

1 [Board of Supervisors Resolution re Refunding Bond and Swaps Authorization]

2 **Resolution approving the issuance of up to \$1,400,000,000 aggregate principal amount**
3 **of San Francisco International Airport second series revenue refunding bonds for the**
4 **purpose of refinancing bonds and subordinate bonds of the Airport Commission;**
5 **Approving the maximum interest rate, notional amount and term of certain interest rate**
6 **swap transactions in connection with such refunding bonds; Approving Assured**
7 **Guaranty Corp. and CIFG Assurance North America, Inc. as providers of reserve fund**
8 **surety bonds and the forms of reimbursement agreement relating thereto; and**
9 **approving certain related matters.**

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11 WHEREAS, The Airport Commission, by its Resolution No. 91-0210 (as supplemented
12 and amended, the "1991 Master Resolution"), has authorized the issuance of San Francisco
13 International Airport Second Series Revenue Bonds (the "Bonds") for any lawful purpose of
14 the Airport Commission; and,
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16 WHEREAS, The Airport Commission, by its Resolution No. 97-0146 (as supplemented
17 and amended, the "1997 Master Subordinate Resolution"), has authorized the issuance of
18 San Francisco International Airport Second Series Subordinate Revenue Bonds, including the
19 San Francisco International Airport Subordinate Commercial Paper Notes (collectively, the
20 "Subordinate Bonds"), for any lawful purpose of the Airport Commission; and,
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22 WHEREAS, The Airport Commission, by its Resolutions Nos. 98-0114 and 02-0010,
23 has authorized the issuance from time to time of San Francisco International Airport Second
24 Series Revenue Refunding Bonds (the "Refunding Bonds") for the purpose of refunding
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1 outstanding Bonds and Subordinate Bonds, and by its Resolution No. 05-0181 (together with
2 Resolutions Nos. 98-0114 and 02-0010, the "Refunding Supplemental Resolutions"), has
3 authorized the issuance of additional Refunding Bonds of which \$1,400,000,000 require
4 Board approval; and,

5 WHEREAS, This Board of Supervisors (the "Board") by its Resolutions Nos. 583-98,
6 113-02, 800-03 and 733-04 (the "Prior Board Resolutions"), has approved the issuance of
7 \$2,900,000,000 aggregate principal amount of such Refunding Bonds, of which
8 \$2,775,225,000 have been issued to date; and,

10 WHEREAS, The Airport, by its Resolutions No. 05-0182 and 05-0183 adopted on
11 October 11, 2005, approved the sale of the Issues 2008A and 2010A Refunding Bonds, and
12 in connection therewith approved the forms of related bond documents including forms of a
13 Standby Bond Purchase Agreement, a Remarketing Agreement, an Auction Agreement, a
14 Broker-Dealer Agreement, a Market Agent Agreement, a Reserve Fund Forward Purchase
15 and Sales Agreement, a Debt Services Fund Forward Purchase and Sale Agreement, an
16 Escrow Float Agreement and a Bond Escrow Agreement (collectively, the "Bond
17 Documents"); and,

20 WHEREAS, The Airport Commission authorized and approved, by its Resolution No.
21 04-0219, and subsequently entered into certain interest rate swap transactions (the "Prior
22 Swap Transactions") with an aggregate notional amount of \$405,000,000 relating to a
23 corresponding aggregate principal amount of Refunding Bonds; and,

1 WHEREAS, This Board by its Resolution No. 733-04 approved the Prior Swap
2 Transactions, subject to the terms set forth in that resolution; and,

3 WHEREAS, The Airport Commission, by its Resolution No. 05-0184, adopted on
4 October 11, 2005 (the "Swap Resolution") authorized and approved certain additional Swap
5 Transactions and certain parameters therefore with an aggregate notional amount of up to
6 \$405,000,000 in connection with its additional Refunding Bonds, and approved the forms of
7 documents relating thereto, including a form of ISDA Master Agreement with accompanying
8 attachments (including a U.S. Municipal Counterparty Schedule and Credit Support Annex)
9 and a form of Transaction Confirmation (collectively, the "Swap Documents"); and,
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11 WHEREAS, The additional Swap Transactions are proposed to be entered into as
12 soon as practicable in connection with Refunding Bonds to be issued through 2010 in order to
13 lock-in debt service savings from current low long-term interest rates, and thus require the
14 concurrent authorization and approval of such Refunding Bonds; and,
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16 WHEREAS, The forms of Bond Documents and Swap Documents have been
17 submitted to this Board of Supervisors and are on file with the Clerk of the Board of
18 Supervisors in File No. _____, which is hereby declared to be a part of this
19 resolution as if set forth fully herein; and,
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21 WHEREAS, In the Swap Resolution and in accordance with Section 5922 of the
22 California Government Code, the Airport Commission found and determined that entering into
23 the Swap Transactions will reduce interest rate risk when used in connection with the
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1 Refunding Bonds, and will result in a lower overall cost of borrowing when used in connection
2 with the issuance of the Refunding Bonds; and,

3 WHEREAS, The Airport Commission, by its Resolution No. 02-0212, duly adopted an
4 Airport Interest Rate Swap Policy (as subsequently amended or revised, the "Swap Policy");
5 and,
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7 WHEREAS, Following a Request for Qualifications authorized by the Airport
8 Commission and the review of responses thereto, the Airport Commission has established a
9 pool of qualified swap counterparties (the "Swap Pool") and authorized the Airport Director in
10 the Swap Resolution to select one or more financial institutions through a competitive process
11 held in accordance with the Swap Policy, or if necessary as determined by the Airport
12 Director, by negotiation from the Airport's Swap Pool;
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15 WHEREAS, the Airport Commission, by its Resolution No. 02-0259, adopted on
16 December 17, 2002, and by its Resolution No. 07-0043, adopted on February 20, 2007,
17 approved the form of three-party Forward Purchase and Sale Agreements ("Forward
18 Purchase Agreements") for the investment of Bond-related funds in the 1991 Resolution
19 Reserve Fund and the Debt Service Fund in the custody of The Bank of New York Trust
20 Company, N.A., as trustee for the Commission's Bonds, for which Board approval is now
21 sought; and,
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23 WHEREAS, The Airport Commission has determined that it may be necessary and
24 desirable to obtain from time to time one or more surety bonds (each a "Surety Bond") to fund
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1 up to the amount required to be deposited in the reserve account upon the issuance of Bonds,
2 and in connection therewith, the Airport Commission approved Assured Guaranty Corp. and
3 CIFG Assurance North America, Inc. ("CIFG") as providers of such Surety Bonds, and
4 approved the form of Reimbursement Agreements (each, a "Reimbursement Agreement")
5 between Assured Guaranty Corp. and the Airport Commission and CIFG and the Airport
6 Commission, for which Board approval is now sought, and,
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8 WHEREAS, In connection therewith, the Board of Supervisors by its Resolutions Nos.
9 811-00 and 800-03 approved the forms of guaranty agreements between the providers of
10 such Surety Bonds and the Airport Commission, and the reaffirmation of the Board's approval
11 is now sought; now, therefore, be it
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13 RESOLVED, That the Board of Supervisors hereby declares that each of the foregoing
14 recitals is true and correct and is a representation of the Board of Supervisors; and, be it
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16 FURTHER RESOLVED, That the issuance by the Airport Commission of the Refunding
17 Bonds with The Bank of New York Trust Company, N.A. as trustee for the purposes of
18 refinancing Bonds and Subordinate Bonds as well as funding debt service reserve funds and
19 paying costs of issuance, including redemption premiums, and other incidental costs, is
20 hereby approved in accordance with Section 4.115 of the Charter. The additional authorized
21 aggregate principal amount of Refunding Bonds shall be \$1,400,000,000 and each reference
22 in Resolution Nos. 583-98, 224-99, 113-02, 800-03 and 733-04 of the Board of Supervisors,
23 as amended, is hereby increased by \$1,400,000,000, and the maximum number of issues of
24 Refunding Bonds shall be twenty (20); and, be it
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1 FURTHER RESOLVED, That the time for sale and delivery of Refunding Bonds shall
2 end on December 31, 2010, and each reference in Resolution Nos. 583-98, 224-99, 113-02
3 and 733-04 of the Board of Supervisors, as amended, to the final date upon which Refunding
4 Bonds may be sold is hereby amended to read "December 31, 2010"; and, be it
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6 FURTHER RESOLVED, That the maximum maturity date of Refunding Bonds shall be
7 May 1, 2050, and each reference in Resolution Nos. 583-98, 224-99, 113-02 and 733-04 of
8 the Board of Supervisors, as amended, to the maximum maturity date of Refunding Bonds is
9 hereby amended to read "May 1, 2050"; and, be it
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11 FURTHER RESOLVED, That the Swap Resolution and the Swap Transactions as
12 described in the Swap Resolution are hereby approved with the following parameters: (a) the
13 aggregate notional amount of all additional Swap Transactions entered into pursuant to the
14 Swap Resolution shall not exceed \$405 million; (b) the maximum fixed rate to be paid by the
15 Commission under each Swap Transaction entered into pursuant to the Swap Resolution
16 shall not exceed five percent (5.00%) per annum; and (c) the term of any Swap Transaction
17 entered into pursuant to the Swap Resolution shall not extend beyond May 1, 2050; and, be it
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20 FURTHER RESOLVED, That the forms of Bond Documents and Swap Documents and
21 the execution thereof by the Commission are hereby authorized and approved, with such
22 changes as the Airport Director shall deem necessary or advisable in consultation with the
23 City Attorney, and with terms up to the final maturity of the Bonds to which each such
24 document relates; and, be it
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1 FURTHER RESOLVED, That, subject to the parameters set forth herein, the Airport
2 Director is authorized to enter into one or more Swap Transactions with qualified swap
3 counterparties selected by the Airport Director (i) through a competitive process held in
4 accordance with the Swap Policy, or (ii) if necessary as determined by the Airport Director, by
5 negotiation from the Airport's pre-approved Swap Pool, in each case which are rated (or
6 whose guarantors are rated) no less than "A1" or "A+" by one of the three major rating
7 agencies, and no less than "A2" or "A" by the others, and to execute and deliver the
8 necessary Swap Documents; and, be it
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10 FURTHER RESOLVED, That the form of Forward Purchase Agreements and the
11 execution thereof by the Commission are hereby approved, with such changes as the Airport
12 Director shall deem necessary or advisable in consultation with the City Attorney; and, be it;
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14 FURTHER RESOLVED, That Assured Guaranty Corp. is hereby approved as a
15 provider of Surety Bonds, and that the form of Reimbursement Agreement and the execution
16 thereof by the Commission are hereby approved, with such changes as the Airport Director
17 shall deem necessary or advisable in consultation with the City Attorney, and with terms up to
18 the maturity of the Bonds to which each such document applies; and, be it
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20 FURTHER RESOLVED, That CIFG is hereby approved as a provider of Surety Bonds,
21 and that the form of Reimbursement Agreement and the execution thereof by the Commission
22 are hereby approved, with such changes as the Airport Director shall deem necessary or
23 advisable in consultation with the City Attorney, and with terms up to the maturity of the Bonds
24 to which each such document applies; and, be it
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1 FURTHER RESOLVED, That the Board hereby reaffirms and confirms its approval of
2 the forms of guaranty agreements between the providers of Surety Bonds and the Airport
3 Commission set forth in its Resolutions Nos. 811-00 and 800-03; and, be it

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5 FURTHER RESOLVED, That the provisions of the Prior Board Resolutions, except as
6 subsequently modified, are hereby ratified, approved and confirmed; and, be it

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8 FURTHER RESOLVED, That the approvals contained in this Resolution shall extend to
9 any amendments to the 1991 Master Resolution, the 1997 Master Subordinate Resolution,
10 the Refunding Supplemental Resolutions, the Swap Resolution and all resolutions of the
11 Airport Commission supplemental thereto, as well as to such additional resolutions that the
12 Airport Commission may adopt for the purpose of implementing the issuance, sale and
13 delivery of the Bonds, the execution of the Swap Transactions, and the execution and delivery
14 of the Bond Documents and Swap Documents.

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16 APPROVED AS TO FORM:

17 DENNIS J. HERRERA
18 City Attorney

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20 By _____
21 Deputy City Attorney

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