



February 27, 2024

CALL AND NOTICE OF A SPECIAL MEETING OF THE
FINANCE AND ADMINISTRATION COMMITTEE
OF THE
BURBANK GLENDALE-PASADENA AIRPORT AUTHORITY

NOTICE is hereby given that a special meeting of the Finance and Administration Committee will be held on Thursday, February 29, 2024, at 8:00 a.m., in the Burbank Room of Hollywood Burbank Airport, 2627 N. Hollywood Way, Burbank, California 91505.

In addition to attending the meeting in person, members of the public may observe the meeting telephonically and may offer comment in real time through the following number:

Dial in: (978) 990-5000

Access Code: 880737#

Terri Williams, Board Secretary
Burbank-Glendale-Pasadena Airport Authority

SPECIAL MEETING
OF THE
FINANCE AND ADMINISTRATION COMMITTEE

Burbank Room
Thursday, February 29, 2024
8:00 a.m.

As a result of the convening of this meeting of the Finance and Administration Committee, each Committee member in attendance is entitled to receive and shall be provided \$200.

The public comment period is the opportunity for members of the public to address the Committee on agenda items and on airport-related non-agenda matters that are within the Committee's subject matter jurisdiction. At the discretion of the presiding officer, public comment on an agenda item may be presented when that item is reached.

When in-person attendance or participation at meetings of the Committee is allowed, members of the public are requested to observe the following rules of decorum:

- *Turn off cellular telephones and pagers.*
- *Refrain from disorderly or boisterous conduct, including loud, threatening, profane, or abusive language, clapping, whistling, stamping, or other acts that disrupt or otherwise render unfeasible the orderly conduct of the meeting.*
- *If you desire to address the Committee during the public comment period, fill out a speaker request card and present it to the Board Secretary.*
- *Confine remarks to agenda items or to airport-related non-agenda matters that are within the Committee's subject matter jurisdiction.*
- *Limit comments to three minutes or to such other period of time as may be specified by the presiding officer.*

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The following activities are prohibited:

- *Allocation of speaker time to another person.*
- *Video presentations requiring use of Authority equipment.*

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Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Authority to the Committee less than 72 hours prior to that meeting are available for public inspection at Hollywood Burbank Airport (2627 N. Hollywood Way, Burbank) in the administrative office during normal business hours.

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In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the Board Secretary at (818) 840-8840 at least 48 hours prior to the meeting.

AGENDA

Thursday, February 29, 2024

1. ROLL CALL
2. APPROVAL OF AGENDA
3. PUBLIC COMMENT
4. ITEMS FOR APPROVAL

- a. Selection of Underwriting Pool for Airport Revenue Bonds for Replacement Passenger Terminal Project and 2024 Bonds Underwriting Syndicate

[See page 1]

Staff seeks a Finance and Administration Committee ("Committee") recommendation to the Commission to accept the recommendations (as set forth in the attached memorandum) from Public Resources Advisory Group ("PRAG"), the Authority's independent Municipal Advisor, regarding the selection of:

- ***Firms that will be part of the pool of potential underwriters (the "Pool") for the General Airport Revenue Bonds ("GARBS") that the Authority will issue for the Replacement Passenger Terminal ("RPT") Project, and***
- ***Firms to be selected, from the Pool, that will form the underwriting syndicate for the initial GARBS that the Authority plans to issue in 2024 ("2024 Bonds").***

PRAG recommends the following: The syndicate for the 2024 Bonds will be comprised of seven firms, consisting of: (i) Bank of America Securities as lead senior manager; (ii) J.P. Morgan Securities and Ramirez & Co. as co-senior managers; and (iii) Barclays Capital Inc., Loop Capital Markets LLC, RBCCM, and Siebert Williams Shank & Co., LLC as co-managers. In addition to these firms, the Pool will include three other firms, consisting of: Goldman Sachs & Co., LLC, Wells Fargo Bank, N.A. and Raymond James & Associates, Inc.

5. ADJOURNMENT

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
FEBRUARY 29, 2024**

**SELECTION OF UNDERWRITING POOL FOR AIRPORT REVENUE BONDS
FOR REPLACEMENT PASSENGER TERMINAL PROJECT
AND 2024 BONDS UNDERWRITING SYNDICATE**

Presented by
John T. Hatanaka
Senior Deputy Executive Director

SUMMARY

Staff seeks a Finance and Administration Committee (“Committee”) recommendation to the Commission to accept the recommendations (as set forth in the attached memorandum) from Public Resources Advisory Group (“PRAG”), the Authority’s independent Municipal Advisor, regarding the selection of:

- Firms that will be part of the pool of potential underwriters (the “Pool”) for the General Airport Revenue Bonds (“GARBS”) that the Authority will issue for the Replacement Passenger Terminal (“RPT”) Project, and
- Firms to be selected, from the Pool, that will form the underwriting syndicate for the initial GARBS that the Authority plans to issue in 2024 (“2024 Bonds”).

PRAG recommends the following. The syndicate for the 2024 Bonds will be comprised of seven firms, consisting of: (i) BofA Securities as lead senior manager; (ii) J.P. Morgan Securities and Ramirez & Co. as co-senior managers; and (iii) Barclays Capital Inc., Loop Capital Markets LLC, RBCCM, and Siebert Williams Shank & Co., LLC as co-managers.

Additionally, PRAG recommends that three firms – Goldman Sachs & Co., LLC, Wells Fargo Bank, N.A. and Raymond James & Associates, Inc. – be part of the Pool, even though they will not be part of the underwriting syndicate for the 2024 Bonds. To the extent the Authority issues additional GARBS for the RPT Project, the Authority may select firms from the Pool to serve as underwriters for the future issuances. Currently, it is anticipated that additional GARBS will be issued in 2026 or 2027, around the time of opening of the RPT.

BACKGROUND

Citigroup Global Markets (“Citi”) was initially identified as the lead senior manager for the 2024 Bonds. Staff and PRAG had planned to issue a Request for Qualifications (“RFQ”) in January 2024 to allow the Commission to select qualified firms to be co-senior managers and managers. Unfortunately, Citi decided that month to withdraw from the public finance underwriting market. As a result, the RFQ took on even greater importance, in that it would also be used to identify a replacement lead senior manager for the 2024 Bonds. The broad

community of potential underwriting firms was alerted and the RFQ was issued via PlanetBids.

On February 16, 2024, the Authority received Statements of Qualifications (“SOQs”) from 14 respondents. PRAG reviewed the SOQs and determined that 13 of the respondents met the minimum qualifications. PRAG’s review and recommendations, including a scoring summary, is attached.

RECOMMENDATION

Staff seeks a Committee recommendation to the Commission to accept the PRAG’s recommendations for: (i) the underwriting pool for the GARBS and (ii) the underwriting syndicate for the 2024 Bonds.

PUBLIC RESOURCES ADVISORY GROUP

MEMORANDUM

TO: Burbank-Glendale-Pasadena Airport Authority

FROM: Public Resources Advisory Group (PRAG)

SUBJECT: Review of Statements of Qualifications (SOQs) for the Underwriting Pool for Airport Revenue Bonds

DATE: February 25, 2024

On February 16, 2024, the Authority received a total of 14 SOQs from financial institutions in response to its Request for Qualifications (RFQ ADM 24-02 Underwriting Pool Member) (RFQ). PRAG has reviewed each of these SOQs following the two-tiered approach included in the RFQ, which specify the “Minimum Requirements” to qualify for selection and the “Evaluation Criteria” for the qualifying proposers. The combination of Minimum Requirements and Evaluation Criteria reflects an effort to obtain the services of the most qualified firms and the best financing plan for the Authority. This memo summarizes the results of PRAG’s review of the SOQs following this two-tiered approach.

Minimum Requirements. The four “Minimum Requirements” consist of: (1) the proposing firm must have served as a senior manager for at least one airport revenue bond financing since April 2020; (2) the proposing lead person must have a minimum of three recent years of public finance experience and is authorized to sign a bond purchase agreement; (3) the proposing firm must hold, and at all times maintain, all licenses and registrations; and (4) the proposing firm must have at least one full-time professional supervisory employee with a Municipal Securities Principal license. These criteria help to ensure that all selected firms for the underwriting pool and the individuals serving the Authority from those firms would be able to provide a full range of meaningful contributions to developing and implementing the financing plan of the Authority.

PRAG began its review by comparing each respondent’s SOQ against the Minimum Requirements. Each firm deemed qualified for consideration to be selected for the underwriting pool must meet all four of the Minimum Requirements. Of the 14

Review of Underwriter Pool SOQs

February 25, 2024

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SOQs, 13 of the proposed met the Minimum Requirements, and one did not. The following table lists the names of the proposers and whether they met the Minimum Requirements.

Firm	Meets <u>ALL</u> Minimum Requirements	Senior Manager of Airport Revenue Bonds	Lead Person Experience and Authority	Firm Licenses and Registrations	Firm Municipal Securities Principal
AmeriVet Securities, Inc.	no	No	yes	yes	yes
Barclays Capital Inc.	yes	Yes	yes	yes	yes
BofA Securities	yes	Yes	yes	yes	yes
Cabrera Capital Markets LLC	yes	Yes	yes	yes	yes
Goldman Sachs & Co. LLC	yes	Yes	yes	yes	yes
J.P. Morgan Securities LLC.	yes	Yes	yes	yes	yes
Loop Capital Markets LLC	yes	Yes	yes	yes	yes
Ramirez & Co.	yes	Yes	yes	yes	yes
Raymond James & Associates, Inc.	yes	Yes	yes	yes	yes
RBCCM	yes	Yes	yes	yes	yes
Siebert Williams Shank & Co., LLC	yes	Yes	yes	yes	yes
Stern Brothers & Co.	yes	Yes	yes	yes	yes
Truist Securities	yes	Yes	yes	yes	yes
Wells Fargo Bank N.A.	yes	Yes	yes	yes	yes

Evaluation Criteria. The RFQ describes the Evaluation Criteria for those meeting the Minimum Requirements as: (1) relevant experience in municipal financings; (2) recommendations for the financing(s); and (3) history of service to the Authority related to financing the replacement passenger terminal (RPT) project. The questions in the RFQ generally align to one of the three elements of the Evaluation Criteria. The questions covered a range of topics including: (a) firm's experience in California public finance and airport financings (post-COVID); (b) assigned personnel's experience; (c) marketing and distribution capabilities and expected contributions; (d) capital position of the firm and demonstrated willingness to commit capital for their clients' bond offerings; (e) plan of finance recommendations; (f) credit rating outlook and strategies; (g) history of services to the Authority; and (h) pricing proposal.

Negotiated bond underwriting services are unique among the types of services delivered. They include negotiating pricing with bond investors, setting the terms of bonds to take advantage of market opportunities, assistance with obtaining credit ratings, among other things, all of which can materially impact the overall debt service cost to the issuers. Direct compensation to underwriters (in the form of management fees, if any, and takedowns (i.e., broker commissions) represent only a

Review of Underwriter Pool SOQs

February 25, 2024

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small fraction of the potential cost to the issuer as a result of these services. Therefore, underwriter qualifications and proposals are generally evaluated holistically, rather than primarily on cost. The responses to each question were scored on a range of one to five (with one being the poorest and five being the best) and weighted according to their importance for implementing the Authority's financing program. The table below sets forth the scores assigned by PRAG to the responses for each question from each of the 13 proposers which met the Minimum Requirements, as well as the calculated overall score and rank.

Firm	Question									Total Weighted Score	Rank
	Firm Experience	Staff Experience	Marketing Capabilities	Capital Position	Capital Commitment	Plan of Finance Recommendations	Credit Rating Outlook/Strategies	Service to Authority	Pricing Proposal		
<i>Weighting</i>	10%	10%	10%	5%	5%	25%	20%	10%	5%	100%	
Barclays Capital Inc.	4	5	4	4	3	3	3	4	3	3.6	4
BofA Securities	5	5	4	4	5	3	4	4	4	4.0	1
Cabrera Capital Markets LLC	2	4	2	1	2	2	2	1	1	2.0	12
Goldman Sachs & Co. LLC	4	5	4	4	3	2	3	3	5	3.3	9
J.P. Morgan Securities LLC.	5	5	5	4	4	3	3	4	5	3.9	2
Loop Capital Markets LLC	3	5	3	2	1	4	3	4	4	3.5	6
Ramirez & Co.	4	5	4	2	3	4	3	4	5	3.8	3
Raymond James & Associates, Inc.	3	4	3	3	2	3	4	1	5	3.2	10
RBCCM	3	4	4	3	4	3	4	2	3	3.4	7
Siebert Williams Shank & Co., LLC	3	4	4	2	2	5	3	1	4	3.5	5
Stern Brothers & Co.	1	4	2	1	1	2	2	1	3	2.0	13
Truist Securities	1	3	3	5	1	2	2	1	3	2.2	11
Wells Fargo Bank N.A.	3	5	4	5	4	3	3	1	4	3.3	9

Recommended for Pool and Initial Team

Recommended for Pool only

Recommendations. The scores above demonstrate a clear break between the top 10 firms and the firms ranked 11 through 13. Therefore, PRAG believes that the top 10 proposers should be selected as members of the Authority's underwriting pool. These firms are (in alphabetical order): (1) Barclays Capital Inc.; (2) BofA Securities; (iii) Goldman Sachs & Co. LLC; (4) J.P. Morgan Securities LLC; (5) Loop Capital Markets LLC; (6) Ramirez & Co.; (7) Raymond James &

Associates, Inc.; (8) RBCCM; (9) Siebert Williams Shank & co., LLC; and (10) Wells Fargo Bank N.A.

Additionally, the RFQ specifies that the SOQs may be used to select the members of the underwriting syndicate and their roles for the financings of the Authority. To ensure the timely delivery of proceeds to coincide with the key approvals for the RPT's component Guaranteed Maximum Price (cGMP) process around April/May 2024, PRAG believes it would be prudent to select members of the underwriting syndicate using results of the above scores. The selection will allow those firms to work with the Authority's staff and the financing team to expeditiously complete developing the documents and prepare for the sale of the Authority's general airport revenue bonds (GARBs). The formal and final approval of the team would occur during the approval of those bond documents at a later date.

For the initial issuance of GARBs, PRAG believes it would appropriate to assign a total of seven underwriting firms based on the anticipated size (approximately \$800 million), with one lead senior manager, two co-senior managers and four co-managers. Based on the above scores, (1) BofA Securities would be assigned the role of lead senior manager, (2)(a) J.P. Morgan Securities LLC and (b) Ramirez & Co. as co-senior managers, and (3)(w) Barclays Capital Inc., (x) Loop Capital Markets LLC, (y) RBCCM, and (z) Siebert Williams Shank & Co., LLC. As co-managers. We expect the precise underwriting liabilities will be negotiated with the lead senior manager as representative of the syndicate following market standards.

Hollywood Burbank Airport
Underwriter Statement of Qualifications
Scoring Summary Worksheet
2/25/2024

Firm	Weight	Barclays	BofA	Cabrera	Goldman Sachs	J.P. Morgan	Loop	Ramirez	Raymond James	RBCCM	Siebert	Stern Bros.	Truist	Wells Fargo
Public Finance Experience	10%	4	5	2	4	5	3	4	3	3	3	1	1	3
Staff Qualification and Experience	10%	5	5	4	5	5	5	5	4	4	4	4	3	5
Marketing & Distribution Capabilities	10%	4	4	2	4	5	3	4	3	4	4	2	3	4
Capital Position	5%	4	4	1	4	4	2	2	3	3	2	1	5	5
Capital Commitment	5%	3	5	2	3	4	1	3	2	4	2	1	1	4
Plan of Finance Recommendations	25%	3	3	2	2	3	4	4	3	3	5	2	2	3
Credit Rating Perspective	20%	3	4	2	3	3	3	3	4	4	3	2	2	3
Service to Authority	10%	4	4	1	3	4	4	4	1	2	1	1	1	1
Pricing Proposal	5%	3	4	1	5	5	4	5	5	3	4	3	3	4
Total Weighted Score	100%	3.6	4.0	2.0	3.3	3.9	3.5	3.8	3.2	3.4	3.5	2.0	2.2	3.3
Rank		4	1	12	9	2	6	3	10	7	5	13	11	8