



NORFOLK AIRPORT AUTHORITY

PART I

REQUEST FOR PROPOSALS

GENERAL AIRPORT REVENUE BOND

UNDERWRITING SERVICES

August 27, 2018

1.0 INTRODUCTION

The Norfolk Airport Authority (the “Authority”) is seeking proposals from qualified underwriting businesses (“Respondents” or “Offerors”) to serve as **senior managing underwriter** or **co-managing underwriter** in connection with the sale of the Authority’s airport revenue bonds and related services.

In early 2019, the Authority may issue general airport revenue bonds (“GARBs” or the “Bonds”) totaling approximately \$65 million to finance the construction of a new parking garage at Norfolk International Airport (the “Airport”).

2.0 BACKGROUND

2.1 THE AUTHORITY

The Authority was established on July 1, 1948 as a political subdivision of the Commonwealth of Virginia pursuant to Chapter 463 of the 1948 Acts of the General Assembly. The Authority is governed by a Board of Commissioners of at least seven but not more than nine members appointed for four-year terms by the City Council of the City of Norfolk (the “City”). The Authority is managed by a staff headed by the Executive Director who is appointed by the Board of Commissioners and serves at the pleasure of the Board of Commissioners. The Authority owns and operates the Airport.

The Airport provides air transportation services for the Hampton Roads region and northeastern North Carolina, Hampton Roads includes the cities of Norfolk, Chesapeake, Virginia Beach, Portsmouth, Suffolk, Hampton and Newport News, such region comprising the second-largest metropolitan area in Virginia and the 37th largest metropolitan area in the United States. In the Fiscal Year ended June 30, 2018, the Airport served approximately 3.484 million passengers, an increase of approximately 6.74 % over Fiscal Year 2017. The Airport is served by six airlines, offering non-stop service to 24 airports. The Airport is approximately six miles from downtown Norfolk and occupies approximately 1,300 acres of land in Norfolk and Virginia Beach.

Financial statements for the Authority are available at <http://www.norfolkairport.com/> under Annual Report.

2.2 THE PROJECT

The new parking garage is expected to be a nine-level facility similar to an existing adjacent garage and would accommodate approximately 3,226 long term parking spaces (“Project”). The new garage would replace 3,053 existing parking spaces in various of the Authority’s existing parking facilities, including in the Long Term East surface lot (2,052 spaces), Long Term surface lot D (82 spaces), Garage A Long Term Level Two (323 spaces) and the Employee Parking Lot (596 spaces), for a net gain of 173 long term parking spaces. In addition to the construction of the parking garage, the Project includes improvements to an intersection to provide access to the parking garage. The relocation of the spaces from the Long Term East surface lot to the new garage will enable the Authority to utilize the land for aircraft parking and other future development. The costs of the re-utilization of the Long Term East surface lot is not included in the Project to be funded with the

Bonds. The relocation will also result in cost savings and efficiencies by consolidating parking near the terminal and eliminating an employee busing operation.

The Authority expects that construction of the Project will take place over 18 months.

2.3 THE PLAN OF THE FINANCE

The current expected Project cost is approximately \$76 million, and the Authority expects to issue the Bonds for a substantial portion of these costs as further described below.

Assuming a Project cost of \$76 million, PFM Financial Advisors LLC (PFM), the Authority’s financial advisor, and DKMG Consulting LLC (“DKMG”), the Authority’s airport consultant, have developed the following funding plan for the Project:

<u>Total Project Cost</u>	
Design and Construction	\$71,004,029
Intersection Improvements	<u>\$ 5,000,000</u>
Total Project Cost	\$76,004,029

<u>Total Sources of Funding</u>	
Customer Facility Charge Revenues	\$ 8,800,024
Passenger Facility Charge Revenues	\$. 5,000,000
Parking Reserve Funds	\$ 7,000,000
Series 2019 GARBs	<u>\$55,204,005</u>
Total Sources of Funding	\$76,004,029

Based on preliminary bond sizing calculations prepared by PFM, the preliminary par amount for the Bond issue is estimated to be \$65 million. In addition to funding Project costs, the Bond issue is expected to fund capitalized interest, a deposit to a debt service reserve fund, and cost of issuance.

The Project is expected to produce cost savings by moving employee parking into the new garage that will help to offset the additional debt service from the Bond issuance. There is also planned increase in short term parking of \$1.00 per hour and a planned increase in long term parking rates of \$1.00 per day when the garage is constructed. The Authority’s last parking rate increase was in 2014. DKMG has prepared a preliminary feasibility analysis for the Project and projects a positive cash flow after the payment of debt service for the period of FY 2021 thru FY 2030.

The Bonds will be issued and secured by a Master Indenture of Trust, dated as of April 1, 2001, as supplemented (the “Master Indenture”), in parity with bonds outstanding. The Master Indenture is attached.

2.4 THE ROLE OF THE MANAGING UNDERWRITER

The Managing Underwriter(s) selected will be expected to work closely with representatives of the Authority, and other members of the financing team including bond counsel and the financial

advisor. The underwriting firm selected will be expected to provide all the services typically provided by the senior managing underwriter on the negotiated sale of airport revenue bonds, including, but not limited to:

- Work with the Authority, its financial advisor and bond counsel, as appropriate, to develop financing alternatives, and structure the issuance of the Bonds;
- Assist in the preparation of preliminary and final official statements and all other financing documents;
- Develop and implement a marketing plan to encourage a strong investor response to the financing and identify investors who are most likely to purchase the Bonds at rates most favorable to the Authority;
- Assist the Authority and its financial advisor, as required, in the preparation and presentation of information regarding the financing plan and the Authority's credit profile to rating agencies and other entities as needed;
- Attend working group meetings, conference calls and other related discussions as requested;
- Analyze market conditions prior to, during and after the sale of the Bonds and advise the Authority and its financial advisor regarding market timing;
- Lead the sale of the Bonds, including ensuring compliance with any federal, state, and local laws, and regulations;
- Provide pricing information and purchase the Bonds upon terms and conditions mutually acceptable to the Authority;
- Supervise the closing of the transaction and the transfer of funds;
- Prepare a post-sale analysis to record market conditions, investor allocation of the Bonds, rates received by comparable issues at the time of sale and other necessary information as requested; and
- Assist the Authority and its financial advisor in such other matters related to the financing plan that may become necessary.

2.5 MINIMUM QUALIFICATIONS

Respondents will be deemed non-responsive and rejected without any further evaluation if they do not meet the following qualifications:

- Respondents submitting responses to serve as **senior managing underwriter** must have served as the book-running senior managing underwriter on at least three (3) long-term fixed rate general airport revenue bond financings, each of which was for a principal amount of at least \$25 million in the last five (5) years; or

OR

- Respondents that wish to submit a response to serve only as a **co-managing underwriter** must have served as either a senior managing underwriter or a co-managing underwriter on at least three (3) long-term fixed rate general airport revenue bonds financings, each of which was for a principal amount of at least \$25 million in the last five (5) years.

3.0 PROPOSALS

3.1 INTERPRETATION OR CLARIFICATION OF THIS RFP

It is the Respondent's responsibility to inquire about and clarify the requirements of this RFP that are not understood. **NO ORAL INTERPRETATION OR CLARIFICATION OF THIS RFP WILL BE MADE TO ANY RESPONDENT.** If discrepancies or omissions are found by any Respondent, or there is doubt as to the meaning of any part of the RFP, a written request for a clarification or interpretation must be submitted by email to **Robert Bowen**, Executive Director, Email: rbowen@norfolkairport.com.

It is the responsibility of the Respondent to verify that the Authority timely receives the request. All interpretations and any supplemental instructions and information will be in the form of a written addendum or clarification via e-mail. The Authority will make a diligent attempt to review and respond to written requests as quickly as possible after they are received. To be given consideration, final requests for clarification must be received by 2:00 p.m. (Eastern Time) on September 7, 2018. No addendum will be distributed less than 72 hours prior to the deadline for submitting proposals.

Respondents and any consultants or lobbyists retained by Respondents, whether paid or not, are expressly prohibited from any contact with the Authority, its Commissioners, the financial advisory team from PFM and bond counsel from Kaufman & Canoles, P.C., relating to this selection process. Violations of the policy may disqualify Respondent from consideration in the selection process.

Respondents intending to respond to this RFP are encouraged to send an email to Robert Bowen at rbowen@norfolkairport.com confirming the intent to submit a proposal and providing the contact information for the person preparing the proposal in order to assure that the Authority sends any additional information to the correct person and address within the organization.

3.2 SUBMISSION OF PROPOSALS

Six printed copies of proposals and a PDF copy via email must be submitted to the Authority by 2:00 p.m. (Eastern Time) on September 24, 2018 (the “Due Date”) to the following person and address:

Robert Bowen
Executive Director
Norfolk Airport Authority
2200 Norview Avenue
Norfolk, Virginia 23518
Email: rbowen@norfolkairport.com

All written proposals shall be in sealed packages, labeled as follows:

SEALED PROPOSAL
Bond Underwriting Services
Attention: Robert Bowen

An electronic copy shall also be submitted to PFM c/o William Case at casew@pfm.com and Manuella de Barros at debarros@pfm.com

All costs associated with preparing and delivering a proposal must be borne by the Respondent. The Authority will not compensate Respondents for any expenses incurred as a result of this RFP process.

Proposals will be given a time/date receipt by the Authority’s staff. The Authority’s offices are open from 8:30 a.m. until 5:00 p.m. (Eastern Time), Monday through Friday, excluding major holidays.

LATE PROPOSALS WILL NOT BE CONSIDERED. The delivery of the proposal to the Authority prior to the Due Date is solely and strictly the responsibility of the Respondent. Proposals must be delivered to the physical location listed above. The Authority will in no way be responsible for delays caused by delivery services or for delays caused by any other occurrence. If you have any questions concerning the delivery of a proposal, contact Mesha Vargas at mvargas@norfolkairport.com.

3.3 PROPOSAL REQUIREMENTS

To be considered for the position of senior managing underwriter or co-managing underwriter, Respondent must submit a complete response to this RFP. Proposals shall be prepared simply and economically, providing a straightforward, concise description of the firm’s capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content. Elaborate brochures and other representations beyond that sufficient to present a complete and effective proposal are neither required nor desired.

All pages are to be 8 ½ x 11” and printed on one side, with single-spaced type no smaller than 11 point font. Proposal contents shall be arranged in the same order and identified with section numbers as presented herein. Proposals should not exceed 25 pages, excluding exhibits and forms.

The Authority reserves the right to waive any irregularities and technical defects and reserves the right to modify, amend or waive any provision of this RFP, prior to the issuance of a contract for these services.

3.4 PROPRIETARY INFORMATION

Ownership of all data, materials and documentation originated and prepared for the Authority pursuant to the RFP shall belong exclusively to the Authority and be subject to public inspection in accordance with the Virginia Freedom of Information Act (FOIA). Trade secrets or proprietary information submitted by a Respondent shall not be subject to public disclosure under FOIA; however, the Respondent must, in writing, specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and will result in rejection of the proposal.

3.5 ORAL PRESENTATION

Proposals should be complete when submitted. Respondents who submit proposals in response to this RFP may be required to give an oral presentation of their proposal. This provides an opportunity for the Respondent to clarify or elaborate on the proposal. The Authority will schedule the time and location in the event such presentations are requested, however, oral presentations are only an option that may or may not be used.

3.6 SPECIFIC PROPOSAL REQUIREMENTS

The proposal must be submitted with a Transmittal Letter in the form attached as Section II and the Proposal Form attached as Section III. The Transmittal Letter should summarize the key points of your firm’s proposal, include the contact information for your firm’s lead representative, and state whether your firm wishes to be considered as senior managing underwriter, co-managing underwriter or both. The Proposal shall include these items in the following order:

A. Qualifications of the Respondent

1. State the name of your firm, address, telephone and the name and title of the person who will serve as the key contact for your firm with respect to your proposal on behalf of the firm. State whether you wish to be considered as senior managing underwriter or co-managing underwriter. If your firm is not selected as senior managing underwriter, state if you are willing to serve as a co-managing underwriter.

2. Provide a brief introduction to your firm. Describe any relevant municipal finance presence your firm has in Virginia since January 1, 2015 and specify what role your firm played for related transactions (i.e., senior managing underwriter or co-managing underwriter).
3. Disclose any conflicts of interest your firm may have associated with underwriting this transaction and any governmental investigations or litigation instituted by any governmental body against your firm. This includes but is not limited to: (i) pending investigations or completed investigations within the past five years by the SEC or any other regulatory body regarding the conduct of your firm or the firm's management, (ii) any relationship, contractual or otherwise, that your firm has with any individual, organization or firm that may be a party to the Authority financing, (iii) any litigation between your firm and the Commonwealth of Virginia or any of its political subdivisions, including the Authority.
4. If your firm is proposing as a senior managing underwriter, identify two possible firms that you would propose to retain as underwriters' counsel, and provide an estimate of the fees that either firm would charge for a GARB new money transaction assuming \$65 million of par amount. The Authority reserves the right to approve any firm employed to serve as underwriters' counsel. Payment of fees and expenses of underwriters' counsel will be made from the underwriting spread – expense component. Please note that Kaufman & Canoles, P.C. is expected to serve as the Authority's bond counsel and Vandeventer Black LLP currently serves as the Authority's General Counsel. The Authority would view it as a conflict of interest if either of these firms were also to serve as underwriters' counsel; hence, they may not be proposed to serve as underwriters' counsel. If requested by Kaufman & Canoles, P.C., Vandeventer Black LLP and/or the Authority, any firm selected as either a senior managing underwriter or co-managing underwriter will sign a legal representation conflict-waiver letter relating to representation of the Authority by Kaufman & Canoles, P.C. and Vandeventer Black LLP. In connection with the issuance of the Bonds and the scope of responsibilities of underwriter's counsel, bond counsel will be the responsible party drafting the Official Statement of the Authority.
5. Using the format shown below, please provide tabular summaries of your firm's experience as an underwriter on negotiated airport GARB transactions since January 1, 2013.

**Experience as Underwriter on Negotiated
GARB Financings**

<u>Year</u>	<u>Book-Running Senior Manager</u>		<u>Co-Senior Manager</u>		<u>Co-Manager</u>	
	<u>Number of Issues</u>	<u>Total Dollar Amount</u>	<u>Number of Issues</u>	<u>Total Dollar Amount</u>	<u>Number of Issues</u>	<u>Total Dollar Amount</u>
2013						
2014						
2015						
2016						
2017						
2018YTD						
Totals						

Provide a list of the financings which are summarized in the table above as an appendix to your proposal. Please include sale date, issuer name, issue size, issue description, purpose (new money, refunding, multi-purpose), tax status, coupon type, final maturity and role of your firm.

B. Qualifications of Individuals Assigned to the Engagement

1. Identify the individual who will be the lead day-to-day representative of your firm on this financing. Provide a brief description of that person's experience serving in a similar lead role on other financings for airport clients. Identify not more than two other people who will also be part of your day-to-day team on this financing. Explain the roles each would play and provide a brief description of their experience with airport financings.

As an appendix to your proposal, include résumés for each of the persons identified.

2. Provide three references, preferably from airport clients, for the person identified in the question above as your lead day-to-day representative on this financing.

C. Understanding of Key Financing Issues Related to the Authority

1. Describe at least three issues that you feel may create challenges for the Authority in the process of obtaining ratings for the issuance of the Bonds for the Project. What issues would you recommend be addressed, and what points should be emphasized in order to receive the highest possible ratings for the Bonds. Describe issues that you feel are specific to the Authority, as opposed to being generally applicable to all airports.

Note: In preparing your response to this question, firms are specifically advised not to contact the rating agencies about the Authority or otherwise discuss the Authority with representatives of the rating agencies. If the Authority learns that any firm has made such contacts or engaged in such discussions, that firm will be disqualified from further consideration in this selection process.

2. Describe the marketing strategies you would propose, the strength of your institutional and retail network, and any other actions you would want the Authority to undertake in order to achieve the best possible investor response to the Bond sale. Describe the specific steps in your marketing plan, and when such steps would occur in the Bond sale process.

D. Fees

1. Please present the fees you would propose to charge if your firm is selected to serve as the Authority's senior managing underwriter assuming a \$65 million GARB new money issue structured with level annual debt service, a 30-year final maturity, and two years of capitalized interest.

Describe any and all proposed fees including average takedown, management fee (if any) and underwriter's expenses (including fees and expenses of underwriter's counsel). Please provide the following specific information:

- a) The takedowns you would propose by maturity and indicate whether your proposed takedowns would differ based on tax status (AMT or non-AMT).
- b) If you propose a management fee, please present only the amount you would propose to receive as senior manager.
- c) Provide a breakdown of the types of expenses on the transactions for which your firm would expect to be reimbursed and provide an estimate for each (including underwriters' counsel).

3.7 EVALUATION AND SELECTION

Proposals will be evaluated primarily based on the evaluation criteria stated below and such other factors as the Authority might deem appropriate. The general criteria (not listed in order of

preference) to be used by the Authority in evaluating responses are:

1. Total net costs of the transaction, including all fees and expenses (although proposed costs will be given significant consideration in the selection process, the Authority reserves the right to negotiate lower fees or a different fee structure than proposed);
2. Qualifications and experience of firm, including (a) past performance on similar undertakings, (b) experience with airport clients, (c) qualifications of personnel, and (d) resources committed to the Authority
3. General quality of submission, including (a) an understanding of the Authority's requirements under this RFP, and (b) responsiveness to terms and conditions.

The Authority reserves the right to request additional information from any and all Respondent(s) to assist it in its evaluation and selection process. The Authority reserves the right to negotiate the terms and conditions of any contract with the selected Respondent.

Proposals will be reviewed by the Authority's staff, financial advisor and others the Authority may deem qualified to review the proposals. Such review and evaluation will consider cost, financial and legal matters and the review will focus on a Respondent's ability to arrange, structure, implement and provide the services with a high degree of professional competence, at the least cost, on the most advantageous terms to the Authority and its overall operational and financing structure, and on a basis that complies with applicable law. The Authority is not required to furnish a statement of the reason why a particular proposal was not deemed to be the most advantageous. The Authority specifically may choose other than the lowest cost proposal in order to provide the requisite services under terms and conditions which, in its sole judgment, are deemed to be in the best interest of the Authority.

Based on the written proposals received and the applicable evaluation criteria set forth above, two or more of the highest-ranking Respondents deemed fully qualified, responsible and suitable to provide the requested services may be selected for an interview for the respective undertaking. The Authority will notify Respondents of its decision to shortlist or interview. If desirable, the Authority will schedule and proceed with formal interviews with the selected short list of Respondents. The Authority will not reimburse costs of oral presentation or any other costs of any Respondent.

Alternatively, based on the written proposals received and the applicable evaluation criteria set forth above, the Authority may determine to request best and final offers from a selected shortlist.

After completion of any interview process, the Authority shall re-evaluate the short-listed Respondents for the most responsive and responsible firm. The Authority reserves the right to request a best and final offer to determine the successful Respondent. At the conclusion of negotiations, the Respondent(s) may be asked to submit in writing, a best and final offer. The Authority's decision to award will be based on its final evaluation including any best and final offer.

Should the Authority determine that only one Respondent is fully qualified, or that one respondent is clearly more highly qualified than the others under consideration, it may proceed to select that Respondent.

The Authority may cancel this RFP or reject proposals at any time prior to an award. The Authority reserves the right to reject any or all proposals and to waive any irregularity in any proposal or the process.

In the process of evaluation, the Authority may acquire and use, to the extent deemed necessary, information obtained from the Respondent, other information available in publications, including trade and financial journals or reports, and any other information as may be available to the Authority. The Authority reserves the right to consider, in its evaluation and selection process, information obtained from Respondent or as the Authority may obtain from its independent investigation of Respondent.

The selection of a proposal will be by written Notice of Intent to Award, specifically indicating a selected respondent and signed by an authorized representative of the Authority. No other act of the Authority shall constitute the selection of a proposal. The selection of a proposal shall be deemed to constitute an agreement of the selected respondent to execute a written agreement on the terms set forth in the proposal as may be modified by any negotiations. The selection of a proposal shall not be effective and binding upon the Authority until the written agreement in form and substance satisfactory to the Authority has been formally executed by both parties.

4.0 SCHEDULE

The table below contains the Authority’s overall anticipated schedule for this RFP and selection process:

<u>Item</u>	<u>Date</u>
Deadline for submitting questions related to RFP	September 7, 2018 at 2:00 p.m. (Eastern time)
Responses to questions related to RFP to be distributed to Respondents	September 14, 2018
Deadline for submission of proposals to the Authority	September 24, 2018 at 2:00 p.m. (Eastern time)
Technical evaluation; identification of shortlisted firms based on terms of proposal	October 5, 2018
Shortlist interviews, if necessary	October 15, 2018
Identification of recommended underwriting team	October 17, 2018
Board approval of underwriting team	October 25, 2018

5.0 ACCEPTANCE AND REJECTION

Any proposal submitted by a Respondent will be accepted or rejected within a period of sixty (60) days following the Due Date. The Authority reserves the right to waive any informality or irregularity in any proposal, to negotiate for the modification of any proposal(s), to accept the proposal(s) that in the Authority's sole judgment is/are deemed the most desirable and advantageous to the Authority, to reject any and all proposals, or to re-advertise for proposals, to such extent as the Authority, in its sole opinion, deems necessary or desirable. Any proposal that is incomplete, conditional, ambiguous, and obscure or contains additions or alterations not called for, or irregularities of any kind, may be rejected for such reason or reasons.

All material submitted in response to this RFP becomes the property of the Authority upon its submission. The Authority may choose to retain, return (at the Respondent's expense) or dispose of these materials.

6.0 GENERAL TERMS AND CONDITIONS.

The General Terms and Conditions attached hereto as Exhibit A and incorporated herein are a part of this RFP as if set forth in full.

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