

MINUTES
ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY
BOARD MEETING
January 26, 2009

Board Members Present: Richard Crotty, Chairman
 Noranne Downs, Secretary-Treasurer
 Mark Filburn
 Tanya Juarez

Board Member Absent: Harvey Massey, Vice Chairman

Also Present: Michael Snyder, Executive Director
 Joseph Passiatore, General Counsel
 Darleen Mazzillo, Assistant Secretary/Exec. Asst.
 (See Exhibit "A" for others in attendance)

A meeting of the Orlando-Orange County Expressway Authority was held on Monday, January 26, 2009. Chairman Richard Crotty called the meeting to order at approximately 11:05 a.m.

APPROVAL OF MINUTES

The minutes of the December 17, 2008 board meeting were presented for approval. **A motion was made by Mr. Filburn and seconded by Ms. Juarez to approve the minutes of the December 17, 2008 board meeting as submitted. The motion carried with four board members present and voting AYE by voice vote; Mr. Massey was not present.**

CONSENT AGENDA

1. Authorization to enter into Supplemental Agreement with Martin Petroleum Corp. of Florida for fuel price adjustment
2. Authorization to advertise for Requests for Proposals for Banking Services Contractor (Contract No. 000601)
3. Approval of contract award to Bob's Barricades, Inc. for Systemwide Traffic Control Devices (Contract No. 000588)

4. Authorization to advertise for construction bids for Miscellaneous Systemwide Restriping (Contract No. 000602)
5. Authorization to enter into agreement with Computer-Aid, Inc. for Information Technology Consultant Services (Contract No. 000603)
6. Authorization to enter into Supplemental Agreement No. 09-01 with TransCore, L.P. for purchase of spare and repair parts to support System Hardware Maintenance (Contract No. SHM-01)
7. Request approval to continue to list the property at 525 South Magnolia Avenue, Orlando, Florida for sale at a price of \$3.4 million or alternatively, to lease the property at current commercial rental market rates
8. Approval of Real Estate Sale and Purchase Agreement for Surplus Parcels 375A Part 2 Remainder and Parcel 376 Part B Remainder
9. Authorization to execute contract modifications on the following construction contracts:
 - a) Contract No. 253B PCL Civil Constructors
 - b) Contract No. 253C Lane Construction
 - c) Contract No. 414-210 Ranger Construction
 - d) Contract No. 414-211 Hubbard Construction
 - e) Contract No. 429-200C Johnson Bros. Corp.
 - f) Contract No. 417-457A Hubbard Construction
 - g) Contract No. 599-500 Trans Tech Electric
 - h) Contract No. 599-103A RJP Enterprises

A motion was made by Ms. Downs and seconded by Mr. Filburn to approve the Consent Agenda as submitted. The motion carried with four members present and voting AYE by voice vote; Mr. Massey was not present.

CHAIRMAN'S REPORT

Chairman Crotty said that the opening of the John Land Apopka Expressway from SR 429 to Hiwassee Road will take place on February 14, which is four months ahead of schedule. The remainder of the project will open in June. As part of the event, we will have a Kids Fun Run and a 5K Challenge. The 5K participants will get a coupon for a free E-PASS transponder. There will be activities for the kids, an official ribbon cutting and other festivities. Many community groups and schools will be participating.

TREASURER'S REPORT

Ms. Downs reported that for December 2008 toll revenues were \$16,220,000 which is 8% below projections. Year-to-date, toll revenues are 8% or \$8.2 million below the prior year. The Authority's total revenues were \$17.4 million for the month.

Net OM&A expenses were \$3.5 million for the month and \$18.9 million year-to-date, which is 10% below budget.

After debt service, this produced a net result of \$3.4 million for the month of December and \$20 million year-to-date.

EXECUTIVE DIRECTOR'S REPORT

~ Mike Snyder presented an award to Teresa Ang, Accounting Specialist, for ten years of service to the Expressway Authority.

~ Mr. Snyder said that we have reported our data to the Florida Transportation Commission for the annual performance evaluations that they do for the toll agencies and FDOT. There are 13 performance measures that they use. Last year we met or exceeded 10 of the 13 measures. This year we met or exceeded 12 of the 13 measures. The only goal that we did not meet was the long-term goal to have 75% electronic penetration by the end of fiscal year 2008. We are at 69% at this time, which is one of the highest in the state. The 75% goal was set several years ago by the Transportation Commission and is a lofty goal to meet. As we convert our plazas to electronic express lanes, the numbers will continue to rise. Mr. Snyder said that we are very proud of our performance this year.

ANNUAL ELECTION OF OFFICERS

Chairman

Mr. Snyder opened up the position of Chairman for nominations. **A motion was made by Ms. Juarez and seconded by Mr. Filburn to nominate Mayor Crotty as Chairman. The motion carried with four members present and voting AYE by voice vote; Mr. Massey was not present.**

Vice Chairman

Mayor Crotty opened up the position of Vice Chairman for nominations. **A motion was made by Ms. Downs and seconded by Mr. Filburn to nominate Tanya Juarez as Vice Chairman. The motion carried with four members present and voting AYE by voice vote; Mr. Massey was not present.**

Secretary-Treasurer

Mayor Crotty opened up the position of Secretary-Treasurer for nominations. **A motion was made by Ms. Downs and seconded by Ms. Juarez to nominate Mark Filburn as Secretary-Treasurer. The motion carried with four members present and voting AYE by voice vote; Mr. Massey was not present.**

Chairman Crotty said that these elections will usher in some changes to the structure of the committees. He made the following committee appointments:

Right-of-Way Committee

The Right-of-Way Committee to remain the same, with Mark Filburn and Tanya Juarez serving.

Finance Committee

Mayor Crotty and Mark Filburn will serve on the Finance Committee.

Audit Committee

Tanya Juarez and the new board member (when appointed) will serve on the Audit Committee.

Operations Committee

Noranne Downs and the new board member (when appointed) will serve on the Operations Committee.

TEAMFL representative

Noranne Downs will remain as the OOCEA representative to TEAMFL.

EXECUTIVE DIRECTOR'S EMPLOYMENT RENEWAL AGREEMENT

A motion was made by Mr. Crotty and seconded by Mr. Filburn to approve the Employment Renewal Agreement with Mike Snyder. The motion carried with four members present and voting AYE by voice vote; Mr. Massey was not present.

Mr. Snyder made the point that this contract has a \$5,000 pay reduction from his current salary. With the downturn in traffic and the budget reductions, he wanted his salary to reflect where this agency currently stands.

Ms. Downs expressed her appreciation that Mike is taking the pay reduction. It shows leadership for the agency in being a team player.

CONSTRUCTION UPDATE

Ben Dreiling, Director of Construction, briefed the Board on the progress of the SR 408 Widening, SR 414 Maitland Blvd. Extension/John Land Apopka Expressway and Beachline Expressway construction.

Mr. Dreiling presented the following construction program facts:

- Work is progressing at a monthly rate of between \$14 to \$18 million (down from \$22 million one year ago)
- Total contract value of over \$530 million (down from \$770 million one year ago)
- 81% earned to date (up from 65% one year ago)
- Backlog of 100 million (down from \$270 million one year ago)
- All major projects are on budget and on or ahead of schedule
- No active or pending litigation – some disputed items
- Environmentally responsible manner
- Traffic impacts have been minimized, communication with customers has been maximized

SR 408 Widening

Contract 253B – Crystal Lake Drive to Conway Road

- Contractor: PCL Constructors
- Contract Amount: \$77,889,219
- Start Date: Sept. 4, 2007
- Progress \$: 64%
- Scheduled Completion: February 2010 (900 days)

Major elements of this project are the widening of the Lake Underhill Bridge and the replacement of the Conway Ramp Toll Plaza. He showed a rendering of the completed Lake Underhill Bridge.

He also noted that this project included the complete removal of the old concrete pavement, which was replaced with asphalt pavement.

Due to the close proximity to the Orlando Executive Airport, we have been coordinating closely with the Airport Authority.

Contract 253C – Conway Road to Oxalis Ave.

- Contractor: Lane Construction Co.
- Contract Amount: \$126.9 million
- Start Date: Oct. 16, 2006
- Progress \$: 97.2% (73% time)
- Scheduled Completion: October 2009

The major element of this project was replacing the 1972 barrier toll plaza and administration building. The new roadway includes a split toll plaza.

Another major element is the complete replacement of the SR 436 bridges, which was done in four phases.

Contract 253C is the highest profile and most challenging project. It has met the challenges that required customer awareness.

Beachline Expressway Projects

Contract 907 – SR 528/Narcoossee Road Interchange Improvements

- Contractor: Hubbard Construction
- Contract Amount: \$24,318,322
- Start Date: Oct. 8, 2007
- Progress \$: 83.7%
- Scheduled Completion: June 2009

Contract 528-401 – Beachline Main Express Lanes

- Contractor: Hubbard Construction
- Start Date: Jan. 14, 2008
- Contract Value: \$26,987,471
- Progress \$: 73.4%
- Scheduled Completion: July 2009

John Land Apopka Expressway Projects

Contract 414-211 – SR 414 from East of Hiawasse Rd. to East of SR 441

- Contractor: Hubbard Construction
- Contract Amount: \$90,441,314
- Start Date: June 4, 2007
- Progress \$: 85.9%
- Scheduled Completion: June 2009

Contract 414-210 – SR 414 from West of CR 435 to Hiawasse Road

- Contractor: Ranger Construction
- Contract Amount: \$108,348,819
- Start Date: March 19, 2007
- Progress \$: 96%
- Scheduled Completion: June 2009

Contract 414-200C – SR 429/SR 414 Interchange

- Contractor: Johnson Brothers Corp.
- Contract Amount: \$36,655,570

- Start Date: August 13, 2007
- Progress \$: 92.3%
- Scheduled Completion: February 2009

Contract 414-212 – John Land/Coral Hills Express Toll Plaza

- Contractor: Southland Construction
- Contract Amount: \$10,931,572
- Start Date: January 21, 2008
- Progress \$: 78.1%
- Scheduled Completion: April 2009

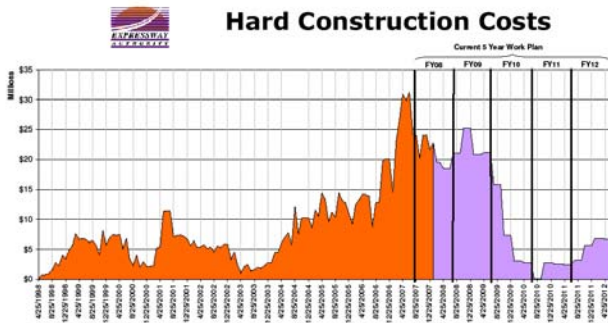
Contract 429-200B – SR 429/SR 441 Intersection Improvements

- Contractor: Emerald
- Contract Value: \$5,825,042
- Start Date: July 14, 2008
- Progress \$: 40.2%
- Scheduled Completion: November 2009

Mr. Dreiling presented the projects as related to the Five Year Work Plan:



Mr. Dreiling showed this chart showing the actual and projected construction costs:



Mr. Dreiling finished by saying that we are well positioned for a declining backlog of projects. We have effectively transitioned to in-house Sr. Project Engineer and lead CEI.

Mr. Filburn and Ms. Juarez congratulated Ben Dreiling and his team for their work in constructing these projects on time and on budget.

Mayor Crotty asked if the name of the SR 408 east plaza (Spessard Holland) will retain the same name under the new configuration? Mr. Dreiling deferred this question to Lindsay Hodges, Manager of Communications.

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

REVISED OPERATIONS, MAINTENANCE & ADMINISTRATION BUDGET FOR FISCAL YEAR 2009

Chief Financial Officer, Nita Crowder said that in June of this year the Board adopted a budget for the 2009 fiscal year. Because the Authority was experiencing a decline in revenue, the Board directed staff to reduce the budget by 2%, which was presented and approved in September. Executive Director Snyder went the step further and ordered staff to hold back a full 10% of the budget until the revenues stabilized. As the Board is aware, revenues have remained at decreased levels and our traffic and revenue consultants recently updated the current year projections that toll revenues will be \$188.6 million. This is approximately 8.4% lower than FY 08 actual revenues of \$206 million and 11% lower than our original projection of \$211,500,000.

Given the current revenue projections, staff is recommending that the Board make official the full 10% budget reduction to help our debt service coverage and to keep our target OM&A expenses of lower than 25% of toll revenues. Ms. Crowder's presentation focused on the measures that have been taken to achieve this reduction.

While monitoring the revenue trends, staff's focus has been to maintain the credit integrity of the Authority. Good information systems and monitoring of revenue collections is an important area of focus so management can make adjustments to its financial plans on a timely basis.

Ms. Crowder presented the following chart which shows how we are doing year-to-date; comparing original budget to actual receipts on a monthly basis. This chart shows in green our original current year toll revenue projection we developed in June and in red, our actual receipt totals through December. The blue line represents the latest projection of \$188,600,000 for the current year.



As these revised projections have been finalized, we were not caught off-guard, and were in fact, poised to cut expenses to absolute minimums. Executive Director Snyder has updated the Board on a regular basis about the revenue trends and the fact that, to ensure adequate cash flows, certain capital projects were being delayed.

In addition, we asked managers to take a close look at their individual cost centers and basically put everything under a microscope. Our target percentage was a 10% total reduction which includes the September cuts. The management team looked at all the costs and creatively came up with a plan for achieving our goal. Together we were able to reduce the organization-wide net budget by 10.7%.

	Original 2009	Revised 2009	Reduction	Percentage
Operations	\$36,393,712	\$32,697,629	\$3,696,089	10.2%
Maintenance	15,724,951	13,973,266	1,751,585	11.1%
Administration	7,451,705	6,435,886	1,015,819	13.6%
Total Budget	59,570,368	53,106,875	6,463,493	10.9%
FDOT Participation	(10,369,673)	(9,190,675)	(1,178,998)	11.4%
Total OOCEA Costs	\$49,200,695	\$43,916,200	\$5,284,495	10.7%

As the Board knows, we have had to delay certain capital projects. Since the beginning of the fiscal year, as projects were scheduled to start, we have stopped to determine if the project could be delayed. So far we have postponed the Dallas Blvd. toll plaza project, some ITS improvements and some landscaping projects. At this point, all new capital projects are on hold until adequate funds become available.

Ms. Crowder said that we have done a number of things to reduce operating costs, some of which can impact our level of service. For example, we have reduced the number of toll collectors by 65 full time employees, which can increase wait times or force cash customers to exact change lines, or preferably, to E-PASS.

We have postponed the hiring of certain administrative positions. The Authority has been in a transition period for the last couple of years. A substantial part of the transition has been bringing certain services in-house and being less reliant on contract personnel. The Authority has filled positions that create direct and substantial cost savings, such as maintenance oversight personnel and in-house general counsel. However, we have postponed some of the supporting positions, such as an assistant attorney, a business development professional, an expressway operations professional, and several administrative assistant positions.

We have cut back on certain maintenance functions such as trash pick up and mowing along the right of way. We are also delaying certain landscape improvements, and therefore, delaying the maintenance expenses associate with those projects. These activities will not impede the operation of the roadway, but the driving experience may not be as aesthetically pleasing. Road safety will be maintained. We also looked at the maintenance cycles of toll and ITS equipment. In the case of the ITS equipment, we have sufficient data at this point to be comfortable that doubling the preventative maintenance cycle-time on the equipment would not impair its functionality. As we move forward, we will continue to evaluate this to ensure we have the optimal cycles from a cost-benefit perspective.

We had originally budgeted for a contribution to the FDOT Traffic management center that currently monitors our roadway, via our cameras, but we coordinated with FDOT to eliminate that budget item.

Ms. Crowder said that these operating cost reductions are difficult but shows the degree to which we are addressing this situation.

With each cost cut we made we based our discussion primarily on costs but we refused to sacrifice safety and the long-term viability of our equipment and road system. For example, we have not cut hours or coverage of our Road Ranger Program. Based on the feedback we continually get, our customers really appreciate the additional safety that program brings, so no changes are proposed there.

Although the State Trooper program was not fully staffed the first half of this year, FHP has now filled the empty positions in that program and the 8-member squad is fully staffed. Again, the dedicated troopers are there to improve the safety of our motoring public.

Although some roadway projects have been postponed until funding becomes available, there has been no change in the Renewal and Replacement Program. This program, which is designed to maintain our system, remains fully funded to ensure our roadways will continue to operate in excellent condition.

Procurement and Internal Audit are the two programs that the Board has been focused on improving in the last two years. Although some minor cuts (less than 3%) have been made in those areas, they both remain in tact as designed.

Ms. Crowder said that by reducing the budget we have maintained our target net OM&A expenses not to exceed 25% of revenues. We have actually come in at the same percentage as our original budget which is 23.3%. Management's early and effective revisions to budget have brought our bottom line back to original estimates despite the reduction in system revenues.

	Original 2009	Revised 2009
Operations	\$36,393,712	\$32,697,673
Maintenance	15,724,951	13,973,366
Administration	7,451,705	6,435,886
Total Budget	59,570,368	53,106,875
FDOT Participation	(10,369,673)	(9,190,675)
Net OOCEA Costs	\$49,200,695	\$43,916,200
System Revenues	\$211,500,000	\$188,600,000
Net OM&A as a % of Revenues	23.3%	23.3%

As the Board knows, our target Debt Service Ratio is 1.5, which is consistent with our current A/A1/A credit ratings. Our original ratio was 1.46. With the revised revenue projections and this revised budget, the ratio would approach the Board Policy of 1.3 times coverage. Our active management of the budget is important. The debt service ratio is an important measure of debt repayment protection and an important component of good credit ratings.

As we have for the past year, staff continues to actively manage its budget and operations to preserve our financial strength and, given the revised projections recently received, we will be come back to the Board to discuss a plan that ensures our financial strength will not be compromised.

	FY 2009	
	Original	Revised
Total Revenues	\$224,318	\$201,250
Total Expenses	58,706	52,470
FDOT advances	(10,370)	(9,191)
Net Revenues	175,982	157,971
Debt Service payments	\$120,690	\$120,690
Debt Service ratio	1.46	1.31

Ms. Crowder requested that the Board consider these reductions and adopt the revised budget.

Ms. Juarez asked where Wekiva Parkway falls in regard to the capital projects that have been delayed. Mr. Snyder said that at this time Wekiva Parkway is not affected. We are completing the PD&E Study and working with FDOT and Federal Highway Administration to get to the public hearing. About three months after the public hearing we should have a record of decision from the FHWA. If financing were available, we would then be in a position to move ahead with the design of the Wekiva Parkway. At this time we do not have the money to move ahead with that. Ms. Juarez said that it is important to continue to move ahead as much as possible. We have to provide alternatives to our customers.

Ms. Juarez asked Nita Crowder what the board policy for debt service coverage is. Ms. Crowder said that a number of years ago the Board adopted a policy that we would not plan to below 1.3 coverage. Our bond covenants require 1.2 coverage. However, to stay consistent with our current credit ratings, we have always planned to 1.5. As a matter of fact, feedback from the rating agencies is that they expect us to be well ahead of that number, as we have been ahead of projections for a number of years.

As a follow-up, Mayor Crotty asked what happens if the DSR goes below 1.3. Ms. Crowder answered that we are violating our Board's policy at the point it goes below 1.3, so the credit rating agencies will take a very hard look at that situation and probably have some action taken.

Mr. Filburn said that the information that we are hearing today is very disconcerting. He asked Mike Snyder and Nita Crowder to put together a plan that we can review at the next board meeting to try to address this situation.

Mayor Crotty agreed with Mr. Filburn's suggestion that we explore the seriousness of the situation that we potentially find ourselves in. We are looking at a big issue here. Based on the numbers that we see here, it will warrant an examination. He also said that he finds it interesting that the comparison of our toll system to non-tolled roads, for example the eastern part of SR 408 as compared to East Colonial Drive, those same traffic reductions are occurring.

A motion was made by Mr. Filburn and seconded by Ms. Juarez to approve the Revised Operations, Maintenance & Administration Budget for FY 2009 as presented. The motion carried with four board members present and voting AYE by voice vote; Mr. Massey was not present.

PUBLIC COMMENT

There was no public comment.

OTHER BUSINESS

~ Mike Snyder thanked the Board for its show of confidence in him by rehiring him. We will do everything we can to continue to move ahead.

~ Mayor Crotty reiterated his appreciation to the board members, executive director, staff and contractors for all the work that has been done.

ADJOURNMENT

Mayor Crotty adjourned the meeting at approximately 12:02 p.m.

Richard Crotty, Chairman
Orlando-Orange County Expressway Authority

Darleen Mazzillo, Executive Assistant
Orlando-Orange County Expressway Authority