

Hillsborough County Aviation Authority
Special Board Meeting

Wednesday, 9:00 a.m.
December 20, 2017

A Special Board Meeting of the Hillsborough County Aviation Authority was convened in the Boardroom, Main Terminal Building, Level 3 at Tampa International Airport, Tampa, Florida, on Wednesday, December 20, 2017.

Members present were: Robert I. Watkins, Brig. General Chip Diehl, Gary W. Harrod, Mayor Bob Buckhorn and Commissioner Crist.

Aviation Authority staff members present were Chief Executive Officer Joseph W. Lopano, General Counsel Michael Stephens, Al Illustrato, Damian Brooke, Chris Minner, John Tiliacos, Janet Scherberger, Michael Kamprath, Scott Knight, Jeff Siddle, Ed Haines, Ann Davis, Beth Zurenko, Violet Cummins, Detective Matt Ewing, Laura Tatem, Teresa Howell, Randy Forister, Rob Porter, Tom Thalheimer, Marcus Session, Cathy Teft, James Tarro, Gina Evans, JoAnn Wieckowicz, Tara Bohnsack and Dan Johnson.

Chairman Watkins welcomed everyone to the Special Board Meeting of December 20, 2017 and announced that Commissioner Crist was on his way. Chairman Watkins asked everyone to stand for the Pledge of Allegiance. He then advised the audience that anyone wishing to comment on propositions brought before the Board should see Violet Cummins, Board Services Administrator, for a form.

Chairman Watkins advised the audience that all members had received a copy of the Agenda prior to the meeting and had a chance to review it in advance.

Chairman Watkins called for a motion to approve the Agenda for the December 20, 2017 Special Board Meeting. Upon motion of Gary Harrod, seconded by Mayor Buckhorn, the Agenda was unanimously approved by all members present.

There were no Public Comments. Chairman Watkins then asked Mr. Lopano if he wished to make a comment.

Mr. Lopano shared that pursuant to the power outage that occurred at the Atlanta airport he had asked Al Illustrato to brief the Board on what the Airport's position is regarding electrical service.

Mr. Illustrato informed the Board that over the years Tampa International has developed redundant power sources with various power companies. Each one of the major facilities at the

Airport has a redundant power feed from separate sources and there are emergency generators at all of the major facilities.

Chairman Watkins proceeded next to Unfinished Business. *(Commissioner Crist arrived at the meeting)*

The first item under Unfinished Business was Change Order No. 18 to Design-Build Contract, Main Terminal and Airport Concession Redevelopment Program, HCAA Project Nos. 8100 14, 5760 11, 5920 13, 5880 14, 6305 15 and 8700 14, Skanska USA Building, Inc., Tampa International Airport, Resolution No. 2017-111, presented by Jeff Siddle.

The Authority is currently in construction of the Main Terminal and Airport Concession Redevelopment Program. Several contracts have been awarded by the Board to Skanska USA Building, Inc. (Skanska) for the design and construction of these projects.

In accordance with Policy P410, Procurement, the Chief Executive Officer and the Board have approved to date a cumulative total of seventeen Change Orders to the Contract.

This Change Order No. 18 will be a no cost change to the Contract language for the following item:

The current Contract contains language that allows the Authority to reduce retainage withheld from 10% to 5% upon 50% of the GMP Contract Sum being expended. This Change Order No. 18 will permit the Authority, in its sole discretion, to reduce the retainage to no less than 2.5% on any substantially completed part of the Work.

This item is included in the FY 2014 Capital Budget.

Management recommended adoption of Resolution No. 2017-111.

Upon motion of Commissioner Crist, seconded by Mayor Buckhorn, Change Order No. 18 to Design-Build Contract for Main Terminal and Airport Concession Redevelopment Program at Tampa International Airport with Skanska USA Building, Inc. was unanimously approved by all members present; and the Chief Executive Officer or his designee was authorized to execute all other ancillary documents by adoption of Resolution No. 2017-111.

The second and final item under Unfinished Business was Change Order No. 22 to Design-Build Contract, Consolidated Rental Car Facility and Automated People Mover, HCAA Project Nos. 1100 13, 1105 14, 8700 14 and 8115 14, Austin Commercial, L.P., Tampa International Airport, Resolution No. 2017-112, also presented by Jeff Siddle.

The Authority is currently in construction of the Consolidated Rental Car Facility (ConRAC) located in the South Terminal Support Area and an Automated People Mover (APM) connection to the Main Terminal. Several contracts have been awarded by the Board to Austin Commercial, L.P. for the design and construction of these projects.

In accordance with Policy P410, Procurement, the Board and Chief Executive Officer have approved to date a total of twenty-one Change Orders to the Contract.

This Change Order No. 22 will be a no cost change to the Contract language for the following item:

The current Contract contains language that allows the Authority to reduce retainage withheld from 10% to 5% upon 50% of the GMP Contract Sum being expended. This Change Order No. 22 will permit the Authority, in its sole discretion, to reduce the retainage to no less than 2.5% on any substantially completed part of the Work.

This item is included in the FY 2014 Capital Budget.

Management recommended adoption of Resolution No. 2017-112.

Upon motion of Gary Harrod, seconded by Mayor Buckhorn, Change Order No. 22 to Design-Build Contract for Consolidated Rental Car Facility and Automated People Mover at Tampa International Airport with Austin Commercial, L.P. was unanimously approved by all members present; and the Chief Executive Officer or his designee was authorized to execute all other ancillary documents by adoption of Resolution No. 2017-112.

This concluded Unfinished Business. Chairman Watkins then proceeded to New Business.

The first item in New Business was the Contract of Purchase, Direct Placement Financing, TD Bank, N.A., Tampa International Airport, Resolution No. 2017-108 and Resolution No. 2017-113, presented by Damian Brooke.

The federal tax bill which passed in the House of Representatives on November 16, 2017, known as the Tax Cuts and Jobs Act of 2017, eliminates the federal tax exemption for Private Activity bonds effective January 1, 2018. Private Activity tax-exempt bonds are one of the major sources of funding for the Authority's capital development program. Although the Senate bill version passed on December 1, 2017 and the final committee reconciliation approved on December 15, 2017 maintain the exemption, Congress has not yet voted on the bill as reconciled.

To mitigate possible adverse financial impacts to the Authority for Master Plan Phase II and other project financing, staff and the Authority's financial advisor, Public Financial Management, Inc. (PFM), evaluated the feasibility of issuing some debt prior to the end of 2017. As a result, staff has

solicited bids from the banking community to originate Direct Placement Financing(s). The Authority would be required to establish Direct Placement Financing(s) prior to January 1, 2018, which includes executing agreements, completing closing(s), and receipt of funds.

Through analysis of the potential impact of the proposed changes to the Private Activity tax-exempt bonds, the Authority finance team and PFM recommended that the Authority should endeavor to accelerate approximately \$211 million in bond financing, currently scheduled for October of 2018, in order to preserve the tax-exempt status of that debt. Should Congress eliminate Private Activity tax-exempt bonds, the consequence of proceeding without the Direct Placement Financing(s) could result in up to \$26 million of additional interest costs to the Authority on the \$211 million of bond financing.

On November 28, 2017, an Invitation to Bid was issued for Direct Placement Financing(s) at Tampa International Airport. The Invitation to Bid invited firms to submit bids to purchase 2017A Bonds with a total value of \$211 million. Bids were evaluated based on a proposed fixed interest rate which was determined by a pricing formula. Bidders were allowed to submit for one or more categories, but had to state a total principal amount which they had the capacity to purchase. Categories were based on the purchase amount of the 2017A Bonds and the maturing date. The terms and conditions were established in the Invitation to Bid and were non-negotiable.

On December 11, 2017, bids were publicly opened and read aloud as follows:

Category 1 - Bidder offers to purchase \$51,640,000 of 2017A Bonds maturing in 2027

Company Name	Proposed Fixed Rate
TD Bank, N.A.	2.49%
Bank of America, N.A. or Affiliate*	2.47%

Category 2 - Bidder offers to purchase \$54,665,000 of 2017A Bonds maturing in 2031

Company Name	Proposed Fixed Rate
TD Bank, N.A.	2.56%
Bank of America, N.A. or Affiliate*	3.07%

Category 3 - Bidder offers to purchase \$48,615,000 of 2017A Bonds maturing in 2034

Company Name	Proposed Fixed Rate
RBC Capital Markets, LLC*	YTC: 3.200% TIC: 3.757%

Category 4 - Bidder offers to purchase \$56,310,000 of 2017A Bonds maturing in 2037

Company Name	Proposed Fixed Rate
RBC Capital Markets, LLC*	YTC: 3.340% TIC: 3.978%

*Bank of America, N.A. or Affiliate and RBC Capital Markets, LLC were deemed non-responsive due to conditioning their bids on material modifications to the terms of the Invitation to Bid.

The lowest responsive and responsible bidder for Category 1 and Category 2 is TD Bank, N.A. However, TD Bank, N.A. only has the capacity to purchase up to one category or a principal amount of \$54,665,000. PFM performed a financial analysis which determined that the lowest total cost to the Authority would be realized by TD Bank, N.A. purchasing Category 2, 2017A Bonds in the amount of \$54,665,000.

In order to secure the Category 2, 2017A Bonds with the common Bond Reserve Fund as intended in the Invitation to Bid, staff is recommending a temporary deposit of certain funds into the common Bond Reserve Fund. The deposited funds would be replaced by proceeds from the future sale of bonds. Some or all of the deposited funds are expected to be replaced with proceeds of bonds anticipated to be issued in the fourth quarter of 2018.

The total additional interest costs savings associated with the Direct Placement Financing of Category 2, 2017A Bonds is estimated to be \$5.8 million should Private Activity tax-exempt bonds be eliminated. The Authority reserves the right to cancel the solicitation at any time up to Board award and to cancel the resulting contract up to the closing date.

There was no W/MBE expectancy for this contract.

Management recommended adoption of Resolution No. 2017-108 and Resolution No. 2017-113.

Mayor Buckhorn then asked for clarification on what the second bond issue was for. Mr. Brooke explained that the next bond issue would be the funding for the remainder of Phase 2 which is scheduled for October 2018. Additional questions were asked by both Mayor Buckhorn and Gary

Harrod regarding the financing of Phase 2 and the final tax bill that was currently in the House of Representatives. Mr. Brooke answered their questions to their satisfaction.

Upon motion of Mayor Buckhorn, seconded by Gary Harrod, Resolution No. 2017-108 was unanimously approved by all members present.

Upon motion of Gary Harrod, seconded by Mayor Buckhorn, Resolution No. 2017-113 was unanimously approved by all members present.

The final item under New Business was Amendment One to Amended and Restated Credit Agreement, SunTrust Bank, Tampa International Airport, Resolution No. 2017-110, presented by Damian Brooke.

In addition to long-term fixed rate bonds, the Authority has traditionally also maintained a shorter term, more flexible funding source utilized to both temporarily fund ongoing capital projects, as well as to provide additional financial capacity for the Authority to manage unexpected capital expenses that may occur.

Prior to 2011, the Authority utilized a Commercial Paper financing program to manage its shorter term financing needs, but converted to a Line of Credit vehicle in 2011. On June 9, 2011, the Board approved an agreement with SunTrust Bank to provide a variable rate direct bank loan of a not-to-exceed amount of \$105,000,000 to the Authority. That agreement was modified on March 1, 2012, increasing the not-to-exceed amount to \$130,000,000, and again on September 5, 2013 to increase the not-to-exceed amount to \$200,000,000.

The direct bank loan agreement contained an original termination date of June 21, 2018. However, it also contained the ability for the Authority and SunTrust to extend the term upon mutual consideration. The original Authority solicitation document related to the 2011 procurement of the direct bank loan agreement limited the extension of the term to no later than October 1, 2020.

Additionally, the federal tax bill which passed in the House of Representatives on November 16, 2017, known as the Tax Cuts and Jobs Act of 2017, eliminates the federal tax exemption for Private Activity bonds effective January 1, 2018. Private Activity tax-exempt bonds are one of the major sources of funding for the Authority's capital development program. Although the Senate bill version passed on December 1, 2017 and the final committee reconciliation approved on December 15, 2017 maintain the exemption, Congress has not yet voted on the bill as reconciled. To mitigate possible adverse financial impacts to the Authority for Master Plan Phase II and other project financing, staff and the Authority's financial advisor, Principal Financial Management, Inc., recommend utilizing a portion of the bank loan to draw under the Series 2013A Tax-Exempt Note before December 31, 2017 in an amount up to \$157,000,000. The direct bank loan agreement as revised on September 5, 2013 established two Notes, the Series 2013A Tax-Exempt Note and the Series 2013B Taxable Note.

Neither Note would have to be repaid from proceeds of an issuance of Authority indebtedness unless the intent of that issue is to repay Advances, and both Notes will also mature on October 1, 2020.

The Authority proposes the following changes to the credit agreement (i) clarify that the Notes do not have to be repaid from proceeds of the next succeeding issuance of Authority indebtedness unless the intent of that issue is to repay the Notes; (ii) reduce the Maximum Commitment Amount based on repayments of the December 2017 advance, but not below \$100,000,000; and (iii) extend the Commitment Termination Date from June 21, 2018 to October 1, 2020. Effective January 1, 2018, the line amount would be reduced to the sum of \$100,000,000 plus the amount drawn in December 2017 with a total cap of \$200,000,000. If the December 2017 draw is repaid prior to maturity, the line amount will be reduced in the same amount as the repayment (i.e. the line amount would not revolve over \$100,000,000) but not below \$100,000,000.

The Authority proposes to authorize a draw under the Series 2013A Tax-Exempt Note before December 31, 2017 of an amount up to \$157,000,000. If the entire amount is drawn, the total additional interest costs savings associated with the proposed changes to the direct bank loan agreement are up to \$4.5 million.

SunTrust Bank has agreed in principal to the requested extension and revisions. All other terms of the agreement will remain unchanged. The estimated fees from SunTrust for amending the agreement are \$165,000, which includes SunTrust's loan modification fee and fees for bank counsel. SunTrust Bank is expected to provide final approval of Amendment One on December 21, 2017.

Management recommended adoption of Resolution No. 2017-110.

Upon motion of Mayor Buckhorn, seconded by Gary Harrod, Resolution No. 2017-110 was unanimously approved by all members present.

Mr. Brook concluded by thanking the internal team and the external organizations for the long hours spent preparing these items to be brought before the Board. This item concluded New Business and with no other business to be brought before the Board, the Special Board Meeting adjourned at 9:21 a.m.

Robert I. Watkins, Chairman

Victor D. Crist, Secretary