



**SAN DIEGO COUNTY  
REGIONAL AIRPORT AUTHORITY  
STAFF REPORT**

**Item No.  
15**

**Meeting Date: APRIL 12, 2012**

**Subject:**

**Approve and Authorize the President/CEO to Execute an Agreement with Frasca & Associates, LLC for Financial Advisory Services**

**Recommendation:**

Adopt Resolution No. 2012-0044, approving and authorizing the President/CEO to execute an agreement for financial advisory services to Frasca & Associates, LLC. for a term of three years with two additional one year options to extend the term with a maximum amount payable not-to-exceed \$1,500,000.00.

**Background/Justification:**

The Authority requires the services of a financial advisory firm to serve as a key independent advisor with regard to the Authority's financial matters. The selected firm will provide a broad range of financial advisory services to the Authority including assistance with:

- Development of Funding Plans and Financial Projections
- Financial Guidance and Advice
- Passenger Facility Charge and Grant Applications
- Issuance of Additional Airport System Revenue Bonds
- Rating Agency and Bond Insurer Relations
- Special Projects and Analysis

Accordingly, in January 2012 Authority staff issued a Request for Proposals (RFP) for Financial Advisory Services. Five responses to the RFP were received from the following firms: Acacia Financial Group, First Southwest, Frasca and Associates, Public Resources Advisory Group (PRAG), and The Public Financial Management Group (PFM). A short list process was conducted by the evaluation Panel. The criteria considered were experience and skill, primary staff, organization and approach, and fees. Three of the firms were invited for interviews which were conducted on March 13, 2012. Following the interviews, the Panel unanimously ranked Frasca & Associates as the highest respondent. The rankings utilized the short-list criteria with the addition of a rating for interview performance.

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The Evaluation Panel for this RFP consisted of the Vice President of Finance/Treasurer, the Director and Manager of Financial Planning and Budget, the Director of Airport Planning, Program Manager from the Facilities Development Department, and the Director of Business Planning. Each Panel member evaluated the firms' proposals and interviews, considering experience working in the public sector and specifically working for an airport. The proposal evaluation criteria to be scored by each Panel member included the candidates' experience and skill (25 points), primary staff (25 points), organization and approach (20 points), fees (15 points) and interview performance (15 points). Panel members' scores were then summed for each criterion and the firms were ranked by total score (with the highest total score being ranked first). The final scoring matrix from the Panel is as follows:

Evaluation Criteria	Experience & Skill	Primary Staff	Organization & Approach	Fees	Interview	Total	Final Rank
Maximum Points*	150	150	120	90	90	600	
PFM	130	122	98	72	79	501	3
PRAG	122	120	103	84	78	507	2
FRASCA	142	147	114	78	87	568	1

\*Maximum total with six panel members. For example, Experience & Skill criterion had a maximum of 25 points for each panel member's score (25 maximum points X 6 panel members = 150 total maximum points available).

The Evaluation Panel selected the firm of Frasca and Associates, LLC as the best firm to serve the Airport Authority based on the evaluation criteria.

Frasca and Associates, LLC.

Frasca & Associates, LLC. is a financial consulting firm with specialty expertise in assisting airports in strategic business planning, the successful implementation of their capital development programs, lease negotiation for facilities with airlines and other airport tenants, and developing public/private partnerships. The firm is also nationally recognized as an expert in the structure and evaluation of complex credits involving airline special facilities, project financings and general revenue financings at airports.

The professionals at Frasca & Associates have dedicated their entire careers, which average over 20 years, to the financing, development and management of airport facilities. The concept behind the firm's formation was to provide a new kind of financial advisory firm comprised of industry experts in various financial disciplines. Its principals and senior professionals include the former head of airport finance at a major investment bank, one of the industry's most senior airport ratings analysts and the former business manager at one of the world's largest airport systems. The result is a comprehensive view of the issues, from a capital markets, an operations, and a business development perspective.

**Fiscal Impact:**

Sufficient funds for the FY 2012 and FY 2013 expenses anticipated under this contract are included within: 1) the Financial Planning and Budget Department's FY 2012 and FY 2013 operating budget in the "services – other professional" line item; and 2) the "amortization – cost of issuance" line item of Debt Service. Expenses anticipated under this contract beyond FY 2013 will be included in future proposed budgets.

**Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

- A. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. Section 15378. This Board action is not a "project" subject to CEQA. Pub. Res. Code Section 21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Pub. Res. Code Section 30106.

**Equal Opportunity Program:**

The Authority's small business program promotes the utilization of small, local, disadvantaged, and other business enterprises, on all contracts, to provide equal opportunity for qualified firms. By providing education programs, making resources available, and communicating through effective outreach, the Authority strives for diversity in all contracting opportunities.

The Authority has a Disadvantaged Business Enterprise ("DBE") Plan as required by the Department of Transportation, 49 CFR Part 26. The DBE Plan calls for the Authority to submit an annual overall goal for DBE participation on all federally funded projects.

This project does not utilize federal funds; therefore, it will not be applied toward the Authority's over-all DBE goal.

**Prepared by:**

VERNON EVANS,  
VICE PRESIDENT FINANCE/TREASURER

RESOLUTION NO. 2012-0044

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT FOR FINANCIAL ADVISORY SERVICES WITH FRASCA & ASSOCIATES LLP FOR A TERM OF THREE (3) YEARS WITH TWO (2) ONE-YEAR OPTIONS TO EXTEND THE TERM AND A MAXIMUM AMOUNT PAYABLE NOT TO EXCEED \$1,500,000

WHEREAS, the Authority has a continuing need for financial advisory services; and

WHEREAS, the Authority released a Request for Proposals ("RFP") in January, 2012 to obtain the services of a qualified firm to perform financial advisory services for the Authority; and

WHEREAS, the Authority received five (5) proposals in response to the RFP; and

WHEREAS, the Authority's evaluation panel, after reviewing the proposals and interviewing the short-listed firms, recommend awarding an agreement for financial advisory services to Frasca & Associates LLP; and

WHEREAS, the Board determines that awarding the agreement to Frasca & Associates LLP is in the best interest of the Authority.

NOW THEREFORE, BE IT RESOLVED that the Board hereby APPROVES the award of an agreement with Frasca & Associates, LLC for financial advisory services and AUTHORIZES the President/CEO to take all necessary actions to execute the agreement; and

BE IT FURTHER RESOLVED that said agreement shall have a term of three (3) years with two (2) one-year options to renew that are exercisable at the discretion of the President/CEO and a compensation amount that shall not exceed one million five hundred thousand dollars (\$1,500,000); and

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a "project" as defined by the California Environmental Quality Act (CEQA) Pub. Res. Code Section 21605; and is not a "development" as defined by the California Coastal Act Pub. Res. Code Section 30106; and

BE IT FURTHER RESOLVED THAT the Authority and its officers, employees and agents hereby are authorized, empowered and directed to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing resolution.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 12<sup>th</sup> day of April, 2012, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, CORPORATE SERVICES/  
AUTHORITY CLERK

APPROVED AS TO FORM:

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BRETON K. LOBNER  
GENERAL COUNSEL

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# San Diego County Regional Airport Authority

Approve & Authorize the  
President/CEO to Execute an  
Agreement with Frasca &  
Associates, LLC for Financial  
Advisory Services

Presented by:  
Vernon D. Evans, CPA  
Vice-President-  
Finance/Treasurer and CFO

April 12, 2012



# Background

- ▶ The Authority utilizes the services of a financial advisory firm to serve as a key independent advisor with regard to the Authority's financial matters.
- ▶ The financial advisory services include:
  - ▶ Development of Funding Plans & Financial Projections
  - ▶ Financial Guidance & Advice
  - ▶ Passenger Facility Charge & Grant Applications
  - ▶ Issuance of Additional Airport System Revenue Bonds
  - ▶ Rating Agency & Bond Insurer Relations
  - ▶ Special Projects & Analysis

## Background (cont.)

- ▶ In January 2012, Authority staff issued a Request for Proposals (RFP) for Financial Advisory Services.
- ▶ Five (5) responses were received from the following firms:
  - ▶ Acacia Financial Group
  - ▶ First Southwest
  - ▶ Frasca & Associates
  - ▶ Public Resources Advisory Group (PRAG)
  - ▶ The Public Financial Management Group (PFM)

# Evaluation Panel

- ▶ The Evaluation Panel was composed of the following:
  - ▶ Vice-President of Finance/Treasurer
  - ▶ Director of Financial Planning & Budget
  - ▶ Manager of Financial Planning & Budget
  - ▶ Director of Airport Planning
  - ▶ Program Manager, Facilities Development Department
  - ▶ Director of Business Planning

# Short List Process

- ▶ A short list process was conducted by the Evaluation Panel using the following criteria:
  - ▶ Experience & Skill
  - ▶ Primary Staff
  - ▶ Organization & Approach
  - ▶ Fees
- ▶ Three (3) of the firms were invited for interviews conducted on March 13, 2012.
  - ▶ Frasca & Associates
  - ▶ Public Resources Advisory Group (PRAG)
  - ▶ The Public Financial Management Group (PFM)

# Evaluation

- ▶ Proposal evaluation criteria were scored by each Panel member according to the following:

<b>Proposal Evaluation Criteria</b>	<b>Total Points Available</b>
Candidates' Experience & Skill	25
Primary Staff	25
Organization & Approach	20
Fees	15
Interview Performance	15

# Evaluation (cont.)

- Panel members' scores were summed for each criterion & the firms ranked by total score (highest score ranked first):

Evaluation Criteria	Experience & Skill	Primary Staff	Organization & Approach	Fees	Interview	Total	Final Rank
Maximum Points *	150	150	120	90	90	600	
FRASCA	142	147	114	78	87	568	1
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\* Maximum total with six panel members. *Example: Experience & Skill criterion had a maximum of 25 points for each panel member's score (25 maximum points X 6 panel members = 150 total maximum points available).*

# Evaluation Panel Conclusion

The Evaluation Panel unanimously selected the firm of **Frasca & Associates, LLC** as the best firm to serve the Airport Authority based on the evaluation criteria.

# FRASCA & ASSOCIATES, L.L.C.



A TRANSPORTATION CONSULTING  
AND FINANCIAL ADVISORY FIRM

Frasca & Associates, LLC is a financial consulting firm with the following credentials:

- Specialized expertise in assisting airports in strategic business planning
- Successful implementation of airport capital development programs
- Specialize in lease negotiation for facilities with airlines & other airport tenants
- Developing public/private partnerships

# FRASCA & ASSOCIATES, L.L.C.



A TRANSPORTATION CONSULTING  
AND FINANCIAL ADVISORY FIRM

Frasca & Associates, LLC is also nationally recognized as an expert in the structure and evaluation of:

- Complex credits involving airline special facilities
- Project financings
- General revenue financings at airports

## Accolades:

*Ranked #1 financial advisor in 2010 & 2011 for airport issuance with 20% market share*

*2011 Bond Buyer Deal of the Year Award Southeast Regional Finalist*

*2009 Bond Buyer Deal of the Year Award*

# Recommendation

Adopt Resolution No. 2012-0044, approving and authorizing the President/CEO to execute an agreement for financial advisory services to Frasca & Associates, LLC for a term of three (3) years with two (2) additional one-year options to extend the term with a maximum amount payable not-to-exceed \$1,500,000.



# *Questions*

