

# **SAN FRANCISCO AIRPORT COMMISSION**



## **MINUTES**

**August 23, 2016  
Special Meeting  
9:00 A.M.**

**Room 400 - City Hall  
#1 Dr. Carlton B. Goodlett Place  
(400 Van Ness Avenue)  
City and County of San Francisco**

**EDWIN M. LEE, MAYOR**

### **COMMISSIONERS**

**LARRY MAZZOLA**

**President**

**LINDA S. CRAYTON**

**Vice President**

**ELEANOR JOHNS**

**RICHARD J. GUGGENHIME**

**PETER A. STERN**

**IVAR C. SATERO**

**Airport Director**

**SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of  
August 23, 2016

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AIRPORT COMMISSION SPECIAL MEETING MINUTES  
August 23, 2016

A. CALL TO ORDER:

The special meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

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B. ROLL CALL:

Present:	Hon. Larry Mazzola, President Hon. Linda S. Crayton, Vice President Hon. Eleanor Johns Hon. Richard J. Guggenhime
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Absent	Hon. Peter A. Stern
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C. ADOPTION OF MINUTES:

The minutes of the special meeting of August 9, 2016 were adopted unanimously.

No. 16-0224

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D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

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E. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Award Contract 9049 - Construction Services for the Overhead Variable Message and Guide Signs Replacement Project - Statewide Traffic Safety and Signs, Inc. - \$5,106,139

No. 16-0225	Resolution awarding Contract No. 9049, Construction Services for Overhead Variable Message and Guide Signs Replacement Project, to Statewide Traffic Safety and Signs, Inc., in the amount of \$5,106,139 with a contract duration of 420 days, and with a corresponding amount in contingency authorization.
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Mr. Geoff Neumayr, Chief Development Officer ... this proposed resolution awards the construction services contract for the Overhead Variable Message Signs and Guide Signs Replacement Project to Statewide Traffic Safety and Signs, Inc. (Statewide) in the amount of \$5.1 million for a term of 420 consecutive calendar days. This contract provides for the removal and replacement of the existing

overhead variable message and static signs located along the inbound freeway ramps and at San Bruno Avenue. This contract will also procure and install a new sign control system and all data power and data infrastructure required for the new work. Two bids were received in response to the bid call. Staff reviewed Statewide's bid and determined it to be the lowest responsive bidder. Statewide's \$5.1 million bid is below the Engineer's \$6.7 million estimate. The City's Contract Monitoring Division approve a 15% Local Business Enterprise subcontracting goal for this contract and Statewide is committed to meeting this goal.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

2. Amendment of Resolutions No. 09-0137, No. 13-0013 and No. 14-0147 to authorize the Sale of an Additional \$800,000,000 Aggregate Principal Amount of Previously Approved San Francisco International Airport Second Series Revenue Bonds for Capital Plan Purposes; and Certain Related Amendments and Actions in Connection Therewith

No. 16-0226

Resolution approving the Amendment to Resolution Nos. 09-0137, 13-0013 and 14-0147 to authorize the sale of an additional \$800,000,000 principal amount of previously approved Airport Capital Plan bonds to finance and refinance the construction, acquisition, equipping and development of Airport Capital projects and authorizing certain related actions.

Mr. Leo Fermin, Chief, Business & Finance Officer ... our Financial Advisory Committee has reviewed our proposed bond sale, in particular the size and use of the proceeds, and they have approved moving forward. We plan to sell on Sept. 15 and close the sale on Sept. 30. Depending on interest rates when we sell, we are looking at selling about \$880 million worth of bonds. This will do three things: 1) it will convert \$343 million of outstanding commercial paper into long term fixed rate bonds. 2) we will raise \$436 million for Capital Plan projects, such as the Terminal 1 renovation and the Terminal 3 West renovation project. 3) we will refinance about \$129 million of older bonds to reduce the annual interest costs.

We rotate the underwriters in our pool so all firms are used over time. We will use six underwriters for the sale: Goldman Sachs, Barclays, JP Morgan, RBC, Seibert, and Jefferies. You will receive a report on the sale results. At the end of 2016 we will return for approval of an additional bond authorization and a supplemental appropriation request for additional bonds to fund Capital Plan projects.

Commissioner Guggenhime ... what you're saying is you're refinancing because you can get fixed rate bonds that are very low rate now. And you're getting rid of variable floating rate bonds and fixing the rate because it's at an all time low.

Mr. Fermin ... correct. We're getting rid of the outstanding commercial paper.

Commissioner Crayton ... my question is, who are the members, what is the

financial advisory. Who's on that committee?

Mr. Fermin ...Deputy Controller Todd Rydstrom, retired Deputy Controller Monique Zmuda, Jack Tamagni, a New York investment banker, and Nadia Sesay who was with the Controller's office. Nadia was previously the Public Finance Officer for the CCSF. Vicky Wilcox is a business person in San Francisco.

Commissioner Crayton ... what specific skill set does she bring to the Committee?

Mr. Fermin ... she has investment banking experience.

Commissioner Crayton ... do the members of the Financial Advisory Committee ever change?

Mr. Fermin ... yes, they do.

Commissioner Crayton ... how often?

Mr. Fermin .... probably every few years.

Commissioner Crayton ... who makes the decision regarding who can be on that Financial Advisory Committee?

Mr. Fermin ... on the last go-around we consulted with John Martin. On the next go-around we'll be consulting with Ivar Satero.

Commissioner Crayton ... okay, then I'm pleased.

Commissioner Johns ... we have quite a few consultants that we have hired in the last several years. Have we consulted them on this?

Mr. Fermin ... yes. Our financial advisors are Public Financial Management and Berry McCarley. We consulted with them to help us plan this bond sale. They're the ones that look at structuring the issues over time. They ran different scenarios and models and identified which of the older bonds are candidates for refunding.

Commissioner Johns ... great. I'm glad we're using them efficiently. Thank you.

Commissioner Crayton ... what is the racial ethnicity of the Financial Advisory Committee.

Mr. Fermin ... Public Financial Management is led by Peter Miller who used to be the CCSF Public Financial Officer. Vince McCarley, an African American investment banker, has offices in San Francisco and Oakland.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Guggenlime. The vote to approve was unanimous.

3. Call for Bids - Contract No. 11189.61 - Construction Services for the Superbay Hangar Sixth Floor Asbestos Abatement Project

No. 16-0227 Resolution approving the scope, budget, and schedule for Contract No. 11189.61, Construction Services for the Superbay Hangar Sixth Floor Asbestos Abatement Project, and authorizing the Director to call for bids.

Mr. Geoff Neumayr ... this item approves the scope, budget, and schedule for the Superbay Sixth Floor Asbestos Abatement Project and authorizes the Director to call for bids. The existing fire proofing on the existing sixth floor of the Superbay Hangar contains asbestos and the existing fire suppression system is in need of replacement and upgrading. Asbestos creates a hazardous condition for workers and employees. Prior to work being done on the existing fire suppression system, it will require removal of the existing fire proofing as well as other miscellaneous materials also containing asbestos. The Engineer's estimate is \$5 million with a duration of 250 consecutive calendar days. Staff will work with the Contract Monitoring division to develop local business enterprise subcontracting requirements for this contract.

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F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 4 and 5, was moved by Commissioner Crayton and seconded by Commissioner Guggenlime. The vote to approve was unanimous.

4. Bid Call for Contract No. 11044.61 - Construction Services for the BICE Office Relocation Project

No. 16-0228 Resolution approving the scope, budget and schedule for Contract 11044.61, Construction Services for the Building Inspection & Code Enforcement Office Relocation Project and authorizing the Director to call for bids.

5. Assignment of International Terminal Food and Beverage Concession Lease No. 3 (16-0014) from Tastes on the Fly San Francisco, LLC to Tastes on the Fly SFO International, LLC

No. 16-0229 Resolution consenting to Assignment of International Terminal Food and Beverage Concession Lease No. 3 (16-0014) from Tastes on the Fly San Francisco, LLC to Tastes on the Fly SFO International, LLC.

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G. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to two (2) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests to speak.

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H. CORRESPONDENCE:

There was no discussion by the Commission.

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I. CLOSED SESSION:

The Airport Commission voted unanimously to go into closed session at 9:14 AM.  
CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION/  
PROSPECTIVE SETTLEMENT

(a) Public comment on all matters pertaining to this agenda item.

(b) Discussion and vote in open session pursuant to the Brown Act (California Government Code §54956.9) and the Sunshine Ordinance (San Francisco Administrative Code §67.10(d)) on whether to invoke the attorney-client privilege and conduct a closed session to confer with legal counsel. ACTION ITEM.

(c) [PROSPECTIVE CLOSED SESSION]

CONFERENCE WITH LEGAL COUNSEL regarding existing litigation (Government Code §54956.9(a), Administrative Code §67.8(a)(3)): *In re Compania Mexicana de Aviacion, S.A. de C.V.*, United States Bankruptcy Court for the Southern District of New York, Case No. 10-14182 (MG). Discussion of possible proposed settlement and resolution recommending approval by the Board of Supervisors. ACTION ITEM

There are no other planned agenda items for the closed session. In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in closed session, the Airport Commission may discuss and vote whether to conduct a closed session under the Brown Act (Government Code §54954.2(b)(2) and §54954.5) and the Sunshine Ordinance (Administrative Code §67.11).

(d) [RECONVENE IN OPEN SESSION]

Discussion and vote whether to disclose any or all discussions held in closed session (San Francisco Administrative Code §67.12(a)). ACTION ITEM.

The public portion of the meeting was reconvened at 9:20 AM and the Commission voted unanimously not to disclose the nature of the discussion.

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J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:21 AM.

**(Original signed by: Jean Caramatti)**

Jean Caramatti  
Commission Secretary