



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

REPORT FOR THE FINANCE COMMITTEE

Pre-Solicitation Terms for Underwriting Services

October 2015



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
- The Board has reserved to itself the authority to select underwriters and to select a senior manager(s) to lead the underwriting syndicate for each bond sale under the Resolution No. 01-20, adopted 2001



Background

- In April 2012 (Resolution No. 12-10), two separate syndicates of investment banking firms were selected to serve as underwriters, one for the financing of the Aviation Enterprise's Capital Construction Program (CCP) and the second for financing the Dulles Corridor Enterprise's Capital Improvement Program (CIP) for a term of three years, with an extension option for one or more years at the discretion of the Board
- In February 2015, recognizing that the Dulles Corridor Enterprise financings were virtually complete, the Finance Committee approved the staff recommendation to combine the two syndicates into one underwriting pool, known as the Amended Aviation Enterprise Underwriting Syndicate, solely for the purpose of issuing the Series 2015B-D Bonds, with the understanding that a new solicitation for an underwriting pool would be completed after the Series 2015B-D Bonds were issued, and prior to the execution of the 2016 Plan of Finance



Background

- Amended Aviation Enterprise Underwriting Pool consisting of 17 investment firms

Amended Aviation Enterprise Underwriting Pool	
Bank of America Merrill Lynch ⁽³⁾	J.P. Morgan LLC ⁽²⁾
Barclays Capital Inc. ⁽¹⁾	Loop Capital Markets LLC ⁽³⁾
BB&T ⁽²⁾	Morgan Stanley & Co. LLC ^(2, 5)
Citigroup Global Markets Inc. ^(1, 4)	Piper Jaffray & Co. ⁽²⁾
Davenport & Company LLC ⁽¹⁾	Raymond James ^(1, 4)
Fidelity Capital Markets ⁽²⁾	RBC Capital Markets, LLC ^(2, 6)
Goldman Sachs & Co. ^(2, 4)	Siebert Brandford Shank & Co., LLC ^(3, 4)
Janney Montgomery Scott LLC ⁽²⁾	U.S. Bancorp Municipal Securities Group ⁽¹⁾
	Wells Fargo Securities ⁽¹⁾

(1) Aviation Syndicate

(2) Dulles Corridor Syndicate

(3) Both Syndicates

(4) 2015B-D Bonds Co-Manager

(5) 2015B-D Senior Manager – Bookrunner

(6) 2015B-D Co-Senior Manger



Discussion

- Although option years remain, the Board has expressed its preference to issue a new solicitation for underwriting services to ensure that the Airports Authority follows best practices by periodically re-soliciting these services
- The expectation is to form a *pool* of underwriters from which a *subset* will be selected as the syndicate for the Series 2016 Bond issuance, including a Bookrunning Senior Manager, Co-Senior Manager (if desired) and Co-Managers, by January 2016
- Subsets of the pool of underwriters or syndicates will be selected in the future for any subsequent issuances during the term established for the pool of underwriters



Discussion

- The Finance Staff proposes the following:
 - Term: a three year term with extension options for one or more years at the discretion of the Board
 - Evaluation Criteria:

	Evaluation Criteria
1	Composition, experience and qualifications of the proposed staff to be assigned to the Airports Authority and the diversity within that staff, as well as diversity of the entirety of the firm's professionals
2	Firm's experience underwriting airport revenue and toll road bond transactions since January 2013
3	Understanding of the financing needs of the Airports Authority, including soundness, creativity, or utility of the firm's recommended financing strategies and ideas
4	Prior performance on sales of airport and/or toll road revenue bonds and demonstrated capital and commitment to underwrite unsold bonds
5	Willingness and ability to provide credit to airport and toll road issuers since January 2013



Discussion

- Proposed Schedule

Date/Meeting	Tasks
October 21, 2015	Pre-solicitation terms/paper
October 22	Distribution of the underwriting solicitation
November 13	Proposals due
Week of Nov 30	Conduct Interviews (optional)
December 16	Recommendation of Pool and Initial Syndicate to the Finance Committee; 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 the capital debt financing activities



Ronald Reagan Washington National Airport



Dulles Corridor Metrorail Project



Dulles Toll Road



Washington Dulles International Airport



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