



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

Item No.  
**11**

Meeting Date: **APRIL 12, 2012**

**Subject:**

**Authorize the President/CEO to Execute Agreements Supporting The Authority's Bonding and Contract Financing Assistance Program**

**Recommendation:**

Adopt Resolution No. 2012-0040, authorizing the President/CEO to execute agreements supporting the Authority's Bonding and Contract Financing Assistance Program.

**Background/Justification:**

On December 10, 2007, the Board authorized the President/CEO to enter into an agreement with Merriwether & Williams to implement a bond and contract financing assistance program (BCAP) for the Authority. On December 2, 2010, after a competitive process, an additional three-year agreement with Merriwether & Williams was awarded to continue the program.

The BCAP assists small and local contractors to overcome the hurdle of accessing bonding as required by Authority contracts. The program's benefits include assistance with bond application, introduction to sureties and brokers, and provides collateral up to 40% of the bond value with a maximum of \$750,000. A letter of credit in an amount not-to-exceed four million dollars (\$4,000,000) was authorized by the Board to support the collateral. The Contractors must be approved by both the Authority and the surety company to obtain a bond. To mitigate risk, the Authority requires program participants to utilize funds control to assure that all project costs are paid before funds are released to the contractor.

The BCAP requires partnerships with industry providers and commitments to adhere to the program's process. These partnerships are formalized through the following agreements:

- Memorandum of understanding between Authority and sureties
- Memorandum of understanding between Authority and financial institutions
- Memorandum of understanding between Authority and surety broker/agent
- Contractors participation agreement
- Letter of intent to post collateral
- Collateral security receipt and agreement
- Directive of draw procedure agreement
- Contractors agreement for subcontractor participation

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Staff is recommending authorization for the President/CEO to execute the aforementioned agreements that support the Authority's Bonding and Contract Financing Assistance Program.

**Fiscal Impact:**

None

**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:**

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. §15378. This Board action is not a "project" subject to CEQA, Cal. Pub. Res. Code §21065. This Board action is not a "development" as defined by the California Coastal Act, Cal. Pub. Res. Code §30106.

**Equal Opportunity Program:**

Not applicable.

**Prepared by:**

BOB SILVAS  
DIRECTOR, SMALL BUSINESS DEVELOPMENT

RESOLUTION NO. 2012-0040

A RESOLUTION OF THE BOARD OF THE  
SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY AUTHORIZING THE PRESIDENT/CEO  
TO EXECUTE AGREEMENTS SUPPORTING THE  
AUTHORITY'S BONDING AND CONTRACT  
FINANCING ASSISTANCE PROGRAM.

WHEREAS, on December 10, 2007 the Board authorized the President/CEO to enter into an agreement with Merriwether & Williams to implement a bond and contract financing assistance program (BCAP) for the Authority; and

WHEREAS, on December 2, 2010 an additional three year agreement with Merriwether & Williams was awarded after a competitive process to continue administering the program; and

WHEREAS, The BCAP assists small and local contractors to overcome the hurdle of accessing bonding as required by Authority contracts; and

WHEREAS, the program's benefits include assistance with bond application, introduction to sureties and brokers, and provide collateral up to 40% of the bond value with a maximum of \$750,000; and

WHEREAS, the Contractors must be approved by both the Authority and the surety company to obtain a bond; and

WHEREAS, to mitigate risk, the Authority requires program participants to utilize funds control to assure that all project costs are paid before funds are released to the contractor; and

WHEREAS, the BCAP requires partnerships with industry providers and commitments to adhere to the programs process, formalized through written agreements; and

WHEREAS, this action is to authorize the President/CEO to execute agreements that support the BCAP, including the following:

- Memorandum of understanding between Authority and sureties
- Memorandum of understanding between Authority and financial institutions
- Memorandum of understanding between Authority and surety broker/agent

- Contractors participation agreement
- Letter of intent to post collateral
- Collateral security receipt and agreement
- Directive of draw procedure agreement
- Contractors agreement for subcontractor participation

WHEREAS, the Authority guarantees the program through a letter of credit with a maximum limit of \$4,000,000.00

NOW, THEREFORE, BE IT RESOLVED that the Board AUTHORIZES to the President/CEO to execute agreements supporting the Authority's Bonding and Contract Financing Assistance Program.

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.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 12th 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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