

**FINANCE COMMITTEE  
AGENDA**

DATE: February 17, 2021

DAY: Wednesday

TIME: 1:30 P.M.

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

**Due to the COVID-19 pandemic, the Centers for Disease Control (CDC) guidelines, and the Greater Orlando Aviation Authority's ongoing focus on safety regarding events and meetings, seating at sunshine committee meetings will be limited according to space and social distancing. Attendance is on a first-come, first-served basis. All attendees must wear a face covering. Temperature checks will be conducted before entering the GOAA Offices.**

*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 FEBRUARY 2, 2021**

**V. 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.

## DRAFT

On **TUESDAY, FEBRUARY 2, 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. Chairman Good called the meeting to order at 1:16 p.m. The meeting was posted in accordance with Florida Statutes and a quorum was present.

Committee members present,       M. Carson Good, Chairman  
  Rafael E. Martinez, Vice Chairman  
  Mayor Buddy Dyer, Board Member  
  Mayor Jerry Demings, Treasurer (*alternate*)

Also present,                         Phillip N. Brown, Chief Executive Officer  
  Kathleen Sharman, Chief Financial Officer  
  Tianna Dumond, Director of Internal Audit  
  Marie Dennis, Director of Finance  
  Dan Gerber, Rumberger Kirk  
  Doug Starcher, Nelson Mullins  
  Daniel O'Keefe, MSL  
  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 November 11, 2020, Finance Committee minutes, as written.

### **PRESENTATION – FY 2020 AUDIT RESULTS**

2. Mr. Brown indicated that this item does not require action from the Finance Committee. He introduced Mr. O'Keefe who presented the audit results for Fiscal Year ending in September 30, 2020.

First, Mr. O'Keefe thanked Ms. Sharman and Ms. Dennis for their work and collaboration with the audit. He indicated that due to the COVID-19 pandemic, most of the audit was done remotely. The Aviation Authority demonstrated to have great controls in place to ensure that the necessary information was provided for the audit in a timely manner.

Following, Mr. O'Keefe indicated that the Board was provided various reports, some of them being the *Report on the Financial Statements and Comprehensive Financial Annual Report (CAFR)*, which are presented in accordance with General Accepted Accounting Principles (GAAP). The audit was conducted using auditing principles set forth by the American Institute of CPAs.

Proceeding with his presentation, Mr. O'Keefe referred to the *Report on Compliance for Each Major Federal Program, Major State Project, and the Passenger Facility Charge Program*. This is a required regulatory report. The audit demonstrated that there were no compliance issues or internal control issues related to those programs.

He moved on to discuss the *Report on Internal Control over Compliance* and stated there were no material weaknesses, no significant deficiencies, and no areas that require disclosure related to compliance findings.

Mr. O'Keefe indicated that there is also a Management Letter included with the report that is required by the rules of the Auditor General, which calls for specific items to be discussed, such as a Financial Condition Assessment. The letter states that there were no findings of substance and it reiterates the requirements that need to be followed related to Florida Statutes.

Lastly, Mr. O'Keefe indicated that there is a report addressed to the Board called *Required Communication for those in Charge of Governance*, which guides the Board through the audit process. He confirmed that the audit did not reveal any significant uncorrected differences or corrections that need to be made to the financial statements.

Mr. Brown stated, for the record, that this is the first year, since he has been part of the Aviation Authority that we had an operating loss. He indicated that there was an operating loss of \$40.5 million since September 30, 2020. A large portion of the loss was due to depreciation, which is not a cash-out flow, but an operating expense. He communicated that we are substantially down in our operating income. Operating income, before depreciation, was positive, but it was significantly lower. Mr. Brown stated that even though the Aviation Authority has done a good job with its finances, there are still challenges (from a financial standpoint) that we will have to face through the rest of this year. He noted that last year we had five and half strong months of operations, which we do not have this year. Therefore, we will focus on managing the budget closely until we start to recover traffic. Most importantly, the Aviation Authority needs to be involved with the community at large to help get COVID-19 under control, because this is the foundation to be able to recover.

Mr. Brown further communicated that we have an unrestricted fund balance of \$348 million and the days' cash right now are 365. However, cost per enplaned passenger has increased from \$5.70 to \$9.9, which will impact our operations and stakeholders. At the present time, we have a remaining net of expenses and revenue of \$96 million, compared to \$178 million we had the prior year. This means that there will be some shared revenue with

the airlines, but not to the level anticipated. Furthermore, there was a 41% decrease in enplaned passengers from 2019 to 2020. Mr. Brown indicated that the reason why he is providing this information is to make everyone aware that we need to be realistic with the challenges we will be facing moving forward.

Chairman Good stated that this has been an amazingly challenging time especially for the last half of the fiscal year. He stated that both Mr. Brown and staff deserve huge gratitude for all the work and hours put in and achieving such lean and healthy financials. He acknowledged that this will be a challenge for the next few months.

Chairman Good thanked Mr. O'Keefe for the presentation.

### **CONSENT AGENDA**

3. Mr. Brown requested that Consent Agenda Items B and C be deferred to be considered at the next Finance Committee meeting scheduled for February 17, 2021.

Mr. Brown made a point to mention that Consent Agenda Item A was prepared by Ms. Tianna Dumond, Director of Internal Audit. The audit report shows that, even with limited staff and by working with all other departments, Ms. Dumond was able to recover \$8 million through the audit process over the last year. She was also key through the Auditor General's audit and was responsible for putting together all responses for said audit.

Upon motion by Mayor Dyer, second by Vice Chair Martinez, motion passed unanimously by roll call vote to approve the following:

- A. accept to approve the 2020-2021 Annual Audit Plan;
- B. deferred; and
- C. deferred.

### **INFORMATION ITEM**

4. Mr. Brown indicated that the following items were provided for information only:

- A. Annual Report for the Fiscal Year Ended September 30, 2020
- B. Internal Audit Reports
- C. Aviation Authority's Comprehensive Annual Financial Report (Draft Copy) for the Year Ended September 30, 2020

### **ADJOURNMENT**

5. There being no further business to be considered, Chairman Good adjourned the meeting at 1:29 p.m.

(Digitally signed on )

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Larissa Bou  
Recording Secretary

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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: Kathleen M. Sharman, Chief Financial Officer  
DATE: February 17, 2021

**ITEM DESCRIPTION**

Recommendation to Extend a Revolving Line of Credit Facility 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. (Bank of America) in the amounts of \$75,000,000 and \$150,000,000, which expire June 29, 2021, and July 29, 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 29, 2021, (the 2018 Wells Fargo Facility"), and July 29, 2022, respectively. A fifth line of credit facility with PNC Bank, N.A. in the amount of \$100,000,000 expired in November 2020, and has not been replaced. The current combined total LOC Facilities capacity is \$450,000,000.

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 be made 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 and Passenger Facility Charge Backed Bonds.

**ISSUES**

The initial term of the \$175,000,000 2018 Wells Fargo Facility expires on June 29, 2021. Two one (1) year extension options were previously approved by the Board. Wells Fargo has agreed to extend the 2018 Wells Fargo Facility until December 1, 2022.

At its meeting on July 17, 2019, the Aviation Authority approved an option to increase the outstanding principal amount of an LOC Facility with Wells Fargo by up to an additional \$100,000,000. Wells Fargo has agreed to increase the expiring 2018 Facility by an additional \$50,000,000. With the expiration of the Aviation Authority's \$100,000,000 LOC Facility with PNC Bank, N.A. in November 2020, staff is requesting that the expiring 2018 Wells Fargo Facility be increased by \$50,000,000, for a total amount of \$225,000,000. All modifications to the Wells Fargo Facility will become effective beginning June 1, 2021 and expire on December 1, 2022 with closing on this extension no later than April 15, 2021.

Frasca & Associates, LLC, the Authority's Financial Advisor, has reviewed the fee structure and found it to be reasonable and comparable to other lines of credit similar in size, with fair terms and pricing. Further, the unutilized fees and interest rates proposed by Wells Fargo are more favorable than amounts proposed by other line of credit providers for comparable products in response to a 2020 RFP for \$100 million line of credit facility that was issued by the Aviation Authority.

**ALTERNATIVES**

The Finance Committee may reject this request to extend the Wells Fargo LOC Facility; however, this could limit the Aviation Authority's ability to interim finance various tax-exempt or taxable airport projects and is not recommended.

**FISCAL IMPACT**

Wells Fargo's Commitment Fee is 42 basis points based on the unused portion of the commitment. Once 65% of the line is utilized then no fee is charged. The Commitment Fee shall be payable semiannually in arrears, and paid from the Operation and Maintenance Fund.

Interest on draws will vary based on draw amounts, LIBOR rates, tax status and the duration the draws are outstanding, and will be reimbursed from the proceeds of the permanent financing source. Each taxable advance under the LOC Facility will bear interest at a rate equal to LIBOR plus 105 basis points. Each tax exempt advance under the Facility will bear interest at a rate equal to 80% of LIBOR plus 70 bps.

In addition, in the event of a rating downgrade, Wells Fargo has proposed a provision that interest on both taxable and tax exempt advances will increase in accordance with the table below:

	<u>Authority Rating</u>			<u>Increase in Spread</u>
	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>	
Level I	A1 or above	A+ or above	A+ or above	0 bps
Level II	A2	A	A	15 bps
Level III	A3	A-	A-	15 bps
Level IV	Baa1	BBB+	BBB+	25 bps
Level V	Baa2	BBB	BBB	35 bps
Level VI	Baa3	BBB-	BBB-	50 bps

The rating downgrade provision fees for any unused portion of the Facility would increase in accordance with the table below:

	<u>Authority Rating</u>			<u>Increase in Commitment Fee</u>
	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>	
Level I	A1 or above	A+ or above	A+ or above	0 bps
Level II	A2	A	A	5 bps
Level III	A3	A-	A-	5 bps
Level IV	Baa1	BBB+	BBB+	15 bps
Level V	Baa2	BBB	BBB	25 bps
Level VI	Baa3	BBB-	BBB-	35 bps

It is requested that closing costs of an estimated not-to-exceed \$90,000 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 extend the current 2018 Wells Fargo Facility with Wells Fargo Bank, N.A., for a total Line of Credit Facility not to exceed \$225,000,000 until December 1, 2022; (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 \$90,000 from Discretionary Funds; and (3) request approval from the Aviation Authority Board to take any and all actions necessary to execute such amendment subject to satisfactory review by financial advisors and legal counsel, following consent of the Orlando City Commission.





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: February 17, 2021

**ITEM DESCRIPTION**

Recommendation to Extend a Revolving Line of Credit Facility 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 \$75,000,000 and \$150,000,000, which expire June 29, 2021 (the "2018 BoA Facility"), and July 29, 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 29, 2021, and July 29, 2022, respectively. A fifth line of credit facility with PNC Bank, N.A. in the amount of \$100,000,000 expired in November 2020, and has not been replaced. The current combined total LOC Facilities capacity is \$450,000,000.

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 be made 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 and Passenger Facility Charge Backed Bonds.

**ISSUES**

The initial term of the \$75,000,000 2018 BoA Facility with Bank of America expires on June 29, 2021. Two one (1) year extension options were previously approved by the Board. Bank of America has agreed to extend the 2018 BoA Facility for an additional 18 months, rather than one or two years, under the same terms and agreement as the existing 2018 BoA Facility, with favorable market pricing. The 18-month extension is favorable to the Aviation Authority to avoid 3 of the 4 LOC Facilities expiring in the summer of 2022.

At its meeting on July 17, 2019, the Aviation Authority approved an option to increase the outstanding principal amount of an LOC Facility with Bank of America by up to an additional \$100,000,000. Bank of America has agreed to increase the expiring 2018 BoA Facility for an additional \$50,000,000. With the expiration of the Aviation Authority's \$100,000,000 LOC Facility with PNC Bank, N.A. in November 2020, staff is requesting that the expiring 2018 BoA Facility with Bank of America be increased by \$50,000,000, for a total amount of \$125,000,000. All modifications to the Bank of America Facility will become effective beginning June 29, 2021 and expire on December 29, 2022 with closing on this extension on or about April 15, 2021.

Frasca & Associates, LLC, the Authority's Financial Advisor, has reviewed the fee structure and found it to be reasonable and comparable to other lines of credit similar in size, with fair terms and pricing. Further, the unutilized fees and interest rates proposed by Bank of America are more favorable than amounts proposed by other line of credit providers for comparable products in response to a 2020 RFP for \$100 million line of credit facility that was issued by the Aviation Authority.

To provide capacity necessary to interim finance various tax-exempt or taxable airport projects, Staff is requesting an extension of the Bank of America LOC Facility in a total par amount of \$125,000,000 for 18 months.

#### ALTERNATIVES

The Finance Committee may reject this request to extend the Bank of America LOC Facility, however this could limit the Aviation Authority's ability to interim finance various tax-exempt or taxable airport projects and is not recommended.

#### FISCAL IMPACT

Bank of America's Commitment Fee is 42 basis points based on the unused portion of the commitment. Once 65% of the line is utilized then no fee is charged. The Commitment Fee shall be payable semiannually in arrears, and paid from the Operation and Maintenance Fund.

Interest on draws will vary based on draw amounts, SIFMA rates, LIBOR rates, tax status and the duration the draws are outstanding, and will be reimbursed from the proceeds of the permanent financing source. Each taxable advance under the LOC Facility will bear interest at a rate equal to LIBOR plus 105 basis points. Each tax exempt advance under the Facility will bear interest at a rate equal to 100% of SIFMA index plus 80 basis points.

In addition, in the event of a rating downgrade, Bank of America has proposed a provision that interest on both taxable and tax exempt advances will increase in accordance with the table below:

	Authority Rating			Increase in Spread
	Moody's	S&P	Fitch	
Level I	A1 or above	A+ or above	A+ or above	0 bps
Level II	A2	A	A	15 bps
Level III	A3	A-	A-	15 bps
Level IV	Baa1	BBB+	BBB+	25 bps
Level V	Baa2	BBB	BBB	35 bps
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Level II	A2	A	A	5 bps
Level III	A3	A-	A-	5 bps
Level IV	Baa1	BBB+	BBB+	15 bps
Level V	Baa2	BBB	BBB	25 bps
Level VI	Baa3	BBB-	BBB-	35 bps

It is requested that closing costs of an estimated not-to-exceed \$90,000 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 extend the current expiring 2018 Line of Credit Facility of \$75,000,000 with Bank of America, N.A., with an additional increase of \$50,000,000, for a total Line of Credit Facility of \$125,000,000; (2) extend the \$125,000,000 LOC Facility for 18 months; (3) 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 \$90,000 from Discretionary Funds; and (4) request approval from the Aviation Authority Board to take any and all actions necessary to execute such amendment subject to satisfactory review by legal counsel, following consent of the Orlando City Commission.