

**FINANCE COMMITTEE
AGENDA**

DATE: MAY 18, 2022

DAY: WEDNESDAY

TIME: 1:30 P.M.

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

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. CONSENT AGENDA

- A. Recommendation to Extend a Revolving Line of Credit Facility with Bank of America, N.A.
- B. Recommendation to Extend a Revolving Line of Credit Facility with Wells Fargo Bank, N.A.
- C. Recommendation to Exercise the Second and Final 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.
- D. Recommendation to Exercise the First One-Year Renewal Option for Purchasing Agreement PS-613 Investment Advisory Services with Public Trust Advisors LLC



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: May 18, 2022

ITEM DESCRIPTION

Recommendation to Extend Two Revolving Line of Credit Facilities with Bank of America, N.A.

BACKGROUND

The Aviation Authority currently has four revolving line of credit facilities ("LOC Facilities"). Two of these LOC Facilities are with Bank of America, N.A. ("Bank of America") in the amounts of \$150,000,000 and \$125,000,000, which expire July 29, 2022 (the "2019 BoA Facility"), and December 29, 2022 (the "2018 BoA Facility"), respectively. Two LOC Facilities are with Wells Fargo Bank, N.A. in the amounts of \$50,000,000 and \$225,000,000, which expire on July 29, 2022, and December 1, 2022, respectively. The current combined total LOC Facilities capacity is \$550,000,000.

The LOC Facilities are governed by the Amended and Restated Master Subordinated Indenture of Trust and are secured on a parity basis with any Secondary Subordinated Indebtedness outstanding under the Airport Facilities Bond Resolution. The Aviation Authority draws advances from the LOC Facilities to interim finance various tax-exempt or taxable airport projects. In addition, the undrawn capacity is "encumbered" as an available source of funds to pay future commitments when contracts are awarded and until the permanent funding is received. The permanent funding is expected to come from many different sources, to the extent legally available, including, but not limited to: Federal grants, State grants, Passenger Facility Charges, Customer Facility Charges, and the proceeds from the issuance of General Airport Revenue Bonds, Passenger Facility Charge Backed Bonds or Customer Facility Charge Backed Bonds.

ISSUES

The Board previously approved the 2019 BoA Facility in the amount of \$150,000,000 with an initial term that expires on July 29, 2022, plus two one-year extension options. Rather than extending the option for two one-year extensions, Bank of America has agreed to extend the 2019 BoA Facility for an additional 24 months, with favorable market pricing and the same agreement terms as currently in place, which are more favorable to the Aviation Authority than typically found in the market. The simultaneous exercise of both extension options locks in favorable terms for the next two years in an uncertain market and volatile interest rate environment.

The Board previously approved the 2018 BoA Facility having an initial term through June of 2021, and in lieu of separately exercising two one-year extensions, subsequently approved an 18 month extension through December 2022. In connection with the extension of the 2019 BoA Facility, Bank of America has offered to extend the 2018 BoA Facility that expires on December 29, 2022, on the same terms proposed for, and to be co-terminus with, the 2019 BoA Facility. There are no extension options remaining under the 2018 BoA Facility, but for reasons described below, awarding an additional two-year extension is recommended as being most advantageous to the Aviation Authority.

Frasca & Associates, LLC ("Frasca"), the Aviation Authority's Financial Advisor, has reviewed the fee structure and proposed terms for the two-year extension of the 2019 BoA Facility and found them to be

reasonable and comparable to, or more favorable than, other lines of credit similar in size in the current market.

Frasca has also examined the terms and conditions offered in connection with the proposed extension of the 2018 BofA Facility in light of recent request for proposals for line of credit facilities by both the Aviation Authority and other governmental entities. Given recent line of credit proposal responses received by the Aviation Authority, Frasca believes it is more likely than not that the fee structure and proposed agreement terms offered by Bank of America for an extension of the expiring 2018 BofA Facility are comparable to, or more favorable than, any proposals the Aviation Authority would receive in a public solicitation.

As a result, Frasca recommends extending both facilities, given current financial market volatility.

To provide capacity necessary to interim finance various tax-exempt or taxable airport projects, and to take advantage of a favorable bank market for these facilities, Staff is requesting that the Aviation Authority exercise both available extension options and extend the 2019 BoA Facility expiring on July 29, 2022, in the amount of \$150,000,000, as well as extend the 2018 BoA Facility expiring on December 29, 2022, in the amount of \$125,000,000, for a total Line of Credit Facility of \$275,000,000, until July 29, 2024, together with conforming amendments to consolidate the 2018 BofA Facility and the 2019 BofA Facility and comply with the term sheets and replacement rate structure.

ALTERNATIVES

The Finance Committee may (a) reject the extension of the expiring 2018 BoA Facility and extend only the 2019 BoA Facility, (b) reject the two-year extension of the 2019 BoA Facility, opting instead to exercise a single one-year extension, or (c) reject all extension requests, however this last alternative (c) could limit the Aviation Authority's ability to interim finance various tax-exempt or taxable airport projects and is not recommended.

FISCAL IMPACT

If no draws are made, Bank of America's annual unutilized fee of 20 basis points on a \$275 million available amount would total approximately \$550,000, and the fees will be paid from the Operations and Maintenance Fund. Unutilized fees will be waived if the Line of Credit is greater than 50% utilized.

The utilized fees (or interest rates) for Bank of America are Security Industry and Financial Markets Association Index (SIFMA) +29 bps for tax-exempt draws, and Bloomberg Short-term Bank Yield Index (BSBY) +62 bps for taxable draws. Utilized fees will vary based on draw amounts, SIFMA and BSBY rates, tax status, and the duration the draws are outstanding, and will be reimbursed from the proceeds of the permanent financing source.

It is requested that closing fees payable to Bank of America's legal counsel, and the Aviation Authority's bond and legal counsel, in an estimated not-to-exceed amount of \$65,000 be approved and funded from Discretionary Funds.

RECOMMENDED ACTION

It is respectfully requested that the Finance Committee accept Staff's recommendation and recommend to the Aviation Authority Board to: (1) approve the amendment to simultaneously exercise both one-year extension options to extend the 2019 BoA Facility of \$150,000,000 that expires on July 29, 2022, and approve an extension of the \$125,000,000 2018 BoA Facility that expires on December 29, 2022, for a total Line of Credit Facility of \$275,000,000 with Bank of America, N.A., with an expiration on or about July 29, 2024, together with conforming amendments to consolidate the 2018 BofA Facility and the 2019 BofA Facility and comply with the term sheets and replacement rate structure; (2) authorize funding of unutilized fees from the Operations and Maintenance Fund, authorize funding of interest on draw amounts from the proceeds of the permanent financing source, and authorize funding of closing costs in an estimated not-to-exceed amount of \$65,000 from Discretionary Funds; and (3) request approval from the Aviation Authority Board to take any and all actions necessary to negotiate, execute, and enter into such amendment subject to satisfactory review by legal counsel, following consent of the Orlando City Council.



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: May 18, 2022

ITEM DESCRIPTION

Recommendation to Extend Two Revolving Line of Credit Facilities with Wells Fargo Bank, N.A.

BACKGROUND

The Aviation Authority currently has four revolving line of credit facilities ("LOC Facilities"). Two of these LOC Facilities are with Bank of America, N.A. in the amounts of \$150,000,000 and \$125,000,000, which expire July 29, 2022, and December 29, 2022, respectively. Two LOC Facilities are with Wells Fargo Bank, N.A. ("Wells Fargo") in the amounts of \$50,000,000, which expires on June 29, 2022, (the "2019 Wells Fargo Facility") and \$225,000,000, which expires on December 1, 2022 (the "2018 Wells Fargo Facility"). The current combined total LOC Facilities capacity is \$550,000,000.

The LOC Facilities are governed by the Amended and Restated Master Subordinated Indenture of Trust and are secured on a parity basis with any Secondary Subordinated Indebtedness outstanding under the Airport Facilities Bond Resolution. The Aviation Authority draws advances from the LOC Facilities to interim finance various tax-exempt or taxable airport projects. In addition, the undrawn capacity is "encumbered" as an available source of funds to pay future commitments when contracts are awarded and until the permanent funding is received. The permanent funding is expected to come from many different sources, to the extent legally available, including, but not limited to: Federal grants, State grants, Passenger Facility Charges, Customer Facility Charges, and the proceeds from the issuance of General Airport Revenue Bonds, Passenger Facility Charge Backed Bonds or Customer Facility Charge Backed Bonds.

ISSUES

The Board previously approved the 2019 Wells Fargo Facility in the amount of \$50,000,000 with an initial term that expires on July 29, 2022, plus two one-year extension options. Wells Fargo has agreed to extend the 2019 Wells Fargo Facility for an additional 24 months, with favorable market pricing and the same agreement terms as currently in place, which are more favorable to the Aviation Authority than typically found in the market. The simultaneous exercise of both extension options locks in favorable terms for the next two years in an uncertain market and volatile interest rate environment.

The Board previously approved the 2018 Wells Fargo Facility having an initial term through June of 2021, and in lieu of separately exercising two one-year extensions, subsequently approved an 18-month extension through December 2022. In connection with the extension of the 2019 Wells Fargo Facility, Wells Fargo has offered to extend the 2018 Wells Fargo Facility, that expires on December 1, 2022, on the same terms proposed for and to be co-terminus with the 2019 Wells Fargo Facility. There are no extension options remaining under the 2018 Wells Fargo Facility, but for reasons described below, awarding an additional two-year extension is recommended as being most advantageous to the Aviation Authority.

Frasca & Associates, LLC ("Frasca"), the Aviation Authority's Financial Advisor, has reviewed the fee structure and proposed terms for the two year extension of the 2019 Wells Fargo Facility and found them

to be reasonable and comparable to, or more favorable than, other lines of credit similar in size in the current market.

Frasca has also examined the terms and conditions offered in connection with the proposed extension of the 2018 Wells Fargo Facility in light of recent requests for proposals for line of credit facilities by both the Aviation Authority and other governmental entities. Given recent line of credit proposal responses received by the Aviation Authority, Frasca believes it is more likely than not that the fee structure and proposed agreement terms offered by Wells Fargo for an extension of the expiring 2018 Wells Fargo Facility are comparable to, or more favorable than, any proposals the Aviation Authority would receive in a public solicitation.

As a result, Frasca recommends extending both facilities, given current financial market volatility

To provide capacity necessary to interim finance various tax-exempt or taxable airport projects and to take advantage of a favorable bank market for these facilities, Staff is requesting that the Aviation Authority exercise both available extension options and extend the 2019 Wells Fargo Facility expiring on July 29, 2022, in the amount of \$50,000,000, as well as extend the 2018 Wells Fargo Facility expiring on December 1, 2022, in the amount of \$225,000,000, for a total Line of Credit Facility of \$275,000,000, until July 29, 2024, together with conforming amendments to consolidate the 2018 Wells Fargo Facility and the 2019 Wells Fargo Facility and comply with the term sheets and replacement rate structure.

ALTERNATIVES

The Finance Committee may: (a) reject the extension of the expiring 2018 Wells Fargo Facility and extend only the 2019 Wells Fargo Facility, (b) reject the two year extension of the 2019 Wells Fargo Facility, opting instead to exercise a single one year extension, or (c) reject all extension requests; however this last alternative (c) could limit the Aviation Authority's ability to interim finance various tax-exempt or taxable airport projects and is not recommended.

FISCAL IMPACT

If no draws are made, Wells Fargo's annual unutilized fee of 20 basis points (bps) on the available \$275 million would total approximately \$550,000 and the fees will be paid from the Operations and Maintenance Fund. Unutilized fees will be waived if the Line of Credit is greater than 50% utilized.

Wells Fargo utilized fees (or interest rates) for tax-exempt draws are 80% of daily simple Secured Overnight Financing Rate (SOFR) plus a spread of +29 bps. The Wells Fargo utilized fees for taxable draws are daily simple SOFR plus a spread of +62 bps. Utilized fees will vary based on draw amounts, daily simple SOFR, tax status, and the duration the draws are outstanding, and will be reimbursed from the proceeds of the permanent financing source.

It is requested that closing fees payable to Wells Fargo's legal counsel, and the Aviation Authority's bond and legal counsel, in an estimated not-to-exceed amount of \$65,000 be approved and funded from Discretionary Funds.

RECOMMENDED ACTION

It is respectfully requested that the Finance Committee accept staff's recommendation and recommend to the Aviation Authority Board to: (1) approve the amendment to simultaneously exercise both one year extension options to extend the 2019 Wells Fargo Facility of \$50,000,000 that expires on July 29, 2022, and approve an extension of the \$225,000,000 2018 Wells Fargo Facility that expires on December 1, 2022, for a total Line of Credit Facility of \$275,000,000 with Wells Fargo Bank, N.A., with an expiration on or about July 29, 2024, together with conforming amendments to consolidate the 2018 Wells Fargo Facility and the 2019 Wells Fargo Facility and comply with the term sheets and replacement rate structure; (2) authorize funding of unutilized fees from the Operations and Maintenance Fund, authorize funding of interest on draw amounts from the proceeds of the permanent financing source, and authorize funding of closing costs in an estimated not-to-exceed amount of \$65,000 from Discretionary Funds; and (3) request approval from the Aviation Authority Board to take any and all actions necessary to negotiate, execute, and enter into such amendment subject to satisfactory review by legal counsel, following consent of the Orlando City Council.



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: May 18, 2022

ITEM DESCRIPTION

Recommendation to Exercise the Second and Final 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.

BACKGROUND

On June 20, 2018, the Aviation Authority Board approved the selection of the following firms for the award of PA-572 Financial Advisory Services:

1. Raymond James & Associates, Inc. (Raymond James)
2. Frasca & Associates, LLC (Frasca)
3. National Minority Consultants, Inc. (National Minority)

The general scope of services include providing financial advice regarding market conditions and trends, financial products, credit and credit analysis, third party alternative financing and special facility financing; preparation of analyses and evaluations of potential refundings and new money bond issues; review and evaluation of financing options, derivative and other innovative products, financial feasibility studies, legal documents, and pricing of any financing and any escrow requirements; and participation in rating agency presentations and preparation of official statements.

ISSUES

At its meeting on April 21, 2022, the Aviation Authority Board approved the first one-year renewal option with Raymond James, Frasca, and National Minority, which expires on August 31, 2022. Staff is requesting approval to exercise the second and final one-year renewal option with Raymond James, Frasca, and National Minority, beginning September 1, 2022, and expiring on August 31, 2023.

ALTERNATIVES

The Finance Committee may accept, reject, or amend Staff's request to exercise the second and final one-year renewal option for PA-572 Financial Advisory Services, for all or any of the current financial advisors.

FISCAL IMPACT

Fees for all advisory services shall be invoiced in detail based on the hourly rates agreed upon in Exhibit B of the Professional Services Agreement for Financial Advisory Services. A negotiated fixed fee will be set for all Aviation Authority bond transactions or other significant financing transactions and projects, and will be paid from the proceeds of the transaction, upon approval by the Aviation Authority Board.

The fiscal impact anticipated for monthly advisory services to be allocated from the Operations and Maintenance Fund for the second one-year renewal option is a not-to-exceed amount of \$200,000. Required funding will be approved through the budget process and when funds become available.

RECOMMENDED ACTION

It is respectfully requested that the Finance Committee accept Staff's recommendation and recommend to the Aviation Authority Board to: (1) exercise the second and final 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, 2022, 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 \$200,000; 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.



GREATER ORLANDO AVIATION AUTHORITY

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MEMORANDUM

TO: Members of the Finance Committee

FROM: Kathleen M. Sharman, Chief Financial Officer

DATE: May 18, 2022

ITEM DESCRIPTION

Recommendation to Exercise the First One-Year Renewal Option for Purchasing Agreement PS-613 Investment Advisory Services with Public Trust Advisors LLC

BACKGROUND

On August 21, 2019, the Aviation Authority Board approved the award of PS-613 Investment Advisory Services to Public Trust Advisors LLC (Public Trust).

The general scope of services include, but are not limited, to the following:

- Manage daily investment of portfolios to stated objectives
- Provide advice and information on treasury management, investments, and fixed income securities
- Assist in developing cash flow projections
- Maintain broker/dealer list
- Execute trades on behalf of the Aviation Authority in accordance with Investment Policy
- Provide monthly activity statements and quarterly performance reports
- Keep Aviation Authority staff informed of regulatory changes impacting the investment program
- Review and evaluate investment policy
- Assist in evaluating safekeeping and trustee services
- Provide credit analysis and notify Authorized Investment Officer of watch or downgrades
- Coordinate delivery of securities and availability of funds

The Aviation Authority approved the base term of the Agreement for three years beginning October 1, 2019, with the Aviation Authority having options to renew the Agreement for two additional periods of one-year each, upon mutual agreement.

ISSUES

The base term of the agreement expires on September 30, 2022. Staff is requesting approval to exercise the first one-year renewal option with Public Trust, beginning October 1, 2022, and expiring on September 30, 2023.

ALTERNATIVES

The Finance Committee may accept, reject, or amend Staff's request to exercise the first one-year renewal option for PS-613 Investment Advisory Services with Public Trust.

FISCAL IMPACT

The fiscal impact for the first one-year renewal option is a not-to-exceed amount of \$250,000, with funding from the Operations and Maintenance Fund. Required funding will be approved through the budget process and when funds become available.

RECOMMENDED ACTION

It is respectfully requested that the Finance Committee accept Staff's recommendation and recommend to the Aviation Authority Board to: (1) exercise the first one-year renewal option for Purchasing Agreement PS-613, Investment Advisory Services, with Public Trust Advisors LLC, beginning October 1, 2022, upon mutual agreement; (2) approve fees in a not-to-exceed amount of \$250,000 to be allocated from the Operations and Maintenance Fund; and (3) authorize staff to take any and all actions and execute any and all documents deemed necessary to extend PS-613 Investment Advisory Services with Public Trust Advisors LLC, subject to satisfactory legal review.