

OBJECTIVE	To formalize guidelines for the issuance and management of the Aviation Authority's debt obligations.
POLICY	To document debt issuance guidelines that preserve a sustainable financial structure and ensure compliance with applicable laws and regulations. This policy is intended to minimize the Aviation Authority's cost of capital while preserving financial flexibility, ensure access to capital when needed and maintain or enhance the Aviation Authority's bond ratings.
DEFINITIONS	Bond Resolution. The Amended and Restated Airport Facilities Revenue Bond Resolution, authorizing Airport Facilities Revenue Bonds of the City of Orlando, Florida adopted by the governing board of the Aviation Authority on September 16, 2015, and having an effective date of May 1, 2017, as may be further restated, supplemented, and amended from time to time. Debt. As used in this Policy, includes numerous types of financial obligations of the Aviation Authority which may include the following as defined by the Bond Resolution: Bonds, bank Notes, Subordinate Obligations, Special Facility Obligations, interim financing programs, and other financings of the Aviation Authority. Enabling Act. The Greater Orlando Aviation Authority Act, Chapter 98-492, Laws of Florida 1998, as recodified and amended from time to time. Finance Professionals. Aviation Authority's municipal advisors, airport consultant, underwriters, Aviation Authority financial counsel, bond counsel and disclosure counsel. Issuing Instrument. With respect to Subordinated Indebtedness and Secondary Subordinated Indebtedness, the indenture, trust agreement, loan agreement, lease, installment purchase agreement, revolving credit agreement, or other instrument or agreement pursuant to which such obligations are issued or incurred. Master Subordinated Indenture. The Amended and Restated Master Subordinated Indenture of Trust, dated as of July 1, 2016, as may be restated, supplemented, and amended from time to time. Municipal Advisor. Section 15B of the Securities Exchange Act defines the term "municipal advisor" to mean a person that (i)

provides advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues, or (ii) undertakes a solicitation of a municipal entity.

METHOD OF OPERATION

Scope

This policy shall apply to the Executive Vice President - Chief Financial Officer ("CFO"), Vice President - Finance, and the Senior Manager, Debt and Investments within the Finance Department, as well as the Chief Executive Officer ("CEO") and General Counsel. The primary responsibility for debt management resides with the Finance Department. Debt issuance is made in consultation with the Finance Professionals, as defined herein and requires approval by the Aviation Authority Board and the City of Orlando.

COMPLIANCE WITH LAWS, REGULATIONS AND BOND RESOLUTIONS

The Aviation Authority will issue all debt obligations in accordance with applicable federal, State of Florida, and local laws, rules, and regulations, including without limitation the Internal Revenue Code of 1986, the Securities Act of 1934, and the Securities Act of 1933, in each case as supplemented and amended, and with regulations promulgated pursuant to such laws.

The Aviation Authority will issue Debt in accordance with the Bond Resolution, the Master Subordinated Indenture, and the Enabling Act, as well as other authorizing instruments.

DEBT REQUIREMENTS AND TARGETS

The CFO will recommend to the Finance Committee and/or Aviation Authority Board the structure, term and type of Debt for consideration and approval. In such determinations, issues of debt capacity, amortization period and impact on rates and charges will be considered, guided by the use of target debt capacity indicators for measuring the affordability of additional borrowing.

Rate Covenant. The Aviation Authority has covenanted in the Bond Resolution to comply with rate covenant requirements under which the Aviation Authority will establish rates and fees such that Net Revenues including Transfers, as defined by the Bond Resolution will at least equal 1.25 times the debt service on the senior lien airport revenue bonds and 1.00 times the debt service on all subordinated indebtedness. Further, the Master Subordinated Indenture provides that the coverage requirement will be equal to or greater than 1.10 times the debt service on

Priority Subordinated Indebtedness, as defined by the Master Subordinated Indenture.

Additional Bonds Test. In order to issue additional parity debt under the Bond Resolution, the Aviation Authority must comply with the requirements of the Additional Bonds test as described in the Bond Resolution, which generally requires certifications that the Aviation Authority will continue to meet the rate covenant upon issuance of the additional bonds.

Debt Service Coverage and Liquidity Targets. The Aviation Authority strives to exceed the rate covenant as required by the Bond Resolution and Master Subordinated Indenture and periodically establishes debt service coverage and liquidity targets in conjunction with the ongoing review and development of the capital improvement program. These targets are established to maintain adequate financial margins appropriate to aviation industry standards, as well as rating agency expectations, in an effort to preserve financial capacity for future funding needs, maintain strong credit rating and provide ample liquidity.

DEBT STRUCTURES, LIENS, AND TERMS

Long-Term Debt

The Aviation Authority is authorized by the Bond Resolution to issue long-term Debt. The term of any Debt issued should not exceed the average useful life of the assets it is funding, and the average life of tax-exempt bonds must follow Internal Revenue Service ("IRS") rules.

Short-Term Debt

The Aviation Authority may enter into agreements with commercial banks or other financial entities for purposes of securing short, interim financing, defined as having a maturity of not more than five (5) years, including but not limited to commercial paper or revolving lines of credit that shall provide access to credit under terms and conditions as specified in such agreements.

Senior Indebtedness

The Aviation Authority may issue Airport Facilities Revenue Bonds under, pursuant to and as defined under the Bond Resolution. Airport Facilities Revenue Bonds are secured by a senior lien on and pledge of airport revenues, net of specified operating expenses, along with certain other revenues to the extent they are expressly pledged by the Aviation Authority (e.g., Available PFC Revenues as defined by the Bond Resolution.).

Priority Subordinated Indebtedness	The Bond Resolution authorizes the Aviation Authority to issue Subordinated Indebtedness and Secondary Subordinated Indebtedness pursuant to one or more Issuing Instruments. The Bond Resolution further defines each of these capitalized terms herein. The Master Subordinated Indenture (as one of those Issuing Instruments) further provides for distinct types and lien levels of Priority Subordinated Indebtedness, Secondary Subordinated Indebtedness and Short-Term Subordinated Obligations. Priority Subordinated Indebtedness is secured by a lien on and pledge of Pledged Subordinated Revenues (as defined in the Master Subordinated Indenture) that is subordinate to the pledge of senior lien Airport Facilities Revenue Bonds, and senior to the lien of Secondary Subordinated Indebtedness.
Secondary Subordinated Indebtedness	Secondary Subordinated Indebtedness may be issued and is secured by the Pledged Secondary Subordinated Revenues (as defined in the Master Subordinated Indenture) on a parity with and shall be entitled to the same benefit and security of the Master Subordinated Indenture as all Secondary Subordinated Indebtedness Outstanding from time to time.
Other Debt Obligations	From time to time, the Aviation Authority may enter into agreements that constitute Issuing Instruments under the Bond Resolution to issue financial obligations that are subordinate to other forms of indebtedness described in this policy.
Special Purpose Facility Debt	Pursuant to the Bond Resolution, the Aviation Authority may issue Special Purpose Facility Debt, secured by Special Purpose Facility Revenues to finance Special Purpose Facilities as defined by the Bond Resolution.
Fixed Rate Debt	The Aviation Authority may issue fixed rate Debt in accordance with the Bond Resolution
Variable Rate Debt	The Aviation Authority may issue variable rate bonds in accordance with the Bond Resolution. Variable rate Debt typically is issued for a term of up to 30 years, although the interest rate on this debt instrument is reset daily, weekly, monthly, or less commonly, periodically. Variable rate Debt may also be issued in the form of short-term debt described herein to provide interim funding of capital projects. The Aviation Authority's net variable rate Debt composition (defined as variable rate debt less unrestricted cash reserves) excluding interim financings, such as lines of credit (defined as financings intended to be taken out with permanent long term financings) should not exceed 15% of total Debt.

Derivative Products The Aviation Authority may consider the use of a Qualified Derivative Agreement as defined by the Bond Resolution (i.e., interest rate swap agreements) to manage the interest cost of its debt, after careful evaluation of the short and long-term risks and benefits of the derivative product and the establishment of a written derivative products policy. The use of a derivative product would also be subject to the call provisions described below.

Redemption Provisions The preference of the Aviation Authority is to issue debt with standard redemption provisions. Redemption provisions will be established on a case-by-case basis, taking into consideration market conditions, the results of a redemption option analysis and any recommendations by the Finance Professionals prior to the time of sale. Optional redemption features will be utilized for most debt issues on maturities longer than ten years to accommodate opportunities for economic refunding or to facilitate the restructuring of Debt. The Aviation Authority may consider short-call provisions (i.e., less than ten years) based upon the objectives of a specific transaction. The issuance of non-callable (including make whole call) Debt should be considered only in special circumstances based upon the specific transaction, including whether interest on the Debt is taxable. Because the issuance of non-callable debt may restrict future financial flexibility, cost will not be the sole determinant in the decision to issue non-callable Debt.

Capitalized Interest Debt proceeds may include funds to pay interest during project construction and other periods permitted by, and pursuant to, IRS limitations and to the extent deemed prudent to match revenues to debt service payments.

METHOD OF SALE Debt may be issued through either a negotiated or competitive process or direct placement. The Aviation Authority will select the method for sale on a case-by-case basis. Under a negotiated process, one or more underwriters are chosen in advance to manage the sale of bonds at a negotiated price. Under a competitive sale, underwriters bid on a bond offering and the sale is awarded to the bank offering the lowest interest rate. Direct placement typically occurs through the competitive solicitation process.

Negotiated Process The Aviation Authority typically issues Debt under a negotiated process. The Aviation Authority establishes a pool of underwriters through a competitive process to provide

underwriter services for the issuance of bonds and other debt instruments which may be required from time to time to finance additions and improvements or to refund outstanding indebtedness. Typically, at that time, firms are assigned either the role of senior manager underwriter or co-manager underwriter.

For each transaction (other than direct placement), the Aviation Authority selects an underwriting syndicate that is comprised of one or more senior manager underwriters, with one acting as the book-runner, and one or more co-manager underwriters. The CEO and/or CFO will provide recommendations to the Finance Committee for the assignment of the roles of senior manager underwriter(s) and book-runner. The CEO and/or CFO may also select firms from the underwriter pool to serve as co-manager underwriter on the transaction.

The senior managers work with the Aviation Authority, its consultants, and Municipal Advisor to structure the bond transaction, participate in the review of bonds documents, recommend optimal timing for pricing the bonds, develop investor marketing materials, and lead the pre-sale marketing of the bonds. The book-runner is responsible for managing the process to price the bonds and coordinates the bond sale on behalf of the underwriting syndicate. The co-senior and co-manager underwriters, if any, participate in the marketing of the bonds, provide price views on the bonds, and support the sale of the bonds.

Competitive Process The Aviation Authority may use a competitive sale process when appropriate for a specific transaction.

Direct Placement Debt, including lines of credit, may be issued through direct placement where it is determined to be in the best interest of the Aviation Authority. Solicitations for financing terms of a direct placement transaction shall be made pursuant to a competitive process.

REFUNDING OF INDEBTEDNESS The Aviation Authority and its Municipal Advisor will monitor market conditions and interest rates for opportunities to refund its outstanding Debt for debt service savings. Savings targets are based upon net present value debt service savings as a percentage of the refunded debt par amount.

Refunding Minimum Savings Targets A present value analysis must be prepared to identify the economic effect of any proposed refunding. To ensure the minimum guidelines are met, the Aviation Authority will evaluate the net present value savings as a percentage of the refunded par amount relative to the period to the date the Debt will be called (the "Designated Call Date") and the maturity date of the Debt,

using the following minimum guidelines (requiring refunding Debt keep 10-year par call provisions for purposes of the savings comparison):

		<i>Years to the Designated Call Date</i>		
		After the Designated Call Date to Up to 90 Days Before	90 Days to 3 Years Before the Designated Call Date	More than 3 Years Before the Designated Call Date
<i>Years from the date of Designated Call Date to Maturity Date of the Debt</i>	0-5 Years	3.0%	3.0%	3.0%
	6-10 Years	3.0%	4.0%	5.0%
	11-20 Years	3.0%	5.0%	7.0%

Absent board approval, including for reasons described in the Other Considerations section below, the Aviation Authority will not pursue refunding of Debt unless the present value savings to be achieved with the refunding equals or exceeds the percentages in the chart above for refunding considered.

In addition, for advance refundings, which are currently defined for federal tax law purposes as closing more than 90 days prior to the call date, the Aviation Authority and its Municipal Advisor will evaluate the escrow efficiency to determine whether to proceed with the refunding opportunity.

Other Considerations

Refundings may be executed for other than economic purposes, such as to restructure debt, to change the type of debt instrument, or to retire a bond issue and indenture for more desirable covenants. In addition, if the benefits outweigh the costs and the refunding opportunity would otherwise be lost, the Aviation Authority may proceed with a refunding that has economic benefit but does not meet the criteria stated above in the minimum savings targets table.

Refunding of Derivative Products

Savings requirements may be waived upon a finding that refunding of a derivative product is in the overall best interest of the Aviation Authority.

CREDIT RATINGS

Rating Agencies

The CFO, in consultation with the Municipal Advisor, shall be responsible for determining whether a particular financing will be rated, and, if so, which of the credit rating agencies shall be utilized.

The Aviation Authority CFO and/or CEO will meet with rating agencies on a regular basis in order to keep the rating agencies informed of the Aviation Authority's finances.

Use of Credit Enhancement

Credit enhancement (i.e., letters of credit, bond insurance, surety bonds) may be used when such credit enhancement proves cost-effective. Selection of credit enhancement providers shall be subject to a competitive bid process. Credit enhancement may be used to improve or establish a credit rating on a debt obligation even if such credit enhancement is not cost effective if the use of such credit enhancement meets the organization's debt financing goals and objectives.

COMPLIANCE

The Aviation Authority has previously approved the following internal control documents relating to the issuance of Debt, which may be updated from time to time as approved by the CFO:

- Monitoring of Tax-Advantaged Bonds
- Arbitrage and Rebate Monitoring
- Compliance with Federal Securities Laws Relating to Disclosure for Securities Issued by the Aviation Authority

This policy will be reviewed periodically by the Senior Manager, Debt and Investments or CFO and will be updated as needed.

References

APPROVAL AND UPDATE HISTORY

Format and Re-numbering Approval

Aviation Authority Board: February 15, 2023
Chief Executive Officer: January 18, 2023