

FINANCE COMMITTEE MEETING

February 20, 2020

Board Committee Members

Ann Ogoreuc, Chair

Jeff Letwin

Other Board Members

John Tague

Rep. Lori Mizgorski

Michelle Zmijanac

Stephanie Turman

1. Approval of Minutes:

The minutes of the January 17, 2020 Finance Committee Meeting were approved.

2. Proposed Resolutions:

There were four resolutions reviewed by the Finance Committee.

Mr. Schenk presented the first resolution seeking authorization to extend and amend the Authority's agreement with Cowden Associates, Inc., to provide Pension Plan Actuarial Services.

In February 2017, the Board authorized an agreement with Cowden for the actuarial services for an initial three year term and a total not-to-exceed amount of \$814,250 with two additional option years to be exercised at the sole discretion of the Authority.

To date, Cowden's work has been satisfactory and in compliance with the agreement and the Authority has determined that it is in its best interest to exercise both option years at this time to extend the term of the Agreement to March 25, 2022 and to increase the previously authorized total not-to-exceed amount of the Agreement to \$1,627,300.

The Finance Committee agreed to present the resolution for approval by the Board.

The second resolution presented by Mr. Schenk was seeking authorization to extend and amend the Authority's agreement with Maher Duessel to provide Audit and Pension Plan Audit Services.

In February 2016, the Board authorized an agreement with Maher Duessel to provide audit services for an initial three-year term and for a total not-to-exceed amount of \$343,500. The agreement contains two additional option years to be exercised at the sole discretion of the Authority.

In January 2019, the Board authorized an amendment to exercise the first option year of the agreement and to increase the total not-to-exceed amount to \$448,000.

To date, the services performed by Maher Duessel have been satisfactory and in compliance with the agreement. Therefore, the Authority has determined that it is in its best interest to exercise the second option year extending the agreement to March 25, 2021 and increasing the total not-to-exceed amount of the agreement to \$570,840.

The Finance Committee agreed to present the resolution for approval by the Board.

Mr. Schenk presented the third resolution seeking authorization for issuance of Port Authority of Allegheny County Special Transportation Revenue Bonds, Refunding Series of 2020.

Mr. Schenk noted that the Authority has retained PFM Financial Advisors LLC to serve as its Financial Advisor.

The Authority previously issued Special Revenue Transportation Bonds, Refunding Series of 2011. Current low interest rates present the opportunity for the Authority to refinance the 2011 Bonds and reduce the debt service costs of the Authority.

As such, the Authority, after consulting with PFM, has determined that it is its best interest to refinance the 2011 Bonds through issuance of Special Revenue Transportation Bonds, Refunding Series of 2020, in one or more series, on a taxable or tax-exempt basis, and in an aggregate principal amount not-to-exceed \$160,000,000.

The proceeds of the 2020 Bonds are to be used to finance the costs, including underwriting and issuance costs, of refunding the 2011 Bonds on the earliest possible redemption date.

This resolution would authorize the Authority to take all actions necessary and proper to issue the 2020 Bonds and complete the 2020 refunding project.

The Finance Committee agreed to present the resolution for approval by the Board.

The last resolution presented seeks authorization to engage the underwriting group for the 2020 Bonds.

The Authority issued a request for proposals for underwriting services and received 21 proposals to perform underwriting services, including 16 proposers that wanted to be considered as senior underwriting manager or the co-manager and five firms that wanted to be considered as the co-manager in the connection with the issuance and sale of the 2020 Bonds.

An evaluation committee was convened to evaluate the proposals. Based upon its evaluation, it was determined that the highest rated proposal was submitted by a joint venture of J.P. Morgan and certified MBE/DBE and veteran owned firm, Academy Securities. Therefore, J.P. Morgan and the Academy are recommended to serve as the book running senior managers in connection with issuance of the 2020 Bonds.

The evaluation committee further concluded that Bank of America Securities, PNC Capital Markets LLC and RBC Capital Markets should serve as co-managers in connection with the issuance and sale of the 2020 Bonds.

This resolution would authorize the Authority to engage the identified firms as the underwriting group in connection with the issuance and sale of the 2020 Bonds.

The Finance Committee agreed to present the resolution for approval by the Board.

3. Financial Report:

CFO Pete Schenk presented the Financial Reports through January 2020.

He reported that Total Operating Income for the month of January was \$61,025 below budget due to lower Passenger and ACCESS Revenue. However, for the fiscal year to date, Total Operating Income is \$424,004 over budget due to higher Interest Income and Advertising Revenue.

Total Expenses for the month were \$1.83 million below budget. Total Expenses for the fiscal year are \$18.98 million below budget predominantly due to lower Materials & Supplies, Purchased Services and Other Expense costs.

Total Subsidies for the month were \$2.2 million below budget primarily due to lower State Operating Assistance. However, for the fiscal year to date, Total Subsidies are \$9.7 million above budget due to higher State Operating Assistance which will normalize by year-end.

With no further business, the meeting was adjourned.

Approved