AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 25-0172

AUTHORIZATION TO REQUEST BOARD OF SUPERVISORS' APPROVAL AND SUPPLEMENTAL APPROPRIATION FOR THE AIRPORT TO SPEND THE PROCEEDS OF BONDS IN THE AMOUNT OF $9,016,051,176

WHEREAS, the Airport periodically requests supplemental appropriations from the Board of Supervisors to spend proceeds of General Airport Revenue Bonds (GARBs) and Commercial Paper (CP) notes (CP notes together with the GARBs, Bonds) to support the Capital Improvement Plan (CIP); and

WHEREAS, on October 15, 2019, by Resolution No. 19-0260, the Commission authorized the Airport Director to seek approval from the Board of Supervisors (BOS) for an additional $3,888,069,311 of supplemental appropriation; and

WHEREAS, on February 4, 2020, the BOS passed Ordinance 09-20, which approved an additional $3,888,069,311 of supplemental appropriation based on the Airport's Approved FY 2019/20 CIP totaling $7,620,417,135; and

WHEREAS, on October 3, 2023, the Commission adopted Resolution No. 23-0242, which established the $8.0 billion Ascent Program – Phase 1.5 and $3.0 billion Infrastructure Projects Plan within the Airport's Capital Improvement Plan; and

WHEREAS, on August 19, 2025, the Commission adopted Resolution No. 25-0132, which increased the budget of the $3.0 billion Infrastructure Projects Plan to $4.4 billion; and

WHEREAS, the current CIP consists of: (1) the fixed $8.0 billion Ascent Program - Phase 1.5, and (2) the FY 2025/26 Infrastructure Projects Plan, which totals $4.4 billion, for a total CIP cost of $12,452,690,753; and

WHEREAS, the remaining appropriation balance is now $782,704,581, which is not sufficient to fund the CIP; and

WHEREAS, BOS approval is needed for a $9,016,051,176 supplemental appropriation for the Airport to spend proceeds of Bonds to fund the CIP; now, therefore, be it

RESOLVED, that this Commission authorizes the Airport Director to request Board of Supervisors' approval for a supplemental appropriation for the Airport to spend proceeds of Authorized Bonds in the amount of $9,016,051,176.

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of OCT 21 2025

Secretary

SAN FRANCISCO INTERNATIONAL AIRPORT

MEMORANDUM
October 21, 2025

25-0172
25-0173
OCT 21 2025

TO: AIRPORT COMMISSION
Hon. Malcolm Yeung, President
Hon. Susan Leal, Vice President
Hon. Jose F. Almanza
Hon. Mark Buell
Hon. Nancy Tung

FROM: Airport Director

SUBJECT: Authorization to Request Board of Supervisors' Approval and Supplemental Appropriation for the Airport to Spend the Proceeds of Bonds in the Amount of $9,016,051,176, and Related Actions

DIRECTOR'S RECOMMENDATION: AUTHORIZE THE AIRPORT TO REQUEST BOARD OF SUPERVISORS' APPROVAL AND SUPPLEMENTAL APPROPRIATION FOR THE AIRPORT TO SPEND THE PROCEEDS OF AUTHORIZED BONDS IN THE AMOUNT OF $9,016,051,176, AND AUTHORIZE THE AIRPORT TO OBTAIN $10,000,000,000 IN TEFRA APPROVAL FROM THE MAYOR OF THE CITY AND COUNTY OF SAN FRANCISCO FOR A PERIOD OF THREE YEARS.

Executive Summary

In order to spend proceeds of General Airport Revenue Bonds (GARBs) or Commercial Paper (CP) notes (CP notes together with the GARBs, Bonds), the Airport periodically requests supplemental appropriations from the Board of Supervisors. This allows the use of Bonds proceeds to fund the approved FY 2025/26 Capital Improvement Plan (CIP), which consists of the Ascent Program – Phase 1.5 and the Infrastructure Projects Plan.

On a related matter, the Airport also intends to seek $10,000,000,000 in Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) approval from the Mayor in order to satisfy the public approval requirement under Section 147(f) of the Internal Revenue Code with respect to the financing of Airport expenditures from the proceeds of tax-exempt private activity GARBs (PABs) and tax-exempt private activity CP notes. This approval will remain effective for a period of three years; however, Staff may return to the Commission to pursue additional approval sooner if deemed necessary.

Background – Supplemental Appropriation

The Airport periodically requests supplemental appropriations from the Board of Supervisors to spend proceeds of Bonds to support the CIP. The Airport last received a supplemental appropriation in FY 2019/20 by Ordinance 09-20, which totaled $3,888,069,311 and was based on the Airport's approved FY 2019/20 CIP totaling $7,620,417,135.

On October 3, 2023, the Commission adopted Resolution No. 23-0242, which established the $8.0 billion Ascent Program – Phase 1.5 and $3.0 billion Infrastructure Projects Plan within the Airport's Capital Improvement Plan.

On August 19, 2025, the Commission adopted Resolution No. 25-0132, which increased the budget of the $3.0 billion Infrastructure Projects Plan to $4.4 billion, for a total FY 2025/26 CIP of $12.5 billion.

The new supplemental appropriation totaling $9.0 billion will allow the Airport to fully fund the FY 2025/26 CIP through completion. A summary of the proposed supplemental appropriation is shown below:

		Amount
FY 2025/26 Approved CIP	$	12,452,690,753
Less: amount previously bond funded		(3,659,398,111)
Total CIP Funding Needed	$	8,793,292,642
FY 2025/26 Supplemental Appropriation		
Project Funding Needed	$	8,793,292,642
Less: remaining project appropriation		($782,704,581)
Estimated financing costs		1,005,463,115
Total Supplemental Appropriation	**$**	**9,016,051,176**

Background – TEFRA

Section 147(f) of the Internal Revenue Code of 1986, as amended, provides that an applicable elected representative of the City must grant public approval of the issuance of the Commission's PABs, including CP notes. To meet these requirements, issuers must (1) publicly announce and hold a hearing open to the public in which the public may comment on the proposed issuance of one or more series of PABs or CP notes as part of a plan of financing, and the projects to be financed thereby, and (2) obtain formal approval from an applicable elected representative approving the issuance of the PABs and CP notes for the applicable projects (TEFRA Approval). For the Commission's PABs and CP notes, TEFRA Approval may be made by resolution of the Board of Supervisors or by certificate of the Mayor. Once granted, TEFRA Approval for a plan of finance to issue one or more series of PABs or CP notes remains valid for a period of three years or until the amount of authorized PABs and CP notes has been issued.

TEFRA Approval alone does not bind the Commission to issue PABs or CP notes, make any expenditure, incur any indebtedness or proceed with any particular project.

The Airport routinely issues PABs and CP notes to finance capital improvement projects and such bonds are often refunded at a later date by additional PABs and CP notes. Such PABs and CP notes, including, in some cases, PABs and CP notes issued to refund prior debt, count towards using TEFRA Approval. As a result, the recommended $10,000,000,000 TEFRA Approval amount exceeds the amount of capital improvement projects the Airport expects to finance in the next three years, to account for this way of attributing refunding debt towards the TEFRA Approval amount.

In connection with the Airport's previous TEFRA Approval, the Airport published a Notice of Public Hearing in the San Francisco Examiner on March 26, 2023. The public hearing was held on April 4, 2023, and formal TEFRA Approval was granted on July 6, 2023, in the amount of $4,622,612,335.

In connection with the current TEFRA Approval process, the Airport published a Notice of Public Hearing in the San Francisco Examiner on September 24, 2025 and held a public hearing on October 2, 2025. No public comment was received. The Airport Director will pursue $10,000,000,000 in TEFRA Approval from the Mayor upon the Commission's authorization of such action.

Recommendation

I recommend the Commission authorize the Airport to request the Board of Supervisors' approval and supplemental appropriation for the Airport to spend the proceeds of Bonds in the amount of $9,016,051,176, and also authorize the Airport to obtain $10,000,000,000 in TEFRA Approval from the Mayor of the City and County of San Francisco for a period of three years.

Sincerely,

Mike Nakornkhet
Airport Director

Prepared by: Kevin Bumen
Chief Financial and Commercial Officer

Attachments