

[Airport Commission Bond-Related Authorizations]

**Resolution approving the issuance of not to exceed \$1,600,000,000 aggregate principal amount of San Francisco International Airport Second Series Refunding Revenue Bonds to refinance Airport Bonds and Subordinate Bonds; Approving the issuance of not to exceed \$125,000,000 aggregate principal amount of San Francisco International Airport Special Facilities Bonds to finance and refinance fuel storage and delivery facilities; Approving the maximum interest rates, maturity dates and number of issues of such Refunding Bonds, Subordinate Bonds and Special Facilities Bonds; Approving certain resolutions of the Airport Commission; Approving the forms of certain agreements related to such Bonds and authorizing the execution and delivery thereof; Approving certain amendments to the 1991 Resolution; and Approving certain other related matters.**

WHEREAS, The Airport Commission of the City and County of San Francisco (the "Airport 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 (the "Bonds") for any lawful purpose of the Airport Commission (as supplemented and amended, the "1991 Resolution"); and,

WHEREAS, The 1991 Resolution provides that the Airport Commission may issue Bonds from time to time as the issuance thereof is authorized by the Airport Commission; and,

WHEREAS, The Airport Commission has authorized the issuance from time to time of San Francisco International Airport Second Series Revenue Refunding

1 Bonds (the "Refunding Bonds"), including most recently by its Resolutions Nos. 05-  
2 0181 and 08-0152, for the purpose of refunding outstanding Bonds and Subordinate  
3 Bonds; and,

4 WHEREAS, This Board of Supervisors (the "Board") by its prior  
5 resolutions, including most recently Resolutions Nos. 235-07 and 471-08, has  
6 previously approved the issuance from time to time by the Airport Commission of such  
7 Refunding Bonds, of which \$997,345,000 remains authorized but unissued; and,

8 WHEREAS, The Airport Commission, on May 20, 1997, duly adopted its  
9 Resolution No. 97-0146, providing for the issuance of San Francisco International  
10 Airport Second Series Subordinate Revenue Bonds (the "Subordinate Bonds"),  
11 including the San Francisco International Airport Subordinate Commercial Paper Notes  
12 (the "Commercial Paper Notes") for any lawful purpose of the Airport Commission (as  
13 supplemented and amended, the "1997 Subordinate Resolution"); and,

14 WHEREAS, The 1997 Subordinate Resolution provides that the Airport  
15 Commission may issue Subordinate Bonds from time to time as the issuance thereof is  
16 authorized by the Airport Commission; and,

17 WHEREAS, This Board by its prior resolutions, including most recently  
18 Resolutions Nos. 620-97 and 113-02, has approved the issuance from time to time by  
19 the Airport Commission of such Subordinate Bonds, and now desires to ratify and  
20 confirm such prior resolutions; and,

21 WHEREAS, the Airport Commission has a contractual obligation under  
22 the Letter of Credit and Reimbursement Agreement relating to its Commercial Paper  
23 Notes, to retain approximately \$218,000,000 of refunding capacity in reserve in the  
24 event it is necessary to refund the Commercial Paper Notes; and,

1               WHEREAS, The Airport Commission, on May 20, 1997, duly adopted its  
2 Resolution No. 97-0145, providing for the issuance of San Francisco International  
3 Airport Special Facility Lease Revenue Bonds (SFO Fuel Company LLC) (the "Special  
4 Facilities Bonds," and collectively with the Bonds, Refunding Bonds and Subordinate  
5 Bonds, the "Airport Bonds"), to finance the Airport's fuel storage and delivery system;  
6 and,

7               WHEREAS, This Board of Supervisors by Resolution No. 619-97  
8 approved the issuance by the Airport Commission of such Special Facilities Bonds;  
9 and,

10              WHEREAS, The Airport Commission by Resolutions Nos. 04-219 and 05-  
11 10184 authorized the execution and delivery of certain interest rate swap transactions  
12 with respect to certain of its Refunding Bonds and approved the forms of certain  
13 documents relating thereto; and,

14              WHEREAS, This Board of Supervisors by Resolutions Nos. 733-04 and  
15 235-07 approved such swap transactions and the forms of certain documents relating  
16 thereto, and the Airport Commission thereafter executed such transactions; and,

17              WHEREAS, The Airport Commission, on October 5, 2010, duly adopted  
18 its Resolution No. 10-0307 (the "Omnibus Resolution"), authorizing the issuance of an  
19 additional \$1.6 billion of Refunding Bonds, and the Airport Commission now seeks  
20 approval from this Board to issue such additional Refunding Bonds in order to refund  
21 additional outstanding Bonds and Subordinate Bonds for significant debt service  
22 savings and for other purposes; and,

23              WHEREAS, The Airport Commission's Omnibus Resolution authorized  
24 \$125 million of additional Special Facilities Bonds to finance and refinance the Airport's  
25 fuel storage and delivery system, and the Airport Commission now seeks approval from

1 this Board to issue such additional Special Facilities Bonds in order to refund the  
2 outstanding Special Facilities Bonds for debt service savings and for other purposes;  
3 and,

4 WHEREAS, The Airport Commission's Omnibus Resolution also ratified  
5 and confirmed certain prior Airport Commission resolutions related to the Airport Bonds  
6 (collectively, the "Prior Airport Commission Resolutions"), and authorized and approved  
7 the execution and delivery of certain documents and agreements and certain other  
8 matters related thereto; and,

9 WHEREAS, This Board by Resolution has previously approved Prior  
10 Airport Commission Resolutions and the actions authorized thereby, including by the  
11 Board Resolutions cited above and Resolutions Nos. 1006-92, 583-98, 224-99, 811-00,  
12 800-03 and 174-06 (collectively, the "Prior Board Resolutions"), and now desires to  
13 ratify and confirm such Prior Board Resolutions; and,

14 WHEREAS, The Omnibus Resolution establishes, among other things,  
15 that (i) no Airport Bonds shall bear interest at a rate in excess of (A) eighteen percent  
16 (18%) per annum if issued as a Variable Rate Bond (other than any such Bonds held  
17 by a Credit Provider or Liquidity Provider), (B) sixteen percent (16%) per annum if  
18 issued as taxable fixed rate Airport Bonds, or (C) twelve percent (12%) per annum if  
19 issued as tax-exempt fixed rate Airport Bonds; and (ii) the final maturity of any Airport  
20 Bond shall not be later than forty (40) years from the date of issuance thereof; and,

21 WHEREAS, The Airport Commission, by its Resolution No. 10-316, duly  
22 adopted on October 26, 2010 (the "Index Rate Resolution"), approved certain  
23 amendments to the 1991 Resolution, including in particular the addition of a new  
24 variable index rate mode for the Airport's Variable Rate Bonds which does not require  
25 credit or liquidity support from commercial banks; and,

1               WHEREAS, Section 4.115 of the Charter provides that the Airport  
2 Commission has the exclusive authority to plan and issue airport revenue bonds for  
3 airport-related purposes, subject to the approval, amendment, or rejection of this Board  
4 of each issue; and,

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

9               WHEREAS, The Omnibus Resolution and the Index Rate Resolution and  
10 certain of the agreements authorized and approved thereby have been submitted to  
11 this Board and are on file with the Clerk of the Board in File No. \_\_\_\_\_, which is  
12 hereby declared to be a part of this Resolution as if set forth fully herein; and,

13              WHEREAS, The interest on the Airport Bonds may qualify for exclusion  
14 from gross income for federal income tax purposes under Section 103(a) of the Internal  
15 Revenue Code of 1986, as amended (the "Code") only if such Airport Bonds; and,

16              WHEREAS, This Board is the elected legislative body of the City and is  
17 the applicable elected representative required to approve the Airport Bonds for  
18 purposes of Section 147(f) of the Code; and,

19              WHEREAS, A notice of public hearing with respect to the Airport Bonds  
20 to be issued by the Airport Commission in an aggregate principal amount not to exceed  
21 \$2.62 billion, was published on May 5, 2010, not less than fourteen (14) days prior to  
22 the public hearing, in two newspapers of general circulation available to the residents  
23 of the City; and,

24              WHEREAS, A public hearing was held on May 19, 2010, pursuant to  
25 such notice and an opportunity was provided for interested persons to present

1 arguments for and against the issuance of such Airport Bonds and the nature and  
2 location of the projects to be financed and refinanced with the proceeds thereof; now,  
3 therefore, be it,

4               RESOLVED, That this Board hereby declares that each of the foregoing  
5 recitals is true and correct and is a representation of this Board; and, be it

6               FURTHER RESOLVED, That capitalized terms used but not otherwise  
7 defined in this Resolution shall have the meanings set forth in the Omnibus Resolution;  
8 and, be it

9               FURTHER RESOLVED, That the issuance by the Airport Commission of  
10 Refunding Bonds in an additional aggregate principal amount not to exceed \$1.6  
11 billion, and Special Facilities Bonds in an additional aggregate principal amount not to  
12 exceed \$125 million are hereby approved in accordance with Section 4.115 of the  
13 Charter; and, be it

14              FURTHER RESOLVED, That the Omnibus Resolution and the Index  
15 Rate Resolution, and the terms and provisions thereof, as adopted by the Airport  
16 Commission, are hereby approved; and, be it

17              FURTHER RESOLVED, That the following maximum interest rates are  
18 hereby approved for the Airport Bonds: (a) twelve percent (12%) for tax-exempt Airport  
19 Bonds that bear interest at a rate that is fixed to maturity, (b) sixteen percent (16%) for  
20 taxable Airport Bonds that bear interest at a rate that is fixed to maturity, and  
21 (c) eighteen percent (18%) for Airport Bonds that bear interest at a rate that is adjusted  
22 periodically; provided, however, that the maximum interest rate applicable to Credit or  
23 Liquidity Provider Bonds shall be as set forth in related agreement with the Credit  
24 Provider or Liquidity Provider; and, be it

1           FURTHER RESOLVED, That the time for the sale of the Airport Bonds  
2 shall extend to December 31, 2015; the maximum number of issues of each of the  
3 Bonds, including the Refunding Bonds and the Special Facilities Bonds shall be an  
4 amount equal to the authorized principal amount thereof divided by \$25 million (with  
5 such bonds issued or sold on the same date being deemed to be part of a single issue  
6 for such purposes); and the authorized final maturity date of the Airport Bonds shall be  
7 forty (40) years from the date of issuance thereof; and, be it

8           FURTHER RESOLVED, That the Airport Director and other appropriate  
9 Airport officials are hereby authorized to execute and deliver the following documents  
10 and agreements substantially in the forms presented and on file with the Clerk of the  
11 Board, with such changes and additions as the Airport Director shall deem necessary  
12 or advisable in consultation with the City Attorney, which changes and additions shall  
13 be conclusively approved by such execution and delivery:

- 14           ○ Remarketing Agreements (with respect to Variable Rate Bonds);
- 15           ○ Dealer Agreements (with respect to commercial paper notes);
- 16           ○ Issuing and Paying Agent Agreements (with respect to commercial  
17 paper notes);
- 18           ○ Standby Bond Purchase Agreements;
- 19           ○ Letter of Credit Reimbursement Agreements;
- 20           ○ Bond reserve fund policy reimbursement agreements;
- 21           ○ Amended or Replacement Swap Agreements;
- 22           ○ Forward Purchase and Sale Agreements;
- 23           ○ Trust Agreements (with respect to Special Facilities Bonds); and
- 24           ○ Certain amendments to the Fuel System Lease Agreement as set  
25 forth in the Omnibus Resolution;

1 and, be it

2 FURTHER RESOLVED, That this Board, as the appropriate applicable  
3 elected representative, hereby approves the Airport Bonds described in the TEFRA  
4 Notice for purposes of, and in accordance with, Section 147(f) of the Code; and, be it

5 FURTHER RESOLVED, That the Prior Airport Commission Resolutions  
6 and the Prior Board Resolutions, except as subsequently modified and amended, are  
7 hereby ratified, approved and confirmed; and, be it

8 FURTHER RESOLVED, That the actions of the officers, agents and  
9 employees of the Airport Commission and the City to carry out the intents and  
10 purposes of this Resolution taken prior to the adoption of this Resolution are hereby  
11 ratified, approved and confirmed; and, be it

12 FURTHER RESOLVED, That the Airport Commission and its officers,  
13 agents and employees and those of the City are hereby authorized to execute and  
14 deliver such documents and agreements and to take such other actions, in consultation  
15 with the City Attorney, as may be necessary or desirable to carry out the intents and  
16 purposes of this Resolution and the transactions contemplated hereby; and, be it

17 FURTHER RESOLVED, That the approvals contained in this Resolution  
18 shall extend to any amendments to the 1991 Resolution, the 1997 Subordinate  
19 Resolution, the Omnibus Resolution, the Index Rate Resolution, and all resolutions of  
20 the Airport Commission supplemental thereto, as well as to such additional resolutions  
21 that the Airport Commission may adopt for the purposes of implementing the issuance,  
22 sale and delivery of the Airport Bonds.



1     APPROVED AS TO FORM:

2     DENNIS J. HERRERA  
3     City Attorney

4  
5     By \_\_\_\_\_  
6         Deputy City Attorney

