

ITEM E

San Diego County Regional Airport Authority

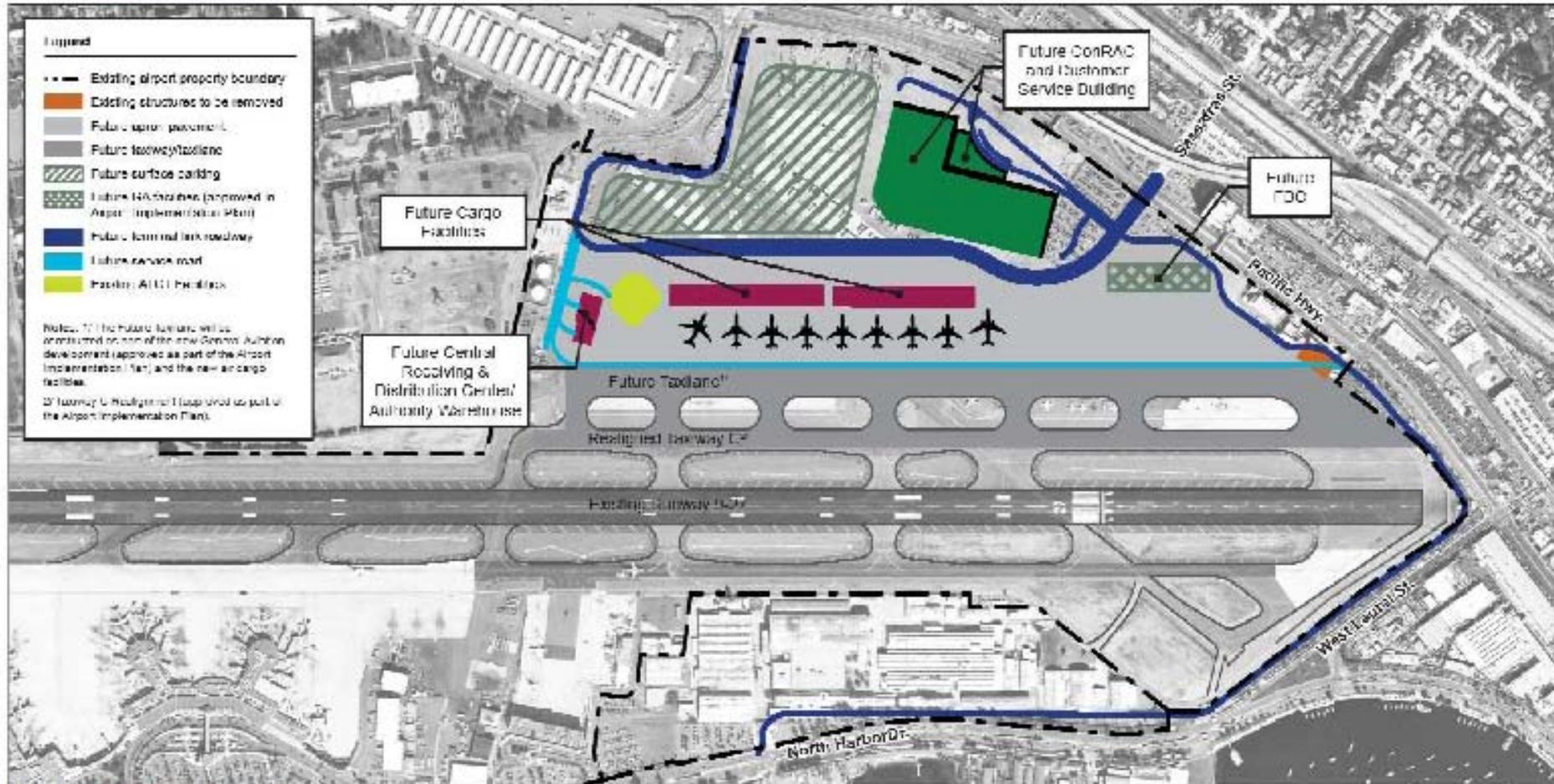
Fixed Base Operator (FBO) Solicitation, Development and Financing Update

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Potential Northside Development



Existing FBO Situation

- Lease Expires April 30, 2012
- Site required for implementation of Master Plan Program
- Facilities are aged and nearing the end of their useful life
- New 12 acre site has been identified for FBO development
- Authority's limited capital resources are committed to other projects



Request for Qualifications

- RFQ issued to determine level of industry interest in the development and operation of a new FBO
- Issued 02/02/11
- Responses were due 04/04/11
- 7 entities responded to RFQ



Firms Responding to RFQ

- Alliance Aviation Management, Ltd.
- Atlantic Aviation Services
- Hawthorne Global Aviation Services
- Landmark Aviation
- Pegasus SAN, LLC
- Ross Aviation
- Signature Flight Support



Evaluation of Submittals

- Demonstrated Experience
- Project Organization and Key Personnel
- Envisioned Operations and Facilities
- Written Question and Answer
- Financial Information
- References and Submission Responsiveness

Firms Selected as Finalists

- Alliance Aviation Management, Ltd.
- Atlantic Aviation Services
- Landmark Aviation
- Ross Aviation
- Signature Flight Support



Development/ Financing Options

	Advantages	Disadvantages	Comments
Option 1: GARB Financing of an Authority owned and developed facility	<ul style="list-style-type: none"> • Low borrowing cost • Authority retains potential financial upside • Authority can limit length of lease term to provide future flexibility 	<ul style="list-style-type: none"> • Impact on coverage and capacity • Financial risks • FBO is a specialized operation that often requires facilities to match a specific entity's operational model 	Requires Authority capital investment which does not appear necessary given the RFQ responses
Option 2: Special Facility Financing – Tenant	<ul style="list-style-type: none"> • Access to tax-exempt financing • Off-balance sheet • Development expertise 	<ul style="list-style-type: none"> • Market uncertainties • Less Authority control • Potentially, less financial upside 	May be part of the Tenant's ultimate financing plan. Will identify through RFP
Option 3: Tenant Financing	<ul style="list-style-type: none"> • No additional debt or off-balance sheet financing • Development expertise • No direct financial risk 	<ul style="list-style-type: none"> • Less Authority control • Limited financial upside 	Preferred option and supported by FBO Industry as demonstrated through RFQ
Option 4: Public-Private Partnership	<ul style="list-style-type: none"> • Off-balance sheet • Allows for risk sharing • Development expertise 	<ul style="list-style-type: none"> • Less Authority control • Market uncertainties • Limited equity available for investment 	Requires Authority capital investment which does not appear necessary given the RFQ responses



Next Steps

- Release Request for Proposals (RFP) to the five finalists to Design/Build/Finance/Operate a new FBO through privately funded means
- Return to Board with recommended Respondent and seek approval of negotiated development package
 - anticipated January 2012



Questions

