

**FINANCE COMMITTEE
AGENDA**

DATE: August 19, 2020

DAY: Wednesday

TIME: 12:00 P.M.

CISCOWEBEX: <https://goaaevents.webex.com/goaaevents/onstage/g.php?MTID=ebb03f4d5f2ed0945b6acdc1d58e8e6cb>

DIAL IN: 1-408-418-9388 / **ACCESS CODE:** 132 385 3103

Due to the COVID-19, the Greater Orlando Aviation Authority is adhering to a business distancing operational plan. Please note that all Finance Committee meetings will be held virtually until further notice. If you would like to speak at the meeting on an agenda item being considered, please contact the Recording Secretary, Larissa Bou at 407-825-2098 or via email larissa.bou@goaa.org 24 hours in advance of the meeting.

I. CALL TO ORDER

II. ROLL CALL

III. CONSIDERATION OF FINANCE COMMITTEE MINUTES FOR JULY 15, 2020

IV. CONSENT AGENDA

- A. Recommendation of the Ad Hoc Committee to Award Purchasing Proposal 03-21 Supplemental Auditing and Attestation Engagement Services, Local Developing Business
- B. Recommendation to Consent to the Service Continuity Agreement and Assign the Custody Agreement between the Greater Orlando Aviation Authority and Wells Fargo Retirement & Trust Services to Principal Financial Group

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 Director of Board Services with questions at (407) 825-2032.

On **WEDNESDAY, JULY 15, 2020**, the **FINANCE COMMITTEE** of the Greater Orlando Aviation Authority met telephonically with the meeting live streamed on YOUTUBE (OrlandoAirports) and CISCOWEBEX. Chairman Sanchez called the meeting to order at 11:02 a.m. The meeting was posted in accordance with Florida Statutes with a quorum participating. *Office of the Governor, Executive Order Number 20-69*

Committee members present, Domingo Sanchez, Chairman
Mayor Buddy Dyer, Board Member
Rafael E. Martinez, Board Member (arrived at 1:31 p.m.)

Also present, Phillip N. Brown, Chief Executive Officer
Kathleen Sharman, Chief Financial Officer
Kathy Bond, Senior Director of Human Resources
Tianna Dumond, Director of Internal Audit
Marie Dennis, Interim Director of Finance
Dan Gerber, Rumberger Kirk
Dianne Klaiss, Frasca & Associates, LLC
Doug Starcher, Legal Counsel, Nelson Mullins
Jon Eichelberger, Raymond James
Silvia Dunlap, National Minority Consultants, Inc.
Dayci Burnette-Snyder, Recording Secretary

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MINUTES

1. Upon motion by Mayor Dyer, second by Mr. Martinez, vote carried to accept the February 19, 2020, Finance Committee minutes as written.

RECOMMENDATION TO RELEASE A REQUEST FOR PROPOSAL FOR A \$100 MILLION LINE OF CREDIT (LOC) FACILITY

2. The Aviation Authority uses Lines of Credit Facilities (LOC Facilities) for two primary purposes. First, the Aviation Authority draws advances from the LOC Facilities to interim finance various tax-exempt or taxable airport projects. Second, the undrawn capacity is "encumbered" as an available source of funds to pay future

DRAFT MINUTES OF JULY 15, 2020, MEETING OF THE FINANCE COMMITTEE MEETING

commitments when contracts are awarded and until the permanent funding is received. The permanent funding is expected to be made from many different sources, to the extent legally available, including: Federal grants, State grants, Passenger Facility Charges, Customer Facility Charges, and the proceeds from the issuance of General Airport Revenue Bonds and Passenger Facility Charge Backed Bonds.

The Aviation Authority currently has five revolving LOC Facilities. Two of these LOC Facilities are with Bank of America, N.A. (Bank of America) in the amounts of \$75,000,000 and \$150,000,000, which expire June 28, 2021, and July 31, 2022, respectively. Two LOC Facilities are with Wells Fargo Bank, N.A. (Wells Fargo) in the amounts of \$175,000,000 and \$50,000,000, which expire on June 28, 2021, and July 31, 2022, respectively. The fifth LOC Facility is with PNC Bank, National Association (PNC) in the amount of \$100,000,000, which expires on November 6, 2020. The 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 PNC LOC Facility expires November 6, 2020, reducing the combined LOC capacity to \$450,000,000.

Since the PNC LOC Facility expires November 6, 2020, staff is requesting approval to release a Request for Proposal with the intent to award to one or more proposer for a minimum of \$40 million and maximum of \$100 million LOC Facility, for a term of up to three-years, in order to replace the \$100 million capacity currently being provided under the PNC LOC.

A three-year facility, expiring in 2023, will extend the expiration dates on the LOC Facilities in order to mitigate the risk that the Aviation Authority would not have access to an interim financing vehicle in any given year. Also, extending expiration dates would ensure the Aviation Authority has adequate time to secure permanent financing or procure alternative interim funding if required.

The Finance Committee could delay the release of the RFP; however, this could limit the Aviation Authority's ability to interim finance various tax-exempt or taxable airport projects and is not recommended.

It was respectfully requested that the Finance Committee approve the release of the RFP for a \$100,000,000 three-year Line of Credit Facility.

Following discussion, motion moved by Mayor Dyer, second by Mr. Martinez, motion passed unanimously by roll call vote to approve staff's recommendation.

ADJOURNMENT

3. There being no further business to be considered, Chairman Sanchez adjourned the meeting at 11:06 a.m.

(Digitally signed on , 2020)

Dayci Burnette-Snyder
Recording Secretary

Phillip N. Brown
Chief Executive Officer



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

MEMORANDUM

TO: Members of the Finance Committee
FROM: Tianna Dumond, Ad Hoc Committee Chairperson
DATE: August 19, 2020

ITEM DESCRIPTION

Recommendation of the Ad Hoc Committee to Award Purchasing Proposal 03-21 Supplemental Auditing and Attestation Engagement Services, Local Developing Business

BACKGROUND

On March 16, 2020, the Aviation Authority released a Request for Proposals (RFP) for Purchasing Proposal 03-21 Supplemental Auditing and Attestation Engagement Services. The proposed Contract will be to perform supplemental auditing and attestation services for the Aviation Authority, primarily the Internal Audit and Small Business Development departments, as well as the Concessions and Commercial Properties department. The specific auditing and attestation engagement services to be performed by the awarded proposer(s) will be determined either on a project-by-project basis with a separate, not-to-exceed fee negotiated for each engagement, or on an hourly basis for extension of staff services or financial analysis at the Orlando International and Executive Airports. The Contract period will be for thirty-six (36) months with the initial service to commence on or about October 1, 2020, and with the Aviation Authority having options to renew the Contract for two (2) additional periods of one (1) year each. The Contract work may be divisible and, if an award is made, may be to two or more Proposers. The existing Contract of five years is expiring on September 30, 2020, and this Purchasing Procurement will be a continuation of those services. The current incumbent is L.F. Harris & Associates, CPA, P.A and Karen Dunn, CPA.

The audit and attestation engagement services are described as follows: Audit or attestation engagements (generally agreed-upon procedures) of concessionaires or tenants, management agreements, vendor or service contracts of any entity doing business with the Aviation Authority. This Purchasing Procurement has been designated as a direct procurement for a Local Developing Business (LDB).

On June 15, 2020, proposals were opened from the following firms (proposers), listed alphabetically:

1. Covington & Associates CPA, Inc., (Covington)
2. L.F. Harris & Associates, CPA, P.A., (L.F. Harris)

An Ad Hoc Committee (Committee), consisting of the Director of Internal Audit, Director of Small Business Development, and Interim Director of Finance, was duly appointed by the Aviation Authority's Chief Executive Officer to evaluate proposals.

EVALUATION

On July 16, 2020, the Committee met to evaluate proposals based on the evaluation criteria summarized below:

- Experience and qualifications of the proposed Engagement Team Member(s) in performing supplemental auditing and attestation services.
- Proposer's compliance with the Aviation Authority's LDB requirements.

- Proposer's reputation, including the reputation of Engagement Team Members.
- Proposer's Hourly Billing Rates.

Experience and Qualifications of the Proposed Engagement Team Member(s)

L.F. Harris has 81 years of combined experience in public accounting, has airport auditing experience, and submitted a strong proposal. Covington has significant contract and operational compliance experience, appears to be a qualified and capable firm based on the clients and experience detailed in their proposal, which also includes experience from multiple engagements evaluating and developing internal control procedures. All three Engagement Team Members proposed by L.F. Harris are Certified Public Accountants (CPA), while only the Partner of Covington is a CPA. Both proposers have performed work for the Aviation Authority in the past, and the proposed Engagement Team Members' experience is in alignment with the scope of work required by the Aviation Authority's Internal Audit, Concessions and Commercial Properties, and Small Business Development departments. After review and discussion of the proposed engagement team members, the Committee agreed that the overall experience of the proposed staff is acceptable.

Compliance with Local Developing Business Requirements

This Purchasing Procurement has been designated as a direct procurement for a LDB firm. The Aviation Authority's Small Business Development department confirmed that both proposers meet the Aviation Authority's certification requirements for LDB participation.

Reputation of the Proposers and Proposed Engagement Team Members

With regard to the proposers' reputation, reputation of the proposed Engagement Team Members, how many years the proposers have been in business, as well as references received, the Committee agreed that both proposers are acceptable. L.F. Harris began operating in 1996 and Covington has been operating since 2012. Both proposers provided their most recent peer review report and both had a rating of "Pass". Based on the scope of services described in the RFP, the Committee agreed that both proposers are capable of performing the services required. In addition, both proposers received favorable comments from all of the references that were received by Aviation Authority staff.

Proposed Hourly Billing Rates

With regard to fees, the Committee agreed that hourly rates submitted by both proposers were comparable and acceptable with regard to the scope of services required.

After thorough evaluation and deliberation by the Committee, both proposers were deemed to be responsible and responsive.

ISSUES

At its meeting on July, 16, 2020, the Committee voted unanimously to recommend to the Finance Committee to select both Covington & Associates CPA, Inc., and L.F. Harris & Associates, CPA, P.A., for the award of Purchasing Proposal 03-21 Supplemental Auditing and Attestation Engagement Services, for a Contract period of thirty-six (36) months with the initial service to commence on or about October 1, 2020, and with the Aviation Authority having options to renew the Contract for two (2) additional periods of one (1) year each, upon mutual agreement.

ALTERNATIVES

The Finance Committee may accept, reject or amend the recommendation of the Ad Hoc Committee.

FISCAL IMPACT

The specific auditing and attestation engagement services performed will be determined on a project-by-project basis with a separate, not-to-exceed fee negotiated for each engagement or on an hourly basis as submitted in the proposals. Fees for supplemental

auditing and attestation engagement services for the Aviation Authority's Concessions and Commercial Properties department are estimated at a not-to-exceed amount of \$125,000. Fees for supplemental auditing and attestation engagement services for the Aviation Authority's Internal Audit department are estimated at a not-to-exceed amount of \$225,000. Fees for supplemental auditing and attestation engagement services for the Aviation Authority's Small Business Development department are estimated at a not-to-exceed amount of \$200,000.

The total not-to-exceed Contract value of \$550,000 will be allocated from the Operations and Maintenance Fund for the base Contract term of 3 years. 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 the Ad Hoc Committee's recommendation and recommend to the Aviation Authority Board to: (1) award Purchasing Proposal 03-21 Supplemental Auditing and Attestation Engagement Services to both Covington & Associates CPA, Inc., and L.F. Harris & Associates, CPA, P.A., for a Contract term of thirty-six (36) months with the initial service to commence on or about October 1, 2020, and with the Aviation Authority having options to renew the Contract for two (2) additional periods of one (1) year each, upon mutual agreement; (2) approve a total not-to-exceed Contract value of \$550,000 for the base Contract term of 3 years to be allocated from the Operations and Maintenance Fund; and (3) authorize an Aviation Authority Officer or the Chief Executive Officer to enter into one or more agreements for Supplemental Auditing and Attestation Engagement Services, following satisfactory legal review.



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: August 19, 2020

ITEM DESCRIPTION

Recommendation to Execute the Service Continuity Agreement, Consenting to the Assignment of the Custody Agreement between the Greater Orlando Aviation Authority and Wells Fargo Retirement & Trust Services to Principal Financial Group

BACKGROUND

In June 2016, the Aviation Authority entered into a Custody Agreement with Wells Fargo Bank, N.A. (Wells Fargo), for Wells Fargo Institutional Retirement & Trust to provide certain custodian services for the Aviation Authority's Custody Account. In July 2019, Principal Financial Group (Principal) acquired Wells Fargo Institutional Retirement & Trust. Principal has requested that the Aviation Authority consent to the assignment of the Custody Agreement from Wells Fargo Institutional Retirement & Trust to Principal and to appoint Principal as a successor custodian under the Custody Agreement.

ISSUES

Wells Fargo no longer provides the types of services described in the Custody Agreement. As a result, the Aviation Authority will need to either consent to the assignment of such agreement to Principal or seek a different successor custodian.

ALTERNATIVES

Conduct a public solicitation for a successor custodian.

FISCAL IMPACT

None.

RECOMMENDED ACTION

It is respectfully requested that the Finance Committee accept staff's recommendation to: (1) Consent to the assignment of the Custody Agreement from Wells Fargo Retirement & Trust Services to Principal Financial Group; and (2) authorize an Aviation Authority Officer or the Chief Executive Officer to execute any and all documents, including the Service Continuity Agreement, deemed necessary to facilitate the consent to assignment, following satisfactory legal review.