



REPORT TO THE FINANCE COMMITTEE

Pre-Solicitation Terms for Underwriting Services for the Aviation Enterprise and Dulles Corridor Enterprise

October 2018



Purpose

To obtain the Finance Committee's concurrence with the issuance of a Request for Proposals (RFP) seeking qualifications from investment banking firms interested in providing underwriting services to support the capital debt financing activities.



Background

- The Board has reserved to itself the selection of underwriters in accordance with Resolution No. 01-20.
- Pursuant to Resolution No. 15-37, the Board selected 15 investment banking firms to form an Underwriting Pool for a term of three years or longer at the discretion of the Airports Authority.
- The three-year base term expires in December 2018. Although option years remain, many key representatives within the investment banking firms have either departed or changed firms.



Background *cont'd*

- The 2019 Plan of Finance includes:
 - Refinancing approximately \$183 million of Series 2009B Airport System Revenue Bonds on a current refunding, forward delivery or taxable basis, depending upon market conditions;
 - Issuing new money for the Capital Construction Program needs, if necessary; and
 - Refinancing approximately \$198 million of Series 2009A Dulles Toll Road Revenue Bonds on a current refunding, forward delivery or taxable basis, depending upon market conditions.
- In order to execute the 2019 Plan of Finance, the Board must extend the current underwriting pool or concur with the issuance of a solicitation to establish a new pool.



Discussion

- The Staff and Financial Advisors recommend a new solicitation for underwriting services which will result in a recommended pool of underwriters to the Finance Committee and Board in January 2019.
- Given the frequency of turnover in the industry, staff and the Financial Advisors recommend establishing this pool for a term of three years.
- Upon approval of the underwriting pool, subsets will be recommended for underwriting syndicates for the Series 2019 Bond issuances, including a Book-running Senior Manager, Co-Senior Manager (if desired) and Co-Managers, to the Finance Committee in February 2019.
- Subsequent syndicates will be selected, as needed, for any future debt issuances during the established three-year term and the size of all syndicates will be recommended based upon the needs of each specific transaction.



Discussion *cont'd*

- The full and open solicitation will use the technical only procurement method, with the following evaluation criteria of equal importance for the underwriting pool:

	Evaluation Criteria
1	Understanding of the Airports Authority's credit and financing needs, including soundness, creativity, or utility of the firm's recommended 2019 bond financing strategies and ideas as well as potential strategies for future new money and refunding opportunities: <ol style="list-style-type: none">as applicable to the Aviation Enterprise (Airports related debt), andas applicable to the Dulles Corridor Enterprise (Dulles Toll Road related debt)
2	Firm's underwriting capabilities, including demonstrated capital and commitment to underwrite unsold bonds, recent and relevant bond transaction underwriting experience and performance, including the qualifications and experience of the team members assigned to the Airports Authority's transactions.
3	Composition and diversity of the proposed staff to be assigned to the Airports Authority, diversity of the entirety of the firm's professionals, and the firm's policies regarding the attainment and/or presence of diversity within the firm's workforce, the actions of the firm to implement and achieve these policies, and the firm's performance under these policies.



Discussion *cont'd*

- Following approval of the underwriting pool, the firms in the pool will be invited to interview for inclusion in the 2019 underwriting syndicates and for roles on the planned 2019 debt transactions.
- Staff will recommend establishment of the underwriting syndicates for the 2019 Bond issuances to the Finance Committee in February 2019.
- Ratings of the evaluation criterion No. 1 will carry forward from the underwriting pool evaluation. In addition, the firms will be evaluated based on their performance during the interviews: preparation, quality, clarity and accuracy of the presentation during the allotted time and the quality and adequacy of responses to questions.



Discussion *cont'd*

- Proposed Schedule

Date	Tasks
October 17, 2018	Present Pre-solicitation Paper
October 18, 2018	Distribute RFP
November 16, 2018	Proposals due
January 16, 2019	Recommend Underwriting Pool to the Finance Committee and Request Board Approval
January 30-31, 2019	Conduct Interviews for Underwriting Syndicates and Roles
February 20, 2019	Recommend 2019 Underwriting Syndicates and Roles to the Finance Committee and Request Board Approval



Recommendation

That the Finance Committee concur with the issuance of an RFP seeking qualifications from investment banking firms interested in providing underwriting services to support capital debt financing activities.



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REPORT TO THE FINANCE COMMITTEE

PRE-SOLICITATION TERMS FOR UNDERWRITING SERVICES FOR THE AVIATION ENTERPRISE AND DULLES CORRIDOR ENTERPRISE

OCTOBER 2018

PURPOSE

To obtain the Finance Committee's concurrence with the issuance of a Request for Proposals (RFP) seeking qualifications from investment banking firms interested in providing underwriting services to support the capital debt financing activities related to the Aviation Enterprise's Capital Construction Program (CCP) and the Dulles Corridor Enterprise's Capital Improvement Program (CIP).

BACKGROUND

The Board of Directors (Board) has reserved to itself the authority to select underwriters under the Revised General Delegations and Reservations of Authority, Board Resolution No. 01-20, adopted November 8, 2001.

In Resolution No. 15-37, dated December 16, 2015, the Board approved an underwriting services pool of fifteen investment banking firms. Firms were then selected from the pool to form underwriting syndicates for each subsequent bond issuance. The three-year base term expires in December 2018. Although option years remain, many key representatives within the investment banking firms have either departed or changed firms.

As part of the 2019 Plan of Finance, the Airports Authority is pursuing approximately \$183 million of Series 2009B Airport System Revenue Bonds to be refunded on a current refunding, forward delivery, or taxable basis, depending upon market conditions. In addition, the Airports Authority may issue up to \$400 million of new money bonds to fund the current and new CCP and capitalized interest requirements.

The Airports Authority is also pursuing approximately \$198 million of Series 2009A Dulles Toll Road Revenue Bonds to be refunded on a current refunding, forward delivery, or taxable basis, depending upon market conditions.

In order to execute the 2019 Plan of Finance, the Board must extend the term of the current underwriting pool or concur with issuance of a solicitation to establish a new pool.

DISCUSSION

Staff and Financial Advisors recommend a new solicitation for underwriting services, which will result in a recommended pool of underwriters to the Finance Committee and Board in January 2019. Given the frequency of turnover in the industry, staff and the Financial Advisors recommend establishing this pool for a term of three years.

Upon approval of the underwriting pool, subsets will be recommended for syndicates for the Airport System and Dulles Toll Road Series 2019 Bond issuances, including a Book-running Senior Manager, Co-Senior Manager (if desired) and Co-Managers, to the Finance Committee in February 2019. Subsequent syndicates will be selected, as needed, for any future debt issuances during the established three-year term. The size of all syndicates will be recommended based upon the needs of each specific transaction.

EVALUATION

The full and open solicitation will use the technical only procurement method, with the following evaluation criteria of equal importance for the underwriting pool:

1. Understanding of the Airports Authority's credit and financing needs, including soundness, creativity, or utility of the firm's recommended 2019 bond financing strategies and ideas as well as potential strategies for future new money and refunding opportunities:
 - a. As applicable to the Aviation Enterprise (Airports related debt); and
 - b. As applicable to the Dulles Corridor Enterprise (Dulles Toll Road related debt).
2. Firm's underwriting capabilities, including demonstrated capital and commitment to underwrite unsold bonds, recent and relevant bond transaction underwriting experience and performance, including the qualifications and experience of the team members assigned to the Airports Authority's transactions.
3. Composition and diversity of the proposed staff to be assigned to the Airports Authority, diversity of the entirety of the firm's professionals, and the firm's policies regarding the attainment and/or presence of diversity within the firm's workforce, the actions of the firm to implement and achieve these policies, and the firm's performance under these policies.

Following approval of the underwriting pool, the firms in the pool will be invited to interview for inclusion in the 2019 underwriting syndicates and for roles on the planned 2019 debt transactions.

Staff will recommend establishment of the underwriting syndicates for the Airport System and Dulles Toll Road Series 2019 Bond issuances, including a Book-running

Senior Manager, Co-Senior Manager (if desired) and Co-Managers, to the Finance Committee in February 2019 based on the evaluation criterion No. 1, which will carry forward from the underwriting pool evaluation. In addition, the firms will be evaluated based on their performance during the interviews: preparation, quality, clarity and accuracy of the presentation during the allotted time and the quality and adequacy of responses to questions.

Distribution of RFP

The RFP will be posted on the Airports Authority’s website, and an advertisement will be placed in *The Bond Buyer*, a daily industry newspaper.

Schedule

Based on the Airports Authority’s procurement process, staff recommends consideration of the following schedule:

Date/Meeting	Tasks
October 17, 2018	Present Pre-solicitation Paper
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January 30-31, 2019	Conduct Interviews for Underwriting Syndicates and Roles
February 20, 2019	Recommend 2019 Underwriting Syndicates and Roles to the Finance Committee and Request Board Approval

RECOMMENDATION

Staff recommends that the Finance Committee concur with the issuance of an RFP seeking qualifications from investment banking firms interested in providing underwriting services to support the capital debt financing activities related to the Aviation Enterprise’s Capital Construction Program (CCP) and the Dulles Corridor Enterprise’s Capital Improvement Program (CIP).

Prepared by:
Office of Finance
October 2018