

**FINANCE COMMITTEE  
AGENDA**

DATE: September 15, 2021

DAY: Wednesday

TIME: 1:00 P.M.

PLACE: CARL T. LANGFORD BOARD ROOM, ORLANDO INTERNATIONAL AIRPORT, ONE JEFF FUQUA BOULEVARD

**The Aviation Authority is subject to federal mask mandates. Federal law requires wearing a mask at all times in and on the airport property. Failure to comply may result in removal and denial of re-entry. Refusing to wear a mask in or on the airport property is a violation of federal law; individuals may be subject to penalties under federal law.**

**Currently, seating inside the Board Room is limited to 25 and lobby seating is limited to 10 seats. Attendance is on a first-come, first-served basis. No standing in the lobby will be permitted.**

*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. 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. 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. 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 on the Aviation Authority's offices web site. Please contact the Chief Administrative Officer with questions at (407) 825-7105.*

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. CONSIDERATION OF FINANCE COMMITTEE MINUTES FOR MARCH 17, 2021**

**IV. CONSENT AGENDA**

- A. Recommendation to Assign Bank of America, N.A. and Wells Fargo Bank, N.A. to Serve as the Aviation Authority's Senior Managing Underwriters, with Wells Fargo Bank, N.A. Serving as Book-Runner, and Assign Citigroup Global Markets Inc., J.P. Morgan Securities LLC, and Jeffries, LLC as Co-Senior Managers for the Series 2022 Aviation Revenue Bonds Transaction
- B. Recommendation to Approve Costs Related to Defeasement of Multiple Series of Outstanding Bonds

On **WEDNESDAY, MARCH 17, 2021**, the **FINANCE COMMITTEE** of the Greater Orlando Aviation Authority met in the Carl T. Langford Board Room located in the main terminal building at the Orlando International Airport (MCO), One Jeff Fuqua Boulevard, Orlando, Florida. Vice Chair Martinez called the meeting to order at 1:31 p.m. The meeting was posted in accordance with Florida Statutes and a quorum was present.

Committee members present,      Rafael E. Martinez, Vice Chairman  
   Mayor Buddy Dyer

Also present,                              Phillip N. Brown, Chief Executive Officer  
   Kathleen Sharman, Chief Financial Officer  
   Dianne Klaiss, Frasca & Associates, LLC  
   Dan Gerber, Rumberger Kirk  
   Doug Starcher, Nelson Mullins  
   Larissa Bou, Recording Secretary

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**MINUTES**

1. Upon motion by Mayor Dyer, second by Vice Chair Martinez, motion passed to accept the February 17, 2021, Finance Committee minutes, as written.

**CONSENT AGENDA**

2. Upon motion by Mayor Dyer, Vice Chair Martinez, vote carried to approve the following:

A. recommend to the Aviation Authority Board the reappointment of Kathleen M. Sharman, Chief Financial Officer, as the Aviation Authority's Authorized Investment Officer for a two-year term beginning May 1, 2021; and

B. recommend to the Aviation Authority Board to: (1) exercise the first one-year renewal option for Purchasing Agreement PA-572, Financial Advisory Services, with Raymond James & Associates, Inc., Frasca & Associates, LLC, and National Minority Consultants, Inc. beginning September 1, 2021, upon mutual agreement; (2) approve fees for monthly advisory services (exclusive of fees for bond transactions or other significant financing transactions) to be allocated from the Operations and Maintenance Fund for a not-to-exceed amount of \$300,000; and (3) authorize staff to take any and all actions and execute any and all documents deemed necessary to extend PA-572 Financial Advisory Services with Raymond James & Associates, Inc., Frasca & Associates, LLC, and National Minority Consultants, Inc., subject to satisfactory legal review.

**INFORMATION ITEM**

4. Mr. Brown indicated that the following items were provided for information only and no action is required:

- A. Final Opinion Letters and Required Communications Letter from the Aviation Authority's Auditors, MSL PA
- B. Report on the Retirement Plan for Employees of Greater Orlando Aviation Authority for Plan Year Ending September 30, 2020
- C. Report on Defined Contribution Retirement Plan for Employees of Greater Orlando Aviation Authority for Plan Year Ending December 31, 2020
- D. Report on the Other Post-Employment Benefits Trust (OPEB) for Plan Year Ending September 30, 2020

**ADJOURNMENT**

3. There being no further business to be considered, Vice Chair Martinez adjourned the meeting at 1:33 p.m.

*(Digitally signed on, 2021)*

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Larissa Bou  
Recording Secretary

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Phillip N. Brown  
Chief Executive Officer



**GREATER ORLANDO AVIATION AUTHORITY**

Orlando International Airport  
One Jeff Fuqua Boulevard  
Orlando, Florida 32827-4392

**MEMORANDUM**

TO: Members of the Finance Committee

FROM: Kathleen M. Sharman, Chief Financial Officer

DATE: September 15, 2021

**ITEM DESCRIPTION**

Recommendation to Assign Bank of America, N.A. and Wells Fargo Bank, N.A. to Serve as the Aviation Authority's Senior Managing Underwriters, with Wells Fargo Bank, N.A. Serving as Book-Runner, and Assign Citigroup Global Markets Inc., J.P. Morgan Securities LLC, and Jeffries, LLC as Co-Senior Managers for the Series 2022 Aviation Revenue Bonds Transaction

**BACKGROUND**

At its meeting on February 20, 2019, the Aviation Authority Board approved the selection of firms to provide Underwriter services for the issuance of Airport Facilities Revenue Bonds and other debt instruments which may be required from time to time to finance additions and improvements at the Aviation Authority, to refund outstanding indebtedness, and to provide assistance in interpreting and revising the Aviation Authority's Bond Resolution as required. At its meeting on February 20, 2019, the Aviation Authority Board appointed the following firms to serve in a pool as Senior Manager Underwriters:

- Bank of America, N.A. (Bank of America)
- Citigroup Global Markets Inc. (Citigroup)
- J.P. Morgan Securities LLC (J.P. Morgan)
- Jefferies, LLC (Jefferies)
- Wells Fargo Bank, N.A. (Wells Fargo)

In addition, at its meeting on February 20, 2019, the following firms were selected to serve as part of the underwriter pool in the role of Co-Manager:

- Barclays Capital Inc.
- Drexel Hamilton
- Loop Capital Markets LLC
- Morgan Stanley & Co. LLC
- Ramirez & Co. Inc.
- RBC Capital Markets, LLC
- Siebert Cisneros Shank & Co, LLC
- UBS Financial Services, Inc.

The Aviation Authority Board authorized the Finance Committee or the Chief Executive Officer to assign Senior Manager, Book-Runner, and Co-Manager responsibilities on a transaction-by-transaction basis.

In October 2019, the Aviation Authority issued nearly \$1.2 billion in Airport Facilities Revenue Bonds to fund in part the South Terminal C. Being a large complex transaction, all five of the Senior Manager Underwriters listed above served as Senior Managing Underwriters, with Bank of America serving as Book-Runner.

For each transaction, the Aviation Authority must select an underwriting syndicate that is composed of one or more Senior Managers, with one acting as the Book-Runner,

as well as one or more Co-Senior and one or more Co-Managers. The Senior Managers work with the Aviation Authority and Financial Advisors to design the structure of the bond transaction, participate in the working group efforts to review bond documents, recommend the optimal time for pricing the bonds, develop investor marketing materials, and lead the pre-sale marketing of the bonds. The Book-Runner is responsible for managing the process to price the bonds and coordinates the bond sale on behalf of the underwriting syndicate. The Co-Senior and Co-Managers participate in the marketing of the bonds, provide price views on the bonds, and support the sale of the bonds.

#### **ISSUES**

In order to complete the permanent financing of the South Terminal C program, the Aviation Authority intends to issue bonds in January 2022 to fund approximately \$300 million dollars in project costs. In addition, depending upon market conditions, the Aviation Authority may issue refunding bonds to refinance certain outstanding bonds for economic savings as part of the Series 2022 transaction.

Although the Aviation Authority utilized a team of five Senior Managers for the 2019A bond issue, the upcoming bond issue is anticipated to be smaller in terms of bonds being sold, and therefore, a team of two Senior Managers is recommended.

On August 23, 2021, the Aviation Authority issued a request for information to the previously approved pool of Senior Manager Underwriters. On September 1, 2021, all five firms in the Senior Manager pool responded to the request for information and demonstrated their abilities to serve as Senior Manager. However, two of the firms, Bank of America and Wells Fargo, also recently provided financial support to the Aviation Authority with lines of credit. In March 2021 both firms renewed existing lines of credit and provided an additional \$50M each of revolving credit facilities to the Aviation Authority, despite the ongoing challenges of the COVID pandemic. Moreover, Wells Fargo provided pricing significantly below the levels offered by other banks in a request for proposals for line of credit facility that was issued by the Aviation Authority in the fall of 2020. This provided the Aviation Authority an enhanced position to negotiate pricing with Bank of America resulting in favorable pricing from both line of credit provider banks.

Therefore, based on the Aviation Authority's previous experience with the five firms in the Senior Manager pool, and responses from those five firms to the request for information received on September 1, 2021, staff recommends Bank of America and Wells Fargo to be assigned as Senior Managing Underwriters on the Series 2022 Aviation Revenue Bonds Transaction, with Wells Fargo to serve as the Book-Runner, and with fees and scope of work to be negotiated by the Chief Executive Officer. In addition, staff recommends Citigroup, J.P. Morgan, and Jeffries to be assigned as Co-Senior Managers on the transaction.

The remaining syndicate of Underwriters for the transaction will be assigned by the Chief Executive Officer at a later date, with notification to the Finance Committee.

#### **ALTERNATIVES**

The Finance Committee may accept, reject or change staff's recommendation of the proposed assignment, and select an alternate firm or firms from the previously approved pool of Senior Manager Underwriters.

#### **FISCAL IMPACT**

The Chief Executive Officer will dictate underwriting fees based on market comparisons closer to pricing the Aviation Revenue Bonds. Fees as they relate to debt issuance will be paid from the proceeds of the bond transaction.

#### **RECOMMENDED ACTION**

It is respectfully requested that the Finance Committee accept staff's recommendation to assign Bank of America, N.A. and Wells Fargo Bank, N.A. as Senior Managing Underwriters, with Wells Fargo Bank, N.A. serving as Book-Runner, and assign Citigroup Global Markets Inc., J.P. Morgan Securities LLC, and Jeffries, LLC as Co-Senior Managers for the Series 2022 Aviation Revenue Bonds Transaction, with fees and scope of work to be negotiated by the Chief Executive Officer.



**GREATER ORLANDO AVIATION AUTHORITY**

Orlando International Airport  
One Jeff Fuqua Boulevard  
Orlando, Florida 32827-4392

**MEMORANDUM**

TO: Members of the Finance Committee  
FROM: Kathleen M. Sharman, Chief Financial Officer  
DATE: September 15, 2021

**ITEM DESCRIPTION**

Recommendation to Approve Costs Related to Defeasance Multiple Series of Outstanding Bonds

**BACKGROUND**

At its meeting on July 21, 2021, the Aviation Authority Board resolved to authorize the proposed use of federal funding to defease certain series of bonds as presented at the meeting, subject to receipt of the commitment of Program Funds, adopted an Authorizing Resolution providing for the payment or defeasance of certain series of bonds, authorized amendments to the FY21 and FY22 Revenue and Debt Service budget, and approved the use of Discretionary Funds on an interim basis. The Aviation Authority Board also approved costs related to the execution of the defeasance in a not-to-exceed amount of \$100,000 to be funded from the Operation and Maintenance Fund.

**ISSUES**

After approval by the Aviation Authority Board, the working group (the Aviation Authority's finance department, its counsel, financial advisor, bond counsel, disclosure counsel and trustees), assembled to refine the transaction, adopt a plan to execute the debt reduction plan, and prepare a preliminary calendar (actual timing may vary depending upon the timing of the receipt of the Federal Program Funds) for implementing the plan. The bonds to be defeased are Series 2010A, 2011B, 2013A, 2015A, 2016A, and 2017A.

Upon continued review and analysis by the working group, it was determined that the defeasance was best completed on a series by series basis, in order to simplify mandatory public disclosures and in order to minimize the impact on the Aviation Authority's cash flow. As a result, separate Escrow Deposit Agreements and separate legal opinions of bond counsel are required for each series of bonds being defeased. In addition, the actual costs for the transaction services of the verification agent, bidding agent, Trustee, CUSIP reassignment, bond counsel, financial advisor, minority financial advisor, and disclosure agent were determined. Given the improved clarity into the deal structure and requirements for the various defeasance transactions and the roles of the Aviation Authority's advisors, and the definitive transaction-based cost proposals from such advisors, the Aviation Authority is revising its transaction costs to a not-to-exceed amount of \$175,000 (or approximately .75% of the par amount of the bonds being defeased).

This amount does not include the fees and costs of the Aviation Authority's Finance Counsel and Disclosure Counsel, each of which is billing the Aviation Authority at its contracted hourly rate as services are needed, as opposed to billing the Aviation Authority a separate transaction based fee.

Staff is requesting an increase for the costs related to the bond defeasance from \$100,000, to a not-to-exceed amount of \$175,000, to be funded from the Operation and Maintenance Fund.

**ALTERNATIVES**

None at this time.

**FISCAL IMPACT**

The costs related to the execution of the defeasance is estimated not to exceed \$175,000 to be funded from Operating and Maintenance Funds.

**RECOMMENDED ACTION**

It is respectfully requested that the Finance Committee accept staff's recommendation and recommend to the Aviation Authority Board approval of costs related to defease multiple series of outstanding bonds in a not-to-exceed amount of \$175,000 to be funded from the Operation and Maintenance Fund.