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**MEMORANDUM**

October 5, 2010

10-0307

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**TO:** AIRPORT COMMISSION  
Hon. Larry Mazzola, President  
Hon. Linda S. Crayton, Vice President  
Hon. Caryl Ito  
Hon. Eleanor Johns  
Hon. Richard J. Guggenhime

**FROM:** Airport Director

**SUBJECT:** Bond Resolution Consolidating Prior Commission Resolutions Regarding the Airport's Bonds, Authorizing Additional Airport and SFO Fuel Company LLC Bonds, and Authorizing Certain Other Debt-Related Matters

**DIRECTOR'S RECOMMENDATION: APPROVE BOND RESOLUTION CONSOLIDATING PRIOR COMMISSION AUTHORIZATIONS AND APPROVALS INTO A SINGLE BOND RESOLUTION, AUTHORIZING ADDITIONAL AIRPORT AND SFO FUEL COMPANY LLC BONDS TO REALIZE DEBT SERVICE SAVINGS, AND AUTHORIZING CERTAIN OTHER DEBT-RELATED MATTERS**

Executive Summary

The attached Bond Resolution (the "Omnibus Resolution") confirms and extends a number of prior authorizations of the Commission with respect to the Commission's bonds. Its purpose is to consolidate Commission authorizations and approvals that are currently scattered through more than two dozen other resolutions and resolution amendments into a single resolution. This consolidation will eliminate the need for Airport staff and the Airport's financial and legal advisors to sift through numerous resolutions in order to identify and confirm that any particular authorization is in place, and that the terms of that authorization are being observed. In addition, the Omnibus Resolution increases the authorized principal amount of Refunding Bonds that may be issued by the Airport by \$1.6 billion. It also authorizes the issuance of special facility revenue bonds by the Airport to finance or refinance the Airport's fuel distribution system and any capital improvements undertaken by SFO Fuel Company LLC. Prior to issuance of a specific series of bonds, I will come back to the Commission for approval of a Bond Sale Resolution. The Airport's Financial Advisory Committee has reviewed and approved this course of action.

**AIRPORT  
COMMISSION**  
CITY AND COUNTY  
OF SAN FRANCISCO

GAVIN NEWSOM  
MAYOR

LARRY MAZZOLA  
PRESIDENT

LINDA S. CRAYTON  
VICE PRESIDENT

CARYL ITO

ELEANOR JOHNS

RICHARD J. GUGGENHIME

JOHN L. MARTIN  
AIRPORT DIRECTOR

### Refunding Bonds Authorizations

The Omnibus Resolution confirms the prior resolutions of the Commission (the "Refunding Resolutions") authorizing the issuance from time to time of refunding bonds to refinance the Commission's outstanding debt (the "Refunding Bonds"). The Airport has issued approximately \$5.8 billion of Refunding Bonds pursuant to the Refunding Resolutions, which has resulted in debt service savings of about \$262 million to date, and has allowed the Airport to reduce its counterparty and liquidity provider exposure, to increase the proportion of cash in its debt service reserve funds, and to reduce its exposure to mandatory tenders. There are approximately \$997 million of Refunding Bonds that remain authorized, but unissued pursuant to the Refunding Resolutions. The Omnibus Resolution authorizes the issuance of an additional \$1.6 billion of Refunding Bonds which may be issued over the next two years to realize debt service savings or for other purposes. I will come back to the Commission to approve the sale of individual series of Refunding Bonds.

### Tender Offer Refunding Bonds Authorization

The Omnibus Resolution confirms the prior resolution of the Commission (the "Tender Resolution") authorizing the issuance and sale from time to time of Tender Refunding Bonds to refinance outstanding debt of the Commission ("Tender Refunding Bonds"). A Tender Refunding involves the solicitation of current owners of the Airport's outstanding bonds to tender their bonds for purchase by the Airport from the proceeds of Refunding Bonds issued for that purpose. The Airport has issued approximately \$133 million of Tender Refunding Bonds pursuant to the Tender Resolution. There are approximately \$467 million of Tender Refunding Bonds that remain authorized, but unissued pursuant to the Tender Resolution. The Omnibus Resolution does *not* increase this authorization.

### Variable Rate Bonds Authorizations

The Omnibus Resolution confirms the prior resolutions of the Commission authorizing the issuance from time to time of Variable Rate Bonds by the Airport ("Variable Rate Bonds"). The Airport has issued \$1.46 billion of Variable Rate Bonds, which has resulted in debt service savings of about \$80 million to date. The Master Bond Resolution, as supplemented and amended, permits a series of bonds to be issued as Variable Rate Bonds or fixed rate bonds, as approved by the Commission.

The Omnibus Resolution also confirms the prior resolution of the Commission (the "Conversion Bonds Resolution") authorizing the issuance and sale of Variable Rate Bonds (the "Conversion Bonds") for the purpose of converting outstanding bonds bearing interest at rates subject to the federal alternative minimum tax into bonds bearing interest that is free of the alternative minimum tax. These conversions were authorized by the 2009 federal stimulus legislation ("American Recovery and Revitalization Act.") The Airport has issued approximately \$530 million of Conversion Bonds pursuant to the Conversion Bonds Resolution. There are approximately \$20 million of Conversion Bonds which remain authorized, but unissued pursuant to the Conversion Bonds Resolution. The Omnibus Resolution does *not* increase this authorization.

#### Bond Anticipation Notes Authorization

The Omnibus Resolution confirms the prior resolution of the Commission (the "BANs Resolution") authorizing the issuance from time to time of up to \$400 million of Bond Anticipation Notes ("BANs") to provide interim financing in lieu of, or in addition to, the Airport's Commercial Paper Program. The Airport has not yet issued any BANs, so the full authorization of \$400 million remains unissued. The Omnibus Resolution does *not* increase this authorization.

#### Capital Plan Bonds Authorizations

The Omnibus Resolution confirms the prior resolutions of the Commission (the "Capital Plan Bonds Resolution") authorizing the issuance from time to time of \$718 million of bonds to finance capital projects at the Airport (the "Capital Plan Bonds"). The Airport has issued approximately \$614.3 million of Capital Plan Bonds pursuant to the Capital Plan Bonds Resolution, leaving approximately \$103.7 million of these Bonds that remain authorized, but unissued pursuant to the Capital Plan Bonds Resolution. The Omnibus Resolution does *not* authorize the issuance of any additional Capital Plan Bonds.

#### Commercial Paper Authorizations

The Omnibus Resolution confirms the prior resolutions of the Commission (the "Commercial Paper Resolutions") authorizing the issuance from time to time of up to \$400 million outstanding at any time of commercial paper to finance and refinance capital projects and other expenditures at the Airport (the "Commercial Paper"). The Omnibus Resolution does *not* increase the authorized amount of Commercial Paper. Commercial Paper is issued as needed to meet the Airport's cash flow needs.

#### Credit Facilities Authorizations

The Omnibus Resolution confirms the prior resolution of the Commission (the "Credit Facilities Resolution") authorizing the Airport Director to obtain credit and liquidity facilities with respect to the Commission's bonds (the "Credit Facilities"). The Omnibus Resolution reauthorizes various types of Credit Facilities, such as standby bond purchase agreements, letters of credit, municipal bond insurance and reserve account surety policies, which have previously been authorized under numerous different resolutions, and approves the forms of agreements relating to these Credit Facilities. I will come back to the Commission for approval of individual standby bond purchase agreements and letter of credit agreements.

#### Related Document and Agreement Authorizations

The Omnibus Resolution reauthorizes various other documents and agreements, including disclosure documents, continuing disclosure agreements and certain investment agreements that have previously been authorized in connection with the Commission's bonds.

### Swap Transaction Authorizations

The Omnibus Resolution confirms the prior resolutions of the Commission (the "Swap Resolutions") authorizing the execution, amendment, termination and replacement from time to time of interest rate swap transactions (the "Swap Transactions"). The Airport has executed an outstanding \$585 million notional amount of Swap Transactions pursuant to the Swap Resolutions. I do not anticipate the execution of any new Swap Transactions (other than replacement transactions, in the event any remaining swap providers experience further deterioration in their credit ratings). The Omnibus Resolution does *not* authorize the execution of any additional notional amount of Swap Transactions. The Omnibus Resolution does authorize the posting of collateral by the Commission with respect to outstanding Swap Transactions in lieu of terminating that Swap Transaction, in which event the Commission may be responsible for a sizable swap termination payment.

### Other Authorizations

The Omnibus Resolution includes authorizations of various other related matters, including the removal and replacement of various parties to agreements otherwise authorized by the Commission, the selection of parties with which to enter into authorized agreements, the termination and amendment of existing agreements, compliance with applicable Federal tax laws, the changing of the interest period or mode on outstanding Variable Rate Bonds to any other interest period or mode permitted under the Master Bond Resolution, and the remarketing of such outstanding Variable Rate Bonds in a new interest period or mode, and with new terms.

### SFO Fuel Bonds Authorization

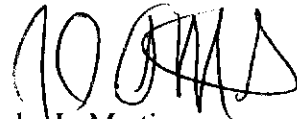
The Omnibus Resolution authorizes the issuance of up to an additional \$125 million of special facility revenue bonds ("Special Facility Bonds") to finance and refinance the Airport's fuel distribution system and additional capital projects undertaken by SFO Fuel Company LLC, which leases and operates the Airport's fuel storage and distribution system. This is the same principal amount previously authorized and issued by the Commission in 1997 and 2000. While these bonds would be payable from the SFO Fuel lease payments and not from general Airport revenues, the Omnibus Resolutions authorize the Airport Director to include additional covenants and undertakings by the Commission to further secure the payment of such Bonds, including covenants to (1) relet the fuel distribution and storage system and related facilities for the benefit of bondholders upon the occurrence of an event of default, (2) refund the Special Facility Bonds with general Airport revenue bonds upon the occurrence of an event of default, (3) pay all or a portion of debt service on the Special Facility Bonds from general Airport revenues upon the failure of SFO Fuel Company LLC to do so, and (4) replenish the debt service reserve account for the Special Facility Bonds from general Airport revenues following a draw thereon. The covenants described in clauses (2), (3) and (4) would require the approval of a majority-in-interest of the airlines that are signatory to the Airport's new Lease and Use Agreement that takes effect on July 1, 2011. The Omnibus Resolution also authorizes the

execution of certain agreements necessary for the issuance of such bonds, and any necessary amendments in connection with such bonds to the lease agreement between the Commission and SFO Fuel Company.

Board of Supervisors Approval

Upon Commission approval, Airport staff will calendar the Omnibus Resolution for approval by the Board of Supervisors.

I recommend that the Commission adopt the attached Omnibus Resolution.



John L. Martin  
Airport Director

Prepared by: Leo Fermin  
Deputy Airport Director  
Business and Finance

Attachment

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-0306

AUTHORIZATION TO SOLICIT PROPOSALS TO PROVIDE BOND  
UNDERWRITING AND RELATED SERVICES IN CONNECTION WITH THE  
AIRPORT'S FINANCING PROGRAM

WHEREAS, the Commission currently has \$4.38 billion in General Airport Revenue Bonds outstanding; and

WHEREAS, the Commission seeks to identify ways to reduce its annual debt service costs; and

WHEREAS, the Commission desires to evaluate, and may seek to utilize, a range of financing methods, including but not limited to Current Refundings, Advanced Refundings, Forward Refundings, and;

WHEREAS, the Commission desires to evaluate, and may seek to utilize, a range of financing methods, including but not limited to General Airport Revenue Bonds, Airport Special Facility Financings, Airport PFC-Backed or Similar Financings, Airport Refunding Bond Financings, Airport Variable Rate Bond Financings (including VRDBs and Auction Rate), Municipal Interest Rate and Related Swap Transactions, and Commercial Paper; and

WHEREAS, the Commission may undertake one or more Special Facility Financings involving Structured Investment Products (including Forward Purchase and Sale Agreements), Other Types of Potential Airport-Related Financings (including Tender Refundings, Hotel Financings and Private Placements), and Leveraged Lease, Cross-Border Sale-Leaseback and similar financings; and

WHEREAS, the Commission may undertake one or more Special Facility Financings involving SFO FUEL Company, LLC, or other entities, or debt financings for on-Airport facilities; and

WHEREAS, the implementation of any of these financing methods may require the use of investment underwriter banks or other financial institutions to provide investment underwriter banking and related services on a negotiated basis; and

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WHEREAS, the Commission has previously authorized the execution and delivery of certain agreements related to the 1991 Resolution Bonds and the Subordinate Bonds, and further desires to ratify, approve and confirm such other authorizations; and

WHEREAS, the Commission has previously authorized the issuance of certain special facilities revenue bonds for the benefit of SFO FUEL Company LLC (the "Special Facilities Bonds"), and now desires to authorize the issuance of additional such Special Facilities Bonds to refund the outstanding bonds and for other lawful purposes; now, therefore be it,

RESOLVED, that this Commission authorize the following:

Section 1. Defined Terms. Capitalized terms used but not otherwise defined in this Resolution shall have the meanings set forth in the 1991 Resolution. The resolutions ratified, approved and confirmed by this Resolution are referred to herein collectively as the "Ratified Resolutions." The 1991 Resolution Bonds, the Subordinate Bonds and the Special Facilities Bonds are collectively referred to herein as the "Bonds."

Section 2. Capital Plan Bonds. The Commission, by Resolution No. 08-0035, adopted on February 19, 2008, and Resolution No. 09-0137 adopted on June 2, 2009, respectively (collectively, as supplemented and amended, the "Capital Plan Bond Resolutions"), authorized the issuance of up to \$718,000,000 aggregate principal amount of Capital Plan Bonds for the purposes set forth therein. The Commission has previously issued \$614,260,000 of such Capital Plan Bonds, and \$103,740,000 remains authorized but unissued. The Commission ratifies, approves and confirms the Capital Plan Bond Resolutions and such remaining authorization, and such resolutions shall remain in full force and effect except as modified by this Resolution.

Section 3. Refunding Bonds. The Commission, by Resolution No. 98-0114, adopted on May 19, 1998, as supplemented and amended (the "Seventh Supplemental Resolution"), including by Resolution No. 02-0010, adopted on January 8, 2002 (the "Tenth Supplemental Resolution"), Resolution No. 03-0220, adopted on October 21, 2003 (the "Eleventh Supplemental Resolution"), Resolution No. 04-0220, adopted on November 2, 2004 (the "Twelfth Supplemental Resolution"), Resolution No. 05-183, adopted on October 11, 2005 (as amended by its Resolution No. 07-0043, adopted on February 20, 2007), Resolution No. 08-0152, adopted on August 19, 2008 (the "Fourteenth Supplemental Resolution,"), and Resolution No. 08-0185, adopted on October 7, 2008 (each as supplemented and amended collectively, the "Refunding Bond Resolutions"), authorized the issuance of Refunding Bonds in various principal amounts, of which \$997,345,000 remains authorized but unissued. The Commission ratifies, approves and confirms the Refunding Bond Resolutions and such remaining authorization, and such resolutions shall remain in full force and

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effect except as modified by this Resolution. The Commission increases such unissued authorization by \$1.6 billion to \$2,597,345,000.

Section 4. Tender Refunding Bonds. The Commission, by Resolution No. 09-0087, adopted on May 5, 2009 (the "Tender Bonds Resolution"), authorized the issuance of up to \$600,000,000 aggregate principal amount of Tender Refunding Bonds pursuant to the Refunding Bonds Resolutions, of which \$467,085,000 remains authorized but unissued. The Commission ratifies, approves and confirms the Tender Bonds Resolution and such remaining authorization, and such resolutions shall remain in full force and effect except as modified by this Resolution. Refunding Bonds authorized to be issued under any other Resolution may be issued under and pursuant to the Tender Bonds Resolution.

Section 5. Variable Rate Bonds.

(a) AMT Conversions. The Commission, by Resolution No. 09-0059, adopted on March 31, 2009 (as supplemented and amended, the "Variable Rate Refinancing Resolution"), authorized the issuance of up to \$550,000,000 aggregate principal amount of Variable Rate Bonds for the purpose of converting the interest on outstanding Variable Rate Bonds from rates which are subject to the alternative minimum tax to rates which are not, of which \$20,150,000 remains authorized but unissued. The Commission ratifies, approves and confirms the Variable Rate Refinancing Resolution and such remaining authorization, and such resolutions shall remain in full force and effect except as modified by this Resolution. 1991 Resolution Bonds authorized to be issued under any other Resolution may be issued under and pursuant to the Variable Rate Refinancing Resolution.

(b) Interest Period and Mode Changes. The Airport Director, for and on behalf of and in the name of the Commission, is authorized and directed to execute and deliver such documents and take such actions as may be necessary or desirable and in the best interests of the Airport and not otherwise inconsistent with the purposes of this Resolution and the adopted policies of the Commission to change, from time to time, the Interest Period or Mode on all or any portion of outstanding Variable Rate Bonds to any other Interest Period or Mode permitted under the 1991 Resolution, and to cause the remarketing of such outstanding Variable Rate Bonds in the new Interest Period or Mode. In connection therewith the Airport Director is authorized, for an on behalf of and in the name of the Commission, to make such changes to the terms of such Variable Rate Bonds as the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, may deem necessary or desirable and in the best interests of the Airport, including without limitation to the terms of any debt service reserve account which secures such Variable Rate Bonds.



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Such remarketings shall not constitute a refunding of such Variable Rate Bonds for purposes of this Resolution or the Ratified Resolutions, nor shall it constitute a new "issue" of 1991 Resolution Bonds for purposes of the Charter.

Section 6. Bond Anticipation Notes. The Commission, by Resolution No. 9-0138, adopted on June 2, 2009 (as supplemented and amended, the "BANs Resolutions"), authorized the issuance of up to \$400,000,000 aggregate principal amount of 1991 Resolution Bonds as Bond Anticipation Notes to provide interim financing in lieu of or in addition to the Airport's Commercial Paper program, of which \$400,000,000 remains authorized but unissued. The Commission ratifies, approves and confirms the BANs Resolution and such remaining authorization, and such resolution shall remain in full force and effect except as modified by this Resolution. 1991 Resolution Bonds authorized to be issued under any other Resolution may be issued under and pursuant to the BANs Resolution.

Section 7. Terms of 1991 Resolution Bonds. Anything in the 1991 Resolution to the contrary notwithstanding, 1991 Resolution Bonds, including without limitation the Capital Plan Bonds, the Refunding Bonds, the Tender Refunding Bonds, Variable Rate Bonds, BANs and the Infrastructure Bonds, may be issued as either fixed rate or variable rate bonds pursuant to the Infrastructure Bonds Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution or the Eleventh Supplemental Resolution, as appropriate; in such Series and sub-Series and with such reserve account requirements, if any, as the Airport Director shall determine; *provided, however*, that (i) no 1991 Resolution Bond shall bear interest at a rate in excess of (A) eighteen percent (18%) per annum if issued as a Variable Rate Bond (other than any such 1991 Resolution Bonds held by a Credit Provider or Liquidity Provider), (B) sixteen percent (16%) per annum if issued as taxable fixed rate 1991 Resolution Bonds, or (C) twelve percent (12%) per annum if issued as tax-exempt fixed rate 1991 Resolution Bonds; (ii) the final maturity of any 1991 Resolution Bond shall not be later than forty (40) years from the date of issuance thereof; and (iii) the maturity schedule for each Series thereof shall not result in an increase in aggregate Annual Debt Service of more than the greater of ten percent (10%) or \$35,000,000 in any Fiscal Year unless the Airport Director determines, upon consultation with the Commission's financial advisors, that it is necessary or desirable and in the best interests of the Airport to do so. Unless otherwise determined by the Airport Director, any Series and sub-Series of 1991 Resolution Bonds sold and/or issued and delivered on the same date shall constitute part of the same "issue" for purposes of the Charter.

Section 8. Subordinate Bonds – Commercial Paper Notes. The Commission, by Resolution No. 09-0088, adopted on May 5, 2009, under and pursuant to Resolution No. 97-0146, adopted on May 20, 1997, as supplemented and amended, including

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without limitation by Resolution No. 97-0148, adopted on May 20, 1997, Resolution No. 99-0299, adopted on September 21, 1999, Resolution No. 99-0300, adopted on September 21, 1999, and Resolution No. 09-0088, adopted by the Commission on May 5, 2009, (collectively, the "Commercial Paper Resolutions") authorized the issuance and reissuance from time to time of up to \$400,000,000 aggregate principal amount of Subordinate Bonds in the form of Commercial Paper for the purposes of financing and refinancing various Airport expenditures. The Commission ratifies, approves and confirms the Commercial Paper Resolutions and such authorizations, and such resolutions shall remain in full force and effect except as modified by this Resolution.

Section 9. Credit and Liquidity Facilities. The Commission, by Resolution No. 09-0089, adopted on May 5, 2009 (the "Credit Facilities Resolution"), the Commission authorized the Airport Director to obtain certain credit and liquidity facilities with respect to 1991 Resolution Bonds and Subordinate Bonds, including without limitation the Commercial Paper Notes. The Commission ratifies, confirms and approves the Credit Facilities Resolution, and such resolution shall remain in full force and effect except as modified by this Resolution.

(a) Standby Bond Purchase Agreements. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to select one or more banks or other financial institutions, including private or governmental entities, whose ratings shall be in the three highest ratings categories (without regard to subcategories) of at least two Ratings Agencies ("Banks") to provide one or more Standby Bond Purchase Agreements ("Standby BPAs") to pay or secure the payment of the principal and/or purchase price of and interest and/or redemption premium on 1991 Resolution Bonds or Subordinate Bonds. The Airport Director, for and on behalf of and in the name of the Commission, is further authorized to execute and deliver one or more Standby BPAs with such Banks in substantially the form presented to and on file with the Secretary of the Commission, with such changes thereto as may be approved by the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be evidenced conclusively by the execution and delivery of such Agreements.

(b) Letters of Credit. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to select one or more Banks to provide one or more Letters of Credit ("LOCs") to pay and/or secure the payment of the principal and/or purchase price of an interest and/or redemption premium on 1991 Resolution Bonds or Subordinate Bonds. The Airport Director, for and on behalf of and in the name of the Commission, is further authorized to execute and deliver one or more LOC Agreements with such Banks in substantially the form presented to and on file with the Secretary of the Commission, with such changes thereto as may be approved by

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the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be evidenced conclusively by the execution and delivery of such Agreements.

(c) Bond Insurance. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to select one or more Bond Insurers whose ratings shall be in the three highest ratings categories (without regard to subcategories) of at least two Ratings Agencies to provide Bond Insurance to secure the payment of the principal and/or purchase price of and interest and/or redemption premium on 1991 Resolution Bonds or Subordinate Bonds. The Airport Director, for and on behalf of and in the name of the Commission, is further authorized to execute and deliver one or more commitments or other agreements with such Bond Insurers in such form as may be approved by the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be evidenced conclusively by the execution and delivery of such Agreements.

(d) Reserve Account Surety Agreements. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to select one or more Bond Insurers to fund up to the amount required to be deposited in the applicable reserve account with respect to any 1991 Resolution Bonds or Subordinate Bonds. The Airport Director, for and on behalf of and in the name of the Commission, is further authorized to execute and deliver one or more reserve account surety bonds or insurance policies ("Surety Agreements") in substantially the form presented to and on file with the Secretary of the Commission, with such changes thereto as may be approved by the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be evidenced conclusively by the execution and delivery of such Agreements.

Section 10. Disclosure Documents. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to cause the preparation of one or more preliminary, final and supplemental Official Statements, Offering Memoranda, Private Placement Memoranda or other disclosure documents, and amendments and supplements thereto (collectively, "Disclosure Documents"), with respect to the issuance, sale, and remarketing from time to time of 1991 Resolution Bonds and Subordinate Bonds. The underwriters, placement agents, remarketing agents, dealers and other similar parties are authorized to distribute such Disclosure Documents as the Airport Director may approve upon consultation with the City Attorney, the Airport's financial advisors, disclosure counsel and bond counsel, such approval to be evidenced conclusively by the delivery of such Disclosure Documents. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to certify that each Disclosure Document is, as of its date, "deemed final" by the Commission within the meaning of and to the extent required by Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12").

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Section 11. Continuing Disclosure.

(a) Agreements. The Airport Director, for and on behalf of and in the name of the Commission, is further authorized to certify and agree on behalf of the Commission to provide certain financial information and operating data of the Commission annually and notices of certain events, if material, pursuant to Rule 15c2-12(b)(5) (unless an exemption from the Rule applies) and to execute and deliver one or more continuing disclosure certificates or agreements for the benefit of the underwriters and the holders and beneficial owners of the 1991 Resolution Bonds, Subordinate Bonds and Special Facilities Bonds in such forms as shall be approved by the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors, disclosure counsel and bond counsel, such approval to be conclusively evidenced by the execution and delivery of such certificate or agreement.

(b) Remedies. The Commission covenants and agrees for the benefit of the underwriters, purchasers and holders from time to time of its 1991 Resolution Bonds, Subordinate Bonds and Special Facilities Bonds, respectively, to comply with and carry out all of the provisions of any continuing disclosure certificate or agreement executed and delivered in connection with the issuance thereof, as it may be amended from time to time in accordance with its terms; *provided*, that failure of the Commission to comply with any Continuing Disclosure Agreement shall not be considered an Event of Default with respect to the related Bonds; *provided, however*, that the trustee, fiscal agent, dissemination agent or other similar third party may (and at the written request of the holders of at least 25% of the aggregate principal amount of the related Bonds shall) or any holder or beneficial owner of such Bonds may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Commission to comply with its obligations thereunder.

Section 12. Swap Transactions.

(a) Reauthorization. The Commission, by Resolution No. 04-0219, adopted on November 2, 2004 and Resolution No. 05-0184, adopted on October 11, 2005, as supplemented and amended (collectively, the "Swap Resolutions") authorized the execution of certain interest rate swap transactions ("Swap Transactions") in the aggregate notional amounts of \$205,100,000 and \$405,000,000, respectively, in connection with the issuance by the Airport of Refunding Bonds as Variable Rate Bonds. The Commission has previously executed total initial aggregate notional amounts of Swap Transactions pursuant to the Swap Resolutions of \$199,900,000 and 385,460,000], respectively, under the Swap Resolutions, leaving remaining authorizations of \$5,200,000 and \$19,540,000, respectively. The Commission

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ratifies, approves and confirms the Swap Resolutions, the remaining authorizations thereunder and the findings and determinations therein, and such resolutions shall remain in full force and effect except as modified by this Resolution.

(b) Authorization of Collateral Posting. In connection with a Swap Transaction, the Airport Director, for and on behalf of and in the name of the Commission, is authorized to obligate the Airport to post collateral, as and to the extent necessary or desirable and in the best interests of the Airport, pursuant to the provisions of a Credit Support Annex.

(c) Maximum Rate. The maximum fixed interest rate the Commission shall be obligated to pay with respect to any Swap Transaction shall not exceed twelve percent (12%) per annum.

Section 13. Forward Purchase and Sale Agreements. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to invest and to direct the Trustee to invest amounts on deposit in any debt service reserve account, debt service account or construction account with respect to any 1991 Resolution Bonds, Subordinate Bonds or Special Facilities Bonds from time to time in Permitted Investments, including without limitation pursuant to one or more Forward Purchase and Sale Agreements, substantially in the form presented to and on file with the Secretary of the Commission, with such changes therein as shall be approved by the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be conclusively evidence by the execution and delivery of such Agreements. The party to each such Agreement with the Commission shall be a bank or financial institution rated in the three highest rating categories (without regard to subcategories) by at least two Rating Agencies.

Section 14. Removal and Replacement of Other Parties. The underwriters, Trustees, Escrow Agents, Remarketing Agents, Dealers, Credit and Liquidity Facility Providers, Banks, Bond Insurers, Swap counterparties, investment providers and other parties appointed or selected pursuant to this Resolution and the Ratified Resolutions (collectively, "Other Parties") may be appointed, selected, removed, replaced, substituted, re-appointed or otherwise changed at such times as the Airport Director shall determine from time to time in his discretion. The Airport Director is authorized, for and on behalf of and in the name of the Commission, to execute and deliver new agreements with such Other Parties in substantially the same form as the agreement with the party removed, replaced, substituted or otherwise changed, with such changes thereto as the Airport Director shall determine are necessary or desirable and in the best interests of the Airport and consistent with the functions and responsibilities of such parties and the rights and remedies of the Commission, upon

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consultation with the City Attorney, the Airport's financial advisors and bond counsel, which approval shall be conclusively evidence by the execution and delivery of such agreements.

Section 15. Selection of Other Parties. If and to the extent practicable in the determination of the Airport Director, the Airport Director shall select Other Parties through a competitive selection process in accordance with the policies and procedures of the Commission, including without limitation from a pool of such Other Parties previously pre-qualified by the Commission to serve in such capacities.

Section 16. Termination and Amendment of Agreements. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to terminate and to enter into amendments, modifications, supplements and extensions to the various agreements authorized and approved pursuant to this Resolution and the Ratified Resolutions; *provided*, that such amendments, modifications and supplements shall not materially increase the obligations of the Commission thereunder or materially reduce the Commission's rights and remedies thereunder without the approval of the Commission. Such amendments, supplements and extensions shall be in such form as the Airport Director may approve, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be conclusively evidence by the Airport Director's execution and delivery thereof.

Section 17. Federal Tax Law Matters.

(a) TEFRA Hearings and Approvals. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to cause the conduct of such hearings and to obtain such approvals from the Mayor or the Board of Supervisors of the City as the Airport Director shall determine is necessary or desirable in order to satisfy the public hearing and approval requirements under Section 147(f) of the Code with respect to the financing of Airport expenditures from the proceeds of tax-exempt Bonds.

(b) Official Intent to Reimburse. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to determine and officially declare that expenditures for Airport-related purposes from sources other than Bond proceeds are expected and intended to be reimbursed from proceeds of tax-exempt Bonds, pursuant to and in accordance with Treasury Regulations Section 1.150-2 or any successor to such section.

(c) Tax-Exempt Status of Bonds. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to take such actions and enter into such agreements, including without limitation seeking a private letter ruling or other

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official determination from the Internal Revenue Service in the Department of the Treasury of the United States, in order to secure or assure the tax-exempt status of interest on any Bonds.

Section 18. Special Facilities Bonds.

(a) Authorization. The Commission, by Resolution No. 97-0145, adopted on May 20, 1997 and Resolution No. 00-0175, adopted on May 16, 2000, as supplemented and amended (collectively, the "SFO FUEL Bond Resolutions") authorized the issuance of \$125 million in aggregate principal amount of Special Facilities Bonds to finance certain aviation fueling and related facilities at the Airport (the "SFO FUEL Bonds"), all of which have been issued and a portion of which remain outstanding. The Commission authorizes the issuance of up to an additional \$125 million aggregate principal amount of SFO FUEL Bonds for the purposes of refunding the outstanding SFO FUEL Bonds and financing additions to, replacements of and improvements to the fuel storage and distribution system at the Airport and reimbursements therefore.

(b) Trust Agreement. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to execute and deliver a Trust Agreement and/or Supplements thereto with a bond trustee selected by the Airport Director in connection with the issuance of any such SFO FUEL Bonds in substantially the form presented and on file with the Secretary of the Commission, with such changes thereto as have been approved by the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Such changes may include, without limitation, additional covenants and undertakings by the Commission to further secure the payment of such Bonds, including to (1) relet the Demised Premises and the Facilities for the benefit of bondholders, (2) refund the Bonds with general Airport revenue bonds upon the occurrence of an Event of Default, (3) pay all or a portion of debt service on the Bonds upon the failure of SFO FUEL Company to do so, and (4) replenish the debt service reserve account following a draw thereon.

(c) Fuel System Lease Agreement. The Airport Director, for and on behalf of and in the name of the Commission, is further authorized to execute and deliver such amendments to the existing Fuel System Lease between the Commission and SFO FUEL Company LLC, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, as shall be necessary or desirable and in the best interests of the Airport to accomplish the issuance of such SFO FUEL Bonds. Such amendments may include, without limitation:

- (1) An extension of the term of the Fuel System Lease;

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- (2) Changes to the Demised Premises, Right-of-Way and the Facilities and the management and uses thereof;
- (3) Changes to the Ground Rent, Facilities Rent and Additional Rent provisions;
- (4) Changes to the Events of Default and the City's remedies; and
- (5) Changes to conform the Fuel System Lease to the City's current contracting policies.

Section 19. Delegation by Airport Director. The Airport Director is authorized to delegate the authority granted to him pursuant to this Resolution and the Ratified Resolutions in writing to a member of Airport management, upon consultation with the City Attorney.

Section 20. Approval of Board of Supervisors. The Airport Director, for and on behalf of and in the name of the Commission, is authorized and directed to seek any approvals the Airport Director deems necessary or desirable from the Board of Supervisors of the City in order to carry out the intents and purposes of this Resolution.

Section 21. Ratification of Prior Acts. The actions of the officers, agents and employees of the Commission to carry out its intents and purposes taken prior to the adoption of this Resolution are ratified, approved and confirmed.

Section 22. General Authorization. The Airport Director and the other officers, agents and employees of the Commission are authorized and directed to execute and deliver such documents, agreements and certificates and to take such other actions, upon consultation with the City Attorney, as may be necessary or desirable and in the best interests of the Airport to carry out the purposes and intents of this Resolution, the Ratified Resolutions, and the other transactions contemplated hereby and thereby.

Section 23. Effectiveness. This Resolution shall become effective on and as of the date of adoption hereof except as otherwise set forth herein, including without limitation in Section 17 hereof.

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**AIRPORT COMMISSION**  
**CITY AND COUNTY OF SAN FRANCISCO**  
RESOLUTION NO. 10-0307

ADOPTED by the Airport Commission of the City and County of San Francisco this 5<sup>th</sup>  
day of Oct., 2010, by the following vote:

Ayes: 5

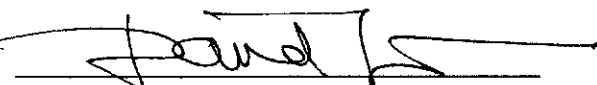
Noes: 0

Absent: 0

[SEAL]

Approved as to Form:

DENNIS J. HERRERA  
City Attorney

By   
David J. Stevens, Deputy City Attorney

I hereby certify that the foregoing resolution was adopted by the Airport Commission  
at its meeting of \_\_\_\_\_

OCT 05 2010

  
Secretary