FINANCE COMMITTEE
AGENDA

DATE: WEDNESDAY, MAY 15, 2024
TIME: 1:45 P.M.
PLACE: CARL T. LANGFORD BOARD ROOM, ORLANDO INTERNATIONAL AIRPORT, ONE JEFF FUQUA BOULEVARD

For individuals who conduct lobbying activities with Aviation Authority employees or Board members, registration with the Aviation Authority is required each year prior to conducting any lobbying activities. A statement of expenditures incurred in connection with those lobbying instances should also be filed prior to April 1 of each year for the preceding year. Lobbying any Aviation Authority Staff who are members of any committee responsible for ranking Proposals, Letters of Interest, Statements of Qualifications or Bids and thereafter forwarding those recommendations to the Board and/or Board Members is prohibited from the time that a Request for Proposals, Request for Letters of Interests, Request for Qualifications or Request for Bids is released to the time that the Board makes an award. The lobbyist shall file a Notice of Lobbying (Form 4) detailing each instance of lobbying to the Aviation Authority within 7 calendar days of such lobbying. Lobbyists will also provide a notice to the Aviation Authority when meeting with the Mayor of the City of Orlando or the Mayor of Orange County at their offices. The policy, forms, and instructions are available on the Aviation Authority's offices web site. Please contact the Chief Administrative Officer with questions at (407) 825-7105.

I. CALL TO ORDER

II. ROLL CALL

III. CONSIDERATION OF FINANCE COMMITTEE MINUTES FOR MARCH 27, 2024

IV. CONSENT AGENDA
   A. Recommendation of the Ad Hoc Committee for Selection of Professional Services (24-107 RFP) for Investment Advisory Services

V. NEW BUSINESS
   A. Recommendation to Utilize the Line of Credit Facility to Facilitate a Taxable Advance Refunding for Certain Series of Outstanding Bonds

VI. INFORMATION
   A. Recommendation to Appoint Bond/Tax and Disclosure Counsel to Serve as the Aviation Authority's Legal Team for the Aviation Revenue Bonds, Series 2019 Transaction
   B. Internal Audit Report
   C. Status of the Annual Internal Audit Plan as of March 31, 2024

On **WEDNESDAY, MARCH 27, 2024**, the **FINANCE COMMITTEE** of the Greater Orlando Aviation Authority met in the Carl T. Langford Board Room located in the main terminal building at the Orlando International Airport (MCO), One Jeff Fuqua Boulevard, Orlando, Florida. Chairman Good called the meeting to order at 1:46 p.m. The meeting was posted in accordance with Florida Statutes and a quorum was present.

Committee members present,	M. Carson Good, Chairman Mayor Buddy Dyer Belinda Kirkegard (alternate)
Also present,	Kevin J. Thibault, Chief Executive Officer Kathleen Sharman, Chief Financial Officer Yovannie Rodriguez, Chief Administrative Officer Anthony Davit, Chief Operating Officer Richard Clarke, Chief Creative Officer Tianna Dumond, Senior Vice President, Internal Audit Doug Starcher, Nelson Mullins Dan Gerber, General Counsel Aracelis Mercado, Assistant to Chief Executive Officer Anna Farmer, Manager, Board Services and Recording Secretary

For individuals who conduct lobbying activities with Aviation Authority employees or Board members, registration with the Aviation Authority is required each year prior to conducting any lobbying activities. A statement of expenditures incurred in connection with those lobbying instances should also be filed prior to April 1 of each year for the preceding year. Lobbying any Aviation Authority Staff who are members of any committee responsible for ranking Proposals, Letters of Interest, Statements of Qualifications or Bids and thereafter forwarding those recommendations to the Board and/or Board Members is prohibited from the time that a Request for Proposals, Request for Letters of Interests, Request for Qualifications or Request for Bids is released to the time that the Board makes an award. As adopted by the Board, lobbyists are now required to sign-in at the Aviation Authority offices prior to any meetings with Staff or Board members. In the event a lobbyist meets with or otherwise communicates with Staff or a Board member at a location other than the Aviation Authority offices, the lobbyist shall file a Notice of Lobbying (Form 4) detailing each instance of lobbying to the Aviation Authority within 7 calendar days of such lobbying. Lobbyists will also provide a notice to the Aviation Authority when meeting with the Mayor of the City of Orlando or the Mayor of Orange County at their offices. The policy, forms, and instructions are available in the Aviation Authority's offices and the web site. Please contact the Chief Administrative Officer with questions at (407) 825-7105.

MINUTES

1. Upon motion by Mayor Dyer, second by Mrs. Kirkegard, motion passed to accept the February 21, 2024, Finance Committee minutes, as written.

CONSENT AGENDA

2. Mr. Thibault asked that the Consent Agenda be approved as presented.

A. Recommendation of the Ad Hoc Committee to Award 24-111-RFP Underwriter Services

Upon motion by Mrs. Kirkegard, second by Mayor Dyer, vote carried to approve the Consent Agenda as presented.

ADJOURNMENT

3. There being no further business to be considered, Chairman Good adjourned the meeting at 1:48 p.m.

(Digitally signed on , 2024)

Anna Farmer Manager, Board Services and Recording Secretary	Kevin J. Thibault Chief Executive Officer

MEMORANDUM

TO: Members of the Finance Committee

FROM: Kathleen M. Sharman, Chair, Ad Hoc Committee

DATE: May 15, 2024

ITEM DESCRIPTION

Recommendation of the Ad Hoc Committee for Selection of Professional Services (24-107 RFP) for Investment Advisory Services

BACKGROUND

On February 19, 2024, the Aviation Authority released a Request for Proposals for Investment Advisory Services. The scope of services to be provided include, but are not limited to, the following:

- Manage daily investment of portfolios to stated objectives
- Provide advice and information on treasury management, investments, and fixed income securities
- Assist in developing cash flow projections
- Execute trades on behalf of the Aviation Authority in accordance with Investment Policy
- Provide monthly activity statements and quarterly performance reports
- Keep Aviation Authority staff informed of regulatory changes impacting the investment program
- Review and evaluate investment policy
- Assist in evaluating safekeeping and trustee services
- Provide credit analysis and notify Authorized Investment Officer of watch or downgrades
- Coordinate delivery of securities and availability of funds

The agreement period will be for 5 years and will begin on or about October 1, 2024.

ISSUES

On March 18, 2024, the following 3 firms responded to the Aviation Authority's request for the above referenced services (in alphabetical order):

Chandler Asset Management, Inc.
Meeder Public Funds, Inc.
Public Trust Advisors, LLC

On April 16, 2024, the Ad Hoc Committee (Committee) met to consider the proposals. Each of the firms were evaluated based on the following criteria:

- Experience, Qualifications, and Knowledge of Respondent and Key Individuals and Team
- Approach and Methodology
- Additional Requirements of the Response
- Professional Fees

The Aviation Authority's staff and Financial Advisors were asked to assist in the review of proposal submissions by evaluating elements of each proposal and provide guidance to the Committee about each proposer. After consideration of each proposal and discussion of the evaluation criteria referenced above, the Committee evaluated the proposals and voted unanimously to recommend to the Finance Committee the below ranking and the award of an Agreement for Professional Services (24-107-RFP) for Investment Advisory Services as follows:

First: Public Trust Advisors, LLC (Public Trust)
Second: Chandler Asset Management, Inc. (Chandler)
Third: Meeder Public Funds, Inc.

Details of the Committee's discussions and evaluations and scoring of the proposals are set forth in the minutes of the Committee meeting, which are available for review in the Aviation Authority offices and attached hereto for your review.

SMALL BUSINESS

Due to specialized nature of the RFP, the Small Business Development department did not require a Minority/Women-owned Business Enterprises (MWBE), or Local Developing Business/Veteran Business Enterprise (LDB/VBE) participation goal, however, MWBE and LDB/VBE firms were encouraged to propose.

ALTERNATIVES

The Finance Committee may accept, reject, or amend the proposed recommendation of the Ad Hoc Committee.

FISCAL IMPACT

If awarded to the first-ranked firm, the total fiscal impact for the 5-year term of the agreement is a not-to-exceed amount of $1,250,000, with funding from the Operations and Maintenance Fund. The department intends to submit budget requests for those funds to be spent under the Agreement in the next fiscal years and such requests, when considered with other known or anticipated obligations of the department for such future years, will not exceed expected or reasonable funding approvals.

RECOMMENDED ACTION

It is respectfully requested that the Finance Committee accept the Ad Hoc Committee's recommendation to: (1) approve the ranking of the firms for Professional Services (24-107-RFP), Investment Advisory Services, as follows: first – Public Trust Advisors LLC; second – Chandler Asset Management, Inc.; and third – Meeder Public Funds, Inc.; (2) recommend to the Aviation Authority Board that the Board award the Investment Advisory Services contract to the first ranked firm, Public Trust Advisors LLC, with the initial service to commence on or about October 1, 2024; and (3) recommend to the Aviation Authority Board that staff be authorized to take any and all actions and execute any and all documents deemed necessary to enter into one or more agreements for Investment Advisory Services following satisfactory legal review.

GREATER ORLANDO AVIATION AUTHORITY
Innovation Connecting the World

MEMORANDUM

TO: Members of the Finance Committee

FROM: Kathleen M. Sharman, Chief Financial Officer

DATE: May 15, 2024

ITEM DESCRIPTION

Recommendation to Utilize the Line of Credit Facility to Facilitate a Taxable Advance Refunding for Certain Series of Outstanding Bonds

BACKGROUND

Recent negotiations with Bank of America, N.A. to finalize terms of a line of credit facility, in an amount $275 million, resulted in the possibility of using a portion of the facilities to fund a taxable advance refunding of one or more outstanding series of Airport Facilities Revenue Bonds of the City of Orlando, Florida. If advantageous to the Aviation Authority, an Authorizing Resolution will be presented to the Board requesting authorization (a) of the refunding of such bonds, (b) for the Chairman to identify the particular series to be refunded ("the Refunded Bonds"), (c) to approve the form of an escrow deposit agreement, (d) to appoint an escrow agent and (e) for the Aviation Authority officers to approve, modify, execute and deliver the final form of all documents required in connection with the refunded bonds, among other matters.

ISSUES

Management continues to evaluate various strategic options to accelerate principal repayment for multiple series of outstanding General Airport Revenue Bonds (GARB) and Passenger Facility Bonds (PFC).

The following series of GARB bonds are under analysis for taxable advance refunding:

Series	**Proposed Principal Redemption**
2015A	$ 49,775,000
2022A	6,160,000
2022B	64,050,000
Total	**$119,985,000**

Repayments of the amount drawn on the lines of credit for the advance refunding are expected to occur over the next two years, on or about September 30, 2024, September 30, 2025, and March 31, 2026.

Of the bonds under consideration for taxable advance refunding, the Series 2015A and 2022A have a portion of debt service that is PFC-supported debt. However, no PFC-supported debt will be refunded as the Aviation Authority does not intend to file an amendment to its PFC approval in connection with this transaction, as would be required by 14 CFR § 158.37. PFC-supported debt will remain outstanding and continue to be paid by Passenger Facility Charges.

The bonds under analysis for taxable advance refunding have various optional redemption dates ranging from October 1, 2025, to October 1, 2031; none are currently callable. Draws from the line of credit facilities, along with other available eligible funds as identified, would be used to purchase State and Local Government Series (SLGS) securities, or other allowable investment securities pursuant to the governing bond documents, earning guaranteed rates, and would be deposited into escrow accounts. The maturity date of the SLGS securities will coincide with each series of bond's scheduled principal and interest payment dates up to and including the optional redemption date for the purpose of a legal defeasance.

The utilization of a portion of the line of credit facilities to fund a taxable advance refunding of the Refunded Bonds would:

- Generate substantial debt service currently anticipated to be greater than $65,000,000;
- Leverage robust debt service coverage in the near term to strengthen debt service coverage in future years; and
- Place the Aviation Authority in a more favorable position to access the capital markets in the future.

The FY 2024 Debt Service Budget will need to be amended to account for the required principal and interest amounts payable in FY 2024 to repay the advances made from the lines of credit to advance refund bonds

The Authority's Debt Issuance and Management Policy requires a present value analysis to identify the economic effect of any proposed refunding. In a typical refunding, net present value savings that exceed the target amounts in the policy is necessary for the Aviation Authority to pursue the refunding.

The same policy allows the Board to approve refundings 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 this case, because principal repayments will be accelerated, there will not be any "present value" savings associated with the refunding. However, as noted above, the refunding will provide other important benefits to the Aviation Authority, including overall savings in the amount of interest payable over the life of the Refunded Bonds of more than $65,000,000 on just $119,985,000 of bonds. More importantly, the refunding allows for a restructuring of the Aviation Authority's debt profile to take advantage of favorable debt service coverage ratios in the near term and create debt service coverage and borrowing capacity in the long term.

SMALL BUSINESS

There is no Small Business participation for this item.

ALTERNATIVES

The Aviation Authority Board could choose not to approve the Authorizing Resolution and not pursue a taxable advance refunding.

FISCAL IMPACT

The estimated net debt service savings is still under analysis as are the estimated debt service payments against the line of credit facilities to be made on September 30, 2024, September 30, 2025, and March 31, 2026.

The costs related to the execution of the transaction are estimated not to exceed $195,000, which shall be funded from the Operations and Maintenance Fund.

RECOMMENDED ACTION

It is respectfully requested that the Finance Committee accept staff's recommendations outlined in the memorandum and recommend to the Aviation Authority Board to: (1) adopt the Authorizing Resolution authorizing the taxable advance refunding of certain series of outstanding bonds funded by a portion of the Line of Credit

Facility; (2) authorize amendments to the FY24 Debt Service Budget to reflect an amount equal to the additional FY24 debt service payments required to be paid under the terms of the Line of Credit Facility; (3) approve the costs related to the execution of the transactions not to exceed $195,000 to be funded from the Operations and Maintenance Fund; (4) authorize the Chairman, Vice Chairman or other Authorized Officer of the Aviation Authority and the Secretary or Assistant Secretary of the Aviation Authority to approve, modify, execute and deliver the final form of all documents required in connection with the redemption of such bonds, subject to satisfactory review by legal counsel, and to take other such actions as may be necessary or helpful for the redemption, and (5) request City Council approval of these actions.

GREATER ORLANDO AVIATION AUTHORITY
Innovation Connecting the World

MEMORANDUM

TO: Members of the Finance Committee

FROM: Kathleen M. Sharman, Chief Financial Officer

DATE: May 15, 2024

ITEM DESCRIPTION

Recommendation to Appoint Bond/Tax and Disclosure Counsel to Serve as the Aviation Authority's Legal Team for the Aviation Revenue Bonds, Series 2019 Transaction

BACKGROUND

At its meeting on December 13, 2023, the Aviation Authority Board approved the selection of firms to serve as Bond/Tax and Disclosure Counsel for the issuance of Airport Revenue Bonds and other debt instruments which may be required from time to time to finance additions and improvements at the Aviation Authority, to refund outstanding indebtedness, and to provide assistance in interpreting and revising the Aviation Authority's Bond Resolution as required.

The Aviation Authority approved the selection of the following firms to serve as Bond/Tax and Disclosure Counsel, with assignment of firms and roles to be made by the Finance Committee on a transaction-by-transaction basis, for a period of 3 years with 1 two-year renewal options.

- Bryant Miller Olive, P.A. (both Bond/Tax and Disclosure Counsel)
- Greenberg Traurig, P.A. (both Bond/Tax and Disclosure Counsel)
- Squire Patton Boggs (US) LLP (both Bond/Tax and Disclosure Counsel)

ISSUES

To fund a portion of the Aviation Authority's 2024-2029 Capital Improvement Plan, which is anticipated to be approved at the June 2024 Aviation Authority Board meeting, the Aviation Authority intends to issue an amount of General Airport Revenue Bonds and Passenger Facility Supported Revenue Bonds currently estimated at approximately $800 million dollars which is anticipated to be presented to the Aviation Authority Board for approval in September 2024.

Based on the proposals submitted, the team composition, a proposed plan to rotate firms through assignments, and past experience with each firm, staff recommends appointing the following legal team and roles for the Aviation Revenue Bonds Series 2024 transaction, with fees and scope of work to be negotiated by the Chief Financial Officer:

- Bryant Miller Olive, P.A. to serve as Bond/Tax Counsel
- Squire Patton Boggs (US) LLP to serve as Disclosure Counsel

Nelson Mullins Broad and Cassel will continue to serve as Issuer's Counsel.

INFORMATION ITEM – A –

SMALL BUSINESS

There is no Small Business participation for this item.

ALTERNATIVES

The Finance Committee may accept, reject or change staff's recommendation of the proposed appointment of firms to serve as Bond/Tax and Disclosure Counsel for the Aviation Revenue Bonds Series 2024.

FISCAL IMPACT

The fees to be paid for Bond/Tax and Disclosure Counsel services as they relate to debt issuance will be paid from bond proceeds.

RECOMMENDED ACTION

There is no recommended action for this item. This memorandum is for information purposes only.

GREATER ORLANDO AVIATION AUTHORITY
Innovation Connecting the World

MEMORANDUM

TO: Members of the Finance Committee

FROM: Tianna Dumond, Senior Vice President, Internal Audit

DATE: May 15, 2024

ITEM DESCRIPTION

Internal Audit Report

BACKGROUND

The report being submitted herewith was issued by Internal Audit in April, 2024. A summary is attached.

RECOMMENDED ACTION

No action is required. This package is for information purposes only.

INFORMATION ITEM – B –

SUMMARY OF INTERNAL AUDIT REPORT ISSUED
April 2024

Report on Limited Scope Review of BP-S00193 South Employee Lot, Orlando International Airport with McCree Design Builders, Inc.
Audit No. 23-06
October 1, 2021 through September 30, 2023

We have completed a limited scope review of BP-S00193 South Employee Lot at Orlando International Airport with McCree Design Builders, Inc. (McCree). Talson Solutions, LLC was engaged by the Aviation Authority to perform procedures of which the objectives were to obtain reasonable assurance of compliance with the terms and conditions of the Agreement with the Authority including, but not limited to, a review of compliance requirements, change orders, invoicing, cost reconciliations, and construction close-out activities.

The review identified items to resolve prior to Final Completion. One observation regarding an open Notice of Nonpayment to a subcontractor has been resolved. Open items are being actively monitored by the Construction and Engineering department. Their response, addressing the observations and recommendations, has been incorporated.

LETTER OF TRANSMITTAL

TO: Kevin Thibault, Chief Executive Officer

DATE: April 30, 2024

RE: Report on Limited Scope Review of BP-S00193 South Employee Lot, Orlando International Airport with McCree Design Builders, Inc. (Audit No. 23-06)

We have completed a limited scope review of the BP-S00193 South Employee Lot at Orlando International Airport with McCree Design Builders, Inc. (McCree). Talson Solutions, LLC was engaged by the Aviation Authority to perform procedures of which the objectives were to obtain reasonable assurance of compliance with the terms and conditions of the Agreement with the Authority including, but not limited to, a review of compliance requirements, change orders, invoicing, cost reconciliations, and construction close-out activities.

The review identified several items to resolve prior to Final Completion, including the use of an outdated Subcontractor Final Release form that does not contain the requirement for a Notary. One observation regarding an open Notice of Nonpayment to a subcontractor has been resolved. Open items are being actively monitored by the Construction and Engineering department. Their response, addressing the observations and recommendations, has been incorporated.

This report is intended solely for the information and use of McCree and the Aviation Authority Board and management. This restriction is not intended to limit distribution of this report, which is a matter of public record. We appreciate the assistance received from McCree and personnel from the Authority's Engineering and Construction, and Finance departments.

Respectfully submitted,

Tianna Dumond

Tianna Dumond, CIA, CFE, CRMA, CISA, CGAP, CFSA
Sr. Vice President of Internal Audit

cc: Richard McCree, Jr. CEO/President, McCree Design Builders, Inc.
Anthony Davit, Chief Operating Officer
Kathleen Sharman, Chief Financial Officer
Marie Dennis, Deputy Chief Financial Officer
Max Marble, Sr. Vice President, Capital Programs
Robert Furr, Vice President, Engineering & Architecture
Scott Shedek, Vice President, Construction
Finance Committee

BP-S00193-MCO
South Employee Lot
Construction Close-Out Audit for
Greater Orlando Aviation Authority

Final Report

ISSUE DATE: April 23, 2024

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EXECUTIVE SUMMARY

Greater Orlando Aviation Authority (GOAA) retained the professional services of Talson Solutions, LLC (Talson), a capital program advisory firm, to conduct a construction close-out audit on the South Employee Parking Lot project. The construction activity was performed by McCree Design Builders, Inc. (McCree), the general contractor, under a lump sum agreement. Talson focused on identifying risks preventing successful contract close-out and GOAA's adherence to established close-out procedures for capital projects.

McCree has not achieved the anticipated Final Completion date of September 28, 2023, and may be subject to liquidated damages should GOAA pursue under contract terms. McCree is subject to additional liquidated damages resulting from a 45-day delay in achieving the Substantial Completion date. Potential contract deductions or credits for liquidated damages may be taken against McCree's Final Payment Application which GOAA will not receive until late October or November 2023.

In this report, Talson presents the following observations or open items delaying the Final Completion and subsequently contract close-out:

- Unresolved change orders impacting four McCree subcontractors
- Incomplete Punchlist items for civil and electrical scopes of work
- Resolution of Notice of Non-payment from 2nd tier subcontractor
- Lack of close-out documentation submitted to GOAA

Talson noted that McCree's most recent payment application (invoice) for work completed through July 31, 2023, demonstrated inconsistencies in the amount reported as paid to two MWBE subcontractors. Although McCree's payment applications are reviewed by Anser Advisory, third-party consultant to GOAA, the verification of actual payments to MWBE subcontractors is not performed. McCree has acknowledged the submittal of incorrect payment value on a subcontractor final release form for an MWBE subcontractor.

Talson identified McCree's use of an outdated subcontractor final release form of April 2011 that did not require a Notary. The contract contains a subcontractor release form of October 2020 requiring a Notary.

Although GOAA and McCree project representatives did not identify any critical items preventing successful project close-out, there remain risks related to McCree's final resolution of open subcontractor issues, submission of close-out documentation and determination of final contract value should liquidated damages be assessed by GOAA.

Project Background

In May 2022, GOAA awarded to McCree Design Builders, Inc. (McCree) a lump sum / fixed price contract in the amount of $8.45 million for the expansion of the South Employee Parking Lot. The expansion included an additional 1,499 parking spaces and associated improvements. McCree will complete the unfinished scope of work that was halted and the existing contractor, Valencia Construction Group, terminated for convenience due to the COVID-19 pandemic. The design consultant is HNTB Corporation. McCree has committed to participation for MWBEs at 19.7 % and LDBs at 4.1%, respectively.

The project achieved Substantial Completion on June 30, 2023 or a delay from the initial contract date of May 15, 2023. Forecasted Final Completion was September 28, 2023. The current contract value including seven approved change orders and ongoing field change orders is $8.91 million as indicated on McCree's most recent Payment Application No. 10 for the period ending July 31, 2023. McCree has received payments in the amount of $8.38 million.

Audit Scope

Talson's audit scope focused on four primary areas:

(1) Contract compliance by McCree required for close-out and final completion;

(2) Adherence to GOAA's close-out and project management procedures for capital projects inclusive of budgeting, financial reporting, disbursements, approval and turnover to operations;

(3) "Risk" identification to successful project completion and contract close-out; and

(4) Business process improvements for GOAA's capital program.

Work Performed

Talson's activities for assessing McCree's contract compliance for final completion and eventual close-out to GOAA's procedures include but are not limited to the following:

a. Conducted a detailed review of five select subcontractors with a subcontract value of $5.2 million or approximately 60% of the total contract value

b. Assessed the status of subcontractor final release forms for accuracy to McCree disbursements, contract value, and proper form documents

c. Reviewed four of McCree's payment applications including the first (November 2022) and most current (August 2023) for accuracy to subcontractor amounts, project management team review and approvals, and MWBE/LDB participation reporting

d. Evaluated project completion documentation including substantial completion certificate, punchlist and GOAA's close-out documentation checklist

e. Reviewed and approved Change Orders Nos. 1 to 7 and supporting documentation for mathematical accuracy, GOAA's review and approvals and compliance to McCree allowable contract markups

f. Reviewed McCree's updated Certificate of Insurance

g. Assessed GOAA's project budget reporting as of August 2023 for accuracy of reporting construction contract commitments and change orders within the approved current budget

h. Interviewed McCree and GOAA representatives to determine open items such as subcontractor non-payment notices and status of final contract cost reconciliation

i. Reviewed GOAA's policies and procedures to gain an understanding of the applicable provisions related to capital project close-out

Talson's work included a detailed review of the contract documents for key provisions, allowances, general conditions and stipulations in order to assess the work being performed. A complete list of documents reviewed and interviews are listed in Appendix A.

Talson conducted the audit utilizing applicable guidance and standards outlined by the International Professional Practices Framework issued by The Institute of Internal Auditors. These standards require quality assurance over adequate planning and performing audits to obtain sufficient and appropriate evidence to provide a reasonable basis for observations and conclusions within a detailed audit plan based on risk-assessed objectives. Talson believes that the evidence obtained provides a reasonable basis for conclusions based on our audit objectives.

GOAA and McCree were accessible, cooperative, timely with responses and provided disclosure and access to the documentation requested by Talson.

OBSERVATIONS AND RECOMMENDATIONS

Talson noted the following eight (8) Observations and provided Recommendations for consideration by GOAA and McCree.

Observation No. 1
McCree has not achieved Final Completion by the anticipated date of September 28, 2023, primarily due to the following:

- Punchlist items not completed (refer to Observation No. 2)
- Open Change Order No. 9 and potential Change Order No. 10 (refer to Observation No. 6)
- Missing close-out documentation (refer to Observation No. 4)
- Open Notice of Non-payment from 2nd tier subcontractor (refer to Observation No. 5)

Recommendation
GOAA should obtain a revised Final Completion date from McCree and continue to follow up on the open items delaying Final Completion.

Observation No. 2
McCree has open items from the Substantial Completion Punchlist, dated September 20, 2023. The trades remaining include civil and electrical work. Also noted is the potential for change order work that has not been decided.

Recommendation
GOAA should oversee the completion of the remaining Punchlist items and determine if any additional change orders are required to achieve Final Completion and subsequently Final Payment.

Observation No. 3
Due to the delayed completion of both the Substantial and Final Completion dates, McCree may be subject to liquidated damages per the contract terms. The potential deduction will be taken against McCree's Final Payment request.

Recommendation
GOAA should determine if liquated damages will be imposed on McCree and whether they will be deducted against the Final Payment or processed as a deductive change order.

Observation No. 4
McCree has not submitted all of the required close-out documentation, including As-built drawings, Operating and Maintenance manuals, Final Release form, etc., as required in GOAA's Close-Out Documentation Checklist for Final Completion and Final Payment.

Recommendation
GOAA should continue to monitor McCree's submission of the close-out documentation and promptly identify/address any issues.

Observation No. 5
McCree has an open Notice of Non-payment in the amount of $283,190 from Bach Asphalt Paving, Inc. (Bach) dated August 23, 2023. Bach is a 2nd tier subcontractor to Valencia Construction Group.

Recommendation
GOAA should require McCree to resolve the open Notice of Non-payment prior to receipt of their Final Payment request.

Observation No. 6
McCree indicated that additional subcontractor change orders are required to determine the final subcontract values for the following subcontractors:

- M&M Electric of Central Florida
- On Point Surveying
- The Ford Design Group
- Valencia Construction Group

Additionally, Talson understands that Change Order No. 9 which includes work already completed under field change orders is being processed and that there is the potential for Change Order No. 10 due to a recent request to convert some areas from sod to low-maintenance gravel.

Recommendation
GOAA and McCree should resolve the open change orders in order to determine the final contract and subcontract values.

Observation No. 7
Several McCree subcontractors have submitted an outdated Subcontractor Final Release Form, Revision April 2011, that does not contain the requirement for a Notary.

Recommendation
McCree should require its subcontractors to re-submit the correct Subcontractor Final Release Form, dated October 2020.

Observation No. 8
McCree's Payment Application No. 10 incorrectly stated the amount paid to MWBE subcontractors as noted below:

	McCree AFP # 10	Subcontractor Invoice
The Ford Design Group	$207,328	$160,810
Valencia Construction Group	$3,237,238	$3,244,815

Talson was unable to determine if the actual amounts paid by McCree to its MWBE subcontractors are reviewed by Anser Advisory as part of its payment application review.

Recommendation
McCree should provide additional verification to GOAA indicating the actual amounts paid to its MWBE subcontractors.

APPENDIX A
LISTING OF DOCUMENTS REVIEWED & INTERVIEWS CONDUCTED

GOAA

1. Contract Documents, V1 - V4, February 2022 to April 2022
2. Job Coordination Meeting, dated July 13, 2023
3. Budget Worksheet, dated August 21, 2023
4. Project Budget Status Detail Report, dated, August 21, 2023
5. Certificate of Substantial Completion, dated, July 17, 2023
6. Substantial Completion Punchlist, dated September 6, 2023
7. Capital Project Cost Report (Through August 21, 2023
8. Construction Department DBE/MWBE Payment Summary, dated August 21, 2023
9. Approved Change Order Nos. 1 – 7, August 2, 2022 to August 3, 2023
10. Change Order Summary Report, dated August 21, 2023
11. Board-Agenda Construction Progress Report, dated August 2023
12. Request for Change Order Nos. 20 and 24
13. Operational Procedure: Construction Management Entity Contract, dated January 29, 2015
14. Operational Procedure: Retention and Disposition of Public Records, dated December 3, 2021
15. Organizational Policy: Capital Management Committee, dated October 19, 2022
16. Organizational Policy: Construction Committee, dated October 19, 2022
17. Organizational Policy: Construction Finance Oversight Committee, dated December 14, 2022
18. Organizational Policy: Procurement Committee, dated December 14, 2022
19. Organizational Policy: Construction Contracts and Changes, dated October 20, 2021

McCree Design Builders, Inc.

20. Notices of Non-payment
21. Subcontractor Final Release Forms
22. Payment Applications Nos. 1,8,9,10 (November 2022 to August 2023)
23. Subcontractor Payment Applications
24. Certificate of Liability Insurance, dated December 23, 2022, June 28, 2023
25. Subcontractor Status Report, dated September 20, 2023

Project Management Team Interviews
- Scott Shedek, VP Construction, GOAA
- Kimberly Voelker, Project Administrator, McCree Design Builders, Inc.

MEMORANDUM

TO: Tianna Dumond, Sr. Vice President, Internal Audit

FROM: Max Marble, Sr. Vice President, Capital Programs

CC: Anthony Davit, Chief Operating Officer

DATE: April 9, 2024

SUBJECT: Management Responses – BP-S00193 South Employee Lot Construction Closeout Audit

Observation No. 1

Observation: McCree has not achieved Final Completion by the anticipated date of September 28, 2023, primarily due to the following:

- Punch list items not completed (refer to Observation No. 2)
- Open Change Order No. 9 and potential Change Order No. 10 (refer to Observation No. 6)
- Missing closeout documentation (refer to Observation No. 4)
- Open Notice of Nonpayment from 2nd tier subcontractor (refer to Observation No. 5)

Recommendation: GOAA should obtain a revised Final Completion date from McCree and continue to follow-up on the open items delaying Final Completion.

Management Response: GOAA/OAR/McCree have been having numerous meetings to discuss late final completion. McCree has yet to provide a schedule for final completion, including final as-builts and closeout of all City of Orlando permits. McCree has not submitted a claim for additional time. GOAA has advised contractor in writing of its intent to assess liquidated damages on this project due to contractor's failure to complete within the contractual time.

Observation No. 2

Observation: As of April 1, 2024, McCree has two open items from the Substantial Completion Punchlist, dated September 20, 2023. The trades remaining include civil and electrical work. Also noted is the potential for change order work that has not been decided.

Recommendation: GOAA should oversee the completion of the remaining Punchlist items and determine if any additional change orders are required to achieve Final Completion and subsequently Final Payment.

Management Response: GOAA/OAR/McCree have been having numerous meetings to discuss late final completion. McCree has yet to provide a schedule for final completion, including final as-builts and closeout of all city of Orlando permits. GOAA/OAR will continue to oversee contractor until all contractual items have been completed. As of April 1, 2024, there are two punchlist items remaining.

Observation No. 3

Observation: Due to the delayed completion of both the Substantial and Final Completion dates, McCree may be subject to liquidated damages per the contract terms. The potential deduction will be taken against McCree's Final Payment request.

Recommendation: GOAA should determine if liquated damages will be imposed on McCree and whether they will be deducted against the Final Payment or processed as a deductive change order.

Management Response: Agree, GOAA has issued in writing its intent to assess liquidated damages for failure to achieve substantial and final completion within the contractual time.

Observation No. 4

Observation: McCree has not submitted all of the required closeout documentation, including As-built drawings, Operating and Maintenance manuals, Final Release form, etc., as required in GOAA's Closeout Documentation Checklist for Final Completion and Final Payment.

Recommendation: GOAA should continue to monitor McCree's submission of the close-out documentation and promptly identify/address any issues.

Management Response: GOAA/OAR/McCree have been having numerous meetings to discuss late final completion. McCree has yet to provide a schedule for final completion, including final as-builts and closeout of all city of Orlando permits. GOAA/OAR will continue to oversee contractor until all contractual items have been completed, and liquidated damages will continue to accrue until the completion of final acceptance.

Observation No. 5

Observation: McCree has an open Notice of Nonpayment in the amount of $283,190 from Bach Asphalt Paving, Inc. (Bach) dated August 23, 2023. Bach is a 2nd tier subcontractor to Valencia Construction Group.

Recommendation:
GOAA should require McCree to resolve the open Notice of Nonpayment prior to receipt of their Final Payment request.

Management Response: Issue resolved. On November 6, 2023 McCree sent an email that included a letter from Valencia Construction Group summarizing the Notice of Nonpayment payments to Bach Asphalt, Inc. and also included two Releases of Lien from Bach totaling $283,189.88.

Observation No. 6

Observation: McCree indicated that additional subcontractor change orders are required to determine the final subcontract values for the following subcontractors:

- M&M Electric of Central Florida
- On Point Surveying
- The Ford Design Group
- Valencia Construction Group

Additionally, Talson understands that Change Order No. 9 which includes work already completed under field change orders is being processed and that there is the potential for Change Order No. 10 due to a recent request to convert some areas from sod to low maintenance gravel.

Recommendation: GOAA and McCree should resolve the open change orders in order to determine final contract and subcontract values.

Management Response: Agree, Change orders 9, 10, 11 and 12 have been processed. All Requests for Change Orders that have been submitted have been processed. The only outstanding change order would be for the added cost of bonds. McCree has not submitted and added costs for bonds. Change order 12 has not been signed by McCree.

Observation No. 7

Observation: Several McCree subcontractors have submitted an outdated Subcontractor Final Release Form, Revision April 2011, that does not contain the requirement for a Notary.

Recommendation: McCree should require its subcontractors to re-submit the correct Subcontractor Final Release Form, dated October 2020.

Management Response: Agree, submittal of correct Subcontractor Final Release forms will be a pre-requisite to Final Acceptance.

Observation No. 8

Observation: McCree's Payment Application No. 10 incorrectly stated the amount paid to MWBE subcontractors as noted below:

	McCree AFP # 10	Subcontractor Invoice
The Ford Design Group	$207, 328	$160,810
Valencia Construction Group	$3,237,238	$3,244,815

Talson was unable to determine if the actual amounts paid by McCree to its MWBE subcontractors are reviewed by Anser Advisory as part of its payment application review.

Recommendation: McCree should provide additional verification to GOAA indicating the actual amounts paid to its MWBE subcontractors.

Management Response: Agree, McCree to provide final reconciliation of actual amounts paid to MWBE subcontractors, subject to Small Business Department approval, as a pre-requisite to Final Acceptance.

GREATER ORLANDO AVIATION AUTHORITY
Innovation Connecting the World

MEMORANDUM

TO: Members of the Finance Committee

FROM: Tianna Dumond, Senior Vice President, Internal Audit

DATE: May 15, 2024

ITEM DESCRIPTION

Status of the Annual Internal Audit Plan as of March 31, 2024

BACKGROUND

The Internal Audit department's FY 2024 Internal Audit Plan was approved by the Finance Committee on December 13, 2023. The plan is a dynamic tool that can be amended throughout the year in response to emerging issues, changing risk, and management requests. Under the International Standards for the Professional Practices of Internal Auditing, Standard 2060, periodic reporting regarding plan progress is required. The attached mid-year dashboard provides the status of the Annual Internal Audit Plan as of March 31, 2024.

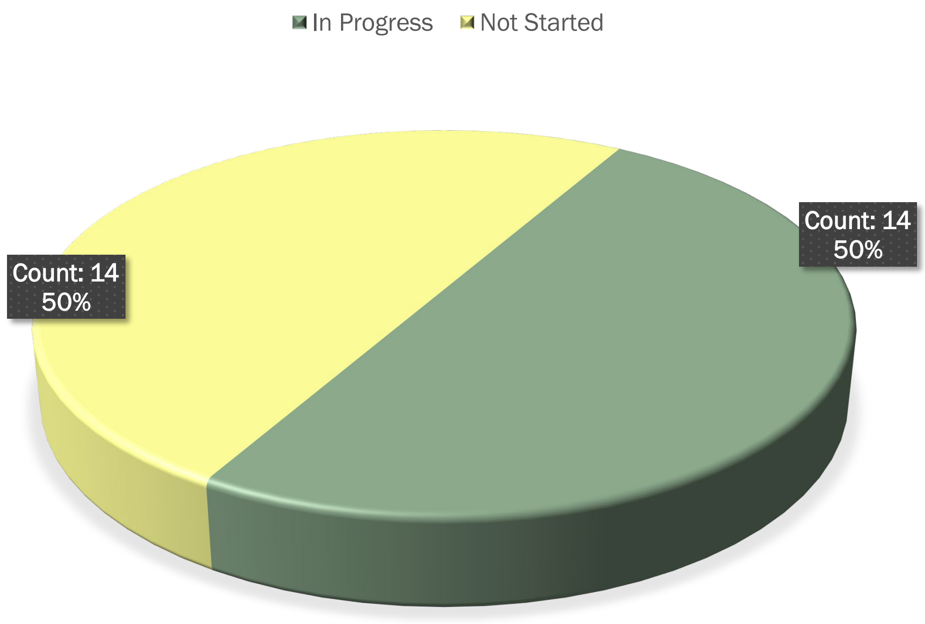
RECOMMENDED ACTION

No action is required. This package is for information purposes only.

INFORMATION ITEM – C –

INTERNAL AUDIT DEPARTMENT - FISCAL YEAR 2024

AUDIT PLAN STATUS AS OF MARCH 31, 2024



The Audit Plan is a dynamic tool that is continually adjusted throughout the year in response to organizational change, new priorities, and emerging risk.

Unanticipated Audits
None

Unanticipated Special Projects	7

Percentage of Recommendations Accepted
100%

Internal Audit Staff Positions Vacancies Since July 8, 2022	
Positions	No. of Personnel
Vacant	4
Filled	7