



LYNX Board Audit Committee Agenda



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

1. Call to Order

2. Approval of Minutes

-  Approval of March 24, 2005 Audit Committee Minutes (pg. 2-3)
-  Approval of May 26, 2005 Audit Committee Minutes (pg. 4-6)

3. Audit Agenda Items




- A.  Monthly Update - FY2004 Management Letter Comments Follow-up (pg. 7-18)
- Attachment 

4. Review of Board Package: 6/23/2005

[View The Board Agenda Summary Report](#)

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5. Audit Information Items

- B.  Follow Up Information to: Amalgamated Transit Union Local 1596 Pension Plan Quarterly Update (pg. 19-30)
- Attachment  

LYNX
Central Florida Regional Transportation Authority
Monthly Board Audit Committee Meeting

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

DATE: March 24, 2005

TIME: 10:30 a.m.

Audit Committee Members in Attendance

Commissioner Atlee Mercer, Osceola County, Chair
Chairman Carlton Henley, Seminole County, V. Chair
FDOT Secretary, George Gilhooley
Fred Winterkamp, Manager Fiscal & Business Services, Orange County
Jim Kimbler, Chief Planner, City of Orlando

Not in Attendance

Mayor Ernest Page
Mayor Richard T. Crotty

Staff and Legal Counsel in Attendance

Albert Bustamante, General Counsel, Akerman Senterfitt
Linda Watson, CEO
Edward Johnson, Chief of Staff
J. Marsh McLawhorn, Chief Government Affairs Officer
Janice Keifer, Interim Director, Finance
Sylvia Mendez, Chief Administrative Officer
Robert Smith, Interim Chief Operating Officer
Tracy Bridges, Administrative Assistant / Minute Recorder

1. Commissioner Mercer called the meeting to order at 10:35 a.m.
2. **Approval of Minutes**
Commissioner Mercer moved to approve the minutes of the February 24, 2005 Committee meeting, George Gilhooley, seconded, and the motion passed unanimously.
3. **Presentation on Comprehensive Annual Financial Report (CAFR) Fiscal Year Ending September 30, 2004** – Mr. John Vodenicker, Ernst & Young, provided a handout of the audit results, and reviewed what Ernst & Young agreed to do for LYNX. He noted affirmation of compliance with the investment policy and emphasis on audit from a risk standpoint. He outlined positive findings of increased revenues over the previous year, noting a \$3M decline of operating cost from last year, \$7M more in capital funding.

The Committee voiced concerns with software packages, mainly problems with Great Plains. The Committee asked staff to provide a chart of the progress and timeline for implementation of the Audit Tasks. Ms. Watson advised that the Audit Committee would be kept apprised.

Other areas of discussion relating to financial accounting entailed how ridership increases were derived, FASBS and GASB accounting procedures, retirement benefits with a request for quarterly reports beginning in April, Board control over unfunded actuarial liability, Vanpool reporting methodology, bus replacement costs, amortization of funds for key assets, method used for reporting Orange County Medicaid dollars, and keeping management informed on new accounting and auditing requirements.

4. **Presentation on Cost / Benefit of Leasing Buses** – Blanche Sherman, Manager, Finance, provided a handout, and updated the Committee on status of bus leasing. She explained buses are paid for through federal funds, using a soft match through the State Highway toll credits, and advised buses cannot be replaced based on the current financial situation. The Committee discussed when the cost of running the buses is higher than replacing them, how much money is currently expended for purchasing buses, and the industry standard for replacement. It was noted 100 additional buses would be needed to accommodate commuter rail in 2009. FDOT is currently conducting a study that will be out by the end of April detailing commuter rail costs for the local jurisdictions, including bus needs to support the project. There must be understandings with the local jurisdictions by the end of the summer to move forward.
5. **Presentation on Status of Privatization and Downtown LYMMO Service** – Linda Watson, CEO, gave an update on LYMMO and service enhancements that are being discussed. LYMMO is nearing its 10-year anniversary and the service needs to keep pace with the vision of development in Downtown. A committee, including LYNX, DDB, and the City of Orlando, has been formed to discuss strategies to meet this new vision of an extended service, new technologies and modern vehicles. LYNX is also looking into cost savings that could be realized by privatizing the LYMMO service.
6. **Board Package Review** – The Committee discussed Consent Agenda Items A and D, deciding to pull Item A from the Board Agenda and bring it forward at another time.

Adjourned at 12:25 pm.

LYNX
Central Florida Regional Transportation Authority
Monthly Board Audit Committee Meeting

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

DATE: **May 26, 2005**

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

Audit Committee Members in Attendance:

Commissioner Atlee Mercer, Osceola County, LYNX Chair
Chairman Carlton Henley, Seminole County, LYNX V. Chair
Lennon Moore, FDOT
Javier Gonzalez, Orange County
Jeff Arms, City of Orlando

Not in attendance:

Mayor Buddy Dyer
Mayor Richard Crotty
George Gilhooley, FDOT

Senior Staff and Legal Counsel in Attendance:

Albert Bustamante, General Counsel, Akerman Senterfitt
Linda Watson, CEO
Edward Johnson, Chief of Staff
J. Marsh McLawhorn, Chief of Government Affairs Officer
Janice Keifer, Interim Director, Finance
Robert Smith, Interim Chief Operating Officer
Carol Frahn, Executive Assistant, Minute Recorder

1. Commissioner Mercer called the meeting to order at 10:37 a.m.
2. **Approval of Minutes** – Legal Counsel, Albert Bustamante, advised that action couldn't be taken with only two Board members in attendance, so minutes of the Audit Committee meeting from March 24th could not be approved at the May meeting.
3. **Audit Agenda Items:**
 - A. **ACCESS LYNX Financial Position** – Blanche Sherman, Manager, Finance, reported that the ACCESS LYNX program had incurred increased trips and associated costs compared to what was budgeted, which resulted in a loss of \$145K for six months of the fiscal year. Discussion took place regarding cost pressures facing the agency and MV. Ms. Sherman advised that staff prepared a projection of expected trips, costs and revenue for the fiscal year, based on current trends, population growth and density, and is anticipating a loss of \$1,092,563 for the full fiscal year. She outlined several alternatives to help reduce the anticipated loss, such as: maximize operational efficiencies and enhance contract administration; transfer eligible Medicaid and ADA trips to TD and request use of Local funds for Medicaid cuts. She advised that staff would continue to

monitor the program. Ms. Watson interjected that Medicaid previously paid on a per-trip basis, and now they pay one lump sum. She advised that factor together with the increased trips have contributed to a shortfall.

B. Amalgamated Transit Union local 1596 Pension Plan Quarterly Update

Linda Watson, CEO, provided an overview of the two separate pension plans, advising that Administrative employees participate in the Money Purchase Plan, and Union employees participate in the (DB) Defined Benefit Plan. She outlined the Board of Trustees' term of office in the DB plan, and explained that LYNX Trustees are appointed by the CEO and approved by the Board. She advised that a detailed presentation on the plan would be given next month.

Commissioner Henley responded that the Board should ratify any appointments made to the Board of Trustees. He advised that the contract is between the Union and the Board, and contract language should reflect that. He reported that funding partners have subsidized the plan but have had no input in changes made to it. Legal Counsel, Albert Bustamante, said he would look into making that change, and that legislation may need to be modified.

The Committee questioned the financial impact of the disability term in the Retirement plan, and asked to see all verbiage and changes made to the plan. Staff responded that the pension plan attorney would be present at the next Committee meeting to answer any questions. The Committee also advised that the LYNX Board should be informed of any decisions that would impact the plan prior to being made.

C. Great Plains / FASuite Update

Ms. Tori Iffland, IS Manager, and Mr. Alan Thompson, Project Manager, explained how the systems would interact, noting the timeline for going live would be July 2005. Mr. Thompson outlined FASuites, and explained the Maintenance Management software capabilities. Ms. Iffland outlined the Great Plains software program, and advised that it would be used for complete financial Management across the organization, with training being done inhouse. They provided total cost for implementation of Great Plains as \$242,750 and FASuites as \$224,000.00.

The Committee asked staff to provide the list of modules that the auditors outlined for integration in their Management letter, together with a date of implementation for each.

4. Review of Board Package

Consent Item 6. C – Resolution authorizing the seventh Amendment to the Money Purchase Plan to comply with IRS Notice 2005-5 relating to the distribution procedures for small accounts – Committee suggested item should be pulled from the agenda for clarification on policy verbiage regarding distribution process.

Information Item a. – State Lobbyist's Report – Committee suggested the item be moved to a Work Session item, with verbal report from State Lobbyist.

5. Audit Information Item

D. LYNX' Budget Process

Linda Watson, CEO, reported on the budget process, advising that more than a 3% increase over the current year's budget would be necessary for '06, due to higher cost in fuel and health care. She reported the current budget for '05 was \$34.9 M and a 3% increase would increase next year's budget by approximately \$1M, which would keep the budget at status quo, operating at the same level of service without eliminating service. Discussion took place regarding the funding status of ADA and Medicaid and how the agency would handle the funding shortfall, such as the Medicaid allocation of \$900,000, an unfunded mandate by the state that will cause the agency to make up the shortfall.

Commissioner Henley asked for details of the line item Budget.

E. Bus Lease Cost Benefit Analysis

Blanche Sherman provided follow-up information from the March 24, 2005 meeting regarding options of leasing or purchasing buses. She provided four various scenarios for consideration to replace 170 buses from a 237-bus fleet over the next six years. The summaries were based on the average age of the fleet by year. Staff noted that through the analyses it was determined purchasing the buses would be better than leasing, if federal funds were received as anticipated. The Committee noted if there was additional growth within the service area or feeder routes were needed for a commuter rail system, other funding means would need to be reviewed.

F. Management Letter Comments

Blanch Sherman outlined the summary results of the Management Letter comments and recommendations made by the external auditors for implementation over the next year, then provided a status update of the timeline for completion as well as methods to improve the process.

G. Lymmo Expansion

Jennifer Clements, Manager, Planning, provided a briefing on how the extension of LYMMO services would connect to other LYNX fixed- route services, outlined the areas of connectivity, and explained the process is still evolving with funds being looked into. She also provided a map to show some expansion detail.

Meeting adjourned at 12:40 p.m.

LYNX Board Audit Committee Agenda

Audit Committee Agenda Item #3.A

To: LYNX Board Of Directors

From: **Janice Keifer**
INTERIM DIR OF FAS
Blanche Sherman
(Technical Contact)
Tori Iffland
(Technical Contact)

Phone: 407.841.2279 ext: 3166

Item Name: Monthly Update - FY2004 Management Letter Comments Follow-up

Date: 6/23/2005

Please find an attached update pertaining to the FY2004 Management Letter Comments. Overall, staff is in the process of implementing most of the Auditor's recommendations with plans for completion over the next year.

During the May 26, 2005 Audit Committee meeting a request was made to identify the specific Great Plains Dynamics Modules that the Auditors recommended to be fully implemented. This includes the following modules:

- ✓ Purchasing Module
- ✓ Inventory Module (CTMMS)
- ✓ Encumbrances Module
- ✓ Projects Module
- ✓ Grants Module

In addition, during the presentation pertaining to the history of the Great Plains Dynamics and FA Suites implementation, a request was made to provide a list of modules for Great Plains and FA Suites with target and actual completion dates. The following provides the specific information requested:

Great Plains

The following are the completed Modules (used at LYNX):

Payables Management - Accounts Payable, Vendor Management
Receivables Management - Accounts Receivable
General Ledger - Budget, Advanced Financial Analysis
Invoicing, Sales Order Processing
Fund Accounting - Interfund Transfers

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Purchase Order Processing and Receivables
DBE Reporting
Mekorma Check Writer - AP Checks
FRX Reporter - Financial Reporting
WorkPlace - Electronic Requisitioning, Quoting, Contract Management

The following are the Modules with target completion dates:

Encumbrance – Target Date Nov. 2005
Grant Management - Grant Budget / Expenditures – Target Date Apr. 2006
Project Management - Project Budget / Expenditures – Target Date Apr. 2006
Rockton Crystal Integration with Crystal Reporting – Target Date Aug 2005
Integration with FA Suites (with testing) – Target Date Aug. 2005

Other issues

Vendor classification for DBE initiative – Target Date Aug. 2005

FA Suites

The following are the Modules with target completion dates:

Fleet Focus) – Target Date Aug. 2005
Info-Center Web Reporting – Target Date Aug. 2005
Mobile Focus – Target Date Aug. 2005
Inventory Synchronization Interface (FA Suites to Great Plains) – Target Date Aug. 2005
Vendor Synchronization Interface (Great Plains to FA Suite) – Target Date Aug. 2005
Parts Obsolescence Interface (FA Suites to Great Plains) – Target Date Aug. 2005
General Ledger Interface (FA Suites to Great Plains) – Target Date Aug. 2005
Procurement Interface (Two-Way FA Suites/Great Plains) – Target Date Aug. 2005
Returns Interface (FA Suites to Great Plains) – Target Date Aug. 2005
Training & Implementation – Target Date Aug. 2005

**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

Auditor Recommendations	Responsible Department/Division	Status	Timeline for Completion/Comment
<p>Great Plains Dynamics Software Implementation:</p> <p>Fully Implement Great Plains Modules previously purchased:</p> <p>Purchasing Module WorkPlace Module Vendor Classification Inventory Module (CTMMS) Projects Module Grants Module Encumbrance Module</p>	<p>Information Technology, Finance, Grants, & Procurement</p>	<p>Implemented FY2004 Implemented FY2004 Underway, DBE initiative Underway Installed, being tested Installed, being tested Installed, being tested</p>	<p>Completed - FY2004 Estimated Completion Date - April 2005 Estimated Completion Date - August 2005 Estimated Completion Date - July or August 2005 Estimated Completion Date - January - April 2006 Estimated Completion Date - January - April 2006 Estimated Completion Date - January - April 2006</p>

LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process

<p>Accumulate Purchase Requirements: Aggregate projections of future inventory and maintenance purchases.</p>	<p>Procurement</p>	<p>Underway</p>	<p>Estimated Completion Date - 50% by October 1, 2005 and 100% by October 1, 2006.</p>
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**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

DBE Reports:	Procurement	Underway	Estimated Completion Date - August 2005.
The DBE Officer should work with the Information Systems department to utilize reports and other features within the Great Plains software in order to prepare the needed reports.	Procurement	Completed	The DBE Officer is now requesting invoices from all vendors.
The Authority should either request invoices to support and track payments made to DBE's or perform periodic audits of the reports in order to verify the certifications are accurately prepared.			

**LYNX
Fiscal Year 2004
Management Letter Comment
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Follow-up Process**

Documents Used to Prepare NTD Reports Should be Signed Off:

The Authority personnel that reviews the information should sign-off to evidence that review.

Service Planning, Business Relations and Access LYNX.

Completed

Sign-offs will be performed by the appropriate staff, the Associate Service Planner, Manager of Service Planning and Scheduling, Transportation Supervisor, Business Relations Manager, Manager of Paratransit Operations.

**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

<p>Procedures for Reporting and Maintaining NTD Data Should Be Written:</p>	<p>Service Planning, Business Relations and Access LYNX.</p>	<p>Underway</p>	<p>Estimated Completion Date - Planning and Business Relations - May 2005 and Paratransit - November 2005.</p>
<p>The Authority should formally document the procedures in place.</p>			

**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

<p>Sampled Fixed Route Blocks Did Not Meet FTA Requirements:</p> <p>The Authority should implement a process to ensure that the samples are in compliance with FTA requirements.</p>	<p>Planning</p>	<p>Underway</p>	<p>As of March 20, 2005 - APC samples increased by 25% to ensure ample samples are collected to exceed the FTA requirements.</p> <p>Quarterly reviews of the collected data are performed by Strategic and Service Planning staff to ensure accuracy and completeness, as well as to verify source data.</p> <p>Quarterly reviews are scheduled for April 22, 2005, August 31, 2005, and November 3, 2005. In addition, Planning will conduct an audit of the APC systems data.</p>
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LYNX
Fiscal Year 2004
Management Letter Comment
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Sampled Vanpool Methodology :	Business Relations	Completed	Since February 2005, data is being collected according to the FTA Circular 2710.2A.
The Authority should either follow FTA 2710.2A or obtain approval from the FTA for any deviations.			

LYNX
Fiscal Year 2004
Management Letter Comment
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Follow-up Process

<p>Inventory of Fixed Assets :</p> <p>The Authority should consider redirecting resources to this task during the annual physical inventory or hire temporary counters to perform this task.</p>	<p>Finance and Administration</p>	<p>Underway</p>	<p>The current inventory count is in process and will be finalized by July 30, 2005. Utilization of LYNX Custodians - November 2005.</p>
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**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

<p>Medicaid Receivables :</p> <p>The Authority should begin the process of developing or purchasing a program that is in compliance with these requirements.</p>	<p>Paratransit Operations</p>	<p>Completed</p>	<p>Electronic invoicing issues have been resolved. The Paratransit Operation's staff is developing a policy to outline the funding source invoice procedures by the end of November 2005.</p>
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**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

<p>Procurement Policy Needs to be Updated:</p>	<p>Procurement</p>	<p>Underway</p>	<p>Estimated Completion Date - July 2005 with an annual review incorporated in the process.</p>
<p>The Authority should revise the procurement policies to ensure that both federal and state requirements are properly referenced. Additionally, the Authority should review the federal and state requirements on an annual basis and update the policy.</p>			

LYNX Board Audit Committee Agenda

Audit Committee Information Item #5.B

To:	LYNX Board Of Directors
From:	Sylvia Mendez CHIEF ADMINISTRATIVE OFFICER Desna Hunte (Technical Contact)
Phone:	407.841.2279 ext: 3129
Item Name:	Follow Up Information to: Amalgamated Transit Union Local 1596 Pension Plan Quarterly Update
Date:	6/23/2005

Background: Several concerns and request for clarifications arose in response to a Pension Plan update provided during the May Audit committee meeting. The following is information being provided in response:

1) LYNX Board Input in Plan Decision Making

The enclosed memorandum from Nadine Schaal, Pension Attorney for LYNX provides an overview of the history of the Plan's creation and the role LYNX plays. In the overview Ms. Schaal states "The Pension Plan created in this manner, while sponsored and funded by LYNX as an employer, is controlled by the board of trustees." Section 10.01 of the Plan states: "The Trustees shall have the right at any time and from time to time to amend this Plan to any extent in any manner that they deem advisable." The board of trustees consists of six members, three of which are appointed by management. The three current LYNX representatives are staff persons. Legal counsel has confirmed that a board member could be appointed as a trustee, should the Board desire.

Antidotal history indicates that in prior years LYNX did not play an active role in the Plan. Staff has heard the Board's concern and is implementing the following activities to augment LYNX input in the Plan's direction.

- 1) Staff has scheduled an orientation session for the three management trustees. The session will provide the representatives with an overview of the Plan's creation as well as information related to fiduciary responsibility. While the trustees have received training through the Plan as trustees, LYNX had not previously provided any education specific to this plan for its representatives. It is staff's intent that from here out, new members will receive similar orientations;

LYNX Board Audit Committee Agenda

- 2) Briefings with the Chief Executive Officer (CEO) will be held prior to each Board of Trustees meetings. The CEO and the Chief Administrative Officer (CAO) will review the agenda with management representatives to ensure they are aware of the relevance the agenda items could have, if any, on LYNX;
- 3) Briefings with the Pension Plan Trustee Chair. The CEO has begun to meet with the Chairperson of the Pension Trustees to discuss plan activities. The CEO plans to continue to have briefings with the Trustee chair.
- 4) The Chief Administrative Officer will attend the Pension Plan quarterly meeting.
- 5) Staff will continue to provide the Board with quarterly updates and will keep the Board informed of Pension Activities.

Ms. Schaal will attend the Audit committee meeting to address questions.

2) Disability Provision

The Pension Plan currently has a disability provision. Section 8.06 of the Plan indicates that the Participant furnishes proof of such disability to the Trustees. The Trustees make the decision as to whether or not individual circumstances meet the definition of disability. The Trustees may select a physician to examine or re-examine such participant.

As requested, a copy of the revised disability pension plan language is included. The revised language 1) amends the definition of disability; 2) changes the elimination period from 90 days to 36 months or “such time during which unreduced disability payments are available through the LYNX long term disability insurance plan.” 3) Expands the methods by which disability may be verified and requested.

LYNX’S current long term disability insurance coverage, through Standard Insurance, provides for offsets from “any disability or retirement benefits an employee is eligible to receive under an Employer’s retirement plan, including a public employee retirement system, sick pay or other salary continuation, workers’ compensation, social security benefits, and unemployment compensation.

Participation by administrative employees in the ATU Pension Plan

The current Pension Trustee chair, Tom Lapins, resubmitted this request in February. Staff has reviewed the history of this request and has met with legal counsel to discuss the implications of such action. Staff advised the Trustees of concerns in May during the pension’s quarterly meeting. Staff agreed to discuss these concerns in further detail in June when staff could include legal counsel. Concerns exist related to 1) contractual obligations with Local 1749, (Administrative Supervisors); 2) potential discrimination issues which could cause one or both plans to lose its qualified status; 3) flawed assumptions made in the “comparative analysis” provided to staff; and 4) long term funding impact for LYNX. Staff will keep the Board advised of this issue.

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Please advise if additional clarification is desired in any of the above areas. In addition, the chairperson of the Trustees has stated that they are available to make a presentation to the Board in July, to address plan concerns.

Long Term Disability

Orange County Board of County Commissioners is pleased to introduce Standard Insurance Company as the new provider of Group Long Term Disability coverage effective January 1, 2002. StanCorp Financial Group (NYSE:SFG) is a publicly owned insurance holding company. One of the oldest insurance companies in the United States, Standard Insurance Company (The Standard) was founded in 1906 in Portland, Oregon. Today, with assets in excess of \$6 billion, we are recognized as one of the top 3 companies in the nation for inforce group Long Term Disability insurance cases.

What coverages are available?

The County provides at no cost to you, an amount equal to 40% of your salary to a monthly maximum of \$1,000 (reduced by Deductible Income) upon completion of a 90 day elimination period.

As an added feature, you will have the flexibility of purchasing additional protection equal to **Option A)** 50% of the first \$6,000 to a monthly maximum of \$3,000 or **Option B)** 60% of the first \$5,000 to a monthly maximum of \$3,000.

When am I considered disabled?

You are considered disabled if, as a result of physical disease, injury, pregnancy, or mental disorder, you are unable to perform with reasonable continuity the material duties of your own occupation, and you suffer a loss of at least 20% of your predisability earnings when working in your own occupation. You are not Disabled merely because your right to perform your own occupation is restricted, including a restriction or loss of license.

How long can LTD benefits continue?

If you become continuously disabled before age 60, LTD benefits can continue during disability until age 65. If you become continuously disabled at age 60 or older, LTD benefits can continue during disability for a limited time after age 65.

What is deductible income?

Deductible income is income you receive, or are eligible to receive, from other sources. It includes but is not limited to the following (see your Summary Plan Description for more details):

- Sick pay or other salary continuation
- Workers' Compensation benefits
- Social Security benefits, including those benefits which your spouse or your children receive or are eligible to receive because of your disability or retirement
- Disability or retirement benefits from your employer's retirement plan
- Amounts you receive or are eligible to receive because of your disability under any state disability benefit law or similar law
- Amounts from any unemployment compensation law or similar act or law

** This flyer is written in non-technical language and is not intended as a complete description of the Group Life and AD&D Insurance plans offered by The Standard. You should refer to your Summary Plan Description which will contain more detailed information. The controlling provisions are in the Standard Insurance Company's group policy. This flyer does not modify that document or the insurance in any way.

AMENDMENT NO. 6

to the AGREEMENT AND DECLARATION OF TRUST of the AMALGAMATED TRANSIT UNION LOCAL 1596, as amended and restated in 2002

Section 8.06, Disability Pension, is hereby amended by deleting said Section in its entirety, and substituting therefor the following:

- (A) Service Required A Participant who becomes disabled on or after January 1, 1985, who has accrued ten (10) or more units of benefit credit shall be eligible to receive a monthly disability pension benefit.
- (B) Computation The monthly disability pension shall be computed in the same manner as provided in Section 8.01 for a normal retirement benefit.
- (C) Definition of Disability A participant shall be regarded as being disabled when he or she is unable to engage in any substantial, gainful employment for any occupation for which he or she are qualified by reason of age, education or work experience by reason of any medically determinable physical or mental impairment which has continued for at least thirty-six (36) months, or such time during which unreduced disability payments are available through the LYNX long term disability Plan.
- (D) Methods of proving disability entitlement. A Participant may qualify for a disability pension by any of the following methods:
 - 1. A participant will be found to be qualified for pension disability benefits where the participant has been found to be disabled under any existing LYNX long term disability plan, provided the disability

as defined above has continued for at least thirty-six months. The participant may be asked to provide proof of continuing disability.

2. A participant may elect to apply for pension disability benefits initially, without applying for the Employer=s long-term disability, as long as the participant has opted for the sixty percent (60%) additional coverage offered by the Authority, for at least the twenty-four (24) months preceding his or her application for disability benefits. A Participant who elects to proceed without applying for the Employer=s long-term disability, and who has not obtained disability benefits under the United States Social Security System, shall be required to show, by clear and convincing medical evidence, that he or she meets the definition of disability as set forth herein.
3. A Participant who elects to apply for pension disability benefits without first applying for the Employer=s long-term disability insurance shall be found qualified for a disability pension automatically upon provision of proof of entitlement to disability benefits under the United States Social Security System.
4. A Participant who has been denied disability under both the Employer=s long term disability plan and the Social Security System may elect to apply for a disability pension under this Plan only. In that event, the Participant shall be found qualified for a disability pension upon a determination by the trustees that there is

clear and convincing medical proof that the Participant is unable to engage in any substantial, gainful employment with the Employer by reason of any medically determinable physical or mental impairment which has continued for at least ninety (90) days and which is likely to be permanent.

5. All applicants may be required to submit to a physical examination by a physician or other medical expert selected by the trustees. Refusal to submit to such an examination may be grounds for disqualification from the disability pension.

- (D) When application must be made. A participant must make application for a disability pension at the time of disability, but in any event, prior to the date of termination of employment with LYNX.
- (E) Proof of Continuing Disability. The Trustees may require proof of continued disability from time to time but not more frequently than once every six (6) months. No Participant shall be entitled to receive a disability allowance under the Plan when he declines to permit a physician selected by the Trustees to examine or re-examine him or materially hinders an investigation ordered by the Trustees.
- (F) Discontinuance of Disability. If, at any time, the Trustees find that any retired Participant receiving a disability allowance is no longer disabled as defined above, they shall order the discontinuance of the payments provided for herein.

- (G) Waiver of Privacy Rights. As meetings of the Board of Trustees are public, the trustees may require applicants for disability pensions to sign waivers of their privacy rights.
- (H) Disability Death Benefit. If a Participant becomes disabled but dies prior to retirement, and leaves a surviving beneficiary to whom no Survivor benefit is payable, a monthly survivor Disability Pension, reduced in accordance with the terms of this Plan for survivor benefits, shall be paid to the beneficiary where, upon written application by the beneficiary, the Trustees determine that:
- (1) The Participant was entitled to a Disability Pension prior to the date of his death; and
 - (2) Because of the disability the Participant failed to file a written application for a Disability Pension; and
 - (3) The Participant was disabled for at least ninety (90) days prior to his death.

The amount of survivor benefits payable under this section shall be determined as if the Participant was granted a Disability Pension on the day prior to his or her death.

- (I) If the trustees determine that any participant has fraudulently obtained a disability pension; or fraudulently continues to receive a disability pension; or has filed false information with the trustees with regard to any aspect of his or her disability pension application or his or her income from outside employment, then the trustees may in their sole discretion terminate or

reduce the participant=s pension, or refer the matter to legal authorities
for prosecution.

EXCEPT AS HEREIN AMENDED, THE AMALGAMATED TRANSIT UNION
LOCAL 1596 PENSION PLAN AGREEMENT AND DECLARATION OF TRUST,
RESTATED THE DAY OF OCTOBER, 2002, SHALL REMAIN IN FULL FORCE AND
EFFECT.

IN WITNESS WHEREOF, the Board of Trustees has caused this Amendment to
the Restated Pension Plan to be signed this _____ day of _____,
2005, to be effective as of the date of execution.



Fort Lauderdale
Jacksonville
Miami
Orlando
Tallahassee
Tampa
Washington, DC
West Palm Beach

Citrus Center, 17th Floor
255 South Orange Avenue
Orlando, Florida 32801-3483

Post Office Box 231 *mail*
Orlando, Florida 32802-0231

www.akerman.com

407 843 7860 *tel* 407 843 6610 *fax*

MEMORANDUM

TO: Sylvia Mendez
Chief Administrative Officer

FROM: Nadine Schaal

DATE: June 9, 2005

SUBJECT: LYNX

The Central Florida Regional Transportation Authority is a successor entity created by the Florida Legislature. LYNX or CFRTA, for purposes of the Amalgamated Transit Union Local 1596 and the related pension plan, is the successor employer to the Orange-Seminole-Osceola Transportation Authority (OSOTA).

In 1982, participants in a pension plan who were members of the Amalgamated Transit Union Local 1596 (ATU 1596) instituted an action in the United States District Court, Middle District of Florida against Transit Management Authority, Inc.; ATE Management Service Co., Inc.; and several individuals. Plaintiffs were certified as a class for purposes of the lawsuit and the suit was granted class action status. The ATU 1596 were participants in the Transit Management of Florida, Inc. - Amalgamated Transit Union Retirement and Disability Plan.

A settlement was reached between the parties, although no wrongdoing was admitted, which, in part, called for the establishment of a defined benefit pension plan for the ATU 1596 employees of Transit Management of Florida, Inc. The plan was to be established in accordance with a collective bargaining agreement between the union and the then employer/authority. The plan was to be administered by a joint board of trustees consisting of an equal number of representatives from the union and from the employer. An amount of money and past service

credits were awarded to the union employees who were to be participants in the newly created pension plan.

At the time the Stipulation of Settlement was entered into between the parties, an Assignment and Assumption and Release was also entered into between OSOTA and CFRTA. CFRTA accepted the responsibilities as a successor employer and agreed to be bound by the Stipulation of Settlement dated January 7, 1985 between OSOTA and ATU 1596.

These court cases, settlements and other legislation resulted in CFRTA or LYNX becoming the employer of the ATU 1596 employees, the collective bargaining agreement between CFRTA and ATU Local 1596, and the creation of the defined benefit plan for eligible employees of LYNX who are members of ATU 1596. The Pension Plan created in this manner, while sponsored and funded by LYNX as the employer, is controlled by the board of trustees. Pursuant to the Stipulation of Settlement, the collective bargaining agreement with ATU 1596, created a governing board of trustees for the Pension Plan with six members; three being appointed by the union and three being appointed by management, which is now LYNX, LYNX having replaced OSOTA.

Since the Stipulation of Settlement is a court order and settlement of the class action, the only methodology for amending such order would be consent of all the parties.

The Stipulation of Settlement provided details with regard to funding the ATU 1596 Pension Plan as well. Per the court order, the Stipulation of Settlement granted past service credits to current employees; amounts not sufficiently funded for current employees by the settlement amount were to be funded by the employer, regardless of the terms of the collective bargaining agreement. The past service credits were fully vested and available as a lump sum payment upon termination of employment prior to early or normal retirement age or termination of the Plan. If the participant continued employment until early or normal retirement age, the past service benefits were payable only in the forms provided under the Plan.

The current ATU 1596 Pension Plan, effective October 1, 2002, is the current plan document. Article II provides for the board of trustees, with each trustee serving a three year term. The terms are to be staggered so that each September the union and LYNX will each appoint one trustee to a three year term. Trustees may be reappointed for additional terms without limitation. A trustee shall continue to serve until replaced by appointment, resignation, or removal by a showing of good cause and a vote of five of the six trustees. Successor trustees are to be appointed within 10 days of resignation or removal. Any time the board of directors of LYNX appoints a trustee, it should be reflected in the minutes and the individual so appointed should sign an acceptance of trustee. An individual ceasing to be a trustee should sign a resignation form.

Currently the funding for the Plan is such that LYNX contributes 9.75% of a participant's gross wages and the employee contributes 5.25% of his gross wages. Any future increases in

funding are to be shared after October 1, 2003, with LYNX paying 65% of the increase and the employees paying 35% of the increase.

Article X addresses how the ATU 1596 Pension Plan shall be amended. It authorizes the board of trustees of the Pension Plan with the exclusive right of making any amendments as of the effective date deemed advisable by the trustees. Specifically, section 10.01 states: "The Trustees shall have the right at any time and from time to time to amend this Plan to any extent in any manner that they deem advisable."

Further, there are limitations on termination of the Plan; the trustees have the authority to terminate the Plan or replace the current Plan with a comparable plan, although neither action will eliminate the requirement by LYNX to maintain and continue to fund the Plan as needed. Further detail can be provided on this as it is beyond the scope of this memo.

The board of LYNX has limited authority with regard to the ATU 1596 pension plan. It has an obligation to provide funding and to appoint three representatives to the board of trustees of the Pension Plan. The board of directors of LYNX does not have the authority to approve or deny plan amendments adopted by the board of trustees of the ATU 1596 Pension Plan. However, as a courtesy and to advise LYNX of its impending financial obligations, ATU 1596 should provide the LYNX board with any amendments to the ATU 1596 Pension Plan. Any other changes the LYNX board of directors desires to make must be negotiated between the LYNX and ATU 1596 labor agreement.