

1 [Airport Revenue Bonds]

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3 **Resolution approving the issuance of up to \$225,000,000 additional aggregate principal**
4 **amount of San Francisco International Airport Second Series Revenue Refunding**
5 **Bonds for the purpose of refinancing 1991 Resolution Bonds and Subordinate Bonds**
6 **of the Airport Commission; Approving the issuance of San Francisco International**
7 **Airport Second Series Variable Rate Revenue Bonds for the purpose of financing or**
8 **refinancing certain capital improvements at San Francisco International Airport,**
9 **including by refunding outstanding 1991 Resolution Bonds and Subordinate Bonds of**
10 **the Airport Commission; Approving the maximum interest rates thereon; Approving the**
11 **forms of certain documents relating to the Bonds; Approving XI Capital Assurance Inc.**
12 **as a provider of bond insurance and reserve fund Surety Bonds and the forms of**
13 **certain documents relating thereto; and Approving certain amendments to the 1991**
14 **Master Resolution.**

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16 WHEREAS, The Airport Commission, by its Resolution No. 91-0210, adopted on
17 December 3, 1991 (as supplemented and amended, the "1991 Master Resolution"), has
18 authorized the issuance of San Francisco International Airport Second Series Revenue Bonds
19 (the "1991 Resolution Bonds") for any lawful purpose of the Airport Commission; and,

20 WHEREAS, The Airport Commission, by its Resolution No. 97-0146, adopted on May
21 20, 1997 (as supplemented and amended, the "1997 Master Subordinate Resolution"), has
22 authorized the issuance of San Francisco International Airport Second Series Subordinate

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1 Revenue Bonds (the "Subordinate Bonds") for any lawful purpose of the Airport Commission;
2 and,

3 WHEREAS, This Board of Supervisors by its Resolution No. 583-98, adopted on July
4 20, 1998, and signed by the Mayor on July 31, 1998, as amended by Resolution No. 224-99
5 of the Board, adopted on March 15, 1999, and signed by the Mayor on March 26, 1999,
6 approved the issuance by the Airport Commission from time to time on or before April 30,
7 2003, of up to \$1,400,000,000 aggregate principal amount of its San Francisco International
8 Airport Second Series Revenue Refunding Bonds (the "Refunding Bonds"), pursuant to
9 Resolution No. 98-0114, adopted by the Airport Commission on May 19, 1998 (as
10 supplemented and amended, the "Seventh Supplemental Resolution"), for the purpose of
11 refunding outstanding 1991 Resolution Bonds and Subordinate Bonds, of which
12 \$1,278,485,000 has been issued to date and \$121,515,000 remains unissued; and,

13 WHEREAS, The Airport Commission, by its Resolution No. 02-0010, adopted on
14 January 8, 2002 (the "Tenth Supplemental Resolution"), amended the Seventh Supplemental
15 Resolution to approve the issuance of an additional \$2,000,000,000 principal amount of
16 Refunding Bonds (thus increasing the original authorization to \$3,400,000,000 aggregate
17 principal amount of Refunding Bonds), to extend the final maturity of Refunding Bonds to May
18 1, 2040, and to extend the final date upon which a Bond Purchase Contract may be entered
19 into or bids for the purchase of a Series of Refunding Bonds may be received to March 31,
20 2006; and,

21 WHEREAS, This Board of Supervisors by its Resolution No. 113-02, adopted on
22 February 19, 2002, and signed by the Mayor on March 1, 2002, approved the issuance by the
23 Airport Commission from time to time on or before March 31, 2006, of \$400,000,000 of the
24 \$2,000,000,000 additional principal amount of Refunding Bonds authorized by the Airport
25 Commission (thus increasing the approved aggregate principal amount of Refunding Bonds to

1 \$1,800,000,000) pursuant to the Tenth Supplemental Resolution for the purpose of refunding
2 outstanding 1991 Resolution Bonds and Subordinate Bonds; and,

3 WHEREAS, The Airport Commission has a contractual obligation under the Letter of
4 Credit and Reimbursement Agreement relating to its Subordinate Commercial Paper Notes, to
5 retain approximately \$218,000,000 of refunding capacity available to refund its Subordinate
6 Commercial Paper Notes; and

7 WHEREAS, An increase in the Airport's refunding authorization is necessary and
8 desirable in order for the Airport Commission to refund its outstanding 1991 Resolution Bonds
9 and Subordinate Bonds in order to realize debt service savings and reductions; and

10 WHEREAS, The Airport Commission now seeks the approval of this Board of an
11 additional \$225,000,000 principal amount of Refunding Bonds authorized by the Tenth
12 Supplemental Resolution (thus increasing the approved aggregate principal amount of
13 Refunding Bonds to \$2,025,000,000) ; and,

14 WHEREAS, The Airport Commission, by its Resolution No. 03-_____, adopted on
15 October 21, 2003 (the "Eleventh Supplemental Resolution"), amended and supplemented the
16 1991 Master Resolution to provide for the issuance of 1991 Resolution Bonds that bear
17 interest at variable rates (the "Variable Rate Bonds"), and in connection therewith, approved
18 the forms of related Variable Rate Bond documents including a form of Auction Agent
19 Agreement (the "Auction Agent Agreement"), a form of Broker-Dealer Agreement (the "Broker-
20 Dealer Agreement"), and a form of Market Agent Agreement (the "Market Agent Agreement");
21 and,

22 WHEREAS, The Airport Commission has determined that it may be necessary and
23 desirable to obtain from time to time one or more surety bonds (each a "Surety Bond") to fund
24 up to the amount required to be deposited in the reserve account upon the issuance of 1991
25 Resolution Bonds, and one or more bond insurance policies (each a "Bond Insurance Policy")

1 to guaranty the payment of principal of and interest on the 1991 Resolution Bonds when due,
2 and in connection therewith, the Airport Commission approved XL Capital Assurance Inc. as a
3 provider of such Surety Bonds and Bond Insurance Policies, and approved the form of a
4 Financial Guaranty Agreement (the "Financial Guaranty Agreement") between XL Capital
5 Assurance Inc. and the Airport Commission, for which Board
6 approval is now sought; and,

7 WHEREAS, Section 4.115 of the Charter provides that the Airport Commission has the
8 exclusive authority to plan and issue airport revenue bonds for airport-related purposes,
9 subject to the approval, amendment, or rejection of the Board of Supervisors of each issue;
10 and,

11 WHEREAS, Section 2.62 of the Administrative Code of the City and County of San
12 Francisco provides that such revenue bonds shall bear a rate of interest not to exceed that
13 which may be fixed and prescribed by the Airport Commission, subject to the approval or
14 rejection of this Board of Supervisors; and,

15 WHEREAS, The Eleventh Supplemental Resolution and the forms of Auction Agent
16 Agreement, Broker-Dealer Agreement, Market Agent Agreement and Financial Guaranty
17 Agreement have been submitted to this Board of Supervisors and are on file with the Clerk of
18 the Board of Supervisors in File No. _____, which is hereby declared to be a part of this
19 resolution as if set forth fully herein; now, therefore, be it

20 RESOLVED, That the Board of Supervisors hereby declares that each of the foregoing
21 recitals is true and correct and is a representation of the Board of Supervisors; and, be it

22 FURTHER RESOLVED, That the issuance by the Airport Commission of the Refunding
23 Bonds for the purposes of refinancing 1991 Resolution Bonds and Subordinate Bonds, as well
24 as funding debt service reserve funds and paying costs of issuance, including redemption
25 premiums, and other incidental costs, is hereby approved in accordance with Section 4.115 of

1 the Charter. The total principal amount of Refunding Bonds shall not exceed \$2,025,000,000
2 and each reference in Resolution No. 583-98 of the Board of Supervisors to "\$1,800,000,000"
3 of Refunding Bonds is hereby amended to read "\$2,025,000,000"; and, be it

4 FURTHER RESOLVED, That the Eleventh Supplemental Resolution, as adopted by
5 the Airport Commission, is hereby approved; and, be it

6 FURTHER RESOLVED, That Variable Rate Bonds shall be issued pursuant to the
7 1991 Master Resolution and the Eleventh Supplemental Resolution and such additional
8 Supplemental Resolutions of the Airport Commission as the Airport Commission shall deem
9 necessary or desirable and as shall be approved by this Board; and, be it

10 FURTHER RESOLVED, That the following maximum interest rates are hereby
11 approved for the Variable Rate Bonds: (a) nine percent (9%) for tax-exempt Bonds that bear
12 interest at a rate that is fixed to maturity, (b) twelve percent (12%) for taxable Bonds that bear
13 interest at a rate that is fixed to maturity, and (c) sixteen percent (16%) for Bonds that bear
14 interest at a rate that is adjusted periodically; provided, however, that the maximum interest
15 rate applicable to Credit Provider Bonds shall be as set forth in the Eleventh Supplemental
16 Resolution; and, be it

17 FURTHER RESOLVED, That XL Capital Assurance Inc. is hereby approved as a
18 provider of Surety Bonds and Bond Insurance Policies, and that the forms of Auction Agent
19 Agreement, Broker-Dealer Agreement, Market Agent Agreement and Financial Guaranty
20 Agreement and the execution thereof by the Commission are hereby approved, with such
21 changes as the Airport Director shall deem necessary or advisable in consultation with the
22 City Attorney, and with terms up to the maturity of the 1991 Resolution Bonds to which each
23 such document applies; and, be it

24 FURTHER RESOLVED, That the approvals contained in this Resolution shall extend to
25 any amendments to the 1991 Master Resolution, the 1997 Master Subordinate Resolution,

1 the Eleventh Supplemental Resolution, and all resolutions of the Airport Commission
2 supplemental thereto, as well as to such additional resolutions that the Airport Commission
3 may adopt for the purpose of implementing the issuance, sale and delivery of the Bonds.
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5 APPROVED AS TO FORM:

6 DENNIS J. HERRERA
7 City Attorney

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9 By _____
10 Deputy City Attorney

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