




OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

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MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Anna Van Degna, Director of the Controller's Office of Public Finance 

DATE: May 12, 2023

SUBJECT: San Francisco Airport Commission Bond-Related Authorization

The Office of Public Finance has been briefed by San Francisco International Airport ("Airport") staff with respect to their request for the Board of Supervisors to approve increased capacity for credit facilities and refinancing outstanding revenue and special facility bonds, as well as related bond documents. The resolution would also consolidate prior Airport Commission resolutions regarding the Airport's bonds and subordinate bonds, which will eliminate the process to cross-check multiple resolutions to identify and confirm that any particular authorization is in place. Based on the information provided by the Airport, the Office of Public Finance supports the consolidation and the proposed plan of finance for the debt.

The Airport currently has \$8.1 billion in General Airport Revenue Bonds ("GARBs") outstanding and \$286.2 million outstanding commercial paper notes. FY2022/23 annual debt service is \$443.5 million or 37.7% of the Airport's operating budget. Approximately \$7.0 billion of the Airport's outstanding GARBs can be refunded over the next five years. The proposed \$6.1 billion in refunding GARBs authorization, when combined with the \$1.1 billion in remaining refunding GARBs previously authorized and unissued would result in approximately \$7.2 billion in authorized refunding capacity. The additional authorization would give the Airport greater flexibility to access capital markets in the case of unforeseen market events.

The resolution also proposes the authorization of \$60.5 million in additional bonds to refund outstanding Special Facility Bonds, previously issued to finance the fuel storage and delivery facilities, and \$262.5 million of additional bonds to refund outstanding Special Facility Bonds previously issued to finance the Airport Hotel. Additionally, the proposed

resolution would authorize the Airport to enter into one or more revolving lines of credit with banks or financial institutions up to a maximum available principal amount, together with aggregate outstanding principal amount of Commercial Paper, not to exceed \$600 million.

The Airport expects to comply with the comprehensive guidelines established in its adopted Debt Policy, including the requirement that refunding transactions for debt service savings must achieve a minimum debt service savings threshold of 3% of the principal amount of the refunded bonds on a net present value basis and the threshold may lower to 1% if the Airport's municipal advisors do not believe that a future refunding would realize greater savings. Additionally, the Airport may refund bonds for other reasons including to restructure scheduled debt service, to convert variable or fixed interest rate structure, to change or modify the sources of payment and security for the refunded bonds, to modify covenants, or to restructure or refinance bonds that are in a state of distress.