

File No. 151076

Committee Item No. 3

Board Item No. 14

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 18, 2015

Board of Supervisors Meeting

Date December 8, 2015

#### Cmte Board

- |                                     |                                     |  |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date November 13, 2015  
 Completed by: Linda Wong Date 11/19/14

[Appropriation - Airport Commission - Airport Hotel Project - FY2015-2016 - \$473,450,000]

Ordinance appropriating \$473,450,000 consisting of \$243,000,000 of proceeds from the sale of Airport Capital Plan Bonds and \$450,000 from fund balance, and \$230,000,000 of proceeds from Hotel Special Facility Revenue Bonds and other long-term financing sources to develop a hotel within the San Francisco International Airport, and placing \$473,450,000 on Controller's Reserve pending receipt of proceeds of indebtedness and other financing sources.

Note: Additions are *single-underline italics Times New Roman*; deletions are ~~*strikethrough italics Times New Roman*~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough-normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The sources of funding outlined below are herein appropriated to reflect the proceeds of the sale of Airport Capital Plan Bonds and fund balance, in FY2015-2016.

**SOURCES Appropriation – Airport Capital Plan Bonds and Fund Balance**

Fund	Index/Project Code	Subobject	Description	Amount
5A CPF XXX	XXXXX	80111	Proceeds from	\$243,000,000
2015 SFIA Capital Project Fund	CACPRJ 01		Sale of Bonds	
5A AAA AAA	AIROPRIND	99999B	Beginning Fund	\$450,000
SFIA Operating Fund			Balance	

1 **Total SOURCES Appropriation –Airport Capital Plan Bonds and Fund Balance** \$243,450,000

2

3 Section 2. The uses of funding outlined below are herein appropriated and reflect the  
 4 projected uses of funding to support the development of a hotel within the San Francisco  
 5 International Airport for the Airport Commission in FY2015-2016.

6

7 **USES Appropriation –Airport Capital Plan Bonds and Fund balance**

8	Fund	Index/Project Code	Subobject	Description	Amount
9	5A CPF XXX	XXXXX	0955A	Proceeds Transfer	\$225,000,000
10	2015 SFIA Capital	CAC054 UN5401		to purchase Hotel	
11	Project Fund			Special Facility	
12				Revenue Bond	
13					
14	5A AAA AAA	AIRACCTNG	081C4	CSA 0.2%	\$450,000
15	SFIA Operating Fund		Controller	Controller's Audit	
16			Internal Audits	Fund	
17					
18	5A CPF XXX	AIRFINCOST	07311	Costs of Issuance	\$3,000,000
19	2015 SFIA Hotel Capital	CACPRJ FC	Bond		
20	Project Fund		Issuance Cost-		
21			Unamortized		
22					
23	5A CPF XXX	XXXXX	06700	Hotel AirTrain	\$15,000,000
24	2015 SFIA Hotel Capital			station construction	
25	Project Fund				

FILE NO.

ORDINANCE NO.

1 **Total USES Appropriation –Airport Capital Plan Bonds and Fund Balance** \$243,450,000

2

3

4 Section 3. The sources of funding outlined below are herein appropriated to reflect the  
5 purchase of Hotel Special Facility Revenue Bonds in FY2015-2016.

6

7 **SOURCES Appropriation – Hotel Special Facility Revenue Bonds and Other Financing**

8	Fund	Index/Project Code	Subobject	Description	Amount
9	5ACPFZZZ	XXXXX	9505A	Transfer in from	\$225,000,000
10	Hotel Special Facilities	CACPRJ 01		Airport Capital Plan	
11	Capital Project Fund			Bond	
12					
13	5AACPYYY	XXXXX	49CAP	Hotel Operator	\$5,000,000
14	Other Financing Source	CAC0PRJ-01		Contribution	
15	fund				
16	<b>Total SOURCES Appropriation – Hotel Facility Bonds and Other Financing</b>				<u><u>\$230,000,000</u></u>

17

18

19 Section 4. This ordinance authorizes the use of the proceeds of the sale of Airport  
20 Capital Plan Bonds, including for the purchase of Hotel Special Facility Revenue Bonds by the  
21 San Francisco Airport Commission. The uses of funding outlined below are herein  
22 appropriated to reflect the funding available from the purchase of Hotel Special Facility  
23 Revenue Bonds in FY2015-2016.

24

25

**USES Appropriation – Hotel Special Facility Revenue Bonds and Other Financing**

Fund	Index/Project Code	Subobject	Description	Amount
5ACPFZZZ	XXXXX/	06700	Buildings,	\$205,000,000
Hotel Special Facilities	CAC054 UN5401		Structures, and	
Capital Project Fund			Improvement –	
			Hotel Construction	
5AACPYYY	XXXXX/	06700	Buildings,	\$5,000,000
Other Financing Source	CAC054 UN5401		Structures, and	
Fund			Improvement –	
			Hotel Construction	
5ACPFZZZ	AIRFINCOST/	07311	Commercial Paper	\$3,600,000
Hotel Special Facilities	CACPRJ FC		Interest	
Capital Project Fund				
5ACPFZZZ	AIRFINCOST/	07311	Capitalized Interest	\$13,000,000
Hotel Special Facility	CACPRJ FC		on Special Facility	
Capital Project Fund			Revenue Bonds	
5ACPFZZZ	AIRFINCOST/	07311	Costs of Issuance	\$3,400,000
Hotel Special Facility	CACPRJ FC		Contingency	
Capital Project Fund				
<b>Total USES Appropriation – Hotel Special Facility Revenue Bonds and Other Financing</b>				<b>\$230,000,000</b>

1	<b>Grand Total SOURCES Appropriation</b>	<b>\$473,450,000</b>
2		
3		
4	<b>Grand Total USES Appropriation</b>	<b>\$473,450,000</b>

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7 Section 5. The appropriation of \$473,450,000 is hereby placed on Controller's Reserve.

8 Release of reserves by the Controller is subject to Controller's certification of funds availability,

9 including proceeds of indebtedness and other financing sources.

10

11 Section 6. The Controller is authorized to record transfers between funds and adjust

12 the accounting treatment of sources and uses appropriated in this ordinance as necessary to

13 conform with Generally Accepted Accounting Principles.

14

15 Section 7. The Board of Supervisors, by Resolution No. \_\_\_\_\_ has adopted

16 relevant California Environmental Quality Act (CEQA) findings, incorporated by this reference

17 as though fully set forth herein, and has certified that it has reviewed and considered the

18 information in the San Francisco International Airport Master Plan Environmental Impact

19 Report ("EIR") (San Francisco Planning Department File No. 86.638E) and the Master Plan

20 EIR Addendum for the Hotel Project, on file with the Clerk of the Board of Supervisors in File

21 No. 150988, concluding that no further environmental review is necessary.

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1 APPROVED AS TO FORM:  
2 DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE  
BEN ROSENFELD, Controller

3 By:   
4 THOMAS OWEN  
5 Deputy City Attorney

By:   
BEN ROSENFELD  
Controller

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<p><b>Items 2 &amp; 3</b>  <b>Files 15-0987 and 15-1076</b>  <i>(Continued from November 4, 2015)</i></p>	<p><b>Department:</b>                  San Francisco International Airport (Airport)</p>
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**EXECUTIVE SUMMARY**

**Legislative Objectives**

- **File 15-0987:** The proposed resolution would approve the sale of not to exceed \$243,000,000 aggregate principal amount of General Airport Revenue Bonds and \$225,000,000 aggregate principal amount of Special Facility Revenue Bonds to finance a hotel at San Francisco International Airport; authorizing the execution and delivery of certain agreements related to these bonds; and approving certain related matters.
- **File 15-1076:** The proposed ordinance would appropriate (a) \$243,000,000 of General Airport Revenue Bonds proceeds and \$450,000 from Airport fund balance, totaling \$243,450,000; and (b) \$225,000,000 of Special Facility Revenue Bond proceeds, and \$5,000,000 contribution from the Hyatt Corporation, totaling \$230,000,000. These funds are placed on Controller’s Reserve pending receipt of funds.

**Key Points**

- The Airport is proposing construction of a 350-room hotel on Airport property that would be owned by the Airport and operated under a Hotel Management Agreement between the Airport and the Hyatt Corporation.

**Fiscal Impact**

- The Airport will sell up to \$243,000,000 General Airport Revenue Bonds, at a variable interest. Based on the Airport’s cash flow projections, total debt service over 40 years is estimated at \$466,822,086.
- The hotel financing and operations will be separated from Airport financing and operations by designating the hotel as a “special facility”. The Airport will issue \$225,000,000 in Special Facility Revenue Bonds that it will purchase using the proceeds from the General Airport Revenue Bonds. Special Facility Revenue Bonds proceeds will pay for the hotel construction. In addition, the Hyatt Corporation will contribute \$5 million toward hotel construction.

**Policy Consideration**

- A slowdown in the economy could result in the hotel failing to meet the Airport’s estimates for occupancy rate or revenue per room. Since the Airport is the owner of the Hotel, if Hotel revenues are insufficient for any reason to support the operation of the Hotel (such as during a prolonged economic downturn), the Airport Commission would need to decide at that time whether to voluntarily support the operation of the Hotel with other Airport revenues, or make other decisions.

**Recommendation**

- Approve the proposed resolution and ordinance.



**MANDATE STATEMENT**

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

City Charter Section 9.107 authorizes the Board of Supervisors to provide for the issuance of revenue bonds by three-fourths vote of all Board of Supervisors if the bonds are to finance buildings, fixtures or equipment.

**BACKGROUND**

The Airport Master Plan has included development of a hotel since 1992 when the Airport planned the renovation of the then-existing 527-room Hilton Hotel at the Airport. The Hilton was demolished in 1998 to accommodate construction of a terminal roadway nearby. The Airport intended to replace the hotel in the following years, but determined that economic conditions in the late 1990's and subsequent decade made the project financially unfeasible. In 2012, the Airport commissioned a market demand study from JLL, a hotel consulting firm, to determine the viability of the project, which identified sufficient demand to support a new hotel in the local hotel market. Furthermore, the study suggested that a premier, first-class, full-service on-site hotel would have a competitive advantage over other properties in the surrounding market due to its location and amenities. JLL updated its study in October 2015 and determined that demand had increased since its 2012 study, but the estimated cost of construction had also increased in the improved economy.

The Airport is now proposing construction of a 350-room hotel on Airport property that would be owned by the Airport and operated under a Hotel Management Agreement between the Airport and the Hyatt Corporation (see File 15-0988 of the Budget and Legislative Analyst's report to the November 4, 2015 Budget and Finance Committee).

**DETAILS OF PROPOSED LEGISLATION**

**File 15-0987:** The proposed resolution would approve the sale of not to exceed \$243,000,000 aggregate principal amount of General Airport Revenue Bonds and \$225,000,000 aggregate principal amount of Special Facility Revenue Bonds to finance a hotel at San Francisco International Airport; authorizing the execution and delivery of certain agreements related to these bonds; and approving certain related matters.

**File 15-1076:** The proposed ordinance would appropriate (a) \$243,000,000 of General Airport Revenue Bonds proceeds and \$450,000 from Airport fund balance, totaling \$243,450,000; and (b) \$225,000,000 of Special Facility Revenue Bond proceeds, and \$5,000,000 contribution from the Hyatt Corporation, totaling \$230,000,000. These funds are placed on Controller's Reserve pending receipt of funds.

**Proposed On-Airport Hotel**

According to Mr. Kevin Kone, the Airport Capital Finance Director, the Airport is proposing development of the on-site hotel at the Airport based on market-demand for a four-star hotel near the Airport and the ability to offer this amenity to passengers and pursue a new non-airline revenue source. There are 13 large municipal airports in the U.S. that have on-airport hotels and three more in development not counting San Francisco's proposed hotel. The Airport considers building an on-site hotel a competitive necessity to maintain and attract airlines.

**Project Financing**

The Airport will build and own the proposed new hotel on Airport-owned land. The hotel will be managed and operated by the Hyatt Corporation and its Grand Hyatt brand under a Hotel Management Agreement between the Airport and the Hyatt Corporation (see File 15-0988), subject to the approval of the Board of Supervisors. The hotel will be primarily financed by the sale of \$243,000,000 of variable rate General Airport Revenue bonds sold in accordance with the Airport's main capital improvement program and bond program, 1991 Master Bond Resolution, as discussed in the Fiscal Impact section below. The hotel operator, Hyatt Corporation, will contribute an additional \$5 million toward construction costs.

According to Mr. Kone, the Airport is proposing to directly finance and own the hotel, rather than entering into a long-term ground lease with a hotel developer, because the Airport prefers to maintain control over the hotel's operation and the property. According to Mr. Kone, the proposed structure seeks to maximize Airport control, minimize costs, and make the project financially feasible for the Airport, the airlines, and the hotel operator.

**FISCAL IMPACT****General Airport Revenue Bonds and Hotel Special Facility Revenue Bonds (File 15-0987)**

The hotel project uses a layered financing structure in which the Airport will (a) sell \$243,000,000 in tax-exempt General Airport Revenue Bonds at a low interest rate, and (b) sell \$225,000,000 Hotel Special Facility Revenue Bonds, which the Airport will buy from itself with proceeds from the General Airport Revenue Bonds. The Hotel Special Facility Revenue Bond proceeds will be used to pay for construction of the hotel.

According to Mr. Kone, the proposed layered financing structure allows the Airport to issue tax-exempt General Airport Revenue Bonds at an interest rate projected at a maximum of 3.18 percent, to finance development of the Airport-owned hotel.

The hotel financing and operations will be separated from Airport financing and operations by designating the hotel as a "special facility" under Section 2.16 of the 1991 Master Bond Resolution No. 91-0210. The special facility allows revenues from the hotel to be segregated from the Airport's general revenues and used to pay debt service and other expenses associated with the hotel. According to Mr. Kone, separating the hotel's cash-flow from the Airport's regular funds is necessary to make the hotel successful and to attract a global hotel operator. This separation allows the hotel operator to pay hotel expenses directly from hotel revenues as is necessary in commercial hotel transactions.

### General Airport Revenue Bonds

The Airport proposes to sell the General Airport Revenue Bonds through a competitive sale with a 40-year term at a variable interest rate. According to Mr. Kone, the Airport is proposing a variable rather than a fixed interest rate because the variable interest rate can provide lower debt service costs in the early years of the hotel project. The Airport can also repay the bonds under the terms of the variable rate bonds at an earlier date than the 40-year term.

The Airport estimates a maximum interest rate over the 40-year term of 3.18 percent. However, the estimated average interest rate could be higher given historical interest rate trends.

Annual principal and interest payments on the \$243,000,000 General Airport Revenue Bonds will be secured and paid from revenues generated from the Airport's overall operations. Based on the Airport's cash flow projections, total debt service over 40 years is estimated at \$466,822,086, as shown in Attachment I. Total debt service could be higher if interest rates exceed the estimated interest rate of up to 3.18 percent.<sup>1</sup>

The Airport will pay debt service on the Airport General Revenue Bonds as part of its overall debt service on total outstanding Airport General Revenue Bonds. According to the Airport's Debt Policy, the Airport must have sufficient revenues (not including revenues from the Special Facility) to pay debt service on the Airport General Revenue Bonds that will be sold to purchase the Special Facility Revenue Bonds (see Policy Considerations below).

### Special Facility Revenue Bonds

The Airport proposes to sell the Special Facility Revenue Bonds as fixed rate bonds with a 40-year term. The Special Facility Revenue Bonds, however, will not be sold to investors, but will be purchased by the Airport itself with the proceeds of the General Revenue Bonds. According to Mr. Kone, the proposed Special Facility Revenue Bonds allow the hotel to access the lower financing of the General Airport Revenue Bonds and create what is essentially a loan between the hotel special facility and the Airport.

The Special Facility will establish a bond trustee/depository bank. As shown in Attachment II, hotel revenues will be deposited with the bond trustee, which will be used to pay hotel operating expenses, debt service on the Hotel Special Facility Revenue Bonds and various reserves. The Airport is proposing a variable rate Special Facility Revenue Bond over a 40-year term. Annual principal and interest payments on the \$225,000,000 Special Facility Revenue Bonds will be paid from hotel revenues.

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<sup>1</sup> The Airport's debt policy allows for 20 percent of outstanding debt to be issued at a variable rate. Under the variable rate structure of these Airport General Revenue Bonds for the hotel, the bonds are remarketed every 7 days. If the Airport is not able to successfully remarket the bonds, the Airport will have a Letter of Credit in place with a bank that can temporarily purchase the bonds. There is a small risk that a Letter of Credit can fail in the event of a market downturn. However, the Airport has successfully managed the risk of remarketing variable rate bonds for the other \$481.5 million of outstanding variable rate debt it previously sold. Additionally, the Airport has sufficient cash on hand and a \$400 million commercial paper program that the Airport could use to provide liquidity in the event of market failures.

Debt service on the Special Facility Revenue Bonds will be paid by the hotel. Under the Airport’s Debt Policy, adopted by the Airport Commission in September 2014, the Airport may issue Special Facility Revenue Bonds if projected revenues from the Special Facility are certified by an outside consultant to be sufficient to pay debt service. According to financial projections prepared by the Airport’s consultant, the hotel is projected to pay annual debt service to the Airport ranging from \$7.3 million in the first year of operations to \$8.9 million in the fifth year of operations.

**Appropriation Details (File 15-1076)**

Under the proposed ordinance, the total appropriation is \$243,450,000. The ordinance appropriates \$243,450,000 from General Airport Revenue Bond proceeds and Airport fund balance, which will then be used to purchase \$225,000,000 in Hotel Special Facility Revenue Bonds, fund construction of the Hotel AirTrain station, and pay bond issuance and audit costs, as shown in the Table below.

**Table: Sources and Uses of Funds**

<b>Appropriation of \$243,450,000 in General Airport Revenue Bonds and Airport Fund Balance</b>	
<b>Source of Funds</b>	<b>Amount</b>
Proceeds from bond sale	\$243,000,000
Airport fund balance contribution	\$450,000
<b>Total Sources</b>	<b>\$243,450,000</b>
<b>Use of Funds</b>	<b>Amount</b>
Proceeds Transfer to purchase Hotel Special Facility Revenue Bond	\$225,000,000
Controller’s Audit Fund	\$450,000
Costs of Issuance	\$3,000,000
Hotel AirTrain station construction	\$15,000,000
<b>Total Uses</b>	<b>\$243,450,000</b>
<b>Appropriation of \$230,000,000 in Special Facility Revenue Bonds and Hyatt Contribution</b>	
<b>Source of Funds</b>	<b>Amount</b>
Transfer in from Proceeds from General Airport Revenue Bonds	\$225,000,000
Hyatt Contribution	\$5,000,000
<b>Total Source</b>	<b>\$230,000,000</b>
<b>Use of Funds</b>	<b>Amount</b>
<u>Estimated Hotel Construction Costs</u>	
<i>Hard construction</i>	\$132,000,000
<i>Soft costs</i>	\$38,500,000
<i>Furniture, Fixtures, Equipment, Supplies, and Information Technology</i>	\$29,000,000
<i>Other (Reserve set asides, pre-opening expenses)</i>	10,500,000
<b>Total Hotel Construction (estimated)</b>	<b>\$210,000,000</b>
<u>Bond Issuance Costs and Financing Interest/ Reserves</u>	
Commercial Paper Interest	\$3,600,000
Capitalized Interest on Special Facility Revenue Bonds	\$13,000,000
Costs of Issuance Contingency	\$3,400,000
<b>Total Uses</b>	<b>\$230,000,000</b>

### Annual Service Payments to the City's General Fund

If the hotel performs as projected by the Airport, the hotel is expected to produce net revenue starting in FY 2019-20. The Airport makes an annual service payment to the City's General Fund for all indirect services and facilities provided by the City to the Airport. The annual service payment is equal to 15 percent of Airport concession revenues as defined in the Lease and Use Agreement between the Airport Commission and the signatory airlines. The annual service payment will be increased by an amount equal to the gross revenues of the hotel, less hotel operating and maintenance expenses and scheduled debt service on the Special Facility Revenue Bonds. These amounts are projected to be \$274,000 in FY 2019-20, and grow to \$1,073,000 in FY 2022-23.<sup>2</sup>

### POLICY CONSIDERATIONS

#### Operating Risk Could Slightly Increase Fees that Airlines Pay

The Airport estimates hotel occupancy rates ranging from 71.3 percent in the first year of operations to 82 percent beginning in the third year of operations. The Airport's estimates of revenue per room are \$214 in the first year of operations, increasing to \$288 per room in fifth year of operations. The Airport notes that its revenue projections are based on estimates provided by the hospitality consultant JLL and use standard assumptions for the hotel industry. However, a slowdown in the economy could result in the hotel failing to meet the Airport's estimates for occupancy rate or revenue per room. For example, hotel occupancy rates around the Airport fell to 58.2 percent in 2002 following the Dot.Com bubble and 71.8 percent in 2009 during the recession.

Since the Airport is the owner of the Hotel, if Hotel revenues are insufficient for any reason to support the operation of the Hotel (such as during a prolonged economic downturn), the Airport Commission would need to decide at that time whether to voluntarily support the operation of the Hotel with other Airport revenues, change the format or brand of the Hotel to one that is less costly to operate, restructure or sell the Hotel, or close the Hotel. The Hotel will be covered by various insurance policies (including business interruption insurance) to guard against casualty events.

#### Debt Service on the General Airport Revenue Bonds

Under the Lease and Use Agreement between the Airport and the airlines, the Airport has the authority to increase the landing and terminal fees charged to the airlines to meet its operating expenses, including annual debt service on outstanding General Airport Revenue Bonds. According to the Airport, the airlines are supportive of the Hotel Project. They note that on June 26, 2013, the Hotel Project, then estimated to cost \$165 million, was presented to the airlines for formal review. The Project's potential for producing additional nonairline revenue and the potential risks of downturns that could impact airline rates were discussed, and the Project received no objections. On September 18, 2015, the revised Hotel Project with a current

<sup>2</sup> Estimated revenues to the Airport, equal to gross hotel revenues less hotel operating and maintenance expenses and scheduled debt service on the Special Facility Revenue Bonds, are \$1,826,667 in FY 2019-20 and \$7,153,333 in FY 2022-23.

budget of \$225 million was formally presented to the airlines for review. A formal response from the airlines is due November 2, 2015; however the Airport does not anticipate there will be any objection to the Project.

**RECOMMENDATION**

Approve the proposed resolution and ordinance.

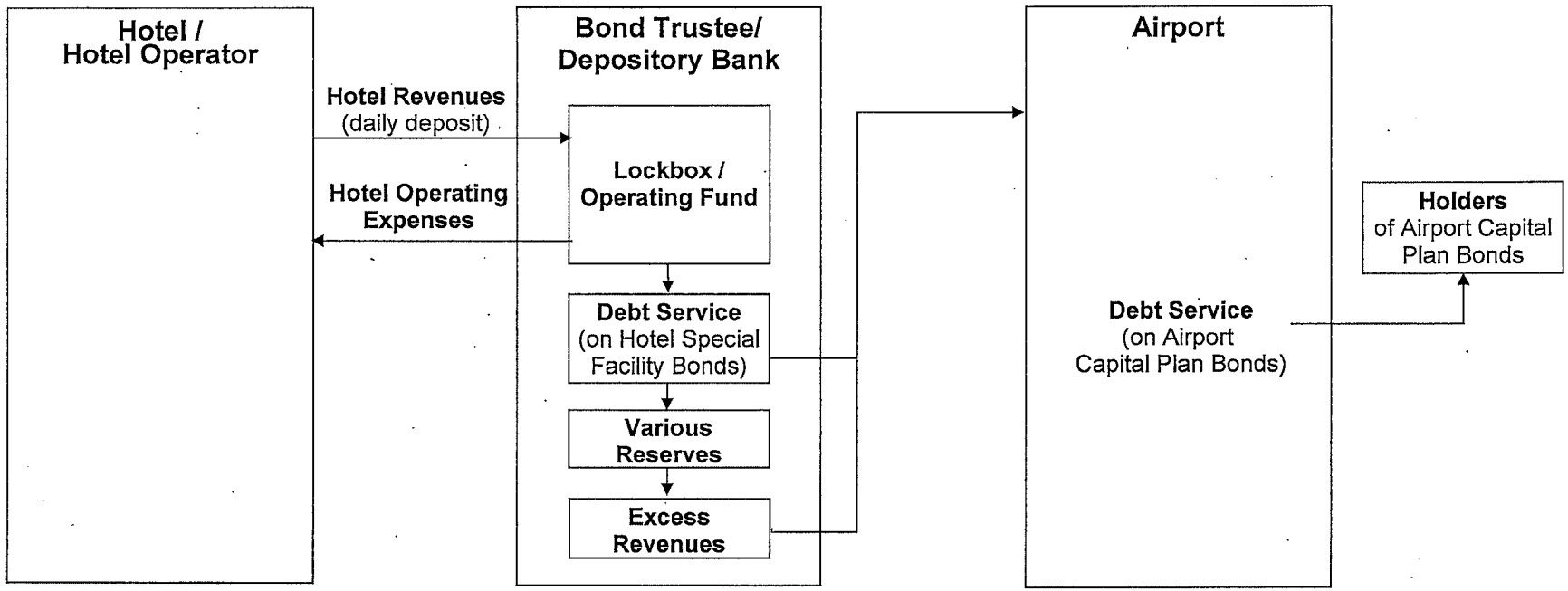
**Series 2017 General Airport Revenue Variable Rate Demand Bonds (VRDBs) - Estimate Debt Service**  
**\$210 Million Hotel + \$15 million AirTrain**

	Date	Principal	Interest Rate	Fees	Interest	Fees	Interest (Including Fees)	Total Net GARR Debt Service
<b>Bond Information</b>								
Dated Date	7/1/2017	2017						
FIINT	11/1/2017	2018	2.000%	0.650%	4,050,000	1,579,500	5,629,500	5,629,500
FIMat	5/1/2018	2019	2.000%	0.650%	4,860,000	1,579,500	6,439,500	6,439,500
First Maturity	5/1/2022	2020	2.650%	0.650%	6,439,500	1,579,500	8,019,000	8,019,000
FIAMAT	5/1/2057	2021	3.180%	0.650%	7,727,400	1,579,500	9,306,900	9,306,900
Final Term (Years)	40	2022	3.180%	0.650%	7,727,400	1,579,500	9,306,900	10,326,900
CAPI Date	6/1/2019	2023	3.180%	0.650%	7,694,964	1,572,870	9,267,834	10,097,834
CAPI Switch	0	2024	3.180%	0.650%	7,668,570	1,567,475	9,236,045	10,416,045
		2025	3.180%	0.650%	7,631,046	1,559,805	9,190,851	10,790,851
		2026	3.180%	0.650%	7,580,166	1,549,405	9,129,571	11,084,571
Call Date	5/1/2027	2027	3.180%	0.650%	7,517,997	1,536,698	9,054,695	11,434,695
		2028	3.180%	0.650%	7,442,313	1,521,228	8,963,541	11,793,541
		2029	3.180%	0.650%	7,352,319	1,502,833	8,855,152	12,215,152
		2030	3.180%	0.650%	7,245,471	1,480,993	8,726,464	12,591,464
<b>Sources and Uses of Funds</b>								
<b>Sources of Funds</b>								
Bond Par Amount	243,000,000	2031	3.180%	0.650%	7,122,564	1,455,870	8,578,434	12,978,434
Premium/(Discount)	-	2032	3.180%	0.650%	6,982,644	1,427,270	8,409,914	13,374,914
<b>Total Sources of Funds</b>	<b>243,000,000</b>	2033	3.180%	0.650%	6,824,757	1,394,998	8,219,755	13,489,755
		2034	3.180%	0.650%	6,657,171	1,360,743	8,017,914	13,492,914
<b>Uses of Funds</b>								
Special Facility Bonds Par Amount	225,000,000	2035	3.180%	0.650%	6,483,066	1,325,155	7,808,221	13,493,221
AirTrain	15,000,000	2036	3.180%	0.650%	6,302,283	1,288,203	7,590,486	13,490,486
Underwriter's Discount	373,010	2037	3.180%	0.650%	6,114,663	1,249,853	7,364,516	13,494,516
Costs of Issuance	2,626,990	2038	3.180%	0.650%	5,919,729	1,210,008	7,129,737	13,489,737
Rounding	-	2039	3.180%	0.650%	5,717,481	1,168,668	6,886,149	13,491,149
<b>Total Uses of Funds</b>	<b>243,000,000</b>	2040	3.180%	0.650%	5,507,442	1,125,735	6,633,177	13,493,177
		2041	3.180%	0.650%	5,289,294	1,081,145	6,370,439	13,490,439
		2042	3.180%	0.650%	5,062,878	1,034,865	6,097,743	13,492,743
		2043	3.180%	0.650%	4,827,717	986,798	5,814,515	13,494,515
		2044	3.180%	0.650%	4,583,493	936,878	5,520,371	13,490,371
		2045	3.180%	0.650%	4,330,047	885,073	5,215,120	13,490,120
		2046	3.180%	0.650%	4,066,902	831,285	4,898,187	13,493,187
		2047	3.180%	0.650%	3,793,581	775,418	4,568,999	13,493,999
		2048	3.180%	0.650%	3,509,766	717,405	4,227,171	13,492,171
		2049	3.180%	0.650%	3,215,139	657,183	3,872,322	13,492,322
		2050	3.180%	0.650%	2,909,223	594,653	3,503,876	13,493,876
		2051	3.180%	0.650%	2,591,541	529,718	3,121,259	13,491,259
		2052	3.180%	0.650%	2,261,775	462,313	2,724,088	13,494,088
		2053	3.180%	0.650%	1,919,289	392,308	2,311,597	13,491,597
		2054	3.180%	0.650%	1,563,765	319,638	1,883,403	13,493,403
		2055	3.180%	0.650%	1,194,567	244,173	1,438,740	13,493,740
		2056	3.180%	0.650%	811,218	165,815	977,033	13,492,033
		2057	3.180%	0.650%	413,241	84,468	497,709	13,492,709
		<b>Total Par</b>			<b>206,912,382</b>	<b>43,894,435</b>	<b>250,806,817</b>	<b>466,822,086</b>

633

Attachment I

### Structure of Airport Hotel San Francisco International Airport



14  
654



## REQUEST FOR SUPPLEMENTAL APPROPRIATION

DEPARTMENT: Airport Commission DIVISION: Business & Finance DATE: 10/2/2015

To the Mayor:

Request is hereby made for supplemental appropriation from the following appropriation(s) or fund(s) in the amount(s) indicated;

APPROPRIATION NUMBER	DESCRIPTION OF APPROPRIATION OR FUND AMOUNT	AMOUNT
	See Attachment A	

to the credit of the following appropriation(s) or fund(s) in the amount(s) indicated:


APPROPRIATION NUMBER	DESCRIPTION OF APPROPRIATION OR FUND AMOUNT	AMOUNT
	See Attachment A	

There are no surpluses in any of this department's appropriations available for transfer for the requested purpose(s). Complete detail as to the necessity for THIS appropriation is stated in attached letter.

### APPLICABLE BOXES MUST BE CHECKED

- This request included capital projects (s.o. 06700 OR 06700); a separate copy has been sent to the Chair, Capital Improvement Advisory Committee.
- These funds have not been previously requested
- These funds were previously requested by:
- Supplemental Appropriation* or  *Budget Estimate and were*
- reduced* or  *denied by The Mayor, or The Board of Supervisors*

**CERTIFIED AS TO FACTS AND AMOUNTS AS ABOVE STATED, AND**

RECOMMENDED:  (Department Head)

APPROVED:  (Board or Commission)

Recorded Controller's Budget Division

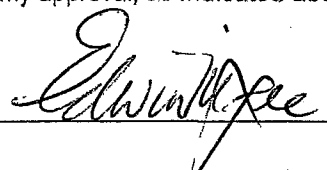
By: \_\_\_\_\_ Date: \_\_\_\_\_ Request No. \_\_\_\_\_

**FOR MAYOR'S USE**

To the Controller:

The above request meets with my approval; as indicated above. You are hereby requested to prepare the necessary appropriation ordinance

APPROVED:  
Edwin Lee

BY: 

DATE: \_\_\_\_\_

**Attachment A**  
**FY 2015-16 Airport Hotel Supplemental Appropriation**  
**October 2, 2015**

**SOURCES Appropriation-Airport Capital Plan Bonds and Fund Balance**

Fund	Fund Description	Index Code	Project Code	Subobject	Description	Amount
5ACPFXXX	2015 SFIA Hotel Capital Project Fund	XXXXX	CACPRJ 01	80111	Proceeds from Sale of Bonds	\$ 243,000,000
5AAAAAAA	SFIA Operating Fund	AIROPRIND		99999B	Beginning Fund Balance	\$ 450,000
<b>Total SOURCES Appropriation – Airport Capital Plan Bonds and Fund Balance</b>						<b>\$ 243,450,000</b>

**USES Appropriation – Airport Capital Plan Bonds and Fund Balance**

Fund	Fund Description	Index Code	Project Code	Subobject	Description	Amount
5ACPFXXX	2015 SFIA Hotel Capital Project Fund	XXXXX	CAC054 UN5401	0955A	Proceeds Transfer to purchase Special Facility Bonds	\$ 225,000,000
5AAAAAAA	SFIA Operating Fund	AIRACCTNG		081C4	CSA 0.2% Controller's Audit Fund	\$ 450,000
5ACPFXXX	2015 SFIA Hotel Capital Project Fund	AIRFINCOST	CACPRJ FC	07311	Costs of Issuance	\$ 3,000,000
5ACPFXXX	2015 SFIA Hotel Capital Project Fund	XXXXX	CAC054 UN5401	06700	Hotel Airtrain Station Construction	\$ 15,000,000
<b>Total USES Appropriation – Airport Capital Plan Bonds and Fund Balance</b>						<b>\$ 243,450,000</b>

**SOURCES Appropriation – Hotel Special Facility Revenue Bonds and Other Financing**

Fund	Fund Description	Index Code	Project Code	Subobject	Description	Amount
5ACPFZZZ	Hotel Special Facility Capital Project Fund	XXXXX	CACPRJ 01	9505A	Transfer in from General Airport Revenue Bond	\$ 225,000,000
5ACPFYYY	Other Financing Source Project Fund	XXXXX	CACPRJ 01	49CAP	Hotel Operator Contribution	\$ 5,000,000
<b>Total SOURCES Appropriation – Hotel Special Facility Revenue Bonds and Other Financing</b>						<b>\$ 230,000,000</b>

**USES Appropriation – Hotel Special Facility Revenue Bonds and Other Financing**

Fund	Fund Description	Index Code	Project Code	Subobject	Description	Amount
5ACPFZZZ	Hotel Special Facility Capital Project Fund	XXXXX	CAC054 UN5401	06700	Buildings, Structures, and Improvement – Hotel Construction	\$ 205,000,000
5ACPFYYY	Other Financing Source Project Fund	XXXXX	CAC054 UN5401	06700	Buildings, Structures, and Improvement – Hotel Construction	\$ 5,000,000
5ACPFZZZ	Hotel Special Facility Capital Project Fund	AIRFINCOST	CACPRJ FC	07311	Commercial Paper Interest Cost	\$ 3,600,000
5ACPFZZZ	Hotel Special Facility Capital Project Fund	AIRFINCOST	CACPRJ FC	07311	Capitalized Interest on Special Facility Bonds	\$ 13,000,000
5ACPFZZZ	Hotel Special Facility Capital Project Fund	AIRFINCOST	CACPRJ FC	07311	Cost of Issuance Contingency	\$ 3,400,000
<b>Total USES Appropriation – Hotel Special Facility Revenue Bonds and Other Financing</b>						<b>\$ 230,000,000</b>

**Grand Total SOURCES Appropriation** \$ **473,450,000**

**Grand Total USES Appropriation** \$ **473,450,000**

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *EL* Mayor Edwin M. Lee *WE*  
RE: Appropriation - Airport Commission – Airport Hotel Project - \$473,450,000  
- FY2015-2016  
DATE: October 20, 2015

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Attached for introduction to the Board of Supervisors is an ordinance appropriating \$473,450,000, consisting of \$243,000,000 of proceeds from the sale of Airport Capital Plan Bonds and \$450,000 from fund balance, and \$230,000,000 of proceeds from Hotel Special Facility Revenue Bonds and other long-term financing sources to develop a hotel within the San Francisco International Airport and placing \$473,450,000 on Controller's Reserve pending receipt of proceeds of indebtedness and other financing sources.

I respectfully request that this item be calendared in ~~Budget & Finance Committee~~.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.

