



**FLY**  
**314**



## **Fly 314 Coalition**

**Working Group Kick Off Meetings**

August 7, 2018



# Fly 314 Team

## Team Overview



MOELIS  
&  
COMPANY

MCKENNA | Associates

FLY  
314

A PROJECT OF GROW MISSOURI, INC.

SQUIRE  
PATTON BOGGS

ELLINGER  
& ASSOCIATES

Jones  
Strategic Advisors, LLC

THE  
Wicks  
Group

Charbonnet & Associates  
Planners & Consultants

GT GreenbergTraurig

MAYER  
BROWN

Siebert  
Cisneros  
Shank & Co.

PFM  
The PFM Group  
Financial & Investment Advisors

METROPOLITAN  
Strategies & Solutions

REGIONAL  
STRATEGIES

CLAYBORNE, SABO  
& WAGNER LLP  
A MINORITY OWNED FIRM

STIFEL  
NICOLAUS

## Setting the Context

### Working Group Goals and Process Directives

1 Deliver the **best options** for the City

2 Generate **meaningful proceeds** for the City

*\*Generate upfront and/or periodic payments that can be used for non-airport city purposes*

3 **Enhance and improve** the STL Airport

*\*Improve operating revenues [metrics and overall customer experience]*

4 *\*Expand* **regional economic development** relationships

*\* Original objectives identified in Preliminary Application to FAA*

## *Setting the Context*

### Preliminary Questions to be Explored through this Process

- 1 What is the value of the airport to the City, and how can that value be enhanced?
- 2 How is the airport currently performing?
- 3 If there was a future transaction, what could the City do with that value or those proceeds?
- 4 How can the airport better serve the City, the region, the public, the airlines, and the airport employees?

## *Setting the Context*

### Federal Limitations and Opportunities

- Federal law prohibits the City from using airport revenues for non-airport purposes, except for roughly \$6.5M per year (grandfathered)
  - Grandfathered payments could be changed by Congress in future
- Federal law does permit the City to lease the airport to an airport operator and use the proceeds for other City purposes (whether up-front or over time)
  - Express statutory protections for the City, current airport employees, and the public
  - Airlines have veto power
  - FAA must also approve
- A majority of large global airports are managed under similar agreements (e.g., London Heathrow, Sydney, Rome)
  - First proposed US airport lease approved by the airlines was Midway (2008)
  - The first US airport to enter such an arrangement was San Juan (2013)
  - Several other US airports have leases for significant portions of the airport, especially unit terminals (e.g., JFK T4, Denver Jeppesen Terminal, LGA Central Terminal)

*Team Organization*  
City Working Group

Work Streams

- 1 Airport Diligence
- 2 Community Outreach & Communications
- 3 New Use Agreements, Lease, FAA
- 4 Market
- 5 Existing Debt & Finance
- 6 Legal/Compliance

City Working Group  
Representation

TBD

TBD

TBD

TBD

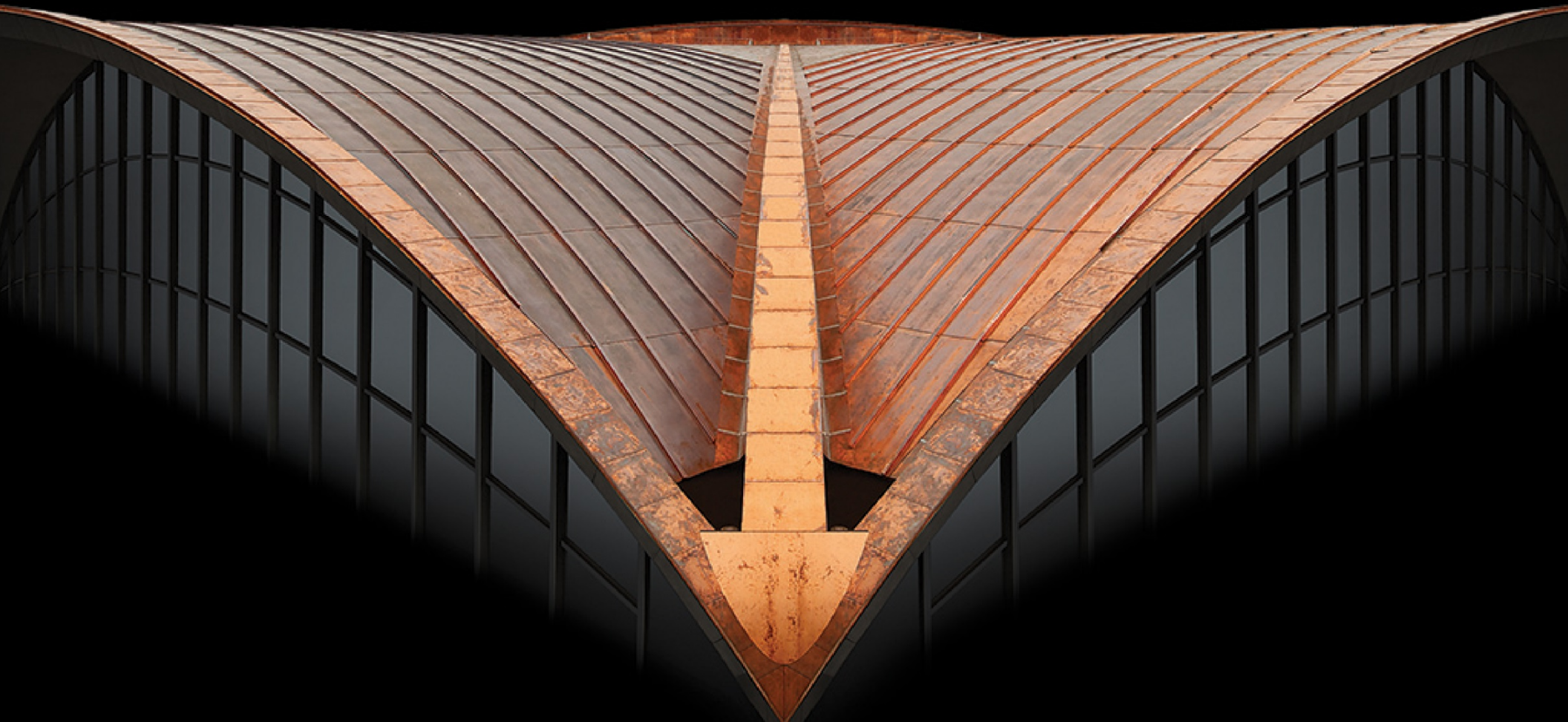
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## 1. Airport Diligence

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### Key 6-Month Objectives

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- Data room creation and population
- Phase 1 environmental assessment (Charbonnet and Associates)
- Research baseline data / reports

### City Decision Points

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- City to approve plans to develop data room
- City to provide necessary documents to facilitate diligence and fully populate data room

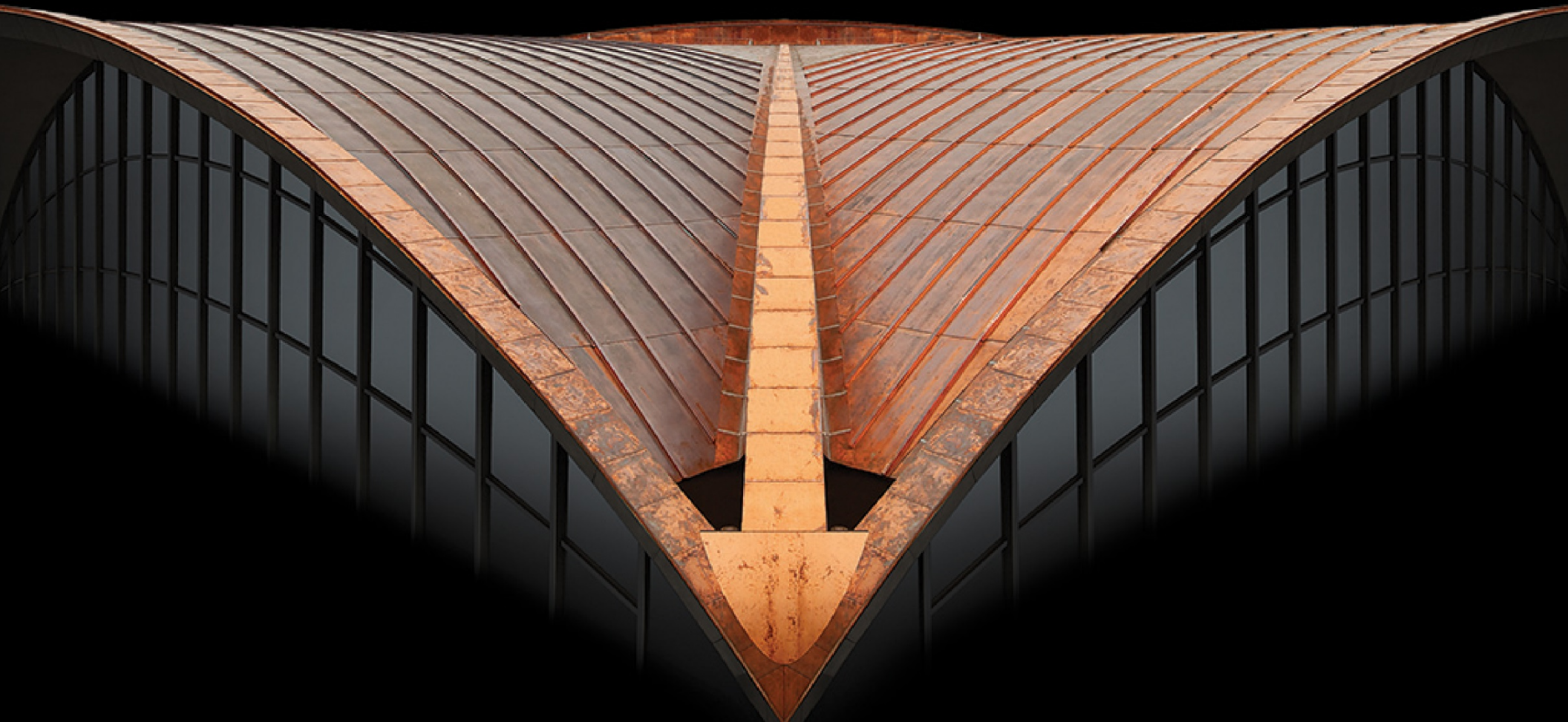


## *Airport Diligence* Initial Steps

	<u>Responsibility</u>	<u>Timing</u>
1 Designate Airport Diligence Team	Rhonda Hamm-Niebruegge	[Mid-August]
2 Conduct diligence meetings with the Airport Diligence Team and others	Airport Diligence Team Moelis & Company McKenna & Associates Mayer Brown The Wicks Group Siebert, Cisneros, Shank PFM and/or Stifel	[Starting in mid-August]
3 Data room document request list	Moelis & Company The Wicks Group Mayer Brown	[Mid-late August]
a Data Room Policy Approval	Airport Diligence Team	
b Delivery of high priority items	Airport Diligence Team	[Mid-late August]
c Full request	Airport Diligence Team	[Sept 30]

## 2. Community Outreach & Communication

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## *Community Outreach & Communications*

### 6-Month Overview

#### **Key 6-Month Objectives**

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- Arrange, facilitate and participate in community outreach
- Develop, adapt, and provide collateral materials for resident testing and conduct pointed focus groups
- Briefings with Board of Aldermen Committees

#### **City Decision Points**

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- City to approve communication plan and outreach strategies
- City to participate in briefings on pertinent findings

*Community Outreach & Communications*  
**Proposed Timeline: First 60 Days**

<b>AUGUST 2018</b>						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
Finalize Regional Poll Questions and Baselines					Outreach planning draft for Working Group	
12	13	14	15 ★	16	17	18
Metro Regional Benchmark Poll						
19	20	21	22	23	24	25
Develop, adapt, and provide collateral materials for resident research and polling						
26	27	28	29	30	31	
	City Focus Groups					

★ E & A Meeting



*Community Outreach & Communications*  
**Proposed Timeline: First 60 Days**

SEPTEMBER 2018						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
	Begin Neighborhood Outreach Meetings: Resident Contact					
9	10	11	12	13	14	15
	Continued City Briefings: Work Group Briefings, Hearings <i>*Including meetings with the Transportation Committee and the Airport Commission</i>					
16	17	18	19 ★	20	21	22
			Aldermanic Briefings on Key Findings			
23	24	25	26	27	28	29
30	Continue Weekly City Resident Outreach (20,000+ direct responses by 12/15)					

★ E & A Meeting

## CITY WEBSITE OBJECTIVES

- 1 Be based on facts and data
- 2 Be a source of information for the general public providing transparency around the process
- 3 Supportive of City of St. Louis and the process
- 4 Encourage review of facts and data and not opinions
- 5 FAQs

## CITY WEBSITE SAMPLE IMAGE

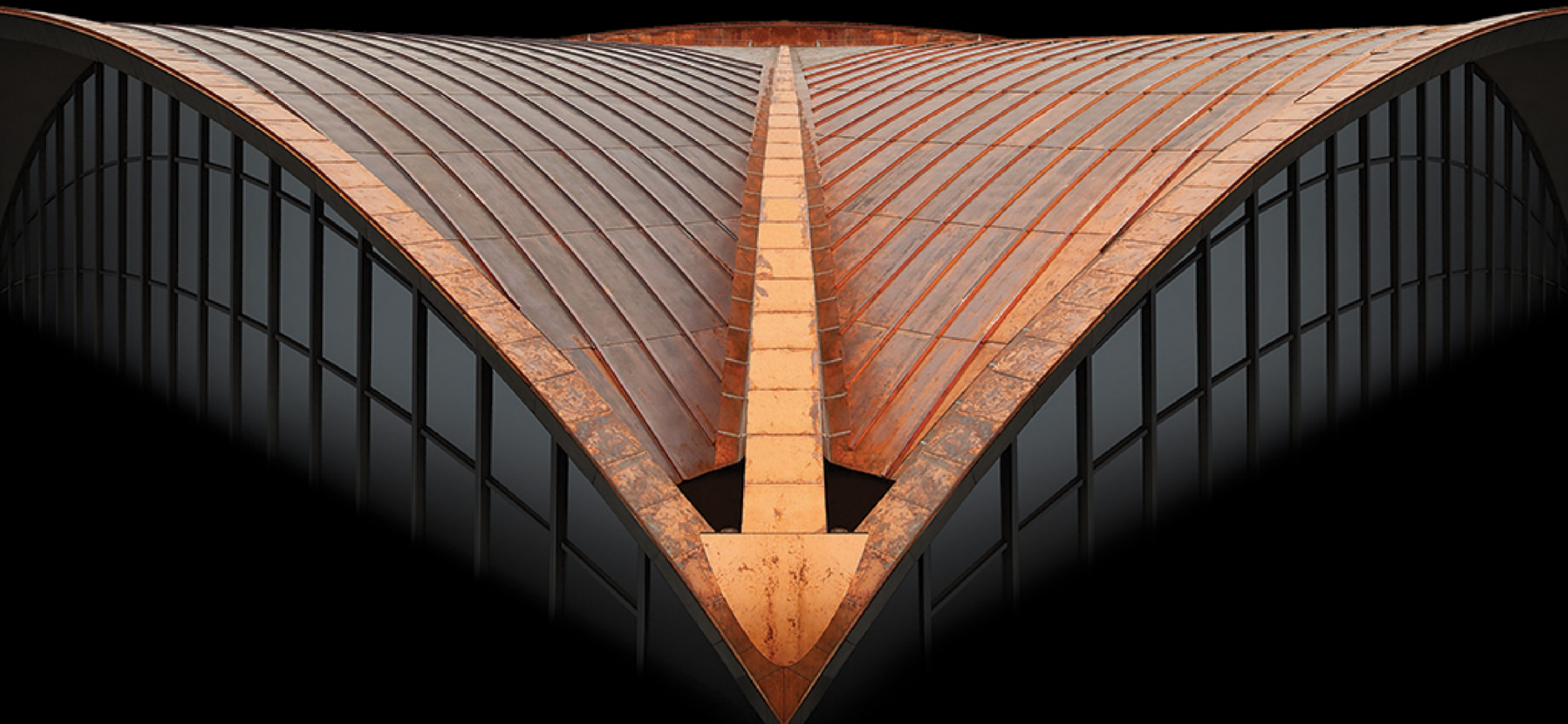


*Transaction Proceeds Discussion*

An important element of community engagement is use of proceeds  
It is expected that proceeds will include both upfront and ongoing payments

### 3. New Use Agreements, Lease, FAA

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## *New Use Agreements, Lease, FAA* 6-Month Overview

### **Key 6-Month Objectives**

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- Coordinate with the FAA to obtain necessary approvals for final FAA application
- Draft and negotiate key terms of New Use Agreement
- Create Operating Standards development plan that defines performance standards for proposed Lessee (in addition to FAA & TSA requirements)
- Achieve necessary buy-in by airlines
- Prepare draft Lease Agreement and Operating Standards

### **City Decision Points**

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- City to review any updates with FAA (e.g.,: updated anticipated timeline)
- City to approve key terms of New Use Agreement
- City to approve draft Lease Agreement
- City to approve draft Operating Standards plan

*New Use Agreements, Lease, FAA*  
FAA Update



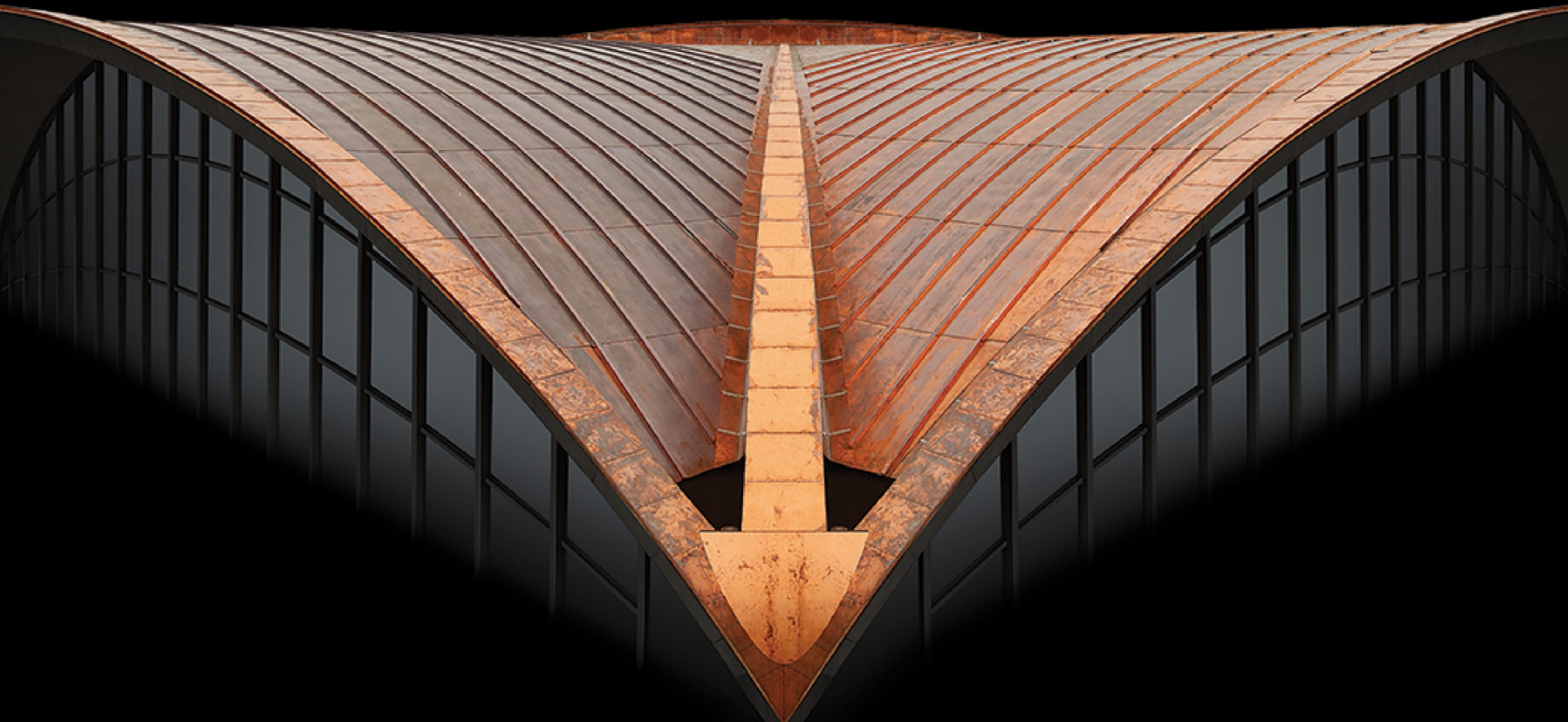
- Program is managed at FAA HQ, rather than regionally or locally
- FAA and Administration keen to see another successful lease of an airport
- Staff-level update meeting held July 27<sup>th</sup>, 2018 in Washington, D.C.
- FAA communications plan to be prepared for Working Group review

*New Use Agreements, Lease, FAA*  
**Possible Expiration of Key Agreements**

- Existing Airline Use Agreements – Expire in 2021
- Existing Concession and other Agreements – May expire before possible transaction
  - Review short-term extension and other approaches in order to maximize value to City and minimize disruption to current airport operations
- Add assignment language to all new agreements/amendments

## 4. Market

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### Key 6-Month Objectives

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- City proprietary analysis of airport finances and operations
- Prepare initial investor outreach and list of targets
- Preparation of information package for bidders, subject to non-disclosure agreements
- Preparation of draft RFQ

### City Decision Points

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- City to review information package for bidders in connection with the RFP and the RFQ
- City to review and approve draft RFQ

## *Market* Summary of Phases

### Phase

### Expected Timing

1 Preparation

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2018 Q3 – Q4

2 Qualification & Bidding Process

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2019 Q1 – Q3

3 Final Selection & Other Approvals

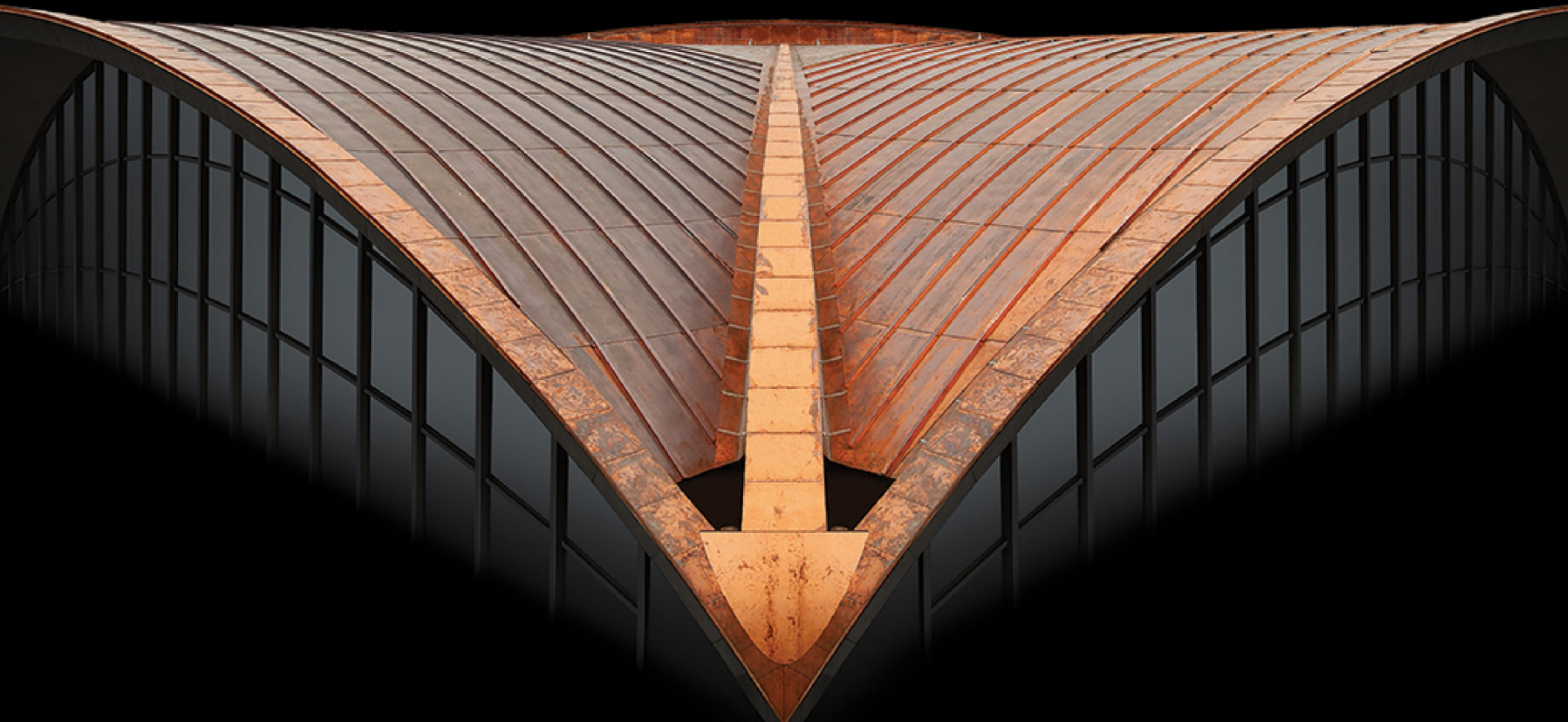
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2019 Q3 – Q4

*Communication with the City to continue throughout all phases*

## 5. Existing Debt & Finance

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### **Key 6-Month Objectives**

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- Prepare comprehensive analysis of bonds to determine the feasibility and implications of bond defeasance and/or tax remediation
- Prepare memorandum outlining options for defeasance and/or tax remediation

### **City Decision Points**

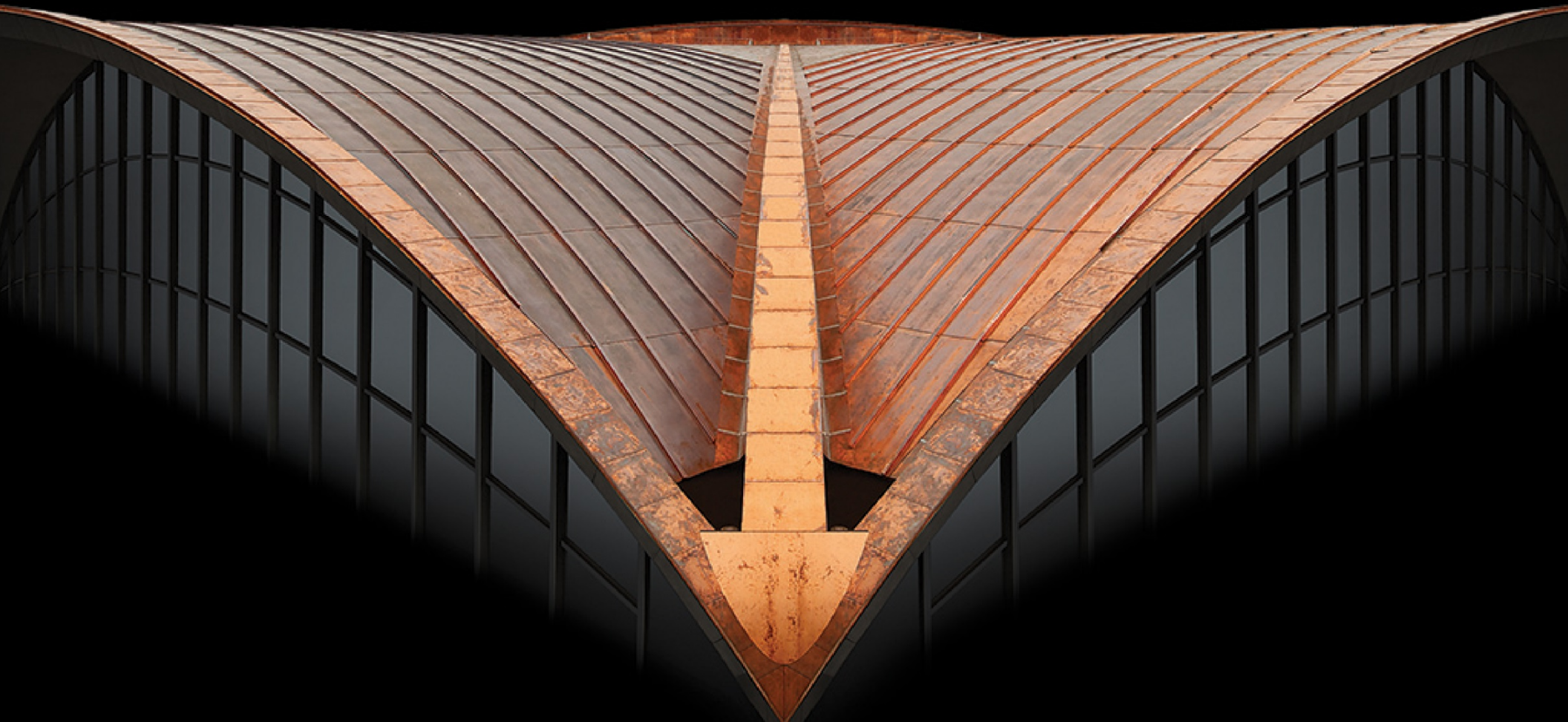
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- City to make decision regarding options for defeasance and/or tax remediation of St. Louis bonds



## 6. Legal / Compliance

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### **Key 6-Month Objectives**

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- Vet and engage specialized 3rd party subcontractors in accordance with WBE / MBE guidelines
- Ongoing General Counsel and Compliance Services
- Ensure compliance with Missouri Open Records Act (Sunshine Law)
- Prepare draft non-disclosure agreement

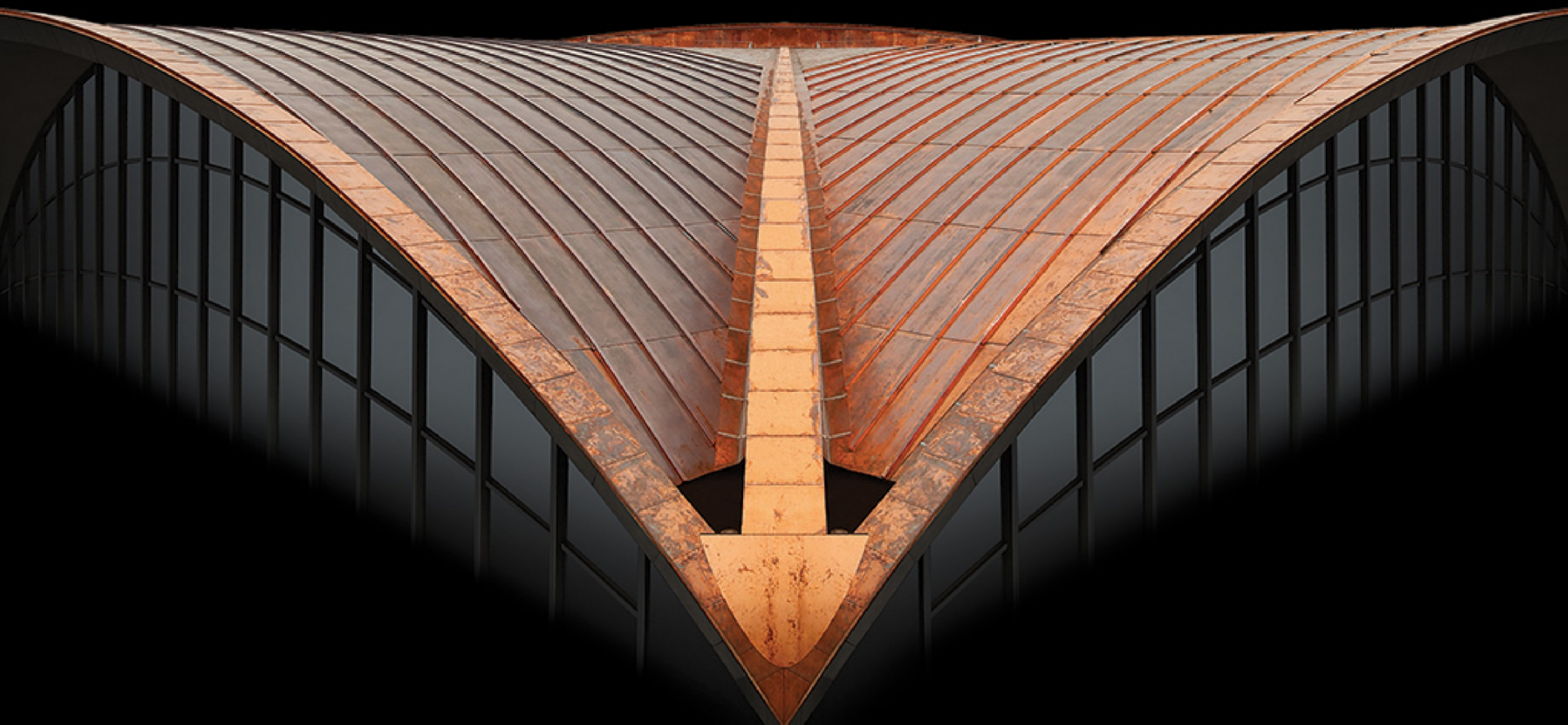
### **City Decision Points**

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- City to ensure 3rd party contractors' compliance
- City to approve Additional Service Providers by Working Group

## Next Steps

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## Process Overview

### Next Steps

Next Steps	Responsibility	Timing
Advisor team diligence meetings with Airport Diligence Team	Airport Diligence Team Moelis & Company McKenna & Associates Mayer Brown The Wicks Group Siebert, Cisneros, Shank PFM and/or Stifel	Starting week of August 6
Engagement of other specialized subcontractors	McKenna & Associates Moelis & Company The Wicks Group Ellinger & Associates	Submit to City Working Group mid-late August
Begin phase 1 environmental site assessment	Charbonnet & Associates	Mid-late August
Community Outreach & Communications	Grow Missouri, Inc. Metropolitan Strategies Jones Strategic Advisors Clayborne, Sabo & Wagner	Submit plans to City Week of August 6
Other near term priorities		
➤ Existing airport bonds review	Squire Patton Boggs The PFM Group Moelis & Company	[Late August]
➤ Confirm approval process	Ellinger & Associates The Wicks Group	[Late August]
➤ Initial market outreach	Moelis & Company	[Late August]

Questions?

