



Board Date: 1/26/2012
Time: 10:30 AM






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

1. Call to Order

2. Approval of Minutes




-  Minutes from the May 26, 2011 Audit Committee Pg 1

3. Audit Agenda Items

- A.  FY2013 Proposed Budget Development Assumptions Pg 7
- B.  Review of Administrative Rules Two (2) Board Governance (Bylaws) and Four (4) Procurement & Contract Administration Pg 8
- C.  Board of Directors Strategic Planning Retreat Pg 9
- D.  Discussion on Legal Services Retainage Fees Pg 10
 - Attachment 

5. Information Items

(For Review Purposes Only - No action required)

- i.  Formal Notification of FY2011 Annual Audit from Cherry, Bekaert & Holland, L.L.P., Auditors Pg 12
 - Attachment 
- ii.  LYNX 12-Month Rolling Calendar Pg 15

LYNX
Central Florida Regional Transportation Authority
Audit Committee Meeting Minutes

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

DATE: **May 26, 2011**

TIME: **2:00 p.m.**

Members in Attendance:

Seminole County Commissioner, Carlton Henley, Chairman
Osceola County Commissioner, Brandon Arrington
FDOT District 5 Intermodal Systems Development Manager, Susan Sadighi
City of Orlando, Transportation Policy Advisor, Christine Kefauver

Members Absent:

Orange County, Office of Regional Mobility, Jim Harrison

1. Call to Order

The Chairman, Commissioner Carlton Henley, called the meeting to order at 2:00 p.m.

2. Approval of Minutes

Motion was made and seconded to approve the Minutes of the April 7, 2011 Audit Committee meeting. The motion passed unanimously.

3. Audit Agenda Items

A. Signal Outdoor Advertising Contract Issues

The Chairman recognized Edward Johnson, Chief Administrative Officer, for presentation.

Mr. Johnson provided a brief update on the status of the Signal Outdoor Advertising contract. LYNX entered into Contract 01-005 with Signal Outdoor Advertising (previously Culver Amherst) to provide shelter advertising, shelter infrastructure and associated maintenance within the unincorporated portions of Orange County. Contract 01-005 started in 2002 and is set to expire in 2012.

He noted that staff has discussed the following outstanding issues and associated resolutions with Signal:

1. **ADA accessibility at certain Signal stops.** LYNX has identified several stops (specifically 3 stops along John Young Parkway) that do not meet ADA standards for accessibility. LYNX has proposed that both the Agency and Signal split the costs of the associated improvements. The estimated cost to provide proper access is approximately \$3,000 each or totals \$9,000 for each party. Signal has accepted this.
2. **Quantity of Shelters installed.** LYNX maintains that the contract states that 200 shelters should be installed and maintained as part of the contract. However, as Signal indicates and LYNX recognizes, roadway projects have often ended up costing Signal the needed footprint to reinstall a shelter. As such, the approximate count of currently existing Signal shelters is approximately 176. Both parties have agreed that at the end of the contract, those shelters that have not been able to be reinstalled will become the property of LYNX.
3. **Shelters along roads that do not currently support a LYNX route.** Currently there are approximately 18 shelters located along roads that LYNX has previously had to discontinue service along (i.e. Dr Philips Blvd). Signal has indicated that at these locations they had existing contracts for advertising prior to the route being removed that still had revenue life associated with them. LYNX has stated, and Signal acknowledges that since these are not on bus routes, the Agency assumes no liability for these shelters.
4. **LYNX installation of shelters within Seminole County.** Signal currently has a direct contract with Seminole County. This contract is also set to expire in 2013. As such, it becomes difficult for Signal to realize a return on investment with respect to the installation of additional shelters. As such, LYNX is proposing to install shelters and the associated ad panels with the understanding through a legal agreement that any agreement would be directly tied to the expiration of the Seminole County contract. Signal would be able to advertise and LYNX will get no-cost maintenance.

B. Unified Bus Shelter Program

The Chairman recognized Edward Johnson, Chief Administrative Officer, for presentation.

Mr. Johnson noted that LYNX assessed bid responses for an advertising shelter contract. LYNX staff then prepared a preliminary analysis of the difference in funds available to LYNX if shelter advertising is outsourced or, if LYNX manages the program in-house. Subsequent meetings were held with the major partners that have a vested interest in shelters and/or shelter advertising. The purpose of these meetings were to develop a unified shelter program throughout LYNX' entire service area. One aspect of a unified shelter program is for

LYNX to ultimately assume control of the fragmented shelter advertising contracts that currently exist.

Mr. Johnson reported that an RFP for shelter advertising services is being prepared and staff is recommending that the program be brought in house.

C. Update on Fuel Hedging Program

The Chairman recognized Bert Francis, Chief Financial Officer, for presentation.

Mr. Francis provided an update on the fuel hedging program activities since receiving the Board of directors' approval at its April 7, 2011 meeting. He summarized the fuel hedge transactions:

- 5/3/11 – Hedged 120,000 gallons per month for six (6) months effective 5/6/11 at \$3.316 per gallon
- 5/6/11 – Hedged 60,000 gallons per month for six (6) months effective 5/6/11 at \$3.005 per gallon
- 5/6/11 – Hedged 130,000 gallons per month for twelve (12) months effective 11/01/11 at \$3.042 per gallon

Mr. Francis noted that the Fiscal year 2012 budget for diesel is \$3.17 per gallon.

D. Briefing on Upcoming Paratransit Contract Awards

The Chairman recognized Lisa Darnall, Chief Operating Officer, for presentation.

LYNX released a Request for Proposals for Paratransit Core Services and Non-Core Services. Ms. Darnall provided an update on the recommendations for both services.

➤ Paratransit Core Services

- Monday to Saturday, 4:00 a.m. to 6:00 p.m.
- Provider handles all reservations 7 days per week
- LYNX provided vehicles, facility and fuel
 - Vehicles – LYNX provides over term of contract. When the contract begins October 1, 2011 the vendor will have 62 LYNX purchased vehicles. Over the next 3 years, 100% of the vehicles will be purchased by LYNX.
 - Facility – Provider will operate from LYNX facility located at South Street.
 - Fuel – LYNX provides
 - Savings Estimate – \$1.5 million per year for the total of Core and Non-Core Services
- Reimbursement on a fixed plus variable revenue hour basis

The Chairman noted that he had received a letter from a former LYNX Board of Directors Chairman and Member. He provided that the letter discouraged separating the paratransit services as it had been done in previous years and the result was problematic. The Chairman noted that are differences in this proposal than the previous one such as the provisions for vehicles and the facility.

Ms. Darnall stated that currently 2,000 trips per day are provided in the Core Service hours and 100 trips per day are provided in the Non-Core Service hours.

Ms. Darnall noted that a Source Evaluation Committee (SEC) was formed to review the submitted RFP responses and included:

Eric Hill, Director, Systems Management Operations, MetroPlan Orlando
Paul Simmons, Transit Director, Polk County Transit
Tiffany Homler, Multimodal Planner, Osceola County
Blanche Sherman, Director of Finance, LYNX
Lisa Darnall, Chief Operating Officer, LYNX

Bill Hearndon, Manager of Paratransit, LYNX, provided technical assistance

Rich Bannon, Manager of Procurement, LYNX, provided oversight

The Committee recommended that the future makeup of the SEC include a user of the system for the evaluation of Paratransit proposers. It was noted that the Transportation Disadvantaged Local Coordinating Board (TDLCB) had made a similar recommendation.

Discussion ensued regarding the SEC's scores and ordinal ranking of the three providers:

Ordinal Ranking 1: MV Transportation, Inc.

Ordinal Ranking 2: First Transit

Ordinal Ranking 3: Transportation America

Ms. Darnall noted the strengths and weaknesses of the proposers. The Committee questioned had staff reviewed references and specifically those of Transportation America. Ms. Darnall said references were reviewed and all proposers had received recommendations.

Mr. Lewis provided that one instance had occurred that staff became aware of through investigation. An instance had occurred in Miami/Dade County wherein a sub-vendor of Transportation America was fraudulently billing for trips that did not occur. Transportation America identified the situation and handled it within the law.

Discussion ensued regarding the annual bid totals of each proposer and the opportunities for price negotiation with the proposers.

Without objection, the Audit Committee will recommend the Board of Directors' authorize the Chief Executive Officer (CEO) or designee to negotiate with MV, the firm ranked number one, towards a proposed final contract, which final contract must be brought back to the Board for approval. If staff cannot negotiate a contract with MV or the Board does not approve the proposed contract with MV, then the Board would select which of the proposers recommended by the SEC (without any preference as to ranking) with whom the staff will next attempt to negotiate a contract for the Paratransit Core Services.

➤ **Paratransit Non-Core Services**

- Monday to Saturday, 6:00 p.m. to 4:00 a.m.
- Sunday, all day
- Reimbursement on a per one-way customer trip

Ms. Darnall reported that staff is requesting the Board of Directors' authorization for the Chief Executive Officer or designee to execute a five year contract with Transportation America for Paratransit Non-Core Services based on an estimated cost of \$1,617,982 for year one.

In the event that staff has not completed negotiations for the Paratransit Core Service and/or the Board has not approved a proposed contract, Ms. Darnall noted that staff would not recommend that the service be divided (Core and Non-Core) at the end of the current contract. Staff would recommend that the Core Services contract be resolved and its beginning date coincide with the beginning date of the Non-Core Services contract.

4. Review of Board Package

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

Mr. Lewis noted that at its last meeting, the Board had requested an update on the Pension Plan and post-retirement healthcare. Staff has not overlooked the request. He reported that information is still being gathered and being analyzed. Additionally, new actuarial information was just received in regard to LYNX' pension program. Staff is completing the review of the information and will bring information to the next meeting.

As to the Board Agenda items, Mr. Lewis noted:

1. Staff is requesting that Item 6.C.iii be pulled from the Consent Agenda and placed on the Action Agenda as Blue Sheet Item 7.D.

Mr. Lewis introduced the newest member of LYNX' staff, Ms. Kathy Shaw Clary. Ms. Shaw Clary has joined LYNX as the Chief External Affairs and Communications Officer.

The meeting adjourned at 3:00 p.m.

Audit Committee Agenda Item Item #3.A

To: LYNX Board of Directors

From: **Blanche Sherman**
DIRECTOR OF FINANCE
Christopher Plummer
(Technical Contact)
Starlin Rolle
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: FY2013 Proposed Budget Development Assumptions

Date: 1/26/2012

Staff is in the process of developing the FY2013 Operating and Capital Budgets. The key assumptions that LYNX' budget team will use in the preparation of these budgets will be presented. This item gives the Audit 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 FY2013 budget.

Audit Committee Agenda Item Item #3.B

To: LYNX Board of Directors

From: Edward Johnson
GENERAL MANAGER
Edward Johnson
(Technical Contact)

Presented By: Pat Christiansen, Legal Counsel with Akerman/Senterfitt

Phone: 407.841.2279 ext: 6058

Item Name: Review of Administrative Rules Two (2) Board Governance (Bylaws) and
Four (4) Procurement & Contract Administration

Date: 1/26/2012

Pat Christiansen, LYNX' General Counsel, will review the proposed changes to the Administrative Rules 2 and 4.

Audit Committee Agenda Item Item #3.C

To: LYNX Board of Directors

From: Edward Johnson
GENERAL MANAGER
Edward Johnson
(Technical Contact)

Phone: 407.841.2279 ext: 6058

Item Name: Board of Directors Strategic Planning Retreat

Date: 1/26/2012

In preparation of the April 2012 Board of Directors' Strategic Planning Retreat, John Lewis, Chief Executive Officer, will discuss with the Audit Committee suggested items for discussion during the retreat.

Audit Committee Agenda Item Item #3.D

To: LYNX Board of Directors

From: Edward Johnson
GENERAL MANAGER
Edward Johnson
(Technical Contact)

Phone: 407.841.2279 ext: 6058

Item Name: Discussion on Legal Services Retainage Fees

Date: 1/26/2012

Pat Christiansen, LYNX' General Counsel, will discuss with the Audit Committee a recommendation presented to staff on the reduction in legal fees. Per the attached proposal, Akerman Senterfitt has suggested that for the contractual year of October 2011 through September 2012 the total fees should be based on a \$175,000 retainer fee program. This value will include normal expenses associated with general counsel services to the Board of Directors, procurement and contracting assistance, retirement and pension coordination and other contractual services as needed. However, the total value (\$175,000) is less unforeseen litigation and/or matters that are outside normal service delivery to LYNX.

PROPOSAL FOR RETAINER ARRANGEMENT

To: LYNX
From: Akerman Senterfitt
Date: December 23, 2011

Effective Period: Current Fiscal Year from October 1, 2011 to September 30, 2012

1. Amount. \$175,000.00 annually, payable in equal monthly installments commencing October 1, 2011.
2. What is included/excluded.
 - A. Generally, this would include all legal services for LYNX excluding only the following (i) litigation other than small claim actions to collect, for example, amounts due on advertising contracts (and which small claim actions would be included in the retainer amount), and (ii) major projects generally not contemplated within the scope of LYNX. For example, a major matter involving the Legislature which challenges the structure of LYNX or requires some change in LYNX's operating structure would not be covered. Also, all bid protests are included in the retainer based on the assumption that LYNX will collect with the bid protest a bond to cover legal fees.
 - B. There would be no internal cost charged, but LYNX would pay amounts due third-party fees such as filing fees and process fees to institute a court action.

Audit Committee Information Item Item #.i

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 6100

Item Name: Formal Notification of FY2011 Annual Audit from Cherry, Bekaert & Holland, L.L.P., Auditors

Date: 1/26/2012

A copy of the formal notification of the FY2011 audit to be conducted by Cherry, Bekaert and Holland LLP is attached for your information. LYNX' Board of Directors awarded the contract at the July 28, 2010 Board meeting. The audit is scheduled to be completed by March 2012.



December 5, 2011

To the Board of Directors and Audit Committee Members of
Central Florida Regional Transit Authority:

We are engaged to audit the financial statements of Central Florida Regional Transit Authority (the "Authority") for the year ended September 30, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General

As stated in our engagement letter dated August 16, 2011, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program and state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, we will examine, on a test basis, evidence about the Authority's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" and the State of Florida Department of Financial Services' State Projects Compliance supplement applicable to each of its major federal programs and state financial assistance projects for the purpose of expressing an opinion on the Authority's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the Authority's compliance with those requirements.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will communicate our significant findings at the conclusion of the audit. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We are currently in process with our audit procedures and plan to issue our reports in accordance with the timeframe specified in our audit contract.

This information is intended solely for the use of management, the Audit Committee and the Board of Directors of Central Florida Regional Transit Authority, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

CHERRY, BEKAERT & HOLLAND, L.L.P.

Cherry, Bekaert & Holland, L.L.P.

Audit Committee Information Item #ii

To: LYNX Board of Directors

From: Bernard Guida
DIRECTOR OF PROCUREMENT
Rich Bannon
(Technical Contact)

Phone: 407.841.2279 ext: 6057

Item Name: LYNX 12-Month Rolling Calendar

Date: 1/26/2012

January 2012

- Authorization to award a contract to ZMG Construction for the design phase of the Parramore Bus Rapid Transit project.
- Authorization to award a contract to PCL Construction Services, Inc. for the design phase of the East-West Bus Rapid Transit project.
- Authorization to award a contract to Vanasse Hangen Brustlin, Inc. for the US 192 Corridor Alternatives Analysis (AA)
- Authorization to award a contract to Spencer Fabrication for the fabrication of the LYNX Style Shelters.
- Authorization to award a contract to Waste Management, Inc. of Florida for Solar Powered Trash Compactors.

March 2012

- Contract #09-C27 Authorization to exercise the first option year with Bolten and Help P.A. for Workers Compensation Legal Services
- Contract #09-C28 Authorization to exercise the first option year with Fisher, Rushmer, Werrenrath, Dickson for General Liability Legal Services
- Contract #09-C29 Authorization to exercise the first option year with Zimmerman, Kiser, Sutcliffe for General Liability Legal Services
- Authorization to issue a Request for Proposals for Insurance Brokerage Services

May 2012

- Authorization to issue an Invitation for Bid for Landscaping Maintenance Services.
- Authorization to issue an Invitation for Bid for Dyed Ultra Low Sulfur Diesel Fuel
- Authorization to issue an Invitation for Bid for 87 Octane Unleaded Gasoline.

July 2012

- Contract #10-C23 Authorization to exercise option year one with VPSI for Van Pool Services.

LYNX Board Agenda

September 2012

- Contract #09-C07 Authorization to exercise the second option year with Data Transfer Solutions for General Planning Consultant.
- Contract #09-C08 Authorization to exercise the second option year with Reynolds Smith & Hill for General Planning Consultant.
- Authorization to issue an Invitation for Bid for Janitorial Services
- Authorization to issue an Invitation for Bid to the Encoding of Fare Cards

November 2012

- No Activity