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

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

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

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

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

WHEREAS, This Board of Supervisors by its Resolution No. 113-02, adopted on February 19, 2002, and signed by the Mayor on March 1, 2002, approved the issuance by the Airport Commission from time to time on or before March 31, 2006, of $400,000,000 of the $2,000,000,000 additional principal amount of Refunding Bonds authorized by the Airport Commission (thus increasing the approved aggregate principal amount of Refunding Bonds to
$1,800,000,000) pursuant to the Tenth Supplemental Resolution for the purpose of refunding outstanding 1991 Resolution Bonds and Subordinate Bonds; and,

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

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

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

WHEREAS, The Airport Commission, by its Resolution No. 03-0220, adopted on October 21, 2003 (the "Eleventh Supplemental Resolution"), amended and supplemented the 1991 Master Resolution to provide for the issuance of 1991 Resolution Bonds that bear interest at variable rates (the "Variable Rate Bonds"), and in connection therewith, approved the forms of related Variable Rate Bond documents including a form of Auction Agent Agreement (the "Auction Agent Agreement"), a form of Broker-Dealer Agreement (the "Broker-Dealer Agreement"), and a form of Market Agent Agreement (the "Market Agent Agreement"); and,

WHEREAS, The Airport Commission has determined that it may be necessary and desirable to obtain from time to time one or more surety bonds (each a "Surety Bond") to fund up to the amount required to be deposited in the reserve account upon the issuance of 1991 Resolution Bonds, and one or more bond insurance policies (each a "Bond Insurance Policy")
to guaranty the payment of principal of and interest on the 1991 Resolution Bonds when due, and in connection therewith, the Airport Commission approved XL Capital Assurance Inc. as a provider of such Surety Bonds and Bond Insurance Policies, and approved the form of a Financial Guaranty Agreement (the “Financial Guaranty Agreement”) between XL Capital Assurance Inc. and the Airport Commission, for which Board approval is now sought; and,

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

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

WHEREAS, The Eleventh Supplemental Resolution and the forms of Auction Agent Agreement, Broker-Dealer Agreement, Market Agent Agreement and Financial Guaranty Agreement have been submitted to this Board of Supervisors and are on file with the Clerk of the Board of Supervisors in File No. 031828, which is hereby declared to be a part of this resolution as if set forth fully herein; now, therefore, be it

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

FURTHER RESOLVED, That the issuance by the Airport Commission of the Refunding Bonds for the purposes of refinancing 1991 Resolution Bonds and Subordinate Bonds, as well as funding debt service reserve funds and paying costs of issuance, including redemption premiums, and other incidental costs, is hereby approved in accordance with Section 4.115 of
the Charter. The total principal amount of Refunding Bonds shall not exceed $2,025,000,000
and each reference in Resolution No. 583-98 of the Board of Supervisors to “$1,800,000,000”
of Refunding Bonds is hereby amended to read “$2,025,000,000”; and, be it

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

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

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

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

FURTHER RESOLVED, That the approvals contained in this Resolution shall extend to
any amendments to the 1991 Master Resolution, the 1997 Master Subordinate Resolution,
the Eleventh Supplemental Resolution, and all resolutions of the Airport Commission supplemental thereto, as well as to such additional resolutions that the Airport Commission may adopt for the purpose of implementing the issuance, sale and delivery of the Bonds.

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By
Deputy City Attorney
Resolution approving the issuance of up to $225,000,000 additional aggregate principal amount of
San Francisco International Airport Second Series Revenue Refunding Bonds for the purpose of
refinancing 1991 Resolution Bonds and Subordinate Bonds of the Airport Commission; Approving the
issuance of San Francisco International Airport Second Series Variable Rate Revenue Bonds for the
purpose of financing or refinancing certain capital improvements at San Francisco International
Airport, including by refunding outstanding 1991 Resolution Bonds and Subordinate Bonds of the
Airport Commission; Approving the maximum interest rates thereon; Approving the forms of certain
documents relating to the Bonds; Approving XI Capital Assurance Inc. as a provider of bond insurance
and reserve fund Surety Bonds and the forms of certain documents relating thereto; and Approving
certain amendments to the 1991 Master Resolution.

December 16, 2003  Board of Supervisors — ADOPTED
Ayes: 10 - Ammiano, Daly, Dufty, Gonzalez, Hall, Ma, Maxwell, McGoldrick,
Peskin, Sandoval
Excused: 1 - Newsom
I hereby certify that the foregoing Resolution was ADOPTED on December 16, 2003 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young  
Clerk of the Board

Mayor Willie L. Brown Jr.