




Board Date: 9/25/2014  
Time: 10:30 AM

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









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

## 1. Call to Order

## 2. Approval of Minutes

-  Minutes from the July 24, 2014 Audit Committee Meeting Pg 2

## 3. Audit Agenda Items

- A.  Overview of FY2014 Amended Capital and Operating Budgets Pg 8
  - Attachment 
- B.  Overview of FY2015 Capital and Operating Budgets Pg 19
  - Attachment 
- C.  Compressed Natural Gas (CNG) Unsolicited Proposal Negotiations Update Pg 32
- D.  Discussion of New LYNX Committee Structure Pg 33
  - Attachment  

**LYNX**  
**Central Florida Regional Transportation Authority**  
**Audit Committee Meeting Minutes**

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

**DATE:**       **July 24, 2014**

**TIME:**       **10:34 a.m.**

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**Members in Attendance:**

Seminole County Commissioner, Carlton Henley, Chairman  
Osceola County Commissioner, Frank Attkisson, Vice-Chairman  
FDOT District 5 Secretary, Noranne Downs  
Orange County, Office of Regional Mobility, Carla Johnson  
City of Orlando, Transportation Project Manager, Claudia Korobkoff

**Members Absent:**

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**1. Call to Order**

The Chairman, Commissioner Carlton Henley, called the meeting to order at 10:34 a.m.

**2. Approval of Minutes**

The Chairman asked the Committee if there were any additions or deletions to the May 22, 2014 Minutes as presented.

**Motion** was made and seconded to approve the Minutes of the May 22, 2014 Audit Committee meeting. The motion passed unanimously.

**3. Audit Agenda Items**

✓ **Overview of FY2015 Capital Budget**

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

➤ **Key Budget Assumptions**

- Enhance LYNX facilities
- Fleet to support all service modes
- Continue LYMMO expansion activities
- Passenger Amenities Program improvements
- Continuation of security and surveillance
- Advance communications and technological capabilities

➤ **FY2015 Capital Budget Overview**

	FY2014 <u>Amended</u>	FY2015 <u>Preliminary</u>	<u>% of Change</u>
Capital Contributions	\$99,484,058	\$88,911,512	-10.63%
Capital Expenditures	<u>99,484,058</u>	<u>88,911,512</u>	<u>-10.63%</u>
Capital Gains/(Losses)	-	-	N/A

➤ **FY2015 Capital Budget by Category**

<b>Capital Program</b>		<b>FY2015 Requests</b>
1)	Revenue Vehicles	\$ 46,068,416
2)	BRT	16,786,113
3)	Facilities	2,954,937
4)	Passenger Amenities / Related Enhancements	13,075,901
5)	Technology	4,547,012
6)	Security	1,024,361
7)	Support Equipment	2,410,663
8)	ARRA	2,044,109
<b>Total</b>		<b><u>\$88,911,512</u></b>

Discussion ensued as to the allocation of passenger shelters. Ms. Sherman noted that each county would receive approximately 20 new shelters and the city would receive approximately 20 new shelters. The Committee discussed how the new shelters worked with the master plan for shelters. Mr. Lewis stated the LYNX' capital plan is 80 shelters per year.

The Committee requested that a priority list of shelters be presented to the Regional Working Group and to receive an update on the overall stop inventory that was undertaken to see the relation between that and the shelter priority list.

Discussion ensued regarding advertising and advertising revenues on shelters constructed by LYNX and benches that may be provided by another source. The Committee suggested LYNX explore advertising opportunities with a large corporate sponsor.

➤ **FY2015 Capital Budget Contributions**

	FY2014 <u>Amended</u>	FY2015 <u>Preliminary</u>	<u>% of Change</u>
Federal Contributions	\$82,456,580	\$83,000,048	0.7%
State Contributions	4,440,423	411,879	-90.7%
Local Contributions	11,034,148	5,499,585	-50.2%
Reserves	<u>1,552,907</u>	<u>-</u>	<u>-100.0%</u>
<b>TOTAL</b>	<b>\$99,484,058</b>	<b>\$88,911,512</b>	<b>- 10.6%</b>

➤ **FY2015 Capital Budget - Local Contributions**

Description	FY2015 Preliminary Budget Amount	Source
LYMMO – East/West	\$ 658,694	City of Orlando
LYMMO – Parramore	4,101,825	City of Orlando, Orlando Utilities Commission, Other Utilities
Capital Bus Lease	696,536	Local
Passenger Amenities	42,530	Wal-Mart / Mills District
<b>TOTAL</b>	<b>\$ 5,499,585</b>	

➤ **Budget Calendar**

- Final Board Action September 25
- Budget Year FY14-15 Commences October 1

✓ **Audit Committee Planning Communications**

The Chairman recognized Blanche Sherman, LYNX' Director of Finance, to introduce Mr. Ron Conrad, Partner with the firm of Cherry, Bakeart, LLP, to make the presentation.

Mr. Conrad noted that his presentation would cover the following topics:

- ✓ Conduct of the Audit
- ✓ Communications
- ✓ Engagement Team
- ✓ Areas of Audit Emphasis
- ✓ Audit Status and Timing
- ✓ Standards to be Implemented in Future Years

The firm has been engaged to report on the financial statements as well as provide an audit of the federal and state grants. In addition, the firm will be reporting on the

agreed-upon procedures prescribed by FTA in the LYNX National Transit Database (NTD) report.

During the Audit process, communication will be ongoing with LYNX' accounting, grants and management personnel. The Audit results will be discussed with LYNX management in January 2015 and to the Audit Committee and Board of Directors in March, 2015.

The areas of audit emphasis:

- FTA and FDOT compliance requirements
- NTD information requirements, including follow-up on prior year findings
- Fuel hedge accounting and disclosure
- Self insurance obligations and relate contingencies
- Accounting for federal, state and local funding
- New agreements or operational developments
- Other regulatory developments

Audit Calendar:

- |   |                      |
|---|----------------------|
| • Internal control analysis testing & Single Audit procedures | July 2014            |
| • Information technology review and Single Audit procedures   | September 2014       |
| • Year end procedures   | January & March 2015 |
| • NTD agreed-upon procedures and report                       | January 2015         |
| • Financial statements and related reports                    | March 2015           |
| • Presentations to Audit Committee and Board of Directors     | March 2015           |

Mr. Conrad noted the government account standards to be implement in fiscal year 2014 and 2015. In particular:

- Fiscal Year 2015
  - ✓ GASB No. 68 Accounting and Financial Reporting for Pensions
  - ✓ GASB No. 71 Pension Transaction for Contributions Made Subsequent to the Measurement Date

### **C. Discussion of New LYNX Committee Structure**

The Chairman recognized Pat Christiansen, LYNX' General Counsel, to make the presentation.

Mr. Christiansen provided that he would summarize the proposed changes from the last Audit Committee meeting and if indicated, present the Board with a Blue Sheet Item for adoption. The three basis changes are:

- 1) Rename the Audit Committee to the Oversight Committee.

The membership of the Oversight Committee would be comprised of the members of the Governing Board, however, such members may appoint staff designees. The

foregoing notwithstanding, all meetings of the Oversight Committee would be chaired by a member of the Governing Board.

- 2) Risk Management Committee. The Committee will not have active authority but will make recommendations to the Board through the Oversight Committee. The Committee will have appropriate members from each of the funding partners.

The membership of the Risk Management Committee would be comprised of a staff member from each of the funding partners with expertise in risk management matters. The LYNX Director of Risk Management would not be a member of the committee but would provide it with support.

- 3) Finance and Audit Committee. The Committee will not have active authority but will make recommendations to the Board through the Oversight Committee.

The membership of the Finance and Audit Committee would be comprised of a staff member from each of the funding partners with expertise in financial matters. LYNX's Director of Finance/Chief Financial Officer would not be a member of the committee but would provide it with support.

Upon discussion by the Committee regarding the proposed Blue Sheet, Legal Counsel noted that the Blue Sheet, as prepared, requires changes before presenting to the Board for adoption. Specifically, relating to the Risk Management Committee's authorization to settle.

Without objection, the Committee will defer action on the Amendment to Administrative Rule 2 until the next meeting of the Committee.

#### **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 provided that LYNX has received the Settlement and Consent Order entered by the Court in the Robinson case. The payment is due as soon as possible. Therefore, Staff will present a Blue Sheet item to authorize the remittance of payment pursuant to the Stipulation, Settlement Agreement and Motion for Approval of Settlement and for Consent Judgment.

Mr. Lewis noted that various members of the Board have provided comments on the Action Agenda Item, Authorization to Amend the FY2014 Service Funding Agreement with Orange County. He asked if the Committee would like to discuss the item. Discussion ensued regarding the Addendum to Agreement.

The Committee discussed if the Amended Agreement had been presented to the Orange County Board of County Commissioners. It was noted that it had not and the Addendum was drafted by staff.

Legal Counsel provided background of standardized funding Agreements and the use of reserve funds if a Funding Partner has not paid the full amount required by the Funding Model.

Discussion ensued as to whether the provision for service reduction and notification of LYNX' request to utilize reserve funds when a Funding Partner does not pay per the Funding Model should be a part of a Funding Agreement or should be a uniform Board policy.

Without objection, the Committee will recommend approval to the Board of Directors with the following changes to the Agreement:

- 1) Paragraph 28 be revised to add the following sentence at the end:  
The foregoing Exhibit "C" shall be provided to each Funding Partner.
- 2) Paragraph 29 be revised to read "... and the updated schedule shall be included as part of each quarterly report that LYNX submits to **each Funding Partner** pursuant to section 4(b)."
- 3) Paragraph 30 be deleted.

The Committee then discussed Action Agenda Item, Authorization to Extend a joint Participation Agreement (JPA) for Feeder Bus Service with the Florida Department of Transportation (FDOT) for SunRail.

Without objection, the Committee will recommend approval of entering into a JPA with FDOT through August 31, 2015 and continue working FDOT to close the gap or refine service.

**The meeting adjourned at 12:20 p.m.**

**Audit Committee Agenda Item #3.A**

**To: LYNX Board of Directors**

**From: Blanche Sherman**  
DIRECTOR OF FINANCE  
**Leonard ANTMANN**  
(Technical Contact)  
**Salawu Ajala**  
(Technical Contact)

**Phone: 407.841.2279 ext: 6100**

**Item Name: Overview of FY2014 Amended Capital and Operating Budgets**

**Date: 9/25/2014**

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On March 27, 2014, LYNX staff presented the FY2014 Amended Operating and Capital Budgets in the amount of \$127,936,419 and \$99,484,058, respectively for Board approval. Since approval, LYNX has brought several items to the Board requesting approval and corresponding amendment to the operating and capital budgets to include: professional services modifications to the alternative analysis studies, Parramore BRT project and State Road 50/UCF Connector contract, the use of savings to cover increases in legal fees for workers' compensation and general liability, South Street remediation, service changes for the funding partners and Lake County, and passenger amenities for Orange County. The capital and operating budgets are being amended to accurately reflect the impact of these projects and services.

Based on the Board's previous approval of these items there is a need to amend the FY2014 Amended Operating and Capital Budgets in the amount of \$1,057,728 and \$500,000, respectively. Approval of this amendment will formally amend the FY2014 Adopted Operating and Capital Budgets to accurately reflect approved revenues and expenses. The FY2014 Amended Operating and Capital Budgets will be in the amount of \$128,994,147 and \$99,984,058 respectively.

LYNX staff will make a full presentation of the revisions supporting the amendment of the FY2014 Amended Operating and Capital Budgets at the Audit Committee meeting.



# FY2014 Amended Operating & Capital Budgets

Presented to the  
LYNX Audit Committee

by Blanche W. Sherman, CPA

Director of Finance

September 25, 2014

# FY2014 Operating Budget Overview

	<b>FY2014 Amended</b>	<b>FY2014 Amended</b>	<b>% Change</b>
<b>Operating Revenue</b>	\$ 127,936,419	\$ 128,994,147	0.8%
<b>Operating Expenses</b>	127,936,419	128,994,147	0.8%
<b>Operating Income/(Deficit)</b>	\$ -	\$ -	0.0%

# FY2014 Operating Revenue

	<b>FY2014</b>	<b>FY2014</b>	
	<b>Amended</b>	<b>Amended</b>	<b>% Change</b>
<b>Fund Balance</b>	\$ 234,669	\$ 416,156	77.3%
<b>Customer Fares</b>	29,429,794	29,429,794	0.0%
<b>Contract Services</b>	11,163,514	11,163,514	0.0%
<b>Advertising on Buses</b>	1,730,000	1,730,000	0.0%
<b>Advertising - Trade</b>	-	-	0.0%
<b>Interest &amp; Other Income</b>	492,099	492,099	0.0%
<b>Federal</b>	20,070,293	20,940,968	4.3%
<b>State</b>	11,510,852	11,510,852	0.0%
<b>Local</b>	53,305,198	53,310,764	0.0%
<b>Total Operating Revenue</b>	<b>\$ 127,936,419</b>	<b>\$ 128,994,147</b>	<b>0.8%</b>

# FY2014 Operating Expenses

	FY2014 <u>Amended</u>	FY2014 <u>Amended</u>	<u>% Change</u>
Salaries/Wages/Fringes	\$ 66,291,087	\$ 66,291,087	0.0%
Other Services	10,905,844	11,829,519	8.5%
Fuel	16,914,138	16,847,125	-0.4%
Materials & Supplies	7,436,393	7,436,393	0.0%
Utilities	1,401,578	1,401,578	0.0%
Casualty and Liability	1,397,267	1,397,267	0.0%
Taxes & Tags	432,141	432,141	0.0%
Purchased Transportation	20,902,452	21,190,430	1.4%
Miscellaneous	874,399	874,399	0.0%
Leases	181,120	181,120	0.0%
Reserves	1,200,000	1,113,088	-7.2%
<b>Total Operating Expenses</b>	<b><u><u>\$ 127,936,419</u></u></b>	<b><u><u>\$ 128,994,147</u></u></b>	<b><u><u>0.8%</u></u></b>

# Key Operating Budget Amendment Basis

- ▶ Alternative Analysis Studies, legal expenses, South Street remediation are included in transfers/reclassifications.
- ▶ Addition of NeighborLink service in the Goldsboro due to service modifications on Link 34.
- ▶ Pilot Xpress Bus Service for SunRail contracted through Mears
- ▶ Lake County service modified per the County's request for August – September 2014 service.

# Key Capital Budget Amendment Basis

- ▶ Funding of the Pine Hills Superstop and other capital amenities as approved by Orange County.

# FY2014 Capital Budget Overview

	<u>FY2014 Amended</u>	<u>FY2014 Amended</u>	<u>% Change</u>
<b>Capital Contributions</b>	\$ 99,484,058	\$ 99,984,058	0.50%
<b>Capital Expenditures</b>	<u>99,484,058</u>	<u>99,984,058</u>	<u>0.50%</u>
<b>Capital Gains/(Losses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>

# FY2014 Capital Budget Contributions

<b>Capital Contributions</b>	<b>FY2014 Amended</b>	<b>Revisions</b>	<b>FY2014 Amended</b>
Federal Contributions	\$ 82,456,580		\$ 82,456,580
State Contributions	4,440,423		4,440,423
Local Contributions	11,034,148	500,000	11,534,148
Reserves	1,552,907		1,552,907
<b>Total</b>	<b>\$ 99,484,058</b>	<b>\$ 500,000</b>	<b>\$ 99,984,058</b>



# FY2014 Capital Expenditures

<b>Capital Expenditures</b>	<b>FY2014 Amended</b>	<b>Orange, Pine &amp; Superstop</b>	<b>FY2014 Amended</b>
Revenue Vehicles	\$ 49,826,108		\$ 49,826,108
BRT	21,039,643		21,039,643
Facilities	4,546,393		4,546,393
Passenger Amenities/Related	8,359,547	500,000	8,859,547
Technology	9,385,412		9,385,412
Security	1,070,248		1,070,248
Support Equipment	2,472,608		2,472,608
ARRA	2,784,099		2,784,099
<b>Total</b>	<b>\$ 99,484,058</b>	<b>\$ 500,000</b>	<b>\$ 99,984,058</b>

# Board Action Requested

LYNX staff is asking for approval of the amended FY2014 operating and capital budgets.

	<b>FY2014 Amended</b>	<b>FY2014 Amended</b>	<b>% Change</b>
Operating	\$ 127,936,419	\$ 128,994,147	0.8%
Capital	99,484,058	99,984,058	0.5%
<b>Total</b>	<b>\$ 227,420,477</b>	<b>\$ 228,978,205</b>	<b>0.7%</b>

**Audit Committee Agenda Item #3.B**

**To: LYNX Board of Directors**

**From: Blanche Sherman**  
DIRECTOR OF FINANCE  
**Leonard ANTMANN**  
(Technical Contact)  
**Salawu Ajala**  
(Technical Contact)

**Phone: 407.841.2279 ext: 6100**

**Item Name: Overview of FY2015 Capital and Operating Budgets**

**Date: 9/25/2014**

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The key assumptions used by the LYNX budget team in preparation of the FY2015 Operating Budget were presented at the January 29, 2014 Audit Committee meeting and the Preliminary Operating Budget was presented at the March 27, 2014 Board Meeting. The FY2015 Preliminary Capital Budget assumptions were presented at the July 24, 2014 Audit Committee Meeting. The Preliminary Operating Budget totaled \$127,680,744 and the Preliminary Capital Budget totaled \$88,911,512. The FY2015 Operating Budget has been presented to the funding partners.

Since the presentations of the preliminary budgets, LYNX staff continued communications with the funding partners and review of operating and capital needs for FY2015 to provide the best estimate of budgetary needs.

The FY2015 Operating and Capital Budgets, are being presented to the Board of Directors for final consideration and approval at the September 25, 2014 Board meeting.

LYNX staff will make a presentation to the Audit Committee of the FY2015 Proposed Operating and Capital Budgets in the amount of \$126,498,589 and \$87,809,187, respectively.

# FY2015 Adopted Operating & Capital Budgets

Presented to the  
LYNX Audit Committee

by Blanche W. Sherman, CPA

Director of Finance

September 25, 2014

# Key Budget Assumptions – Overall

- ▶ FY2015 Funding based on LYNX Adopted Funding Model
- ▶ Maintain current Preventative Maintenance funding level
- ▶ Maximize current service levels through efficiencies
- ▶ Apply additional Flex (NeighborLink) services, where appropriate

# Key Budget Assumptions – Revenues

- ▶ Apply impacts of legislative changes to Medicaid
- ▶ Maximize use of Anticipated Advertising Revenue

# Key Budget Assumptions – Expenses

- ▶ Impacts of group health insurance program
- ▶ Full year impact of pension reform contribution rate
- ▶ Continuation of fuel hedging program

# FY2015 Operating Budget Overview

	<b>FY2014</b>	<b>FY2015</b>	
	<b>Amended</b>	<b>Proposed</b>	<b>% Change</b>
<b>Operating Revenue</b>	\$ 128,994,147	\$ 126,498,589	-1.9%
<b>Operating Expenses</b>	128,994,147	126,498,589	-1.9%
<b>Operating Income/(Deficit)</b>	\$ -	\$ -	N/A



# FY2015 Operating Revenue

	<b>FY2014</b>	<b>FY2015</b>	
	<b>Amended</b>	<b>Proposed</b>	<b>% Change</b>
<b>Fund Balance</b>	\$ 416,156	\$ 1,465,286 *	252.1%
<b>Customer Fares</b>	29,429,794	29,530,910	0.3%
<b>Contract Services</b>	11,163,514	6,593,296	-40.9%
<b>Advertising on Buses</b>	1,730,000	1,875,000	8.4%
<b>Advertising - Trade</b>	-	30,000	0.0%
<b>Interest &amp; Other Income</b>	492,099	417,000	-15.3%
<b>Federal</b>	20,940,968	16,640,178	-20.5%
<b>State</b>	11,510,852	12,659,235	10.0%
<b>Local</b>	53,310,764	57,287,684	7.5%
<b>Total Operating Revenue</b>	<b>\$ 128,994,147</b>	<b>\$ 126,498,589</b>	<b>-1.9%</b>

\* Includes \$1,113,088 in carry-over contingency funding and prepaid funding.

# FY2015 Operating Expenses

	<b>FY2014</b>	<b>FY2015</b>	
	<b>Amended</b>	<b>Proposed</b>	<b>% Change</b>
<b>Salaries/Wages/Fringes</b>	\$ 66,291,087	\$ 70,796,959	6.8%
<b>Other Services</b>	11,829,519	11,138,951	-5.8%
<b>Fuel</b>	16,847,125	16,108,610	-4.4%
<b>Materials &amp; Supplies</b>	7,436,393	7,411,652	-0.3%
<b>Utilities</b>	1,401,578	1,439,337	2.7%
<b>Casualty and Liability</b>	1,397,267	1,399,850	0.2%
<b>Taxes &amp; Tags</b>	432,141	409,841	-5.2%
<b>Purchased Transportation</b>	21,190,430	16,851,215	-20.5%
<b>Miscellaneous</b>	874,399	676,674	-22.6%
<b>Leases</b>	181,120	265,500	46.6%
<b>Reserves</b>	1,113,088	-	N/A
<b>Total Operating Expenses</b>	<b>\$ 128,994,147</b>	<b>\$ 126,498,589</b>	<b>-1.9%</b>

# FY2015 Local Revenue by Jurisdiction

	<b>FY2014</b>	<b>FY2015</b>	<b>%</b>
	<b>Amended</b>	<b>Proposed *</b>	<b>Change</b>
<b>Orange County</b>	\$ 35,777,072	\$ 40,282,526	12.6%
<b>Osceola County</b>	5,248,347	5,479,172	4.4%
<b>Seminole County</b>	5,920,884	6,249,068	5.5%
<b>City of Orlando</b>	3,814,797	3,895,598	2.1%
<b>City of Orlando - LYMMO</b>	1,883,055	2,060,215	9.4%
<b>Total Local Funds</b>	\$ 52,644,155	\$ 57,966,579	10.1%
<b>Cities, Other Agencies &amp; Private</b>	666,609	618,079	-7.3%
<b>Subtotal</b>	\$ 53,310,764	\$ 58,584,658 **	9.9%
<b>Capital Contributions</b>			
<b>Orange County</b>	\$ 1,677,044	\$ 1,687,947	0.7%
<b>Osceola County</b>	211,165	193,753	-8.2%
<b>Seminole County</b>	225,537	216,984	-3.8%
<b>Total Capital Contributions</b>	\$ 2,113,746	\$ 2,098,684	-0.7%
<b>Total</b>	<b>\$ 55,424,510</b>	<b>\$ 60,683,342</b>	<b>9.5%</b>

\*Based on Funding Model

\*\*Includes \$1,113,008 in carry-over contingency funding and prepaid funding.

# FY2015 Capital Budget Overview

	<b>FY2014</b>	<b>FY2015</b>	
	<b>Amended</b>	<b>Proposed</b>	<b>% Change</b>
<b>Capital Contributions</b>	\$ 99,984,058	\$87,809,187	-12.2%
<b>Capital Expenditures</b>	99,984,058	87,809,187	-12.2%
<b>Capital Income/(Deficit)</b>	\$ -	\$ -	N/A

# FY2015 Capital Budget Contributions

<b>Capital Contributions</b>	<b>FY2014 Amended</b>	<b>FY2015 Proposed</b>	<b>% Change</b>
Federal Contributions	\$ 82,456,580	\$ 82,016,900	-0.5%
State Contributions	4,440,423	411,879	-90.7%
Local Contributions	11,534,148	5,380,408	-53.4%
Reserves	1,552,907	-	-100.0%
<b>Total</b>	<b>\$ 99,984,058</b>	<b>\$ 87,809,187</b>	<b>-12.2%</b>

# Total Budget Summary

	<b><u>FY2014</u></b> <b><u>Amended</u></b>	<b><u>FY2015</u></b> <b><u>Proposed</u></b>	<b><u>Change</u></b>
<b>Operating Revenue</b>	\$ 128,994,147	\$ 126,498,589	-1.9 %
<b>Operating Expenses</b>	128,994,147	126,498,589	-1.9%
<b>Operating Income/(Deficit)</b>	-	-	N/A
<b>Capital Funding</b>	\$ 99,984,058	\$ 87,809,187	-12.2%
<b>Capital Expenditures</b>	99,984,058	87,809,187	-12.2%
<b>Capital Income/(Deficit)</b>	-	-	N/A
<b>Total Sources of Funding</b>	\$ 228,978,205	\$ 214,307,776	-6.4%
<b>Total Uses of Funding</b>	228,978,205	214,307,776	-6.4%
<b>Net Financial Position</b>	-	-	N/A

**Staffing Count**

1105

1108

# Operating Budget Calendar

Final Board Action

September 25

Budget Year 2014–2015 Commences

October 1

**Audit Committee Agenda Item #3.C**

**To:** LYNX Board of Directors

**From:** John Lewis  
CHIEF EXECUTIVE OFFICER  
Blanche Sherman  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6017

**Item Name:** Compressed Natural Gas (CNG) Unsolicited Proposal Negotiations Update

**Date:** 9/25/2014

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LYNX received an Unsolicited Compressed Natural Gas (CNG) P3 Proposal from NoPetro dated September 13, 2013. Based on Procurement staff's review, the proposal is valid and essential to LYNX. As such, LYNX acquired the services of Stifel, Nicolaus & Company, Incorporated to perform a comprehensive review and financial evaluation of the proposal.

On March 27, 2014 and May 22, 2014, Margaret Lezcano, Managing Director, of Stifel Nicolaus and LYNX staff provided updates to LYNX' Audit Committee on the CNG proposal operations evaluation with recommendations for moving forward with negotiations with NoPetro.

On May 22, 2014, LYNX Board of Director's authorized LYNX' Chief Executive Officer or designee to begin negotiations with NoPetro for the CNG Unsolicited Proposal with the final recommendations to be brought before the Board of Directors for final approval.

At the September 25, 2014 Audit Committee meeting, Margaret Lezcano and LYNX staff will provide an update on the CNG proposal operations evaluation and continuing negotiations with NoPetro.



**Audit Committee Agenda Item #3.D**

**To:** LYNX Board of Directors

**From:** John Lewis  
CHIEF EXECUTIVE OFFICER  
Susan Black  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6017

**Item Name:** Discussion of New LYNX Committee Structure

**Date:** 9/25/2014

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LYNX' General Counsel will provide an overview of the proposed Amendment to Administrative Rule 2.

Amendment to Administrative Rule 2

An amendment to Administrative Rule 2 is being presented to the Audit and Oversight Committee and to the Governing Board. The amendment was drafted in response to input received from LYNX staff and from input from certain of LYNX's funding partners. The amendment is intended to enable LYNX to operate more efficiently and to give LYNX' funding partners greater participation in financial and risk management matters. The amendment seeks to achieve these objectives by:

- Recreating the Audit and Oversight Committee as the Oversight Committee. Any matters relating to "audit" would now be contained in the Finance and Audit Committee referenced below. There would be no other substantive changes to the Oversight Committee from its existing structure. As an aside, it is contemplated that the meetings of the Oversight Committee would continue to occur the same day as the Board meetings.
- Establishing a Finance and Audit Committee which will make recommendations to the Oversight Committee (who would then report to the Governing Board) and LYNX staff with respect to financial policies, goals and budgets that support the mission, values and strategic goals of LYNX. The Finance and Audit Committee would also oversee the annual audit of LYNX's financial statements. The membership of the Finance and Audit Committee would be comprised of a staff member from each of the funding partners with expertise in financial matters. LYNX's Director of Finance/Chief Financial Officer would not be a member of the committee but would provide it with support. The Committee would not have any independent authority to undertake any actions on behalf of LYNX.

- Establish a Risk Management Committee which will review and provide recommendations to LYNX with respect to LYNX's safety, insurance and risk management programs, as well as any pending litigation relating to liability and sovereign immunity matters. If requested by the Governing Board, the Oversight Committee or the LYNX Director of Risk Management, the Risk Management Committee would also review and make recommendations regarding demands, claims and lawsuits where the Authority is or would be a potential defendant, respondent or otherwise responsible party. The membership of the Risk Management Committee would be comprised of a staff member from each of the funding partners with expertise in risk management matters. The LYNX Director of Risk Management would not be a member of the committee but would provide it with support.

**ADMINISTRATIVE RULE 2 (AMENDMENT)**

**SUBJECT: ESTABLISHMENT OF COMMITTEES**

**EFFECTIVE DATE:**

**SCOPE:** The purpose of this amendment is to recreate the Oversight and Audit Committee as the Oversight Committee and to establish a Finance and Audit Committee and a Risk Management Committee.

**AUTHORITY:**

Authority for the establishment of this amendment to Administrative Rule 2 is as follows:

Part II, Chapter 343, Florida Statutes

**AMENDMENT:**

Section 2.12 of Administrative Rule 2 is hereby deleted in its entirety and the following is inserted in lieu therefor:

2.12 ~~2.12.~~ **Authorization to Establish Committees.** The Governing Board, by resolution adopted by a Majority of the Members, may create one or more committees which may exercise such powers as shall be conferred or authorized by the resolution creating said committee or committees. The composition of any committee, the removal of committee members, and the filling of vacancies shall be determined by the Governing Board. No committee may exercise any authority which is required by applicable law to be exercised solely by the Governing Board.

2.12.1 **Establishment of Oversight and Audit Committee; Purpose.** A committee ~~of the Governing Board~~ is hereby established, to be known as the **“Oversight and Audit Committee.”** ~~The Oversight and Audit Committee’s primary functions are: (i) to assist the Governing Board in fulfilling its oversight responsibilities by reviewing the financial information, systems of internal controls which the Authority’s staff has established, and the audit process, and (ii) (i) to serve as a workshop to review and discuss matters prior to the Governing Board taking official action on such matters. In carrying out its primary functions, it is the responsibility of the Oversight and Audit Committee to provide an open avenue of communication between the Governing Board, the Authority’s staff and the Authority’s external auditors. The Oversight and Audit~~ and (ii) to oversee the Finance and Audit Committee and the Risk Management Committee. The Oversight Committee is provided specific authority to make recommendations to the Director of Finance/Chief Financial Officer, the Chief Executive Officer and the Governing Board with respect to matters that come before it.

- A. **Composition.** The Oversight ~~and Audit~~ Committee shall ~~consist~~be comprised of five members, ~~consisting of the five~~ (each an “Oversight Committee Member”). ~~The~~ Members of the Governing Board. ~~In~~ shall ~~comprise~~ the ~~event a member~~membership of the Oversight ~~and Audit~~ Committee ~~is unable to attend a meeting, for any reason, such member may designate any person from his or her organization to attend the meeting~~Committee; provided, however, that any Oversight Committee Member may designate an employee of the governmental entity that such member represents to attend any meeting of the Oversight Committee and exercise all of the powers of the Oversight and Audit Committee member Member in ~~his or her~~such member’s absence. The duration of any designation shall be for such period of time as is determined by the Oversight ~~and Audit~~ Committee member making the designation.
- B. **Meeting Schedule and Notice.** The Oversight ~~and Audit~~ Committee shall annually establish a schedule for meetings ~~of the Oversight and Audit Committee. The Oversight and Audit~~ provided, that the chairperson may cancel or reschedule any previously scheduled meeting or call a special meeting. The Oversight Committee shall meet at the offices of the Authority, or at such other location within the jurisdiction serviced by the Authority. All meetings of the Oversight ~~and Audit~~ Committee except as may otherwise be provided herein below and in accordance with applicable law shall be duly scheduled, subject to public notice and open to the public, to the extent required by, and in accordance with, Florida law.
- C. **Quorum.** The presence in person of a majority of the ~~members present of the Oversight and Audit~~ Members shall constitute a quorum for the transaction of business.
- D. **Committee Action.** If a quorum is present, the affirmative vote of a majority of the ~~members present of the Oversight and Audit~~ Members shall constitute an act of the Oversight ~~and Audit~~ Committee.
- E. **Chair.** ~~All meetings of the Oversight and Audit Committee must be chaired by the Chairman of the Governing Board. In his or her absence (whether or not he or she designates someone to attend in his or her absence), all meetings shall be chaired by the Vice Chairman of the Governing Board.~~ **Officers.** The Oversight Committee shall annually elect from its members a chairperson and vice chairperson and such other officers as determined by the Oversight Committee. The chairperson, and in his or her absence the vice chairperson, shall preside over all meetings of the Oversight Committee. In the absence of a chairperson or vice chairperson, the Oversight Committee members shall elect a replacement chairperson for such meeting.

F. **Responsibilities.** The Oversight ~~and Audit~~ Committee shall carry out such responsibilities as are assigned to it by the Governing Board and take such actions as it deems appropriate within the scope of its ~~primary~~ responsibilities. ~~In addition, assigned hereunder. In furtherance thereof~~ the Oversight ~~and Audit~~ Committee shall ~~(subject to the direction of the Governing Board):~~

1. **General.**

- a. Review and make recommendations to LYNX staff and the Governing Board as to the agenda for upcoming meetings of the Governing Board.
- b. ~~a. Make~~ Serve as a workshop to discuss and make recommendations to the Governing Board on matters being considered or to be considered by the Governing Board as the Oversight ~~and Audit~~ Committee may deem appropriate.
- c. Receive reports from the Finance and Audit Committee and Risk Management Committee and provide recommendations and guidance.
- d. Review the Chief Executive Officer's Report to the Governing Board and make recommendations to the Chief Executive Officer regarding the same.

2.12.2 Establishment of Finance and Audit Committee; Purpose. A committee is hereby established to be known as the Finance and Audit Committee. The Finance and Audit Committee is responsible for recommending to the Oversight Committee and Authority Staff financial policies, goals and budgets that support the mission, values and strategic goals of the Authority, and for overseeing the annual audit of the Authority's financial statements.

A. **Composition.** The Finance and Audit Committee shall be comprised of five members (each an "**Finance and Audit Committee Member**"). Each Member of the Governing Board shall be entitled to designate one Finance and Audit Committee Member from among the employees of the governmental entity that he or she represents. Each Finance and Audit Committee Member should have expertise in financial matters. The Director of Finance/Chief Financial Officer of the Authority will not be a member of the Finance and Audit Committee but will support the committee.

B. **Meeting Schedule and Notice.** The Finance and Audit Committee shall annually establish a schedule for meetings; provided, that the chairperson may cancel or reschedule any previously scheduled meeting or call a special meeting. The Finance and Audit Committee shall meet at the offices of the Authority, or at such other location within the jurisdiction serviced by the

Authority. All meetings of the Finance and Audit Committee except as may otherwise be provided herein below and in accordance with applicable law shall be duly scheduled, subject to public notice and open to the public, to the extent required by, and in accordance with, Florida law. It is initially contemplated, although not required, that the Finance and Audit Committee would meet on at least a monthly basis.

C. **Quorum.** The presence in person of a majority of the Finance and Audit Committee Members shall constitute a quorum for the transaction of business.

D. **Committee Action.** If a quorum is present, the affirmative vote of a majority of the Finance and Audit Committee Members shall constitute an act of the Finance and Audit Committee.

E. **Officers.** The Finance and Audit Committee shall annually elect from its members a chairperson and such other officers as determined by the Finance and Audit Committee. The chairperson shall preside over all meetings of the Finance and Audit Committee. In his or her absence at any particular meeting, the vice chairperson shall preside over the meeting (if one has been elected). In the absence of a chairperson or vice chairperson, the Finance and Audit Committee members shall elect a replacement chairperson for such meeting.

F. **Reports.** The chairperson (or his or her designee from the Finance and Audit Committee) shall regularly provide reports to the Oversight Committee on the status of matters before the Finance and Audit Committee, and shall provide reports to the Governing Board regarding such matters on an as needed basis.

G. **Responsibilities.** The Finance and Audit Committee shall carry out such responsibilities as are assigned to it by the Governing Board or by the Oversight Committee and take such actions as it deems appropriate within the scope of its responsibilities assigned hereunder. In furtherance thereof the Finance and Audit Committee shall:

1. **General.**

a. Review the Authority's proposed annual budget as presented by the Authority's staff for the upcoming fiscal year.

b. Recommend the annual budget to the Oversight Committee for approval after incorporating necessary amendments.

c. Monitor and report to the Oversight Committee on the Authority's compliance with its adopted budget during the fiscal year (actual vs. estimated).

d. ~~b. Conduct or authorize~~ If directed by the Governing Board or Oversight Committee, conduct investigations ~~(as it deems appropriate)~~ into any matters within the ~~Oversight~~ Finance and Audit Committee's scope of responsibilities. The ~~Oversight~~ Finance and Audit Committee shall have unrestricted access to members of the Authority's staff and relevant information. The ~~Oversight~~ Finance and Audit Committee may retain independent counsel, accountants or others to assist if in the conduct of any such investigation. Operating budget reserves may be used for investigative costs if necessary.

2. **Internal Controls and Risk Assessment.**

- a. Review and evaluate the effectiveness of the Authority's process for assessing significant risks or exposures and the steps the Authority's staff has taken to monitor and control such risks to the Authority. The ~~Oversight~~ Finance and Audit Committee shall review any significant findings and recommendations of the Authority's external auditors together with the Authority's staff's responses including the timetable for implementation of recommendations to correct any weakness in internal controls.
- b. Receive annual information from the Authority's external auditors regarding their independence, and if so determined by the ~~Oversight~~ Finance and Audit Committee, recommend that the Authority takes appropriate actions to satisfy itself of the Authority's external auditor's independence.

3. **Internal Audit.**

- a. Confirm and assure the independence and adequacy of resources for internal audit services.
- b. Review the annual internal audit plan and the focus on risk.
- c. Consider and review with the Authority's staff:
  - (i) ~~(i)~~—Significant findings and the Authority's staff's response including the timetable for implementation to correct weaknesses.
  - (ii) ~~(ii)~~—Any difficulties encountered in the course of an audit such as restrictions on the scope of work or access to information.

4. **Compliance with Laws, Regulations, and Code of Conduct.** Determine and make recommendations to the ~~Governing Board~~Oversight Committee as to whether the Authority is in compliance with pertinent laws and regulations, is conducting its affairs in accordance with the Code of Ethics set forth in Administrative Rule 5, and is maintaining effective controls against conflicts of interest and fraud.
  
5. **Financial Reporting.** Review with the Authority's staff and the Authority's external auditors at the completion of the annual examination:
  - a. Communications from the Authority's external auditors in the audit planning process that are required by Government Auditing Standards.
  - b. The annual financial statements and related footnotes.
  - c. The Authority's external auditors' audit of the financial statements and their report.
  - d. Management's Certification of the financial statements.
  - e. Any significant changes required in the audit plan.
  - f. Any difficulties or disputes with the Authority's staff encountered during the audit.
  - g. The organization's accounting principles.
  - h. Other matters related to conduct that should be communicated to the ~~Oversight~~Finance and Audit Committee in accordance with Government Auditing Standards #61.
  - i. Review with the Authority's staff, the Authority's financial performance on a regular basis.
  
6. **External Auditor.**
  - a. Recommend to the ~~Governing Board~~Oversight Committee the Authority's external auditors to be appointed and the related compensation.
  - b. Review and approve the discharge of the Authority's external auditors.



- c. Review the scope and approach of the annual audit with the Authority's external auditors.
- d. Approval all non-audit services provided by the Authority's external auditors.

~~I hereby certify that the foregoing Administrative Rule 2 was adopted by the Governing Board of the Authority at its duly called meeting on \_\_\_\_\_, 2011.~~

\_\_\_\_\_  
~~Deborah Henderson, Assistant Secretary~~

2.12.3 Establishment of Risk Management Committee; Purpose. A committee is hereby established to be known as the Risk Management Committee. The Risk Management Committee is responsible for reviewing and providing recommendations to the Authority with respect to the Authority's safety, insurance and risk management programs.

A. Composition. The Risk Management Committee shall be comprised of five members (each a "Risk Management Committee Member"). Each Member of the Governing Board shall be entitled to designate one Risk Management Committee Member from among the employees of the governmental entity that he or she represents. Each Risk Management Committee Member should have expertise in the particular matters that are to come before the Risk Management Committee. The Director of Risk Management of the Authority will not be a member of the Risk Management Committee but will support the committee.

B. Meeting Schedule and Notice. The Risk Management Committee shall annually establish a schedule for meetings; provided, that the chairperson may cancel or reschedule any previously scheduled meeting or call a special meeting. The Risk Management Committee shall meet at the offices of the Authority, or at such other location within the jurisdiction serviced by the Authority. All meetings of the Risk Management Committee except as may otherwise be provided herein below and in accordance with applicable law shall be duly scheduled, subject to public notice and open to the public, to the extent required by, and in accordance with, Florida law. As provided in Section 768.28(16), Florida Statutes, portions of meetings and proceeds conducted solely to the evaluation of claims or which relate solely to offers of compromise of claims are exempt from the public meeting requirements of Section 286.011, Florida Statutes, and Section 24(b), Article I of the State Constitution. It is initially contemplated, although not required, that the Risk Management Committee would meet on a triannual or quarter annual basis.

- C. **Quorum.** The presence in person of a majority of the Risk Management Committee Members shall constitute a quorum for the transaction of business.
- D. **Committee Action.** If a quorum is present, the affirmative vote of a majority of the Risk Management Committee Members shall constitute an act of the Risk Management Committee.
- E. **Officers.** The Risk Management Committee shall annually elect from its members a chairperson and such other officers as determined by the Risk Management Committee. The chairperson shall preside over all meetings of the Risk Management Committee. In his or her absence at any particular meeting, the vice chairperson shall preside over the meeting (if one has been elected). In the absence of a chairperson or vice chairperson, the Risk Management Committee members shall elect a replacement chairperson for such meeting.
- F. **Reports.** At the next meeting of the Oversight Committee following each meeting of the Risk Management Committee, the chairperson (or his or her designee from the Risk Management Committee) shall provide a report to and solicit input from the Oversight Committee on the status of matters before the Risk Management Committee. The chairperson (or his or her designee from the Risk Management Committee) shall also provide reports to and solicit input from the Oversight Committee regarding such matters on an as needed basis.
- G. **Responsibilities.** The Risk Management Committee shall carry out such responsibilities as are assigned to it by the Governing Board or the Oversight Committee and take such actions as it deems appropriate within the scope of its responsibilities assigned hereunder. In furtherance thereof the Risk Management Committee shall and is specifically authorized to:
1. Review pending legislation pertaining to liability and sovereign immunity matters and review LYNX's risk management programs and insurance coverages, and provide periodic status updates and recommendations to the Oversight Committee regarding such matters.
  2. If requested by the Governing Board, Oversight Committee or Director of Risk Management, review tort and worker's compensation based demands, claims and lawsuits where the Authority is or would be a potential defendant, respondent or otherwise responsible party, and provide recommendations to the Governing Board, Oversight Committee or Director of Risk Management, as appropriate, regarding such demands, claims and lawsuits. Such recommendations may include whether or not to settle such demands, claims and lawsuits and, if the Risk

Management Committee believes that settlement is appropriate, the recommended terms of such settlement.

**ADMINISTRATIVE RULE 2 (AMENDMENT)**

**SUBJECT: ESTABLISHMENT OF COMMITTEES**

**EFFECTIVE DATE:**

**SCOPE:** The purpose of this amendment is to recreate the Oversight and Audit Committee as the Oversight Committee and to establish a Finance and Audit Committee and a Risk Management Committee. **AUTHORITY:**

Authority for the establishment of this amendment to Administrative Rule 2 is as follows:

Part II, Chapter 343, Florida Statutes

**AMENDMENT:**

Section 2.12 of Administrative Rule 2 is hereby deleted in its entirety and the following is inserted in lieu thereof:

2.12 **Authorization to Establish Committees**. The Governing Board, by resolution adopted by a Majority of the Members, may create one or more committees which may exercise such powers as shall be conferred or authorized by the resolution creating said committee or committees. The composition of any committee, the removal of committee members, and the filling of vacancies shall be determined by the Governing Board. No committee may exercise any authority which is required by applicable law to be exercised solely by the Governing Board.

2.12.1 **Establishment of Oversight Committee; Purpose**. A committee is hereby established to be known as the Oversight Committee. The Oversight Committee's primary functions are (i) to serve as a workshop to review and discuss matters prior to the Governing Board taking official action on such matters and (ii) to oversee the Finance and Audit Committee and the Risk Management Committee. The Oversight Committee is provided specific authority to make recommendations to the Director of Finance/Chief Financial Officer, the Chief Executive Officer and the Governing Board with respect to matters that come before it.

A. **Composition**. The Oversight Committee shall be comprised of five members (each an "**Oversight Committee Member**"). The Members of the Governing Board shall comprise the membership of the Oversight Committee; *provided, however*, that any Oversight Committee Member may designate an employee of the governmental entity that such member represents to attend any meeting of the Oversight Committee and exercise all of the powers of the Oversight Committee Member in such member's absence. The duration of any designation shall be for such period of time as is determined by the Oversight Committee member making the designation.

- B. **Meeting Schedule and Notice.** The Oversight Committee shall annually establish a schedule for meetings; provided, that the chairperson may cancel or reschedule any previously scheduled meeting or call a special meeting. The Oversight Committee shall meet at the offices of the Authority, or at such other location within the jurisdiction serviced by the Authority. All meetings of the Oversight Committee except as may otherwise be provided herein below and in accordance with applicable law shall be duly scheduled, subject to public notice and open to the public, to the extent required by, and in accordance with, Florida law.
  
- C. **Quorum.** The presence in person of a majority of the Oversight Committee Members shall constitute a quorum for the transaction of business.
  
- D. **Committee Action.** If a quorum is present, the affirmative vote of a majority of the Oversight Committee Members shall constitute an act of the Oversight Committee.
  
- E. **Officers.** The Oversight Committee shall annually elect from its members a chairperson and vice chairperson and such other officers as determined by the Oversight Committee. The chairperson, and in his or her absence the vice chairperson, shall preside over all meetings of the Oversight Committee. In the absence of a chairperson or vice chairperson, the Oversight Committee members shall elect a replacement chairperson for such meeting.
  
- F. **Responsibilities.** The Oversight Committee shall carry out such responsibilities as are assigned to it by the Governing Board and take such actions as it deems appropriate within the scope of its responsibilities assigned hereunder. In furtherance thereof the Oversight Committee shall:
  - 1. **General.**
    - a. Review and make recommendations to LYNX staff and the Governing Board as to the agenda for upcoming meetings of the Governing Board.
  
    - b. Serve as a workshop to discuss and make recommendations to the Governing Board on matters being considered or to be considered by the Governing Board as the Oversight Committee may deem appropriate.
  
    - c. Receive reports from the Finance and Audit Committee and Risk Management Committee and provide recommendations and guidance.

- d. Review the Chief Executive Officer's Report to the Governing Board and make recommendations to the Chief Executive Officer regarding the same.

2.12.2 **Establishment of Finance and Audit Committee; Purpose.** A committee is hereby established to be known as the Finance and Audit Committee. The Finance and Audit Committee is responsible for recommending to the Oversight Committee and Authority Staff financial policies, goals and budgets that support the mission, values and strategic goals of the Authority, and for overseeing the annual audit of the Authority's financial statements.

- A. **Composition.** The Finance and Audit Committee shall be comprised of five members (each an "**Finance and Audit Committee Member**"). Each Member of the Governing Board shall be entitled to designate one Finance and Audit Committee Member from among the employees of the governmental entity that he or she represents. Each Finance and Audit Committee Member should have expertise in financial matters. The Director of Finance/Chief Financial Officer of the Authority will not be a member of the Finance and Audit Committee but will support the committee.
- B. **Meeting Schedule and Notice.** The Finance and Audit Committee shall annually establish a schedule for meetings; provided, that the chairperson may cancel or reschedule any previously scheduled meeting or call a special meeting. The Finance and Audit Committee shall meet at the offices of the Authority, or at such other location within the jurisdiction serviced by the Authority. All meetings of the Finance and Audit Committee except as may otherwise be provided herein below and in accordance with applicable law shall be duly scheduled, subject to public notice and open to the public, to the extent required by, and in accordance with, Florida law. It is initially contemplated, although not required, that the Finance and Audit Committee would meet on at least a monthly basis.
- C. **Quorum.** The presence in person of a majority of the Finance and Audit Committee Members shall constitute a quorum for the transaction of business.
- D. **Committee Action.** If a quorum is present, the affirmative vote of a majority of the Finance and Audit Committee Members shall constitute an act of the Finance and Audit Committee.
- E. **Officers.** The Finance and Audit Committee shall annually elect from its members a chairperson and such other officers as determined by the Finance and Audit Committee. The chairperson shall preside over all meetings of the Finance and Audit Committee. In his or her absence at any particular meeting, the vice chairperson shall preside over the meeting (if one has been elected). In the absence of a chairperson or vice

chairperson, the Finance and Audit Committee members shall elect a replacement chairperson for such meeting.

F. **Reports.** The chairperson (or his or her designee from the Finance and Audit Committee) shall regularly provide reports to the Oversight Committee on the status of matters before the Finance and Audit Committee, and shall provide reports to the Governing Board regarding such matters on an as needed basis.

G. **Responsibilities.** The Finance and Audit Committee shall carry out such responsibilities as are assigned to it by the Governing Board or by the Oversight Committee and take such actions as it deems appropriate within the scope of its responsibilities assigned hereunder. In furtherance thereof the Finance and Audit Committee shall:

1. **General.**

- a. Review the Authority's proposed annual budget as presented by the Authority's staff for the upcoming fiscal year.
- b. Recommend the annual budget to the Oversight Committee for approval after incorporating necessary amendments.
- c. Monitor and report to the Oversight Committee on the Authority's compliance with its adopted budget during the fiscal year (actual vs. estimated).
- d. If directed by the Governing Board or Oversight Committee, conduct investigations into any matters within the Finance and Audit Committee's scope of responsibilities. The Finance and Audit Committee shall have unrestricted access to members of the Authority's staff and relevant information. The Finance and Audit Committee may retain independent counsel, accountants or others to assist in the conduct of any such investigation. Operating budget reserves may be used for investigative costs if necessary.

2. **Internal Controls and Risk Assessment.**

- a. Review and evaluate the effectiveness of the Authority's process for assessing significant risks or exposures and the steps the Authority's staff has taken to monitor and control such risks to the Authority. The Finance and Audit Committee shall review any significant findings and recommendations of the Authority's external auditors together with the Authority's staff's responses including

the timetable for implementation of recommendations to correct any weakness in internal controls.

- b. Receive annual information from the Authority's external auditors regarding their independence, and if so determined by the Finance and Audit Committee, recommend that the Authority takes appropriate actions to satisfy itself of the Authority's external auditor's independence.

3. **Internal Audit.**

- a. Confirm and assure the independence and adequacy of resources for internal audit services.
- b. Review the annual internal audit plan and the focus on risk.
- c. Consider and review with the Authority's staff:
  - (i) Significant findings and the Authority's staff's response including the timetable for implementation to correct weaknesses.
  - (ii) Any difficulties encountered in the course of an audit such as restrictions on the scope of work or access to information.

4. **Compliance with Laws, Regulations, and Code of Conduct.**

Determine and make recommendations to the Oversight Committee as to whether the Authority is in compliance with pertinent laws and regulations, is conducting its affairs in accordance with the Code of Ethics set forth in Administrative Rule 5, and is maintaining effective controls against conflicts of interest and fraud.

5. **Financial Reporting.** Review with the Authority's staff and the Authority's external auditors at the completion of the annual examination:

- a. Communications from the Authority's external auditors in the audit planning process that are required by Government Auditing Standards.
- b. The annual financial statements and related footnotes.
- c. The Authority's external auditors' audit of the financial statements and their report.
- d. Management's Certification of the financial statements.



- e. Any significant changes required in the audit plan.
- f. Any difficulties or disputes with the Authority’s staff encountered during the audit.
- g. The organization’s accounting principles.
- h. Other matters related to conduct that should be communicated to the Finance and Audit Committee in accordance with Government Auditing Standards #61.
- i. Review with the Authority’s staff, the Authority’s financial performance on a regular basis.

6. **External Auditor.**

- a. Recommend to the Oversight Committee the Authority’s external auditors to be appointed and the related compensation.
- b. Review and approve the discharge of the Authority’s external auditors.
- c. Review the scope and approach of the annual audit with the Authority’s external auditors.
- d. Approval all non-audit services provided by the Authority’s external auditors.

2.12.3 **Establishment of Risk Management Committee; Purpose.** A committee is hereby established to be known as the Risk Management Committee. The Risk Management Committee is responsible for reviewing and providing recommendations to the Authority with respect to the Authority’s safety, insurance and risk management programs.

- A. **Composition.** The Risk Management Committee shall be comprised of five members (each a “**Risk Management Committee Member**”). Each Member of the Governing Board shall be entitled to designate one Risk Management Committee Member from among the employees of the governmental entity that he or she represents. Each Risk Management Committee Member should have expertise in the particular matters that are to come before the Risk Management Committee. The Director of Risk Management of the Authority will not be a member of the Risk Management Committee but will support the committee.
- B. **Meeting Schedule and Notice.** The Risk Management Committee shall annually establish a schedule for meetings; provided, that the chairperson may cancel or reschedule any previously scheduled meeting or call a

special meeting. The Risk Management Committee shall meet at the offices of the Authority, or at such other location within the jurisdiction serviced by the Authority. All meetings of the Risk Management Committee except as may otherwise be provided herein below and in accordance with applicable law shall be duly scheduled, subject to public notice and open to the public, to the extent required by, and in accordance with, Florida law. As provided in Section 768.28(16), Florida Statutes, portions of meetings and proceeds conducted solely to the evaluation of claims or which relate solely to offers of compromise of claims are exempt from the public meeting requirements of Section 286.011, Florida Statutes, and Section 24(b), Article I of the State Constitution. It is initially contemplated, although not required, that the Risk Management Committee would meet on a triannual or quarter annual basis.

- C. **Quorum.** The presence in person of a majority of the Risk Management Committee Members shall constitute a quorum for the transaction of business.
- D. **Committee Action.** If a quorum is present, the affirmative vote of a majority of the Risk Management Committee Members shall constitute an act of the Risk Management Committee.
- E. **Officers.** The Risk Management Committee shall annually elect from its members a chairperson and such other officers as determined by the Risk Management Committee. The chairperson shall preside over all meetings of the Risk Management Committee. In his or her absence at any particular meeting, the vice chairperson shall preside over the meeting (if one has been elected). In the absence of a chairperson or vice chairperson, the Risk Management Committee members shall elect a replacement chairperson for such meeting.
- F. **Reports.** At the next meeting of the Oversight Committee following each meeting of the Risk Management Committee, the chairperson (or his or her designee from the Risk Management Committee) shall provide a report to and solicit input from the Oversight Committee on the status of matters before the Risk Management Committee. The chairperson (or his or her designee from the Risk Management Committee) shall also provide reports to and solicit input from the Oversight Committee regarding such matters on an as needed basis.
- G. **Responsibilities.** The Risk Management Committee shall carry out such responsibilities as are assigned to it by the Governing Board or the Oversight Committee and take such actions as it deems appropriate within the scope of its responsibilities assigned hereunder. In furtherance thereof the Risk Management Committee shall and is specifically authorized to:

1. Review pending legislation pertaining to liability and sovereign immunity matters and review LYNX's risk management programs and insurance coverages, and provide periodic status updates and recommendations to the Oversight Committee regarding such matters.
2. If requested by the Governing Board, Oversight Committee or Director of Risk Management, review tort and worker's compensation based demands, claims and lawsuits where the Authority is or would be a potential defendant, respondent or otherwise responsible party, and provide recommendations to the Governing Board, Oversight Committee or Director of Risk Management, as appropriate, regarding such demands, claims and lawsuits. Such recommendations may include whether or not to settle such demands, claims and lawsuits and, if the Risk Management Committee believes that settlement is appropriate, the recommended terms of such settlement.