

On **THURSDAY, JANUARY 28, 2021**, the **CAPITAL MANAGEMENT COMMITTEE** of the Greater Orlando Aviation Authority met in Conference Room Lindbergh of the Greater Aviation Authority offices in the main terminal building at the Orlando International Airport (MCO), One Jeff Fuqua Boulevard, Orlando, Florida. Chairman Phillip N. Brown called the meeting to order at 3:00 p.m. The meeting was posted in accordance with Florida Statutes and a quorum was present in the room.

Committee members present, Phillip N. Brown, Chairman  
Thomas Draper, Senior Director of Operations  
Davin Ruohomaki, Senior Director of Construction and Engineering

Also present, Kathleen Sharman, Chief Financial Officer  
Linda George, Consultant  
Dan Gerber, Rumberger Kirk  
Rob Brancheau, Anser Advisory  
Larissa Bou, Recording Secretary and Manager of Board Services

*For individuals who conduct lobbying activities with Aviation Authority employees or Board members, registration with the Aviation Authority is required each year prior to conducting any lobbying activities. A statement of expenditures incurred in connection with those lobbying instances should also be filed prior to April 1 of each year for the preceding year. As of January 16, 2013, lobbying any Aviation Authority Staff who are members of any committee responsible for ranking Proposals, Letters of Interest, Statements of Qualifications or Bids and thereafter forwarding those recommendations to the Board and/or Board Members is prohibited from the time that a Request for Proposals, Request for Letters of Interests, Request for Qualifications or Request for Bids is released to the time that the Board makes an award. As adopted by the Board on September 19, 2012, lobbyists are now required to sign-in at the Aviation Authority offices prior to any meetings with Staff or Board members. In the event a lobbyist meets with or otherwise communicates with Staff or a Board member at a location other than the Aviation Authority offices, the lobbyist shall file a Notice of Lobbying (Form 4) detailing each instance of lobbying to the Aviation Authority within 7 calendar days of such lobbying. As of January 16, 2013, Lobbyists will also provide a notice to the Aviation Authority when meeting with the Mayor of the City of Orlando or the Mayor of Orange County at their offices. The policy, forms, and instructions are available in the Aviation Authority's offices and the web site. Please contact the Chief Administrative Officer with questions at (407) 825-7105.*

#### **MINUTES**

1. The Committee was in consensus to approve the meeting minutes of August 26, 2020, as written.

#### **REVIEW OF ENPLANEMENTS FORECAST COMPARED TO ACTUAL ENPLANEMENTS THROUGH DECEMBER 2020 AND THE FISCAL YEAR 2018-2025 CAPITAL IMPROVEMENT PROGRAM**

2. Ms. Sharman stated that on August 10, 2020, Staff presented a recommendation to the Capital Management Committee (CMC) to approve an update to the Fiscal Year 2018-2025 Capital Improvement Program (2020 CIP) with an overall reduction of \$361 million from the prior year CIP value of \$4.116 billion bringing the current 2020 CIP to \$3.756 billion. This reduction included \$134 million reduced from non-South Terminal C programs and \$227 million from the South Terminal C Phase I (STC-P1) and Phase 1 Expansion (STC-P1X) programs. The STC reductions allowed for the completion of the STC-P1 and STC-P1X Landside Terminal scope, the completion of the STC-P1 Airside Terminal, and the deferral of the STC-P1X Airside Terminal. The prior year CIP (2019 CIP) provided for Landside and Airside terminal facility to support 19 aircraft gates with a capacity of up to 27 Narrow-body aircraft positions. The current 2020 CIP provides for the operation of a total of 15 gates and a capability of up to 19 aircraft positions. The STC-P1X Landside Terminal together with STC-P1 is anticipated to be completed under this current 2020 CIP Update by February 2022, while the STC-P1X Airside Terminal will be deferred until a later date when the Aviation Authority determines market conditions support a demand driven expansion. The Aviation Authority Board approved the current 2020 CIP on August 19, 2020.

At the CMC meeting on August 10, 2020, in addition to accepting staff's recommendation, the CMC requested staff to review both the enplanement forecast and the CIP in January 2021, to ensure actual enplanements were meeting or exceeding the baseline traffic recovery scenario projections developed in May 2020 for purposes of financial projections. The ability to fund the current 2020 CIP was based on these projections, which were based on a weighted average of various independent enplanement forecasts prepared by aviation experts.

#### **Enplanement Review**

As indicated in the following table, enplanements have met or exceeded expectations since May.

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<b>FY 2020</b>				
<b>Month</b>	<b>Projected Enplanements*</b>	<b>2020 Actual Enplanements</b>	<b>Variance</b>	<b>Percent Variance</b>
October	2,000,733	2,000,733	-	0.0%
November	2,095,613	2,095,613	-	0.0%
December	2,270,118	2,270,118	-	0.0%
January	2,200,391	2,200,391	-	0.0%
February	2,151,015	2,151,015	-	0.0%
March	1,368,149	1,368,149	-	0.0%
April	108,968	82,335	(26,633)	(24.44%)
May	110,934	183,966	73,032	65.8%
June	106,417	433,523	327,106	307.4%
July	110,534	597,218	486,684	440.3%
August	212,375	569,069	356,694	168.0%
September	233,715	583,307	349,592	149.6%
<b>Total</b>	<b>12,968,961</b>	<b>14,535,437</b>	<b>1,566,476</b>	<b>12.1%</b>

\* Projection includes actual enplanements through March

<b>FY 2021</b>				
<b>Month</b>	<b>Projected Enplanements</b>	<b>2021 Actual Enplanements</b>	<b>Variance</b>	<b>Percent Variance</b>
October	728,045	778,779	50,734	7.0%
November	784,424	899,464	115,040	14.7%
December	820,465	978,811	158,346	19.3%
	<b>2,332,934</b>	<b>2,657,054</b>	<b>324,120</b>	<b>13.9%</b>

The 2020 CIP includes funding from Passenger Facility Charges (PFC), the \$4.50 user fee approved by the Federal Aviation Administration (FAA) for eligible capital projects and Customer Facility Charges (CFC), the \$3.50 charge per day added to rental car contracts. The collection of these fees is highly correlated with the number of passenger enplanements, and thus, the expected revenues from these funding sources are significantly impacted by the lower post-COVID enplanement projections. Forty-two percent of the STC programs are currently funded with PFCs. CFCs, which are used for ground transportation projects including parking garages and rental car capital facilities, constitute 5% of the STC Plan of Finance.

Actual PFC revenue in FY 2020 was \$52.3 million, exceeding the May 2020 projection of \$48.1 million by \$4.2 million. The PFC revenue projection for FY 2021 is \$45.9 million and as of November 30, 2020, \$6.6 million was recorded. Monthly passenger enplanements are expected to increase as a percentage of the same month of the prior year. Staff expects the PFC revenues to track with the projections when fully recorded.

Actual CFC revenue in FY 2020 was \$25.1 million, exceeding the May 2020 projection of \$20.6 million for FY 2020 by \$4.5 million. The CFC revenue projection for FY 2021 is \$8.9 million and as of November 30, 2020, \$2.5 million was recorded. The Rental Car companies report and remit CFCs in arrears. Staff expects the CFC revenues to track ahead of the projections when fully recorded.

**CIP Update**

Each year the Aviation Authority evaluates and updates the CIP to ensure resources are allocated in the most effective, efficient, and appropriate manner to manage the demands of the facilities at the Orlando International Airport. As a working plan, the CIP evolves and changes as economic and regulatory conditions change. The CIP is evaluated annually concurrent with the annual budget process. This process begins in February and is normally completed no later than August.

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The CIP update process involves collection of proposed CIP revisions from the Project Team consisting of the Planning, Engineering, and Construction department, Owners Authorized Representatives, Financial Consultant, and other various sources, including senior staff meetings, Construction Committee and Construction Finance Oversight Committee actions that impact the CIP, the Annual Budget process, and ongoing funding changes that occur during the implementation of a program.

To address the large volume of contingency requests, reduce costs, and mitigate the risks associated with the STC budget, funding, and schedule, the project team is in the process of negotiating interim (or final) settlements with selected subcontractors. This process is designed to resolve the outstanding cost and schedule issues with specific subcontractors by GMP. The project team is confident at this time that the scope as defined can still be completed within the current budgeted amount. Once the negotiated settlement process is complete and the final GMPs are awarded, the project team will review funding eligibility. At this time, the 2020 CIP funding may require adjustment to accommodate any shifts in funding eligibility.

Based on actual enplanements having exceeded the projections used in the financial model and the project team's confidence that the STC can still be completed within the current budget, staff recommends that no immediate action to revise the 2020 CIP is required at this time. Staff intends to update the CIP as is normally done concurrent with the annual budget process. This will allow for coordination of the CIP with the annual capital budget development as well as further refinement of the STC budget as the negotiated settlement process continues. The CIP update is targeted for presentation to CMC in late spring.

There is no fiscal impact.

It was respectfully requested that the Capital Management Committee (1) concur with staff's recommendation that no action to the CIP is required at this time, and (2) direct staff to update the CIP in Spring 2021, in connection with the annual budget process.

Chairman Brown asked if any member had questions or comments regarding the item. Mr. Ruohomaki made the observation that, currently, Anser Advisory, formerly known as R.W. Block Consulting, is looking at the funding eligibility.

Discussion ensued regarding the ability to fund the current CIP and the possibility of presenting the updated CIP to the Aviation Authority Board in August 2021. After discussion, Chairman Brown suggested that the best plan is to gather all the information by mid-June and present the updated CIP to the Aviation Authority Board in August.

Chairman Brown asked if there were any further questions or comments regarding the item. Hearing none, the Committee was in consensus of the recommendation.

Before closing the meeting, Chairman Brown stated, for the record, that current passenger traffic is trending lower compared to the passenger traffic before the Christmas holiday. This is because convention traffic has not materialized. This is also being reflected in the hotel bookings, which is also trending down. He indicated that due to this, January and February are tough months. Additionally, the vaccination program will ultimately impact travel and the public's interest in traveling. Ms. Sharman has been working on a monthly seasonal projection, which reflects a slowdown in traffic recovery, even during the months of March and April. If Spring Break does not materialize, that will result in a significant decrease in enplanement traffic. Historically, Spring Break is the traffic peak point, and without that peak, this will present challenges both in operations and in capital.

Discussion ensued regarding possible passenger traffic during Spring Break.

Chairman Brown asked if there were any further comments or questions. No further discussion took place.

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**ADJOURNMENT**

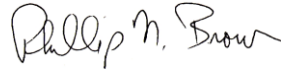
3. There being no further business to be considered, Chairman Brown adjourned the meeting at 3:17 p.m.

*(Digitally signed on March 18, 2021)*



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Larissa Bou  
Recording Secretary



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Phillip N. Brown  
Chairman