

**AIRPORT COMMISSION**

**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 10-0304**

**BOND RESOLUTION AUTHORIZING SALE AND ISSUANCE OF NOT TO EXCEED \$900,000,000 AGGREGATE PRINCIPAL AMOUNT OF SAN FRANCISCO INTERNATIONAL AIRPORT SECOND SERIES REVENUE REFUNDING BONDS, DELEGATING THE NEGOTIATED SALE OF SUCH BONDS TO THE AIRPORT DIRECTOR, AND APPROVING CERTAIN DOCUMENTS AND AMENDMENTS IN CONNECTION THEREWITH**

WHEREAS, the Airport Commission (the "Commission") of the City and County of San Francisco (the "City"), 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, and as supplemented by this resolution (the "Sale Resolution"), is herein called the "1991 Resolution"); and

WHEREAS, the Commission, pursuant to the 1991 Resolution, has previously authorized the issuance of up to \$6.84 billion aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds (the "Refunding Bonds"), of which \$5,842,655,000 has been issued to date and \$997,345,000 remains unissued; and

WHEREAS, the City's Board of Supervisors (the "Board") by its Resolutions Nos. 583-98, 811-00, 113-02, 800-03, 733-04, 235-07 and 471-08 approved the issuance of a total aggregate principal amount of not to exceed \$6.84 billion of Refunding Bonds, of which \$997,345,000 remains unissued; and

WHEREAS, the Commission has determined that it may be desirable to refund certain outstanding San Francisco International Airport Second Series Revenue Bonds (the "Refunded Bonds") and desires now to authorize the issuance and sale of \$900,000,000 aggregate principal amount of such previously authorized Refunding Bonds (the "2010/11 Bonds") in one or more series or sub-series (each a "Series"); and

WHEREAS, the Commission has previously authorized the issuance of up to \$600 million aggregate principal amount of tender refunding bonds pursuant to Resolution No. 09-0087 adopted on May 5, 2009, of which \$467,085,000 remains authorized but unissued; and

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- WHEREAS, pursuant to Section 5-24.07(b) of the 1991 Resolution, the Airport Director shall determine whether it is desirable that each Series of the 2010/11 Bonds be a Participating Series (as defined in the 1991 Resolution) with respect to the Issue 1 Reserve Account, a participating series with respect to the 2009 Reserve Account, and/or be secured by a separate reserve account or no reserve account; and
- WHEREAS, the Commission has determined that it may be desirable to obtain a Credit Facility (as defined in the 1991 Resolution) to fund up to the amount required to be deposited in the reserve account which shall secure the 2010/11 Bonds upon their Issuance (the "Reserve Account") and desires now to authorize the Airport Director to select one or more providers of surety bonds; and
- WHEREAS, the Commission has determined that it may be desirable to obtain a Credit Facility to secure the payment of the principal of, and interest on, the 2010/11 Bonds and desires now to authorize the Airport Director to select one or more providers of municipal bond insurance; and
- WHEREAS, in order to accomplish the timely sale of the 2010/11 Bonds, 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 2010/11 Bonds, the Commission has determined 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 2010/11 Bonds to the purchasers thereof in accordance with the provisions of this Sale Resolution; and
- WHEREAS, the Commission desires now to authorize the Airport Director to select and appoint one or more investment banks from the Commission's pool of pre-approved banks as underwriters for the 2010/11 Bonds (the "Underwriters"); 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

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RESOLVED by the Airport Commission of the City and County of San Francisco, as follows:

**Section 1. Commission Findings.** (a) The Commission hereby finds that sufficient unencumbered balances are expected to be available in the proper funds and accounts of the Airport to meet all payments due under the 2010/11 Bonds as they become due.

(b) In accordance with Section 2.02 of the 1991 Resolution, the Commission hereby finds that it is desirable to authorize the negotiated sale of 2010/11 Bonds in accordance with Section 3 hereof in order to accomplish the timely sale of the 2010/11 Bonds and to achieve the lowest possible interest, issuance and other costs to the Commission with respect to the 2010/11 Bonds.

**Section 2. Terms of the 2010/11 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 2010/11 Bonds of each Series, the amounts and dates of any mandatory sinking fund payments, and the interest rates to be borne by the 2010/11 Bonds; *provided, however*, that the aggregate principal amount of 2010/11 Bonds shall not exceed \$900 million; no 2010/11 Bond shall bear interest at a rate in excess of seven percent (7%) per annum; the final maturities of the 2010/11 Bonds shall be no later than May 1, 2040; and the net present value savings from the issuance of the 2010/11 Bonds shall be not less than one percent (1%) of the aggregate debt service on the refunded bonds, as reasonably determined by the Commission's financial advisors.

**Section 3. Negotiated Sale of 2010/11 Bonds.** The Commission hereby authorizes the Airport Director to select and appoint one or more investment banks from the Commission's pool of pre-approved banks as underwriters (the "Underwriters") for the 2010/11 Bonds. 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 2010/11 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

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June 30, 2011, for current or forward delivery, the 2010/11 Bonds in such aggregate principal amount as he may determine each in accordance with a bond purchase agreement substantially in the form presented to this meeting and on file with the Secretary, which form is hereby approved with such changes and additions as the Airport Director may approve upon consultation with the City Attorney, such approval to be evidenced conclusively by the delivery to 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 2010/11 Bonds. The 2010/11 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 2010/11 Bonds may be issued in one or more series or sub-series, shall bear interest at said rates, payable on such May 1 or November 1 occurring not more than one year following the issuance of the 2010/11 Bonds as the Airport Director may determine, and semiannually thereafter on May 1 and November 1 in each year and shall be distinguished by the designation "Series 2010\_" or "Series 2011\_" as appropriate, or such other alpha-numeric designations as the Airport Director may determine.

Section 4. Authentication and Delivery of the 2010/11 Bonds. The 2010/11 Bonds, when prepared, shall be delivered to The Bank of New York Trust Company, N.A. (successor to BNY Western Trust Company), 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 2010/11 Bonds by executing the certificates of authentication appearing thereon, and to deliver the 2010/11 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, which instructions the President and the Secretary are hereby authorized and directed to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the 2010/11 Bonds upon payment of the purchase price therefore.

Section 5. Preliminary Official Statement; Continuing Disclosure. The Airport Director is hereby directed to cause the preparation of a preliminary and a final Official Statement for the 2010/11 Bonds. The Underwriters are hereby authorized to distribute the preliminary Official Statement with such changes, modifications and additions thereto as the Airport Director may approve upon consultation with the City

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Attorney, such approval to be evidenced conclusively by the delivery by the Airport Director of said preliminary Official Statement as so added to or changed. The Airport Director is hereby further authorized to deliver a final Official Statement, in substantially the form of said preliminary Official Statement, with such changes and additions thereto as the Airport Director may approve upon consultation with the City Attorney, such approval to be evidenced conclusively by the delivery by the Airport Director of said final Official Statement as so added to or changed. The Airport Director is hereby authorized to certify that the preliminary Official Statement is, as of its date, "deemed final" by the Commission within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. The Airport Director is hereby further authorized and directed 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 events, if material, pursuant to Rule 15c2-12(b)(5) of the Securities and Exchange Commission and to execute and deliver a continuing disclosure certificate for the benefit of the holders and beneficial owners of the 2010/11 Bonds in the form approved by the Airport Director upon consultation with the City Attorney, such approval to be conclusively evidenced by the delivery thereof by the Airport Director.

Section 6. Reserve Account Surety Bond. The Airport Director is hereby authorized, for and on behalf of and in the name of the Commission, to select one or more providers of surety bonds (each a "Reserve Account Surety Bond") to fund up to the amount required to be deposited in the Reserve Account upon the issuance of the 2010/11 Bonds. The Airport Director is hereby further authorized to execute and deliver a guaranty or reimbursement agreement among such surety bond provider, the Trustee or the Commission, in such form as may be approved by the Airport Director upon consultation with the City Attorney, such approval to be evidenced conclusively by the delivery of such guaranty agreement. The Airport Director 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, such approval to be evidenced conclusively by the execution and delivery of such documents.

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**Section 7. Investments; Forward Purchase and Sale Agreements.** The Airport Director is hereby authorized to direct the Trustee to invest (i) the amount, if any, required to be deposited in the Reserve Account upon the issuance of the 2010/11 Bonds, and (ii) the amounts required to be deposited from time to time in the Debt Service Fund with respect to the 2010/11 Bonds, in Permitted Investments (as defined in the 1991 Resolution), including without limitation in accordance with separate Forward Purchase and Sale Agreements, substantially in the form presented to this meeting and on file with the Secretary, with respect to such securities entered into among the Trustee, a financial institution approved by the Airport Director and/or the Commission. 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 8. Refunding Escrow; Escrow Forward Purchase and Sale Agreement.** The Airport Director is hereby authorized to execute and deliver one or more escrow agreements (the "Bond Escrow Agreement") with The Bank of New York Trust Company, N.A., as escrow agent (the "Escrow Agent"), substantially in the form presented to this meeting and on file with the Secretary, to provide for the 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, such approval to be evidenced conclusively by the execution and delivery of such Bond Escrow Agreement. The Airport Director is hereby authorized to direct the Escrow Agent, pursuant to the Bond Escrow Agreement, to invest amounts in the escrow fund 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, substantially in the form presented to this meeting and on file with the Secretary, 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 9. Refunded Bonds.** The Airport Director is hereby authorized, for and on behalf of and in the name of the Commission, to select the principal amounts and maturities of the Refunded Bonds.

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**Section 10. Refunding of Interest.** The Airport Director is hereby authorized, for and on behalf of and in the name of the Commission, 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 2010/11 Bonds, in an amount to be determined by the Airport Director.

**Section 11. Bond Insurance.** The Airport Director is hereby authorized, for and on behalf of and in the name of the Commission, to select one or more providers of municipal bond insurance policies to secure the payment of the principal of, and interest on, the 2010/11 Bonds. Such municipal bond insurers shall be selected through a competitive selection process. The Airport Director is hereby further authorized to execute and deliver such documents, agreements and certificates as may be necessary or desirable to obtain and implement such municipal bond insurance policy, each of such documents to be in such form as may be approved by the Airport Director upon consultation with the City Attorney, such approval to be evidenced conclusively by the execution and delivery of such documents.

**Section 12. Further Actions.** The actions of the officers, agents and employees of the Commission prior to the adoption of this Sale Resolution to consummate the issuance and sale of the 2010/11 Bonds, including the preparation of a preliminary Official Statement and the publication and distribution of a notice of intention, 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 accomplish the sale, issuance and delivery of the 2010/11 Bonds and the other transactions contemplated hereby.

**Section 13. Amendment Relating to Issuance of 2010/11 Bonds.** The 1991 Resolution is hereby supplemented by adding the following Article thereto, which is hereby incorporated therein, with the appropriate alpha-numeric issue, section and article references:

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**ARTICLE [#]**

**ADDITIONAL TERMS OF 2010/11 BONDS**

**SECTION 1. Additional Terms of 2010/11 Bonds.** All capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the 1991 Resolution.

The 2010/11 Bonds of each Series shall be dated as of the dates, shall be in the principal amounts and shall consist of such aggregate principal amount of 2010/11 Bonds as is determined by the Airport Director in accordance with the 1991 Resolution and this Sale Resolution. The 2010/11 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 Sale Resolution. The 2010/11 Bonds shall bear interest at such rates as may be determined by the Commission or by the Airport Director in accordance with this Sale 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 2010/11 Bonds, which Certificate of Additional Terms when executed and delivered by the President and the Secretary or by the Airport Director, together with this Sale Resolution, shall be deemed to be the Series Sale Resolution for the 2010/11 Bonds, and shall constitute a part of the 1991 Resolution.

**SECTION 2. Continuing Disclosure.** The Commission covenants to comply with and carry out all of the provisions of the continuing disclosure certificate executed and delivered in connection with the issuance of the 2010/11 Bonds, as it may be amended from time to time in accordance with its terms (the "2010/11 Bonds Continuing Disclosure Certificate"). Notwithstanding any other provision of the 1991 Resolution, failure of the Commission to comply with the 2010/11 Bonds Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee may (and at the written request of the Holders of at least 25% of the aggregate principal amount of the 2010/11 Bonds Outstanding, and if such Holders shall have furnished to the Trustee indemnity satisfactory to it, shall) or any Holder or beneficial owner of 2010/11 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 this Section 2.



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**SECTION 3. Terms of 2010/11 Bonds Subject to the 1991 Resolution.** Except as in this Sale Resolution expressly provided, every term and condition contained in the 1991 Resolution shall apply to this Sale Resolution and to the 2010/11 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 Sale 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 the 2010/11 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 2010/11 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 2010/11 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 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 Sale Resolution.

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ADOPTED by the Airport Commission of the City and County of San Francisco this 5<sup>th</sup> day of October, 2010, by the following vote:

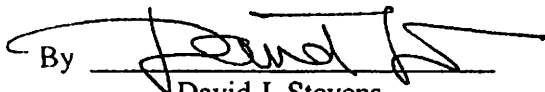
Ayes: 6

Noes: 0

Absent: 0

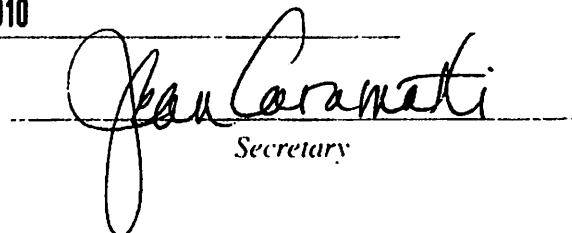
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Approved as to Form:  
DENNIS J. HERRERA  
City Attorney of the  
City and County of San Francisco

By   
David J. Stevens  
Deputy City Attorney

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I hereby certify that the foregoing resolution was adopted by the Airport Commission  
at its meeting of OCT 05 2010

  
Secretary