

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

MINUTES CENTRAL FLORIDA EXPRESSWAY AUTHORITY BOARD MEETING July 9, 2015

Board Members Present:

Commissioner Welton G. Cadwell, Lake County (Chairman)
Commissioner Brenda Carey, Seminole County (Secretary-Treasurer)
Commissioner S. Scott Boyd, Orange County (Vice Chairman)
Mayor Buddy Dyer, City of Orlando
Mayor Teresa Jacobs, Orange County
Walter A. Ketcham, Jr., Gubernatorial Appointment
Jay Madara, Gubernatorial Appointment
S. Michael Scheeringa, Gubernatorial Appointment

Board Member Not Present

Commissioner Fred Hawkins, Jr., Osceola County

Non-Voting Advisor Not Present:

Diane Gutierrez-Scaccetti, Florida's Turnpike Enterprise

Staff Present at Dais:

Laura Kelley, Executive Director
Joseph L. Passiatore, General Counsel
Darleen Mazzillo, Recording Secretary/Executive Assistant

CALL TO ORDER

The meeting was called to order at 9:00 a.m. by Chairman Welton Cadwell.

PUBLIC COMMENT

There was no public comment.

APPROVAL OF MINUTES

A motion was made by Mr. Ketcham and seconded by Mayor Jacobs to approve the June 11, 2015 Board Meeting Minutes and June 11, 2015 Board Workshop Minutes as presented. The motion carried unanimously with eight (8) members present and voting AYE by voice vote; Commissioner Hawkins was not present.

APPROVAL OF CONSENT AGENDA

The Consent Agenda was presented for approval (Exhibit A).

CONSTRUCTION & MAINTENANCE

1. Authorization to advertise for Systemwide Monitoring, Maintenance and Repair of Building Security Systems – Contract No. 001133
2. Approval to award contract to CDM Smith, Inc. for Construction Engineering & Inspection Services for S.R. 408/S.R. 417 Interchange Improvements – Project No. 253F/Contract No. 001069 (Contract Amount: Not-to-Exceed \$3,000,000)
3. Authorization to execute Cooperative Purchase Agreement with KMG Fence, LLC for Fence Installation and Repairs – Contract No. 001128 (Contract Amount: \$143,635)
4. Authorization to advertise for Construction Engineering & Inspection Services for S.R. 417 Resurfacing from International Drive to Moss Park Road – Project No. 417-733/Contract No. 001131
5. Authorization to execute Construction Contract Modifications on the following contract:
 - a) Contract No. 417-304 Southland Construction, Inc. (\$406,761.49)

ENGINEERING

6. Authorization to advertise for Design Consultant Services for S.R. 528/S.R. 436 Bridge Deck Replacement & Rehabilitation – Project No. 528-130/Contract No. 001135

FINANCE & ACCOUNTING

7. Approval of the substitution of the credit facility for the \$118,500,000 Subseries 2008B-2 Bonds with a direct placement to RBC Municipal Products, LLC and related amendments to CFX's Ninth Supplemental Authorizing Resolution
8. Authorization to advertise for Investment Banking/Underwriter Services – Contract No. 001132

INFORMATION TECHNOLOGY

9. Authorization to renew contract with 4 Corner Resources, LLC for Information Technology Services – Contract No. 000895 (Contract Amount: \$468,000)

LEGAL

10. Adoption of Resolution of Necessity for the acquisition of Parcel 314, Wekiva Parkway, Project 429-206
11. Approval of Interlocal Agreement with Orange County, City of Orlando and Central Florida Expressway Authority for a property exchange and reconfiguration of CFX's existing retention ponds along S.R. 429
12. Approval for the sale of surplus Parcel 198, Part D to Roper Family Limited Partnership - Project No. 429-200 (Sale Price \$115,792.63)

TOLL OPERATIONS

13. Approval of Supplemental Agreement No. 15-02 with TransCore, L.P. for system hardware maintenance at S.R. 528 Airport Replacement Ramp Plazas – Contract No. 000178 (Not-to-Exceed \$1,536,887.12)
14. Approval of Zero Dollar Lease Agreement with Egis – Contract No. 001136

SUPPLIER DIVERSITY

15. Authorization to advertise for Supplier Diversity Consultant – Contract No. 001129

Consent Agenda #15 was pulled for further review.

A motion was made by Commissioner Carey and seconded by Mayor Jacobs to approve the Consent Agenda with the exception of #15. The motion carried unanimously with eight (8) members present and voting AYE by voice vote; Commissioner Hawkins was not present.

CHAIRMAN'S REPORT

General Counsel Joe Passiatore's employment agreement requires an annual review by the Chairman. Mr. Passiatore will prepare a report to the Board recapping our first year in existence and also what he sees as the goals of the office. The report will be placed on next month's agenda for Board discussion.

TREASURER'S REPORT

Commissioner Carey reported that toll revenues for May were \$30,323,604 which is 8% above projections and 10% above prior year. CFX's total revenues were \$32.1 million for the month.

Total OM&A expenses were \$4.1 million for the month and \$50 million year-to-date, which is 10.6% under budget.

After debt service the total net revenue available for projects was \$16.1 million for May and \$148.2 million year-to-date.

EXECUTIVE DIRECTOR'S REPORT

Laura Kelley provided the Executive Director Report in written form. In addition, she addressed the following items:

- Ms. Kelley addressed the recent media reports about funding of SunRail. She pointed out that our enabling legislation allows this Board to look at intermodal opportunities, however the enabling legislation only allows us to look at intermodal activities and solutions when it benefits our toll customers. For instance, we can look at intermodal opportunities when it relieves congestion on an already existing system. As part of the master plan process we have been meeting with our partners. In the fall we will be talking to the Board about intermodal opportunities.
- Ms. Kelley encouraged everyone to go on the CFX website and take our survey. We want to know how you want the Expressway Authority to serve you.
- A few months ago our financial team began evaluating the possibility of purchasing portions of the SR 417 and SR 429 in Seminole County and Osceola County and the 8-mile section from I-4 to the CFX section of SR 528. Commissioner Carey has agreed to work with Ms. Kelley as we begin meeting with FDOT to discuss and negotiate the issues. Ms. Kelley will report to the Board on a monthly basis. The Board members provided their comments on this issue.
- Ms. Kelley congratulated the Finance and Accounting Department for receiving the next Certificate of Achievement for the Comprehensive Annual Report for fiscal year ending June 30, 2014.
- Staff is analyzing and evaluating the financial forecasting assumptions that go into building our Work Plan. In the fall we will be sharing those evaluations with the Board so we can make some decisions about our financial policy.
- The Florida Transportation Commission has just released their report on our annual performance. We met 15 out of the 16 performance measures. The only measure we did not meet was a consultant overrun measure, which was due to our decision to halt design on the SR 417/Boggy Creek Interchange so we could talk to Osceola County.
- Ms. Kelley's Executive Director report included a four-page snapshot of the major functional areas of the organization. Ms. Kelley is working with Mr. Madara to develop a one-page dashboard that shows at a glance of how we are doing in the major areas.

REGULAR AGENDA ITEMS

1. ORGANIZATIONAL UPDATE

Ms. Kelley updated the Board on changes she will be making to flatten out the organizational structure.

She will have four major divisions reporting to her:

- Infrastructure
- Finance
- Public Relations/Communication
- Technology (new position)

Ms. Kelley reported that she will be moving Lisa Lumbard to the permanent CFO position.

2. APPROVAL OF FIVE-YEAR WORK PLAN (FY 2016 – FY 2020)

Ms. Kelley has asked the team to look at a Work Plan that is a little more conservative so that as we look at the financial assumptions that build the forecasts we have the flexibility to look at those policies and make changes if we see fit.

Director of Engineering Glenn Pressimone reported that at the Board Workshop last month we presented a Work Plan that totaled \$1.3 billion. The Work Plan that we are presenting for approval today has been scaled down approximately \$75 million for a total of \$1.23 billion. The area that was reduced is under the Interchange Projects. We moved a construction phase of the SR 408/SR 417 Interchange from the five-year period out into the ten-year period. There was also a schedule change to the Renewal and Replacement Projects.

Mr. Pressimone showed a schematic of the SR 408/SR 417 Interchange and explained what phase was moved to the ten-year period. Phase II construction was moved from FY 2019 to FY 2022.

Draft Plan Funding Distribution:

- 31.7% Wekiva Parkway
- 17.6% SR 408/I-4 Interchange
- 15.8% Renewal & Replacement Projects
- 14.1% Interchange Projects
- 9.0% Existing System Improvements
- 7.2% Toll Facilities Projects
- 2.6% System Expansion Projects
- 1.1% ITS Projects
- 0.4% Signing & Pavement Markings
- 0.4% Landscape Projects
- 0.1% Non-System Projects

Major Projects:

- Capacity Improvements (\$63.5M)
 - SR 408 from Good Homes to Hiawassee
 - SR 408 from SR 417 to Alafaya Trail
 - SR 528 from Narcoossee to SR 417
 - SR 417 from Econ Trail to County Line (design)
- Operational Improvements (\$14.5M)
 - SR 417 SB to SR 528 WB Ramp Modification
 - SR 429 SB to CR 535 Exit Ramp Modification
- Interchange Projects (\$423.1M)
 - SR 408/SR 417
 - SR 417/Boggy Creek Rd.
 - SR 528/Innovation Way
 - SR 408 at I-4 Ultimate
- SR 528 Airport Toll Plaza Demolition (\$27.8M)
- Toll Collection System Upgrade (\$68.0M)
- Milling & Resurfacing (\$168.4M)
- Bridge Replacement/Improvements (\$36.2M)
- Right-of-Way Multimodal Corridor (\$28 M)
- Wekiva Parkway (\$423.7M)
 - US 441 to Kelly Park – Complete in Spring 2017
 - Kelly Park to SR 46 – Complete in January 2018

As requested last month, Mr. Pressimone presented information on the quality of life improvements that this Work Plan would generate. He presented a graphic that shows the recurring system congestion. This Work Plan addresses all of the 8 top congestion points that exist today.

Also as requested last month, Mr. Pressimone highlighted the safety and operational improvements addressed by this Work Plan.

CFO Lisa Lumbard presented the financial analysis of the Work Plan. The Work Plan as presented is fully fundable and will allow us to meet our 1.6 planning target for debt coverage ratios in all the years going out. This Plan will require additional debt of approximately \$1.1 billion (FY 16, FY17, FY18, FY20, FY22 and FY24). The additional debt will account for approximately 48% of the project expenditures over the 10-year period. Ms. Lumbard presented a graph that shows where our debt service ratio falls in comparison to our Planning Target, Board Policy and Bond Covenants.

Ms. Lumbard requested Board approval of the Fiscal Year 2016 to FY 2020 Work Plan.

A motion was made by Commissioner Boyd and seconded by Commissioner Carey to approve the Five-Year Work Plan as presented. The motion carried unanimously with eight (8) members present and voting AYE by voice vote; Commissioner Hawkins was not present.

At the Executive Director's request, Ms. Lumbard gave an update on the Bond Anticipation Notes. The competitive sale of the Bond Anticipation Notes was held on July 8. Seven bids were received. Wells Fargo was the winning bidder with a total interest cost of 1.59.

3. UPDATE ON CENTRALIZED CUSTOMER SERVICE SYSTEM (CCSS)

Executive Director Laura Kelley reported that a formal bid protest has been submitted by Accenture on the award of the Centralized Customer Service System contract. Ms. Kelley is continuing to work with the Turnpike Authority to set up meetings so we can work on negotiating the Interlocal Agreement and Governance Contract.

Ms. Kelley reported that the Governance Contract we have received does not include the essential elements that we hope to see in the contract. She will continue to report back to the Board as we move forward.

4. INTERNAL AUDIT REVIEW OF CUSTOMER CALL CENTER

Jeff Tecau, Managing Director of Protiviti, reported on the performance review of the existing customer call center operations. The objectives of the review were to (1) develop an understanding of the center's current operations, (2) provide the Authority with recommendations and leading practices to consider implementing as the Authority moves to a centralized back office, and (3) provide a benchmark for evaluating the future performance of the centralized back office contact center.

The review was conducted over the period of March 23 – April 16, 2015 with the assistance of the Authority management and the third party call center operations vendor. A total of 400 call observations were performed during the evaluation of the call center operations.

This report was accepted by the Audit Committee in May. The Board members were provided with a full report in their agenda packages.

A motion was made by Mayor Jacobs and seconded by Mr. Ketcham to accept the Back Office Customer Call Center Review. The motion carried unanimously with eight (8) members present and voting AYE by voice vote; Commissioner Hawkins was not present.

5. UPDATE ON WRONG WAY DRIVING

Director of Expressway Operations Corey Quinn shared the success of the pilot program for wrong way drivers that was approved by the Board last month.

The testing was completed on SR 408 the week of June 15. He showed a video of how the four flashing lights interact with vehicles entering a ramp the wrong way. Since the last board meeting we have had four (4) documented vehicles that entered the ramp going in the wrong direction that turned around upon seeing the flashing lights.

(This item was presented for information only. No Board action was taken.)

6. APPROVAL TO AWARD CONTRACT TO SOUTHLAND CONSTRUCTION, INC. FOR SR 429/CR 535 SOUTH OFF-RAMP IMPROVEMENTS – PROJECT NO. 429-654C

Director of Construction and Maintenance Ben Dreiling gave an update on the SR 429/CR 535 Ramp Improvement Project and requested authorization to award the contract to Southland Construction, Inc.

Four responsive bids were received on the project. The Procurement Department has evaluated all bids and has determined the bid from Southland Construction to be responsible and responsive to the bidding requirements.

Contract Amount: \$2,042,198.88

Contract Duration: 180 days plus a 60-day "flex start"

The Board members asked questions regarding the project, which were answered by Mr. Dreiling.

A motion was made by Commissioner Boyd and seconded by Mr. Madara to approve award of Project No. 429-654C to Southland Construction, Inc. The motion carried unanimously with eight (8) members present and voting AYE by voice vote; Commissioner Hawkins was not present.

PROPOSED PERFORMANCE BASED PAY POLICY

As directed by the Board last October, our Manager of Human Resources Heidi Klingensmith has developed a performance based pay policy for the Board's consideration.

Ms. Kelley presented the highlights of the policy:

- Annual scheduled review period
- Compensation for employees on their performance based on an approved evaluation tool
- Adjustments designated for each category for meeting standards and exceeding standards
- Employees that do not meet standards will not receive an increase and will either receive a warning or be placed on a Performance Improvement Plan
- Executive Director will evaluate reviews and approve adjustments based on the budget set by the Board
- An additional COLA may be considered by the Board

The Operations, Maintenance and Administration Budget that the Board approved last month did not include a line item for salary adjustments.

Ms. Kelley recommended Board approval of the Performance Based Pay Policy (Exhibit "B"). She also asked the Board to consider the budgeted amount to implement this policy. She suggested a budgeted amount of 3%, which would equate to approximately \$175,000. She also suggested a range of 0% to 5% under the pay policy. She also proposed that the pay adjustments be retroactive to July 1, 2015.

The Board members asked several questions, which were answered by Ms. Kelley.

Mr. Madara requested that staff identify a cost center to offset the salary adjustments. He supports the Performance Based Pay Policy but does not support an increase to the current budget to fund it.

A motion was made by Mr. Scheeringa and seconded by Commissioner Carey to approve the Performance Based Pay Policy, utilizing a range of 0% to 5%, and a 3% pool, and to be funded within the current budget. The motion carried unanimously with eight (8) members present and voting AYE by voice vote; Commissioner Hawkins was not present.

BOARD MEMBER COMMENT

Mayor Dyer, Commissioner Carey and Mr. Scheeringa commented that it is the right time to have discussions regarding the expanded powers of this Board as it relates to intermodal projects. Chairman Cadwell said that we plan to have those conversations as part of the 2040 Master Plan.

Mr. Madara congratulated Lisa Lumbard as permanent CFO. In addition he looks forward to working with Laura Kelley on a dashboard as part of the Executive Director report.

Mayor Jacobs welcomed Heidi Klingensmith to the CFX staff.

ADJOURNMENT

The Chairman adjourned the meeting at 10:06 a.m.

Commissioner Welton G. Cadwell
Chairman
Central Florida Expressway Authority

Darleen Mazzillo
Recording Secretary/Executive Assistant
Central Florida Expressway Authority

Minutes approved on _____, 2015.

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