



Meeting Date: 5/26/2016
Meeting Time: 10:30 AM

Central Florida Regional Transportation Authority
455 N. Garland Ave.
2nd Floor Board Room
Orlando, FL 32801

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

1. Call to Order

2. Committee Minutes

-  Oversight Committee Minutes Pg 2

3. Committee Agenda


A. Oversight Committee Agenda

-  Health Insurance Update Pg 11

-Attachments



B. Oversight Committee Agenda

-  Use of \$2 Capital Contributions for Compressed Natural Gas (CNG) Facility Improvements Pg 22

4. Committee Information Items

A. Oversight Committee Information

-  Finance and Audit Committee Report Pg 24

-Attachments



B. Oversight Committee Information

-  Risk Management Committee Report Pg 35

-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
2nd Floor Open Space
Orlando, FL 32801

DATE: April 14, 2016

TIME: 10:30 a.m.

Members in Attendance:

Osceola County Commissioner, Viviana Janer, Chair
Orange County, Assistant County Administrator, Jim Harrison, Vice Chairman
Seminole County Commissioner, Carlton Henley
FDOT District 5, Jo Santiago
City of Orlando, Transportation Project Manager, Claudia Korobkoff

Members Absent:

FDOT District 5 Secretary, Noranne Downs

1. Call to Order

The Chair, Commissioner Viviana Janer, called the meeting to order at 10:37 a.m.

2. Approval of Minutes

The Chair asked the Committee if there were any additions or deletions to the January 28, 2016 Minutes as presented.

Motion was made and seconded to approve the Minutes of the January 28, 2016 Oversight Committee meeting. The motion passed unanimously.

3. Oversight Agenda Items

- **Presentation on the Annual Financial Audit and Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending September 30, 2015**

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

Ms. Sherman introduced Mr. Ron Conrad from Cherry Bekaert, LYNX' auditing firm to give overview of financial audit. Mr. Conrad addressed the committee and discussed the following subjects:

- Scope of Service
 - Express an opinion on the Authority's financial statements
 - Be in accordance with auditing standards generally accepted in the United States
 - Issue reports on internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts and grants
 - Issue a report on compliance with requirements applicable to each major federal awards program and state financial assistance project
 - Prepare a schedule of findings and questioned costs pursuant to OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*
 - Issue a management letter that provides our recommendations regarding opportunities for improvement to internal controls
 - Issue an agreed upon procedures report regarding National Transit Database (NTD) information submitted to the Federal Transit Authority
 - Issue an examination report that provides an opinion on the Authority's compliance with investment policies

- Required Communications

- Certain communications related to audit results are provided in a separate letter to the Board of Directors providing the following:
 - Overview of responsibility under applicable standards
 - Adoption of new accounting standards pensions
 - Planned scope and timing of the audit and notification that certain representations were received from management
 - There were no significant difficulties in dealing with management
 - There are certain financial statement amounts subject to management judgement and estimates
 - Certain reclassifications within allocations of net position and the statements of cash flow

- Summary of Audit Results
 - Clean opinion of the financial statements
 - Clean opinions on major federal and state awards programs
 - Schedule of Findings and Questioned Costs summarizes our audit results with no findings noted
 - Issuance of reports on internal control over financial reporting and compliance matters, including Single Audit with no findings noted
 - Issuance of a Management Letter, including information required by the State of Florida Auditor General
 - Issuance of agreed upon procedures report on National Transit Database information

- Issuance of an examination report on compliance with investment policies
- Financial Highlights – discussion ensued
- Operating Results
 - Slight decrease in operating revenue which is a direct factor of decreased Medicare.
 - Non-operating revenue
- **Overview of the FY2016 Amended Operating and Capital Budget**

The Chair recognized Blanche Sherman, LYNX’ Director of Finance, to present the overview to the Committee.

- Request was made to have an increase of .2% to the Operating Budget which include:
 - Transportation Marketing and Education project to expand efforts in educating targeted audiences about transportation funding, local transportation projects and available technology to improve transit experiences
 - Second year pilot services of the Maitland SunRail NeighborLink
 - Section 5310 funding increase from \$122,500 to \$184,880 for the Urbanized Orlando and Kissimmee selected sub-recipient agency expenses
 - Additional amendment for 5317 sub-recipient funds awarded to The Opportunity Center for \$35,000
- Key Capital Budget Amendment Reclassifications
 - LYNX Osceola Satellite Facility (OSF) leasehold improvements \$8,065
 - 2015 CNG Bus procurement/build change order \$10,038
 - Carryover Adjustments for reductions in the amounts brought forward into the FY2016 Capital Budget based on the true up of expenditures through September 30, 2015

The FY2016 Amended Operating and Capital Budgets will be presented to the Board of Directors for final consideration and approval at the April 14, 2016 Board Meeting.

The Chair recognized Jim Harrison for a question.

Jim Harrison inquired about the Maitland NeighborLink, clarification on the budget.

Motion was made and seconded to approve the FY2016 Amended Operating and Capital Budgets. The motion passed unanimously.

- **Overview of the FY2017 Preliminary Operating Budget Discussion**

The Chair recognized Blanche Sherman, LYNX’ Director of Finance, to present the overview to the Committee.

- Key budget assumptions:
 - 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
 - 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)
 - Consideration of 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)
 - 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

- Pending Items
 - 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, is warranted

- FY2017 Operating Budget Overview

- FY2017 Operating Revenue

- FY2017 Operating Expenses

- FY2016 Local Revenue by Jurisdiction

The Chair recognized Claudia Korobkoff.

Claudia Korobkoff expressed that the \$4,046,660 includes the VA Link 406 for an estimate of \$19,000. Ms. Korobkoff expressed that per Agreement City of Orlando agreed to only pay for two years. Ms. Korobkoff wanted to revise that the VA would then be responsible for the cost of the route after those two years. Ms. Sherman agreed that if that was the case LYNX should be working with the VA to secure those funds and if they do not wish to continue those services LYNX will need to discontinue that route.

The Chair recognized Jim Harrison for a question.

Mr. Harrison wanted to clarify if the agreement was between the VA and the City of Orlando or was it between the VA and LYNX. Ms. Korobkoff explained that it is a three party agreement and City of Orlando pre-paid for the two years.

➤ **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

Ms. Sherman asked for direction from the Committee and permission from the Board.

The Chair asked for comments other than the City of Orlando Link 406.

Ms. Sherman clarified that LYNX staff sought permission to present to the Board for questions or comments.

The Chair recognized Commissioner Henley for a question.

Commissioner Henley wanted to clarify the statement that increase in fare was warranted and if a figure had been set by Finance. Ms. Sherman explained that in the past a standard of a quarter was in place but staff would need a review done before that amount could be solidified. Ms. Sherman explained that the study would show a few scenarios. Commissioner Henley asked for the impact of decrease in ridership. Ms. Sherman confirmed that ridership is decreasing by 3%. Commissioner Henley wanted to know if LYNX staff could explain the decrease since Central Florida population was growing. Ms. Sherman explained that one of the main drivers was the recent low gas prices.

The Chair suggested that more insight would be revealed in the coming item of Fare Review and Equity Analysis. The Chair will bring the recommendation to the Board.

➤ **FY2017 Preliminary Operating Budget Discussion**

The Chair recognized Blanche Sherman, LYNX' Director of Finance, to present the item to the Committee.

LYNX' last fare increase was completed in January 2009 raising the base fare from \$1.75 to \$2.00, with the last modification to the fare policy to reduce fare options approved by the Board on December 4, 2013. Since both of these actions, LYNX has maintained ridership and fare revenue at rates that did not produce budgetary concerns. Recently, LYNX' ridership has experienced a decline resulting in declining fare revenues. LYNX has experienced ridership declines in the past due to lower oil prices, uptick in the economic environment, and other factors.

The Chair wanted to confirm the cost of the study listed at \$50,000, Ms. Sherman confirmed and explained that it would take two to three months if LYNX were to start now. Discussion ensued about the great idea an equity analysis would be.

The Chair asked for a motion.

Motion was made and seconded to approve a comprehensive fare review. The motion passed unanimously.

4. Committee Information Items

A. Finance and Audit Committee Report

The Chair recognized Chris McCullion, Chair of the Finance and Audit Committee, to present the report to the Committee. Mr. McCullion explained utilizing the two dollar contribution for capital expenses to pay for CNG maintenance facility improvements. This will decrease the capital amount but decrease the future fuel cost because no interest would be paid. Mr. McCullion explained that all other topics discussed in the Finance and Audit Committee had already been discussed previously.

B. Risk Management Committee Report

The Chair recognized David Dees, LYNX' Director of Risk Management, to present the report to the Committee. Mr. Dees explained that there have been a decrease in collisions, this was presented to the Committee. A presentation of the new dashboard being used by the Risk Management Department was well received by the Committee. The Committee was also updated on a variety of projects including replacement of the outdated records management system, driver's license monitoring program and updates of legislative changes that affect LYNX' video release policy that allows LYNX to share videos with law enforcement.

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 an Executive Session to discuss labor contract negotiation matters.

The Consent Agenda items include:

A. Request for Proposal (RFP)

- i. Authorization to Award a Contract to American Janitorial, Inc. for Lawn Maintenance and Trash Removal Services and LYNX Bus Stops and Shelters
- ii. Authorization to Award a Contract to Fleetwash, Inc. for Steam Cleaning and Maintenance of LYNX Bus Shelters and Bus Stops
- iii. Authorization to Award a Contract to Akerman LLP for Federal Lobbying Services
- iv. Authorization to Negotiate and Award Contract #16-C06 to Jacobs Engineering, Contract #16-C07 to Kimley-Horn and Associates, Inc., and Contract #16-C08 to WSP Parsons Brinckerhoff for Architecture and Engineering Consultant Services

B. Extension of Contracts

- i. Authorization to Exercise Second Option Year of Contract 12-C16 with Goodyear Tire and Rubber Company for Bus Tire Leasing

C. Miscellaneous

- i. Authorization to Issue a Purchase Order to Alliance Bus Group d/b/a First Class Coach Sales Under the Florida Department of Transportation's (FDOT) Florida Vehicle Procurement Program's (TRIPS) State Contract #TRIPS-11-CAFCCSC for Six (6) Paratransit Replacement Vehicles
- ii. Re-adopt Resolution #16-001 Reappointing Donna Tefertiller to the Board of Trustees for the Amalgamated Transit Union (ATU) Local 1596 Pension Plan (Defined Benefit Plan)
- iii. Authorization to Purchase Nine (9) Wheelchair Accessible Vanpool Vehicles for Replacement and Expansion
- iv. Authorization to Write-off Assets Pursuant to the June 30, 2015 Physical Inventory Count and Reconciliation
- v. Authorization to Modify Contract #14-C26 with Balfour Beatty Construction for Parramore Bus Rapid Transit (BRT) LYMMO Expansion Project
- vi. Authorization to Amend the Joint Project Agreement (JPA) with Orlando Utilities Commission (OUC) for the Construction of the Parramore Bus Rapid Transit (BRT) Project
- vii. Authorization to Award a Task Order to AECOM under Contract #11-C12 for the Completion of Engineering and Design of the LYNX Orlando Trail
- viii. Authorization to Modify Contract #15-C07 with Regis Southern, Inc. for the Final Project Closeout of the Poinciana Bus Transfer Center
- ix. Authorization to Negotiate and Execute a Land Purchase Agreement with Central Florida Community Properties (d.b.a. Central Florida Urban League) for Property Located on Belco Drive, Pine Hills for the Pine Hills Transfer Center
- x. Authorization to Submit Grant Application to the Federal Transit Administration (FTA) for FY16 Competitive Funding Opportunity, Section 5339 Bus and Bus Facilities Program
- xi. Authorization to Auction Surplus Equipment & Obsolete Bus Parts
- xii. Authorization to Submit Grant Applications to the Federal Transit Administration for Fiscal Year 2016 Apportionments and to Sub-allocate FY 2016 Orlando Urbanized Area 5307 Funding to Lake County Transit Services and Florida Department of Transportation
- xiii. Authorization for LYNX Insurance Broker to Negotiate and Bind Coverage and Premium for Additional Leased Buses and Update Road Ranger Liability Policy
- xiv. Authorization to Transfer Three (3) VanPool Vehicles and Two (2) Revenue Vehicles to Life Concepts d/b/a Quest
- xv. Authorization to Dispose of Items Accumulated Through the Lost and Found Process
- xvi. Authorization to Amend the FY2016 Operating Budget for Sub-recipient Award to The Opportunity Center for Section 5317 New Freedom Program (NFP) Rural Transportation Services

The Chair recognized Jo Santiago for a question.

Ms. Santiago asked the Commissioner that the LYNX Board of Director write a letter of support for FDOT submitting a TIGER application for the phase two north project.

The Chair asked for a motion.

Motion was made and seconded to approve a Letter of Support for FDOT submitting a TIGER grant application for the phase two north project. The motion passed.

The Chair recognized Pat Christiansen, LYNX General Counsel.

Mr. Christiansen wanted to clarify that the Letter of Support would be placed in the Consent Agenda.

Ms. Black took up the balance of the Consent Agenda items:

- xvii. Authorization to Submit FY2016/2017 Service Development Grant Proposals to the Florida Department of Transportation (FDOT) and the Authority to Execute a Joint Participation Agreement (JPA) Upon Notification of Funding

The Action Items Include:

- A. Amendment to LYNX' FY2016 Operating and Capital Budgets
- B. Acceptance of the Annual Financial Audit and Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending September 30, 2015
- C. Authorization to Implement the April 24, 2016 Proposed Service Changes
- D. Update on Chief Executive Officer Search and Action by the Board of Directors
- E. Status Report Regarding Matters Related to Pension Plan and Retirement Plan

The Chair Recognized Pat Christiansen, LYNX General Counsel.

Mr. Christiansen discussed the current status of the Union Negotiations between ATU1596 and the Authority and the situation of the Pension Plan trustees. The Pension Plan trustees are now in a deadlock over eight matters. Mr. Christiansen briefed the Committee over the various issues surrounded the disagreements between the Union and the Authority.

Ms. Black took up the balance of the Agenda items:

The Work Session Items include:

- A. Overview of the FY2017 Preliminary Operating Budget

Ms. Black expressed that the FY2017 Preliminary Operating Budget presentation can be moved to the May 26, 2016 Board Agenda in the interest of saving time.

Ms. Black took up the balance of the Agenda items:

The Informational Items Include:

- A. Parramore BRT Project Update
- B. Notification of Settlement Agreement Pursuant to Administrative Rule 6

Ms. Black informed that the Monthly Report items in the Agenda are available for further reading.

The meeting adjourned at 11:56 a.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: Health Insurance Update

Date: 5/26/2016

At the July 15, 2015 Finance & Audit Committee meeting, LYNX staff provided a brief recap of LYNX’ five-year health insurance history and an update on the ongoing review of health insurance. At the time of that meeting, 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

At the September 3, 2015 Finance & Audit Committee meeting, LYNX staff and Arthur J. Gallagher & Co., LYNX’ broker, provided an update on the proposals from Cigna, SunLife, and AIG. Voya did not rebid. Cigna provided an updated proposal for a best and final offer for the current LYNX plan that represents an increase in rates of 24.53% over the current FY2015 rates, and a decrease in rates of 1.47% from those included in the FY2016 Preliminary Operating Budget. In addition, the three other vendors also revised their proposals for self-insured. The LYNX share of the annual plan costs and the difference of the plan costs for each provider compared to the FY2016 Proposed Operating Budget total for healthcare are also shown below.

The health savings account share of the plan will remain constant and therefore is not included in the costs identified in the chart below.

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

Based on the offers received, LYNX staff and Gallagher recommended that the most viable option for health insurance coverage for FY2016 would be the Cigna 12-36 self-insured offer or the Gallagher projection for Cigna self-insured 12-36, which represents a decrease over the FY2016 Proposed Operating Budget by \$717,912 and 440,180, respectively.

The objective of modifying the health insurance program from fully-insured to self-insured is to provide long-term financial benefits and also allow for plan stability over continuing with a fully-insured plan. LYNX staff proposed migrating to the Cigna 12-36 Health Plan Option for the FY2016 budget year for Finance & Audit Committee consideration.

The Finance & Audit Committee members concurred with the above recommendations. As such, LYNX staff obtained the concurrence of the Oversight Committee and LYNX' Board of Directors approval on September 11, 2015 to move forward with the conversion to a self-insured health program for FY2016.

Eric Scott, Area President with Arthur J. Gallagher & Co, presented an overview of LYNX' Health Insurance Program with updated projections for FY2016 and FY2017 at the May 18, 2016 Finance & Audit Committee meeting. Mr. Scott will be presenting an overview to the Oversight Committee at the May 26, 2016 meeting. Mr. Scott's presentation is attached for your review.



Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

Health Insurance Financial Update

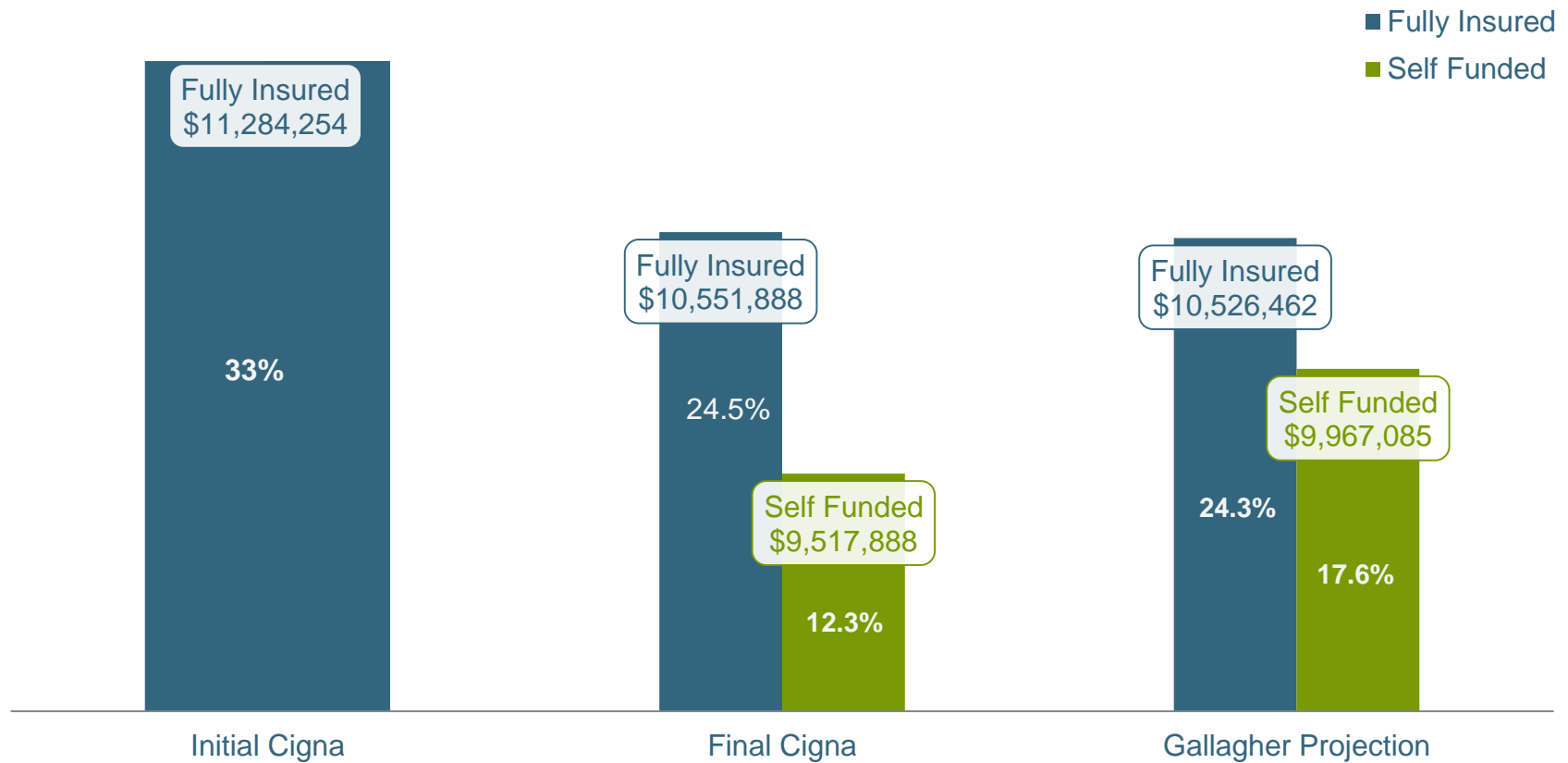
ERIC SCOTT, AREA PRESIDENT
DAVID PARKER, ASA, MAAA



MAY 26, 2016

2016 Proposal Comparison over 2015 Costs

Based upon claims through July



This analysis is for illustrative purposes only, and is not a proposal for coverage or a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. See your policy or contact us for specific information or further details in this regard.

Current 2016 Revenue Vs. Projected 2016 Revenue

September 2015 Enrollment						
	Local Plus		Buy Up HDHP IN		Buy Up HDHP OAP	
	EE	581	\$612.16	102	\$714.69	13
ES	66	\$1,298.53	25	\$1,516.03	3	\$1,802.53
EC	57	\$1,173.71	19	\$1,370.31	3	\$1,629.27
EF	53	\$1,860.11	29	\$2,171.68	1	\$2,582.08
Total	757		175		20	
Annual Total by Plan						
	\$7,282,227		\$2,397,767		\$287,091	
Total All Plans						
	\$9,967,085					
Employee Costs						
	18%		(\$1,796,370)			
Employer Costs						
	82%		\$8,173,748			

March 2016 Enrollment						
	Local Plus		Buy Up HDHP IN		Buy Up HDHP OAP	
	EE	638	\$612.16	89	\$714.69	9
ES	56	\$1,298.53	19	\$1,516.03	1	\$1,802.53
EC	60	\$1,173.71	12	\$1,370.31	3	\$1,629.27
EF	53	\$1,860.11	20	\$2,171.68	1	\$2,582.08
Total	807		140		14	
Annual Total by Plan						
	\$7,587,371		\$1,827,473		\$203,042	
Total All Plans						
	\$9,617,886					
Employee Costs						
	15%		(\$1,474,272)			
Employer Costs						
	85%		\$8,143,614			

This analysis is for illustrative purposes only, and is not a proposal for coverage or a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. See your policy or contact us for specific information or further details in this regard.

2016 Claims by Month

Claims and Spend Dashboard

Incurred **ONLY** in 2016 AND Paid in 2016 (Immature)

Paid Month	Plan Spend						Cov. EEs	Actual Cost				Expected Cost		
	Fixed Costs	In-Network + Capitation	Out-of-Network	Rx Claims	Total Claims	Total Spend		EE Ded.	LYNX Cost	Total Cost PEPM	LYNX Cost PEPM	Premium Equivalent	Prem. Equiv. PEPM	Spend % of P.E.
Jan-16	\$94,022	\$63,143	\$0	\$89,829	\$152,972	\$246,994	950	\$123,464	\$123,529	\$259.99	\$130.03	\$796,050	\$837.95	31.0%
Feb-16	\$95,209	\$403,693	\$536	\$169,698	\$573,927	\$669,136	962	\$122,330	\$546,806	\$695.57	\$568.41	\$801,708	\$833.38	83.5%
Mar-16	\$95,110	\$716,555	\$1,050	\$144,879	\$862,484	\$957,594	961	\$122,856	\$834,738	\$996.46	\$868.61	\$801,491	\$834.02	119.5%
Total	\$284,341	\$1,183,391	\$1,586	\$404,406	\$1,589,383	\$1,873,724	2,873	\$368,651	\$1,505,073	\$652.18	\$523.87	\$2,399,248	\$835.10	78.1%

Incurred in 2015 **OR** 2016 and Paid in 2016 (Mature)

Paid Month	Plan Spend						Cov. EEs	Actual Cost				Expected Cost		
	Fixed Costs	In-Network + Capitation	Out-of-Network	Rx Claims	Total Claims	Total Spend		EE Ded.	LYNX Cost	Total Cost PEPM	LYNX Cost PEPM	Premium Equivalent	Prem. Equiv. PEPM	Spend % of P.E.
Jan-16	\$94,022	\$572,538	\$3,204	\$107,301	\$683,043	\$777,065	950	\$123,464	\$653,600	\$817.96	\$688.00	\$796,050	\$837.95	97.6%
Feb-16	\$95,209	\$639,333	\$536	\$169,698	\$809,567	\$904,776	962	\$122,330	\$782,446	\$940.52	\$813.35	\$801,708	\$833.38	112.9%
Mar-16	\$95,110	\$998,910	\$1,693	\$126,611	\$1,127,214	\$1,222,324	961	\$122,856	\$1,099,468	\$1,271.93	\$1,144.09	\$801,491	\$834.02	152.5%
Total	\$284,341	\$2,210,781	\$5,433	\$403,610	\$2,619,824	\$2,904,165	2,873	\$368,651	\$2,535,514	\$1,010.85	\$882.53	\$2,399,248	\$835.10	121.0%

* Rx Claims for Runout for March had a credit of approx \$18k thus the difference between the immature and mature scenarios
Includes Active employees only

2016 Calendar Year End Projection

	Immature		
	YTD Through March 31st	Projected 2016 Annual Total	Projected 2016 PEPM
Fixed Costs (<i>admin, stop loss</i>)	(\$284,341)	(\$1,137,364)	(\$98.63)
Claims	(\$1,589,383)	(\$8,890,563)	(\$770.95)
Total Expense	(\$1,873,724)	(\$10,027,927)	(\$869.57)
LYNX Contribution	\$2,030,597	\$8,143,620	\$706.18
Employee Contribution	\$368,651	\$1,474,272	\$127.84
Premium Equivalent (LYNX Contribution + Employee Deductions)	\$2,399,248	\$9,617,886	\$834.02
Surplus or Shortfall	\$525,524	(\$410,041)	(\$35.56)

	Mature		
	YTD Through March 31st	Projected 2016 Annual Total	Projected 2016 PEPM
Fixed Costs (<i>admin, stop loss</i>)	(\$284,341)	(\$1,137,364)	(\$98.63)
Claims *	(\$2,619,824)	(\$9,921,004)	(\$860.30)
Total Expense	(\$2,904,165)	(\$11,058,368)	(\$958.93)
LYNX Contribution	\$2,030,597	\$8,143,620	\$706.18
Employee Contribution	\$368,651	\$1,474,272	\$127.84
Premium Equivalent (LYNX Contribution + Employee Deductions)	\$2,399,248	\$9,617,886	\$834.02
Surplus or Shortfall	(\$504,917)	(\$1,440,482)	(\$124.91)

* includes Cigna runoff of \$1,030,441

2016 Fiscal Year End Projection

	Immature	
	1/1/16-9/30/16 Projected	Projected FY 2016 PEPM
Fixed Costs (<i>admin, stop loss</i>)	(\$853,023)	(\$98.63)
Claims	(\$6,410,312)	(\$741.16)
Total Expense	(\$7,263,335)	(\$839.79)
LYNX Contribution	\$6,107,711	\$706.18
Employee Contribution	\$1,105,704	\$127.84
Premium Equivalent	\$7,213,415	\$834.02
Surplus or Shortfall	(\$49,921)	(\$5.77)

	Mature	
	1/1/16-9/30/16 Projected	Projected FY 2016 PEPM
Fixed Costs (<i>admin, stop loss</i>)	(\$853,023)	(\$98.63)
Claims *	(\$7,440,753)	(\$860.30)
Total Expense	(\$8,293,776)	(\$958.93)
LYNX Contribution	\$6,107,711	\$706.18
Employee Contribution	\$1,105,704	\$127.84
Premium Equivalent	\$7,213,415	\$834.02
Surplus or Shortfall	(\$1,080,362)	(\$124.91)

Oct-Dec 15 Fully Insured Premium

\$2,091,441

LYNX Contribution

\$1,714,982

Employee Contribution

\$376,459

* FY Based on CY of (\$9,921,004/12)*9. Immature then removes runoff of \$1,030,441

2017 Initial Projection



- Initial Projection given in February based upon the past 24 months of claims data
 - 2/1/14-1/1/15 (30% weighting) \$784 PEPM
 - 2/1/15-1/1/16 (70% weighting) \$707 PEPM
- This drove the 12.7% projection

	2016			Projection Based Upon Claims Through 1/1/16		
	Monthly Total	Annual Total	PEPM	Monthly Total	Annual Total	PEPM
Fixed Costs (<i>admin, stop loss</i>)	\$95,110	\$1,141,320	\$99	\$104,621	\$1,255,452	\$109
Claims Funding	\$706,381	\$8,476,572	\$747	\$796,091	\$9,553,097	\$828
Premium Equivalent (<i>gross costs</i>)	\$801,491	\$9,617,892	\$848	\$903,280	\$10,839,364	\$940
(Employee Contributions)	(\$122,856)	(\$1,474,272)	(\$130)	(\$138,459)	(\$1,661,505)	(\$144)
Lynx Costs (<i>net costs</i>)	\$678,635	\$8,143,620	\$706	\$764,822	\$9,177,860	\$796
				12.7%	12.7%	12.7%

2017 Revised Projection



- Since then two additional months have been posted
 - 4/1/14-3/31/15 (30% weighting) \$783 PEPM
 - 4/1/15-3/31/16 (70% weighting) \$768 PEPM
- CY 2016 YTD is running at approximately \$912 PEPM
- These two most recent months are having an adverse effect on the projection, i.e. an increase to 21.0% for 2017

	2016			Projection Based Upon Claims Through 3/1/16		
	Monthly Total	Annual Total	PEPM	Monthly Total	Annual Total	PEPM
Fixed Costs (<i>admin, stop loss</i>)	\$95,110	\$1,141,320	\$99	\$106,815	\$1,281,782	\$111
Claims Funding	\$706,381	\$8,476,572	\$747	\$865,905	\$10,390,860	\$901
Premium Equivalent (<i>gross costs</i>)	\$801,491	\$9,617,892	\$848	\$972,720	\$11,672,642	\$1,012
(Employee Contributions)	(\$122,856)	(\$1,474,272)	(\$130)	(\$149,147)	(\$1,789,766)	(\$155)
Lynx Costs (<i>net costs</i>)	\$678,635	\$8,143,620	\$706	\$823,573	\$9,882,876	\$857
				21.4%	21.4%	21.4%



Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

Thank You

Eric Scott, CEBS
Area President

Eric_Scott@ajg.com
407-563-3572

Oversight Committee Agenda Item #3.B.

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 6100

Item Name: Use of \$2 Capital Contributions for Compressed Natural Gas (CNG) Facility Improvements

Date: 5/26/2016

At the May 18, 2016 Finance & Audit Committee meeting, LYNX staff requested recommendation for approval to use available \$2 Capital Contributions for the Compressed Natural Gas (CNG) facility improvements in an amount not-to-exceed \$2,625,733 and \$80,000 for engineer oversight.

BACKGROUND:

In January 2015, LYNX entered into a contract with NoPetro Orlando, LLC, for CNG vehicle fueling. As part of this contract, the LYNX Operations Center (LOC) maintenance facility has undergone renovations to allow staff to safely maintain our new fleet of CNG vehicles. The construction activity associated with this improvement is anticipated to be completed by May 2016.

Over the past year, LYNX staff has worked diligently with the Federal Transit Administration (FTA) to utilize the proceeds from the sale of LYNX' South Street Facility to the City of Orlando to support the funding of the CNG improvements. The LOC building improvements are at a cost not-to-exceed \$2,625,733 and \$80,000 for engineer oversight.

On December 21, 2016, FTA notified LYNX staff that the sale proceeds from the South Street facility could not be used to fund the CNG Improvements. As such, LYNX staff would like to use the available \$2 Capital Funds to cover the cost of the CNG improvements, which will eliminate the \$.40 adder included in the fuel cost.

In accordance with the terms of the Construction Agreement, LYNX has the ability to prepay the financed portion of the project with no penalties since it requires LYNX pre-approval. For any portion of the project funded via equity, the rate of return is limited to 3.75% above any third party borrowed amount. The adder is initially set at \$.40 per Diesel Gallon Equivalent (DGE) with annual true ups (if any) for either.

NoPetro is currently seeking financing for the LOC improvements as follows:

- \$2,000,000 at 5.30% interest over ten years
- \$625,733 Equity at 9.05% interest for ten years

The following are the pros and cons as it relates to eliminating the adder:

Pros

- ✓ Save over \$700,000 - \$900,000 in unnecessary financing costs and reduce funding partners' obligations next year and succeeding years
- ✓ Save legal costs and extensive staff time by preventing more financing negotiations and documents
- ✓ Prevent contract controversy over financing options
- ✓ Increase budget control and predictability – annual “true up” uncertainty eliminated
- ✓ Eliminate debt exposure that is not a re-financing or lease

Cons

- ✓ Temporary ~ 6 or 7% reduction in cash balances, but \$2 capital funds are available to support the pay-off.

Mr. Walt Bussells, Chief Financial Officer with NoPetro, attended the May 18, 2016 Finance & Audit Committee meeting to address questions pertaining to the financing. The Finance & Audit Committee recommended approval to use available \$2 Capital Contributions for the Compressed Natural Gas (CNG) facility improvements in an amount not-to-exceed \$2,625,733 and \$80,000 for engineer oversight.

LYNX staff will be bringing this item to the Oversight Committee and to the Board for approval at the May 26, 2016 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: 5/26/2016

A meeting of the Finance and Audit Committee was held on May 18, 2016. The Agenda Items covered were:

- Health Care Update
- Overview of Paratransit Trip Increase
- Update on LYNX Reserves
- Use of \$2 Capital Contributions for Compressed Natural Gas (CNG) Facility Improvements

Minutes from the previous meeting held on Wednesday, March 16, 2016 are attached.

Future tentative meeting dates for 2016 are as follows:

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
Open Space, 2nd. Floor
Orlando, FL 32801

DATE: **March 16, 2016**

TIME: **09:04 AM**

Members in Attendance:

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

LYNX Staff in Attendance:

Blanche Sherman, Director of Finance
James Goldsmith, LYNX' General Counsel

Members Absent:

1. Call to Order/Introduction

Chairperson Chris McCullion called the meeting to order at 09:04 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 January 19, 2016 Finance & Audit Committee. The Motion passed unanimously.

3. Audit Agenda Items

✓ **Overview of FY2015 Annual Audit Results**

Chris McCullion called on Blanche Sherman, Director of Finance, who introduced Ron Conrad, Partner with the firm of Cherry Bekaert LLP, to present an overview of the FY2015 Annual Audit Results. Mr. Conrad introduced Artus Nemati, Staff Accountant, who worked on the audit.

Mr. Conrad briefly spoke about being engaged to provide an audit of the financial statements as well as grant audits which both require government auditing standards and issuing separate reports on compliance matters and internal controls. Mr. Conrad mentioned that last

year's audit (2014) was subject to a specific review by the Federal Transit Administration (FTA) with no comments from the FTA on that examination.

Mr. Conrad then reviewed the following items:

1. Scope of Services for LYNX
2. Required Communications
3. Draft Summary of Audit Results
4. Draft of Management Representation Letter

Mr. Conrad discussed the big accounting and auditing regulatory change this year with the adoption of the pension accounting standards (GASB 68 and GASB 71) requiring the employer to record any net pension liability associated with the Union plan, requiring a separate audit of the plan, and additional disclosures for the pension assets.

Mr. Conrad discussed that this year the employer (LYNX) had to look at the Net Present Value (NPV) of what is owed to the participants versus what is in the plan and what is the net amount owed by the employer after deducting what has been accumulated in the pension plan. The net effect for LYNX of this difference and of deferred inflows and outflows related to the pension standards this year is shown on the financial statements as a net asset with an increase of \$8.3M in the Authority's net position related to the recording of the net pension asset. Mr. Conrad stated that this is very odd with most organizations throughout the country showing a net liability. Mr. Conrad stated that LYNX is in good shape with respect to the pension plan.

Mr. McCullion, Mr. Conrad, and Ms. Sherman then discussed the following in regards to this change:

- Chapter 112 requirements/amounts
- Updated/changed mortality tables
- New reporting that adds additional tables and has multiple funded ratios, multiple liability numbers, and multiple funded levels
- Financial statements being almost unreadable/not usable for management
- Using September 30, 2014 as the measurement date of the net pension asset
- GASB 68 adding deferred inflow calculations that smooth out investment performance
- GASB 67 statutory actuarial requirements and disclosure of the September 30, 2014 date
- LYNX having a funding standard account- percent value rather than a dollar value
- Transition guidance for 2015
- Increase in net position not being cash

Mr. Conrad spoke about working well with the organization (LYNX), still being in the draft stage, certain reclassifications dealing with cash flows, the statutory requirements in the management letter and stated that the draft results are unmodified "clean" opinions with no findings or exceptions. Mr. Conrad also mentioned that the financial statements are not

currently available due to the complexity of the pension reporting. Mr. Conrad then asked for questions.

Edward Bass asked about when the statements would be available. Mr. Conrad responded that they would be available in about a week. Mr. Conrad then spoke about booking the actuarial smoothing of the investment performance and the timing with the actuary. Ms. Sherman mentioned that there will be a draft included in the Oversight and Board of Directors packages and that those meetings have been moved to April 14th. Ms. Sherman stated that she will send the draft to the Committee members as soon as it is available.

Ms. Sherman and Mr. Conrad acknowledged Nancy Navarro, Interim Manager of Accounting for stepping in when the Manager of Accounting left, Craig Charrette, the new Manager of Accounting, and Julie Caple, the Manager of Financial Planning & Budgets. Mr. McCullion also gave his thanks to the staff.

✓ **Overview of the FY2016 Amended Operating and Capital Budgets**

Chris McCullion called on Blanche Sherman to present the amendments to the current FY2016 budgets.

Ms. Sherman provided a brief overview of the 0.2% increase in the FY2016 Amended Operating Budget based on the following budget amendment requests which have previously gone to the Board for approval:

	FY2016 Adopted Budget	Other Services Unified Planning Work Program	Purchased Transportation - Maitland NL	Purchased Transportation - Sub Recipients	FY2016 Amended Budget Total
Revenue					
Fund Balance	\$ 571,571	\$ -	\$ -	\$ -	\$ 571,571
LYNX-Generated Revenue	37,392,598	-	4,654	-	37,397,252
Federal Revenue	16,087,336	42,000	-	97,380	16,226,716
State Revenue	14,103,842	59,528	28,983	-	14,192,353
Local Revenue	58,890,097	-	28,984	-	58,919,081
Total Revenue	\$ 127,045,444	\$ 101,528	\$ 62,621	\$ 97,380	\$ 127,306,973
Expense					
Salaries/Wages/Fringes	\$ 73,270,554	\$ -	\$ -	\$ -	\$ 73,270,554
Other Services	10,861,200	101,528	-	-	10,962,728
Fuel	13,569,071	-	-	-	13,569,071
Materials & Supplies	8,284,043	-	-	-	8,284,043
Utilities	1,454,571	-	-	-	1,454,571
Casualty & Liability	1,524,850	-	-	-	1,524,850
Taxes & Tags	434,605	-	-	-	434,605
Purchased Transportation	16,334,771	-	62,621	97,380	16,494,772
Miscellaneous	826,779	-	-	-	826,779
Interest & Leases	485,000	-	-	-	485,000
Total Operating Expenses	\$ 127,045,444	\$ 101,528	\$ 62,621	\$ 97,380	\$ 127,306,973

Ms. Sherman presented changes which included increases to be used for the Transportation Marketing and Educations project, the second year pilot services for the Maitland SunRail NeighborLink, and Section 5310 and 5317 funding for the Urbanized Orlando and Kissimmee selected sub-recipient agency expenses. The net change is listed below:

	FY2016 Adopted Budget	FY2016 Amended Budget	% Change
Operating Revenue	\$ 127,045,444	\$ 127,306,973	0.2%
Operating Expenses	<u>127,045,444</u>	<u>127,306,973</u>	<u>0.2%</u>
Operating Income/(Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>0.0%</u>

Mr. McCullion asked about when the budget actually gets changed in the financial systems and Mr. Bass asked about when LYNX is allowed to proceed with the amendments. Ms. Sherman responded that LYNX is allowed to proceed once the Board approves, but the budget system is formally amended only upon adoption of the amended budgets by the Board. Ms. Sherman discussed the adoption of the budget amendments which come in March and September each year.

Ms. Sherman then discussed the decrease of -3.0% in the capital budget which is due to the true-up of the carryovers as of September 30, 2015 plus small increases to leasehold improvements at the Osceola Satellite Facility (OSF) and the 2015 CNG bus procurement/build change order. The net change is listed below:

	FY2016 Adopted Budget	FY2016 Amended Budget	% Change
Capital Contributions	\$ 94,543,799	\$ 91,734,305	-3.0%
Capital Expenditures	<u>94,543,799</u>	<u>91,734,305</u>	<u>-3.0%</u>
Capital Gains/(Losses)	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>

The FY2016 overall budget amendments are listed below:

	FY2016 Adopted Budget	FY2016 Amended Budget	% Change
Operating	\$ 127,045,444	\$ 127,306,973	0.2%
Capital	94,543,799	91,734,305	-3.0%
Total	\$ 221,589,243	\$ 219,041,278	-1.1%

Ms. Sherman mentioned the action requesting the Finance & Audit Committee recommendation for approval of the FY2016 Amended Operating and Capital Budgets. Mr. McCullion asked for a Motion to approve the requested action.

Motion was made and seconded to approve the requested action. The Motion passed unanimously.

✓ **Overview of FY2017 Preliminary Operating Budget**

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

Ms. Sherman provided a brief overview of the FY2017 preliminary operating budget based on the budget assumptions presented in January 2016 and the funding model adopted in January 2013 as follows:

- FY2017 Funding based on the adopted LYNX Funding Model
- Maximize current service levels through efficiencies
- Apply additional Flex (NeighborLink) services, where appropriate
- Maintain current Preventative Maintenance funding level, as approved by LYNX' Board
- Maximize use of anticipated Advertising Revenue
- Anticipated increase in Royalties from third party usage of Compressed Natural Gas (CNG)
- Salary increases consistent with Funding Partners
- Anticipated impact of a new Union contract
- Continuation of Fuel Hedging Program, as appropriate
- Annualized impacts of conversion to Compressed Natural Gas (CNG)
- Impacts of converting to Self-Insured Health Insurance Program
- Continued application of reductions based on LYNX ownership of Paratransit vehicles
- Continuation of Bio-diesel Program, as appropriate
- Anticipated cost savings from implementing a Mobile Ticketing System

Ms. Sherman then discussed the FY2017 Preliminary Operating Budget in comparison to the FY2016 Amended Budget including the following:

➤ Funding Sources

Operating Revenues	FY2017 Preliminry Budget
Fund Balance	\$ 268,638
Customer Fares	26,148,826
Contract Services	5,567,075
Advertising on Buses	2,332,134
Advertising - Trade	30,000
Interest & Other Income	681,206
Federal Revenue	16,598,651
State Revenue	13,529,285
Local Revenue	64,772,147
Total Revenue	\$ 129,927,962

➤ Expenses

Operating Expenses	FY2017 Preliminry Budget
Salaries/Wages/Fringes	\$ 76,108,171
Other Services	12,981,111
Fuel	9,679,958
Materials & Supplies	7,973,395
Utilities	1,475,080
Casualty & Liability	1,583,631
Taxes & Tags	436,843
Purchased Transportation	18,251,224
Miscellaneous	854,476
Interest & Leases	584,073
Total Operating Expenses	\$ 129,927,962

➤ Local Funding

LYNX				
FY2017 Preliminary Local Funding				
	Amended Local Funding FY2016	Preliminary Regional Model Need for FY2017	Dollar Change	Percentage Change
Orange County	\$ 39,730,495 *	\$ 43,272,293	\$ 3,541,798	8.91%
Osceola County	6,393,683 *	7,128,995	735,312	11.50%
Seminole County	6,175,067	7,149,433	974,366	15.78%
City of Orlando	4,046,660 *	4,542,603	495,943	12.26%
City of Orlando - LYMMO	2,305,411	2,200,910	(104,501)	-4.53%
Subtotal	<u>\$ 58,651,316</u>	<u>\$ 64,294,234</u>	<u>\$ 5,642,918</u>	9.62%
St. Cloud	\$ -	\$ -	\$ -	0.00%
Altamonte Springs	120,900	120,900	-	0.00%
Sanford	93,000	93,000	-	0.00%
Lake County	259,990	264,013	4,023	1.55%
Subtotal	<u>\$ 473,890</u>	<u>\$ 477,913</u>	<u>\$ 4,023</u>	0.85%
Capital Contributions:				
Orange County	\$ 1,701,304	\$ 1,698,160	\$ (3,144)	-0.18%
Osceola County	203,270	198,914	(4,356)	-2.14%
Seminole County	214,016	215,822	1,806	0.84%
Subtotal	<u>\$ 2,118,590</u>	<u>\$ 2,112,896</u>	<u>\$ (5,694)</u>	-0.27%
Total Local Funds	<u><u>\$ 61,243,796</u></u>	<u><u>\$ 66,885,043</u></u>	<u><u>\$ 5,641,247</u></u>	9.21%

**Includes prepaid funding from Osceola County, City of Orlando, and Orange County for new Service Development routes.*

A detailed summary of the preliminary budget changes will be provided by Ms. Sherman to Committee members.

The group discussed the following topics during the presentation:

- Salary increases based on the average of the increases for the funding partners
- Working on Compressed Natural Gas (CNG) fuel hedging since a fuel mule is currently being used and prices for CNG are yet to be determined
- Self-insured trends/projections, one time claims, increase in employee premiums, and stop/loss
- Impact of CNG and planning for thirty-five (35) more CNG buses
- Mobile ticketing anticipated savings
 - Release of advertising
 - Timeline adjusted from December 2016 to January 2017
- Anticipated \$1M in I-4 mitigation funds from FDOT confirmed by Tiffany Homler
- Decrease in fare revenue in FY2016 reflected in FY2017 with decline in ridership as the economy recovers and gas prices go down

- Possibility of a fare increase and the need to do a comprehensive fare equity analysis of all the modes with consideration of all factors
- Utilizing reserves as authorized by the Board for the LYNX portion of the continuation of the Link 208 pilot program which is a premium type service
- Proposed addition of six positions
- Union pension contributions, union pension trustee issues and arbitrations
- Status of pension over-funding and the funding standard account
- Planning projects including a major update to TDP, State Road 50 study and State Road 436 study with Federal grant funds anticipated for the first two projects
- Compensation study being requested for FY2017 by Human Resources
- Fuel savings/fuel hedging
- Changes in purchased transportation (Paratransit)
- Double digit increase for some of the funding partners- overall increase of 9.21%
- Changes in capital contributions

During the discussion, the following items were mentioned for follow-up at the May meeting:

1. Bringing in AJ Gallagher for an update on the self-insured plan
2. Providing an update on reserves
3. Providing information on Paratransit including verification of who is eligible, how the fares work, who is riding, and allocation by region

Other follow-up items included:

1. Providing the budget to actual monthly reports that are provided to the Board of Directors to the Finance & Audit Committee members as an information item on the Agenda
2. Including the Finance & Audit Committee members on the distribution of the Quarterly Report provided to LYNX funding partners
3. Discussing the funding model - full cost allocation

Ms. Sherman discussed the budget calendar including the change in the Board of Directors meeting to April 14th. Ms. Sherman spoke about presenting this to the Oversight Committee and to the Board in a work session. Mr. McCullion then asked if any action was needed. Ms. Sherman asked for a recommendation to the Oversight Committee to move forward with the process. Mr. McCullion clarified that the action was not to approve the budget just to move to the next step. Mr. McCullion asked for a motion to recommend approval to move forward with the process.

Motion was made and seconded to recommend approval to move forward with the process. Further discussion included Mr. Walls speaking about looking at the unrestricted fund balance, expenditures and priorities of the studies and having the percentage increase be more in the realm of what they are looking at for their own operating budgets. Mr. Walls stated that something in the range of 3% to 4% may be more palatable but that this is an ongoing discussion. Ms. Sherman mentioned that she could come and meet with the

Committee members, as has been done in the past, to explain the budgets. Mr. Bass spoke about fares being down and what the funding amount would be with the \$1M for the 436 corridor study backed out. Ms. Sherman spoke about a possible re-allocation from the state for this study which has not yet been included as the details are not available. Ms. Sherman stated that she will send out the budget narrative to the Committee members by the end of the week. There being no further discussion, the Motion passed unanimously.

✓ **Comprehensive Fare Review and Equity Analysis**

Chris McCullion called on Blanche Sherman to present the fare review.

Ms. Sherman discussed the last fare increase being done in 2009 and fare changes with the incorporation of SunRail fares in 2013 and stated that she strongly believes this is the time to do the fare equity analysis. This process includes a fare study and because of title VI a fare equity analysis which includes the Disproportionate Burden Policy and Disparate Impact Policy which address equity between low-income, minority and non-minority groups. This also includes looking at the ridership for price sensitivity to fare changes as well as looking at different aspects and components associated with the elasticity and cross-elasticity of the fares as well as coordinating with SunRail, LYMMO (with a slight fare), and Paratransit. The analysis involves surveys, meetings and public involvement. In the past, fare increases resulted in a gain of approximately \$1M.

Mr. McCullion commented on and Ms. Sherman confirmed that the current budget numbers do not reflect a fare increase. Mr. McCullion stated he did not have a problem supporting the study but what is done with the results of the study is another discussion.

Mr. Bass asked if the \$50,000 in the budget was enough for the study. Ms. Sherman responded that LYNX has been able to do the study with that amount in the past.

Mr. McCullion then asked for a motion to recommend that the Oversight Committee move forward with the fare study and equity analysis.

Motion was made and seconded to recommend that the Oversight Committee move forward with the fare study and equity analysis. The Motion passed unanimously.

✓ **Use of \$2 Capital Contributions for Compressed Natural Gas (CNG) Facility Improvements**

Chris McCullion called on Blanche Sherman to discuss the capital contributions for the CNG facility improvements.

Ms. Sherman discussed the following:

- The CNG facility improvements are about \$2.6M.

- For the facility improvements, LYNX has the \$.40 adder but was looking at using the proceeds from the sale of South Street but found out on December 21, 2015 that LYNX could not use those funds.
- LYNX has capital funds set aside for the lease payments locked in at \$1M per year.
- As funds become available, it will be more to LYNX' advantage to prepay and get rid of the \$.40 adder.

Mr. McCullion summarized as follows:

- Could either finance with NoPetro through an adder which includes a financing cost or get federal funding or some other source which did not pan out
- Options are to pay \$2.6M now or \$.40 adder over a ten (10) year period with a financing cost and cost of capital

Ms. Sherman commented that she did not have the costs of the financing but that she is meeting with NoPetro next week on the terms of the financing.

Mr. McCullion discussed that there was a certain finite cost of the debt payment and wanting more information to determine if LYNX should fund with its own money or pay with financing. Mr. Walls mentioned that the \$2.6M could be paid back at any time.

Ms. Sherman stated that the \$2 capital can be used for other things but it cannot continue to be rolled over. The \$2 capital from 2015 was going to be spent for buses or other local match needs for capital and will be used.

The group discussed the availability and use of capital funds, knowing what the borrowing costs will be over the 10 year period, looking at the CNG costs being higher because of the adder, and possible reduction in the local contribution with the elimination of the adder.

Ms. Sherman also mentioned that the adder is part of the operating costs and is included in the operating budget.

Mr. McCullion recommended no action right now but bringing back the item once there is more information on the financing.

✓ **Other Business**

Chris McCullion asked if there was anything else or any questions.

There being none, **the meeting was adjourned at 11:04 AM.**

Oversight Committee Information Item #4.B.

To: LYNX Board of Directors

From: David Dees
DIRECTOR OF RISK MANAGEMENT
BRENDA HERNANDEZ
(Technical Contact)

Phone: 407.841.2279 ext: 6127

Item Name: Risk Management Committee Report

Date: 5/26/2016

A meeting of the LYNX Risk Management Committee was called on April 15, 2016. A motion was made to elect a new Chairman and Ray Scullian was unanimously approved by the Committee. The items discussed in the meeting included a staff update, discussion of the crash and incident dashboard and a list of projects the department is handling.

The approved minutes for the December 16, 2015 Risk Management Committee meeting are attached.

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

Wednesday, June 15, 2016

LYNX
Central Florida Regional Transportation Authority
Risk Management Committee Meeting Minutes

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

DATE: April 13, 2016

TIME: 9:58 a.m.

Members in Attendance:

John Petrelli, Orange County

Denise Lipscomb, FDOT

Bill Telkamp, Seminole County

Ralph Caravello, Osceola County

Members Not in Attendance:

Ray Scullian, Risk Manager, City of Orlando

1. Call to Order

The Co-Chair, John Petrelli, called the meeting to order at 9:58 a.m.

2. Approval of Minutes

The Co-Chair asked the Committee to review and approve the December 16, 2015 minutes as presented. The Minutes were reviewed and approved unanimously by the committee. The Co-Chair asked the Committee to review and approve the March 23, 2016 supplemental minutes as presented. The Minutes were reviewed and approved unanimously by the committee.

David Dees addressed the committee and updated the status of the case settlement discussed in the March 23, 2016 minutes.

3. Agenda Items

Co-Chair asked the committee to nominate a new Chairman for the Committee. The Committee nominated Ray Scullian as the new Chairman and it was approved unanimously.

David Dees addressed the Committee, he discussed the recent staff updates within the Risk Management, Safety & Security department.

Lorna Hall addressed the Committee. She discussed with the Committee the LYNX Risk Management Dashboard which was presented with an initial draft review. The graphs showcased the information of the past four years and this included accident type comparison, incident types by year, vehicle collision types by year and passenger accident/injury types by year. In addition, the LYNX Risk Management Dashboard showcased FY14/15 incident settlements. Committee had inquiries and a discussion ensued.

David Dees addressed the Committee. He presented the Committee with a FY15/16 claims summary analysis. The analysis included initial demand, settlement amounts and cost to defend claims. In conjunction he also presented the Third Party Administrator (TPA) program analysis. This included TPA recommended settlement (claims in pre-suit status, exclusive of mediated claims), LYNX approved settlements (versus the TPA recommended value) and the claim settled at a percentage of the TPA recommendation. Committee had inquiries and a discussion ensued.

David Dees also provided the Committee updates of legislative changes that affect the video release policy and discussion of Florida Statute 119 and 281 ensued.

David Dees updated the Committee of the status of the replacement of the outdated records management system. He also discussed the driver's license status and monitoring program. Lorna Hall addressed the Committee to discuss the in-house process, which is done bi-annually. Committee had inquiries and a discussion ensued.

The co-chair opened discussion to the Risk Management Committee members the subject of future meetings and frequency, priority topics and committee objectives. Committee agreed to have a vote on June 15, 2016 at the next Risk Management Committee meeting.

The co-chair thanked the staff and adjourned the meeting.

Meeting adjourned at 11:26 a.m.