman stated that currently the Osceola facility is at capacity without approximately 40 buses. In addition, the LYNX Operations Center is at approximately 96% capacity with 267 buses and 280 parking spaces.

The Committee suggested that staff could quantify LYNX' needs. Ms. Lezcano noted that staff has satellite facilities in LYNX' capital plan but not as a funding priority. She provided that during the presentation to the Finance and Audit Committee, the Committee did not feel comfortable making a recommendation as it was something that required expanded conversation regarding planning and the future of LYNX.

The Chair recognized Chris McCullion, LYNX' Finance and Audit Committee Chairman. Mr. McCullion stated that the Committee had a similar discussion. He stated staff asked that Committee the initial impressions of the proposal. The Committee did not have a recommendation as it was felt additional information was needed for discussion. Mr. McCullion noted that the proposal will not pay for itself through savings. While that is not the only reason not to entertain the proposal, LYNX might entertain it based on a capital need for capacity. The Committee discussed whether the Unsolicited Proposal was meant for this type of project. The Committee also discussed the cost benefit allocation between the funding partners. If it is believed that capital funding will not expand to allow for additional funds for debt service, then capital would be shifted away from another capital need that the dollars would be used for. The Committee concluded that further conversations between the funding partners and LYNX staff would be needed regarding the capacity need and the best way to fund the need.

Ms. Black stated that the next step for this proposal is not assessing the affordability of the proposal but its essentiality. She noted that the time factor is outcome determinative because one of the things that makes this proposal unique and therefore, falling within the UP process, is the fact that the proposer has exercised an option on the land itself. The option comes with a time frame. She did not suggest that LYNX allow its process to be driven by a vendor; however, an opportunity exists to take advantage of a process, a proposal, a concept that is timely especially in light of conversations that are occurring regarding integration and perhaps redefining region. Ms. Black suggested that due diligence is required in a broader scope than pure feasibility on a budgetary level.

The Committee suggested that an analysis is needed of the projects essentiality and that the proposal could jump start the evaluation but the concern remains that the proposal nor the land option expiration cannot drive the decision making.

The Committee asked if LYNX currently owns the land or is the cost included in the proposal. Ms. Black provided that LYNX does not own the land and the cost is included in the proposal.

The Committee asked for clarification of the mention of transfer of FTA funds. Ms. Sherman provided that FTA funds are currently utilized for bus replacements. The Committee noted that LYNX made the decision several years ago that bus replacement funds would no longer be diverted from bus replacement purposes. It was also stated that the financial impact to the funding partners must be considered.

The Committee asked staff what the proposer's deadline is. Ms. Black stated that the proposer has indicated that the option may expire in mid-January as it was exercised at the time the proposal was submitted. She provided that staff is at a point in the process that it cannot move forward to gather additional information until guidance is provided from the Oversight Committee. This places staff in an unusual position as staff would like to gather additional information from the proposer; however, the questions cannot be asked until LYNX is at a place in the process that staff can continue to communicate with the proposer. She stated that if there is an interest in the proposal by the governance of LYNX, staff needs to be given the guidance of whether the next step can be taken in the evaluation and sharing of information with LYNX' funding partners. She also provided that the challenge facing staff is that in order to fully discuss the proposal, staff has to reach a place in the process where the proposer is comfortable with releasing the confidential, proprietary information. Without committing dollars, staff needs to be directed to either move forward or let the proposal go.

The Committee discussed the need for a better understanding of the long term capacity need and an evaluation of the need. Further, that perhaps this proposal will start the conversation of need.

Without objection, the Committee recommended that staff gather information regarding LYNX' capacity needs, an analysis including funding opportunities to meet the need, and LYNX' capital priorities and provide it to the next Finance and Audit Committee and Oversight Committee meetings.

4. Committee Information Items

A. Finance and Audit Committee Report

The Chairman recognized Chris McCullion, Chairman of the Finance and Audit Committee, to make the presentation.

Mr. McCullion provided that the Committee met and discussed items presented to the Oversight Committee as well as the LYNX' wellness initiatives. The Committee was interested in the initiative as it ties into LYNX' decision to be self-insured on health care. The Committee felt there is an opportunity within the wellness program for cost containment, increase education awareness of the cause of increased health care costs. LYNX staff provided an update on the campaigns. There are a couple of phases in the rollout of the wellness program with each phase ramping up the activity and commitment to ensuring the employees education and awareness as well as a benefit to the cost containment goals.

B. Risk Management Committee Report

The Chairman recognized John Petrelli, Chairman of the Risk Management Committee, to make the presentation.

Mr. Petrelli provided that the Committee met on October 7, 2015. It was the intent of the Committee to go through an excess worker's comp proposal; however, the figures were not ready from the Arthur J Gallagher at that point. This subject will be addressed at the December 16, 2015 meeting and the Committee will give a recommendation.

LYNX staff provided three presentations: 1) Safety and OSHA compliance; 2) Incident report on a recent bomb scare at LYNX Central Station; 3) the State change in process of how municipalities can pull driver's license checks which had been free and now a charge has been imposed.

The Committee inquired as to whether the Risk Management Committee had discussed the recent bomb scare at LYNX Central Station. Mr. Petrelli provided that the Risk Committee had a discussion and learned that Staff had discussed with the Orlando Police Department and Orlando Fire Department whether it was appropriate to evacuate the building. Based on the experts who stated it was not appropriate to evacuate the building due to the space from the location of the device and the size of the device, it was safer to stay inside the building. Ms. Black added that in discussion with David Dees, LYNX' Director of Risk Management, Safety & Security, staff will research the best method for communicating to staff when incidents occur.

5. Review of Board Package

The Chairman recognized Susan Black, Interim-Chief Executive Officer, to provide an overview of items that will come before the Board.

Ms. Black stated that staff is recommending a Blue Sheet Action Agenda Item replacing Item #8.A, Authorization to Implement the January 24, 2016 Proposed Service Changes to correct reference made on the following pages:

- 1) Page 2 the reference related to Link 61 LYMMO Lime Line is being removed as it relates to an April service change;
- 2) Page 3 the reference related to LINK 56 and 102 are additions;
- 3) Page 4 the reference related to LINK 416 corrects the location to Polk County from Osceola County and LINK 319 is a detour being added for pedestrian safety purposes.

The meeting adjourned at 12:15 p.m.

Oversight Committee Agenda Item #3.A.

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 6100

Item Name: FY2017 Proposed Budget Development Assumptions

Date: 1/28/2016

Staff is in the process of developing the FY2017 Operating and Capital Budgets. The key budget assumptions that LYNX' budget team will use in the preparation of these budgets will be presented. This item gives the Oversight Committee an opportunity to provide direction and feedback to management at the beginning of the budget development process. Staff will also present the budget calendar for the FY2017 budget development process.

The key overall budget assumptions are as follows:

- FY2017 Funding based on adopted LYNX Funding Model
- Maximize current fixed route service levels through leveraging efficiencies as generally directed by funding partners throughout the year
- Identify and implement appropriate transit solutions beyond fixed service, such as Flex (NeighborLink) services

FY2017 Budget Development Assumptions

Presented to the
LYNX Oversight Committee
by Blanche W. Sherman, CPA
Director of Finance
January 28, 2016

Key Budget Assumptions - Overall



- FY2017 Funding based on the adopted LYNX Funding Model
- Maximize current fixed route service levels through leveraging efficiencies as generally directed by funding partners throughout the year
- Identify and implement appropriate transit solutions beyond fixed route service, such as Flex (NeighborLink) services

Key Budget Assumptions - Revenue



- Maintain current Preventative Maintenance funding Level, as approved by LYNX' Board via adoption of the funding model
- Maximize use of Anticipated Advertising Revenue
- Anticipated annualized increase in Royalties from third party usage of Compressed Natural Gas (CNG)

Key Budget Assumptions - Expenses



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

Key Budget Assumptions - Expenses



- Impacts of converting to Self-Insured Health Insurance Program
- Continued application of costs reductions based on LYNX ownership of Paratransit vehicles
- Continuation of Bio-diesel Program, as appropriate
- Anticipated cost savings from implementing a Mobile Ticketing System

Pending Items



- April 2016 SunRail Phase I - Proposed Service Changes
- Anticipated I – 4 Construction Mitigation Funding
- Implementation of Funding Partner approved COA Recommendations
- Impacts of SunRail Phase 2 (South & North) expansion
- Consideration of a Fare increase in FY2017, if deemed appropriate

Future Items



- Maintain planned stability and financial benefits of converting to a self-insured Health Insurance Program
- Continue to review the type of fixed route vehicles used in future operations
- Ongoing efforts to secure funding for service expansion, satellite facilities and BRT to support service demands
- Continue to seek State grant funding opportunities for capital projects

Budget Calendar



FY2017 Key Budget Assumptions Presentation to Audit Committee	January 19
FY2017 Preliminary Operating Budget Presentation	March 24
Funding Request Letters Submitted to Funding Partners	May
Budget Presentation Osceola & Orange Counties	June/July
Budget Presentation Seminole County	August
Final Board Action	September 22
Budget Year 16 – 17 Commences	October 1

Oversight Committee Agenda Item #3.B.

To: LYNX Board of Directors

From: Blanche Sherman
DIRECTOR OF FINANCE
Blanche Sherman
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: NoPetro Financing Update

Date: 1/28/2016

LYNX staff and Patrick Christiansen, LYNX' General Counsel, will be presenting an overview to the Oversight Committee of the proposal from NoPetro to amend the Fuel Purchase Agreement.

BACKGROUND:

During the January 7, 2016, Finance & Audit Committee meeting, LYNX' General Counsel Patrick Christiansen, gave a brief overview of the proposal from NoPetro to LYNX to amend the Fuel Purchase Agreement to allow for a contractual arrangement between NoPetro and Peoples Gas System, a Division of Tampa Electric Company ("TECO").

OVERVIEW:

In summary, the overview of the proposed amendment included the following key matters:

1. **Current Status.** On January 27, 2015, LYNX and NoPetro executed a CNG Vehicle Fuel Purchase Agreement (the "FPA") which provided for the purchase of CNG Fuel by LYNX. The FPA also required NoPetro to acquire premises adjacent to the LYNX Facility on Orange Blossom Trail and to construct a Station to provide that fueling capacity. The definition of "Station" in the FPA required that NoPetro own, construct, and operate the Station which would include the Premises and all the equipment. Under the FPA, LYNX had rights under certain circumstances to take over the operation of the Station to continue to provide Fuel to LYNX and also to purchase the Station. The FPA also addressed mortgage financing for the acquisition and construction of the Station, and this required LYNX' consent to said financing. It also provided restrictions that any such mortgage financing could only secure funds for the acquisition, construction, and equipping of the Station and could not secure other debt of NoPetro.

2. **Bond Financing Proposal by NoPetro.** Around June 26, 2015, NoPetro submitted to LYNX documents it wanted LYNX to sign in connection with a bond financing proposal that NoPetro was going to pursue through the Wisconsin Public Finance Authority. The bond financing arrangement was not only to finance the Orlando Facility, but also to provide financing for other facilities of NoPetro. Over the next four or five months, LYNX was involved with NoPetro, its bond counsel, and other parties to work up appropriate agreements which were finally done in late October or November, 2015. Subsequently, NoPetro informed LYNX that the bond financing was not going to proceed.

3. **TECO Arrangement.** In late November, 2015, NoPetro approached LYNX again requesting LYNX to sign a particular agreement that NoPetro was pursuing with TECO. Over the next few weeks, there were discussions, conference calls and review, both with NoPetro and TECO, and their respective counsel, to determine the particular arrangement that was being proposed. Basically, NoPetro was going to enter into an agreement with TECO where TECO would provide (through a purchase/sale arrangement) all the equipment needed to complete the CNG Station. This particular agreement provided that TECO would own the equipment and that NoPetro would make annual payments to TECO. NoPetro could, after the fifth year, purchase the equipment, along with a payment of penalty amounts. The initial agreement that TECO wanted LYNX to sign would subordinate the FPA to the TECO arrangement. Under those preliminary documents, if TECO was not paid its annual fee, it could remove the CNG equipment. Significant discussions ensued among the various parties and TECO subsequently agreed to a variety of matters including the following: (i) in the event NoPetro defaulted under the FPA, TECO would be obligated to come in and provide the Fuel to LYNX and operate the Station, (ii) if there was not sufficient monies remaining after paying operating costs to pay the amounts owed to TECO under its agreement, TECO would bear that loss and not remove the equipment, (iii) TECO would bear the risk of maintenance and repair of the equipment, and (iv) LYNX would retain its right to take over operation of the Station (but TECO would only let LYNX have a right to purchase the equipment at the end of the five-year period).

4. **Request.** LYNX staff feels that the requested proposal by NoPetro is a material modification that needs to go back to the Board for approval, since the structure now is for the equipment to be owned by TECO, with NoPetro only owning the Premises, and it is different from the structure contemplated where NoPetro would own, construct, and operate the Station. Further, LYNX' ability to purchase the equipment is restricted. LYNX staff, however, feels that this arrangement is much simpler and better than the bond financing proposal, and, further, that the agreement by TECO to come in and take over the operations of the Station and to continue to provide fuel to LYNX is a positive development. LYNX staff recommends an appropriate amendment to the FPA to provide for this arrangement subject to suitable agreements with TECO being reached.

At the January 7, 2016 meeting, the Finance & Audit Committee recommended approving the amendment to the Fuel Purchase Agreement. This request is being presented to the Board of Directors for final consideration and approval at the January 28, 2016 Board meeting.

Oversight Committee Information Item #4.A.

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 6100

Item Name: Finance and Audit Committee Report

Date: 1/28/2016

A meeting of the Finance and Audit Committee was held on January 7, 2016. The Agenda Items covered were:

- Under Other Business, NoPetro Financing Update
- Budget Process Discussion

A meeting of the Finance and Audit Committee was also held on January 19, 2016. The Agenda Items covered were:

- FY2017 Budget Development Assumptions
- Update on Fuel Purchase Agreement Amendment relating to the NoPetro/TECO Financing

Minutes from the previous meetings held on Wednesday, November 4, 2015 and Thursday, January 7, 2016 are attached.

Future tentative meeting dates for 2016 are as follows:

Wednesday, March 16
Tuesday, May 17
Wednesday, July 20
Wednesday, September 14
Wednesday, November 2

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: November 4, 2015
TIME: 2:30 PM

Members in Attendance:

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

LYNX Staff in Attendance:

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

Members Absent:

1. Call to Order/Introduction

Chairperson Chris McCullion called the meeting to order at 2:30 PM.

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 September 3, 2015 Finance & Audit Committee. The Motion passed unanimously.

3. Audit Agenda Items

✓ **Mobile Ticketing Unsolicited Proposal Update**

Chris McCullion called on Blanche Sherman, Director of Finance, to discuss the first agenda item. Ms. Sherman introduced Shyam Dunna, Principal with nMomentum Corporation serving as technical advisor, to provide an overview of mobile payment systems.

Mr. Dunna discussed his presentation which included the following:

Mobile Payment Systems (MPS)

- MPS and benefits presented to LYNX Oversight Committee on May 13, 2015
- Latest in fare payment technologies

- Enhanced customer service benefits
- Reduced costs for LYNX
- Additional sources of revenue
- Easier to use
- Provides for flexible payment options
- Eliminates need for POS and retailer locations
- Very popular among riders

MPS History and Progress

1. LYNX received an Unsolicited Proposal (UP) from Accenture to implement an MPS solution.
2. LYNX reviewed and found it to be a very viable option.
3. LYNX is in the process of drafting advertisement to seek additional Unsolicited Proposals following the guidelines of Administrative Rule 4.18.
4. Every incoming proposal then considered an Unsolicited Proposal under the guidelines.
5. After that, the normal procurement rules and procedures apply.

MPS Advertisement Highlights

- Mobile payment apps
- Customer website with self-service options
- MPS back-office
- Customer loyalty programs/advertising and coupons
- Supports all transfer combinations
- Supports 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
- Migrate towards one single integrated app

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

- New LYNX mobile app installed in customer owned smart devices
- Integration with on-board smart device validators on the fixed route and paratransit vehicles and on-board Mobile Data Terminals
- Customer website with self-service options
- Customer service tools
- Regional multimodal account based back-office and clearinghouse

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 Project Timeline

- Commencing on December 7, 2015 with Vendor Industry Day and ending December 16, 2016 with Final Acceptance

Topics discussed by Committee members during the presentation included:

Concern about selling data
 Still needing access to POS systems
 Cost savings not being the main driver
 Providing better service
 Consideration of the demographics of LYNX ridership
 Multiple pilots if receive multiple proposals
 Use of mobile payment systems in Austin and Dallas

Ms. Sherman mentioned previously discussing this with the Oversight Committee, getting their buy-in and having no intention of paying for the pilots. Funds are included in the FY2016 capital budget for this effort.

Chris McCullion asked if there were any questions. There being none, Mr. McCullion asked for a motion. **Motion** was made and seconded to recommend to the Oversight Committee to move forward with the advertising. The Motion passed unanimously.

✓ **Satellite Facilities Unsolicited Proposal Update**

Chris McCullion called on Ms. Sherman to discuss the second agenda item. Ms. Sherman introduced Margaret Lezcano, Managing Director with Stifel, Nicolaus & Company, Incorporated, to provide an overview of the Satellite Facilities Unsolicited Proposal. Ms. Sherman mentioned that this UP is at a different stage than the previous UP and that she is looking at the financial feasibility of the proposal.

Ms. Lezcano introduced her associate Alex Bugallo and mentioned that the proposer is present with his financial advisor and attorney to answer questions.

Ms. Lezcano gave an overview of the UP as follows:

Overview: Unsolicited Proposal

- LYNX received an 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 175 vehicles.
- Proposer estimates an annual operating cost reduction of \$2 million from non-revenue miles.
- The total cost of the facilities is estimated at \$126 million.
- The completed facilities would be delivered to LYNX in 29 months.
- The UP identifies the following benefits to LYNX approving this 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 worked defined by LYNX CEO
 - 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 finding level
- LYNX may be able to reallocate certain FTA capital dollars to the project with adjustments to its CIP.
 - Any proposed delay or elimination of other capital projects would have to be considered.
 - Currently, increases in FTA funding are not anticipated.

Affordability: Sample Annual Payments Due From LYNX

LYNX can fund one or two of the facilities or smaller facilities.

- Sample annual payments due from LYNX for various project costs over various terms

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

- For example, a \$50 million project funded over 30 years would result in \$3.5 million of annual debt service

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 guidance and direction from the Finance & 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 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

Committee members discussed at length what their role might be in the process of determining if the UP is viable and affordable. Mr. McCullion stated that the Committee is not evaluating the proposal or the need to proceed but will be discussing the ancillary issues.

Ms. Sherman discussed sharing information with Committee members for a preliminary review since it will take a buy-in from funding partners and also spoke about the facilities at the LYNX Operations Center (LOC) and the Osceola Satellite Facility (OSF) being at capacity. Ms. Sherman mentioned that this is an unfunded need in the Transportation Development Plan (TDP).

The group discussed the following topics:

Cost savings of the project which include dead-head costs, fuel, and service/operational costs

Current amount of buses at each facility- 40 at OSF and 270 at LOC for pull-outs

Replacement of buses with CNG buses affecting the maintenance at current facilities and being accommodated in the proposal for new facilities

Lowest payment on the \$126 million exceeds the estimated \$2 million savings per year

LYNX debt restrictions and issuance of debt options that may require additional authority to increase the annual debt service

Allocating/sharing the costs

Doing a cost benefit analysis- primary beneficiaries are Seminole and Osceola Counties
Timeline of proposer in regards to having control of the land for the project
Priorities of unfunded needs, the need for additional facilities, and the best process to meet that need
Meeting or not meeting the criteria of being unique, innovative, essential and financially feasible

Ms. Susan Black, Interim Chief Executive Officer, discussed other factors than financial ones such as the regional strategy of the integration of rail and bus, the proposer having control of the land, financing alternatives that would not otherwise be available to LYNX and the ability to enter into a P3 situation that results in a three (3) year project that would normally take 7 years. Ms. Black discussed procedurally being at a point where LYNX cannot get any additional information from the proposer. Ms. Black stated she is seeking guidance to determine the feasibility of the UP, is researching alternatives and what LYNX does next. Ms. Black also stated that she is not looking for a motion from the Committee members.

Mr. McCullion summarized the recommendation of the Committee and what he would be communicating to the Oversight Committee as follows:

Advise that the Oversight Committee ramp up discussions about the imminent need for space and then discuss what the best way is to figure out exactly what LYNX needs, create a financing plan and then discuss how LYNX is going to pay for all this.

If this is an absolute need in the next two or three years, has been discussed for years, and now LYNX has to do something about it, LYNX needs to get serious about evaluating the best way to accommodate the need in the near term and come up with solutions that might involve the UP or not and what the best way is to do it. The Oversight Committee can direct staff to dig in further and come up with a proposal or another level of briefing.

The Finance & Audit Committee is not recommending moving this particular UP forward.

✓ **Wellness Update**

Chris McCullion called on Donna Tefertiller, Director of Human Resources to present the third agenda item. Ms. Tefertiller provided an overview of the Wellness Committee including the following:

Number of employees and their dependents engaged in health benefits: 1,400

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

Motto: Live Well; Get Up; Get Out; Get Fit

Short Term Goals:

- Educate employees about wellness issues

- Health Risk Appraisals
- Biometric Evaluations
- Activity Programs
- Preventative Exam Program
- Provide resources that help promote healthy lifestyles and better health among employees
 - Cigna Online Coaching
 - Cigna Personal Coaching
 - Onsite Wellness Gym – average usage of 79 people/week
 - Educational Seminars/Webinars
 - Flyers and Pamphlets
 - Electronic Information

Mid-Term Goals:

- Guide employees in the use of health promotion training, activities and incentives that help employees feel better and stay well
 - Exercise
 - Healthy Eating
 - Work/Life Balance
 - Communication on Health
 - Knowing the Agency Numbers
- Help to reduce health risks and overall organizational health
 - Goals Established Based on Numbers
 - Employees Know Their Numbers
 - Pledge for Life

Long-Term Goal:

- Create an environment where all employees can develop/achieve their optimal well-being
 - Work Design Assessment
 - Nutrition/Weight Management
 - Health and Wellness Spoken by Everyone
 - Stress Management
 - Stairway to Health

Accomplishments:

- Participation by over 650 people in basketball games, corporate walk, biking, and softball games
- Hosted healthy eating events at all locations
- Cigna presentations related to health, coverage, coaching, and open enrollment

Ms. Tefertiller also discussed working on budgetary tracking with Julie Caple, Manager of Budgets and Financial Reporting, using all available funds and recruiting for a health and wellness coordinator.

Topics discussed by the group included:

- Being willing to invest the resources in wellness
- Having someone to push employees to the next level
- Bio-metric screening being required for HSA funds
- Having a deadline for the bio-metric screening
- Having thresholds- currently LYNX has no thresholds, Seminole County has certain thresholds
- Looking at additional requirements in the future
- Financial impact of being unhealthy
- Taking a while to see the benefits from wellness efforts- both for the entity and the employee

Mr. McCullion spoke about having the main wellness person or Director from each entity talk regularly to one another or possibly meet to share information about their efforts in containing costs.

✓ **Other Business**

Chris McCullion asked if there was any other business.

Ms. Sherman spoke about the funding challenges for the Pine Hills superstop and introduced Andrea Ostrodka, Director of Planning & Development, to give a brief overview.

Ms. Ostrodka spoke about the need to provide one transfer location in Pine Hills for the busiest routes serving the densest part of Orange County. In 2011, the property owner where the Pine Hills superstop known as Park Promenade was previously located ended the agreement. A Comprehensive Operations Analysis (COA) was completed in 2013 which indicated that the #1 recommendation for Orange County was to build a new superstop in Pine Hills. Staff looked into and evaluated seven locations and one best choice location was chosen. The previous CEO went to the Orange County Board in 2014 and presented this information. The Commission at that time allocated \$250,000 which was leveraged to the FTA resulting in a \$1 million ladders of opportunity grant which in total is half the funding needed for the estimated \$2.5 million cost of the new superstop.

Ms. Sherman discussed that LYNX will be coming to Orange County in January or February to secure additional funding in addition to seeking federal funds.

Ray Walls mentioned that he has spoken to Mr. Jim Harrison, Assistant County Administrator for Orange County, about the need to close the gap. This is usually a request reviewed during the budget process but could be brought to the Orange County Board at any time.

Ms. Sherman spoke about tentative meeting dates for the coming year. Ms. Black mentioned that the proposed meeting dates for the Board of Directors meetings will be on the agenda next week. The group discussed having the Finance & Audit Committee meetings on the

Wednesdays before the Board meetings. Ms. Sherman stated that an e-mail will be sent to Committee members with proposed dates.

The meeting was adjourned at 4:20 PM.

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

PLACE: LYNX Central Station
455 N. Garland Avenue
Open Space, 2nd. Floor
Orlando, FL 32801

DATE: January 7, 2016
TIME: 9:03 AM

Members in Attendance:

Chairperson Chris McCullion, City of Orlando
Vice Chairperson Ray Walls, Orange County
Edward Bass, Seminole County
Michael Kurek, 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:

1. Call to Order/Introduction

Chairperson Chris McCullion called the meeting to order at 9:03 AM. There being no minutes for approval, Mr. McCullion briefly discussed the items on the Agenda and asked to take the items out of order with the Nopetro discussion to occur first. Susan Black, Interim Chief Executive Officer, mentioned that there was another meeting of the Committee scheduled on January 19 if any of this discussion needed to be continued.

2. Audit Agenda Items

✓ **Other Business**

Chris McCullion called on Blanche Sherman, Director of Finance, to discuss the Nopetro item. Ms. Sherman mentioned that LYNX staff and general counsel have been working with Nopetro and their counsel on the changes in financing. Ms. Sherman called on Pat Christiansen, LYNX' General Counsel, to go over the summary previously provided to Committee members.

Mr. Christiansen spoke about the Finance & Audit Committee members being asked for a recommendation to go forward with modifying the Nopetro Fuel Purchase Agreement (FPA). Mr. Christiansen discussed the following items from the summary as summarized below:

Current Status: The FPA with Nopetro was signed in January 2015 which provided for fueling LYNX' CNG buses and included building a CNG station contiguous to the LYNX

facility on Orange Blossom Trail (OBT) with a number of fueling lanes dedicated to LYNX. There was also an agreement to modify the LYNX facility on OBT in order to maintain CNG type buses. The CNG modifications were scheduled to be completed in one year and will be completed later in January. Also, LYNX has received thirty-five (35) CNG buses.

The FPA provided that LYNX had rights under certain circumstances to take over the operation of the station and that LYNX had the right to approve mortgage financing by Nopetro for the purchase and construction of the station.

Bond Finance Proposal by Nopetro: In June 2015, Nopetro presented a bond financing proposal to not only finance the Orlando facility, but to provide financing for other facilities of Nopetro. LYNX staff and general counsel worked with Nopetro, its bond counsel, and other parties over four or five months with appropriate agreements finally done in late October or November 2015. Nopetro contacted LYNX in November and informed LYNX that the bond financing was not going to proceed.

TECO Arrangement: Another financing option involving TECO was presented by Nopetro to LYNX in late November 2015 where TECO would provide all the equipment needed to complete the CNG station. TECO would own the equipment. Nopetro would have the option to buy the equipment after five (5) years. The original agreement allowed TECO to remove the equipment if Nopetro did not make the payments to TECO. Since LYNX has the right to approve financing to ensure the gas supply and the right to take over the station, there was a concern about TECO owning the equipment. After significant discussions among various parties, TECO has agreed to the following modifications that are now acceptable to staff:

- i. in the event Nopetro defaulted under the FPA, TECO would be obligated to come in and provide the fuel to LYNX and operate the station,
- ii. if there was not sufficient monies remaining after paying operating costs to pay the amounts owed to TECO under its agreement, TECO would bear that risk and not remove the equipment,
- iii. TECO would bear the risk of maintenance and repair of the equipment, and
- iv. LYNX would retain its right to take over operation of the station (but TECO would only let LYNX have a right to purchase the equipment at the end of the five- year period).

Request: The original approval by LYNX Board of Directors in November 2014 provided that any material changes would come back to the Board or could be approved by the Chairman. LYNX staff feels that the equipment being owned by TECO is a material modification and the amendment needs to go back to the Board. LYNX staff recommends an appropriate amendment to the FPA to provide for this arrangement subject to suitable agreements with TECO being reached.

Ms. Sherman then introduced the Nopetro representatives which included Jorge Herrera, Chief Executive Officer, Walt Bussells, Chief Financial Officer, and Jack Locke, President and Chief Operations Officer to provide an update and mentioned a handout that was previously distributed to Committee members.

Jorge Herrera stated that Nopetro has been working with LYNX on this project for two years and it is incredibly exciting. Once the project is completed, Nopetro will have the largest CNG fueling facility in the southeast. Fueling, either by fuel mule or at the permanent station will be available by January 27. The overall project is \$10 million with a significant investment of Nopetro equity. Nopetro has been entertaining a number of options and has arrived at an arrangement with TECO. Mr. Herrera mentioned that Juan Reina from TECO was in attendance.

Walt Bussells discussed the requirement that Nopetro come back to LYNX for their consent in the capital financing of the station. The provisions in the agreement cover twenty (20) years and capital markets change. Nopetro considered a number of options including bonds which are typical practices with commercial banks. The bonds were attractive but because of the LYNX requirements being atypical making the bonds more expensive and complex, TECO emerged as the best option overall for Nopetro and for LYNX as well.

Mr. Bussells also discussed looking at the precise and expansive contract language for the tariff financing with TECO which would need clarification in the FPA. A tri-party agreement with Nopetro, TECO, and LYNX providing the protections discussed earlier will keep the project on track.

A group discussion followed covering the following topics regarding TECO:

- Direct pipeline connection to the CNG station serving LYNX exclusively as an extension of the utility which will be here forever
- No change in what LYNX is getting, just a second layer of fail-safe with TECO taking over if Nopetro defaults
- TECO obligated by the agreement to take over the station and equipment including maintenance and upgrades in case of a Nopetro default
- Tri-party agreement as a unique short term funding with TECO
- TECO not making money through financing, wants to make sure have gas flowing to their pipelines
- TECO investing millions of dollars in assets that cannot be moved and does not want to move the equipment
- Worst case scenario of Nopetro defaulting, agreement contemplates entering into an agreement with any lender that has an interest in the station to protect LYNX' interest - option available to Nopetro to buy the equipment in five (5) years
- TECO's assurance to LYNX that they will come in and take over the station to meet LYNX' requirements
- Price points stay the same- LYNX' obligations under the contract remain the same
- TECO's assurance that there are no issues with the Public Service Commission as the financing is setup to run through the already existing tariff and meet all those requirements- no additional approval is required by Commission
- No effect on the maintenance facility agreement which is being financed separately

There was further discussion by the group on the maintenance facility improvements which are still proceeding under a separate agreement. Nopetro will have a bank term sheet next week. LYNX is paying for the improvements once the fixed construction costs and interest are determined through an “adder” to the fuel price over a ten year period. LYNX will still have the option to prepay if other funding sources become available. Nopetro has no preference on the payment and are doing the financing as a service added to the project.

Chris McCullion asked what would happens if this is not approved. Jorge Herrera stated they are expecting the approval but they would have to reconvene with their Board and come develop a path forward to complete the financing.

Susan Black, Interim Chief Executive Officer commented that in working with Nopetro and general counsel on this modification, LYNX staff is very comfortable with the agreement. The material changes require bringing this to the Board but Ms. Black feels that this is a good change.

Chris McCullion then asked if there were any further questions or discussion. **Motion** was made and seconded to recommend approval to the Board. Mr. McCullion stated that he agrees and has no discomfort at all with this agreement. There being no further discussion, Mr. McCullion called for a vote. The Motion passed unanimously.

✓ **Budget Process Discussion**

Chris McCullion called on Susan Black, Interim Chief Executive Officer, to discuss the budget process agenda item. Ms. Black gave an overview of LYNX’ internal budget process which is beginning and distributed page 15 of LYNX’ Financial Policies and Goals to Committee members. An initial budget will be presented in March to the LYNX Board of Directors. The budget process has remained basically the same over the past five (5) years with zero year over year growth. The set policy has remained the same through the end of 2015.

Ms. Black then discussed being requested at the September Board meeting to develop a timeline and schedule for integration of the bus and SunRail systems for any agency that might be involved in any kind of integration of transit. Ms. Black discussed her approach to the project in working back from the SunRail Homecoming 2021 to the present. In overlaying this timeline over LYNX’ current policies and procedures, Ms. Black mentioned there may be some things between now and March 31 that could be done to have a more effective and efficient process internally to prepare for the possible impact of LYNX being involved in the integration.

Ms. Black is looking for input and guidance from the Committee. Ms. Black spoke about looking at the policies and procedures of the funding partners and finding some missing points and that budget decisions in the next three months will affect decisions in eighteen months. Ms. Black spoke about is looking at budget tools and planning, would like to see a longer term budget and have an earlier conversation than January 15 about the budget. Ms.

Black also mentioned that it is prudent to come to the Committee to look at how LYNX can be better and more long term.

Randy Singh, Assistant County Administrator, Orange County, spoke about applauding the effort by Ms. Black to involve the Committee earlier as the budget is an enormous task, needs to be right, is a big undertaking, and the right approach is to get input from all the Committee members.

Ms. Black spoke about the process working fine in the past, wanting to take a quantum leap to a budget tool that can be used on a much bigger, broader level, her concerns about her involvement in this process as the Interim CEO, having a tool that works across the agency, is more integrated and able to report back to the Board with complete and accurate information.

Chris McCullion spoke about agreeing that the standard budget process and the way the funding model works is fine. Mr. McCullion spoke about the challenge of the integration and all members of the different entities not knowing what this is going to look like in 2020 which requires flexibility from everyone, thinking differently about things happening from year to year, and wanting to get the process right but that this will not be a set it and forget it process. Mr. McCullion spoke about brainstorming and exchanging ideas but not necessarily coming up with a plan to recommend to the Board or radically changing the process.

Susan Black spoke about there being no decision as to who will be operating the transit systems but that it was still time to work on the budget even if LYNX was not impacted. Ms. Black mentioned the following issues:

- Training of department directors in the budget process
- Starting the process before January 15
- Multi-year budget plan
- Outdated software program being used called FoxPro

A lengthy discussion ensued with the main comments and ideas from the group listed below:

- LYNX' updated budget manual documenting the current process as it is today to be introduced at the budget kick-off meeting where the budget assumptions are discussed with the department directors
- Importance of having the department directors read and review the document
- How departments are involved
- Team meetings involving everyone
- Consider having handouts go to the person entering the budget- not just directors
- Training of directors- having everyone who enters information into the budget trained
- Acceptable standards and taking the process seriously especially by leadership
- Talking about the process during the year - process never ends
- Having weekly meetings during the process
- Communicating up and communicating down with regular budget updates

- Having tools to complete a five (5) year outlook even though only one (1) year is adopted
- Developing and monitoring a five-year plan which provides safety mechanisms and information on the fiscal health of the organization
- Five-year plan provides information to ride out an economic crisis without too much difficulty
- Training of new directors/Board members as they change
- Holding directors accountable and responsible for their areas
- Viewpoint from the funding partner based on an expected revenue stream as being the opposite for LYNX
- Meeting with funding partners in December or January looking at additional or changes in services
- LYNX' bi-monthly meetings on service changes
- How the status quo is set at LYNX- status quo remains the same but not necessarily the same dollars
- How budgeting of major expenses is done
- Communication and determination of budget guidelines in Orange County with the County Administrator who is heavily involved in the process
- Funding partner letter to LYNX received in January and February
- Importance of knowing increased/decreased service levels and one-time items and what the funding partners' situations are
- Fine tuning discretionary expenses such as training, travel, and conferences
- LYNX process- requirement of a list of needs and justifications, department meetings reviewing budgets line by line, summarization of new items and changes for review by CEO with recommendations from Finance
- Bringing directors and managers to the CEO meeting to go over the summary to have all departments on the same page and build consensus
- Consolidated items like health insurance being managed in the budget office
- Seminole County Manager meeting with all the directors to review all the line items, get all departments on the same page, get all the disputed items worked out, review all line items, discover efficiencies, eliminate duplicated items, develop appreciation for other departments, and get creative ideas with quarterly meeting to plan for the next budget cycle
- LYNX directors becoming part of the process, part of the justification, not understanding the process, not feeling included, and not working together
- Clarifying that LYNX directors are developing their own budget
- Challenge of developing a balanced budget with the finance director having to make difficult and unpopular decisions and spending an inordinate amount of time on 20% of the budget
- Determining what gets into the budget as a collaborative effort
- Needing more collaborative meetings during the year
- Lack of communication and involving everyone more regularly
- LYNX does have ad hoc meetings on an as needed basis
- Having analysts to help departments

- Experience of being a program manager at LYNX six years ago, being asked to create a budget with no information other than to decrease the budget by 10%, not knowing who to work with to find expenses from the previous year, and feeling left out of the process
- Fighting against the mentality of directors who need to know that they are there as part of the process and not just attending “boring” budget meetings
- Giving information on who to contact in Finance and having a budget manual for program managers to use would be helpful
- Being customer service oriented- all people need to have help
- Being better informed of the big picture and understanding how the budget is developed
- Opportunity for the involvement of LYNX’ CEO in the collaboration with directors and their understanding of their part in the budget
- Having a written agenda at meetings
- Having a global picture with an understanding of the economic climate we are in
- Having a one page take-away from the meetings
- LYNX having a six week time line for developing the budget
- LYNX process has been done several ways over the past years
- Critical to have meetings throughout the year
- Process starting too late
- Having the department directors trained, ready to work on the process, and having them prepared before the process begins
- Having many new directors and a new GM during the LYNX budget process last year
- Having mandatory meetings in the summer
- Distributing the manual to LYNX directors at next Monday’s meeting for feedback
- Integration will not matter once LYNX has a solid process that has been fine-tuned
- Trial & error in developing a constantly evolving budget process- will take two to three years
- Making the budget process a priority within the organization- why are we here and what are we trying to accomplish
- Importance of effective communication and education on the manual- in general, if finance does not communicate with directors, directors will not communicate back
- Having regular updates between the CEO and direct reports taking two or three minutes to talk about finance needs and not just about what happens in the formal meetings

Randy Singh then discussed the effort and participation in the process that will be required of Ms. Black in changing the mindset and resolving the trust element within LYNX including constant communication between the directors and Ms. Black and Ms. Sherman and having the direct involvement of Ms. Black who is ultimately responsible for the organization.

Susan Black spoke about continuing the conversation, providing some updates between meetings, preparing outlines and next ups, and moving forward over the next six weeks.

Edward Bass mentioned that the Committee members could be contacted if LYNX thought of something to ask as LYNX goes through the budget process. Susan Black spoke about getting information on training programs for non-financial directors.

Chris McCullion stated that this Committee could be a resource to bounce ideas off of but the Committee is not going to approve internal processes.

The group then discussed the role of the Finance & Audit Committee concerning the budget assumptions being brought to the Committee at the next meeting, understanding of service levels/economic situations of the funding partners, getting feedback on the assumptions from the Committee, and the importance of having Committee members know what is happening to LYNX as it relates to developing guidelines to propose to the funding partners' Boards.

The group also discussed the challenge of changing behavior which requires commitment and dedication, providing tools to have directors become knowledgeable and engaged which can also make the budget process easier, learning a lot, and the conversation being started in creating LYNX' budget process.

Chris McCullion asked if there was any other business. There being none, **the meeting was adjourned at 11:05 AM.**

Oversight Committee Information Item #4.B.

To: LYNX Board of Directors

From: David Dees
DIRECTOR OF RISK MANAGEMENT
Shannon White
(Technical Contact)

Phone: 407.841.2279 ext: 6127

Item Name: Risk Management Committee Meeting

Date: 1/28/2016

A meeting of the Risk Management Committee was held on Wednesday, December 16, 2015. The Agenda Items were the overview of the Preferred Governmental Insurance Trust and National Transit Database Reporting Requirements. The approved minutes for the October 7, 2015 Risk Management Committee meeting are attached.

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

February 3, 2016
April 13, 2016
June 15, 2016
August 3, 2016
October 5, 2016
December 7, 2016

LYNX
Central Florida Regional Transportation Authority
Monthly Risk Management Committee Meeting Minutes

PLACE: LYNX Central Station
455 N. Garland Avenue
Room 215
Orlando, FL 32801

DATE: October 7, 2015

TIME: 10:00 a.m.

Members in Attendance:

John Petrelli, Risk Manager, Orange County

Ray Scullian, Risk Manager, City of Orlando

Denise Lipscomb, Financial Services Manager, FDOT

Reginald Davis, Senior Manager for Risk Management, Osceola County

Meloney Lung, Assistant County Manager, Seminole County

Members not in Attendance:

1. Call to Order

The Chairman, John Petrelli, called the meeting to order at 10:03 a.m.

2. Approval of Minutes

The Chairman asked the Committee if there were any additions or deletions to the October 7, 2015 minutes as presented. There were no additions or deletions, therefore, the Minutes were approved unanimously by the committee.

3. Agenda Items

David Dees addressed the committee and reviewed the suspicious package incident that took place at LYNX Central Station on September 30, 2015. He discussed the actions taken during the incident and lessons learned from the incident, including future safety plans for LYNX.

Chris Connelly was not able to attend the committee meeting from Arthur J. Gallagher as planned per the agenda.

Rodney Walls addressed the committee regarding Safety, Osha Compliance and LYNX. Mr. Walls discussed LYNX' responsibility to ensure compliance with state and federal regulations, protect LYNX assets including employees, rolling stock, equipment and facilities, protect the LYNX name and reputation, and finally LYNX continual plans to improve operations and

efficiency. Rodney Walls also discussed the Workers Compensation claims and mentioned that LYNX has a goal to reduce Workers Compensation claims by 10% each year. LYNX also monitors the ratio of number of incidents to revenue miles. Mr. Walls also discussed LYNX participation in regional safety exercises for emergency preparedness. As the Risk Management Department now encompasses the Security Department as well, Mr. Walls is revising the Security Program Plan to update policies and procedures and discussed the responsibilities of the security contractor stationed throughout the four LYNX facilities. LYNX is also taking the initiative in being environmentally responsible, blending bio-diesel fuel and recycling a variety of products throughout the facilities.

David Dees extended an invitation to the committee to visit the LYNX facilities to review the bio-diesel blending station, fleet operations or vehicle maintenance areas of LYNX facilities.

David Dees updated the committee on the status of the driver's license database monitoring and screening. Mr. Dees is reviewing two contractors who monitor and pre-screen employee driver's licenses. This potential new service would continuously screen for changes in statuses of employees' licenses, giving more up-to-date information on each license versus the twice-per-year license check that is performed by Risk Management currently.

David Dees addressed the committee regarding a project with the LYNX Engineering Department to improve the lighting at LYNX bus stops, shelters and superstops using solar lighting and the suggestion by Orlando Police Department for specific areas that need improved lighting. A pilot project is set to take place installing solar lighting at four specific stops. At the end of the test phase, a determination will be made as to whether or not this lighting was beneficial and if so, to which other stops should the lighting be expanded.

The committee circled back to the discussion on driver's license monitoring and the various agencies' policies for dealing with off-duty driving infractions.

The Chairman thanked the staff and adjourned the meeting.

Meeting adjourned at 10:51 a.m.