

Replacement Passenger Terminal Project Underwriter Pool RFQ Results

Burbank-Glendale-Pasadena Airport Authority
Special Commission Meeting

March 4, 2024

Underwriting Pool Request for Qualifications (RFQ)

Financing Status Update

Underwriting Firms and Their Roles*

- To issue its bonds to fund the RPT project, the Authority needs to engage one or more investment banks to serve in a syndicate of underwriting firms
- The banks serve as intermediaries, purchasing the bonds from the Authority and reselling them to investors
- The banks work with the Authority and their advisers with the goal of obtaining the lowest interest rates by:
 - Assisting in development of documentation (including the preliminary official statement)
 - Setting the terms (i.e., structure) for the bonds
 - Seeking credit ratings
 - Marketing the bonds to investors

** These descriptions relate only to negotiated sales; alternative arrangements (i.e., competitive sales and private placements) work differently.*

Underwriting Firms and Their Roles* (cont'd)

- After an order period, the syndicate collectively will make an offer for all of the bonds to be issued, including any for which there is insufficient investor interest
 - The firm offer is documented in a bond purchase agreement (BPA)
- For large transactions, such as the Authority's 2024 bonds, issuers typically engage a syndicate consisting of multiple firms
 - Increases the marketing reach (i.e., more salespersons and more brokers)
 - Diversifies risk to any one firm
 - Lead senior managers head the overall structuring and marketing efforts
 - Co-senior managers provide input throughout the process
 - Co-managers contribute primarily during the marketing process only

* *These descriptions relate only to negotiated sales; alternative arrangements (i.e., competitive sales and private placements) work differently.*

Underwriter RFQ Schedule

- 41* firms were notified
- 25* firms have downloaded the RFQ
- 14 Statements of Qualifications (SOQs) were received

Activity	Date/Timing
RFQ Issued	1/8/2024
RFQ Questions/Requests for Clarification Deadline	1/19/2024
Statement of Qualifications (SOQ) Submission Deadline	2/16/2024
Notification of Selection	February/March 2024
Draft/review documentation for 2024 Bonds	February/March 2024
Committee Recommendation/Commission Approval of 2024 Bonds	March/April 2024
Pricing/Execution of 2024 Bonds	May 2024

* *Unique firms*

Minimum Qualifications

Minimum Qualification	Rationale
Served as a senior manager for at least one airport revenue bond financing since April 2020	<ul style="list-style-type: none">• Underwriting pool member should be able to make meaningful contributions to the financing• Senior managers encounter the day-to-day nuanced issues that co-managers would not encounter• Experience in airport financings since COVID is materially different
Lead person must have a minimum of three recent years of public finance experience and is authorized to sign contract for the firm	<ul style="list-style-type: none">• Personal recent experience in municipal bonds is essential for good service• Sufficiently senior position to ensure commitment of firm resources
Hold and at all times maintain all required federal and state licenses and registrations	<ul style="list-style-type: none">• Regulatory compliance
At least one full-time professional supervisory employee with a Municipal Securities Principal license	<ul style="list-style-type: none">• Regulatory compliance

- 13 of the 14 responding firms met the Minimum Qualifications

Questions and Evaluation Criteria Focus on 3 Areas

- Relevant capabilities and experience
 - Firm experience, marketing and distribution capabilities, capital position, and capital commitment
 - Staff qualifications, experience, and references
- Recommendations (“ideas”)
 - Structure (amortization, bond terms, investments, etc.)
 - Sensitivity analysis (risk assessment)
 - Credit rating perspective
- Past service to the Authority
 - History of service related to financing the Project
 - Highlight of “helpful” examples

Scoring Approach

- Scoring ranged from 1-5
 - Normalized to use the full range
- Established rubrics for each question
 - Where possible, scoring was based on math
 - Reflected quality of responses
 - Depth, understanding, and uniqueness (appropriate) were tracked
 - Penalties for errors or misstatements were also assigned
- Scores were weighted based on importance
 - Alternate weights were tested; results were largely the same

Evaluation Results

	Question										
Firm	Firm Experience	Staff Experience	Marketing Capabilities	Capital Position	Capital Commitment	Plan of Finance Recommendations	Credit Rating Outlook/Strategies	Service to Authority	Pricing Proposal	Total Weighted Score	Rank
Weighting	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

■ Underwriting Pool Members*

- Barclays Capital Inc.
- BofA Securities
- Goldman Sachs & Co. LLC
- J.P. Morgan Securities LLC
- Loop Capital Markets LLC
- Ramirez & Co.
- Raymond James & Associates, Inc.
- RBCCM
- Siebert Williams Shank & Co., LLC
- Wells Fargo Bank N.A.

■ Syndicate for 2024 Bonds

- Lead Senior Manager
 - BofA Securities
- Co-Senior Managers
 - J.P. Morgan Securities LLC
 - Ramirez & Co.
- Co-managers
 - Barclays Capital Inc.
 - Loop Capital Markets LLC
 - RBCCM
 - Siebert Williams Shank & Co., LLC

** Alphabetical order*