

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 18-0025

AMENDMENT OF PRIOR BOND SALE RESOLUTIONS NOS. 10-0304, 10-0307 AND 11-0209 TO CONFIRM THE AUTHORIZATION TO SELL UP TO \$1,420,555,000 AGGREGATE PRINCIPAL AMOUNT OF PREVIOUSLY AUTHORIZED SAN FRANCISCO INTERNATIONAL AIRPORT SECOND SERIES REVENUE REFUNDING BONDS

WHEREAS, the Airport Commission of the City and County of San Francisco (the “Commission”), on December 3, 1991, duly adopted its Resolution No. 91-0210, providing for the issuance of San Francisco International Airport Second Series Revenue Bonds, which Resolution, as previously supplemented and amended, is herein called the “1991 Resolution”; and

WHEREAS, the Commission, by the 1991 Resolution, has authorized the issuance from time to time of San Francisco International Airport Second Series Revenue Bonds (the “1991 Resolution Bonds”) for any lawful purpose of the Commission; and

WHEREAS, the Commission, by the 1991 Resolution and Resolution No. 98-0114, adopted on May 19, 1998, as supplemented and amended (the “Seventh Supplemental Resolution”), including as supplemented and amended by Resolution No. 02-0010, adopted on January 8, 2002 (the “Tenth Supplemental Resolution”), Resolution No. 04-0220, adopted on November 2, 2004 (the “Twelfth Supplemental Resolution”), Resolution No. 05-0181, adopted on October 11, 2005, Resolution No. 08-0152, adopted on August 19, 2008 (the “Fourteenth Supplemental Resolution”), and Resolution No. 10-0307, adopted on October 5, 2010 (collectively, the “Commission Refunding Bond Resolutions”) authorized the issuance of San Francisco International Airport Second Series Revenue Refunding Bonds (the “Refunding Bonds”) in the aggregate principal amount of \$8,440,000,000, of which \$1,420,555,000 aggregate principal amount remains authorized but unissued; and

WHEREAS, the City’s Board of Supervisors (the “Board”) by its Resolution Nos. 583-98, 113-02, 800-03, 733-04, 235-07, 471-08 and 50-11 (collectively, the “Board Refunding Bond Resolutions”) approved the issuance of Refunding Bonds in the aggregate principal amount of \$8,440,000,000, of which \$1,420,555,000 aggregate principal amount remains authorized but unissued; and

WHEREAS, the Board by its Resolution No. 125-14 provided, among other things, that the authorization to sell Refunding Bonds under the Board Refunding Bond Resolutions expires on June 30, 2019; and

WHEREAS, the Commission approved the sale of Refunding Bonds in the aggregate principal amount of \$900,000,000 pursuant to Resolution No. 10-0304, adopted on October 5, 2010, which was amended and confirmed by Resolution No. 10-0307,

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 16-0035

adopted on October 5, 2010, and Resolution No. 11-0209, adopted on September 20, 2011 (collectively, the "Prior Sale Resolution"), pursuant to which the Commission approved the sale of an additional \$1,600,000,000 aggregate principal amount of Refunding Bonds; and

WHEREAS, the Commission has previously sold \$1,116,680,000 aggregate principal amount of Refunding Bonds pursuant to the Prior Sale Resolution; and

WHEREAS, the Commission has determined that it is in its best interests to confirm, consolidate, update and amend the Prior Sale Resolution in a single resolution in order to accomplish the timely sale of the remaining \$1,420,555,000 aggregate principal amount of Refunding Bonds authorized, but unissued pursuant to the Commission Refunding Bond Resolutions and the Board Refunding Bond Resolutions, to facilitate the timely receipt of funds for the refinancing of the development, acquisition, construction and equipping of Airport capital projects and to achieve the lowest possible interest, issuance and other costs to the Commission with respect to the Refunding Bonds; and

WHEREAS, the Commission has determined pursuant to the Prior Sale Resolution and this Resolution that it is desirable to delegate to the Airport Director the authority to negotiate, for and on behalf of the Commission, the sale of the Refunding Bonds to the purchasers thereof in accordance with the provisions of this Resolution; and

WHEREAS, pursuant to Section 9.01(f) of the 1991 Resolution the Commission may make any change or addition to the 1991 Resolution to provide for the issuance of, and to set the terms and conditions of, each additional Series of Bonds under the 1991 Resolution; now, therefore be it

RESOLVED, that this Commission authorizes the following:

Section 1. Commission Findings. The Commission hereby finds and determines as follows:

- (a) The above recitals are true and correct.
- (b) Sufficient unencumbered balances are expected to be available in the proper funds and accounts of the Airport to meet all payments due under the Refunding Bonds as they become due.
- (c) In accordance with Section 2.02 of the 1991 Resolution, it is desirable to authorize the negotiated sale of Refunding Bonds in accordance with Section 3 hereof in order to accomplish the timely sale of the Refunding Bonds and to achieve the lowest possible interest, issuance and other costs to the Commission with respect to the Refunding Bonds.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 18-0025

- (d) All capitalized terms used but not defined herein shall have the meanings assigned to them in the 1991 Resolution.

Section 2. Terms of the Refunding Bonds. The Airport Director is hereby authorized and directed, for and on behalf of and in the name of the Commission, to determine the principal amounts, first interest payment dates, dated dates and maturity dates (including serial maturities and/or term maturities) of the Refunding Bonds of each Series, the amounts and dates of any mandatory sinking fund payments, and the interest rates to be borne by the Refunding Bonds; *provided, however*, that: (a) the aggregate principal amount of Refunding Bonds authorized to be sold under this Resolution shall not exceed \$1,420,555,000 in aggregate principal amount; (b) no Refunding Bond shall bear interest at a rate in excess of (i) 18% per annum if issued as a Variable Rate Bond (other than any such Refunding Bonds held by a Credit Provider or Liquidity Provider (the maximum interest rate applicable to Refunding Bonds held by a Credit Provider or Liquidity Provider shall be as set forth in the related agreement with the Credit Provider or Liquidity Provider)), (ii) 16% per annum if issued as taxable fixed rate Refunding Bonds, or (iii) 12% per annum if issued as tax-exempt fixed rate Refunding Bonds; (c) the final maturity of any Refunding Bond shall not be later than 40 years from the date of issuance thereof; (d) the maturity schedule for each Series thereof shall not increase in aggregate Annual Debt Service of more than the greater of 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; and (e) the net present value savings from the issuance of the Refunding Bonds shall not be less than 1% of the principal amount of the refunded bonds, as reasonably determined by the Commission's financial advisors. Unless otherwise determined by the Airport Director, any Series and sub-Series of Refunding Bonds sold and/or issued and delivered on the same date shall constitute part of the same "issue" for purposes of the Charter.

Section 3. Negotiated Sale of Refunding Bonds. The Airport Director is hereby authorized to select and appoint one or more underwriters for the Refunding Bonds (the "Underwriters") from the Commission's pool of pre-approved investment banks. The Airport Director may appoint Underwriters from time to time as additional or substitute Underwriters if the Airport Director determines it is necessary or desirable in order to achieve the timely sale of the Refunding Bonds at the lowest possible cost. The Airport Director is hereby authorized and directed, for and on behalf and in the name of the Commission, to sell at negotiated sale on or before June 30, 2019, for current or forward delivery, the Refunding Bonds in such aggregate principal amount as he may determine each in accordance with a bond purchase agreement substantially in the form previously approved by the Commission, with such changes and additions as the Airport Director may approve upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be evidenced conclusively by the delivery to

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 18-0035

the Underwriters of such bond purchase agreement, as so added to or changed. The Airport Director or his designee is hereby authorized to execute and deliver one or more bond purchase agreements with the Underwriters; provided, however, that the total compensation to the Underwriters shall not exceed 1% of the par value of the Refunding Bonds. The Refunding Bonds shall be delivered to the Underwriters upon payment of the purchase price, namely, the par value thereof, plus the premium or less the discount set forth in the bond purchase agreement, together with accrued interest, if any, at the rates set forth in the bond purchase agreement. The Refunding Bonds may be issued in one or more Series or sub-Series, shall bear interest at said rates, payable on the dates determined as provided in the 1991 Resolution and shall be distinguished by such alpha-numeric or other designations as the Airport Director may determine consistent with the 1991 Resolution.

Section 4. Authentication and Delivery of the Refunding Bonds. The Refunding Bonds, when prepared, shall be delivered to The Bank of New York Mellon Trust Company, N.A., or its successor, as trustee (the "Trustee") under the 1991 Resolution for authentication by the Trustee, as Authenticating Agent. The Trustee is hereby authorized and directed to authenticate the Refunding Bonds by executing the certificates of authentication appearing thereon, and to deliver the Refunding Bonds when duly authenticated to The Depository Trust Company for the respective accounts of the Underwriters in accordance with written instructions executed on behalf of the Commission by the President of the Commission and the Secretary or by the Airport Director, which instructions the President and the Secretary or Airport Director are hereby authorized and directed to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Refunding Bonds upon payment of the purchase price therefore.

Section 5. Disclosure Documents. The Airport Director, for and on behalf and in the name of the Commission, is hereby 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 and sale, from time to time, of the Refunding Bonds. The Underwriters are hereby 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 hereby 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").

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 18-0025

- Section 6. Continuing Disclosure Agreements. The Airport Director, for and on behalf of and in the name of the Commission, is hereby 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 enumerated events 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 Refunding 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.
- Section 7. Reserve Account Surety Bond. The Airport Director, for and on behalf of and in the name of the Commission, is hereby authorized to select one or more Bond Insurers to fund up to the amount required to be deposited in the applicable reserve account upon the issuance of the Refunding Bonds, through the issuance of one or more reserve account surety bonds or insurance policies (each a "Reserve Account Surety Bond"). The Airport Director, for and on behalf of and in the name of the Commission, is hereby further authorized to execute and deliver one or more sureties, guaranties, insurance agreements or reimbursement agreements among such Bond Insurer, the Trustee and/or the Commission, 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 surety, guaranty, insurance agreement or reimbursement agreement. The Airport Director, for and on behalf of and in the name of the Commission, is hereby further authorized to execute and deliver such documents, agreements and certificates as may be necessary or desirable to obtain and implement each Reserve Account Surety Bond, each of such documents to be 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 documents.
- Section 8. Investments; Forward Purchase and Sale Agreements. The Airport Director, for and on behalf of and in the name of the Commission, is hereby authorized to invest and to direct the Trustee to invest (i) the amount, if any, required to be deposited in the applicable reserve account upon the issuance of the Refunding Bonds; and (ii) the amounts required to be deposited from time to time in the Debt Service Fund with respect to the Refunding Bonds, in Permitted Investments, including without limitation in accordance with one or more separate Forward Purchase and Sale Agreements, substantially in the form previously approved by the Commission. Each party to 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 and shall be selected

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 16-0025

pursuant to a competitive selection process as shall be necessary or desirable to comply with applicable Federal tax law.

- Section 9.** **Refunding Escrow; Escrow Forward Purchase and Sale Agreement.** The Airport Director, for and on behalf of and in the name of the Commission, is hereby authorized to execute and deliver one or more escrow agreements (the “Bond Escrow Agreement”) with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”), substantially in the form previously approved by the Commission, to provide for the payment, redemption and/or defeasance of the Refunded Bonds, such Bond Escrow Agreement to be in final 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 Bond Escrow Agreement. The Airport Director, for and on behalf of and in the name of the Commission, is hereby authorized to direct the Escrow Agent, pursuant to the Bond Escrow Agreement, to invest amounts in the escrow fund(s) from time to time in certain securities issued or guaranteed by the United States of America, including without limitation in accordance with a separate Forward Purchase and Sale Agreement, previously approved by the Commission, with respect to such securities entered into between the Escrow Agent and a financial institution approved by the Airport Director. The provider or providers of such securities shall be selected pursuant to a competitive selection process as shall be necessary or desirable to comply with applicable Federal tax law.
- Section 10.** **Refunded Bonds.** The Airport Director, for and on behalf of and in the name of the Commission, upon consultation with the City Attorney, the Airport’s financial advisors and bond counsel, is hereby authorized to select the principal amounts and maturities of the Refunded Bonds.
- Section 11.** **Refunding of Interest.** The Airport Director, for and on behalf of and in the name of the Commission, upon consultation with the City Attorney, the Airport’s financial advisors and bond counsel, is hereby authorized, taking into account the current financial needs of the Airport, to provide for the refunding of interest paid on outstanding 1991 Resolution Bonds from a portion of the proceeds of the Refunding Bonds, in an amount to be determined by the Airport Director.
- Section 12.** **Bond Insurance.** The Airport Director, for and on behalf of and in the name of the Commission, is hereby 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 of and interest on the Refunding Bonds. The Airport Director, for and on behalf of and in the name of the Commission, is hereby 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

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 18-0035

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 commitment and/or other agreement.

Section 13. Ratification of Prior Acts; Further Actions. The actions of the officers, agents and employees of the Commission prior to the adoption of this Resolution to carry out the purposes and intents of this Resolution and to consummate the issuance and sale of the Refunding Bonds, including the preparation of one or more preliminary Official Statements, are hereby ratified, approved and confirmed. The Airport Director and the other officers, agents and employees of the Commission are hereby authorized and directed to execute such documents, agreements and certificates and to take such other actions, in consultation with the City Attorney, as may be necessary or desirable to carry out the purposes and intents of this Resolution and to accomplish the sale, issuance and delivery of the Refunding Bonds and the other transactions contemplated hereby.

Section 14. Effectiveness. This Resolution shall become effective on and as of the date of adoption hereof except as otherwise set forth herein.

Section 15. Ratification of the 1991 Resolution and the Prior Sale Resolution. The 1991 Resolution and the Prior Sale Resolution are hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as amended and supplemented, including as confirmed, consolidated, updated, amended and supplemented by this Resolution.

Section 16. Supplement and Amendment Relating to Issuance of Refunding Bonds. The 1991 Resolution is hereby supplemented and amended by adding the following Article thereto, which is hereby incorporated therein, with the appropriate alpha-numeric issue, section and article references:

ARTICLE [#]

ADDITIONAL TERMS OF REFUNDING BONDS

SECTION 1. Additional Terms of Refunding Bonds. All capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the 1991 Resolution.

The Refunding Bonds of each Series sold under this Resolution shall be dated as of the dates, shall be in the principal amounts and shall consist of such aggregate principal amount of Refunding Bonds as is determined by the Airport Director in accordance with the 1991 Resolution and this Resolution. The Refunding Bonds shall mature in the amounts and at the times, and shall be subject to mandatory sinking fund payments in the amounts and at the times, if any, and shall be subject to redemption on such terms, as are determined by the Airport Director or by the Commission in accordance with the 1991 Resolution and this Resolution. The

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 18-0035

Refunding Bonds shall bear interest at such rates as may be determined by the Commission or by the Airport Director in accordance with this Resolution.

The determinations of the Airport Director or the Commission pursuant to this Section 1 shall be set forth for each Series in a Certificate of Additional Terms ("Certificate of Additional Terms") to be executed and delivered by the President and the Secretary or by the Airport Director upon the issuance of the Refunding Bonds, which Certificate of Additional Terms when executed and delivered by the President and the Secretary or by the Airport Director, together with this Resolution, shall be deemed to be the Series Sale Resolution for the Refunding Bonds, and shall constitute a part of the 1991 Resolution.

SECTION 2. Continuing Disclosure. The Commission covenants and agrees for the benefit of the underwriters, purchasers and holders from time to time of the Refunding Bonds 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 (each a "Refunding Bonds Continuing Disclosure Certificate"). Notwithstanding any other provision of the 1991 Resolution, failure of the Commission to comply with any Refunding Bonds Continuing Disclosure Certificate shall not be considered an Event of Default with respect to the related Refunding Bonds; *provided, however*, the Trustee may (and at the written request of the holders of at least 25% of the aggregate principal amount of the related Refunding Bonds Outstanding, and if such Holders shall have furnished to the Trustee indemnity satisfactory to it, shall) or any holder or beneficial owner of such Refunding 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 under the applicable Refunding Bonds Continuing Disclosure Certificate.

SECTION 3. Terms of Refunding Bonds Subject to the 1991 Resolution. Except as expressly provided in this Resolution, every term and condition contained in the 1991 Resolution shall apply to this Resolution and to the Refunding Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Resolution.

SECTION 4. Credit Provider to Control Remedies. As provided in Section 7.13 of the 1991 Resolution, while a Credit Facility with respect to a Series of Refunding Bonds is in effect, notwithstanding anything else in the 1991 Resolution to the contrary, so long as the Credit Provider is not Insolvent and is not in default under its Credit Facility, no right, power or remedy under the 1991 Resolution with respect to such Series of Refunding Bonds may be pursued without the prior written consent of such Credit Provider. The Credit Provider shall have the right to direct the Trustee to pursue any right, power or remedy available under the 1991 Resolution with respect to any assets available under the 1991 Resolution which secure no Bonds other than the applicable Series of Refunding Bonds secured by such Credit Facility.

SECTION 5. Ratification of the 1991 Resolution. All the terms and provisions contained in the Certificate of Additional Terms and in this Article shall form part of the 1991

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. ~~15-0035~~

Resolution as fully and with the same effect as if all such terms and provisions had been set forth in the 1991 Resolution. The 1991 Resolution is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as amended and supplemented, including as amended and supplemented by this Resolution.

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AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 16-0025

ADOPTED by the Airport Commission of the City and County of San Francisco this 19th day of January 2016, by the following vote:

Ayes: 4

Noes: 0

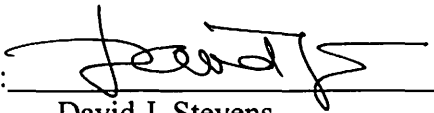
Absent: 1

Ayes:

[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 January 19, 2016.

Secretary

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

JAN 19 2016


Secretary