



Preliminary Official Statement

Airport Commission of the City and County of San Francisco
San Francisco International Airport

Second Series Revenue Bonds
Series 2025DE



NEW ISSUE—BOOK-ENTRY ONLY

RATINGS:
Moody's: "Aa3"
S&P: "AA-"
(See "RATINGS")

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025DE Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Series 2025D Bond for any period that such Series 2025D Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2025D Bonds or by a "related person" within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the Series 2025E Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025D Bonds is a specific preference item for purposes of the federal individual alternative minimum tax, and that interest on the Series 2025DE Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. In the further opinion of Bond Counsel, interest on the Series 2025DE Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025DE Bonds. See "Tax Matters" herein.

\$930,280,000*

**AIRPORT COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO INTERNATIONAL AIRPORT**

\$874,645,000*
Second Series
Revenue Bonds
Series 2025D
(AMT)

\$55,635,000*
Second Series
Revenue Bonds
Series 2025E
(Non-AMT/Governmental Purpose)

Dated: Date of Delivery**Due: As shown on the page immediately following this cover**

The Airport Commission (the "Commission") of the City and County of San Francisco (the "City") will issue (i) \$874,645,000* principal amount of its San Francisco International Airport Second Series Revenue Bonds, Series 2025D (the "Series 2025D Bonds") and (ii) \$55,635,000* principal amount of its San Francisco International Airport Second Series Revenue Bonds, Series 2025E (the "Series 2025E Bonds," and, together with the Series 2025D Bonds, the "Series 2025DE Bonds"), pursuant to the terms of the Indenture (as defined herein) between the Commission and The Bank of New York Mellon Trust Company, as trustee (the "Trustee"). The San Francisco International Airport (the "Airport") is an enterprise department of the City.

The Commission will use the proceeds of the Series 2025DE Bonds to (i) finance a portion of the costs of the Airport's Capital Improvement Plan; (ii) repay certain Commercial Paper Notes issued to finance costs of the Airport's Capital Improvement Plan; (iii) fund a deposit to the Common Reserve Account described herein; (iv) pay capitalized interest on a portion of the Series 2025DE Bonds; and (v) pay costs of issuance of the Series 2025DE Bonds.

The Series 2025DE Bonds will mature on the dates and bear interest at the rates shown on the page immediately following this cover page. Interest on the Series 2025DE Bonds will be payable on May 1 and November 1 of each year commencing on May 1, 2026.

The Series 2025D Bonds and Series 2025E Bonds are subject to redemption prior to their stated maturity dates, as described herein.* See "DESCRIPTION OF THE SERIES 2025DE BONDS – Redemption Provisions" herein.

The Series 2025DE Bonds will be issued only as fully registered bonds, registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"). So long as Cede & Co. is the registered owner of the Series 2025DE Bonds, payment of the principal of and interest on the Series 2025DE Bonds will be made only to Cede & Co. as nominee of DTC, which is required in turn to remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Series 2025DE Bonds.

The Series 2025DE Bonds are special, limited obligations of the Commission, payable as to principal and interest solely out of, and secured by a pledge of and lien on, the Net Revenues of the Airport and the funds and accounts provided for in the Indenture. Neither the credit nor taxing power of the City is pledged to the payment of the principal of or interest on the Series 2025DE Bonds. No holder of a Series 2025DE Bond shall have the right to compel the exercise of the taxing power of the City to pay the principal of or the interest on the Series 2025DE Bonds. The Commission has no taxing power whatsoever.

The Series 2025DE Bonds are offered when, as and if issued by the Commission and received by the Underwriters, subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission, and certain other conditions. Certain legal matters will be passed upon for the Commission by Nixon Peabody LLP, Disclosure Counsel, and by the City Attorney. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP. The Commission expects to deliver the Series 2025DE Bonds through the facilities of DTC on or about December 17, 2025, against payment therefor.*

J.P. Morgan
BofA Securities
Ramirez & Co., Inc.

Barclays
Goldman Sachs & Co. LLC
RBC Capital Markets

Dated: _____, 2025

* Preliminary; subject to change.

\$930,280,000*
AIRPORT COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO INTERNATIONAL AIRPORT

\$874,645,000*
Second Series
Revenue Bonds
Series 2025D
(AMT)

\$55,635,000*
Second Series
Revenue Bonds
Series 2025E
(Non-AMT/Governmental Purpose)

MATURITY SCHEDULES*

\$874,645,000* Series 2025D Bonds

<u>Maturity Date</u> <u>(May 1)*</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† No.</u>
2029	\$30,000,000				
2030	30,000,000				
2031	30,000,000				
2032	40,000,000				

\$744,645,000* _____ % Series 2025D Term Bonds maturing May 1, 2055*
Yield: _____ % Price _____ (CUSIP† No. 79766D____)

\$55,635,000* Series 2025E Bonds

<u>Maturity Date</u> <u>(May 1)*</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP† No.</u>
2045	\$27,140,000				
2046	28,495,000				

* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. This information is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the Commission or the Underwriters and are included solely for the convenience of the registered owners of the applicable Series 2025DE Bonds. Neither the Commission, the Underwriters, nor their agents or counsel are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Series 2025DE Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025DE Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2025DE Bonds.

CITY AND COUNTY OF SAN FRANCISCO

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David Chiu, *City Attorney*
Greg Wagner, *Controller*
José Cisneros, *Treasurer*

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Mike Nakornkhet, *Airport Director*

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Information Provided by the Commission and by Third Parties. This Official Statement presents information with respect to the Commission and the Airport. The information contained herein has been obtained from officers, employees and records of the Commission and from other sources believed to be reliable. The order and placement of information in this Official Statement, including the appendices, are not an indication of relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision in this Official Statement.

Limitations Regarding Offering. No broker, dealer, salesperson or any other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Series 2025DE Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Commission. This Official Statement does not constitute an offer to sell, or the solicitation from any person of an offer to buy, nor shall there be any sale of the Series 2025DE Bonds by any person in any jurisdiction where such offer, solicitation or sale would be unlawful. The information set forth herein is subject to change without notice. The delivery of this Official Statement at any time does not imply that information herein is correct or complete as of any time subsequent to its date.

The Series 2025DE Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the forgoing authorities have neither reviewed nor confirmed the accuracy of the Official Statement.

Forward-Looking Statements. This Official Statement contains forecasts, projections, estimates and other forward-looking statements that are based on current expectations. The words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. Such risks and uncertainties include, among others, changes in regional, domestic and international political, social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, population changes, financial conditions of individual air carriers and the airline industry, technological change, changes in the tourism industry, changes at other San Francisco Bay Area airports, seismic events, international agreements or regulations governing air travel, the COVID-19 pandemic and future worldwide health concerns, and various other events, conditions and circumstances, many of which are beyond the control of the Commission. These forward-looking statements speak only as of the date of this Official Statement. The Commission disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Commission’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Underwriters’ Disclaimer. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No Securities Registration. The Series 2025DE Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption from the registration requirements contained in such Act. The Series 2025DE Bonds have not been registered or qualified under the securities laws of any state.

Ratings of Other Parties. This Official Statement may contain information concerning the ratings assigned by Moody’s Ratings, S&P Global Ratings and Fitch Ratings, Inc. for parties other than the Commission. Such ratings reflect only the view of the agency giving such rating and are provided for convenience of reference only. Such rating information has been obtained from sources believed to be reliable but has not been confirmed or re-verified by such rating agencies. Neither the Commission, nor any of the Underwriters takes any responsibility for the accuracy of such ratings, gives any assurance that such ratings will apply for any given period of time, or that such ratings will not be revised downward or withdrawn if, in the judgment of the agency providing such rating, circumstances so warrant.

Websites Not Incorporated. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise,

such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement. The Commission maintains an investor relations page on its website at <https://www.flysfo.com/about-sfo/investor-relations> on which it periodically provides information for investors. The Commission and the City each maintain a website and various social media accounts. The information presented on the investor relations page, those websites and those social media accounts is **not** incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2025DE Bonds.

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OFFICIAL STATEMENT

\$930,280,000*

**AIRPORT COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO INTERNATIONAL AIRPORT**

\$874,645,000*
Second Series
Revenue Bonds
Series 2025D
(AMT)

\$55,635,000*
Second Series
Revenue Bonds
Series 2025E
(Non-AMT/Governmental Purpose)

INTRODUCTION

The Airport Commission (the “Commission”) of the City and County of San Francisco (the “City”) will issue (i) \$874,645,000* principal amount of its San Francisco International Airport Second Series Revenue Bonds, Series 2025D (the “Series 2025D Bonds”) and (ii) \$55,635,000* principal amount of its San Francisco International Airport Second Series Revenue Bonds, Series 2025E (the “Series 2025E Bonds,” and, together with the Series 2025D Bonds, the “Series 2025DE Bonds”), pursuant to the terms of the Indenture (defined below).

The Commission will issue the Series 2025DE Bonds pursuant to a Trust Indenture, dated as of January 1, 2025 (the “Trust Indenture”), by and between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and the Series 2025DE Series Indenture, to be executed and delivered on the date of issuance of the Series 2025DE Bonds (the “2025DE Series Indenture” and, together with the Trust Indenture and those Series Indentures executed and delivered with respect to the Commission’s other Bonds (defined below), the “Indenture”), and in accordance with the Charter of the City and the statutes of the State of California, to the extent made applicable by the Charter of the City. The Series 2025DE Bonds, together with all airport revenue bonds that the Commission has issued and will issue in the future pursuant to the Indenture, are referred to herein as the “Bonds.” For a summary of the Commission’s Outstanding Bonds, see “AIRPORT’S FINANCIAL AND RELATED INFORMATION—Currently Outstanding Bonds.” Capitalized terms used and not defined in this Official Statement have the meanings given those terms in the Indenture. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Certain Definitions.”

The Commission will use the proceeds of the Series 2025DE Bonds to (i) finance a portion of the costs of the Airport’s current Capital Improvement Plan (the “CIP”); (ii) repay certain Commercial Paper Notes issued to finance costs of the CIP; (iii) fund a deposit to the Common Reserve Account described herein; (iv) pay capitalized interest on a portion of the Series 2025DE Bonds; and (v) pay costs of issuance of the Series 2025DE Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The Series 2025DE Bonds will mature on the dates, in the amounts and bear interest at the rates shown on the page immediately following the front cover of this Official Statement.

The Commission will secure the Series 2025DE Bonds with a pledge of, lien on and security interest in the Net Revenues of the San Francisco International Airport (the “Airport”) on parity with the Commission’s other Outstanding Bonds, which, as of September 1, 2025, were Outstanding in the amount of approximately \$9.7 billion, and any additional Bonds issued by the Commission in the future. See “SECURITY FOR THE SERIES 2025DE BONDS” and “AIRPORT’S FINANCIAL AND RELATED INFORMATION—Currently Outstanding Bonds.” The Commission expects to issue additional Bonds in the future for various purposes permitted by the Indenture, including but not limited to financing certain costs of the CIP. The Series 2025DE Bonds will be additionally secured by the Common Reserve Account. See “SECURITY FOR THE SERIES 2025DE BONDS—Reserve Fund and Reserve Accounts—*Common Reserve Account*.” As used herein, the term “Airport” refers to both the land and improvements comprising the San Francisco International Airport and the enterprise department of the City operating the San Francisco International Airport. The

* Preliminary; subject to change.

Commission is responsible for operation and management of the Airport and enters into contracts with respect to the Airport. When used herein with respect to the Indenture, “Airport” has the meaning given to such term in APPENDIX D.

This Official Statement contains brief descriptions or summaries of, among other things, the Series 2025DE Bonds, the Indenture, the Lease and Use Agreements and the Continuing Disclosure Certificate of the Commission. Any description or summary in this Official Statement of any such document is qualified in its entirety by reference to each such document.

PLAN OF FINANCE

The Commission will use the proceeds of the Series 2025DE Bonds to (i) finance a portion of the costs of the CIP; (ii) repay certain Commercial Paper Notes issued to finance costs of the CIP; (iii) fund a deposit to the Common Reserve Account; (iv) pay capitalized interest on a portion of the Series 2025DE Bonds; and (v) pay costs of issuance of the Series 2025DE Bonds.

Financing of Capital Projects and Repayment of Commercial Paper Notes

A portion of the proceeds of the Series 2025DE Bonds are expected to be used to finance and refinance (through the repayment of Commercial Paper Notes) a portion of the costs of the CIP. For further descriptions of the CIP, see “CAPITAL PROJECTS AND PLANNING—The Capital Improvement Plan” and APPENDIX A— “AIRPORT CAPITAL IMPROVEMENT PLAN AND FUNDING—Summary of the Capital Improvement Plan—Projects in the Capital Improvement Plan.”

The full outstanding \$437 million in principal amount of Commercial Paper Notes, which were issued to finance Airport capital projects, will be repaid with certain proceeds of the Series 2025DE Bonds. Approximately \$112 million* of such Commercial Paper Notes will be repaid on or about the day of issuance of the Series 2025DE Bonds. A portion of the proceeds of the Series 2025DE Bonds will be deposited with The Bank of New York Mellon Trust Company, N.A. in escrow accounts to economically defease the remaining approximately \$325 million* principal amount of Commercial Paper Notes (the “Defeased Commercial Paper Notes”). The amounts deposited in such escrow accounts, together with investment earnings thereon, will be sufficient to pay principal of and interest on the Defeased Commercial Paper Notes on the date of repayment thereof, March 13, 2026. The ability of the Commission to issue Commercial Paper Notes in the amount of the Defeased Commercial Paper Notes will be reinstated upon the repayment of the Defeased Commercial Paper Notes. See also “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

A portion of the proceeds of the Series 2025DE Bonds will be used to pay interest on a portion of the Series 2025DE Bonds.

Deposit to Common Reserve Account

A portion of the proceeds of the Series DE Bonds are expected to be used to make a deposit in the amount of \$_____ to the Common Reserve Account. See “SECURITY FOR THE SERIES 2025DE BONDS – Reserve Fund and Reserve Accounts – Common Reserve Account.”

* Preliminary, subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds for the Series 2025DE Bonds.

Series 2025DE Bonds Estimated Sources and Uses of Funds

	Series 2025D Bonds	Series 2025E Bonds	Total
SOURCES OF FUNDS:			
Principal Amount.....			
Plus/Minus: Original Issue			
Premium/Discount.....			
TOTAL.....			
USES OF FUNDS:			
Deposit to Construction Accounts			
Issuance Date Commercial Paper			
Repayment and Deposit to Escrow			
Account for Defeased Commercial			
Paper Notes			
Capitalized Interest ⁽¹⁾			
Deposit to Common Reserve Account.....			
Underwriters' Discount.....			
Costs of Issuance ⁽²⁾			
TOTAL.....			

⁽¹⁾ Represents capitalized interest on a portion of the Series 2025DE Bonds.

⁽²⁾ Includes fees and expenses of Bond Counsel, Disclosure Counsel, the Co-Municipal Advisors, the Verification Agent, the Trustee, the Escrow Agent and the Airport Consultant, printing costs, rating agency fees, and other miscellaneous costs associated with the issuance of the Series 2025DE Bonds.

DESCRIPTION OF THE SERIES 2025DE BONDS

General

The Series 2025DE Bonds will be dated their date of issuance. The Series 2025DE Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the page immediately following the front cover of this Official Statement. Interest on the Series 2025DE Bonds will be payable on May 1 and November 1 of each year commencing on May 1, 2026 (each an "Interest Payment Date"). Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The Series 2025DE Bonds will be issued as fully registered securities, without coupons, and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"). Beneficial ownership interests in the Series 2025DE Bonds will be available in book-entry form only, in Authorized Denominations of \$5,000 and any integral multiple thereof.

Purchasers of beneficial ownership interests in the Series 2025DE Bonds ("Beneficial Owners") will not receive certificates representing their interests in the Series 2025DE Bonds purchased. While held in book-entry form, all payments of principal of and interest on the Series 2025DE Bonds will be made by wire transfer only to DTC or its nominee as the sole registered owner of the Series 2025DE Bonds. Payments to Beneficial Owners of the Series 2025DE Bonds are the sole responsibility of DTC and its Participants. See APPENDIX C—"INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions*

Optional Redemption

The Series 2025D Bonds maturing before May 1, 20__ are not subject to optional redemption. The Series 2025D Bonds maturing on or after May 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the Commission, from any source of available funds (other than mandatory sinking fund payments), as a whole or in part, in Authorized Denominations, on any date on or after May 1, 20__, at a redemption price equal to 100% of the principal amount of the Series 2025D Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

The Series 2025E Bonds maturing before May 1, 20__ are not subject to optional redemption. The Series 2025E Bonds maturing on or after May 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the Commission, from any source of available funds (other than mandatory sinking fund payments), as a whole or in part, in Authorized Denominations, on any date on or after May 1, 20__, at a redemption price equal to 100% of the principal amount of the Series 2025E Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Any notice of optional redemption for the Series 2025D Bonds or the Series 2025E Bonds may be conditional and may be cancelled and annulled by the Commission for any reason on or prior to the date fixed for redemption. Such cancellation would not constitute an Event of Default under the Indenture.

Mandatory Sinking Fund Redemption

The Series 2025D Bonds maturing on May 1, 20__ are subject to mandatory sinking fund redemption prior to their stated maturity date, in part, by lot, from mandatory sinking fund payments, at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, on the dates and in the amounts, as set forth below:

Series 2025D May 1, 2055 Term Bond Mandatory Sinking Fund Redemption

Mandatory Sinking Fund Redemption Date (May 1)*	Mandatory Sinking Fund Payment*
2051	\$62,810,000
2052	98,470,000
2053	208,325,000
2054	182,620,000
2055†	192,420,000

† Maturity.

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* Preliminary; subject to change.

Selection of Series 2025DE Bonds for Redemption

The Commission shall select the maturities of the Series 2025D Bonds and the Series 2025E Bonds to be optionally redeemed. If the Series 2025D Bonds to be optionally redeemed are Term Bonds, the Commission shall designate to the Trustee the mandatory sinking fund payment or payments to which the principal amount of such Series 2025D Bonds of the maturity optionally redeemed shall be credited.

Except as otherwise described in APPENDIX C—"INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM," if less than all of a maturity of the Series 2025D Bonds and the Series 2025E Bonds is to be redeemed, the Series 2025D Bonds or the Series 2025E Bonds, as applicable, to be redeemed shall be selected by lot in such manner as the Trustee shall determine.

Notice of Redemption

The Trustee is required to give notice of redemption of the Series 2025DE Bonds by first-class mail or Electronic Means, at least 20 days but not more than 60 days prior to the redemption date, to the registered owners of the Series 2025D Bonds and Series 2025E Bonds to be redeemed.

So long as the Series 2025D Bonds or Series 2025E Bonds, as applicable, are in book-entry only form through the facilities of DTC, any notice of redemption will be provided to Cede & Co., as the registered owner of the applicable Series 2025D Bonds or Series 2025E Bonds, and not directly to the Beneficial Owners. See APPENDIX C—"INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Any notice of optional redemption may be conditional and may be cancelled and annulled by the Commission if for any reason funds are not available on the date fixed for redemption. Such cancellation would not constitute an Event of Default under the Indenture. See also " – Optional Redemption" for additional discussion of the ability of the Commission to deliver a conditional notice of redemption.

Transfer and Exchange

The Series 2025DE Bonds will be issued only as fully registered securities, with the privilege of transfer or exchange in Authorized Denominations for Series 2025DE Bonds of an equal aggregate principal amount, of the same series, bearing the same interest rate and having the same maturity date, as set forth in the Indenture. All such transfers and exchanges shall be without charge to the owner, with the exception of any taxes, fees or other governmental charges that are required to be paid to the Trustee as a condition to transfer or exchange. While the Series 2025DE Bonds are in book-entry only form, beneficial ownership interests in the Series 2025DE Bonds may only be transferred through Direct Participants and Indirect Participants as described in APPENDIX C—"INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Defeasance

Upon deposit by the Commission with the Trustee, at or before maturity, of money or noncallable Government Obligations, Government Certificates or certain pre-funded municipal obligations described in the definition of Permitted Investments which, together with the earnings thereon, are verified to be sufficient to pay the principal amount or redemption price of any particular Series 2025DE Bonds, or portions thereof, becoming due, together with all interest accruing thereon to the due date or redemption date, and if the Commission provides for any required notice of redemption prior to maturity, such Series 2025DE Bonds (or portions thereof) will be deemed not to be Outstanding under the Indenture. This is referred to in this Official Statement as a "Defeasance." Upon a Defeasance of Series 2025DE Bonds (or portions thereof), the Owner or Owners of such Series 2025DE Bonds (or portions thereof) will be restricted exclusively to the money or securities so deposited with the Trustee, together with any earnings thereon, for payment of such Series 2025DE Bonds. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Defeasance."

SECURITY FOR THE SERIES 2025DE BONDS

Authority for Issuance

The Series 2025DE Bonds will be issued under the authority of, and in compliance with, the Charter of the City and County of San Francisco (the “Charter”), the Indenture, and the statutes of the State as made applicable to the City pursuant to the Charter.

Pledge of Net Revenues; Source of Payment

Pledge of Net Revenues

The Commission has irrevocably pledged the Net Revenues of the Airport to the payment of the principal of and interest and premium, if any, on the Bonds. The payment of the principal of and interest on the Series 2025DE Bonds will be secured by a pledge of, lien on and security interest in the Net Revenues on a parity with the pledge, lien and security interest securing all previously issued and Outstanding Bonds and any additional Bonds issued in the future under the Indenture. The Bonds have a lien on Net Revenues senior to any other outstanding debt, and the Commission has covenanted in the Indenture that it will not create any pledge of, lien on, or security interest in or encumbrance on Revenues or Net Revenues except for a pledge, lien, security interest or encumbrance subordinate to the pledge, lien and security interest granted in the Indenture for the benefit of the Bonds.

Net Revenues are defined in the Indenture as “Revenues” less “Operation and Maintenance Expenses.” “Revenues,” in turn, are defined in the Indenture to include all revenues earned by the Commission from or with respect to its possession, management, supervision, operation and control of the Airport, as determined in accordance with generally accepted accounting principles (“GAAP”). “Revenues” do not include: (a) interest income on, and any profit realized from, the investment of moneys in (i) the Construction Fund or any other construction fund funded from proceeds of any Subordinate Bonds (including Commercial Paper Notes), (ii) the Debt Service Fund which constitute capitalized interest, to the extent required to be paid into the Debt Service Fund, or (iii) the Reserve Fund if and to the extent there is any deficiency therein; (b) interest income on, and any profit realized from, the investment of the proceeds of any Special Facility Bonds; (c) Special Facility Revenues and any interest income or profit realized from the investment thereof, unless such receipts are designated as Revenues by the Commission; (d) any passenger facility charge or similar charge levied by or on behalf of the Commission against passengers, unless all or a portion of such charge are designated as Revenues by the Commission; (e) grants-in-aid, donations and/or bequests; (f) insurance proceeds not deemed to be Revenues in accordance with GAAP; (g) the proceeds of any condemnation award; (h) the proceeds of any sale of land, buildings or equipment; (i) any money received by or for the account of the Commission from the levy or collection of taxes upon any property in the City; (j) any Customer Facility Charge or similar charge levied by or on behalf of the Commission against customers, except to the extent all or a portion of such charge is designated as Revenues by the Commission; and (k) any Federal Subsidy Payments, except to the extent all or a portion thereof is designated as Revenues by the Commission.

“Operation and Maintenance Expenses” are defined in the Indenture to include all expenses of the Commission incurred for the operation and maintenance of the Airport, as determined in accordance with GAAP. Operation and Maintenance Expenses do not include: (a) the principal of, premium, if any, or interest on the Bonds, Subordinate Bonds or general obligation bonds issued by the City for Airport purposes (there are no general obligation outstanding for Airport purposes, nor have there been for more than 30 years); (b) any allowance for amortization, depreciation or obsolescence of the Airport; (c) any expense for which, or to the extent to which, the Commission is or will be paid or reimbursed from or through any source that is not included or includable as Revenues; (d) any extraordinary items arising from the early extinguishment of debt; (e) Annual Service Payments; (f) any costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to the Airport which, under GAAP, are properly chargeable to the capital account or the reserve for depreciation; and (g) any losses from the sale, abandonment, reclassification, revaluation or other disposition of any Airport properties. Operation and Maintenance Expenses include the payment of pension charges and proportionate payments to such compensation and other insurance or outside reserve funds as the Commission may establish or the Board of Supervisors of the City (the “Board of Supervisors”) may require with respect to Commission employees.

Pursuant to Section 5450 et seq. of the California Government Code, the pledge of, lien on and security interest in Net Revenues and certain other funds granted by the Indenture are valid and binding in accordance with the terms thereof from the time of issuance of the Series 2025DE Bonds; the Net Revenues and such other funds are immediately subject to such pledge; and such pledge constitutes a lien and security interest which immediately attaches to such Net Revenues and other funds and is effective, binding and enforceable against the Commission, its successors, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with the terms of, the Indenture, irrespective of whether those parties have notice of such pledge and without the need for any physical delivery, recordation, filing or other further act. Such pledge, lien and security interest are not subject to the provisions of Article 9 of the California Uniform Commercial Code. Also see “CERTAIN RISK FACTORS–Potential Effect of a City Bankruptcy.”

For a description of the Airport’s revenues and expenses, see “AIRPORT’S FINANCIAL AND RELATED INFORMATION.”

Certain Adjustments to “Revenues” and “Operation and Maintenance Expenses”

PFCs as Revenues. The term “Revenues” as defined in the Indenture does not include any passenger facility charge (“PFC”) or similar charge levied by or on behalf of the Commission against passengers, unless all or a portion thereof are designated as such by the Commission by resolution as it has in prior years. See “AIRPORT’S FINANCIAL AND RELATED INFORMATION–Passenger Facility Charge.”

The amounts of PFCs designated as “Revenues” under the Indenture and applied to pay debt service on the Bonds in recent years are described under “AIRPORT’S FINANCIAL AND RELATED INFORMATION– Passenger Facility Charge–Designation of PFC Collections as Revenues.” The Commission expects to continue to designate a substantial portion of PFCs as Revenues in each Fiscal Year during which such PFCs are authorized to be applied to pay debt service on the Bonds. See “AIRPORT’S FINANCIAL AND RELATED INFORMATION–Passenger Facility Charge.”

Offsets Against Operating Expenses. The term “Operation and Maintenance Expenses” is defined in the Indenture to exclude, among other things, any expense for which, or to the extent to which, the Commission is or will be paid or reimbursed from or through any source that is not included or includable as Revenues. For example, if the Commission pays operating expenses from proceeds of borrowed money or from grant moneys rather than from current revenues, the Indenture provides that “Operation and Maintenance Expenses” are reduced, impacting the rate covenant and additional Bonds tests under the Indenture. The Commission has applied and expects to continue to apply federal grants and other amounts to offset Operation and Maintenance Expenses. In Fiscal Years 2020-21, 2021-22 and 2022-23, these amounts were more significant as a result of federal COVID-19 relief and the application of Bond proceeds to Operation and Maintenance Expenses. See “AIRPORT’S FINANCIAL AND RELATED INFORMATION–Operating Expenses” and “Historical Debt Service Coverage.”

Unearned Aviation Revenues/Aviation Revenues Due. Because Revenues are determined on an accrual basis in accordance with GAAP, actual fiscal year-to-year cash receipts from terminal rentals and landing fees may differ materially from the amounts reported as “Revenues.” Terminal rental rates and landing fees are established in advance for the upcoming Fiscal Year based on estimated revenues and expenses. Actual receipts in any given Fiscal Year are either more or less than estimated revenues, as are actual costs relative to estimated costs. Due to the residual nature of the Lease and Use Agreements, to the extent there is an over-collection in any year (that is, receipts from the airlines exceed net costs), that excess is not included in “Revenues.” This is due to the fact that those revenues have not yet been earned, and these amounts are referred to as “unearned aviation revenues.” The Commission is obligated to use unearned aviation revenues to reduce future rates and charges under the Lease and Use Agreements (“rates and charges,” see “Rates and Charges” in APPENDIX E –“SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS” for additional detail). See “SAN FRANCISCO INTERNATIONAL AIRPORT–Airline Agreements” and APPENDIX E–“SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS.” However, the cash-on-hand resulting from any such over-collection is available to the Airport in the interim to pay operating expenses, debt service on Bonds or other amounts in the event that Revenues are unexpectedly low or expenses are unexpectedly high in the course of a given Fiscal Year.

Conversely, if there is an under-collection in any year, that shortfall will nonetheless be recognized as “Revenues,” as the Airport’s right to receive them has been earned (or “accrued”). The airlines are obligated under

the Lease and Use Agreements to pay such deficiency through future terminal rentals and landing fees. An under-collection signifies a corresponding reduction in liquidity available to the Airport for operating and other expenses. The Commission may also increase terminal rental rates and/or landing fees at any time during a Fiscal Year if the actual expenses (including debt service) in one or more applicable cost centers are projected to exceed by 10% or more the actual revenues from such cost center. See “SAN FRANCISCO INTERNATIONAL AIRPORT–Airline Agreements.”

For information about the amounts of unearned aviation revenues and aviation revenue due in recent years, see the footnotes to the table entitled “Summary of Airport’s Statement of Net Position” under “AIRPORT’S FINANCIAL AND RELATED INFORMATION–Summary of Financial Statements.”

Special, Limited Obligations

The Series 2025DE Bonds are special, limited obligations of the Commission, payable as to principal and interest solely out of, and secured by a pledge of and lien on, the Net Revenues of the Airport and certain funds and accounts provided for in the Indenture. Neither the credit nor taxing power of the City is pledged to the payment of the principal of or interest on the Series 2025DE Bonds. No holder of a Series 2025DE Bond shall have the right to compel the exercise of the taxing power of the City to pay the principal of the Series 2025DE Bonds or the interest thereon. The Commission has no taxing power whatsoever.

Rate Covenant

The Commission has covenanted in the Indenture that it will establish and at all times maintain rentals, rates, fees and charges for the use of the Airport and for services rendered by the Commission in connection with the Airport so that:

(a) Net Revenues in each Fiscal Year will be at least sufficient (i) to make all required debt service payments and deposits in such Fiscal Year with respect to the Bonds, any Subordinate Bonds and any general obligation bonds issued by the City for the benefit of the Airport (there have been no such general obligation bonds outstanding for more than 30 years), and (ii) to make the Annual Service Payment to the City as described under “AIRPORT’S FINANCIAL AND RELATED INFORMATION–Payments to the City–*Annual Service Payment*”; and

(b) Net Revenues, together with any Transfer from the Contingency Account, in each Fiscal Year will be at least equal to 125% of aggregate Annual Debt Service with respect to the Bonds for such Fiscal Year. See “–Contingency Account.” For purposes of the Indenture provision described in this clause (b), “Annual Debt Service” may, at the Commission’s option, be calculated based on required deposits to pay Annual Debt Service.

In the event that Net Revenues for any Fiscal Year are less than the amount determined as described in clause (b) above, but the Commission has promptly taken prior to or during the next succeeding Fiscal Year all lawful measures to revise its schedule of rentals, rates, fees and charges as necessary to increase Net Revenues, together with any Transfer, to the amount specified, such deficiency will not constitute an Event of Default under the Indenture. Nevertheless, if, after taking such measures, Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Commission for such Fiscal Year) are less than the amount determined as described in clause (b) above, such deficiency in Net Revenues will constitute an Event of Default under the Indenture. See APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE–Certain Covenants–*Rate Covenant*.”

Contingency Account

The Indenture provides for a Contingency Account within the Airport Revenue Fund held by the Treasurer of the City (the “Treasurer”). Under the Indenture, moneys in the Contingency Account may be applied upon the direction of the Commission to the payment of Operation and Maintenance Expenses, the required payments or deposits to pay or secure the payment of principal, redemption price or purchase price of, or interest on, the Bonds, and payment of the costs of any additions, improvements, repairs, renewals or replacements to the Airport, in each

case only if and to the extent that moneys otherwise available to make such payments are insufficient therefor. The Commission is not obligated to maintain a particular balance in the Contingency Account or to replenish the Contingency Account in the event any amounts are withdrawn from the account.

As of June 30, 2025, the Contingency Account contained approximately \$192.2 million (including adjustments for unrealized gains and losses and excluding certain interest earnings).

The Commission has never drawn on the Contingency Account to stabilize its finances. The Commission does include the balance in the Contingency Account in calculating compliance with the coverage requirements of the rate covenant described under “–Rate Covenant.” See “AIRPORT’S FINANCIAL AND RELATED INFORMATION–Historical Debt Service Coverage.” If the Commission withdraws funds from the Contingency Account for any purpose during any Fiscal Year and does not replenish the amounts withdrawn, such reduction in the amount on deposit in the Contingency Account may have an adverse effect on debt service coverage with respect to the Bonds.

Flow of Funds

The application of Revenues is governed by relevant provisions of the Charter and the Indenture. Under the Charter, the gross revenue of the Commission is to be deposited in a special fund in the City Treasury designated as the “Airport Revenue Fund.” These moneys are required to be held separate and apart from all other funds of the City and are required to be applied as follows:

First, to pay Airport operation and maintenance expenses;

Second, to make required payments of pension charges and to compensation, insurance and outside reserve funds therefor;

Third, to pay the principal of, interest on, and other required payments to secure revenue bonds (including the Series 2025DE Bonds);

Fourth, to pay principal of and interest on general obligation bonds of the City issued for Airport purposes (there are no general obligation bonds outstanding for Airport purposes, nor have there been for more than 30 years);

Fifth, to pay for necessary reconstruction and replacement of Airport facilities;

Sixth, to acquire real property for, and to pay for the construction or improvement of, Airport facilities;

Seventh, to repay to the City’s General Fund any sums paid from tax moneys for principal of and interest on any general obligation bonds previously issued by the City for Airport purposes; and

Eighth, for any other lawful purpose of the Commission, including without limitation transfer to the City’s General Fund on an annual basis of up to 25% of the non-airline revenues as a return upon the City’s investment in the Airport. However, the Lease and Use Agreements further limit payments from the Airport Revenue Fund into the General Fund of the City to the greater of (i) 15% of “Concessions Revenues” (as defined in the Lease and Use Agreements) and (ii) \$5 million per year. The Annual Service Payment to the City includes the total transfer to the City’s General Fund contemplated by the applicable Charter provision. See “AIRPORT’S FINANCIAL AND RELATED INFORMATION–Payments to the City.”

The Indenture establishes the following accounts within the Airport Revenue Fund: the Revenues Account, the Operation and Maintenance Account, the Revenue Bond Account, the General Obligation Bond Account, the General Purpose Account, and the Contingency Account, in effect continuing such accounts created under the 1991 Master Resolution. Under the Indenture, all Revenues are required to be set aside and deposited by the Treasurer in the Revenues Account as received. Each month, moneys in the Revenues Account are set aside and applied as follows:

First, to the Operation and Maintenance Account, the amount required to pay Airport Operation and Maintenance Expenses;

Second, to the Revenue Bond Account, the amount required to make all payments and deposits required in that month for the Bonds and any Subordinate Bonds, including amounts necessary to make any parity Swap Payments to a Swap Counterparty (the Commission is not currently party to any Swap Agreements);

Third, to the General Obligation Bond Account, the amount required to pay the principal of and interest on general obligation bonds of the City issued for Airport purposes (there are no general obligation bonds outstanding for Airport purposes, nor have there been for more than 30 years);

Fourth, to the General Purpose Account, the amount estimated to be needed to pay for any lawful purpose, including any subordinate Swap Payment payable in connection with the termination of a Swap Agreement (the Commission is not currently party to any Swap Agreements); and

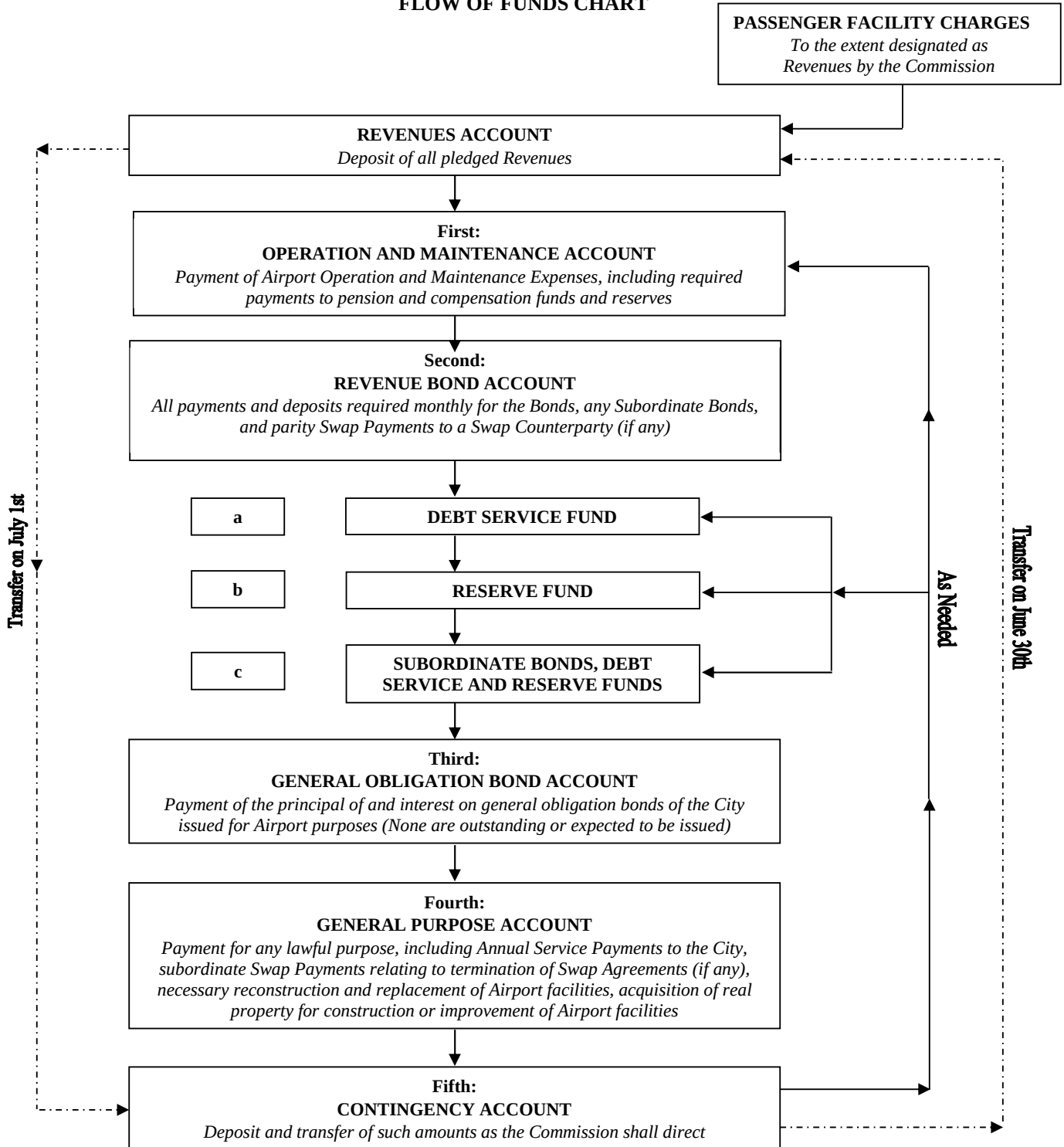
Fifth, to the Contingency Account, such amount, if any, as the Commission shall direct.

Flow of Funds Chart

The Flow of Funds Chart below sets forth a simplified graphic presentation of the allocation of amounts on deposit in the Airport Revenue Fund each month as provided in both the Charter and the Indenture. The Commission is providing such chart solely for the convenience of the reader, and the Commission qualifies it in its entirety by reference to the statements under the caption “–Flow of Funds.”

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FLOW OF FUNDS CHART



For a detailed description of the transfers and deposits of Revenues, see APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Revenue Fund; Allocation of Net Revenues."

Additional Bonds

General Requirements

Additional Bonds that have a parity lien on Net Revenues equivalent with the Series 2025DE Bonds and all previously issued Bonds may be issued by the Commission pursuant to the Indenture. The Commission has retained substantial flexibility as to the terms of any such additional Bonds. Such additional Bonds (which may include, without limitation, bonds, notes, bond anticipation notes, commercial paper, lease or installment purchase agreements or certificates of participation therein and Repayment Obligations to Credit Providers) may mature on any date or dates over any period of time; bear interest at a fixed or variable rate; be payable in any currency or currencies; be in any denominations; be subject to additional events of default; have any interest and principal payment dates; be in any form (including registered, book-entry or coupon); include or exclude redemption provisions; be sold at a certain price or prices; be further secured by any separate and additional security; be subject to optional tender for purchase; and otherwise include such additional terms and provisions as the Commission may determine, subject to the then-applicable requirements and limitations imposed by the Charter.

Under the Charter, the issuance of Bonds authorized by the Commission must be approved by the Board of Supervisors.

The Commission may not issue any additional Bonds under the Indenture unless the Trustee has been provided with either:

(a) a certificate of an Airport Consultant (as defined in APPENDIX D) dated within 30 days prior to the date of delivery of the additional Bonds stating that:

(i) for the period, if any, from and including the first full Fiscal Year following the issuance of such additional Bonds through and including the last Fiscal Year during any part of which interest on such Bonds is expected to be paid from the proceeds thereof, projected Net Revenues, together with any Transfer from the Contingency Account, in each such Fiscal Year will be at least equal to 1.25 times Annual Debt Service; and

(ii) for the period from and including the first full Fiscal Year following the issuance of such Bonds during which no interest on such Bonds is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Bonds, or (B) the third full Fiscal Year during which no interest on such Bonds is expected to be paid from the proceeds thereof, projected Net Revenues together with any Transfer from the Contingency Account, if applicable, in each such Fiscal Year will be at least sufficient to satisfy the rate covenants in the Indenture (see "—Rate Covenant"); or

(b) a certificate of an Independent Auditor stating that Net Revenues, together with any Transfer from the Contingency Account, in the most recently completed Fiscal Year were at least equal to 125% of the sum of (i) Annual Debt Service on the Bonds in such Fiscal Year, plus (ii) Maximum Annual Debt Service on the Bonds proposed to be issued.

Any Transfer from the Contingency Account taken into account for purposes of clause (a) or (b) above shall not exceed 25% of Maximum Annual Debt Service in such Fiscal Year. Also, for purposes of the tests described above, "Annual Debt Service" and "Maximum Annual Debt Service" may, at the Commission's option, be calculated based on required deposits to pay Annual Debt Service. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Issuance of Additional Series of Bonds."

The Commission anticipates that the certificate described in (a) above will be delivered by LeighFisher (the “Airport Consultant”), an Airport Consultant as defined in APPENDIX D, in connection with the issuance of the Series 2025DE Bonds.

Proceeds of additional Bonds are expected to be a significant source of funding for the CIP and other future capital projects. See “CERTAIN RISK FACTORS—Risks Related to the Commission’s Capital Projects” and “CAPITAL PROJECTS AND PLANNING—The Capital Improvement Plan.” Also see “AIRPORT CAPITAL IMPROVEMENT PLAN AND FUNDING—Summary of Capital Improvement Plan Funding” and “FINANCIAL FRAMEWORK AND ANALYSIS—Framework for Financial Operations—The Indenture—*Proposed and Future Bonds*” and “—Annual Debt Service Requirements” in APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT.”

The Commission may issue Bonds for the purpose of refunding any Bonds or Subordinate Bonds upon compliance with the requirements summarized above or upon delivery to the Trustee of evidence that aggregate Annual Debt Service in each Fiscal Year with respect to all Bonds to be Outstanding after the issuance of the refunding Bonds will be less than aggregate Annual Debt Service in each such Fiscal Year in which Bonds are Outstanding prior to the issuance of such refunding Bonds, and that Maximum Annual Debt Service with respect to all Bonds to be Outstanding after the issuance of the refunding Bonds will not exceed Maximum Annual Debt Service with respect to all Bonds Outstanding immediately prior to such issuance. For the purposes of this test, “Annual Debt Service” and “Maximum Annual Debt Service” may, at the Commission’s option, be calculated based on required deposits to pay Annual Debt Service. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Refunding Bonds.”

Repayment Obligations

Under certain circumstances, Repayment Obligations may be accorded the status of Bonds. A Repayment Obligation is defined under the Indenture to mean an obligation under a written agreement between the Commission and a Credit Provider to reimburse the Credit Provider for amounts paid under or pursuant to a “Credit Facility” (which is defined in the Indenture to include letters of credit, lines of credit, standby bond purchase agreements, municipal bond insurance policies, surety bonds or other financial instruments that obligate a third party to pay or provide funds for the payment of the principal or purchase price of, and/or interest on, any Bonds and which is designated as a Credit Facility in the Related Series Indenture). See “AIRPORT’S FINANCIAL AND RELATED INFORMATION—Credit Facilities.” See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Repayment Obligations as Bonds.”

Reserve Fund and Reserve Accounts

Overview

The Indenture provides for a “Common Reserve Account” in the Reserve Fund as security for each series of Bonds (each, a “Common Reserve Series”) that is designated as being secured by the Common Reserve Account. All of the series of currently Outstanding Bonds have been designated as Common Reserve Series under the Indenture except for the Series 2017D, 2018B, 2018C, 2019B and 2019D Bonds. **The Series 2025DE Bonds will be designated as Common Reserve Series and will be secured by the Common Reserve Account.**

The Indenture also provides for the pooled “2017 Reserve Account” (the “2017 Reserve Account”) in the Reserve Fund as security for each series of Bonds (the “2017 Reserve Account Series Bonds”) that is designated as being secured by the 2017 Reserve Account. The Series 2017D Bonds, Series 2019B Bonds and Series 2019D Bonds are designated as 2017 Reserve Account Series Bonds.

As permitted under the Indenture, the Commission does not maintain a reserve account for the Outstanding Series 2018B or 2018C Bonds, which are variable rate bonds secured by direct-pay letters of credit. See “AIRPORT’S FINANCIAL AND RELATED INFORMATION—Credit Facilities.”

Additional Bonds may be secured by the Common Reserve Account, the 2017 Reserve Account or a separate reserve account established by the Commission, or may not be secured by any debt service reserve account, as the Commission shall determine. A deficiency in any reserve account may require the Commission to apply Net Revenues

to cure such deficiency and thereby reduce Net Revenues available to pay debt service on the Commission's Bonds, including the Series 2025DE Bonds.

Common Reserve Account

Each Series of the Series 2025DE Bonds will be designated as a Common Reserve Series and will be secured by the Common Reserve Account.

Amounts on deposit in the Common Reserve Account may be used solely for the purposes of (i) paying principal or mandatory sinking fund payments of and interest on Common Reserve Series Bonds whenever any moneys then credited to the accounts within the Debt Service Fund for the Common Reserve Series Bonds are insufficient for such purposes, and (ii) paying one or more Credit Providers principal due with respect to any Credit Facility deposited into the Common Reserve Account to the extent that such payment will cause the amount available to be drawn under the related Credit Facility or Credit Facilities to be reinstated in an amount at least equal to the amount of such payment.

The reserve requirement for the Common Reserve Account (the "Common Reserve Requirement") is an amount equal to Aggregate Maximum Annual Debt Service on the Outstanding Common Reserve Series Bonds. "Aggregate Maximum Annual Debt Service" means the maximum amount of Annual Debt Service on all Outstanding Common Reserve Series Bonds in any Fiscal Year during the period from the date of calculation to the final scheduled maturity of such Bonds. The Common Reserve Requirement can be funded with cash, Permitted Investments and/or Credit Facilities.

The Indenture authorizes the Commission to obtain Credit Facilities, including surety bonds and insurance policies ("reserve policies"), in place of funding the Common Reserve Account with cash and Permitted Investments upon the satisfaction of certain requirements. The Commission does not have any Credit Facilities in, and does not have any plans to obtain Credit Facilities for, the Common Reserve Account.

Following the issuance of the Series 2025DE Bonds, the Common Reserve Requirement will be approximately \$____ million. Immediately following the issuance of the Series 2025DE Bonds, cash and Permitted Investments in the Common Reserve Account are expected to equal approximately \$____ million, or ____% of the Common Reserve Requirement.

For additional information about the Common Reserve Account and information about the 2017 Reserve Account (which does not secure the Series 2025DE Bonds), see APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Debt Service and Reserve Funds—Application and Valuation of Common Reserve Account and 2017 Reserve Account."

No Acceleration

The Bonds are not subject to acceleration under any circumstances or for any reason including, without limitation, upon the occurrence and continuance of an Event of Default under the Indenture. Moreover, the Bonds will not be subject to mandatory redemption or mandatory purchase or tender for purchase upon the occurrence and continuance of an Event of Default under the Indenture to the extent the redemption or purchase price is payable from Net Revenues. Bonds, however, may be subject to mandatory redemption or mandatory purchase or tender for purchase if the redemption or purchase price is payable from a source other than Net Revenues, such as payments under a credit facility. Amounts payable to reimburse a credit provider pursuant to a credit facility for amounts drawn thereunder to pay principal, interest or purchase price of Bonds, which reimbursement obligations are accorded the status of Repayment Obligations, can be subject to acceleration, but any such accelerated payments (other than certain amounts assumed to be amortized in that year under the Indenture) would be made from Net Revenues on a basis subordinate to the Bonds. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Repayment Obligations as Bonds."

Upon the occurrence and continuance of an Event of Default under the Indenture, the Commission would be liable only for principal and interest payments, and premium, if any, on the Bonds as they became due. *The inability*

to accelerate the Bonds limits the remedies available to the Trustee and the Owners upon an Event of Default and could give rise to conflicting interests among Owners of earlier-maturing and later-maturing Bonds. In the event of successive defaults in payment of the principal of or interest on the Bonds, the Trustee likely would be required to seek a separate judgment for each such payment not made. Also see “CERTAIN RISK FACTORS– Limitation of Remedies” and “–Potential Effect of a City Bankruptcy.”

Other Indebtedness

General

In addition to the Series 2025DE Bonds and the other Bonds that it may have Outstanding from time to time, the Commission has reserved the right under the Indenture to issue indebtedness (i) secured in whole or in part by a pledge of and lien on Net Revenues subordinate to the pledge and lien securing the Bonds (“Subordinate Bonds”), or (ii) secured by revenues from a Special Facility (defined herein) (“Special Facility Bonds”). Provisions of the Indenture governing the issuance of and security for Subordinate Bonds and Special Facility Bonds are described below under “–Subordinate Bonds” and “–Special Facility Bonds” and in APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE–Subordinate Bonds” and “–Special Facility Bonds.”

Subordinate Bonds

The Commission has authorized, and the Board of Supervisors has approved, the issuance by the Commission of up to \$600,000,000 principal amount outstanding at any one time of commercial paper notes (the “Commercial Paper Notes”), which constitute Subordinate Bonds. The Commercial Paper Notes are authorized pursuant to Resolution No. 97-0146 adopted by the Commission on May 20, 1997, as amended and supplemented (the “Subordinate Resolution”). The Subordinate Resolution provides that payment of the Commercial Paper Notes, and repayment of amounts drawn on the letters of credit with respect thereto, are secured by a lien on Net Revenues subordinate to the lien of the Indenture securing the Bonds. See APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE–Subordinate Bonds.”

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The Commission presently has six irrevocable direct-pay letters of credit totaling \$600 million in available principal amount to support the Commercial Paper Notes. The current letters of credit are described in the following table.

LETTERS OF CREDIT SUPPORTING COMMERCIAL PAPER NOTES

<u>Series</u>	<u>Principal Amount</u>	<u>Letter of Credit Provider</u>	<u>Expiration Date</u>
Series A-1 Notes Series B-1 Notes Series C-1 Notes	\$100,000,000	Bank of America, N.A.	April 28, 2028
Series A-2 Notes Series B-2 Notes Series C-2 Notes	\$100,000,000	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	April 7, 2027
Series A-3 Notes Series B-3 Notes Series C-3 Notes	\$100,000,000	BMO Bank N.A.	April 30, 2027
Series A-4 Notes Series B-4 Notes Series C-4 Notes	\$100,000,000	Sumitomo Mitsui Banking Corporation, acting through its New York Branch	June 6, 2028
Series A-5 Notes Series B-5 Notes Series C-5 Notes	\$125,000,000	Barclays Bank PLC	April 23, 2027
Series A-6 Notes Series B-6 Notes Series C-6 Notes	\$75,000,000	Bank of America, N.A.	May 4, 2026

Source: Commission.

As of September 1, 2025, of the \$600 million of Commercial Paper Notes authorized, there were approximately \$437 million in principal amount of Commercial Paper Notes outstanding. The Commission expects to repay such Commercial Paper Notes with proceeds of the Series 2025DE Bonds. See “PLAN OF FINANCE.” The Commission expects to continue issuing and repaying Commercial Paper Notes from time to time in the future, and it may issue additional Commercial Paper Notes prior to the issuance of the Series 2025DE Bonds.

Special Facility Bonds

The Commission may (a) designate an existing or planned facility, structure, equipment or other property, real or personal, which is at the Airport or part of any facility or structure at the Airport as a Special Facility, (b) provide that revenues earned by the Commission from or with respect to such Special Facility shall constitute “Special Facility Revenues” and shall not be included as Revenues, and (c) issue Special Facility Bonds for the purpose of acquiring, constructing, renovating, or improving such Special Facility. The designation of an existing facility as a Special Facility therefore could result in a reduction in Revenues. Principal, purchase price, if any, redemption premium, if any, and interest with respect to Special Facility Bonds shall be payable from and secured by the Special Facility Revenues, and not from or by Net Revenues.

No Special Facility Bonds may be issued by the Commission unless an Airport Consultant (as defined in APPENDIX D) has certified: (i) that the estimated Special Facility Revenues with respect to the proposed Special Facility will be at least sufficient to pay the principal, purchase price, interest, and all sinking fund, reserve fund and other payments required with respect to such Special Facility Bonds when due, and to pay all costs of operating and

maintaining the Special Facility not paid by a party other than the Commission; (ii) that estimated Net Revenues calculated without including the Special Facility Revenues and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses will be sufficient so that the Commission will be in compliance with its rate covenant during each of the five Fiscal Years immediately following the issuance of the Special Facility Bonds; and (iii) that no Event of Default under the Indenture exists.

SFO Fuel Bonds

The Commission issued \$125,000,000 of Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC) Series 2019A and Series 2019B (the “SFO Fuel Bonds”), which are Special Facility Bonds, in February 2019. As of September 1, 2025, \$78,275,000 in principal amount of SFO Fuel Bonds remained outstanding. The SFO Fuel Bonds were issued to finance and refinance certain costs of the construction of jet fuel storage, distribution and related facilities at the Airport for the benefit of the airlines serving the Airport. See “SAN FRANCISCO INTERNATIONAL AIRPORT—Current Airport Facilities—*Jet Fuel Distribution System*.” The SFO Fuel Bonds are payable from and secured by payments made by SFO FUEL COMPANY LLC, a special purpose limited liability company (“SFO Fuel”), pursuant to a lease agreement between the Commission and SFO Fuel with respect to the jet fuel storage and distribution facilities. SFO Fuel was formed by certain airlines operating at the Airport. The lease payments, and therefore the SFO Fuel Bonds, are payable from charges imposed by SFO Fuel on air carriers for into-plane fueling at the Airport and are not payable from or secured by Net Revenues.

Airport Hotel Special Facility Revenue Bonds

In June 2018, the Commission issued \$260,000,000 of San Francisco International Airport Hotel Special Facility Revenue Bonds (the “Hotel Special Facility Bonds”) to finance and refinance (through the repayment of Commercial Paper Notes) the development and construction of a new Commission-owned hotel at the Airport (the “On-Airport Hotel”), to fund capitalized interest on the Hotel Special Facility Bonds and to pay related costs. The On-Airport Hotel was designated as a Special Facility, and the Hotel Special Facility Bonds are Special Facility Bonds. The Hotel Special Facility Bonds are payable from On-Airport Hotel revenues and are not payable from or secured by Net Revenues. There were \$256,805,000 in principal amount of Hotel Special Facility Bonds outstanding as of September 1, 2025. The Hotel Special Facility Bonds are beneficially owned by the Commission and were purchased with proceeds of the Commission’s Second Series Revenue Bonds, Series 2018B and Series 2018C. See “SAN FRANCISCO INTERNATIONAL AIRPORT—Current Airport Facilities—*On-Airport Hotel*” for additional information about the hotel.

SAN FRANCISCO INTERNATIONAL AIRPORT

Introduction

San Francisco International Airport, which is owned and operated by the City, is the principal commercial service airport for the San Francisco Bay Area. The Airport is located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County between the Bayshore Freeway (U.S. Highway 101) and the San Francisco Bay. In 2024, the Airport was ranked 13th in the United States in terms of passengers and 16th in terms of air cargo tonnage, according to Airports Council International-North America (“ACI-NA”). According to U.S. Department of Transportation (“U.S. DOT”) statistics, the Airport is also a major origin and destination point (9th in the United States in Fiscal Year 2024-25). The Airport is one of the nation’s principal gateways for Pacific traffic and serves as a domestic hub and Pacific gateway for United Airlines. It also serves as a domestic hub for Alaska Airlines.

Organization and Management

Under the Charter, the Commission is responsible for the operation and management of the Airport, which is an enterprise department of the City. The Commission consists of five members appointed by the Mayor of the City for four-year overlapping terms. All appointments are subject to rejection by a two-thirds vote of the Board of Supervisors and any member may be removed by a three-fourths vote of the Board of Supervisors but only for official misconduct.

The current members of the Airport Commission and their respective occupations and terms are as follows:

Current Members of the Airport Commission

Member	Occupation	Term Ends August 31 of
Malcolm Yeung, <i>President</i>	Executive Director-Chinatown Community Development Center, Board Member-Chinese Chamber of Commerce of San Francisco, National Coalition of Asian Pacific Americans for Community, Rose Park Community Fund and Chinatown Media and Arts Collaborative	2026
Susan Leal, <i>Vice President</i>	Retired, Associate-Harvard University School of Engineering and Applied Sciences, Member-Advisory Council at UC Berkley Department of Civil and Environmental Engineering	2028
Jose Fuentes Almanza	Representative-IBEW Local 6, Trustee-San Francisco Electrical Workers Health & Welfare	2026
Mark Buell	Retired, Chair, Presidio Trust; Member-University of San Francisco and the Marin Foundation	2027
Nancy Tung	Chief of the Vulnerable Victim Unit and Community Partnerships division of the San Francisco District Attorney's Office; Party Chair, San Francisco Democratic County Central Committee; Member, National Asian Pacific Islander Association and Asian American Bar Association	2029

Under the Charter, the Commission is responsible for the “construction, management, supervision, maintenance, extension, operation, use and control of all property, as well as the real, personal and financial assets which are under the Commission’s jurisdiction.” The Commission has the exclusive authority to plan and issue revenue bonds for airport-related purposes, subject to the approval, amendment or rejection by the Board of Supervisors.

Under the City Administrative Code, the Commission also has power to fix and adjust Airport rates, fees and charges for services and facilities provided by the Airport.

The Commission’s budget and certain Commission contracts and leases (generally, those for a term of more than ten years or involving revenue to the City of more than \$1,000,000 or expenditures of more than \$10,000,000), and modifications thereto, require approval of the Board of Supervisors. In addition, if any project is estimated to cost more than \$25 million, and more than \$1 million in predevelopment, planning or construction costs will be paid with City funds, then the Board of Supervisors is required to make a determination of fiscal feasibility prior to the commencement of environmental review, if any, on such project. Certain actions of the Board of Supervisors are also subject to approval by the Mayor.

Other City departments provide various services to the Commission, including the Police Department, the Fire Department, the Water Department, the Hetch Hetchy Power Division, the Department of Public Works, the City Controller, the Purchasing Department, the Department of Technology and the City Attorney. See “AIRPORT’S FINANCIAL AND RELATED INFORMATION–Payments to the City–Payments for Direct Services.”

Airport Senior Management and Legal Counsel

Senior management is led by the Airport Director (the “Director”), who has the authority to administer the affairs of the Commission as the chief executive officer thereof. Under the Charter, the Director is appointed by the

Mayor from candidates submitted by the Commission. Once appointed by the Mayor, the Director serves at the pleasure of the Commission. The City Attorney serves as the legal advisor to the Commission.

Brief biographies of the principal members of the senior management and legal counsel at the Airport are set forth below:

Mike Nakornkhet was appointed as Director effective January 2025. Prior to serving in this capacity, Mr. Nakornkhet spent thirteen years at the Airport from 2008 to 2021, including eight years as the Airport's Director of Financial Planning and Analysis and Acting Managing Director of Finance. In this capacity, he supported the Capital Improvement Program as well as revenue budgeting, forecasting and reporting. Mr. Nakornkhet left in 2021 to take an executive role at Denver International Airport, and served as Chief Financial Officer and Executive Vice President before returning to the Airport as Director. Mr. Nakornkhet holds a Bachelor of Science in Mechanical Engineering from Purdue University and a Master of Business Administration from the Kelly School of Business at Indiana University. He is also the past Chair of the International Airport Professional Community of Practice Executive Board.

Kevin Bumen was appointed Chief Financial and Commercial Officer in November 2022. Prior to serving in this capacity, Mr. Bumen served as Chief Commercial Officer beginning in October 2020, overseeing the Airport's revenue generating departments, including Aviation Management, Hotel and Special Projects, Parking Management, and Revenue Development and Management. Prior to joining Airport staff, Mr. Bumen served as the Director of Airports for San Luis Obispo County as well as Director of Aviation and Business Services for Truckee Tahoe Airport District. Mr. Bumen is Past President of the California Airports Council and is currently serving on the Board of Directors of the American Association of Airport Executives and Airports Council International – North America.

Jeff Littlefield was appointed Chief Operating Officer in July 2016. Prior to this, he served as the Deputy Airport Director-Operations and Security from 2011 until taking on his new role, and as Deputy Airport Manager from 2008 to 2011. Prior to joining the Airport, Mr. Littlefield was employed by United Airlines for 21 years in a variety of operational capacities, including nine years as General Manager at Oakland San Francisco Bay Airport (the "Oakland Airport").

Judi Mosqueda was appointed Chief Development Officer in November 2022. In this capacity, she oversees Design and Construction for the Airport, including Architecture, Engineering, Procurement and Contracts, and Project Management. Prior to her role as Chief Development Officer, Ms. Mosqueda served as the Director of Project Management for eight years and led the successful implementation of over \$5 billion in major capital projects. Prior to that, Ms. Mosqueda was a project manager responsible for implementing a wide range of project types for the Airport and other departments of the City. Ms. Mosqueda is a licensed landscape architect with over 30 years of experience in design and construction. Ms. Mosqueda is the President of the Board of Directors for the International Partnering Institute.

Cathy Widener was appointed Chief External Affairs Officer in June 2023. As Chief External Affairs Officer, Ms. Widener oversees Government Affairs, Communications, Marketing, Reprographics, Protocol and International Trade and Commerce. In this capacity, Ms. Widener focuses on ensuring governmental actions benefit the Airport, leads the team that concentrates on ensuring internal and external stakeholders are well informed and helps drive the promotion of the Airport as a premier gateway to California and the United States. Prior to her current appointment, Ms. Widener served as Acting Chief External Affairs Officer from June 2021. Prior to joining Airport staff, Ms. Widener served as the Bay Area Field Representative for U.S. Senator Dianne Feinstein and in public policy positions at EMILY's List and the San Francisco Chamber of Commerce. Ms. Widener has worked in government and politics for more than 20 years.

Ralf Ruckelshausen was appointed Acting Chief Innovation and Technology Officer in October 2025. Prior to his appointment, he served as Managing Director Safety, Security and Airside Services where he had operational and regulatory responsibility for FAR 139 and TSR 1542. Prior to joining the Airport in 2013, Ralf had an extensive aviation career spanning close to 25 years with United Airlines in a variety of operational, planning, technology, and leadership roles. His time with United included 13 years as Managing Director Bay Area Airports, where he had responsibility for San Francisco, Oakland, and San Jose airports. Ralf served on the Airports Council International-World Safety and Technical Steering Committee and holds certifications through the American Association of Airport Executives. A search is underway to fill this position.

Julie Veit was appointed Airport General Counsel in September 2021. Ms. Veit manages the on-site Airport Legal Division for the San Francisco City Attorney. The division provides a full range of in-house legal services to the Commission (leases and permits, environmental/land use regulations, construction, operations (security/safety), contracts, labor, municipal finance, litigation, and general government). Ms. Veit joined the Office of the San Francisco City Attorney in 2014 as a Deputy City Attorney and advised San Francisco public agencies on public work projects, professional services contracts, permit programs, and ground transportation, and drafted legislation. Prior to joining the Office of the City Attorney, Ms. Veit was in private practice for over ten years litigating cases on behalf of public agencies.

Current Airport Facilities

Airfield

The Airport's runway and taxiway system occupies approximately 1,700 acres and includes four intersecting runways, three of which are equipped with instrument landing systems for arrivals. The two east-west runways are 11,870 and 11,381 feet long, respectively. The two north-south runways are 8,650 and 7,650 feet long, respectively. The current runway system can accommodate the arrival and departure at maximum loads of all commercial aircraft currently in service, including the Airbus A380. The runways are built on bay tidelands that were filled before, during, and after World War II. As a result, the runways continue to settle at various rates and require periodic repair and maintenance work. See "CERTAIN RISK FACTORS—Risks Associated with Global Climate Change" above and "—Settlement, Subsidence and Liquefaction" below. The Airport's ability to expand in the long-term may be constrained by the Airport's footprint and surrounding geography.

Terminals

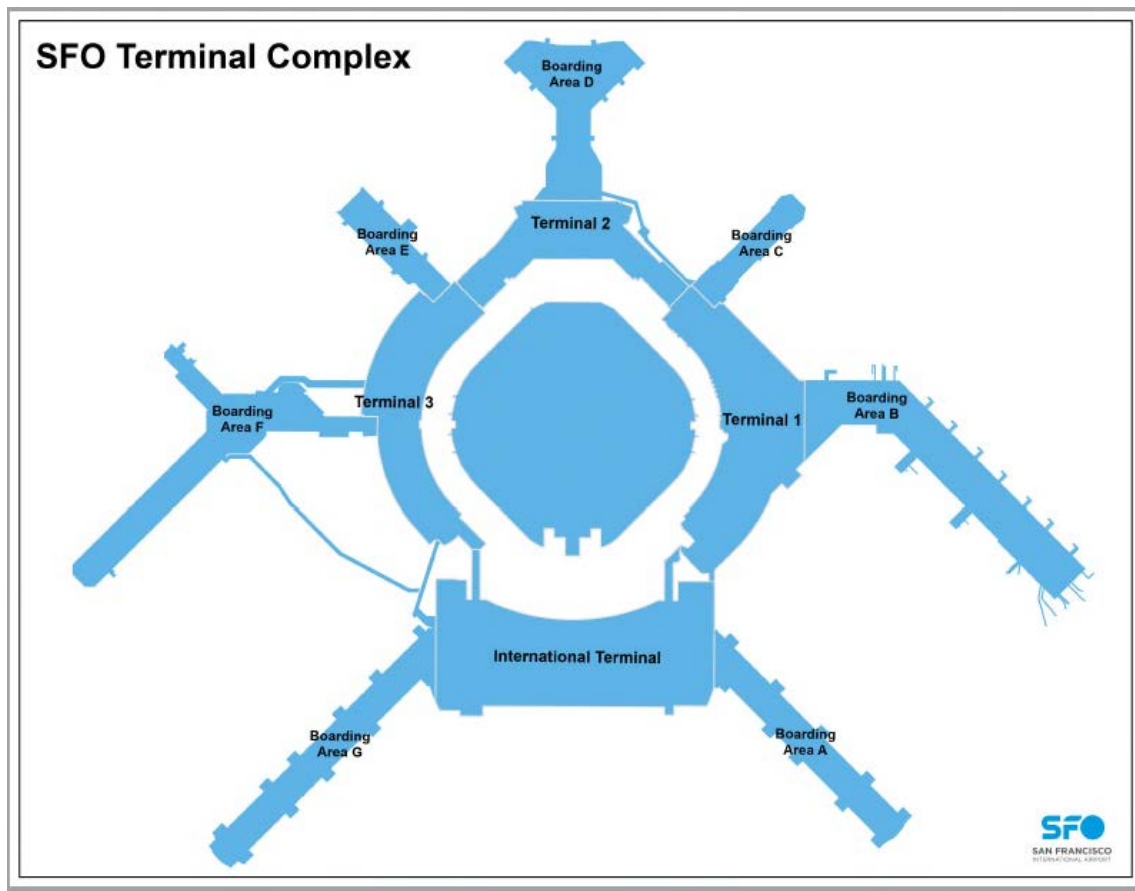
The Airport has four terminal buildings (collectively, the "Terminal Complex"). The International Terminal Complex, or "ITC" is a 2.5 million square foot facility located directly above an access roadway network. The ITC includes an approximately 239,000 square foot federal inspection station ("FIS") facility capable of processing approximately 5,000 passengers per hour. The Airport owns and the airlines maintain the common use baggage system that supports all airlines in the ITC. The ITC handles primarily international flights.

In addition, the Airport has three other terminal buildings – Harvey Milk Terminal 1 ("Terminal 1"), Terminal 2 and Terminal 3 – which consist of a total of approximately 3.2 million square feet of space and handle primarily domestic flights, flights to and from Canada, and some flights to Mexico.

The CIP includes significant terminal improvements. See "CAPITAL PROJECTS AND PLANNING – The Capital Improvement Plan – *Major Ascent Program – Phase 1.5 Capital Projects – Terminals*"

The Airport has 101 operational gates, 48 of which can accommodate widebody aircraft and nine of which can accommodate "New Large Aircraft" (such as the Airbus A380), as of July 1, 2025. All gates in the ITC and some of the gates in Terminal 1 are connected to the FIS and are capable of accepting international arrivals. Any gate connected to the FIS is known as a "swing gate" because it can serve either domestic or international activity. From time to time, gates are taken out of service during periods of construction and renovation.

Following is a graphic depiction of the terminals at the Airport.



AirTrain System

The AirTrain System provides elevated automated rapid transit service over a “terminal loop” to serve the Terminal Complex and over a “north corridor loop” to serve the rental car facility, long-term parking, and other locations situated north of the Terminal Complex.

Air Traffic Control Tower

The Air Traffic Control Tower includes an integrated building in the base of the tower, providing public space, public restrooms, a secure connector linking Boarding Area C with Boarding Area D, and a non-secure connector linking Terminal 1 and Terminal 2.

Airport Integrated Operations Center

The Airport is in the final stages of constructing the Airport Integrated Operations Center (“AIOC”), a centralized facility designed to enhance coordination, communication, and responsiveness across Airport operations. The AIOC will consolidate multiple Airport functions – including airfield, terminal, security, maintenance, and ground transportation operations – into a single, co-located command and coordination center. This facility is intended to support real-time situational awareness and operational decision-making to improve passenger experience, incident response, and overall operational efficiency. The AIOC will also provide integrated data and performance monitoring capabilities and serve as the central coordination point during both routine and non-routine events.

The AIOC is being developed as part of the Airport’s CIP. Construction of the facility is expected to be substantially complete in December 2025. The Airport expects to complete commissioning, systems integration, and staff onboarding activities by August 2026. Upon full activation, the AIOC will represent a significant infrastructure

investment designed to enhance operational resilience and customer service while supporting the Airport's long-term strategic and sustainability objectives.

Jet Fuel Distribution System

The Airport leases its on-Airport jet fuel receiving, storage, distribution and other related facilities (collectively, the "Fuel System") to SFO Fuel. Airlines providing substantially all of the regularly scheduled service to the Airport are members of SFO Fuel. Pursuant to an interline agreement governing the business relationship between SFO Fuel and its members, the members of SFO Fuel are jointly responsible, on a step-up basis, for all costs, liabilities and expenses of SFO Fuel. SFO Fuel, and not the Commission, is responsible for the management and operation of the Fuel System.

The Fuel System includes a pipeline distribution system, a fuel supply terminal loop around the Terminal Complex, and various hydrant systems; as well as a tank storage facility with total above-ground storage representing a total nominal storage capacity of just over 531,000 barrels, which represents over six and a half days of operations based on consumption in the second quarter of 2025.

SFO Fuel has an arrangement with Kinder Morgan's Brisbane Terminal for an additional 150,000 barrels of storage capacity of off-Airport jet fuel storage capacity.

Airlines and fuel suppliers are responsible for the procurement and delivery of jet fuel to the Fuel System. Competitive service providers are responsible for delivery of jet fuel into aircraft from the Fuel System.

On-Airport Hotel

The Airport owns a 351-room hotel, known as the Grand Hyatt at SFO, located on the Airport property with direct access to all of the terminals via the AirTrain System. The hotel opened in October 2019 and is operated by the Hyatt Corporation as a four-diamond hotel under a long-term management agreement between the Commission and the Hyatt Corporation. This agreement currently expires in October 2031, unless terminated earlier by either party as provided in the agreement, and the Airport has the right to extend the term for an additional five years.

Bay Area Rapid Transit ("BART") Service to the Airport

BART has provided direct service to the Airport since 2003. This service provides a convenient connection between the Airport and the greater San Francisco Bay Area that is served by BART. BART service to the Airport travels directly through San Francisco from various points in the East Bay. Additionally, an intermodal station in the City of Millbrae provides a direct link between BART and Caltrain offering additional transit options and connection to the southern parts of the San Francisco Bay Area as well as the City.

Public Parking and Rental Car Facilities

Public Parking. Three public parking garages (domestic and international) provide approximately 8,780 public parking spaces at the Airport. The domestic parking garage is connected to the three domestic terminals by pedestrian tunnels and pedestrian bridges. Two international parking garages are located near the ITC and accessible by Air Train. An additional 7,296 spaces are available for public long-term parking, approximately 1.5 miles from the Terminal Complex, and are accessible by Air Train.

Rental Car Facility. An approximately 5,000 parking space, full-service rental car facility (the "Rental Car Center") for all on-Airport rental car companies is located approximately one mile north of the Terminal Complex and is accessed from the terminals by the AirTrain System.

Maintenance and Cargo Facilities

Airlines have made various investments in facilities at the Airport. The United Airlines maintenance center, containing approximately three million square feet of building and hangar floor area, is one of the country's largest

private aircraft maintenance facilities. United Airlines also operates a large cargo facility at the Airport. Both of these facilities are located on land owned by the Airport but ground leased to the airline with title to the improvements vesting in the Airport upon the expiration of the leases. American Airlines also operates a major maintenance facility at the Airport, and certain other airlines and aviation support companies lease and operate significant cargo, maintenance and other facilities at the Airport.

West Field

The Airport's West Field area includes air cargo, mail sortation, catering, and Airport support facilities, the Rental Car Center, ground service equipment and aircraft line maintenance facilities, aircraft parking, and employee vehicle parking. Given the limited physical footprint of the Airport, the West Field is already space constrained, but the West Field's prime location near the terminal complex makes it a valuable site for further development. Some of the current CIP capital projects in this area include an administration campus building, a garage and cargo expansion buildings.

Seismic Design of Airport Facilities

The Airport's facilities are assigned to Seismic Design Category ("SDC") E or F under current building codes. An SDC is a classification assigned to a structure based on its occupancy and on the level of expected ground motion in the event of an earthquake. The SDCs range from Category A (corresponds to buildings that present a low hazard to human life located in areas with very little seismic vulnerability) to Category F (corresponds to essential facilities located near major active faults).

The ITC was designed as an "essential facility" (i.e., a facility that is immediately occupiable following a maximum credible seismic event), exceeding the minimum applicable design requirements for a building of its type. In addition, other buildings and facilities constructed by the Airport during the 1990s and early 2000s were designed to comply with, and in some cases exceed, the then-current seismic design standards. These facilities include the AirTrain System (guideway, stations, and AirTrain System maintenance building); the elevated circulation roads and inbound/outbound freeway ramps; international, long-term and employee parking garages; the Rental Car Center; the Communications Center located in a portion of the North Connector Building that links Terminal 2 to Terminal 3; and the on-Airport BART station and guideway. In the late 2000s, the Airport also completed a seismic retrofit of the Airport's upper-level viaduct, bringing it up to then-current seismic design standards. All new Airport projects are required to meet current pertinent building codes, which include seismic.

As part of the Airport's Terminal 2 Renovations program, the Terminal 2/Boarding Area D facility received a seismic upgrade which allowed the facility to meet then-current (as of 2007) seismic standards.

The Air Traffic Control Tower, which was activated in 2016, was designed as an essential facility. The FAA has developed contingency plans for the operation of air traffic control functions from a temporary site in the event the Air Traffic Control Tower is rendered inoperable due to a seismic event. Such remote operations could result in a reduction in air traffic control service levels and capabilities, and may have a significant impact on the airspace system supporting the Airport.

Terminals 1 and 3 and certain boarding areas in these terminals do not meet current seismic requirements. Improvements are currently in various stages of design and construction to bring these terminals and boarding areas into compliance. See "CAPITAL PROJECTS AND PLANNING—The Capital Improvement Plan." Terminal 1 Boarding Area B, which opened in phases in 2019 and 2020, was built to then-current seismic design standards. The final phase of the Terminal 1 Center renovation was completed in June 2024. The full renovation of Terminal 1 Boarding Area C is not yet in the current CIP. Terminal 3 is being renovated in phases. In the first phase, Boarding Area E was renovated and reopened in 2014 and was upgraded to then-current seismic design standards. In the second phase, Terminal 3 East was renovated and reopened in 2015 and was upgraded to then-current seismic design standards. The third and fourth phases, the renovation of Terminal 3 West and East Addition, are currently under construction and are anticipated to open in phases between 2027 and 2030. The final phase, the full renovation of Boarding Area F, is currently undergoing environmental review and is not yet in the current CIP. See "CAPITAL PROJECTS AND PLANNING—The Capital Improvement Plan."

See “Certain RISK FACTORS–Seismic and Other Natural Disasters or Emergencies” for further discussion of the seismic risks facing the Airport.

Settlement, Subsidence and Liquefaction

Portions of the Airport and other portions of the San Francisco Bay Area, including the City, are built on historic fill that was placed over saturated silty clay known as “Bay Mud.” This Bay Mud is soft and compressible, and the compression of the Bay Mud under the weight of the existing fill is ongoing, resulting in sinking or settling of the ground surface known as subsidence. Subsidence can be exacerbated by liquefaction when loosely packed, water-logged sediments compress rapidly from strong ground shaking, significantly lowering the ground surface, potentially causing significant structural damage. The Airport has been monitoring ground settlement for decades. Over the years, the collected information shows very minor, localized settlement of well below one inch per year, with a trend of decreasing settlement rates over time. The Airport will continue to monitor ground settlement to determine if any mitigation is necessary to protect the Airport. The Airport mitigates such minor settlement through regular localized fill and repair. The Airport’s runway rehabilitation and overlay program keeps the runways and taxiways in safe operation. See “CERTAIN RISK FACTORS–Risks Associated with Global Climate Change” For further discussion of subsidence and associated risks.

On-Time Performance and Congestion

On-time flights are defined by the U.S. DOT as any flight that arrives or departs within 15 minutes of the scheduled arrival or departure time. Arrival on-time performance is typically lower at the Airport than at the two other San Francisco Bay Area airports primarily due to the prevalence of low clouds and fog around the Airport at various times of the year. In good weather conditions (cloud ceiling of at least 3,600 feet), up to 60 planes per hour can land at the Airport. During adverse weather conditions (cloud ceiling of between 1,600 feet and 3,600 feet), up to 40 planes per hour can land at the Airport. 76% of domestic arrivals were on time at the Airport in the period from June 2024 through May 2025, as compared to 81% at Oakland Airport and 83% at San José Norman Y. Mineta International Airport (the “San Jose Airport”).

A runway “slot” is an authorization to either take-off or land at a particular airport on a particular day during a specified time period. “Slot control” involves imposing limits on planned aircraft operations, to limit scheduled air traffic at certain capacity constrained airports. It is a tool used in the United States and around the world to manage air traffic at airports which have been designated as Level 3.

Under the International Air Transport Association Worldwide Slot Guidelines, airports are designated at levels indicating their degree of congestion. Level 1 airports have sufficient capacity to meet demand. Level 2 airports have potential for congestion during some periods of the day, which can be managed through mutual cooperation of the carriers with a schedule facilitator. Level 3 airports have significant potential for delays and are under mandatory slot control, meaning that airlines must obtain advance approval to operate during slot controlled hours. In 2012, the FAA changed the Airport’s designation to a Level 2 airport. If the FAA were to designate the Airport to be a Level 3 airport in the future, the FAA could cap airline operations at the Airport and airlines at the Airport could be subject to FAA-administered slot control, which could affect the Commission’s ability to manage airline operations at the Airport.

Airport Security

The Airport continually evaluates its security policies, processes and systems to reduce vulnerabilities and mitigate risk and enhance its security profile. Pursuant to the Aviation and Transportation Security Act, the TSA operates security checkpoints at the Airport. The TSA operates security at the Airport through its Screening Partnership Program, under which security screening services at some commercial airports are contracted by TSA to qualified private companies. The employees of the private security firm undergo the same training and are under the same TSA management as federal-employed security operating at other United States airports. The Airport maintains a 7/24/365 Security Operations Center which has surveillance and mitigation capabilities across the Airport including the Airport’s Water Perimeter Intrusion System, which protects the water perimeter around the airfield. The Airport maintains a Safety Management System for Airside Operations, that proactively surfaces areas of concern and mitigates against safety risks.

Airline Service

General

For Fiscal Year 2024-25, the Airport was served by 60 passenger airlines and six cargo-only airlines. Domestic passenger air carriers provided non-stop service to 84 destinations and scheduled one-stop service to an additional 20 destinations in the United States. Passenger airlines provided non-stop scheduled passenger service to 61 international destinations. The figures in this and this paragraph reflect service that was provided at any time during the fiscal year. For further discussion of airlines serving the airport and service from the Airport, see Appendix A—“Report of the Airport Consultant—AIRLINE TRAFFIC AND ECONOMIC ANALYSIS—Historical Airline Traffic and Service.”

During Fiscal Year 2024-25, United Airlines (including SkyWest Airlines/United Express) handled 48.7% of the total enplaned passengers at the Airport; Alaska Airlines (including Horizon Air and SkyWest Airlines/Alaska Airlines) handled 9.5% of total enplaned passengers; and Delta Air Lines (including SkyWest Airlines/Delta Connection) handled 7.6% of total enplaned passengers.

Although United Airlines (including SkyWest Airlines/United Express) handled 48.7% of the Airport’s total enplanements during Fiscal Year 2024-25, audited results for Fiscal Year 2024-25 indicate that payments by United Airlines accounted for 25.5% of the Airport’s operating revenues.

Air Carriers Serving the Airport

The following table lists the air carriers reporting enplaned passengers and/or enplaned cargo at the Airport during Fiscal Year 2024-25.

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AIR CARRIERS REPORTING AIR TRAFFIC AT THE AIRPORT
Fiscal Year 2024-25⁽¹⁾

Domestic Passenger Air Carriers

Alaska Airlines^{(2)(3)*}
 American Airlines*
 Breeze Aviation Group, Inc.
 Delta Air Lines*
 Frontier Airlines*
 Hawaiian Airlines^{(3)*}
 jetBlue Airways*
 Southwest Airlines*
 Sun Country Airlines*
 United Airlines^{(2)*}

Foreign Flag Carriers

Aer Lingus*
 Aeromexico*
 Air Canada*
 Air China*
 Air France*
 Air India*
 Air New Zealand*
 Air Pacific Limited dba Fiji Airways
 Air Premia, Inc.*
 All Nippon Airways*
 Asiana Airlines*
 British Airways*
 COPA Airlines
 Cathay Pacific Airways*
 China Airlines*
 China Eastern*
 China Southern Airlines*
 Condor Flugdienst GmbH*
 EVA Airways*
 Emirates*
 Flair Airlines*
 French Bee
 ITA Airways

Foreign Flag Carriers (continued)

Iberia⁽⁴⁾
 Japan Airlines*
 KLM Royal Dutch Airlines*
 Korean Air*
 Lufthansa German Airlines*
 Philippine Airlines*
 Porter Airlines (Canada)
 Qantas Airways
 Qatar Airways*
 Scandinavian Airlines*
 Singapore Airlines*
 Starlux Airlines*
 Swiss International*
 TACA International Airlines (Avianca)*
 TAP Air Portugal*
 Turkish Airlines*
 Vietnam Airlines JSC
 Virgin Atlantic*
 WestJet Airlines*
 ZIPAIR Tokyo*

Cargo-Only Carriers

21 Air
 ABX Air*
 Air Transport International*
 Atlas Air
 Federal Express*
 Kalitta*

Regional Affiliates⁽⁵⁾

Horizon Air (Alaska Airlines)
 Jazz Aviation (Air Canada)
 SkyWest Airlines (Alaska SkyWest, American Eagle, Delta Connection and United Express)

Seasonal/Charter carrier

Swissport

* Indicates a Signatory Airline (defined below) to a Lease and Use Agreement.

⁽¹⁾ Includes all airlines that served the Airport at any time during the Fiscal Year 2024-25.

⁽²⁾ Provides international and domestic air passenger service at the Airport.

⁽³⁾ The parent company of Alaska Airlines acquired Hawaiian Airlines on September 18, 2024. Alaska has indicated that it intends to continue to operate Hawaiian Airlines as a separate brand. The two airlines received a single operating certificate and began operating as a single airline in late October 2025.

⁽⁴⁾ Level Airlines operates under Iberia's permit.

⁽⁵⁾ Airlines designated as affiliates by Signatory Airlines per the Lease and Use Agreement. Affiliates may (i) be a wholly-owned subsidiary of a Signatory Airline, (ii) be a subsidiary of the same corporate parent of the Signatory Airline, (iii) share flight codes with a Signatory Airline, or (iv) operate cargo feeder flights under the direction and control of a Signatory Airline. Affiliates do not sell their own seats or flights at the Airport.

Source: Commission.

Passenger Traffic

Overview

Passenger traffic data for the past ten Fiscal Years and the first three months of Fiscal Years 2024-25 and 2025-26 is presented in the table below.

PASSENGER TRAFFIC

Fiscal Year	Scheduled Passenger Aircraft Arrivals and Departures ⁽¹⁾		Passenger Enplanements and Deplanements					
	Total	% Change	Domestic	% Change	International	% Change	Total	Total % Change
<i>First 3 Months 2025-26</i>	105,758	5.1%	10,194,374	3.9%	4,290,660	(2.9%)	14,485,034	1.8%
<i>First 3 Months 2024-25</i>	100,630		9,813,831		4,420,418		14,234,249	
2024-25	400,856	8.2	37,967,162	5.5	15,989,470	5.5	53,956,632	5.5
2023-24	370,446	3.1	35,980,031	4.7	15,150,240	21.0	51,130,271	9.0
2022-23	359,227	13.5	34,381,130	20.3	12,524,044	100.7	46,905,174	34.7
2021-22	316,369	57.7	28,572,974	137.4	6,239,066	280.1	34,812,040	154.6
2020-21	200,641	(43.3)	12,036,933	(59.9)	1,637,797	(84.5)	13,674,730	(66.3)
2019-20	353,648	(21.2)	30,007,053	(29.6)	10,535,883	(28.8)	40,542,936	(29.4)
2018-19	448,642	(2.4)	42,653,872	(2.9)	14,792,616	7.0	57,446,488	(0.5)
2017-18	459,900	5.8	43,926,851	7.0	13,820,335	6.9	57,747,186	7.0
2016-17	434,582	2.5	41,046,640	3.4	12,922,418	10.3	53,969,058	5.0
2015-16	423,813	2.7	39,697,866	5.6	11,711,366	10.2	51,409,232	6.6

⁽¹⁾ Includes air carrier and air taxi operations.

Source: Commission.

Aircraft arrivals and departures and passenger traffic declined substantially in Fiscal Year 2019-20 and Fiscal Year 2020-21 as a result of the COVID-19 pandemic. In Fiscal Year 2024-25, total passenger traffic recovered to 94% of Fiscal Year 2018-19, with domestic recovering to 89%, and international traffic surpassing the pre-pandemic level by 8.2%.

During Fiscal Year 2024-25, an estimated 81.5% of the passenger traffic at the Airport was “origin and destination” traffic, where San Francisco is the beginning or end of a passenger’s air trip. This relatively high percentage of origin and destination traffic is in contrast to many other major airports which have a higher percentage of connecting passengers, largely as a result of airline hubbing practices. Historically, when airlines have reduced or ceased operations at the Airport, other airlines have absorbed the passenger demand with no significant adverse impact on Airport revenues.

Enplanements

Total Enplanements

Total enplanements for the Airport’s ten most active airlines for Fiscal Years 2020-21 through 2024-25 are shown in the table below, ranked in the order of the results from Fiscal Year 2024-25. Enplanements for airlines include enplanements by affiliates. Only data for the top ten airlines in terms of total enplanements appears in each column; a blank for an airline in a particular year signifies that it was not in the top ten, but it may have still served the Airport during that year. Each of the airlines that is included on this table but does not have an enplanement figure for Fiscal Year 2024-25 served the Airport in 2024-25.

**TOTAL ENPLANEMENTS BY AIRLINE
(Fiscal Years)**

Airline	2020-21	2021-22	2022-23	2023-24	2024-25	% of 2024-25 ⁽¹⁾
United Airlines ⁽²⁾						
Domestic	2,930,849	7,203,138	8,676,876	9,104,507	9,984,459	
International	374,576	1,004,183	2,266,881	2,826,148	3,158,237	
Total	3,305,425	8,207,321	10,943,757	11,930,655	13,142,696	48.7%
Alaska Airlines ⁽³⁾	890,371	2,180,641	2,891,802	2,656,178	2,574,806	9.5
Delta Air Lines	658,583	1,615,032	1,855,714	2,057,487	2,048,970	7.6
American Airlines	757,433	1,401,428	1,475,566	1,728,600	1,856,072	6.9
Southwest Airlines	404,218	831,567	985,045	1,023,823	1,021,334	3.8
jetBlue Airways	264,689	704,364	712,744	668,357	758,420	2.8
Frontier Airlines	147,461	284,132	447,522	641,132	588,429	2.2
Air Canada	—	291,064	515,142	501,610	427,024	1.6
EVA Airways	—	—	189,951	325,064	276,033	1.0
British Airways	—	—	201,494	—	234,127	0.9
Air India	53,101	—	—	218,327	—	—
Turkish Airlines	49,200	—	—	—	—	—
Hawaiian Airlines ⁽³⁾	72,334	154,612	—	—	—	—
Aeromexico	—	150,092	—	—	—	—
SUBTOTAL	6,602,815	15,820,253	20,218,737	21,751,233	22,927,791	85.0
All others	321,763	1,575,996	3,200,831	3,764,303	4,038,001	15.0
TOTAL	6,924,578	17,396,249	23,419,568	25,515,536	26,965,912	100.0%
Percentage change	(65.7%)	151.2%	34.6%	8.9%	5.7%	

⁽¹⁾ Figures may not total due to rounding.

⁽²⁾ Other airlines also have both domestic and international service. United's is broken out because United is responsible for such a significant portion of the Airport's total, domestic and international enplanements.

⁽³⁾ The parent company of Alaska Airlines acquired Hawaiian Airlines on September 18, 2024. Alaska has indicated that it intends to continue to operate Hawaiian Airlines as a separate brand. The two airlines received a single operating certificate and began operating as a single airline in late October 2025.

Source: Commission.

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International enplanements by destination for Fiscal Years 2020-21 through 2024-25 are shown in the following table.

**INTERNATIONAL ENPLANEMENTS BY DESTINATION
(Fiscal Years)**

Destination	2020-21	2021-22	2022-23	2023-24	2024-25	% of 2024-25 ⁽¹⁾	
						International Enplanements	Total Enplanements
Asia/Middle East	335,606	849,638	2,193,686	3,147,479	3,426,643	43.0%	12.7%
Europe	160,932	1,054,549	1,940,374	2,034,821	2,101,382	26.3	7.8
Canada	35,783	408,363	874,814	941,331	987,437	12.4	3.7
Latin America	273,599	686,715	835,432	919,860	962,093	12.1	3.6
Australia/Oceania	26,973	106,950	398,258	488,183	498,108	6.2	1.8
TOTAL	<u>832,893</u>	<u>3,106,215</u>	<u>6,242,564</u>	<u>7,531,674</u>	<u>7,975,663</u>	<u>100.0%</u>	<u>29.6%</u>

⁽¹⁾ Columns may not total due to rounding.
Source: Commission.

Cargo Traffic and Landed Weight

Cargo Traffic

The following table provides combined domestic and international cargo traffic information for the Airport for the last five Fiscal Years. Cargo volume can vary depending on a number of factors including, but not limited to, the local and global economies, fuel prices, tariffs on shipments, personal and business consumption of goods, the sources of such goods, and labor issues at shipping ports. See “AIRLINE TRAFFIC AND ECONOMIC ANALYSIS—Historical Airline Traffic and Service—Cargo” in APPENDIX A for additional factors affecting cargo volume generally.

**AIR CARGO ON AND OFF
(in metric tons)**

Fiscal Year	Freight and Express	U.S. and Foreign Mail	Total Cargo ⁽¹⁾	Percent Change
2024-25	541,998	13,100	555,099	3.7%
2023-24	518,501	16,889	535,390	17.9
2022-23	429,112	25,009	454,121	(16.7)
2021-22	512,268	33,068	545,335	15.6
2020-21	435,670	36,123	471,793	(3.7)

⁽¹⁾ Totals may not add due to rounding.
Source: Commission.

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Landed Weight

Landing fees paid by each airline are based on landed weights of aircraft operating at the Airport. The revenue landed weights for domestic and international passenger and cargo airlines are set forth below.

TOTAL REVENUE LANDED WEIGHT BY AIRLINE **(in thousands of pounds)** **(Fiscal Years)**

Airline	2020-21	2021-22	2022-23	2023-24	2024-25	% of 2024-25 ⁽¹⁾
Domestic Passenger Airlines	10,033,972	17,517,233	20,041,193	20,515,361	21,639,783	58.0%
International Passenger Airlines	4,268,556	7,720,350	11,201,156	13,699,561	14,494,051	38.9
Domestic Cargo Carriers	826,381	693,994	543,842	584,305	506,079	1.4
International Cargo Carriers	557,797	565,109	564,238	585,600	656,906	1.8
TOTAL	15,686,706	26,496,685	32,350,429	35,384,827	37,296,818	100.0%
Percentage change	(49.1%)	68.9%	22.1%	9.4%	5.4%	

⁽¹⁾ Figures may not total due to rounding.
Source: Commission.

Competition

General

The Airport is the principal airport in the San Francisco Bay Area and one of three international gateways on the U.S. West Coast. The San Francisco Bay Area is also served by the Oakland Airport and the San Jose Airport. The other two international gateways on the U.S. West Coast are the Los Angeles International Airport (the “Los Angeles Airport”) and the Seattle-Tacoma International Airport (the “Seattle Airport”). The passenger traffic data with respect to the Los Angeles Airport, the Oakland Airport, the San Jose Airport and the Seattle Airport discussed below was obtained from websites maintained by the Los Angeles Airport, the Oakland Airport, the San Jose Airport and the Seattle Airport, respectively.

The Commission expects the Airport to continue to be the major air traffic center for the San Francisco Bay Area based on air traffic projections, the substantial investment by a number of major airlines at the Airport, terminal facility improvements and passenger preferences stemming from the Airport’s location, service and frequent flights to domestic and international destinations.

Substantially all of the international passenger traffic in the San Francisco Bay Area is at the Airport. Thus, the primary competitor of the Airport on the West Coast for international passengers is the Los Angeles Airport, rather than Oakland Airport or San Jose Airport. The Los Angeles Airport is approximately 383 miles south of the Airport. During Fiscal Year 2024-25, international passenger traffic (enplanements and deplanements) at the Airport totaled approximately 16.0 million (an increase of 5.5% over the prior Fiscal Year) compared to approximately 23.8 million at Los Angeles Airport (an increase of 0.7%). The choice by air carriers between the Airport and Los Angeles Airport for their international routes is affected by many factors, including the much larger population served by Los Angeles Airport, and the distance of each airport from various destinations. Seattle Airport had approximately 6.4 million international passengers in calendar year 2024, according to information available on the U.S. DOT website.

Passenger Traffic

Based on data in traffic reports released by the three San Francisco Bay Area airports, the Airport’s market share of total enplanements and deplanements among San Francisco Bay Area airports increased from 68.7% in Fiscal Year 2023-24 to 71.8% in Fiscal Year 2024-25.

The following table summarizes comparative passenger traffic data at the three San Francisco Bay Area airports for Fiscal Years 2020-21 through 2024-25.

**COMPARISON OF SAN FRANCISCO BAY AREA AIRPORTS TOTAL PASSENGER TRAFFIC
(Enplanements and Deplanements)
(Fiscal Years)**

Airport	2020-21	2021-22	2022-23	2023-24	2024-25	
					Number	% Change
San Francisco	13,674,730	34,812,040	46,905,174	51,130,271	53,956,632	5.5%
Oakland	5,182,912	9,976,766	11,567,269	11,229,355	9,915,944	(11.7)
San Jose	4,226,239	9,813,775	12,128,398	11,941,377	11,375,567	(4.7)
TOTAL SAN FRANCISCO BAY AREA	<u>23,083,881</u>	<u>54,602,581</u>	<u>70,600,841</u>	<u>74,463,727</u>	<u>75,248,143</u>	<u>1.1%</u>
Percentage change	(62.4%)	136.5%	29.3%	5.5%	1.1%	

* Totals may not add due to rounding.

Sources: Commission, Oakland Airport and San José Airport.

Airline Agreements

As of June 30, 2025, the City and 49 of the airlines that served the Airport in Fiscal Year 2024-25 were party to Lease and Use Agreements that became effective on and after July 1, 2023 (the “Lease and Use Agreements”) following the expiration of prior lease and operating agreements with the airlines. The term of the Lease and Use Agreements is through June 30, 2033. The airlines that are party to a Lease and Use Agreement are referred to as “Signatory Airlines.” Non-signatory airlines operate at the Airport under month-to-month operating permits or on an itinerant basis. A brief description of certain major terms of the Lease and Use Agreements follows. For a more detailed summary of the Lease and Use Agreements, see APPENDIX E –“SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS.” For information on which airlines currently serving the Airport are party to the Lease and Use Agreements, see the table entitled “Air Carriers Reporting Air Traffic at the Airport” under “–Airline Service.”

Lease and Use Agreements

Non-Signatories. Fifteen of the airlines that reported traffic on scheduled passenger flights in Fiscal Year 2024-25 were non-signatory as of June 30, 2025. Six of these airlines are affiliated with and report their traffic under Signatory Airlines. The remaining 9 airlines’ passengers comprised less than 2% of the Airport’s total passengers in Fiscal Year 2024-25. Airlines that are not current Signatory Airlines may sign a Lease and Use Agreement from time to time. Airlines that are not Signatory Airlines or an Affiliate Airline (as defined in the Lease and Use Agreements) of a Signatory Airline pay a 25% premium on landing fees.

Residual Methodology. The Lease and Use Agreements govern the use of terminal, baggage claim, check-in, ramp and gate areas. Under the Lease and Use Agreements, the Signatory Airlines pay terminal rents and landing fees under a residual rate-setting methodology tied to specified cost centers. This methodology is designed to provide revenues to the Commission sufficient to pay operating expenses and debt service costs. Under the residual rate-setting methodology, landing fees and terminal rentals are established each year to produce projected revenues from the airlines (“airline payments” or “rates and charges”) equal to the difference between (i) the Airport’s non-airline revenues and (ii) the Airport’s total costs, including without limitation operating expenses, debt service costs, the annual ORCIF deposit, and the Annual Service Payment described under “AIRPORT’S FINANCIAL AND RELATED INFORMATION–Payments to the City–Annual Service Payment” (“net costs”). In other words, rates and charges are established each year to produce projected airline payments equal to projected net costs. Thus, increases in non-airline revenues, such as parking and concession revenues, generally result in decreases in airline landing fees and terminal rental rates, and vice versa.

Differences between actual revenues and expenditures and amounts estimated in the calculation of airline fees and charges for any Fiscal Year result in adjustments of terminal rentals and landing fees in subsequent Fiscal

Years. Such differences are recorded on the statements of net position in the financial statements of the Airport in the Fiscal Year to which such differences pertain. Net overcharges are recorded as liabilities and net undercharges are recorded as assets.

Annual Adjustment of Terminal Rentals and Landing Fees. The Commission may adjust terminal rental rates and landing fees each year for the next Fiscal Year based on each Signatory Airline's Commission-approved changes to its leased space, additions of new terminal space for lease, the forecast landed weight for the next Fiscal Year, and the Commission's budgetary forecast of attributed non-airline revenues, operating expenses and debt service costs for the various Airport cost centers.

Mid-Year Adjustment of Terminal Rentals and Landing Fees. The Commission may increase terminal rental rates and/or landing fees at any time during the Fiscal Year if the actual expenses (including debt service) in one or more applicable cost centers are projected to exceed by 10% or more the actual revenues from such cost center. Prior to increasing terminal rental rates and/or landing fees, as applicable, the Commission must use commercially reasonable efforts to reduce expenses and provide a 60-day notice to, and consult with, the Signatory Airlines. The Signatory Airlines are required to pay such increased terminal rentals and/or landing fees sufficient to cover the projected deficiency for the remaining months of the then-current Fiscal Year. The Airport has not made any such mid-year adjustments since Fiscal Year 2000-01.

Terminal Rentals and Landing Fees. Airlines pay terminal rentals based on the square footage leased. Each Signatory Airline operating at the Airport, and other airlines and airfield users, are required to pay landing fees, the principal component of which is based upon landed weight. Airlines that are not Signatory Airlines or an Affiliate Airline (as defined in the Lease and Use Agreements) of a Signatory Airline pay a 25% premium on landing fees. Any shortfall in landing fees payable to the Commission by the Signatory Airlines and other airlines and airfield users in any Fiscal Year as a result of actual landed weights being less than those projected are made up either from a mid-year rate adjustment, or from adjustments to landing fee rates in the succeeding Fiscal Years. If a Signatory Airline ceases or substantially reduces its operations at the Airport, it remains liable for certain terminal rentals calculated each year on a residual basis. Signatory Airlines are not permitted to return rented space to the Airport except by approval of the Commission, though they are permitted to reject allocations of preferential use gates; however, the Commission may recapture leased space from Signatory Airlines under certain circumstances. These provisions allow the Airport to continue receiving terminal rentals on unused support facilities until they are needed by another airline.

Funding of Capital Improvements. The Commission, subject to the limited exception described below, must use commercially reasonable efforts to finance all capital improvements through grants, TSA funding, PFCs or the issuance of Airport revenue bonds. However, the Commission may annually budget for capital improvements from current revenues up to \$5,218,606 in Fiscal Year 2021-22 dollars adjusted for inflation, or a greater amount approved by a Majority-In-Interest of the Signatory Airlines (defined as more than 50% of the Signatory Airlines, which on the date of calculation represent more than 50% of the landed weight of such Signatory Airlines during the immediately preceding Fiscal Year).

Airline Review of Capital Improvements. The Commission is required to notify the Signatory Airlines in writing of most proposed capital improvements that exceed the Majority-In-Interest review dollar threshold established in the Lease and Use Agreements. Within 45 days of the receipt of such notice, if a Majority-In-Interest objects to a capital improvement, the Airport may not proceed with the capital improvement for a period specified by the Signatory Airlines, but not to exceed six months. During that time, the airlines may develop and present their opposition to the capital project to the Commission at a public hearing or otherwise. At the end of the specified period, the Commission may proceed with the capital improvement. Capital improvements are not subject to this process in some circumstances as described under "Airline Review of Capital Improvements" in APPENDIX E. While some projects in the current CIP still require airline review, as of September 9, 2025, the Commission has completed the airline review process for \$9.3 billion of projects in the CIP. The Airport is currently in the process of seeking Majority-In-Interest review for the remaining projects requiring review. For additional detail on airline review of capital improvements and the exceptions thereto, see "Airline Review of Capital Improvements" in APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS."

Joint Use of Space. Domestic contact gates are assigned to airlines on a preferential or common use basis while swing gates (gates connected to the Federal Inspection Station) and all remote gates (i.e., any gate where a

passenger boarding bridge does not dock directly to an aircraft) are used on a common use basis. Gates assigned to an airline for preferential use are allocated annually according to a formula taking into account each airline's share of actual seats in the preceding year, excluding December, January, and February. Gates generally can thus be reassigned by the Airport annually from airlines with decreasing traffic and allocated to other airlines with increasing traffic or reserved for common use. The Airport may reserve up to 10 percent of its domestic contact gates for common use to accommodate itinerant airlines and overflow domestic departures and arrivals. Any preferential use gate can also be used by any airline when it is not actively being used by the airline to which it is allocated. For additional information, see APPENDIX E.

ORCIF. The Lease and Use Agreements give the City the right to create and maintain an ORCIF within the Airport Revenue Fund to be held and invested by the City Treasurer. Funds on deposit in the ORCIF may be used for any lawful purpose for which Airport Revenues may be used. Amounts are deposited in the ORCIF from rates and charges. The City determines the amount, if any, to be deposited into the ORCIF each Fiscal Year in accordance with, and subject to the limitations in, the Lease and Use Agreements. See also APPENDIX E– “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS–The ORCIF.”

Security Deposit. Each Signatory Airline is required to post security with the Commission to guarantee its performance and payment under the Lease and Use Agreement. See “Security Deposit” in APPENDIX E for additional detail.

Cross-Default Provisions. A Signatory Airline may have more than one agreement, lease or permit with the Airport. If a default occurs under any one of such other agreements, a cross-default is triggered under the Signatory Airline's Lease and Use Agreement. In addition, if a Signatory Airline is in default under its Lease and Use Agreement, the Airport may terminate any other agreement with such Signatory Airline.

Potential Effects of an Airline Bankruptcy

In the event a bankruptcy case is filed with respect to an airline operating at the Airport, the lease or permit governing such airline's use of Airport space would constitute an executory contract or unexpired lease pursuant to the United States Bankruptcy Code, as amended (the “Bankruptcy Code”). A trustee in bankruptcy or the airline as debtor in possession may keep (“assume”) or jettison (“reject”) any executory contracts or unexpired leases of non-residential real property. Under the Bankruptcy Code, upon rejection of an unexpired lease, the airline debtor must surrender non-residential real property to the lessor. As a result, rejection of an unexpired lease by an airline debtor may result in the Commission regaining control of the applicable facilities (including gates and boarding areas), which the Commission could then lease or permit to other airlines. The Commission's ability to lease such facilities to other airlines may depend on the state of the airline industry in general, on the nature and extent of the increased capacity at the Airport resulting from the departure of the debtor airline, and on the need for such facilities. Alternatively, under the Bankruptcy Code an airline debtor may assume its executory contracts and leases (and in some circumstances, assign them), subject to certain conditions. If the bankruptcy trustee or the airline assumes an executory contract or unexpired lease as part of a reorganization, the airline debtor must “cure” or provide adequate assurance that its prepetition defaults will be promptly cured, including arrearages in amounts owed, as well as provide adequate assurance of future performance. Even if all such amounts owed are eventually paid, the Commission could experience delays of many months or more in collecting such amounts.

Section 525 of the Bankruptcy Code generally prohibits governmental authorities such as the Commission from discriminating against airline debtors solely on the basis of the filing of a bankruptcy petition or the discharge of a pre-petition debt owed to the governmental authority.

Amounts under a nonresidential lease arising from or after the filing of the bankruptcy petition must be paid when due unless the bankruptcy court extends the time for performance, but the court cannot extend such time more than 60 days from the date the petition is filed. In all events, amounts such as rents accruing during a case generally have administrative expense priority, but such priority does not ensure that such amounts will be paid. Under the Bankruptcy Code, an airline's failure to pay within the mandated period may give the Commission the right to apply for relief from the bankruptcy stay in order to terminate the lease, but does not ensure that such amounts will be paid.

In Chapter 11 cases, in which the bankrupt entity reorganizes and continues operating, the debtor in possession or a trustee, if one is appointed, has 120 days from the date of filing of the bankruptcy petition to make a motion to assume or reject a nonresidential lease, such as a Lease and Use Agreement. The 120-day period may be extended by court order for an additional 90 days for cause. Any additional extensions are prohibited unless the debtor airline or trustee obtains the Airport's consent and a court order.

Under the Bankruptcy Code, any rejection of a lease could result in a claim by the Airport for lease rejection damages against the debtor airline. Such claim would be in addition to all pre-bankruptcy amounts owed by the debtor airline. A rejection damages claim is for the rent coming due under the lease in the future and is capped under the Bankruptcy Code at the greater of one year, or 15%, not to exceed three years, of the remaining term of the lease. Claims for rejection damages are generally treated as a general unsecured claim of the airline debtor. However, the Airport may have rights against any faithful performance bond or letter of credit required of an airline to secure its obligations under the Airport agreements or the right to set off against credits owed to the airline under the Airport agreements.

There can be no assurance that all claim amounts could be collected if an airline rejects its Lease and Use Agreement in connection with a bankruptcy proceeding. In addition, in the event an airline rejects its Lease and Use Agreement, the Airport may be required to repay landing fees and terminal rentals paid by the airline in the 90-day period prior to the date of the bankruptcy filing, since such payments may be treated as "preferential" and may be avoidable under the Bankruptcy Code. Such avoidance may be subject to defenses however, including that the payments were made in the ordinary course and that the Airport provided subsequent new value to the airline.

Even if a debtor airline assumes its lease while in Chapter 11 reorganization, a bankruptcy trustee could reject the assumed lease if the case were subsequently converted to a liquidation case under Chapter 7 of the Bankruptcy Code. In that event, the Airport's claim against the bankruptcy estate would be treated as an administrative expense claim limited to all sums due under the lease for the two-year period following the later of the rejection date or the date of the actual turnover of the premises. Any remaining amounts due under the lease would be treated as a general unsecured claim limited to the greater of one year of rent reserved under the lease or 15% of the rent for the remaining lease term, not to exceed three years of rent.

Also see "CERTAIN RISK FACTORS—Bankruptcy of Airlines Operating at the Airport or Other Airport Tenants."

Certain Federal and State Laws and Regulations

Federal Law Prohibiting Revenue Diversion

Federal law requires that all revenues generated by a public airport be expended for the capital or operating costs of the airport, the local airport system, or other local facilities which are owned or operated by the airport owner or operator, and directly and substantially related to the air transportation of passengers or property. In February 1999, the FAA adopted its "Policies and Procedures Concerning the Use of Airport Revenue" (the "Final Policy") clarifying the application of these principles to airport sponsors that receive federal grants for airport development from the FAA, including the City. The City is the "sponsor" of the Airport for purposes of these federal requirements.

The FAA conducted a financial compliance review of the Airport covering Fiscal Years 2011-12 through 2017-18. The purpose of the review was to verify that the City was in compliance with the Final Policy. The FAA provided its draft report from this review in August 2021 (the "Draft Audit") for the Commission's response, which the Commission timely provided. The Draft Audit noted that the FAA would continue to militate against discretionary grant funding for the Airport when the Annual Service Payment to the City's General Fund exceeds the inflation-adjusted baseline amount. See "AIRPORT'S FINANCIAL AND RELATED INFORMATION—Payments to the City—*Annual Service Payment*" for further description of the Annual Service Payment. See also "CAPITAL PROJECTS AND PLANNING—Federal Grants" for additional discussion of discretionary grants and the impact thereon of the Annual Service Payment.

Other than this topic, no other material issues were noted. The Commission cannot predict the ultimate outcome of this review. In addition, in February 2021, the Commission received a letter from the FAA stating that the

FAA had received a hotline complaint through the Office of Inspector General (“OIG”) of U.S. DOT alleging possible airport revenue diversion to the San Francisco Police Department. The FAA requested information to assist in the resolution of the complaint. The Commission responded timely to the FAA, and the FAA did not further address this issue in the Draft Audit. The Commission cannot predict the final outcome of this matter.

Examples of unlawful revenue diversion include using airport revenues for: (1) land rental to, or use of land by, the sponsor for non-aeronautical purposes at less than the fair market rate; (2) impact fees assessed by any governmental body that exceed the value of services or facilities provided to the airport; or (3) direct subsidies of air carrier operations. An otherwise unlawful revenue diversion may be “grandfathered” and therefore permissible if such use was instituted pursuant to a law controlling financing by the airport owner or operator, or a covenant or assurance in a debt obligation issued by the airport owner, prior to September 1982. The Final Policy acknowledges that the Commission’s Annual Service Payment to the City’s General Fund is “grandfathered” as a lawful revenue diversion. See “AIRPORT’S FINANCIAL AND RELATED INFORMATION—Payments to the City—*Annual Service Payment*” for further description of the Annual Service Payment. The U.S. Congress could, however, revoke the “grandfathering” of the Annual Service Payment. See also APPENDIX E—“SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS—Events of Default; Termination or Suspension of Lease and Use Agreement Provisions—*Commission’s Right to Suspend Part of Lease and Use Agreement.*”

The Commission also makes substantial payments to the City, separate from and in addition to its Annual Service Payment, for direct services provided to the Airport by other City departments. The FAA has authority to audit the payments and to order the City to reimburse the Airport for any improper payments made to the City, and the OIG has authority to audit the FAA’s oversight of the payments. The FAA may also suspend or terminate pending FAA grants to the Airport and/or any then-existing PFC authorizations as a penalty for any violation of the revenue diversion rules. In addition, the U.S. DOT may withhold non-aviation federal funds that would otherwise be made available to the City as a penalty for violation of the revenue diversion rules (for example, grants to the City’s municipal railway system). In April 2018, OIG concluded an audit to assess FAA’s oversight of “grandfathered” airports’ compliance with federal law related to airport revenue payments. The Airport was one of the airports included in this OIG audit. The OIG found inaccuracies in the FAA’s own records, including that the FAA over-reported total grandfathered payments by the Commission. The audit included findings and recommendations to improve the accuracy of FAA’s data regarding grandfathered payments, and the FAA concurred in OIG’s recommendations. See also “AIRPORT’S FINANCIAL AND RELATED INFORMATION—Payments to the City” and “CAPITAL PROJECTS AND PLANNING—Federal Grants.”

On November 7, 2014, the FAA amended the Final Policy to confirm that state and local taxes on aviation fuel, whether part of a general sales tax or otherwise, and whether imposed by an airport operator or by state or local taxing authorities, are subject to the federal restrictions on the uses of airport revenue. These restrictions do not apply to taxes in effect on or before December 30, 1987. The FAA’s policy amendment became effective on December 8, 2014, but the FAA provided a three-year transition period for state and local governments to comply. The FAA required taxing jurisdictions to submit a plan for compliance by December 8, 2015, and to implement the plan by December 8, 2017. The Airport submitted a plan for compliance to the FAA on December 2, 2015 which it has since implemented, and received a letter from the FAA dated September 12, 2024 notifying the Airport that such plan is in compliance with the FAA’s policy amendment.

The FAA’s policy amendment also required the Airport to inform state and local taxing entities, including the City, of these provisions and take reasonable actions within its power to influence state and local tax laws to conform to these requirements. THE Airport made the required notifications. The City submitted its initial response to the FAA regarding the policy amendment on August 28, 2019 and the Airport is not aware of any additional correspondence on this topic received by the City from the FAA since that time.

The FAA and the State of California Department of Finance (the “State Department of Finance”) separately exchanged correspondence between November 2015 and September 2020 regarding the FAA’s policy amendment and the State’s approach to compliance. On May 17, 2019, the FAA sent a letter to the State indicating disapproval of the proposed approach and requiring that the State Department of Finance provide certain information to the FAA within 30 days. The FAA also stated that the State Department of Finance’s failure to comply could lead to penalties including the withholding of federal financial assistance to airports in the State. Although the State Department of Finance and FAA have engaged in further correspondence since that letter, FAA’s latest correspondence still indicates that it views

the State's response as incomplete and requiring further action. It does not appear that the parties have yet resolved this issue.

The Commission cannot predict the outcome of the dispute between the FAA and the State Department of Finance. However, any sales taxes on aviation fuel sold at the Airport and received by state and local governments that is not grandfathered and which is not used in accordance with the FAA's revenue use policy, likely would be returned to the Airport, resulting in a modest amount of additional revenue that cannot be quantified at this time.

Federal Accessibility Law

The Office of Civil Rights of the FAA ("OCR") periodically reviews airports' compliance with federal civil rights laws and accessibility laws. OCR initiated a review of the Airport's compliance with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act in June 2017 and found certain areas of non-compliance. The Commission believes it has implemented all of OCR's recommendations. The Commission is working to close out this audit with OCR.

State Tidelands Trusts

A substantial portion of the land on which the Airport's facilities are located is held in trust by the City and administered by the Commission pursuant to tidelands grants from the State. These grants, accomplished by special State legislation, date to 1943 and 1947. Generally, the use of this land is limited to Airport purposes under the terms of the grants. The Commission may not transfer any of this land, nor lease it for periods of more than 50 years. There are also certain limitations on the use of funds generated from facilities located on this land. However, none of the various restrictions is expected to affect the operations or financial condition of the Airport. The grants may be subject to amendment or revocation by the State legislature, as grantor of the trust and as representative of the beneficiaries (the people of the State). Under the law, any such amendment or revocation could not impair the accomplishment of trust purposes, or abrogate the existing covenants and agreements between the City, acting by and through the Commission, as trustee, and the Airport's bondholders. The Commission does not anticipate that the State will revoke the tidelands grants.

Current and Possible Regulation Related to Climate Change

The aviation industry faces pressure to mitigate environmental and health and safety impacts. According to the United States Environmental Protection Agency ("EPA"), in 2022, aircraft accounted for 10 percent of all U.S. transportation GHG emissions and approximately 3 percent of total U.S. greenhouse gas ("GHG") emissions. As a result, there have been rules and regulations related to technological and operational advancements to "green" air travel.

The International Civil Aviation Organization ("ICAO") has led international efforts. In October 2016, ICAO passed a global market-based mechanism to achieve carbon-neutral growth for international aviation, the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), which can be achieved through airline purchases of carbon offset credits. These offsets are used to fund climate-friendly projects. The United States voluntarily participated in the CORSIA pilot (2021-2023) and is currently participating in the First Phase (2024-2026). Each participating nation developed a monitoring, reporting, and verification ("MRV") system for GHG emissions from international flights; in the U.S., the FAA administers the CORSIA MRV Program. For the First Phase, participants must submit annual MRV reports and verify that they have met their offsetting requirements for the compliance period by April 2028. Demand for eligible carbon offset credits has already increased, requiring increased reserves and administration by airlines. In October 2022, the ICAO adopted a long-term goal of net-zero carbon emissions by 2050, aligning with those previously set by the Airport Council International, International Air Transport Association and Airlines for America. The economic and environmental impact of ICAO's CORSIA program and emissions goals remain unclear.

At the federal level, many federal agencies have initiated policies to encourage sustainable air travel. On January 11, 2021, the EPA issued a final rule titled "Control of Air Pollution From Airplanes and Airplane Engines: GHG Emission Standards and Test Procedures." Within this rule, the EPA adopted GHG emission standards applicable

to certain classes of engines used by certain civil subsonic jet airplanes and certain civil larger subsonic propeller-driven airplanes. These standards are equivalent to the airplane carbon dioxide (CO₂) standards adopted by the ICAO in 2017 and apply to both new type design airplanes and in-production airplanes, effectuating alignment with the international community on GHG emissions from aviation. The fuel efficiency-based standards are designed by the EPA to achieve “the highest practicable degree” of international uniformity in aviation regulations and standards and meet the EPA’s obligation under section 231 of the Clean Air Act.

In November 2021, the FAA published the U.S. Aviation Climate Action Plan, which set a goal to achieve net-zero GHG emissions from the U.S. aviation sector by 2050. The U.S. Aviation Climate Action Plan helps the aviation sector directly contribute to the broader United States’ 2030 goal of economy-wide net GHG emissions reductions of 52 percent from a 2005 level, set by the White House in April 2021. The plan includes several other key initiatives to reduce aviation emissions, including the increased production of sustainable aviation fuels (“SAF”). In September 2021, the U.S. Departments of Energy, Transportation, and Agriculture launched the SAF Grand Challenge to increase production and use of sustainable aviation fuel and decrease aviation GHG emissions. In February 2024, the FAA, building on their U.S. Aviation Climate Action Plan, released the Airplane Fuel Efficiency Certification rule, requiring incorporation of fuel-efficient technologies for most planes manufactured after January 1, 2028. While these policies remain in effect, their emphasis, schedules, and associated funding could be adjusted under current executive and budget reviews.

On a state level, California also has passed legislation to help curb climate change. In 2016, the California legislature adopted as State law Governor Brown’s 2015 Executive Order B-30-15, requiring a reduction of the statewide level of GHGs to 40 percent below 1990 levels by 2030. However, per the California Air Resources Board (“CARB”), interstate and international aviation, military base jet fuel use, and a portion of bunker fuel are not included in the statewide GHG emission estimate or covered by the Executive Order. In Executive Order N-79-20 issued September 23, 2020, Governor Newsom stated that achieving air quality and climate goals hinge on transforming the state’s transportation sector, indicating increased emphasis and regulation of transportation infrastructure, including the Airport. In 2021, California announced the California Climate Commitment, which allocated \$54 billion over 5 years to programs to help mitigate the impacts of climate change and transition California, including its transportation sector, to a more climate-friendly economy. California passed a series of climate action bills in 2022 dedicated to carbon neutrality and GHGs 85% below 1990 levels by 2045 and 90% clean energy by 2035 including a 60% reduction in air pollution and a 92% reduction in fossil fuel use in buildings and transportation. To date, the State focus is on four basic programs: the Low Carbon Fuel Standard (“LCFS”), the cap-and-trade program, the zero-emission vehicle mandate and the Renewables Portfolio Standard.

The California Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (“MRR”) requires certain entities emitting 25,000 metric tons of carbon dioxide equivalent per year or more to report, with non-covered entities allowed to participate voluntarily. Entities emitting between 10,000 and 25,000 metric tons (such as the Airport) are required to report stationary source emissions. The Airport is not in scope of the MRR. The MRR, and additional State and local regulations related to climate change (including the LCFS, California’s State Implementation Plan, the Sustainable Freight Action Plan, Large Entity Reporting, Advanced Clean Trucks, regional GHG Emissions Reduction Targets, and the Executive Order banning combustion engine sales in 2035) may require the airlines serving the Airport, other Airport tenants, and on-Airport operations to meet new compliance obligations that increase operational, utility and fuel costs. In some cases, these policies provide financial incentives for GHG reduction or air quality improvements through expanded or improved infrastructure and/or vehicle electrification or alternative fuels replacement, which the Airport has successfully achieved through its 2022 registration to the LCFS for landside EV chargers and continued FAA grants for ground support equipment airside charging stations. In other cases, these policies prevent the airport, equipment owner, or operator from accessing grants where a key eligibility requirement is that an investment must be voluntary (including FAA’s Voluntary Airport Low Emissions Program). In early 2024, CARB proposed changes to expand LCFS requirements to jet fuel as of 2028, however, later versions of the proposed changes removed this expansion. In an apparent compromise, in October 2024, CARB and the industry trade group, Airlines for America, committed to a goal of increasing the availability of SAF to 200 million gallons by 2035, to meet about 40% of intrastate demand, a ten-fold increase of present availability. Additional regulations on a State and local level are pending and foreseeable (including expanding emissions mitigation measures aimed at commercial airports).

In 2022, CARB finalized a Scoping Plan Update (the “Update”). The Update identifies paths to both a 40% reduction in GHG emissions from a 1990 baseline by 2030 and carbon neutrality no later than 2045. The Update provides for the transition to 20% of aviation fuel demand for intrastate flights being met by electricity (batteries) or hydrogen (fuel cells) in 2045, and for sustainable aviation fuel to support most or the rest of the aviation fuel demand that has not already transitioned to hydrogen or batteries. It also identifies regulations to reduce fuel demand for petroleum. As the Update is implemented and additional regulations in pursuit of carbon neutral goals are pursued, emissions reduction pathways are likely to become more ambitious to align with new regulations and Executive Orders set by State Governor Newsom, who has called for the Update to prioritize direct emission reductions without overreliance on carbon capture and sequestration and direct air capture.

CARB’s 2025 Mobile Source Strategy (MSS) Draft (from October 2024) notes that aviation-related emissions are projected to rise between 2020 and 2050. That same month, CARB signed a Memorandum of Understanding with Airlines for America committing to increase the availability of SAF for use by airlines in California to at least 200 million gallons by 2035, an amount that would meet about 40% of intrastate travel demand. In addition, in July 2024, CARB, South Coast AQMD, and the EPA had jointly signaled their intent to act on emissions from airports and aircraft—indicating that initiatives to regulate aircraft emissions at state and regional levels are actively being pursued. CARB has hosted several rulemaking workshops and is actively outreaching to airports and airlines to collect data to gauge measures to enact under a likely regulatory framework. To that end, the Airport can give no assurance about the net effects of these varied changes, whether voluntary or mandatory. Such additional requirements and recommendations could require significant capital resources.

Mitigating emissions will require financial investments and changes to the operating economics of the airlines that serve the Airport. Changes will likely include the early retirement and replacement of inefficient aircraft; implementation of operational changes to airline networks and systems to fly more optimal trajectories for reduced fuel use and contrail impacts; investments in emission reduction projects at airports, including electrification of ground support equipment; the payment of carbon taxes and other regulatory charges designed to penalize or offset emissions; and the development of technologies and incentives to increase the supply and reduce the cost of sustainable aviation fuels derived from biomass and other renewable sources. As a global industry, airlines routes, fleets, and operations may also change to reflect regulatory obligations placed upon airlines abroad as well as domestically. The passage of the Infrastructure Investment and Jobs Act (IIJA) in 2021 and H.R. 5376: The Inflation Reduction Act in 2022 were anticipated to accelerate both nationwide and Airport-specific deployment of emission reduction technologies through making funding available. However, access to funds is currently constrained and uncertain.

Federal and state regulations and international accords pertaining to mandatory and encouraged GHG emission reductions are expected to impact the Airport, air carriers, transportation service providers and other Airport tenants. Federal regulations regarding climate change increased dramatically under the Biden administration; however, some of these regulations have been rolled back by the Trump administration. The Airport continues to track and engage in federal level policy through its participation in industry associations and coalitions.

The Airport’s sustainability and emissions mitigation initiatives are described in “Airport Commitment to Environmental Sustainability.”

State Proposition 218

In November 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIIC and XIID to the California Constitution, and contains a variety of interrelated provisions concerning the ability of local governments, including the City, to impose both existing and future taxes, assessments, fees and charges.

Article XIIC removes limitations on the initiative power in matters of local taxes, assessments, fees and charges. Consequently, the voters of the City could, by future initiative, seek to repeal, reduce, or prohibit the future imposition or increase of any local tax, assessment, fee or charge. “Assessment,” “fee,” and “charge” are not defined in Article XIIC and it is unclear whether the definitions of such terms contained in Article XIID (which are generally property-related as described below) are so limited under Article XIIC.

Article XIID conditions the imposition of a new or increased “fee” or “charge” on either voter approval or the absence of a majority protest, depending upon the nature of the fee or charge. The terms “fee” and “charge” are defined to mean levies (other than ad valorem taxes, special taxes and assessments) imposed by a local government upon a parcel or upon a person as an incident of the ownership or tenancy of real property, including a user fee or charge for a “property-related service.” No assurance can be given that the voters of the City will not, in the future, approve initiatives which seek to repeal, reduce, or prohibit the future imposition or increase of, assessments, fees, or charges, including the Commission’s fees and charges, which are the source of Net Revenues pledged to the payment of debt service on the Bonds. The Commission believes that Article XIID does not apply to Airport fees and charges imposed by the Commission.

The interpretation and application of Proposition 218 will ultimately be determined by the courts or through implementing legislation. The Commission is unable to predict the outcome of any such litigation or legislation.

State Proposition 26

In November 2010, the voters of the State approved Proposition 26, known as the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26, among other things, amended Article XIIC to the California Constitution principally to define what constitutes a “tax” under the limitations and requirements of that provision. Article XIIC imposes limitations on local governments like the City when imposing certain taxes, including a requirement that the local government submit certain taxes to the electorate for its approval. Before Proposition 26, Article XIIC did not define the term “tax” and the purpose of Proposition 26 was to broadly define what constitutes a tax under Article XIIC to include “any levy, charge, or exaction of any kind imposed by a local government.” Proposition 26 lists several exceptions to the definition of “tax,” which include (a) a charge for a specific benefit or privilege, which does not exceed the reasonable costs of providing the benefit or privilege, (b) a charge for a government service or product, which does not exceed the reasonable costs of providing the service or product, (c) a charge for the reasonable regulatory costs of issuing licenses and permits, performing investigations, inspections, and audits, and the administrative enforcement thereof, (d) a charge for entrance to or use of local government property, or the purchase, rental, or lease of local government property, and (e) a fine, penalty, or other monetary charge imposed as a result of a violation of law. If any of the Airport’s fees and charges were determined to be “taxes” that are “imposed” under Article XIIC, the Airport may no longer be able to impose or adjust those fees and charges without voter approval.

Employee Relations

The Commission budgeted 2,073 full-time equivalent positions for Fiscal Year 2025-26, as compared to 2,022 in Fiscal Year 2024-25. The Charter governs the Airport’s employment policies. The Charter authorizes the San Francisco Civil Service Commission to establish rules and procedures to implement those policies.

There are presently sixteen collective bargaining agreements (also known as Memoranda of Understanding, or MOUs) between the City and labor unions representing Airport employees. The Charter requires collective bargaining. Labor unions representing City workers negotiate wages, hours, benefits and other conditions of employment through collective bargaining. All Airport employees are represented by labor unions, and all bargain collectively. The current MOUs affecting Airport employees will expire June 30, 2027. There have been no strikes by City employees (including Airport employees) since at least 1976, when an amendment to the City’s Charter was approved which prohibits strikes and similar work actions by City employees. Recently, the California Public Employment Relations Board (“PERB”) found this provision of the City’s Charter unlawful. The City appealed this decision, the appeal was denied, and the PERB decision is now final, rendering that Charter provision unenforceable.

For discussion of employee benefit plans, see “AIRPORT’S FINANCIAL AND RELATED INFORMATION—Payments to the City—*Employee Benefit Plans.*”

Hazardous Material Management

Environmental Staff

The Commission employs environmental staff responsible for managing hazardous materials and complying with environmental regulations.

Per- and Polyfluoroalkyl Substances

Per- and Polyfluoroalkyl Substances (“PFAS”) are a group of synthetic chemicals that have been in use since the 1940s. The EPA has designated the key PFAS compounds of concern, perfluorooctanesulfonate (“PFOS”) and perfluorooctanoic acid (“PFOA”), as hazardous substances under Comprehensive Environmental Response, Compensation, and Liability Act and may designate others. PFAS are found in many products including Aqueous Film Forming Foam (“AFFF”), which the FAA required airport operators to use in their aircraft rescue and firefighting vehicles until late 2023. Historically, all approved AFFFs contained PFAS. Congress directed the military to phase out its use of such PFAS-containing foams by October 2024. Additionally, under California law airports were required to transition from PFAS-containing AFFF to one of the FAA-approved fluorine free foam (F3) products by September 13, 2024. The Airport has completed its transition to using an FAA-approved F3 product in firefighting activities.

PFAS regulations are extensive and continue to evolve.

Potable Water PFAS Regulations

The Airport holds a drinking water permit and is considered a public water system under state law. In April 2024, the EPA announced the first-ever national standards for PFAS in drinking water under the Safe Drinking Water Act. This rule sets health safeguards that require public water systems to monitor and reduce the levels of PFAS in drinking water and notify the public of any exceedances of those standards. The rule sets drinking water limits for PFOA and PFOS. It also set limits for PFHxS, PFNA, HFPO-DA (commonly known as “GenX”) and for the mixture of these three PFAS plus PFBS; however, in May 2025, EPA announced its intent to rescind these.

Aquatic Life Water Quality Criteria and Benchmarks for Certain PFAS

In September 2024, EPA published final science-based water quality concentrations for 10 PFAS that will help states protect fish and other aquatic life from these chemicals. The levels, referred to as water quality criteria and benchmarks, are not regulatory and compliance is not mandatory. States can consider using them to develop water quality standards which inform the implementation of other Clean Water Act programs, like wastewater discharge permits. The applicability and impact of these requirements on the Airport, if any, are not clear.

Airport Site Investigation of PFAS

On March 20, 2019, the California State Water Resources Control Board (“SWRCB”) issued an Order for the Determination of the Presence of Per- and Polyfluoroalkyl Substances to airports in California certified for AFFF use, including the Airport. At that time, the Airport was using and had historically used AFFF containing PFAS, as required to meet the military performance specifications required by the FAA. The SWRCB Order required the Airport to test soil, sediment, and groundwater for twenty-three PFAS analytes, including PFOA and PFOS. The Airport completed the required testing and submitted the final report to the San Francisco Bay Regional Water Quality Control Board (“Regional Board”) on June 1, 2022.

In March 2021, the SWRCB issued an Order for the Determination of the Presence of Per- and Polyfluoroalkyl Substances at Bulk Fuel Terminals and Refineries, which ordered certain facilities, including two facilities located at the Airport, to conduct a one-time sampling effort to determine whether soil, groundwater, surface water, and influent/effluent wastewater were impacted by PFAS. The Airport completed the required testing for these two facilities and submitted the final reports to the Regional Board in February and April 2023.

The Airport's investigation identified the presence of PFAS in soil, sediment, and groundwater at several locations at the Airport. The SWRCB and the Regional Board have not yet established cleanup standards for PFAS or otherwise indicated what actions will be required to address PFAS found in soil, sediment and groundwater exceeding the groundwater and soil Environmental Screening Levels ("ESLs") for direct exposure, aquatic habitat, terrestrial habitat, groundwater, and seafood ingestion risk levels for PFOS and PFOA. It is possible that the costs of remediation and third-party liability for PFAS could be extensive.

Remediation and Preventative Measures for Contamination and Hazardous Materials

The Commission and certain Airport tenants have discovered and remediated or are engaged in the process of remediating and managing contamination discovered on Airport property pursuant to current regulatory standards and oversight of the Regional Board. The contamination has primarily consisted of leaked fuel constituents that most likely resulted from fueling practices of the 1940s through the early 1960s, accidental spills of fuel hydrocarbons, or releases from leaky pipes or underground tanks. The Commission has instituted regulations establishing fueling practices and facilities requirements intended to prevent hazardous materials from being discharged into the environment. Remediation activities at the Airport in the majority of cases have consisted of removal and offsite disposal of contaminated soil and extraction and treatment of contaminated groundwater and the use of *in situ* remediation methods approved by the regulatory agencies with jurisdiction. Substantial hazardous material management work in connection with capital projects has been completed and continues to be undertaken.

Pursuant to requirements of the Regional Board, remediation activities have been and continue to be undertaken in specific locations at the Airport by tenants responsible for the contamination in those locations, and the Airport has cleaned up contamination, and expects to continue to clean up contamination, that it encounters during construction on Airport property. As a result of litigation initiated by the Commission in 1997 over contamination on Airport property, the Commission reached settlement agreements with a number of current and former tenants that require such tenants to pay a set percentage of future environmental clean-up costs incurred by the Airport to address any residual contamination caused by such tenants' activities. Since costs incurred by the Airport are not known until the Airport embarks on a construction project or undertakes operation and maintenance activities that encounter such residual contamination, the agreement with the settling tenants provides for compensation of relevant incurred expenses as the Airport incurs such costs. While the total clean-up costs that the Airport will incur are not presently known, the settlement agreements provide that the tenants' obligation terminates when clean-up costs exceed either \$75 million or \$98 million, depending on the tenant and the specific agreement. Some tenants' obligations also terminate after October 2048, regardless of the amount of incurred cost. In the event a settling tenant successfully disputes an invoice, is no longer in business or is otherwise unable to pay its percentage share, the Commission may become responsible for the remediation costs attributable to that tenant.

The Airport has a robust hazardous waste and spill management program to further its compliance with federal, state and local regulations. Under this program, spill remediation activities are managed and reported, and spills are cleaned, to standards that satisfy all regulatory requirements.

Airport Commitment to Environmental Sustainability

The Airport, with strong commitment from the Airport's senior management and the Commission, strives to lead the industry in environmental stewardship. In 2023, the Airport revised its mission statement to, "Delivering an airport experience where people and our planet come first" to further codify its priorities. To advance this mission, the Commission implements the ACI-NA's sustainability measures along with Airport-specific measures, identified within the Airport's Sustainability Planning, Design & Construction Standards, Social Equity Plan, Guiding Principles of Sustainability, Climate Action Plans, and Strategic Plan. Implementation of these measures have been prioritized across Airport facilities, many of which have achieved or are planned to achieve the U.S. Green Building Council's Leadership in Energy and Environmental Designs (LEED®) program, ParkSmart, Fitwel®, and/or WELL® Building Standard certifications to demonstrate long-term sustainability and regenerative outcomes, such as energy and water efficiency, electrification, reduced environmental impacts through use of decarbonized building materials, reduced waste, and improved indoor environments to support improved human health.

The Commission has adopted multiple sustainability-related goals, including: achieving net zero carbon for emissions from the Airport's own activities; net zero energy (generating at least as much energy at the Airport as the

Airport consumes); zero waste (diverting at least 90% of waste materials from landfills, incinerators and the environment); net zero water (achieving balance between water consumption and conservation/recycling water); and implementing a healthy building environments strategy for new and existing infrastructures.

The Commission's 5-year Strategic Plan, approved in November 2023, includes multiple sustainability-related goals. An objective of the Strategic Plan is to adopt a resilience capital plan and program for the Airport's assets and services so that they can respond and rebound from geologic, climatic, and human-caused hazards, shocks, and stressors. Another objective of the Strategic Plan is to motivate industry partners and passengers to take significant climate actions. This includes establishing a stakeholder emissions reduction target and implementation plan and leveraging communication channels to drive consumer action toward healthier, lower-carbon choices in food, retail, and aviation. Other objectives of the Strategic Plan include achieving net zero carbon for Airport-controlled emissions by 2030, establishing a stakeholder emission reduction target and implementation plan by 2025, reaching net zero energy by 2030, becoming a zero-waste campus for airport-controlled solid waste and construction waste, and becoming a net zero water campus by achieving balance between water consumption and measures that conserve, replenish, and recycle water by 2030. While these goals are intended to be aspirational and may not be achieved or even achievable, the Airport is making significant strides towards each and is encouraging its tenants (airlines and others) to achieve these aims as well. The Airport publishes "Zero Annual Reports" to hold itself accountable to its goals.

In 2024, the Airport achieved a 22% reduction in energy consumption as compared to 2013, diverted 64% of waste from landfills, achieved a 50% reduction in GHG emissions within its operational control as compared to 1990, obtained 21 green building certifications from 2017 through 2023, and reduced water usage by 20% per passenger as compared to the 2013 baseline. Lower passenger traffic as a result of the COVID-19 pandemic contributed to some of these achievements, but such reductions also reflect direct efforts made by the Airport. Some of the actions that the Airport took to achieve this progress are discussed in the following sections.

Planning for Net Zero Carbon

The Airport has participated since 2016 in the Airport Carbon Accreditation ("ACA") program created by Airports Council International. ACA is based on the World Resources Institute's "Greenhouse Gas Protocol" and confirms rigorous third-party validation of the Airport's carbon footprint. The Airport has achieved a Level 4 Accreditation, the highest level without purchasing offsets. The Airport is the first large-hub airport in North America to achieve this accreditation. This level certifies that the Airport set an absolute emissions reduction target that includes all Scope 1 and Scope 2 emissions and is aligned with the United Nations' Intergovernmental Panel on Climate Change ("IPCC") 1.5-degree climate goal. It also recognizes that the Airport has mapped its existing carbon footprint, calculated carbon emissions, provided evidence of effective carbon management procedures, met established carbon emission reduction targets, and engaged in actions to reduce the carbon emissions of third-party users of the airport, including airlines, ground transportation providers, and staff. In alignment with the Airport's goal of reaching net zero carbon by 2030, the Airport will aim to achieve Level 5, which will signify that an airport has reached Net Zero GHG emissions and is working on stakeholder emission reductions. The Airport plans to achieve this by defining and implementing net zero requirements for new projects, establishing policies and programs to encourage Airport tenant, airline and passenger behavior change, retrofitting and fuel switching equipment in existing Airport facilities, electrifying its Central Utilities Plant (which accounts for 85% of the carbon emissions from the Airport's own operations) and intermodal transportation assets, and sequestering residual emissions. Airport teams are identifying appropriate capital investments to accomplish the electrification of the Central Utilities Plant. Another requirement of the ACA Level 5 certification is passenger awareness, for which the Airport launched an Airport-wide passenger marketing campaign that continues its partnership with The Good Traveler program to offer passengers the ability to purchase carbon offsets. To achieve net zero emissions, the Commission also anticipates investing in local carbon capture and sequestration technologies by the end of 2030 to reduce the balance or "net" of emissions that cannot be reduced through the strategies described above.

The Commission's zero carbon and GHG emission reduction goals are in addition to City and State goals and mandates – both of which the Airport continues to surpass. The State set statewide GHG reduction targets of 40% below 1990 emission levels by 2030 and 80% below such levels by 2050, as discussed under "–Certain Federal and State Laws and Regulations–*Current and Possible Regulation Related to Climate Change.*" The City's Environment

Code mandates certain GHG emission targets for the City, including reducing emissions by 40% below 1990 emission levels by 2025, 80% below such levels by 2050, and carbon neutrality by 2045.

In addition to the Airport's efforts to reduce GHG emissions from its own operations and onsite energy use, the Airport is working to reduce emissions from other sources, which generate 99% of emissions at the Airport.

For example, the Airport is encouraging airline use of SAF. The lifecycle GHG emissions from SAF are estimated by the ICAO and the FAA to be 80% lower than those of conventional aviation fuel. In 2018, the Commission, a group of airlines (which represented approximately 70% of enplanements at the Airport that year) and fuel producers signed a first-of-its-kind Memorandum of Understanding to work cooperatively on expanding the use of SAF at the Airport through key strategies defined within an Infrastructure, Logistics, Supply Chain and Financing Study completed in 2019, which was updated in 2024 to reflect new producers and commitments, specific to the Airport, and financing options for the Airport to operationalize. SFO Fuel is now receiving a continuous SAF supply via pipeline from a producer, Neste, and the Airport's hydrant system by tanker from World Energy. The Airport has set a goal of 5% SAF utilization by 2030, which it anticipates reaching with additional producers committed to serving the campus this year. However, global volumes remain constrained and additional national and sub-national incentives are increasing demand outside of California. For example, in the European Union ("EU"), in April 2023, legislation was passed requiring all aircraft at EU airports to have fuel blended with a minimum share of 2% of SAF starting in 2025 and rising every five years to 70% by 2050. It is unknown if similar legislation will be passed in the U.S. or influence the Airport's goals, however, there will likely be increasing pressure to utilize increased volumes of SAF. On October 30, 2024, the trade industry group Airlines for America and the CARB announced a Memorandum of Understanding to expand SAF by 200 million gallons, to fuel approximately 40 percent of intrastate travel, by 2035. This California target was established to help meet the SAF Grand Challenge, announced under the Biden administration in 2021, which aims to achieve 3 billion gallons per year of SAF for use in the United States by 2030 and 35 billion gallons, by 2050.

Another way the Airport is reducing aircraft jet use on the ground is providing fixed electrical ground power and pre-conditioned air at its gates and several remote parking locations, allowing aircraft power units to be switched off while at the gate or while undergoing cleaning, maintenance, repairs and testing, eliminating the need to burn jet fuel for these purposes, reducing noise and improving local outdoor air quality (and indirectly indoor air quality). Most boarding areas provide ground operator tenants with access to electric vehicle charging stations for ground support equipment, and the Airport is continuing to expand charging infrastructure to support stakeholder electrification at the gate.

As part of a newly launched Ground Support Equipment ("GSE") Decarbonization Task Group with airlines, Airport staff inventoried all ground service charging equipment for performance and are using this to define the next phase of capital investment and system recommissioning to support the conversion of all GSE to carbon-free alternatives by 2040. Currently, 50 percent of airfield ground support equipment is carbon-free. There are currently no requirements for GSE to be all-electric or hydrogen in the state, but CARB is evaluating rulemaking related to zero emissions from aircraft ground operations and may require electrification in the near future.

Projects that Deliver Zero (Net Energy)

The Airport switched its electricity supply to hydropower from the Hetch Hetchy reservoir in 2012, achieving a 100% decarbonized electricity supply. In addition, the Airport activated the first Zero Net Energy Certified Airport Operations Facility in the world; designed and built three new all-electric buildings; is placing photovoltaic systems on roofs of new buildings where feasible (4MW as of 2022); is converting all light-duty Airport Fleet vehicles and the Airport bus fleet to zero emissions vehicles; planted more than 2,000 trees; improved 558 acres of wetlands throughout the San Francisco Bay Area; provided more than 400 electric vehicle (EV) charging ports; and has completed the extension of the all-electric AirTrain System to the Long Term Parking Garages (including two LEED Gold Certified AirTrain System stations) to reduce shuttle bus usage. The Airport is currently delivering a load-managed proof-of-concept project for charging stations at four locations that will allow the efficient distribution of limited electrical power resources on campus and serve as a model for expanding to 2,000 EV stalls. The Airport also expects to welcome its first fast-charging (Level 3) parking lot in early 2026.

Beginning in 2017, the Airport developed and implemented a standardized Airport-wide commissioning, activation, and simulation process. Commissioning involves the planning and testing of all HVAC, electrical equipment, and photovoltaic systems in newly constructed buildings prior to occupancy to assure the Airport that they are designed and constructed to meet the Airport's requirements. Activation involves the training of the Airport, airline, and tenant personnel to be able to operate and maintain the new buildings and equipment in an energy and water efficient manner, and to maintain a healthy environment for the occupants. Simulation involves a live test of a new facility and involves all the Airport and airline personnel to assure the Airport that all building operators know how to operate the new facility on opening day. This program has provided a model for a new retro-commissioning pilot, that was completed in 2021, to reduce Airport operating/utility expenses by improving how existing building equipment and systems function together to improve the health and efficiency of any airport facility.

In 2021, the Airport wrote the first airport decarbonization strategy for all existing buildings and leaseholds and, in 2022, audited field and terminal properties for gas equipment to replace via the current CIP. Additionally, the Airport reviews all commercial tenant design and construction projects for compliance with City, State, and Airport sustainability and strategic requirements. In 2023, the Board of Supervisors amended the San Francisco Environment Code to require all municipal new construction and major renovation projects to include exclusively electric energy sources (rather than natural gas). The Airport is implementing this code update as part of its GHG reduction and decarbonization efforts and is requiring future building and tenant improvement projects to be designed and constructed with electricity as the only energy source, an example of which is the Airport's newest all-electric SF Eats Food Hall in Terminal 1.

Zero Waste

The Airport's operations generate approximately 13,000 tons of material annually. The Airport's prior Strategic Plan developed the first scalable zero waste airport terminal strategy to divert at least 90% of solid waste from landfills and incinerators. In 2018, the Airport published its first Zero Waste Plan, which outlines measures designed to achieve this goal of 90% materials' diversion from landfill and make the Airport a "closed-loop circular campus," where landfill-bound waste is reduced by 70% per passenger and that which cannot be reduced is managed for reuse, recycling, or composting. This Plan has been updated and will be published with updated goals, metrics, and methodologies by April 2026. The Airport's updated Zero Waste Plan will reflect the Airport's progress in materials diversion since the plan's initial publication in 2018 and map specific steps to achieve circularity including: conducting annual waste characterization studies, piloting reusable food ware in an Airport food court in early 2027, developing universal waste sorting video trainings for all Airport employees and contractors by 2026, and exploring AI-enabled monitoring technology to test in 2026. The Airport continues to study and improve waste bin designs and is updating its waste bin labels to comply with California labeling requirements set by California Senate Bill 1383 ("SB 1383") to reduce landfilled organic waste. In 2024, the Airport performed 125 personalized back-of-house waste sorting trainings for 171 concessionaires and audited over 3,000 pounds of waste to better understand the Airport's waste stream composition and levels of contamination. The Airport continues to install water bottle refilling stations throughout the Airport as well as liquid collection units to separate liquids from recyclables. In 2017, to comply with SB 1383, the Airport launched a food donation program that enables concessionaires to donate surplus food, beverages, and ingredients to local charities and community donation programs. In 2022, 40% of concessionaires were enrolled and donated 25,489 lbs. of surplus food, an amount expected to increase as the Airport works to enroll 100% of food & beverage tenants in the program by 2026. In addition, through the Airport's flagship Zero Waste Concessions Program launched in 2019, the Airport has implemented several other policies to reduce single-use plastics by requiring that all prepared food and beverages be served in and with reusable, recyclable or fiber-based materials with no added fluorinated chemicals. As of 2021, in compliance with California Assembly Bill 1276, the Airport has made foodware accessories, including straws, napkins, condiment packets, and cutlery, available only upon request. Regarding Airport construction and demolition debris, in 2024 the Airport diverted 99% of its construction debris from landfills for reuse or recycling. In alignment with San Francisco Ordinance No. 144-21 and Public Works Code Section 725 requirements, the Airport supports its contractors and tenants to source-separate, divert, and track reuse and recyclability of construction debris. The Airport also plans to publish a Waste-to-Energy strategy by the end of 2026 that will evaluate opportunities to collect organics onsite to bio-digest within the Airport's treatment plant to increase onsite energy production and reduce flaring. Phase one of the study evaluated the composition of organics via a university-led bench test, which identified that source separated organic material volumes and composition could be processed onsite. The second phase will seek to identify the operations, logistics

and outputs of material collection and processing in the treatment plant, as well as biproducts including renewable diesel or hydrogen.

Water Conservation

The Airport's prior Strategic Plan also included a goal of reducing water use per passenger by 15% (compared to 2013 baseline) and the current Strategic Plan includes a goal of becoming a net zero water campus by achieving balance between water consumption and measures that conserve, replenish, and recycle water by 2030. In 2024, per passenger water usage was 23% below 2013 levels. Achieving consistent reductions in water use has required planning and advancements of innovative infrastructure projects through a water modernization program including upgrading analog water meters to smart meters, and detecting and fixing leaks. Additionally, the Airport linked 187 building water meters to an energy monitoring program for compliance reporting; expanded routine sampling stations throughout the Airport campus to maximize water quality; and conducted water audits to evaluate potential leakage, flow rates and fixture upgrades for 31 tenants and restrooms in the International Terminal. The Airport's CIP includes the design and construction of the Advanced Water Treatment Facility Plant which would recycle wastewater from the terminals and provide recycled (grey) water back to the terminals for toilet flushing, cooling tower feed, and landscape irrigation. Construction of this project is expected to commence in 2025. The Advanced Water Treatment Plant also includes additional implementation of the leak detection program and smart meters, with real time feedback that can be accessed and analyzed remotely, on select buildings to increase water conservation, become more resilient in an increasingly drought-prone state and demonstrate water efficiency as a standard operating procedure.

Sustainability Components of the CIP

The Commission's commitment to sustainability is reflected in the Airport's capital projects and its capital planning efforts. As of 2023, the San Francisco Environment Code requires all new construction, major renovations, and tenant improvements provide all-electric facilities and use decarbonized (low embodied carbon) building materials. The Airport uses multiple third-party green building certification programs, including LEED, Fitwel, and the WELL Building Standard to verify that new buildings, major renovations, and tenant improvement projects meet high levels of energy and water efficiency, have reduced carbon and GHG emissions during construction and operation, and are using systems and materials that have minimal environmental impact and support improved indoor air quality.

When the renovated Terminal 2 reopened in 2011, it was the first LEED Gold certified airport terminal in the United States. In February 2022, Terminal 1 Boarding Area B became the first airport terminal in the world to earn LEED "Platinum" certification using the latest standards from the LEED program developed by the U.S. Green Building Council. This latest version, known as "LEED v4," raises the bar for the design, construction, and operation of high-performance structures. The Airport currently has fourteen certified LEED Gold buildings and interior renovation projects (most recently the two new AirTrain System stations) and six certified interior design and construction tenant improvement projects, with another three buildings and three tenant improvement projects designed to achieve LEED certification. In addition to these LEED certifications, the Airport Operating Facility was awarded a prestigious green building recognition of Net Zero certification by the Living Future Institute, and the Long-Term Parking Garage #2 achieved the ParkSmart gold certification. In 2022, the Airport became the first in the world to achieve LEED Platinum certification for the entire Airport campus through the LEED for Communities certification program. Airport staff is analyzing and identifying ways to reduce annual energy and water consumption on an Airport-wide basis to promote the resilience of the campus.

The Terminal 1 Center project achieved both LEED v4/4.1 BD+C New Construction Platinum and the Fitwel 3-star certifications, which indicates that this facility provides a healthy environment for passengers and the people who work there. The Fitwel certification was jointly developed by the U.S. Centers for Disease Control and Prevention and the U.S. General Services Administration, and provides guidelines for designing, constructing and operating healthier buildings. The Terminal 1 Boarding Area B achieved LEED v4/4.1 BD+C New Construction Platinum certification and the first airport WELL Building Standard v2 Pilot Certification in the world demonstrating that it has met specific guidelines for designing, constructing, and operating healthier facilities for the building occupants. The Courtyard 3 Connector Office Building has achieved the LEED C+S v4/4.1 Gold Certification and is also targeting both LEED ID+C v4/4.1 and the WELL Building Standard v2 Pilot certifications.

The table below identifies the environmental awards granted to some recently completed or soon-to-be completed projects. The final phase of the Terminal 1 Center project opened in the summer of 2024, and is expected to be followed by the Courtyard 3 Connector and International Terminal Building Phase 2, which are forecast to be completed in Fiscal Year 2025-26. The Airport also has the goal of receiving awards for other projects.

RECENT AND ANTICIPATED ENVIRONMENTAL GOALS AND AWARDS

Project	Environmental Goals or Awards	Project Cost (\$ in millions)	Completion or Estimated Completion
Fire House No. 3	LEED BD+C v4 Gold	\$39.2	2017
Ground Transport Unit (GTU) Relocation	LEED BD+C v4 Gold, targeted Zero Net Energy though ILFI in 2020/1	39.6	2018
Consolidated Administrative Campus Phase I (Building 674)	LEED BD+C v4 Gold	87.0	2018
Second Long-Term Parking Garage	Engineering News Record (ENR) California's Best Project ParkSmart Gold Certification	157.5	2019
Grand Hyatt Hotel	LEED Hospitality v4 Gold	240.0	2019
Terminal 2 Air Traffic Control Tower Demo & Buildback	LEED BD+C C+S v4 Gold	94.6	2020
AirTrain Extension Hotel Station	LEED BD+C v4 Gold	15.0	2021
AirTrain Extension Lot DD Station	LEED BD+C v4 Gold	259.0	2021
Harvey Milk Terminal 1 Boarding Area B	LEED BD+C NC v4/4.1 Platinum WELL v2 Pilot Building Standard Platinum	915.0	2021
SFO Airport (3.54 sq. miles)	LEED for Communities: Existing v4.1 Platinum	N/A	2022
Courtyard 3 Connector	LEED BD+C C+S v4/4.1 Gold Targeting WELL v2 Pilot Building Standard Targeting LEED ID+C v4/4.1 Gold	414.0	2026
Harvey Milk Terminal 1 Center	Fitwel 2-Star Design Phase Fitwel "Best in Building Health® 2021" Award from the Center for Active Design LEED BD+C NC v4/4.1 Platinum Fitwel 3-Star Built Phase Certification	1,655.8	2024
International Terminal Building Phase 2	Targeting LEED ID+C v4/4.1 Gold	296.4	2026
Cargo Building 626	Targeting LEED BD+C C+S Gold	295.5	2027
Cargo Building 720 and GSE Building 742	Targeting LEED BD+C C+S Gold	201.4	2029
West Field Garage 675	Targeting Parksmart Certification Gold	251.5	2027
West Field Utilities & Paving Project	Targeting Envision v3 Silver Verification	96.7	2029
Recycled Water System Project	Targeting Envision v3 Silver Verification	285.1	2029
Terminal 3 West	Targeting LEED BD+C NC v4/4.1 Platinum	2,693.0	2030

The Airport's sustainability goals are also translated into specific, actionable "Planning, Design and Construction Standards", originally published in 2021. The Airport updated these standards in 2024 to add additional

measures targeting electrification, decarbonization of building materials and improvement of indoor environmental and air quality for improved planetary and human health. These guidelines encourage the use of innovative strategies and cover multiple areas of building performance for long-term sustainability, adaptability and resilience. They provide a new focus on decarbonization through electrification of new facilities and major renovations, and using decarbonized building materials (e.g., concrete manufactured with sequestered waste carbon and with low embodied carbon during manufacture). In further support of the Airport Planning, Design, & Construction Standards and to continuously improve these Standards, the Airport has initiated two new programs. The first is the “Airport Air Quality Framework” with a focus on identifying and implementing additional strategies to improve both outdoor and indoor environments and air quality. As these strategies were selected, they were integrated into the Airport Planning, Design, & Construction Standards update in 2024. Two pilot programs are being implemented to test the viability of using air quality monitors with sensors to measure and manage the indoor air quality in real time. The second new program is the “Smart Surfaces Program” focused on improving employee comfort and health in outdoor work environments through smart (cool) surface design strategies to reduce heat, improve air quality, reduce energy costs, manage stormwater runoff, and limit the Airport’s contribution to global warming.

Starting with Terminal 2, constructed in 2011, all new Airport buildings include new high performance air filtration systems designed to clean the outdoor air and any recirculated indoor air to remove odors, including from jet fuel, and particulates (e.g., from fire smoke) prior to the use of this air indoors. At the completion of each building project, air quality testing is performed in accordance with LEED requirements and State standards. All buildings constructed prior to 2011 include MERV 14 filters, that filter out the particulate matter from fire smoke and COVID-19 aerosolized particles. The Airport is currently engaged in a pilot program to determine the appropriate indoor and outdoor air quality monitors and sensor devices to provide real-time air quality data and to inform broader equipment installations alongside new capital projects.

Limits of Airport’s Goals

While the Airport has made and is making significant strides towards achieving its environmental goals and reducing its negative impact on the environment, these goals and most of its efforts are focused on activities within the Airport’s direct operational control. Activities outside the Airport’s direct operational control, such as aircraft activity and transportation to and from the Airport, can be damaging to the environment. For example, in Fiscal Year 2021-22, activities outside the Airport’s direct operational control produced over 400 times as many GHG emissions as did the activities within the Airport’s direct operational control. While the Airport is working with airlines and others to reduce the environmental impact of their various activities at the Airport, such as encouraging the use of SAF and requiring the use of electrical power at the gate, its ability to do so is and will continue to be limited.

Social Impact

The Commission is committed to enhancing the Airport’s operational efficiency and competitiveness while simultaneously advancing the social conditions of the communities in which it operates and that it supports. Through a variety of efforts, the Commission ensures its surrounding communities have equitable access to the Airport’s economic opportunities, including contracting and employment opportunities. The 5-year Strategic Plan includes objectives and initiatives that embody the Airport’s equity core value and commitment to partner with its communities to create enduring and positive social impacts. Several aspects of the 5-year Strategic Plan are mentioned below and elsewhere in this Official Statement, and more information on the 5-year Strategic Plan can be found at <https://www.flysfo.com/about/about-sfo/strategic-plan>. The information on such website is not incorporated herein by reference.

Equity

The Commission strives for a work culture that is as diverse and inclusive as the region it represents and the passengers it serves. In 2021, the Commission adopted “Equity: We are Antiracist, Inclusive, and Respectful (“AIR”); committed to equitable outcomes for all,” as one of its core values. Women and people of color comprise 70% and 50%, respectively, of Airport senior leadership team, respectively, as of November 1, 2025.

Racial Equity Action Plan

In 2020, the Airport strengthened its commitment to racial equity by developing its first ever Racial Equity Action Plan (“REAP”). The Airport’s REAP provides a blueprint for advancing racial equity in all aspects of the Airport’s work. The REAP assesses seven key focus areas for all employees, with a focus on Black, Indigenous, and People of Color employees and aims to increase overall representation by creating more diverse pipelines into the Airport, expand promotional pathways for all staff, diversify leadership, and build greater inclusion and belonging across the department.

Contracting

The Commission implements its Disadvantaged Business Enterprise (“DBE”) and Airport Concession Disadvantaged Business Enterprise (“ACDBE”) Program in accordance with 49 CFR Parts 23 and 26 of the Code of Federal Regulations, portions of which were recently suspended pursuant to the issuance of the U.S. Department of Transportation’s Interim Final Rule on the subject. The Airport’s program includes a Small Business Element that creates opportunities specifically for small businesses. The intent of these programs is to ensure non-discrimination in the award and administration of contracting and leasing opportunities and to remove barriers to the participation of small businesses in the contracting marketplace. The Commission acts as a certifying agency for DBEs and ACDBEs, making these certified small businesses more competitive in both the construction and concessions space. The Commission’s Social Impact section ensures that its DBE/ACDBE Programs are administered in compliance with federal requirements, promotes the use of small businesses in all types of federally-assisted contracts, assists the development of firms that can compete successfully in the marketplace, and provides flexibility in creating opportunities for small businesses. The Commission also has implemented a robust outreach and technical assistance program to support small and local business owners historically disadvantaged from working in the aviation sector. In Fiscal Year 2024-25, 19% of all capital plan funds were awarded to small, local business enterprises. Additionally, 63% of the Airport’s concession leases were fully or partially owned by small businesses in Fiscal Year 2024-25.

Hiring

The Commission works collaboratively with employers, employees, and the community-at-large, to creatively address the challenges unique to airport employment, including long hours of operations, lengthy security checks, and the overall costs of doing business at the Airport. Airport tenants are required to comply with San Francisco’s First Source Hiring Program, which requires tenants to provide qualified economically disadvantaged individuals priority for employment consideration in entry-level positions or apprenticeship positions.

The majority of the Commission’s construction projects are also required to comply with San Francisco’s Local Hiring Policy (“LHP”), which requires a minimum percentage of work to be performed by San Francisco residents or disadvantaged workers. In Fiscal Year 2024-25, 30% of the construction hours on the Commission’s construction projects were performed by local hires, and of the 106,341 apprenticeship hours, 41% were performed by local hires. The Commission’s Social Impact section facilitates compliance of the First Source Hiring Program and LHP.

Economic Mobility and Sustainability

In 1999, the Commission adopted the Quality Standards Program (“QSP”), an industry-leading initiative designed to ensure that tenants safely deliver high-quality service to the traveling public through the implementation of minimum standards for safety, equipment and vehicle maintenance, and employee hiring, training and compensation and benefits. The purpose of the QSP is to enhance safety and security at the Airport and applies to any tenant that employs personnel involved in performing services that directly impact safety and/or security at the Airport. Positions that fall under the QSP include those impacting safety, such as positions engaged in checkpoint security screening, passenger check-in activities, and skycap and baggage check-in and handling services; and those impacting security, such as employees providing ramp handling functions, including aircraft cleaning, fueling, and baggage/cargo handling and employees who are directly involved in the preparation and/or transportation of food and beverage projects delivered directly onto aircraft. On November 10, 2020, the Board of Supervisors adopted the Healthy Airport Ordinance (“HAO”), which amended the City’s Health Care Accountability Ordinance (“HCAO”) to provide that firms subject to the QSP must offer QSP employees and their dependents premium health insurance coverage at no

cost to the employee, or make a financial contribution to the City to establish and administer a medical reimbursement account for the employee. The HAO became operative on March 21, 2021. See “LITIGATION MATTERS” herein for discussion of legal challenges related to the HAO and HCAO. The Commission’s Social Impact section regularly audits Airport tenants to determine whether they are in compliance with the QSP.

Other employee-specific supports promote the welfare and longevity for tenant employees to work at the Airport, helping Airport employers increase worker retention, avoid recruitment and turnover costs and enhance productivity.

CAPITAL PROJECTS AND PLANNING

This section provides a general overview of the Airport’s Capital Improvement Plan. Figures used in this section are approximate, and do not represent exact amounts allocated for such projects.

The Capital Improvement Plan Process

The Airport’s Capital Improvement Plan, or CIP, process is led by the Executive Committee and the Capital Improvement Plan Working Group (the “CIP Working Group”). The Executive Committee is comprised of senior management, and the CIP Working Group is comprised of management staff. The CIP Working Group evaluates and ranks capital projects according to a set of objective criteria that reflect the Airport’s strategic goals, which currently include nurturing a competitive and robust air service market, delivering exceptional business performance, revolutionizing the passenger experience, and being the industry leader in safety and security. The Executive Committee reviews the CIP Working Group’s ranked list of projects for funding in a Capital Improvement Plan. In reviewing the Capital Improvement Plan, the Executive Committee considers available funding and the projected financial impact of capital projects. The Executive Committee sends its recommendations to the Director who approves the final draft, which is then sent to the Commission for approval. Generally, capital projects require the approval of the Commission and the Board of Supervisors, certain actions of which are subject to approval by the Mayor. In most cases, an airline review is also required (see “SAN FRANCISCO INTERNATIONAL AIRPORT–Airline Agreements”). The Capital Improvement Plan is updated on an as-needed basis, and the most recent update was approved by the Commission on August 19, 2025.

The Capital Improvement Plan

Overview

The current CIP was approved by the Commission on August 19, 2025. The CIP consists of a total of 46 project categories totaling \$12.5 billion from Fiscal Year 2025-26 to Fiscal Year 2034-35, of which \$3.7 billion of funding is reflected in the CIP as previously funded. The CIP has two components: (1) The Ascent Program – Phase 1.5 and (2) The Infrastructure Projects Plan. The Ascent Program – Phase 1.5 totals \$8.0 billion and consists of a static list of projects, including projects that have been completed or are in progress as well as projects that have not yet commenced construction and a related program reserve (the “Ascent Program – Phase 1.5 Reserve”). While some individual project budgets remain subject to change, any changes within the Ascent Program – Phase 1.5 are expected to be managed within the overall \$8.0 billion Ascent Program – Phase 1.5 budget. The Infrastructure Projects Plan, totaling \$4.4 billion, includes projects focused on meeting current safety and operational needs of the Airport and addressing state of good repair, and is reviewed and adjusted periodically to reflect completed projects, new projects and changes to project budgets. The Ascent Program – Phase 1.5 and the Infrastructure Projects Plan are described in greater detail below.

One of the Commission’s highest CIP priority objectives is to position the Airport for projected passenger traffic growth and meet demand-driven terminal gate needs. Other key CIP objectives include improving groundside access for passengers, enhancing safety and security, maintaining current assets in a state of good repair, promoting sustainability and resiliency, providing the information technology infrastructure necessary to meet passenger and tenant operational needs, improving the customer experience, and maintaining the Airport’s competitive position compared to other international gateways with respect to capacity and cost.

Anticipated Costs and Financing Sources

The \$12.5 billion approved CIP includes an estimated \$8.8 billion in project spending over the ten-year period of Fiscal Years 2025-26 through Fiscal Year 2034-35, which is anticipated to be funded with the following sources: \$8.1 billion through a combination of proceeds of the Series 2025DE Bonds and additional Bonds expected to be issued in the future (see “CERTAIN RISK FACTORS–Risks Related to the Commission’s Capital Projects”), \$322 million of the CIP to be reimbursed with FAA AIP funds and other grants, and \$341 million funded with other funding sources (including \$100 million from the ORCIF). The CIP does not currently include spending beyond Fiscal Year 2034-35. The timing of issuance and amounts of additional Bonds may change depending on the timing of capital expenditures and market conditions. The Commission bases its bond issuance needs on capital project cash flows, which are updated regularly.

Capital Projects

The table below summarizes the CIP.

SUMMARY OF THE CAPITAL IMPROVEMENT PLAN (\$ in millions)

Future Funding (FY2025-26 through FY2034-35)						
	Prior Funding ^(a)	Series 2025DE Bond Proceeds ^(b)	Future Bond Proceeds ^(b)	Other Funding Sources	Total Future Funding	Program Total
Ascent Phase 1.5						
Project costs	\$3,077.6	\$618.1	\$3,845.5	–	\$3,845.5	\$7,541.1
Ascent Phase 1.5 reserve ^(c)	–	–	494.3	–	494.3	494.3
Subtotal – Ascent Phase 1.5	\$3,077.6	\$618.1	\$4,339.8	–	\$4,339.8	\$8,035.4
Infrastructure CIP						
Project costs	\$581.8	\$230.9	\$2,539.7	\$663.2	\$3,202.9	\$4,015.7
Infrastructure Reserve	–	–	401.6	–	401.6	401.6
Subtotal – Infrastructure CIP	\$581.8	\$230.9	\$2,941.2	\$663.3	\$3,604.5	\$4,417.2
CIP total	\$3,659.4	\$849.0	\$7,281.0	\$663.3	\$7,944.3	\$12,452.7

(a) Approximate funding amounts already secured, including proceeds of previously issued Bonds and other funding sources. Does not include proceeds of Commercial Paper Notes. The repayment of the currently outstanding Commercial Paper Notes is included in the \$849.0 million assumed in the Report of the Airport Consultant financed with the proceeds of the Series 2025DE Bonds. Prior funding reflects funding through August 19, 2025.

(b) Reflects amount assumed in the Report of Airport Consultant to be financed with the proceeds of the Series 2025DE Bonds and future Bonds, respectively. The sum of Series 2025DE Bond Proceeds and Future Bond Proceeds combined is the amount of Bond proceeds anticipated to fund the CIP in Fiscal Years 2025-26 through 2034-35.

(c) As of late October 2025, approximately \$426.4 million remains in the Ascent Phase 1.5 reserve.

Note: Total spending of \$12.45 billion reflects the CIP for the Airport as approved by the Airport Commission on August 19, 2025.

The Ascent Program – Phase 1.5 Overview

The \$8.0 billion Ascent Program – Phase 1.5 consists of both new projects and continuing projects that were previously included in the set budget Ascent Program – Phase 1 and the Rolling Capital Improvement Plan that preceded the current CIP in Fiscal Year 2022-23. The Airport has successfully closed out Ascent Program – Phase 1

and completed many notable projects such as the new Boarding Area B in Terminal 1, AirTrain Extension, Terminal 3 East Improvements, On-Airport Hotel, and the Second Long-Term Parking Garage. Building on the program's success, the new Ascent Program - Phase 1.5 was created during the Fiscal Year 2023-24 CIP process to complete some of the remaining Ascent Program – Phase 1 projects that were suspended or delayed during the COVID-19 pandemic, such as Terminal 1 Center and Terminal 3 West Renovation, as well as construction of brand new facilities, including the second phase of the Consolidated Administration Campus, a new Courtyard 4 Connector, Boarding Area F refresh and the West Field Cargo expansion. Highlights of the Ascent Program – 1.5's capital projects are provided in the following sections.

The program included a \$730 million Ascent Program – Phase 1.5 Reserve allocation, which represents 10% of the project budgets. The Ascent Program – Phase 1.5 Reserve will be used to address unanticipated needs of projects within the Program, and only projects in the Ascent Program – Phase 1.5 are eligible to receive supplementary budget allocations from this Reserve. Only the Airport Director can authorize use of the Ascent Program – Phase 1.5 Reserve after consideration of other cost mitigation methods. The available Ascent Program – Phase 1.5 Reserve as of late October 2025 is approximately \$426.4 million. Additional amounts totaling approximately \$105 million from the Ascent Program – Phase 1.5 reserve are under consideration for use, but such use has not yet been and may not be approved.

While there is no specific approved plan for a subsequent phase to the Ascent Program, in 2016 the Commission completed a recommended Airport Development Plan (“Recommended ADP”), which is currently undergoing environmental review. See “–Recommended Airport Development Plan (ADP).” The Recommended ADP, as modified during environmental review, will result in the identification of a range of potential additional capital projects, one or more of which may be designated as the “Ascent Program – Phase 2” (or similar title) and added to future versions of the CIP, if and when the Commission deems that they are warranted to address traffic growth and other factors. The Recommended ADP is not included in the CIP.

A brief description of the largest projects in the Ascent Program – Phase 1.5 follows below, organized by the Airport's cost centers: Terminals, Airport Support, Utilities, and Groundside. Note that some projects span multiple cost centers; in such cases project totals reflect only the total for that cost center. Project budgets are as of August 2025 based on updated forecasts from project teams. Some individual project budgets remain subject to change, but any changes within the Ascent Program – Phase 1.5 are expected to be managed within the overall \$8.0 billion Ascent Program – Phase 1.5 budget. Additional information about projects is included under the heading “AIRPORT CAPITAL IMPROVEMENT PLAN AND FUNDING” in Appendix A hereto.

Major Ascent Program – Phase 1.5 Capital Projects - Terminals

The largest terminal project spending in the approved CIP is for the modernization of Terminal 3 West (\$2.7 billion) (currently ongoing) and the renovation of Terminal 1 Center (\$1.7 billion) (completed in 2024). The reconfiguration and renovation of the western side of Terminal 3 is intended to increase gate flexibility, improve seismic stability, upgrade building and baggage handling systems, improve passenger flow, add a sterile connector to the ITC, and enhance passenger amenities. The Terminal 1 Center renovations include architectural building envelope, complete electrical, HVAC, special systems replacement, new check-in facilities and passenger screening checkpoint, a new baggage handling system, and construction of a post-security passenger connector and sterile connector from Terminal 1 to the ITC with enhanced passenger amenities. The final phase of Terminal 1 was opened on June 17, 2024.

Other major terminal spending in the CIP includes the Courtyard 3 Connector project, which constructed a post-security passenger connector between Terminal 2 and Terminal 3 in conjunction with a multi-story office block for Commission and tenant use (\$414 million); the International Terminal – Phase 2 project to upgrade and improve the operational efficiency within the arrivals level of the terminal (\$296 million); the Boarding Area F Refresh project (\$195 million), which will selectively renovate the interior of Boarding Area F and replace select passenger boarding bridges and aircraft systems; and the Boarding Area G Gate Enhancement project will replace aging equipment and infrastructure (\$143 million).

Major Ascent Program – Phase 1.5 Capital Projects – Airport Support

Major airport support projects include: Cargo and Hangar Improvements in the West Field area (\$747 million), the second phase of the Consolidated Administration Campus (\$447 million), Parking & Garage Improvements (\$251 million), Support Facility Improvements (\$186 million), and Wayfinding projects (\$144 million).

Major Ascent Program – Phase 1.5 Capital Projects – Utilities and Groundside

Major utilities related projects include the Energy Management Control System (\$43 million) and the Electrical Capacity Upgrade High-voltage (\$35 million). The primary groundside-related project is the new Bus Maintenance Facility (\$35 million) which will be relocated to accommodate all staff including administration, bus crews, and the maintenance employees.

Infrastructure Projects Plan - Major Capital Projects

The Infrastructure Projects Plan consists of infrastructure related projects and has a total approved project cost of \$4.4 billion including an Infrastructure Projects Plan Director's Reserve of \$402 million, which represents 10% of the project budgets. These projects are important for meeting current safety and operational needs of the Airport and focus on addressing state of good repair and infrastructure. Major projects include runway and taxiway improvements (\$771 million); power and lighting improvements (\$681 million); technology improvements (\$375 million); ITC improvements (\$361 million); clean water system improvements (\$331 million); security improvements (\$172 million); waste water system improvements (\$153 million); airport support miscellaneous improvements (\$144 million); Superbay Renovation projects (\$143 million); Shoreline Protection Program (\$131 million); energy and efficiency improvements (\$95 million); and parking and garage improvements (\$51 million). As of September 9, 2025, the available Director's Infrastructure Reserve remains at \$402 million.

Implementation of Capital Projects

The Commission uses a variety of strategies to mitigate risk associated with the implementation of the projects in its CIP. The Commission has a Project Labor Agreement to minimize labor-related disruptions to project implementation. The Project Labor Agreement applies to most major Airport capital projects, including the Terminal 1 Center and Terminal West renovations, the International Terminal Phase 2 project and the Courtyard 3 Connector. The Airport works closely with stakeholders, including airlines, on development and implementation of the CIP.

The Commission has also developed a number of approaches to anticipate and mitigate construction cost escalation. At each design phase, if engineers' estimates exceed budget, staff may identify opportunities to reduce costs. Estimated project costs may also include a variety of contingencies depending on the risk profile of the project, including construction-escalation of 4.5% per year, to the mid-point of construction, applied to unawarded base bid scope (i.e., the estimated cost of trade bid packages, not including contingencies that have not yet been awarded to a subcontractor). Other contingencies may include a 0%-15% design contingency applied to base bid unawarded scope in a declining amount through final design, and a 5% bid contingency applied to unawarded base bid scope. The Commission may add a budgeted Airport contingency equal to 7.5% of the total budget of the prime construction contract. Furthermore, the Airport identifies 10% of discretionary scope in each project, as well as future projects that may be deferred or removed, if and as necessary, based on cost and demand considerations. The Airport has established the Ascent Program – Phase 1.5 Reserve and the Infrastructure Projects Plan Director's Reserve, which could be used after other cost management techniques have been considered. The Airport also utilizes various contracting methods such as Progressive Design Build, which provides for early collaboration and value engineering amongst the project teams.

Nevertheless, project development could be delayed, or the cost of completing projects included in the CIP could be higher than expected, due to various factors. See "CERTAIN RISK FACTORS—Risks Related to the Commission's Capital Projects."

Recommended Airport Development Plan (ADP)

The Recommended ADP contains a series of projects that would accommodate forecast growth of operations and passenger enplanements matching the maximum practicable airfield and airspace capacity of the existing runway complex, as currently projected based on in place technologies and the assumed gauge of aircraft operating at the Airport, that serves as a roadmap to guide long-range development of landside facilities of the Airport, and support the Airport's overarching strategic objectives of promoting a high level of passenger service. These long-range projects, collectively called the Recommended ADP projects, are not in the Airport's current CIP. There would be no runway changes or added capacity constructed as a result of the Recommended ADP. Rather, the Recommended ADP identifies potential projects that would accommodate forecast demand for landside facilities, including additional contact gates (instead of remote hard stand positions), backbone systems to enable and expand common use systems at all of the terminals, automated people mover systems, and airport and airline support facilities for efficient growth and handling of forecast passengers, cargo, and aircraft operations. The Recommended ADP includes a new boarding area with domestic/international swing gates, expansion and modernization of existing boarding areas, replacement of the consolidated Rental Car Center, and redevelopment of a new Central Hub to accommodate changing access and transportation modes. Since the Recommended ADP's completion, the Airport has completed detailed planning and programming to further refine long-range development options.

The Recommended ADP must undergo required environmental review under the California Environmental Quality Act ("CEQA") and local approvals; and individual projects would undergo screening and analysis to determine whether the Recommended ADP program environmental impact report is sufficient or additional review is needed in the future. The CEQA review process is under way, and the Airport estimates completing CEQA review and procedures in calendar year 2026, pending the outcomes of the required public and decision-making review processes, including hearings, appeals, and legal challenges, if any. Individual projects would still be subject to fiscal feasibility review by the Board of Supervisors, federal environmental review under the National Environmental Policy Act (NEPA), or both, where applicable. Projects included in the Recommended ADP will not necessarily be undertaken. Projects would be added to future capital improvement plans when and as they are warranted and approved by the Airport Commission. If projects are substantially refined after environmental review has been undertaken, supplemental review under CEQA and/or NEPA may be required before the Recommended ADP projects can proceed.

Other Anticipated Capital Needs

The Airport is studying other investments in addition to the CIP and the Recommended ADP, including investments related to the FEMA flood insurance rate map update and investments in utilities infrastructure and in shoreline protection.

FEMA Flood Insurance Rate Map Update

As part of the National Flood Insurance Program ("NFIP"), a federal program that enables businesses and individuals in participating communities to purchase flood insurance backed by the federal government, the Federal Emergency Management Agency ("FEMA") revised the Flood Insurance Rate Map ("FIRM") for the City. The FIRM became effective March 23, 2021. FIRMs identify special flood hazard areas ("SFHAs") that are subject to inundation during a flood having a 1% chance of occurrence in a given year. The FIRM for the City identifies the majority of the Airport as an SFHA, with zone designations generally of either AE (areas subject to inundation by the 1% annual chance flood event) or, in limited areas, VE (areas subject to inundation by the 1% annual chance flood event with additional hazards associated with storm-induced waves). The City adopted the FIRM and made amendments to the City's Floodplain Management Ordinance. New buildings or substantial improvements to existing buildings within zones AE or VE will be required to be elevated above the floodplain or implement flood proof construction adherent to the American Society of Civil Engineers ("ASCE") ASCE 24-14 Flood Resistant Design and Construction. The Airport has been applying the flood protection building standards required under the zone designations in the FIRM since 2019. The Airport's review of building permits for compliance with these standards is ongoing. Compliance with the FIRM will result in increases of the cost of some of the projects in the CIP and other capital projects. Also see "*Shoreline Protection Program*."

Shoreline Protection Program

The Airport is adjacent to the San Francisco Bay, which, in turn, opens onto the Pacific Ocean. A report released by the San Francisco Bay Conservation and Development Commission in 2011 suggested that 72% of the Airport would be at risk from a 16-inch sea level rise. Currently, more than six of the eight miles of shoreline are protected by engineered earthen berms, concrete seawalls, and vinyl sheet piles. However, there are gaps of variable lengths along the shoreline that may allow water to enter the airfield and the Airport, as well as occasional wave overtopping of some flood protection structures; that water is captured in the storm drain system and is pumped back out to the San Francisco Bay. Additionally, while close to half of the shoreline meets FEMA 100-year flood standards there are deficiencies in the Airport's shoreline protection system. Most of these deficiencies occur in the more vulnerable portions of the system, such as near the Airport's Wastewater Treatment Plant and along the reach owned by the federal government and operating as a U.S. Coast Guard facility.

The Airport's Shoreline Protection Program is intended to protect the Airport's assets and runways until approximately 2085 by adopting design criteria to reduce flood risks and by providing protection against a 100-year storm and 42 inches of sea level rise. The program was estimated to cost \$587 million (in 2018 dollars) per the Airport's Shoreline Protection Program Fiscal Feasibility Study conducted in 2019. However, the actual cost is currently expected to be significantly higher, though the actual cost remains uncertain and could vary depending on many factors including, among others, the results of the NEPA environmental review process, the timing of the project, and escalating costs.

The CIP currently includes \$130 million budgeted to focus on the environmental review, mitigation, and permitting process for the Shoreline Protection Program as well as coordination with adjacent neighbors such as San Bruno, South San Francisco, Millbrae, Burlingame, San Mateo County, and the California Department of Transportation. The Shoreline Protection Program completed the CEQA process on June 1, 2023. The NEPA, mitigation, and permitting process remain ongoing and are expected to be complete by early 2027. Once complete, the Airport will then be able determine the full cost of this Shoreline Protection Program and when to begin construction.

Planning to Respond to Climate Change and Sea Level Rise

In addition to the Shoreline Protection Program, other potentially significant expenditures are likely to be undertaken by the Airport to mitigate and adapt to the impact of climate change and sea level rise. The Airport is unable to guarantee the timing and extent of sea level rise, other adverse effects, or the confluence of these events or effects of climate change or what resulting expenditures will be required. The Airport also has obligations to provide drainage through its West of Bayshore property, which may be inundated by runoff from the surrounding hillsides in an extreme storm event, which may also increase expenditures.

In addition to the direct expenditures related to global climate change and sea level rise, present, pending and possible regulations aimed at curbing the effects of climate change, including but not limited to those described under "SAN FRANCISCO INTERNATIONAL AIRPORT—Certain Federal and State Laws and Regulations—*Current and Possible Regulation Related to Climate Change*," may directly or indirectly trigger potentially significant expenditures related to the operations of the Airport, Airport tenants, the local economy and other infrastructure, including that which allows access to and support of the Airport. See "CERTAIN RISK FACTORS—Risks Associated with Global Climate Change"

In September 2017, the San Francisco City Attorney filed a lawsuit on behalf of the People of the State of California in San Francisco Superior Court against the five largest investor-owned oil companies seeking to have the companies pay into an abatement fund to help fund infrastructure for climate change adaptation. Following litigation regarding defendants' removal of the case to federal court, the City's case was remanded to and coordinated with similar municipal lawsuits and the State of California's lawsuit in San Francisco Superior Court in 2024. In June 2024, the San Francisco City Attorney filed the current Second Amended Complaint seeking abatement funds, damages, and other remedies. The Superior Court has since held that personal jurisdiction is appropriate over non-resident defendants sued in the City's case and denied an "anti-SLAPP" motion to strike by Chevron. The appellate courts upheld these rulings denying the motion to strike. The defendants have filed demurrers and motions to strike, and the Superior Court has stayed consideration of the motions pending the U.S. Supreme Court's consideration of a petition

in *Suncor Energy (U.S.A.) Inc. v. County Commissioners of Boulder County*, Case No. 25-170. While the City believes that the claims in this lawsuit are meritorious, it can give no assurance regarding whether the lawsuit will be successful and obtain the requested relief from the courts, or contributions to the abatement fund from the defendant oil companies.

The Airport has been proactive in seeking to understand the possible effects of climate change on the Airport. It actively participated in the Adapting to Rising Tides Bay Area: Regional Sea Level Rise Vulnerability and Adaptation Study and in the Extreme Precipitation Study by Lawrence Berkeley National Laboratory discussed under “CERTAIN RISK FACTORS – Risks Associated with Global Climate Change,” to better predict and anticipate these impacts. The Airport is also developing a Climate Vulnerability and Risk Assessment Plan, which will prepare resilience-focused Architecture and Engineering Standards to ensure future infrastructure and assets can respond to these threats to health. These will be implemented on existing facilities and across new capital projects. However, the Airport is already undertaking many infrastructure adaptations within its mechanical systems to respond to pandemics and air quality events (see: <https://sustainability.flysfo.com/health-and-wellbeing/>). The information on the website is not incorporated herein by reference.

In September 2022, the Airport prepared an Infrastructure Resilience Framework (IRF), which is a high-level guide to improve the resilience and endurance of its critical facilities and lifelines, to ensure continuity of service and that the Airport can fulfill its role during recovery from a catastrophic event. The Airport’s critical facilities require upstream lifelines to which the Airport has significant dependencies such as utilities, data and voice communications, and transportation. The IRF recommends strategies for building a more flexible, adaptive, and responsive Airport. The IRF supports the Airport’s Emergency Plan and Business Continuity Plan, which assume infrastructure and utilities will be available for emergency response. The IRF is expected to expand into a complete capital and operational plan by the end of 2025 and to help structure key investments in the Airport’s critical assets that can reduce the Airport’s vulnerabilities to geologic and climatic hazards, shocks, and stressors. The goal of the plan is to enable infrastructure investments at the Airport to reduce the time and cost needed for critical asset recovery and repair, thereby allowing the Airport to quickly resume operations across services.

While the effects of climate change may be mitigated by the Airport’s past, current or future investments in mitigation and adaptation strategies and attempts to identify third party contribution and/or grant funding to finance mitigation and adaptation measures, the Airport can give no assurance about the net effects of those strategies, the feasibility of government or third party funding sources, and whether the Airport will be required to take additional adaptive mitigation or adaptation measures, increasing the anticipated expenditures. If necessary, such additional expenditures could be significant.

Master Utilities Infrastructure Study

The Commission completed a Master Utilities Infrastructure Study (“MUIS”) in 2018 to identify utility infrastructure in need of replacement or upgrade. The MUIS provides a preliminary roadmap for future capital projects to either maintain and renovate existing utilities infrastructure or construct new utilities infrastructure to meet future anticipated Airport needs. Some, but not all, of the projects identified in the MUIS are in the CIP. Emanating from the MUIS were two follow on studies: the Electrical Capacity Upgrade Program (“ECU Program Study”) and the Infrastructure Modernization Program (“IMP Study”). The ECU Program Study focuses on identifying and mitigating the Airport’s Power Transmission and Capacity vulnerabilities and planning the Airport’s future electrical load growth. The ECU study is ongoing and has been extended to the end of 2027. The IMP Study will include planning for all of the Airport’s utility infrastructure systems as described below.

Electrical Capacity Upgrade Program – Power Transmission Portfolio. The ECU Program Study has identified the need to increase transmission capacity serving the Airport and improve redundancy for power supply scenarios outside of normal operations. The Airport purchases electrical power from San Francisco Public Utilities Commission (“SFPUC”) and SFPUC provides Hetch Hetchy Power services through two SFPUC-owned substations located on Airport property. The ECU Program Study recommended upgrading these two existing substations and building a new one. The current CIP includes the upgrade of the first substation, and the upgrade of the second substation, which is pending environmental review approval. For the new substation, the current CIP includes funding only for conceptual design and preparation of environmental planning documents; construction is not included. The costs of these projects to the Airport are uncertain at this time but are expected to be several hundred million dollars.

Infrastructure Modernization Program – Including Power Distribution Portfolio. The Infrastructure Modernization Program (“IMP”) will include plans to improve the Airport’s utility distribution portfolio. The IMP will also include refining utility infrastructure planning for short, medium, and long-term needs, as well as incorporate resiliency and adaptation framework, and electrification studies. The IMP is under contract and the study is expected to be completed by the winter of 2026. The cost of future utility infrastructure projects may be substantial and such projects are not in the CIP.

Federal Grants

The Airport receives federal funding from the FAA, TSA, and other federal agencies. The CIP includes federal grants as a funding source, comprised of an estimated \$508.2 million (including \$186.0 million of grants for projects previously funded), of which the Airport has executed funding agreements for approximately \$385.2 million. If grants are not received as expected, the Commission may find other funding sources, including additional Bonds, to finance projects in the CIP or may defer projects to which grants would have been applied. Federal, State, and local agency grants receivable of \$41.9 million and \$67.0 million as of June 30, 2025 and 2024, respectively, were based on actual costs incurred, subject to grant reimbursement limits.

CIP grant funding includes an estimated \$291.9 million in FAA discretionary grants and \$36.6 million in TSA funding. The AIP provides federal grants to support airport capital infrastructure through entitlement grants, which are determined by formulas based on passenger, cargo and general aviation activity levels, and discretionary grants, which are allocated on the basis of specific set-asides and the national priority ranking system. The FAA administers the Airport’s AIP grants. When determining the distribution of discretionary grants, the FAA may consider, as a mitigating factor, whether the Airport uses its revenues for purposes other than capital or operating costs, when those revenues exceed the amount used by the Airport for such costs in the base year ending June 30, 1995 as adjusted for inflation. The Airport’s Annual Service Payment to the City’s General Fund in part as compensation for indirect services, management and facilities provided by the City to the Airport is considered to be a non-capital, non-operating cost for this purpose. With the exception of five fiscal years, the Annual Service Payment has exceeded the base year payment when adjusted for inflation since Fiscal Year 1995-96. See “SAN FRANCISCO INTERNATIONAL AIRPORT–Certain Federal and State Laws and Regulations–*Federal Law Prohibiting Revenue Diversion*” and “AIRPORT’S FINANCIAL AND RELATED INFORMATION–Payments to the City,” and in some years, the Commission has received a lower amount of FAA discretionary grants than it requested as a result of the amount of the Annual Service Payments. For example, the FAA militated \$22.5 million in discretionary grants in the federal fiscal year ended September 30, 2025, and the Airport did not receive any FAA discretionary grants. The FAA may reduce discretionary grants in the future as a result of the Annual Service Payments. The FAA may also reduce or deny discretionary grant awards as a result of changes in FAA policies or practices. Furthermore, AIP funding may be reduced in the future as a result of legislation or the failure of the U.S. Congress to pass an annual appropriation bill including such funding. Reduction in grants awarded to the Commission could result in the delay or cancellation of projects or the incurrence of additional debt by the Commission. Also see “CERTAIN RISK FACTORS–Risks Related to the Commission’s Capital Projects.” Also see “CERTAIN RISK FACTORS–Impact of the Federal Government on Airport Finances.”

The Airport also receives other federal grants. For example, the Infrastructure Investment and Jobs Act, which included direct aid for airports, among other things, became law on November 15, 2021. Under the Infrastructure Investment and Jobs Act, in Federal Fiscal Years 2021-22, 2022-23, 2023-2024, 2024-25, and 2025-26, the Airport was allocated a total of approximately \$227.9 million in federal funds for capital projects. The Infrastructure Investment Jobs Act expires at the end of Federal Fiscal Year 2025-26 and will have no further allocations.

Project costs are subject to audit by the funding agencies to ensure that the costs are allowable under the grant agreements. If any project costs are disallowed, amounts recorded as grants receivable will be reduced or refunded to the respective funding agencies.

Grants received by the Airport are audited from time to time. The Airport has been audited by OIG and others with respect to grants and PFCs. In the past, audits have resulted in repayments of grants and reductions of other grant reimbursement requests. In addition, audits have resulted in changes to the Airport’s internal controls and procedures. While the Airport may be required to repay grants it has received or take other remedial measures as a result of future audits, the Commission does not believe any required repayments will have any material adverse impact on the business operations or financial condition of the Airport.

AIRPORT'S FINANCIAL AND RELATED INFORMATION

General

The Airport generates its operating revenues primarily from airline terminal rentals and landing fees, concession revenues, parking management revenues, trip fees and Passenger Facility Charges. The Airport operates as a “residual” airport, which means in effect that the Signatory Airlines are obligated under the Lease and Use Agreements to pay amounts sufficient to cover all of the Airport’s operating expenses and debt service costs less any non-airline revenues of the Airport. The Commission establishes terminal rental rates and landing fees in advance for each upcoming Fiscal Year based on the Airport’s estimated revenues and expenses. Actual receipts and expenses in any Fiscal Year will be either more or less than estimated revenues and expenses. Due to the residual nature of the Lease and Use Agreements, to the extent there is an over-collection in any year (that is, receipts from the airlines exceed the Airport’s net costs), the Airport is obligated to reduce future terminal rentals and landing fees by a corresponding amount. Similarly, if there is an under-collection in any year, the Airlines are obligated under the Lease and Use Agreements to pay such deficiency from future rates and charges. For a description of the Lease and Use Agreements, see “SAN FRANCISCO INTERNATIONAL AIRPORT—Airline Agreements” and APPENDIX E—“SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS.” Also see “SECURITY FOR THE SERIES 2025DE BONDS—Pledge of Net Revenues; Source of Payment—*Certain Adjustments to ‘Revenues’ and ‘Operation and Maintenance Expenses’*—Unearned Aviation Revenues/Aviation Revenues Due.”

The Airport’s operating revenues depend significantly on the level of aviation activity and passenger traffic at the Airport, including origin and destination travel to and from the Airport, which have comprised approximately 80% of passenger traffic in recent years. This demand is driven, in turn, by local, national and global economic conditions, with the strength of the local San Francisco Bay Area economy as the most salient factor. See “CERTAIN RISK FACTORS—Local Economy” and APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT—AIRLINE TRAFFIC AND ECONOMIC ANALYSIS—Economic Basis for Airline Traffic” and “—Airline Traffic Projections—Underlying Assumptions.” Furthermore, the connecting traffic at the Airport is primarily driven by United Airlines’ hubbing activities, with the Airport being an important hub in that air carrier’s network. Airport management pursues opportunities to grow revenues from non-airline sources, such as concessions, parking and ground transportation. The availability of these revenues is also largely driven by demand for passenger service at the Airport.

Airport expenditures are comprised of operating and capital expenses. Operating expenses grow as passenger levels increase. The Lease and Use Agreements allow for minimal amounts of capital expenditures to be funded from operating revenues. As a result, debt service is a substantial and growing component of the Airport’s expenditures each year.

In order to address the financial impacts of the COVID-19 pandemic, Airport management took a variety of actions, including, restructuring debt to reduce debt service on Bonds in Fiscal Years 2020-21, 2021-22 and 2022-23 by \$262 million, \$229 million and \$197 million, respectively. For discussion of federal grants received as a result of the pandemic, most of which have been used to offset operating expenses, see “—Operating Expenses.”

Summary of Financial Statements

Summary of Statement of Revenues, Expenses, and Changes in Net Position. A summary of the Commission’s Statement of Revenues, Expenses, and Changes in Net Position as reported in the Commission’s annual financial statements for Fiscal Years 2020-21 through 2024-25 is shown in the table below. See APPENDIX B—“BASIC FINANCIAL STATEMENTS WITH SCHEDULE OF PASSENGER FACILITY CHARGE REVENUES AND EXPENDITURES, JUNE 30, 2025 (WITH INDEPENDENT AUDITOR’S REPORT THEREON).”

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SUMMARY OF AIRPORT'S STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(\$ in thousands)
(Fiscal Years)

	2020-21	2021-22	2022-23	2023-24	2024-25
Aviation Revenues ⁽¹⁾					
Flight Operations	\$68,095	\$182,277	\$235,776	\$303,438	\$267,661
Passenger Terminal	187,544	191,916	292,461	505,835	476,187
Paved & Unimproved	18,353	18,850	19,503	20,167	20,751
Parking-Airline Employees	7,304	10,399	12,248	12,890	15,472
Cargo Space	5,356	5,424	5,253	5,909	6,157
Others – Aircraft Parking & Superbay Hangar	17,503	19,296	21,524	21,464	21,759
FBO Fuel Services	14,914	21,778	23,065	22,336	22,804
Rental-Tank Farm Area	1,704	1,754	1,934	2,053	2,099
Airline Support Services	16,442	17,163	18,551	19,947	22,144
GASB 87 Leases	-	(17)	(65)	(49)	(32)
Total Aviation Revenues	337,215	468,840	630,250	913,990	855,002
Concession Revenues	56,528	113,261	128,019	161,927	161,996
Hotel Revenues	12,567	29,251	37,377	42,173	46,575
Parking and Transportation Revenues	44,819	132,253	183,520	194,076	205,262
Net Sales and Services	64,287	77,648	84,938	89,224	100,413
Total Operating Revenues	515,416	821,253	1,064,104	1,401,390	1,369,248
Personnel	(363,451)	(216,842)	(283,669)	(316,285)	(388,763)
Depreciation and Amortization	(331,135)	(356,649)	(355,475)	(358,872)	(414,926)
Contractual Services	(77,077)	(81,424)	(97,718)	(114,854)	(134,010)
Hotel	(14,396)	(24,969)	(32,161)	(35,194)	(38,511)
Other Operating Expenses ⁽²⁾	(128,326)	(129,946)	(133,727)	(151,351)	(170,461)
Total Operating Expenses	(914,385)	(809,830)	(902,750)	(976,556)	(1,146,671)
Operating (Loss) Income	(398,969)	11,423	161,354	424,834	222,577
Nonoperating Revenue (Expense) ⁽³⁾	(53,093)	(179,955)	(197,389)	(162,710)	(172,375)
Income (Loss) Before Capital Contribution and Transfers	(452,062)	(168,532)	(36,035)	262,124	50,202
Capital Contributions ⁽⁴⁾	64,735	40,998	28,679	63,909	60,776
Transfer to the City	(14,736)	(37,906)	(48,701)	(55,600)	(58,489)
Changes in Net Position	\$(402,063)	\$(165,440)	\$(56,057)	\$270,433	\$52,489

⁽¹⁾ Includes \$250.0 million of funding for the ORCIF in Fiscal Year 2023-24, approximately \$214.7 million of which was funded from unearned aviation revenues, and \$98.3 million of funding for the ORCIF in Fiscal Year 2024-25, approximately \$44.1 million of which was funded from unearned aviation revenues. The ORCIF is described in greater detail under “SAN FRANCISCO INTERNATIONAL AIRPORT—Airline Agreements.”

⁽²⁾ Includes Light, heat and power; Services provided by other City departments; Repairs and maintenance; Materials and supplies; General and administrative; and Environmental remediation.

⁽³⁾ Includes interest expense in the amount of \$272.8 million for Fiscal Year 2020-21; \$321.1 million for Fiscal Year 2021-22; \$350.3 million for Fiscal Year 2022-23; \$365.1 million for Fiscal Year 2023-24; and \$399.4 for Fiscal Year 2024-25. Interest expense for Fiscal Year 2020-21 was adjusted to \$270.3 million in the Commission's Fiscal Year 2021-22 audited financial statements as a result of \$2.5 million of unrealized investment losses being recharacterized as negative investment revenue.

⁽⁴⁾ Represents federal and state grant funds. In Fiscal Year 2020-21, includes \$36.3 million asset contributions from SFO Fuel. In Fiscal Year 2021-22, includes \$24.0 million asset contributions from SFO Fuel. Due to the implementation of Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations*, in Fiscal Year 2022-23, the net book value of the capital assets from SFO Fuel has been reclassified from revenues to the deferred inflow of resources and would be amortized over the term of SFO Fuel Bonds term (through Fiscal Year 2046-47).

Source: Commission.

Summary of Statement of Net Position. A summary of the Commission's Statement of Net Position as reported in the Commission's annual financial statements for Fiscal Years 2020-21 through 2024-25 is shown in the following table. See APPENDIX B—“BASIC FINANCIAL STATEMENTS WITH SCHEDULE OF PASSENGER FACILITY CHARGE REVENUES AND EXPENDITURES, JUNE 30, 2025 (WITH INDEPENDENT AUDITOR'S REPORT THEREON).”

The Commission's net position increased by approximately \$17.8 million from Fiscal Year 2023-24 to Fiscal Year 2024-25, resulting in a negative total net position of approximately \$534.5 million. See “SAN FRANCISCO

INTERNATIONAL AIRPORT–Airline Agreements–*Lease and Use Agreements*–ORCIF” and APPENDIX E— “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS – The ORCIF.”

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SUMMARY OF AIRPORT'S STATEMENT OF NET POSITION
(\$ in thousands)
(Fiscal Years)

	2020-21	2021-22	2022-23	2023-24	2024-25
Assets:					
Unrestricted current assets ^{(1),(2),(3)}	\$ 719,602	\$ 1,104,277	\$ 1,223,147	\$ 1,245,436	\$ 1,322,414
Restricted current assets	625,641	591,895	741,971	955,000	1,087,534
Unrestricted non-current assets	-	241,871	831,198	753,061	705,715
Restricted non-current assets	1,147,970	930,708	1,113,454	1,218,357	1,481,815
Net pension assets	-	153,872	-	-	-
Capital assets, net	7,070,878	6,977,073	6,934,498	7,136,289	7,537,288
Total assets	9,564,091	9,999,696	10,844,268	11,308,143	12,134,766
Deferred outflows of resources:					
Unamortized loss on refunding of debt	52,746	36,158	30,534	25,489	16,871
Deferred outflows on derivative instruments	21,374	10,192	-	-	-
Deferred outflows related to OPEB	39,632	35,683	38,931	54,277	59,162
Deferred outflows related to pensions	94,882	82,086	105,957	135,732	141,401
Total deferred outflows of resources	208,634	164,119	175,422	215,498	217,434
Liabilities:					
Current liabilities ⁽⁴⁾	268,178	527,812	648,266	526,458	529,413
Current liabilities payable from restricted assets	459,508	215,088	202,883	259,617	332,670
Noncurrent liabilities ⁽⁵⁾	8,860,986	9,102,113	9,440,484	9,774,879	10,574,371
Net OPEB liability	258,525	251,367	257,767	249,579	236,686
Net pension liability	340,330	-	162,200	208,295	229,504
Derivative instruments	21,374	10,192	-	-	-
Total liabilities	10,208,901	10,106,572	10,711,600	11,018,828	11,902,644
Deferred inflows of resources:					
Unamortized gain on refunding of debt	-	-	-	42,549	39,916
Deferred inflows related to OPEB	43,768	50,638	50,948	35,135	29,386
Deferred inflows related to pensions	14,859	380,803	37,692	15,623	8,498
Deferred inflows related to leases	-	286,045	1,042,367	963,990	906,469
Total deferred inflows of resources	58,627	717,486	1,131,007	1,057,297	984,269
Net position:					
Net investment in capital assets	(1,030,427)	(1,327,327)	(1,603,694)	(1,949,136) ⁽⁸⁾	(2,194,281)
Restricted for debt service	117,856	61,899	75,798	157,855	265,813
Restricted for capital projects	436,516	492,914	653,258	833,330	889,448
Restricted for other purpose ^{(6),(7)}	-	1,978	4,660	6,403	9,292
Unrestricted	(18,748)	110,293	47,061	399,064 ⁽⁸⁾	495,015
Total net position	\$ (494,803)	\$ (660,243)	\$ (822,917)	\$ (552,484)	\$ (534,713)

⁽¹⁾ For a description of the cash and investments of the Airport, see “–Investment of Airport Funds.”

⁽²⁾ Net of allowance for doubtful accounts.

⁽³⁾ Current unrestricted assets include aviation revenue due. If there is an under-collection in any Fiscal Year (“aviation revenue due”), the airlines are obligated under the Lease and Use Agreements to pay such deficiency from future rates and charges. See “SAN FRANCISCO INTERNATIONAL AIRPORT–Airline Agreements.”

⁽⁴⁾ Current liabilities include unearned aviation revenue (formerly referred to as deferred aviation revenue) of (in thousand: Fiscal Year 2020-21: \$160,189; Fiscal Year 2021-22: \$417,053; Fiscal Year 2022-23: \$461,730; Fiscal Year 2023-24: \$247,045; and Fiscal Year 2024-25: \$202,919. Unearned aviation revenues consist of the amount, in each Fiscal Year, that terminal rental rates and landing fees under the airline Lease and Use Agreements exceed the Airport’s net operating expenses. The Airport is obligated to reduce future rates and charges by a corresponding amount.

⁽⁵⁾ Amounts include compensated absences, accrued workers’ compensation, claims payable, leases payable and other liabilities, and long-term debt outstanding.

⁽⁶⁾ Amounts include the on-Airport Hotel’s assets and liabilities (including the Hotel trust accounts) except the Hotel Debt Service trust account, the Hotel Revenue Stabilization Fund trust account, the Hotel Capitalized Interest trust account, and the Hotel’s capital lease obligations.

⁽⁷⁾ If amount is negative, it is reclassified to Unrestricted Net Position.

⁽⁸⁾ FY 2023-24 lease receivable, lease interest receivable, and deferred inflows related to leases were reclassified from net investment in capital assets to unrestricted net position.

Source: Commission.

Available Financial Resources

The following table and accompanying footnotes describe some of the financial resources available to the Commission. All figures are as of June 30, 2025.

AVAILABLE FINANCIAL RESOURCES

Contingency Account ⁽¹⁾	\$192.2 million
Unrestricted Cash: ⁽²⁾	\$887.6 million
PFC Fund balance: ⁽³⁾	\$758.5 million
Available Commercial Paper: ⁽⁴⁾	\$600.0 million

⁽¹⁾ See “SECURITY FOR THE SERIES 2025DE BONDS—Contingency Account” for a description of the Contingency Account.

⁽²⁾ Unrestricted cash and investments are held by the City’s Treasurer. The amount of unrestricted cash changes frequently, sometimes substantially.

⁽³⁾ Amounts in the PFC Fund may be designated by the Commission as Revenues to offset debt service on Bonds. See “SECURITY FOR THE SERIES 2025DE BONDS—Pledge of Net Revenues; Source of Payment.”

⁽⁴⁾ The Commission is authorized to have up to \$600.0 million in Commercial Paper Notes outstanding at any one time under its commercial paper program. As of September 1, 2025, there were \$437.0 million of Commercial Paper Notes outstanding, which are expected to be repaid either immediately or through an escrow with the proceeds of the Series 2025DE Bonds. See “PLAN OF FINANCE.”

Unrestricted cash totaled \$484.0 million as of fiscal year end in Fiscal Year 2020-21, \$787.6 million as of fiscal year end in Fiscal Year 2021-22, \$832.8 million as of fiscal year end in Fiscal Year 2022-23, \$835.7 million as of fiscal year end in Fiscal Year 2023-24 and \$887.6 million as of fiscal year end in Fiscal Year 2024-25. These amounts include unearned aviation revenues and amounts in the ORCIF, which totaled \$202.9 million and \$348.3 million, respectively, as of the end of Fiscal Year 2024-25. These amounts do not include amounts held in the Contingency Account. For further discussion of the Contingency Account, see “SECURITY FOR THE SERIES 2025DE BONDS—Contingency Account.” The amount of unrestricted cash changes frequently, sometimes substantially.

Operating Revenues

The Commission receives operating revenues primarily from aviation-related activities, ground transportation, and concessions. Each of these categories of revenues is described below. The Commission also receives revenues from net sales and services, which consist of revenues derived from utility services, telecommunication access fees, badge and permit fees, rental car facility fees and cost-based reimbursement of various services.

Principal Revenue Sources

Set forth in the table below is a description of the Airport’s principal revenue sources. No single tenant accounted for more than 26% of total operating revenue in Fiscal Year 2024-25. For the purpose of this table, the term “revenues” includes all amounts paid to the Airport by a company, including Concession Revenues, rent, utilities, etc.

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TOP TEN SOURCES OF REVENUE

Company/Source	Category	FY 2022-23 ⁽¹⁾	FY 2023-24 ⁽¹⁾	FY 2024-25 ⁽¹⁾	
		Revenues (\$ in thousands)	Revenues (\$ in thousands)	Revenues (\$ in thousands)	Percent of Operating Revenue ⁽²⁾
United Airlines	Airline	\$292,641	\$304,717	\$349,744	26%
On Airport Parking ⁽³⁾	Public Parking	127,715	130,417	136,123	10
Alaska Airlines	Airline	41,463	40,388	56,038	4
American Airlines	Airline	42,778	43,811	48,894	4
Delta Air Lines	Airline	38,251	38,511	45,944	3
Raiser CA LLC/Uber 032512	Ground Transportation	30,281	35,507	40,828	3
The Hertz Corporation	Rental Car	35,281	35,654	36,470	3
Enterprise Rent-a-Car Co. of San Francisco, LLC	Rental Car	33,368	34,634	35,709	3
Avis Budget Car Rental, LLC	Rental Car	32,768	34,023	32,716	2
DFS Group, L.P.	Concession	N/A	35,401	25,719	2
Signature Flight Support		23,724	N/A	N/A	
Subtotal Ten Highest		\$698,270	\$733,063	\$808,185	60
Other Operating Revenue		365,834	668,327	561,063	40%
Total Operating Revenue		\$1,064,104	\$1,401,390	\$1,369,248	100%
Other Revenue ⁽⁴⁾		74,596	164,145	220,731	
PFC Collections		92,341	99,587	104,320	
CFC Collections		11,441	13,015	13,748	
Total Revenue		\$1,242,482	\$1,678,137	\$1,708,047	

⁽¹⁾ Revenue is audited and includes operating and non-operating income and credit adjustments.

⁽²⁾ Numbers may not add due to rounding.

⁽³⁾ New South Parking-California manages the Airport's public short-term garages and long-term parking facility and collects parking revenues on behalf of the Airport.

⁽⁴⁾ Includes investment income and other non-operating revenue.

Source: Commission.

Aviation Revenues

Under the Lease and Use Agreements, the Airport's operating budget and non-airline revenue sources are projected for each new Fiscal Year. Then, using a residual cost methodology, airline landing fees and terminal rental rates are set such that estimated total Airport revenues each Fiscal Year are equal to estimated total Airport operating costs, which include debt service and certain capital items as well as general operation and maintenance expenses. Increases in non-airline revenue sources generally result in decreases in airline landing fees and terminal rental rates. See "SAN FRANCISCO INTERNATIONAL AIRPORT—Airline Agreements—*Lease and Use Agreements*." and APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS."

Terminal Rental Rates and Landing Fees

Terminal rental rates and landing fees are adjusted annually on July 1. The Lease and Use Agreements do not require the airlines, either individually or as a group, to maintain any minimum level of landed weight at the Airport.

A summary of historical and current landing fees for scheduled aircraft with a lease or operating permit and average terminal rental rates for Fiscal Years 2021-22 through 2025-26 is set forth below.

HISTORICAL AND CURRENT LANDING FEES AND TERMINAL RENTALS
(Fiscal Years)

	2021-22	2022-23	2023-24	2024-25	2025-26
Landing Fees (per 1,000 pounds)	\$11.40	\$7.73	\$5.98	\$6.48	\$6.59
Minimum Landing Fee (fixed wing)	393	415	514	492	539
Minimum Landing Fee (rotary)	196	208	257	246	269
Average Terminal Rental Rate (per square foot)	196.45	187.47	225.62	246.46	271.64

Source: Commission.

Because of the variety of methodologies used by different airports to calculate airline landing fee and terminal rental rates, such fees and rates are not directly comparable between airports. Terminal rental rates and landing fees represent a small proportion of overall costs to the airlines per enplaned passenger at the Airport, and are not a primary consideration in the establishment and maintenance of routes and schedules. However, airline payments per passenger (for landing fees and terminal rental rates) is an index commonly used to compare the costs to the airlines to operate at different airports. Airline payments per enplaned passenger at the Airport are set forth in the table below. Overall, costs to the airlines are expected to rise in the short to medium term, primarily due to the issuance of additional Bonds to fund the construction of capital projects. See “CAPITAL PROJECTS AND PLANNING—The Capital Improvement Plan” and APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT.”

AIRLINE PAYMENTS PER ENPLANED PASSENGER

Fiscal Year	Amount ⁽¹⁾
2024-25	\$27.17
2023-24	31.35
2022-23	22.19
2021-22	21.14
2020-21	36.62

⁽¹⁾ Amounts in this table are calculated differently than those in the Report of the Airport Consultant. In particular, (i) the amounts in this table are not offset by landing fees paid by cargo airlines while the figures in the Report of the Airport Consultant are offset by such amounts and (ii) the amounts in this table are not offset by changes of unearned aviation revenue/aviation revenue due in the applicable Fiscal Year, while the figures in the Report of the Airport Consultant are offset by such amounts. See “SECURITY FOR THE SERIES 2025DE BONDS—Pledge of Net Revenues; Source of Payment—Certain Adjustments to ‘Revenues’ and ‘Operation and Maintenance Expenses’—Unearned Aviation Revenues/Aviation Revenues Due.”

Source: Commission.

Ground Transportation Revenues

The Commission derives revenues from parking, rental cars and transportation network companies and other ground transportation. TNCs and other ground transportation revenues include fees collected from TNCs, taxis, limousines, shared-ride vans, hotel and off-airport parking shuttles, and other commercial modes of transportation. The Commission’s total ground transportation revenue for Fiscal Year 2024-25 totaled \$257.7 million, up from \$248.4 million in Fiscal Year 2023-24. The relative share of these sources has shifted from time to time.

Rental Cars

Currently, four on-Airport rental car companies representing nine brands operate at the Rental Car Center under leases that currently expire August 31, 2027. The Commission has the option to extend for two additional years.

The agreements with the on-Airport rental car companies provide for payments to the Commission of concession revenues equal to the greater of a percentage of gross receipts or a minimum annual guarantee (“MAG”). The MAG was suspended from the effective date of the leases through November 1, 2022 due to the COVID-19 pandemic.

The on-Airport rental car companies generated aggregate concession revenue and building space rent to the Airport of \$75.7 million in Fiscal Year 2024-25 down from \$76.9 million in Fiscal Year 2023-24.

The Commission implemented a rental car customer facility charge (“CFC”) in early 2022, at a rate of \$10.00 per rental car transaction in accordance with State law, for the purpose of making improvements to the Commission’s rental car facilities. CFC revenues generally are not classified as Revenues of the Commission under the Indenture, except to the extent all or a portion of the CFC revenues is designated as Revenues by the Commission. No CFCs have been designated as Revenues by the Commission and CFCs may only be used for the purpose of making improvements to the rental car facilities.

SFO Transportation Fees

The rental car companies collect a per rental contract fee (currently \$16.00) that is paid to the Commission for reimbursement of certain costs of operating and providing the AirTrain System facilities between the Terminal Complex and the Rental Car Center located one mile north of the Terminal Complex. The total collected in Fiscal Year 2024-25 was \$22.5 million, up from \$21.5 million in Fiscal Year 2023-24.

Parking

SP Plus SF Joint Venture provides management and operation services for the Airport’s public and employee parking facilities under a contract with the Commission that commenced July 1, 2023, and has a term of five years. The guaranteed maximum price that the Airport would pay over the five years of this contract is \$215.0 million. In Fiscal Year 2024-25, parking revenues increased by 4.6%, or \$5.9 million, to \$136.1 million.

The Airport’s parking facilities compete with off-airport facilities located near the Airport that are operated by private companies. Parking facilities located near the Airport and operated by private companies offer more than 6,000 public remote parking spaces for Airport patrons.

TNCs and Other Ground Transportation

Revenue from commercial ground transportation (including TNCs, taxis, limousines and other commercial modes of transportation) totaled \$69.0 million in Fiscal Year 2024-25, an increase of \$5.5 million or 8.6% from Fiscal Year 2023-24, primarily driven by increase in passenger traffic.

Concessions Revenues

Retail and Food and Beverage Program

As of July 1, 2025, the domestic terminals have 40 retail locations and 55 restaurants and the international terminal has 25 retail locations (including 15 duty free stores) and 19 restaurants. The Airport continues to source a combination of local concepts and San Francisco neighborhood restaurants with national brands and eateries to meet passenger demands and increase passenger spending. In June 2025, the Airport opened the SF Eats food-hall in Terminal 1, including several well-known San Francisco eateries.

In Fiscal Year 2024-25, food and beverage sales increased by 0.9% compared to the prior year, despite a per passenger spend rate decrease of 4.5% to \$10.66 from \$11.17. In Fiscal Year 2024-25, food and beverage revenue to the Airport increased by 13.7%. The increase in both sales and revenues to the Airport is mainly driven by the increase in passenger traffic. The difference between increases in sales and revenues to the Airport reflects how the Airport’s concessionaire leases are structured, the reinstatement of MAGs for most leases and the application of federal grant funds toward concessions revenues (see “–Operating Expenses”).

In Fiscal Year 2024-25, retail sales, excluding duty free, increased 6.3% compared to the prior year, with a per passenger spend rate increase of 0.6% to \$4.22 from \$4.19. In Fiscal Year 2024-25, rent from retail concessions increased 11.1%. Both increase in sales and rent is primarily driven by the increase in passenger traffic.

Duty Free Program

In 2018, the Commission entered into a concession agreement with DFS Group, L.P. (“DFS Group”), which is exclusive for duty free sales and non-exclusive for duty paid sales. The lease is for 15 stores, primarily in the ITC. The 14-year base term of the lease commenced April 1, 2020. The term will be extended if the Airport constructs a single centrally located security checkpoint in the ITC and an accompanying retail plaza necessitating reconstruction of much of the duty free program within five years of lease expiration. As a result of modifications due to the COVID-19 pandemic and related passenger mix changes, the Commission has executed six amendments providing a temporary reduction in percentage rent to 28% for sales up to \$100 million and 32% for sales above \$100 million for calendar years 2026 through 2029, and reducing the calendar year 2026 MAG to \$25 million, with an annual adjustment as provided in the lease. Beginning in calendar year 2030, base rent for the duty free lease will be the greater of a MAG of \$42 million or tiered percentage rent (45.8% for sales to \$100 million; 41.8% for sales between \$100 million and \$160 million; and 30% for sales above \$160 million).

Advertising Program

Clear Channel Airports has held the advertising concession lease at the Airport since 2001. The current lease with Clear Channel expires on October 31, 2027. The fixed annual rent under the lease as of June 30, 2025 is \$14,205,786.

Rent Relief as a Result of the COVID-19 Pandemic

The majority of the Commission’s retail and food and beverage leases are structured for the Commission to receive rent equal to a percentage of gross revenues or a minimum annual guarantee (“MAG”), whichever is higher. The Airport’s concession agreements with tenants also generally provide that the MAG is temporarily suspended, and the tenant is required to pay only a percentage of revenues as rent, if monthly enplanements in the relevant boarding area of the Airport are less than 80% of the enplanements of the same month in the calendar year immediately prior to the year in which the concession is awarded (the “reference month”), and such shortfall continues for three consecutive months. The MAG is reinstated once monthly enplanements equal or exceed 80% of the enplanements of the reference month for two consecutive months. MAGs were suspended under most such agreements beginning in June 2020, so starting in June 2020, most concessionaires are only required to pay a percentage of revenues as rent. Approximately 89% of all concession leases have had MAGs reinstated as of July 2025.

In addition, the Commission offered rent relief to concessionaires in 2020, resulting in foregone revenue of approximately \$21.8 million, and extended additional rent relief in connection with federal coronavirus relief grant programs discussed under “–Operating Expenses.”

Top Ten Sources of Concession Revenues

The following table summarizes concession revenues for Fiscal Years 2022-23 through Fiscal Year 2024-25 attributable to the Airport’s largest concession revenue sources. For the purpose of this table, “Concession Revenue” is defined as fees and rentals collected by the Commission for: (i) the right to provide and operate restaurants, bars, car rental services, newsstands, gift shops, specialty shops, advertising displays, public telephones and other merchandising concessions and consumer services in the Terminal Area; (ii) the right to provide and operate courtesy vehicles, ground transportation services, hotels, service stations and other concessions and services in the groundside area; and (iii) other activities and services in the groundside area of the Terminals such as public automobile parking and traffic fines. “Concession Revenues” for identified concessionaires/managers includes only revenues derived from percentage rent (including minimum annual guarantees where applicable), not fees for permits or facility rent.

TOP TEN SOURCES OF AIRPORT CONCESSION REVENUES*

Concessionaire/Manager	Concession Revenue Sources	Lease/Agreement Expiration Date	FY 2022-23 Concession Revenue (\$ in thousands)	FY 2023-24 Concession Revenue (\$ in thousands)	FY 2024-25 Concession Revenue (\$ in thousands)
DFS Group, L.P.	Duty Free and General Merchandise	Various ⁽¹⁾	\$27,538	\$36,912	\$34,207
The Hertz Corporation	Rental Car	8/31/27 ^(2,3)	16,928	16,495	16,337
Enterprise Rent-a-Car Rental, LLC (formerly EAN, LLC)	Rental Car	8/31/27 ^(2,4)	16,071	16,307	16,056
Clear Channel Airports	Advertising	10/31/27 ⁽⁵⁾	12,738	12,927	14,040
Avis Budget Rental Car, LLC	Rental Car	8/31/27 ^(2,6)	15,497	15,076	13,600
Tastes on the Fly San Francisco, LLC	Food and Beverage	Various ⁽⁷⁾	7,221	7,280	6,858
Alclear, LLC.	Travel Service	12/31/25 ⁽⁸⁾	4,024	4,729	5,435
Sixt Rent A Car, LLC	Rental Car	8/31/27 ^(2,9)	4,403	4,874	4,911
ALD Development Corporation	Common Use Lounge	6/30/36 ⁽¹⁰⁾	n/a	n/a	3,663
American Express Travel Related Services Co., Inc	VIP Club	11/05/31 ⁽¹¹⁾	2,718	3,287	3,296
New Cingular Wireless	Wireless Network	2/1/32 ⁽¹²⁾	n/a	2,546	n/a
WDFG North America, LLC (Formerly Host International Inc.)	General Merchandise	Various ⁽¹³⁾	2,598	n/a	n/a
Sub Total			<u>\$109,735</u>	<u>\$120,432</u>	<u>\$118,402</u>
On Airport Parking			127,715	130,417	136,123
Other Revenue ⁽¹⁴⁾			<u>111,466</u>	<u>147,327</u>	<u>159,309</u>
Total Concession Revenue			<u>\$348,916</u>	<u>\$398,176</u>	<u>\$413,833</u>

* See also “—Concession Revenues,” and “—Ground Transportation Revenues – *Rental Cars*.” Concession Revenues in each year reflect true ups from prior years for many concessionaires, which may result in revenues being less than the MAG for some concessionaires.

⁽¹⁾ There are two concession leases for DFS Group: a duty paid lease and a duty free lease. In Fiscal Year 2024-25, the minimum annual guaranteed rent for the duty free lease was \$30.5 million, and the minimum annual guaranteed rent for the duty paid lease was \$0.3 million. The duty paid lease expires January 31, 2028; the duty free lease expires March 31, 2034

⁽²⁾ The Commission receives multiple revenue streams from rental car companies (such as concessions rent, facilities rent, transportation and facilities fees). Revenue in this table reflects only the concession rent.

⁽³⁾ The minimum annual guaranteed rent for Hertz Corporation was \$16.5 million in Fiscal Year 2024-25.

⁽⁴⁾ Doing business as Enterprise Rent-A-Car, Alamo Rent-A-Car and National Car Rental. Tenant’s minimum annual guaranteed rent was \$16.1 million in Fiscal Year 2024-25.

⁽⁵⁾ The fixed rent for Clear Channel in Fiscal Year 2024-25 was \$14.0 million.

⁽⁶⁾ Doing business as Avis Rent-A-Car and Budget Rent-A-Car. Tenant’s minimum annual guaranteed rent was \$13.1 million in Fiscal Year 2024-25.

⁽⁷⁾ Tastes on the Fly operates various locations within the Airport, each with a different expiration date. The total minimum annual guaranteed rent for Fiscal Year 2024-25 was \$3.8 million.

⁽⁸⁾ The minimum annual guaranteed rent for Alclear, LLC. in Fiscal Year 2024-25 was \$1.8 million.

⁽⁹⁾ The minimum annual guaranteed rent for Sixt Rent A Car was \$4.0 million in Fiscal Year 2024-25.

⁽¹⁰⁾ Tenant paid rent based on Category II terminal rental rate.

⁽¹¹⁾ The fixed rent for American Express Travel Services in Fiscal Year 2024-25 was \$3.3 million.

⁽¹²⁾ New Cingular Services was not one of the top ten sources of concession revenue in Fiscal Year 2022-23 and Fiscal Year 2024-25.

⁽¹³⁾ WDFG North America, LLC (Formerly Host International Inc.) operates various locations within the Airport, each with a different expiration date. Tenant was not one of the top ten sources of concession revenue in Fiscal Year 2023-24 and Fiscal Year 2024-25.

⁽¹⁴⁾ Represents the aggregate concession revenue received from approximately 90 additional concessionaires operating 143 concessions and ground transportation operators at the Airport, including TNC trip fee revenues of approximately \$45.1 million in Fiscal Year 2022-23, approximately \$51.7 million in Fiscal Year 2023-24, and approximately \$55.5 million in Fiscal Year 2024-25. The concessions revenue for Fiscal Year 2022-23 includes Concession Relief Adjustments in connection with federal coronavirus relief programs. See “Concessions Revenues—Rent Relief as a Result of the COVID-19 Pandemic.”

Source: Commission.

Passenger Facility Charge

In 2001, the Airport received authorization from the FAA to commence collection and use of a PFC in the amount of \$4.50 per enplaning passenger to pay for certain eligible capital projects as approved by the FAA. The PFC revenues received by the Airport are subject to audit and final acceptance by the FAA and costs reimbursed with PFC revenues are subject to adjustment upon audit.

PFC Applications

As of September 30, 2025, the Commission had received authorization to collect \$2,320.3 million of PFCs through December 2030 pursuant to a series of applications, the first of which was made in 2001. \$1,996.2 million of such amount had been collected and \$324.2 million remained to be collected (on an accrual basis) as of September 30, 2025.

The Report of the Airport Consultant projects that the Commission's current PFC authorization will be fully collected in Fiscal Year 2027-28. The Commission intends to submit further PFC applications to the FAA that would permit it to continue collecting PFCs at a \$4.50 rate and provide for increased PFC collection and use authority in the future, including requests for authorization to use PFC revenues to pay debt service associated with the Terminal 1 and Terminal 3 redevelopment projects.

Designation of PFC Collections as Revenues

PFC collections are not included in the definition of "Revenues" under the Indenture. The Commission, however, has the ability but not the obligation under the Indenture to designate all or some portion of such collections as "Revenues" for a given Fiscal Year. These amounts so designated thus contribute to the Airport's calculation of debt service coverage for purposes of its rate covenant. The actual amount of PFC collections to be designated as "Revenues" and used to pay debt service is dependent, in part, upon the amounts permitted for such use by PFC regulations and the Airport's PFC applications. To date, the Commission has determined the amount eligible to be designated as Revenues prior to the start of each Fiscal Year. The Commission authorizes the Airport Director to adjust this amount, depending upon actual PFC collections during the Fiscal Year, Airport net revenues relative to budget, and other factors. PFC collections that are not applied as "Revenues" and used to pay debt service on related Bonds are deposited and retained in a separate account and are available to be applied for such purposes in future Fiscal Years. As of June 30, 2025, the Airport reported to the FAA a balance of \$839.1 million in such account, which may be used to pay debt service on related Bonds or for other purposes. Set forth in the table below is a summary of Airport PFC collections and amounts applied to pay debt service for the ten Fiscal Years through Fiscal Year 2024-25. The Commission designated \$234.7 million of PFCs as "Revenues" in Fiscal Year 2025-26.

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**PFC COLLECTIONS APPLIED BY THE COMMISSION
FOR PAYMENT OF DEBT SERVICE ON OUTSTANDING BONDS**

Applicable Fiscal Year	PFC Collections (millions) ⁽¹⁾	PFC Designated as Revenues (millions) ⁽²⁾	Amount Applied to Pay Debt Service (millions) ⁽³⁾
2024-25	\$142.2	\$234.7	\$80.0
2023-24	128.4	130.0	0.0
2022-23	99.4	137.0	0.0
2021-22	60.9	397.0	0.0
2020-21	29.3	0.0	0.0
2019-20	83.7	523.6	151.8
2018-19	124.8	67.9	63.3
2017-18	115.1	31.7	4.1
2016-17	105.9	44.9	23.4
2015-16	100.2	58.1	43.1

⁽¹⁾ Includes PFC collections and related interest earned for the year. Based on Audited Financial Statements for Fiscal Years 2015-16 through 2024-25.

⁽²⁾ Amount authorized to be designated as Revenues to be applied to pay debt service. Accumulated PFCs from prior years can be designated in future years. The Commission authorized the Director to designate up to \$397 million of PFCs as Revenues in Fiscal Year 2020-21 or Fiscal Year 2021-22. The Director did not designate any PFCs as Revenues in Fiscal Year 2020-21, leaving the full \$397 million available to be applied to pay debt service in Fiscal Year 2021-22.

⁽³⁾ Amount actually applied to pay debt service. Accumulated PFCs from prior years can be applied to pay debt service in future years.

Source: Commission.

The Commission's receipt of PFC revenues is subject to certain risks. A shortfall in PFC revenues or a decision by the Commission not to designate PFCs as Revenues may require the Commission to increase landing fees and terminal rentals to pay its debt service on the Bonds.

Collection of PFCs in the Event of Airline Bankruptcy

In order to ensure continuation of the PFC program, including the trust fund status of collected PFCs, Congress amended the PFC enabling legislation effective December 12, 2003, to provide additional specific obligations for an air carrier operating under bankruptcy protection in Chapter 7 or Chapter 11. The statute provides that (i) the air carrier must segregate in a separate account an amount of PFCs equal to its average monthly liability, (ii) PFCs are funds held in trust for each airport regardless of the ability to identify or trace precise funds, (iii) the air carrier may not pledge the PFCs to a third party, (iv) an airport is entitled to recover costs for enforcing an air carrier's compliance with the statute, (v) the air carrier may keep any interest income earned on the segregated PFCs if it is in compliance with the PFC enabling legislation, and (vi) PFCs may not be commingled with other air carrier revenues.

While the PFC enabling legislation provides that PFCs are trust funds both before and after an air carrier files for bankruptcy protection, there can be no assurance that, in the event of a bankruptcy, the air carrier will have collected, retained, segregated or properly accounted for its PFCs, or that the Airport would be able to collect from the air carrier the PFCs that the airline collected prior to the bankruptcy filing, or that any such collection would be timely.

Operating Expenses

Fiscal Year 2024-25 operating expenses increased by \$170.1 million (17.4%) to \$1,146.7 million from \$976.6 million in Fiscal Year 2023-24. This increase was primarily due to increases in expenses for personnel, depreciation and amortization, contractual services, light, heat and power, services provided by other City departments, repairs and maintenance, and environmental remediation. Personnel expenses increased by \$72.5 million (22.9%), primarily due to headcount growth, staff cost-of-living adjustment, and higher pension and OPEB expenses. Depreciation and amortization expenses increased by \$56.0 million (15.6%), primarily due to the newly placed in service assets related to Taxiway D and T, the Terminal 1 Center, and the Baggage Handling Systems. Contractual

services increased by \$19.1 million (16.6%), primarily due to increased expenses for various professional services contracts, such as parking management, guest services, curbside management, and shuttle buses. Light, heat and power expenses increased by \$3.3 million (12.3%), primarily due to an increase in consumption and rates. Expenses for services provided by other City departments increased by \$3.6 million (12.1%), primarily due to higher legal services and insurance premiums. Repairs and maintenance expenses increased by \$10.8 million (16.2%), primarily due to higher spending on as-needed maintenance, repair, and equipment modification services for elevators, escalators, electric walks, and wheelchair lifts. Environmental remediation expenses increased by \$2.3 million (121.1%), primarily due to a rise in capital spending related to the Taxiway D and T reconstruction project.

The U.S. government provided federal assistance to airports as a result of the COVID-19 pandemic, including under the Coronavirus Aid, Relief, and Economic Security Act, the Coronavirus Response and Relief Supplemental Appropriations Act, and the American Rescue Plan Act (the “ARPA”). The Commission has applied approximately \$0.2 million, \$296.1 million, \$175.1 million, and \$23.8 million of these federal funds to offset Operation and Maintenance Expenses in Fiscal Years 2019-20, 2020-21, 2021-22 and 2022-23, respectively, and has applied approximately \$4.9 million and \$20.9 million to concessions rent relief in Fiscal Years 2021-22 and 2022-23. In addition, the Commission has received other grants and other amounts that offset Operation and Maintenance Expenses. See “Historical Debt Service Coverage.”

Review and Adjustment to Operating Expenditures

Each quarter, the Airport produces a financial forecast for the operating budget. If this forecast were to project that the operating budget would be in a deficit by the end of the Fiscal Year, Airport management likely would implement cost control measures. These cost control measures have included, but are not limited to, workforce reductions or hiring freezes on positions except those that have a direct impact on safety and security, and cuts in discretionary expenditures, such as professional service contracts.

Payments to the City

Annual Service Payment

As provided by San Francisco Charter Section 16.104(b)(8) and the Lease and Use Agreements, the Commission makes an “Annual Service Payment” to the City in part to compensate the City for certain indirect services, management and facilities that it provides to the Airport and the Commission. See “SAN FRANCISCO INTERNATIONAL AIRPORT—Airline Agreements—*Lease and Use Agreements*” and “Payments from Commission to City” in APPENDIX E. The Annual Service Payment is equal to the greater of (i) \$5 million or (ii) 15% of “Concession Revenues” (as defined in APPENDIX E— “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS—Payments from Commission to City”), and is paid by the Commission in quarterly installments based on estimates and reconciled at year-end. The Annual Service Payment is made only after the payment of Operation and Maintenance Expenses and debt service on outstanding revenue bonds of the Commission, including the Series 2025DE Bonds, and certain other expenditures. See “SECURITY FOR THE SERIES 2025DE BONDS—Flow of Funds.” The amount of Annual Service Payment for each of Fiscal Years 2020-21 through 2024-25 is set forth below.

The Annual Service Payment has been grandfathered under the Final Policy. However, the grandfathered status may not continue indefinitely. New federal legislation could change or revoke this status. The 2018 FAA Act included a provision that required the Comptroller General of the United States to initiate within 180 days of enactment of the Act a study of (1) the legal and financial challenges related to repealing such “grandfathering” for the Airport and other airports the FAA has identified as “grandfathered”; and (2) measures that may be taken to mitigate the impact of repealing the exception. The U.S. Government Accountability Office (“GAO”) published the required report, titled “Grandfathered Revenue Diversion and Potential Implications of Repeal,” on September 8, 2020. GAO analyzed FAA financial data on grandfathered airports’ revenue diversion for Fiscal Years 1994-95 through 2017-18 and worked with officials from nine grandfathered airport sponsors, including the City, and representatives from bond rating agencies, airline and airport associations, and airlines that serve grandfathered airports in developing the report. The report discusses the complicated effects that would result from a repeal of the provisions that created these revenue diversion exemptions and the significant disruptions likely to result if a repeal were to be enacted. Regulations—*Federal Law Prohibiting Revenue Diversion*.” See also “CAPITAL PROJECTS AND PLANNING—Federal Grants” and APPENDIX E— “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS—Events of Default; Termination or

Suspension of Lease and Use Agreement Provisions-*Commission's Right to Suspend Part of Lease and Use Agreement.*" No further action has been taken by Congress since the issuance of the report.

Payments for Direct Services

In addition to the Annual Service Payment, the Lease and Use Agreements permit the Commission to reimburse the City's General Fund for the cost of direct services provided by other City departments to the Airport, such as those provided by the Police Department, the Fire Department, the City Attorney, the City Treasurer, the City Controller, the City Purchasing Agent and other City departments. This reimbursement to the City is an operating expense of the Airport. Set forth in the table below is a summary of the payments made by the Airport to the City for Fiscal Years 2020-21 through 2024-25. The Commission is otherwise prohibited under the Lease and Use Agreements from making any payments to the City, directly or indirectly. See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS." Also see "SAN FRANCISCO INTERNATIONAL AIRPORT—Certain Federal and State Laws and Regulations—*Federal Law Prohibiting Revenue Diversion.*"

SUMMARY OF PAYMENTS MADE BY THE AIRPORT TO THE CITY* **(\$ in millions)**

Fiscal Year	Annual Service Payment	Reimbursement for Direct Services				Subtotal	Total
		Police	Fire	Other ⁽¹⁾	Utility Costs		
2024-25	\$58.2	\$79.2	\$32.9	\$38.0	\$62.3 ⁽²⁾	\$212.4	\$270.6
2023-24	55.6	74.4	31.1	35.6	55.8 ⁽³⁾	196.9	252.5
2022-23	48.7	67.6	29.5	32.4	56.9 ⁽⁴⁾	186.4	235.1
2021-22	37.9	64.9	29.0	30.5	61.8 ⁽⁵⁾	186.2	224.1
2020-21	15.0	69.4	26.9	29.0	48.2 ⁽⁶⁾	173.5	188.5

* Summary of Payments Made by the Airport to the City is prepared in accordance with cash basis of accounting.

⁽¹⁾ Represents costs of direct services provided by the City Attorney, City Treasurer, City Controller, City Purchasing Agent and other City departments.

⁽²⁾ Approximately \$26.4 million in utility costs were recovered from Airport tenants.

⁽³⁾ Approximately \$23.6 million in utility costs were recovered from Airport tenants.

⁽⁴⁾ Approximately \$23.0 million in utility costs were recovered from Airport tenants.

⁽⁵⁾ Approximately \$22.5 million in utility costs were recovered from Airport tenants.

⁽⁶⁾ Approximately \$19.2 million in utility costs were recovered from Airport tenants.

Source: Commission.

Employee Benefit Plans

Retirement System. All of the employees of the Airport are members of the San Francisco City and County Employees' Retirement System (the "Retirement System"), which is charged with administering a defined benefit pension plan that covers substantially all City employees and certain other public employees. The Retirement System is codified in the City Charter. The Charter provisions governing the Retirement System may be revised only by a Charter amendment, which requires an affirmative public vote at a duly called election. The Retirement System is administered by the Retirement Board (the "Retirement Board").

Employer and employee (member) contributions are mandated by the Charter. Sponsoring employers are required to contribute 100% of the actuarially determined contribution approved by the Retirement Board. The Charter specifies that employer contributions consist of the normal cost (the present value of the benefits that the Retirement System expects to become payable in the future attributable to a current year's employment) plus an amortization of the unfunded liability over a period not to exceed 20 years. The Retirement Board sets the funding policy subject to the Charter requirements.

The Retirement Board adopts the economic and demographic assumptions used in the annual valuations. Demographic assumptions such as retirement, termination and disability rates are based upon periodic demographic studies performed by the consulting actuarial firm approximately every five years. Economic assumptions are

reviewed each year by the Retirement Board after receiving an economic experience analysis from the consulting actuarial firm.

The Retirement Board adopted the current demographic assumptions at its December 9, 2020 Retirement Board meeting, based on the experience study dated August 12, 2020. The current discount rate of 7.20% was adopted at the November 10, 2021 Retirement Board meeting, effective for the July 1, 2021 actuarial valuation. The Retirement Board most recently voted to maintain these assumptions (for the July 1, 2024 actuarial valuation) at its November 13, 2024 meeting. In the long term, the true cost of a pension plan is determined by actual results and not by assumptions.

While employee contribution rates are mandated by the Charter, sources of payment of employee contributions (i.e., City or employee) may be the subject of collective bargaining agreements with each union or bargaining unit. Since July 1, 2011, substantially all employee groups have agreed through collective bargaining for employees to contribute all employee contributions through pre-tax payroll deductions.

Prospective purchasers of the Series 2025DE Bonds should carefully review and assess the assumptions regarding the performance of the Retirement System. Audited financials and actuarial reports may be found on the Retirement System's website, mysfers.org, under Publications. The information on such website is not incorporated herein by reference. There is a risk that actual results will differ significantly from assumptions. In addition, prospective purchasers of the Series 2025DE Bonds are cautioned that the information and assumptions speak only as of the respective dates contained in the underlying source documents and are therefore subject to change.

The following table shows total Retirement System liabilities, assets and percent funded for the last five actuarial valuations as well as contributions for the Fiscal Years 2019-20 through 2024-25 and budgeted contributions for Fiscal Year 2025-26. Information is shown for all employers in the Retirement System. "Actuarial Liability" reflects the actuarial accrued liability of the Retirement System measured for purposes of determining the funding contribution. "Market Value of Assets" reflects the fair market value of assets held in trust for payment of pension benefits. "Actuarial Value of Assets" refers to the plan assets with investment returns different than expected smoothed over five years to provide a more stable contribution rate. The "Market Percent Funded" column is determined by dividing the market value of assets by the actuarial accrued liability. The "Actuarial Percent Funded" column is determined by dividing the actuarial value of assets by the actuarial accrued liability. "Employee and Employer Contributions" reflects the sum of mandated employee and employer contributions received by the Retirement System in the Fiscal Year ended June 30th prior to the July 1st valuation date. The Fund's last actuarial valuation was as of July 1, 2024 and was issued in February 2025.

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CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM
(\$ in thousands)

As of July 1 st	Actuarial Liability	Market Value of Assets	Actuarial Value of Assets	Market Percent Funded	Actuarial Percent Funded	Employee and Employer Contribution in Prior FY	Employer Contribution Rates [†] in Prior FY
2024	\$37,314,504	\$35,417,666	\$36,038,298	94.9%	96.6%	\$1,100,130	18.24%
2023	35,351,967	33,688,428	34,137,005	95.3	96.6	1,086,567	21.35
2022	33,591,565	32,798,524	32,275,474	97.6	96.1	1,191,934	24.41
2021	31,905,275	35,673,834	30,043,222	111.8	94.2	1,245,957	26.90
2020	29,499,918	26,620,218	26,695,844	90.2	90.5	1,143,634	25.19

[†] Employer contribution rates are shown before required employer/employee cost-sharing.

Source: Retirement System Actuarial Valuation reports as of July 1, 2020, July 1, 2021, July 1, 2022, July 1, 2023 and July 1, 2024.

The actuarial accrued liability is measured by an independent consulting actuary in accordance with Actuarial Standards of Practice. In addition, an actuarial audit is conducted every five years in accordance with the Retirement Board policy.

The Airport is required to contribute at the actuarially recommended rate of contribution. The Airport's required contributions for Fiscal Years 2019-20 through 2024-25 and budgeted for Fiscal Year 2025-26 are set forth below.

AIRPORT CONTRIBUTIONS TO THE RETIREMENT SYSTEM

Fiscal Year	Contribution Rate	Airport Contribution
2025-26	16.53%	\$43.1 million [†]
2024-25	16.91	39.0 million
2023-24	18.24	37.7 million
2022-23	21.35	39.6 million
2021-22	24.41	47.4 million
2020-21	26.90	52.6 million
2019-20	25.19	46.3 million

[†] Budgeted.

Sources: Retirement System Actuarial Valuation Reports and Commission.

Medical Benefits. Medical and COBRA benefits for eligible active Airport and City employees and eligible dependents, for retired Airport and City employees and eligible dependents, and for surviving spouses and domestic partners of covered City employees (the "City Beneficiaries") are administered by the City's Health Service System (the "Health Service System") pursuant to Charter Sections 12.200 et seq. and A8.420 et seq. Pursuant to such Charter Sections, the Health Service System also administers medical benefits to active and retired employees of certain other entities, but the City is only required to fund medical benefits for City Beneficiaries. The contributions for health care benefits made by the Airport for Fiscal Years 2020-21 through 2024-25 and budgeted for Fiscal Year 2025-26 are set forth in the following table:

AIRPORT CONTRIBUTIONS TO THE HEALTH SERVICE SYSTEM⁽¹⁾
(\$ in millions)

Fiscal Year	Active Employees	Retirees	Total
2025-26	\$44.8 [†]	\$20.6 [†]	\$65.4 [†]
2024-25	42.1	18.5	60.6
2023-24	35.7	16.7	52.4
2022-23	32.2	16.2	48.4
2021-22	32.9	16.9	49.8
2020-21	33.8	16.5	50.3

⁽¹⁾ Historical information has been restated to capture an updated comprehensive allocation of Health Service System costs, including contributions made for Fire and Police personnel allocable to the Airport, and to apply an updated methodology identifying direct and allocable costs prorated between active employees and retirees for each Fiscal Year.

[†] Budgeted.

Source: Commission.

The Health Service System is overseen by the City’s Health Service Board (the “Health Service Board”). The plans for providing medical care to the City Beneficiaries are determined annually by the Health Service Board and approved by the Board of Supervisors pursuant to Charter Section A8.422.

The Health Service System oversees a trust fund (the “Health Service Trust Fund”) established pursuant to Charter Sections 12.203 and A8.428 through which medical benefits for the City Beneficiaries and other health system beneficiaries are funded. The Health Service System issues annually a publicly available, independently audited financial report that includes financial statements for the Health Service Trust Fund. This report may be obtained through the HHS website at sfhss.org or by writing to the San Francisco Health Service System, 1145 Market Street, Third Floor, San Francisco, California 94103. Audited annual financial statements for several years are also posted in the Health Service System website. The information available on the Health Service System website is not incorporated in this Official Statement by reference.

Under the Charter, the Health Service Trust Fund is not a fund through which assets are accumulated to finance post-employment healthcare benefits (an “OPEB trust fund”). Thus, Governmental Accounting Standards Board (“GASB”) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, and GASB Statement No. 75, which apply to OPEB trust funds do not apply to the Health Service Trust Fund.

Post-Employment Benefits Other than Pensions. The Airport participates in a single-employer defined benefit other postemployment benefits plan (“the Plan”). The Plan is maintained by the City and is administered through the City’s Health Service System. It provides postemployment medical, dental and vision insurance benefits to eligible employees, retired employees, surviving spouses, and domestic partners.

The benefits provided under the Plan are currently paid through “pay-as-you-go” funding. Active City officers and employees contribute a percentage of compensation that varies depending on their hire date.

As of June 30, 2025, the City reported net OPEB liabilities related to the Plan of \$3.9 billion. The Airport’s proportionate share of the City’s net OPEB liability as of June 30, 2025 was \$236.7 million. For Fiscal Year 2024-25, the Airport’s proportionate share of the City’s OPEB income was \$5.4 million. See Note 12(b) in APPENDIX B—“BASIC FINANCIAL STATEMENTS WITH SCHEDULE OF PASSENGER FACILITY CHARGE REVENUES AND EXPENDITURES, JUNE 30, 2024 (WITH INDEPENDENT AUDITOR’S REPORT THEREON).”

As of June 30, 2025, the Airport had set aside \$179.5 million in a separate fund (a sub-fund of the Airport’s operating fund) for purposes of the OPEB obligations, and such amount is included in Unrestricted Cash and Investments in the Airport’s audited financial statements for Fiscal Year 2024-25. The disposition of this fund is under management’s discretion and has not been placed in a trust fund.

The Health Service System issues a publicly available financial report that includes financial statements for the health care benefits plan. The report may be obtained by writing to the City and County of San Francisco, Office of the Controller, 1 Dr. Carlton B. Goodlett Place, Room 316, San Francisco, California 94102, or by calling 415-554-7500.

Budget Process and Budget

The Airport budget is a part of the overall budget which is reviewed and approved according to the City's laws and policies. The City's enterprise departments, which include the Airport, submit two-year budget proposals for review and approval. The Airport's proposed two-year budget is approved by the Commission before being submitted to the Mayor. The Mayor's Office reviews and may amend the Airport's proposed budget, and then incorporates the proposed budget into the overall City budget that is submitted to the Board of Supervisors for approval. Under the Charter, the Board of Supervisors may increase or decrease any proposed expenditure in the Mayor's budget so long as the aggregate changes do not cause the expenditures to exceed the total amount of revenues proposed by the Mayor. The Charter further provides that the Mayor may reduce or reject any expenditure authorized by the Board of Supervisors except appropriations for bond interest, redemption or other fixed charges, subject to reinstatement of any such expenditure by a two-thirds vote of the Board of Supervisors. The budget may be amended through a supplemental appropriation request, which is prepared by the Controller, submitted by the Mayor's Office and reviewed and approved by the Board of Supervisors.

The budget development for Fiscal Year 2025-26 assumed higher levels of travel demand, responded to market conditions that are driving operational costs higher, focused on providing necessary funding to meet operational needs and support safety and security, while prioritizing investments necessary to meet the forecasted passenger growth.

The approved operating budget for the Airport for Fiscal Year 2025-26 is \$1.83 billion. Budgeted total revenues in the amount of \$1.83 billion include aviation revenues (\$923.3 million), parking and concessions (\$409.3 million), other non-aviation revenues (\$128.7 million) and non-operating revenues (\$366.0 million). Budgeted total expenditures for Fiscal Year 2025-26 are \$1.83 billion, including personnel costs (\$363.6 million), non-personnel services, materials and supplies, equipment, and contribution to surety bond fund (\$330.6 million), small capital outlay (\$6.0 million), debt service (\$719.3 million), utilities (\$64.7 million), services of other departments, including Fire and Police Departments (\$176.2 million), the Annual Service Payment (\$61.3 million), facilities maintenance (\$15.8 million), and ORCIF transfer (\$89.9 million). This compares to an approved operating budget for the Airport for Fiscal Year 2024-25 of \$1.68 billion.

Risk Management and Insurance

Under the Indenture, the Commission is required to procure or provide and maintain insurance, or to self-insure, against such risks as are usually insured by other major airports in amounts adequate for the risk insured against, as determined by the Commission and to file with the Trustee each year a written summary of all insurance coverage then in effect. The Commission is not required to, nor does it, carry insurance or self-insure against any risks due to land movement or seismic activity.

The Airport carries aviation liability insurance coverage of \$1.0 billion with \$250.0 million in War Perils Liability, subject to a deductible of \$10,000 per occurrence.

The Airport also carries commercial property insurance on a replacement value basis on facilities at the Airport owned by the Airport, subject to a limit of \$1.0 billion per occurrence and a deductible of \$500,000 per occurrence. This policy includes flood coverage up to a \$10.0 million sub-limit. The Airport also carries business interruption and extra expenses insurance up to a \$100.0 million pooled sub-limit. The Airport also carries cyber insurance.

Additionally, tenants and contractors on all contracts are required to carry insurance including commercial general and automobile liability insurance, naming the Airport as additional insured as appropriate. The Airport is self-insured as part of the City's workers' compensation program. From current revenues, the Airport pays losses from

workers' compensation claims of Airport employees, the deductible portion of insured losses, and losses from other uninsured risks. The Airport also carries other insurance.

Investment of Airport Funds

Under the Charter and the Indenture, the Revenue Fund and the accounts therein, including the Contingency Account, are held by the Treasurer. The Indenture further provides that moneys in all funds and accounts (including Revenues) established under the Indenture which are held by the Treasurer shall be invested in Permitted Investments in accordance with the policies and procedures of the Treasurer in effect from time to time. For definitions of "Revenues" and "Permitted Investments" under the Indenture, see APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Certain Definitions."

Under the Treasurer's current investment procedures, amounts in the Airport's Revenue Fund, Contingency Account, PFC Account and Construction Fund are invested in the City's larger pooled investment fund (the "City Pool"). Payments due from the Revenue Fund and the Construction Fund are made from the City Pool. Among other purposes, the City Pool serves in effect as a disbursement account for expenditures from the City's various segregated and pooled funds.

The Treasurer's investment policy is updated periodically. The objectives of the Treasurer's current investment policy, in order of priority, are preservation of capital, maintenance of liquidity and yield. The Treasurer calculated the current weighted average maturity of these investments as of June 30, 2025 to be 487 days.

Set forth in the table below are the approximate book values of amounts in the City Pool allocable to the Construction Fund, the Operating Fund, the Contingency Account, PFC Funds and the Special Revenue Fund. These amounts include certain minimum balances maintained in the City Pool for liquidity purposes. Also set forth below are the types of investments in the City Pool, and the percentage of total book value of the City Pool as of such date. As of June 30, 2025, the book value of the City Pool was approximately \$18.3 billion. A number of the Airport's reserves are restricted to particular uses. Bondholders should not assume that funds other than the Contingency Account, the applicable reserve fund held under the Indenture, and amounts on deposit at any given time in the Revenue Fund will be available for the repayment of the Bonds.

**INVESTMENT DISTRIBUTION OF CITY
POOLED INVESTMENT FUND
(as Percentage of Book Value)
(as of June 30, 2025)**

U.S. Treasuries	21.27%
Federal Agencies	36.11
Public Time Deposits	0.33
Negotiable Certificates of Deposit	18.01
Commercial Paper	6.76
Medium Term Notes	1.04
Money Market Funds	13.24
Supranationals	1.29
Secured Bank Deposit	1.96
TOTAL	<u>100.00%</u>

Totals may not add due to rounding.

Source: Office of the Treasurer & Tax Collector of the City and County of San Francisco.

As of June 30, 2025, the book value of the Airport's cash and investments held in the City Pool was approximately \$2.6 billion.

**BOOK VALUE OF AIRPORT FUNDS IN CITY
POOLED INVESTMENT FUND**

(as of June 30, 2025)

Construction Funds	\$689.9 million
Operating Fund	887.6 million ⁽¹⁾
Contingency Account	192.2 million
PFC Funds	758.5 million
CFC Funds	38.4 million
Special Revenue Fund	0.5 million
TOTAL	<u>\$2,567.1 million</u>

(1) Includes amounts in the ORCIF.

Source: Commission.

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Currently Outstanding Bonds

The Commission had Outstanding \$9,733,390,000 in aggregate principal amount of Second Series Revenue Bonds as of September 1, 2025.

CURRENTLY OUTSTANDING BONDS

Series	Dated Date	Outstanding Principal (as of 09/1/25)	Purpose
2009D (Non-AMT/Private Activity)†	November 4, 2009	\$ 45,480,000	Refunding
2016A (Non-AMT/Governmental Purpose)†	February 25, 2016	96,370,000	Refunding
2016B (AMT)†	September 29, 2016	574,970,000	New Money
2016C (Non-AMT/Governmental Purpose)†	September 29, 2016	165,155,000	New Money
2016D (Non-AMT/Governmental Purpose)†	September 29, 2016	9,810,000	Refunding
2017A (AMT)†	October 31, 2017	339,580,000	New Money
2017B (Non-AMT/Governmental Purpose)†	October 31, 2017	231,985,000	New Money
2017D (AMT) ^Ω	October 31, 2017	19,790,000	Refunding
2018D (AMT)†	May 30, 2018	722,610,000	New Money
2018E (Non-AMT/Governmental Purpose)†	May 30, 2018	116,275,000	New Money
2018F (Taxable)†	May 30, 2018	7,025,000	New Money
2018G (AMT)†	May 30, 2018	35,660,000	Refunding
2018B(Non-AMT/Governmental Purpose)*	June 6, 2018	138,170,000	New Money
2018C(Non-AMT/Governmental Purpose)*	June 6, 2018	138,170,000	New Money
2019A (AMT)†	February 7, 2019	1,174,805,000	New Money
2019B (Non-AMT/Governmental Purpose) ^Ω	February 7, 2019	91,280,000	New Money
2019C (Taxable)†	February 7, 2019	8,010,000	New Money/Refunding
2019D (Non-AMT/Private Activity) ^Ω	February 7, 2019	355,235,000	Refunding
2019E (AMT)†	September 10, 2019	764,815,000	New Money
2019F (Non-AMT/Governmental Purpose)†	September 10, 2019	106,925,000	New Money
2019G (Taxable)†	September 10, 2019	8,185,000	New Money
2019H (AMT)†	September 10, 2019	113,135,000	Refunding
2020A (AMT)†	August 20, 2020	109,520,000	Refunding
2020B (Non-AMT/Governmental Purpose)†	August 20, 2020	51,575,000	Refunding
2020C (Taxable)	August 20, 2020	130,180,000	Refunding
2021A (AMT)†	April 21, 2021	195,225,000	Refunding
2021B (Non-AMT/Governmental Purpose)†	April 21, 2021	129,070,000	Refunding
2021C (Taxable)†	April 21, 2021	222,810,000	Refunding
2022A (AMT)†	February 8, 2022	290,460,000	New Money/Refunding
2022B (Non-AMT/Governmental Purpose)†	February 8, 2022	236,475,000	New Money/Refunding
2022C (Taxable)†	February 8, 2022	194,815,000	New Money/Refunding
2023A (AMT)†	March 1, 2023	140,785,000	Refunding
2023B (Non-AMT)†	March 1, 2023	79,510,000	Refunding
2023C (AMT)†	November 15, 2023	748,430,000	Refunding
2023D (Non-AMT/Governmental Purpose)†	November 15, 2023	45,880,000	Refunding
2024A (AMT)†	June 4, 2024	782,535,000	New Money/Refunding
2024B (Non-AMT)†	June 4, 2024	123,590,000	Refunding
2025A (AMT)†	February 6, 2025	883,785,000	New Money/Refunding
2025B (Non-AMT)†	February 6, 2025	105,305,000	New Money/Refunding
TOTAL		\$9,733,390,000	

† Secured by Common Reserve Account. See “SECURITY FOR THE SERIES 2025DE BONDS—Reserve Fund and Reserve Accounts—Common Reserve Account.”

^Ω Secured by 2017 Reserve Account. See “SECURITY FOR THE SERIES 2025DE BONDS—Reserve Fund and Reserve Accounts—2017 Reserve Account.”

* Variable Rate Bonds

Source: Commission.

Additional Bonds are expected to be a significant source of funding for the CIP. See “CERTAIN RISK FACTORS—Risks Related to the Commission’s Capital Projects” and “CAPITAL PROJECTS AND PLANNING—The Capital Improvement Plan.”

Credit Facilities

As of September 1, 2025, the Commission had Outstanding \$276,340,000 of variable rate tender option Bonds, secured by bank letters of credit, as summarized in the table below. If amounts due on the Bonds are paid under a letter of credit, the obligation of the Commission to repay such amounts would constitute “Repayment Obligations” under the Indenture and would be accorded the status of Bonds. See “SECURITY FOR THE SERIES 2025DE BONDS—Additional Bonds—*Repayment Obligations*.”

CREDIT FACILITIES SUPPORTING VARIABLE RATE BONDS (as of September 1, 2025)

	Series 2018B	Series 2018C
Outstanding Principal Amount	\$138,170,000	\$138,170,000
Type	LOC ⁽¹⁾	LOC ⁽¹⁾
Expiration Date	June 3, 2026	April 5, 2027
Credit Provider	Barclays ⁽²⁾	Sumitomo ⁽³⁾

⁽¹⁾ Letter of Credit.

⁽²⁾ Barclays Bank PLC.

⁽³⁾ Sumitomo Mitsui Banking Corporation acting through its New York Branch.

Source: Commission

In addition to the credit facilities described above, the Commission has in place six irrevocable direct-pay letters of credit to support its Commercial Paper Notes. Repayment of amounts drawn on these letters of credit are secured by a lien on Net Revenues that is subordinate to the lien of the Indenture securing the Bonds. See “SECURITY FOR THE SERIES 2025DE BONDS—Other Indebtedness—*Subordinate Bonds*” for additional information concerning these letters of credit.

Interest Rate Swaps

Pursuant to the Indenture, the Commission may enter into one or more interest rate swaps in connection with one or more series of Bonds. The Commission is not currently party to any interest rate swap. The Indenture provides that, if and to the extent provided in any Series Indenture authorizing the issuance of a series of Bonds, regularly scheduled swap payments may be paid directly out of the account or accounts in the Debt Service Fund established with respect to such series of Bonds, and thus on a parity with debt service on the Bonds.

The Commission has adopted a written Interest Rate Swap Policy (the “Swap Policy”), which establishes the Commission’s policies for entering into new interest rate swap agreements. The Swap Policy sets forth, among other things, criteria for qualified swap counterparties, maximum notional amounts of interest rate swap agreements and swap counterparty credit exposure limits.

Debt Service Requirements

The table on the following page presents the annual debt service requirements for the Series 2025DE Bonds and the Outstanding Bonds, based upon monthly deposits.

DEBT SERVICE SCHEDULE⁽¹⁾

Fiscal Year Ending June 30	Debt Service on Outstanding Bonds ⁽²⁾	Series 2025D Bonds		Series 2025E Bonds		Total Series 2025DE Debt Service ⁽³⁾	Aggregate Debt Service ⁽³⁾
		Principal	Interest	Principal	Interest		
2026	\$616,187,071						
2027	630,151,669						
2028	650,237,256						
2029	618,084,148						
2030	619,288,662						
2031	619,521,217						
2032	631,095,242						
2033	669,268,428						
2034	669,271,813						
2035	669,274,774						
2036	671,486,283						
2037	679,664,518						
2038	665,698,780						
2039	665,690,904						
2040	665,659,900						
2041	665,653,840						
2042	665,665,033						
2043	668,503,352						
2044	679,780,954						
2045	665,458,814						
2046	665,929,600						
2047	662,939,278						
2048	663,530,904						
2049	652,626,689						
2050	549,279,136						
2051	375,818,642						
2052	331,241,684						
2053	249,918,044						
2054	280,246,499						
2055	236,307,020						
2056	18,251,157						
2057	18,044,263						
2058	14,911,080						
2059	22,805						
Total⁽³⁾							

⁽¹⁾ Net debt service. Does not include interest amounts expected to be paid from Bond proceeds.

⁽²⁾ Includes credit facility and other ancillary fees with respect to the Series 2018B and Series 2018C variable rate bonds. In calculating the debt service for Bonds issued at variable rates, the Commission has made assumptions about interest rates and ancillary fees.

⁽³⁾ Various totals may not add due to rounding.

Historical Debt Service Coverage

The following table reflects historical Net Revenues and the calculation of debt service coverage on the Bonds based on such Net Revenues for Fiscal Years 2020-21 through 2024-25.

HISTORICAL DEBT SERVICE COVERAGE (Fiscal Year) (\$ in thousands)

	2020-21	2021-22	2022-23	2023-24	2024-25
Net Revenues ⁽¹⁾	\$311,233	\$429,280	\$511,495	\$828,989	\$717,979
PFCs Treated as Revenues	-	-	-	-	80,000
Transfer from the Contingency Account ⁽²⁾	167,295	168,193	171,632	177,466	194,174
TOTAL AVAILABLE FOR DEBT SERVICE	\$478,528	\$597,474	\$683,127	\$1,006,455	\$992,153
Total Annual Debt Service ⁽³⁾	\$290,261	\$288,609	\$408,661	\$473,863	\$583,877
Historical Debt Service Coverage per the Indenture ⁽⁴⁾	164.9%	207.0%	167.2%	212.4%	169.9%
Historical Debt Service Coverage Excluding Transfer	107.2%	148.7%	125.2%	174.9%	136.7%

(1) Using the definition of Net Revenues contained in the Indenture, but excluding PFCs treated as “Revenues” pursuant to the Indenture. See “– Passenger Facility Charge.” For Fiscal Year 2023-24, Net Revenues included \$250.0 million of funds which were contributed by the airlines for deposit in the ORCIF based on the Lease and Use Agreement. For Fiscal Year 2024-25, Net Revenues included \$98.3 million of funds which were contributed by the airlines for deposit in the ORCIF based on the Lease and Use Agreement. In accordance with the Indenture, “Operation and Maintenance Expenses” do not include such expenses that are paid from sources other than “Revenues,” such as grants and bond proceeds. See “SECURITY FOR THE SERIES 2025DE BONDS–Pledge of Net Revenues; Source of Payment.” The following sentences highlight certain recent adjustments to Operation and Maintenance Expenses during the period covered by this table that are notable for their size and because of the unusual circumstances in which they arose (the COVID-19 pandemic) but do not purport to address all adjustments to Operation and Maintenance Expenses. For Fiscal Year 2022-23, the calculation of Net Revenues excluded \$23.8 million of revenue from the American Rescue Plan Act (ARPA) grant reimbursements received by the Airport, which are not includable as revenue, and excluded \$23.8 million of operating expenses that were reimbursed using the ARPA grant funds. For Fiscal Year 2021-22, the calculation of Net Revenues excluded \$175.1 million of revenue from certain federal grant reimbursements received by the Airport, which are not includable as Revenue, and excluded \$175.1 million of operating expenses that were reimbursed using such grant funds. For Fiscal Year 2020-21, the calculation of Net Revenues excluded \$296.1 million of revenue from certain federal grant reimbursements received by the Airport, which are not includable as Revenue, and excluded \$296.1 million of operating expenses that were reimbursed using such grant funds. In addition, this calculation excluded \$57.5 million of operating expenses that were paid using proceeds of Bonds that were issued in Fiscal Year 2020-21 to reimburse the Airport for prior years’ bond interest expense on capital projects; Bond proceeds are not includable as Revenue.

(2) Represents the Transfer from the Contingency Account to the Revenues Account in each such Fiscal Year. See “SECURITY FOR THE SERIES 2025DE BONDS–Contingency Account.” Amount includes accrued interest earnings and excludes unrealized gains and losses.

(3) Annual Debt Service net of accrued and capitalized interest. Calculated on a cash basis. The Indenture permits the Commission to opt to calculate on a deposit basis instead.

(4) Net Revenues plus Transfer divided by total Annual Debt Service. Must not be less than 125% pursuant to the Indenture. See “SECURITY FOR THE SERIES 2025DE BONDS–Rate Covenant.”

Source: Commission.

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CERTAIN RISK FACTORS

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Series 2025DE Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2025DE Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Series 2025DE Bonds are advised to consider the following factors, among others, and to review this entire Official Statement, including all of the Appendices hereto, to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could adversely affect the financial condition of the Airport or its ability to make scheduled payments on the Series 2025DE Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Local Economy

The economy of the San Francisco Bay Area is a major factor affecting long-term airline traffic at the Airport. Generally, regions such as the San Francisco Bay Area with large populations, high levels of employment, and high average per capita incomes will generate a high demand for airline travel. In recent years, approximately 80% of passenger traffic at the Airport was “origin and destination” traffic, which means that the Airport is either the origin or ultimate destination of a passenger’s air travel; the remaining approximately 20% was connecting passengers. The demographics and economy of a region—as measured by changes in population, employment, and per capita income—as well as airline service and airfares—are typically the most important factors affecting origin and destination passenger demand. The strength of the origin and destination traffic at the Airport primarily depends on the strength of the San Francisco Bay Area economy and the economic linkages between and among the regional, national, and global economies. The growth of passenger traffic at the Airport has been significantly supported by its growing population, well-educated work force, high per capita income, diverse local economy, popularity as a domestic and international tourist destination, and its strong competitive position in industries such as information technology and software, social and digital media, life sciences and biotechnology, environmental and clean technology, professional services, and international business. If the San Francisco Bay Area experiences slower economic growth, a recession or a depression, the demand for passenger traffic at the Airport and Airport Revenues may be substantially reduced. See APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT—AIRLINE TRAFFIC AND ECONOMIC ANALYSIS – Historical Airline Traffic and Service,” “ – Key Factors Affecting Future Airline Traffic” and “Airline Traffic Projections – Underlying Assumptions” for discussion of historic airline traffic at the Airport and factors that could affect future airline traffic.

Uncertainties of the Aviation Industry

Demand for Air Travel

The Airport’s ability to generate Revenues depends significantly on the level of aviation activity and passenger traffic at the Airport. The principal determinants of passenger demand at the Airport include the population and economy of the Airport service region; national and international economic conditions, including imposition of tariffs; political conditions, including wars, other hostilities and acts of terrorism; airfares and competition from surrounding airports; airline service and route networks; the capacity of the national air transportation system and the Airport; accidents involving commercial passenger aircraft; visa requirements and other limitations on the ability of foreign citizens to enter the United States or Americans to enter other countries; currency exchange rates; the occurrence of pandemics; and the occurrence of natural and man-made disasters. Decisions made by the U.S. and other countries, such as limits on landing slots for foreign air carriers, restrictions on use of air space, and travel restrictions and warnings for citizens, could significantly impact the volume of international passenger traffic at the Airport, as well as at other airports. Airfares and airline service are, in turn, affected by the financial condition of the airlines and regulatory requirements imposed on airlines, among other factors. See “–Bankruptcy of Airlines Operating at the Airport or Other Airport Tenants” and “–Competition” and “SAN FRANCISCO INTERNATIONAL AIRPORT–Airline Agreements–Potential Effects of an Airline Bankruptcy.”

Concerns about the safety of airline travel and the effectiveness of security precautions may influence, and in some instances have influenced, passenger travel behavior and air travel demand. Accidents involving commercial

passenger aircraft and additional safety incidents could occur at any time, and the Airport cannot predict the impact of the events described in this paragraph or future events on passenger travel.

Furthermore, in addition to its role as a large origin and destination airport, the Airport serves as a connecting hub. Approximately 18.5 percent of passengers were connecting passengers in Fiscal Year 2024-25. A decision by an airline to change its hubbing practices at the Airport could significantly affect the level of traffic at the Airport.

Financial Condition of the Airlines

The airline industry is cyclical and subject to competition and variable demand. Traffic volumes are responsive to economic circumstances and seasonal patterns. Other factors, such as fuel and regulatory costs, can also have a significant effect on the industry. As a result, airline financial performance can fluctuate dramatically from one reporting period to the next. The ability of the Commission to derive revenues from its operations depends largely upon the financial health of the airlines serving the Airport and the airline industry as a whole. The financial results of the airline industry are subject to substantial volatility and, at times, many carriers have had overlapping, extended periods of unprofitability. Airlines may file for bankruptcy protection, or may reallocate capacity and/or decrease service at an airport, including the Airport, to enhance profitability. See “–Bankruptcy of Airlines Operating at the Airport or Other Airport Tenants” below. See APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT–AIRLINE TRAFFIC AND ECONOMIC ANALYSIS–Key Factors Affecting Future Airline Traffic–Financial Health of the Airline Industry” for additional information.

Fuel is a significant cost component of airline operations and continues to be an important and uncertain determinant of an air carrier’s operating economics. Fuel prices are discussed in APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT” under the heading “AIRLINE TRAFFIC AND ECONOMIC ANALYSIS–Key Factors Affecting Future Airline Traffic–Availability and Price of Aviation Fuel.” Fuel prices change, sometimes dramatically, for a variety of reasons. Significant and prolonged increases in the cost of aviation fuel have had and are likely in the future to have an adverse effect on the air transportation industry by increasing airline operating costs and reducing airline profitability.

Delays in availability of aircraft or groundings of aircraft may affect the financial condition of the airlines and their ability to increase or maintain service. In addition, airlines have been faced with labor shortages, including a shortage of pilots, that have resulted in reduced flight schedules and cancelled flights. The aviation industry may experience an enduring shortage, or may face additional shortages in the future.

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic in the United States. The aviation industry may also be impacted by shortages of air traffic controllers. See “CERTAIN RISK FACTORS–Impact of Federal Government on Airport Finances” and “AIRLINE TRAFFIC AND ECONOMIC ANALYSIS– Key Factors Affecting Future Airline Traffic –Capacity of the National Air Traffic Control System” in APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT” for further discussion.

Airlines have consolidated in the past and may continue to do so in the future. For example, in September 2024, Alaska Airlines acquired Hawaiian Airlines. In fiscal year 2024, Alaska Airlines and Hawaiian Airlines accounted for 10.4% and 0.5% of enplaned passengers at the Airport, respectively. Future airline consolidation could change airline service patterns, particularly at the connecting hub airports of the merged airlines. The Commission cannot predict what impact, if any, such consolidations will have on airline traffic at the Airport. See “AIRLINE TRAFFIC AND ECONOMIC ANALYSIS– Key Factors Affecting Future Airline Traffic–Airline Consolidation” in APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT” for further discussion of airline consolidations.

Information about the financial condition of airlines serving the Airport is available as described under “AIRLINE INFORMATION.”

Bankruptcy of Airlines Operating at the Airport or Other Airport Tenants

Airlines operating at the Airport and other Airport tenants have filed for bankruptcy relief in the past and may do so in the future. If a bankruptcy case is filed with respect to an airline or other tenant, any lease to which the debtor airline or other tenant is a party will be treated as an executory contract or unexpired lease pursuant to Section 365 of the Bankruptcy Code. Under Section 365, a trustee in bankruptcy or the airline or other tenant, as debtor-in-possession, might reject its Lease and Use Agreement or other lease, as applicable, in which case, among other things, the rights of that airline or other tenant to continued possession of the facilities subject to the lease (including, in the case of airlines, gates and boarding areas) would terminate. Such facilities could ultimately be leased by the Commission to other users. In the case of airline facilities, the Commission's ability to lease such facilities to other airlines may depend on the state of the airline industry in general, on the nature and extent of the increased capacity at the Airport, if any, resulting from the airline's bankruptcy, and on the need for such facilities by other airlines. In the case of other facilities, the Commission's ability to lease such facilities to other users may also depend on the state of the airline industry or the travel industry in general, on the nature and extent of the increased capacity at the Airport, if any, resulting from the tenant's bankruptcy, and on the need for such facilities by other users. The rejection of a lease in connection with the bankruptcy of an airline or other tenant may result in the loss of Revenues to the Commission and a resulting increase in the costs, including the cost per enplaned passenger for other airlines at the Airport. In addition, in any bankruptcy, the Commission may be required to repay rentals and fees, including landing fees and terminal rentals, and other amounts paid by the tenant to the Airport during the 90-day period prior to the date of the bankruptcy filing. Such payments may be considered "preferential" and may be avoidable in a bankruptcy case pursuant to Section 547 of the Bankruptcy Code. The Commission would, however, likely have defenses to claims brought under Section 547 of the Bankruptcy Code, including that the subject payments were made in the ordinary course of business or that the Airport provided subsequent new value to the tenant.

Also, under the Bankruptcy Code, any rejection of a lease could result in the Commission holding a claim for rents and other items that would have accrued in the future, which claims are generally treated the same as other general unsecured claims against the debtor airline or other debtor tenant. Further, with respect to the rejection of leases involving real property, any rejection damages claim for the rent due under a lease is capped under the Bankruptcy Code at the greater of one year, or 15%, not to exceed three years of the remaining term of the lease. The Commission would also hold a claim for actual use of facilities by the airline or other tenant after the bankruptcy filing which would have a higher priority under the Bankruptcy Code. For further discussion of the impact of an airline bankruptcy, see "SAN FRANCISCO INTERNATIONAL AIRPORT—Airline Agreements—*Potential Effects of an Airline Bankruptcy*."

Worldwide Health Concerns and Pandemics

Worldwide health concerns and related travel restrictions and public health measures have led to significant past declines in passenger traffic at the Airport. For example, the COVID-19 pandemic caused significant reductions in domestic and international passenger air travel and had significant negative effects on passenger traffic at the Airport. Some shifts in behavior patterns initiated or intensified by the COVID-19 pandemic, such as increased adoption of videoconferencing technologies as an alternative to in-person business meetings, may persist indefinitely. Some of the impacts to date are discussed in APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT-AIRLINE TRAFFIC AND ECONOMIC ANALYSIS – Historical Airline Traffic and Service" and "—Key Factors Affecting Future Airline Traffic—Financial Health of the Airline Industry" and "— Public Health Concerns." Other disease outbreaks have also impacted passenger traffic at the Airport in the past, though to a much lesser degree. Future outbreaks or pandemics or a resurgence of COVID-19, alone or in combination with other events or circumstances, may lead to a decrease in air traffic at the Airport, which in turn could cause a decrease in passenger activity at the Airport and a corresponding decline in Airport Revenues.

Geopolitical Considerations

The U.S. economy and aviation sector in particular are exposed to risks from geopolitical conflicts. Existing conflicts could intensify and other conflicts could occur without warning. Future or ongoing wars and conflicts may negatively affect the global economy and commercial aviation.

Airport Security

Acts of terrorism or other major breaches of security at the Airport can result in a decline in passenger traffic at the Airport which can materially adversely impact Airport Revenues. For example, the September 11, 2001 terrorist attacks resulted in increased safety and security measures at the Airport mandated by federal law and by directives of the FAA. In spite of the increased security measures, additional acts of terrorism resulting in disruption to the North American air traffic system, increased flight delays, damage to the Airport, reductions in Airport passenger traffic and/or reductions in Airport Revenues, remain possible. Furthermore, changes in security requirements may result in increased capital costs or operating expenses for the Airport and/or airlines. Also see “SAN FRANCISCO INTERNATIONAL AIRPORT–Airport Security.” While the Commission maintains insurance as described under “AIRPORT’S FINANCIAL AND RELATED INFORMATION–Risk Management and Insurance,” it is possible that liability could exceed coverage or otherwise not be covered.

Limitations on Additional Liquidity

The Lease and Use Agreements that the Airport has entered into with each of the Signatory Airlines (defined herein) serving the Airport limit the amount of reserves that the Airport may establish. The Lease and Use Agreements provide for a residual rate setting methodology at the Airport, which requires the Airport to match revenues and expenditures when it sets its rates and charges. Any excess revenues collected in a given Fiscal Year are used to offset costs in a future Fiscal Year, as discussed under “SECURITY FOR THE SERIES 2025DE BONDS–Pledge of Net Revenues; Source of Payment–*Certain Adjustments to ‘Revenues’ and ‘Operation and Maintenance Expenses’*–Unearned Aviation Revenues/Aviation Revenues Due.” The Lease and Use Agreements provide for a mid-year rate adjustment if the Airport’s actual expenses for any year are projected to exceed actual revenues for that year by ten percent, subject to other conditions. The Lease and Use Agreements do not permit the Airport to set rates and charges to establish reserves in excess of those required by the Indenture and the terms of the Lease and Use Agreements related to the ORCIF. See APPENDIX E– “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS” for additional description of the Lease and Use Agreements, including the provisions related to the ORCIF.

Risks Related to the Commission’s Capital Projects

The Commission’s capital projects will increase the Commission’s overall long-term debt.

The Commission’s current CIP includes spending on capital projects in the coming years which may be financed with the proceeds of additional Bonds. See “CAPITAL PROJECTS AND PLANNING–The Capital Improvement Plan.” In addition to the Series 2025DE Bonds, the Report of the Airport Consultant assumes the issuance of approximately \$8.5 billion of Bonds between through Fiscal Year 2028-29 to finance the projects in the CIP. The timing and amounts of additional Bonds may change depending on passenger and cargo demand, the availability of other funding sources, the timing of capital expenditures and market conditions. It is also possible that the Commission may undertake additional capital projects during the period covered by the CIP that are not presently included in the CIP, and the Commission expects to undertake other major capital projects following the completion of the current CIP. For example, most of the updated Shoreline Protection Program, which had an estimated cost of at least several hundred million dollars, is not currently in the Airport’s approved CIP. See “CAPITAL PROJECTS AND PLANNING–Other Anticipated Capital Needs–*Shoreline Protection Program*.” Other potential projects are also described under “CAPITAL PROJECTS AND PLANNING–Other Anticipated Capital Needs.” Other capital needs that are not presently reflected in the CIP may arise, and the costs of now known and future capital needs could increase significantly between the times that they are identified and when they are addressed. The issuance of a significant amount of additional Bonds for capital projects would result in higher debt service costs, which would increase landing fees and terminal rents at the Airport, thereby increasing the costs borne by the airlines serving the Airport, which in turn could make the Airport comparatively less competitive.

If the Commission is unable to finance and complete major capital projects, the Commission may be unable to provide critical improvements to infrastructure or meet regulatory requirements.

If, for any reason, the Commission is unable to undertake critical capital projects, then the condition of Airport facilities may decline, which can affect customer experience, airline satisfaction, and operational efficiency

and effectiveness. In addition, the Airport may be required to undertake certain capital projects to comply with regulatory requirements or to preserve the overall viability of the Airport.

The Commission's capital projects may be delayed or over budget.

Although the Commission uses a variety of strategies to mitigate risk associated with the implementation of its capital projects, project development could be delayed, and the cost of completing capital projects could be higher than expected due to various factors that are outside of the control of the Commission, including but not limited to economic conditions; pandemics; natural or manmade disasters; terrorist attacks; new or ongoing military hostilities; unexpected issues with integration into existing facilities; the inability to obtain, or delays in obtaining, regulatory approvals; the inability to comply with the conditions of regulatory approvals; changes in laws or regulations; inability to obtain, or delays in obtaining, federal approvals or federal funding; labor, bidding and contracting requirements; delays caused by the airline review process (see "SAN FRANCISCO INTERNATIONAL AIRPORT–Airline Agreements–Lease and Use Agreements–Airline Review of Capital Improvements"); weather; litigation; tariffs; cost overruns; casualty; strikes; unanticipated engineering, environmental or geological problems; shortages or increased costs of materials or labor; and financial difficulties of contractors. In addition, it is possible that funding sources such as federal grants may not be available as expected. If costs are higher than projected or funds are not available to finance the projects or portions thereof, the Commission may have to delay or cancel projects and/or incur additional debt. Some of the capital projects of the Commission are essential to the Commission's ability to generate Airport revenues.

Impact of the Federal Government on Airport Finances

The Airport's finances may be adversely impacted by fiscal matters at the federal level. The Airport receives certain federal funds including from the AIP. The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). See "CAPITAL PROJECTS AND PLANNING–Federal Grants." Additionally, certain operations at the Airport are supported by federal agencies including flight traffic controllers, FAA, TSA, FBI and CBP, among others. Federal agencies also have regulatory and review authority over, among other things, certain Airport operations, construction at the Airport and the airlines operating at Airport. A portion of the Airport's assets are invested in securities of the United States government.

Federal policies on the federal debt ceiling, taxes, foreign trade and tariffs, immigration, climate change, clean energy, and other topics can shift dramatically from one administration to another. Such changes can result in dramatic shifts in the level of funding for various policy priorities, leading to unpredictability in near-term and future federal funding.

From time to time, the federal government has, and may in the future, come to an impasse regarding, among other things, reauthorization of the FAA (which has historically included funding for AIP) and other federal appropriations and spending. The AIP is currently authorized through federal fiscal year 2028. The federal government has been "shut down" from time to time due to impasses regarding federal appropriations. The most recent shutdown occurred in October and November 2025. During that shutdown, the FAA mandated flight reductions at 40 airports nationwide, including the Airport, citing safety risks and delays presented by air traffic controller staffing constraints caused by the government shutdown. While the FAA lifted these restrictions after the "shut-down" ended, it may take some time for air traffic to return to normal. It is possible that there could be similar impasses in the future, as soon as January 2026, and that such impasses could affect the finances and operations of the Airport.

Failure to reauthorize the FAA or to agree on appropriations or federal spending may have a material, adverse impact on, among other things: (i) federal funding received by the Commission, including under the AIP; (ii) federal agency budgets, hiring, furloughs, operations and availability of federal employees to support certain operations at the Airport, provide regulatory and other oversight and review and provide required approvals, in each case at the Airport and over the airlines serving the Airport; and (iii) flight schedules, consumer confidence, operational efficiency at the Airport and in the air transportation system generally. In addition, the anticipated federal spending could be affected by, among other things, automatic across-the-board spending cuts, known as sequestration. Sequestration and other actions (or inactions) by Congress have in the past and could again in the future affect the Commission's receipt of other federal funds.

Since January 20, 2025, the current federal administration has issued a number of Executive Orders and agency directives to eliminate, reduce, or condition federal funding based on certain policy preferences, has suspended or limited federal government funding to state and local entities, and has prohibited the use of federal funds by “sanctuary jurisdictions” (such as the City) in certain ways related to undocumented immigrants. Certain of these actions have been the subject of judicial challenges. The Commission cannot predict the outcome of such legal challenges or of future federal administrative actions, legislation or budget deliberations and the impact that such budgets will have on federal funding to the Commission, or federal funding in support of the airport traffic system.

The CIP includes approximately \$322 million of additional federal grants through Fiscal Year 2034-35. See “CAPITAL PROJECTS AND PLANNING—Federal Grants.” Should grants be unavailable for any reason, the Commission may fund capital expenditures forecast to come from such federal funds and from other sources, such as operating revenues or Additional Bonds. The Commission may also choose to remove projects from the CIP or extend the timing for completion of certain projects. Furthermore, federal spending cuts, appropriation impasses or other changes in federal policy may impact airline traffic at the Airport and the Commission’s revenues. See “CAPITAL PROJECTS AND PLANNING.” See also “—Future Legislation and Regulation.”

Competition

Oakland Airport and San Jose Airport are the other airports in the San Francisco Bay Area that compete with the Airport for passengers and cargo traffic. In addition, the Airport competes with other West Coast airports, primarily Los Angeles Airport and Seattle Airport, for international passengers. Competition from these airports may affect passenger and cargo demand at the Airport. See “SAN FRANCISCO INTERNATIONAL AIRPORT—Competition.”

The California High-Speed Rail Authority is in the process of planning and constructing a high-speed train service linking Southern California, the Sacramento San Joaquin Valley and the San Francisco Bay Area. The Airport could experience reductions in passenger traffic as a result of a high-speed rail system. The Commission is unable to predict when or whether a high-speed rail system will be completed, what areas of the State it will serve, or the effect that any such high-speed rail system would have on passenger traffic at and revenues of the Airport.

Uncertainties of Projections and Assumptions

In its Report of the Airport Consultant, the Airport Consultant, based on the assumptions contained in the report, forecasts that the projected Revenues of the Commission will be sufficient to allow the Commission to comply with the rate covenant in the Indenture through June 30, 2032. See APPENDIX A – “REPORT OF THE AIRPORT CONSULTANT.” One of the principal assumptions upon which the Airport Consultant relies in making its projection is that over the long term, passenger traffic will increase as a function of growth in the economy of the region served by the Airport and continued airline service and competition at the Airport. Whether the projected passenger traffic materializes depends on a number of factors outside of the Commission’s control, such as economic growth of the United States and the San Francisco Bay Area, airline financial condition, general costs of air travel, capacity of the national air traffic control system, operational decisions made by airlines, public health concerns, and other similar factors and assumptions. In addition, the Airport Consultant makes numerous other assumptions as described in its Report.

The Report should be read in its entirety for an understanding of the projections and the underlying assumptions. As noted in the Report, projections are subject to uncertainties. Inevitably, some of the assumptions used to develop the projections will not be realized, and unanticipated events and circumstances may occur. The actual financial results achieved will vary from those projections, and the variations may be material. Also see “REPORT OF THE AIRPORT CONSULTANT” herein and APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT.”

Technological Innovations

New technologies and innovative business strategies in established markets are being developed and are likely to be developed in the future. Changes in technology may affect the demand for air travel, impact Airport revenues, or result in the need for additional capital investments or operational adjustments by the Airport. While the Commission makes every effort to anticipate changes resulting from new technologies and innovative business

strategies and to minimize negative impacts on revenues, if any, revenues could be lower than expected and additional capital or operating expenses might be incurred.

Seismic and Other Natural Disasters or Emergencies

The Airport is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding San Francisco Bay Area, including the San Andreas Fault, which passes within about three miles of the City's border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, as well as a number of other significant faults in the region and the San Francisco Bay Area has experienced several significant seismic events.

Furthermore, a major earthquake anywhere in the San Francisco Bay Area may cause significant temporary and possibly long-term harm to the economy of one or more San Francisco Bay Area cities or the entire region, which could in turn have a negative effect on passenger traffic and on Revenues, and such effect could be material. In addition, in the event of an earthquake or major disaster, passenger service at the airport might be significantly constrained for a period of time, even if the Airport facilities are not damaged, either as a result of airlines adjusting their flight schedules or because the Airport is being used for other purposes (such as to provide emergency supplies).

In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey ("U.S.G.S."), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more earthquakes of about magnitude 6.7 or larger will occur in the San Francisco Bay Area before the year 2043. Earthquakes may be very destructive. The U.S.G.S. released a report in April 2017 entitled "The HayWired Earthquake Scenario," which estimates that property damage and direct business disruption losses from a magnitude 7.0 earthquake on the Hayward Fault would be more than \$82 billion (in 2016 dollars).

The Commission has made and continues to make upgrades to the seismic stability of some of its facilities. See "SAN FRANCISCO INTERNATIONAL AIRPORT—Current Airport Facilities—*Seismic Design of Airport Facilities*." Nevertheless, the Airport could sustain extensive damage to its facilities in a major earthquake from ground motion and possible liquefaction of underlying soils and resulting tidal surges. Damage could include pavement displacement (which could, in the worst case, necessitate the closing of one or more runways for extended periods of time), distortions of pavement grades, breaks in utilities, loss of water supply from the City's Hetch Hetchy water system, damage to drainage and sewage lines, displacement or collapse of buildings, rupture of gas and fuel lines (including the common carrier pipelines under the San Francisco Bay that supply jet fuel to the Airport and Pacific Gas & Electric lines under Airport property), and collapse of dikes at the Airport with consequential flooding. For further discussion of liquefaction, see "SAN FRANCISCO INTERNATIONAL AIRPORT—Current Airport Facilities—*Settlement, Subsidence and Liquefaction*."

As described under "SAN FRANCISCO INTERNATIONAL AIRPORT – Current Airport Facilities – Seismic Design of Airport Facilities," the Air Traffic Control Tower, which was activated in 2016, was designed as an essential facility. Nonetheless, the Air Traffic Control Tower could be damaged in an earthquake. While the FAA has developed contingency plans for the remote operation of air traffic control functions in the event the Air Traffic Control Tower is rendered inoperable, such remote operations could have a significant impact on the airspace system supporting the Airport.

In addition to seismic disasters, the Airport could sustain damage as a result of other events, such as terrorist attacks, extreme weather events and other natural occurrences, wildfires, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades, and riots. Also see "–Airport Security" and "–Risks Associated with Global Climate Change."

While the Commission has attempted to address the risk of loss through the purchase of insurance, certain of these events may not be covered. In particular, the Commission does not maintain insurance or self-insure against any risks due to land movement or seismic activity, and in some instances other events may not be covered. See "AIRPORT'S FINANCIAL AND RELATED INFORMATION—Risk Management and Insurance." Furthermore, even for events that are covered by insurance, the Commission cannot guarantee that coverage will be sufficient or that insurers will pay

claims in a timely manner. From time to time, the Commission may change the types of and limits and deductibles on the insurance coverage that it carries.

Risks Associated with Global Climate Change

Scientific studies on global climate change show that increasing atmospheric carbon dioxide levels and global temperatures are causing sea level rise, extreme temperatures and weather events that are more frequent and more intense. The City, including the Airport, is vulnerable to these impacts and significant investments have been made and will continue to be needed to ensure that the Airport's infrastructure and operations can appropriately respond to climate-related hazards, shocks and stressors. Furthermore, the long-term impacts of climate change and increasing passenger awareness of the impact of the greenhouse gas emissions associated with traditional aviation could reduce demand for travel, with the potential to have material adverse effects on the Airport's operations and financial condition.

The IPCC's *Sixth Assessment Report (2021)* ("AR6"), the IPCC's *Special Report on Global Warming of 1.5 °C (2019)*, and the U.S. Global Change Research Program's *Fifth National Climate Assessment (2023)* ("NCA5"), stated the impacts of climate change are expected to increasingly disrupt and damage infrastructure, ecosystems, social systems, property, regional economies and industries. The AR6 projected climate changes for North America that become more prominent with increasing greenhouse gas emissions and higher global warming levels. The NCA5 found that the Airport is vulnerable to impacts from sea level rise, with flooding potentially exacerbated by storm surges, extreme precipitation, and high tides. The NCA5 utilizes a projected flood risk from 3 feet of sea level rise in the San Francisco Bay Area in 2100 in its "intermediate scenario." The upper range for long-range planning used by the San Francisco Planning Commission estimates an additional sea level rise of 12 inches by 2030, 24 inches by 2050 and 66 inches by 2100. Floods may impact private development and public infrastructure, including the Airport, as well as roads, utilities, and emergency services. Furthermore, a study published in *Climate Risk Management* 38 (2022) 100462 identified climate mitigation modeling techniques may potentially underestimate the effects of sea level rise, including at the Airport. The NCA5 also recognized that mental and physical health may be adversely impacted by decreases in air quality due to factors such as ozone depletion, wildfires, and aeroallergens. These threats may require additional changes in Airport infrastructure and/or decrease demand for travel, with potential material adverse effects on the Airport's operations and financial condition.

Reports focused on the San Francisco Bay Area had similar findings. The Airport collaborated with climate scientists at the Lawrence Berkeley National Laboratory and climate consultants at Pathways Climate Institute on a Precipitation Study that determined that effect of climate change on future storms is significant and will lead to more powerful events unleashing substantially more water. This information may inform the City and the Airport's plans and policies related to changing climate adaptation. In March 2020, a consortium of State and local agencies, led by the San Francisco Bay Conservation and Development Commission, released a detailed study entitled "Adapting to Rising Tides Bay Area: Regional Sea Level Rise Vulnerability and Adaptation Study" (the "ART Study") discussed how sea level rise could alter the San Francisco Bay Area. The ART Study states that a 48-inch increase in the bay's water level could cause more than 100,000 San Francisco Bay Area jobs to be relocated, nearly 30,000 lower-income residents to be displaced, and 68,000 acres of ecologically valuable shoreline habitat to be lost. The ART Study argues that without a far-sighted, nine-county response, the region's economic and transportation systems could be undermined, including potentially significant and persistent flooding on the runways at the Airport and along U.S. Highway 101, preventing access to the Airport, along with significant detrimental impacts to the regional economy and the environment.

The various scientific studies that forecast climate change and its adverse effects are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the Airport is unable to predict with certainty when sea level rise, flooding risk, settlement and subsidence, decreased air quality, and other adverse effects will occur. As a result, the Airport cannot predict the precise timing or magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the Airport and the local economy during the term of the Series 2025DE Bonds. While the Airport has made investments in mitigation and adaptation strategies and attempts to identify third party contribution and/or grant funding to finance such strategies, the Airport can give no assurance about the net effects of those strategies, the feasibility of government or third party funding sources, and

whether the Airport will be required to take additional adaptive mitigation or adaptation measures. If necessary, such additional measures could require significant capital resources.

Portions of the Airport and other portions of the San Francisco Bay Area, including the City, are built on fill that was placed over saturated silty clay known as “Bay Mud” as described under “SAN FRANCISCO INTERNATIONAL AIRPORT—Current Airport Facilities—Settlement, Subsidence and Liquefaction.” A significant majority of the Airport is within liquefaction hazard zones. A report issued in March 2018 by researchers at The University of California – Berkeley and the University of Arizona suggests that flooding risk from climate change could be exacerbated in the San Francisco Bay Area due to the sinking or settling of the ground surface, known as subsidence. The report claims that the risk of subsidence is more significant for certain parts of the City built on fill, including portions of the Airport and estimates that subsidence at the Airport may cause half of the runways and taxiways to be underwater by 2100. While holes from localized subsidence have occurred on some runways, the Airport has not experienced the uniform subsidence that is described in this report. However, the Airport cannot guarantee that significant subsidence will not occur in the future. Furthermore, subsidence could be exacerbated and the Airport may suffer major damage from liquefaction in a major earthquake, increased flooding during increased frequency of 100-year storms, and sea level rise.

For further discussion of some capital spending associated with sea level rise, see “CAPITAL PROJECTS AND PLANNING – Other Anticipated Capital Needs—FEMA Flood Insurance Rate Map Update,” “–Shoreline Protection Program” and “– Planning to Respond to Climate Change and Sea Level Rise.” Also see the Airport Consultant’s discussion of climate change in “APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT—AIRLINE TRAFFIC AND ECONOMIC ANALYSIS—Key Factors Affecting Future Airline Traffic—Climate Change Concerns.” Additional expenditures associated with sea level rise are likely.

The direct and indirect adverse impacts of global climate change on the City, the Airport and Airport tenants, and on Airport operations and infrastructure are likely to be material and are complex and dependent on many factors that are outside the Airport’s control, including regulations aimed at curbing the effects of climate change.

In addition to the direct expenditures related to global climate change and sea level rise itself, present, pending and possible regulations aimed at curbing the effects of climate change, including but not limited to those described under “SAN FRANCISCO INTERNATIONAL AIRPORT—Certain Federal and State Laws and Regulations—*Current and Possible Regulation Related to Climate Change*,” may directly or indirectly materially adversely affect the operations and infrastructure or financial condition of the Airport. These include federal and state regulations and international accords pertaining to greenhouse gas emissions that could require significant upgrades to planes, increase the cost of jet fuel, and/or require upgrades or retrofits to infrastructure, thus increasing the cost of, and potentially reducing passenger demand for, air travel (e.g., electrification and other carbon-reducing projects to meet new regulations). The Commission cannot predict what additional laws and regulations related to the adverse impacts of climate change will be adopted or what effects such laws and regulations will have on the Airport, airlines operating at the Airport, other Airport tenants, or the local economy. The effects, however, could be material. See “SAN FRANCISCO INTERNATIONAL AIRPORT—Certain Federal and State Laws and Regulations—*Current and Possible Regulation Related to Climate Change*.”

Risks Associated with Environmental Remediation

In addition, present, pending and future laws and regulations with respect to other environmental issues (including, but not limited to, air, water, hazardous substances and waste regulations) may directly or indirectly trigger potentially significant expenditures. For example, the Airport has identified the presence of PFAS in soil, sediment, and groundwater at several locations at the Airport. For further discussion, see “SAN FRANCISCO INTERNATIONAL AIRPORT – Hazardous Material Management.” The SWRCB and the Regional Board have not yet established cleanup standards for PFAS or otherwise indicated what actions will be required for PFAS found in soil, sediment and groundwater exceeding the interim ESLs. The costs of remediation and third-party liability for PFAS may be extensive. The Commission cannot predict what additional laws and regulations with respect to climate change, greenhouse gas emissions or other environmental issues (including but not limited to air, water, hazardous substances and waste regulations) will be adopted, or what expenditures will be triggered by such laws and regulations. The effects, however, could be material.

Cybersecurity

A large and complex technology environment is vital to the safe and efficient operation of the Airport, the airlines that serve the Airport, and other tenants. Despite security measures, information technology and infrastructure of the Airport, vendors and service providers that have Airport information, any of the airlines serving the Airport, or other tenants at the Airport may be vulnerable to attack by unauthorized entities or individuals attempting to benefit from access to the Airport's information systems and networks. Cybersecurity threats include, but are not limited to, hacking, viruses, malware and other attacks on the Airport's information technology and communications infrastructure (collectively, "Systems Technology"). The severity of such attacks can be amplified by vulnerabilities present in the hardware and software used within the Airport's Systems Technology. Successful cybersecurity breaches could adversely impact the Airport's Systems Technology, compromise safety and security at the Airport, or cause material disruption to the Airport's finances or operations.

The City has appointed a city-wide Chief Information Security Officer ("CISO"), who is responsible for understanding the business and related cybersecurity needs of the City's fifty-four departments, including the Airport. The City CISO is responsible for identifying, evaluating, responding to, and reporting on information security risks in a manner that meets compliance and regulatory requirements and aligns with and supports the risk posture of the City.

The City has adopted city-wide cybersecurity policies to support, maintain and secure critical infrastructure and data systems. These policies include the protection of critical infrastructure and information, managing risk, improving cybersecurity event detection and remediation, and facilitating cybersecurity awareness across all City departments. The City's Department of Technology has established a cybersecurity team to work across all departments to implement these city-wide policies.

To further mitigate the risk to operations and/or losses from cybersecurity threats, the Airport invests in multiple forms of cybersecurity and operational safeguards including 24/7 monitoring of the network and internet connectivity and annual cybersecurity assessments. The Airport also contractually transfers some cybersecurity risks to third party providers and contractors who have been granted access to Airport networks and information systems.

In addition, the Airport carries a cyber insurance policy. There is no assurance that such coverage will be maintained in the future or that the coverage amount will be sufficient to address the cost of any particular cyberattack.

While Airport cybersecurity and operational safeguards are periodically tested and in place to protect against these threats, no assurance can be given by the Commission that such measures will fully ensure against cybersecurity threats and attacks. Cybersecurity breaches could result from human error, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Airport's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. Such breaches could adversely impact the Airport's Systems Technology and systems compromised in an attack could also be used to attack third-party systems and networks. The costs of remedying damages from future attacks could be substantial. Further, cybersecurity breaches could expose the Airport to material litigation and other legal risks, which could cause the Airport to incur material costs related to such legal claims and proceedings. As a recipient and provider of personal, private or sensitive information, in the past the Airport has been the target of cybersecurity attacks, which could have resulted in adverse consequences to the Airport's Systems and would have required a response action to mitigate the consequences. Such incidents are likely to occur in the future.

The Airport also is vulnerable to disruptions caused by third-party technology used to help manage Systems Technology. For example, on July 18, 2024, CrowdStrike (a global cybersecurity service vendor) released an update for their Microsoft Windows sensors that caused computers world-wide to crash. The Airport uses CrowdStrike, implemented its Cybersecurity Incident Response Plan, and restored all mission critical services within hours. The incident did not impact passenger processing or the Airport Security Program and less critical systems were successfully recovered over the next two business days.

The airlines serving the Airport, SFO Fuel and other Airport tenants also face cybersecurity threats that could affect their operations and finances.

Credit Risk of Financial Institutions Providing Credit Enhancement and Other Financial Products Relating to Airport Bonds

The Commission has obtained credit enhancement agreements from a variety of financial institutions relating to its Outstanding variable rate Bonds and Commercial Paper Notes, including letters of credit from commercial banks. See “AIRPORT’S FINANCIAL AND RELATED INFORMATION–Credit Facilities” and “SECURITY FOR THE SERIES 2025DE BONDS–Reserve Fund and Reserve Accounts.”

During and following the U.S. recession in 2007-2009 each of the Rating Agencies downgraded the claims-paying ability and financial strength ratings of many commercial banks and other financial institutions, though many of the institutions have subsequently been upgraded. The Rating Agencies could announce downgrades of these entities in the future. Such adverse ratings developments with respect to credit providers could have an adverse effect on the Commission, including significant increases in its debt service costs.

Limitation of Remedies

Any remedies available to the Owners of the Bonds upon the occurrence of an Event of Default under the Indenture are in many respects dependent upon judicial actions which are in turn often subject to discretion and delay and could be both expensive and time-consuming to obtain. If the Commission fails to comply with its covenants under the Indenture including its covenant to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the Owners of the Bonds. The ability of the Commission to comply with its covenants under the Indenture and to generate Net Revenues sufficient to pay principal of and interest on the Bonds may be adversely affected by actions and events outside of the control of the Commission, or may be adversely affected by actions taken (or not taken) by voters or payers of fees and charges, among others. See “–Initiatives, Referenda and Charter Amendments” and “SAN FRANCISCO INTERNATIONAL AIRPORT–Certain Federal and State Laws and Regulations–State Proposition 218” and “–State Proposition 26.” Furthermore, the rate covenant included in the Indenture provides that if the requirement that Net Revenues together with any Transfer equal at least 125% of aggregate Annual Debt Service with respect to the Bonds is not met, so long as the Commission is taking specified steps to meet the rate covenant, an Event of Default will not be triggered until after the following Fiscal Year. See “SECURITY FOR THE SERIES 2025DE BONDS–Rate Covenant.” The ability of the Commission to increase its rates, fees and charges and to reduce its expenses will be limited by, among other things, existing contracts, and state and federal law.

The Bonds are not subject to acceleration under any circumstances or for any reason, including without limitation upon the occurrence and continuance of an Event of Default under the Indenture. Moreover, the Bonds will not be subject to mandatory redemption or mandatory purchase or tender for purchase upon the occurrence and continuance of an Event of Default under the Indenture to the extent the redemption or purchase price of such Bonds is payable from Net Revenues. However, Bonds may be subject to mandatory redemption or mandatory purchase or tender for purchase if the redemption or purchase price of such Bonds is payable from a source other than Net Revenues such as a Credit Facility.

In addition to the limitations on remedies contained in the Indenture, the rights and obligations under the Indenture may be subject to the limitations on legal remedies against charter cities and counties in the State, as well as applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors’ rights generally, now or hereafter in effect, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and to the application of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or in law. Bankruptcy proceedings, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy proceedings or otherwise, and consequently may entail risks of delay or limitation or modification of rights. The various legal opinions to be delivered with respect to the Series 2025DE Bonds are expected to be qualified by reference to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies

against charter cities and counties in California. In the event the Commission fails to comply with its covenants under the Indenture, there can be no assurance that available remedies will be adequate to fully protect the interests of the holders of the Series 2025DE Bonds.

Potential Effect of a City Bankruptcy

The City is authorized under California law to file for bankruptcy protection under Chapter 9 of the Bankruptcy Code. However, third parties cannot bring involuntary bankruptcy proceedings against the City. The Airport, being a department of the City and not a separate legal entity, cannot itself file for bankruptcy protection.

Should the City become a debtor in a bankruptcy proceeding, the owners of the Series 2025DE Bonds would continue to have a lien on Net Revenues after the commencement of the bankruptcy case so long as the Net Revenues constitute “special revenues” within the meaning of the Bankruptcy Code. “Special revenues” are defined under the Bankruptcy Code to include, among other things, receipts by local governments from the ownership, operation or disposition of projects or systems that are primarily used to provide transportation services. While the Net Revenues appear to be “special revenues,” no assurance can be given that a court would not determine otherwise. Bankruptcy courts have broad discretionary powers, and there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of airport revenues collected for the payment of bonds in California. If Net Revenues do not constitute “special revenues,” there could be delays or reductions in payments by the Commission with respect to the Series 2025DE Bonds.

Furthermore, although the automatic stay arising upon the filing of a bankruptcy petition under Chapter 9 has historically been understood not to stay the City’s collection and application of “special revenues” to payment of bonds secured by such special revenues, if the City were to become a debtor in a proceeding under Chapter 9, the bankruptcy court could possibly decide that (i) post-bankruptcy Bond payments by the City are merely optional and not mandatory under the special revenues provisions of the Bankruptcy Code and/or (ii) the automatic stay exception for special revenues in those provisions does not apply to, among other things, possible enforcement action by the Trustee or is limited to amounts then on hand with the Trustee or the City. If the bankruptcy court were to interpret the Bankruptcy Code in that (or a similar) fashion, the parties to the proceeding might be prohibited from taking any action to collect the Net Revenues, to require payment to the Trustee, or to enforce any related obligation connected with the Series 2025DE Bonds, without the bankruptcy court’s permission.

Even if the Net Revenues are “special revenues,” to enable continued operations of a municipal enterprise like the Airport, the Bankruptcy Code provides that special revenues can be applied first to necessary operating expenses of the project or system from which the special revenues are derived before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents which may otherwise be contrary or silent with respect to such payments. Thus, in a bankruptcy case of the City, the Net Revenues could be used to pay necessary operating expenses of the Airport before the remaining Net Revenues are turned over to the Trustee to pay amounts owed to the holders of the Series 2025DE Bonds. It is not clear precisely which expenses would constitute necessary operating expenses of the Airport. In addition, there may be delays or reductions in payments on the Series 2025DE Bonds in a Chapter 9 proceeding, especially if the City does not voluntarily pay Net Revenues in its possession to the Trustee.

Regardless of any specific determinations by a bankruptcy court in a City bankruptcy proceeding that may be adverse to the Airport or the Owners, the mere filing by the City for bankruptcy protection could have a material adverse effect on the marketability and market price of the Series 2025DE Bonds.

Also see “SECURITY FOR THE SERIES 2025DE BONDS – Pledge of Net Revenues; Source of Payment – *Pledge of Net Revenues*” for discussion of California Government Code 5450 *et seq.*, which provides, among other things, that the pledge of, lien on and security interest in Net Revenues and certain other funds granted by the Indenture is valid and binding from the time of issuance of the Series 2025DE Bonds.

Also see “–Limitation of Remedies.”

Future Legislation and Regulation

The Airport is subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. The Airport is highly regulated by federal agencies including the FAA, the TSA, the EPA, Customs and Border Protection (“CBP”) and the U.S. Department of Health and Human Services. In the past, actions, rules and policies by these agencies (in particular the FAA, the TSA and CBP) have required the Airport to undertake additional capital and equipment expenditures, have affected passenger traffic, or both. The Commission is unable to predict the adoption or amendment of additional laws, rules or regulations, or their effect on the operations or financial condition of the Airport.

Initiatives, Referenda and Charter Amendments

The ability of the Commission to comply with its covenants under the Indenture, including to generate revenues sufficient to pay the principal of and interest on the Series 2025DE Bonds, may be adversely affected by actions taken (or not taken) by voters. Under the State Constitution, the voters of the State have the ability to initiate legislation or amendments to the State Constitution, and require a public vote on legislation passed by the State Legislature, through the powers of initiative and referendum, respectively. For example, see “SAN FRANCISCO INTERNATIONAL AIRPORT—Certain Federal and State Laws and Regulations—*State Proposition 218*” and “—*State Proposition 26*.” Interpretations of existing and future laws may change over time and such changes may impact the ability of the Commission to generate revenues. Furthermore, initiatives arise from time to time that could limit the ability of the Commission and other governmental entities to establish, amend, impose or extend fees and charges. Under the Charter, the voters of the City can restrict or revise the powers of the Commission through the approval of a Charter amendment. The Commission is unable to predict whether any such initiatives might be submitted to or approved by the voters, the nature of such initiatives, interpretations of initiatives or existing law, or their potential impact on the Commission or the Airport.

Potential Limitation of Tax Exemption of Interest on Series 2025DE Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Series 2025D Bonds or the Series 2025E Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or could cause interest on the Series 2025DE Bonds to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended (the “Code”), or court decisions may also cause interest on the Series 2025D Bonds or the Series 2025E Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or may cause interest on the Series 2025DE Bonds to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Code or court decisions may affect, perhaps significantly, the market price for, or marketability of, the Series 2025DE Bonds. Prospective purchasers of the Series 2025DE Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. See “TAX MATTERS.”

Risk of Tax Audit

The Internal Revenue Service (the “IRS”) includes a subdivision that is specifically devoted to tax-exempt bond compliance. If the IRS undertook an examination of the Series 2025D Bonds or the Series 2025E Bonds, or other Bonds issued by the Commission as tax-exempt bonds, it may have a material adverse effect on the marketability or the market value of the Series 2025D Bonds or the Series 2025E Bonds. The IRS has undertaken limited examinations of three prior issues of the Bonds since 2010, most recently in 2020. All three of those examinations were closed without the IRS taking any action. See “TAX MATTERS.”

REPORT OF THE AIRPORT CONSULTANT

General

The Commission has retained LeighFisher (the “Airport Consultant”), as recognized experts in their field, to prepare a report on traffic, revenues, expenses, the CIP and financial analyses in connection with the issuance of the Series 2025DE Bonds. The Airport Consultant has consented to the Report of the Airport Consultant, dated November 19, 2025, being included as APPENDIX A. This Report should be read in its entirety for an explanation of the assumptions and methodology used therein.

The Report of the Airport Consultant is divided into four sections. The first section provides general background information with respect to the Commission and the Airport; the second section describes the economic basis for air traffic, airline service at the Airport and the air traffic projections; the third section provides a summary of the CIP and funding sources; and the fourth section describes the financial framework of the Airport, including the Indenture, the Annual Service Payment, the Lease and Use Agreements and various other agreements with Airport users, as well as provides the Airport Consultant’s projections of Net Revenues demonstrating compliance by the Commission with the rate covenant provisions contained in the Indenture in connection with future Bond issuances projected during the projection period.

In the preparation of the projections in its Report, the Airport Consultant has made certain assumptions with respect to conditions that may occur and the course of action that management expects to take in the future. The Airport Consultant has relied upon Commission staff for representations about its plans and expectations and for disclosure of significant information that might affect the realization of projected results. Commission staff has reviewed these assumptions and concur that they provide a reasonable basis for the projections. While the Commission and the Airport Consultant believe these assumptions to be reasonable for the purpose of the projections, they are dependent upon future events, and actual conditions may differ from those assumed in the analysis. To the extent actual future factors differ from those assumed by the Airport Consultant or provided to the Airport Consultant by others, the actual results could vary materially from those projected. The Airport Consultant has no responsibility to update its Report for events and circumstances occurring after the date of its Report. The projections are based on assumptions that may not be realized and actual results may differ materially from the projections. See “CERTAIN RISK FACTORS—Uncertainties of Projections and Assumptions.”

Projection of Debt Service Coverage

The following table reflects the projection of Net Revenues and the calculation of debt service coverage on the Bonds, including the Series 2025DE Bonds, and future Bonds projected to be issued during the projection period based on such Net Revenues for Fiscal Year 2025-26 through Fiscal Year 2030-32, as set forth in the Report of the Airport Consultant attached hereto as APPENDIX A. Such projections reflect substantially all of the impact on revenues and expenses associated with Bond issues projected to be undertaken to fully fund the CIP during the projection period. The projections do not reflect the impact on Commission finances of capital projects that are in the conceptual planning stage or any other projects that may be undertaken in the future (as described in the Report of the Airport Consultant), including projects in the Recommended ADP described under “CAPITAL PROJECTS AND PLANNING—Recommended Airport Development Plan (ADP)” and those described under “CAPITAL PROJECTS AND PLANNING—Other Anticipated Capital Needs.” Any additional future capital projects may be financed by future Bond issues.

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PROJECTION OF DEBT SERVICE COVERAGE
(Fiscal Year)
(\$ in thousands)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Net Revenues ⁽¹⁾	\$824,441	\$899,777	\$1,030,215	\$1,255,331	\$1,423,408	\$1,513,525	\$1,515,016
Transfer from the Contingency Account*	157,831	179,533	212,672	268,232	310,091	331,080	337,311
TOTAL AVAILABLE FOR DEBT SERVICE	\$982,273	\$1,079,311	\$1,242,887	\$1,523,564	\$1,733,499	\$1,844,605	\$1,852,326
Debt Service Requirement ⁽¹⁾⁽²⁾	\$631,326	\$718,134	\$850,689	\$1,072,929	\$1,240,363	\$1,324,322	\$1,349,242
Projected Debt Service Coverage per the Indenture ⁽²⁾	156%	150%	146%	142%	140%	139%	137%
Projected Debt Service Coverage Excluding Transfer ⁽²⁾	131%	125%	121%	117%	115%	114%	112%

⁽¹⁾ Includes certain PFC cash balances and PFC revenues projected to be designated as Revenues by the Commission as described in the Report of the Airport Consultant.

⁽²⁾ Deposit basis. Includes projected debt service on Outstanding Bonds, the Series 2025DE Bonds and future Bonds as described in the Report of the Airport Consultant. The figures under "AIRPORT'S FINANCIAL AND RELATED INFORMATION—Historical Debt Service Coverage" are presented using the Debt Service Requirement calculated on a cash basis.

* Transfer reflects lesser of Contingency Account balance or 25% of Debt Service.

Source LeighFisher, Report of the Airport Consultant.

The Report of the Airport Consultant and the projection of Net Revenues and debt service coverage included therein incorporated assumptions of the debt service the Commission's Outstanding variable rate Bonds and Bonds projected to be issued during each of the projected years based upon projections provided in August 2025 by PFM Financial Advisors LLC, Co-Municipal Advisor of the Commission. The Report assumes an estimated all-in true interest cost on the Series 2025DE Bonds (principal amount assumed to be \$968 million) of 5.63%, with a portion of the interest capitalized through Fiscal Year 2028 and a term to final maturity of 30 years. The Report of the Airport Consultant also assumes the issuance of future bonds as described therein.

In addition, the projection is based on other assumptions that may not be realized and actual results may differ materially from the projections. The Report of the Airport Consultant should be read in its entirety for an explanation of the assumptions and methodology used in developing the projections. Also see "CERTAIN RISK FACTORS—Uncertainties of Projections and Assumptions."

AIRLINE INFORMATION

The Commission cannot and does not assume any responsibility for the accuracy or completeness of any information contained or referred to herein regarding the business operations or financial condition of any of the airlines serving the Airport.

Each of the principal domestic airlines serving the Airport, or their respective parent corporations, and foreign airlines serving the Airport with American Depositary Receipts ("ADRs") registered on a national exchange are subject to the information requirements of the Securities Exchange Act of 1934, and in accordance therewith files reports and other information with the SEC. Certain information, including financial information, concerning such domestic airlines or their respective parent corporations and such foreign airlines, is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected at the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549; and the offices of The New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005 (for certain airlines whose stock or whose parent's stock is traded on the New York Stock Exchange). Copies of such reports and statements can be obtained from the Public Reference Room, at prescribed rates or from the SEC website at: <http://www.sec.gov> (the information on such web site is not incorporated by reference herein). In addition, each airline is required to file periodic reports of financial operating statistics with the U.S. DOT. Such reports can be inspected at the Bureau of Transportation Statistics, Research and

Innovative Technology Administration, Department of Transportation, 1200 New Jersey Avenue, SE, Washington, D.C. 20590.

Airlines owned by foreign governments, or foreign corporations operating airlines (unless such airlines have ADRs registered on a national exchange), are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the U.S. DOT.

LITIGATION MATTERS

There is no litigation pending concerning the validity of the Indenture or the Series 2025DE Bonds or the issuance or delivery thereof, the existence of the Commission, the title of the officers thereof who executed or will execute the Series 2025DE Bonds to their respective offices, or the pledge of Net Revenues to the payment of the Series 2025DE Bonds.

In the regular course of the Airport's business, the Commission and the City are parties to a variety of pending and threatened lawsuits and administrative proceedings with respect to the Airport's operations and other matters, in addition to those specifically discussed herein. The Commission does not believe that any such lawsuits or proceedings will have a material adverse effect on the Airport's business operations or financial condition.

Airlines for America

In 1999, the Commission adopted the QSP to enhance Airport safety and security. The HCAO, as amended by the HAO, requires firms subject to the QSP to offer covered employees and their dependents premium health insurance coverage at no cost to the employee, or make a financial contribution to the City to establish and administer a medical reimbursement account for the employee. The QSP, HCAO and HAO are described under "SAN FRANCISCO INTERNATIONAL AIRPORT — Social Impact." The City's Office of Labor Standards Enforcement has the authority to investigate alleged violations of the HCAO and make determinations of violation and order financial penalties and other remedies, subject to administrative appeal before a hearing officer appointed by the City Controller.

On March 31, 2021, plaintiff Airlines for America ("A4A"), a trade association and lobbying group that represents major North American airlines, filed a complaint in the United States District Court for the Northern District of California seeking declaratory and injunctive relief to stop the implementation and enforcement of the HAO. The primary basis of the challenge is federal preemption under the Airline Deregulation Act, the Employee Retirement Income Security Act of 1974, and the Railway Labor Act. The parties agreed to bifurcate the case, with initial discovery and dispositive motion practice focusing on the City's defense that it acted as a 'market participant' in enacting the HAO and that the HAO is thus not subject to preemption.

On April 5, 2022, the district court issued an order granting the City's motion for summary judgment. The court agreed with the City on all points, finding that the City acted within its authority as a market participant. A4A appealed to the Ninth Circuit Court of Appeals. On August 29, 2023, the Ninth Circuit reversed the order and remanded the case to the district court, finding that the market participant defense failed because the HAO has penalty and enforcement provisions not available to private proprietors. The case was remanded to the district court and it is now in discovery regarding the merits of plaintiff's claims. The Board of Supervisors recently introduced amendments to the HAO, which may affect how the case proceeds.

Oakland Airport Renaming

On April 11, 2024, the Oakland Board of Port Commissioners (the "Port") gave preliminary approval for the Oakland Airport to be renamed the "San Francisco Bay Oakland International Airport." The Airport publicly expressed its opposition to the proposed renaming over the confusion the Airport believes the proposed name is likely to cause some travelers in distinguishing between the Airport and Oakland Airport (also referred to in this section as "OAK"). On April 18, 2024, the City filed suit against the City of Oakland, acting through its Board of Port Commissioners ("Oakland"), in federal court, alleging the new name infringed on the City's longstanding registered SAN FRANCISCO INTERNATIONAL AIRPORT trademark.

To prevail on its claim, the City must first show validity of the trademark. The Airport has used the name “San Francisco Airport” or “San Francisco International Airport” throughout most of its history, for almost 100 years. The City has held its federal trademark registrations for so long that it has become incontestable, which means it constitutes conclusive evidence of the mark’s validity as well as the City’s exclusive rights to use it. The City must show that OAK’s new name is likely to confuse consumers regarding the source of the airport’s services (i.e., whether they are the Airport or share the same owner or operator as the Airport) and/or whether OAK is endorsed by, sponsored by, or otherwise affiliated with the Airport or the City. Courts look at several factors to evaluate whether confusion is likely, including the similarities between the marks, the proximity of services, overlap in consumers, the sophistication of consumers and their degree of care, and whether actual confusion has occurred.

On May 3, 2024, the City filed an amended complaint to name the Port and Oakland separately. On May 9th, the same day the Port Board of Commissioners finally adopted the name change, the Port filed its answer and a counterclaim. On August 27, 2024, the parties attended a mediation, but it was not successful.

On September 17, 2024, the City moved for a preliminary injunction to stop the use of the infringing name. On November 12, 2024, the court issued an order granting the motion against the Port, ruling that the City is likely to prevail on the merits of its infringement claim on the theory that there is an implied association or affiliation between the Airport and OAK that does not exist, and this damages the goodwill and value of the City’s mark and deprives the City of control over its mark. The court denied the motion as to the City of Oakland on the premise that the Port is an independent entity that Oakland does not control. The Port filed an appeal in the Ninth Circuit Court of Appeals on the district court’s order, and a hearing is scheduled for November 17, 2025. The parties held a second mediation on April 25, 2025, but it was also unsuccessful.

In addition, on July 10, 2025, the Port Board of Commissioners gave preliminary approval for the Oakland Airport to be renamed “Oakland San Francisco Bay Airport.” Again, the Airport publicly expressed its opposition to the second new name over the confusion the Airport believes it is likely to cause some travelers, similar to the first new name. But on July 24, 2025, the Port Board of Commissioners finally and unanimously adopted the second new name, and it is currently in use for Oakland Airport. The City plans to amend its complaint to add a claim of trademark dilution with respect to the second new name. The Port has also indicated its intention to continue litigating its right to use the first new name adopted by the Port, including the appeal of the preliminary injunction issued by the District Court. The parties continue to prepare for a trial, which is currently scheduled for February 2027.

RATINGS

Moody’s Ratings (“Moody’s”) has assigned a rating of “Aa3” (stable outlook), and S&P Global Ratings has assigned a rating of “AA-” (stable outlook) to the Series 2025DE Bonds.

A rating reflects only the view of the agency giving such rating and is not a recommendation to buy, sell or hold the Series 2025DE Bonds. An explanation of the significance of each rating may be obtained from the rating agencies at their respective addresses, as follows: S&P, 55 Water Street, New York, New York 10041 and Moody’s, 7 World Trade Center, at 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that a rating will apply for any given period of time, or that the rating will not be revised downward or withdrawn if, in the judgment of the agency providing such rating, circumstances so warrant. The Commission undertakes no responsibility to maintain any rating or to oppose any revision or withdrawal of a rating. A downward revision or withdrawal of a rating may have a material adverse effect on the marketability or market price of the Series 2025DE Bonds.

UNDERWRITING

Purchase of Series 2025DE Bonds

J.P. Morgan Securities LLC, on its own behalf and as representative of the other underwriters identified on the cover hereof (such other underwriters, together with J.P. Morgan Securities LLC, the “Underwriters”) has entered into a Bond Purchase Contract with the Commission (the “Bond Purchase Contract”) that commits the Underwriters

to purchase the Series 2025DE Bonds, subject to the terms and conditions set forth in the Bond Purchase Contract. The Bond Purchase Contract provides that the Underwriters will purchase all of the Series 2025DE Bonds if any such Series 2025DE Bonds are purchased.

The Series 2025DE Bonds are being purchased through negotiation by the Underwriters at a purchase price equal to \$_____ (representing the principal amount of the Series 2025DE Bonds, plus/minus a [net] original issue [premium/discount] equal to \$_____ and less an underwriters' discount equal to \$_____) pursuant to the Bond Purchase Contract.

The Underwriters may offer and sell the Series 2025DE Bonds to certain dealers and others at prices lower (or yields higher) than the public offering prices (or yields) set forth on the page immediately following the cover page to this Official Statement. The initial public offering prices (or yields) may be changed from time to time by the Underwriters. See "CERTAIN RELATIONSHIPS" below.

Distribution Agreements

The following paragraph has been provided by and is being included in this Official Statement at the request of the respective underwriters. The Commission does not assume any responsibility for the accuracy or completeness of such statements or information.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2025DE Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2025DE Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2025DE Bonds that such firm sells.

BofA Securities, Inc., an Underwriter of the Series 2025DE Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2025DE Bonds.

RBC Capital Markets, LLC ("RBCCM"), one of the Underwriters of the Series 2025DE Bonds, has entered into a distribution arrangement with its affiliate City National Securities, Inc. ("CNS"). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the Series 2025DE Bonds.

CERTAIN RELATIONSHIPS

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing, brokerage services, providing credit and liquidity facilities, and providing swaps and other derivative products. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, such services for the Commission for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Commission.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of

such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

In addition, the Underwriters may currently be serving as underwriters, remarketing agents, dealers or letter of credit providers in connection with the Commission's other outstanding obligations, including the Commission's Commercial Paper Notes and variable rate bonds. For a description of certain relationships of the Underwriters to the Commission, see "SECURITY FOR THE SERIES 2025DE BONDS—Other Indebtedness—*Subordinate Bonds*" and "AIRPORT'S FINANCIAL AND RELATED INFORMATION—Credit Facilities."

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025D Bonds and the Series 2025E Bonds (the "Series 2025DE Bonds") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Series 2025D Bond for any period that such Series 2025D Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2025D Bonds or by a "related person" within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the Series 2025E Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025D Bonds is a specific preference item for purposes of the federal individual alternative minimum tax, and that interest on the Series 2025DE Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2025DE Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Series 2025DE Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX G—"PROPOSED FORM OF OPINION OF BOND COUNSEL" hereto.

To the extent the issue price of any maturity of the Series 2025DE Bonds is less than the amount to be paid at maturity of such Series 2025DE Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2025DE Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2025DE Bonds is the first price at which a substantial amount of such maturity of the Series 2025DE Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2025DE Bonds accrues daily over the term to maturity of such Series 2025DE Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2025DE Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2025DE Bonds. Beneficial Owners of the Series 2025DE Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2025DE Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2025DE Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2025DE Bonds is sold to the public.

Series 2025DE Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2025DE Bonds. The Commission

has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2025DE Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2025DE Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2025DE Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2025DE Bonds may adversely affect the value of, or the tax status of interest on, the Series 2025DE Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2025DE Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2025DE Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025DE Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2025DE Bonds. Prospective purchasers of the Series 2025DE Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2025DE Bonds for federal income tax purposes. It is not binding on the U.S. Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Commission, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Commission has covenanted, however, to comply with the requirements of the Code.

Unless separately engaged, Bond Counsel is not obligated to defend the Commission or the Beneficial Owners regarding the tax-exempt status of the Series 2025DE Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Commission legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2025DE Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2025DE Bonds, and may cause the Commission or the Beneficial Owners to incur significant expense.

Payments on the Series 2025DE Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2025DE Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2025DE Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners

(including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT PLAN INVESTORS

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA (“ERISA Plans”). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and certain church plans as defined herein (“Qualified Retirement Plans”), and on Individual Retirement Accounts (“IRAs”) described in Section 408(b) of the Code (collectively, “Tax-Favored Plans”). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) (“Governmental Plans”), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) (“Church Plans”), are not subject to ERISA requirements. Additionally, such Governmental and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law (“Similar Laws”) which is, to a material extent, similar to the foregoing provisions of ERISA or the Code. Accordingly, assets of such plans may be invested in the Series 2025DE Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “Benefit Plans”) and persons who have certain specified relationships to the Benefit Plans (“Parties In Interest” or “Disqualified Persons”), unless a statutory or administrative exemption is available. The definitions of “Party in Interest” and “Disqualified Person” are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by the plan; and (4) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the Series 2025DE Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Commission were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the “Plan Assets Regulation”), the assets of the Commission would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 only of the Code if the Benefit Plan acquires an “equity interest” in the Commission and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on this matter, it appears that the Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Bonds, including the reasonable expectation of purchasers of the Series 2025DE Bonds that the Series 2025DE Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

However, without regard to whether the Series 2025DE Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Series 2025DE Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Commission or the issuing and paying agent, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan. The fiduciary of a Benefit Plan that proposes to purchase and hold any Series 2025DE Bonds should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a Party in Interest, (ii) the sale or exchange of any property between a Benefit Plan and a Party in Interest, or (iii) the transfer to, or use by or for the benefit of, a Party in Interest, of any Plan assets.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2025DE Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2025DE Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Series 2025DE Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the Series 2025DE Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws. A purchaser or transferee who acquires Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

Because the Commission, the Trustee, the Underwriters or any of their respective affiliates may receive certain benefits in connection with the sale of the Series 2025DE Bonds, the purchase of the Series 2025DE Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of Bonds using plan assets of a Benefit Plan should consult with its counsel if the Commission, the Trustee or the Underwriters or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the Series 2025DE Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of Similar Laws.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the Series 2025DE Bonds, the arithmetical accuracy of certain computations included in the schedules provided by the Co-Municipal Advisors on behalf of the Commission relating to sufficiency of the escrows to defease the Defeased Commercial Paper Notes, will be verified by AW Smith LLC (the “Verification Agent”). Such verification shall be based solely upon information and assumptions supplied to the Verification Agent by the Co-Municipal Advisors. The Verification Agent has not made a study or evaluation of the information and assumptions on which such computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of the forecasted outcome.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the 2025DE Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Commission. Certain legal matters will be passed upon for

the Commission by the City Attorney and by Nixon Peabody LLP, Disclosure Counsel, and for the Underwriters by Hawkins Delafield & Wood LLP, Underwriters' Counsel. A complete copy of the proposed form of Bond Counsel opinion is set forth in Appendix G—"Proposed Form of Opinion of Bond Counsel."

Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

PROFESSIONALS INVOLVED IN THE OFFERING

The Commission has retained Backstrom McCarley Berry & Co., LLC and PFM Financial Advisors LLC to serve as Co-Municipal Advisors with respect to the issuance of the Series 2025DE Bonds.

The Co-Municipal Advisors, Bond Counsel, Disclosure Counsel and Underwriters' Counsel will receive compensation with respect to the Series 2025DE Bonds, which compensation is contingent upon the sale and delivery of the Series 2025DE Bonds.

FINANCIAL STATEMENTS

The audited financial statements of the Commission for Fiscal Year 2024-25 prepared in accordance with GASB guidelines, are included as APPENDIX B attached hereto. The financial statements referred to in the preceding sentence have been audited by Crowe LLP, independent certified public accountants, whose report with respect thereto also appears in APPENDIX B. Crowe LLP, the Commission's independent auditor for Fiscal Year 2024-25, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Crowe LLP also has not performed any procedures relating to this Official Statement.

The Indenture requires the Commission to have its financial statements audited annually by independent certified public accountants with knowledge and experience in the field of governmental accounting and auditing, and it is the policy of the City to select the independent auditor periodically through a competitive selection process. Crowe LLP was appointed as an independent auditor for a four-year term beginning with the Fiscal Year 2022-23 audit pursuant to a regular request for proposals process conducted by the City. The City has the option to extend the agreement for up to three years in its sole and absolute discretion.

CONTINUING DISCLOSURE

The Commission will covenant for the benefit of the Holders and Beneficial Owners (as defined in the Continuing Disclosure Certificate) of the Series 2025DE Bonds to provide certain financial information and operating data relating to the Commission (the "Annual Disclosure Report") by not later than 270 days following the end of each Fiscal Year, and to provide notices of certain enumerated events. The Annual Disclosure Report and notices of these enumerated events will be filed by the Commission with the means of the Electronic Municipal Market Access site ("EMMA") maintained by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Disclosure Report or the notices of enumerated events is summarized in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters of the Series 2025DE Bonds in complying with SEC Rule 15c2-12(b)(5).

The Commission believes that it has complied in all material respects with its undertakings to provide Annual Disclosure Reports and notices of enumerated events. However, the Commission has become aware of certain facts that it does not consider to be material but that are disclosed below for the benefit of the Holders and Beneficial Owners of its Bonds.

While the Commission's annual report for fiscal year 2023-24 was posted on EMMA in a timely manner in January 2025, it was not linked to the CUSIP numbers for the SFO Fuel Bonds. The filing has since been linked to such CUSIP numbers.

This Official Statement breaks out revenue landed weight by category of airline rather than identifying the top ten airlines and presenting each one's revenue landed weight. The Commission intends to continue this practice in future continuing disclosure annual reports rather than breaking out landed weight by airline for the top ten airlines because the Commission does not believe that the more detailed breakout is helpful to investors.

In addition, over the years, the Commission has changed other tables in its offering documents. Specifically, the Commission no longer includes the original principal amount issued in the table of currently outstanding bonds and no longer provides credit ratings for the providers of credit facilities for its bonds and commercial paper. The Commission intends to utilize tables in substantially the form in this Official Statement, not prior formats, in its continuing disclosure annual reports going forward.

The Commission has enhanced its continuing disclosure filing procedures to help ensure that information that is filed on EMMA in the future contains all required information and is linked to the appropriate CUSIP numbers.

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MISCELLANEOUS

This Official Statement has been duly authorized, executed and delivered by the Commission.

The summaries and descriptions of provisions of the Indenture, the Continuing Disclosure Certificate, the Lease and Use Agreements, the purchase contract pursuant to which the Underwriters are purchasing the Series 2025DE Bonds, and all references to other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described. Copies of such documents may be obtained from the Trustee or, during the offering period, from the Underwriters. The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO

By: _____
Mike Nakornkhet
Airport Director

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APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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Appendix A

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of
SAN FRANCISCO INTERNATIONAL AIRPORT
SECOND SERIES REVENUE BONDS
Series 2025D (AMT) and
SECOND SERIES REVENUE BONDS
Series 2025E (Non-AMT/Governmental Purpose)

Prepared for
Airport Commission of the
City and County of San Francisco, California

Prepared by
LeighFisher
San Francisco, California

November 19, 2025

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November 19, 2025

Mr. Malcolm Yeung, President
Airport Commission of the
City and County of San Francisco
San Francisco International Airport
P.O. Box 8097
San Francisco, California 94128

Re: **Report of the Airport Consultant**

Airport Commission of the City and County of San Francisco (San Francisco International Airport)
Second Series Revenue Bonds, Series 2025D (AMT) and Second Series Revenue Bonds, Series
2025E (Non-AMT/Governmental Purpose)

Dear Mr. Yeung:

We are pleased to submit this Report of the Airport Consultant (the Report) on certain aspects of the proposed issuance of Second Series Revenue Bonds, Series 2025D (AMT) and Second Series Revenue Bonds, Series 2025E (Non-AMT/Governmental Purpose) (collectively, the 2025DE Bonds) by the Airport Commission (the Airport Commission or the Commission) of the City and County of San Francisco (the City) with an aggregate principal amount of approximately \$968 million*.

The Commission intends to use the net proceeds of the 2025DE Bonds to pay for certain capital expenditures, repay the Commission's outstanding Commercial Paper balances, fund a Bond reserve account, pay capitalized interest, and pay costs of issuance.

Currently outstanding Second Series Revenue Bonds, the 2025DE Bonds, and future Second Series Revenue Bonds are defined herein as "Bonds". Bonds issued by the Commission are not general indebtedness of the City but are special limited obligations of the Commission payable solely from net revenues received by the Commission from the operation of San Francisco International Airport (the Airport or SFO). The Commission has no taxing power. This letter and the accompanying attachment and exhibits constitute the Report.

The City owns and operates the Airport through its Airport Commission as a financially self-sufficient enterprise. Located approximately 14 miles south of downtown San Francisco, the Airport is the largest airport serving the San Francisco Bay Area and serves as a major connecting hub for United Airlines. The region's stable and affluent population base, strong economy, advanced levels of educational attainment, and relatively high per capita income contribute to historically strong demand for air travel. Between FY 2005 and FY 2025, enplaned passenger totals increased from 16.2 million to 27.0 million – a compound

* Preliminary, subject to change.

annual growth rate (CAGR) of 2.6%, reflecting a CAGR of 4.1% between 2005 and 2019, followed by a dip and subsequent recovery related to the COVID-19 pandemic.

AIRPORT CAPITAL IMPROVEMENT PLAN

Airport Commission staff regularly develops and updates a plan for the redevelopment, improvement, and expansion of Airport facilities, which is approved by the Airport Commission. The plan is submitted to the Airport Commission, and evaluated and approved based on anticipated facility needs, current and expected future airline traffic, available funding sources, airline feedback, and project priority. The Commission-approved plan is included in the City's two-fiscal-year capital budget, which is approved by the City's Board of Supervisors.

On August 19, 2025, the Airport Commission approved an updated capital improvement plan (CIP) totaling \$12.45 billion of capital spending through FY 2035. This total incorporates approximately \$3.66 billion that has been previously funded as of that date and \$849 million expected to be funded with proceeds of the 2025DE Bonds. The previously funded amount of \$3.66 billion excludes \$437 million of currently outstanding commercial paper balances which will be repaid with proceeds of the 2025DE Bonds. Additional CIP spending is expected to total approximately \$7.94 billion between FY 2026 and FY 2035.

The CIP reflects the combination of two distinct categories of projects:

- ***"Ascent Program – Phase 1.5"***, which represents \$8.04 billion of capital spending through FY 2035. The Ascent Program – Phase 1.5 encompasses projects that address existing infrastructure at the Airport, as well as anticipated passenger and airline growth-related needs of the Airport. This part of the overall CIP is managed as a unified program with a specified budget. The projects and total cost estimate for this part of the CIP are unchanged since the Airport Commission's previously approved CIP.
- ***"Infrastructure Projects Plan"***, which represents \$4.42 billion of spending on support systems, miscellaneous airfield improvements, terminal improvements, energy and efficiency improvements, and equipment projects, through FY 2035. This part of the CIP is a "rolling program", reflecting some projects being completed and removed, and new projects being added.

The table below reflects the Commission's approved CIP. After the planned issuance of the 2025DE Bonds, the Airport Commission is planning CIP spending of \$7.94 billion from FY 2026 to FY 2035, including \$4.34 billion of Ascent Program – Phase 1.5 project spending and \$3.60 billion of Infrastructure Projects Plan spending.

The planned spending of \$7.94 billion includes \$896 million of untapped program reserves (that are in addition to individual project construction and development contingencies and reserves). All remaining untapped program reserves are assumed to be fully drawn down, funded with future Bonds, and applied to project costs for purposes of the financial projections shown in this Report.

Airport Commission management will continue to undertake the process of reevaluating and revising the CIP for the Airport. The scope, phasing, and timing of implementation of projects in the updated CIP are subject to further modification depending on aviation activity trends and other Airport operational factors. Actual project schedules and costs may be different from what is assumed in this Report.

Anticipated funding sources for the CIP include Commission Bonds, commercial paper for interim funding needs, federal grants, Airport cash, and other miscellaneous sources. Bond proceeds are by far the largest funding source for the CIP, equivalent to approximately 92% of the remaining CIP spending of \$7.94 billion (excluding amounts to be funded as part of the 2025DE Bond issue).

The Ascent Program – Phase 1.5 includes the completion of the comprehensive redevelopment of Terminal 1, the completion of the redevelopment of Terminal 3, International Terminal refresh projects, the development of a new parking garage in the West Field area of the Airport, cargo and hangar developments, a consolidated administration campus, and a range of support projects. In addition, the Ascent Program – Phase 1.5 spending total includes a program reserve of \$494 million which, for purposes of the financial analysis described in this Report, is assumed to be fully Bond funded, drawn down, and applied to project costs.

The Infrastructure Projects Plan component of the overall CIP includes a range of airfield area improvements including runway and taxiway rehabilitation, various terminal area rehabilitation projects, ground transportation and parking, and utilities improvements around the Airport. The Infrastructure Projects Plan program spending total includes a program reserve of \$402 million which, for purposes of the financial analysis described in this Report, is assumed to be fully Bond funded, drawn down and applied to project costs.

SUMMARY OF THE CAPITAL IMPROVEMENT PLAN										
(\$ millions)	Prior Funding (a)	2025DE Bonds (b)			Future Funding (FY 2026-35)					Program Total
		CP Paydown	New Money	Total	Future Bonds	Grant Funding	Other Funding	ORCIF Funding	FY 2026-35 Total	
	[A]	[B]	[C]	[D=B+C]	[E]	[F]	[G]	[H]	[I=E+F+G+H]	[J=A+D+I]
Ascent Phase 1.5										
Project costs	\$ 3,077.6	\$ 301.6	\$ 316.5	\$ 618.1	\$ 3,845.5	\$ -	\$ -	\$ -	\$ 3,845.5	\$ 7,541.1
Ascent Phase 1.5 reserve	-	-	-	-	494.3	-	-	-	494.3	494.3
Subtotal - Ascent Phase 1.5	\$ 3,077.6	\$ 301.6	\$ 316.5	\$ 618.1	\$ 4,339.8	\$ -	\$ -	\$ -	\$ 4,339.8	\$ 8,035.4
Infrastructure CIP										
Project costs	\$ 581.8	\$ 135.4	\$ 95.5	\$ 230.9	\$ 2,539.7	\$ 322.3	\$ 241.0	\$ 100.0	\$ 3,202.9	\$ 4,015.7
Infrastructure Reserve	-	-	-	-	401.6	-	-	-	401.6	401.6
Subtotal - Infrastructure CIP	\$ 581.8	\$ 135.4	\$ 95.5	\$ 230.9	\$ 2,941.2	\$ 322.3	\$ 241.0	\$ 100.0	\$ 3,604.5	\$ 4,417.2
CIP total	\$ 3,659.4	\$ 437.0	\$ 412.0	\$ 849.0	\$ 7,281.0	\$ 322.3	\$ 241.0	\$ 100.0	\$ 7,944.3	\$ 12,452.7
(a) Approximate funding amounts already secured, including proceeds of previously issued Bonds and other funding sources. (b) Including 2025DE Bond net proceeds expected to be used to (1) pay down approximately \$437 million of currently outstanding commercial paper, and (2) pay approximately \$412 million of CIP project costs. Note: Total spending of \$12.45 billion reflects the CIP for the Airport as approved by the Airport Commission on August 19, 2025. The financial projections documented later in this Report assume that all of the Future Bonds for the CIP are issued between 2026 and 2029, and therefore the projections shown for FY 2032 reflect substantially all of the impact of the CIP on annual revenues and expenses.										

THE 2025DE BONDS AND FUTURE BONDS

The Airport Commission intends to issue the 2025DE Bonds and, for purposes of this Report, it was assumed that proceeds will be applied as follows:

- Fund certain CIP project costs totaling \$412 million,
- Refund all of the Commission's outstanding Commercial Paper balances of approximately \$437 million, previously issued to fund CIP project costs on an interim basis, and
- Fund a Bond reserve account, pay capitalized interest, and pay issuance costs associated with the 2025DE Bonds.

Subsequent to the issuance of the 2025DE Bonds, this Report assumes the issuance of approximately \$8.46 billion in principal amount of additional Bonds (the Future Bonds), as follows:

SUMMARY OF PROJECTED BOND ISSUANCE

	Principal Amount (\$ millions)	Project Costs (\$ millions)	Final Maturity	All-in True Interest Cost	Interest Capitalized through
Series 2025DE Bonds	\$ 968	\$849	2055	5.63%	FY 2029
Future Bonds					
FY 2026	1,327	1,138	2056	6.1%	FY 2029
FY 2027	2,816	2,358	2057	6.1%	FY 2030
FY 2028	2,141	1,864	2058	6.1%	FY 2031
FY 2029	2,172	1,921	2059	6.1%	FY 2031
Subtotal - Future Bonds	<u>\$8,456</u>	<u>\$7,281</u>			
Total	<u>\$9,424</u>	<u>\$8,130</u>			

Note: Principal includes amounts needed for funding of capitalized interest, deposits to a Bond reserve account, deposits to the Commission's Contingency Account where applicable, and payment of Bond issuance costs.

Source: PFM Financial Advisors, August 2025.

This table summarizes the Commission's current expectation, timing, and financing assumptions with respect to the Future Bond issuance needed to complete the CIP and is reflected in the financial projections shown later in the Report. The timing and amount of Future Bond issuance is subject to material change based on evolving conditions and circumstances.

While the period of the CIP extends to FY 2035, for purposes of this Report we have assumed that all of the necessary Future Bond issuance to fund the entire program is undertaken in 2026 through 2029, with related annual debt service (net of capitalized interest) being incurred beginning in FY 2032 (the final year of the projection period). The projections for FY 2032 described in the Report reflect the full projected impact on annual revenues, debt service, and operation and maintenance expenses, of the entire CIP.

Our study was undertaken to evaluate the ability of the Airport Commission to generate sufficient Net Revenues to meet the requirements of the Indenture (further discussed below), taking into account Annual Debt Service on the currently outstanding Bonds, the commercial paper refunding and new money portions of the 2025DE Bonds, and the projected Future Bonds.

The Airport Commission may issue Second Series Revenue Refunding Bonds during the projection period. The impact of debt service savings related to any such future refunding bonds, and any debt service savings associated with such refundings, is not reflected in the financial analysis discussed in this Report.

THE INDENTURE

The 2025DE Bonds are being issued under the terms and conditions of a Trust Indenture by and between the Airport Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the Trustee), as the same has been and may be amended and supplemented by one or more future Supplemental Indentures (the Trust Indenture), and by the Series Indenture relating to the 2025DE Bonds, to be by and between the Airport Commission and the Trustee and to be dated the date of delivery of the 2025DE Bonds (the 2025DE Series Indenture and, collectively with the Trust Indenture and the Series Indentures with respect to the outstanding Bonds, the Indenture), and in accordance with the Charter of the City and the statutes of the State of California (the State), to the extent made applicable by the Charter of the City.

The Bonds are secured by an irrevocable pledge of the Net Revenues of the Airport Commission. The Airport Commission has covenanted in the Indenture not to issue any debt with a pledge of or lien on Net Revenues senior to that of the Bonds. As defined in the Indenture, “Net Revenues” are Revenues less Operation and Maintenance Expenses. “Revenues” include, among other things, substantially all rentals, fees, and charges associated with possession, management, supervision, operation, and control of the Airport as determined in accordance with generally accepted accounting principles (GAAP), but do not include grants-in-aid, nor do they include:

- Revenues derived from passenger facility charges (PFCs) unless designated as such by the Airport Commission,
- Revenues from rental car Customer Facility Charges (CFCs) unless designated as such by the Airport Commission, and
- Federal Subsidy Payments unless designated as such by the Airport Commission

Since 2002, when the Airport Commission was first authorized to apply PFC revenues to the payment of debt service, the Airport Commission has designated a portion of its PFC revenues as Revenues each

year for the purpose of paying part of its Annual Debt Service. The Airport Commission expects to continue to designate certain PFC revenues as Revenues on an annual basis during the projection period considered in this Report. (The Commission designated, but did not subsequently apply, PFC revenues as Revenues during FY 2021 through FY 2024.) CFCs have not been designated as Revenues by the Commission, and there are no current plans to do so.

Operation and Maintenance Expenses are defined to include substantially all expenses incurred for the operation and maintenance of the Airport, as determined in accordance with GAAP. Operation and Maintenance Expenses do not include, among other costs, the Annual Service Payment to the City, depreciation, amortization, debt service on Bonds or commercial paper, or expenses for which the Commission is paid or reimbursed from sources other than the Revenues of the Airport Commission.

Rate Covenant

The Airport Commission has covenanted in the Rate Covenant section of the Indenture that, so long as any of the Bonds are outstanding, it shall establish and at all times maintain rates, rentals, charges, and fees for the use of the Airport and for services rendered by the Airport Commission such that:

- Net Revenues in each Fiscal Year will be at least sufficient (i) to make all required debt service payments and deposits in such Fiscal Year with respect to the Bonds, any Subordinate Bonds and any general obligation bonds issued by the City for the benefit of the Airport, and (ii) to make the Annual Service Payment to the City; and
- Net Revenues, together with any Transfer from the Contingency Account to the Revenue Account, in each Fiscal Year will be at least equal to 125% of aggregate Annual Debt Service with respect to the Bonds for such Fiscal Year. For purposes of this provision of the Indenture, "Annual Debt Service" may, at the Commission's option, be calculated based on required deposits to pay Annual Debt Service.

A Transfer is defined as (a) the amount deposited on the last Business Day of any Fiscal Year from the Contingency Account into the Revenue Account, plus (b) any amounts withdrawn from the Contingency Account during such Fiscal Year for certain specified purposes, less (c) any amounts deposited in the Contingency Account from Revenues during such Fiscal Year.

For purposes of this Report, it was assumed that the Contingency Account balance will increase gradually during the projection period due to the use of Future Bond proceeds to fund deposits to the Contingency Account. The lesser of the Contingency Account balance or 25% of Annual Debt Service is used as the amount of the Transfer for the purpose of projecting compliance with the Rate Covenant in this Report.

Additional Bonds

To issue additional Bonds that are not refunding Bonds, the Airport Commission must meet the requirements of the Indenture, which states that the Trustee must be provided with a certificate of either an Airport Consultant or an Independent Auditor, with specific requirements for each. The certificate of the Airport Consultant must state, among other things, that the Airport Commission is

expected to be able to produce Net Revenues, together with any Transfer, at least sufficient to meet the requirements of the Rate Covenant in each Fiscal Year during the required projection period. For purposes of the certificate, the Transfer amount used for any given Fiscal Year of the projection period may not exceed 25% of Maximum Annual Debt Service.

In addition to the 2025DE Bonds, this Report assumes the issuance of Future Bonds, as noted earlier. The issuance amounts and timing of the Future Bonds are subject to change as aviation activity levels, facility needs, and the Airport operating environment evolve over time, and depending on financial market conditions, but for purposes of this Report the Future Bonds are assumed to be issued in 2026 through 2029.

The financial analysis section of this Report includes the impact of projected debt service on the Series 2025DE Bonds and Future Bonds on Revenues, Operation and Maintenance Expenses, Debt Service, and Net Revenues of the Airport Commission, but does not reflect debt service savings from any potential Bond refundings that may be undertaken during the projection period.

THE AIRLINE LEASE AND USE AGREEMENTS

The City (acting through the Airport Commission) has entered into lease and use agreements (Airline Agreements) with certain airlines serving the Airport; such signatory airlines accounting for substantially all of the airline traffic at the Airport. The Airline Agreements were effective as of July 1, 2023 (or after that date, depending on when individual airlines executed them), and expire on June 30, 2033. Under the Airline Agreements, the signatory airlines have agreed to pay terminal rentals and landing fees calculated under a residual airline rate-making methodology, whereby the signatory airlines agree to pay the amounts necessary to enable the Airport Commission to fully recover its net Airport-related costs as defined in the Airline Agreements.

The Airline Agreements reflect a residual airline ratemaking approach. They incorporate the funding of a discretionary cash fund for use by the Commission, the Operating Revenue and Capital Improvement Fund (ORCIF), funded through the airline rate base, which enhances available liquidity (to the extent there is a cash balance in the fund), potentially provide an additional funding source for capital projects, and could be used for any lawful Airport purpose.

PASSENGER FACILITY CHARGE PROGRAM

The Airport Commission is currently authorized to impose a \$4.50 PFC at the Airport pursuant to approvals from the Federal Aviation Administration (FAA). The Airport Commission's PFC collection and spending authorization as of the date of this Report totals \$2.32 billion at the \$4.50 level, and with an expiration date no later than December 1, 2030.

As of June 30, 2025, a total of approximately \$1.97 billion in PFC revenues (including restricted interest income) had been collected, including \$839.1 million of PFC revenues collected but not yet expended. Based on the aviation activity projection included in this Report, the Airport Commission is expected to collect the full authorized amount during FY 2028, towards the end of the projection period described in the Report. The Airport Commission is currently in the process of preparing a new PFC application to

increase its total PFC collection authority. The new PFC application is expected to request PFC funding for the payment of debt service associated with the Terminal 1 and Terminal 3 redevelopment projects. The projections described in this Report assume that this new PFC application will be approved by the FAA, and that PFCs will continue to be collected through the end of the forecast period.

SCOPE OF STUDY

As noted earlier, our study was undertaken to evaluate the ability of the Airport Commission to generate sufficient Net Revenues to meet the requirements of the Rate Covenant, taking into account Annual Debt Service on the Outstanding Bonds, the 2025DE Bonds, and the anticipated Future Bonds to be issued to complete the CIP.

In conducting the study, we reviewed and analyzed:

- Historical airline traffic demand at the Airport, giving consideration to the demographic and economic characteristics of the San Francisco Bay Area, historical trends in airline traffic, and other key factors that may affect future airline traffic.
- Debt service requirements on all current Outstanding Bonds, and estimated debt service requirements on the 2025DE Bonds and projected Future Bonds that are assumed to be issued during the projection period.
- Historical relationships among Revenues, Operation and Maintenance Expenses, PFC revenues, and airline traffic at the Airport and other factors that may affect future Revenues and Operation and Maintenance Expenses.
- Audited financial statements of the Airport Commission for FY 2022 through FY 2025.
- The Airport Commission's FY 2026 budget, and internal airline rates and charges model, as well as other considerations related to the business operations of the Airport.
- Airport Commission's approved CIP for the Airport, and its estimates of project costs, funding sources, and implementation schedules for projects included in the CIP.
- The Airport Commission's policies and contractual arrangements relating to the use and occupancy of Airport facilities, including the calculation of airline rentals, fees, and charges; the operation of concession privileges; and the leasing of buildings and grounds.
- The Airport Commission's approved PFC program, PFC-eligible enplaned passengers, and historical PFC revenues (including restricted interest income).

We also identified key factors upon which the future financial results of the Airport may depend and, with Airport Commission management, formulated assumptions about those factors. On the basis of those assumptions, we assembled the financial projections presented in the exhibits provided at the end of this Report:

Exhibit

A-1	Airport Capital Improvement Plan Costs
A-2	Airport Capital Improvement Plan Sources of Funding
B	PFC Revenues and Application of PFC Revenues
C	Sources and Uses of Bond Funds

Mr. Malcolm Yeung
November 19, 2025

D	Annual Debt Service Requirements
E	Operation and Maintenance Expenses
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G	Application of Revenues
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I	Summary of Financial Projections
J	Summary of Financial Projections – Sensitivity Case

SUMMARY OF PROJECTED RESULTS

As indicated in Exhibit H and further discussed in the Report, it is projected that the Airport Commission would meet the requirements of the Rate Covenant in each Fiscal Year of the projection period.

The table summarizes historical and projected enplaned passengers, Net Revenues, Transfers, debt service on Bonds issued under the terms of the Indenture (including the 2025DE Bonds and the anticipated Future Bonds), debt service coverage (including Transfers), and airline cost per enplaned passenger.

SUMMARY OF PROJECTIONS									
	Historical		Projected						
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Enplaned passengers	25,516	26,966	27,995	29,069	30,153	31,225	32,298	33,352	34,396
Percentage change		5.7%	3.8%	3.8%	3.7%	3.6%	3.4%	3.3%	3.1%
Net Revenues (a)	\$ 828,989	\$ 797,979	\$ 824,441	\$ 899,777	\$ 1,030,215	\$ 1,255,331	\$ 1,423,408	\$ 1,513,525	\$ 1,515,016
Transfer (b)	177,466	194,174	157,831	179,533	212,672	268,232	310,091	331,080	337,311
Total amount available	\$ 1,006,455	\$ 992,153	\$ 982,273	\$ 1,079,311	\$ 1,242,887	\$ 1,523,564	\$ 1,733,499	\$ 1,844,605	\$ 1,852,326
Annual Debt Service (c)	473,863	583,877	631,326	718,134	850,689	1,072,929	1,240,363	1,324,322	1,349,242
Debt Service Coverage	212%	170%	156%	150%	146%	142%	140%	139%	137%
Passenger airline payments	\$ 576,210	\$ 680,509	\$ 687,885	\$ 826,456	\$ 1,070,770	\$ 1,299,063	\$ 1,486,113	\$ 1,599,009	\$ 1,627,129
Airline cost per enplaned passenger	\$ 22.58	\$ 25.24	\$ 24.57	\$ 28.43	\$ 35.51	\$ 41.60	\$ 46.01	\$ 47.94	\$ 47.31
Note: The Fiscal Year of the City ends June 30. Amounts in thousands, except the airline cost per enplaned passenger, percentages and ratios. Totals may not add due to rounding. (a) Net Revenues reflect the designation and application of a portion of the Commission's PFC cash balances and PFC revenues as Revenues. (b) For purposes of the projected years shown in this table, the Transfer was assumed to be the lesser of the balance in the Contingency Account as of the end of the Fiscal Year, or 25% of annual debt service on the Bonds for that Fiscal Year. (c) Debt service is expressed on a "deposit basis" (reflecting the timing of when moneys are set aside by the Commission to pay the bondholders). Source for projections: LeighFisher.									

Mr. Malcolm Yeung
November 19, 2025

ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS

The financial projections described in this Report are based on information and assumptions that were provided by, or reviewed with and agreed to by, Airport management. Accordingly, the projections reflect the Airport Commission's expected course of action during the projection period and, in Airport management's judgment, present fairly the expected financial results of the Airport enterprise under the aviation activity projections.

The key factors and assumptions that are significant to the projections are set forth in the attachment, "Background, Assumptions, and Rationale for the Financial Projections." The attachment should be read in its entirety for an understanding of the projections and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the projections. However, any projection is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the projected and actual results, and those differences may be material. Neither LeighFisher nor any person acting on our behalf makes any warranty, expressed or implied, with respect to the information, assumptions, projections, opinions, or conclusions disclosed in the Report. We have no responsibility to update this Report for events and circumstances occurring after the date of the Report.

* * * * *

We appreciate the opportunity to serve as the Airport Consultant for the Airport Commission of the City and County of San Francisco on this proposed financing.

Respectfully submitted,

A handwritten signature in black ink that reads "LeighFisher". The signature is written in a cursive, flowing style.

LEIGHFISHER

**BACKGROUND, ASSUMPTIONS, AND RATIONALE
FOR THE FINANCIAL PROJECTIONS**

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

AIRPORT COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO

SECOND SERIES REVENUE BONDS
Series 2025D (AMT) and
SECOND SERIES REVENUE BONDS
Series 2025E (Non-AMT/Governmental Purpose)

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INTRODUCTION

THE AIRPORT COMMISSION

The City and County of San Francisco (the City), through its Airport Commission (the Airport Commission, or the Commission), owns and operates San Francisco International Airport (the Airport) as a financially self-sufficient enterprise.

The Airport Commission was created in 1970 pursuant to an amendment to the City Charter. Under the City Charter, the Airport Commission has control over the “construction, management, supervision, maintenance, extension, operation, use and control of all property, as well as the real, personal and financial assets which are under the Commission’s jurisdiction.” The City Charter further provides that “subject to the approval, amendment or rejection of the Board of Supervisors of the City and County of San Francisco of each issue, the Commission shall have exclusive authority to plan and issue revenue bonds for airport-related purposes.” Bonds issued by the Commission are not general indebtedness of the City, but are special limited obligations of the Commission payable solely from Net Revenues received by the Commission from the operation of the Airport. The Commission has no taxing power.

THE AIRPORT

The Airport is located 14 miles south of downtown San Francisco, in San Mateo County, adjacent to the San Francisco Bay. The Airport occupies approximately 2,383 acres on a 5,171 acre site; the remaining 2,788 acres are undeveloped tidelands. Figure 1 shows the layout of the Airport from an aerial view, and Table 1 provides a summary of key Airport facilities.

Airfield Facilities

The runway and taxiway system at the Airport occupies approximately 1,700 acres and provides four intersecting runways, three of which are equipped with an instrument landing system (ILS) for arrivals. The current runway system can accommodate the arrivals and departures at the maximum loads of all commercial aircraft currently in service, including large aircraft such as the Airbus A380. The Airport runways are built on Bay tidelands that were filled before, during, and after World War II and, as a result, the runways continue to settle at various rates, requiring periodic repair and maintenance.

Terminal Facilities

As of July 2025, the Airport had 101 operational contact gates including two remote gates, 48 of which can accommodate widebody aircraft. The domestic passenger terminal complex at the Airport currently consists of approximately 3.2 million square feet of total space divided among three terminals in a five-pier configuration. The domestic terminals (which also accommodate flights to Mexico and Canada) are located around two-thirds of the outer perimeter of the roadway that encircles the central parking garage, as follows:

- Terminal 1 comprises Boarding Area B (23 gates) and Boarding Area C (10 gates)
- Terminal 2 comprises Boarding Area D (14 gates)
- Terminal 3 comprises Boarding Area E (12 gates) and Boarding Area F (17 gates)

Figure 1
Aerial View of San Francisco International Airport



Table 1
Airport Facilities Profile

Terminal gate positions	Gates (a)	Primary airlines
Domestic terminals (3.2 million sq. ft.) (b)		
Terminal 1 (c)		
Boarding Area B	23	Alaska, American, jetBlue
Boarding Area C	10	Delta
	33	
Terminal 2 (d)		
Boarding Area D	14	Air Canada, Southwest, United
Terminal 3		
Boarding Area E	12	United (domestic)
Boarding Area F	17	United (domestic)
	29	
International Terminal (2.5 mill. sq. ft.) (e)		
Boarding Area A	13	Foreign-flag, others (f)
Boarding Area G	12	Foreign-flag, United (international)
	25	
Total gates	101	
Widebody capable gates (all terminals)	48	
Airfield (approx. 1,700 acres)	Length (feet)	ILS category
Runway 10L-28R	11,870	III
Runway 10R-28L	11,381	II (SA) (g)
Runway 1R-19L	8,650	I
Runway 1L-19R	7,650	No Instrument Landing System approach
Cargo facilities	Number	
Number of cargo buildings	7	
Total space	999,604 square feet	

- (a) Reflects gates that are in use on a common use basis or are preferentially allocated. Includes one gate in Boarding Area A that has apron-level boarding, accessed by bus; and one gate in Boarding Area F that has apron-level boarding, accessed by ramp. Gate count and airline allocation as of July 2025.
- (b) Terminals 1, 2, and 3 also handle flights to and from Canada, and flights to Mexico.
- (c) The following airlines also operate from Terminal 1 on a common use basis: Flair, Hawaiian, Porter, Sun Country and WestJet.
- (d) Breeze also operates from Terminal 2.
- (e) All international flights requiring customs and immigration arrive at either the International Terminal or four gates in Boarding Area B capable of accessing the Federal Inspection Services (FIS).
- (e) Including Alaska (international arrivals) and Frontier.
- (g) Runway 28L has available standard Instrument Landing System Category I approaches and Special Authorization Category II approaches that require special aircrew and aircraft certification.
- Source: San Francisco Airport Commission, July 2025.

The International Terminal straddles the main Airport entrance roadway and consists of 2.5 million square feet configured as a main hall and two piers (Boarding Areas A and G, which include 13 gates and 12 gates, respectively). In addition to serving as the point of departure and arrival for flights requiring Federal Inspection Services (FIS) clearance, the International Terminal is also used for certain domestic flights. FIS processing is provided on a 24-hours per day basis.

Parking

The Airport Commission owns the short- and long-term public parking facilities at the Airport, totaling approximately 15,000 public parking spaces. Table 2 provides details of the number of spaces currently available in these parking facilities, including the Domestic Parking Garage which is adjacent to the domestic terminal complex, two parking garages located adjacent to the International Terminal, and two long-term parking garages and an adjacent surface lot located approximately 1.5 miles from the terminal complex.

Additionally, several independent companies offer parking facilities off Airport property and provide Airport access to their patrons via shuttle buses. The capacity of these off-Airport parking facilities is estimated to be approximately 6,000 spaces.

Airport Access

Access to the Airport is provided by a roadway system and by the San Francisco Bay Area Rapid Transit (BART) District rail system.

The Airport is located on the east side of the Bayshore Freeway (U.S. Highway 101) between Millbrae Avenue to the south and Interstate 380 (I 380) to the north. The Bayshore Freeway is a major north-south artery that serves the San Francisco Peninsula, providing direct access to the Airport via four exit.

BART is an automated rapid transit system serving Alameda, Contra Costa, and San Francisco counties, as well as northern San Mateo County. BART operation was extended directly to the Airport in 2003.

AirTrain System

The AirTrain system provides transportation for travelers and others around and among key Airport facilities, pre-passenger security processing. The AirTrain system has 11 stations and operates on two lines (Red and Blue). Both lines connect to all Airport terminals, garages, and the Airport BART station, while the Blue line also connects to the consolidated rental car facility and certain support facilities. Three AirTrain stations are located adjacent to the domestic terminal complex atop the Domestic Parking Garage. These stations are accessed from their terminals via pedestrian "skybridges" over the loop road. AirTrain stations are also located in the ITC and in the adjacent parking facilities. One AirTrain station connects directly with the Airport BART station.

Table 2
Parking Facilities

Automobile Parking	Spaces
Public parking	
Domestic Parking Garage	5,158
International Terminal Garages A & G	
Long-Term Garages and surface lot	7,968
Total public parking spaces	13,126
Employee parking	8,221
Total parking spaces	21,347

Source: San Francisco Airport Commission, August 2025.

Consolidated Rental Car Facility

The consolidated rental car facility at the Airport is a five-level structure containing approximately 1.5 million square feet, approximately 5,000 parking spaces, a quick turnaround area, a rental car operator staging area, rental car fueling and cleaning facilities, ticket counter space, and administrative offices. Companies representing nine rental car brands currently operate from the consolidated rental car facility.

Aircraft Maintenance and Cargo Facilities

Several airlines operate maintenance and cargo facilities at the Airport. United Airlines' Maintenance Operations Center at the Airport encompasses approximately 3 million square feet and is one of the country's largest private aircraft maintenance facilities. Additionally, American Airlines operates a major maintenance facility at the Airport, and several other airlines operate line maintenance facilities.

There are seven cargo facilities at the Airport, providing approximately one million square feet of warehouse and office space. Services offered by cargo tenants include refrigeration/cooler facilities, dangerous goods handling, valuable goods handling, and bonded storage.

AIRLINE TRAFFIC AND ECONOMIC ANALYSIS

AIRPORT SERVICE REGION

The development of the economic base of an airport service region is important to passenger traffic growth over the long term. This is particularly true where the industries in the region rely on the airport for passenger and cargo service. The region served by the Airport consists of the 13-county San Jose-San Francisco-Oakland Combined Statistical Area (the San Francisco CSA or the Bay Area),* as shown in Table 3 and on Figure 2, as well as surrounding areas for which the Airport is the most convenient or attractive option. The San Francisco CSA, the fifth most populous in the United States, is a national and international travel destination as well as a center of business and trade in California and the nation.

Table 3
San Francisco CSA Population in 2024

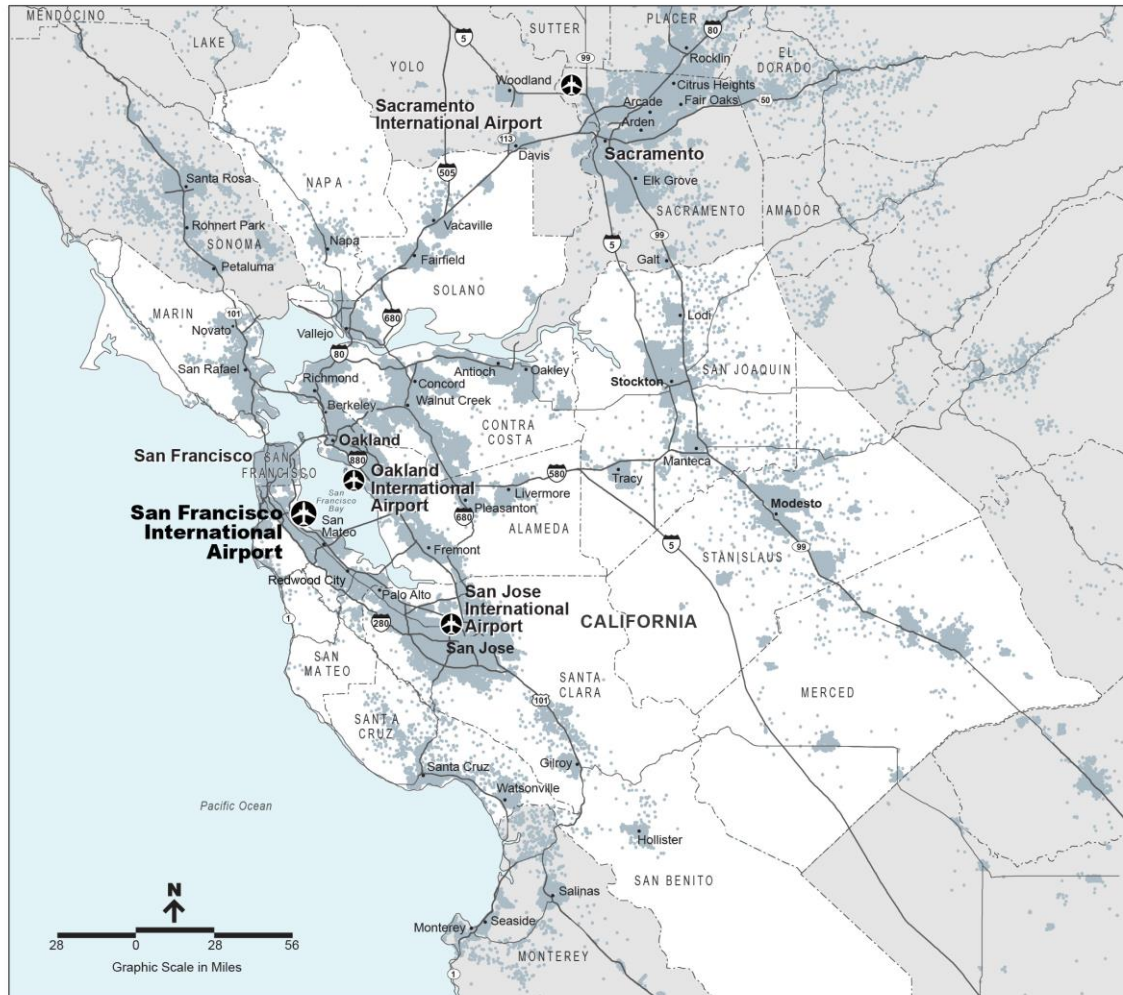
MSA	County	Population	Percent of total
San Francisco-Oakland-Berkeley MSA	Alameda	1,649,060	18.0%
	Contra Costa	1,172,607	12.8%
	San Francisco	827,526	9.0%
	San Mateo	742,893	8.1%
	Marin	<u>256,400</u>	<u>2.8%</u>
Subtotal—San Francisco MSA		4,648,486	50.7%
San Jose-Sunnyvale-Santa Clara MSA	Santa Clara	1,926,325	21.0%
	San Benito	<u>69,159</u>	<u>0.8%</u>
Subtotal—San Jose MSA		1,995,484	21.8%
Stockton MSA	San Joaquin	816,108	8.9%
Modesto MSA	Stanislaus	556,972	6.1%
Vallejo MSA	Solano	455,101	5.0%
Santa Cruz-Watsonville MSA	Santa Cruz	262,406	2.9%
Merced MSA	Merced	296,774	3.2%
Napa MSA	Napa	132,727	1.4%
Total Airport Service Region		9,164,058	100.0%

CSA = Combined Statistical Area; MSA = Metropolitan Statistical Area

Source U.S. Department of Commerce, Bureau of the Census, www.census.gov, accessed July 2025.

* As defined by the Office of Management and Budget July 2023 delineations of Metropolitan Statistical Areas (MSAs).

Figure 2
Airport Service Region



LEGEND

- Airport service region (San Francisco Combined Statistical Area CSA)
- Population density: 1 dot represents 100 people
- County boundary
- Passenger air carrier service

Note: Road miles shown are from SFO to the airports in each of the cities listed.
Source: Google Maps, www.google.com.



Road miles from SFO to:	
Oakland	32
San Jose	34
Vallejo	43
Napa	54
Stockton	83
Santa Rosa	84
Sacramento	103
Monterey	107
Los Angeles	386

SFO825 F-0001

According to the U.S. Department of Commerce, Bureau of the Census, the population of the San Francisco CSA was 9.2 million in 2024, accounting for 23% of California’s total population of 39.4 million. The San Francisco-Oakland-Fremont Metropolitan Statistical Area (MSA) includes the City of San Francisco (equivalent to San Francisco County), which accounted for 9.0% of the population of the San Francisco CSA, as shown in Table 3. Because economic growth and activity within this area is an important determinant of passenger demand at the Airport, statistics for the San Francisco CSA were used to evaluate airline traffic trends at the Airport.*

AIRLINE SERVICE AT BAY AREA AIRPORTS

The Bay Area is served by three primary passenger-service airports – San Francisco (SFO), Oakland (OAK), and Mineta San Jose (SJC) international airports. SFO is the busiest airport in the Bay Area and Northern California and is scheduled to account for the largest share (69%) of total scheduled departing seats (domestic and international) at Bay Area airports in FY 2025 (up from 66% during FY 2024, and 65% in FY 2019), as shown in Table 4. OAK and SJC are medium-hub airports and provide primarily short- and medium-haul domestic service, while SFO offers more diverse service, as shown in Figure 3.**

Domestic Airline Service. As shown in Table 4, SFO dominates long-haul domestic service, accounting for 87% of long-haul domestic scheduled departing seats in the Bay Area in FY 2025 (up from 83% in FY 2024, and 80% in FY 2019).

SFO had non-stop service to 79 domestic destinations in July 2025, compared to 82 in July 2019. Non-stop domestic service at OAK was provided to 32 destinations in July 2025 compared to 51 in July 2019; and for SJC was provided to 33 destinations in July 2025 compared to 43 in July 2019.

International Airline Service. SFO is the Bay Area’s international gateway and dominates international service, accounting for approximately 92% of Bay Area international scheduled departing seats in FY 2025 (similar to 93% in FY 2024 and up from 89% in FY 2019), as shown in Table 4.

Prior to the onset of the pandemic, limited long-haul and international service was added at OAK and SJC, as discussed in the section “International Gateway” that follows. Historically, each airport has drawn passengers primarily from its closest surrounding geographical area for short- and medium-haul service, while SFO has captured most of the demand for longer domestic trips and international service from the entire Bay Area.

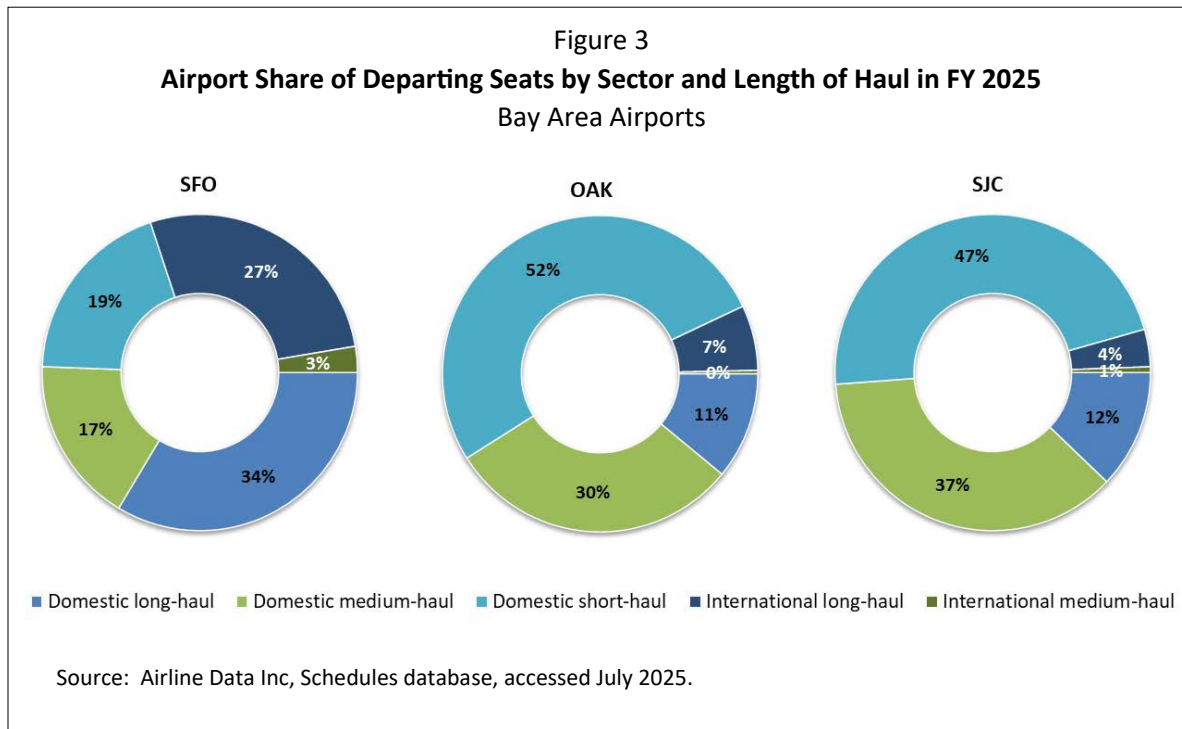
* Data are presented for the most recent period available and, for internet sources, dated when accessed. Published airline schedule data for July 2025 (unless otherwise noted) are used throughout this Report to represent the peak month of passenger airline activity, which includes daily and seasonal service, and to be consistent with previous Reports of the Airport Consultant, which reported July data. Published airline schedules represent the number of flights airlines expected to provide rather than the actual number flown.

** The San Francisco CSA also includes three non-hub airports (enplane less than 0.05% of nationwide passenger boardings) with limited commercial passenger airline service in July 2025: Merced Regional Airport, Charles M. Shultz Sonoma County Airport, and Stockton Metropolitan Airport.

Table 4
Departing Seats By Sector and Length of Haul
Bay Area Airports

Sector/ Length of haul (miles)	Percent of scheduled departing seats by segment			
	FY 2019	FY 2023	FY 2024	FY 2025
Domestic				
Long-haul (more than 1,500)				
SFO	80%	83%	83%	87%
OAK	10	8	8	6
SJC	<u>11</u>	<u>10</u>	<u>9</u>	<u>7</u>
Subtotal--Long-haul	100%	100%	100%	100%
Medium-haul (501-1,500)				
SFO	50%	48%	50%	53%
OAK	23	23	23	20
SJC	<u>28</u>	<u>29</u>	<u>28</u>	<u>27</u>
Subtotal--Medium-haul	100%	100%	100%	100%
Short-haul (0-500)				
SFO	47%	40%	43%	47%
OAK	26	32	30	26
SJC	<u>27</u>	<u>28</u>	<u>27</u>	<u>27</u>
Subtotal--Short-haul	100%	100%	100%	100%
Domestic total				
SFO	59%	57%	59%	62%
OAK	19	21	20	17
SJC	<u>21</u>	<u>22</u>	<u>21</u>	<u>20</u>
Total Domestic	100%	100%	100%	100%
International				
Long-haul (more than 1,500)				
SFO	90%	92%	93%	92%
OAK	5	3	4	5
SJC	<u>5</u>	<u>4</u>	<u>4</u>	<u>3</u>
Subtotal--Long-haul	100%	100%	100%	100%
Medium-haul (501-1,500)				
SFO	80%	95%	94%	93%
OAK	5	1	1	2
SJC	<u>15</u>	<u>5</u>	<u>5</u>	<u>5</u>
Subtotal--Medium-haul	100%	100%	100%	100%
International total				
SFO	89%	93%	93%	92%
OAK	5	3	3	5
SJC	<u>6</u>	<u>4</u>	<u>4</u>	<u>3</u>
Total International	100%	100%	100%	100%
Total Bay Area Airports				
SFO	65%	63%	66%	69%
OAK	17	18	17	15
SJC	<u>19</u>	<u>19</u>	<u>17</u>	<u>17</u>
Total Bay Area Airports	100%	100%	100%	100%

Source: Airline Data Inc, Schedules database, accessed July 2025.



AIRPORT ROLE

The Airport's role as one of the primary international gateways in the United States and the world is related to the strength of the San Francisco CSA economy (which, when ranked among countries, is the 16th largest in the world in terms of Gross Domestic Product)*, the location of global companies in the San Francisco CSA and Northern California, its proximity to expanding markets in Asia and the South Pacific, and its wide reach to markets in Canada, Europe, Mexico, and the Middle East. SFO's ranking among world and U.S. airports reflects its standing as a global and national transportation hub. SFO is the only airport in the San Francisco CSA and Northern California with substantial levels of international service and connecting traffic.

Large-Hub Origin-Destination Airport

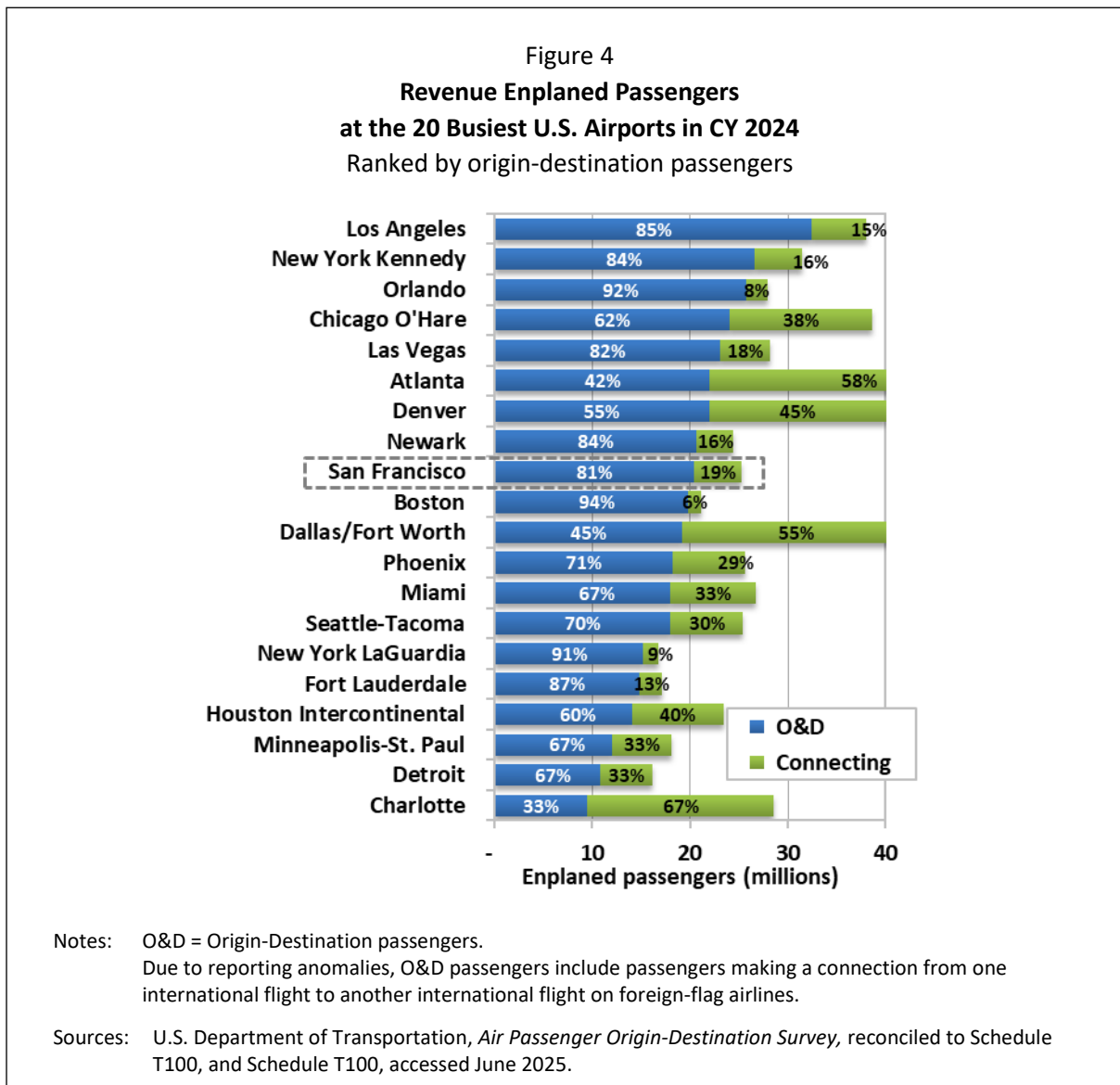
SFO was the thirteenth busiest airport in the United States in terms of total enplaned passengers in CY 2024, the same as in CY 2023 and, due to the impacts of the pandemic on passenger traffic, down from seventh in FY 2019, according to the U.S. Department of Transportation (DOT).**

SFO's origin-destination (O&D) ranking has also been impacted by the pandemic and the associated restrictions on international and corporate business travel. In CY 2024, the Airport ranked ninth among U.S. airports in terms of domestic and international revenue O&D passengers, the same as in CY 2023, but down from fifth in CY 2019, as shown on Figure 4. In CY 2024, O&D passengers accounted for 81% of revenue enplaned passengers at the Airport (compared to 80% in FY 2019). Notwithstanding the decreases in passenger traffic related to the pandemic, SFO's large O&D passenger base reflects, in part, the San Francisco CSA's population of 9.2 million in 2024, which is

* S&P Connect, Global Economics, online database, accessed September 2025.

** Data reported to the U.S. DOT excludes nonrevenue passengers and may differ from data reported by the airlines to the Airport.

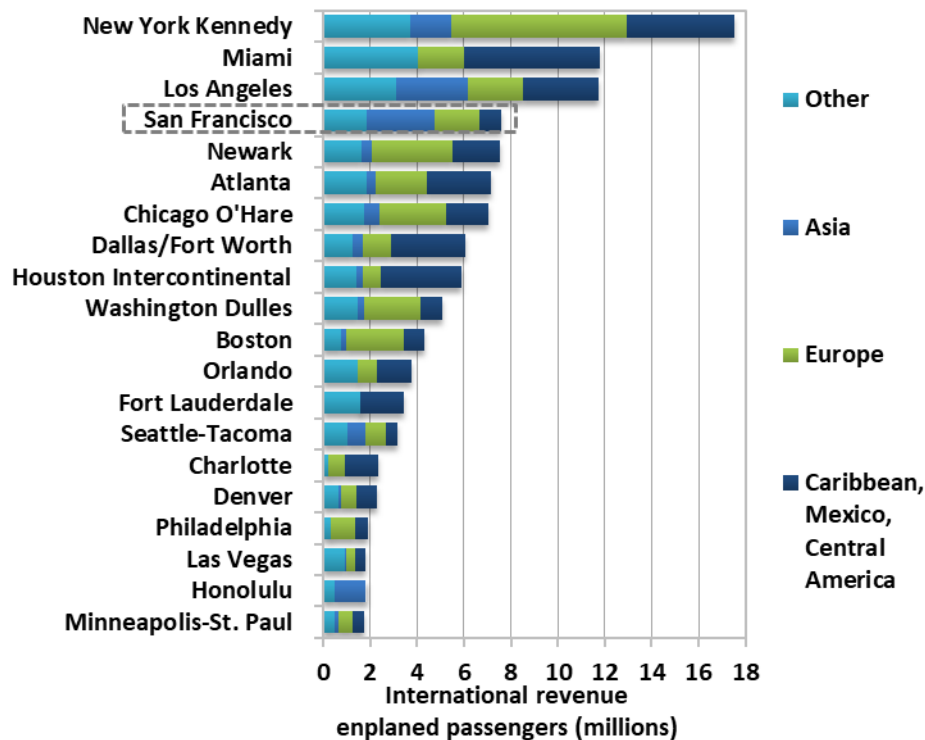
the fifth most populous CSA in the nation (following the New York, Los Angeles, Washington DC/Baltimore, and Chicago CSAs).



International Gateway

According to Airports Council International, SFO was the 24th busiest airport in the world in 2023 (the most recent ranking available) in terms of total passengers, the same ranking it held in 2022, and similar to its ranking of 23rd in 2019. International gateway airports with large numbers of international passengers like SFO were disproportionately affected by the closure of country borders, quarantine requirements, and other restrictions on international air travel, however, by CY 2024, many of these gateways had returned to pre-pandemic levels. In CY 2024, international revenue passengers at the Airport exceeded CY 2019 levels by 3%. As shown on Figure 5, SFO was the fourth busiest U.S. gateway airport in the United States during CY 2024, in terms of international revenue enplaned passengers, the same as in CY 2019.

Figure 5
International Revenue Enplaned Passengers
at the 20 Busiest U.S. Gateway Airports in CY 2024
Ranked by total international passengers



Source: U.S. Department of Transportation, Schedule T100, accessed June 2025.

International Regions Served. During CY 2024, SFO enplaned 7.6 million international revenue enplaned passengers, up slightly from 7.3 million in CY 2019. In CY 2024, Asia and Europe accounted for 38% and 25%, respectively, of SFO's international enplaned passengers, with the Caribbean, Mexico, and Central America accounting for an additional 12%. Other regions accounted for the remaining 24% of SFO's international passengers in CY 2024, which includes passengers traveling to Canada (13%), the South Pacific (6%), and the Middle East (5%). These shares were similar to pre-pandemic values. Airports with higher than average shares of international passengers to the Caribbean, Mexico, and Central America in CY 2019 such as Charlotte, Dallas/Fort Worth, Houston Intercontinental, Atlanta, and Miami, have generally experienced stronger growth in international passenger traffic.

International passengers traveling from SFO to Asia, the largest international region served from SFO, were 5% higher than pre-pandemic levels during CY 2024 (as compared to CY 2019), despite uncertainty about the strength of China's economy, geopolitical relations, and lagging China travel recovery.

West Coast Gateways. SFO is one of three West Coast gateways, along with Los Angeles (LAX) and Seattle (SEA) international airports, that together play an important strategic role in U.S. airline

networks by providing access to markets in Asia and the South Pacific and facilitating connections to domestic and other international destinations. In July 2025, SFO provided an average of 125 daily international departures, up from 116 in July 2019, as shown in Table 5.

Table 5
West Coast International Passenger Airline Service
July 2019 and July 2025
Ranked by July 2025 seats

Airport	Number of international destinations served		Average daily departures		Average daily departing seats	
	July 2019	July 2025	July 2019	July 2025	July 2019	July 2025
Primary international gateways						
Los Angeles LAX	88	76	192	177	46,725	42,587
San Francisco	52	51	116	125	29,030	30,106
Seattle	25	31	<u>66</u>	<u>75</u>	<u>10,550</u>	<u>13,875</u>
Subtotal--primary gateways			375	377	86,304	86,568
Other airports						
San Diego	9	11	12	14	1,947	2,294
Portland	9	9	14	11	1,969	1,485
Oakland	13	8	7	9	1,526	1,532
Sacramento	4	8	5	7	745	1,059
San Jose	9	7	10	6	1,642	1,257
Fresno	2	3	3	4	460	793
Ontario	2	6	2	6	480	1,374
Santa Ana (Orange County)	3	4	2	4	307	531
Palm Springs	1	2	<u>1</u>	<u>0</u>	<u>156</u>	<u>67</u>
Subtotal--other airports			<u>56</u>	<u>61</u>	<u>9,231</u>	<u>10,391</u>
All airports			430	438	95,536	96,959

Notes: The airports listed serve many of the same destinations; therefore, the number of destinations served aren't additive.

Totals may not add due to rounding.

Source: Airline Data Inc, Schedules database, accessed June 2025.

SFO, LAX, and SEA serve as the primary West Coast gateways because of their geographical locations, passenger demand characteristics, international facility infrastructure, and established international routes.

- SFO is United's primary West Coast gateway and complements its other connecting hubs and gateways. In July 2025, United accounted for 41% of international departing seats at SFO and provided service to 36 international destinations with an average of 55 daily international departures (compared with 39 in July 2019). International service was also provided from SFO by one other U.S. airline, Alaska, and by 43 foreign-flag airlines.
- Four U.S. airlines (Alaska, American, Delta, and United) provided international service at LAX in July 2025, together accounting for 24% of international departing seats; 57 foreign-flag airlines also provided service, accounting for the remaining 76%.

- Three U.S. airlines (Alaska, Delta, and Hawaiian) provided international service at SEA in July 2025, together accounting for 38% of international departing seats; 28 foreign-flag airlines also provided service, accounting for the remaining 62%.

Limited international service is also provided at 9 West Coast airports in Fresno, Oakland, Ontario, Palm Springs, Portland, Sacramento, San Diego, San Jose, and Santa Ana. U.S. mainline, foreign-flag, and low-cost carrier (LCC)* service is provided from these 9 airports primarily to airports in Canada and Mexico. In July 2025, service was provided to Asia from Ontario, San Diego, and San Jose, to Europe from Portland and San Diego, and to Central America from Ontario, Oakland, and San Diego. Airline service at these 9 West Coast airports is focused primarily on point-to-point O&D travel and typically generates lower-than-average airline yields.

Role as a Connecting Hub

In addition to its role as a large O&D airport, the Airport serves as a major connecting hub for United as discussed in the following section. In CY 2024, SFO ranked fifteenth among U.S. airports in terms of domestic and international revenue connecting passengers, the same as in CY 2023, but down from thirteenth in FY 2019. During FY 2024, connecting passengers accounted for 19% of SFO's revenue enplaned passengers and 33% of United's passengers at the Airport (down from 36% of United's enplaned passengers in FY 2019).

United Airlines Network Strategy

SFO plays an important role in United's system as a domestic connecting hub and international gateway and has consistently ranked fifth among United's seven U.S. connecting hubs in terms of total scheduled departing seats. As shown in Table 6, United's seven U.S. connecting hubs (including SFO) accounted for 62.0% of its systemwide total departing seats in FY 2025, 57.2% of its domestic seats, and 97.1% of its international seats. SFO's large O&D passenger base (81% of total passengers in CY 2024) supports United's network strategies as an international gateway and connecting hub.

*As defined by the U.S. Department of Transportation, a "low-cost carrier" is an airline that operates under a generally recognized low-cost business model, which may include a single passenger class of service, use of standardized aircraft utilization, limited in-flight services, use of smaller and less expensive airports, and lower employee wages and benefits.

Table 6
Scheduled Departing Seats at United Airlines Hubs
 Ranked by FY 2025 Total Seats

Connecting hub	Airport share of total O&D passengers (CY 2024)	United's scheduled departing seats (in millions)					
		FY 2024			FY 2025		
		Domestic	International	Total	Domestic	International	Total
Denver	55%	20.4	1.3	21.7	21.8	1.4	23.2
Chicago O'Hare	62	18.7	2.5	21.2	20.3	2.6	22.9
Houston-Bush	60	15.2	4.8	20.1	16.0	5.0	21.1
Newark	84	14.3	5.5	19.8	13.7	5.7	19.3
San Francisco	81	10.4	3.5	14.0	11.7	3.8	15.6
Washington Dulles	70	7.6	2.5	10.2	8.7	2.6	11.3
Los Angeles	85	<u>5.9</u>	<u>1.0</u>	<u>6.9</u>	<u>6.3</u>	<u>1.2</u>	<u>7.5</u>
Subtotal--connecting hubs		92.5	21.3	113.8	98.5	22.4	120.9
Other airports		<u>69.5</u>	<u>0.7</u>	<u>70.2</u>	<u>73.5</u>	<u>0.7</u>	<u>74.2</u>
Total system		162.0	22.0	184.0	172.0	23.1	195.1
Percent of total							
Denver		12.6%	6.0%	11.8%	12.7%	6.3%	11.9%
Chicago O'Hare		11.5	11.5	11.5	11.8	11.4	11.7
Houston-Bush		9.4	22.0	10.9	9.3	21.8	10.8
Newark		8.8	25.1	10.8	7.9	24.7	9.9
San Francisco		6.4	16.0	7.6	6.8	16.7	8.0
Washington Dulles		4.7	11.5	5.5	5.1	11.2	5.8
Los Angeles		<u>3.6</u>	<u>4.7</u>	<u>3.8</u>	<u>3.7</u>	<u>5.1</u>	<u>3.8</u>
Subtotal--connecting hubs		57.1%	96.8%	61.9%	57.2%	97.1%	62.0%
Other airports		<u>42.9</u>	<u>3.2</u>	<u>38.1</u>	<u>42.8</u>	<u>2.9</u>	<u>38.0</u>
Total system		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: For Fiscal Years ended June 30

Sources: Airline Data Inc, Schedules database, accessed July 2025.

Scheduled international departing seats on United at the Airport were higher in FY 2025 than in FY 2019, as shown in Table 7. United added more international seats at SFO any other U.S. airport in its system over this period. As a result, SFO's share of United's systemwide international departing seats accounts for 16.7% of the total in FY 2025 (up from 14.2% in FY 2019). Between FY 2019 and FY 2025, United's Asian-Pacific capacity from the Airport increased 46% (compared to a 35% increase in United's overall international capacity at the Airport), albeit with fluctuations during the pandemic.

United offers more service between the United States and Asian-Pacific countries than any other airline. The Airport is United's largest Asian-Pacific gateway. Despite the number of passengers connecting on United from the U.S. to Asian-Pacific countries overall being 6% lower in FY 2024 than in FY 2019, the number of United passengers connecting between the United States and Asian-Pacific countries via the Airport was 39% higher in FY 2024 than in FY 2019, as United shifted some Asian-Pacific connections to SFO. In FY 2024, the Airport accounted for 64.1% of United's Asian-Pacific traffic (up from 43.1% in FY 2019).

Table 7
International Scheduled Departing Seats at United Airlines Connecting Hubs
Ranked by FY 2025 Seats

Connecting hub	In millions				Compound annual growth rate FY'19-FY'25
	FY 2019	FY 2023	FY 2024	FY 2025	
Newark	5.2	4.9	5.5	5.7	1.6%
Houston-Bush	4.8	4.2	4.8	5.0	0.9
San Francisco	2.9	2.7	3.5	3.8	5.1
Chicago O'Hare	2.9	2.2	2.5	2.6	(1.5)
Washington Dulles	2.2	2.0	2.5	2.6	3.0
Denver	0.7	1.1	1.3	1.4	12.5
Los Angeles	<u>0.7</u>	<u>0.8</u>	<u>1.0</u>	<u>1.2</u>	8.7
Subtotal--connecting hubs	19.3	17.9	21.3	22.4	2.6%
Other airports	<u>0.8</u>	<u>0.5</u>	<u>0.7</u>	<u>0.7</u>	(2.7)
Total system	20.1	18.4	22.0	23.1	2.4%
Percent of total					
Newark	25.8%	26.7%	25.1%	24.7%	
Houston-Bush	23.8	23.1	22.0	21.8	
San Francisco	14.2	14.6	16.0	16.7	
Chicago O'Hare	14.3	11.8	11.5	11.4	
Washington Dulles	10.8	11.0	11.5	11.2	
Denver	3.6	6.0	6.0	6.3	
Los Angeles	<u>3.6</u>	<u>4.1</u>	<u>4.7</u>	<u>5.1</u>	
Subtotal--connecting hubs	96.1%	97.4%	96.8%	97.1%	
Other airports	<u>3.9</u>	<u>2.6</u>	<u>3.2</u>	<u>2.9</u>	
Total system	100.0%	100.0%	100.0%	100.0%	

Note: For Fiscal Years ended June 30

Sources: Airline Data Inc, Schedules database, accessed July 2025.

Role in Alliance Networks

Alliances typically involve marketing, code-sharing, and scheduling and pricing arrangements to facilitate the transfer of passengers between the airlines. United Airlines is one of 5 founding members of the Star Alliance, which in addition to United Airlines, includes 24 other airlines. The alliance links the networks of the member airlines to improve passenger connections, enhance revenue and market share, gain cost synergies, and mitigate restrictive bilateral agreements. Star Alliance members also link their frequent flier programs and share airport lounge facilities. As of July 2025, the Star Alliance serves 1,160 airports worldwide; United serves 338 airports.*

Table 8
Scheduled Departing Seats by Alliance Group
San Francisco International Airport
July 2025

Alliance group (a) Airline	Domestic	International	Total	% of airport total
Star Alliance				
United	1,081,994	381,775	1,463,769	49.1%
Air Canada	--	44,534	44,534	1.5
EVA Airways	--	30,969	30,969	1.0
Air India	--	21,230	21,230	0.7
Lufthansa	--	18,817	18,817	0.6
Turkish	--	15,463	15,463	0.5
Avianca	--	13,500	13,500	0.5
All Nippon	--	13,144	13,144	0.4
Singapore	--	12,834	12,834	0.4
SWISS	--	9,920	9,920	0.3
Asiana	--	9,641	9,641	0.3
TAP Air Portugal	--	6,854	6,854	0.2
Air New Zealand	--	6,145	6,145	0.2
Copa	--	5,146	5,146	0.2
Air China	--	<u>3,528</u>	<u>3,528</u>	<u>0.1</u>
Subtotal—Star Alliance	1,081,994	593,500	1,675,494	56.2%
oneworld Alliance (b)	459,122	99,924	559,046	18.8
SkyTeam Alliance (c)	233,467	113,969	347,436	11.7
Unaligned carriers	<u>272,837</u>	<u>125,889</u>	<u>398,726</u>	<u>13.4</u>
Airport total	2,047,420	933,282	2,980,702	100.0%

Note: Totals may not add due to rounding.

(a) Alliance members as of June 2025.

(b) oneworld Alliance carriers serving SFO include Alaska, American, British Airways, Cathay Pacific, Iberia, Japan, Qantas, and Qatar.

(c) SkyTeam Alliance carriers serving SFO include Aeromexico, Air France, China, China Eastern, Delta, ITA, KLM, Korean, SAS, Vietnam, and Virgin Atlantic.

Source: Airline Data Inc, Schedules database, accessed June 2025.

Star Alliance partners, accounted for 56.2% of scheduled departing seats at the Airport in July 2025, as shown in Table 7. Major competing alliances, oneworld and SkyTeam, accounted for 18.8% and

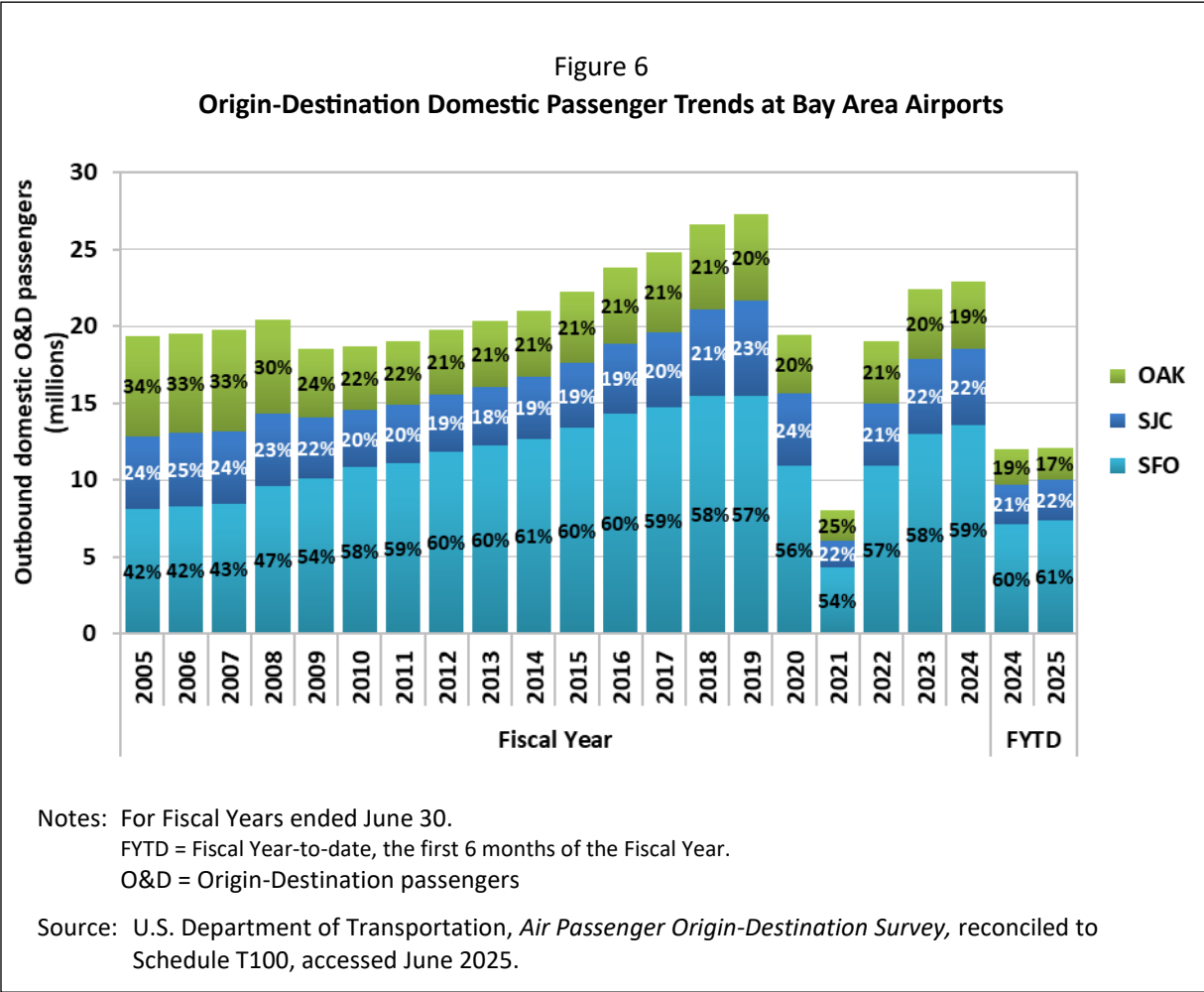
* Star Alliance website, accessed July 10, 2025.

11.7%, respectively, of scheduled departing seats at SFO. Airlines that are not members of one of these three alliances accounted for 13.4% of scheduled departing seats at the Airport in July 2025.

Foreign governments sometimes limit the rights of U.S. airlines to carry passengers beyond the designated gateway city in a foreign country. To improve access to foreign markets, United Airlines, like other major U.S. airlines that provide international service, has established marketing relationships in addition to the Star Alliance with other airlines.*

Primary Bay Area Airport

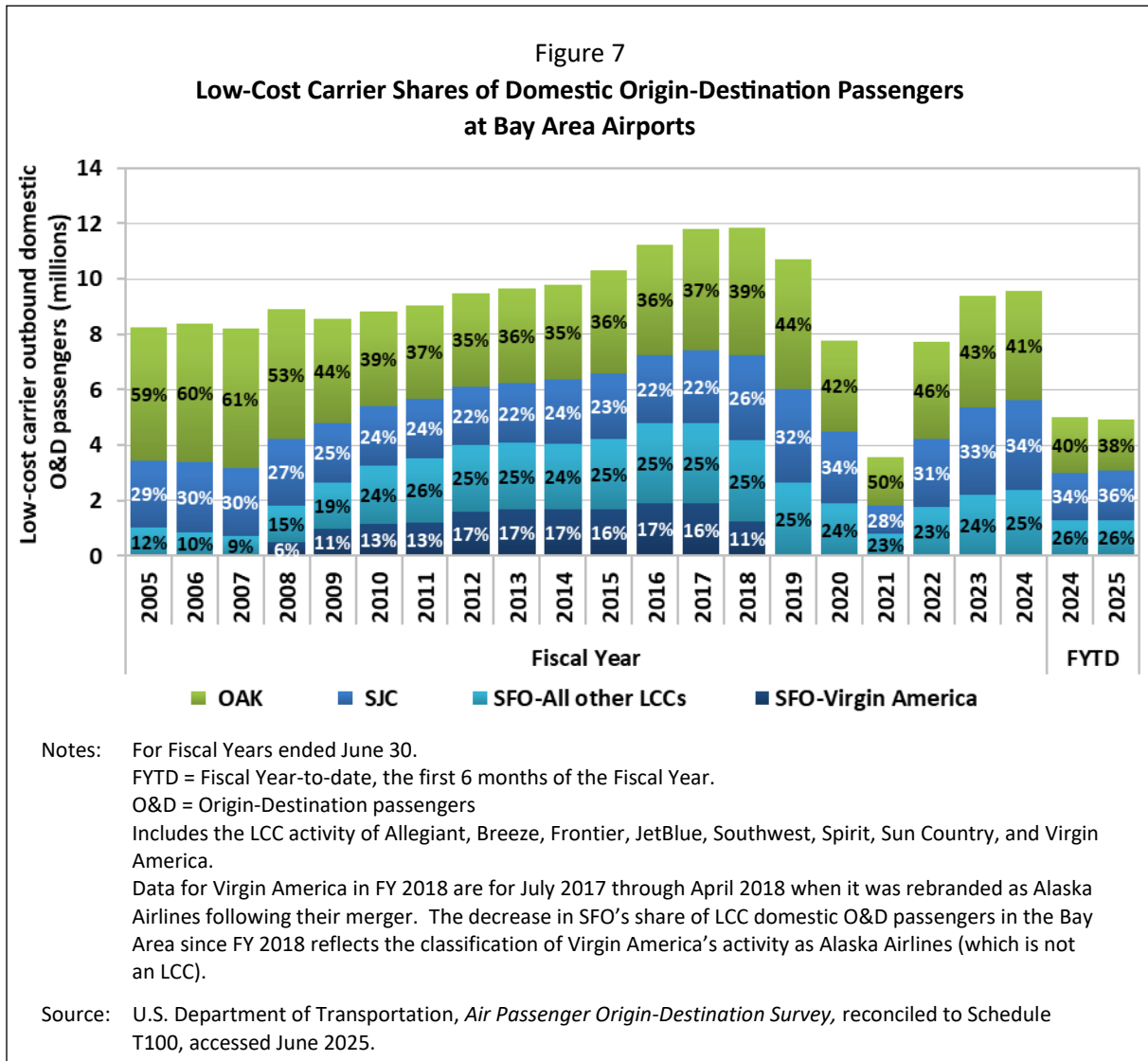
As described in the section “Airline Service at Bay Area Airports”, SFO is the busiest airport in the Bay Area and Northern California in terms of outbound domestic O&D passengers, as shown on Figure 6. In FY 2024, SFO accounted for 59% of all Bay Area outbound domestic O&D passengers, compared to 57% in FY 2019, prior to the pandemic. During the first 6 months of FY 2025, SFO accounted for 61% of all Bay Area outbound domestic O&D passengers (compared to 60% in the first 6 months of FY 2024).



* According to its 2024 Annual Report, United Airlines has such marketing relationships with Aer Lingus, Air Dolomiti, Airlink, Azul Linhas Aéreas Brasileiras, Cape Air, Discover Airlines, Emirates, Eurowings, flydubai, Hawaiian Airlines, JetSuiteX, Olympic Air, Silver Airways, and Virgin Australia Airlines.

Low-Cost Carrier Service

SFO's LCC service is competitive with that provided at OAK and SJC, reflecting the introduction and development of LCC service at SFO by JetBlue, Southwest, and Virgin America since FY 2007, as shown on Figure 7.



In 2018, Virgin America was rebranded as Alaska, following the merger of the two airlines. Southwest Airlines, the busiest U.S. LCC (in terms of numbers of passengers), provides service at all three Bay Area airports and connects SFO to its domestic network. Breeze, Frontier, JetBlue, and Sun Country also provide LCC service at SFO. SFO accounted for 25% of LCC passengers at Bay Area Airports in FY 2024, the same as in FY 2019, as shown on Figure 7. In the first 6 months of FY 2025, SFO accounted for 26% of LCC passengers at Bay Area Airports. In addition to LCC domestic service,

in July 2024, LCC international service was provided by five foreign-flag airlines at SFO, including Air Premia, Flair, French Bee, WestJet, and Zipair.*

Notwithstanding these trends in LCC service, industry analysts suggest that the distinction between major network airlines and traditional LCCs is less clear than it once was. As LCCs have increased service at airports in major metropolitan areas and have faced increased labor costs (e.g., unionized labor and maturing crews with increased pay), the cost base of traditional LCCs has trended upwards. At the same time, the network carriers have been striving to adopt some of the practices and operational efficiencies of LCCs to reduce their operating costs.

ECONOMIC BASIS FOR AIRLINE TRAFFIC

The economy of the San Francisco CSA is an important determinant of long-term passenger demand at the Airport. The development of the economic base of an airport service region is important to passenger traffic growth. This is particularly true where the industries in the region rely on the airport for passenger and cargo service. The San Francisco CSA, the fifth most populous in the United States, is a national and international travel destination as well as a center of business and trade in California and the nation.

The economic infrastructure and strengths of the San Francisco CSA are reflected in the diversity of its industries, including the high technology businesses in Silicon Valley and businesses in the energy, financial, healthcare, professional, education, and transportation sectors throughout the Bay Area.

The following sections present a discussion of the economic basis for airline traffic at the Airport, including:

- Primary metrics related directly to passenger traffic, including historical and projected population, employment, and per capita personal income of the San Francisco CSA
- Secondary factors providing descriptive information about the San Francisco CSA economy such as major employers, industry clusters, the housing market, and the visitor industry
- A summary of the economic outlook for the United States, California, and the San Francisco CSA

Population, Nonagricultural Employment, and Per Capita Personal Income

Table 9 presents comparative historical and projected trends in population, nonagricultural employment, and per capita personal income in the San Francisco CSA, the State of California (the State), and the United States in 2000, 2010, and from 2015 through 2024, where available. Also presented are projected growth rates between 2024 and 2032.

Population. As shown in Table 9, from 2010 through 2024, the population of the San Francisco CSA increased an average of 0.6% per year, faster than the State of California (an average increase of

* International Civil Aviation Organization (ICAO), List of Low-Cost-Carriers (LCCs), June 13, 2017. ICAO defines an LCC as “an air carrier that has a relatively low-cost structure in comparison with other comparable carriers and offers low fares and rates. Such an airline may be independent, the division or subsidiary of a major network airline or, in some instances, the ex-charter arm of an airline group.”

0.4% per year) but slower than the nation (an average increase of 0.7% per year). In 2024, the population of the San Francisco CSA increased 1.0%, which is over twice the previous year's increase.

The California Department of Transportation (Caltrans) projects population in the San Francisco CSA to increase an average of 0.1% between 2024 and 2032, while the State population is forecast to decrease an average of 0.3% per year due to expected out-migration of residents to other states.*

The U.S. Census Bureau forecasts the U.S. population to increase an average of 0.3% per year during this period.

Nonagricultural Employment. As shown in Table 9, nonagricultural employment in the San Francisco CSA increased an average of 1.8% per year between 2010 and 2024, faster than that for the State of California (an average increase of 1.6% per year), the nation (an average increase of 1.4% per year), and eight of the most populous metropolitan areas in the United States as shown in Table 10. In 2024, employment in the San Francisco CSA decreased 0.2% year-over-year, slower than both the State of California and the nation (an increase of 0.7% and 1.3%, respectively). Caltrans projects nonagricultural employment in the San Francisco CSA to increase 1.4% per year, between 2024 and 2032, faster than both the growth rate for the State and the growth rate for the nation forecast by the U.S. Department of Labor.

Gross Domestic Product. In 2024 (the most recent year available for CSAs), Gross Domestic Product (GDP) for the San Francisco CSA was \$1,431 billion (in 2025 dollars) and accounted for 35% of California GDP and 5% of U.S. GDP. When ranked among countries, the San Francisco CSA economy was the 16th largest in the world in terms of GDP. Of the most populous metropolitan areas in the United States as shown in Table 10, the San Francisco CSA ranked third behind New York and Los Angeles in terms of GDP.

Per Capita Personal Income. Per capita income (in constant dollars) in the San Francisco CSA increased an average of 3.4% between 2010 and 2023, faster than that for the other nine most populous metropolitan areas, the State of California (an average increase of 2.3% per year), and the nation (an average increase of 1.7% per year). In 2023 (the most recent year available), per capita income in the San Francisco CSA averaged \$113,942, 40% higher than California and 63% higher than the national average. Caltrans projects per capita personal income (in constant dollars) in the San Francisco CSA and the State to increase an average of 3.1% and 2.6% per year, respectively, between 2024 and 2032, faster than for the nation (an average increase of 1.4% per year).

In addition, income bracket distributions have changed in the San Francisco CSA over recent years. In 2022 (the most recent year available), 25% of the San Francisco CSA population belonged to the \$200,000 or more adjusted gross income bracket, which is almost 5% higher than what it was in 2019 based on IRS tax statistics. Meanwhile, the population with income brackets of \$10,000-\$24,999, \$25,000-\$49,999, \$50,000-\$74,999, and \$75,000-\$99,999 all saw decreases between 2019 and 2022.

* Caltrans manages six primary programs: Aeronautics, Highway Transportation, Mass Transportation, Transportation Planning, Administration, and the Equipment Service Center. Caltrans' Transportation Economics Branch (formerly the Economic Analysis Branch) manages the California Economic Forecasts project.

Table 9
Historical and Projected Socioeconomic Trends
 San Francisco CSA, State of California, and United States

	Population (thousands)			Nonagricultural employment (thousands)			Per capita personal income (2023 dollars)		
	San Francisco CSA	State of California	United States	San Francisco CSA	State of California	United States	San Francisco CSA	State of California	United States
Historical									
2000	7,882	33,988	282,162	3,839	14,587	132,011	\$77,943	\$58,702	\$54,059
2010	8,458	37,320	309,327	3,470	14,283	130,345	74,237	60,279	56,673
2015	8,991	38,904	320,739	4,049	16,052	141,824	89,519	69,186	61,785
2016	9,069	39,149	323,072	4,185	16,480	144,335	93,222	70,921	62,171
2017	9,121	39,338	325,122	4,282	16,827	146,607	97,182	72,364	63,402
2018	9,151	39,437	326,838	4,374	17,171	148,908	101,433	74,000	64,687
2019	9,156	39,438	328,330	4,458	17,430	150,904	104,301	76,485	66,203
2020	9,214	39,522	331,578	4,134	16,187	142,186	112,768	82,527	69,606
2021	9,041	39,143	332,100	4,237	16,750	146,285	122,078	86,453	72,484
2022	9,042	39,142	334,017	4,456	17,670	152,520	112,090	80,108	68,971
2023	9,077	39,199	336,806	4,467	17,820	155,868	113,942	81,255	69,810
2024	9,164	39,431	340,111	4,458	17,949	157,959	n.a.	n.a.	n.a.
Projected									
2032	9,244	38,580	347,545	4,991	19,625	161,570	\$150,025	\$102,197	\$79,723
Percent increase (decrease)									
2018-2019	0.0	0.0	0.5	1.9	1.5	1.3	2.8	3.4	2.3
2019-2020	0.6	0.2	1.0	(7.3)	(7.1)	(5.8)	8.0	7.8	5.2
2020-2021	(1.9)	(1.0)	0.2	2.5	3.5	2.9	8.3	4.8	4.1
2021-2022	0.0	(0.0)	0.6	5.2	5.5	4.3	(8.2)	(7.3)	(4.8)
2022-2023	0.4	0.1	0.8	0.2	0.8	2.2	1.7	1.4	1.2
2023-2024	1.0	0.6	1.0	(0.2)	0.7	1.3	n.a.	n.a.	n.a.
Compound annual percent increase (decrease)									
2000-2010	0.7%	0.9%	0.9%	(1.0%)	(0.2%)	(0.1%)	(0.5%)	0.3%	0.5%
2010-2024	0.6	0.4	0.7	1.8	1.6	1.4	3.4(a)	2.3(a)	1.6(a)
2024-2032	0.1	(0.3)	0.3	1.4	1.1	0.3	3.1(a)	2.6(a)	1.5(a)

n.a. = Not available; CSA = Combined Statistical Area, consisting of 13 counties as shown in Table 3.

(a) Change to/from 2023 rather than 2024 due to data availability.

Sources: Historical: U.S. Department of Commerce, Bureau of the Census, www.census.gov; U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov. U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, accessed July 2025. Adjusted to constant 2023 dollars using the U.S. Department of Labor, Consumer Price Index for Urban Consumers (1982-84 = 100), www.bls.gov.

Projected: California Department of Transportation, *California County-Level Economic Forecast 2023-2050, The California Economic Forecast*, January 2024. U.S. Department of Commerce, Bureau of the Census, *2017 National Population Projections*, September 2018, www.census.gov. U.S. Department of Labor, Bureau of Labor Statistics, *Employment Projections: 2022-2032*, September 2023, www.bls.gov. IHS Markit as reported by Federal Aviation Administration, *FAA Aerospace Forecast, Fiscal Years 2023–2043*, June 2023, www.faa.gov.

Educational Attainment. The San Francisco CSA's higher-than-average per capita income reflects the higher-than-average levels of education attained by Bay Area residents. In 2022, 46.5% of the San Francisco CSA residents over the age of 25 had earned a Bachelor's degree or higher, greater than that for 8 of the other 10 most populous U.S. metropolitan areas, the State of California (37.0%), and the nation (35.7%), according to the U.S. Department of Commerce, Bureau of the Census.

Age Distribution. Based on 2023 data, the 30-34 year old range was the largest age range in the San Francisco CSA population at 7.8%, followed by the 35-39 year old range at 7.5% of the population. In 2023, 35.3% of the San Francisco CSA population was aged between 30-54 years old, greater than that of the State of California and the United States by 1.2% and 2.8%, respectively.

Comparative Socioeconomic Trends. Table 10 presents comparative socioeconomic trends for the 10 most populous U.S. metropolitan areas in 2010, 2023, and 2024. The San Francisco CSA ranked first among the 10 CSAs in terms of:

- Per capita income—an average of \$113,942 in 2023, followed by the New York CSA with an average per capita income of \$91,110 in 2022, 22% lower than the San Francisco CSA.
- Per capita income growth—an average increase of 3.4% per year between 2010 and 2023, followed by the Los Angeles CSA with per capita income growth averaging 2.0% per year and an average per capita income 36% lower than the San Francisco CSA in 2022.

The San Francisco CSA ranked fourth among the 10 CSAs in terms of nonagricultural employment growth between 2010 and 2024—an average increase of 1.8% per year, lower than that for the Dallas-Fort Worth CSA, Atlanta CSA, and Houston CSA with an average increase of 2.7%, 2.2%, and 2.1% per year, respectively.

Table 10
Comparative Socioeconomic Trends for the 10 Most Populous U.S. Metropolitan Areas
 Ranked by 2024 population

Combined Statistical Area	Population (thousands)			Total employment (thousands)			Per capita personal income (2023 dollars)			Percent of population with bachelor's degree or higher in 2022
	2010	2024	CAGR 2010-2024	2010	2024	CAGR 2010-2024	2010	2023	CAGR 2010-2023	
New York	22,287	22,343	0.0%	9,293	10,996	1.2%	\$76,774	\$91,110	1.3%	43.5%
Los Angeles	17,906	18,507	0.2	6,726	8,297	1.5	57,222	\$73,516	1.9	34.4
Washington, D.C.	9,087	10,238	0.9	4,515	5,169	1.0	75,209	\$83,739	0.8	49.6
Chicago	9,850	9,942	0.1	4,323	4,887	0.9	61,337	\$76,578	1.7	40.4
San Francisco	8,458	9,164	0.6	3,470	4,458	1.8	74,235	\$113,942	3.4	46.5
Dallas-Fort Worth	6,834	8,910	1.9	2,957	4,316	2.7	57,409	\$73,006	1.9	38.5
Boston	7,912	8,494	0.5	3,638	4,166	1.0	72,568	\$88,247	1.5	45.8
Houston	6,127	7,996	1.9	2,570	3,432	2.1	63,166	\$71,892	1.0	35.7
Philadelphia	7,075	7,491	0.4	3,163	3,595	0.9	65,002	\$75,797	1.2	40.1
Atlanta	6,072	7,341	1.4	2,475	3,368	2.2	52,386	\$66,059	1.8	40.3
State of California	37,320	39,431	0.4	14,283	17,949	1.6	60,278	80,613	2.3	37.0
United States	309,327	340,111	0.7	130,345	157,959	1.4	56,673	70,215	1.7	35.7

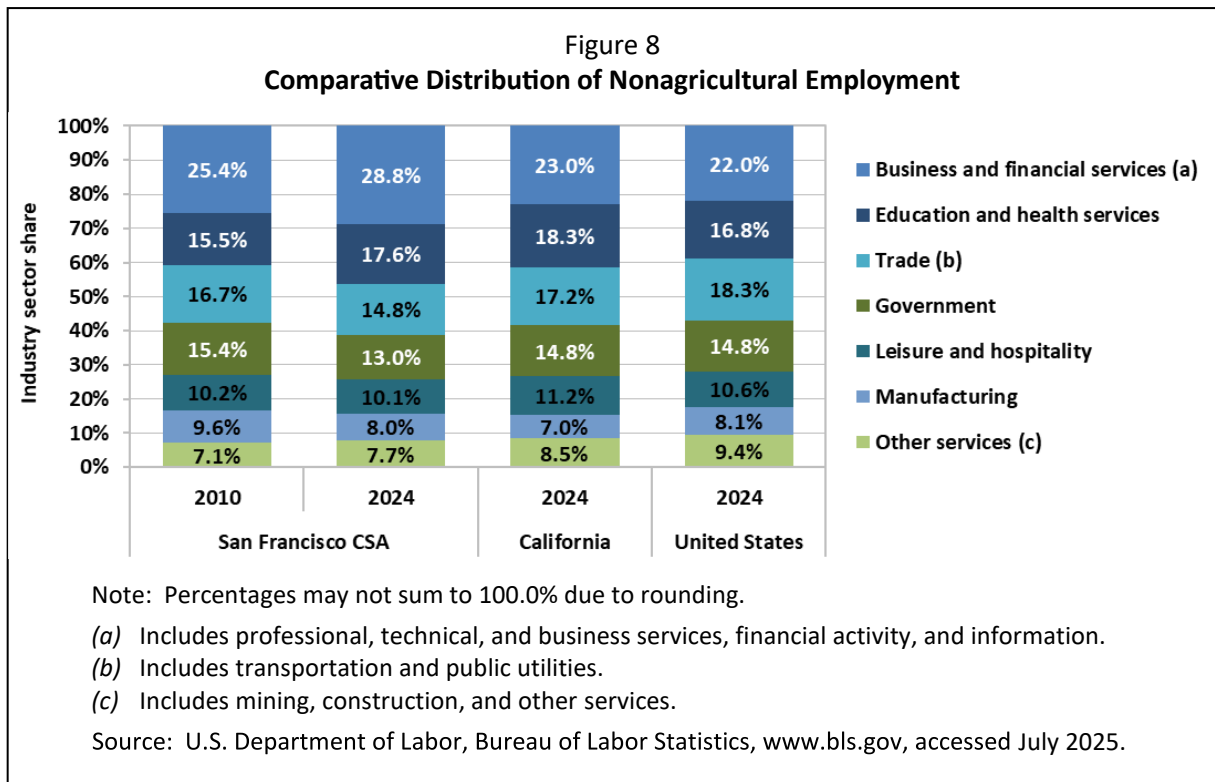
CSA = Combined Statistical Area

Sources: U.S. Department of Commerce, Bureau of the Census, www.census.gov, U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, accessed July 2025. Adjusted to constant 2023 dollars using the U.S. Department of Labor, Consumer Price Index for Urban Consumers (1982-84 = 100), www.bls.gov.

In addition to the metrics summarized in Table 10, the San Francisco CSA economy is supported by:

- The diversity of economic activity among the Bay Area’s major employers, including 13 listed on the Fortune 500 list of largest U.S. companies.
- The availability of venture capital funds for new and expanding businesses—In 2024, the Bay Area accounted for 22% of venture capital transactions and 48% of venture capital transaction value (\$82 billion) in the United States.*
- The Bay Area receives more venture capital funding for artificial intelligence than other region in the nation. Since 2019, the Bay Area received 57% of venture capital funding for artificial intelligence in the United States. In 2024, artificial intelligence accounted for 37% of all venture capital funding, which is an all-time high and an increase of 16% from 2023.**
- A diverse visitor industry reflecting the popularity of the San Francisco CSA as a U.S. and overseas travel destination and a leading business and conference destination.

Nonagricultural Employment by Industry Sector. Figure 8 shows a comparative distribution of nonagricultural employment by industry sector for the San Francisco CSA in 2010 and 2024 as well as for the State and the nation in 2024. Despite significant technology presence and growth including in AI, the San Francisco CSA maintains a well-rounded employment base across a diverse range of sectors.



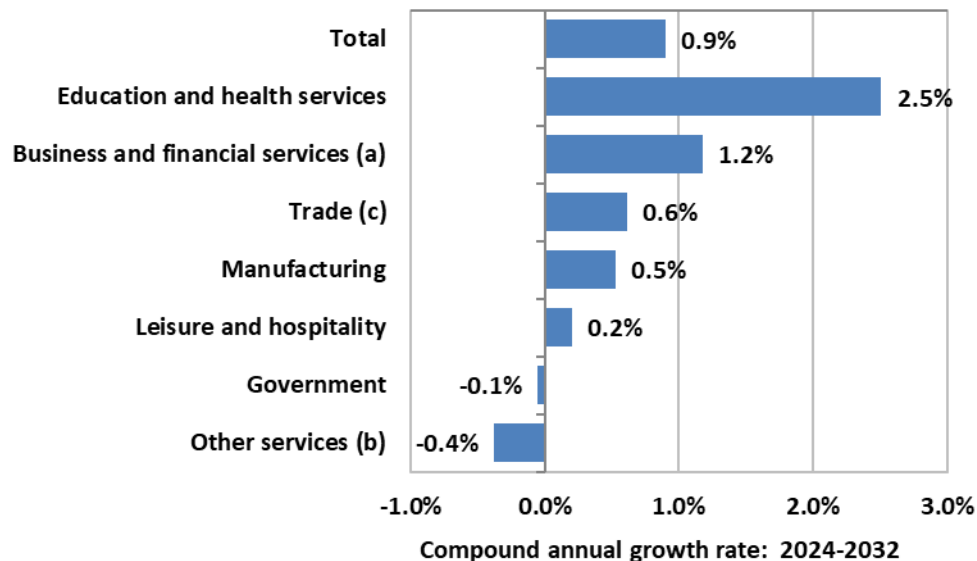
* CBInsights, State of Venture, Global 2024 Recap, www.cbinsights.com and CBRE Research, San Francisco Bay Area Venture Capital, January 7, 2025, www.cbinsights.com/research/report/venture-trends-2024

** CBRE Research, Tech-30 2024, November 11, 2024, www.cbre.com/insights/reports/tech-30-2024

Between 2010 and 2024, business and financial services, education and health services, and other services sectors in the San Francisco CSA experienced the strongest growth, increasing an average of 2.7%, 2.7%, and 2.4% per year, respectively, faster than the overall growth rate for all sectors (1.8%). The San Francisco CSA's business and financial services sector (inclusive of technology) accounted for the largest share of employment in 2024 with 28.8%, more than the share for the State (23.0%) and the nation (22.0%). The share of government employment decreased between 2010 and 2024. The largest four sectors—business and financial services, education and health services, trade, and government—accounted for 74.2% of the San Francisco CSA's nonagricultural employment in 2024.

Caltrans projects San Francisco CSA employment to increase in all sectors between 2024 and 2032 except other services and government, as shown on Figure 9. The education and health services sector is projected to have the fastest growth at 2.5%. Business and financial services and trade are projected to be the next fastest growing sectors, with forecast growth of approximately 1.2% and 0.6% per year respectively, followed by manufacturing and leisure and hospitality with forecast growths of 0.5% and 0.2% per year respectively. Overall, employment is forecast to increase an average of 0.9%, per year between 2024 and 2032.

Figure 9
Forecast Growth Rates for Nonagricultural Employment by Sector
San Francisco CSA



(a) Includes professional, technical, and business services, financial activity, and information.

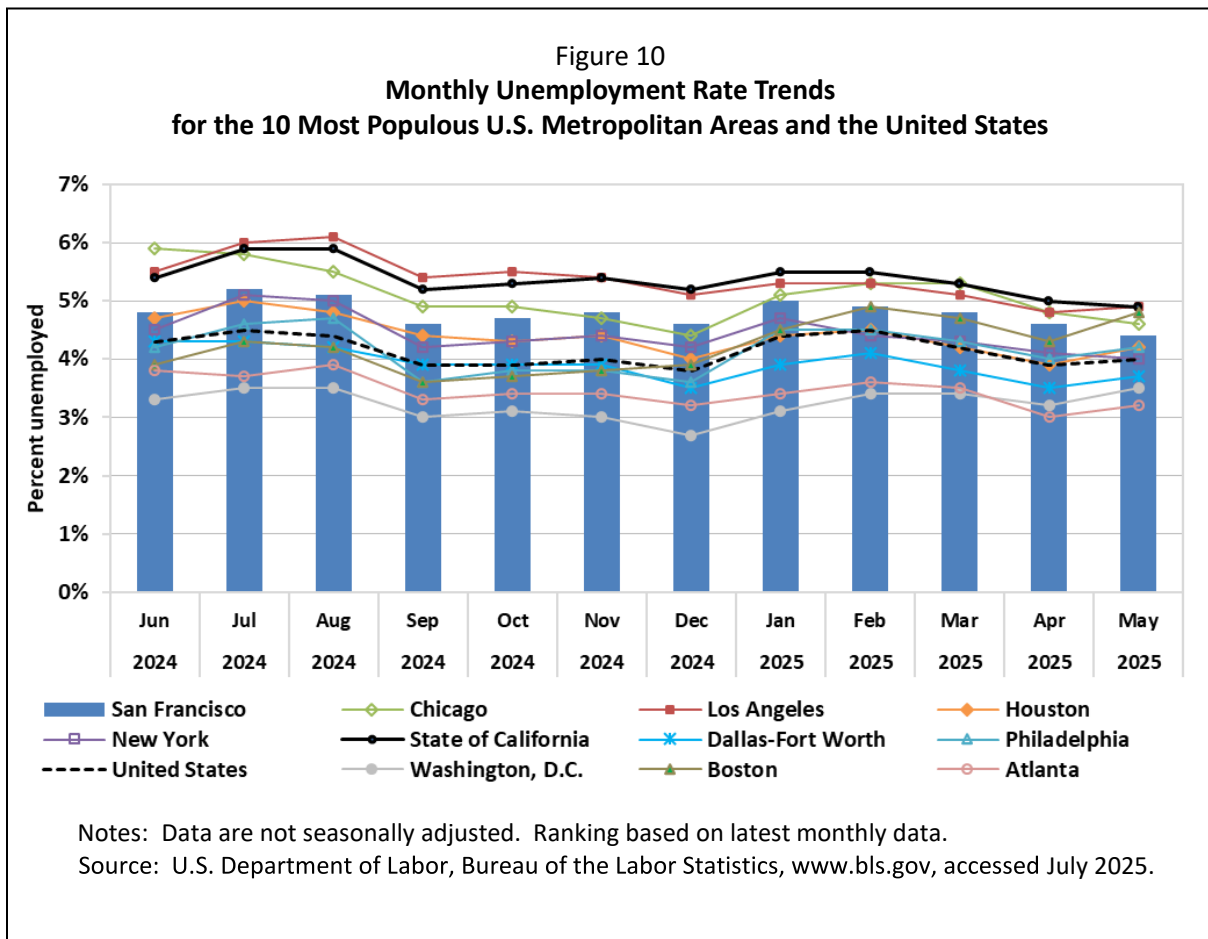
(b) Includes transportation and public utilities.

(c) Includes mining, construction, and other services.

Source: California Department of Transportation, *Long-Term Socio-Economic Forecasts by County*, January 2024, www.dot.ca.gov.

Unemployment Rates. In addition to the employment trends cited above, the unemployment rate is also indicative of the general economic climate. Figure 10 shows comparative monthly unemployment rates in the San Francisco CSA, the State, and the nation as a whole, and the ten most populous metropolitan areas in the country from June 2024 to May 2025. Although the unemployment rate in the San Francisco CSA increased from 4.2% in 2023 to 4.7% in 2024 (the most recent full year available), amidst widespread technology layoffs, it has generally followed trends in the nation. In 2024, the San Francisco CSA had the third highest unemployment rate of the 10 most populous metropolitan areas.

In its July 2025 report, the San Francisco Federal Reserve Bank reported that during mid-May to June 2025 reporting period, "Economic activity was largely stable. Employment levels were slightly lower. Wages grew at a slight pace and prices increased modestly. Retail sales expanded modestly, and consumer and business services demand eased. Conditions in manufacturing, and residential real estate markets weakened somewhat. Lending activity and conditions in agriculture were largely unchanged."*



*Federal Reserve Bank, The Beige Book, Summary of Commentary on Current Economic Conditions, July 7, 2025, www.federalreserve.gov/monetarypolicy/beigebook202507-summary.htm

Bay Area Major Employers. Table 11 lists the top 20 private sector employers in the San Francisco Bay Area (based on the number of Bay Area employees). The table indicates a diversity of economic activity, as well as a strong presence of health care and high-technology employers. Many of the companies listed are involved in national and international operations that rely on airline travel. Of these 20 employers, 13 are listed on the Fortune 500 list of largest U.S. companies, ranked based on 2024 revenues.

Table 11
Major Private Sector Employers in the San Francisco Bay Area

Company	Type of business	Employment
Kaiser Permanente	Health care	46,352
Alphabet (Google) (a)	Information technology	36,000
Tesla Motors Inc. (a)	Automotive, energy storage	30,000
Apple Inc. (a)	Consumer electronics	25,000
Meta (Facebook) (a)	Social media	22,515
Sutter Health	Health care	18,710
Stanford University	Higher education	16,963
Safeway	Retail grocer	14,474
Wells Fargo & Co. (a)	Financial services	12,035
Genentech Inc.	Biotechnology	12,000
Salesforce (a)	Information technology	11,953
Cisco Systems Inc. (a)	Information technology	11,000
Stanford Healthcare	Health care	10,847
Workday (a)	Information technology	10,536
United Airlines (a)	Airline	10,000
Chevron (a)	Energy	9,400
Allied Universal	Security services	9,309
PG&E Corp. (a)	Utility	9,300
Oracle Corp. (a)	Information technology	9,149
Intel Corp. (a)	Information technology	8,000

Note: Includes employers in Alameda, Contra Costa, Marin, Monterey, San Benito, San Francisco, San Mateo, Santa Clara, and Santa Cruz counties, and the City of Palo Alto.

List of employers may vary from year to year due to incomplete reporting.

(a) Ranked in 2024 Fortune 500 list of largest U.S. companies (based on 2023 revenue).

Source: San Francisco Business Times, 2024 Bay Area Book of Lists; Silicon Valley Business Journal, 2024 Book of Lists; and 2023 East Bay Book of Lists. Fortune Magazine, Fortune 500 Companies, 2023, www.fortune.com.

While not shown in Table 11, the Bay Area contains a substantial amount of public sector employment, including the City and County of San Francisco (approximately 36,800 employees), the University of California campuses and medical centers (approximately 56,600 employees), and the State of California (approximately 15,200 employees).

In recent years, global corporations have made changes to staffing levels, office space, and corporate locations in response to business conditions following the pandemic, the increased use of technology to facilitate business operations, and an increased acceptance of work-from-home policies. In 2022 and 2023, major technology and biotechnology industry employers in the Bay Area, including Meta Platforms and Oracle, implemented staff layoffs to their global workforces and reorganized company resources in response to softening economic conditions around the world. In 2024, Chevron announced plans to relocate their headquarters from the Bay Area to Houston, Texas where approximately 7,000 employees are located (compared with 2,000 employees at its Bay Area headquarters) “to enable better collaboration with executives, employees, and business partners”. *

However in Q2 2025, office leasing activity in San Francisco exceeded pre-pandemic leasing volume for the first time**, primarily driven by tech, specifically the growing number of AI-related companies in the area and their demand for office space. In August 2025, OpenAI was said to be in negotiations for up to 300,000 square feet of space in addition to their take over of Uber’s former headquarters last year, which was San Francisco’s largest office lease in 2024. Other tech companies that have opened up office space in 2024/2025 include Thinking Machines Lab, Scale AI, Databricks, Intuit, and Walmart (e-commerce division). In September 2025, Motive, a software startup, signed a sublease in the former office of X (formerly known as Twitter), one of San Francisco’s most-watched offices. CBRE has projected that AI-related companies will lease up to 16 million square feet between 2025 and 2030.***

Industry Clusters

The economy of the Bay Area is driven, in part, by companies that export goods and services nationally and globally, thereby generating new investment and job creation that will, in turn, help to spur air travel demand. The Bay Area is home to several “industry clusters,” which are a coalescence of companies in the same industry operating in the same region. Industry clusters draw competitive advantage from their proximity to customers, suppliers, competitors, and a skilled workforce, and from a shared base of sophisticated knowledge about a given industry.

The industries in the San Francisco Bay Area are diverse. In addition to the high technology businesses in Silicon Valley, the Bay Area economy is supported by businesses in the energy, financial, healthcare, professional, and transportation sectors. The San Francisco Center for Economic Development describes seven key industry clusters in the Bay Area, each of which is a substantial user of air travel:

* Chevron Corporation, 'Chevron Announces Headquarter Relocation and Senior Leadership Changes,' press release, August 2, 2024, www.chevron.com.

** Avison Young, San Francisco Office Market Report Q2 2025, <https://www.avisonyoung.us/web/san-francisco/office-market-report>

*** CBRE, Artificial Intelligence: The Next Catalyst for Office Space Demand, May 22, 2025, <https://www.cbre.com/insights/briefs/artificial-intelligence-the-next-catalyst-for-office-space-demand>

- **Information Technology and Software.** The Bay Area is home to more than 6,700 information technology (IT) and computer software companies (e.g., Cisco, Apple, Salesforce, and Oracle), together supporting a workforce of nearly 437,000.*
- **Artificial Intelligence.** Artificial intelligence and machine learning are increasingly becoming a dominant part of the technology industry. According to Forbes annual AI50 list**, the Bay Area is home to 33 of the most promising, privately held 50 artificial intelligence companies in the nation, including OpenAI and Anthropic, for AI model development; Databricks, for data storage and forecasting; and Figure AI for autonomous humanoid robots.
- **Social and Digital Media.** Closely related to IT and software, the field of online social and digital media supports more than 300 companies with substantial employment in the Bay Area (e.g., Google, Facebook, LinkedIn, X Corp. (formerly Twitter), and Pixar). San Francisco State University is considered an educational leader in the area of digital media as well.
- **Life Sciences and Biotechnology.** The Bay Area is a global leader in life sciences and biotech—home to nearly 1,400 companies (e.g., Applied Biosystems, Chiron Corporation, Genentech, and Gilead Sciences) employing a workforce of more than 90,000—supported by industry-leading programs at Stanford University and University of California campuses at Berkeley, Santa Cruz, and San Francisco, as well as numerous private research centers.
- **Environmental and “Clean” Technology.** The Bay Area is home to more than 635 clean technology companies (e.g., Amyris Biotechnologies, Clean Edge, and Tesla Motors)—one of the nation’s largest concentrations of environmental and clean technology companies. Moreover, the region is a leading adopter of clean and sustainable energy practices.
- **Professional Services.** The Bay Area is home to a myriad of companies falling under the umbrella of professional services: financial advisory, management consulting, legal services, and other specialized and high value-added businesses.
- **International Business.** Home to more than 80 consulates and foreign trade offices, large exporting and financial companies, and numerous foreign banking institutions (e.g., Barclays Bank of the United Kingdom, Hong Kong and Shanghai Banking Corporation (now HSBC), Sumitomo Bank of California, and Industrial and Commercial Bank of China), the Bay Area has substantial infrastructure supporting international business and trade.

Bay Area Housing Market

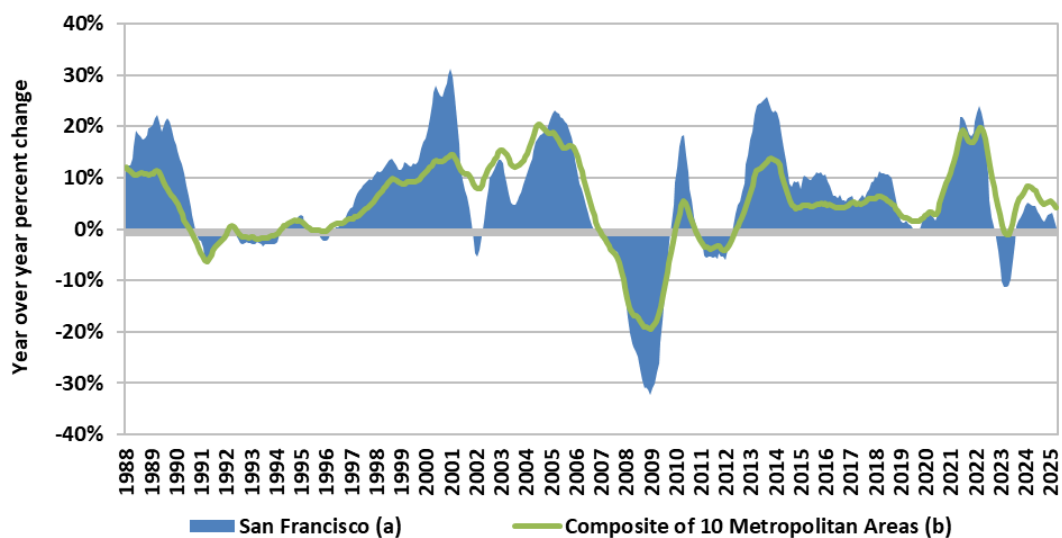
Trends in the housing market in a region generally follow economic cycles and are an indicator of overall economic activity and personal income levels. Figure 11 presents the percent change in home prices for San Francisco and composites for 10 selected metropolitan areas from January 1988 through April 2025, based on the Standard & Poor’s/Case-Shiller Home Price Index. Historically, San Francisco home prices have generally followed the trends for other major metropolitan areas, with somewhat larger peaks and valleys in certain years. During the 2008-2009 economic recession,

* CBRE, Scoring Tech Talent 2024, September 4, 2024, www.cbre.com/insights/books/scoring-tech-talent-2024

** Forbes, “The AI 50 2025”, April 10, 2025, www.forbes.com/lists/ai50

housing prices in the Bay Area decreased more than 30%, reflecting the effects of the U.S. subprime mortgage crisis and the financial credit crisis. Since then, housing prices in the Bay Area have generally increased (notwithstanding decreases averaging about 4% in 2011) to reach all-time highs. In 2013 through 2022, growth in Bay Area home prices generally exceeded growth for the 10 Metropolitan Area Composite Index. In 2023, growth in Bay Area home prices decreased 5.5% compared with the previous year in response to a doubling of interest rates, while home prices for the 10 selected metropolitan areas included in the composite index increased 2.3%. In 2024, prices of both Bay Area homes and the 10 selected metropolitan area homes increased 3.6% and 6.7%, respectively. Preliminary data for the first four months of 2025 indicates that prices of both Bay Area homes and the 10 selected metropolitan area homes increased 2.0% and 4.9%, respectively.

Figure 11
Percent Change in Home Prices
 San Francisco and Selected Metropolitan Areas



Note: Includes data through April 2025.

(a) Includes data for the San Francisco MSA.

(b) Includes Boston, Chicago, Denver, Las Vegas, Los Angeles, Miami, New York, San Diego, San Francisco, and Washington, D.C.

Source: CoreLogic, a data and analytics company, as reported by Standard & Poor's/Case-Shiller Home Price Indices, www.standardandpoors.com, accessed July 2025.

The limited supply of affordable housing in the Bay Area has prompted plans for several large housing projects, including the following which are in various stages of the local land use approval process and may or may not be completed:

- In March 2024, the City of Concord approved a plan to build 12,200 homes as well as office and commercial space as part of the Concord Naval Weapons Station Base Reuse project. During the next two years, Brookfield Properties, the master developer for the reuse project, will be negotiating a property transfer with the Navy, preparing a specific plan and environmental study, and obtaining legal clearances and permits.

- In February 2024, Google announced a delay and reassessment of its Downtown West mixed-use development in San Jose which is expected to include more than 4,000 homes and 7 million square feet of office and commercial space. Google also has plans for two mixed-use housing projects in Mountain View and a housing project in Sunnyvale. Together, Google’s four housing projects are expected to add 15,000 homes if fully completed. In June 2025, Google confirmed that it is looking to sell one of its Mountain View sites that was slated for its housing project.
- The City of Santa Clara and Related Companies partnered to develop a mixed-use development next to Levi's Stadium, including 1,700 residential units, 700 hotel rooms, and 5 million square feet of corporate office space. In July 2025, the development plan received approval to rezone office space to light industrial. Construction has not yet commenced.
- California Forever, a real estate development corporation, purchased more than 50,000 acres in Solano County adjacent to Travis Air Force Base with plans to build a “walkable city”. According to the Bay Area Economic Institute’s July 2024 study, the East Solano Plan is for 400,000 people at full build-out.* Approval of the plan requires the passage of a ballot initiative since the land is currently zoned for agricultural uses. The November 2024 ballot initiative for the plan was removed pending further study. California Forever indicated that it would return in 2026 with an environmental impact report and development agreement for the county to review.**
- More than 8,000 high-rise housing units are planned as part of the Treasure Island redevelopment. Phase 1 of this redevelopment includes a significant residential component and is expected to be completed in 2027, while the remaining 3 phases is projected to be complete by 2041.

Some reduction in Bay Area housing prices may be favorable in terms of making homes more attainable for those wishing to purchase them.

Visitor Industry

The visitor industry is an important driver of the San Francisco CSA economy and passenger traffic at the Airport. In its August 2025 update, the San Francisco Travel Association projected a total of 23.49 million visitors to San Francisco in 2025, compared to 23.06 million in 2024, which represents a 1.9% growth in visitors. The San Francisco Travel Association also estimated a 1.0% increase in visitor spending, from \$9.26 billion to 9.35 billion.***

The Moscone Center is scheduled to host 34 events in 2025 compared to 25 events in 2024 and has booked its first ever electronic dance music concert, which is being planned for December 2025.

* Bay Area Economic Institute, Evaluating the Case for the East Solano Plan, July 2024.

** KQED. California Forever: 2 Solano Cities Team Up as Annexation Talks Move Forward. April 16, 2025. <https://www.kqed.org/news/12035971/california-forever-2-solano-cities-team-up-annexation-talks-move-forward>

*** The San Francisco Travel Association, San Francisco Travel Forecasts Lodging Growth in 2025–26, August 27, 2025, www.sftravel.com.

Visa, the payment company, has also committed to hosting its annual conference at the Moscone Center from 2026 to 2030. The number of hotel room nights associated with these events is expected to be a 64% increase compared to 2024, from 400,000 to 657,000. In September 2025, a 211-room hotel was unanimously approved to be built in downtown San Francisco, despite investors for the city's two biggest hotels defaulting on their loans in 2023. Another 200-room hotel is currently in the approval process and is hoping to obtain project approvals by October 2025 to start construction in late 2026.

Despite increases in meetings and conventions, the San Francisco Travel Association noted that it expects to see modest growth in overall tourism volume in 2025. While international visitors are expected to decrease due to geopolitical and economic factors, growth in domestic visitors is expected to offset the decline in international visitors. Other large-scale events in 2025 such as concerts and sporting events have supported the growth in domestic visitors including the NBA All-Star Experience, Dead & Company's weekend concert series in Golden Gate Park, Outside Lands music festival, and the Laver Cup tennis tournament. San Francisco is scheduled to host major sports events in 2026 including Super Bowl LX and FIFA World Cup, which will be large drivers of the increase in projected visitor volume to 24.02 million.

Remote Work and Business Travel

The emergence of remote work during the pandemic has led to the formation of hybrid work models that combine remote work days and days in the office. According to Gallup, a global research and consulting firm, hybrid work (defined as 10% to 100% remote) showed little change since November 2022, accounting for 51% of the U.S. labor force in May 2025, compared to 53% in November 2022, and is expected to increase to 60% by the September 2026.*

The Bay Area's concentration of businesses in technology and finance sectors where employees can easily work from any location has sustained levels of remote work. Office occupancy rates in the San Francisco and San Jose metro areas averaged 39% and 44%, respectively, during the second week of July 2025 and were among the lowest for major metro areas (Austin and Houston ranked first and second with both at 58% occupancy).**

Several major employers are implementing stricter return-to-work policies, contributing to the increase in office occupancy rates. Effective mid-August 2025, a mandate from the mayor of San Francisco directed an additional 8,000 City and County of San Francisco workers back into the office for at least four days a week, which will total approximately 88% of city staff working in-person. The City and County of San Francisco is the largest public sector employer in the Bay Area. Despite this, San Francisco office occupancy rates still remain lower than 2019 pre-pandemic levels.

The change in U.S. government administration that occurred in January 2025 and its changes in U.S. policies are reshaping business travel and the global travel industry. In its July 2025 Business Travel Outlook Poll, the Global Business Travel Association (GBTA) noted that "What is evident is that U.S. government actions continue to weigh on business travel even as the global economy has proven resilient, stock markets have risen, and recession fears have eased... Optimism across the business

* Gallup, Indicators: Hybrid Work, accessed July 2025, www.gallup.com.

** Kastle Systems, Kastle Back to Work Barometer, accessed July 2025, www.kastle.com.

travel sector continues to decline, with more companies who send employees out for work trips expecting reduced travel volume and spending—especially for international trips. Additionally, nearly half of global travel suppliers now anticipate revenue losses, while more organizations are canceling or relocating meetings from the U.S. and/or shifting to virtual formats.”*

Economic Outlook

The economic outlook for the United States and the San Francisco CSA forms a basis for anticipated growth in airline traffic at the Airport. Economic activity in the San Francisco CSA is directly linked to the production of goods and services in the United States and the world. Both airline travel and the movement of cargo through the Airport depend on the economic linkages between and among the regional, national, and global economies. The economic and other assumptions underlying the forecasts of enplaned passengers are based on a review of global, national, and regional economic outlooks as well as an analysis of historical socioeconomic trends and airline traffic trends.

The COVID-19 pandemic that began in February 2020 disrupted historical trends in economic and passenger traffic growth. Economic growth, measured in terms of U.S. real GDP (adjusted for inflation), decreased 2.8% in 2020, compared with a 60.6% decrease in U.S. passenger traffic. However, in the following years the economy and passenger traffic saw growth again as they recovered from the pandemic. In 2024, U.S. real GDP increased 2.9% compared to an increase of 4.3% in U.S. passenger traffic. The Congressional Budget Office forecasts real GDP growth of 2.2% in 2025, 1.9% in 2026, and an average of 1.8% per year through 2032.

Passenger traffic at the Airport increased 5.7% in FY 2025 compared to FY 2024, reflecting more robust conditions in the overall Bay Area job market and increased business and leisure visitor activity. From January 2025 through July 2025, San Francisco CSA total nonagricultural employment decreased 0.2% compared with the same period of 2024.

* Global Business Travel Association, Global Business Travel Impact and Outlook Due to U.S. Government Actions According to Latest GBTA Poll, July 16, 2025, www.gbta.org.

HISTORICAL AIRLINE TRAFFIC AND SERVICE

Airlines serving the Airport, enplaned passenger trends, airline shares of passengers, origin-destination markets, airline service at the Airport, and airline fares and yields are discussed in this section.

Airlines Serving the Airport

As of July 2025, 12 U.S. passenger airlines provided service at the Airport, including 5 network airlines, 2 regional airlines, and 5 low-cost carriers, as shown in Table 12. International passenger service is provided by 45 foreign-flag airlines (including Jazz Aviation and Level, which operate under their respective parent companies Air Canada and Iberia), including airlines from Asia (17), Europe (15), Canada (5), the South Pacific (3), Latin America and the Caribbean (2), the Middle East (2), and Mexico (1). In addition, 6 airlines provided all-cargo service as discussed in the section “Cargo”.

Table 13 presents a summary of the trends in average daily scheduled passenger airline departing flights and seats at SFO before (July 2019) and after (July 2025) the start of the pandemic. July was used for comparison because it is the peak travel month at the Airport. Figure 12 shows the domestic destinations with scheduled nonstop service from SFO in July 2025. SFO provides nonstop international service to seven international regions—Asia, Canada, Europe, Latin America/the Caribbean, Mexico, the Middle East, and the South Pacific—as shown on Figure 13.

The number of average daily scheduled domestic departures decreased 25% from 518 in July 2019 to 431 in July 2025, while domestic departing seats decreased 13% over the same period. In FY 2025, domestic enplaned passengers were 11% below FY 2019 levels.

Due to the restrictions on international travel, which have since been relaxed or lifted completely, SFO has experienced changes in international service, particularly by foreign-flag airlines. Between July 2019 and July 2025, international service at SFO was discontinued by 10 airlines, including 6 European, 1 Asian, 2 Middle Eastern, and 1 Central American. Five of the 10 airlines—Air Italy, Interjet, Norwegian Air,* Thomas Cook, and XL Airways—ceased operations after filing for bankruptcy or financial restructuring. Several other airlines that also discontinued service during the pandemic, have since resumed service. Between July 2019 and July 2025, 1 new airline initiated domestic service at SFO and 9 new airlines initiated international service at SFO, including 2 European, 3 Canadian, 3 Asian, and 1 Middle Eastern airline. The number of average daily scheduled international departures increased 8% from 116 in July 2019 (before the pandemic) to 125 in July 2025, as shown in Table 13. Over this same period, international departing seats increased 4%. In FY 2025, international enplaned passengers were 9% above FY 2019 levels.

Since August 2023, the U.S. DOT and the Chinese government have gradually increased the number of weekly flights permitted between the two countries, bringing the total from 24 weekly flights as of July 2023 to 98 in July 2025 (compared to 370 weekly flights in July 2019, prior to the pandemic). Since July 2023, United, has increased its San Francisco-China frequency from 4 weekly flights to 14 weekly flights, and Air China, China Eastern, and China Southern airlines have resumed some of the service that had been suspended during the pandemic. Air China, China Eastern, China

* Operated as Norwegian Air UK and Norwegian Long Haul (a division of Norwegian Air Shuttle) which provided long-haul service between Europe, Asia, and the United States with an all-Boeing 787 fleet.

Southern, and United offered an average of 53 weekly flights in between SFO and China in July 2019, compared to an average of 23 weekly flights in July 2025.

Between January 2025 and June 2025, total departing seats from SFO to China accounted for 10.5% of total seats between SFO and Asia, compared to 22.4% for the same period of 2019, and 10.9% in 2024. Recovery to Asia has been strong, despite lagging seat capacity from SFO to China; departing seats between SFO and Asia were 108% of 2019 levels during January 2025 through June 2025, while departing seats from SFO to China during the same period are scheduled to be only 51% of 2019 levels.

In October 2025, Alaska announced plans to restructure its West Coast network due to limited aircraft deliveries in 2026. Beginning in early 2026, the airline will drop five routes from SFO (Austin, Boston, Burbank, Newark, and Orlando), representing approximately 11% of Alaska's capacity at SFO. Alaska plans to increase nonstop service from SFO to Kona and Lihue to daily by next summer.*

In the same month, United also announced changes to its SFO schedule for 2026. United's summer 2026 schedule will be the largest at SFO in the airline's history with 28 additional flights to destinations such as Boston, Chicago, Los Angeles, San Diego, and Washington D.C.**

* The San Francisco Chronicle. Alaska Airlines is cutting five big routes from SFO — here's what's changing next year. October 27, 2025. <https://www.sfchronicle.com/travel/article/alaska-airlines-sfo-route-cuts-21122958.php>

** San Francisco International Airport. United Airlines Announces Its Biggest SFO Schedule in Company History. October 31, 2025. <https://www.flysfo.com/about/media/press-releases/united-airlines-announces-its-biggest-sfo-schedule-company-history>

Table 12
Passenger Airlines Providing Scheduled Service at SFO
As of July 2025

U.S. airlines		
Network airlines	Regional airlines <i>(b)</i>	Low-cost carriers
Alaska <i>(a)</i>	Horizon (AS)	Breeze
American	SkyWest (AA, AS, DL, UA)	Frontier
Delta		JetBlue
Hawaiian <i>(a)</i>		Southwest
United		Sun Country <i>(c)</i>
Foreign-flag airlines		
Asia	Canada	Latin America/Caribbean
Air China	Air Canada	Avianca
Air India	Flair <i>(c)</i>	Copa
Air Premia	Jazz Aviation <i>(d)</i>	
All Nippon	Porter	Mexico
Asiana	WestJet	Aeromexico
Cathay Pacific		
China Airlines	Europe	Middle East
China Eastern	Aer Lingus	Emirates
China Southern	Air France	Qatar
EVA	British Airways	
JAL	Condor <i>(c)</i>	South Pacific
Korean	French Bee	Air New Zealand
Philippine	Iberia <i>(c)</i>	Fiji Airways
Singapore	ITA <i>(c)</i>	Qantas
Starlux	KLM	
Vietnam	Level <i>(c)(e)</i>	
Zipair	Lufthansa	
	SAS	
	Swiss	
	TAP Air Portugal	
	Turkish	
	Virgin Atlantic	

Note: Airlines providing service as of July 2019 but not as of July 2025 include Air China, Air Italy, El Al, Finnair, Hong Kong, Icelandair, Interjet, Norwegian Air, Thomas Cook, and XL Airways France.

(a) Alaska and Hawaiian merged in 2024.

(b) Codesharing airline in parenthesis: AA=American; AS=Alaska; DL=Delta; UA=United.

(c) Operates seasonal service at SFO.

(d) Regional airline flights are operated by Jazz Aviation, one of Air Canada's regional affiliates.

(e) Operated by Level for Iberia.

Source: Airline Data Inc, Schedules database, accessed June 2025.

Table 13
Trends in Average Daily Scheduled Passenger Airline Departing Flights and Seats
San Francisco International Airport

Airline	Departing flights			Departing Seats		
	July 2019	July 2024	July 2025	July 2019	July 2024	July 2025
Domestic						
Alaska (a)						
Alaska	85	70	64	11,472	9,255	8,124
Hawaiian	2	2	3	556	467	595
Subtotal--Alaska	87	72	66	12,028	9,722	8,719
American	45	37	41	7,143	5,939	6,687
Breeze	--	3	2	--	367	252
Delta	50	43	43	8,379	7,163	7,531
Frontier	5	14	10	967	2,893	2,080
JetBlue	15	11	13	2,350	1,827	1,785
Southwest	44	21	23	6,615	3,283	3,687
Sun Country	4	3	2	596	486	402
United	270	187	231	37,471	29,746	34,903
Domestic Total	518	390	431	75,549	61,426	66,046
International						
Asia						
Air China	1	(a)	(a)	495	90	114
Air India	1	2	2	307	670	685
Air Premia	--	1	1	--	179	209
All Nippon	1	2	2	212	424	424
Asiana	1	1	1	311	311	311
Cathay Pacific	3	1	3	868	361	923
China	1	1	1	358	416	358
China Eastern	1	(a)	(a)	413	133	133
China Southern	1	1	1	347	239	239
EVA Airways	3	3	3	999	978	999
Hong Kong	1	--	--	182	--	--
Japan	1	2	2	244	391	439
Korean Air	2	1	1	554	393	390
Philippine	2	1	1	740	341	370
Singapore	2	2	2	623	414	414
Starlux	--	1	1	--	314	314
United	12	14	14	3,585	4,325	4,232
Vietnam	--	1	1	--	167	177
Zipair	--	--	1	--	--	290
Subtotal--Asia	35	35	37	10,239	10,147	11,021
Europe						
Aer Lingus	1	1	1	317	313	313
Air France	2	2	2	812	629	588
Air Italy	1	--	--	146	--	--
British Airways	2	2	2	744	747	725
Condor	--	1	1	--	310	310
Finnair	1	--	--	153	--	--
French Bee	(a)	1	1	172	345	358
Iberia	1	1	1	223	293	312
Icelandair	1	--	--	152	--	--
ITA	--	1	1	--	292	291
KLM	2	1	1	628	333	312

Table 13 (page 2 of 2)

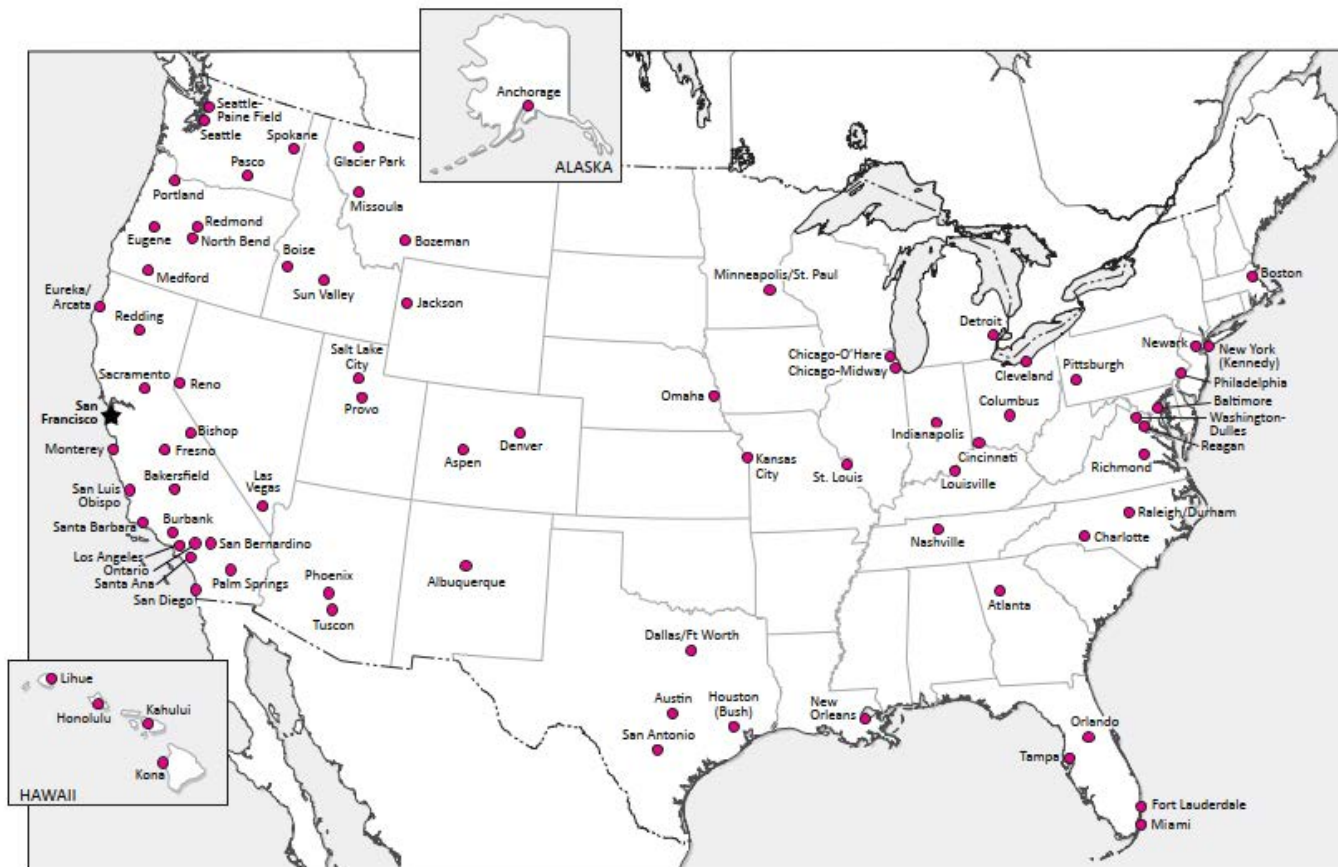
Trends in Average Daily Scheduled Passenger Airline Departing Flights and Seats
San Francisco International Airport

Airline	Departing flights			Departing seats		
	July 2019	July 2024	July 2025	July 2019	July 2024	July 2025
Europe (continued)						
Lufthansa	2	2	2	806	633	607
Norwegian Air	1	--	--	244	--	--
SAS	1	1	1	245	266	266
SWISS	1	1	1	340	320	320
TAP Air Portugal	1	1	1	211	269	221
Thomas Cook	(a)	--	--	135	--	--
Turkish	1	2	2	349	507	499
United	8	11	11	2,549	3,239	3,091
Virgin Atlantic	2	2	2	483	502	516
XL Airways France	(a)	--	--	<u>152</u>	--	--
Subtotal--Europe	27	29	29	8,861	8,998	8,729
Central America						
Aeromexico	4	6	4	636	906	646
Alaska	2	2	2	315	410	390
Avianca	2	2	2	300	435	435
Copa	2	2	1	322	263	166
Interjet	2	--	--	244	--	--
United	<u>7</u>	<u>9</u>	<u>15</u>	<u>1,090</u>	<u>1,395</u>	<u>2,333</u>
Subtotal--Central America	19	21	25	2,907	3,409	3,971
Middle East						
El Al	(a)	--	--	122	--	--
Emirates	1	1	1	517	484	484
Qatar	--	1	1	--	327	327
United	<u>1</u>	--	--	<u>350</u>	--	--
Subtotal--Middle East	2	2	2	989	811	811
Canada						
Air Canada	16	12	10	2,594	1,675	1,437
Flair	--	1	1	--	165	189
Porter	--	1	1	--	192	89
United	9	8	11	1,338	1,258	1,668
Westjet	<u>4</u>	<u>5</u>	<u>3</u>	<u>568</u>	<u>749</u>	<u>508</u>
Subtotal--Canada	29	27	26	4,499	4,038	3,890
Southwest Pacific						
Air New Zealand	1	1	1	242	243	198
Fiji Airways	(a)	1	1	114	229	215
French Bee	(a)	(a)	(a)	172	172	172
Qantas	2	(a)	(a)	493	99	107
United	<u>2</u>	<u>4</u>	<u>4</u>	<u>512</u>	<u>1,038</u>	<u>991</u>
Subtotal--Southwest Pacific	5	6	6	1,534	1,781	1,684
International Total	116	120	125	29,030	29,185	30,106
Airport Total	635	510	556	104,579	90,611	96,152

(a) Alaska and Hawaiian merged in 2024.

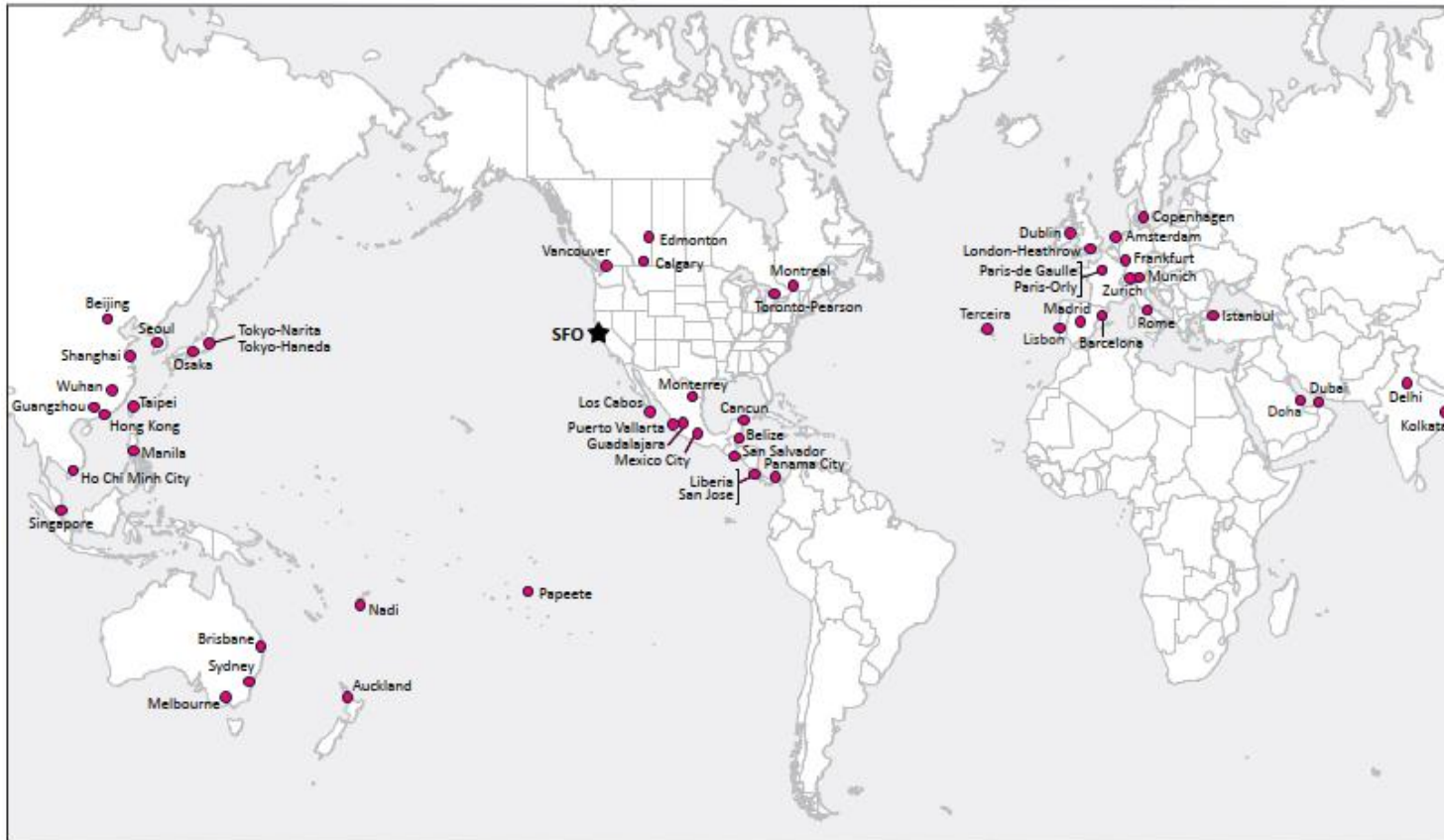
Source: Airline Data Inc, Schedules database, accessed June 2025.

Figure 12
Domestic Destinations with Nonstop Service in July 2025
 San Francisco International Airport



Source: Airline Data Inc, Schedules database, accessed June 2025.

Figure 13
International Destinations with Nonstop Service in July 2025
 San Francisco International Airport



Source: Airline Data Inc, Schedules database, accessed June 2025.

Enplaned Passenger Trends

Between FY 2019 and FY 2020, total scheduled departing seats at SFO decreased 21%, compared with a 15% decrease at U.S. airports overall, reflecting the impact of the first 4 months of the pandemic. Between FY 2020 and FY 2021, total scheduled departing seats at SFO decreased 55%, compared with a 28% decrease at U.S. airports overall. In FY 2022, FY 2023, and FY 2024 total scheduled departing seats at SFO increased 80%, 26%, and 7% respectively, year-over-year, compared with 48%, 10%, and 7% increases at U.S. airports overall, respectively. During FY 2025, total departing seats increased 7% at SFO, compared to an increase of 2% at U.S. airports overall.

Table 14 presents historical trends in enplaned passengers at the Airport from FY 2005 through FY 2025. The number of enplaned passengers increased an average of 4.1% annually between FY 2005 and FY 2019, with stronger growth between FY 2010 and FY 2019 (an average increase of 4.6% per year). In comparison, total enplaned passengers at U.S. airports increased an average of 1.9% annually between FY 2005 and FY 2019, with an average increase of 3.3% per year between FY 2010 and FY 2019. International passenger traffic at the Airport increased an average of 4.5% per year between FY 2005 and FY 2019, compared with an average increase of 4.0% per year in domestic passengers.

Passenger traffic decreased 29.4% in FY 2020 and 65.7% in FY 2021 due to the COVID-19 pandemic and the governmental actions to slow the spread of the virus, which contributed to a recession in the global economy and widespread job losses. In FY 2022, FY 2023, and FY 2024, passenger traffic increased 151.2%, 34.6%, and 8.9%, year-over-year, respectively, as restrictions lifted and travel resumed. Domestic traffic initially recovered more quickly than international traffic due to international travel restrictions, including country border closures and COVID-19 testing requirements, many of which were lifted in fall 2021. However, international traffic has recovered more quickly at SFO since then, and in FY 2024, was 102.9% of 2019 levels, while domestic traffic was 84.4%.

In FY 2025 enplaned passengers at SFO increased 5.7%, year-over-year. International enplanements increased 5.9% while domestic enplanements increased 5.6%. International enplanements exceeded pre-pandemic levels, reaching 108.9% of FY 2019 levels, while domestic enplanements were 89.2% of FY 2019 levels. In the first 3 months of FY 2026 (July to September 2025), enplaned passengers at SFO increased 3.0% year-over-year, including a 5.5% increase in domestic enplanements and a 2.8% decrease in international enplanements.

O&D passenger shares, which decreased slightly between FY 2019 and 2021, increased in FY 2022, accounting for 82.7% of total (revenue and non-revenue) enplaned passengers at the Airport, while connecting passengers accounted for the remainder. This shift was due to quicker recovery in domestic passengers, as previously mentioned, particularly in domestic O&D passengers. In FY 2024 the O&D share had decreased to 81.5%, with connections accounting for the remaining 18.5%. Gateway connections (those to or from international flights) increased during this period and exceeded pre-pandemic levels, following the lifting of international travel restrictions. In FY 2025, O&D passengers accounted for an estimated 81.5% of total enplaned passengers at the Airport, while connections accounted for the remaining 18.5%.

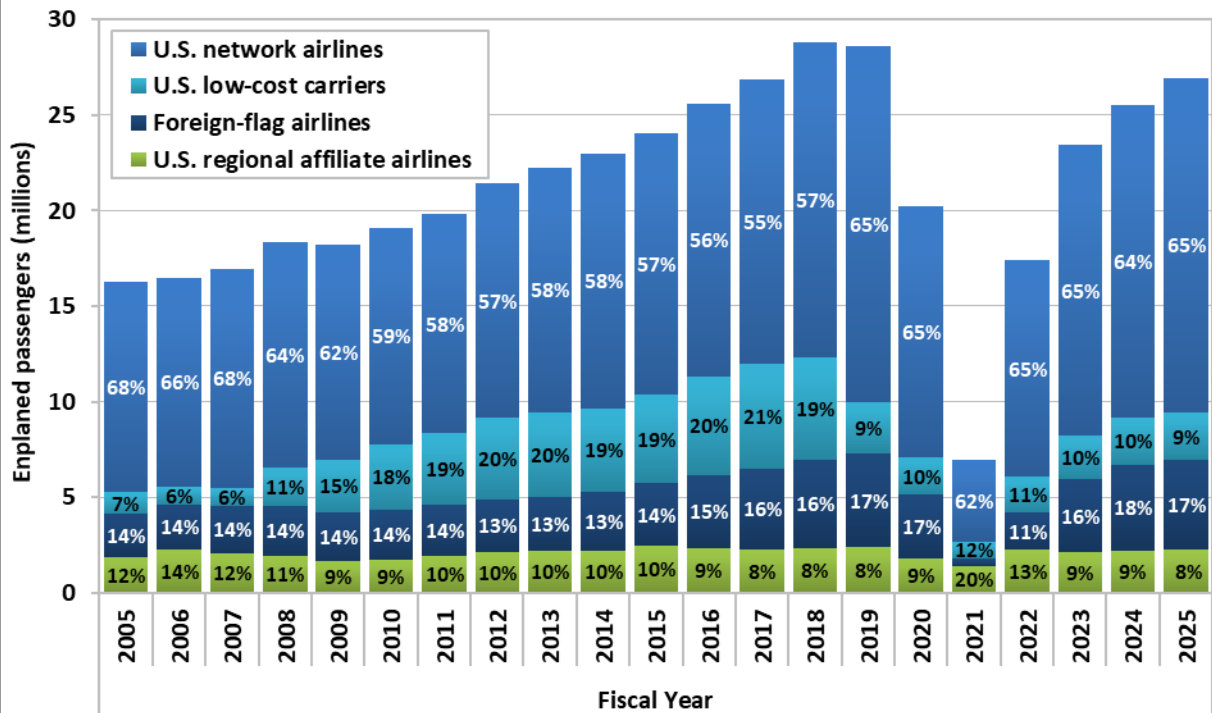
Table 14
Historical Enplaned Passengers
San Francisco International Airport

Fiscal Year	Enplaned passengers					Percent of total	
	Domestic	International	Total	O&D	Connecting	O&D	Connecting
2005	12,319,662	3,929,431	16,249,093	11,881,565	4,367,528	73.1%	26.9%
2010	14,859,869	4,240,533	19,100,402	14,808,754	4,291,648	77.5	22.5
2011	15,371,769	4,464,941	19,836,710	15,365,178	4,471,532	77.5	22.5
2012	16,808,644	4,610,898	21,419,542	16,744,292	4,675,250	78.2	21.8
2013	17,515,978	4,757,444	22,273,422	17,422,172	4,851,250	78.2	21.8
2014	17,987,093	5,008,581	22,995,674	18,033,407	4,962,267	78.4	21.6
2015	18,749,797	5,273,802	24,023,599	19,062,716	4,960,883	79.3	20.7
2016	19,844,991	5,776,519	25,621,510	20,458,910	5,162,600	79.9	20.1
2017	20,513,891	6,357,521	26,871,412	21,158,722	5,712,690	78.7	21.3
2018	21,955,031	6,858,820	28,813,851	22,694,807	6,119,044	78.8	21.2
2019	21,301,043	7,320,763	28,621,806	22,987,340	5,634,466	80.3	19.7
2020	15,055,132	5,159,773	20,214,905	16,220,090	3,994,815	80.2	19.8
2021	6,091,685	832,893	6,924,578	5,477,289	1,447,289	79.1	20.9
2022	14,290,034	3,106,215	17,396,249	14,385,786	3,010,463	82.7	17.3
2023	17,177,004	6,242,564	23,419,568	19,155,222	4,264,346	81.8	18.2
2024	17,983,862	7,531,674	25,515,536	20,791,477	4,724,059	81.5	18.5
2025	18,990,249	7,975,663	26,965,912	n.a.	n.a.	n.a.	n.a.
Percent increase (decrease)							
2015-2016	5.8%	9.5%	6.7%	7.3%	4.1%		
2016-2017	3.4	10.1	4.9	3.4	10.7		
2017-2018	7.0	7.9	7.2	7.3	7.1		
2018-2019	(3.0)	6.7	(0.7)	1.6	(8.9)		
2019-2020	(29.3)	(29.5)	(29.4)	(29.4)	(29.1)		
2020-2021	(59.5)	(83.9)	(65.7)	(66.2)	(63.8)		
2021-2022	134.6	272.9	151.2	162.6	108.0		
2022-2023	20.2	101.0	34.6	33.2	41.7		
2023-2024	4.7	20.7	8.9	8.5	10.8		
2024-2025	5.6	5.9	5.7	n.a.	n.a.		
Compound annual percent increase (decrease)							
2005-2010	3.8%	1.5%	3.3%	4.5%	(0.3%)		
2010-2015	4.8	4.5	4.7	5.2	2.9		
2015-2019	3.2	8.5	4.5	4.8	3.2		
2005-2019	4.0	4.5	4.1	4.8	1.8		
2019-2025	(1.9)	1.4	(1.0)	n.a.	n.a.		

Notes: For Fiscal Years ended June 30
O&D = Origin-destination. n.a. = not available.
Data include revenue and non-revenue passengers.

Sources: San Francisco Airport Commission records and U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100, accessed October 2024.

Figure 14
Historical Enplaned Passengers
San Francisco International Airport



Note: For Fiscal Years ended June 30.

From FY 2005 through FY 2025, U.S. LCCs include AirTran, Allegiant, ATA, Breeze, Frontier, Independence Air, JetBlue, Southwest, Spirit, Sun Country, and Virgin America. On April 25, 2018, Virgin America moved to a single reservations system and rebranded as Alaska Airlines and is no longer classified as an LCC. Data for Virgin America in FY 2018 are for July 2017 through April 2018.

U.S. airlines includes network, low-cost, and regional affiliate airlines that are U.S. domiciled.

Source: San Francisco Airport Commission records.

As shown on Figure 14, the distribution of passenger traffic at the Airport has changed since FY 2005, following the introduction of service by Southwest, Virgin America, and JetBlue in 2007 and the merger of Alaska and Virgin America in 2016. U.S. LCCs' share of total enplaned passengers at SFO increased from 7% in FY 2005 to a high of 21% in FY 2017 with the development of LCC service and decreased to 9% in FY 2019 following the merger and rebranding of Virgin America as Alaska Airlines.* Over that same period, U.S. network airlines' passenger shares at SFO decreased from 68% in FY 2005 to a low of 55% in FY 2017 and then increased to 65% in FY 2019. The share of enplaned passengers on U.S. regional affiliate airlines at SFO has gradually decreased from 12% in FY 2005 to 8% in FY 2019. Foreign-flag airlines' share at SFO increased to 17% in FY 2019, up from 14% in 2005. Shares in FY 2020 remained relatively unchanged from FY 2019 shares, however in FY 2021 and FY

*Data for U.S. LCC passengers includes data for Virgin America through April 2018, after which it was included with Alaska Airlines in U.S. network airlines.

2022 shares shifted due to COVID-19 and international travel restrictions. Since FY 2023, enplaned passengers shares at SFO had generally been consistent with FY 2019 shares.

Enplaned Passenger Market Shares

Compared with other U.S. large-hub airports, the Airport has only a moderate degree of airline concentration. As shown on Figure 15 and in Table 15, United and United Express together accounted for the largest share of enplaned passengers at SFO in FY 2025, with 48.7%, less than the hubbing airline share at other selected U.S. large-hub airports with one hubbing airline such as American at Charlotte (88%) and Dallas-Fort Worth (84%) and Delta at Atlanta (77%).

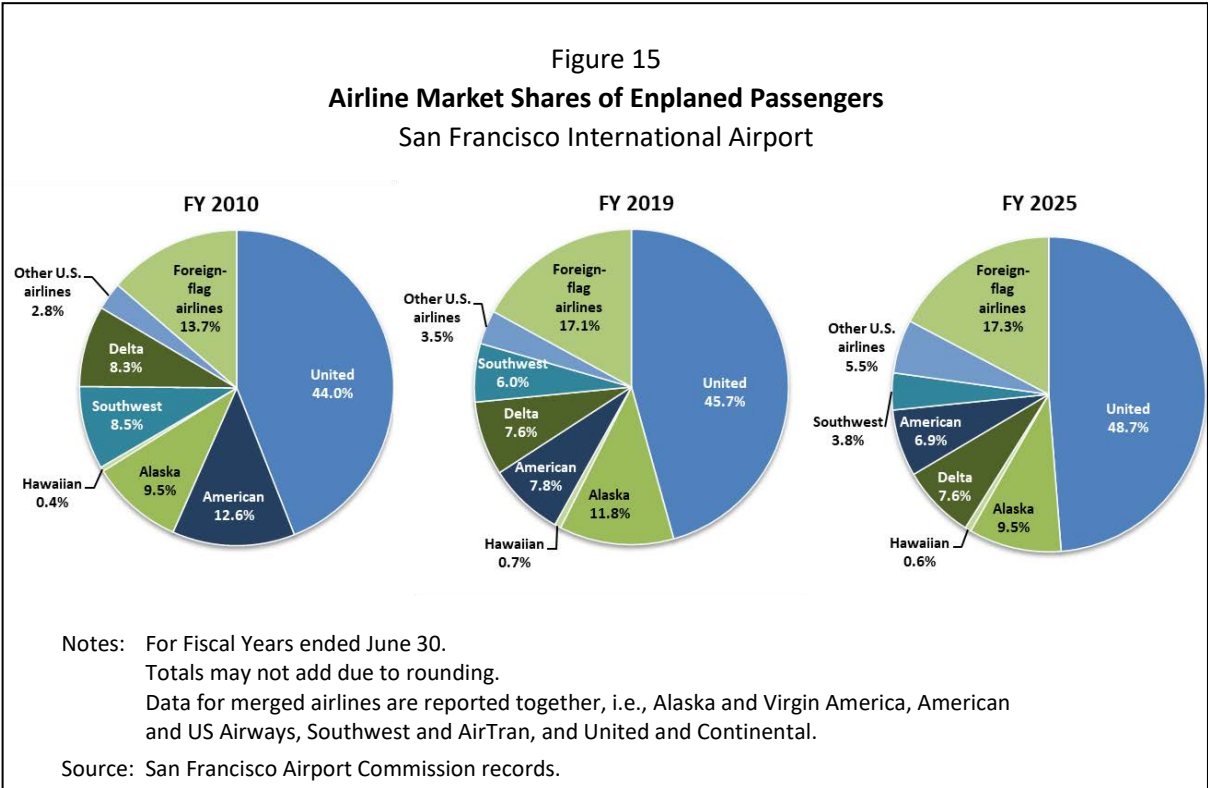


Table 15
Enplaned Passengers by Airline
San Francisco International Airport

Airline (a)	Enplaned passengers (thousands)			Percent of total		
	2010	2019	2025	2010	2019	2025
Domestic						
United (b)	6,931	10,746	9,984	46.6%	50.4%	52.6%
Alaska (c)						
Alaska	1,744	3,261	2,421	11.7	15.3	12.7
Hawaiian	86	188	172	0.6	0.9	0.9
Subtotal--Alaska	1,830	3,449	2,593	12.3	16.2	13.7
Delta	1,518	2,219	2,049	10.2	10.4	10.8
American (d)	2,411	2,175	1,856	16.2	10.2	9.8
Southwest (e)	1,629	1,714	1,021	11.0	8.0	5.4
Frontier	176	174	758	1.2	0.8	4.0
All others	366	824	728	2.5	3.9	3.8
Subtotal--domestic	14,860	21,301	18,990	100.0%	100.0%	100.0%
International						
United (b)	1,476	2,321	3,158	34.8%	31.7%	39.6%
Air Canada	277	568	427	6.5	7.8	5.4
EVA Airways	153	283	276	3.6	3.9	3.5
British Airways	194	223	234	4.6	3.0	2.9
Air India	--	90	205	--	1.2	2.6
Lufthansa	205	244	190	4.8	3.3	2.4
Cathay Pacific	235	260	174	5.5	3.6	2.2
Aeromexico	36	158	159	0.9	2.2	2.0
Turkish	--	115	156	--	1.6	2.0
Alaska	76	115	154	1.8	1.6	1.9
Singapore	169	169	148	4.0	2.3	1.9
Emirates	96	151	139	2.3	2.1	1.7
All others	1,323	2,625	2,555	31.2	35.9	32.0
Subtotal--international	4,241	7,321	7,976	100.0%	100.0%	100.0%
Total						
United	8,407	13,067	13,143	44.0%	45.7%	48.7%
Alaska (c)	1,906	3,564	2,747	10.0	12.5	10.2
Delta	1,592	2,219	2,049	8.3	7.8	7.6
American (d)	2,411	2,175	1,856	12.6	7.6	6.9
Southwest (e)	1,629	1,714	1,021	8.5	6.0	3.8
Frontier	176	174	758	0.9	0.6	2.8
JetBlue	322	738	588	1.7	2.6	2.2
All others	2,658	4,971	4,803	13.9	17.4	17.8
Total passengers	19,100	28,622	26,966	100.0%	100.0%	100.0%

Note: For Fiscal Years ended June 30.

(a) Includes regional code-sharing affiliates, if any.

(b) United and Continental merged in October 2010. Includes Continental in 2010.

(c) Alaska and Virgin America merged in 2016. Includes Virgin America in 2010. Alaska and Hawaiian merged in 2024. Includes Hawaiian in 2010 and 2019.

(d) American and US Airways merged in December 2013. Includes US Airways in 2010.

(e) Southwest and AirTran merged in February 2013. Includes AirTran in 2010.

Source: San Francisco Airport Commission records.

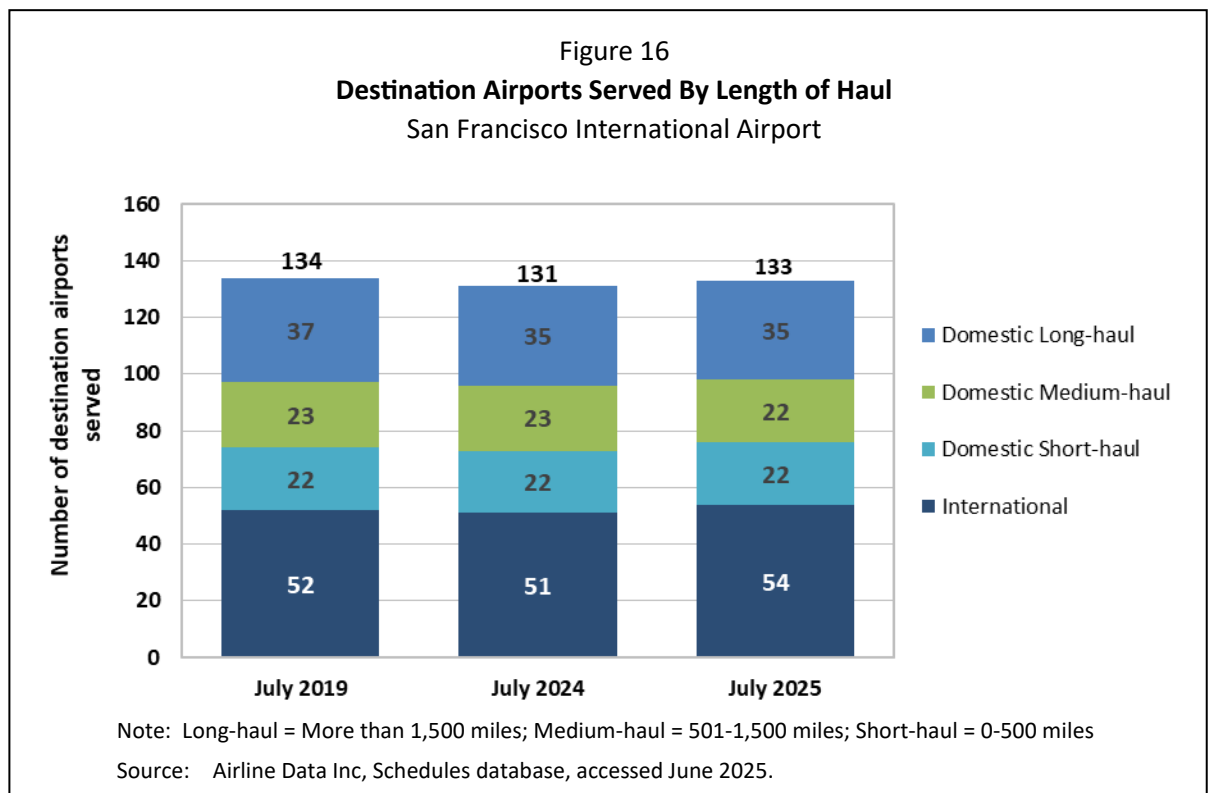
United's share of total enplaned passengers at the Airport was 48.7% in FY 2025, compared to 44.0% in FY 2010 and 45.7% in FY 2019 (where the FY 2010 figure includes Continental and its regional affiliates). In FY 2025, Alaska (including Hawaiian) ranked second with 10.2% of the total, followed by Delta with 7.6%, and American with 6.9%. In FY 2025, airline shares were largely consistent with pre-pandemic levels.

In FY 2025 United and United Express together accounted for 52.6% of all domestic enplaned passengers at the Airport (compared to 50.4% FY 2019). Alaska (including Hawaiian) and Delta ranked second and third, respectively, with 13.7% (16.2% in FY 2019) and 10.8% (10.4% in FY 2019). Southwest and Frontier accounted for a combined 9.4% of all domestic enplaned passengers at the Airport during FY 2025 (8.9% in FY 2019).

United also enplaned the most passengers on international flights at the Airport during FY 2025, with 39.6% of the total (compared to 31.7% in FY 2019). Air Canada ranked second in terms of international enplaned passengers in FY 2024, with 5.4% (down from 7.8% in FY 2019).

Destinations Served at SFO

In July 2025, there were a total of 79 domestic destination airports served at SFO (compared to 82 in July 2019, pre-pandemic) and 54 international destination airports (compared to 52 in July 2019), as shown in Figure 16. In July 2025, a total of 133 destination airports were served from SFO, down from 134 in July 2019.



Domestic Origin-Destination Markets: In CY 2024 the top 20 domestic passenger markets accounted for 74.1% of domestic O&D passengers at the Airport, as shown in Table 16. Los Angeles and New York were the top two destination markets for O&D passengers at the Airport, accounting for 11.5% and 11.2%, respectively, of domestic O&D passengers at the Airport in CY 2024. Other major destinations included Chicago, Boston, and Washington D.C. In July 2025, 19 of the top 20 domestic destinations were served nonstop from the Airport by two or more airlines, with service provided by three or more airlines to 17 of the top 20 markets, as shown in Table 16. Having a large number of markets with service from multiple airlines helps keep airfares competitive.

International Origin-Destination Markets: In CY 2024, the top 20 international passenger markets at SFO in terms of international O&D passenger bookings* accounted for 52.4% of the total international O&D passenger bookings, as shown in Table 17. Passenger bookings included data for U.S. and foreign-flag airlines and are used as a proxy for international passengers due to the reporting limitations of U.S. DOT O&D passenger data. London, England was the largest international O&D market with 5.8% of international O&D passenger bookings. The next four largest international O&D markets accounted for 13.9% of bookings (compared to 12.1% in CY 20219): Tokyo, Japan (4.1%); Vancouver, Canada (3.5%); Taipei, Taiwan (3.3%); and Seoul, Korea (3.1%). Among the Airport's 20 largest international O&D markets in CY 2024, 10 were in Asia, 4 in Mexico, 4 in Europe, and 2 in Canada. All of the top 20 international destinations were served nonstop from the Airport in July 2024, with service provided by two or more airlines to 16 of the top 20 markets, as shown in Table 17.

*As defined by the International Air Transport Association (IATA), a passenger airline "booking," equivalent to the term "reservation," means the allotment in advance of seating accommodation for a passenger. IATA, Passenger Glossary of Terms, www.iata.org.

Table 16
Domestic Origin-Destination Patterns and Airline Service
San Francisco International Airport

Rank	Origin-destination market	Air miles from San Francisco	Percent of domestic O&D passengers		Average daily scheduled nonstop departures July 2025	Number of airlines
			CY 2019	CY 2024		
1	Los Angeles (a)	300	11.9%	11.5%	57	6
2	New York (b)	2,235	11.7	11.2	32	5
3	Chicago (c)	359	4.6	4.7	18	4
4	Boston	2,344	4.3	4.5	15	4
5	Washington DC (d)	1,601	4.1	4.2	15	3
6	Las Vegas	2,111	4.4	4.1	16	4
7	Seattle	588	4.5	4.0	21	3
8	San Diego	388	4.1	3.7	19	4
9	Denver	839	3.5	3.0	15	3
10	Phoenix	565	2.1	2.8	11	4
11	Miami (f)	2,241	2.4	2.8	9	3
12	Dallas/Fort Worth (e)	1,275	2.7	2.6	12	3
13	Honolulu	2,080	2.0	2.5	8	2
14	Atlanta	1,854	2.0	2.1	10	3
15	Portland	478	2.4	1.9	11	3
16	Houston (g)	1,418	1.4	1.8	10	1
17	Minneapolis-St. Paul	1,304	1.8	1.8	8	3
18	Austin	1,377	1.9	1.7	8	3
19	Philadelphia	2,521	1.9	1.7	6	2
20	Salt Lake City	599	<u>1.2</u>	<u>1.5</u>	<u>10</u>	3
Cities listed			75.2%	74.1%	310	
Other cities			<u>24.8</u>	<u>25.9</u>	<u>121</u>	
All cities			100.0%	100.0%	431	

- (a) Los Angeles International, Hollywood Burbank, Long Beach, John Wayne/Orange County, and Ontario International airports.
- (b) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.
- (c) Chicago O'Hare and Midway International airports.
- (d) Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.
- (e) Dallas/Fort Worth International Airport and Love Field.
- (f) Miami and Fort Lauderdale International airports.
- (g) Bush Intercontinental Airport/Houston and William P. Hobby airports.

Sources: O&D percentage: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100, accessed October 2024.
Departures: Airline Data Inc, Schedules database, accessed June 2025.

Table 17
International Origin-Destination Patterns and Airline Service
San Francisco International Airport

Rank	Origin-destination market	Air miles from San Francisco	Percent of international O&D passengers		Average daily scheduled nonstop departures July 2025	Number of airlines
			CY 2019	CY 2024		
1	London <i>(a)</i>	4,651	5.8%	5.8%	7	3
2	Tokyo <i>(b)</i>	4,457	2.7	4.1	7	7
3	Vancouver	799	3.2	3.5	11	6
4	Taipei <i>(c)</i>	5,608	3.3	3.3	7	4
5	Seoul <i>(d)</i>	4,903	2.9	3.1	5	4
6	Hong Kong	6,006	3.4	2.9	5	2
7	Toronto	1,959	3.3	2.8	6	3
8	Manila	6,060	3.2	2.7	2	2
9	Mexico City <i>(e)</i>	1,635	1.8	2.6	6	2
10	Cancun	2,090	1.9	2.6	3	1
11	San Jose del Cabo	1,085	1.8	2.6	4	2
12	Paris <i>(f)</i>	4,837	2.7	2.3	4	3
13	Puerto Vallarta	1,352	1.7	2.3	3	2
14	Delhi	6,682	1.9	2.2	1	1
15	Shanghai <i>(g)</i>	5,331	2.6	1.9	1	2
16	Singapore	7,330	1.6	1.8	4	2
17	Ho Chi Minh City	7,837	1.4	1.7	1	1
18	Frankfurt	4,938	1.2	1.6	4	3
19	Bangalore	7,561	1.0	1.4	--	--
20	Rome	6,264	<u>0.7</u>	<u>1.4</u>	<u>2</u>	2
Cities listed			48.1%	52.4%	84	
Other cities			<u>51.9</u>	<u>47.6</u>	<u>42</u>	
All cities			100.0%	100.0%	125	

(a) Heathrow, Gatwick, Stansted, and London City airports.

(b) Haneda and Narita airports.

(c) Taoyuan and Sung Shan airports.

(d) Incheon and Gimpo airports.

(e) Juarez and Toluca airports.

(f) Charles de Gaulle and Orly airports.

(g) Pudong and Hongqiao airports.

Sources: O&D percentage: OAG Aviation Worldwide Ltd, OAG Traffic database, accessed August 2025.

Departures: Airline Data Inc, Schedules database, accessed June 2025.

Airline Airfares

Table 18 provides a comparison of average domestic one-way airfares paid at the Airport in CY 2024 with the airfares at OAK and SJC.* Average airfares tend to be higher at SFO than at OAK and SJC airports due to longer trips and a larger share of premium fares. In short- and medium-haul markets, SFO airfares tend to be more competitive, except for markets such as Dallas/Fort Worth and Houston where Southwest Airlines and Spirit Airlines account for a large number of discount seats at OAK and SJC. As shown previously in Table 17, 19 of the top 20 domestic O&D markets at SFO are served by 2 airlines or more, ensuring competitive airline service and airfares.

SFO accounted for three-quarters or more of domestic O&D passengers at the three Bay Area airports in eight of its nine long-haul markets (1,500 miles or more) in CY 2024, reflecting its role in providing service for longer domestic trips in the San Francisco CSA, as shown in Table 18. In comparison, SFO accounted for considerable but smaller shares of domestic O&D passengers in medium- and short-haul markets in CY 2024, with 46% to 65% of medium-haul domestic passengers (SFO accounted for 85% at Minneapolis-St. Paul Airport, an outlier as compared with the rest of the medium-haul airport group) and 37% to 43% of short-haul passengers.

As shown in Table 18, SFO accounted for 98.5% of first and business class domestic fare revenue at the three primary airports in the San Francisco CSA in CY 2024, an increase from 89.9% in FY 2019. OAK and SJC accounted for 0.1% and 1.5%, respectively, in CY 2024. SFO's share of first and business class domestic fare revenue increased in nearly all of the largest 20 markets, indicating that premium passengers (i.e., those paying the highest fares) are recovering more quickly at SFO than at OAK or SJC. SFO accounted for more than 88% of first and business class domestic fare revenue in each of the busiest nine long-haul markets.

Premium Class Fare Revenue

U.S. airports with large numbers of business travelers are typically characterized by large shares of premium class revenue which includes first class, business class, and premium economy cabins. SFO ranked second in CY 2024 among large-hub U.S. airports in terms of the percent of total domestic revenues (excluding ancillary fees) accounted for by premium class fare revenue, as shown on Figure 17. In CY 2024, premium fare class revenue accounted for 38% of total domestic fare revenue at SFO, up from 35% in FY 2019. The share of premium class fare revenue at large-hub U.S. airports averaged 21% in CY 2024. In contrast, premium class revenue at OAK and SJC accounted for 5% and 12%, respectively, of total domestic fare revenue in CY 2024 at each airport. The ability of an airport service region to support a large share of premium class fare passengers is attractive to airlines and supports the continued development of airline service.

*The fares that airlines report to the U.S. DOT are exclusive of many ancillary charges (fees for checked baggage and preferred aircraft seating, for example) and, given the rapid rise in such fees beginning in 2008, increasingly understate the consumer's real cost of airline travel.

Table 18
Comparison of Airfares in SFO's Top Domestic Origin-Destination Markets in CY 2024
Bay Area Airports

Rank	Market	Length of haul	SFO percent of domestic O&D passengers for three Bay Area airports	Average one-way domestic airfare paid			SFO percent of first/business class fare revenue for three Bay Area airports
				SFO	OAK	SJC	
1	Los Angeles (a)	Short	42.7%	\$111	\$116	\$118	100.0%
2	New York (b)	Long	93.7	370	157	208	99.8
3	Chicago (c)	Long	79.1	248	164	221	97.8
4	Boston	Long	93.9	301	222	209	99.5
5	Washington DC (d)	Long	81.1	335	210	197	99.1
6	Las Vegas	Short	39.4	115	91	103	99.8
7	Seattle	Medium	46.0	166	133	153	73.4
8	San Diego	Short	37.4	122	113	100	98.6
9	Denver	Medium	57.8	172	163	160	82.6
10	Phoenix	Medium	47.2	118	121	146	77.8
11	Miami (e)	Long	90.7	265	175	213	99.9
12	Dallas/Fort Worth (f)	Medium	56.7	215	154	183	85.2
13	Honolulu	Long	52.6	257	209	205	88.5
14	Atlanta	Long	75.4	289	193	325	94.4
15	Portland	Short	42.2	140	116	137	93.0
16	Houston (g)	Medium	64.9	294	192	210	95.6
17	Minneapolis-St. Paul	Medium	85.0	213	151	296	95.1
18	Austin	Medium	57.7	252	195	224	83.4
19	Philadelphia	Long	87.3	307	178	216	97.5
20	Salt Lake City	Medium	49.5	149	123	170	94.4
	Cities listed		58.1%	\$225	\$128	\$146	97.3%
	Other cities		65.7	271	180	228	99.5
	All cities		59.9%	\$237	\$140	\$162	98.5%

Notes: For the purposes of this Report, short-haul flights are 500 miles or less, medium-haul flights are 501 to 1,500 miles, and long-haul flights are more than 1,500 miles.

(a) Los Angeles International, Hollywood Burbank, Long Beach, John Wayne/Orange County, and Ontario International airports.

(b) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.

(c) Chicago O'Hare and Midway International airports.

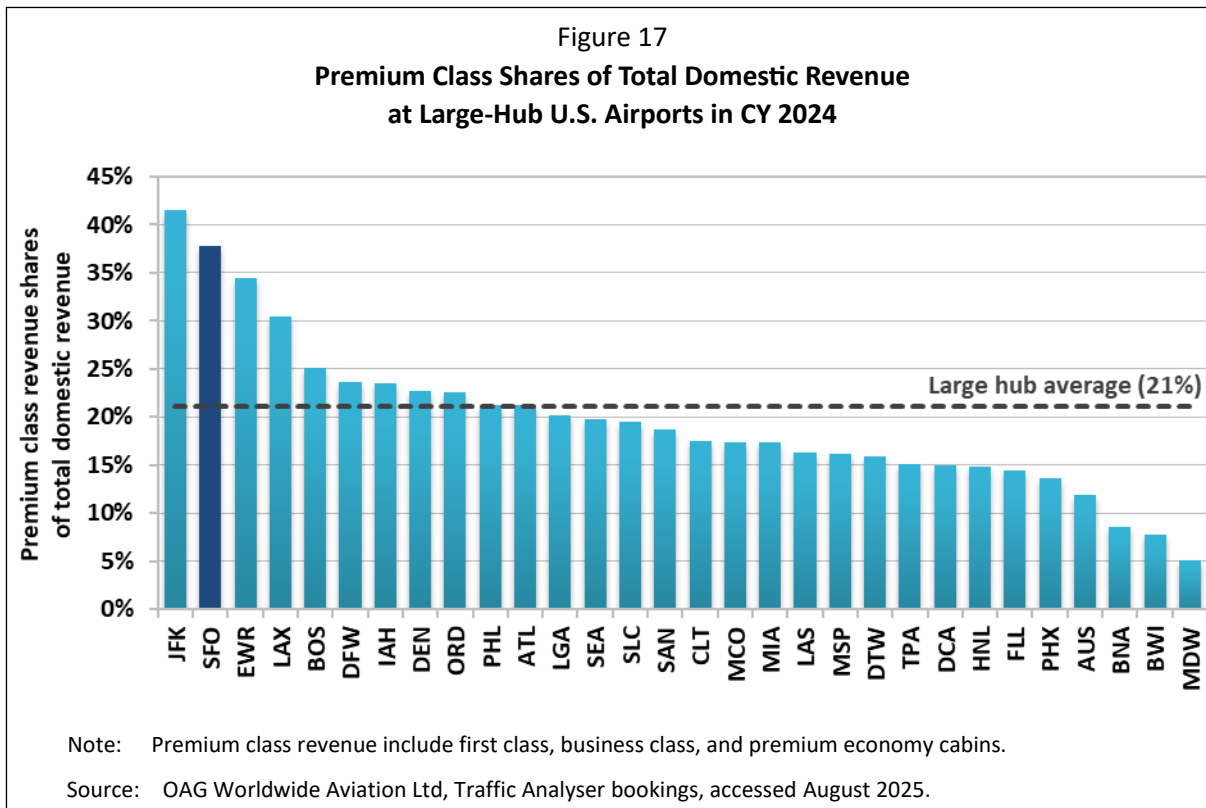
(d) Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.

(e) Miami and Fort Lauderdale International airports.

(f) Dallas Fort Worth International Airport and Love Field.

(g) Bush Intercontinental Airport/Houston and William P. Hobby airports.

Sources: U.S. Department of Transportation, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100 and OAG Worldwide Aviation Ltd, Traffic Analyser bookings, accessed August 2025.



Bay Area-Los Angeles Area Corridor

Airline service in the Bay Area-Los Angeles Area Corridor (the “Corridor” linking the three Bay Area airports with the five Los Angeles area airports) is highly competitive. In July 2025, the seven airlines providing scheduled service in the Corridor (according to published flight schedules)* operated an average of 123 daily nonstop departures, the equivalent of approximately five departures per hour during a 24-hour period, including two flights per hour from SFO; in July 2019, an average of 187 nonstop departures were operating in the Corridor. Only one of the seven airlines—Southwest—provided service at each of the three Bay Area airports. Southwest is also the only airline to provide service at each of the five Los Angeles Area airports. As shown in Table 18, SFO accounted for 42.7% of the O&D passengers in the Corridor in CY 2024. In comparison, Oakland and SJC accounted for 28.8% and 28.5%, respectively, of O&D passengers in the Corridor in CY 2024. O&D passengers in the corridor accounted for 11.5% of total domestic O&D passengers at SFO, a smaller share than at either Oakland or SJC, where passengers in the corridor accounted for 21.0% and 25.3% of each airport’s total domestic O&D passengers, respectively. O&D passengers in the Corridor were 24% lower in CY 2024 than in CY 2019. The highly competitive nature of airline service in the Corridor results in competitive airfares and airline service options that are not dominated by a single airline or airport.

*Alaska, American, Delta, Frontier, Southwest, Spirit, and United.

Cargo

Since 2000, the cargo industry nationwide and at SFO has experienced significant changes related to a number of factors, including air cargo security regulations by the FAA and Transportation Security Administration (TSA), consolidation in the air cargo industry, an increasing trend in the volume of cargo transported by truck, the national and global economic recessions, and the COVID-19 pandemic.

Between FY 2000 and FY 2010, total air cargo tonnage at SFO decreased an average of 6.8% per year, including an average decrease of 9.6% and 4.5% per year, respectively, in domestic and international air cargo. As shown in Table 19, total air cargo tonnage at SFO increased an average of 1.5% per year between FY 2010 and FY 2024, with considerable year-to-year variation.

Total air cargo tonnage at SFO decreased 13.2% in FY 2020 and 3.7% in FY 2021, due to a reduction in available belly cargo capacity as passenger airline service was discontinued during the COVID-19 pandemic and the large share of air cargo handled by passenger airlines (76.2% in FY 2019). In FY 2022, total air cargo tonnage at SFO increased 15.6% from FY 2021. However, in FY 2023, total air cargo tonnage at SFO decreased 16.7%, mainly due to declines in shipments. In FY 2024 and FY 2025, total air cargo tonnage at SFO increased 17.9% and 3.7%, respectively. By comparison, air cargo revenue ton-miles for the U.S. overall decreased 5.2%, year-over-year, in FY 2020, and increased 13.3% and 6.0% in FY 2021 and FY 2022, respectively. Air cargo revenue ton-miles for the U.S. decreased 10.0% in FY 2023, and increased 0.8% in FY 2024, year-over-year. In the first 10 months of FY 2025 (July-April, the most recent data available), Air cargo revenue ton-miles for the U.S. increased 4.1%, year-over-year.

In FY 2025, tonnage carried on all-cargo aircraft at the Airport decreased 7.6% from FY 2024 volumes, while tonnage carried by passenger aircraft increased 7.2%. As a result, in FY 2025 passenger airlines accounted for 78.7% of total air cargo at the Airport (compared to 76.2% in FY 2019) and cargo airlines accounted for the remaining 21.3% (23.8% in FY 2019).

Domestic air cargo accounted for 32.3% of total air cargo in FY 2025. Of this total, passenger airlines handled 48% of domestic cargo volumes and cargo airlines handled the remainder. International air cargo accounted for 67.7% of total air cargo in FY 2025. Passenger airlines carried 93% of international air cargo and cargo airlines handled the remainder. Two world regions—Asia and Europe—accounted for 61% of total air cargo in FY 2025.

SFO accounted for 50.4% of air cargo tonnage at the three Bay Area airports in FY 2024. Oakland International Airport, a regional hub for Federal Express, handled 46.8%, while Mineta San Jose handled 2.7%.*

*Totals may not add to 100% due to rounding.

Table 19
Trends in Air Cargo
San Francisco International Airport

	Metric tons			CAGR	Percent of total		
	FY 2010	FY 2019	FY 2025	FY 2010- FY 2025	FY 2010	FY 2019	FY 2025
By Airline Type							
Domestic							
Passenger airlines	87,342	111,779	86,114	(0.1%)	20.2%	19.8%	15.5%
Cargo airlines	<u>75,843</u>	<u>89,918</u>	<u>93,263</u>	1.4	<u>17.6</u>	<u>15.9</u>	<u>16.8</u>
Subtotal-domestic	163,185	201,697	179,378	0.6%	37.8%	35.7%	32.3%
International							
Passenger airlines	183,610	318,328	350,521	4.4%	42.5%	56.4%	63.1%
Cargo airlines	<u>85,196</u>	<u>44,460</u>	<u>25,188</u>	(7.8)	<u>19.7</u>	<u>7.9</u>	<u>4.5</u>
Subtotal-international	268,805	362,788	375,710	2.3%	62.2%	64.3%	67.7%
Total							
Passenger airlines	270,952	430,107	436,636	3.2%	62.7%	76.2%	78.7%
Cargo airlines	<u>161,038</u>	<u>134,378</u>	<u>118,452</u>	(2.0)	<u>37.3%</u>	<u>23.8%</u>	<u>21.3%</u>
Total air cargo	431,990	564,485	555,087	1.7%	100.0%	100.0%	100.0%
By World Area							
United States	163,185	201,697	179,378	0.6%	37.8%	35.7%	32.3%
Asia	202,200	247,702	248,894	1.4	46.8	43.9	44.8
Europe	49,922	84,069	90,930	4.1	11.6	14.9	16.4
South Pacific	11,058	17,645	30,983	7.1	2.6	3.1	5.6
Middle East	3,678	9,441	3,830	0.3	0.9	1.7	0.7
Mexico, Central & South America	896	660	799	(0.8)	0.2	0.1	0.1
Canada	<u>1,052</u>	<u>3,271</u>	<u>274</u>	(8.6)	<u>0.2</u>	<u>0.6</u>	<u>0.0</u>
Total air cargo	431,990	564,485	555,087	1.7%	100.0%	100.0%	100.0%

Notes: For Fiscal Years ended June 30. Sum of enplaned and deplaned freight and mail.

CAGR = Compound annual growth rate

All-cargo airlines serving SFO in FY 2025 include 21 Air, ABX Air, Air Transport International, Atlas Air, FedEx, and Kalitta Air. In addition, cargo service was provided by the subsidiaries of four passenger airlines (Asiana, China, EVA Airways, and Korean).

Source: San Francisco Airport Commission records.

KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

In addition to the demographics and economy of the San Francisco Bay Area, as discussed earlier, key factors that will affect future airline traffic at the Airport in the long term include:

- National economic conditions
- International economic and geopolitical conditions
- Financial health of the airline industry
- Airline consolidation
- Airline service and routes at the Airport and other regional airports
- Airline competition and airfares
- Availability and price of aviation fuel
- Aviation safety and security concerns
- Public health concerns
- Climate change concerns
- Capacity of the national air traffic control system, and
- Capacity of the Airport

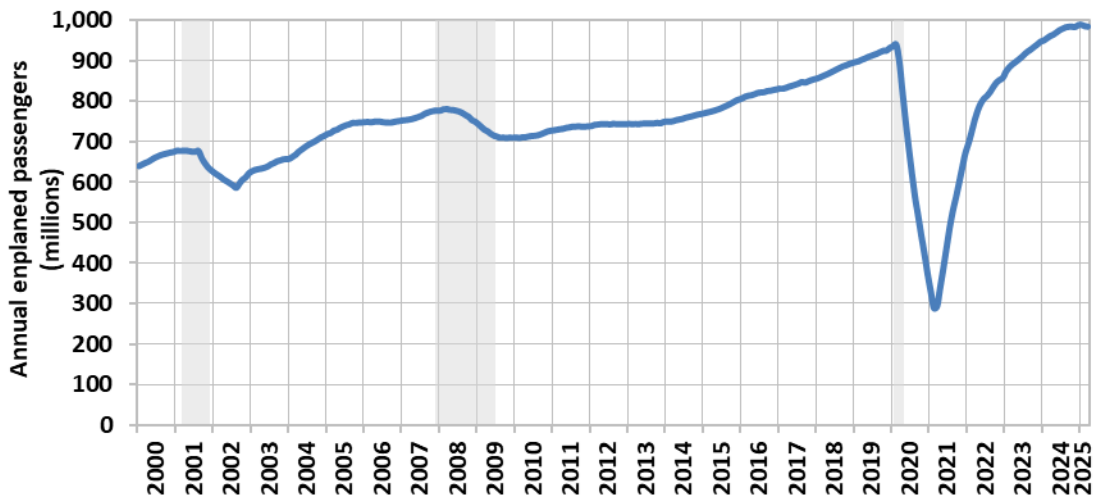
National Economic Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. As illustrated in Figure 18, recessions in the U.S. economy in 2001, 2008-2009, and 2020, and associated high unemployment, reduced discretionary income and airline travel demand.

The 2020 economic recession brought about by the COVID-19 pandemic and the related government actions to contain the spread of the disease was short-lived but caused the largest ever decrease in real GDP (31.2% in the second quarter of 2020), with an associated sharp increase in unemployment. The second quarter decrease was followed by strong GDP growth in the third and fourth quarters, with GDP in the fourth quarter of 2020 at close to the pre-pandemic level. Economic growth continued in 2021 through 2023, with increases in U.S. GDP of 6.1%, 2.5%, and 2.9%, respectively. In 2024, U.S. GDP increased 1.6% in Q1, 3.0% in Q2, 3.1% in Q3, and 2.4% in Q4. However, in 2025, U.S. GDP fell 0.5% in Q1.

Future increases in domestic passenger traffic at the Airport will depend on the continuation of national economic growth.

Figure 18
Historical Enplaned Passengers on U.S. Airlines



Note: Data shown are 12-month moving averages of monthly enplaned passengers on scheduled and non-scheduled service to domestic and international destinations. Shaded quarters indicate economic recession during all or part of a quarter.

Sources: Bureau of Transportation Statistics, T100 Market and Segment, www.transtats.bts.gov, accessed June 2025; National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, www.nber.org.

International Economic and Geopolitical Conditions

International passenger traffic at U.S. airports is influenced by the globalization of business, international trade and tourism, international economics, trade balances, currency exchange rates, government policies, and geopolitical relationships. Concerns about hostilities, terrorist attacks, other perceived security risks, and associated travel restrictions also affect travel demand to and from particular international destinations from time to time.

Ongoing military conflicts that are causing economic disruption and instability include the war in Ukraine that began in February 2022 and the war in the Middle East that began in October 2023. The new U.S. federal administration implemented several policies in its early months that may potentially impact travel, including increased tariffs on imports that are expected to increase travel costs, overall economic uncertainty, and aircraft production costs, potentially resulting in reduced spending by both tourists and businesses and capacity reductions by airlines. In addition, more restrictive registration requirements for foreign nationals visiting the United States and increased delays in visa processing, or changes to policies related to the availability of visas, could dampen international travel demand.

Future increases in international passenger traffic at the Airport will partly depend on global economic growth, the containment of regional military conflicts and civil unrest, a stable and secure

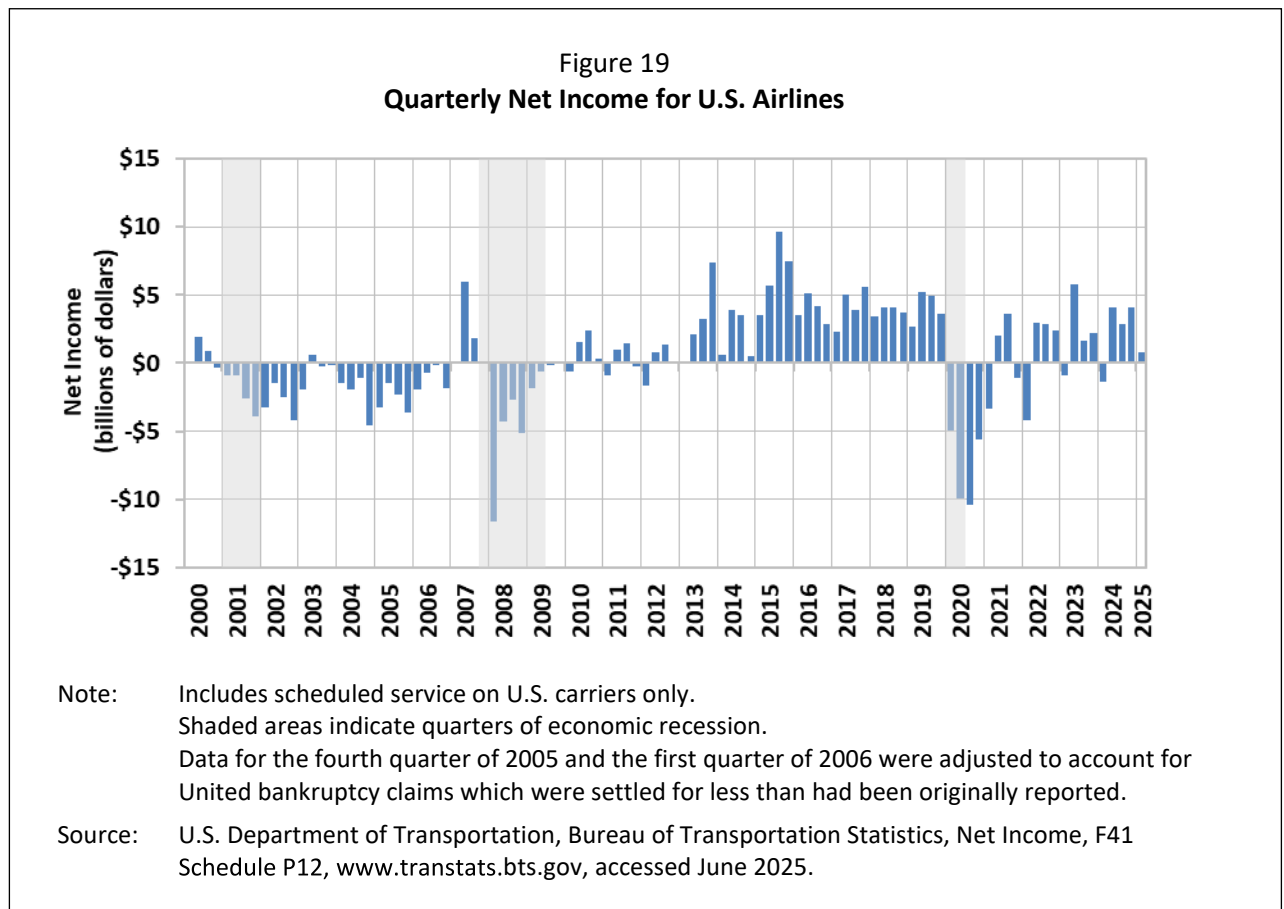
travel environment, and government policies that do not unreasonably restrict or deter travel, nor hinder trade in goods and commodities.

Financial Health of the Airline Industry

SFO is less susceptible to the potential impacts of an airline bankruptcy due to its relatively low degree of airline concentration compared with many other large U.S. hub airports and its large population and O&D passenger traffic base which would likely be served by other airlines at the Airport if an airline were to cease operations.

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to provide service. Figure 19 shows historical net income for U.S. airlines.

Largely as a result of the 2001 economic recession and the disruption of the airline industry that followed the September 2001 attacks, the industry experienced large financial losses between 2001 and 2006. During this period, Delta, Northwest, United, and US Airways all filed for bankruptcy protection and restructured their operations.



In 2007, the U.S. passenger airline industry was profitable, but in 2008, as oil and aviation fuel prices increased to unprecedented levels and the U.S. economy contracted, the industry again experienced

large net losses. The industry responded by grounding less fuel-efficient aircraft, eliminating unprofitable routes and hubs, reducing seat capacity, and increasing airfares.

From 2010 to 2013, after recovery from the 2008-2009 recession, the U.S. passenger airline industry generally recorded positive net income, notwithstanding sustained high fuel prices, by controlling capacity and nonfuel expenses, increasing airfares, achieving high load factors, and increasing ancillary revenues. American filed for bankruptcy protection in 2011.

From 2014 to 2019, the U.S. passenger airline industry reported a succession of profitable years as fuel prices were low, demand was strong, and control of capacity allowed fares and ancillary charges to remain high, even as agreements between the major airlines and their unionized employees resulted in increased labor costs.

Beginning in 2020, reductions in air travel demand caused by the COVID-19 pandemic resulted in unprecedented airline industry losses. These losses were partially mitigated by federal aid provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted in March 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) enacted in December 2020, and the American Rescue Plan Act of 2021 (ARPA) enacted in March 2021.

In response to the pandemic-induced losses, airlines took various actions to reduce costs and maintain liquidity, including reducing staffing, accelerating the retirement of older aircraft, and deferring the acquisition of new aircraft. As shown in Figure 19, the U.S. airline industry returned to profitability in the second quarter of 2022.

On November 17, 2024, Spirit Airlines, an ultra-low-cost carrier (ULCC), filed for bankruptcy protection, the first U.S. airline bankruptcy in more than a decade. In addition to more than \$2.5 billion in losses since the start of the pandemic, Spirit has experienced increased competition, an unsuccessful merger attempt with JetBlue, and the grounding of its Airbus aircraft for geared turbofan (GTF) engine maintenance. Spirit does not currently provide service at SFO.

Current supply chain constraints causing shortages of aircraft engines, avionics, and other essential components are also affecting the ability of Airbus, Boeing, and other manufacturers to produce the larger, more fuel-efficient aircraft in the numbers being sought by airlines even while there is industry-wide domestic overcapacity.* Commercial aircraft manufacturing has also slowed due to delays in the certification of new aircraft such as the B737 MAX10 due to quality assurance issues and an 8-week machinist union member strike at Boeing that lasted from September 13, 2024 to November 4, 2024. In April 2024, United Airlines signed letters of intent with leasing companies to acquire 35 new A321neos starting in 2026 in response to delays in the certification of the B737 MAX10.

Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, stable fuel prices, the ability of airlines to hire and retain enough qualified employees, particularly pilots and mechanics, and acquire enough fuel-efficient aircraft to support increased flight operations.

* U.S. Governmental Accountability Office, Commercial Aviation Manufacturing, Supply Chain Challenges and Actions to Address Them, March 6, 2024, www.gao.gov.

Airline Consolidation

Consolidation of the U.S. airline industry has resulted from the acquisition of Trans World by American (2001), the merger of US Airways and America West (2005), the merger of Delta and Northwest (2009), the merger of United and Continental (2010), the acquisition of AirTran by Southwest (2011), the merger of American and US Airways (2013), the acquisition of Virgin America by Alaska (2016), and the acquisition of Hawaiian by Alaska (2024).

In October 2022, JetBlue and Spirit announced plans to merge, which would have created the nation's fifth largest airline by enplaned passengers with a nationwide market share of approximately 9%. In January 2024, the acquisition was blocked in federal court following the filing by the Justice Department of a civil antitrust lawsuit. JetBlue and Spirit subsequently terminated their merger agreement. In November 2024, Spirit filed for bankruptcy protection and in March 2025, emerged from its financial restructuring.

In December 2023, Alaska announced plans to acquire Hawaiian. The two airlines together account for approximately 5.7% of passengers enplaned on U.S. airlines. Following the announcement by the U.S. Department of Justice that it would not challenge it on antitrust grounds and conditional approval by the U.S. DOT, the acquisition was closed in September 2024. In FY 2025, Alaska (the Airport's second largest airline in terms of passenger share) and Hawaiian accounted for 12.7% and 0.9%, respectively, of enplaned passengers at the Airport. Hawaiian provided three daily nonstop service from the Airport in July 2024; while by comparison, Alaska offered a total of 64 daily departing nonstop flights from SFO during the same month.

In May 2025, United and JetBlue announced a "Blue Sky" alliance – subsequently approved by the U.S. DOT- which allows for reciprocal frequent flier and other benefits. It also facilitates selling seats on each other's flights.

Airline industry consolidation has resulted in four airlines (American, Delta, Southwest, and United) and their regional affiliates now accounting for approximately 75% of overall domestic seat-mile capacity. Consolidation has contributed to recent airline industry profitability, but any resumption of financial losses could cause one or more U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines could drastically affect airline service at certain connecting hub airports and change airline travel patterns nationwide.

As a primarily O&D airport, it is expected that in the unlikely event any of the large network carriers are liquidated, the air service provided by such airline at SFO would eventually be replaced by another airline. As discussed earlier, the Airport serves as a primary connecting hub and international gateway for United. As a result, much of the connecting passenger traffic at the Airport results from the route networks and flight schedules of United rather than the economy of the region. If United were to reduce connecting service at the Airport, such service would not necessarily be replaced by other airlines, although reductions in service by any airline would create business opportunities for others.

Airline Service and Routes at the Airport and Other Regional Airports

Airports serve as gateways to their communities and as connecting points. Historically, SFO, OAK, and SJC have drawn passengers primarily from the closest surrounding geographical area for short- and medium-haul service, while SFO has captured most of the demand for longer domestic trips and international service from the entire Bay Area, as discussed in the section “Airline Service at Bay Area Airports”.

The number of origin and destination passengers at the Airport depends primarily on the intrinsic attractiveness of the region as a business and leisure destination, the propensity of its residents to travel, and the airline fares and service provided. The number of connecting passengers, on the other hand, depends entirely on the airline service provided at the Airport and at other competing airports. In FY 2025, 81.5% of enplaned passengers at SFO were originating their journeys, with the remaining 18.5% connecting between flights.

The large network airlines have developed hub-and-spoke systems that allow them to offer high-frequency service to many destinations. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends primarily on the route networks and flight schedules of the airlines serving that airport and competing hub airports. Since 2003, as the U.S. airline industry has consolidated, airline service has been reduced at many former connecting hub airports, including those serving St. Louis (American 2003-2005), Dallas-Fort Worth (Delta 2005), Pittsburgh (US Airways 2006-2008), Las Vegas (US Airways 2007-2010), Cincinnati (Delta 2009-2011), Memphis (Delta 2011-2013), and Cleveland (United 2014). As mentioned earlier, SFO serves as a hub for United Airlines.

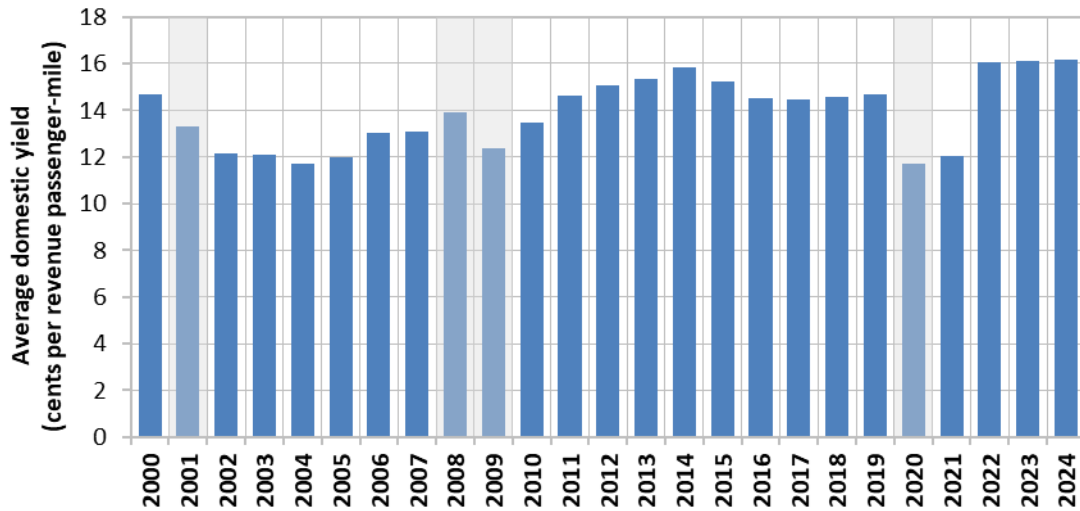
Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for short trips for which the automobile and other travel modes are potential alternatives, and for price-sensitive “discretionary” travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend partly on the level of airfares.

Figure 20 shows the historical average domestic yield (airfare per passenger-mile) for U.S. airlines. After the 2008-2009 recession, the average yield increased through 2014 as airline travel demand strengthened, the airlines collectively reduced available seat capacity, and were able to sustain airfare increases. Between 2014 and 2016, the average yield was reduced as a result of airline competition, and, through 2019 was fairly stable. The average yield decreased in 2020 and 2021 as travel demand was depressed during the pandemic; then increased in 2022 as demand rebounded and airline seat capacity was constrained. Since 2022, average domestic yields have been stable.

Beginning in 2006, ancillary charges were introduced by most airlines for optional services such as checked baggage, preferred seating, in-flight meals, and entertainment, thereby increasing the effective price of airline travel more than yield figures indicate.

Figure 20
Historical Domestic Yield for U.S. Airlines



Notes: Average yields are net of taxes, fees, and passenger facility charges and exclude fees charged by the airlines for optional services.
Shaded areas indicate economic recession during all or part of year.

Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100, accessed August 2025.

Availability and Price of Aviation Fuel

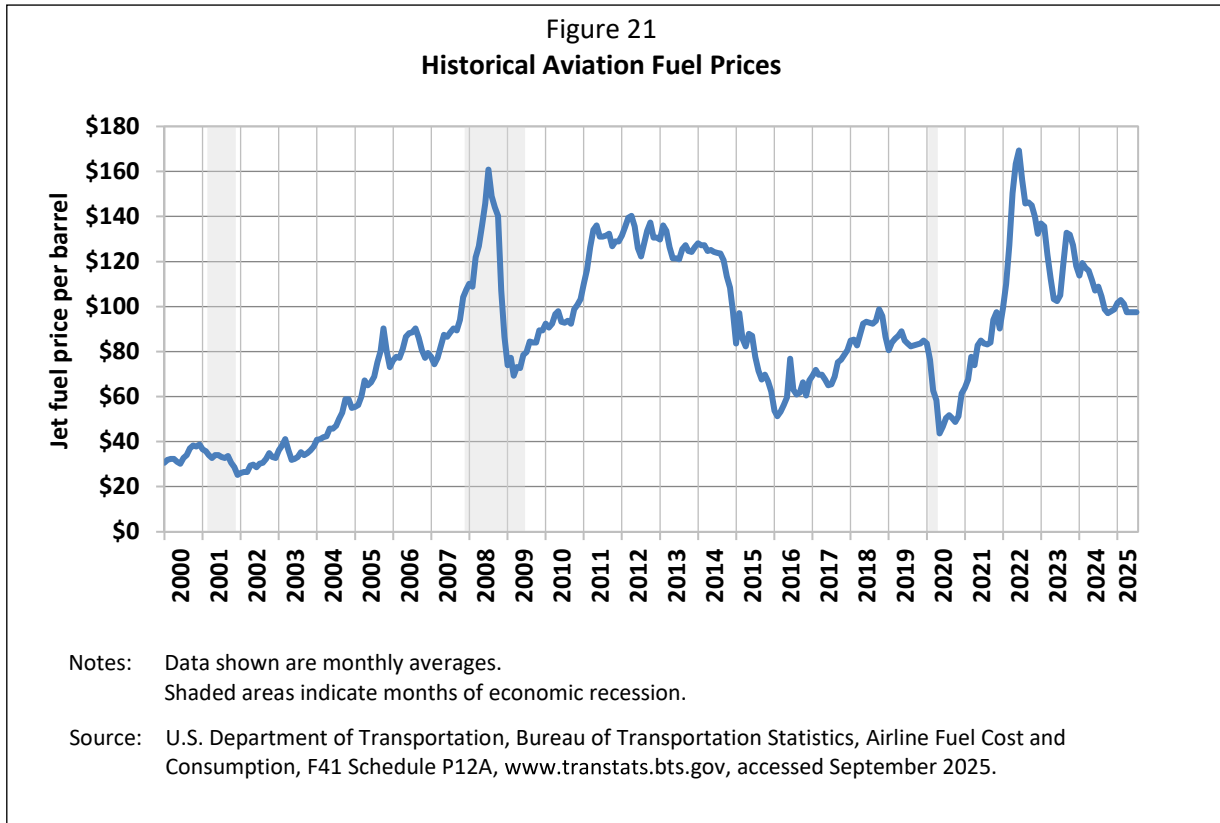
The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Figure 21 shows the historical fluctuation in fuel prices caused by the many factors influencing the global demand for and supply of oil.

Between 2011 and 2014, aviation fuel prices were relatively stable, partly because of increased oil supply from U.S. domestic production made possible by the hydraulic fracturing of oil-bearing shale deposits and other advances in extraction technologies.

Beginning in mid-2014, an imbalance between worldwide supply and demand resulted in a precipitous decline in the price of oil and aviation fuel through the end of 2015. Fuel prices then increased, but the average price of aviation fuel at the end of 2019 was still approximately 30% below the price at mid-2014.

As the pandemic drastically reduced the demand for aviation fuel in early 2020, the price of aviation fuel fell sharply, before rebounding in 2021 as pandemic restrictions were eased, economies recovered, and demand exceeded supply. The economic disruption and sanctions resulting from the Russian invasion and war in Ukraine have exacerbated the worldwide imbalance of demand and supply and caused a spike in oil and aviation fuel prices, peaking in June 2022. Higher fuel prices

have a negative effect on airline profitability as well as far-reaching implications for the global economy.



Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand as well as overall available seating capacity.

Safety concerns in the aftermath of the September 11, 2001 terrorist attacks were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. Measures have included strengthened aircraft cockpit doors, increased presence of armed federal air marshals, federalization of airport security functions under the Transportation Security Administration (TSA), more intensive screening of passengers and baggage, and deployment of improved screening technologies.

Following the fatal crashes of B-737 MAX aircraft caused by the malfunction of the aircraft's automated flight control system, all B-737 MAX aircraft were grounded in March 2019. Among U.S. airlines, American, Southwest, and United were affected. At the time of the grounding, B-737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity. Southwest had the largest MAX fleet of any airline with 34 B-737 MAX8 aircraft in operation and its flight operations were particularly affected by the grounding. American and United had smaller MAX fleets in March 2019, with 20 and 9, respectively. At SFO, United's B-737 MAX9 accounted for 1.6% of the airline's total

seating capacity in March 2019. In November 2020, following the approval of modifications to the flight control system software and pilot training, the FAA rescinded its order grounding the aircraft, allowing it gradually to be reintroduced into service.

In January 2024, a panel in the aircraft fuselage of a B 737 MAX 9 aircraft operated by Alaska blew out in flight. As a result of the incident, the FAA temporarily grounded all B-737 MAX-9 aircraft, increased oversight of Boeing's manufacturing processes, and stated that it will not permit the company to increase aircraft production rates until adequate manufacturing quality controls are in place. A subsequent audit by the FAA into the manufacturing processes identified quality control violations by Boeing and its fuselage manufacturer, Spirit AeroSystems. Such production restrictions will constrain Boeing's ability to deliver aircraft as planned and delay the ability of some airlines to increase capacity and upgrade their fleets with more fuel-efficient aircraft. (This event had minimal impact on passenger activity at SFO.)

In January 2025, a fatal collision occurred between an American Airlines' commercial passenger aircraft and a military helicopter near Ronald Reagan National Airport in the Washington, DC area. This accident is still under investigation by the NTSB.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, and other aviation safety concerns. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

Public Health Concerns

Public health concerns and associated restrictions on travel periodically reduce airline travel demand to and from various parts of the world. Examples are Severe Acute Respiratory Syndrome (SARS) in 2002-2003, the H1N1 influenza virus in 2009, Middle East Respiratory Syndrome (MERS) in 2013, Ebola Virus Disease (EVD) in 2014-2016, and the Zika virus in 2016-2017. In all these historical examples, reductions in airline travel were geographically localized and short-lived, with travel soon recovering to pre-health-scare trends.

By comparison, the COVID-19 pandemic had far more serious and widespread effects on airline travel worldwide. In late 2019, the novel coronavirus that causes the COVID 19 respiratory illness emerged, soon spreading through most parts of the world. COVID 19 was declared a global pandemic by the World Health Organization in March 2020.

During the early months of the pandemic, governmental actions to slow the spread of the disease, including the mandated closure of businesses and offices, work-at-home requirements, prohibitions of public gatherings, quarantines, and travel restrictions contributed to a recession in the global economy and widespread job losses. The economic recession, combined with fears about contagion, resulted in a severe reduction in the demand for air travel, the grounding of much of the world's airline fleets, and cuts in airline service.

In December 2020, the first COVID-19 vaccines were administered in the United States. The success of the vaccines in preventing the transmission of the virus and reducing its effects resulted in a

steady recovery in domestic air travel through the summer of 2021, although new variants of the virus then emerged and resulted in new waves of cases in the fall and winter of 2021.

By 2022, the availability and acceptance of vaccines and treatments had allowed the pandemic to be largely brought under control in the United States and other developed countries. As quarantine, testing, and other travel restrictions were relaxed, COVID 19 was no longer an important factor affecting airline travel. By 2023, domestic airline travel at many U.S. airports had approached or exceeded pre-pandemic levels.

Questions also remain about whether some determinants of travel demand may not fully return to those existing pre-pandemic. Some observers expect that there will be permanent reductions in some business travel for in-person meetings as a result of the widespread adoption of videoconferencing. Many companies have reduced travel by their employees and thereby achieved cost savings that may become a permanent feature of their financial operations. Offsetting that effect, there may be an increase in travel by workers who relocated during the pandemic and work remotely, and who will need to regularly visit a central office location. Remote working and travel for a combination of business and leisure purposes have also changed travel demand patterns.

Climate Change Concerns

There is now widespread acknowledgement of the urgent need for the nations of the world to transition from fossil fuels to cleaner energy sources that will allow the worst effects of global warming and climate change to be avoided.

Much like the way that the pandemic appears to have changed some airline travel behavior and demand patterns, concerns about the contribution of airline travel to the emission of carbon dioxide and other greenhouse gases into the atmosphere may influence future airline travel demand. For example, there may be increased societal pressures to avoid or reduce travel perceived as wasteful, particularly long-haul international travel; to favor or require the use of lower-emission travel modes, such as train over airplane for short trips; and for corporations to limit employee travel to achieve environmental, social, and governance objectives.

Pre-pandemic, the aviation industry accounted for approximately 10% of anthropogenic greenhouse gas emissions from the U.S. transportation sector and 3% of total U.S. emissions. Alternatives to petroleum-derived jet fuel are unlikely to be economically available at large scale for the foreseeable future, so aviation's share of emissions will likely increase and attract more scrutiny. Consequently, it will be imperative for the industry to achieve efficiencies if growth in airline travel is to be sustained.

Achieving those efficiencies and mitigating emissions will require financial investments and changes to the operating economics of the aviation industry. Changes will likely include the early retirement and replacement of inefficient aircraft; the payment of carbon taxes and other regulatory charges designed to penalize or offset emissions; and the development of technologies and incentives to increase the supply and reduce the cost of sustainable aviation fuels derived from biomass and other renewable sources. In the longer term, investments will be required to develop new aircraft propulsion technologies using fuels such as hydrogen or electric power generated from renewable sources.

Increased direct governmental regulation of greenhouse gas emissions from aircraft is also possible. In 2020, the U.S. Environmental Protection Agency adopted emission standards that apply to new commercial aircraft and align with standards adopted by the International Civil Aviation Organization. More stringent emission standards may apply in the future.

Inevitably, some of the costs required to reduce greenhouse gas emissions and combat climate change will be passed on to passengers in the form of higher fares or surcharges, and thereby may inhibit airline travel demand.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transportation System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. Since 2007, airline traffic delays nationwide have decreased because of reduced numbers of aircraft operations (down approximately 9% between 2007 and 2023) but, as airline travel increases in the future, flight delays and restrictions can be expected.

Recent shortages of qualified air traffic controllers have also reduced airspace capacity in some regions. The fatal collision of a commercial passenger aircraft and a military helicopter in Washington, DC in January 2025 will likely increase scrutiny of air traffic controller staffing levels nationwide. The ability of the FAA to maintain and increase the capacity of the national air traffic control system will depend in part on its ability to hire, train, and retain adequate numbers of skilled controllers. From November 7, 2025 to November 16, 2025, the FAA issued mandatory flight reductions of 3%-6% at 40 U.S. airports, including SFO, amid staffing shortages due to a federal government shutdown.*

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control and national airport systems, future growth in airline traffic at the Airport will depend on the capacity of the Airport itself. The projections presented later in this section were based on the assumption that neither available airfield capacity nor demand management initiatives will constrain traffic growth at the Airport during the projection period. Furthermore, it was assumed that the projected increases in enplaned passengers can be accommodated by existing terminal capacity in conjunction with the completion of the CIP planned through the end of the projection period.

AIRLINE TRAFFIC PROJECTIONS

The projection of enplaned passengers at the Airport through FY 2032 was developed taking into account travel demand to and from the Bay Area, economic projections, trends in historical enplaned

* USA Today. FAA ends shutdown-era flight limits as controller staffing rebounds. November 17, 2025. <https://www.usatoday.com/story/travel/airline-news/2025/11/16/flight-cancellations-delays-air-traffic-control/87305736007/>

passengers, and other key factors likely to affect future passenger levels, all discussed in earlier sections.

Underlying Assumptions

In developing the passenger projections for this Report, it was assumed that, over the long term, airline traffic at the Airport will increase as a function of growth in the economy of the San Francisco CSA and continued airline competition. It was assumed that airline service at SFO will not be constrained by the availability of aviation fuel, the capacity of the air traffic control system or the Airport, charges for the use of aviation facilities, or government policies or actions that restrict growth. As noted in “Capacity of the Airport”, it was assumed that the projected increases in enplaned passengers could be accommodated by existing terminal capacity in conjunction with the completion of the CIP planned through the end of the projection period.

From FY 2026 through FY 2032, passenger numbers at the Airport are projected to increase gradually based on the following assumptions:

- The economy of the Bay Area, in terms of nonagricultural employment and personal income, will increase at a rate comparable to or greater than that of the State and nation as a whole, although uncertainty related to geopolitical events and the global economy may moderate short-term economic growth.
- The U.S. economy will experience sustained GDP growth averaging approximately 2.0% per year in 2025 and thereafter.
- Airline seating capacity is expected to be constrained in the short- to medium-term due to delays in the delivery and certification of new aircraft related to manufacturer issues and the grounding of aircraft powered with GTF engines.
- Passenger traffic growth to the Asia-Pacific region is expected to continue to lag overall international passenger traffic growth, reflecting the delayed reopening of country borders in Asia starting subsequent to the COVID-19 pandemic, and a slower than expected recovery in China’s economy and scheduled seat capacity to/from China and the United States.
- Aviation fuel prices will remain roughly at levels experienced in Summer 2025 (averaging \$70 per barrel) but remain higher than pre-pandemic levels (\$57 per barrel in 2019) amid uncertainty about the war in Ukraine, the conflict in the Middle East, and its impact on global oil prices.* From FY 2026 through FY 2032, aviation fuel prices will increase at moderate rates but remain below the record prices of approximately \$134 per barrel reached in June 2008, reflecting reduced consumption levels, technological advances, and the availability of previously unexplored resources.
- Annualized inflation, as measured by changes in the Consumer Price Index, is expected to continue to moderate in 2025, following a high of 9.1% in June 2022 to 2.7% in July 2025,

*In its August 12, 2025, *Short-Term Energy Outlook*, the U.S. Energy Information Administration projected crude oil prices, in terms of the Brent crude oil spot price, to average \$67 per barrel in 2025 and \$51 per barrel in 2026, down from \$101 per barrel in 2022.

and stay in the 2.0% to 2.5% range for the rest of calendar year 2025, approaching the Federal Reserve's long-run annual inflation goal of 2.0%. From FY 2026 through FY 2032, inflation will return to pre-pandemic levels, averaging 2.2% to 2.5% per year.*

- United will continue to use the Airport as its primary West Coast connecting hub and international gateway. United will gradually increase the number of destinations served and the frequency of flights from the Airport. Other airlines will continue to provide competitive nonstop service to and from large travel markets from the Airport.
- Any airline consolidation that may occur during the projection period will not have a material impact on the level of passenger activity at the Airport.
- Neither Oakland nor Mineta San Jose international airports will attract sufficient domestic feeder traffic to support international gateway operations on more than a very limited scale, and international airline travel demand to and from the Bay Area will continue primarily through the Airport.
- Competition among the airlines serving the Airport will ensure the continued availability of competitive airfares, and SFO will continue to be served by a broad array of U.S. and foreign-flag airlines, with no significant increase in airline concentration.
- There will be no major disruption of airline service or airline travel behavior as a result of airline bankruptcies or liquidations, international hostilities, terrorist acts or threats, or public health crises.
- The high-speed rail system currently under construction in central California will not impact aviation activity at the Airport.

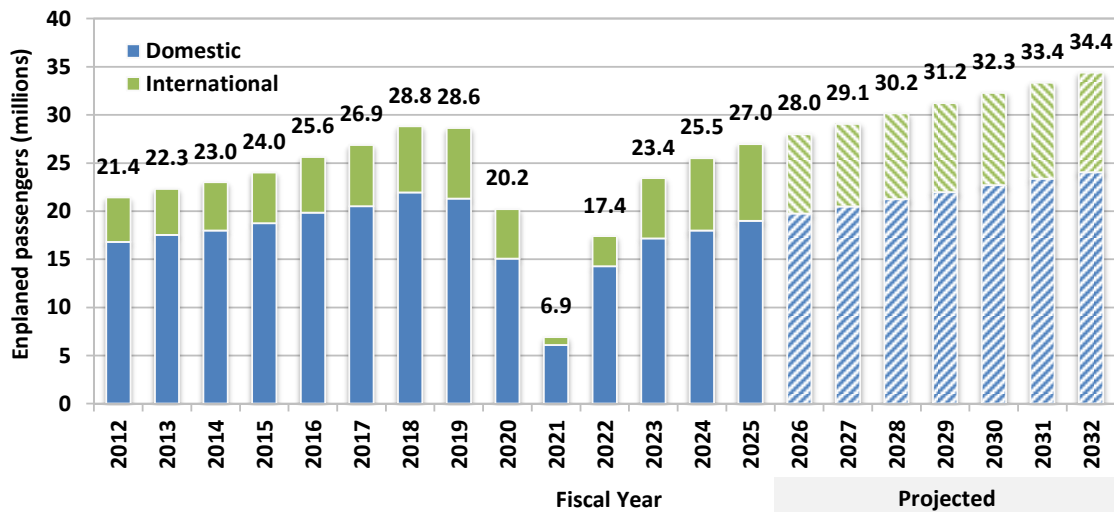
Enplaned Passengers

Between FY 2024 and FY 2025, the numbers of passengers enplaned at the Airport increased 5.7% to 27.0 million (from 25.5 million in FY 2024), reflecting continuing recovery from the impact of the pandemic. Continued growth of approximately 4% per year is expected to continue in FY 2026 through FY 2029, before moderating during the remaining years of the projection period. Growth is expected to average 3.5% per year between FY 2025 and FY 2032, reaching 34.4 million enplaned passengers in FY 2032, as traffic continues to recover from the COVID-19 pandemic in the early years of this period and revert closer to the long-term underlying growth trend in the later years, as shown on Figure 22 and in Table 20.

Between FY 2019 and FY 2032, SFO's passenger traffic is projected to increase an average 1.4% per year – from 23.4 million enplaned passengers in FY 2019 to 34.4 million passengers in FY 2032 – as traffic returns to long-term growth rates. In its most recent *Terminal Area Forecast* for the Airport (published online in January 2025), the FAA forecasts SFO's enplaned passengers to increase an average of 3.6% per year between FY 2025 and FY 2032.

* Congressional Budget Office, Budget and Economic Outlook, January 2025.

Figure 22
Historical and Projected Enplaned Passengers
 San Francisco International Airport



Notes: For Fiscal Years ending June 30.

This projection was prepared based on the information and assumptions given in the text. The achievement of any projection is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the projection and the variance could be material.

Sources: Historical—San Francisco Airport Commission records.
 Projection—LeighFisher, August 2025.

Between FY 2025 and FY 2032, domestic passengers are projected to increase an average of 3.4% per year, compared with an average increase of 3.8% per year in international passengers. The projections of domestic passengers reflect the socioeconomic forecasts for the Bay Area and airline plans for domestic service at the Airport presented earlier. The international passenger projections at SFO are driven by the continued development of airline service to markets in Asia, Australia/Oceania, Europe, and the Middle East.

As shown in Table 20, O&D passengers at SFO are projected to increase an average of 3.5% per year between FY 2025 and FY 2032. The base of connecting passengers reflects the ongoing role of the Airport as a primary connecting hub and international gateway in United's system. As shown in Table 20, the percent of connecting passengers at the Airport is projected to be approximately 18.5% each year through FY 2032.

Landed Weight

From FY 2024 through FY 2031, aircraft landed weight at the Airport is projected to increase an average of 4.1% per year to 48.4 million 1,000-pound units in FY 2031, as shown in Table 20. The projected rate of growth in landed weight is slightly higher than that for enplaned passengers, reflecting the lagged recovery of international service operated with widebody aircraft with higher than average landed weights.

In recent years, the aircraft fleet mix at the Airport has changed, reflecting the cessation of United's service with 30-seat turbo prop aircraft and replacement with larger capacity regional jets, thereby increasing the overall aircraft size and reducing the number of landings and the potential for Airport congestion.

SENSITIVITY ANALYSIS PROJECTION

The recovery from the pandemic has been prolonged and uncertainties remain about the number of passengers that will enplane at the Airport in the future. To test the sensitivity of the financial forecasts to hypothetical levels of passenger activity, a sensitivity analysis projection was developed in addition to the base case projection. The sensitivity analysis projection is presented in Table 21 and should not be considered as a forecast of expected future results. For the purposes of this hypothetical scenario, it was assumed that the recovery of domestic passenger traffic is slower than expected which contributes to overall slower growth in enplaned passengers at the Airport.

Under the sensitivity case, total enplanements are projected to increase at a cumulative average growth rate of 2.7% between FY 2025 and FY 2032, compared to 3.5% under the base case (with international traffic increasing 3.0% annually over the same period under the sensitivity case, compared to 3.8% annually under the base case).

Table 20
Airline Traffic Projections
San Francisco International Airport

	Historical			Base Case Forecast							CAGR
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Enplaned passengers by sector (thousands)											
Domestic	17,177	17,984	18,990	19,744	20,497	21,247	21,973	22,689	23,379	24,050	3.4%
Percent change	20.2%	4.7%	5.6%	4.0%	3.8%	3.7%	3.4%	3.3%	3.0%	2.9%	
International											
Asia	1,866	2,884	3,178	3,306	3,438	3,574	3,713	3,856	4,002	4,152	3.9%
Europe	1,940	2,035	2,101	2,185	2,269	2,353	2,436	2,518	2,600	2,680	3.5%
Canada	875	941	987	982	997	1,012	1,027	1,041	1,055	1,068	1.1%
All other regions	1,561	1,672	1,709	1,778	1,868	1,968	2,077	2,193	2,316	2,446	5.3%
International total	6,243	7,532	7,976	8,251	8,572	8,906	9,253	9,608	9,973	10,346	3.8%
Percent change	101.0%	20.7%	5.9%	3.5%	3.9%	3.9%	3.9%	3.8%	3.8%	3.7%	
Airport total	23,420	25,516	26,966	27,995	29,069	30,153	31,225	32,298	33,352	34,396	3.5%
Percent change	34.6%	8.9%	5.7%	3.8%	3.8%	3.7%	3.6%	3.4%	3.3%	3.1%	
Percent of total											
Domestic	73.3%	70.5%	70.4%	70.5%	70.5%	70.5%	70.4%	70.3%	70.1%	69.9%	
International	26.7%	29.5%	29.6%	29.5%	29.5%	29.5%	29.6%	29.7%	29.9%	30.1%	
Origin-destination and connecting passengers (thousands)											
Origin-destination	19,155	20,791	21,973	22,812	23,687	24,570	25,443	26,316	27,173	28,022	3.5%
Connecting	4,264	4,724	4,993	5,183	5,382	5,583	5,782	5,982	6,178	6,373	3.5%
Airport total	23,420	25,516	26,966	27,995	29,069	30,153	31,225	32,298	33,352	34,396	3.5%
Percent of total											
Origin-destination	81.8%	81.5%	81.5%	81.5%	81.5%	81.5%	81.5%	81.5%	81.5%	81.5%	
Connecting	18.2%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	
Commercial airline landed weight (millions of pounds)											
Passenger airlines											
Domestic	20,079	20,541	21,842	23,287	24,204	25,118	26,005	26,881	27,724	28,546	4.4%
International	11,163	13,673	14,292	14,936	15,484	16,049	16,628	17,219	17,819	18,429	3.9%
Passenger airlines total	31,242	34,215	36,134	38,223	39,688	41,167	42,633	44,100	45,543	46,975	4.2%
Cargo airlines	1,108	1,170	1,163	1,196	1,239	1,282	1,326	1,370	1,416	1,464	2.8%
Airport total	32,350	35,385	37,297	39,419	40,927	42,449	43,959	45,470	46,959	48,438	4.1%
Percent change	22.1%	9.4%	5.4%	5.7%	3.8%	3.7%	3.6%	3.4%	3.3%	3.1%	

Note: For Fiscal Years ending June 30. CAGR = Compound annual growth rate

The projections presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the projected and actual results, and those differences may be material.

(a) Includes charter passengers.

Sources: Historical--San Francisco Airport Commission records and U.S. Department of Transportation, Origin-Destination Survey of Airline Passenger Traffic, Domestic, online database, accessed August 2025. Forecast--LeighFisher, August 2025.

Table 21
Airline Traffic Projections – Sensitivity Case
San Francisco International Airport

	Historical			Sensitivity Analysis Projection							CAGR
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2025-32
SENSITIVITY ANALYSIS PROJECTION											
Enplaned passengers											
Domestic	17,177	17,984	18,990	18,560	19,267	19,972	20,654	21,328	21,976	22,607	2.5%
International	6,243	7,532	7,976	7,839	8,143	8,461	8,790	9,128	9,474	9,828	3.0%
Total	23,420	25,516	26,966	26,398	27,410	28,433	29,444	30,456	31,450	32,436	2.7%
<i>Annual percent increase (decrease)</i>	34.6%	8.9%	5.7%	-2.1%	3.8%	3.7%	3.6%	3.4%	3.3%	3.1%	
Sensitivity analysis projection as a percent of base forecast			100%	94%	94%	94%	94%	94%	94%	94%	
Landed weight (1,000-pound units)											
Passenger airlines											
Domestic	20,079	20,541	21,842	21,890	22,752	23,611	24,444	25,268	26,061	26,833	3.0%
International	11,163	13,673	14,292	13,641	14,141	14,657	15,187	15,726	16,274	16,831	2.4%
Total	31,242	34,215	36,134	35,531	36,894	38,268	39,631	40,994	42,335	43,664	2.7%
Cargo airlines	1,108	1,170	1,163	1,234	1,277	1,321	1,365	1,409	1,456	1,506	3.8%
Airport total	32,350	35,385	37,297	36,765	38,171	39,589	40,996	42,403	43,791	45,170	2.8%
<i>Annual percent increase (decrease)</i>	22.1%	9.4%	5.4%	-1.4%	3.8%	3.7%	3.6%	3.4%	3.3%	3.1%	
Sensitivity analysis projection as a percent of base forecast			100%	93%	93%	93%	93%	93%	93%	93%	

Note: For Fiscal Years ending June 30. CAGR = Compound annual growth rate

The projections presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the projected and actual results, and those differences may be material.

Sources: Historical--San Francisco Airport Commission records.

Forecast--LeighFisher, August 2025.

AIRPORT CAPITAL IMPROVEMENT PLAN AND FUNDING

SUMMARY OF THE CAPITAL IMPROVEMENT PLAN

Airport Commission staff regularly develops and updates a plan for the redevelopment, improvement, and expansion of Airport facilities, which is approved by the Airport Commission. The plan is submitted to the Airport Commission, and evaluated and approved based on anticipated facility needs, current and expected future airline traffic, available funding sources, airline feedback, and project priority. The Commission-approved plan is included in the City's two-fiscal-year capital budget, which is approved by the City's Board of Supervisors.

On August 19, 2025, the Airport Commission approved an updated CIP totaling \$12.45 billion of capital spending through FY 2035. This total incorporates \$3.66 billion that has been previously funded as of that date and \$849 million expected to be funded with proceeds of the 2025DE Bonds. The previously funded amount of \$3.66 billion excludes \$437 million of currently outstanding commercial paper balances which will be repaid with proceeds of the 2025DE Bonds. Additional CIP spending is expected to total approximately \$7.94 billion between FY 2026 and FY 2035.

The CIP reflects the combination of two distinct categories of projects:

- ***“Ascent Program – Phase 1.5”***, which represents \$8.04 billion of capital spending through FY 2035. The Ascent Program – Phase 1.5 encompasses projects that address existing infrastructure at the Airport, as well as anticipated passenger and airline growth-related needs of the Airport. This part of the overall CIP is managed as a unified program with a specified budget. The projects and total cost estimate for this part of the CIP are unchanged since the Airport Commission's previously approved CIP.
- ***“Infrastructure Projects Plan”***, which represents \$4.42 billion of spending on support systems, miscellaneous airfield improvements, terminal improvements, energy and efficiency improvements, and equipment projects, through FY 2035. This part of the CIP is a “rolling program”, reflecting some projects being completed and removed, and new projects being added.

Table 22 reflects the Commission's updated CIP. After the planned issuance of the 2025DE Bonds, the Airport Commission is planning CIP spending of \$7.94 billion from FY 2026 to FY 2035, including \$4.34 billion of Ascent Program – Phase 1.5 project spending and \$3.60 billion of Infrastructure Projects Plan spending.

The planned spending of \$7.94 billion includes \$895.9 million of untapped program reserves. The Ascent Program – Phase 1.5 Reserve is \$494.3 million, and the Infrastructure Projects Plan Reserve is \$401.6 million. These program reserves are in addition to individual project construction and development contingencies and reserves. All remaining untapped program reserves are assumed to be fully drawn down, funded with Future Bonds, and applied to project costs for purposes of the financial projections shown in this Report.

Table 22
Summary of the Capital Improvement Plan

(\$ millions)	Prior Funding (a)	2025DE Bonds (b)			Future Funding (FY 2026-35)					Program Total
		CP Paydown	New Money	Total	Future Bonds	Grant Funding	Other Funding	ORCIF Funding	FY 2026-35 Total	
	[A]	[B]	[C]	[D=B+C]	[E]	[F]	[G]	[H]	[I=E+F+G+H]	[J=A+D+I]
Ascent Phase 1.5										
Project costs	\$ 3,077.6	\$ 301.6	\$ 316.5	\$ 618.1	\$ 3,845.5	\$ -	\$ -	\$ -	\$ 3,845.5	\$ 7,541.1
Ascent Phase 1.5 reserve	-	-	-	-	494.3	-	-	-	494.3	494.3
Subtotal - Ascent Phase 1.5	\$ 3,077.6	\$ 301.6	\$ 316.5	\$ 618.1	\$ 4,339.8	\$ -	\$ -	\$ -	\$ 4,339.8	\$ 8,035.4
Infrastructure CIP										
Project costs	\$ 581.8	\$ 135.4	\$ 95.5	\$ 230.9	\$ 2,539.7	\$ 322.3	\$ 241.0	\$ 100.0	\$ 3,202.9	\$ 4,015.7
Infrastructure Reserve	-	-	-	-	401.6	-	-	-	401.6	401.6
Subtotal - Infrastructure CIP	\$ 581.8	\$ 135.4	\$ 95.5	\$ 230.9	\$ 2,941.2	\$ 322.3	\$ 241.0	\$ 100.0	\$ 3,604.5	\$ 4,417.2
CIP total	\$ 3,659.4	\$ 437.0	\$ 412.0	\$ 849.0	\$ 7,281.0	\$ 322.3	\$ 241.0	\$ 100.0	\$ 7,944.3	\$ 12,452.7

(a) Approximate funding amounts already secured, including proceeds of previously issued Bonds and other funding sources.

(b) Including 2025DE Bonds net proceeds expected to be used to (1) pay down approximately \$437 million of currently outstanding commercial paper, and (2) pay approximately \$412 million of CIP project costs.

Note: Total spending of \$12.45 billion reflects the CIP for the Airport as approved by the Airport Commission on August 19, 2025. The financial projections documented later in this Report assume that all of the Future Bonds for the CIP are issued between FY 2026 and FY 2029, and therefore the projections shown for FY 2032 reflect substantially all of the impact of the CIP on annual revenues and expenses.

Airport Commission management continues to undertake the process of reevaluating and revising the CIP for the Airport. The scope, phasing, and timing of implementation of projects in the updated CIP are subject to further modification depending on aviation activity trends, Airport operational factors, capital cost escalation, and financial market conditions, among other factors. Actual project schedules and costs may be different from what is assumed in this Report.

Before implementing a capital project, Airport Commission management is required to:

- Obtain approvals from the Airport Commission
- Obtain, for certain projects, a finding of fiscal feasibility by the City Board of Supervisors (certain actions of which are subject to approval or veto by the Mayor of San Francisco)
- Obtain applicable environmental approvals, which may include actions by the Airport Commission, the City Board of Supervisors, or both, and
- Conduct a consultation with the airlines signatory to the Airline Agreements when required by the terms of those agreements (see further discussion in the next section of the Report)

Proceeds of the 2025DE Bonds are assumed to be used to directly fund costs and repay currently outstanding commercial paper balances related to certain project costs associated with construction spending on projects that either do not require environmental review or have already undergone all necessary environmental review and received Commission approval to proceed. Where applicable, the Commission has also presented these projects to the airlines for formal MII review in accordance with

the lease and use agreements with the airlines. (See the next section of the Report for a detailed discussion of the Airline Agreements.)

For purposes of this Report, it was assumed that all approvals necessary for the implementation of the projects in the CIP would be obtained by the Commission in accordance with the project implementation schedules reflected in Exhibit A-1.

The projection period described in this Report extends through FY 2032. This Report assumes that all of the Bonds needed to complete the CIP are issued through FY 2029. All of the projected impact of the CIP is reflected in the revenue, debt service, and operation and maintenance expense projections shown for FY 2032.

In 2016 the Commission completed a recommended Airport Development Plan (ADP), which is currently undergoing environmental review. The recommended ADP contains a series of projects that would accommodate forecast growth of operations matching the ultimate airfield and airspace capacity of the existing runway complex that serve as a roadmap to guide long-term facilities development of the Airport, support the Airport's overarching strategic objectives and promote a high level of passenger service. There would be no runway changes or added capacity constructed as a result of the recommended ADP. Rather, the recommended ADP identifies potential projects that would accommodate forecast demand for landside facilities, including additional contact gates (instead of remote hard stand positions), expansion of common use systems at the terminals, automated people mover systems, and Airport and airline support facilities for efficient growth and handling of forecast passengers and aircraft operations.

The recommended ADP, as modified during environmental review, is expected to result in the identification of a range of potential additional capital projects, one or more of which may be designated as the "Ascent Program – Phase 2" (or similar title) and added to future versions of the Commission's capital improvement plan, if and when the Airport Commission deems that they are warranted to address traffic growth and other factors. The recommended ADP is not included in the Ascent Program – Phase 1.5 or the Infrastructure Projects Plan as described herein, nor is it reflected in the financial projections included in this Report.

PROJECTS IN THE CAPITAL IMPROVEMENT PLAN

Ascent Program – Phase 1.5

The major projects in the Ascent Program – Phase 1.5 portion of the CIP are summarized as follows, and include amounts that have already been funded and spent:

- **Terminal Projects:** The largest terminal project spending in the CIP is for the modernization of Terminal 3 West (\$2.69 billion) and the renovation of Terminal 1 Center (\$1.67 billion). The reconfiguration and renovation of the western side of Terminal 3 is intended to increase gate flexibility (i.e., allowing the same gate to be used by both international and domestic arrivals, as well as different aircraft types), improve seismic stability, upgrade building and baggage handling systems, improve passenger flow, add a sterile connector to the ITC, and enhance passenger amenities. The Terminal 1 Center renovations include the construction of a new architectural building envelope, complete electrical, HVAC, special systems replacement, new check-in facilities and passenger screening checkpoint, a new baggage handling system, and construction

of a post-security passenger connector and sterile connector from Terminal 1 to the ITC with enhanced passenger amenities. Other major terminal spending in the CIP includes construction of the Courtyard 3 Connector, which provides a post-security passenger connector between Terminal 2 and Terminal 3 in conjunction with a multi-story office block for Commission and tenant use (\$414 million); and the International Terminal refresh project to upgrade and improve the operational efficiency within the arrivals level of the terminal (\$296 million).

- **Airport Support:** Major airport support projects include: Cargo and Hangar Improvements in the West Field area including the development of Cargo Building 626 - Phase 1 and Cargo Building 720, and the development of a ground support equipment facility (\$747 million), the second phase of the Consolidated Administration Campus (\$447 million), Support Facility Improvements (\$186 million), and Wayfinding projects (\$144 million).
- **Utilities:** Major utilities-related projects include: the Energy Management Control System (\$43 million) and the Electrical Capacity Upgrade (\$35 million).
- **Groundside:** Ground transportation and parking improvements (\$287 million).

In addition, the Ascent Program – Phase 1.5 spending total through FY 2035 includes an untapped program reserve of \$494 million which, for purposes of the financial analysis described in the Report, is assumed to be fully Bond funded, drawn down, and applied to project costs.

Infrastructure Projects Plan

The Infrastructure Projects Plan component of the CIP consists of projects that are critical for meeting current safety and operational needs of the Airport and focuses on addressing state of good repair and infrastructure. Major projects in this category include, among others:

- Taxiway improvements (\$305 million)
- Runway improvements (\$466 million)
- Power and lighting improvements (\$682 million)
- International terminal improvements (\$361 million)
- Wastewater system improvements (\$153 million)
- Water system improvements (\$331 million)
- Superbay Renovation projects (\$143 million)
- Technology improvements (\$153 million)
- South San Francisco land acquisition (\$100 million)
- Energy and efficiency improvements (\$95 million), and
- Airport shoreline protection projects preliminary work (\$131 million)

In addition, the Infrastructure Projects Plan program spending total through FY 2035 includes an untapped program reserve of \$402 million which, for purposes of the financial analysis described in this Report, is assumed to be fully Bond funded, drawn down, and applied to project costs.

SUMMARY OF CAPITAL IMPROVEMENT PLAN FUNDING

Several funding sources are expected to be available to finance the improvements in the CIP, including the following sources, as summarized in Table 23 and shown in more detail in Exhibit A-2.

Table 23
Summary of the Capital Improvement Plan Funding

(\$ millions)	Prior Funding	2025DE Bonds (a)	Future Funding Profile						FY 2031-35	Future Total	Program total
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Subtotal FY 2026-30			
Ascent Phase 1.5											
Bonds											
Project costs	\$ 3,040.9	\$ 618.1	\$ 575.0	\$ 1,384.7	\$ 640.7	\$ 484.5	\$ 61.7	\$ 3,146.7	\$ 698.8	\$ 3,845.5	\$ 7,504.5
Reserve	-	-	98.9	98.9	98.9	98.9	98.9	494.3	-	494.3	494.3
	3,040.9	618.1	673.9	1,483.6	739.5	583.4	160.6	3,641.0	698.8	4,339.8	7,998.8
Grants	36.6	-	-	-	-	-	-	-	-	-	36.6
	\$ 3,077.6	\$ 618.1	\$ 673.9	\$ 1,483.6	\$ 739.5	\$ 583.4	\$ 160.6	\$ 3,641.0	\$ 698.8	\$ 4,339.8	\$ 8,035.4
Infrastructure CIP											
Bonds											
Project costs	\$ 432.5	\$ 230.9	\$ 732.4	\$ 656.1	\$ 488.7	\$ 306.5	\$ 187.8	\$ 2,371.4	\$ 168.3	\$ 2,539.7	\$ 3,203.1
Reserve	-	-	40.2	40.2	40.2	40.2	40.2	200.8	200.8	401.6	401.6
	432.5	230.9	772.5	696.2	528.8	346.6	227.9	2,572.2	369.1	2,941.2	3,604.6
Grants	149.3	-	108.9	121.6	53.4	34.7	3.6	322.3	-	322.3	471.6
PUC	-	-	13.5	11.5	20.0	17.0	30.0	92.0	149.0	241.0	241.0
ORCIF	-	-	100.0	-	-	-	-	100.0	-	100.0	100.0
	\$ 581.8	\$ 230.9	\$ 995.0	\$ 829.3	\$ 602.2	\$ 398.4	\$ 261.5	\$ 3,086.4	\$ 518.1	\$ 3,604.5	\$ 4,417.2
CIP total	\$ 3,659.4	\$ 849.0	\$ 1,668.9	\$ 2,313.0	\$ 1,341.7	\$ 981.7	\$ 422.1	\$ 6,727.5	\$ 1,216.8	\$ 7,944.3	\$ 12,452.7

(a) Including Commercial Paper balances paydown.

Grants

For purposes of this Report, the financial analysis assumes that grants totaling \$508.2 million would be available to fund the CIP (including \$185.9 million of grants for project costs previously funded).

Grants available to the Commission primarily consist of federal Airport Improvement Program (AIP) grants, including AIP entitlement, AIP discretionary, and Bipartisan Infrastructure Law (BIL) grants; State of California grants; and TSA grants. AIP entitlement grants are determined on a formula based on passenger and cargo numbers, while discretionary grants are determined by the FAA based on the nature of the specific project in comparison with projects at other airports in the FAA region. The Commission intends to apply the majority of its AIP discretionary and entitlement grants to airfield related projects.

When determining the distribution of discretionary grants, the FAA may consider, as a militating factor, whether the Airport Commission uses its revenues for purposes other than its capital or operating costs when those revenues exceed the amount used by the Commission for such costs in the base year ending June 30, 1995, as adjusted for inflation. The Commission's Annual Service Payment to the City's General Fund, in part for indirect services, management, and facilities provided by the City to the Commission (as further discussed later in the Report), is considered to be a non-capital, non-operating cost for this purpose. For more than ten fiscal years through FY 2020 (and the onset of the COVID-19 pandemic), the Annual Service Payment exceeded the inflation-adjusted base year payment. The Annual Service Payment once again exceeded the base year payment starting in FY 2022. Growing levels of Annual Service Payments are a direct result of the Airport Commission's success in increasing concession revenues at the Airport over the past decade.

In recent years, AIP discretionary grants requested by the Airport Commission have been reduced by the FAA because of the growing Annual Service Payments being made to the City's General Fund. For example, the FAA militated \$5.6 million in discretionary grants in the federal fiscal year ended September 30, 2024, and the Commission received \$30.0 million in FAA discretionary grants. There may

be similar reductions in AIP discretionary grants in the future for the same reason. The Annual Service Payment is expected to significantly exceed the inflation adjusted base year amount in each year of the projection period, which serves as the cap for this purpose.

Any reductions in grant funding amounts below the total assumed for this analysis would instead necessitate the Airport Commission to issue additional Bonds to make up for the shortfall (and include the associated debt service in the airline rate base) or fund those shortfalls with PFCs on a pay-as-you-go basis, or with other available Airport Commission funds such as unrestricted cash balances. The Airport Commission could also elect to postpone certain projects if the anticipated grant funding was not available.

Under the federal Infrastructure Investment and Jobs Act enacted on November 15, 2021 (also known as “Bipartisan Infrastructure Law”, or BIL), the Commission was allocated federal grants totaling \$248.0 million for Airport capital purposes during the four federal fiscal years 2022 through 2025 and expects to receive additional grants in federal fiscal year 2026.

Bonds

This Report assumes remaining Bond funding for \$7.28 billion of CIP project costs expected to be incurred through FY 2035, subsequent to the issuance of the 2025DE Bonds. Proceeds of the Future Bonds are expected to be used to fund a number of projects in the CIP, or to repay future commercial paper issued to pay these costs*. Bond proceeds are by far the largest funding source for the CIP, equivalent to approximately 91% of the remaining CIP spending of \$7.94 billion (excluding amounts to be funded as part of the 2025DE Bond issue).

Passenger Facility Charges

The Airport Commission is currently authorized to impose a \$4.50 PFC at the Airport pursuant to approvals from the Federal Aviation Administration (FAA). The Airport Commission’s PFC collection and spending authorization as of the date of this Report totals \$2.32 billion at the \$4.50 level, and with an expiration date no later than December 1, 2030. In FY 2025, PFC revenues on a cash basis totaled \$110.6 million, not including restricted interest income.

The majority of the Commission’s PFC revenues have been and will continue to be applied to pay a portion of the debt service on outstanding Bonds. PFC revenues are not included in the definition of Revenues pursuant to the Indenture, unless specifically designated as such by the Airport Commission. In most years since 2002, the Commission has designated and applied a certain amount of PFC revenues as Revenues and used those amounts to pay debt service on Outstanding Bonds. (The Commission may elect to actually apply fewer PFCs as Revenues during a given fiscal year than it had earlier designated.) During FY 2021 through FY 2024, no PFCs were applied as Revenues; and \$80 million of PFCs were applied as Revenues in FY 2025. The Commission does not currently anticipate using PFCs to fund project costs on a pay-as-you-go basis.

* A portion of the Future Bond proceeds are also expected to be used to fund deposits to the Commission’s Contingency Account, capitalized interest, and debt service reserve.

The PFC revenues received by the Commission are subject to audit and final acceptance by the FAA and costs reimbursed with PFC revenues are subject to adjustment upon audit. As of June, 2025, a total of \$1.96 billion in PFC revenues (including restricted interest income) had been collected, including \$839.1 million of PFC revenues collected but not yet expended.

Exhibit B shows the projected collection of PFC revenues during the projection period, and the projected application of those PFC revenues. Annual PFC revenues are projected to increase from \$110.6 million in FY 2024 to \$128.3 million in FY 2032 (not including associated interest income). PFC revenues are projected to total \$133.0 million in FY 2032 including interest income. The Airport Commission plans to adjust the amount of PFC revenues included as Revenues to manage realized airline payments in each future year. For purposes of this Report it was assumed that \$235 million of PFCs would be included as Revenues in FY 2026, and \$200 million annually between FY 2026 and FY 2032; totaling \$1.43 billion over that period. The full PFC collection authorization is projected to be collected before the end of the projection period (during FY 2028 based on the projections described in this Report), assuming the base case passenger projection described earlier in the Report.

The Airport Commission is currently in the process of preparing a new PFC application to increase its total PFC collection authority. The new PFC application is expected to request PFC funding for the payment of debt service associated with the Terminal 1 and Terminal 3 redevelopment projects.

Other Funding Sources

Additional sources of funds available to the Airport Commission to finance capital improvements at the Airport include the Airport's unrestricted or available cash balances, including funds deposited to ORCIF (see discussion of the ORCIF in the next section of the Report). Unrestricted cash balances are those amounts that are primarily generated from the day-to-day operation of the Airport (i.e., operating cash flow, net of Bond debt service and reserve funding requirements). Third-party funding sources may also be used for certain types of projects in the CIP. The current CIP includes the planned use of \$241 million to be funded by the San Francisco Public Utilities Commission for Airport-related electrical projects, and \$100 million of ORCIF monies to pay for the costs of land acquisition.

OTHER POTENTIAL AIRPORT CAPITAL IMPROVEMENTS

As noted earlier, the Airport Commission expects to continue to develop and finance needed capital improvements at the Airport, including repair and rehabilitation of existing facilities, fortification of Airport facilities as needed to respond to the impact of climate change (including implementing a shoreline protection program to strengthen the seawalls that abut portions of the Airport property adjacent to San Francisco Bay), and development of new facilities to accommodate anticipated airline traffic demand at the Airport.

These projects would only be undertaken as needed, based on market demand for airfield facilities, terminal facilities, gates, and landside facilities; as well as for facility fortification purposes. Such projects are outside the current CIP and have not been reflected in the financial projections described in this Report.

FINANCIAL FRAMEWORK AND ANALYSIS

Our study was undertaken to evaluate the ability of the Airport Commission to generate sufficient Net Revenues to meet the requirements of the Indenture, taking into account Annual Debt Service on the currently Outstanding Bonds, the 2025DE Bonds, and Future Bonds. The projection period for this Report extends to FY 2032.

The financial data for FY 2024 and FY 2025 reflects the actual operating results of the Airport Commission; data for FY 2026 are projected based on the Airport Commission's annual budget reflecting adjustments for the most current estimates of annual debt service, certain adjustments to expenses, and revised enplaned passenger projections. Data for FY 2027 through FY 2032 were projected by taking into consideration historical operating results, the Commission's approved FY 2026 budget and preliminary FY 2027 budget, and the aviation activity projections under the base case described earlier, among other factors. Exhibit A through Exhibit I showing the projections for the base case are included at the back in this Report.

FRAMEWORK FOR FINANCIAL OPERATIONS

The Indenture*

Pursuant to the City Charter, the City (acting through the Airport Commission) is authorized to issue airport revenue bonds subject to approval by the Board of Supervisors of the City. Bonds issued by the Commission are not general indebtedness of the City, but are limited, special indebtedness of the Commission payable solely from revenues received by the Commission from its airport facilities. The Commission has no taxing power.

On October 15, 2024, the City adopted Resolution No. 24-0211, which authorized the execution and delivery of the Trust Indenture and a form of Series Indenture. The Trust Indenture sets forth the terms and conditions applicable to the Outstanding Bonds, the 2025DE Bonds and any Future Bonds (separate Series Indentures are to be executed and delivered in connection with each series of Future Bonds).

Rate Covenant: The Commission has covenanted in the Indenture that it shall establish and at all times maintain rentals, rates, fees, and charges for the use of the Airport, and for services rendered by the Commission in connection with the Airport, so that:

1. Net Revenues in each Fiscal Year will be at least sufficient (i) to make all required debt service payments and deposits in such Fiscal Year with respect to the Bonds, any Subordinate Bonds and any general obligation bonds issued by the City for the benefit of the Airport (there have been no such general obligation bonds outstanding for more than 30 years), and (ii) to make the Annual Service Payment to the City; and
2. Net Revenues, together with any Transfer from the Contingency Account to the Revenues Account, in each Fiscal Year will be at least equal to 125% of aggregate Annual Debt Service with respect to the Bonds for such Fiscal Year. For purposes of this provision of the Indenture,

* References in this Report to the Indenture, the Airline Agreements, and various leases and agreements entered into by the City and the Airport Commission are not intended to be comprehensive or definitive. Capitalized terms have the same meaning as defined in the Indenture, except as otherwise noted herein.

“Annual Debt Service” may, at the Commission’s option, be calculated based on required deposits to pay Annual Debt Service.

Net Revenues are defined in the Indenture as Revenues less Operation and Maintenance Expenses. Revenues are defined as substantially all revenues of the Commission associated with possession, management, supervision, operation, and control of the Airport as determined in accordance with generally accepted accounting principles (GAAP), with the exception Special Facility Revenues, grants-in-aid, and certain other excluded revenue categories including:

- Revenues derived from passenger facility charges (PFCs) unless designated as such by the Airport Commission
- Revenues from rental car Customer Facility Charges (CFCs) unless designated as such by the Airport Commission, and
- Federal Subsidy Payments unless designated as such by the Airport Commission

Operation and Maintenance Expenses are defined as substantially all expenses of operating the Airport as defined under GAAP, but exclude the Annual Service Payment to the City, depreciation, amortization, debt service on Bonds and commercial paper, expenses for which the Commission is paid or reimbursed from sources other than Revenues, and other miscellaneous costs.

The Transfer, for any given Fiscal Year, is the amount withdrawn from the Airport Commission’s Contingency Account and deposited into the Revenues Account on the last business day of the Fiscal Year (plus withdrawals for certain purposes from the Contingency Account during the Fiscal Year, net of deposits to the Account made from Revenues during the Fiscal Year).

Application of Revenues: The City Charter caused the creation of the Commission's Airport Revenue Fund. The Indenture established a Revenues Account and five other accounts within the Airport Revenue Fund. In addition to the accounts created within the Airport Revenue Fund, a Debt Service Fund and a Reserve Fund were also established for Bonds issued under the Indenture. The Airport Revenue Fund is held by the City Treasurer, while the Debt Service Fund and the Reserve Fund are held by the Trustee.

On the first business day of each month, moneys in the Revenues Account are applied in the following order to accounts within the Airport Revenue Fund:

- (a) Into the Operation and Maintenance Account, an amount equal to one-twelfth (1/12) of the estimated Operation and Maintenance Expenses for the then current Fiscal Year or such other amount as may be required to provide for the payment of Operation and Maintenance Expenses due (the O&M Account is not pledged and shall not be applied to Bond payments).
- (b) Into the Revenue Bond Account, the amount necessary:
 - (i) To make all payments and deposits required to be made during such month into the Debt Service Fund and the Reserve Fund and the accounts therein in the amounts and at the times required by the Indenture with respect to Bonds; and
 - (ii) To make all payments and deposits required to be made during such month into any funds and accounts created to pay or secure the payment of the principal or purchase

price of or interest or redemption premium on any Subordinate Bonds in the amounts and at the times required by the resolutions and other agreements authorizing the issuance and providing the terms and conditions thereof.

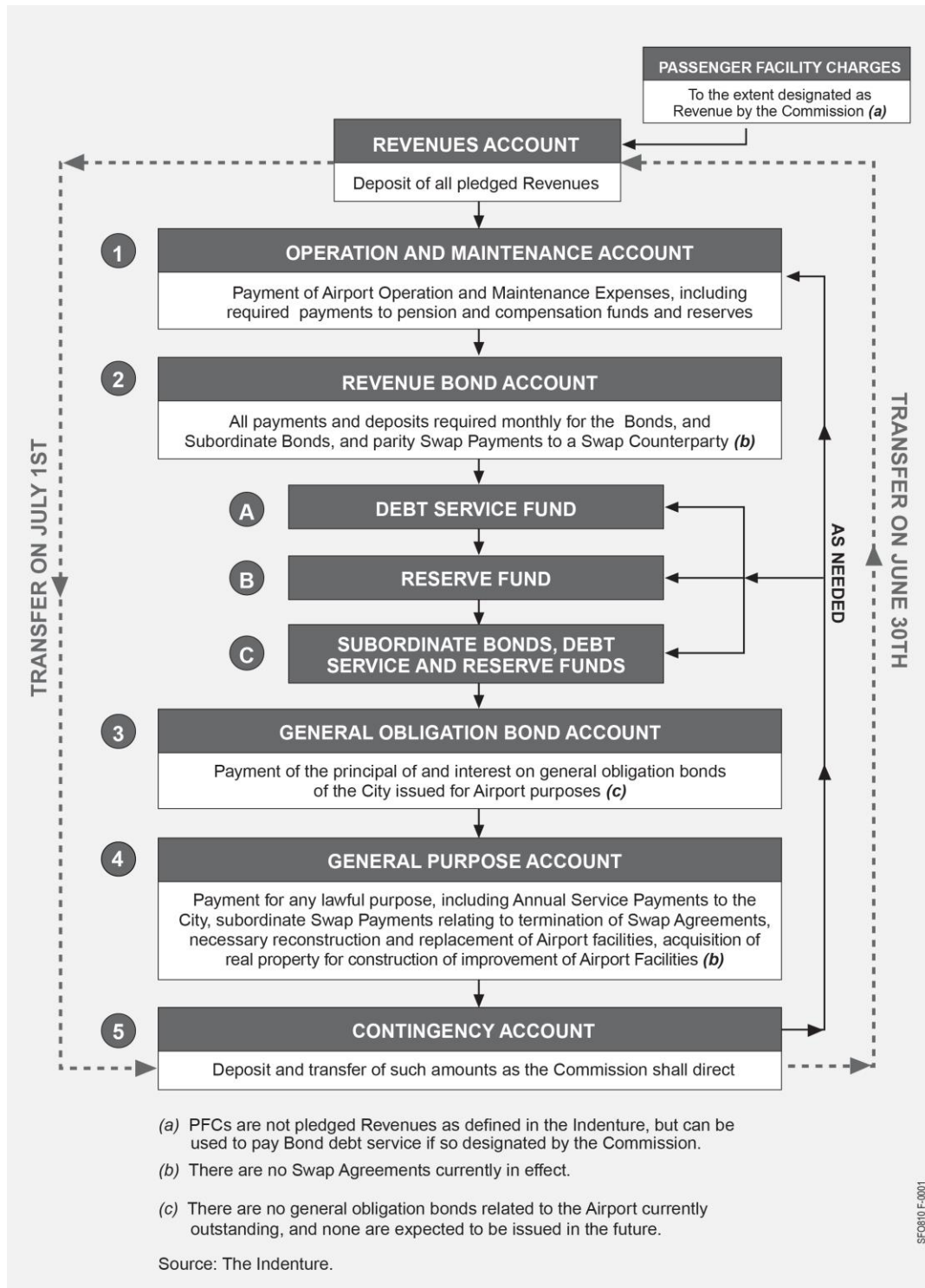
(c) Into the General Obligation Bond Account, amounts, if any, required with respect to general obligation bonds of the City issued for Airport purposes. (The City does not have General Obligation Bonds outstanding for Airport purposes, nor does it anticipate issuing General Obligation Bonds for Airport purposes in the future.)

(d) Into the General Purpose Account, an amount at least equal to the payments estimated to be made from the account during such month. Moneys in the General Purpose Account may be used for any lawful purpose of the Commission.

(e) Into the Contingency Account, such amounts, if any, as the Commission may determine from time to time. Contingency Account balances may be used to pay Operation and Maintenance Expenditures, to pay Bond debt service, and to fund Airport capital expenditures; but only when monies from other sources for such purposes are not available.

The application of Revenues in accordance with the Indenture is illustrated on Figure 23.

Figure 23
Application of Revenues



Additional Bonds: Whenever the Commission wishes to issue additional Bonds that are not refunding Bonds, the Commission is required by the Indenture to file with the Bond Trustee either:

- (a) A certificate of an Airport Consultant dated within 30 days prior to the date of delivery of the Bonds stating that:
 - (i) For the period, if any, from and including the first full Fiscal Year following the issuance of such Bonds through and including the last Fiscal Year during any part of which interest on such Bonds is expected to be paid from the proceeds thereof, projected Net Revenues, together with any Transfer, in each such Fiscal Year will be at least equal to 1.25 times Annual Debt Service; and
 - (ii) For the period from and including the first full Fiscal Year following the issuance of such Bonds during which no interest on such Bonds is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Bonds, or (B) the third full Fiscal Year during which no interest on such Bonds is expected to be paid from the proceeds thereof, projected Net Revenues, together with any Transfer, if applicable, in each such Fiscal Year will be at least sufficient to satisfy the rate covenants set forth in subsection (a) [the Rate Covenant section] of the Trust Indenture;

or

- (b) A certificate of an Independent Auditor stating that Net Revenues together with any Transfer, in the most recently completed Fiscal Year were at least equal to 125% of the sum of (i) Annual Debt Service on the Bonds in such Fiscal Year, plus (ii) Maximum Annual Debt Service on the Bonds proposed to be issued.

For the purpose of paragraphs (a) and (b) above, the amount of any Transfer shall not exceed 25% of Maximum Annual Debt Service in such Fiscal Year; and the “Additional Bonds Test” provision of the Indenture, “Annual Debt Service” and “Maximum Annual Debt Service” may, at the Commission’s option, be calculated based on required deposits to pay Annual Debt Service.

The Commission intends to meet the requirements of the Additional Bonds Test section of the Indenture prior to issuing the 2025DE Bonds (as well as the Future Bonds).

Subordinate Debt: The Indenture permits issuance of “. . . Subordinate Bonds with a pledge of, lien on, and security interest in Net Revenues which are junior and subordinate to those of the Bonds, whether then issued or thereafter to be issued.”

On May 20, 1997, the Commission adopted Resolution No. 97 0146 (the Subordinate Debt Resolution) authorizing the issuance of San Francisco International Airport Second Series Subordinate Revenue Bonds (the Subordinate Bonds). The Commission is authorized, pursuant to the Subordinate Debt Resolution as amended, to issue Subordinate Commercial Paper Notes in an amount not to exceed a total outstanding principal balance of \$600 million.

Letters of Credit Supporting the Commercial Paper Program: The Commission has obtained six Letters of Credit for a total of \$600 million in principal amount to support the Subordinate Commercial Paper program issued under the terms of the Subordinate Debt Resolution, which expire on various dates between May 2026 and June 2028. The Airport Commission expects to either renew these Letters of Credit when necessary or, if not renewed, obtain replacement Letters of Credit. The Commission currently has approximately \$437 million of Commercial Paper Notes outstanding and expects to repay all of this amount with proceeds of the 2025DE Bonds.

The Commission intends to continue to issue Commercial Paper Notes in the future to fund capital expenditures on a short-term basis. Those Notes would subsequently be refunded as part of Future Bond issuance.

Proposed and Future Bonds: The Airport Commission is assumed to issue approximately \$968 million in principal amount of 2025DE Bonds as part of this financing transaction, which would provide approximately \$412 million of net proceeds for directly funding certain CIP project costs and \$437 million of net proceeds for the repayment of all outstanding Commercial Paper Notes (with the balance to provide for reserve funding, capitalized interest, and issuance costs).

As described earlier, the Commission expects to issue Future Bonds to fund the remaining CIP costs expected to be expended through FY 2035. The financial analysis presented in this Report reflects the projected effect on the Commission's finances of the proposed 2025DE Bonds and the Future Bonds.

Additionally, the Commission may refund other currently outstanding Bonds during the projection period, depending on financial market conditions and the ability of the Commission to lower its debt service payments. The Commission may pursue refundings for debt service savings or for other reasons in compliance with the Commission's debt policy. The effect of such potential Bond refundings (including any other refunding Bonds that are issued as part of the current transaction) has not been included in the financial analysis.

The Annual Service Payment

The City Charter provides that a portion of the nonairline revenues generated at the Airport each Fiscal Year can be transferred into the General Fund of the City. This transfer, the Annual Service Payment, is computed under the Airline Agreements (described below) as the greater of: (a) 15% of "Concession Revenues" as defined in the new lease and use agreements, or (b) \$5 million. The lease and use agreements provide that the Annual Service Payment to the City constitutes full satisfaction of all obligations of the Airport and the Commission for any and all indirect services provided each year by the City to the Airport and the Commission. Direct services provided by the City to the Airport are paid for as received and are reflected in the financial statements of the Commission as an operating expense.

The document titled "Policies and Procedures Concerning the Use of Airport Revenue", adopted by the FAA in 1999, cites the Commission's Annual Service Payment to the City's General Fund as an example of a lawful revenue diversion that is "grandfathered", as such term is defined in that document. As described later, for purposes of the financial projections described in this Report, it was assumed that the Annual Service Payment will continue to be grandfathered and that the Commission will continue to make the Annual Service Payment.

Airline Lease and Use Agreements

The City (acting through the Airport Commission) has entered into Airline Agreements with certain airlines serving the Airport; such signatory airlines accounting for substantially all of the airline traffic at the Airport. The Airline Agreements became effective on July 1, 2023 (or after that date, depending on when individual airlines executed them), and expire on June 30, 2033. Under the Airline Agreements, the signatory airlines have agreed to pay terminal rentals and landing fees calculated under a residual airline rate-making methodology, whereby the signatory airlines agree to pay the amounts necessary to enable the Airport Commission to fully recover its net Airport-related costs as defined in the Airline Agreements.

The airline ratemaking methodology in the Airline Agreements reflects a fully residual system; providing that, among other things, the airlines are to pay landing fees and terminal rentals each year to allow the Commission to recover the difference between Commission expenses and Commission nonairline revenues (i.e., a residual airline rate-making methodology).

The Commission's expenses for any given Fiscal Year under the Airline Agreements include Operation and Maintenance Expenses, Equipment and Small Capital Outlays, debt service requirements, certain fund deposits (including ORCIF), the Annual Service Payment to the City, and any other amounts to ensure compliance with the Rate Covenant.

The Commission's nonairline revenues include, among other sources, concession revenues, parking revenues, rental car revenues, other ground transportation revenues, revenues from other sales and fees, fixed or cost-recovery rentals, revenues from the Grand Hyatt Hotel located on-Airport (the Grand Hyatt Hotel), interest income, and those PFC revenues designated as Revenues.

The Commission computes, in accordance with procedures set forth in the Airline Agreements, the landing fee rates and the terminal rental rates for the ensuing Fiscal Year using budgeted and estimated operating, maintenance, debt service expenses, and ORCIF contributions, allocated to the Airfield Area and Terminal Area cost centers, respectively.

Airport Cost Centers: The Commission allocates both costs and revenues to eight Airport Cost Centers to calculate the landing fee rate and terminal rental rates to be charged to the airlines in the ensuing Fiscal Year:

- **Access and Roadways Area Center**, which includes all roadways and parkways, walks, bridges and culverts on the Airport.
- **Administration Area Center**, which means the revenues and maintenance and operation expenses that are not directly chargeable to other cost centers, including but not limited to costs associated with the overall administration of the Airport.
- **Airfield Area Center**, which includes all runways, taxiways, ramps, aprons, landing areas, adjacent infield areas, and related support facilities (e.g., perimeter dike, drainage pumping stations, field lighting, navigational aids, aircraft rescue and fire-fighting (ARFF) support facilities, fire and rescue watercraft, boathouses and related support facilities, and cart roads).
- **AirTrain Area Center**, which includes all areas of the AirTrain system including pedestrian bridges to terminals and other facilities.

- **Terminal Area Center**, which includes all areas within the passenger terminals of the Airport (e.g., concourses, boarding areas, public circulation space, pedestrian bridges, entrance areas to the underground walkways to the parking garages, mechanical/utility areas, lobbies, offices, concession areas, Commission facilities, baggage facilities, and storage areas).
- **Ground Transportation and Parking Area Center**, which includes all public parking lots, garages, service stations, shuttle bus services (non-airline), and rental car facilities.
- **Other Leased Areas Center**, which includes all areas and facilities which support airline functions (e.g., hangars, aircraft maintenance facilities, cargo facilities, fuel farms, flight kitchens), Airport support, and City/State/federal installations, fixed base operators, airline offices outside the Terminal Area, airline employee parking, Airport-maintained employee parking, Airport support facilities with related parking, sewage/waste treatment plants, detention ponds, Coast Guard, FAA, FBI, and other related facilities, hotels, and all leased and unleased land not included in another Cost Center.
- **West of Bayshore Area Center**, which includes all of the property located west of U.S. Highway 101 currently under the jurisdiction of the Commission.

The net expenses of three indirect cost centers (AirTrain Area Center, Access and Roadways Area Center, and Administration Area Center) are fully allocable to the remaining five direct cost centers. In addition:

- Net expenses or revenues of the Other Leased Area Center and the West of Bayshore Area Center are allocable to the Airfield Area Center for the calculation of landing fee rates.
- Net revenues of Ground Transportation and Parking Area, if any, are allocable to the Airfield Area Center for the calculation of landing fee rate; while if there are net deficits they are allocable to Terminal Area Center for the calculation of terminal rental rate.

Therefore, the calculation methodology of the landing fee rate and terminal rental rate ensures a full cost recovery, and thus compliance with the Rate Covenant.

Operating Revenue and Capital Improvement Fund: The Airline Agreements reflect a residual ratemaking approach and incorporate the build-up of a discretionary cash fund – the Operating Revenue and Capital Improvement Fund (ORCIF) – for use by the Commission, funded through the airline rate base, which can be used for any lawful purpose for which Airport Revenues may be used. An initial \$250 million balance in the ORCIF was recorded in FY 2024 and was mostly funded with a portion of unearned aviation revenue balances available at the end of FY 2023.

Annual deposits to the ORCIF during FY 2025 and thereafter were, and are expected to continue to be, generated through airline rates and charges (landing fees and terminal rentals), given that these amounts are included as an element of the Airport cost base for the calculation of airline rates and charges. The FY 2025 deposit to ORCIF was \$98.3 million. The ORCIF enhances available liquidity (when there is a cash balance in the fund) and could potentially be used for rate stabilization purposes as well as to provide an additional funding source for capital projects.

The Commission can make annual deposits to the ORCIF up to the Maximum Annual ORCIF Deposit amount, so long as the unencumbered and unallocated balance remains below \$650 million at the start of a fiscal year, adjusted for inflation (projected to be \$713.7 million in FY 2032). The annual deposit amount includes:

- **Minimum Annual ORCIF Deposit:** The minimum annual deposit amount is \$25 million for FY 2025 through FY 2028, and \$30 million for FY 2029 through FY 2033, adjusted for inflation.
- **Additional Annual ORCIF Deposit:** The deposit amount for FY 2024 was \$250 million, with a further \$70 million deposit for FY 2025. Additional deposits of \$60 million for FY 2026, \$50 million for FY 2027, \$40 million for FY 2028, \$30 million for FY 2029, \$25 million for FY 2030 and \$25 million for FY 2031 (with zero in both FY 2032 and FY 2033) are expected to be undertaken, adjusted for inflation and limited to be no more than the sum of (a) PFCs estimated to be included as Revenues, and (b) surplus from prior Fiscal Years (i.e., the unearned aviation revenue balance) estimated to be applied to offset airline rates and charges for such Fiscal Year.

The additional deposit amounts would be offset by a corresponding increase in the amount of PFCs used to pay debt service (highlighting the importance of Commission management's efforts to build up the PFC balance during recent years) and/or the use of unearned aviation revenue, the effect of which would be to lower the total amount that would need to be recovered through airline fees and charges.

Table 24 summarizes the annual minimum and additional deposits to the ORCIF expressed in 2023 dollars (unadjusted for inflation), as outlined in the Airline Agreements.

Table 24
Annual ORCIF Deposits per the Airline Agreements

FY	Minimum deposit	Additional deposit	Total
2024	\$ -	\$ 250	\$ 250
2025	25	70	95
2026	25	60	85
2027	25	50	75
2028	25	40	65
2029	30	30	60
2030	30	25	55
2031	30	25	55
2032	30	-	30
2033	30	-	30

Note: Expressed in millions of constant 2023 dollars, not including adjustments for inflation. Subject to a maximum ORCIF balance of \$650 million, not including adjustments for inflation. The initial \$250 million deposit was recorded for FY 2024 and was offset with unearned aviation revenue balances available at the end of FY 2023.

Source: Airline Agreements, Section 5.6.

The financial projections included in this Report include a projection of PFC revenues applied as Revenues which are higher than the annual limits for FY 2025 through FY 2030. Therefore, it was assumed that the annual limit will reflect the total amount shown in Table 24 (adjusted for inflation). As of June 30, 2025, the ORCIF balance was \$348.3 million.

The Commission may use the ORCIF funds for any lawful purpose, including reduction of airline rates and charges or CIP funding. The projections shown in this Report reflect the expenditure of \$100 million of ORCIF monies for land acquisition during FY 2026, with no further draws on the fund through the end of the projection period.

Terminal Rentals and Landing Fees: The City Administrative Code states that the Commission has the power to fix, change, and adjust rates and charges for the furnishing of services at the Airport. This includes landing fees and terminal rentals, which are set following the methodology agreed upon in the Airline Agreements.

The Airline Agreements provide that, among other things, the airlines are to pay landing fees and terminal rentals each year to allow the Commission to recover the difference between Commission expenses and Commission nonairline revenues (i.e., a residual airline rate-making methodology).

The Commission expenses for any given Fiscal Year include the sum of the following:

- Allocated direct and indirect Operation and Maintenance Expenses
- Equipment and Small Capital Outlay
- Debt service-related requirements, including amounts required:
 - For debt service on Bonds
 - To be paid under credit and liquidity facilities, interest rate swaps, and other agreements entered into in connection with Airport debt
 - For debt service on Special Facility Bonds, to the extent such Special Facility Bonds are further secured by and payable from Revenues, which must be authorized by a Majority-in-Interest (MII) of the airlines (none of the Commission's currently outstanding Special Facility Bonds are further secured by Revenues)
 - For other subordinate contractual or debt-related payments
 - To ensure compliance with the Rate Covenant (if any)
- The Annual Service Payment to the City
- Amounts required to fund or replenish funds in the Contingency Account (if needed)
- The annual deposit to the ORCIF

The Commission's nonairline revenues include, among other sources, concession revenues, parking revenues, rental car revenues, other ground transportation revenues, revenues from other sales and fees, fixed or cost-recovery rentals, revenues from the Grand Hyatt Hotel, interest income, and those PFC revenues designated as Revenues.

The Commission computes, in accordance with procedures set forth in the Airline Agreements, the landing fee rates and the terminal rental rates for the ensuing Fiscal Year using budgetary and estimated information for the Airport Cost Centers (noted above). Not less than 60 days prior to the start of a Fiscal Year, the airlines are notified of the proposed rates, rentals, and fees for the ensuing year. These proposed rates, rentals, and fees are subject to review by, but not the approval of, the airlines at a meeting with representatives of the Commission, as provided for in the Airline Agreements. Rates, rentals, and fees become effective July 1 each year – the first day of the City's Fiscal Year.

Additionally, if at any time during a Fiscal Year, the actual expenses (including debt service) are projected by the City to exceed by 10% or more the actual revenues in certain areas as defined in the Airline Agreements, then the Commission may, after consultation with the airlines and after using commercially reasonable efforts to reduce expenses, increase landing fees and/or terminal rental rates following a 60 day notification period. The airlines are required to pay such additional landing fees and/or terminal rentals, which shall equal the projected deficiency, over the remaining months of the then-current Fiscal Year.

At the end of each Fiscal Year, the amount the airlines should have paid in landing fees and terminal rentals to meet the requirement of the Rate Covenant is compared with the amount actually paid in such Fiscal Year. If there is an over-collection, as provided for in the Airline Agreements the Airport Commission can apply such unearned aviation revenue balances to reduce future airline rates and charges, and when used for this purpose in future years will be recognized as part of Revenues. If there is an under-collection, the Airport Commission can recover under-collected amounts through airline rates and charges over future years.

Airline Review of Capital Improvements: The Airline Agreements provide for review of proposed Airport capital improvements by the airlines that are signatory to the agreements. A “capital improvement” is defined as any item of capital expenditure with a cost exceeding \$778,140 in FY 2022 dollars (as adjusted annually pursuant to the Airline Agreements) and a useful life of more than 3 years.

An MII of the airlines signatory to the Airline Agreements may require the Commission to defer a capital improvement for six months so that such airlines can present their opposition to the improvement. Even in the absence of MII concurrence by the airlines, the Commission may undertake such capital improvement after the end of the six-month period. Several types of capital improvements are not subject to the MII review process, including those required by a federal or State agency having jurisdiction over Airport operations; those financed by Special Facility Bonds; an emergency expenditure that, if not made, would result in the closing of the Airport within 48 hours; and those funded with PFCs; among other exceptions.

Pursuant to the terms of the Airline Agreements, the Commission is to use commercially reasonable efforts to finance all capital improvements through grants, TSA funding, passenger facility charges, or the issuance of airport revenue bonds. The Commission may budget and spend up to \$5,218,606 (measured in FY 2022 dollars, as adjusted pursuant to the Airline Agreements) per year from its revenues on capital improvements, or a greater amount, as may be agreed to by an MII of the airlines.

While some projects in the CIP still require airline review, as of September 9, 2025, the Commission has completed the airline review process for \$9.27 billion (approximately 74%) out of the total \$12.45 billion CIP. The Airport plans to undertake additional MII reviews once project schedules and scopes are closer to being finalized. Not all of the remaining projects are required to have an MII review.

Commercial Agreements, Leases, and Permits

The Airport Commission enters into commercial agreements and leases for automobile parking operations, rental car facilities, duty free operations, general merchandise concessions, and food and beverage operations, among other services, and issues permits for ground transportation providers, among other services.

Special Facility Obligations

The Commission, pursuant to the Indenture, may designate an existing or planned facility as a “Special Facility,” and provide that revenues earned by the Commission from such Special Facility are “Special Facility Revenues” and are not included in Revenues. Under certain conditions, the Commission may issue Special Facility Bonds to fund such Special Facilities. Debt service on Special Facility Bonds is payable from and secured by the associated Special Facility Revenues and not from or by Net Revenues of the Commission.

As of September 1, 2025, \$78.3 million in principal amount of SFO Fuel Special Facility Bonds were outstanding. These bonds financed and refinanced certain fuel storage and delivery facilities at the Airport. Rent payable by SFO Fuel Company LLC is pledged to repay these bonds.

As of September 1, 2025, \$256.8 million in principal amount of Special Facility Bonds were outstanding related to the Grand Hyatt Hotel. These bonds financed the construction of the hotel. Revenues generated from the operation of the hotel are pledged to repay these bonds.

ANNUAL DEBT SERVICE REQUIREMENTS

Exhibit C presents a summary of estimated sources and uses of funds for the 2025DE Bonds as prepared by PFM Financial Advisors LLC (PFM), the Airport Commission's co-municipal adviser, based on certain data and information provided by the Commission.

For purposes of this Report, it was assumed that approximately \$968 million of principal amount of 2025DE Bonds will be issued to pay for capital improvements and to repay commercial paper balances (as well as to fund related capitalized interest, reserve fund deposits, and issuance costs). These Bonds are expected to be issued as fixed-rate securities with an estimated all-in true interest cost of 5.63% and a term to final maturity of 30 years. Interest on various portions of the new money 2025DE Bonds is capitalized through the in-service dates of the respective projects that are being funded with 2025DE Bond proceeds (FY 2028 at the latest).

Exhibit C also presents a summary of the estimated sources and uses of funds for the anticipated Future Bonds, which are expected to be issued during the projection period, although the timing and amount of this issue may change based on future events and circumstances. The estimated sources and uses of funds for the Future Bonds were also provided by PFM, based on certain data and information provided by the Commission. These Future Bonds were assumed to have a term to final maturity of 30 years with approximately level annual debt service (after the respective capitalized interest periods), and to be issued at an all-in true interest cost of 6.1%.

While for purposes of this Report a level annual debt service structure was assumed for the Future Bonds, the Commission intends to investigate alternative structures that would smooth total annual debt service (taking both currently Outstanding Bonds, the proposed 2025DE Bonds, and the Future Bonds into account) and better enable the Commission to achieve its financial targets, such as smoothing the future annual airline cost per enplaned passenger metric.

In addition to providing funds for the Capital Improvement Plan, for purposes of this Report it was assumed that the Airport Commission would use a portion of the proceeds of the Future Bonds to increase the balance of the Contingency Account. A summary of the 2025DE Bonds and the Future Bond issues assumed for purposes of this Report is shown in Table 25.

Exhibit D shows annual debt service for all current* and anticipated Future Bonds to be issued under the Indenture during the projection period, including the 2025DE Bonds. Annual debt service on a deposit basis is projected to increase from \$583.9 million in FY 2025 to \$1.35 billion in FY 2032.

* Debt service for currently outstanding variable rate Bonds was projected based on the requirements of each individual variable rate Bond series, assuming annual costs ranging between 3.96% and 5.12% for interest payments, remarketing fees and liquidity fees.

Table 25
Summary of 2025DE Bonds and Future Bond Assumptions

	Principal Amount (\$ millions)	Project Costs (\$ millions)	Final Maturity	All-in True Interest Cost	Interest Capitalized through
Series 2025DE Bonds	\$ 968	\$849	2055	5.63%	FY 2029
Future Bonds					
FY 2026	1,327	1,138	2056	6.1%	FY 2029
FY 2027	2,816	2,358	2057	6.1%	FY 2030
FY 2028	2,141	1,864	2058	6.1%	FY 2031
FY 2029	2,172	1,921	2059	6.1%	FY 2031
Subtotal - Future Bonds	<u>\$8,456</u>	<u>\$7,281</u>			
Total	<u>\$9,424</u>	<u>\$8,130</u>			

Note: Principal includes amounts needed for funding of capitalized interest, deposits to a Bond reserve account, deposits to the Commission's Contingency Account where applicable, and payment of Bond issuance costs.

Source: PFM Financial Advisors, August 2025.

The Airport Commission intends to closely monitor aviation activity levels at the Airport, the Airport Commission's financial position, Airport operational factors, and general financial market conditions; and make adjustments as needed to its CIP phasing, overall debt levels, and airline payments per enplaned passenger levels to ensure that needed Airport facilities are provided on a timely basis and in a manner that will not impede the Airport's competitive position or financing capability.

Additionally, the Airport Commission intends to use commercial paper as interim financing for the CIP, and to repay the principal amount of commercial paper using the proceeds of Future Bonds. The interest payments on the commercial paper, as well as related expenses, are subordinate debt service of the Airport Commission.

OPERATION AND MAINTENANCE EXPENSES

Under the Indenture, Operation and Maintenance (O&M) Expenses are defined as substantially all operating and maintenance expenses of the Airport, excluding among other things depreciation and amortization expenses, and also excluding expenses paid from non-Revenue sources.

Projected O&M Expenses for FY 2026 through FY 2032 are based on the Commission's FY 2025 financial results, and budgeted data for FY 2026, as well as its plan for operating Airport facilities through the projection period. O&M Expenses for FY 2026 through FY 2032 take into consideration assumed

inflationary increases in the cost of labor, services, utilities, and supplies, as well as the effect of new facilities coming into service during the projection period.

Exhibit E shows O&M Expenses for the projection period, as determined in accordance with the Indenture. In total, O&M Expenses increased from \$599.9 million in FY 2024 to \$297.0 million in FY 2025 and are budgeted to increase to \$884.6 million in FY 2026. O&M Expenses are projected to increase to \$1,194 million in FY 2032, representing an average increase of 8.0% per year from FY 2025 to FY 2032.

The significant increases in O&M Expenses for FY 2025 and FY 2026 (budgeted) reflect a number of new initiatives and programs aligned with the Commission's Strategic Plan, address facility maintenance efforts that were delayed during the period of the pandemic, and reflect an increase in contractual services following post-pandemic catch-up investments. The increases also reflect the addition of 99 new Commission staff (approximately a 5% increase in Commission staffing levels) to support more efficient and effective Commission operations, support passenger growth, and support the implementation of the CIP, among other factors, as well as cost-of-living adjustments in staff compensation. Approximately 65% of the new positions would support (directly or indirectly) the new Airport Integrated Operations Center.

Historically, the Commission's actual O&M Expenses have been below budgeted levels for the same year. Between FY 2015 and FY 2025, actual expenses have ranged from 82.0% to 94.3% of the original budgeted expenses for that year, and averaged 88.9% of the budgeted amounts over that period. In FY 2025, actual O&M Expenses were 82.0% of the budgeted amount (\$697.0 million before certain adjustments, compared to a budget of \$850.4 million). The FY 2026 budget of \$884.6 million represents an increase of 4.0% over the FY 2025 budget (and 26.7% above FY 2025 full year estimated O&M Expenses).

The Commission's O&M Expenses increased an average of 5.3% per year from FY 2015 to FY 2019 (pre-pandemic) and increased by an annual average of 5.0% per year from FY 2015 to FY 2025.

The Commission's full budgeted O&M Expenses amount of \$884.6 million for FY 2026 was assumed for purposes of the analysis described in this Report, although actual results are likely to differ from this amount, and could be lower based on the observed historical relationship between actual and budgeted O&M Expenses discussed above.

For the purposes of this Report, the following assumptions were used to project O&M Expenses:

- The cost of labor (salaries) and benefits for the Commission will increase on average 7.1% per year from FY 2025 to FY 2032, which reflects assumed inflation and a real (net of inflation) increase.
- Contractual services will increase on average 11.8% per year, reflecting the Commission's FY 2026 budget, followed by inflationary increases in the following years.
- Other expenses, including services provided by other City departments, repairs and maintenance, utilities, materials and supplies, general and administration, and environmental expenses, will increase on average 6.4% per year, reflecting the Commission's FY 2026 budget, followed by inflationary increases in the following years.

- Incremental operating expenses are expected to be \$5.5 million on an annualized basis by FY 2032, associated with completion of a new parking garage. Incremental operating expenses related to other CIP projects are assumed to be incorporated within the 5.0% underlying annual growth rate assumption for O&M Expenses.

The allocation of O&M Expenses to Airport Cost Centers as shown in Exhibit E was based on the Airport Commission's procedures and cost accounting system, as described in the Airline Agreements.

REVENUES

Airport Revenues consist of substantially all airline revenues and nonairline revenues generated from the operation of the Airport. Exhibit F presents Revenues of the Airport Commission for FY 2024 and FY 2025 (actual), FY 2026 (estimated based on the Commission's FY 2026 budget with certain adjustments), and FY 2027 through FY 2032 (projected). Operating revenues included as Revenues are prepared based on Generally Accepted Accounting Principles (GAAP).

Airline Revenues

Airline revenues are derived from landing fees and terminal rentals paid by airlines to the Airport Commission pursuant to the Airline Agreements. Airline revenues, taken in the aggregate, are equivalent to the airline revenue requirement in the residual rate-making methodology used at the Airport.

The airline revenue requirement is calculated by subtracting nonairline revenues from the total revenue requirement as determined pursuant to the Airline Agreements. Nonairline revenues are discussed in more detail later in the Report.

As of June 30, 2025, the Airport Commission had recorded unearned aviation revenues of \$202.9 million, which are revenues over-collected from airlines in prior fiscal years (and therefore not recognized as revenues in the prior years).

Landing Fee Revenues. The calculation of the landing fee rate and landing fee revenues is shown in Exhibit F-1. Allocated costs of the Airfield Area (including O&M Expenses and allocable debt service) are calculated first. Then, certain adjustments are made, as follows:

- The annual ORCIF deposit allocated to the Airfield Area is added
- Nonairline revenues generated from airfield activities, including allocated PFC revenues, are deducted
- Other Leased Areas and West of Bayshore Area cost center deficits are added (or surpluses are subtracted), as applicable
- Adjustments for prior year Airfield Area surpluses (or deficits) are added (or subtracted, as applicable)

The resulting net amount is then divided by the projected landed weight of the scheduled airlines to calculate a basic landing fee rate.

Subsequently, a landing fee surcharge is collected to recover 50% of the Rental Surcharge (described below) net of surplus in the Ground Transportation and Parking Area, if any. The sum of the basic landing fee rate and the surcharge rate, if any, is the effective landing fee rate to be paid by the airlines.

The effective landing fee rate is projected to increase from \$6.59 per 1,000 pounds of landed weight being charged in FY 2026 to \$16.36 per 1,000 pounds of landed weight in FY 2032. Landing fee revenues are projected to increase from \$262.3 million to \$792.3 million over the same period.

Terminal Rentals. The calculation of the terminal rental rate and terminal rental revenues are shown in Exhibit F-2. Allocated costs of the Terminal Area (including allocable O&M Expenses and debt service) are calculated first. Then, certain adjustments are made as follows:

- The annual ORCIF deposit allocated to the Terminal Area is added
- The Annual Service Payment to the City is added
- Adjustments to prior year surpluses (or deficits) in the Terminal Area are added (or subtracted, as applicable)

The resulting amount is divided by the gross square footage of the Terminal Area to calculate the basic terminal rental rate per square foot.

Subsequently, a terminal Rental Surcharge is calculated, as follows:

- The cost of public space in the Terminal Area (the basic rental rate multiplied by total public space) is calculated
- Nonairline revenues generated in the Terminal Area, including allocated PFC revenues, are deducted
- Deficits in the Ground Transportation and Parking Area (if any) are added

If the resulting net amount is a deficit, it is allocated 50% to the Terminal Area (and 50% to the Airfield Area, as noted above), with the 50% share allocated to the Terminal Area divided by airline leased space to calculate the terminal Rental Surcharge rate per square foot. If the resulting net amount is a surplus, it is allocated 100% to the Terminal Area and results in a downward adjustment to the basic terminal rate. The effective terminal rental rate paid by the airlines is the sum of the basic rental rate and the Rental Surcharge rate, if any.

The effective average terminal rental rate is projected to increase from \$271.64 per square foot being charged in FY 2026 to \$472.86 per square foot in FY 2032. Airline terminal rental revenues are projected to increase from \$530.9 million to \$858.8 million over the same period.

Total Airline Revenues and Airline Payments per Enplaned Passenger. Passenger airline payments per enplaned passenger increased from \$17.70 in FY 2019 (the last full fiscal year before the onset of the COVID-19 pandemic) to \$25.24 in FY 2025. As shown in Exhibit F-3, airline payments per enplaned passenger are projected to increase to \$47.31 in FY 2032 measured in inflated dollars. That is equivalent to \$40.79 in today's money.

The enplaned passenger projections used to calculate these figures are described in an earlier section. The projected level of airline cost per enplaned passenger would not be expected to impede the attainment of these enplanement projections. (These figures reflect airline payments made by the passenger airlines only; landing fees paid by the cargo airlines are excluded from the numerator for the calculation.)

Other Aviation Revenues

The Commission generates revenues from aviation sources in addition to fees and charges paid by the airlines. It was assumed that the Airport Commission's current operating practices related to the other aviation revenue items would remain generally unchanged during the projection period; and where applicable, expiring contracts and agreements would be renewed or replaced on generally the same terms as the current contracts and agreements.

Other Rental Revenue. This revenue category represents monies collected from the aviation-related activities of Airport tenants. It consists primarily of (1) rental revenue from ground leases, cargo building leases, and aircraft parking area leases, and (2) fees for parking by airline employees. Other rental revenue totaled \$64.1 million in FY 2025 and is projected to increase to \$80.0 million in FY 2032.

Other Miscellaneous Aviation Revenue. This revenue category consists primarily of rentals, fees, and charges related to the sale of aviation fuel, servicing of airline and general aviation aircraft, and for the use and occupancy of general aviation facilities. Other aviation revenue totaled \$58.3 million in FY 2025 and is projected to increase to \$76.8 million in FY 2032.

Nonairline Revenues

Nonairline revenues include revenues generated from automobile parking, automobile rentals, TNCs, duty free, retail, food and beverage, telephone and other services, and other concessions. Additionally, nonairline revenues include certain interest earnings of the Commission. It was assumed that the Airport Commission's current operating practices related to nonairline revenue items would remain generally unchanged during the projection period unless otherwise noted; and where applicable, expiring contracts and agreements would be renewed or replaced on generally the same terms as the current contracts and agreements (unless otherwise noted below).

Minimum annual guarantees (MAGs) for concessions, where applicable, were suspended in June 2020 and were reinstated in conjunction with passenger traffic recovery during FY 2022 and FY 2023. The Airport Commission continues to evaluate MAGs for concessionaires based on contract clauses and the evolving operating environment, and may adjust MAGs from time to time. For purposes of the projections described in this Report, projected revenues are calculated based on per passenger spend rates and passenger levels rather than being based on the MAGs. Concession revenues in total are likely to be higher when calculated based on MAGs than when based on spend rates. These revenues are described below and shown in Exhibit F.

Automobile Parking. The public automobile parking facilities at the Airport are operated for the Commission by SP Plus SF Joint Venture under a management contract with a term that expires on June 30, 2028. The Commission periodically reviews and adjusts parking rates, receives all revenues, and pays all costs of operation and maintenance of the facilities. The Commission does not impose a privilege fee on the off-Airport parking operations of private companies but does impose a trip fee for the shuttle bus operations of off-Airport parking companies.

Automobile parking revenues consist of all revenues derived from public parking at the Airport. The remote long-term parking facilities are served by shuttle bus.

The parking rates are \$4 per 30-minute increment up to a maximum of \$38 for each 24 hours in the Domestic Parking Garage, and \$4 per 30-minute increment up to a maximum of \$36 in the ITC garage. The daily maximum parking rate is \$25 in the long-term parking lots. Revenues from valet parking, the sale of impounded vehicles, and parking for employees of concession operators are also included in parking revenues. Revenues from the Commission's parking operation totaled \$136.1 million in FY 2025, as shown in Exhibit F.

Parking revenues were projected as a function of projected numbers of originating passengers, parking transactions per passenger, and revenue per transaction. The parking revenue projection for FY 2032 is \$176.5 million, which reflects the projected increase in enplaned passengers and the anticipated completion of an additional long-term parking garage in FY 2029. For purposes of this Report, it was assumed that parking rates would not be adjusted during the projection period.

Rental Cars. By resolution of the Commission, all on-Airport rental car transactions must take place at the consolidated rental car facility, and all off-Airport rental car companies must pick up and drop off their customers at that facility. No rental car counters are located in the terminal complex.

In September 2020, the Commission executed five-year rental car agreements with four companies that operate nine rental car brands on-Airport. These nine rental car brands are Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Sixt, and Thrifty. The agreements have two two-year extension options, the first of which was recently exercised by the Commission. The rental car agreements provide for a concession fee equal to the greater of 10% of gross receipts or a stated minimum annual guarantee (MAG). Additionally, the on-Airport rental car companies pay facility rent at the consolidated rental car facility, which is presented as "rental car facility fees" under the Net Sales and Services category of Exhibit F.

Rental car concession fee revenues from on-Airport operators totaled \$50.9 million in FY 2025 and are projected to increase to \$64.7 million in FY 2032, driven primarily by increases in passenger activity. It was assumed that the terms and conditions governing the use of the Airport by off-Airport rental car operators, which represents a minimal amount of revenue, would not change materially during the projection period.

The Commission imposes a fee on rental car customers per rental contract for transportation between the terminal complex and the consolidated rental car facility on the AirTrain system. The rental car companies collect this transportation fee (which is currently \$16.00 per rental car contract) to reimburse the Commission for a portion of the cost of operating and maintaining the AirTrain system. Revenues from the transportation fee are presented as "rental car transportation fees" under the Net Sales and Services category of Exhibit F.

The Airport Commission implemented a rental car customer facility charge (CFC) in 2022, at a rate of \$10.00 per rental car transaction in accordance with California law, for the purpose of making improvements to the Commission's rental car facilities. CFC revenues are not classified as Revenues of the Commission under the Indenture (unless designated as such by the Commission). CFC revenues have not been designated as Revenues by the Commission, and has no current plans to do so.

TNCs and Ground Transportation. This category consists of ground transportation and TNC trip fees. The Commission has entered into non-exclusive operating permits with transportation network companies (TNCs) operating at the Airport, including Uber and Lyft. Under the terms of these permits, effective July 1, 2025, TNC operators pay a \$6.00 per-trip fee for each pick-up and drop-off transaction at the Airport.

The Commission's ground transportation fee structure is updated annually and reflects cost recovery principles, whereby the Commission seeks to recover allocable costs of these activities through revenues from ground transportation users of the Airport.

The Commission generated \$65.7 million in TNC trip fees and other ground transportation fees in FY 2025. Revenues in this category are projected to increase to \$98.7 million in FY 2031.

Waymo, the autonomous vehicle ride-hailing service, recently began serving SFO on a trial basis to be rolled out in three phases. Currently the service is available on a test basis with a human driver in the vehicle. No associated revenues are included in these projections.

New business models and technologies such as car-sharing services and autonomous vehicles are currently in various stages of development, which may impact the Airport Commission's ability to increase or maintain ground transportation revenues. However, safety and regulation remain the major obstacles for those business models and technologies to be publicly adopted, and the impact of public adoption cannot be evaluated as of the date of this Report.

Duty Free. In 2018, the Commission entered into a concession agreement with DFS Group L.P. (DFS) covering 42,581 square feet of space in the ITC for the exclusive right to sell duty free merchandise and the non-exclusive right to sell luxury merchandise on a duty paid basis. The agreement extends for a development term during which tenant facilities were refurbished and developed, plus an operating term of up to 14 years. This lease will be automatically extended in the event that the Airport opens a single consolidated security checkpoint in the International Terminal during the 14-year lease term, by an amount of time sufficient to ensure that DFS will have five years of operation in the reconfigured retail plaza located past the consolidated checkpoint.

The agreement with DFS originally provided for the payment of concession fees equal to the greater of a MAG or a percentage of gross sales. The initial MAG was set at \$42 million and was subject to annual upward adjustment. The percentage rent according to the agreement was to be calculated as 45.8% of the first \$100 million in gross sales from the duty free operations, 41.8% of the next \$60 million of sales, and 30% of gross sales in excess of \$160 million. DFS was required to make a minimum investment of \$46.3 million in the development of retail facilities.

As a result of developments due to the COVID-19 pandemic and related passenger mix changes, the Commission has executed six amendments to the agreement, providing a temporary reduction in percentage rent to 28% for sales up to \$100 million and 32% for sales above \$100 million for calendar years 2026 through 2029, and reducing the calendar year 2026 MAG to \$25 million, with an annual adjustment as provided in the lease. Beginning in calendar year 2030, base rent will be the greater of a MAG of \$42 million or a tiered percentage rent (45.8% for sales to \$100 million; 41.8% for sales between \$100 million and \$160 million; and 30% for sales above \$160 million). For purposes of this Report, it was

assumed that this revised payment structure would apply, and that gross sales per international enplaned passenger would be \$11.50 in FY 2026, compared to \$11.66 in FY 2024.

The percentage fee paid by DFS to the Airport Commission was \$33.9 million in FY 2025. Duty free revenues are projected to decline from \$33.9 million in FY 2025 to \$30.4 million in FY 2026, followed by a gradual increase to \$34.1 million in FY 2032 due to the reinstatement of the original agreement terms in 2027.

Retail. The Commission provides for retail concessions on a duty paid basis through agreements with multiple vendors, including DFS, as noted above. All of these agreements have MAG provisions, which were temporarily suspended but the majority of these have been fully reinstated by now. For the purposes of this Report, the retail revenues are projected to change based on activity levels and average passenger spending, without specific adjustments to reflect the MAG. The Commission continues to review and improve its retail concession activities as opportunities arise. As of September 30, 2025, the domestic terminals had 40 retail outlets and the International Terminal had 25 retail outlets (including 15 duty free outlets).

Retail revenues consist of concession fees paid by gift and retail concessionaires in both the ITC and the domestic terminals. Revenues in this category totaled \$18.4 million in FY 2025. They are projected to increase to \$27.7 million in FY 2032.

Food and Beverage. Food and beverage operations are provided by multiple vendors throughout the terminals under different agreements. These agreements provide for a rental payment equal to the greater of a MAG or a percentage of gross sales. The MAG provisions were temporarily suspended due to the pandemic but the majority of these have been fully reinstated by now. For the purposes of this Report, the food and beverage revenues are projected to change based on activity levels and average passenger spending, without specific adjustments to reflect the MAGs. As of September 30, 2025, the domestic terminals had 55 restaurants and the International Terminal had 19 restaurants.

Food and beverage revenues consist mainly of rents and fees paid by food and beverage concessionaires for in terminal operations. Food and beverage revenues totaled \$30.1 million in FY 2025. Revenues in this category are projected to increase to \$46.8 million in FY 2032, reflecting recovery in passenger numbers and inflationary growth.

Other Services. The Commission has entered into other terminal area concession agreements for advertising, banking, foreign currency exchange, and vending machines, among other services. These agreements provide for a rental payment equal to the greater of a MAG or a percentage of gross sales.

The Commission also has numerous leases, agreements, and permits with airlines and others for various types of rentals and other activities at the Airport, including, among others, ground transportation, hangar rentals, cargo handling, FBO facilities, aviation support, airline employee parking, and federal government activities.

Other services revenues consist of rents and privilege fees paid by banks, an advertising company, and several other miscellaneous concessionaires. Revenues in this category totaled \$31.9 million in FY 2025 and are projected to increase to \$40.6 million in FY 2032.

Other Concession Revenues. Other concession revenues consist of nonairline revenues from terminal and other building space, taxicab trip fees, miscellaneous fees and charges, privilege fees assessed off-Airport rental car companies, and rents from on Airport rental car companies for unimproved land. Other concession revenues totaled \$17.6 million for FY 2025 and are projected to increase to \$21.1 million in FY 2032.

Net Sales and Services Revenues. Net sales and services revenues consist primarily of revenues from utilities, BART District payments, rental car facility fees, rental car transportation fees, and other miscellaneous sales and services. Revenues in this category totaled \$100.4 million in FY 2025. Such revenues are projected to increase to \$125.4 million in FY 2032. Among the individual revenue items in this category are the following:

- **Utilities.** The Commission sells gas and electricity to Airport tenants. Revenues from such sales, net of the cost to purchase the gas and electricity from suppliers, are recorded as utility revenues.
- **BART District Payments.** The BART District paid the Commission \$2.7 million in FY 2025, which includes both a fixed payment and a fee for recovery of certain O&M expenses.
- **Rental Car Facility Fees.** This category represents revenues derived under facility leases with the on Airport rental car companies for the use and occupancy of the consolidated rental car facility. This is in addition to the concession fees paid by these companies.
- **Rental Car Transportation Fees.** Rental car companies collect a per rental car contract fee, which is paid to the Commission for reimbursement of certain costs of operating and providing the AirTrain facilities. The Transportation and Facilities Fee is currently \$16.00 per rental car contract, and is projected to stay at that level through the end of the projection period.
- **Other Sales and Services.** This category represents, among other sources of revenue, cost-based reimbursements paid by San Francisco Terminal Equipment Company, LLC for equipment and operating expenses in the ITC, revenues from a telecommunications access fee, and revenues from fees for licenses, permits, and security badges.

Grand Hyatt Hotel. The Airport Commission has designated the Grand Hyatt Hotel as a Special Facility, and issued Special Facility Bonds to finance the construction of the hotel. It is expected that in future years the Grand Hyatt Hotel will provide a stream of cash flows that will be included in Revenues of the Commission as defined in the Indenture. Specifically, these Revenues are expected to be the sum of: (1) an amount equivalent to the annual debt service on the Commission's hotel-related Special Facility Bonds (because the Commission, through a separate trust entity created by the Commission, is the sole holder of such bonds), plus (2) a portion of the annual net operating cash flow for the hotel, but only to the extent the Commission elects to transfer such monies to the Airport Revenue Fund. For purposes of this Report it was assumed that operating surplus from the hotel would be recognized as Revenues of the Commission during the projection period. During FY 2025, the Grand Hyatt Hotel generated \$46.6 million of operating revenue and had positive operating cash flow of \$7.4 million.

Interest Earnings

Certain categories of interest earnings of the Commission are categorized as Revenues in accordance with the Indenture. Specifically, interest earnings on operating funds and accounts, the Debt Service Fund, the Debt Service Reserve Fund, and the Contingency Account are classified as Revenues. Interest earnings totaled \$92.3 million in FY 2025 and are projected to be \$56.4 million in FY 2026. Thereafter, interest income is projected to increase gradually to \$65.8 million in FY 2032, assuming interest earning rates of 2.0% annually and increases in the Debt Service Reserve Fund and Contingency Account balances related to the Future Bonds assumed to be issued during the projection period.

PFCs Designated and Applied as Revenues

As described earlier, the Commission has used, and intends to continue to use, a portion of its PFC revenues to pay debt service on certain FAA-approved and PFC-eligible costs associated with the development of certain terminal and other projects. When designated and applied as such by the Commission, PFC revenues used to pay debt service are classified as Revenues under the terms of the Indenture, which also serve to reduce the amount of the airline revenue requirement under the terms of the Airline Agreements. In any given period, the Commission may decide to apply an amount of PFCs less than the amount it earlier designated for such purpose.

For the purposes of this Report, it was assumed that the Airport Commission would designate and apply a portion of its PFC fund balance annually as Revenues during the projection period, including \$234.7 million in FY 2026 and \$200 million annually between FY 2027 and FY 2032. (PFCs totaling \$80 million were applied as Revenues in FY 2025.) While the amount of PFCs designated as Revenues exceeds the annual PFC collections during each year of the projection period, the PFC fund balance at the end of FY 2032 is projected to be \$202.8 million.

APPLICATION OF REVENUES

Exhibit G presents the projected application of Airport Commission Revenues for FY 2026 through FY 2032 in accordance with the provisions of the Indenture, as well as historical data for FY 2024 and FY 2025.

After fulfillment of the higher priority funding obligations described in Application of Revenues section of the Indenture, all remaining amounts are deposited into the General Purpose Account.

DEBT SERVICE COVERAGE

Exhibit H presents Revenues; O&M Expenses; debt service requirements for current Outstanding Bonds, estimated debt service requirements on the 2025DE Bonds, and anticipated debt service on the Future Bonds assumed to be issued during the projection period; and debt service coverage.

Transfer Amount Available

The projection of the amount available for deposit by the Commission into the Revenues Account from the Contingency Account in each Fiscal Year of the projection period is shown in Exhibit H. Based upon the plans of, and actions taken by, the Commission, it was assumed that the Commission will maintain a balance in the Contingency Account and increase the amount when needed; however, the Commission is not required to do so. It was further assumed that, as provided for in the Indenture, the amount in

the Contingency Account will be deposited into the Revenues Account at the end of such Fiscal Year and that such amount will be re-deposited into the Contingency Account from the Revenues Account at the beginning of the following Fiscal Year.

For the purposes of this Report, it was assumed that the Airport Commission would deposit a total of \$158.8 million of Future Bond proceeds into the Contingency Account, as shown in Exhibit C.

While the amount used for the Transfer in the additional bond test calculations is limited to the lesser of (1) the amount available in the Contingency Account for such Fiscal Year, or (2) an amount equal to 25% of Maximum Annual Debt Service as calculated for such Fiscal Year, there is no such restriction for Rate Covenant calculation purposes. However, for purposes of this Report, it was assumed that in any given year the Transfer would be equivalent to the lesser of the Contingency Account balance or 25% of Annual Debt Service for that year. In each year of the projection period the amount of the annual Transfer is less than the Contingency Account balance, and by the end of FY 2032 the projected balance in the Contingency Account is \$353.0 million.

Projected Debt Service Coverage

In each year of the projection period, Net Revenues (together with Transfers) are projected to exceed the requirements of the Rate Covenant contained in the Indenture. The projected debt service coverage reflects the effects of the Commission's Bond issuances during the projection period, specifically the 2025DE Bonds and the anticipated Future Bonds to be issued during the projection period. Debt service coverage is projected to range between 137% and 156% in each year between FY 2026 and FY 2032.

Further, Net Revenues in each Fiscal Year are projected to be at least sufficient to make all required payments and deposits to the Revenue Bond Account, as well as to make the Annual Service Payment to the City.

Thus, the Rate Covenant provision of the Indenture is projected to be met in each Fiscal Year of the projection period.

SUMMARY OF BASE CASE FINANCIAL PROJECTIONS

Exhibit I summarizes the projected financial results of the Airport Commission presented in Exhibits A through H, as discussed in the preceding sections, and includes the calculation of airline cost per enplaned passenger based on such data. Revenues and O&M Expenses were projected using the base case aviation activity projection of enplaned passengers and aircraft landed weight presented earlier in the Report.

After the recording of the initial \$250 million balance in the ORCIF, and a deposit of \$98.3 million for FY 2025, annual deposits thereafter are projected to range between \$88.7 million and \$35.7 million between FY 2026 and FY 2032. The ORCIF balance at the end of FY 2032 is projected to be \$713.7 million, measured in escalated dollars. This assumes that \$100 million is drawn from ORCIF to fund land acquisition during FY 2026, with no further ORCIF draws occurring through FY 2032.

SENSITIVITY CASE

Exhibit J is an identical presentation of financial projections for a hypothetical sensitivity scenario. The hypothetical sensitivity scenario is based on the same assumptions described in the sections above, except:

- It was assumed that the recovery of domestic passenger traffic is slower than expected which contributes to overall slower growth in enplaned passengers at the Airport.
- Projections of those categories of nonairline and commercial revenues that are variable based on passenger activity were decreased proportionately.
- The debt service profile reflects the base case – the annual debt service profile for the 2025DE Bonds shown in Exhibit D, and approximately level annual debt service for the Future Bonds.
- The amount of PFCs classified as Revenues the same than that shown in the base case.

Airline payments were calculated under the residual cost rate-setting methodology of the Airline Agreements. Under this hypothetical scenario, the Commission would generate sufficient Net Revenues to meet the requirements of the Rate Covenant, and debt service coverage would be approximately the same as under the base case projections, given the residual airline ratemaking system. Passenger airline payments per enplaned passenger would increase to \$50.78 in FY 2032, compared to \$47.31 in FY 2032 under the base case, measured in inflated dollars.

In the event that enplaned passenger levels are less than those reflected in the base case, the Airport Commission would have a range of options at its disposal to mitigate the impact of such an eventuality. Among them would be the ability to reduce Operation and Maintenance Expenses, apply ORCIF balances, or undertake a mid-year airline rate adjustment.

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Exhibit A-1

AIRPORT CAPITAL IMPROVEMENT PLAN COSTS
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; amounts in millions)

Projects	Prior Funding	2025DE Bonds	Estimated Future Capital Expenditure							Subtotal 2026-2030	Through FY 20230	2031- 2035	Grand Total
			2026	2027	2028	2029	2030	[C]	[D]=[A]+[B]+[C]				
ASCENT PHASE 1.5													
Terminal Area													
Terminal 1 Center	\$ 1,642	\$ 16	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 1,669	\$ -	\$ 1,669	
Terminal 3 West Modernization	697	280	178	837	312	370	20	1,716	2,693	-	-	2,693	
Courtyard 3 Connector	378	22	12	2	-	-	-	14	414	-	-	414	
Other Terminal 3 Projects	-	2	6	92	136	24	-	257	259	-	-	259	
International Terminal Refresh Projects	179	77	39	1	-	-	-	40	296	-	-	296	
Gate Enhancements	0	28	28	72	15	-	-	115	143	-	-	143	
Baggage Handling System	5	1	10	38	4	-	-	52	58	-	-	58	
Other Terminal Projects	86	5	8	6	6	6	3	29	120	-	-	120	
Terminal Area Total	\$ 2,987	\$ 431	\$ 293	\$ 1,047	\$ 472	\$ 399	\$ 23	\$ 2,234	\$ 5,652	\$ -	\$ -	\$ 5,652	
GT and Parking Area													
	\$ 39	\$ 39	\$ 106	\$ 86	\$ 16	\$ -	\$ -	\$ 209	\$ 287	\$ -	\$ -	\$ 287	
Other Leased Areas													
Cargo and Hangar Improvements	\$ 7	\$ 109	\$ 112	\$ 196	\$ 74	\$ -	\$ -	\$ 381	\$ 497	\$ 250	\$ -	\$ 747	
Consolidated Administration Campus	-	-	-	-	-	-	-	-	-	447	-	447	
Support Facility Improvements	2	34	56	27	32	32	3	150	186	-	-	186	
Wayfinding Projects	-	5	1	22	39	46	29	137	142	2	-	144	
Energy and Efficiency Improvements	43	-	1	-	-	-	-	1	43	-	-	43	
Power & Lighting Improvements	-	-	7	7	7	7	7	35	35	-	-	35	
Bus Maintenance Facility	-	-	-	-	-	-	-	-	-	-	-	-	
Other Leased Areas Total	\$ 51	\$ 148	\$ 176	\$ 252	\$ 152	\$ 85	\$ 39	\$ 705	\$ 904	\$ 699	\$ -	\$ 1,602	
Ascent Reserve	\$ -	\$ -	\$ 99	\$ 99	\$ 99	\$ 99	\$ 99	\$ 494	\$ 494	\$ -	\$ -	\$ 494	
ASCENT PHASE 1.5 TOTAL	\$ 3,078	\$ 618	\$ 674	\$ 1,484	\$ 740	\$ 583	\$ 161	\$ 3,641	\$ 7,337	\$ 699	\$ -	\$ 8,035	

Note: Figures may not sum to totals due to rounding.
Source: Airport Commission, August 2025.

Exhibit A-1 (Cont.)

AIRPORT CAPITAL IMPROVEMENT PLAN COSTS
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; amounts in millions)

Projects	Prior Funding [A]	2025DE Bonds [B]	Estimated Future Capital Expenditure						Subtotal 2026-2030 [C]	Through FY 2030 [D]=[A]+[B]+[C]	2031- 2035 [E]	Grand Total [D]+[E]
			2026	2027	2028	2029	2030					
INFRASTRUCTURE PROJECTS PLAN												
Airfield Area												
Taxiway Improvements	\$ 108	\$ 4	\$ 59	\$ 42	\$ 63	\$ 29	\$ -	\$ 192	\$ 305	\$ -	\$ 305	
Runway Improvements	216	24	72	143	2	6	3	226	466	-	466	
Power & Lighting Improvements	7	2	17	8	5	2	-	32	41	-	41	
Other Airfield Projects	0	-	25	6	16	5	-	52	52	-	52	
Airfield Area Total	\$ 330	\$ 30	\$ 173	\$ 199	\$ 86	\$ 41	\$ 3	\$ 503	\$ 863	\$ -	\$ 863	
Terminal Area												
International Terminal Improvements	\$ 55	\$ 41	\$ 31	\$ 70	\$ 49	\$ 59	\$ 45	\$ 254	\$ 350	\$ 11	\$ 361	
Other Terminal Projects	18	1	27	27	26	8	5	94	112	7	119	
Terminal Area Total	\$ 73	\$ 42	\$ 58	\$ 97	\$ 75	\$ 67	\$ 50	\$ 347	\$ 462	\$ 18	\$ 480	
GT and Parking Area	\$ 17	\$ 28	\$ 72	\$ 38	\$ 55	\$ 34	\$ 4	\$ 204	\$ 248	\$ -	\$ 248	
Other Leased Area												
Power & Lighting Improvements	\$ 26	\$ 4	\$ 80	\$ 102	\$ 95	\$ 70	\$ 70	\$ 417	\$ 447	\$ 194	\$ 641	
Waste Water System Improvements	5	1	55	38	48	5	0	147	153	-	153	
Water System Improvements	6	70	115	93	45	2	-	255	331	-	331	
Superbay Renovation Projects	1	-	-	2	18	68	54	142	143	-	143	
Technology Improvement Projects	53	29	15	47	8	1	0	71	153	-	153	
South San Francisco Land Acquisition	-	-	100	-	-	-	-	100	100	-	100	
Energy and Efficiency Improvements	1	1	38	24	26	5	-	93	95	-	95	
Airport Shoreline Protection Projects	15	2	108	5	-	-	-	113	131	-	131	
Noise Insulation Projects	14	2	2	3	1	-	-	6	22	-	22	
Security Improvements	0	1	17	22	34	-	-	73	74	-	74	
Other Leased Area Projects	40	23	121	118	72	63	40	415	477	105	582	
Other Leased Area Total	\$ 161	\$ 132	\$ 651	\$ 455	\$ 346	\$ 216	\$ 164	\$ 1,832	\$ 2,125	\$ 299	\$ 2,424	
Infrastructure Projects Plan Reserve	\$ -	\$ -	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 201	\$ 201	\$ 201	\$ 402	
INFRASTRUCTURE PROJECTS PLAN TOTAL												
	\$ 582	\$ 231	\$ 995	\$ 829	\$ 602	\$ 398	\$ 262	\$ 3,086	\$ 3,899	\$ 518	\$ 4,417	
GRAND TOTAL												
	\$ 3,659	\$ 849	\$ 1,669	\$ 2,313	\$ 1,342	\$ 982	\$ 422	\$ 6,727	\$ 11,236	\$ 1,217	\$ 12,453	

Note: Figures may not sum to totals due to rounding.
Source: Airport Commission, August 2025.

Exhibit A-2

AIRPORT CAPITAL IMPROVEMENT PLAN SOURCES OF FUNDING
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; amounts in millions)

Projects	Estimated Future Capital Expenditure								
	FY 2026-30					Through FY 2030	2031-2035	Grand Total	2026-2035 Bonds
	Prior Funding	2025DE Bonds	Bond Funding	Other Funding	Subtotal 2026-2030				
	[A]	[B]			[C]	[D]=[A]+[B]+[C]	[E]	[D]+[E]	
ASCENT PHASE 1.5									
Terminal Area									
Terminal 1 Center	\$ 1,642	\$ 16	\$ 11	\$ -	\$ 11	\$ 1,669	\$ -	\$ 1,669	\$ 27
Terminal 3 West Modernization	697	280	1,716	-	1,716	2,693	-	2,693	1,996
Courtyard 3 Connector	378	22	14	-	14	414	-	414	36
Other Terminal 3 Projects	-	2	257	-	257	259	-	259	259
International Terminal Refresh Projects	179	77	40	-	40	296	-	296	117
Gate Enhancements	0	28	115	-	115	143	-	143	143
Baggage Handling System	5	1	52	-	52	58	-	58	53
Other Terminal Projects	86	5	29	-	29	120	-	120	34
Terminal Area Total	\$ 2,987	\$ 431	\$ 2,234	\$ -	\$ 2,234	\$ 5,652	\$ -	\$ 5,652	\$ 2,664
GT and Parking Area	\$ 39	\$ 39	\$ 209	\$ -	\$ 209	\$ 287	\$ -	\$ 287	\$ 248
Other Leased Areas									
Cargo and Hangar Improvements	\$ 7	\$ 109	\$ 381	\$ -	\$ 381	\$ 497	\$ 250	\$ 747	\$ 740
Consolidated Administration Campus	-	-	-	-	-	-	447	447	447
Support Facility Improvements	2	34	150	-	150	186	-	186	185
Wayfinding Projects	-	5	137	-	137	142	2	144	144
Energy and Efficiency Improvements	43	-	1	-	1	43	-	43	1
Power & Lighting Improvements	-	-	35	-	35	35	-	35	35
Bus Maintenance Facility	-	-	-	-	-	-	-	-	-
Other Leased Areas Total	\$ 51	\$ 148	\$ 705	\$ -	\$ 705	\$ 904	\$ 699	\$ 1,602	\$ 1,551
Ascent Reserve	\$ -	\$ -	\$ 494	\$ -	\$ 494	\$ 494	\$ -	\$ 494	\$ 494
ASCENT PHASE 1.5 TOTAL	\$ 3,078	\$ 618	\$ 3,641	\$ -	\$ 3,641	\$ 7,337	\$ 699	\$ 8,035	\$ 4,958

Note: Figures may not sum to totals due to rounding.
Source: Airport Commission, August 2025.

Exhibit A-2 (Cont.)

AIRPORT CAPITAL IMPROVEMENT PLAN SOURCES OF FUNDING
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; amounts in millions)

Projects	Estimated Future Capital Expenditure								
	FY 2026-30					Through FY 2030	2031-2035	Grand Total	2026-2035 Bonds
	Prior Funding [A]	2025DE Bonds [B]	Bond Funding	Other Funding	Subtotal 2026-2030 [C]				
						[D]=[A]+[B]+[C]	[E]	[D]+[E]	
INFRASTRUCTURE PROJECTS PLAN									
Airfield Area									
Taxiway Improvements	\$ 108	\$ 4	\$ 88	\$ 105	\$ 192	\$ 305	\$ -	\$ 305	\$ 92
Runway Improvements	216	24	58	168	226	466	-	466	82
Power & Lighting Improvements	7	2	8	24	32	41	-	41	10
Other Airfield Projects	0	-	43	9	52	52	-	52	43
Airfield Area Total	\$ 330	\$ 30	\$ 196	\$ 306	\$ 503	\$ 863	\$ -	\$ 863	\$ 226
Terminal Area									
International Terminal Improvements	\$ 55	\$ 41	\$ 254	\$ -	\$ 254	\$ 350	\$ 11	\$ 361	\$ 306
Other Terminal Projects	18	1	94	-	94	112	7	119	101
Terminal Area Total	\$ 73	\$ 42	\$ 347	\$ -	\$ 347	\$ 462	\$ 18	\$ 480	\$ 407
GT and Parking Area	\$ 17	\$ 28	\$ 200	\$ 4	\$ 204	\$ 248	\$ -	\$ 248	\$ 227
Other Leased Area									
Power & Lighting Improvements	\$ 26	\$ 4	\$ 325	\$ 92	\$ 417	\$ 447	\$ 194	\$ 641	\$ 373
Waste Water System Improvements	5	1	147	-	147	153	-	153	148
Water System Improvements	6	70	255	-	255	331	-	331	325
Superbay Renovation Projects	1	-	142	-	142	143	-	143	142
Technology Improvement Projects	53	29	71	-	71	153	-	153	100
South San Francisco Land Acquisition	-	-	-	100	100	100	-	100	-
Energy and Efficiency Improvements	1	1	91	2	93	95	-	95	92
Airport Shoreline Protection Projects	15	2	113	-	113	131	-	131	115
Noise Insulation Projects	14	2	6	-	6	22	-	22	8
Security Improvements	0	1	73	-	73	74	-	74	73
Other Leased Area Projects	40	23	405	10	415	477	105	582	533
Other Leased Area Total	\$ 161	\$ 132	\$ 1,628	\$ 204	\$ 1,832	\$ 2,125	\$ 299	\$ 2,424	\$ 1,910
Infrastructure Projects Plan Reserve	\$ -	\$ -	\$ 201	\$ -	\$ 201	\$ 201	\$ 201	\$ 402	\$ 402
INFRASTRUCTURE PROJECTS PLAN TOTAL	\$ 582	\$ 231	\$ 2,572	\$ 514	\$ 3,086	\$ 3,899	\$ 518	\$ 4,417	\$ 3,172
GRAND TOTAL	\$ 3,659	\$ 849	\$ 6,213	\$ 514	\$ 6,727	\$ 11,236	\$ 1,217	\$ 12,453	\$ 8,130

Note: Figures may not sum to totals due to rounding.
Source: Airport Commission, August 2025.

Exhibit B

PFC REVENUES AND APPLICATION OF PFC REVENUES
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; amounts in thousands except PFC levels)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport Commission management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	2024	Historical 2025	Projected 2026	2027	2028	2029	2030	2031	2032
<u>PFC Collections</u>									
Enplaned Passengers	25,516	26,966	27,995	29,069	30,153	31,225	32,298	33,352	34,396
Percent of PFC Eligible Passengers Paying	89.2%	93.4%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
PFC Eligible Enplaned Passengers	22,753	25,192	23,796	24,709	25,630	26,542	27,453	28,349	29,236
PFC Level	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50
Less: PFC Airline Collection Fee	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
Net PFC Level	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39
PFC Collections (not including interest income)	\$ 99,886	\$ 110,591	\$ 104,464	\$ 108,471	\$ 112,517	\$ 116,518	\$ 120,519	\$ 124,451	\$ 128,348
Cumulative PFC Collections with Interest (a)	\$1,831,229	\$1,962,291	\$2,080,634	\$2,201,042	\$2,323,946	\$2,449,348	\$2,577,299	\$2,707,782	\$2,840,809
<u>PFC Cash Flow</u>									
PFC Fund - Beginning Balance	\$ 586,309	\$ 707,989	\$ 759,051	\$ 642,657	\$ 563,065	\$ 485,968	\$ 411,371	\$ 339,322	\$ 269,804
Deposits:									
PFC Collections	\$ 99,886	\$ 110,591	\$ 104,464	\$ 108,471	\$ 112,517	\$ 116,518	\$ 120,519	\$ 124,451	\$ 128,348
Interest Earnings	21,793	20,471	13,878	11,938	10,386	8,885	7,433	6,031	4,680
Total Annual PFC Revenues	\$ 121,679	\$ 131,062	\$ 118,343	\$ 120,408	\$ 122,903	\$ 125,402	\$ 127,951	\$ 130,482	\$ 133,028
<u>Annual Use of PFC Revenues</u>									
Planned Pay-as-you-go	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Designated/To Be Designated as Revenues (b)	-	(80,000)	(234,737)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Total Annual Use of PFC Revenues	\$ -	\$ (80,000)	\$ (234,737)	\$ (200,000)	\$ (200,000)	\$ (200,000)	\$ (200,000)	\$ (200,000)	\$ (200,000)
PFC Fund - Ending Balance	\$ 707,989	\$ 759,051	\$ 642,657	\$ 563,065	\$ 485,968	\$ 411,371	\$ 339,322	\$ 269,804	\$ 202,832

(a) The Airport Commission has received PFC collection authority for a total of \$2.320 billion as of August 2025, and is preparing a new PFC application.

(b) The related amount is typically transferred after the fiscal year ending, but is shown in the related fiscal year on this Exhibit. Actual balance as of June 30, 2025 was \$839.1 million.

Note: Figures may not sum to totals due to rounding.

Sources: Historical - Airport Commission; Projected - LeighFisher.

Exhibit C

SOURCES & USES OF BOND FUNDS
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; dollars in thousands)

	2025DE Bonds	Future Bonds	Other Funding Sources	Grand Total
Sources of Funds				
Bond Proceeds	\$ 968,430	\$8,455,565	\$ -	\$ 9,423,995
Premium / (Discount)	12,657	-	-	12,657
Prior Funding	-	-	3,659,398	3,659,398
Grants and Other Funding	-	-	663,266	663,266
Total	<u>\$ 981,087</u>	<u>\$8,455,565</u>	<u>\$4,322,664</u>	<u>\$ 13,759,316</u>
Uses of Funds				
Commercial Paper Refunding	\$ 437,000	\$ -	\$ -	\$ 437,000
Capital Costs	412,000	7,281,027	4,322,664	12,015,691
Deposit to Contingency Account	-	158,810	-	158,810
Capitalized Interest	81,256	327,698	-	408,954
Bond Reserve Account	47,921	635,241	-	683,163
Cost of Issuance	2,909	52,789	-	55,698
Total	<u>\$ 981,087</u>	<u>\$8,455,565</u>	<u>\$4,322,664</u>	<u>\$ 13,759,316</u>

Note: Figures may not sum to totals due to rounding.

Sources: Airport Commission; PFM Financial Advisors LLC, August 2025.

Exhibit D

ANNUAL DEBT SERVICE REQUIREMENTS
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport Commission management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	2024	Historical 2025	Projected 2026	2027	2028	2029	2030	2031	2032
DEBT SERVICE - DEPOSIT BASIS (a)									
Outstanding Bonds									
Fixed Rate Bonds	\$ 467,025	\$ 578,553	\$ 605,068	\$ 616,788	\$ 634,868	\$ 602,523	\$ 603,347	\$ 603,235	\$ 614,436
Variable Rate Bonds	<u>6,838</u>	<u>5,325</u>	<u>11,119</u>	<u>13,364</u>	<u>15,369</u>	<u>15,561</u>	<u>15,942</u>	<u>16,286</u>	<u>16,659</u>
Subtotal	\$ 473,863	\$ 583,877	\$ 616,187	\$ 630,152	\$ 650,237	\$ 618,084	\$ 619,289	\$ 619,521	\$ 631,095
Planned Series 2025DE Bonds	-	-	8,298	20,049	35,503	82,539	82,671	82,838	82,921
Planned Future Bonds	<u>-</u>	<u>-</u>	<u>6,841</u>	<u>67,933</u>	<u>164,949</u>	<u>372,307</u>	<u>538,403</u>	<u>621,962</u>	<u>635,225</u>
Debt Service - Deposit Basis	<u>\$ 473,863</u>	<u>\$ 583,877</u>	<u>\$ 631,326</u>	<u>\$ 718,134</u>	<u>\$ 850,689</u>	<u>\$1,072,929</u>	<u>\$1,240,363</u>	<u>\$ 1,324,322</u>	<u>\$ 1,349,242</u>
ANNUAL DEBT SERVICE BY COST CENTER									
Airfield Area		\$ 58,165	\$ 69,467	\$ 77,942	\$ 87,926	\$ 102,717	\$ 116,358	\$ 115,825	\$ 114,029
Terminal Area		416,159	448,636	503,268	588,465	724,394	834,600	890,578	911,240
GT and Parking Area		56,105	53,727	62,088	77,863	111,931	127,655	142,129	142,366
Other Leased Areas		53,344	59,392	74,725	96,314	133,774	161,634	175,667	181,479
West of Bayshore Area		<u>105</u>	<u>104</u>	<u>111</u>	<u>121</u>	<u>114</u>	<u>117</u>	<u>124</u>	<u>128</u>
Annual Debt Service by Cost Center		<u>\$ 583,877</u>	<u>\$ 631,326</u>	<u>\$ 718,134</u>	<u>\$ 850,689</u>	<u>\$1,072,929</u>	<u>\$1,240,363</u>	<u>\$ 1,324,322</u>	<u>\$ 1,349,242</u>

(a) Debt service expressed on a deposit basis reflects the monthly payments the Commission is required to make to the Trustee, while debt service expressed on a cash basis reflects the actual payment of principal and interest to the Bond holders.

Annual Debt Service is defined on a cash basis through FY 2022 and is amended to be on a deposit basis starting FY 2023.

Note: Figures may not sum to totals due to rounding.

Sources: Airport Commission; PFM Financial Advisors LLC, August 2025.

Exhibit E

OPERATION AND MAINTENANCE EXPENSES
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport Commission management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	2024	Historical 2025	Projected 2026	2027	2028	2029	2030	2031	2032
Operation and Maintenance Expenses									
Salaries & Benefits									
Commission Staff	\$ 223,019	\$ 275,661	\$ 336,422	\$ 353,243	\$ 370,905	\$ 389,450	\$ 408,923	\$ 429,369	\$ 450,838
Police	77,735	81,746	96,847	101,689	106,774	112,112	117,718	123,604	129,784
Fire	32,391	33,993	37,833	39,724	41,711	43,796	45,986	48,285	50,700
Total Salaries and Benefits	\$ 333,145	\$ 391,400	\$ 471,102	\$ 494,657	\$ 519,389	\$ 545,359	\$ 572,627	\$ 601,258	\$ 631,321
Contractual Services									
Parking Garage Management Services	\$ 31,173	\$ 36,043	\$ 50,011	\$ 52,511	\$ 55,137	\$ 57,894	\$ 60,788	\$ 63,828	\$ 67,019
Other Contractual Services	83,195	98,109	168,510	176,935	185,782	195,071	204,825	215,066	225,819
Total Contractual Services	\$ 114,368	\$ 134,151	\$ 218,520	\$ 229,446	\$ 240,919	\$ 252,965	\$ 265,613	\$ 278,894	\$ 292,838
Services Provided by Other City Departments	\$ 30,725	\$ 34,389	43,158	45,316	47,581	49,960	52,458	55,081	57,835
Repairs and Maintenance	69,010	79,843	77,865	81,758	85,846	90,138	94,645	99,377	104,346
Utilities	27,779	31,030	47,656	50,476	53,450	56,586	59,893	63,379	67,055
Materials and Supplies	19,864	19,284	22,479	23,603	24,783	26,022	27,323	28,689	30,124
General and Administration	4,965	6,936	3,865	4,059	4,262	4,475	4,698	4,933	5,180
Environmental	-	-	-	-	-	-	-	-	-
BASE EXPENSES	\$ 599,857	\$ 697,034	\$ 884,644	\$ 929,313	\$ 976,229	\$1,025,504	\$1,077,257	\$1,131,612	\$1,188,699
Incremental Expenses for Future Facilities	-	-	-	-	-	-	5,000	5,250	5,513
OPERATION AND MAINTENANCE EXPENSES	\$ 599,857	\$ 697,034	\$ 884,644	\$ 929,313	\$ 976,229	\$1,025,504	\$1,082,257	\$1,136,862	\$1,194,212
Percent Change in Base Expenses	3.6%	16.2%	26.9%	5.0%	5.0%	5.0%	5.5%	5.0%	5.0%
O&M Expenses by Cost Center									
Airfield Area			\$ 126,337	\$ 132,648	\$ 139,319	\$ 146,298	\$ 153,627	\$ 161,303	\$ 169,394
Terminal Area			478,000	502,277	527,969	554,867	583,127	612,740	643,966
GT and Parking Area			200,703	210,795	221,184	232,229	248,827	261,364	274,365
Other Leased Areas			77,348	81,226	85,273	89,504	93,942	98,587	103,478
West of Bayshore Area			2,255	2,368	2,484	2,606	2,734	2,868	3,009
OPERATION AND MAINTENANCE EXPENSES			<u>\$ 884,644</u>	<u>\$ 929,313</u>	<u>\$ 976,229</u>	<u>\$1,025,504</u>	<u>\$1,082,257</u>	<u>\$1,136,862</u>	<u>\$1,194,212</u>

Note: Figures may not sum to totals due to rounding.
Sources: Historical - Airport Commission; Projected - LeighFisher.

Exhibit F

REVENUES

Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport Commission management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Historical 2024	Historical 2025	Projected 2026	2027	2028	2029	2030	2031	2032
Aviation Revenues									
Landing Fees	\$ 294,186	\$ 256,445	\$ 262,301	\$ 359,668	\$ 488,315	\$ 619,780	\$ 725,856	\$ 780,676	\$ 792,307
Terminal Rentals	<u>505,835</u>	<u>476,187</u>	<u>530,857</u>	<u>583,279</u>	<u>597,205</u>	<u>697,979</u>	<u>782,130</u>	<u>841,873</u>	<u>858,761</u>
Aviation Revenue - Airlines	\$ 800,021	\$ 732,631	\$ 793,158	\$ 942,947	\$ 1,085,520	\$ 1,317,758	\$ 1,507,986	\$ 1,622,549	\$ 1,651,068
Other Rental Revenues	60,380	64,108	65,929	68,107	70,355	72,665	75,046	77,495	80,016
Other Aviation Revenues	<u>53,589</u>	<u>58,263</u>	<u>57,789</u>	<u>61,857</u>	<u>64,848</u>	<u>68,024</u>	<u>70,922</u>	<u>73,811</u>	<u>76,828</u>
	\$ 913,990	\$ 855,002	\$ 916,876	\$ 1,072,911	\$ 1,220,723	\$ 1,458,448	\$ 1,653,954	\$ 1,773,855	\$ 1,807,912
Concession Revenues									
Parking	\$ 130,417	\$ 136,123	\$ 139,524	\$ 142,123	\$ 147,422	\$ 160,293	\$ 165,790	\$ 171,191	\$ 176,541
On-airport Rental Car	52,752	50,904	52,690	54,710	56,750	58,767	60,782	62,762	64,723
Duty Free	36,645	33,920	30,364	27,601	28,775	30,050	31,359	32,699	34,072
Retail	16,590	18,438	20,133	21,308	22,529	23,780	25,073	26,392	27,746
Food & Beverage	26,472	30,111	34,760	35,963	38,024	40,137	42,318	44,545	46,830
Other Services	27,667	31,904	33,987	35,062	36,155	37,251	38,359	39,466	40,580
TNC and Ground Transportation	59,972	65,700	69,619	74,029	78,640	83,400	88,345	93,432	98,687
Other Concession Revenues	<u>15,871</u>	<u>17,550</u>	<u>17,216</u>	<u>17,815</u>	<u>18,432</u>	<u>19,065</u>	<u>19,717</u>	<u>20,386</u>	<u>21,074</u>
Subtotal	\$ 366,385	\$ 384,650	\$ 398,293	\$ 408,612	\$ 426,728	\$ 452,743	\$ 471,742	\$ 490,874	\$ 510,255
GASB 87 Impact (a)	<u>(10,382)</u>	<u>(17,391)</u>	-	-	-	-	-	-	-
	\$ 356,003	\$ 367,259	\$ 398,293	\$ 408,612	\$ 426,728	\$ 452,743	\$ 471,742	\$ 490,874	\$ 510,255
Net Sales and Services									
Utilities (net of costs)	\$ 15,829	\$ 18,889	\$ 20,754	\$ 21,607	\$ 22,496	\$ 23,425	\$ 24,394	\$ 25,405	\$ 26,461
BART Payments	2,750	2,723	1,180	3,569	3,594	3,619	3,644	3,670	3,696
Rental Car Facility Fees	18,432	18,910	19,421	19,907	20,404	20,914	21,437	21,973	22,522
Rental Car Transportation Fees	21,479	22,527	22,898	23,776	24,663	25,539	26,415	27,275	28,128
Other Sales and Services	<u>30,734</u>	<u>37,364</u>	<u>38,556</u>	<u>39,494</u>	<u>40,459</u>	<u>41,449</u>	<u>42,467</u>	<u>43,508</u>	<u>44,576</u>
	\$ 89,224	\$ 100,413	\$ 102,809	\$ 108,352	\$ 111,616	\$ 114,946	\$ 118,357	\$ 121,831	\$ 125,382
TOTAL OPERATING REVENUES	\$1,359,217	\$1,322,673	\$1,417,978	\$1,589,875	\$1,759,067	\$2,026,137	\$2,244,053	\$2,386,560	\$2,443,550
PFCS Classified as Revenues (b)	-	80,000	234,737	200,000	200,000	200,000	200,000	200,000	200,000
Interest Income (c)	<u>69,628</u>	<u>92,340</u>	<u>56,370</u>	<u>39,216</u>	<u>47,377</u>	<u>54,699</u>	<u>61,612</u>	<u>63,827</u>	<u>65,678</u>
TOTAL REVENUES	<u>\$1,428,846</u>	<u>\$1,495,013</u>	<u>\$1,709,085</u>	<u>\$1,829,091</u>	<u>\$2,006,444</u>	<u>\$2,280,836</u>	<u>\$2,505,665</u>	<u>\$2,650,387</u>	<u>\$2,709,228</u>

(a) Adjustments to lease-based revenues associated with GASB 87 to reconcile to the Commission's audited Financial Statements for FY 2024.

(b) Indicating a portion of PFC balance and receipts used to pay debt service in such fiscal year, based on the Airport Commission's expectations.

(c) Certain interest income included by the Commission in Airline Rates and Charges calculations.

Note: Figures may not sum to totals due to rounding.

Sources: Historical - Airport Commission; Projected - LeighFisher.

Exhibit F-1

LANDING FEES

Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; amounts in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport Commission management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Projected						
	2026	2027	2028	2029	2030	2031	2032
Airfield Area							
Operation and Maintenance Expenses	\$ 126,337	\$ 132,648	\$ 139,319	\$ 146,298	\$ 153,627	\$ 161,303	\$ 169,394
Existing Annual Debt Service	67,976	69,727	70,329	65,965	65,695	57,820	54,434
Future Annual Debt Service	1,491	8,214	17,596	36,752	50,663	58,005	59,595
Subordinate Lien Debt	2,277	2,210	2,141	1,901	1,789	1,654	1,585
Small Capital Outlays	514	527	540	553	567	581	596
Equipment	1,217	1,278	1,342	1,409	1,479	1,553	1,631
Annual Service Payments	-	-	-	-	-	-	-
Annual ORCIF Deposits	10,563	9,698	8,395	7,595	7,005	6,960	3,850
Subtotal	\$ 210,375	\$ 224,302	\$ 239,662	\$ 260,474	\$ 280,825	\$ 287,876	\$ 291,085
PFCs Classified as Revenues	(75,887)	(51,613)	-	-	-	-	-
Other Airfield Area Non-Airline Revenues	(7,324)	(5,851)	(6,512)	(6,955)	(7,531)	(7,478)	(7,540)
Deficit/(Surplus) from Prior Fiscal Years	(19,677)	(35,201)	-	-	-	-	-
Deficit/(Surplus) from Other Leased Areas	17,705	32,103	51,740	87,438	113,499	127,088	129,355
Deficit/(Surplus) from West of Bayshore Area	3,163	3,293	3,413	3,529	3,667	3,827	3,950
Airfield Area Net Expenses	\$ 128,355	\$ 167,032	\$ 288,303	\$ 344,487	\$ 390,460	\$ 411,313	\$ 416,851
Landed Weight of Signatory Airlines	39,419	40,927	42,449	43,959	45,470	46,959	48,438
Basic Landing Fee Rate (per 1,000 lbs)	\$ 3.26	\$ 4.08	\$ 6.79	\$ 7.84	\$ 8.59	\$ 8.76	\$ 8.61
Rental Surcharge	\$ 336,273	\$ 411,514	\$ 476,308	\$ 582,580	\$ 670,792	\$ 738,727	\$ 750,912
Airfield Area Portion (50%)	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Airfield Area Rental Surcharge	\$ 168,136	\$ 205,757	\$ 238,154	\$ 291,290	\$ 335,396	\$ 369,363	\$ 375,456
Net Revenues of GT and Parking Area	(53,868)	(48,323)	(38,142)	(15,997)	-	-	-
Subtotal	\$ 114,269	\$ 157,434	\$ 200,012	\$ 275,293	\$ 335,396	\$ 369,363	\$ 375,456
Landed Weight of Signatory Airlines	39,419	40,927	42,449	43,959	45,470	46,959	48,438
Landing Fee Surcharge Rate (per 1,000 lbs)	\$ 2.90	\$ 3.85	\$ 4.71	\$ 6.26	\$ 7.38	\$ 7.87	\$ 7.75
Basic Landing Fee Rate	\$ 3.26	\$ 4.08	\$ 6.79	\$ 7.84	\$ 8.59	\$ 8.76	\$ 8.61
Landing Fee Surcharge Rate	2.90	3.85	4.71	6.26	7.38	7.87	7.75
Effective Landing Fee Rate (per 1,000 lbs)	\$ 6.16	\$ 7.93	\$ 11.50	\$ 14.10	\$ 15.96	\$ 16.62	\$ 16.36
Total Landing Fee Revenues	\$ 242,624	\$ 324,466	\$ 488,315	\$ 619,780	\$ 725,856	\$ 780,676	\$ 792,307
Surplus/(Deficit) from Prior Fiscal Years	19,677	35,201	-	-	-	-	-
Landing Fee Revenues Recognized	\$ 262,301	\$ 359,668	\$ 488,315	\$ 619,780	\$ 725,856	\$ 780,676	\$ 792,307

Note: Figures may not sum to totals due to rounding. The landing fee and associated landing fee revenues for FY 2026 shown in this exhibit reflect updated estimates, and differ from the budgeted amounts (landing fee rate of \$6.59 and revenues of \$262.3 million).
Source: LeighFisher.

Exhibit F-2

TERMINAL AREA RENTALS
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; amounts in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport Commission management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Projected						
	2026	2027	2028	2029	2030	2031	2032
Terminal Area							
Operation and Maintenance Expenses	\$ 478,000	\$ 502,277	\$ 527,969	\$ 554,867	\$ 583,127	\$ 612,740	\$ 643,966
Existing Annual Debt Service	438,838	448,228	461,964	429,144	431,655	433,535	445,756
Future Annual Debt Service	9,798	55,040	126,501	295,249	402,945	457,043	465,484
Subordinate Lien Debt	17,079	17,745	19,753	21,107	21,437	21,485	21,541
Small Capital Outlays	3,019	3,094	3,172	3,251	3,332	3,416	3,501
Equipment	2,148	2,255	2,368	2,487	2,611	2,742	2,879
Annual Service Payments	59,744	61,292	64,009	67,911	70,761	73,631	76,538
Annual ORCIF Deposits	57,015	49,255	43,770	41,269	38,778	39,754	22,248
Subtotal	\$1,065,641	\$1,139,186	\$1,249,506	\$1,415,286	\$1,554,646	\$1,644,345	\$1,681,913
Deficit/(Surplus) from Prior Fiscal Years	(77,637)	(70,403)	-	-	-	-	-
Adjusted Terminal Area Expenses	\$ 988,004	\$1,068,783	\$1,249,506	\$1,415,286	\$1,554,646	\$1,644,345	\$1,681,913
Divided by Gross Building Area (square feet)	6,294	6,320	6,320	6,320	6,320	6,320	6,320
Annual Cost per Square Foot ("Basic Rate")	\$ 156.97	\$ 169.11	\$ 197.70	\$ 223.93	\$ 245.98	\$ 260.18	\$ 266.12
Airline Leased Space (square feet)	1,816	1,816	1,816	1,816	1,816	1,816	1,816
Basic Rentals	\$ 285,083	\$ 307,119	\$ 359,051	\$ 406,688	\$ 446,734	\$ 472,509	\$ 483,305
Annual Cost per Square Foot ("Basic Rate")	\$ 156.97	\$ 169.11	\$ 197.70	\$ 223.93	\$ 245.98	\$ 260.18	\$ 266.12
Public Space (square feet)	4,478	4,504	4,504	4,504	4,504	4,504	4,504
Cost of Public Space	\$ 702,921	\$ 761,664	\$ 890,456	\$1,008,598	\$1,107,912	\$1,171,836	\$1,198,609
PFCs Classified as Revenues	(158,850)	(148,387)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Other Terminal Non-Airline Revenues	(207,798)	(201,763)	(214,147)	(226,017)	(237,776)	(246,711)	(255,743)
Deficit of GT and Parking Area	-	-	-	-	656	13,602	8,047
Rental Surcharge (Basic Rental Adjustment)	\$ 336,273	\$ 411,514	\$ 476,308	\$ 582,580	\$ 670,792	\$ 738,727	\$ 750,912
Terminal Area Portion (50%)	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Terminal Area Rental Surcharge	\$ 168,136	\$ 205,757	\$ 238,154	\$ 291,290	\$ 335,396	\$ 369,363	\$ 375,456
Airline Leased Space	1,816	1,816	1,816	1,816	1,816	1,816	1,816
Rental Surcharge Rate	\$ 92.58	\$ 113.29	\$ 131.13	\$ 160.39	\$ 184.68	\$ 203.38	\$ 206.74
Basic Rate (per square foot)	\$ 156.97	\$ 169.11	\$ 197.70	\$ 223.93	\$ 245.98	\$ 260.18	\$ 266.12
Rental Surcharge Rate	92.58	113.29	131.13	160.39	184.68	203.38	206.74
Effective Average Rental Rate (per square foot)	\$ 249.55	\$ 282.40	\$ 328.84	\$ 384.32	\$ 430.66	\$ 463.56	\$ 472.86
Terminal Area Rentals	\$ 453,219	\$ 512,876	\$ 597,205	\$ 697,979	\$ 782,130	\$ 841,873	\$ 858,761
Surplus/(Deficit) from Prior Fiscal Years	77,637	70,403	-	-	-	-	-
Terminal Revenues Recognized	\$ 530,857	\$ 583,279	\$ 597,205	\$ 697,979	\$ 782,130	\$ 841,873	\$ 858,761

Note: Figures may not sum to totals due to rounding. The terminal rental rate and associated rental revenues for FY 2026 shown in this exhibit reflect updated estimates, and differ from the budgeted amounts (rental rate of \$271.64 per sq. ft. and \$493.3 million of rental revenues.)

Source: LeighFisher.

Exhibit F-3

AIRLINE PAYMENTS PER ENPLANED PASSENGER
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; amounts in thousands except ratios)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport Commission management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	2024	Historical 2025	Projected 2026	2027	2028	2029	2030	2031	2032
Aviation Revenue - Airlines									
Landing Fees	\$ 294,186	\$ 256,445	\$ 262,301	\$ 359,668	\$ 488,315	\$ 619,780	\$ 725,856	\$ 780,676	\$ 792,307
Terminal Area Rentals	505,835	476,187	530,857	583,279	597,205	697,979	782,130	841,873	858,761
Aviation Revenue - Airlines	\$ 800,021	\$ 732,631	\$ 793,158	\$ 942,947	\$1,085,520	\$1,317,758	\$1,507,986	\$1,622,549	\$1,651,068
Adjustment for Deferred Aviation Revenues (a)	(214,085)	(44,126)	(97,315)	(105,604)	-	-	-	-	-
Subtotal	\$ 585,936	\$ 688,505	\$ 695,843	\$ 837,343	\$1,085,520	\$1,317,758	\$1,507,986	\$1,622,549	\$1,651,068
Estimated Cargo Carrier Landing Fees	(9,726)	(7,996)	(7,958)	(10,887)	(14,750)	(18,696)	(21,873)	(23,540)	(23,939)
Passenger Airline Payments	<u>\$ 576,210</u>	<u>\$ 680,509</u>	<u>\$ 687,885</u>	<u>\$ 826,456</u>	<u>\$1,070,770</u>	<u>\$1,299,063</u>	<u>\$1,486,113</u>	<u>\$1,599,009</u>	<u>\$1,627,129</u>
Enplaned Passengers	25,516	26,966	27,995	29,069	30,153	31,225	32,298	33,352	34,396
Airline Cost per Enplaned Passenger	\$ 22.58	\$ 25.24	\$ 24.57	\$ 28.43	\$ 35.51	\$ 41.60	\$ 46.01	\$ 47.94	\$ 47.31
In FY 2026 Dollars (b)			24.57	27.74	33.80	38.63	41.69	42.38	40.79

(a) The amount reflects the difference between actual receipts and recalculated airline requirement.

(b) Discounted using an assumed annual inflation rate of 2.5%.

Note: Figures may not sum to totals due to rounding.

Sources: Historical - Airport Commission; Projected - LeighFisher.

Exhibit G

APPLICATION OF REVENUES
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport Commission management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	2024	Historical 2025	Projected 2026	2027	2028	2029	2030	2031	2032
REVENUES									
Operating Revenues									
Aviation	\$ 913,990	\$ 855,002	\$ 916,876	\$1,072,911	\$1,220,723	\$1,458,448	\$1,653,954	\$1,773,855	\$1,807,912
Concession	356,003	367,259	398,293	408,612	426,728	452,743	471,742	490,874	510,255
Net Sales and Service	89,224	100,413	102,809	108,352	111,616	114,946	118,357	121,831	125,382
Subtotal	\$1,359,217	\$1,322,673	\$1,417,978	\$1,589,875	\$1,759,067	\$2,026,137	\$2,244,053	\$2,386,560	\$2,443,550
PFCs Classified as Revenues	-	80,000	234,737	200,000	200,000	200,000	200,000	200,000	200,000
Interest Income	69,628	92,340	56,370	39,216	47,377	54,699	61,612	63,827	65,678
Total Revenues	\$1,428,846	\$1,495,013	\$1,709,085	\$1,829,091	\$2,006,444	\$2,280,836	\$2,505,665	\$2,650,387	\$2,709,228
APPLICATION OF REVENUES									
Operation and Maintenance Expenses	\$ 599,857	\$ 697,034	\$ 884,644	\$ 929,313	\$ 976,229	\$1,025,504	\$1,082,257	\$1,136,862	\$1,194,212
Annual Debt Service	473,863	583,877	631,326	718,134	850,689	1,072,929	1,240,363	1,324,322	1,349,242
Reserve Fund Deposits	-	-	-	-	-	-	-	-	-
Subordinate Debt Service	11,464	6,716	22,559	23,082	25,036	25,929	25,929	25,929	25,929
Deposit to General Purpose Account									
For Annual Service Payment to City	55,600	58,237	59,744	61,292	64,009	67,911	70,761	73,631	76,538
Annual ORCIF Deposits	250,000	98,306	88,730	78,792	69,994	66,225	62,224	63,779	35,658
ORCIF Interest Earnings	-	5,000	10,761	6,741	8,317	9,716	11,041	12,285	13,561
Other Deposits to the General Purpose Account	38,061	45,842	11,321	11,737	12,170	12,620	13,089	13,578	14,087
Total Application of Revenues	\$1,428,846	\$1,495,013	\$1,709,085	\$1,829,091	\$2,006,444	\$2,280,836	\$2,505,665	\$2,650,387	\$2,709,228

Note: Figures may not sum to totals due to rounding.
Sources: Historical - Airport Commission; Projected - LeighFisher.

Exhibit H

RATE COVENANT COMPLIANCE

Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; amounts in thousands except ratios)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport Commission management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	2024	Historical 2025	Projected 2026	2027	2028	2029	2030	2031	2032
RATE COVENANT CALCULATIONS									
Requirement (a)(i) - Sufficiency									
Revenues (a)	\$1,428,846	\$1,495,013	\$1,709,085	\$1,829,091	\$2,006,444	\$2,280,836	\$2,505,665	\$2,650,387	\$2,709,228
Less: Operation and Maintenance Expenses	<u>(599,857)</u>	<u>(697,034)</u>	<u>(884,644)</u>	<u>(929,313)</u>	<u>(976,229)</u>	<u>(1,025,504)</u>	<u>(1,082,257)</u>	<u>(1,136,862)</u>	<u>(1,194,212)</u>
Net Revenues	\$ 828,989	\$ 797,979	\$ 824,441	\$ 899,777	\$1,030,215	\$1,255,331	\$1,423,408	\$1,513,525	\$1,515,016
Annual Debt Service	(473,863)	(583,877)	(631,326)	(718,134)	(850,689)	(1,072,929)	(1,240,363)	(1,324,322)	(1,349,242)
Deposit to Debt Service Reserve Fund	-	-	-	-	-	-	-	-	-
Subordinate Debt Service	(11,464)	(6,716)	(22,559)	(23,082)	(25,036)	(25,929)	(25,929)	(25,929)	(25,929)
Annual Service Payment to City	<u>(55,600)</u>	<u>(58,237)</u>	<u>(59,744)</u>	<u>(61,292)</u>	<u>(64,009)</u>	<u>(67,911)</u>	<u>(70,761)</u>	<u>(73,631)</u>	<u>(76,538)</u>
Equals: Remaining Amounts (must not be < zero)	\$ 288,061	\$ 149,148	\$ 110,812	\$ 97,270	\$ 90,480	\$ 88,561	\$ 86,354	\$ 89,643	\$ 63,306
Requirement (a)(ii) - Coverage									
Contingency Account Balance	\$ 177,466	\$ 194,174	\$ 219,288	\$ 272,578	\$ 312,788	\$ 352,985	\$ 352,985	\$ 352,985	\$ 352,985
Net Revenues	\$ 828,989	\$ 797,979	\$ 824,441	\$ 899,777	\$1,030,215	\$1,255,331	\$1,423,408	\$1,513,525	\$1,515,016
Transfer (b)	<u>177,466</u>	<u>194,174</u>	<u>157,831</u>	<u>179,533</u>	<u>212,672</u>	<u>268,232</u>	<u>310,091</u>	<u>331,080</u>	<u>337,311</u>
Total Amount Available	\$1,006,455	\$ 992,153	\$ 982,273	\$1,079,311	\$1,242,887	\$1,523,564	\$1,733,499	\$1,844,605	\$1,852,326
Annual Debt Service (c)	\$ 473,863	\$ 583,877	\$ 631,326	\$ 718,134	\$ 850,689	\$1,072,929	\$1,240,363	\$1,324,322	\$1,349,242
Coverage (must not be < 125%)	212%	170%	156%	150%	146%	142%	140%	139%	137%

(a) Revenue totals include PFCs classified as Revenues.

(b) Transfer amounts for FY 2026 to FY 2032 are limited to 25% of Annual Debt Service for the purposes of this Report.

(c) Annual Debt Service is on a deposit basis.

Note: Figures may not sum to totals due to rounding.

Sources: Historical - Airport Commission; Projected - LeighFisher.

Exhibit I

SUMMARY OF FINANCIAL PROJECTIONS
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; amounts in thousands except rates and ratios)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport Commission management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	2024	Historical 2025	Projected 2026	2027	2028	2029	2030	2031	2032
ENPLANED PASSENGERS	25,516	26,966	27,995	29,069	30,153	31,225	32,298	33,352	34,396
Percentage Change	8.9%	5.7%	3.8%	3.8%	3.7%	3.6%	3.4%	3.3%	3.1%
DEBT SERVICE COVERAGE									
Revenues (a)	\$1,428,846	\$1,495,013	\$1,709,085	\$1,829,091	\$2,006,444	\$2,280,836	\$2,505,665	\$2,650,387	\$2,709,228
Operation and Maintenance Expenses	(599,857)	(697,034)	(884,644)	(929,313)	(976,229)	(1,025,504)	(1,082,257)	(1,136,862)	(1,194,212)
Net Revenues	\$ 828,989	\$ 797,979	\$ 824,441	\$ 899,777	\$1,030,215	\$1,255,331	\$1,423,408	\$1,513,525	\$1,515,016
Annual Debt Service	473,863	583,877	631,326	718,134	850,689	1,072,929	1,240,363	1,324,322	1,349,242
Debt Service Coverage (without Transfer)	175%	137%	131%	125%	121%	117%	115%	114%	112%
Transfer Amount (b)	\$ 177,466	\$ 194,174	\$ 157,831	\$ 179,533	\$ 212,672	\$ 268,232	\$ 310,091	\$ 331,080	\$ 337,311
Debt Service Coverage (with Transfer)	212%	170%	156%	150%	146%	142%	140%	139%	137%
PFCs Classified as Revenues	\$ -	\$ 80,000	\$ 234,737	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
ORCIF FUND BALANCE (excluding interest earnings)									
Starting Balance	\$ -	\$ 250,000	\$ 348,306	\$ 337,036	\$ 415,828	\$ 485,822	\$ 552,047	\$ 614,271	\$ 678,050
Annual ORCIF Deposit after FY Ends	250,000	98,306	88,730	78,792	69,994	66,225	62,224	63,779	35,658
Expenditure	-	-	(100,000)	-	-	-	-	-	-
Ending Balance	\$ 250,000	\$ 348,306	\$ 337,036	\$ 415,828	\$ 485,822	\$ 552,047	\$ 614,271	\$ 678,050	\$ 713,708
AIRLINE FEES AND CHARGES									
Landing Fee Rate	\$ 5.98	\$ 6.48	\$ 6.59	\$ 7.93	\$ 11.50	\$ 14.10	\$ 15.96	\$ 16.62	\$ 16.36
Average Terminal Rate	225.62	246.46	271.64	282.40	328.84	384.32	430.66	463.56	472.86
Airline Payments per Enplaned Passenger	22.58	25.24	24.57	28.43	35.51	41.60	46.01	47.94	47.31

(a) Revenue totals include PFCs classified as Revenues.

(b) Transfer amounts for FY 2026 to FY 2032 are limited to 25% of Annual Debt Service for the purposes of this Report.

Note: Figures may not sum to totals due to rounding.

Sources: Historical - Airport Commission; Projected - LeighFisher.

Exhibit J

SUMMARY OF FINANCIAL PROJECTIONS - SENSITIVITY CASE
Airport Commission, City and County of San Francisco
(for Fiscal Years ending June 30; amounts in thousands except rates and ratios)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport Commission management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	2024	Historical 2025	Projected 2026	2027	2028	2029	2030	2031	2032
ENPLANED PASSENGERS	25,516	26,966	26,398	27,410	28,433	29,444	30,456	31,450	32,436
Percentage Change	8.9%	5.7%	-2.1%	3.8%	3.7%	3.6%	3.4%	3.3%	3.1%
DEBT SERVICE COVERAGE									
Revenues (a)	\$1,428,846	\$1,495,013	\$1,707,297	\$1,826,023	\$2,003,221	\$2,277,389	\$2,502,071	\$2,646,645	\$2,705,336
Operation and Maintenance Expenses	(599,857)	(697,034)	(884,644)	(929,313)	(976,229)	(1,025,504)	(1,082,257)	(1,136,862)	(1,194,212)
Net Revenues	\$ 828,989	\$ 797,979	\$ 822,653	\$ 896,709	\$1,026,992	\$1,251,885	\$1,419,814	\$1,509,783	\$1,511,124
Annual Debt Service	473,863	583,877	631,326	718,134	850,689	1,072,929	1,240,363	1,324,322	1,349,242
Debt Service Coverage (without Transfer)	175%	137%	130%	125%	121%	117%	114%	114%	112%
Transfer Amount (b)	\$ 177,466	\$ 194,174	\$ 157,831	\$ 179,533	\$ 212,672	\$ 268,232	\$ 310,091	\$ 331,080	\$ 337,311
Debt Service Coverage (with Transfer)	212%	170%	155%	150%	146%	142%	139%	139%	137%
PFCs Classified as Revenues	\$ -	\$ 80,000	\$ 234,737	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
ORCIF FUND BALANCE (excluding interest earnings)									
Starting Balance	\$ -	\$ 250,000	\$ 348,306	\$ 337,036	\$ 415,828	\$ 485,822	\$ 552,047	\$ 614,271	\$ 678,050
Annual ORCIF Deposit after FY Ends	250,000	98,306	88,730	78,792	69,994	66,225	62,224	63,779	35,658
Expenditure	-	-	(100,000)	-	-	-	-	-	-
Ending Balance	\$ 250,000	\$ 348,306	\$ 337,036	\$ 415,828	\$ 485,822	\$ 552,047	\$ 614,271	\$ 678,050	\$ 713,708
AIRLINE FEES AND CHARGES									
Landing Fee Rate	\$ 5.98	\$ 6.48	\$ 6.59	\$ 8.95	\$ 12.79	\$ 15.56	\$ 17.37	\$ 18.08	\$ 17.80
Average Terminal Rate	225.62	246.46	271.64	282.59	329.06	385.02	435.97	469.09	478.61
Airline Payments per Enplaned Passenger	22.58	25.24	26.41	30.74	38.24	44.72	49.40	51.45	50.78

(a) Revenue totals include PFCs classified as Revenues.

(b) Transfer amounts for FY 2026 to FY 2032 are limited to 25% of Annual Debt Service for the purposes of this Report.

Note: Figures may not sum to totals due to rounding.

Sources: Historical - Airport Commission; Projected - LeighFisher.

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APPENDIX B

**BASIC FINANCIAL STATEMENTS WITH SCHEDULE OF PASSENGER FACILITY CHARGE
REVENUES AND EXPENDITURES, JUNE 30, 2025 (WITH INDEPENDENT AUDITOR'S REPORT
THEREON)**

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**AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO INTERNATIONAL AIRPORT**

Basic Financial Statements with
Schedule of Passenger Facility Charge Revenues and Expenditures

June 30, 2025

(With Independent Auditor's Report Thereon)

**AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO INTERNATIONAL AIRPORT**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Board of Supervisors
City and County of San Francisco

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Airport Commission, City and County of San Francisco, San Francisco International Airport, an enterprise fund of the City and County of San Francisco, California, (the "Airport"), as of and for the year ended June 30, 2025 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Airport as of June 30, 2025, and the changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Airport and do not purport to, and do not, present fairly the financial position of the City and County of San Francisco, California, as of June 30, 2025, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 2, during the year ended June 30, 2025, the Airport adopted new accounting guidance, GASB Statement No. 101, Compensated Absences, which resulted in a restatement of the July 1, 2024 net position in the amount of \$34,718,000. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's financial statements. The accompanying schedule of passenger facility charge revenues and expenditures is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charge revenues and expenditures is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.



Crowe LLP

Costa Mesa, California
October 27, 2025

**AIRPORT COMMISSION
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Management's Discussion and Analysis (Unaudited)

June 30, 2025

The Airport Commission (the Airport), an enterprise department of City and County of San Francisco (the City), presents the following narrative overview and analysis of the financial activities of the Airport for the fiscal year (FY) ended June 30, 2025. The terms "Airport" and "SFO" also refer to the land and improvements comprising the San Francisco International Airport.

The Airport's basic financial statements comprise the following components: (1) Financial Statements and (2) Notes to Financial Statements. The Airport's basic financial statements include:

The *Statement of Net Position* presents information on the Airport's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of the year-end, with the difference between the amounts as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Airport is improving or weakening.

While the statement of net position provides information about the nature and amount of resources and obligations at the year-end, the *Statement of Revenues, Expenses, and Changes in Net Position* presents the results of the Airport's operations over the course of the fiscal year and information as to how the net position changed during the fiscal year. The statement can be used as an indicator of the extent to which the Airport has successfully recovered its costs through user fees and other charges. All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The *Statement of Cash Flows* presents changes in cash and cash equivalents resulting from operating, noncapital financing, capital financing, and investing activities. The statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or revenue and exclude noncash accounting measures of depreciation or amortization of assets.

The *Notes to Financial Statements* provide information that is not displayed on the face of the financial statements but is essential to a full understanding of the financial statements.

Highlights of Airline Operations at the Airport

Fiscal year 2024-25 total passenger traffic at SFO was more than 54.1 million passengers, an increase of 5.5% compared to the prior fiscal year. Domestic enplaned passengers increased by 5.6%, and international enplaned passengers increased by 5.9%. Total cargo and U.S. mail tonnage increased by 3.7%.

Fiscal year 2024-25 published scheduled departing seats for SFO were 7.3% higher than fiscal year 2023-24, while the Oakland International Airport (OAK) and the San Jose Mineta International Airport (SJC) were 9.2% and 0.9% lower, respectively. Total scheduled departing seats for the Bay Area were 3.2% higher than the prior fiscal year.

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Passenger and Other Traffic Activity

The number of flight operations (takeoffs and landings) increased by 8.1% over the previous fiscal year. Aircraft revenue landed weight, which affects revenue generated by landing fees, increased by 5.4% in comparison to the prior fiscal year. Total Airport passengers, who are comprised of enplaned, deplaned and in transit passengers (defined as passengers who fly into and out of SFO on the same aircraft), surpassed 54.1 million, which was 5.5% above last fiscal year. Overall enplaned passengers increased by 5.7% over the prior fiscal year to 27.0 million. Domestic enplanements increased by 5.6% to approximately 19.0 million, and international enplanements increased by 5.9% to approximately 8.0 million passengers. Total cargo and U.S. mail tonnage increased by 3.7%.

The following table¹ presents a comparative summary of passenger and other traffic at the Airport for fiscal years ended June 30, 2025 and 2024:

	FY 2025	FY 2024
Flight operations (takeoffs and landings)	410,438	379,839
Landed weight (in 1,000 lbs.)	37,296,818	35,384,827
Total Airport passengers	54,118,814	51,292,995
Enplaned passengers		
Domestic enplaned passengers	18,990,249	17,983,862
International enplaned passengers	7,975,663	7,531,674
Cargo and U.S. mail tonnage (in metric tons)	555,099	535,390

Passenger Traffic

Passenger enplanements in fiscal year 2024-25 increased by 5.9% from 25.5 million to 27.0 million passengers. Domestic passenger enplanements increased by 5.6%, and international enplanements increased by 5.9%. Overall enplanements increased by approximately 1.5 million passengers, comprised of approximately 1.1 million in domestic and 0.4 million in international enplanements.

¹ Sources: Airport's Analysis of Airline Traffic, Fiscal Years 2025 and 2024.

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On a quarterly basis, enplanements increased by 1.8%, 6.5%, 5.6%, and 9.0%, relative to the same quarter in fiscal year 2023-24.

Traffic to Asia increased by 10.2% in fiscal year 2024-25 over fiscal year 2023-24 and has surpassed pre-pandemic levels by 11.3%. Enplanements to international regions other than the Middle East continued to improve over the previous fiscal year, with increases of 3.3% for Europe, 4.9% for Canada, 4.6% for Latin America, and 2.0% for Australia/Oceania. Traffic to the Middle East was down by 5.5% over the previous fiscal year primarily due to United Airlines suspending its service to Tel Aviv as of November 2023.

Overall airline seat capacity increased by 7.3% during fiscal year 2024-25 as compared to fiscal year 2023-24, with a domestic increase of 8.2% and an international increase of 5.3%. The overall load factor (the percentage of seats filled on flights) decreased by 1.4 percentage points to 84.0%. The domestic load factor decreased by 2.0 percentage points to 85.0%, while the international load factor increased by 0.2 percentage points to 81.9%.

Flight Operations

During fiscal year 2024-25, the number of aircraft operations (takeoffs and landings) increased by 30,599 flights (8.1%) as compared to fiscal year 2023-24. Scheduled passenger aircraft arrivals and departures increased by 30,410 flights (8.2%). Civil and military traffic increased by 189 flights (2.0%). The total number of scheduled airline passenger and cargo landings increased by 5.5%, with an increase in revenue landed weight of 5.4%. Domestic passenger landings increased by 5.7%, while domestic landed weight increased by 6.3%. International passenger landings increased by 5.3%, while international landed weight increased by 4.5%. Average passenger aircraft size remained the same at approximately 172 seats per flight. Domestic scheduled seats per flight increased from 151 to 152, while international scheduled seats per flight decreased from 247 to 246. The overall balance between mainline passenger aircraft (wide body and narrow body) and commuter aircraft (regional jets and turbo props) shifted 2.2% towards mainline aircrafts, which increased to 79.8% for domestic and international operations combined. Mainline landings increased by 11,607, while commuter landings decreased by 1,801.

Cargo Tonnage

Fiscal year 2024-25 cargo and mail tonnage increased by 19,709 metric tons (3.7%). Domestic cargo and mail decreased by 18,285 metric tons (9.3%), while international cargo and mail increased by 37,993 metric tons (11.2%). The tonnage of cargo carried by cargo-only carriers at the Airport decreased by 11.3%. Compared to prior fiscal year, share of the cargo carried by cargo-only carriers dropped by 2.8% to 16.8% of the total cargo at the Airport, mainly due to the increase in passenger aircraft operations.

Financial Highlights

- Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$534.7 million.
- Total revenue bonds payable by the Airport increased by \$802.5 million.
- Operating revenues were \$1.4 billion.

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- Operating expenses were \$1.1 billion.
- Nonoperating expenses, net of revenues from nonoperating sources, were \$172.4 million including investment income of \$209.1 million, revenues of \$104.3 million from Passenger Facility Charges (PFC), \$13.7 million from Customer Facility Charges (CFC), and offset by interest expense of \$399.4 million and other nonoperating expenses of \$109.5 million.
- Capital contributions consisting of grants from the Federal Aviation Administration (FAA), Airport Improvement Program (AIP), and the Transportation Security Administration (TSA) totaled \$60.8 million.
- Transfers to the City included the annual service payment of \$58.2 million.
- Net position increased by \$17.8 million mainly due to the cumulative effect of accounting change from the adoption of the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

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Overview of the Airport's Financial Statements

Net Position Summary

A condensed summary of the Airport's net position for the fiscal years 2024-25 and 2023-24 is shown below (in thousands):

	<u>FY 2025</u>	<u>FY 2024</u>
Assets:		
Unrestricted current assets	\$ 1,322,414	1,245,436
Restricted current assets	1,087,534	955,000
Unrestricted noncurrent assets	705,715	753,061
Restricted noncurrent assets	1,481,815	1,218,357
Capital assets, net	<u>7,537,288</u>	<u>7,136,289</u>
Total assets	<u>12,134,766</u>	<u>11,308,143</u>
Deferred outflows of resources	<u>217,434</u>	<u>215,498</u>
Liabilities:		
Current liabilities	529,413	526,458
Current liabilities payable from restricted assets	332,670	259,617
Noncurrent liabilities	10,574,371	9,774,879
Net OPEB liability	236,686	249,579
Net pension liability	<u>229,504</u>	<u>208,295</u>
Total liabilities	<u>11,902,644</u>	<u>11,018,828</u>
Deferred inflows of resources	<u>984,269</u>	<u>1,057,297</u>
Net position:		
Net investment in capital assets	(2,194,281)	(1,949,136) *
Restricted for debt service	265,813	157,855
Restricted for capital projects	889,448	833,330
Restricted for other purposes	9,292	6,403
Unrestricted	<u>495,015</u>	<u>399,064</u> *
Total net position (deficit)	<u>\$ (534,713)</u>	<u>(552,484)</u>

*FY 2023-24 lease receivable, lease interest receivable, and deferred inflows related to leases were reclassified from net investment in capital assets to unrestricted net position.

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Total net position serves as an indicator of the Airport's financial position. The Airport's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$534.7 million and \$552.5 million as of June 30, 2025 and 2024, respectively, representing an increase of \$17.8 million (3.2%) in net position due to the cumulative effect of the GASB 101 implementation.

Restricted current assets consist of cash and investments held in the City Treasury and outside the City Treasury, accounts receivable, accrued interest, grants receivable, and PFCs receivable. Restricted current assets increased by \$132.5 million (13.9%). The increase was primarily due to the higher PFC collection, investment earnings, and capitalized interest deposits from the Series 2025A/B/C Bonds issuance.

Restricted noncurrent assets increased by \$263.5 million (21.6%), primarily due to the issuance of Series 2025A/B/C Bonds and investing earnings.

Unamortized loss on refunding of debt decreased by \$8.6 million (33.8%) primarily due to the amortization of the bond refunding loss.

Current liabilities payable from restricted assets increased by \$73.1 million (28.1%) primarily due to the increase in accounts payable for capital projects.

Net pension liability (NPL) increased by \$21.2 million (10.2%) primarily due to liability experience losses and offset by an investment experience gain. See additional information in Note 12a.

Deferred inflows related to Postemployment Benefits Other than Pensions (other postemployment benefits or OPEB) decreased by \$5.7 million (16.4%) primarily due to the decrease in deferred inflows of experience. See additional information in Note 12b.

Deferred inflows related to pensions decreased by \$7.1 million (45.6%) primarily due to the decrease in deferred inflows of assumption change. See additional information in Note 12a.

The Airport's net investment in capital assets decreased by \$245.1 million (12.6%) primarily due to the issuance of Series 2025A/B/C Bonds and the depreciation of capital assets, partially offset by the reclassification of FY 2023-24 lease receivable, lease interest receivable, and deferred inflows related to leases to unrestricted net position.

Net position restricted for debt service increased by \$108.0 million (68.4%) primarily due to increased cash and investments held outside the City Treasury for debt service.

Net position restricted for other purposes increased by \$2.9 million (45.1%) primarily due to the higher Hotel occupancy levels resulting in the Hotel's operating revenues exceeding the Hotel's operating expenses.

Unrestricted net position increased by \$96.0 million (24.0%), primarily due to the transfer from the PFC Fund to the Operating Fund, and the reclassification of FY 2023-24 lease receivable, lease interest receivable, and deferred inflows related to leases from net investment in capital assets.

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Highlights of Changes in Net Position

The following table shows a condensed summary of changes in net position for fiscal years 2024-25 and 2023-24 (in thousands):

	<u>FY 2025</u>	<u>FY 2024</u>
Operating revenues	\$ 1,369,248	1,401,390
Operating expenses	<u>(1,146,671)</u>	<u>(976,556)</u>
Operating income	222,577	424,834
Nonoperating revenues (expenses), net	<u>(172,375)</u>	<u>(162,710)</u>
Income (loss) before capital contributions and transfers	50,202	262,124
Capital contributions	60,776	63,909
Transfers to City and County of San Francisco	<u>(58,489)</u>	<u>(55,600)</u>
Changes in net position (deficit)	52,489	270,433
Total net position (deficit) – beginning of year, as previously reported	(552,484)	(822,917)
Cumulative effect of accounting change	<u>(34,718)</u>	<u>-</u>
Total net position (deficit) – beginning of year, as restated	<u>(587,202)</u>	<u>(822,917)</u>
Total net position (deficit) – end of year	<u><u>\$ (534,713)</u></u>	<u><u>(552,484)</u></u>

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Operating Revenues

The Airport derives its operating revenues from rates, fees, and charges assessed to the airlines; the operation of public and employee parking facilities; rents and fees assessed to concessionaires and ground transportation operators; and fees assessed for telecommunication access services. Landing fees and demised premises rental rates assessed to airlines are set periodically based on formulas and procedures described in the Lease and Use Agreement².

A brief summary of the underlying rate-setting methodology under this Lease and Use Agreement is presented below:

The Lease and Use Agreement establishes a residual rate-setting methodology for the calculation of the landing fees and demised premises rental rates using certain cost centers. Using this methodology, Rates and Charges (that includes landing fees, demised premises rental rates, and other fees) are established each fiscal year to produce projected revenues from the airlines equal to the difference between the Airport's estimated non-airline revenues and the Airport's budgeted total costs, including operating expenses, debt service expenses and the Annual Service Payment (ASP) to the City's General Fund for that fiscal year. The Lease and Use Agreement also permits the Airport to collect Rates and Charges for deposit in the Operating Revenue and Capital Improvement Fund (ORCIF) within the limitations established in the Lease and Use Agreement. Funds on deposit in the ORCIF may be used for any lawful purpose for which Airport revenues may be used. The Lease and Use Agreement provides for matching revenues each fiscal year to the Airport's expenditures by adjusting payments from the airlines. Differences between actual revenues and expenditures and the actual ORCIF deposit, and amounts estimated in the calculation of airline fees and charges for that fiscal year result in adjustments of demised premises rental rates and landing fees in subsequent years. Such differences are recorded on the statement of net position in the financial statements of the Airport in the fiscal year to which such differences pertain. Net overcharges are recorded as liabilities, and net undercharges are recorded as assets.

The overcharge balance of \$247.0 million as of June 30, 2024, decreased to \$202.9 million as of June 30, 2025, and was recorded as unearned aviation revenue in the statement of net position. See Note 2h.

²The current Lease and Use Agreement became effective on July 1, 2023 and is set to expire on June 30, 2033. The 2023 Lease and Use Agreement is referred to generally as the "Lease and Use Agreement," and the airlines that are parties to it are referred to as "Signatory Airlines."

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The following table shows the air carriers that served the Airport in fiscal year 2024-25:

<u>Domestic passenger air carriers</u>	<u>Foreign flag carriers</u>	<u>Cargo-only carriers</u>
Alaska Airlines	Aer Lingus	21 Air, LLC
American Airlines	Aeromexico	ABX Air
Breeze Airways	Air Canada	Air Transport International
Delta Air Lines	Air China	Atlas Air
Frontier Airlines	Air France	Federal Express
Hawaiian Airlines	Air India Limited	Kalitta Air
JetBlue Airways	Air New Zealand	
Southwest Airlines	Air Pacific Limited dba Fiji Airways	
Sun Country Airlines	Air Premia	
United Airlines	All Nippon Airways	
	Asiana Airlines	
	British Airways	
	COPA Airlines, Inc.	
	Cathay Pacific	
	China Airlines	
	China Eastern	
	China Southern	
	Condor	
	EVA Airways	
	Emirates	
	Flair Airlines	
	French Bee	
	Iberia	
	ITA Airways	
	Japan Airlines	
	KLM Royal Dutch Airlines	
	Korean Air Lines	
	Lufthansa German Airlines	
	Philippine Airlines	
	Porter Airlines	
	Qantas Airways	
	Qatar Airways	
	SAS Airlines	
	Singapore Airlines	
	Starlux Airlines	
	Swiss International	
	TACA International Airlines, S.A.	
	TAP Air Portugal	
	Turkish Airlines	
	Vietnam Airline JSC	
	Virgin Atlantic	
	WestJet	
	ZIPAIR Tokyo Inc	
<u>Commuter air carriers</u>		<u>Seasonal/Charter carrier</u>
Horizon Air (Alaska Airlines)		Swissport
Jazz Aviation (Air Canada)		
SkyWest Airlines (Alaska Airlines)		
SkyWest Airlines (American Airlines)		
SkyWest Airlines (Delta Air Lines)		
SkyWest Airlines (United Airlines)		

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The following table shows a comparison of terminal rental rates and airline landing fees for fiscal years 2024-25 and 2023-24:

	FY 2025	FY 2024
Effective average terminal rental rate (per sq. ft.)	\$ 246.46	225.62
Signatory Airline – landing fee rate (per 1,000 lbs.)	6.48	5.98
Non-Signatory Airline – landing fee rate (per 1,000 lbs.)	8.10	7.48
General aviation and itinerant aircraft – landing fee rate (per 1,000 lbs.)	8.10	7.48

During fiscal years ended June 30, 2025 and 2024, revenues realized from the following source equaled or exceeded 5.0% of the Airport's total operating revenues:

	FY 2025	FY 2024
United Airlines	25.5%	21.7%

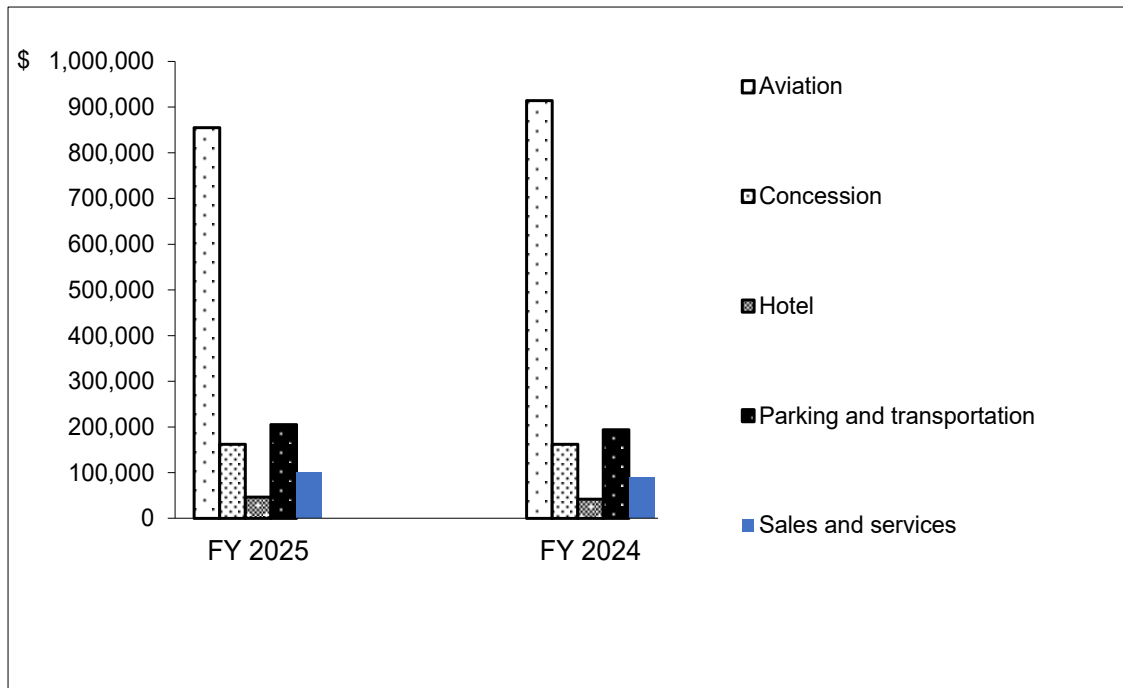
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The following shows a comparative summary of operating revenues for fiscal years 2024-25 and 2023-24 (in thousands):

		<u>FY 2025</u>	<u>FY 2024</u>
Aviation	\$	855,002	913,990
Concession		161,996	161,927
Hotel		46,575	42,173
Parking and transportation		205,262	194,076
Sales and services		100,413	89,224
Total operating revenues	\$	<u>1,369,248</u>	<u>1,401,390</u>



Operating revenues decreased by 2.1%, from \$1.40 billion in fiscal year 2023-24 to \$1.37 billion in fiscal year 2024-25 primarily due to decreased aviation revenues.

Aviation revenues decreased from \$914.0 million in fiscal year 2023-24 to \$855.0 million in fiscal year 2024-25 primarily due to a \$151.7 million reduction in contribution from the airlines for the ORCIF in accordance with the Lease and Use Agreement.

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As determined by the calculation method in the Lease and Use Agreement, scheduled airline landing fees per thousand pounds increased from \$5.98 in fiscal year 2023-24 to \$6.48 in fiscal year 2024-25. The airline average annual terminal rent per square foot (sq. ft.) increased from \$225.62 in fiscal year 2023-24 to \$246.46 in fiscal year 2024-25, due to a 17.6% increase in residual terminal rental revenue requirement combined with a 7.6% increase in airline leased space to 1.8 million square feet.

Before the decrease of unearned aviation revenue of \$44.1 million, revenues from landing fees increased by \$25.8 million (12.0%) due to the increases in both landing fee rate and landed weight. Terminal rentals increased by \$77.4 million (20.9%), due to the increases in both terminal rental rates and airline leased space. In aggregate, all other aviation revenues increased by \$8.4 million (7.4%), from \$114.0 million in fiscal year 2023-24 to \$122.4 million in fiscal year 2024-25, driven by the combined effect of increases in net aviation rental revenue and activity-based fees including airline support services, employee parking, common use gate fees, aircraft parking, and Fixed Base Operations (FBO).

Concession revenues, consisting of rentals and fees derived from food and beverage concessions, duty-free, retail merchandise (gifts, candy, tobacco, and news), rental car concessions, and other concession revenue increased by less than 0.1%, from \$161.9 million in fiscal year 2023-24 to \$162.0 million in fiscal year 2024-25. The higher revenues resulted mainly from a combination of 2.3% increase in food & beverage and retail sales, and a 42.8% increase in passenger services, which were offset by a 6.2% decrease in duty free sales at the Airport. Food and beverage revenues increased by \$3.6 million (13.7%) due to higher passenger volumes. The per passenger food and beverage spend rate decreased by 4.6% from \$11.20 in fiscal year 2023-24 to \$10.68 in fiscal year 2024-25. Retail merchandise revenues excluding duty-free revenues increased by \$1.8 million (11.1%) for the same reasons. The Airport-wide per passenger spend rate for such merchandise slightly increased by 0.7% from \$4.19 in fiscal year 2023-24 to \$4.22 in fiscal year 2024-25. Despite the increase of international passenger volumes in fiscal year 2024-25, revenues from duty-free merchandise sales decreased by \$2.7 million (7.4%) due to challenges associated with the global luxury market. On- and off-Airport rental car revenues decreased by \$1.9 million (3.4%) due to lower revenue per rental car contract. Other concession revenues increased by \$6.2 million (16.1%), primarily driven by the opening of the new passenger lounge in Harvey Milk Terminal 1 and non-airline space rentals. During the pandemic, the Minimum Annual Guarantee (MAG) rent had been suspended due to severe decline in enplanements. Through June 2025, MAG rent has been reinstated for approximately 89.0% of all concession leases.

The on-Airport Hotel operating revenues increased by 10.4% from \$42.2 million in fiscal year 2023-24 to \$46.6 million in fiscal year 2024-25 primarily due to the increase in high-end leisure travelers, individual business travelers, and group meetings.

Public parking and transportation revenues, consisting of rentals and fees derived from parking facilities and ground transportation operations, increased by 5.8%, from \$194.1 million in fiscal year 2023-24 to \$205.3 million in fiscal year 2024-25. The aggregate effect of an 11.0% increase in the average revenue per ticket, from \$41.0 in fiscal year 2023-24 to \$45.5 in fiscal year 2024-25, and a 5.9% decrease in parking transactions resulted in a parking revenue increase of \$5.7 million (4.4%). Ground transportation revenues, including taxi trip fee revenue, increased by \$5.5 million (8.6%) primarily due to increased passenger levels. Transportation Network Company (TNC) operations at the Airport (including Uber Technologies Inc., Lyft, Inc., and Tickengo, Inc., d/b/a/ Wingz) increased by 7.3%. TNC Airport pick-ups/drop-offs totaled nearly 10.1 million resulting in \$55.5 million in trip fee revenue as compared to \$51.7 million in fiscal year 2023-24. Other modes of

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transportation also experienced changes in activity levels compared to fiscal year 2023-24, including hotel shuttles (up 20.0%), non-consolidated hotel shuttles (down 36.0%), door to door pre-arranged vans (down 93.0%), limousines (up 12.0%), taxis (down 7.3%), scheduled buses (up 2.0%), charter buses (down 27.0%) and off-Airport parking vans (up 14.0%). The Airport continues to see a shift in passenger behavior where parking and TNCs are preferred over other single and high occupancy mode transportation (such as taxis, limousines, and buses), as compared to relative market share of ground transportation options prior to the pandemic.

Sales and service revenues consist of revenue derived from utility services, telecommunication access fees, badge and permit fees, rental car facility fees, and cost-based reimbursement of various services. Revenues from sales and services increased by 12.6%, from \$89.2 million in fiscal year 2023-24 to \$100.4 million in fiscal year 2024-25. Revenue from the sale of water sewage disposal increased by \$1.3 million (14.7%). Telecommunication fees increased by \$0.9 million (17.6%) due to increased demand for telecommunication access services. Licenses and permit fees increased by \$0.3 million (11.5%) as a result of higher badging activity by tenant employees and contractors. The transportation and facility fee (AirTrain fee charged on rental car contracts) increased by \$1.0 million (4.9%) driven by a 4.9% increase in the number of rental car contracts. Fees collected for the cost of the Rental Car Center increased by \$0.5 million (2.6%) due to Rental Car Center structure rent annual Consumer Price Index (CPI) adjustment. Revenue from penalties from the enforcement of airfield safety rules and regulations decreased by \$0.1 million (5.6%). Miscellaneous terminal fees increased by \$4.6 million (39.2%), driven by lease and permit terms. Governmental agency rent revenue decreased by \$0.3 million (8.2%) due to leased space changes. Miscellaneous Airport revenues increased by \$1.3 million (3568.7%) reflecting refund of prior year work orders from Fine Arts Museums of San Francisco. Net revenue from all other sales and services including sale of electricity, sale of natural gas, refuse disposal, collection charges and settlements decreased by \$1.0 million (5.4%).

Operating Expenses

The following table shows a comparative summary of operating expenses for fiscal years 2024-25 and 2023-24 (in thousands):

	FY 2025	FY 2024
Personnel	\$ 388,763	316,285
Depreciation and amortization	414,926	358,872
Contractual services	134,010	114,854
Hotel	38,511	35,194
Light, heat and power	30,090	26,815
Services provided by other City departments	33,347	29,659
Repairs and maintenance	77,422	66,616
Materials and supplies	18,700	19,175
General and administrative	6,726	7,206
Environmental remediation	4,176	1,880
Total operating expenses	<u>\$ 1,146,671</u>	<u>976,556</u>

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Operating expenses increased from \$976.6 million to \$1.1 billion primarily due to the increases in expenses for personnel, depreciation and amortization, contractual services, light, heat and power, services provided by other City departments, repairs and maintenance, and environmental remediation. In fiscal year 2024-25, the Airport capitalized \$21.7 million of indirect costs related to construction of capital projects as overhead, compared to \$20.9 million in fiscal year 2023-24. The variances in the different categories are discussed below.

Personnel expenses increased by \$72.5 million (22.9%), from \$316.3 million to \$388.8 million. The increase was primarily due to headcount growth, staff cost-of-living adjustment, and higher pension and OPEB expenses.

Depreciation and amortization expenses increased by \$56.0 million (15.6%), from \$358.9 million to \$414.9 million. The increase was primarily due to the newly placed in service assets related to Taxiway D and T, the Terminal 1 Center, and the Baggage Handling Systems.

Contractual services increased by \$19.1 million (16.6%), from \$114.9 million to \$134.0 million. The increase was primarily due to increased expenses for various professional services contracts, such as parking management, guest services, curbside management, and shuttle buses.

Light, heat and power expenses increased by \$3.3 million (12.3%), from \$26.8 million to \$30.1 million. The increase was primarily due to an increase in consumption and rates.

Expenses for services provided by other City departments increased by \$3.6 million (12.1%), from \$29.7 million to \$33.3 million. The increase was primarily due to higher legal services and insurance premiums.

Repairs and maintenance expenses increased by \$10.8 million (16.2%), from \$66.6 million to \$77.4 million. The increase was primarily due to higher spending on as-needed maintenance, repair, and equipment modification services for elevators, escalators, electric walks, and wheelchair lifts.

Environmental remediation expenses increased by \$2.3 million (121.1%), from \$1.9 million to \$4.2 million. The increase was primarily due to a rise in capital spending related to the Taxiway D and T reconstruction project.

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Nonoperating Revenues and Expenses

The following summary shows a comparison of nonoperating revenues and expenses in fiscal years 2024-25 and 2023-24 (in thousands):

	<u>FY 2025</u>	<u>FY 2024</u>
Nonoperating revenues:		
Passenger facility charges	\$ 104,320	99,587
Customer facility charges	13,748	13,015
Investment income (loss)	209,053	156,780
Other	<u>11,678</u>	<u>7,365</u>
Total nonoperating revenues	<u>338,799</u>	<u>276,747</u>
Nonoperating expenses:		
Interest expense	399,390	365,105
Write-offs and gain (loss) on disposal	2,328	24,566
Other	<u>109,456</u>	<u>49,786</u>
Total nonoperating expenses	<u>511,174</u>	<u>439,457</u>
Total nonoperating revenues (expenses), net	(172,375)	(162,710)
Capital contributions	60,776	63,909
Transfers to City and County of San Francisco	<u>(58,489)</u>	<u>(55,600)</u>
Total	<u>\$ (170,088)</u>	<u>(154,401)</u>

Nonoperating revenues consist primarily of PFC, CFC, and investment income (loss), while nonoperating expenses consist of interest expense, and write-offs and gain (loss) on the disposal of capital assets. Write-offs include capital improvement costs that did not meet capitalization requirements. PFCs, which became effective in October 2001, generated \$104.3 million during fiscal year 2024-25, an increase of 4.7% compared to the \$99.6 million received in fiscal year 2023-24. The increase in PFC revenues was primarily due to an increase in passenger traffic. CFCs, which became effective in July 2022, generated \$13.7 million during fiscal year 2024-25. The increase in CFC revenues was primarily due to an increase in rental car contracts.

Investment income (loss) increased by \$52.3 million (33.4%), from \$156.8 million to \$209.1 million primarily due to higher interest rates and the investment fair value adjustments. Excluding the fair value adjustments, the actual investment income (loss) increased by \$42.7 million (38.3%), from \$111.5 million to \$154.2 million.

Other nonoperating revenues increased by \$4.3 million (58.1%), from \$7.4 million to \$11.7 million primarily due to energy tax credits filed with the Internal Revenue Service (IRS).

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Write-offs and gain (loss) on disposal decreased by \$22.3 million (90.7%), from \$24.6 million to \$2.3 million primarily due to fewer project scope changes and cancellations compared to fiscal year 2023-24, which was more significantly impacted by Coronavirus Disease 2019 (COVID-19).

Other nonoperating expenses increased by \$59.7 million (119.9%), from \$49.8 million to \$109.5 million primarily due to a rise in capital spending, driven by the initiation of new capital projects.

Transfers to the City increased by \$2.9 million (5.2%), from \$55.6 million to \$58.5 million. The increase was primarily due to the annual service payment from higher concession, Hotel, and parking and transportation revenues attributable to the increase in passenger traffic.

Capital Acquisitions and Construction

Under the Lease and Use Agreement, the Airport is obligated to use commercially reasonable efforts to finance all capital improvements (above certain de minimis amounts) through the issuance of Airport revenue bonds, grants, TSA funding, and PFCs. The Lease and Use Agreement also provides for airline review of capital projects that exceed the dollar thresholds established within the Lease and Use Agreement, with some exceptions.

The Airport maintains a Capital Improvement Plan (CIP) to build new facilities, improve existing facilities, renovate buildings, repair or replace infrastructure, preserve assets, enhance safety and security, develop systems functionality, and perform needed maintenance.

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Expenses incurred during fiscal year 2024-25 with respect to major capital projects are listed below (in thousands). The figures below do not reflect the total project budget. Most major capital projects at the Airport are implemented over multiple fiscal years.

	<u>Amount</u>
Terminal 3 Renovation	\$ 340,731
International Terminal Refresh Program	82,639
Terminal 1 Redevelopment	77,931
Courtyard 3 Connector	71,409
International Terminal Improvements	62,590
Taxiway Improvements	39,790
Parking and Garage Improvements	39,278
Cargo and Hangar Improvements	29,693
Water System Improvements	21,352
Plot 700 Redevelopment	19,849
Technology Improvement	18,222
Support Facility Improvements	16,408
Power & Lighting Improvements	15,810
Baggage Handling System	10,693
Waste Water System Improvements	9,360
Capital Improvement Plan Support	7,956
Utility Improvements	5,395
Noise Insulation Program	5,082
Gate Capacity Enhancements	3,813
Energy and Efficiency Improvements	3,404
Runway Improvements	3,313
Storm Drain Improvements	3,101
Shoreline Protection	3,069
Miscellaneous Terminal Improvements	1,541
Airport Support Miscellaneous Improvements	1,533
Roadway Improvements	1,346
All Other Projects	2,090
Total	\$ <u>897,398</u>

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For fiscal year 2024-25, the Airport continued to use the prior fiscal year 2023-24 CIP, which totaled \$11.02 billion and consisted of: (1) the Ascent Program – Phase 1.5 at \$8.03 billion, and (2) fiscal year 2023-24 Infrastructure Projects Plan totaling \$2.99 billion. In August 2025, the Airport updated the CIP to a new total of \$12.45 billion, which represents a \$1.43 billion increase. The new CIP includes the fixed Ascent Program – Phase 1.5 at \$8.03 billion which remains unchanged, and the new fiscal year 2025-26 Infrastructure Projects Plan which now totals \$4.42 billion. The new CIP covers a 10-year period from fiscal year 2025-26 to fiscal year 2034-35. Passenger enplanements and deplanements at the Airport have continued to rise over the last two fiscal years, and were approximately 54.0 million in fiscal year 2024-25 and 51.1 million in fiscal year 2023-24. This continued growth has allowed construction activity to continue on major projects such as the Terminal 3 West Modernization project, the Courtyard 3 Connector project, and the International Terminal Phase 2 project, which will make improvements to the building and expand both departure level security checkpoints.

Notable projects that were completed in fiscal year 2024-25 included the Sanitary Waste Treatment Plant Improvements and the Taxiway A & B Phase 1 Rehabilitation.

Additional information about the Airport's capital acquisitions and construction is presented in Note 5 to the financial statements.

Debt Administration

Revenue Bonds: On February 6, 2025, the Airport issued its fixed rate Second Series Revenue Bonds, Series 2025A (AMT), Second Series Revenue Bonds, Series 2025B (Non-AMT/Governmental Purpose), and Second Series Revenue Bonds, Series 2025C (Federally Taxable) (collectively, the "2025A/B/C Bonds"), in aggregate principal amount of \$1.0 billion to repay \$375.0 million of its commercial paper notes, to fund capital projects, to fund capitalized interest, to fund a deposit to the contingency account, to fund a deposit to a debt service reserve, and to pay costs of issuance.

Cash Defeasance: On June 26, 2025, the Airport legally defeased \$28.9 million of its Series 2016D Bonds and \$17.1 million of its Series 2025C Bonds, using monies budgeted for debt service.

Subordinate Commercial Paper Notes: During fiscal year 2024-25, the Airport issued \$375.0 million in commercial paper notes to fund capital improvement projects. As of June 30, 2025, the Airport had no outstanding commercial paper notes. On February 6, 2025, the 2025A/B/C Bonds repaid \$4.0 million of commercial paper notes and funded an escrow to repay \$371.0 million of commercial paper notes as an in-substance defeasance. This escrow repaid the \$371.0 million of commercial paper notes, plus interest due thereupon, on May 6, 2025.

More detailed information about the Airport's subordinate commercial paper notes and long-term debt is presented in Notes 6 and 7 to the financial statements.

Trust Indenture Covenant Compliance: During fiscal year 2024-25, the Airport's operating revenues, together with the permitted transfers from the Airport's contingency account, were sufficient to meet the rate covenant requirements under the Airport's Trust Indenture ("Trust Indenture"), dated as of January 1, 2025 by and between the Airport and The Bank of New York Mellon Trust Company, N.A., as trustee. See "Debt Service Reserve and Covenants; Contingency Account" in Note 7.

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Credit Ratings and Bond Insurance

Credit Ratings: During fiscal year 2024-25, Moody's Investors Service Inc. (Moody's) and Fitch Ratings Inc. (Fitch) affirmed their underlying long-term credit ratings on outstanding debt of the Airport of "A1" and "A+", respectively, while S&P Global Ratings (S&P) raised its long-term rating on outstanding debt of the Airport to "AA-" from "A+". Refer to the notes below.

Ratings on each subseries of the Airport's commercial paper notes reflect the short-term credit ratings of the bank whose letter of credit supports that subseries.

On January 6, 2025, Moody's affirmed its "A1" rating and revised its outlook to positive from stable for the Airport's outstanding fixed rate bonds and assigned these ratings to the 2025A/B/C Bonds, which were issued on February 6, 2025. On January 7, 2025, Fitch affirmed its "A+" rating with a stable outlook, and S&P raised its rating to "AA-" with a stable outlook from "A+" for the Airport's outstanding fixed rate bonds and assigned these ratings to the 2025A/B/C Bonds.

Each individual bond's rating is accessible through the Electronic Municipal Market Access (EMMA) website.

Bond Insurance: There were no insured Airport bonds outstanding during fiscal year 2024-25.

Fiscal Year 2025-26 Airline Rates and Charges

Terminal rental rates and airline landing fees for fiscal year 2025-26 have been developed as part of the annual budget process that started in fall 2024. The Lease and Use Agreement between the Airport and the Signatory Airlines provides the rate-setting methodology for calculating the terminal rental rates and airline landing fees. Not less than 60 days prior to the start of the fiscal year, the Signatory Airlines are notified of the proposed rates and fees. These fees are subject to review by, but not the approval of, the Signatory Airlines. The terminal rental rates and airline landing fees for fiscal year 2025-26, which became effective on July 1, 2025, are as follows:

Effective average terminal rental rate (per sq. ft.)	\$	271.64
Signatory Airline – landing fee rate (per 1,000 lbs.)		6.59
Non-Signatory Airline – landing fee rate (per 1,000 lbs.)		8.24
General aviation – landing fee rate (per 1,000 lbs.)		8.24

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The effective average terminal rental rate increased from \$246.46 per sq. ft. in fiscal year 2024-25 to \$271.64 per sq. ft. in fiscal year 2025-26. The fiscal year 2025-26 landing fee rate for Signatory Airlines increased by 1.7%, from \$6.48 per 1,000 pounds in fiscal year 2024-25 to \$6.59 per 1,000 pounds in fiscal year 2025-26, and the Non-Signatory Airline landing fee rate increased by 1.7%, from \$8.10 per 1,000 pounds in fiscal year 2024-25 to \$8.24 per 1,000 pounds in fiscal year 2025-26. The fiscal year 2025-26 landing fee rate for general aviation aircraft increased by 1.7%, from \$8.10 per 1,000 pounds in fiscal year 2024-25 to \$8.24 per 1,000 pounds in fiscal year 2025-26.

Requests for Information

This report is designed to provide a general overview of the San Francisco International Airport's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, San Francisco International Airport, P.O. Box 8097, San Francisco, California 94128.

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Statement of Net Position

June 30, 2025

(In thousands)

	<u>Amount</u>
Assets	
Current assets:	
Cash and investments held in City Treasury	\$ 1,079,809
Cash and investments outside City Treasury	32,033
Cash – Revolving Fund	32
Accounts receivable (net of allowance for doubtful accounts of \$1,058)	58,640
Lease receivable	129,322
Lease interest receivable	2,402
Accrued interest – City Treasury	9,225
Accrued interest – outside City Treasury	4,225
Inventories	691
Other current assets	6,035
Restricted assets:	
Cash and investments held in City Treasury	796,930
Cash and investments outside City Treasury	203,438
Accounts receivable	2,780
Accrued interest – City Treasury	7,732
Grants receivable	56,119
Passenger facility charges receivable	9,661
Other current assets	10,874
Total current assets	<u>2,409,948</u>
Noncurrent assets:	
Lease receivable	705,715
Restricted assets:	
Cash and investments held in City Treasury	690,385
Cash and investments outside City Treasury	783,991
Accrued interest – City Treasury	7,439
Capital assets, net	
Land and other assets not being depreciated/amortized	1,099,942
Facilities, infrastructure and equipment, net of depreciation/amortization	6,437,346
Total noncurrent assets	<u>9,724,818</u>
Total assets	<u>12,134,766</u>
Deferred outflows of resources:	
Unamortized loss on refunding of debt	16,871
Deferred outflows related to OPEB	59,162
Deferred outflows related to pensions	141,401
Total deferred outflows of resources	<u>\$ 217,434</u>

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Statement of Net Position

June 30, 2025

(In thousands)

	<u>Amount</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 101,372
Accrued payroll	27,460
Compensated absences	32,796
Accrued workers' compensation	3,670
Estimated claims payable	2,654
Unearned aviation revenue	202,919
Current maturities of long-term debt	158,542
Payable from restricted assets:	
Accounts payable	222,273
Accrued payroll	1,035
Accrued bond interest payable	77,654
Current maturities of long-term debt	31,708
Total current liabilities	<u>862,083</u>
Noncurrent liabilities:	
Compensated absences, net of current portion	29,474
Accrued workers' compensation, net of current portion	12,662
Estimated claims payable, net of current portion	5,596
Other liabilities	1,796
Long-term debt, net of current maturities	10,524,843
Net OPEB liability	236,686
Net pension liability	229,504
Total noncurrent liabilities	<u>11,040,561</u>
Total liabilities	<u>11,902,644</u>
Deferred inflows of resources:	
Unamortized gain on refunding of debt	39,916
Deferred inflows related to OPEB	29,386
Deferred inflows related to pensions	8,498
Deferred inflows related to leases	906,469
Total deferred inflows of resources	<u>984,269</u>
Net position	
Net investment in capital assets	(2,194,281)
Restricted for debt service	265,813
Restricted for capital projects	889,448
Restricted for other purposes	9,292
Unrestricted	495,015
Total net position (deficit)	<u>\$ (534,713)</u>

See accompanying notes to financial statements.

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Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2025

(In thousands)

	Amount
Operating revenues:	
Aviation	\$ 855,002
Concession	161,996
Hotel	46,575
Parking and transportation	205,262
Sales and services	100,413
Total operating revenues	<u>1,369,248</u>
Operating expenses:	
Personnel	388,763
Depreciation and amortization	414,926
Contractual services	134,010
Hotel	38,511
Light, heat and power	30,090
Services provided by other City departments	33,347
Repairs and maintenance	77,422
Materials and supplies	18,700
General and administrative	6,726
Environmental remediation	4,176
Total operating expenses	<u>1,146,671</u>
Operating income	<u>222,577</u>
Nonoperating revenues (expenses):	
Investment income (loss)	209,053
Interest expense	(399,390)
Passenger facility charges	104,320
Customer facility charges	13,748
Write-offs and gain (loss) on disposal	(2,328)
Other nonoperating revenues	11,678
Other nonoperating expenses	(109,456)
Total nonoperating revenues (expenses), net	<u>(172,375)</u>
Income (loss) before capital contributions and transfers	50,202
Capital contributions:	
Grants	60,776
Transfers to City and County of San Francisco	(58,489)
Changes in net position (deficit)	52,489
Total net position (deficit) – beginning of year, as previously reported	(552,484)
Cumulative effect of accounting change	(34,718)
Total net position (deficit) – beginning of year, as restated	<u>(587,202)</u>
Total net position (deficit) – end of year	<u><u>\$ (534,713)</u></u>

See accompanying notes to financial statements.

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Statement of Cash Flows
Year ended June 30, 2025
(In thousands)

	<u>Amount</u>
Cash flows from operating activities:	
Cash received from airline carriers, concessionaires, and others	\$ 1,217,859
Cash paid for employees' services	(393,881)
Cash paid to suppliers for goods and services	(379,523)
Net cash provided by operating activities	<u>444,455</u>
Cash flows from noncapital financing activities:	
Transfers to City and County of San Francisco	(58,489)
Other noncapital financing revenues	11,105
Other noncapital financing expenses	(109,456)
Net cash used in noncapital financing activities	<u>(156,840)</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds and commercial paper notes	(213,515)
Interest paid on revenue bonds and commercial paper notes	(441,643)
Acquisition and construction of capital assets	(759,451)
Revenues from passenger facility charges	110,582
Revenues from customer facility charges	12,330
Proceeds from sale of revenue bonds	699,792
Proceeds from commercial paper notes	375,000
Lease payable	1,829
Lease receipt	156,775
Capital contributed by federal agencies and others	66,858
Net cash provided by capital and related financing activities	<u>8,557</u>
Cash flows from investing activities:	
Sales of investments with Trustee	965,338
Purchases of investments with Trustee	(1,089,375)
Interest received on investments	156,674
Net cash provided by investing activities	<u>32,637</u>
Net increase in cash and cash equivalents	328,809
Cash and cash equivalents – beginning of year	<u>2,275,559</u>
Cash and cash equivalents – end of year	<u>\$ 2,604,368</u>
Reconciliation of cash and cash equivalents to the statement of net position:	
Cash and cash equivalents held in City Treasury – unrestricted	\$ 1,079,809
Cash and cash equivalents held in City Treasury – restricted	1,487,315
Cash and cash equivalents outside City Treasury – unrestricted	32,033
Cash and cash equivalents outside City Treasury – restricted	5,179
Cash – Revolving Fund	32
Cash and cash equivalents – end of year	<u>\$ 2,604,368</u>

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Statement of Cash Flows

Year ended June 30, 2025

(In thousands)

	<u>Amount</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 222,577
Adjustments for noncash and other activities:	
Depreciation and amortization	414,926
Lease revenue / amortization of deferred inflows related to leases	(138,061)
Hotel expenses	(220)
Changes in assets and liabilities:	
Accounts receivable (net of change in allowance for doubtful accounts of \$101)	2,859
Inventories	52
Other current assets	(10,852)
Net OPEB liability and OPEB related deferred outflows and inflows of resources	(23,527)
Net pension liability and pension related deferred outflows and inflows of resources	8,416
Accounts payable and other liabilities	2,418
Accrued payroll	5,139
Compensated absences	2,622
Accrued workers' compensation	2,232
Unearned aviation revenue	(44,126)
Net cash provided by operating activities	\$ <u>444,455</u>
Noncash transactions:	
Accrued capital asset costs	\$ 215,799
Bond refunding through fiscal agent	370,451
GASB Statement No. 91 conduit debts - SFO fuel assets	4,352

See accompanying notes to financial statements.

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(1) Definition of Reporting Entity

The accompanying financial statements reflect the net position and changes in net position of the Airport Commission (the Airport), an enterprise department of the City and County of San Francisco (the City). The terms "Airport" and "SFO" also refer to the land and improvements comprising the San Francisco International Airport. The San Francisco International Airport is a major origin and destination point and one of the nation's principal gateways for Pacific traffic. A five-member Airport Commission is responsible for its operation, development, and maintenance. Airport Commission members are appointed by the Mayor of the City for terms of four years.

The Airport is an integral part of the City and is reported as a major enterprise fund in the City's Annual Comprehensive Financial Report. There are no component units considered for inclusion in the Airport's financial reporting entity. The accompanying financial statements present only the financial operations of the Airport and do not purport to, and do not, present the financial position of the City, or the results of its operations and the cash flows of its other proprietary fund types.

(2) Significant Accounting Policies

(a) *Measurement Focus and Basis of Accounting*

The Airport's financial activities are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (GAAP).

The Airport distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an organization's principal ongoing operations. The principal operating revenues of the Airport are charges to airlines, concessionaires, on-Airport Hotel (Hotel), parking and transportation, and sales and services charges. Operating expenses of the Airport include personnel costs, depreciation and amortization, administrative expenses, contractual services, Hotel, light, heat and power, services provided by other City departments, repairs and maintenance, materials and supplies, and environmental remediation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

As prescribed under the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27, net pension asset/liability, deferred outflows/inflows of resources related to pensions, pension expense, information about the fiduciary net position of the San Francisco Employees' Retirement System (SFERS) plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Contributions are recognized in the period in which they are due pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As prescribed under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*, net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense are actuarially determined on a citywide basis. Net OPEB liability is

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measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees attributed to those employees' past service, less the amount of the Retiree Healthcare Trust Fund investments are measured at fair value.

As prescribed under GASB Statement No. 87, *Leases*, a lessor is required to recognize, for each lease, a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the term of the lease. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods. Interest revenue is recognized on the lease receivable and inflow of resources (revenue) is recognized from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

(b) Effects of New Accounting Pronouncements

During fiscal year 2024-25, the Airport implemented the following accounting standards:

GASB Statement No. 101

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. GASB Statement No. 101 requires that liabilities for compensated absences be recognized if the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means and establishes definitions, guidance, and disclosure requirements related to compensated absences. The new standard is effective for periods beginning after December 15, 2023. Application of this Statement is effective for the Airport's fiscal year ending June 30, 2025. In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, the Airport reported the implementation of GASB Statement No. 101 as a change in accounting principle.

The cumulative effect of applying the new recognition and measurement guidance as of July 1, 2024 was recorded as a restatement of liabilities and beginning net position. The impact is presented in the following table (in thousands):

			FY 2025 Restated Beginning Balance
Accrued Compensated Absences - Current	\$		16,922
Accrued Compensated Absences - Noncurrent			17,796
Changes to Net Position	\$		34,718

	6/30/2024 As Previously Reported	Changes in Accounting Principle	6/30/2024 As Restated
Net Position (deficit) \$	(552,484)	(34,718)	(587,202)

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GASB Statement No. 102

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires state and local governments to disclose significant risks related to concentrations or constraints that could lead to substantial impacts. The new standard is effective for periods beginning after June 15, 2024. Application of this Statement is effective for the Airport's fiscal year ending June 30, 2025. Application of this Statement did not have a significant impact on the Airport for the year ended June 30, 2025.

In addition, the Airport is currently analyzing its accounting practices to determine the potential impact of the following pronouncements:

GASB Statement No. 103

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement 1) introduces revisions to Management's Discussion and Analysis (MD&A), 2) updates the presentation of proprietary funds, distinguishing between operating and nonoperating revenues and expenses, 3) requires the display of inflows and outflows related to each unusual or infrequent item separately, 4) requires presentation of each major component unit separately in the government-wide statement of net position and statement of activities, and 5) requires presentation of budgetary comparison information in required supplementary information. The new standard is effective for periods beginning after June 15, 2025. Application of this Statement is effective for the Airport's fiscal year ending June 30, 2026.

GASB Statement No. 104

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets, such as lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to be disclosed separately by major classes of underlying assets in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, are also required to be disclosed separately. Furthermore, the Statement requires intangible assets other than those three types to be disclosed separately by major class. Finally, the Statement requires additional disclosures for capital assets held for sale. The new standard is effective for periods beginning after June 15, 2025. Application of this Statement is effective for the Airport's fiscal year ending June 30, 2026.

(c) Cash, Cash Equivalents, and Investments

The Airport maintains its cash, cash equivalents, investments, and a significant portion of its restricted cash and investments as part of the City's pool of cash and investments. The Airport's portion of this pool is displayed on the statement of net position as "Cash and investments held in City Treasury." Income earned or losses arising from pooled investments are allocated on a monthly basis to appropriate funds and entities based on their average daily cash balances.

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The City reports certain investments at fair value in the statement of net position and recognizes the corresponding change in fair value of investments in the year in which the change occurred.

The Airport considers its pooled deposits held with the City Treasurer to be demand deposits and therefore cash for financial reporting. The City considers highly liquid investments with original maturities of three months or less to be cash equivalents. Restricted cash and investments held by the bond trustees that meet these criteria are considered to be cash and cash equivalents.

The debt service fund, the debt service reserve fund, the costs of issuance fund, the capitalized interest fund, the debt service holding fund, and the variable rate demand bond fee account for the Airport's revenue bonds are held and invested at the Airport's direction by an independent bond trustee.

Certain accounts relating to the Hotel Special Facility Bonds are held and invested at the Airport's direction by an independent bond trustee.

(d) Capital Assets

Capital assets are stated at historical cost, or if donated, at acquisition value at the date of donation. The capitalization threshold is \$100,000 for real property and \$10,000 for personal property with a useful life greater than one year.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

	Years
Buildings, structures, and improvements	5-50
Equipment	5-20
Right-to-use assets - leases and SBITAs ⁽¹⁾	Various ⁽²⁾
Intangible assets	3-20

(1) Subscription-Based Information Technology Arrangements (SBITA)

(2) The useful life of right-to-use assets is the shorter term of the agreement or the useful life of the asset

Maintenance, repairs, and minor replacements are charged against operations in the year performed. Major replacements that extend the useful life of the related assets are capitalized. No depreciation is provided on construction in progress until construction is substantially completed and the asset is placed in service. The Airport begins depreciation on capital assets the month following the date in which assets are placed in service. Additionally, the Airport commenced allocating indirect costs on self-constructed assets starting fiscal year 2006-07. The indirect cost rate applied is based on a cost allocation plan developed in accordance with the terms of 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance)*, as applicable. See Note 5.

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(e) Bond Issuance Costs, Discounts, and Premiums

Bond issuance costs related to prepaid insurance costs are capitalized and amortized using the effective interest method. Other bond issuance costs are expensed when incurred. Original issue bond discounts or premiums are offset against the related debt and are also amortized using the effective interest method. Deferred outflows/inflows of resources from refunding of debt are recognized as a component of interest expense, amortized using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

(f) Compensated Absences

Airport employees may accumulate earned, but unused leave benefits up to a specified maximum, as outlined in their applicable leave policies. In accordance with GASB Statement No. 101, *Compensated Absences*, the Airport recognizes liabilities for leaves that are attributable to services already rendered, will be paid upon separation or usage, and are more likely than not to be used or paid. Compensated absences that meet these criteria consist of vacation, sick, compensatory time, and other holidays and leaves. The Airport records the compensated absences liability, including employer payroll taxes and the employer's share of social security and Medicare taxes, as both current and noncurrent liabilities in the Statement of Net Position in the government-wide and proprietary fund financial statements. The Airport applies the current pay rates of active employees to leave balances in effect at fiscal year-end.

(g) Net Position

Net position consists of the following:

Net Investment in Capital Assets – consists of capital assets, including restricted capital assets, reduced by accumulated depreciation and amortization and by any outstanding debt incurred to acquire, construct, or improve those assets including any unamortized original issue discounts or premiums related to the debt. Deferred outflows and inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt, such as deferred losses and gains on refunding of debt, are also included in this component of net position.

Restricted for Debt Service and Capital Projects – consists of restricted assets and deferred outflows of resources reduced by liabilities related to those assets and deferred outflows of resources. Restricted assets are those assets with restrictions on their use that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Restricted for Other Purposes – consists of the on-Airport Hotel's assets and liabilities including the Hotel Trust accounts except the Hotel Debt Service Fund trust account, the Hotel Revenue Stabilization Fund trust account, and the Hotel's capital lease obligations.

Unrestricted Net Position – consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, of the Airport that are not restricted for any projects or other purposes.

A significant portion of the Airport's net position is restricted by the Trust Indenture and 1997 Note Resolution (the "Master Bond Resolutions") and the Lease and Use Agreement with the airlines for the purpose of capital improvements and contingencies.

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(h) Aviation Revenue, Unearned Revenue and Aviation Revenue Due

Aviation revenue is based on reimbursable expenditures as provided for in the Lease and Use Agreement with the airlines. Under the Lease and Use Agreement, the airlines are required to pay terminal rents and landing fees in amounts that, when aggregated with certain other Airport revenues, will be equal to the Airport's expenditures for: operating expenses other than depreciation and amortization, principal and interest on outstanding debt, annual service payment to the City's General Fund, and certain acquisitions of capital assets. The Lease and Use Agreement also permits the Airport to collect terminal rents and landing fees for deposit in the Operating Revenue and Capital Improvement Plan (ORCIP) within the limitations established in the Lease and Use Agreement. Airline payments are also required to cover expenses treated as "Operation and Maintenance Expenses" under the Master Bond Resolutions. Airport expenses that are funded with sources not includable as "Revenues" under the Master Bond Resolutions are not treated as "Operation and Maintenance Expenses" under the Master Bond Resolutions. Other capital asset additions are funded with proceeds of revenue bonds for which the airlines are required to fund debt service. During fiscal year 2022-23, the Airport and airlines reached an agreement on a new, ten-year 2023 Lease and Use Agreement that expires on June 30, 2033. Airlines that are not signatories to this Lease and Use Agreement operate under month-to-month permits. As of June 30, 2025, the Signatory Airlines to the Lease and Use Agreement, totaling 44 passenger airlines and 5 cargo airlines, represented over 98.6% of enplaned passengers in fiscal year 2024-25.

Amounts billed to airlines are based on budgeted revenues and expenditures, including debt service, pension charges and proportionate payments to such compensation and other insurances or outside reserve funds as the Airport may establish or the Board of Supervisors may require with respect to employees of the Airport. Noncash accrued pension obligations other than those actually paid or budgeted to be paid during the fiscal year are excluded. Noncash accrued OPEB obligations are included. Unanticipated sources of Revenues, or unanticipated grant funding available to apply to offset Airport expenses, can result in aviation revenue collected in advance. Aviation revenue collected in advance will be applied to reduce future billings and is recorded as a liability in the financial statements. Aviation revenue due to be collected will be reduced by increases in future billings and is recorded as an asset in the financial statements. Pursuant to the terms of the Lease and Use Agreement, the Airport has unearned aviation revenue of \$202.9 million as of June 30, 2025.

(i) Concession Revenues

Concession revenues consist of rentals and fees derived from food and beverage concessions, duty-free, retail merchandise and rental car concessions. Revenues are based on terms of lease agreements entered into between the Airport and concessionaires and are the greater of a percentage of tenant's gross revenues or, where applicable, Minimum Annual Guarantee (MAG) amount.

(j) Hotel Revenues

Hotel revenues consist of rooms, food and beverage, garage, meetings and special events, and parking services.

(k) Parking and Transportation Revenues

Parking and transportation revenues consist of fees derived from parking facilities and ground

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transportation operations. Parking revenues are parking fees collected from all public parking facilities at the Airport. Transportation revenues are ground transportation trip fees assessed to commercial vehicles that service the Airport.

(l) Sales and Services Revenues

Sales and services revenues are collected for utility, security, and miscellaneous services provided to the tenants. The Airport pays utility costs to the City through a work order system. Tenants are billed for utilities based on meter readings and utility rates.

(m) Environmental Remediation Expenses and Recoveries

The Airport incurs costs associated with environmental remediation activities, which arise during the normal course of business. These costs are recorded as a liability when the Airport is required to perform the remediation and if the costs can be reasonably estimated. The Airport records environmental remediation cost recoveries as nonoperating revenues in the financial statements.

(n) Capital Contributions

The Airport receives grants for the purpose of acquisition or construction of property and equipment. These grants are recorded as capital contributions when earned generally upon expenditures of the funds.

(o) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(p) Reclassification

Certain amounts have been reclassified to conform to the current year's presentation. In accordance with GASB Statement No. 87, the Airport reclassified the lease receivable, lease interest receivable, and deferred inflows related to leases from the net investment in capital assets to the unrestricted net position.

(3) Cash, Cash Equivalents, and Investments

(a) Pooled Cash and Investments

The Airport maintains operating cash, cash equivalents, investments, and certain restricted cash and investments as part of the City's investment pool. The City's investment pool is an unrated pool pursuant to investment policy guidelines established by the City Treasurer and is treated as a cash equivalent for financial reporting purposes as the Airport is able to withdraw amounts from the pool on demand without notice or penalty. The objectives of the City Treasurer's investment policy are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code and the City Treasurer policy, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity. The Airport's unspent bond and commercial paper (CP) note proceeds are also generally invested as part of the City's investment pool.

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The Airport's cash and investments, at fair value, held in the City's pool as of June 30, 2025 (in thousands):

	Amount
Pooled cash and investments:	
Cash and investments held in City Treasury – unrestricted	\$ 1,079,809
Cash and investments held in City Treasury – restricted current	796,930
Cash and investments held in City Treasury – restricted noncurrent	690,385
Total cash and investments held in City Treasury	<u>\$ 2,567,124</u>

The following table shows the percentage distribution of the City's pooled investments by maturity:

Investment maturities (in months)			
Under 1	1 – less than 6	6 – less than 12	12 – 60
20.8%	18.9%	17.5%	42.8%

(b) Cash and Investments with Fiscal Agent

The restricted assets for revenue bond reserves, debt service, capitalized interest, and costs of issuance are held by an independent bond trustee for the Airport's senior lien bonds (the Senior Trustee) and a separate independent bond trustee for the Airport's subordinate lien bonds (the Subordinate Trustee, and collectively with the Senior Trustee, the Trustees). In addition, restricted assets relating to the Hotel Special Facility Bonds are held by an independent bond trustee for the Hotel Special Facility Bonds. The unrestricted assets in the debt service holding fund and the variable rate demand bond fee account are not pledged to the payment of the Airport's bonds, but are held by the Senior Trustee for the convenience of the Airport in the administration and investment of monies delivered to the Senior Trustee prior to the time the Airport is required to make deposits into the Debt Service Fund or pay the fees of the remarketing agents for the Airport's variable rate bonds, respectively.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Airport will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The California Government Code requires California banks and savings and loan associations to secure the Airport's deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance by pledging government and/or local agency securities as collateral. The fair value of such pledged securities must equal at least 110% and be of the type authorized in California Government Code,

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Section 53651 (a) through (i). The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the Airport's name. At June 30, 2025, all banks with funds deposited by the Treasurer secured deposits with sufficient collateral or FDIC insurance.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. Information about the sensitivity to the fair values of the Airport's investments to interest rate fluctuations is provided by the tables below, which show the distribution of the Airport's investments by maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to pay the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The ratings for each of the investment types are provided by the tables below.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Airport will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments; however, it is the practice of the City Treasurer that all investments are insured, registered or held by the Treasurer's custodial agent in the Airport's name. The Airport also has investments with trustees related to the issuance of bonds that are uninsured, unregistered and held by the counterparty's trust departments but not in the Airport's name. These amounts are included in the investments outside City Treasury and are provided by the tables below.

Concentration of Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code and/or its investment policy. U.S. Treasury and agency securities explicitly guaranteed by the U.S. government are not subject to single issuer limitation.

The Airport holds investments with the Trustees that represent 5.0% or more of the Airport's investments outside City Treasury as of June 30, 2025:

Freddie Mac Multifamily Structured Pass Through Certificates	12.6%
Federal Home Loan Bank Discount Notes	13.2%

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As of June 30, 2025, the Senior Trustee held investments for the benefit of the Airport with maturities as follows (in thousands):

Investments	Credit ratings June 30, 2025 (S&P/Moody's / Fitch)	June 30, 2025	
		Maturities	Fair value
Australia and New Zealand Banking Group NY	AA-/Aa2/AA-	December 16, 2026	\$ 5,478
California State University	AA-/Aa2/NR	November 1, 2027	274
Chevron USA Inc	AA-/Aa2/NR	February 26, 2027	3,023
Commonwealth Bank of Australia/NY	AA-/Aa2/AA-	November 27, 2026	5,486
Commonwealth of Massachusetts	NR/Aa1/AAA	July 15, 2025	525
Credit Agricole CIB / New York	A+/A1/AA-	February 1, 2027	4,762
Fannie Mae-Aces	AA+/Aa1/AA+	June 1, 2027 - July 1, 2028	5,793
Federal Farm Credit Banks Funding Corp	AA+/Aa1/AA+	June 23, 2026	5,117
Federal Home Loan Bank Discount Notes	A-1+/P-1/NR	October 27, 2025 - October 30, 2025	134,764
First American Government Obligation Fund	AAAm/Aaa-mf/AAAmf	-	20,249
Freddie Mac Multifamily Structured Pass	AA+/Aa1/AA+	December 1, 2025 - February 1, 2030	128,061
Goldman Sachs Financial Square Treasury Obligations Fund	AAAm/Aaa-mf/NR	-	24,923
Inter-American Development Bank	AAA/Aaa/AAA	February 1, 2027	887
Los Angeles Unified School District/CA	NR/Aa2/AAA	July 1, 2025 - July 1, 2028	2,151
National Australia Bank Ltd/New York	AA-/Aa2/NR	January 12, 2026	5,116
Rabobank Corporate Notes	A+/Aa2/AA-	July 17, 2026 - March 5, 2027	6,406
State Board of Administration Finance	AA/Aa2/AA	July 1, 2025	135
State of California	AA-/Aa2/AA	March 1, 2027	223
State of Connecticut	AA-/Aa3/AA-	March 15, 2030	2,123
State of Minnesota	AAA/Aaa/AAA	August 1, 2025	204
U.S. Treasury Bill	A-1+/P-1/F1+	July 1, 2025 - August 28, 2025	8,346
U.S. Treasury Notes	AA+/Aa1/AA+	July 31, 2025 - May 31, 2030	629,208
Walmart Inc	AA/Aa2/AA	April 28, 2027	5,457
Wells Fargo Bank NA	A+/Aa2/AA-	January 15, 2026	9,120
Cash and Cash Equivalents	-	-	11,631
Total			\$ <u>1,019,462</u>

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Fair Value Hierarchy

The Airport categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. The inputs and techniques used for valuing securities are not necessarily an indication of risk associated with investing in those securities.

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The following is a summary of the fair value hierarchy of the Airport's cash and investments with fiscal agent as of June 30, 2025 (in thousands):

	Fair value June 30, 2025	Investments exempt from fair value	Fair value measurement using		
			Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)
Investments outside City					
Treasury:					
Certificates of deposit	\$ 5,586	-	-	5,586	-
State and local agencies	5,635	-	-	5,635	-
Supranationals	887	-	-	887	-
U.S. agencies	273,735	-	-	273,735	-
U.S. corporate bonds/notes (medium term notes)	39,262	-	-	39,262	-
U.S. treasury securities	637,554	-	637,554	-	-
Cash and cash equivalents	11,631	11,631	-	-	-
Money market funds*	45,172	45,172	-	-	-
Total	<u>\$ 1,019,462</u>	<u>56,803</u>	<u>637,554</u>	<u>325,105</u>	<u>-</u>

* Investments exempt from fair value

Investments outside the City Treasury pool may consist of U.S. Treasury securities, U.S. Government Agency securities, and other investments such as commercial paper, money market funds, negotiable certificates of deposit, supranational securities, and other investments permitted under the applicable

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bond documents. U.S. treasury securities are valued using quoted prices in active markets and classified in Level 1 of the fair value hierarchy. Certificates of deposit, state and local agencies, supranationals, U.S. government agency securities, and U.S. corporate bonds are valued using a variety of techniques such as matrix pricing, market corroborated pricing inputs such as yield curves, indices, and other market related data and are classified in Level 2 of the fair value hierarchy. Investments exempt from fair value treatment consist of money market mutual funds with investment holdings having maturities of one year or less at the time of purchase.

The primary objectives of the Airport's policy on investment of debt service reserve funds and debt service funds including principal and interest accounts held by the Trustees are, in order of priority, safety, liquidity, and yield.

Safety of principal is the foremost objective of the investment program. Investments undertaken seek to ensure the preservation of capital in the overall portfolio.

The term of any investment is based on the cash flow needed to meet the Airport's debt service requirements. Consequently, investment of any debt service reserve funds is limited to seven years or less, and all monies invested in any principal and interest payment accounts are to mature no later than the dates on which the principal or interest payments are due.

The Airport will maximize the retainable earnings of all bond proceeds after meeting the requirements of safety and liquidity. After these objectives are met, the Airport's investment policy will attempt to achieve net investment yield as close as practicable to each bond fund's arbitrage yield, if any.

Funds held by the Senior Trustee in funds and accounts established under the Airport Commission's Trust Indenture are invested in "Permitted Investments" as defined in the Trust Indenture.

Funds held by the Subordinate Trustee in funds and accounts established under the Airport Commission's Resolution No. 97-0146 adopted on May 20, 1997 (as amended and supplemented, the 1997 Note Resolution) are invested in "Permitted Investments" as defined in the 1997 Note Resolution.

The Airport had approximately \$1.0 billion in investments held by, and in the name of, the Senior Trustee and the Subordinate Trustee, collectively, as of June 30, 2025.

All other funds of the Airport are invested in accordance with (1) the City Treasurer's policy and, if applicable, (2) the Trust Indenture or the 1997 Note Resolution, as appropriate.

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(4) Grants Receivable

The Airport receives federal funding from the Federal Aviation Administration (FAA), the Transportation Security Administration (TSA), and other federal agencies. Grants receivable of \$56.1 million as of June 30, 2025, were based on actual costs incurred, subject to federal reimbursement limits.

When determining the distribution of discretionary grants, the Secretary of Transportation may consider, as a mitigating factor, whether the Airport uses its revenues for purposes other than capital or operating costs, when those revenues exceed the amount used by the Airport for such costs in the base year ending June 30, 1995, as adjusted for inflation. The Airport pays a portion of the Airport's revenues to the City's General Fund as an annual service payment, in part as compensation for indirect services, management and facilities provided by the City to the Airport. The annual service payment is considered to be a noncapital, nonoperating cost for this purpose. With the exception of five fiscal years, the annual service payment has exceeded the base year payment when adjusted for inflation since fiscal year 1995-96.

In some years, the Airport has received a lower amount of FAA discretionary grants than it requested as a result of the amount of the annual service payment. The FAA allocated \$22.5 million in discretionary grants in the federal fiscal year ended September 30, 2025, and the Airport did not receive any FAA discretionary grants. The FAA may reduce discretionary grants in the future as a result of the annual service payment or otherwise. Furthermore, Airport Improvement Program (AIP) funding may be reduced in the future as a result of legislation or the failure of the U.S. Congress to pass an annual appropriation bill including such funding. Reduction in grants awarded to the Airport could result in the delay or cancellation of projects or the incurrence of additional debt by the Airport.

Grant-funded project costs are subject to audit by the funding agencies to ensure that the costs are allowable under the grant agreements. If any project costs are disallowed, amounts recorded as grants receivable will be reduced or refunded to the respective funding agencies.

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(5) Capital Assets

Capital assets consist of the following (in thousands):

	<u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2025</u>
Capital assets not being depreciated/amortized:				
Land	\$ 29,813	-	-	\$ 29,813
Intangible assets	6,881	-	-	6,881
Construction in progress	552,460	814,917	(304,129)	1,063,248
Total capital assets not being depreciated/amortized	<u>589,154</u>	<u>814,917</u>	<u>(304,129)</u>	<u>1,099,942</u>
Capital assets being depreciated/amortized:				
Buildings, structures, and improvements	9,972,896	292,534	(92,898)	10,172,532
Equipment	1,096,886	6,829	(25,144)	1,078,571
Right-to-use assets	3,131	3,301	(831)	5,601
Intangible assets	29,468	2,740	(21,544)	10,664
Total capital assets being depreciated/amortized	<u>11,102,381</u>	<u>305,404</u>	<u>(140,417)</u>	<u>11,267,368</u>
Less accumulated depreciation/amortization:				
Buildings, structures, and improvements	(3,968,821)	(312,432)	92,706	(4,188,547)
Equipment	(556,984)	(100,683)	25,067	(632,600)
Right-to-use assets	(1,786)	(1,109)	832	(2,063)
Intangible assets	(27,655)	(702)	21,545	(6,812)
Total accumulated depreciation/amortization	<u>(4,555,246)</u>	<u>(414,926)</u>	<u>140,150</u>	<u>(4,830,022)</u>
Total capital assets being depreciated/amortized, net	<u>6,547,135</u>	<u>(109,522)</u>	<u>(267)</u>	<u>6,437,346</u>
Total capital assets, net	<u>\$ 7,136,289</u>	<u>705,395</u>	<u>(304,396)</u>	<u>\$ 7,537,288</u>

In fiscal year 2006-07, the Airport adopted a cost allocation plan to capture indirect costs as a component of a building or other capital asset to reflect the full and true cost of a capital asset. In accordance with the Uniform Guidance, the indirect costs capitalized for the fiscal year ended June 30, 2025, were \$21.7 million.

For details on leases for Airport as lessee, see Note 9.

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(6) Subordinate Commercial Paper Notes

On May 20, 1997, the Airport Commission adopted Resolution No. 97-0146 (as amended and supplemented, the 1997 Note Resolution). The 1997 Note Resolution authorizes the issuance of subordinate CP notes in an aggregate principal amount not to exceed the lesser of \$600.0 million or the stated amount of the letter(s) of credit securing the CP notes.

The Airport issues CP notes in series based on tax status that are divided into subseries according to the bank providing the applicable direct-pay letter of credit. In addition to the applicable letter of credit, the CP notes are further secured by a pledge of the Net Revenues of the Airport, subject to the prior payment of the San Francisco International Airport Second Series Revenue Bonds (the Senior Bonds) outstanding from time to time under the Trust Indenture.

Net Revenues are generally defined in the 1997 Note Resolution as all revenues earned by the Airport from or with respect to its construction, possession, management, supervision, maintenance, extension, operation, use and control of the Airport (not including certain amounts specified in the 1997 Note Resolution), less Operation and Maintenance Expenses (as defined in the 1997 Note Resolution). See Note 8.

The CP notes are special, limited obligations of the Airport, and the payment of the principal of and interest on the CP notes is secured by a pledge of, lien on and security interest in the Net Revenues and amounts in the funds and accounts as provided in the 1997 Note Resolution, subject to the prior payment of principal of and interest on the Senior Bonds. The CP notes are secured on a parity with any other bonds or other obligations from time to time outstanding under the 1997 Note Resolution.

Events of default for the CP notes include nonpayment events, bankruptcy events, noncompliance with covenants, and default under the Trust Indenture. The CP notes are not subject to acceleration.

Events of default with respect to the letters of credit supporting the CP notes include nonpayment events (both on CP notes and Senior Bonds), bankruptcy events, noncompliance with covenants, default on debt in excess of a specified threshold amount, default under the 1997 Note Resolution, or a determination of taxability of interest on the tax-exempt CP notes. A downgrade of the Airport's Senior Bonds to below "Baa1" by Moody's or "BBB+" by S&P or Fitch or the withdrawal or suspension of any such rating for credit related reasons is an event of termination with respect to all of the letters of credit supporting the CP notes. Remedies include the letter of credit bank's ability to stop issuance of the CP notes it supports and to require a final drawing on the letter of credit. If not repaid when due, drawings under the respective letters of credit supporting the CP notes are amortized over a three- or five-year period.

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As of June 30, 2025, the CP program was supported by six direct-pay letters of credit with a combined maximum stated principal amount of \$600.0 million, from Bank of America, N.A. (\$100.0 million, expires April 28, 2028), Sumitomo Mitsui Banking Corporation, acting through its New York Branch (\$100.0 million, expires April 7, 2027), BMO Bank N.A. (\$100.0 million, expires April 30, 2027), Sumitomo Mitsui Banking Corporation, acting through its New York Branch (\$100.0 million, expires June 6, 2028), Barclays Bank PLC (\$125.0 million, expires April 23, 2027), and Bank of America, N.A. (\$75.0 million, expires May 4, 2026). Each of the letters of credit supports a separate subseries of the CP notes.

As of June 30, 2025, there were no obligations outstanding under the 1997 Note Resolution. On February 6, 2025, the 2025A/B/C Bonds funded an escrow to repay \$371.0 million of commercial paper notes as an in-substance defeasance. This escrow repaid the \$371.0 million of commercial paper notes, plus interest due thereupon, on May 6, 2025.

During fiscal year 2024-25, the Airport issued new money commercial paper notes in the aggregate principal amount of \$302.5 million (AMT), \$68.5 million (Non-AMT), and \$4.0 million (Taxable) to fund capital improvement projects.

The following table summarizes CP notes activity during the fiscal year ended June 30, 2025 (in thousands):

	<u>Interest rate</u>	<u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2025</u>
Commercial paper (Taxable)	4.38% - 4.70%	\$ -	4,000	(4,000)	-
Commercial paper (AMT)	2.77% - 3.25%	-	302,500	(302,500)	-
Commercial paper (Non-AMT)	2.75% - 3.15%	-	68,500	(68,500)	-
Total		\$ -	<u>375,000</u>	<u>(375,000)</u>	<u>-</u>

The table presents the CP notes' net increase and decrease activities during fiscal year 2024-25. Funds on deposit in an escrow from Series 2024A/B/C Bonds issued on June 4, 2024 repaid \$434.0 million of CP notes on August 27, 2024. \$302.5 million of CP notes issued during fiscal year 2024-25 were repaid on May 6, 2025, by proceeds on deposit in an escrow account from Series 2025A Bonds. \$68.5 million of CP notes issued during fiscal year 2024-25 were repaid on May 6, 2025, by proceeds on deposit in an escrow account from Series 2025B Bonds. \$4.0 million of CP notes issued during fiscal year 2024-25 were repaid by Series 2025C Bonds proceeds on February 6, 2025.

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(7) Long-Term Obligations

Long-term obligation activities for the fiscal year ended June 30, 2025, are as follows (in thousands):

	July 1, 2024	Increases	Decreases	June 30, 2025	Amounts due within one year
Revenue bonds payable	\$ 8,936,700	1,006,205	(209,515)	9,733,390	190,250
Add unamortized premiums	975,917	65,783	(59,997)	981,703	-
Total revenue bonds payable	9,912,617	1,071,988	(269,512)	10,715,093	190,250
Compensated absences*	59,648	2,622	-	62,270	32,796
Accrued workers' compensation	14,100	6,888	(4,656)	16,332	3,670
Estimated claims payable	5,827	2,489	(66)	8,250	2,654
Other liabilities and leases payable	1,076	3,418	(1,473)	3,021	1,225
Net OPEB liability (see Note 12b)	249,579	-	(12,893)	236,686	-
Net pension liability (see Note 12a)	208,295	21,209	-	229,504	-
Total	\$ 10,451,142	1,108,614	(288,600)	11,271,156	230,595

*The change in compensated absences above is the net change for this fiscal year.

Bond Transactions and Balances

Previously, the Board of Supervisors authorized the issuance and sale of San Francisco International Airport Second Series Revenue Bonds pursuant to Resolution No. 91-0210, which the Airport adopted on December 3, 1991 (as supplemented and amended, the "1991 Master Resolution"). The 1991 Master Resolution set forth the terms of all the Airport's outstanding bonds. On January 1, 2025, the Airport and the Bank of New York Mellon Trust Company, N.A. as trustee, entered into a trust indenture (the "Trust Indenture") as well as Series Indentures for all of the Airport's outstanding Senior Bonds, amending and restating the Trust Indenture. The Trust Indenture authorizes the issuance from time to time of bonds to finance and refinance capital projects at the Airport.

The maximum principal amount of such bonds is not limited by the Trust Indenture, but the Airport must satisfy an additional bonds test prior to the issuance of any such bonds. The Trust Indenture constitutes a contract between the Airport and the registered owners of the bonds under which the Airport has irrevocably pledged the Net Revenues of the Airport to the payment of the principal of and interest on the bonds.

Net Revenues are generally defined in the Trust Indenture as all revenues earned by the Airport from or with respect to its possession, management, supervision, operation, and control of the Airport (not including certain amounts specified in the Trust Indenture), less Operation and Maintenance Expenses (as defined in the Trust Indenture). See Note 8. Net Revenues generally exclude revenues from Airport facilities that have been designated by the Airport as "Special Facilities" and expenses of Special Facilities payable from such excluded revenues.

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The bonds are special, limited obligations of the Airport, and the principal of and interest on the bonds are payable solely from and secured by a pledge of, lien on and security interest in the Net Revenues and amounts in the funds and accounts provided in the Trust Indenture. The payment of the principal of and interest on all previously issued bonds under the Trust Indenture is secured by a pledge of, lien on and security interest in Net Revenues on a parity with the pledge, lien and security interest securing any additional bonds issued thereunder.

Events of default for the bonds include nonpayment events, bankruptcy events, and noncompliance with covenants, including the rate covenant described below. The bonds are not subject to acceleration.

Payment of principal, interest and purchase price of bonds that bear interest at variable interest rates are supported by letters of credit. Events of default with respect to the letters of credit supporting the bonds include nonpayment events, bankruptcy events, noncompliance with covenants, default on debt in excess of a specified threshold amount, default under the Trust Indenture, or a determination of taxability of interest on tax-exempt bonds supported by the letter of credit. A downgrade of the Airport's Senior Bonds to below "Baa1" by Moody's or "BBB+" by S&P or Fitch or withdrawal or suspension of a bond rating for credit-related reasons by any rating agency is an event of termination under the letters of credit supporting the bonds. Remedies include the letter of credit bank's ability to cause a mandatory tender of the supported bonds or to accelerate amounts due and payable to the bank; provided that payments made on a parity with the bonds are capped based on provisions in the Trust Indenture. If there are no default events pending, drawings under the respective letters of credit supporting the bonds are amortized over a three- or five-year period; provided that payments made on a parity with the bonds are capped based on provisions in the Trust Indenture.

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As of June 30, 2025, long-term revenue bonds consist of the following (in thousands):

Description	Date of Issue	Remaining Interest Rates	June 30, 2025
Second Series Revenue Bonds:			
Issue 2009D	11/04/09	3.25%-3.50%	\$ 45,480
Issue 2016A	02/25/16	4.00%-5.00%	96,370
Issue 2016B	09/29/16	5.00%	574,970
Issue 2016C	09/29/16	5.00%	165,155
Issue 2016D	09/29/16	5.00%	9,810
Issue 2017A	10/31/17	5.00%-5.25%	339,580
Issue 2017B	10/31/17	5.00%	231,985
Issue 2017D	10/31/17	5.00%	19,790
Issue 2018B**	06/06/18	Variable rate	138,170
Issue 2018C**	06/06/18	Variable rate	138,170
Issue 2018D	05/30/18	5.00%-5.25%	722,610
Issue 2018E	05/30/18	5.00%	116,275
Issue 2018F	05/30/18	3.80%	7,025
Issue 2018G	05/30/18	5.00%	35,660
Issue 2019A	02/07/19	4.00%-5.00%	1,174,805
Issue 2019B	02/07/19	5.00%	91,280
Issue 2019C	02/07/19	3.51%	8,010
Issue 2019D	02/07/19	5.00%	355,235
Issue 2019E	09/10/19	4.00%-5.00%	764,815
Issue 2019F	09/10/19	5.00%	106,925
Issue 2019G	09/10/19	2.17%-2.39%	8,185
Issue 2019H	09/10/19	5.00%	113,135
Issue 2020A	08/20/20	4.00%-5.00%	109,520
Issue 2020B	08/20/20	4.00%	51,575
Issue 2020C	08/20/20	2.96%	130,180
Issue 2021A	04/21/21	5.00%	195,225
Issue 2021B	04/21/21	5.00%	129,070
Issue 2021C	04/21/21	3.35%	222,810
Issue 2022A	02/08/22	4.00%-5.00%	290,460
Issue 2022B	02/08/22	4.00%-5.00%	236,475
Issue 2022C	02/08/22	2.58%-3.33%	194,815
Issue 2023A	03/01/23	5.00%	140,785
Issue 2023B	03/01/23	5.00%	79,510
Issue 2023C	11/15/23	5.00%-5.75%	748,430
Issue 2023D	11/15/23	5.25%	45,880
Issue 2024A	06/04/24	5.00%-5.25%	782,535
Issue 2024B	06/04/24	5.00%	123,590
Issue 2025A	02/06/25	5.00%-5.50%	883,785
Issue 2025B	02/06/25	5.00%	105,305
			9,733,390
Unamortized premium			981,703
Total revenue bonds payable			10,715,093
Less current portion			(190,250)
Total long-term revenue bonds payable		\$	10,524,843

** The Airport used the proceeds of the Series 2018B/C Bonds to purchase \$260.0 million of San Francisco International Airport Hotel Special Facility Revenue Bonds, to finance the development and construction of an AirTrain station adjacent to the on-Airport Hotel, and to pay costs of issuance of the Series 2018B/C Bonds.

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Debt Service Reserve and Covenants; Contingency Account

The Airport issues its senior lien San Francisco International Airport Second Series Revenue Bonds under the Trust Indenture, which provides, among other things, the general terms and conditions of the bonds, the funds and accounts relating to the bonds, and certain covenants made by the Airport for the benefit of bondholders. Such covenants include not creating or allowing creation of liens on the Revenues or disposing of any property necessary to maintaining revenues or operating the Airport and maintaining specified levels of insurance or self-insurance. The Airport may establish one or more reserve accounts with different reserve requirements to secure one or more series of bonds. Accordingly, the Airport has two reserve accounts in the Reserve Fund: the Common Reserve Account (previously known as the "Issue 1 Reserve Account") and the 2017 Reserve Account, both are held by the Senior Trustee. As permitted under the Trust Indenture, the Airport may establish separate reserve accounts for individual series of bonds or may issue bonds without a reserve account.

Common Reserve Account – The Common Reserve Account is the Airport's original parity reserve account established in connection with the first issuance of bonds under the 1991 Master Resolution. The Common Reserve Account now secures most of the Airport's outstanding bonds. Specifically, as of June 30, 2025, the Common Reserve Account secures all outstanding bonds except the series listed below as being secured by the 2017 Reserve Account, and except for Series 2018B and Series 2018C. The Airport may designate any series of bonds as a "participating series" secured by the Common Reserve Account. The reserve requirement is equal to the maximum annual debt service on the outstanding bonds secured by the Common Reserve Account accruing in any year during the life of all participating series of bonds secured by the Common Reserve Account.

2017 Reserve Account – The Airport has established an additional pooled reserve account identified as the 2017 Reserve Account in the Reserve Fund, as security for each series of bonds (a 2017 Reserve Series) that is designated as being secured by the 2017 Reserve Account. As of June 30, 2025, only the Series 2017D, 2019B, and 2019D Bonds are secured by the 2017 Reserve Account. The reserve requirement for the 2017 Reserve Account is equal to the lesser of: (i) the maximum amount of aggregate annual debt service for all 2017 Reserve Series Bonds in any fiscal year during the period from the date of calculation to the final scheduled maturity of the 2017 Reserve Series Bonds, (ii) 10.0% of the outstanding aggregate principal amount of all 2017 Reserve Series Bonds (provided that the issue price of a Series of 2017 Reserve Series Bonds will be used in this calculation if such Series was sold with an original issue discount that exceeded 2.0% of the principal of such Series on its original date of sale), and (iii) 125.0% of the average aggregate annual debt service for all 2017 Reserve Series Bonds.

Reserve Policies – Under the Trust Indenture, the Airport may satisfy a portion of a reserve requirement by depositing with the Senior Trustee one or more reserve policies issued by a credit provider meeting specified rating requirements. However, the Trust Indenture does not require that those ratings be maintained after the date of deposit. As of June 30, 2025, the Common Reserve Account contains reserve policies. Each of the providers of the reserve policies in the Common Reserve Account were rated "AAA" at the time the policies were deposited. However, as a result of the financial crisis that began in 2007, all of the major municipal bond insurance companies have been downgraded, and several are no longer providing current financial and operating information. In addition, under the terms of several of the reserve policies, the value of the policies is adjusted downward from time to time as related bonds are refunded and such policies have experienced a reduction in value and may have experienced a reduction in value to

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zero. The policies in the Common Reserve Account with remaining value have termination dates. The Airport has periodically deposited additional cash in the Common Reserve Account to satisfy the reserve requirement and compensate for the diminished value or downgraded providers of these reserve policies.

Contingency Account – Under the Trust Indenture, the City Treasurer holds the Contingency Account as an account within the Revenue Fund, and the Airport may deposit in the Contingency Account such amounts, if any, as the Airport may determine from time to time. Monies in the Contingency Account may be applied (i) to pay Operation and Maintenance Expenses; (ii) to make any required payments or deposits to pay or secure the payment of the principal or purchase price of or interest or redemption premium on the outstanding bonds under the Trust Indenture; and (iii) to pay the cost of any additions, improvements, repairs, renewals or replacements to the Airport, in each case only if and to the extent that monies otherwise available to make such payments or deposits are insufficient.

Rate Covenant – Under the terms of the Trust Indenture, the Airport has covenanted that it will establish and at all times maintain rentals, rates, fees, and charges for the use of the Airport and for services rendered by the Airport so that:

- (a) Net Revenues (as defined in the Trust Indenture) in each fiscal year will be at least sufficient (i) to make all required debt service payments and deposits in such fiscal year with respect to the bonds, any subordinate bonds, and any general obligation bonds issued by the City for the benefit of the Airport (there have been no such general obligation bonds outstanding for more than 30 years), and (ii) to make the annual service payment to the City, and
- (b) Net Revenues, together with any transfer from the Contingency Account to the Revenue Account (both held by the City Treasurer), in each fiscal year will be at least equal to 125.0% of aggregate annual debt service with respect to the bonds for such fiscal year.

The methods required by the Trust Indenture for calculating debt service coverage differ from those required under GAAP, which are used to determine amounts reported in the Airport's financial statements. For example, the Trust Indenture includes in the definition of Operating and Maintenance Expenses (which is used to calculate Net Revenues) "the *payment* of pension charges ... with respect to employees of the [Airport]..." (emphasis added) and excludes a number of noncash accrual items. Accordingly, the Airport excludes from its rate covenant calculations any noncash accrued pension obligations and includes only pension obligations actually paid during the fiscal year. As another example, the Trust Indenture excludes from the definition of Operating and Maintenance Expenses "any expense for which, or to the extent to which, the Airport is or will be paid or reimbursed from or through any source that is not included or includable as Revenues," and excludes from the definition of Revenues "grants-in-aid, donations and/or bequests." Accordingly, the Airport excludes from its rate covenant both grant funds used toward operating costs and the operating costs reimbursed using such grant funds.

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Debt Instruments and Certain Terms and Characteristics Thereof

(a) *Second Series Revenue Bonds (Capital Plan Bonds)*

Pursuant to resolutions adopted between fiscal years 2007-08 and 2024-25, as of June 30, 2025, the Board of Supervisors has authorized the issuance of up to \$10.8 billion of San Francisco International Airport Second Series Revenue Bonds (Capital Plan Bonds) to finance and refinance the construction, acquisition, equipping, and development of capital projects undertaken by the Airport, including retiring all or a portion of the Airport's outstanding subordinate commercial paper notes issued for capital projects, funding debt service reserves, funding capitalized interest, and for paying costs of issuance. As of June 30, 2025, \$3.2 billion of the authorized capital plan bonds remained unissued.

On February 6, 2025, the Airport issued its fixed rate Second Series Revenue Bonds, Series 2025A/B/C. The proceeds of the Series 2025A/B/C Bonds (consisting of \$1.0 billion par amount and original issue premium of \$65.8 million, less an underwriters' discount of \$1.8 million) were used to deposit \$370.5 million into an escrow fund with the Senior Trustee to repay \$371.0 million in commercial paper notes plus interest, \$568.9 million into project funds, \$10.0 million into the contingency account, \$4.0 million to repay \$4.0 million of commercial paper notes, \$91.8 million in capitalized interest accounts, \$23.8 million in a debt service reserve account, and \$1.3 million to pay costs of issuance.

(b) *Second Series Revenue Refunding Bonds*

Pursuant to resolutions adopted between fiscal years 2004-05 and 2024-25, as of June 30, 2025, the Board of Supervisors has authorized the issuance of up to \$17.1 billion of San Francisco International Airport Second Series Revenue Refunding Bonds for the purposes of refunding outstanding bonds issued pursuant to the Trust Indenture and outstanding subordinate commercial paper notes, funding debt service reserves, and paying costs of issuance, including any related bond redemption premiums. As of June 30, 2025, \$5.5 billion of the authorized refunding bonds remained authorized but unissued.

(c) *Variable Rate Demand Bonds*

As of June 30, 2025, the Airport had an outstanding aggregate principal amount of \$276.3 million, consisting of Second Series Variable Rate Revenue Refunding Bonds, Series 2018B and Series 2018C (collectively, the "Variable Rate Bonds") with final maturity date of May 1, 2058 (Series 2018B and 2018C). The Variable Rate Bonds are long-term, tax-exempt bonds that currently bear interest at a rate that is adjusted weekly, and that are subject to tender at par at the option of the holder thereof on seven days' notice. Any tendered Variable Rate Bonds are remarketed by the applicable remarketing agent in the secondary market to other investors. The interest rate on the Variable Rate Bonds can be converted to other interest rate modes, including a term rate or fixed rates to maturity, upon appropriate notice by the Airport.

The scheduled payment of the principal of and interest on, and payment of purchase price of, the Variable Rate Bonds is secured by separate irrevocable letters of credit issued to the Senior Trustee for the benefit of the applicable bondholders by the banks identified in the table below.

Amounts drawn under a letter of credit that are not reimbursed by the Airport constitute "Repayment Obligations" under the Trust Indenture and are accorded the status of other outstanding bonds to the

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extent provided in the Trust Indenture. The commitment fees for the letters of credit range between 0.34% and 0.37% per annum. As of June 30, 2025, there were no unreimbursed draws under these facilities.

The letters of credit securing the Variable Rate Bonds included in long-term debt as of June 30, 2025, are as follows (in thousands):

	Series 2018B	Series 2018C
Principal amount	\$ 138,170	138,170
Expiration date	June 3, 2026	April 5, 2027
Credit provider	Barclays ⁽¹⁾	SMBC ⁽²⁾

(1) Barclays Bank PLC

(2) Sumitomo Mitsui Banking Corporation, acting through its New York branch

(d) Hotel Special Facility Bonds

Pursuant to resolutions adopted in fiscal years 2016-17, 2017-18, and 2018-19, the Airport Commission authorized the issuance of \$260.0 million of Special Facility Bonds to finance the Hotel. These resolutions also designated the Hotel as a “Special Facility” under the Trust Indenture, which allows the Hotel revenues to be segregated from the Airport’s other revenues and used to pay Hotel operating expenses and debt service on the Hotel Special Facility Bonds through the Hotel Special Facility Bond trustee. On June 6, 2018, the Airport issued its fixed rate Special Facility Revenue Bonds (San Francisco International Airport Hotel), Series 2018 (the “Hotel Special Facility Bonds”), in the aggregate principal amount of \$260.0 million to finance the Hotel and to fund a capitalized interest account.

The Hotel Special Facility Bonds are issued pursuant to a Trust Agreement (the “Hotel Trust Agreement”). On February 26, 2021, the Hotel Special Facility Bonds and the Hotel Trust Agreement were amended and restated to, among other things, modify the principal and interest repayment schedule for the Hotel Special Facility Bonds. The maximum principal amount of the Hotel Special Facility Bonds is not limited by the Hotel Trust Agreement, but the Airport must satisfy an additional bonds test prior to the issuance of any such bonds.

The Hotel Special Facility Bonds are limited obligations of the Airport. Under the Hotel Trust Agreement, the Airport has pledged the Revenues of the on-Airport Hotel, together with other assets, to the payment of the principal of and interest on the Hotel Special Facility Bonds. Revenues are generally defined in the Hotel Trust Agreement as all revenue and income of any kind derived directly or indirectly from operations at the on-Airport Hotel (not including certain amounts specified in the Hotel Trust Agreement). Operating expenses of the on-Airport Hotel are payable prior to payment of principal of and interest on the Hotel Special Facility Bonds. The Airport does not maintain a reserve account for the Hotel Special Facility Bonds. The Hotel Special Facility Bonds are subject to acceleration upon the occurrence of an event of default. Events of default include nonpayment events, bankruptcy events, noncompliance with covenants, condemnation of the Hotel, or a failure by the Airport to maintain a third-party manager for the Hotel. The Hotel Special Facility Bonds are not payable from or secured by the Airport’s Net Revenues (as defined under the Trust Indenture). However, because the Airport is the

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owner of the on-Airport Hotel, the Airport is obligated to repay the Hotel Special Facility Bonds from the net revenues of the Hotel.

Because the Airport is the issuer of the Hotel Special Facility Bonds and the sole beneficiary of the trust entity serving as holder of the Hotel Special Facility Bonds, neither the Hotel Special Facility Bonds debt service payments nor the Airport's receipts from the trust are included in the financial statements. The financial statements net the interest income received from the trust against the combined interest expenses of the Hotel Special Facility Bonds and the Series 2018B/C Bonds.

As of June 30, 2025, the Airport had \$256.8 million of outstanding Hotel Special Facility Bonds.

(e) Debt Service Reserves and Requirements

Common Reserve Account

As of June 30, 2025, the reserve requirement for the Common Reserve Account was \$657.9 million, which was satisfied by \$664.8 million of cash and investment securities, and reserve fund surety policies in the initial principal amount of \$41.8 million. All of the providers of such reserve policies have one or more credit ratings below the Airport's rating or are no longer rated.

2017 Reserve Account

As of June 30, 2025, the reserve requirement for the 2017 Reserve Account was \$41.6 million, which was satisfied by \$59.3 million in cash and investment securities.

Series Not Secured by Reserve Accounts

The Airport does not maintain reserve accounts for its Second Series Variable Rate Revenue Refunding Bonds, Series 2018B/C, all of which are secured by letters of credit.

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Debt Service Requirements

Revenue bond debt service requirements to maturity as of June 30, 2025, are as follows (in thousands):

Fiscal Year Ending June 30	Principal	Interest*	Total
2026	\$ 190,250	466,000	656,250
2027	200,215	456,876	657,091
2028	214,960	447,236	662,196
2029	168,535	436,817	605,352
2030	178,230	428,743	606,973
2031-2035	1,182,965	2,006,512	3,189,477
2036-2040	1,619,290	1,673,779	3,293,069
2041-2045	2,064,560	1,233,141	3,297,701
2046-2050	2,539,970	666,349	3,206,319
2051-2055	1,325,605	187,051	1,512,656
2056-2058	48,810	593	49,403
Total	<u>\$ 9,733,390</u>	<u>8,003,097</u>	<u>17,736,487</u>

*The Series 2018B/C Bonds accrue interest at a rate that resets weekly, as determined by the designated Remarketing Agent. The rates in effect as of June 30, 2025 were used to project future interest payments through maturity.

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The table below presents the revenue bond debt service requirements in the event the letters of credit securing the Airport's outstanding variable rate bonds had to be drawn upon to pay such bonds and the amount drawn had to be repaid by the Airport pursuant to the terms of the related agreements with the banks providing such letters of credit (in thousands):

Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$ 328,420	473,741	802,161
2027	337,675	459,382	797,057
2028	213,840	445,582	659,422
2029	167,155	435,170	602,325
2030	176,410	427,104	603,514
2031-2035	1,166,815	1,998,537	3,165,352
2036-2040	1,588,470	1,666,454	3,254,924
2041-2045	2,017,150	1,226,951	3,244,101
2046-2050	2,481,910	661,712	3,143,622
2051-2055	1,255,545	184,294	1,439,839
Total	<u>\$ 9,733,390</u>	<u>7,978,927</u>	<u>17,712,317</u>

(f) Cash Defeasance of Bonds

On June 26, 2025, the Airport legally defeased \$28.9 million of its Series 2016D Bond, and \$17.1 million of its Series 2025C Bond, using monies budgeted for debt service.

The outstanding balance for Series 2016D and 2025C Bonds for the fiscal year ended June 30, 2025 is as follows (in thousands):

Bond Series	June 30, 2024	Cash Defeasance Amount	Redemption	June 30, 2025
2016D	\$ 73,810	28,885	35,115	9,810
2025C	-	17,115	-	-

As of June 30, 2025, the balance of previously defeased bonds by the Airport was \$56.3 million. Monies were placed in an escrow to provide for the future debt payments on the defeased bonds. Once defeased, these bonds ceased to be obligations of the Airport and are not reflected in the Airport's financial statements.

(g) Post-Issuance Compliance with Federal Tax Laws

The Airport follows certain federal tax post-issuance compliance procedures that are intended to ensure that proceeds of its tax-exempt bonds are invested and expended consistent with applicable

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federal tax law, including the Internal Revenue Code (IRC) of 1986, the Regulations promulgated thereunder, and other applicable guidance from the U.S. Treasury Department and the Internal Revenue Service (IRS).

(8) Pledged Revenue

The Airport has pledged all of the Net Revenues of the Airport to repay the following obligations when due, in order of priority, (1) the San Francisco International Airport Second Series Revenue Bonds and Revenue Refunding Bonds (collectively, Senior Bonds) issued and to be issued under the Airport Commission's Trust Indenture, and amounts due with respect to the letters of credit supporting the Senior Bonds to the extent provided in the Trust Indenture, (2) the San Francisco International Airport Subordinate Commercial Paper Notes and any other obligations (Subordinate Bonds) issued and to be issued under the Airport Commission's Resolution No. 97-0146 adopted on May 20, 1997 (as amended and supplemented, the "1997 Note Resolution") and amounts due to reimburse drawings under the letters of credit supporting the Commercial Paper Notes, and (3) remaining amounts due to reimburse drawings under the letters of credit securing the Senior Bonds. The Senior Bonds and Commercial Paper Notes are issued to finance capital projects at the Airport (including the funding of reserves) and to refund previously issued Senior Bonds and Commercial Paper Notes. The pledges of Net Revenues described above are in force so long as the secured obligations are outstanding. As of June 30, 2025, the final maturities of the obligations secured by the Net Revenues are Senior Bonds that mature in fiscal year 2057-58.

Net Revenues are defined in the Trust Indenture and the 1997 Note Resolution as Revenues less Operation and Maintenance Expenses. Revenues are defined to include all revenues earned by the Airport with respect to the Airport, as determined in accordance with GAAP. Revenues do not include:

- (a) Investment income from monies in (i) the Construction Fund, (ii) the Debt Service Fund which constitute capitalized interest, or (iii) the Reserve Fund if and to the extent there is any deficiency therein;
- (b) Interest income on, and any profit realized from, the investment of the proceeds of any Special Facility Bonds (as defined in the Trust Indenture);
- (c) Special Facility Revenues (as defined in the Trust Indenture) and any income realized from the investment thereof unless designated as Revenues by the Airport;
- (d) Any passenger facility or similar charge levied by or on behalf of the Airport unless designated as Revenues by the Airport;
- (e) Grants-in-aid, donations and bequests;
- (f) Insurance proceeds not deemed to be Revenues in accordance with GAAP;
- (g) The proceeds of any condemnation award;
- (h) The proceeds of any sale of land, buildings or equipment;
- (i) Any money received by or for the account of the Airport from the levy or collection of taxes upon any property of the City and, with respect to the Trust Indenture only;
- (j) Any Customer Facility Charge (as defined in the Trust Indenture) or similar charge levied by or on behalf of the Airport against customers unless designated as Revenues by the Airport; and
- (k) Any Federal Subsidy Payments (as defined in the Trust Indenture) unless designated as Revenues by the Airport.

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Operation and Maintenance Expenses are defined in the Trust Indenture and the 1997 Note Resolution to include all expenses of the Airport incurred for the operation and maintenance of the Airport, as determined in accordance with GAAP. Operation and Maintenance Expenses do not include:

- (a) The principal of, premium, if any, or interest on the Senior Bonds or Subordinate Bonds (including Commercial Paper Notes);
- (b) Any allowance for amortization, depreciation or obsolescence of the Airport;
- (c) Any expense for which, or to the extent to which, the Airport will be paid or reimbursed from or through any source that is not included or includable as Revenues;
- (d) Any extraordinary items arising from the early extinguishment of debt;
- (e) Annual Service Payment to the City;
- (f) Any costs, or charges made therefor, for capital additions, replacements or improvements to the Airport which, under GAAP, are properly chargeable to a capital account or reserve for depreciation; and
- (g) Any losses from the sale, abandonment, reclassification, revaluation or other disposition of any Airport properties.

Operation and Maintenance Expenses include the payment of pension charges and proportionate payments to such compensation and other insurance or outside reserve funds as the Airport may establish or the Board of Supervisors may require with respect to Airport employees.

The original amount of revenue bonds issued, total principal and interest remaining, the original amount of commercial paper issued, applicable net revenues, total bond principal and interest paid during fiscal year 2024-25, and total commercial paper principal and interest paid during fiscal year 2024-25, are as follows (in thousands):

	<u>Amount</u>
Bonds issued with revenue pledge	\$ 1,006,205
Bond principal and interest remaining due at the end of the fiscal year	17,903,155
Commercial paper issued with subordinate revenue pledge	375,000
Net revenues	797,979
Bond principal and interest paid in the fiscal year	583,877
Commercial paper principal, interest and fees paid in the fiscal year	5,701

Pledged Revenue of the On-Airport Hotel

Pursuant to the Hotel Trust Agreement, the Airport has pledged all of the Revenues of the on-Airport Hotel and certain other assets pledged under the Amended and Restated Hotel Trust Agreement to repay the Hotel Special Facility Bonds, all in accordance with the Hotel Trust Agreement. This pledge is in force so long as the Hotel Special Facility Bonds are outstanding. The Hotel Special Facility Bonds will mature in fiscal year 2057-58 and are subject to mandatory sinking fund redemption each year starting in 2025.

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Revenues are defined in the Hotel Trust Agreement as the Total Operating Revenues, including any insurance proceeds, condemnation proceeds, performance bonds and guaranties and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Hotel Trust Agreement (except any subaccounts of the Construction Fund that are otherwise pledged and the Rebate Fund).

Total Operating Revenues are defined in the Hotel Trust Agreement as all revenue and income of any kind derived directly or indirectly from operations at the on-Airport Hotel, whether or not arranged by, for or on behalf of another person or at another location, properly attributable to the period under consideration (including rentals or other payments from licensees or concessionaires of retail space in the Hotel, but not gross receipts of such licensees or concessionaires), determined in accordance with the Uniform System of Accounts and, to the extent consistent therewith GAAP, but do not include:

- (a) Certain excluded taxes (such as sales tax) and other charges;
- (b) Receipts from the financing, sale or other disposition of capital assets and other items not in the ordinary course of the Hotel's operations and income derived from securities and other property acquired and held for investment;
- (c) Receipts from awards or sales in connection with any taking, from other transfers in lieu of and under the threat of any taking, and other receipts in connection with any taking, but only to the extent that such amounts are specifically identified as compensation for alterations or physical damage to the Hotel;
- (d) Proceeds of any insurance or sureties, including the proceeds of any business interruption insurance;
- (e) Rebates, discounts, or credits of a similar nature (not including charge or credit card discounts, which shall not constitute a deduction from revenues in determining Total Operating Revenues, but shall constitute an Operating Expense of the Hotel);
- (f) Consideration received at the Hotel for hotel accommodations, goods and services to be provided at other hotels although arranged by, for or on behalf of, the hotel manager; provided, that such consideration is recognized by such other hotels;
- (g) Consideration received at other hotels for hotel accommodations, goods and services to be provided at the Hotel arranged by, for or on behalf of, such other hotels; provided, that such consideration is recognized by such other hotels;
- (h) Notwithstanding any contrary requirements of GAAP all gratuities collected for the benefit of and paid directly to Hotel personnel;
- (i) Proceeds of any financing;
- (j) The initial operating funds and working capital loans and any other funds provided by the Airport to the Hotel manager whether for hotel Operating Expenses or otherwise;
- (k) Other income or proceeds that do not result from: (i) the use or occupancy of the Hotel, or any part thereof, or (ii) the sale of goods, services or other items by or from the Hotel in the ordinary course of business;
- (l) Interest earned on funds held in any fund or account under the Hotel Trust Agreement;
- (m) The value of any complimentary rooms, goods or services;

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- (n) Refunds to Hotel guests of any sums or credits to any Hotel customers for lost or damaged items; and
- (o) Refunds to parking customers of any sums or credits to any parking customers for lost or damaged items.

Generally, the Hotel Special Facility Bonds are paid after provision for the Operating Expenses of the Hotel and payment of taxes and insurance premiums have been made. The Hotel Special Facility Bonds are not payable from Net Revenues, as that term is defined in the Trust Indenture.

Pledged Facilities Rent from Fuel System Lease with SFO FUEL COMPANY LLC

The Airport entered into a Fuel System Lease dated as of September 1, 1997, as amended, with SFO FUEL COMPANY LLC (SFO Fuel), a special purpose limited liability company formed by certain airlines operating at the Airport. The facilities rent payable by SFO Fuel has been pledged and assigned to the bond trustee to secure the repayment of the San Francisco International Airport Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC), Series 2019A and 2019B (the "Fuel Bonds"), which were outstanding in the aggregate principal amounts of \$78.3 million as of June 30, 2025. The Fuel bonds were issued primarily to finance and refinance improvements to the jet fuel storage and distribution system at the Airport. The pledge of the facilities rent will be in effect until the maturity of the Fuel bonds on January 1, 2047. This date may be extended in the event additional bonds (including refunding bonds) with a later maturity are issued.

(9) Leases

Airport as Lessor

As a lessor, the Airport leases terminal space (except for regulated leases), non-terminal buildings, and land to tenants under various operating leases, a majority of which are non-cancellable and terminate at various dates as late as 2053. In total, the Airport recognized lease revenue of \$138.1 million and interest revenue of \$28.5 million for the fiscal year ended June 30, 2025, related to these leases.

Certain provisions of the Airport's leases provide for variable rental payments that are not included in the measurement of the lease receivable. Certain rental agreements with concessionaires specify that rental payments are to be based on a percentage of tenant sales, but no less than a fixed minimum amount. Concession percentage rents in excess of minimum guarantees (to the extent applicable) for the leases subject to GASB Statement No. 87 were approximately \$20.1 million for the fiscal year ended June 30, 2025.

Additionally, several leases include terms that allow for an adjustment of the rents to market at determined intervals and at least upon renewal. As a result, variable rent revenue is recognized for the rent increases due to Consumer Price Index (CPI) adjustments. During fiscal year 2024-25, the Airport recognized \$4.9 million in total variable lease revenue.

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Information about lease revenues and interest revenues recognized during the fiscal year ended June 30, 2025, is presented below (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Buildings	\$ 136,954	28,534	165,488
Land	1,107	1	1,108
Total Revenue	\$ <u>138,061</u>	<u>28,535</u>	<u>166,596</u>

Below is a schedule of future principal and interest payment receipts that are included in the measurement of the lease receivable, for each of the five subsequent fiscal years and in five-year increments thereafter as of June 30, 2025 (in thousands):

Fiscal Year(s)		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$	129,322	24,993	154,315
2027		133,115	22,709	155,824
2028		127,640	17,658	145,298
2029		126,218	13,208	139,426
2030		67,862	9,701	77,563
2031-2035		195,040	22,542	217,582
2036-2040		26,454	5,510	31,964
2041-2045		11,257	2,814	14,071
2046-2050		10,958	1,542	12,500
2051-2053		<u>7,171</u>	<u>266</u>	<u>7,437</u>
Total	\$	<u>835,037</u>	<u>120,943</u>	<u>955,980</u>

Regulated Leases

Certain regulated leases are subject to external laws, regulations or legal rulings and are exempted from recognition under GASB Statement No. 87, subject to the conditions that:

- (a) Lease rates cannot exceed a reasonable amount;
- (b) Lease rates should be similar for similar situated lessees; and
- (c) The lessor cannot deny potential lessees if facilities are available.

Such regulated leases at the Airport include:

- (a) The Lease and Use Agreement with certain airlines regarding the use of spaces within the terminal buildings and equipment on an exclusive or preferential use basis, among other uses; and
- (b) Non-terminal aeronautical buildings and land leases.

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Based on its operational needs, an airline may lease terminal space under the Lease and Use Agreement, such as office space, ticket counter space, baggage makeup space, baggage claim space, and other operation spaces on a combination of exclusive, preferential, and common use basis. The Airport provides holdrooms on a preferential or common use basis to the airlines and adjusts the preferential assignment from time to time pursuant to the Lease and Use Agreement. For the fiscal year ending June 30, 2025, United Airlines accounted for 48.7 percent of total enplaned passengers at the Airport, followed by Alaska Airlines (9.5%), Delta Air Lines (7.6%), and American Airlines (6.9%), with no other airlines accounting for more than 5 percent of enplaned passengers. Non-terminal buildings and lands are leased on an exclusive basis.

The payments under the Lease and Use Agreement are recalculated at the end of each fiscal year and therefore are variable payments. Total inflow of resources for regulated leases during fiscal year ending June 30, 2025, was \$309.2 million, including approximately \$33.5 million of fixed payments and \$275.7 million of variable payments. The additional exclusive and preferential use payments are the actual billed amount during fiscal year 2024-25, which was adjusted up by \$16.6 million during year-end true-up process.

Below is a summary of the total number of regulated leases for fiscal year 2024-25, including which assets are subject to preferential or exclusive use by counterparties:

	<u># of Leases</u>
Lease and Use Agreement	
Preferential and exclusive rental (a)	7
Exclusive rental only	36
Non-space rental, only common use	<u>6</u>
Subtotal	49
Other Regulated (b)	<u>7</u>
Total	<u>56</u>

Notes:

(a) Includes preferential gate holdroom leases

(b) Includes cargo, fuel, fixed-base facility leases, hangar leases, ground leases, and flight support services leases

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Lease revenues and interest revenues recognized during the fiscal year ended June 30, 2025 for regulated leases are presented below (in thousands):

Expected minimum payments (a)	\$ 29,731
Additional fixed payments (b)	<u>3,727</u>
Total fixed payments	33,458
Additional exclusive use payments (c)	183,825
Additional preferential use payments (d)	75,332
Year-end true-ups	<u>16,609</u>
Total regulated lease payments	<u><u>\$ 309,224</u></u>

Notes:

(a) Excludes rental rates under the Lease and Use Agreement that are recalculated annually. These payments are considered variable payments under GASB Statement No. 87 and are therefore not included in the schedule of minimum lease payments.

(b) Includes additional rent above the expected minimum payments after adjusted by CPI and reappraisals

(c) Includes Lease and Use Agreement exclusive use rental revenues, other regulated leases that were charged by Airport's Rates and Charges rate, and percentage fee revenues above MAG

(d) Includes Lease and Use Agreement preferential use rental revenues

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Below is a schedule of expected future minimum payments under the Lease and Use Agreement for each of the subsequent five years and in five-year increments thereafter (in thousands):

Fiscal Year(s)	Expected Minimum Payments (a)
2026	\$ 16,131
2027	1,644
2028	1,644
2029	1,644
2030	1,644
2031-2035	8,221
2036-2040	8,221
2041-2045	8,221
2046-2047	2,877
Total	\$ 50,247

Note:

(a) Excludes rental rates under the Lease and Use Agreement that are recalculated annually. These payments are considered variable payments under GASB Statement No. 87 and are therefore not included in the schedule of minimum lease payments.

Airport as Lessee

As a lessee, the Airport had entered into two lease agreements for real estate. The total lease assets and related accumulated amortization at June 30, 2025 are as follows (in thousands):

Lease Assets	\$ 1,929
Accumulated Amortization	(769)
	\$ 1,160

A summary of change in the related lease liability during the fiscal year ended June 30, 2025, is as follows (in thousands):

	July 1, 2024	Additions	Remeasurements*	Deductions	June 30, 2025	Amount Due Within One Year
Lease Liability	\$ 125	488	770	(206)	1,177	196

*The remeasurement is due to the extension of an existing lease.

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The future principal and interest payments as of June 30, 2025, are as follows (in thousands):

Fiscal Year(s)		Principal	Interest	Total
2026	\$	196	39	235
2027		208	32	240
2028		222	24	246
2029		238	16	254
2030		224	7	231
2031-2032		89	2	91
Total	\$	<u>1,177</u>	<u>120</u>	<u>1,297</u>

(10) Conduit Debt

On February 26, 2019, the Airport issued San Francisco International Airport Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC), Series 2019A (AMT) and Series 2019B (Federally Taxable) (the "Fuel Bonds"), in an aggregate principal amount of \$125.0 million to refund all of the then-outstanding special facilities lease revenue bonds previously issued by the Airport for the benefit of SFO FUEL COMPANY LLC (SFO Fuel), finance capital improvements to the jet fuel distribution and related facilities at the Airport, pay capitalized interest on a portion of the Series 2019A Bonds, make a deposit to a reserve account for the Fuel Bonds, and pay costs of issuance. As of June 30, 2025, the outstanding balance was \$78.3 million. The 2019 Fuel Bonds have a final maturity of January 1, 2047.

SFO Fuel, a special purpose limited liability company formed by certain airlines operating at the Airport, is required to pay facilities rent to the Airport pursuant to a lease agreement between the Airport and SFO Fuel with respect to the on-Airport jet fuel distribution facilities in an amount equal to debt service payments on the Fuel Bonds and any required bond reserve account deposits. The principal and interest on the Fuel Bonds are paid solely from the facilities rent payable by SFO Fuel to the Airport. The lease payments, and therefore the Fuel Bonds, are payable from charges imposed by SFO Fuel on air carriers for into-plane fueling at the Airport and are not payable from or secured by the Net Revenues of the Airport. The Airport assigned its right to receive the facilities rent to the Fuel Bonds trustee to pay and secure the payment of the Fuel Bonds. Neither the Airport nor the City is obligated in any manner for the repayment of the Fuel Bonds other than from the facilities rent received from SFO Fuel. The Fuel Bonds are therefore not reported in the financial statements.

A summary of change in deferred inflows related to leases during the fiscal year ending June 30, 2025, is presented below (in thousands):

		<u>July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2025</u>
Deferred inflows related to leases	\$	97,913	-	(4,352)	93,561

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(11) Subscription-Based Information Technology

The Airport frequently procures IT products and services through the City's technology marketplace arrangements, which use substantially similar contracts, and issues purchase orders to specify the details of desired products or services. Some purchases that cover a period of multiple years are subject to the provisions of GASB Statement No. 96. There is typically no variable payment.

The total subscription assets and related accumulated amortization at June 30, 2025, are as follows (in thousands):

Subscription Assets	\$	3,672
Accumulated Amortization		(1,294)
	\$	<u>2,378</u>

A summary of change in the related subscription liability during the fiscal year ended June 30, 2025, is as follows (in thousands):

	July 1, 2024	Additions	Remeasurements	Deductions	June 30, 2025	Amount Due Within One Year
Subscription Liability	\$ 950	2,043	-	(1,266)	1,727	1,028

The future principal and interest payments as of June 30, 2025, are as follows (in thousands):

Fiscal Year(s)	Principal	Interest	Total
2026	\$ 1,028	61	1,089
2027	699	25	724
	<u>\$ 1,727</u>	<u>86</u>	<u>1,813</u>

(12) Employee Benefit Plan

(a) San Francisco City and County Employees' Retirement System Plan

The San Francisco City and County Employees' Retirement System (Retirement System) administers a cost-sharing multiple-employer defined benefit pension Plan (SFERS Plan). For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, pension expense, information about the fiduciary net position of the SFERS Plan, and additions to/deductions from the SFERS Plan's fiduciary net position have been determined on the same basis as they are reported by the SFERS Plan. Contributions are recognized in the period in which they are due pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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Replacement Benefits Plan

The Replacement Benefits Plan (RBP) is a qualified excess benefit plan established in October 1989. IRC Section 415(m) provides for excess benefit arrangements that legally permit benefit payments above the Section 415 limits, provided that the payments are not paid from the SFERS Plan. The RBP allows the City to pay SFERS retirees any portion of the Charter-mandated retirement allowance that exceeds the annual Section 415(b) limit. The RBP plan does not meet the criteria of a qualified trust under GASB Statement No. 73 because RBP assets are subject to the claims of the employer's general creditors under federal and state law in the event of insolvency.

GASB Statement No. 68 and 73 require that the SFERS Plan and RBP reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	July 1, 2023 updated to June 30, 2024
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

SFERS Plan

The City is an employer of the plan with a proportionate share of 94.70% as of June 30, 2024 (measurement date), 0.15% decreased from prior fiscal year. The Airport's allocation percentage was determined based on the Airport's employer contributions divided by the City's total employer contributions for fiscal year 2023-24. The Airport's net pension liability, deferred outflows/inflows of resources related to pensions, amortization of deferred outflows/inflows and pension expense is based on the Airport's allocated percentage. The Airport's allocation of the City's proportionate share was 5.98% as of the measurement date.

Replacement Benefits Plan

The Airport's allocation percentage was determined based on the Airport's total pension liabilities divided by the City's total headcount for fiscal year 2023-24. The Airport's total pension liability, deferred outflows/inflows of resources related to pensions, amortization of deferred outflows/inflows and pension expense is based on the Airport's allocated percentage. The Airport's allocation of the City's proportionate share was 2.59% as of the measurement date.

SFERS Plan Description

The Plan provides basic service retirement, disability, and death benefits based on specified percentages of defined final average monthly salary and provides annual cost-of-living adjustments (COLA) after retirement. The Plan also provides pension continuation benefits to qualified survivors. The San Francisco City and County Charter and the Administrative Code are the authorities which establish and amend the benefit provisions and employer obligations of the Plan. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained on the Retirement System's

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website or by writing to the San Francisco City and County Employees' Retirement System, 1145 Market Street, 5th Floor, San Francisco, California 94103 or by calling (415) 487-7000.

SFERS Benefits

The Retirement System provides service retirement, disability and death benefits based on specified percentages of defined final average monthly salary and annual COLA after retirement. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The Retirement System pays benefits according to the category of employment and the type of benefit coverage provided by the City. The four main categories of Plan members are:

- Miscellaneous Non-Safety Members – staff, operational, supervisory, and all other eligible employees who are not in special membership categories.
- Sheriff's Department and Miscellaneous Safety Members – sheriffs assuming office on and after January 7, 2012, and undersheriffs, deputized personnel of the sheriff's department, and miscellaneous safety employees hired on and after January 7, 2012.
- Firefighter Members – firefighters and other employees whose principal duties are in fire prevention and suppression work or who occupy positions designated by law as firefighter member positions.
- Police Members – police officers and other employees whose principal duties are in active law enforcement or who occupy positions designated by law as police member positions.

The membership groups and the related service retirement benefits are included in the Notes to the Basic Financial Statements of San Francisco Employees' Retirement System.

All members are eligible to apply for a disability retirement benefit, regardless of age, when they have 10 or more years of credited service, and they sustain an injury or illness that prevents them from performing their duties. Safety members are eligible to apply for an industrial disability retirement benefit from their first day on the job if their disability is caused by an illness or injury that they receive while performing their duties.

All retired members receive a benefit adjustment each July 1, which is the Basic COLA. The majority of adjustments are determined by changes in CPI with increases capped at 2.0%. The Plan provides for a Supplemental COLA in years when there are sufficient "excess" investment earnings in the Plan. The maximum benefit adjustment each July 1 is 3.5% including the Basic COLA. Proposition A passed on November 8, 2022 making members who retired before November 6, 1996 (Pre96 Retirees) eligible for a Supplemental COLA, even if SFERS is not fully funded based on the market value of assets. Also, Pre96 Retirees' base retirement allowances were adjusted to account for Supplemental COLAs not received in 2013, 2014, 2017, 2018, and 2019 due to the full funding requirement. Effective with Proposition A, Pre96 Retirees receive the same Supplemental COLAs as the after November 6, 1996 and before January 7, 2012. For all members hired before January 7, 2012, all Supplemental COLAs paid to them in retirement benefits will continue into the future even where an additional Supplemental COLA is not payable in any given year. For members hired on and after January 7, 2012, a Supplemental COLA will only be paid to retirees when the Plan is fully funded on a market value of asset basis and in addition for these members, Supplemental COLAs will not be permanent

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adjustments to retirement benefits. That is, in years when a Supplemental COLA is not paid, all previously paid Supplemental COLAs will expire.

Funding and Contribution Policy

SFERS Plan

Contributions are made by both the City and other participating employees. Employee contributions are mandatory as required by the Charter. Employee contribution rates varied from 7.5% to 11.0% and 7.5% to 11.5%, as a percentage of gross covered salary in fiscal years 2024-25 and 2023-24, respectively. Most employee groups agreed through collective bargaining for employees to contribute the full amount of the employee contributions on a pretax basis. The City is required to contribute at an actuarially determined rate. Based on the July 1, 2023 actuarial report, the required employer contribution rate for fiscal year 2024-25 ranged from 14.91% to 16.91%. Based on the July 1, 2022 actuarial report, the required employer contribution rate for fiscal year 2023-24 ranged from 15.24% to 18.24%.

Employer contributions and employee contributions made by the employer to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. The City's proportionate share of employer contributions recognized by the Retirement System in fiscal year ended June 30, 2024 (measurement year) was \$637.0 million. The Airport's allocation of employer contributions was \$37.7 million for fiscal year 2023-24, and \$39.6 million for fiscal year 2022-23.

Replacement Benefits Plan

The RBP is and will remain unfunded and the rights of any participant and beneficiary are limited to those specified in the RBP. The RBP constitutes an unsecured promise by the City to make benefit payments in the future to the extent funded by the City. The City paid \$3.1 million replacement benefits in the fiscal year ended June 30, 2025, and Airport's allocation portion for fiscal year 2024-25 was \$81.5 thousand.

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Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2025, the City reported net pension liability (NPL) for its proportionate share of the net pension liability of the SFERS Plan and net pension liability of RBP of \$3.91 billion. The City's net pension liability for the SFERS Plan is measured as the proportionate share of the net pension liability. The net pension liability of the SFERS Plan is measured as of June 30, 2024 (measurement date), and the total pension liability for the SFERS Plan and RBP used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 rolled forward to June 30, 2024 using standard update procedures. The City's proportion of the net pension liability for the SFERS Plan was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Airport's allocation of the City's proportionate share of the net pension liability/(asset) for the SFERS Plan as of June 30, 2025 was \$225.9 million. The Airport's allocation of the total pension liability for the RBP as of June 30, 2025 was \$3.6 million.

As of June 30, 2025, the Airport's proportionate share and net pension liability for each plan were as follows (in thousands):

	June 30, 2024 (Measurement Date)	
	Airport Proportionate Share	Share of Net Pension Liability (Asset)
SFERS Plan	5.98%	\$ 225,934
Replacement Benefits Plan	2.59%	3,570
Total		<u>\$ 229,504</u>

For the fiscal year ended June 30, 2025, the City's recognized pension expense/(benefit) was \$734.4 million including amortization of deferred outflows/inflows related pension items. Pension expense/(benefit) increased from the prior fiscal year, largely due to the amortization of deferrals. The Airport's allocation of pension expense/(benefit) including amortization of deferred outflows/inflows related pension items was as follows (in thousands):

	Pension Expenses/ (Benefits)
SFERS Plan	\$ 48,689
Replacement Benefits Plan	(1,284)
Total	<u>\$ 47,405</u>

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At June 30, 2025, the Airport's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

Schedule of Deferred Inflows and Outflows of Resources

Fiscal Year 2024-25 (in thousands)				
	SFERS Plan		Replacement Benefits Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 38,989	-	-	-
Differences between expected and actual experience	35,616	-	309	622
Changes in assumptions	17,819	5,434	38	607
Net difference between projected and actual earnings on pension plan investments	41,744	-	-	-
Change in employer's proportion	6,594	980	292	855
Total	<u>\$ 140,762</u>	<u>6,414</u>	<u>639</u>	<u>2,084</u>

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, and deferred inflows of resources will be amortized annually and recognized in pension expense as follows (in thousands):

Year ended June 30:	SFERS Plan	Replacement Benefits Plan
2026	\$ (5,172)	(821)
2027	82,002	(552)
2028	15,260	(157)
2029	3,269	85
Total	<u>\$ 95,359</u>	<u>(1,445)</u>

At June 30, 2025, the Airport reported \$39.0 million as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as an adjustment to net pension liability/(asset) in the reporting year ended June 30, 2026.

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Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the Total Pension Liability for both SFERS Plan and RBP as of June 30, 2024 (measurement year) is provided below, including any assumptions that differ from those used in the July 1, 2023 actuarial valuation. Refer to the July 1, 2023 actuarial valuation report for a complete description of all other assumptions, which can be found on the Retirement System's website <http://mysfers.org>.

Key Actuarial Assumptions:

SFERS Plan

Valuation Date	July 1, 2023 updated to June 30, 2024
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost
Expected Rate of Return	7.20% net of investment expenses
Municipal Bond Yield	3.93% as of June 30, 2024 3.65% as of June 30, 2023 Bond Buyer 20-Bond GO Index, June 29, 2023 and June 27, 2024
Inflation	2.50%
Projected Salary Increases	3.25% plus merit component based employee classification and years of service
Discount Rate	7.20% as of June 30, 2024 7.20% as of June 30, 2023
Administrative Expenses	0.60% of payroll as of June 30, 2024 0.60% of payroll as of June 30, 2023

	Old Miscellaneous and all New Plans	Old Police & Fire Pre 7/1/75	Old Police & Fire Charters A8.595 and A8.596	Old Police & Fire Charters A8.559 and A8.585
Basic COLA:				
June 30, 2023	2.00%	1.90%	2.50%	3.60%
June 30, 2024	2.00%	1.90%	2.50%	3.60%

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Changes of Assumptions SFERS Plan – There were no changes in the discount rate for the measurement period ended June 30, 2024. The municipal bond yield increased from 3.65% to 3.93%.

Key Actuarial Assumptions:

	Replacement Benefits Plan
Valuation Date	July 1, 2023 updated to June 30, 2024
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost
Municipal Bond Yield	3.93% as of June 30, 2024
	Bond Buyer 20-Bond GO Index, June 29, 2023 and June 27, 2024
Inflation	2.50%
Projected Salary Increases	3.25% plus merit component based employee classification and years of service
Discount Rate	3.93% as of June 30, 2024
Administrative Expenses	0.60% of payroll as of June 30, 2024

	Old Miscellaneous and all New Plans	Old Police & Fire Pre 7/1/75	Old Police & Fire Charters A8.595 and A8.596	Old Police & Fire Charters A8.559 and A8.585
Basic COLA:				
June 30, 2023	2.00%	1.90%	2.50%	3.60%
June 30, 2024	2.00%	1.90%	2.50%	3.60%

Changes of Assumptions RBP – Both discount rate for the measurement period ended June 30, 2024 and the municipal bond yield increased from 3.65% to 3.93%.

Mortality rates for health Miscellaneous members were based upon adjusted PubG-2010 Employee and Retiree tables for non-annuitants and retirees, respectively. Mortality rates were then projected generationally from the base year using the MP-2019 projection scale.

The actuarial assumptions used at the June 30, 2024 measurement date were based upon the result of a demographic experience study for the period July 1, 2014 through June 30, 2019 and a review of economic assumptions as of July 1, 2023.

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Discount Rate

SFERS Plan

The beginning and end of year measurements are based on different assumptions and contribution methods that may result in different discount rates. The discount rate was 7.20% as of June 30, 2024 (measurement date) and 7.20% June 30, 2023 (measurement date).

The discount rate used to measure the Total Pension Liability as of June 30, 2024 was 7.20%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the rates specified in the Charter. Employer contributions were assumed to be made in accordance with the contribution policy in effect for July 1, 2023 actuarial valuation. That policy includes contributions equal to the employer portion of the entry age normal costs for members as of the valuation date, a payment for the expected administrative expenses, and an amortization payment on the unfunded actuarial liability.

The amortization payment is based on closed periods that vary in length depending on the source. Charter amendments prior to July 1, 2014 are amortized over 20 years. After July 1, 2014, any Charter changes to active member benefits are amortized over 15 years and changes to inactive member benefits, including Supplemental COLAs, are amortized over 5 years. However, the change due to Proposition A was amortized over 10 years. In the July 1, 2016 valuation, the increase in the unfunded actuarial liability attributable to the Supplemental COLAs granted effective July 1, 2013 was amortized over 17 years. For the July 1, 2021 valuation, all amortization periods for actuarial gains and losses and prior assumption changes were reduced to 5 years. The assumption change effective July 1, 2021 is amortized over 20 years. Future experience gains and losses and assumption or method changes on or after July 1, 2021 are amortized over 20 years. If the plan becomes 100% funded based on the actuarial value of assets, any new net surpluses are amortized over a rolling 20-year period. All amortization schedules are established as a level percentage of payroll so payments increase 3.25% each year. The unfunded actuarial liability is based on an actuarial value of assets that smooths investment gains and losses over five years and a measurement of the actuarial liability that excludes the value of any future Supplemental COLAs.

While the contributions and measure of actuarial liability in the funding valuation do not anticipate any future Supplemental COLAs, the projected contributions for the determination of the discount rate include the anticipated future amortization payments on future Supplemental COLAs for current members when they are expected to be granted. For members who were hired before Proposition C passed, a Supplemental COLA is granted if the actual investment earnings during the year exceed the expected investment earnings on the actuarial value of assets. For members who were hired after Proposition C passed, the market value of assets must also exceed the actuarial liability for a Supplemental COLA to be granted. When a Supplemental COLA is granted, the amount depends on the amount of excess earnings and the basic COLA amount for each membership group. Most members receive a 1.50% Supplemental COLA when a full Supplemental COLA is granted.

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A 0.50% Supplemental COLA is expected to be payable as of July 1, 2024 for most non-Prop C members due to favorable investment returns for fiscal year ended 2023-24. The table below shows the net assumed Supplemental COLA for members with a 2.00% Basic COLA for sample years.

**Assumed Supplemental COLA
for Members with a 2.00% Basic COLA**

FYE	96 - Prop C	Before 11/6/96 or After Prop C
2026+	0.75%	0.50%

The projection of benefit payments to current members for determining the discount rate includes the payment of anticipated future Supplemental COLAs.

Based on these assumptions, the Retirement System's fiduciary net position was projected to be available to make future benefit payments for current members through 2106. Projected benefit payments are discounted at the long-term expected return on assets of 7.20% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 3.93% to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2024 is 7.20%.

The long-term expected rate of return on pension plan investments was 7.20%. It was set by the Retirement Board after consideration of both expected future returns and historical returns experienced by the Retirement System. Expected future returns were determined by using best-estimate of expected future nominal rates of return for each major asset class over 10 and 30-year horizons. These estimates were combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric long-term expected real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class are summarized in the following table.

Asset Class	Target Allocation from January 2021 – June 2024	Target Allocation effective as of July 2024	Long-Term Expected Real Rate of Return
Global Equity	37.0%	32.0%	4.2%
Treasuries	8.0%	8.0%	1.8%
Liquid Credit	5.0%	12.0%	3.9%
Private Credit	10.0%	10.0%	5.9%
Private Equity	23.0%	20.0%	7.2%
Real Assets	10.0%	10.0%	5.5%
Absolute Return	10.0%	10.0%	4.4%
Cash	0.0%	1.0%	1.2%
Leverage	-3.0%	-3.0%	1.6%
	100.0%	100.0%	

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Replacement Benefits Plan

The beginning and end of year measurements are based on different assumptions that result in different discount rates. The discount rate was 3.93% as of June 30, 2024. This reflects the yield for a 20-year, tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher. The Municipal Bond Yields are the Bond Buyer 20-Year GO Index as of June 29, 2023 and June 27, 2024. These are the rates used to determine the total pension liability as of June 30, 2024.

The inflation assumption of 2.50% compounded annually was used for projecting the annual IRC Section 415(b) limitations. The actual IRC Section 415(b) limitations published by the IRS of \$275 was used for the 2024 measurement date.

The SFERS assumptions about Basic and Supplemental COLA previously discussed also apply to the Replacement Benefits Plan, including the impact of the State Appeals Court determination that the full funding requirement for payment of Supplemental COLA included in Proposition C was unconstitutional and the impact is accounted for as a change in benefits.

On June 30, 2025, the City's membership in the RBP had a total of 284 active members and 154 retirees and beneficiaries currently receiving benefits. The Airport has 5 active members and 2 retirees and beneficiaries currently receiving benefits.

Sensitivity of Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Airport's allocation of the employer's proportionate share of the net pension liability/(asset) for the SFERS Plan, calculated using the discount rate, as well as what the Airport's allocation of the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate (in thousands):

Employer	1% Decrease Share of NPL/(NPA) @ 6.20%	Share of NPL/(NPA) @ 7.20%	1% Increase Share of NPL/(NPA) @ 8.20%
Airport	\$ 520,093	225,934	(16,449)

The following presents the Airport's allocation of the employer's proportionate share of the total pension liability for the Replacement Benefits Plan, calculated using the discount rate, as well as what the Airport's allocation of the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate (in thousands):

Employer	1% Decrease @ 2.93%	Measurement Date @ 3.93%	1% Increase @ 4.93%
Airport	\$ 4,215	3,570	3,060

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(b) Other Postemployment Benefits (OPEB)

The Airport participates in a single-employer defined benefit other postemployment benefits plan (the Plan). The Plan is maintained by the City and is administered through the City's Health Service System. It provides postemployment medical, dental and vision insurance benefits to eligible employees, retired employees, surviving spouses, and domestic partners. Health benefit provisions are established and may be amended through negotiations between the City and the respective bargaining units. The City does not issue a separate report on its other postemployment benefit plan.

GASB Statement No. 75 requires that reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

**San Francisco Health Service System Retiree Plan – Single Employer
Fiscal Year 2024-25**

Valuation Date (VD)	June 30, 2024
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

The Airport's proportionate share percentage of the Plan was determined based on its percentage of citywide "pay-as-you-go" contributions for the fiscal year ended June 30, 2024. The Airport's net OPEB liability, deferred outflows/inflows of resources related to OPEB, amortization of deferred outflows/inflows and OPEB expense to each department is based on the Airport's allocated percentage. The Airport's proportionate share of the City's OPEB elements was 6.04% as of the measurement date.

Benefits

Permanent full-time and elected employees are eligible to retire and receive postretirement health insurance benefits when they are eligible for retirement benefits from the City and County of San Francisco's Retirement System. The eligibility requirements are as follows:

Normal Retirement	Miscellaneous	Age 50 with 20 years of credited service ¹ Age 60 with 10 years of credited service
	Safety	Age 50 with 5 years of credited service
Disabled Retirement ²		Any age with 10 years of credited service
Terminated Vested		5 years of credited service at separation

¹ Age 53 with 20 years of credited service, age 60 with 10 years of credited service, or age 65 for Miscellaneous members hired on or after January 7, 2012 under Charter Section 8.603.

² No service requirement for Safety members retiring under the industrial disability benefit or for surviving spouses / domestic partners of those killed in the line of duty.

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Retiree healthcare benefits are administered by the San Francisco Health Service System and include the following:

Medical:	PPO – Blue Shield (self-insured) and UHC Medicare Advantage (fully-insured) HMO – Kaiser (fully-insured) and Blue Shield (flex-funded) and Health Net (flex-funded)
Dental:	Delta Dental, DeltaCare USA, and UnitedHealthcare Dental
Vision:	Vision benefits are provided under the medical insurance plans and are administered by Vision Service Plan

Projections of the sharing of benefit related costs are based on an established pattern of practice.

Contributions

Benefits provided under the Plan are currently paid through “pay-as-you-go” funding. Additionally, under the City Charter, active officers and employees of the City who commenced employment on or after January 10, 2009, shall contribute to the Retiree Health Care Trust Fund (Trust Fund) a percentage of compensation not to exceed 2% of pre-tax compensation. The City shall contribute 1% of compensation for officers and employees who commenced employment on or after January 10, 2009 until the City’s GASB Actuary has determined that the City’s portion of the Trust Fund is fully funded. At that time, the City’s 1% contribution shall cease, and officers and employees will each contribute 50% of the maximum 2% of pre-tax compensation.

Starting July 1, 2016, active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute 0.25% of pre-tax compensation into the Trust Fund. Beginning on July 1st of each subsequent year, the active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute an additional 0.25% of pre-tax compensation up to a maximum of 1%. Starting July 1, 2016, the City shall contribute 0.25% of compensation into the Trust Fund for each officer and employee who commenced employment on or before January 9, 2009. Beginning on July 1st of each subsequent year, the City shall contribute an additional 0.25% of compensation, up to a maximum of 1% for each officer and employee who commenced employment on or before January 9, 2009. When the City’s actuary has determined that the City’s portion of the Trust Fund is fully funded, the City’s 1% contribution shall cease, and officers and employees will each contribute 50% of the maximum 1% of pre-tax compensation.

Additional or existing contribution requirements may be established or modified by amendment to the City’s Charter.

For the fiscal year ended June 30, 2025, the City’s funding was based on “pay-as-you-go” plus a contribution of \$52.1 million to the Retiree Healthcare Trust Fund. The “pay-as-you-go” portion paid by the City was \$248.8 million for a total contribution of \$300.9 million for the fiscal year ended June 30, 2025. The Airport’s proportionate share of the City’s contributions for fiscal year 2024-25 was \$18.2 million.

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OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

As of June 30, 2025, the City reported net OPEB liabilities related to the Plan of \$3.9 billion. The Airport's proportionate share of the City's net OPEB liability as of June 30, 2025 was \$236.7 million.

For the fiscal year ended June 30, 2025, the City's recognized OPEB expense was \$259.6 million. Amortization of the City's deferred outflows and inflows is included as a component of OPEB expense. The Airport's proportionate share of the City's OPEB income was \$5.4 million.

As of June 30, 2025, the Airport reported its proportionate share of the City's deferred outflows and inflows of resources related to OPEB from the following sources (in thousands):

		Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$	18,162	-
Differences between expected and actual experience		7,137	22,173
Changes in assumptions		10,072	-
Net difference between projected and actual earnings on plan investments		-	2,650
Change in proportion		23,791	4,563
Total	\$	<u>59,162</u>	<u>29,386</u>

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, and deferred inflows of resources will be amortized annually and recognized in OPEB expense as follows (in thousands):

Year ended June 30:	
2026	\$ 791
2027	179
2028	1,582
2029	5,204
2030	1,929
Thereafter	<u>1,929</u>
Total	<u>\$ 11,614</u>

At June 30, 2025, the Airport reported \$18.2 million as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as an adjustment to net OPEB liability/(asset) in the reporting fiscal year ending June 30, 2026.

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Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the Total OPEB Liability as of June 30, 2024 (measurement date) is provided below:

Key actuarial assumptions:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Pre-Medicare trend starts at 6.87% trending down to ultimate rate of 3.94% in 2075 Medicare trend starts at 6.87% trending down to ultimate rate of 3.93% in 2075 10-County average trend starts at 5.00% trending down to ultimate rate of 3.94% in 2075 Vision and expenses trend remains a flat 3.00% for all years
Expected Rate of Return on Plan Assets	7.00%
Salary Increase Rate	Wage Inflation Component: 3.25% Additional Merit Component (dependent on years of service): Police: 0.50% - 7.50% Fire: 0.50% - 14.00% Muni Drivers: 0.00% - 16.00% Craft: 0.50% - 3.75% Misc: 0.30% - 5.50%
Inflation Rate	Wage Inflation: 3.25% compounded annually Consumer Price Inflation: 2.50% compounded annually
Mortality Tables	Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ending June 30, 2019.

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Non-Annuityants:		Adjustment Factor	
	Published Table	Male	Female
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979

Healthy Retirees:		Adjustment Factor	
	Published Table	Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubS-2010 Employee	0.947	1.044

Disabled Retirees:		Adjustment Factor	
	Published Table	Male	Female
Miscellaneous	PubG-2010 Employee	1.045	1.003
Safety	PubS-2010 Employee	0.916	0.995

Beneficiaries:		Adjustment Factor	
	Published Table	Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubG-2010 Employee	1.031	0.977

Change in Assumption – For the measurement date June 30, 2024, the healthcare cost trend rates change as follows:

Healthcare Cost Trend	June 30, 2024 (MD)	June 30, 2023 (MD)
Pre-Medicare	starts at 6.87% trending down to ultimate rate of 3.94% in 2075	starts at 7.24% trending down to ultimate rate of 3.94% in 2075
Medicare	starts at 6.87% trending down to ultimate rate of 3.93% in 2075	starts at 7.24% trending down to ultimate rate of 3.94% in 2075
10-County average	starts at 5.00% trending down to ultimate rate of 3.94% in 2075	starts at 5.00% trending down to ultimate rate of 3.94% in 2075

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The mortality rates in the base tables are projected generationally from the base year using the MP-2019 projection scale.

Sensitivity of Liabilities to Changes in the Healthcare Cost Trend Rate and Discount Rate

The following presents the Airport's proportionate share of the City's net OPEB liability calculated using the healthcare cost trend rate, as well as what the Airport's allocation of the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate (in thousands):

<u>1% Decrease</u>	<u>Healthcare Trend</u>	<u>1% Increase</u>
\$ 199,475	236,686	282,817

Discount Rate

The discount rate used to measure the Total OPEB Liability as of June 30, 2024 was 7.0%. Based on the assumption that plan member contributions will continue to be made at the rates specified in the Charter, it was determined that the Plan's projected fiduciary net position will be greater than or equal to the benefit payments projected for each future period. As such, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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The long-term expected rate of return on OPEB plan investments was 7.0% based on expected future returns and historical returns experienced by the Trust Fund. Expected future returns were determined based on 10-year and 20-year capital market assumptions for the Trust Fund's asset allocation. Target allocation for each major asset class and best estimates of geometric real rates of return are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities		
U.S. Large Cap	25.0%	5.5%
U.S. Small Cap	2.0%	6.4%
Developed Market Equity (non-U.S.)	13.0%	5.9%
Emerging Market Equity	10.0%	5.9%
Credit		
Bank Loans	3.0%	3.7%
High Yield Bonds	3.0%	3.9%
Rate Securities		
Investment Grade Corporate Bonds	7.0%	1.9%
Short-term Treasury Inflation-Protected Securities (TIPS)	5.0%	0.9%
Private Markets		
Private Equity	10.0%	6.9%
Private Debt	5.0%	6.2%
Core Private Real Estate	5.0%	5.2%
Infrastructure (Core Private)	2.0%	6.0%
Risk Mitigating Strategies		
Global Macro	10.0%	1.6%
Total	100.0%	

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The following presents the Airport's proportionate share of the City's net OPEB liability calculated using the discount rate, as well as what the Airport's proportionate share of the City's net OPEB liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate (in thousands):

<u>1.0% Decrease 6.0%</u>	<u>Discount Rate 7.0%</u>	<u>1.0% Increase 8.0%</u>
\$ 279,006	236,686	201,950

The City issues a publicly available financial report that includes the complete note disclosures and required supplementary information related to the City's postemployment health care obligations. The report may be obtained by writing to the City and County of San Francisco, Office of the Controller, 1 Dr. Carlton B. Goodlett Place, Room 316, San Francisco, California 94102, or by calling (415) 554-7500.

(13) Interfund Receivables, Payables and Transfers

The Lease and Use Agreement with the airlines provides for continuing annual service payment to the City equal to 15.0% of concession revenues (net of certain adjustments), but not less than \$5.0 million per fiscal year. The annual service payment to the City was \$58.2 million in fiscal year 2024-25. The annual service payment is reported as transfers in the statement of revenues, expenses, and changes in net position.

A total of \$0.3 million of cash donation was transferred to the General Fund due to unspent allocations originally designated for the opening costs of the Harvey Milk terminal and the Airport Hotel projects.

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(14) Passenger Facility Charges

In fiscal year 2001-02, the Airport received authorization from the FAA to commence collection and use of a Passenger Facility Charge (PFC) in the amount of \$4.50 per enplaning passenger to pay for certain eligible capital projects as approved by the FAA. The PFC revenues received by the Airport are subject to audit and final acceptance by the FAA, and costs reimbursed with PFC revenues are subject to adjustment upon audit.

The Airport collects PFCs to pay debt service expenses associated with bonds that financed certain PFC-eligible capital projects. As of June 30, 2025, the FAA has approved several Airport applications to collect and use PFCs in a total cumulative collection amount of \$2.3 billion, of which \$1.5 billion are active applications with a final charge expiration date estimated to be December 1, 2030. As of June 30, 2025, \$350.3 million of the authorized PFC collection remained uncollected.

The following is a summary of the active PFC Applications:

PFC Application #	Projects	FAA Approval	Amount	Status	Earliest Charge Effective Date	Est. Charge Expiration Date
PFC #5	Terminal 2 and Boarding Area D Renovations - Design and Construction	October 2013 November 2014 (Amended)	\$741,744,636	Active	1/1/2017	10/1/2024
	Total PFC #5 Amount		\$741,744,636			
PFC #8	- Runway Safety Area Program (9 projects) - Passenger Boarding Bridges - AirTrain Extension and Improvement	October 2018	\$193,422,735	Active	10/1/2024	3/1/2029
	Total PFC #8 Amount		\$536,799,536			
PFC #9	Interim Boarding Area B - Design and Construction	January 2021	\$208,629,612	Active	3/1/2029	12/1/2030
	Total PFC #9 Amount		\$208,629,612			
Total Active Applications			\$1,487,173,784			

PFC collections and related interest earned (loss) for the fiscal year ended June 30, 2025, are as follows (in thousands):

	<u>June 30, 2025</u>
Amount collected	\$ 104,320
Interest earned (loss)	<u>38,317</u>
Total	<u>\$ 142,637</u>

Interest earned (loss) on PFC revenues is included in investment income (loss) in the financial statements.

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A summary of changes in amount collected and interest earned (loss) during the fiscal year ending June 30, 2025, is presented below (in thousands):

	July 1, 2024	Increases	Decreases	June 30, 2025
Amount collected	\$ 1,764,345	104,320	-	1,868,665
Interest earned (loss)	71,823	38,317	-	110,140
Total	<u>\$ 1,836,168</u>	<u>142,637</u>	<u>-</u>	<u>1,978,805</u>

(15) Customer Facility Charges

A Customer Facility Charge (CFC) is a user fee imposed on rental car users. There are no federal regulations that govern the collection of CFCs, so CFC collection is regulated by each state.

On March 1, 2022, the Airport Commission adopted Resolution No. 22-0031. This resolution allowed for the implementation of a CFC at a rate of \$10.00 per rental car transaction. The CFC was imposed by the Airport in accordance with Sections 50474.21 and 50474.3 of the California Government Code, as they may be amended or supplemented. The Airport started to collect CFCs on July 1, 2022.

CFC collections and related interest earned (loss) for the fiscal year ended June 30, 2025, are as follows (in thousands):

	June 30, 2025
Amount collected	\$ 13,748
Interest earned (loss)	<u>1,545</u>
Total	<u>\$ 15,293</u>

Interest earned (loss) on CFC revenues is included in investment income (loss) in the financial statements.

A summary of changes in amount collected and interest earned (loss) during the fiscal year ending June 30, 2025, is presented below (in thousands):

	July 1, 2024	Increases	Decreases	June 30, 2025
Amount collected	\$ 24,456	13,748	-	38,204
Interest earned (loss)	288	1,545	-	1,833
Total	<u>\$ 24,744</u>	<u>15,293</u>	<u>-</u>	<u>40,037</u>

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(16) Commitments, Litigation, and Contingencies

(a) Commitments

Purchase commitments for construction, material, and services as of June 30, 2025, are as follows (in thousands):

Construction	\$ 278,645
Operating	54,105
Total	<u>\$ 332,750</u>

The Airport's Noise Insulation Program was implemented to mitigate the aircraft noise impact in the surrounding communities. This involved execution of a Memorandum of Understanding in 1992 with neighboring communities to insulate eligible properties and acquire easements for noise, vibration, and other effects resulting from aircraft operations at the Airport, and implementation of a supplemental program in 2000 to complete the work. This program was managed by the local communities with Airport funds (using bond proceeds, operating and other internally generated funds), as well as federal grants.

In fiscal year 2007-08, these components of the program were finalized, and a new phase was started, with the Airport managing all new noise insulation work directly. In fiscal year 2024-25, the Airport disbursed approximately \$7.2 million in the new phase of the program (\$3.7 million in federal grants and \$3.5 million in Airport funds). As of June 30, 2025, the cumulative commitment of Airport funds under this program were approximately \$136.0 million.

(b) Security Deposits

Each Signatory Airline is required to post security with the Airport to guarantee its performance and payment under the Lease and Use Agreement. Such security generally consists of a surety bond or a letter of credit in an amount equal to two months of terminal area rentals, landing fees, and usage fees. Other forms of security deposits acceptable to the Airport, such as cash deposits, have on occasion been accepted in very limited amounts and circumstances, such as when an airline bankruptcy occurs where other forms of security deposits are temporarily unavailable. Airlines operating at the Airport pursuant to 30-day permits are required to post security bonds or letters of credit in an amount equal to six months of its estimated rentals and fees under such agreements.

(c) Litigation

The Airport is a defendant in various legal actions and claims that arise during the normal course of business. Insurance policies cover certain liabilities and defense costs. Only those potential liabilities not covered by insurance are included in the financial statements, and they have been estimated and reported in conformity with GAAP.

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(d) Risk Management

Under the Trust Indenture, the Airport is required to procure or provide and maintain insurance, or to self-insure, against such risks as are usually insured by other major airports in amounts adequate for the risk insured against, as determined by the Airport. The Airport is not required to nor does it carry insurance or self-insure against any risks due to land movement or seismic activity.

The Airport has an ongoing loss prevention program, a construction safety officer, property loss control, and ongoing employee training programs. The Airport has instituted a Risk Management Program by implementing a comprehensive risk identification, assessment, and treatment protocol to address key risks that may adversely affect the Airport's ability to meet its business goals and objectives. The Airport carries aviation liability insurance coverage of \$1.0 billion with \$250.0 million in War Perils Liability, subject to a deductible of \$10,000 per occurrence. Immediately following the events of September 11, 2001, insurers canceled the coverage for war, terrorism, and hijacking for all airports, including the Airport. A number of insurers now provide this coverage through the Federal Government Terrorism Risk Insurance Act (TRIA). However, the scope of the coverage is limited and the premiums are high. Due to these factors, the Airport, in consultation with the City's Risk Management Division, has elected to purchase War Perils Liability Coverage as part of its aviation liability program instead of TRIA.

The Airport also carries commercial property insurance on a replacement value basis on facilities at the Airport owned by the Airport, subject to a limit of \$1.0 billion per occurrence and a deductible of \$500,000 per occurrence. This policy includes flood coverage up to a \$10.0 million sub-limit. The Airport also carries business interruption and extra expenses insurance up to a \$100.0 million pooled sub-limit.

Additionally, tenants and contractors on all contracts are required to carry insurance including commercial general and automobile liability insurance, naming the Airport as additional insured as appropriate. The Airport is self-insured as part of the City's workers' compensation program. From current revenues, the Airport pays losses from workers' compensation claims of Airport employees, the deductible portion of insured losses, and losses from other uninsured risks. The Airport carries public officials and employment practices liability coverage of \$5.0 million, subject to a deductible of \$100,000 per occurrence for Public Officials' and Public Entity Liability matters, and \$250,000 per occurrence for Employment Practices Liability matters. The Airport also carries insurance for excess auto, public employee dishonesty, fine arts, cyber liability, and watercraft liability for Airport fire and rescue vessels, and target range liability for the San Francisco Police Department's firearms range located at the Airport.

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As of June 30, 2025, the City estimated its liability for pending and threatened lawsuits based on the Office of the City Attorney's assessment of probable claims and historical trends for incurred but not reported losses. The recorded liability represents management's best estimate of the City's potential exposure based on currently available information.

During fiscal year 2024-25, the City changed its methodology for estimating claims liability. The City's claims liability had historically been actuarially determined. The revised measurement methodology aligns more closely with the Office of City Attorney's judgement of the City's potential exposure based on currently available information. This prospective change in accounting estimate is intended to enhance the understandability, relevance, and timeliness of the financial information.

Affected financial statement items include current and noncurrent estimated claims payables in the Airport's statement of net position, and general and administrative expenses in the Airport's statement of revenues, expenses, and changes in net position.

The changes in estimated claims payable for the fiscal year ended June 30, 2025 are as follows (in thousands):

Balances as of June 30, 2024	\$ 5,827
Claims payments	(66)
Claims and changes in estimates	<u>2,489</u>
Balances as of June 30, 2025	<u>\$ 8,250</u>

The Airport is self-insured as part of the City's program for workers' compensation. All self-insurance claims are processed by the City. Liability and risk are retained by the Airport. Accrued workers' compensation includes provisions for claims reported and claims incurred but not reported. This accrued workers' compensation liability is actuarially determined as part of the City's program and is as follows (in thousands):

Balances as of June 30, 2024	\$ 14,100
Claims payments	(4,656)
Claims and changes in estimates	<u>6,888</u>
Balances as of June 30, 2025	<u>\$ 16,332</u>

(e) Grants

Grants that the Airport receives are subject to audit and final acceptance by the granting agency. Current and prior fiscal year costs of such grants are subject to adjustment upon audit.

(f) Financial Guarantees

The Airport participates in the City and County of San Francisco's contractor development program, previously referred to as the surety bond program, which provides training, support and City-funded

**AIRPORT COMMISSION
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Year ended June 30, 2025

surety bond guaranties for local business enterprise (LBE) contractors who want to bid on construction contracts for City departments (including the Airport), but cannot qualify for the required surety bonds on their own. If program parameters are met, the Airport may guarantee the lesser of \$750,000 or 40% of the face amount of the surety bond, which would enable the LBE contractor to bid on Airport construction work. There were no outstanding Airport guaranties under the program as of June 30, 2025.

(g) Concentration of Credit Risk

The Airport leases facilities within the terminal buildings of the Airport to the airlines pursuant to the Lease and Use Agreement (see Note 2h) and to other businesses at the Airport to operate concessions pursuant to concession leases. For fiscal year ended June 30, 2025, revenues realized from the following source exceeded 5.0% of the Airport's total operating revenues:

United Airlines	25.5%

(h) Per- and Polyfluoroalkyl Substances (PFAS)

Prior to February 2025, the Airport used Aqueous Film Forming Foam (AFFF) that contained Per- and Polyfluoroalkyl Substances (PFAS) for its aircraft rescue and firefighting vehicles and fire suppression operating systems, as there was no alternative AFFF available that did not contain PFAS and was approved by the FAA. PFAS are a group of synthetic chemicals that have been in use since the 1940s. The U.S. Environmental Protection Agency (EPA) determined that, due to the widespread use and persistence in the environment of PFAS, most people in the United States have been exposed to PFAS. The EPA also found evidence that continued exposure to certain PFAS above specified levels may lead to adverse health effects.

On March 20, 2019, the California State Water Resources Control Board (the "State Board") issued an order pursuant to California Water Code Section 13267, for the Determination of the Presence of PFAS to all airports in California (the "Order"), including the Airport. The Order identifies the Airport as a facility that accepted, stored, or used materials that may contain PFAS. The Order requires the Airport to test soil, sediment, and groundwater for 23 types of PFAS. The Airport has completed the sampling required under this Order, which identified the presence of PFAS in soil, sediment, and groundwater at several locations at the Airport.

In March 2021, the State Board issued the Investigative Orders to Refineries and Bulk Fuel Terminals, which ordered certain facilities, including two facilities located at the Airport, to conduct a one-time sampling effort to determine whether soil, groundwater, surface water, and influent/effluent wastewater were impacted by PFAS. The Airport completed the required testing for these two facilities and submitted the final reports to the San Francisco Bay Regional Water Quality Control Board (the Regional Board) in February and April 2023.

The Airport anticipates that additional orders will be issued requiring further testing and/or delineation of the presence of PFAS at the Airport. The State Board and the Regional Board have not yet established cleanup standards for PFAS or otherwise indicated what actions, if any, will be required for PFAS found in soil, sediment, and groundwater exceeding the levels they specify.

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On May 8, 2024, the EPA published a final rule in the Federal Register designating perfluorooctanoic acid (PFOA) and perfluorooctanesulfonate (PFOS) (and their salts and structural isomers) as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly referred to as the Superfund law. The CERCLA designation became effective on July 8, 2024. The CERCLA extends its reporting, liability, and remediation provisions to releases associated with PFOA and PFOS, but does not establish cleanup standards for PFOA and PFOS. EPA has delayed plans to expand the CERCLA hazardous substance designation to additional PFAS chemicals, revising the anticipated rulemaking timeline to do so from April 2025 to "to be determined."

On June 28, 2024, the U.S. Supreme Court overturned what is referred to as the *Chevron* doctrine in *Loper Bright Enterprises v. Raimondo*. While the implications of this decision are still uncertain, in general, the overturning of *Chevron* removes a standard of deference to agency interpretation when regulations are ambiguous. This decision may result in new challenges to older regulations.

As of June 30, 2025, it is uncertain whether and to what extent the levels of PFAS discovered at the Airport will trigger a remediation obligation. It is possible that the ultimate costs of remediation and third-party liability for PFAS could be extensive.

(17) Subsequent Events

In the normal course of its business, the Airport issued CP notes to finance certain projects in the Capital Improvement Plan on two occasions. On August 11, 2025, the Airport issued \$237.0 million of AMT and Non-AMT CP notes. On August 18, 2025, it issued \$200.0 million of AMT notes.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and Board of Supervisors
City and County of San Francisco

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Airport Commission, City and County of San Francisco, San Francisco International Airport (the "Airport"), an enterprise fund of the City and County of San Francisco (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Airport's financial statements, and have issued our report thereon dated October 27, 2025. Our report includes an emphasis of matter noting that the financial statements present only the Airport and do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position, or where applicable, its cash flows in accordance with accounting principles generally accepted in the United States of America. In addition, during the year ended June 30, 2025, the Airport adopted new accounting guidance, GASB Statement No. 101, Compensated Absences, which resulted in a restatement of the July 1, 2024 net position in the amount of \$34,718,000. Our opinion was not modified with respect to these matters.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management nor employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Costa Mesa, California
October 27, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
THE PASSENGER FACILITY CHARGE PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF REVENUES AND EXPENDITURES OF
PASSENGER FACILITY CHARGES

The Honorable Mayor and Board of Supervisors
City and County of San Francisco

Report on Compliance of Passenger Facility Charges

Opinion on Passenger Facility Charge Program

We have audited the Airport Commission, City and County of San Francisco, San Francisco International Airport (the "Airport") compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration ("Guide"), that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2025.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2025.

Basis for Opinion on Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the passenger facility charge program. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Airport's passenger facility charge program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Airport's compliance with the requirements of the passenger facility charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Airport's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Revenues and Expenditures of Passenger Facility Charges

We have audited the financial statements of the Airport as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Airport's financial statements. We issued our report thereon dated October 27, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the financial statements. The accompanying schedule of revenues and expenditures of passenger facility charges is presented for purposes of additional analysis as required by the Guide and is not a required part of the financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of revenues and expenditures of passenger facility charges is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Crowe LLP

Costa Mesa, California
October 27, 2025

**AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO INTERNATIONAL AIRPORT**

Schedule of Passenger Facility Charge Revenues and Expenditures

Year ended June 30, 2025

(In thousands)

	Passenger Facility Charge revenues	Interest earned	Total revenues	Expenditures on approved projects	Revenues over (under) expenditures on approved project
Program to date as of June 30, 2024 (Unaudited)	\$ 1,764,345	71,823	1,836,168	(1,123,240)	\$ 712,928
Fiscal year 2024-25 transactions (Audited):					
Reversal passenger facility charges accrual	(15,940)	-	(15,940)	-	(15,940)
Quarter ended September 30, 2024	25,630	6,625	32,255	-	32,255
Quarter ended December 31, 2024	25,427	6,776	32,203	-	32,203
Quarter ended March 31, 2025	24,350	7,071	31,421	-	31,421
Quarter ended June 30, 2025	35,192	7,676	42,868	(80,000)	(37,132)
Unrealized gain on investments	-	10,169	10,169	-	10,169
Passenger facility charges accrual	9,661	-	9,661	-	9,661
Total fiscal year 2024-25 transactions	104,320	38,317	142,637	(80,000)	62,637
Program to date as of June 30, 2025 (Unaudited)	\$ 1,868,665	110,140	1,978,805	(1,203,240)	\$ 775,565

See accompanying independent auditor's report and notes to schedule of passenger facility charge revenues and expenditures.

**AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO INTERNATIONAL AIRPORT**

Notes to Schedule of Passenger Facility Charge Revenues and Expenditures

Year ended June 30, 2025

(In thousands)

(1) General

The accompanying schedule of Passenger Facility Charge (PFC) revenues and expenditures includes activities related to applications 02-02-C-00-SFO, 03-03-C-01-SFO, 11-05-C-01-SFO, 18-08-C-00-SFO, and 21-09-C-00-SFO of the PFC program of the Airport Commission, City and County of San Francisco (the Airport). The level of PFCs authorized, charge effective dates, and approved collection amounts of the Airport's PFC program are as follows:

<u>Application number</u>	<u>Level of PFCs authorized</u>	<u>Charge effective date for collection</u>	<u>Amounts approved for collection (in thousands)</u>
02-02-C-00-SFO	\$ 4.50	October 1, 2001	\$ 224,035
03-03-C-01-SFO	4.50	November 1, 2005	609,108
11-05-C-01-SFO	4.50	November 1, 2013	741,745
18-08-C-00-SFO	4.50	October 1, 2024	536,799
21-09-C-00-SFO	4.50	March 1, 2029	208,629
Total			\$ <u>2,320,316</u>

(2) Basis of Accounting – Schedule of Passenger Facility Charge Revenues and Expenditures

The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures (the Schedule) has been prepared on the accrual basis of accounting which is described in Note 2a of the Airport's basic financial statements.

SAN FRANCISCO INTERNATIONAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGES FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2025

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether
the financial statements audited were prepared
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Passenger Facility Charge Audit Guide for Public Agencies

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified not
considered to be material weaknesses?

_____ Yes X None reported

Type of auditor's report issued on compliance with the
Passenger Facility Charge Audit Guide for Public Agencies:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with the Passenger Facility Charge
Audit Guide for Public Agencies?

_____ Yes X No

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APPENDIX C

INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM

Introduction

The information below concerning DTC and DTC's book-entry system has been obtained from DTC, and the Commission assumes no responsibility for the accuracy or completeness thereof. DTC has established a book-entry depository system pursuant to certain agreements between DTC and its participants (the "Participants"). The Commission is not a party to those agreements. The Commission and the Trustee do not have any responsibility or obligation to DTC Participants, to the persons for whom they act as nominees, or to any other person who is not shown on the registration books as being an owner of the Series 2025DE Bonds, with respect to any matter including (i) the accuracy of any records maintained by DTC or any of its Participants, (ii) the payment by DTC or its Participants of any amount in respect of the principal of, redemption price of, or interest on the Series 2025DE Bonds; (iii) the delivery of any notice which is permitted or required to be given to registered owners under the Indenture; (iv) the selection by DTC or any of its Participants of any person to receive payment in the event of a partial redemption of the Series 2025DE Bonds; (v) any consent given or other action taken by DTC as registered owner; or (vi) any other matter. The Commission and the Trustee cannot and do not give any assurances that DTC, its Participants or others will distribute payments of principal of or interest on the Series 2025DE Bonds paid to DTC or its nominee, as the registered owner, or give any notices to the Beneficial Owners or that they will do so on a timely basis or will serve and act in a manner described in this Official Statement.

General

The Depository Trust Company ("DTC") will act as securities depository for the Series 2025DE Bonds. The Series 2025DE Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2025DE Bond certificate will be issued for each maturity and series of Series 2025DE Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information contained in such website is not incorporated by reference herein.

Purchases of the Series 2025DE Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025DE Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025DE Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well

as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025DE Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025DE Bonds, except in the event that use of the book-entry system for the Series 2025DE Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025DE Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025DE Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025DE Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025DE Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2025DE Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025DE Bonds, such as redemptions, tenders, defaults, and proposed amendments to the authorizing documents. For example, Beneficial Owners of the Series 2025DE Bonds may wish to ascertain that the nominee holding the Series 2025DE Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025DE Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025DE Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025DE Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2025DE Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2025DE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE OWNERS OR OWNERS OF THE SERIES 2025DE BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2025DE BONDS.

Discontinuance of DTC Services

DTC may discontinue providing its services as depository with respect to the Series 2025DE Bonds at any time by giving reasonable notice to the Commission or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2025DE Bond certificates will be printed and delivered as described in the Indenture.

The Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2025DE Bond certificates will be printed and delivered as described in the Indenture.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions contained in the Trust Indenture to be entered into prior to the issuance of the Series 2025DE Bonds (the “Trust Indenture”), by and between the Commission and The Bank of New York Mellon Trust Company, N.A. as trustee (the “Trustee”), as supplemented prior to the date of issuance of the Series 2025DE Bonds by various Series Indentures relating to the Commission’s Outstanding Bonds (the “Prior Series Indentures”), and by the Series 2025DE Series Indenture to be entered into on the date of issuance of the Series 2025DE Bonds (the “2025DE Series Indenture”), by and between the Commission and the Trustee. The Trust Indenture, all Prior Series Indentures and the 2025DE Series Indenture are referred to collectively herein as the “Indenture.”

Certain Definitions

“Act” means the Charter, all enactments of the Board adopted pursuant thereto, and all laws of the State of California incorporated therein by reference.

“Aggregate Maximum Annual Debt Service” means the maximum amount of Annual Debt Service on all Participating Series in any Fiscal Year during the period from the date of calculation to the final scheduled maturity of the Participating Series.

“Airport” means the San Francisco International Airport, located in San Mateo County, State of California, together with all additions, betterments, extensions and improvements thereto. The term shall include all other airports, airfields, landing places and places for the take-off and landing of aircraft, together with related facilities and property, located elsewhere, which are hereafter owned, controlled or operated by the Commission or over which the Commission has possession, management, supervision or control.

“Airport Consultant” means a firm or firms of national recognition with knowledge and experience in the field of advising the management of airports as to the planning, development, operation and management of airports and aviation facilities, selected and employed by the Commission from time to time.

“Amortized Bonds” means the maximum principal amount of any existing or proposed commercial paper program constituting Bonds authorized by the Commission to be Outstanding at any one time.

“Annual Debt Service” means the amount scheduled to become due and payable on the Outstanding Bonds or any one or more Series thereof in any Fiscal Year as (i) interest, plus (ii) principal at maturity, plus (iii) mandatory sinking fund redemptions. For purposes of calculating Annual Debt Service, the following assumptions shall be used:

- (a) All principal payments and mandatory sinking fund redemptions shall be made as and when the same shall become due;
- (b) Outstanding Variable Rate Bonds shall be deemed to bear interest during any period after the date of calculation at a fixed annual rate equal to the average of the actual rates on such Bonds for each day during the 365 consecutive days (or any lesser period such Bonds have been Outstanding) ending on the last day of the month next preceding the date of computation, or at the effective fixed annual rate thereon as a result of an Interest Rate Swap with respect to such Bonds;
- (c) Variable Rate Bonds proposed to be issued shall be deemed to bear interest at a fixed annual rate equal to the estimated initial rate or rates thereon, as set forth in a certificate of a Financial Consultant dated within 30 days prior to the date of delivery of such Bonds, or at the effective fixed annual rate thereon as a result of an Interest Rate Swap with respect to such Bonds;
- (d) Amortized Bonds shall be deemed to be amortized on a level debt service basis over a 30-year period beginning on the date of calculation at the Index Rate;

- (e) Payments of principal of and interest on Repayment Obligations shall be deemed to be payments of principal of and interest on Bonds to the extent provided in the provision of the Indenture described under “Repayment Obligations as Bonds” below;
- (f) Capitalized interest on any Bonds and accrued interest paid on the date of initial delivery of any Series of Bonds shall be excluded from the calculation of Annual Debt Service if cash and/or Permitted Investments have been irrevocably deposited with and are held by the Trustee or other fiduciary for the Owners of such Bonds sufficient to pay such interest; and
- (g) Interest on or principal of any Bonds paid or to be paid during such Fiscal Year from Federal Subsidy Payments shall be excluded from the calculation of Annual Debt Service except to the extent all or a portion of such Federal Subsidy Payments are designated as Revenues by the Commission.

“*Annual Service Payments*” means amounts paid to the City pursuant to the Charter (pursuant to the Lease and Use Agreements, this amount is limited to the greater of \$5 million or approximately 15% of concession revenues at the Airport).

“*Authorized Denominations*” means with respect to the Series 2025DE Bonds, \$5,000 or any integral multiple thereof.

“*Bondholder*,” “*Bondowner*,” “*Holder*” and “*Owner*” means the person or persons in whose name any Bond or Bonds are registered on the records maintained by the Trustee or, in the case of bearer obligations, who hold any Bond or Bonds, and shall include any Credit Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond pursuant to the Indenture.

“*Bonds*” means any evidences of indebtedness for borrowed money issued from time to time by the Commission under the Indenture, including but not limited to bonds, notes, bond anticipation notes, commercial paper, lease or installment purchase agreements or certificates of participation therein and Repayment Obligations to the extent provided in the Indenture.

“*Business Day*” means, unless otherwise specified by Series Indenture with respect to the related Series of Bonds, any day of the week other than Saturday, Sunday or a day which shall be, in the State of California, the State of New York or in the jurisdiction in which the Corporate Trust Office of the Trustee is located, a legal holiday or a day on which banking institutions are authorized or obligated by law or executive order to close.

“*Charter*” means the Charter of the City and County of San Francisco, as supplemented and amended, and any new or successor Charter. “Charter” shall include specified predecessor charters where applicable.

“*Closing Date*” means the date upon which a Series of Bonds is initially issued and delivered in exchange for the proceeds representing the purchase price of such Series of Bonds paid by the original purchaser thereof.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations, rulings and procedures proposed or promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

“*Common Reserve Account*,” “*Issue 1 Reserve Account*” or “*Original Reserve Account*” means the Common Reserve Account established in the Reserve Fund pursuant to the Indenture as security for the Participating Series, including the Series 2025DE Bonds. The Common Reserve Account was referred to as the Issue 1 Reserve Account under the 1991 Master Resolution.

“*Credit Facility*” means a letter of credit, line of credit, standby purchase agreement, municipal bond insurance policy, surety bond or other financial instrument which obligates a third party to pay or provide funds for the payment of the principal or purchase price of and/or interest on any Bonds and which is designated as a Credit Facility in the related Series Indenture authorizing the issuance of such Bonds.

“*Credit Provider*” means the person or entity obligated under a Credit Facility to make a payment or payments with respect to any Bonds.

“*Customer Facility Charge*” means a customer facility charge imposed by the Commission in accordance with Sections 50474.21 and 50474.3 of the California Government Code, as they may be amended or supplemented, or any other applicable California law.

“*Electronic Means*” means the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with the Trustee’s services under the Indenture.

“*Event of Default*” means any one or more of the events described hereinafter under the caption “Events of Default.”

“*Federal Subsidy Payments*” means amounts payable by the Federal government to the Commission under direct-pay subsidy programs substantially similar to the Build America Bond program under Section 54AA of the Code.

“*Financial Consultant*” means a firm or firms of financial or municipal advisors of national recognition with knowledge and experience in the field of municipal finance selected or employed by the Commission.

“*Fiscal Year*” means the one-year period beginning on July 1 of each year and ending on June 30 of the succeeding year, or such other one-year period as the Commission shall designate as its Fiscal Year.

“*Government Certificates*” means evidences of ownership of proportionate interests in future principal or interest payments of Government Obligations, including depository receipts thereof. Investments in such proportionate interests are required to be limited to circumstances wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (iii) the underlying Government Obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, or any person claiming through the custodian, or any person to whom the custodian may be obligated.

“*Government Obligations*” means direct and general obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

“*Independent Auditor*” means a firm or firms of independent certified public accountants with knowledge and experience in the field of governmental accounting and auditing selected or employed by the City.

“*Index Rate*” means, for the purposes of the definition of “Annual Debt Service” and provision of the Indenture described under “Repayment Obligations as Bonds” below, a fixed annual interest rate equal to the rate most recently published by *The Bond Buyer* as the 25-Bond Revenue Index of revenue bonds maturing in 30 years, or if such index ceases to be published, such other successor index as shall be designated by the Commission.

“*Insolvent*” is used in the Indenture to describe the Trustee, any Paying Agent, Authenticating Agent, Trustee, other agent appointed under the Indenture or any Credit Provider, if (a) such person has instituted proceedings to be adjudicated bankrupt or insolvent, has consented to the institution of bankruptcy or insolvency proceedings against it, has filed a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other similar applicable federal or state law, or has consented to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator or other similar official of itself or of any substantial part of its property, or fails to timely controvert an involuntary petition filed against it under the federal Bankruptcy Code, or consents to the entry of an order for relief under the federal Bankruptcy Code or makes an assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due; or (b) a decree or order by a court having jurisdiction in the premises adjudging such person as bankrupt or insolvent,

or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such person under the federal Bankruptcy Code or any other similar applicable federal or state law or for relief under the federal Bankruptcy Code after an involuntary petition has been filed against such person, or appointing a receiver, liquidator, assignee, trustee or sequestrator or other similar official of such person or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, has been entered and has continued unstayed and in effect for a period of 90 consecutive days.

“Interest Payment Date” means with respect to the Series 2025DE Bonds, May 1 and November 1 of each year commencing on May 1, 2026.

“Interest Rate Swap” means an agreement between the Commission or the Trustee and a Swap Counter Party related to Bonds of one or more series whereby a variable rate cash flow (which may be subject to an interest rate cap) on a principal or notional amount is exchanged for a fixed rate of return of an equal principal or notional amount. If the Commission enters into more than one Interest Rate Swap with respect to a Series of Bonds, each such Interest Rate Swap is to specify the same payment dates.

“Maximum Annual Debt Service” means the maximum amount of Annual Debt Service in any Fiscal Year during the period from the date of calculation to the final scheduled maturity of the Bonds.

“Net Revenues” means Revenues less Operation and Maintenance Expenses.

“Operation and Maintenance Expenses” means, for any period, all expenses of the Commission incurred for the operation and maintenance of the Airport, as determined in accordance with generally accepted accounting principles. Operation and Maintenance Expenses does not include: (a) the principal of, premium, if any, or interest on any Bonds, Subordinate Bonds or general obligation bonds issued by the City for Airport purposes; (b) any allowance for amortization, depreciation or obsolescence of the Airport; (c) any expense for which, or to the extent to which, the Commission is or will be paid or reimbursed from or through any source that is not included or includable as Revenues; (d) any extraordinary items arising from the early extinguishment of debt; (e) Annual Service Payments; (f) any costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to the Airport which, under generally accepted accounting principles, are properly chargeable to the capital account or the reserve for depreciation; and (g) any losses from the sale, abandonment, reclassification, revaluation or other disposition of any Airport properties. Operation and Maintenance Expenses include the payment of pension charges and proportionate payments to such compensation and other insurance or outside reserve funds as the Commission may establish or the Board of Supervisors may require with respect to employees of the Commission, as provided in the Charter.

“Outstanding,” when used with reference a Series of Bonds, means, as of any date of determination, all Bonds of such Series which have been executed and delivered under the Indenture except: (a) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation; (b) Bonds which are deemed paid and no longer Outstanding as provided in the Indenture; (c) Bonds in lieu of which other Bonds have been issued pursuant to the provisions of the Indenture; and (d) for purposes of any consent or other action to be taken under the Indenture by the Holders of a specified percentage of Principal Amount of Bonds of a Series or all Series, Bonds held by or for the account of the Commission.

“Participating Series” means any Series of Bonds heretofore designated as being secured by the Common Reserve Account or hereafter designated in accordance with the Indenture as being secured by the Common Reserve Account, including the Series 2025DE Bonds. Participating Series are referred to in the forepart of this Official Statement as “Common Reserve Series Bonds.”

“Permitted Investments” means and includes any of the following, if and to the extent the same are at the time legal for the investment of the Commission’s money:

- (a) Government Obligations and Government Certificates.
- (b) Obligations issued or guaranteed by any of the following:

- (i) Federal Home Loan Banks System;
- (ii) Export-Import Bank of the United States;
- (iii) Federal Financing Bank;
- (iv) Government National Mortgage Association;
- (v) Farmers Home Administration;
- (vi) Federal Home Loan Mortgage Corporation;
- (vii) Federal Housing Administration;
- (viii) Private Export Funding Corporation;
- (ix) Federal National Mortgage Association;
- (x) Federal Farm Credit System;
- (xi) Resolution Funding Corporation;
- (xii) Student Loan Marketing Association; and
- (xiii) any other instrumentality or agency of the United States.

(c) Pre-refunded municipal obligations rated in the highest rating category by at least two Rating Agencies and meeting the following conditions:

(i) such obligations are: (A) not subject to redemption prior to maturity or the Trustee has been given irrevocable instructions concerning their calling and redemption, and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(ii) such obligations are secured by Government Obligations or Government Certificates that may be applied only to interest, principal and premium payments of such obligations;

(iii) the principal of and interest on such Government Obligations or Government Certificates (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations;

(iv) the Government Obligations or Government Certificates serving as security for the obligations have been irrevocably deposited with and are held by an escrow agent or trustee; and

(v) such Government Obligations or Government Certificates are not available to satisfy any other claims, including those against the trustee or escrow agent.

(d) Direct and general long-term obligations of any State of the United States of America or the District of Columbia (for the purpose of the term Permitted Investments, a "State") to the payment of which the full faith and credit of such State is pledged and that are rated in either of the two highest rating categories by at least two Rating Agencies.

(e) Direct and general short-term obligations of any State to the payment of which the full faith and credit of such State is pledged and that are rated in the highest rating category by at least two Rating Agencies.

(f) Interest-bearing demand or time deposits with, or interests in money market portfolios rated in the highest rating category by at least two Rating Agencies issued by, state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC"). Such deposits or interests must either be: (i) continuously and fully insured by FDIC; (ii) if they have a maturity of one year or less, with or issued by banks that are rated in one of the two highest short term rating categories by at least two Rating Agencies; (iii) if they have a maturity longer than one year, with or issued by banks that are rated in one of the two highest rating categories by at least two Rating Agencies; or (iv) fully secured by Government Obligations and Government Certificates. Such Government Obligations and Government Certificates must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations and Government Certificates must be held by a third party (who shall not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party must have a perfected first lien in the

Government Obligations and Government Certificates serving as collateral, and such collateral must be free from all other third party liens.

(g) Eurodollar time deposits issued by a bank with a deposit rating in one of the two highest short-term deposit rating categories by at least two Rating Agencies.

(h) Long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the two highest rating categories by at least two Rating Agencies.

(i) Repurchase agreements with maturities of either (A) 30 days or less, or (B) longer than 30 days and not longer than one year provided that the collateral subject to such agreements are marked to market daily, entered into with financial institutions such as banks or trust companies organized under State or federal law, insurance companies, or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation, or with a dealer or parent holding company that is rated "A-" or "A3" or better by at least two Rating Agencies. The repurchase agreement must be in respect of Government Obligations and Government Certificates or obligations described in paragraph (b) of this definition. The repurchase agreement securities and, to the extent necessary, Government Obligations and Government Certificates or obligations described in paragraph (b), exclusive of accrued interest, shall be maintained in an amount at least equal to the amount invested in the repurchase agreements. In addition, the provisions of the repurchase agreement shall meet the following additional criteria:

(1) the third party (who shall not be the provider of the collateral) has possession of the repurchase agreement securities and the Government Obligations and Government Certificates;

(2) failure to maintain the requisite collateral levels will require the third party having possession of the securities to liquidate the securities immediately; and

(3) the third party having possession of the securities has a perfected, first priority security interest in the securities.

(j) Prime commercial paper of a corporation, finance company or banking institution rated in the highest short-term rating category without regard to any numerical modifier, plus or minus sign or other modifier by at least two Rating Agencies.

(k) Public housing bonds issued by public agencies which are either: (i) fully guaranteed by the United States of America; or (ii) temporary notes, preliminary loan notes or project notes secured by a requisition or payment agreement with the United States of America; or (iii) state or public agency or municipality obligations rated in the highest credit rating category by at least two Rating Agencies.

(l) Shares of a diversified open-end management investment company, as defined in the Investment Company Act of 1940, as amended, or shares in a regulated investment company, as defined in Section 851(a) of the Code, that is a money market fund that has been rated in the highest rating category by at least two Rating Agencies.

(m) Money market accounts of any state or federal bank, or bank whose holding parent company is, rated in the top two short-term or long-term rating categories by at least two Rating Agencies.

(n) Investment agreements the issuer of which is rated in one of the two highest rating categories by at least two Rating Agencies.

(o) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments otherwise permitted in paragraphs (a) through (m) above.

(p) Any other debt or fixed income security specified by the Commission (except securities of the City and any agency, department, commission or instrumentality thereof other than the Commission) and rated in the highest category by at least two Rating Agencies.

(q) Bankers acceptances of a banking institution rated in the highest short-term rating category by at least two Rating Agencies, not exceeding 270 days maturity or forty percent of moneys invested pursuant to the Indenture. No more than twenty percent of moneys invested pursuant to the Indenture shall be invested in the bankers acceptances of any one commercial bank pursuant to this paragraph (q).

(r) Any other obligations or investments in which the Treasurer is permitted to invest Commission funds.

“Principal Amount” means, as of any date of calculation, (i) with respect to any capital appreciation Bond or compound interest Bond, the accreted value thereof, and (ii) with respect to any other Bonds, the stated principal amount thereof.

“Principal Payment Date” means, with respect to any Series of Bonds, each date specified in the Indenture for the payment of the principal of such Bonds either at maturity, or upon prior redemption from mandatory sinking fund payments.

“Project” means capital projects undertaken by the Airport which are approved by the Commission from time to time, thereby constituting a part of the Airport’s capital plan.

“Rating Agency” means Fitch, Moody’s and S&P or any other nationally recognized statistical rating agency specified in a Series Indenture; provided, however, that the term “Rating Agency” shall in any event include Fitch, Moody’s or S&P, respectively, during such time that such rating agency maintains a credit rating on any Series of Bonds Outstanding under the Indenture.

“Related Series Indenture” means a Series Indenture pursuant to which one or more particular Series of Bonds has been issued.

“Repayment Obligation” means an obligation under a written agreement between the Commission and a Credit Provider to reimburse such Credit Provider for amounts paid under or pursuant to a Credit Facility for the payment of the principal or purchase price of and/or interest on any Bonds.

“Revenues” means all revenues earned by the Commission from or with respect to its possession, management, supervision, operation and control of the Airport, as determined in accordance with generally accepted accounting principles. Revenues does not include: (i) interest income on, and any profit realized from, the investment of moneys in (A) the Construction Fund or any other construction fund funded from proceeds of any Subordinate Bonds, or (B) the Debt Service Fund which constitute capitalized interest, to the extent required to be paid into the Debt Service Fund, or (C) the Reserve Fund if and to the extent there is any deficiency therein; (ii) interest income on, and any profit realized from, the investment of the proceeds of any Special Facility Bonds; (iii) Special Facility Revenues and any interest income or profit realized from the investment thereof, unless such receipts are designated as Revenues by the Commission; (iv) any passenger facility charge or similar charge levied by or on behalf of the Commission against passengers, unless all or a portion of such charge are designated as Revenues by the Commission; (v) grants-in-aid, donations and/or bequests; (vi) insurance proceeds which are not deemed to be Revenues in accordance with generally accepted accounting principles; (vii) the proceeds of any condemnation award; (viii) the proceeds of any sale of land, buildings or equipment; (ix) any money received by or for the account of the Commission from the levy or collection of taxes upon any property in the City; (x) any Customer Facility Charge or similar charge levied by or on behalf of the Commission against customers, except to the extent all or a portion of such charge is designated as Revenues by the Commission; and (xi) any Federal Subsidy Payments, except to the extent all or a portion thereof if designated as Revenues by the Commission.

“Series 2017D Bonds” means the Airport Commission of the City and County of San Francisco, San Francisco International Airport Second Series Revenue Refunding Bonds, Series 2017D.

“*Series 2018A Bonds*” means the Airport Commission of the City and County of San Francisco, San Francisco International Airport Second Series Revenue Refunding Bonds, Series 2018A.

“*Series 2018B Bonds*” means the Airport Commission of the City and County of San Francisco, San Francisco International Airport Second Series Revenue Bonds, Series 2018B.

“*Series 2018C Bonds*” means the Airport Commission of the City and County of San Francisco, San Francisco International Airport Second Series Revenue Bonds, Series 2018C.

“*Series 2019B Bonds*” means the Airport Commission of the City and the County of San Francisco, San Francisco International Airport Second Series Revenue Bonds, Series 2019B.

“*Series 2019D Bonds*” means the Airport Commission of the City and the County of San Francisco, San Francisco International Airport Second Series Revenue Refunding Bonds, Series 2019D.

“*Series 2025DE Bonds*” means, collectively, the Airport Commission of the City and the County of San Francisco, San Francisco International Airport Second Series Revenue Bonds, Series 2025D and Second Series Revenue Bonds, Series 2025E.

“*Series Indenture*” means an agreement duly authorized and entered into between the Commission and the Trustee pursuant to the Indenture providing for the issuance of one or more Series of Bonds.

“*Series of Bonds*” or “*Bonds of a Series*” or “*Series*” means a series of Bonds issued pursuant to the Indenture.

“*Special Facility*” means any existing or planned facility, structure, equipment or other property, real or personal, which is at the Airport or a part of any facility or structure at the Airport and designated as such by the Commission pursuant to the Indenture.

“*Special Facility Bonds*” means any revenue bonds, notes, bond anticipation notes, commercial paper or other evidences of indebtedness for borrowed money issued by the Commission to finance a Special Facility, the principal of, premium, if any, and interest on which are payable from and secured by Special Facility Revenues derived from such Special Facility, and not from or by Net Revenues.

“*Special Facility Revenues*” means the revenues earned by the Commission from or with respect to a Special Facility and which are designated as such by the Commission, including but not limited to contractual payments to the Commission under a loan agreement, lease agreement or other written agreement with respect to the Special Facility by and between the Commission and the person, firm, corporation or other entity, either public or private, as shall operate, occupy or otherwise use the Special Facility.

“*Subordinate Bonds*” means any evidences of indebtedness for borrowed money issued from time to time by the Commission as permitted by the Indenture, including but not limited to bonds, notes, bond anticipation notes, commercial paper notes, lease or installment purchase agreements or certificates of participation therein, with a pledge of, lien on, and security interest in Net Revenues which are junior and subordinate to those of the Bonds whether then issued or thereafter to be issued.

“*Supplemental Indenture*” means an agreement other than a Series Indenture duly authorized and entered into between the Commission and the Trustee pursuant to the Indenture amending the Indenture, including any Series Indenture.

“*Swap Counter Party*” means a member of the International Swap Dealers Association rated in one of the three top rating categories by at least one Rating Agency.

“*Swap Payments*” means, as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Swap Counter Party by the Trustee, on behalf of the Commission.

“*Swap Receipts*” means, as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Trustee for the account of the Commission by the Swap Counter Party.

“*Transfer*” means (i) the amount deposited on the last Business Day of any Fiscal Year from the Contingency Account into the Revenues Account, plus (ii) any amounts withdrawn from the Contingency Account during such Fiscal Year for the purposes specified in the Indenture, less (iii) any amounts deposited in the Contingency Account from Revenues during such Fiscal Year.

“*Treasurer*” means the Treasurer of the City, and any successor to such officer’s duties under the Indenture.

“*1991 Master Resolution*” shall mean Resolution No. 91-0210, adopted by the commission on December 3, 1991, as the same has been amended or supplemented pursuant to its terms.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A., and its successors and assigns and any other person or entity which may at any time be substituted for it, as successor trustee and paying agent under the Indenture.

“*2017 Reserve Account*” means the 2017 Reserve Account established in the Reserve Fund as security for the 2017 Reserve Account Series Bonds.

“*2017 Reserve Account Maximum Annual Debt Service*” means the maximum amount of aggregate Annual Debt Service for all 2017 Reserve Account Series Bonds in any Fiscal Year during the period from the date of calculation to the final scheduled maturity of the 2017 Reserve Account Series Bonds.

“*2017 Reserve Account Series Bonds*” means, collectively, the Series 2017D Bonds, the Series 2019B Bonds, the Series 2019D Bonds, and any other Series of Bonds designated by a Series Indenture or Supplemental Indenture as participating in and being secured by the 2017 Reserve Account.

“*2017 Reserve Requirement*” means, with respect to the 2017 Reserve Account, an amount equal to the lesser of: (a) 2017 Reserve Account Maximum Annual Debt Service, (b) 10% of the outstanding aggregate principal amount of all 2017 Reserve Account Series Bonds (provided that the issue price of a Series of 2017 Reserve Account Series Bonds shall be used in this calculation if such Series was sold with an original issue discount that exceeded 2% of the principal of such Series on its original date of sale), and (c) 125% of the average aggregate Annual Debt Service for all 2017 Reserve Account Series Bonds.

“*Variable Rate Bonds*” means any Bonds the interest rate on which is not fixed to maturity as of the date of calculation.

Pledge of Net Revenues and Other Moneys

The Bonds are revenue bonds, are not secured by any taxing power of the Commission (which has no taxing power) and are payable as to both principal and interest, and any purchase price and premium exclusively from, and are secured by a pledge of, lien on and security interest in Net Revenues of the Airport. Net Revenues constitute a trust fund for the security and payment of the principal of, purchase price, if any, premium, if any, and interest on, the Bonds. The Commission granted a lien on and security interest in, assigned, transferred, pledged and granted and conveyed to the Trustee for the benefit of the Bondholders, the following property:

- (a) Amounts on deposit from time to time in the funds and accounts created pursuant to the Indenture, including the earnings thereon, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein; provided, however, that there expressly is excluded from any pledge, assignment, lien or security interest created by the Indenture, Revenues appropriated, transferred, deposited, expended or used for the payment of Operation and Maintenance Expenses;
- (b) Amounts constituting Net Revenues; and

- (c) Any and all other property of any kind from time to time by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security for the Bonds, by the Commission or anyone on its behalf or with its written consent in favor of the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

The pledge of Net Revenues and other moneys and property made in the Indenture is irrevocable until all of the Bonds have been paid and retired. Such pledge will be valid from and after the date of the original adoption of the 1991 Master Bond Resolution and all Net Revenues will be immediately be subject to the lien of such pledge as and when received by the Commission, without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Commission.

All Bonds issued and Outstanding under the Indenture are and will be equally and ratably secured with all other Outstanding Bonds, with the same right, lien, preference and priority with respect to Net Revenues, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds or otherwise. All Bonds of a particular Series will in all respects be equally and ratably secured and will have the same right, lien and preference established under the Indenture for the benefit of such Series of Bonds, including, without limitation, rights in any related account in the Construction Fund, the Debt Service Fund or the Reserve Fund. Amounts drawn under a Credit Facility with respect to particular Bonds and all other amounts held in funds or accounts established with respect to such Bonds pursuant to the provisions of the Indenture will be applied solely to make payments on such Bonds.

Revenue Fund; Allocation of Net Revenues

The Revenue Fund has heretofore been created and is held by the Treasurer. The Indenture creates the following accounts within the Revenue Fund:

Revenues Account
Operation and Maintenance Account
Revenue Bond Account
General Obligation Bond Account
General Purpose Account
Contingency Account

All Revenues are required to be set aside and deposited in the Revenues Account in the Revenue Fund as received. On the first Business Day of each month, moneys in the Revenues Account will be set aside and applied for the following purposes in the following amounts and order of priority, each priority to be fully satisfied before the next priority in order:

First: Operation and Maintenance Account. In the Operation and Maintenance Account an amount equal to one-twelfth (1/12th) of the estimated Operation and Maintenance Expenses for the then-current Fiscal Year as set forth in the budget of the Airport for such Fiscal Year as finally approved by the Commission. In the event that the balance in the Operation and Maintenance Account at any time is insufficient to make any required payments therefrom, additional amounts at least sufficient to make such payments will immediately be deposited in the Operation and Maintenance Account from the Revenues Account, and may be credited against the next succeeding monthly deposit upon the written direction of the Commission to the Treasurer.

Second: Revenue Bond Account. In the Revenue Bond Account such amount as is necessary:

- (a) to make all payments and deposits required to be made during such month into the Debt Service Fund and the Reserve Fund and the accounts therein in the amounts and at the times required by the Trust Indenture and by the Series Indenture pursuant to which such accounts were established; and

- (b) to make all payments and deposits required to be made during such month into any funds and accounts created to pay or secure the payment of the principal or purchase price of or interest or redemption premium on any Subordinate Bonds in the amounts and at the times required by the resolutions and other agreements authorizing the issuance and providing the terms and conditions thereof.

Third: General Obligation Bond Account. In the General Obligation Bond Account an amount equal to one-sixth (1/6) of the aggregate amount of interest coming due on the next succeeding interest payment date, plus one-twelfth (1/12) of the aggregate amount of principal coming due on the next succeeding principal payment date, with respect to general obligation bonds of the City issued for Airport purposes.

Fourth: General Purpose Account. In the General Purpose Account an amount at least equal to the payments estimated to be made therefrom during such month.

Fifth: Contingency Account. In the Contingency Account such amount, if any, as shall be directed by the Commission from time to time.

Deficiencies in Funds and Accounts

In the event that Revenues on deposit in the Revenues Account together with other available moneys are insufficient as of the first Business Day of any month to make the required payments and deposits pursuant to subsection (a) of *Second* under “Revenue Fund; Allocation of Net Revenues” above, after having made the payments and deposits required pursuant to *First* under such heading, the Treasurer is to allocate available Net Revenues to make all payments or deposits then required, first, with respect to interest on Bonds; second, with respect to principal, redemption price or purchase price of Bonds; and third, with respect to any reserve requirements for Bonds. Available Net Revenues are to be allocated within each order of priority, to the extent necessary, on a pro rata basis in proportion to the respective amounts of payments or deposits required to be made during such month with respect to Debt Service on, purchase price of, or reserve requirements for Bonds, as the case may be.

Construction Fund

The Indenture creates the Construction Fund as a separate fund to be maintained and accounted for by the Treasurer. Moneys in the Construction Fund will be used for the purposes for which Bonds are authorized to be issued, including but not limited to the payment of principal and purchase price of and interest and redemption premium on the Bonds and the costs of issuance and sale thereof. The Treasurer is authorized to disburse from each Series Construction Account the amount required for costs of Projects and is directed to make such disbursements upon receipt of a warrant drawn by the Controller of the Commission. Amounts in the Construction Fund may be invested in any Permitted Investment, in accordance with the policies and procedures of the Treasurer. A separate account will be created within the Construction Fund with respect to each Series of Bonds.

Costs of Issuance Fund

The Indenture creates the Costs of Issuance Fund as a separate fund to be maintained and accounted for by the Trustee. A separate account will be created within the Costs of Issuance Fund with respect to each Series of Bonds. Monies deposited in each Costs of Issuance Account shall be used only for the authorized costs of issuing such Series of Bonds. Any balance remaining in any Costs of Issuance Account is to be transferred to the appropriate account in the Construction Fund, no later than one year following the date of issuance of each such Series of Bonds. Amounts in the Costs of Issuance Fund may be invested in any Permitted Investment.

Debt Service Holding Fund

The Indenture creates the Debt Service Holding Fund as a separate fund, which is not pledged to the payment of the Bonds, but is established for the convenience of the Commission in the administration and investment of monies delivered to the Trustee prior to the time the Commission is required to make deposits into the Debt Service Fund and

the series principal and interest accounts therein as required by the Indenture. The Commission may at any time, deliver to the Trustee monies for deposit in the Debt Service Holding Fund, to be held and invested therein as directed by an authorized Commission representative. Upon the order of an authorized Commission representative, monies in the Debt Service Holding Fund and investment earnings thereon may be invested in any Permitted Investment, transferred to the Debt Service Fund and the series principal and interest accounts therein, returned to the Commission, or transferred or paid to a third party upon the order of the Commission.

Debt Service and Reserve Funds

The Indenture established the following funds and accounts to be held by the Trustee:

Debt Service Fund
Reserve Fund

The Commission will establish separate accounts within the Debt Service Fund with respect to any or all of the Bonds of one or more Series. Moneys in the Debt Service Fund and the accounts therein will be held in trust and applied to pay principal and purchase price of and interest and redemption premium on such Bonds, in the amounts, at the times and in the manner set forth in the Indenture; provided, however, that each Series Indenture must require to the extent practicable that amounts be accumulated in the applicable accounts in the Debt Service Fund so that moneys sufficient to make any regularly scheduled payment of principal of or interest on the Bonds are on deposit therein at least one month prior thereto. Moneys in the accounts in the Debt Service Fund may also be applied to pay or reimburse a Credit Provider for Repayment Obligations to the extent provided in the Indenture.

If and to the extent provided in any Series Indenture authorizing the issuance of a Series of Bonds, Swap Payments may be paid directly out of, and Swap Receipts paid directly into, the account or accounts in the Debt Service Fund established with respect to such Series of Bonds.

The Commission may establish a separate account or accounts in the Reserve Fund with respect to any or all of the Bonds of one or more Series. Moneys in an account in the Reserve Fund will be held in trust for the benefit and security of the Holders of the Bonds to which such account is pledged, and such moneys will not be available to pay or secure the payment of any other Bonds. Each account in the Reserve Fund will be funded and replenished in the amounts, at the times and in the manner provided in the Indenture, including without limitation through the use of any Credit Facility authorized for deposit therein. Moneys in the respective accounts in the Reserve Fund will be applied to pay and secure the payment of such Bonds as provided in the Indenture. Moneys in an account in the Reserve Fund may also be applied to pay or reimburse a Credit Provider, if any, for Repayment Obligations as and to the extent provided in the Indenture.

Common Reserve Account (formerly referred to as the Issue 1 Reserve Account or the Original Reserve Account)

The Indenture establishes the Common Reserve Account to secure the Participating Series. ***Each Series of the Series 2025DE Bonds is a Participating Series secured by the Common Reserve Account.***

2017 Reserve Account

The Indenture establishes the “2017 Reserve Account” as security for the Series 2017D Bonds, the 2019B Bonds, the 2019D Bonds and any other 2017 Reserve Account Series Bonds designated by a Series Indenture as being secured by the 2017 Reserve Account. ***None of the Series 2025DE Bonds is a 2017 Reserve Account Series, and the Series 2025DE Bonds are not secured by the 2017 Reserve Account or any other separate Series Reserve Account that may be established in the future.*** The 2017 Reserve Account is required to be funded at the 2017 Reserve Requirement. The moneys in said account will be used solely for the purpose of paying principal, interest or mandatory sinking fund payments on the 2017 Reserve Account Series Bonds whenever any moneys then credited to the accounts within the Debt Service Fund for 2017 Reserve Account Series Bonds are insufficient for such purposes.

Separate Reserve Accounts for Bonds not Designated as Participating Series or 2017 Reserve Account Series Bonds

Unless otherwise provided in a Series Indenture, each Series of Bonds will be a Participating Series or 2017 Reserve Account Series, or may be secured by a separate Series Reserve Account. The amount in each Series Reserve Account will be established and maintained at an amount equal to the applicable Series Reserve Requirement, which will be set forth in the applicable Series Indenture or Series Indentures (and which amount may be zero).

Application and Valuation of Common Reserve Account and 2017 Reserve Account

The moneys in the Common Reserve Account and the 2017 Reserve Account (each an “Existing Reserve Account”) are to be used solely for the purposes of paying interest, principal or mandatory sinking fund payments on the Bonds to which such accounts are pledged whenever any moneys then credited to the accounts within the Debt Service Fund for the applicable Series of Bonds are insufficient for such purposes and to pay one or more Credit Providers principal due with respect to any Credit Facility deposited in the Existing Reserve Account for the applicable Series of Bonds to the extent that such payment will cause the amount available to be drawn under the related Credit Facility or Credit Facilities to be reinstated in an amount at least equal to the amount of such payment. In the event that the Trustee is required to apply amounts in an Existing Reserve Account to pay interest, principal or mandatory sinking fund payments on the Series of Bonds to which such Existing Reserve Account is pledged, the Trustee will apply all amounts (the “Cash Amount”) in such Existing Reserve Account, other than amounts available pursuant to draws on Credit Facilities deposited in such Existing Reserve Account, to such payments before drawing on any such Credit Facility. If after exhausting the Cash Amount, the Trustee has insufficient moneys to pay interest, principal or mandatory sinking fund payments on the applicable Series of Bonds, the Trustee will draw on the Credit Facilities deposited in the Existing Reserve Account on a pro rata basis to the extent required to remedy the remaining deficiency.

If at any time the balance in any Existing Reserve Account is for any reason diminished below the amount required to be on deposit therein, the Trustee is required to immediately notify the Commission of such deficiency, and the Commission is required to cause the applicable Existing Reserve Account to be replenished by transfers from available Net Revenues over a period not to exceed 12 months from the date the Commission receives notice from the Trustee of such deficiency.

Subject to the terms and conditions of the Indenture, each Existing Reserve Account is to be replenished from available Net Revenues in the following order of priority, each requirement to be satisfied in full before the next requirement in priority: (1) on a pro rata basis, payments to Credit Providers of principal then due with respect to any Credit Facility deposited in such Existing Reserve Account to the extent that such payments will cause the amounts available to be drawn under such Credit Facility or Credit Facilities to be reinstated in an amount at least equal to such payments; and (2) other amounts required to be deposited in such Existing Reserve Account to increase the amount therein to the Aggregate Maximum Annual Debt Service (in the case of the Common Reserve Account) or the 2017 Reserve Requirement (in the case of the 2017 Reserve Account) on the then Outstanding Bonds to which such Existing Reserve Account is pledged.

Under the Indenture, the Trustee is required to determine the amount in each Existing Reserve Account from time to time but not less frequently than annually. Permitted Investments in each Existing Reserve Account are to be valued at cost plus accreted value. In the event that the Trustee determines on any valuation date that the amount in an Existing Reserve Account exceeds Aggregate Maximum Annual Debt Service (with respect to the Common Reserve Account) or the 2017 Reserve Requirement (with respect to the 2017 Reserve Account) on all then Outstanding Bonds to which such Existing Reserve Account is pledged, upon the request of the Commission, the Trustee will transfer the amount of such excess to the Treasurer for deposit in the applicable Revenues Account.

In the event Bonds of a Series to which such Existing Reserve Account is pledged are to be redeemed in whole or in part pursuant to the Indenture, or the Commission notifies the Trustee in writing of its intention to refund Bonds of a Series in whole or in part, the Trustee is required to value the amount in the Existing Reserve Account applicable to such Bonds, and, if the Trustee determines that the amount in the applicable Existing Reserve Account exceeds Aggregate Maximum Annual Debt Service (with respect to the Common Reserve Account) or the 2017 Reserve Requirement (with respect to the 2017 Reserve Account) on the Bonds to which such Existing Reserve

Account is pledged to remain Outstanding after such redemption or refunding, upon the request of the Commission, the Trustee will transfer the amount of such excess in accordance with such request.

At its option, the Commission may at any time substitute a Credit Facility meeting the requirements of the Indenture for amounts on deposit in each Existing Reserve Account. The Indenture requires that the substitution of a Credit Facility for amounts on deposit in each Existing Reserve Account will not cause the then-current ratings on the Bonds to which such accounts are pledged to be downgraded or withdrawn. In the event that after the substitution of a Credit Facility for all or any part of the amount on deposit in a Existing Reserve Account, the amount in such Existing Reserve Account is greater than the amount required to be on deposit therein, upon the request of an authorized Commission representative, the Trustee will transfer such excess to the Commission to be used solely for Airport purposes. The Indenture further requires that any such Credit Facility provided in the form of a surety bond is to be issued by an institution then rated in the highest rating category, without regard to subcategories, by Moody's and S&P, and that any such Credit Facility provided in the form of a letter of credit is to be issued by an institution whose (i) short-term rating is then rated either "P1" by Moody's or "A-1" by Standard & Poor's, or (ii) long term rating is then rated in at least the second highest rating category, without regard to subcategories, by Moody's and S&P.

Permitted Investments

Amounts in the Series Debt Service Accounts for the Series 2025DE Bonds are to be invested as directed by the Commission in Permitted Investments or any other obligations or investments in which the Treasurer is permitted to invest Commission funds maturing on or before the related Payment Date on which the proceeds of such Permitted Investments are intended to be applied for the purposes of the related Series Debt Service Account for the Series 2025DE Bonds. Amounts in the 2017 Reserve Account are to be invested by the Trustee in accordance with instructions provided by the Commission in Permitted Investments or any other obligations or investments in which the Treasurer is permitted to invest Commission funds. Amounts in the Series 2025D Construction Account and the 2025E Construction Account (to the extent that such Accounts have been established with the Treasurer) may be invested in any Permitted Investment or any other obligations or investments in which the Treasurer is permitted to invest Commission funds.

Issuance of Additional Series of Bonds

General Requirements

Whenever the Commission determines to issue any additional Series of Bonds, the Commission is required to adopt a Series Indenture authorizing the issuance of such Series of Bonds and to deliver to the Trustee: (i) a certificate to the effect that the Commission is not then in default under the terms and provisions of the Indenture; (ii) an opinion of bond counsel to the effect that such Series of Bonds has been duly authorized in conformity with law and all prior proceedings of the Commission, and such Bonds constitute valid and binding obligations of the Commission; and (iii) certain other items specified by the Indenture or which may be reasonably requested by the Commission or the Trustee.

Additional Bonds Test

The Commission is not permitted to issue any additional Series of Bonds (other than refunding Bonds, described below under "—Refunding Bonds") unless the Trustee has been provided with either:

- (a) a certificate of an Airport Consultant dated within 30 days prior to the date of delivery of the Bonds stating that:
 - (i) for the period, if any, from and including the first full Fiscal Year following the issuance of such Bonds through and including the last Fiscal Year during any part of which interest on such Bonds is expected to be paid from the proceeds thereof, projected Net Revenues, together with any Transfer, in each such Fiscal Year will be at least equal to 1.25 times Annual Debt Service; and

(ii) for the period from and including the first full Fiscal Year following the issuance of such Bonds during which no interest on such Bonds is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Bonds, or (B) the third full Fiscal Year during which no interest on such Bonds is expected to be paid from the proceeds thereof, projected Net Revenues, together with any Transfer, if applicable, in each such Fiscal Year will be (1) at least sufficient to make all required payments and deposits in such Fiscal Year into the Revenue Bond Account and the General Obligation Bond Account pursuant to the Indenture, and to make the Annual Service Payment to the City and (2) at least equal to 125% of aggregate Annual Debt Service with respect to the Bonds for such Fiscal Year; or

(b) a certificate of an Independent Auditor stating that Net Revenues, together with any Transfer, in the most recently completed Fiscal Year were at least equal to 125% of the sum of (i) Annual Debt Service on the Bonds in such Fiscal Year, plus (ii) Maximum Annual Debt Service on the Bonds proposed to be issued.

For purposes of (a) and (b) above, the amount of any Transfer taken into account shall not exceed 25% of Maximum Annual Debt Service in such Fiscal Year. In determining projected Net Revenues for purposes of (a) above, the Airport Consultant may take into account reasonably anticipated changes in Revenues and Operation and Maintenance Expenses over such period. In determining Annual Debt Service for purposes of (a) or (b) above, Bonds that will be paid or discharged immediately after the issuance of the Series of Bonds proposed to be issued from the proceeds thereof or other moneys will be disregarded, and Variable Rate Bonds will be deemed to bear interest during any period after the date of calculation at a fixed annual rate equal to 1.25 times the rate determined pursuant to paragraphs (b) and (c), as the case may be, of the definition of “Annual Debt Service” of the Indenture.

In the event that the Commission proposes to assume any indebtedness for borrowed money in connection with assuming the possession, management, supervision and control of any airport or other revenue-producing facilities, such indebtedness may constitute additional Bonds under the Indenture entitled to an equal pledge of and lien on Net Revenues as the Bonds provided that the requirements of the Indenture relating to additional Bonds are satisfied with respect to the assumption of such indebtedness.

For purposes of the provisions of the Indenture described under this heading “—Issuance of Additional Series of Bonds—*Additional Bonds Test*,” “Annual Debt Service” and “Maximum Annual Debt Service” may, at the Commission’s option, be calculated based on required deposits to pay Annual Debt Service.

Refunding Bonds

The Commission may issue Bonds for the purpose of refunding any Bonds or Subordinate Bonds on or prior to maturity or thereafter. The Commission is permitted to issue such refunding Bonds only (i) upon compliance with the additional Bonds test established by the Indenture as described above under “—Issuance of Additional Series of Bonds—*Additional Bonds Test*,” or (ii) if the Commission delivers to the Trustee a certificate of an Airport Consultant or Financial Consultant to the effect that (A) aggregate Annual Debt Service in each Fiscal Year with respect to all Bonds to be Outstanding after the issuance of such refunding Bonds will be less than aggregate Annual Debt Service in each such Fiscal Year in which Bonds are Outstanding prior to the issuance of such refunding Bonds, and (B) Maximum Annual Debt Service with respect to all Bonds to be Outstanding after issuance of such refunding Bonds will not exceed Maximum Annual Debt Service with respect to all Bonds Outstanding immediately prior to such issuance. For purposes of the “Refunding Bonds” provision of the Indenture, “Annual Debt Service” and “Maximum Annual Debt Service” may, at the Commission’s option, be calculated based on required deposits to pay Annual Debt Service.

Repayment Obligations as Bonds

If so provided in the applicable Series Indenture and in the written agreement between the Commission and the Credit Provider, a Repayment Obligation may be accorded the status of a Bond solely for purposes of the Indenture, provided, however, that the Credit Facility with respect thereto shall not constitute a bond for any other purpose, including without limitation for purposes of the Charter. The Credit Provider shall be deemed to be the Holder of such

Bond, and such Bond shall be deemed to have been issued as of the original date of the Bond or Bonds for which such Credit Facility was obtained. Notwithstanding the stated terms of the Repayment Obligation, the Bond deemed to be held by the Credit Provider shall be deemed to be amortized on a level debt service basis at the Index Rate over a period equal to the lesser of (a) 20 years, or (b) the period ending on the later of (i) the final maturity date of the Bonds payable from or secured by such Credit Facility or (ii) the date the Repayment Obligation is due under the terms of the written agreement with respect thereto, with principal payable annually commencing on the next Principal Payment Date with respect to such Bonds and interest payable semiannually commencing on the next Interest Payment Date with respect to such Bonds. Such Bond shall be deemed to bear interest at the rate provided in the written agreement with respect to the Repayment Obligation. Any amount which becomes due and payable on the Repayment Obligation under the written agreement with respect thereto and which is in excess of the amount deemed to be principal of and interest on a Bond shall be junior and subordinate to the Bonds. The rights of a Credit Provider under the Indenture provision described under this heading shall be in addition to any rights of subrogation which the Credit Provider may otherwise have or be granted under law or pursuant to any Series Indenture. Notwithstanding anything in the Indenture to the contrary, a Bond and an unreimbursed Repayment Obligation arising with respect to such Bond shall not be deemed to be Outstanding at the same time.

Subordinate Bonds

The Commission may issue, at any time while any of the Bonds are Outstanding, Subordinate Bonds with a pledge of, lien on, and security interest in Net Revenues junior and subordinate to the pledge of, lien on, and security interest in Net Revenues in respect of the Bonds. The principal and purchase price of and interest, redemption premium and reserve fund requirements on such Subordinate Bonds will be payable from time to time out of Net Revenues only if all amounts then required to have been paid or deposited under the Indenture from Net Revenues with respect to principal, purchase price, redemption premium, interest and reserve fund requirements on the Bonds then Outstanding or thereafter to be Outstanding have been paid or deposited as required in the Indenture.

Special Facility Bonds

The Commission from time to time, subject to the conditions described in this section captioned “—Special Facility Bonds” may (a) designate an existing or planned facility, structure, equipment or other property, real or personal, which is at the Airport or part of any facility or structure at the Airport as a “Special Facility,” (b) provide that revenues earned by the Commission from or with respect to such Special Facility shall constitute “Special Facility Revenues” and shall not be included as Revenues, and (c) issue Special Facility Bonds primarily for the purpose of acquiring, constructing, renovating, or improving such Special Facility, or providing financing to a third party for such purposes. Principal, purchase price, if any, redemption premium, if any, and interest with respect to Special Facility Bonds shall be payable from and secured by the Special Facility Revenues with respect thereto, and not from or by Net Revenues. The Commission from time to time may refinance any such Special Facility Bonds with other Special Facility Bonds.

No Special Facility Bonds shall be issued by the Commission unless there has been filed with the Trustee a certificate of an Airport Consultant that (i) the estimated Special Facility Revenues with respect to the proposed Special Facility will be at least sufficient to pay the principal (either at maturity or by mandatory sinking fund redemptions), or purchase price of, and interest on such Special Facility Bonds as and when the same shall become due, all costs of operating and maintaining such Special Facility not paid by a party other than the Commission, and all sinking fund, reserve fund and other payments required with respect to such Special Facility Bonds when due; (ii) estimated Net Revenues calculated without including the Special Facility Revenues and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses will be sufficient so that the Commission will be in compliance with the rate covenant (see “—Certain Covenants—*Rate Covenant*” below) during each of the five Fiscal Years immediately following the issuance of such Special Facility Bonds; and (iii) no Event of Default exists.

Upon the payment in full or other discharge of the Special Facility Bonds, including Special Facility Bonds issued to refinance such Special Facility Bonds, Special Facility Revenues with respect to such Special Facility shall be included as Revenues.

Certain Covenants

Punctual Payment

The Commission has covenanted that it will promptly pay or cause to be paid the principal and purchase price of, premium, if any, and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, but solely from the sources pledged to such payment or from such other sources or revenues as may be used for such payment, and the Commission has covenanted that it will faithfully perform all of the covenants, undertakings, stipulations and provisions on its part to be performed under the Indenture and the Bonds.

Negative Pledge

The Commission has covenanted that it will not create any pledge, lien on, security interest in or encumbrance upon, or permit the creation of any pledge of, lien on, security interest in or encumbrance upon, Revenues or Net Revenues except for a pledge, lien, security interest or encumbrance subordinate to the pledge, lien and security interest granted by the Indenture for the benefit of the Bonds.

Rate Covenant

(a) The Commission has covenanted that it will establish and at all times maintain rentals, rates, fees and charges for the use of the Airport and for the services rendered by the Commission in connection with the Airport so that:

- (i) Net Revenues in each Fiscal Year will be at least sufficient (i) to make all required payments and deposits in such Fiscal Year into the Revenue Bond Account and the General Obligation Bond Account pursuant to the sections of the Indenture described under “Revenue Fund; Allocation of Net Revenues”, and (ii) to make the Annual Service Payment to the City; and
- (ii) Net Revenues, together with any Transfer, in each Fiscal Year will be at least equal to 125% of aggregate Annual Debt Service with respect to the Bonds for such Fiscal Year. For purposes of the provision of the Indenture described in this paragraph (ii), “Annual Debt Service” may, at the Commission’s option, be calculated based on required deposits to pay Annual Debt Service.

(b) The Commission has covenanted that if Net Revenues, together with any Transfer, in any Fiscal Year are less than the amount specified in clause (ii) above, the Commission will retain and direct an Airport Consultant to make recommendations as to the revision of the Commission’s business operations and its schedule of rentals, rates, fees and charges for the use of the Airport and for services rendered by the Commission in connection with the Airport, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made the Commission will take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to produce Net Revenues, together with any Transfer, in the amount specified in clause (ii) above in the next succeeding Fiscal Year.

(c) In the event that Net Revenues for any Fiscal Year are less than the amount specified in clause (a)(ii) above, but the Commission promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, fees and charges as required by the Indenture and described in the previous paragraph, such deficiency in Net Revenues will not constitute an Event of Default under the Indenture as described in clause (d) under the caption “—Events of Default” below. Nevertheless, if after taking the measures required in the previous paragraph to revise the schedule of rentals, rates, fees and charges, Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Commission for such Fiscal Year) are less than the amount specified in clause (b) above, such deficiency in Net Revenues will constitute an Event of Default under the Indenture as described in clause (e) under the caption “—Events of Default” below.

Operation and Maintenance of the Airport

The Commission has covenanted that it will operate and maintain the Airport as a revenue producing enterprise in accordance with the Act. The Commission will make such repairs to the Airport as are necessary or appropriate in the prudent management thereof. The Commission also has covenanted that it will operate and maintain the Airport in a manner which will entitle it at all times to charge and collect fees, charges and rentals in accordance with Airport use agreements, if any, or as otherwise permitted by law, and the Commission will take all reasonable measures permitted by law to enforce prompt payment to it of such fees, charges and rentals when and as due. The Commission will, from time to time, duly pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon the Airport or upon any part thereof, or upon the revenues from the operation thereof, when the same become due, as well as any lawful claim for labor, materials or supplies which, if unpaid, might by law become a lien or charge upon the Airport or such revenues, or which might impair the security of the Bonds. Notwithstanding the foregoing, the Commission need not pay or discharge any tax, assessment or other governmental charge or claim for labor, materials or supplies, if and so long as the Commission contests the validity or application thereof in good faith. The Commission will continuously operate the Airport so that all lawful orders of the FAA and any other governmental agency or authority having jurisdiction in the premises will be complied with, but the Commission is not required to comply with any such orders so long as the validity or application thereof is being contested in good faith.

Maintenance of Powers; Retention of Assets

The Commission has covenanted that it will use its best efforts to keep the Airport open for landings and takeoffs of commercial aircraft using facilities similar to those at the Airport and to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or any other obligation secured by the Indenture or the performance or observance of any of the covenants contained therein. The Commission also has covenanted that it will not dispose of assets necessary to operate the Airport in the manner and at the levels of activity required to enable it to perform its covenants contained in the Indenture.

Insurance

Subject in each case to the condition that insurance is obtainable at reasonable rates from responsible insurers and upon reasonable terms and conditions:

- (a) The Commission will procure or provide and maintain, at all times while any of the Bonds shall be outstanding, insurance or qualified self-insurance on the Airport against such risks as are usually insured by other major airports. Such insurance or qualified self-insurance shall be in an adequate amount as to the risk insured against as determined by the Commission. The Commission is not required to carry insurance or qualified self-insurance against losses caused by land movement, including but not limited to seismic activity.
- (b) Any qualified self-insurance is required to be established in accordance with applicable law; is required to include reserves or reinsurance in amounts which the Commission determines to be adequate to protect against risks assumed under such qualified self-insurance, including without limitation any potential retained liability in the event of the termination of such qualified self-insurance; and is required to be reviewed at least once every 12 months by an insurance consultant who will deliver to the Commission a report on the adequacy of the reserves established or reinsurance provided thereunder. If the insurance consultant determines that such reserves or reinsurance are inadequate, it will make a recommendation as to the amount of reserves or reinsurance that should be established and maintained, and the Commission will comply with such recommendation unless it can establish to the satisfaction of, and receive a certification from, the insurance consultant that a lower amount is reasonable to provide adequate protection to the Airport and the Commission.

- (c) The Commission will secure and maintain adequate fidelity insurance or bonds on all officers and employees handling or responsible for funds of the Commission, except to the extent that such insurance is provided by the City.
- (d) Within 120 days after the close of each Fiscal Year, the Commission will file with the Trustee a certificate of an authorized Commission representative containing a summary of all insurance policies and qualified self-insurance then in effect with respect to the Airport and the Commission.
- (e) The proceeds of any insurance are required to be applied solely for Airport purposes.

Financial Records and Statements

The Commission will maintain, or cause to be maintained, proper books and records in which full and correct entries are required to be made in accordance with generally accepted accounting principles, of all its business and affairs. The Commission is required to have an annual audit made by an independent auditor and will within 210 days after the end of each of its Fiscal Years furnish to the Trustee copies of the audited financial statements of the Commission for such Fiscal Year.

Tax Covenants

The Commission has covenanted that, except as otherwise provided in the Indenture, it will make no use of the proceeds of any Series of Bonds or take any other action or permit any other action to be taken that would affect adversely the exclusion from gross income of, interest on such Series of Bonds for federal income tax purposes or, if applicable, the non-preference status of such interest for federal alternative minimum income tax purposes.

Events of Default

The Indenture provides that “Event of Default” with respect to a Series of Bonds means any one of the following events:

- (a) if payment of any installment of interest on any Bond of such Series is not made in full when the same becomes due and payable;
- (b) if payment of the principal or accreted value of any Bond of such Series is not made in full when the same becomes due and payable, whether at maturity or by proceedings for redemption or otherwise;
- (c) if payment of the purchase price of any Bond tendered for optional or mandatory purchase in accordance with the provisions of the Series Indenture providing for the issuance of such Bond is not made in full when due;
- (d) if the Commission fails to observe or perform any other covenant or agreement on its part under the Trust Indenture (other than the covenant or agreement to maintain rentals, rates, fees and charges sufficient to meet clause (a) of the rate covenant with respect to the Bonds), for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, have been given to the Commission by the Trustee, or to the Commission and the Trustee by the Holders of at least 25% in aggregate Principal Amount of Bonds of such Series then Outstanding; provided, however, that if the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given, it shall not be an Event of Default with respect to such Series as long as the Commission has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy;
- (e) subject to clause (c) of the rate covenant, if the Commission is required pursuant to clause (b) of the rate covenant to take measures to revise the schedule of rentals, rates, fees and charges for the use of the Airport and Net Revenues, together with any Transfer, for the Fiscal Year in which such

adjustments are made are less than the amount required by clause (a) of the rate covenant with respect to the Bonds (See “—Certain Covenants—*Rate Covenant*”);

- (f) if either the Commission or the City institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it, or files a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other similar applicable federal or state law, or consents to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Commission or of any substantial part of its property, or fails to timely controvert an involuntary petition filed against it under the federal Bankruptcy Code, or consents to entry of an order for relief under the federal Bankruptcy Code or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due; and
- (g) the occurrence of any other Event of Default with respect to such Series of Bonds as is provided in a Series Indenture.

An Event of Default with respect to one Series of Bonds will not in and of itself constitute an Event of Default with respect to any other Series of Bonds unless such event or condition on its own constitutes an Event of Default with respect to such other Series of Bonds pursuant to the Indenture.

No Acceleration

The Bonds are not subject to acceleration under any circumstance or for any reason, including without limitation upon the occurrence and continuance of an Event of Default under the Indenture. Moreover, the Bonds will not be subject to mandatory redemption or mandatory purchase or tender for purchase as a result of the occurrence and continuance of an Event of Default to the extent the redemption or purchase price is payable from Net Revenues.

Remedies Upon Default

Subject to the rights of Credit Providers described below in this section captioned “—Remedies Upon Default”, upon the occurrence and continuance of an Event of Default with respect to one or more Series of Bonds, the Trustee may, or upon the written request of the Holders of not less than a majority in aggregate Principal Amount of the Bonds of such Series together with indemnification of the Trustee to its satisfaction therefor shall, proceed forthwith to protect and enforce its rights and the rights of the Bondholders under the Indenture and under the Act and such Bonds by such suits, actions or proceedings as the Trustee, being advised by counsel, deems expedient, including but not limited to:

- (a) Actions to recover money or damages due and owing;
- (b) Actions to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders of such Bonds; and
- (c) Enforcement of any other right of such Bondholders conferred by law, including the Act, or by the Indenture, including without limitation by suit, action, injunction, mandamus or other proceedings to enforce and compel the performance by the Commission of actions required by the Act or the Indenture, including the fixing, changing and collection of fees or other charges.

Subject to the rights of Credit Providers described below in this section captioned “—Remedies Upon Default”, regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% in aggregate Principal Amount of the Bonds of one or more Series, shall upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts or omissions to act which may be unlawful or in violation of the Indenture, or (ii) to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds of each Series not making such request.

Notwithstanding anything else in the Indenture to the contrary, the remedies provided for with respect to obtaining moneys on deposit in funds or accounts shall be limited to the funds or accounts under the Indenture pledged to the applicable Series of Bonds with respect to which an Event of Default exists.

Furthermore, while a Credit Facility with respect to any Bonds is in effect, the Indenture may provide that so long as the Credit Provider is not Insolvent and is not in default under the Credit Facility, no right, power or remedy under the Indenture with respect to such Bonds may be pursued without the prior written consent of the Credit Provider.

If an Event of Default with respect to one or more but not all Series of Bonds Outstanding has occurred and is continuing, the Holders of a majority in aggregate Principal Amount of the Bonds of such one or more Series then Outstanding have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken with respect to funds or assets solely securing such one or more Series in connection with the enforcement of the terms and conditions of the Indenture; provided, that such direction is in accordance with law and the provisions of the Indenture (including any indemnity to the Trustee as provided in the Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders of each Series of Bonds not joining in such direction; and provided further, that the Trustee shall have discretion to take any other action under the Indenture which it may deem proper and in accordance with the Indenture and which is not inconsistent with such direction by Bondholders.

If an Event of Default with respect to all Series of Bonds has occurred and is continuing, the Holders of a majority in aggregate Principal Amount of all Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee to direct the method and place of conducting any proceeding to be taken with respect to Net Revenues or other assets securing all Bonds in connection with the enforcement of the terms and conditions of the Indenture; provided, that such direction is in accordance with law and the provisions of the Indenture (including indemnity to the Trustee as provided in the Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Holders of Bonds not joining in such direction; and provided further, that the Trustee shall have discretion to take any other action under the Indenture which it may deem proper and in accordance with the Indenture and which is not inconsistent with such direction by Holders of Bonds.

The Indenture provides that no Holder of any Bond of a Series shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture unless:

- (a) an Event of Default has occurred with respect to such Series and the Trustee is deemed to have notice of such Event of Default, the Trustee has actual knowledge of such Event of Default or the Trustee has been notified in writing of such Event of Default by the Commission or by the Holders of at least 25% in aggregate Principal Amount of all such Series of Bonds then Outstanding with respect to which an Event of Default has occurred;
- (b) the Holders of at least a majority in aggregate Principal Amount of Bonds of all such Series then Outstanding with respect to which an Event of Default has occurred have made written request to the Trustee to proceed to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name;
- (c) such Holders of Bonds have offered the Trustee indemnity as provided under the Indenture; and
- (d) the Trustee has failed or refused to exercise the powers granted under the Indenture or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

No one or more Holders of Bonds of such Series shall have any right in any manner whatsoever to affect, disturb or prejudice the security of, or to enforce any right under, the Indenture except for in the manner provided under the Indenture and for the equal benefit of the Holders of all Bonds of such Series then Outstanding.

No Holder of any Bond of such Series may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of the Indenture on the moneys, funds and properties pledged thereunder for the equal and ratable benefit of all Holders of Bonds of such Series.

Application of Revenues and Other Moneys After Default

During the continuance of an Event of Default with respect to one or more Series of Bonds, all moneys held and received by the Trustee with respect to each such Series of Bonds pursuant to any right given or action taken under the Indenture, after payment of the costs and expenses of the proceedings which result in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect to such Event of Default, will be applied as follows; provided, however, that any proceeds of a Credit Facility if any, and amounts held in accounts of the Debt Service Fund and the Reserve Fund, if any, pledged to a particular Series of Bonds are to be applied solely to pay Debt Service on, or purchase price, if any, of, as applicable, the related Series of Bonds:

First: To the payment to the persons entitled thereto of all installments of interest then due on such Bonds in the order of maturity of such installments, and, if the amount available are not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Amounts or redemption price, if any, of any such Bonds that have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions hereof), whether at maturity, upon purchase or acceleration or by proceedings for redemption or otherwise or upon the tender of any Bond pursuant to the terms of the Series Indenture providing for the issuance of such Bonds, in the order of their due dates, and if the amounts available are not sufficient to pay in full all the Bonds of such Series due on any date, then to the payment thereof ratably, according to the Principal Amounts due on such date, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Indenture described under this heading, such moneys are to be applied by it at such times, and from time to time, as the Trustee determines in accordance with the Indenture, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future.

Defeasance

Payment of any Bonds may be provided for by the deposit with the Trustee, in trust, of moneys, noncallable Government Obligations, noncallable Government Certificates, certain types of pre-refunded municipal obligations described in the definition of Permitted Investments or any combination thereof. Provided that the moneys and the maturing principal and interest income on any securities so deposited will be sufficient and available without reinvestment to pay when due the principal, whether at maturity or upon fixed redemption dates, or purchase price and premium, if any, and interest on such Bonds, and provision for any required notice of redemption prior to maturity has been made, such Bonds will no longer be deemed Outstanding under the Indenture. No Bond may be so provided for if, as a result thereof or of any other action in connection with which the provision for payment of such Bond is made, the interest payable on any tax-exempt Bond is made subject to federal income taxes.

Series Indentures Not Requiring Consent of Bondholders

The Commission may execute and deliver, without the consent of or notice to any of the Holders, one or more Series Indentures to provide for the issuance of, and to set the terms and conditions of, each additional Series of Bonds under the Indenture, including covenants and provisions with respect thereto that do not violate the terms of the Indenture.

Modification or Amendment of the Indenture

The Indenture, including any Series Indenture, and the rights and obligations of the Commission and of the Holders of the Bonds may be modified or amended at any time by a Supplemental Indenture with the written consent, without a meeting, of the Holders of a majority in aggregate Principal Amount of the Outstanding Bonds of all Series affected. No such modification or amendment may (i) extend the stated maturity of or time or change the currency for paying the principal or purchase price of, premium, if any, or interest on any Bond or reduce the Principal Amount or purchase price of or the redemption premium or rate of interest payable on any Bond without the consent of the Holder of such Bond; (ii) except as expressly permitted by the Indenture, prefer or give a priority to any Bond over any other Bond without the consent of the Holder of each Bond then Outstanding not receiving such preference or priority; or (iii) permit the creation of a lien not expressly permitted by the Indenture upon or pledge of Net Revenues ranking prior to or on a parity with the lien of the Indenture or reduce the aggregate Principal Amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such Supplemental Indenture, without the consent of the Holders of all Bonds then Outstanding.

The Indenture, including any Series Indenture and the rights and obligations of the Commission and of the Holders of the Bonds may also be modified or amended at any time by a Supplemental Indenture, without the consent or notice to of any Bondholders, for one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in the Indenture;
- (b) to correct or supplement any provision of the Indenture which may be inconsistent with any other provision of the Indenture or to make any other provisions with respect to matters or questions arising under the Indenture that will not have a material adverse effect on the interests of the Holders;
- (c) to grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;
- (d) to secure additional revenues or provide additional security or reserves for payment of any Bonds;
- (e) to preserve the excludability of interest on any Bonds from gross income for purposes of federal income taxes, or to change specified tax covenants set forth in the Indenture, pursuant to an opinion of nationally recognized bond counsel that such action will not affect adversely such excludability;
- (f) to add requirements the compliance with which is required by a Rating Agency in connection with issuing a rating with respect to any Series of Bonds;
- (g) to confirm, as further assurance, any interest of the Trustee in and to Net Revenues or in and to the funds and accounts held by the Trustee or in and to any other moneys, securities or funds of the Commission provided pursuant to the Indenture;
- (h) to comply with the requirements of the Trust Indenture Act of 1939, as amended, to the extent applicable;
- (i) to provide for uncertificated Bonds or for the issuance of coupon or bearer Bonds or Bonds registered only as to principal;
- (j) to accommodate the use of a Credit Facility for specific Bonds or a Series of Bonds;
- (k) to designate any other airports, airfields, landing places or places for the take-off and landing of aircraft, together with related facilities or property, which are hereafter owned, controlled or operated by the Commission or over which the Commission has possession, management, supervision or control as not a part of the Airport;

- (l) to provide for the issuance of a Series of Bonds as a digital asset security that can be issued, surrendered, and/or transferred using blockchain technology and transferred through peer-to-peer transactions, if, in the Opinion of Bond Counsel, such issuance of a Series of Bonds shall not have a material adverse effect on the interests of the Holders of Bonds Outstanding; and
- (m) to make any other change or addition to the Indenture which, in the opinion of nationally recognized bond counsel, will not have a material adverse effect on the interests of the Holders of the Bonds.

Certain Rights and Duties of the Trustee

The Trustee may resign at any time. Written notice of such resignation must be given to the Commission and such resignation will take effect upon the later of the date 90 days after receipt of such notice by the Commission and the date of the appointment, qualification and acceptance of a successor Trustee. In the event a successor Trustee has not been appointed and qualified within 60 days after the date notice of resignation is given, the Trustee or the Commission may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed.

In addition, the Trustee may be removed at any time by the Commission so long as (i) no Event of Default has occurred and is continuing and (ii) the Commission determines that the removal of the Trustee will not have an adverse effect upon the rights or interests of the Holders of Bonds. Subject to clause (ii) of the preceding sentence, in the event the Trustee becomes Insolvent, the Commission may remove the Trustee by written notice effective immediately upon the appointment, qualification and acceptance of a successor Trustee.

In the event the Trustee resigns, is removed, is dissolved, becomes Insolvent or otherwise becomes incapable to act as the Trustee, the Commission is entitled to appoint a successor Trustee.

Unless otherwise ordered by a court or regulatory body, or unless required by law, any successor Trustee will be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business within the State of California and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least \$50,000,000; provided, such an institution is willing, qualified and able to accept the trust upon reasonable or customary terms.

The recitals, statements and representations contained in the Indenture or in any Bond are to be taken and construed as made by and on the part of the Commission and not by the Trustee, and the Trustee neither assumes nor has any responsibility for the correctness of the same other than the Trustee's certification of authentication of any Bonds as to which it is authenticating agent.

Except as otherwise provided in the Indenture, the Trustee is under no duty of inquiry with respect to any default which constitutes, or with notice or lapse of time or both would constitute, an Event of Default without actual knowledge of the Trustee or receipt by the Trustee of written notice of such default from the Commission or any Holder of Bonds.

Except as expressly required under the Indenture, the Trustee is not required to institute any suit or action or other proceeding in which it may be a defendant, nor is it required to take any steps to enforce its rights and expose it to liability, unless and until it has been indemnified, to its satisfaction, against any and all reasonable costs and against all liability and damages. The Trustee nevertheless, may begin suit, or appear in and defend suit, or do anything else which in its judgment is proper to be done by it as the Trustee, without prior assurance of indemnity, and in such case the Commission is required to reimburse the Trustee for all reasonable costs and for all liability and damages suffered by the Trustee in connection therewith, except for the Trustee's own negligent action, its own negligent failure to act, its own willful misconduct or self-dealing constituting a breach of trust under applicable law.

In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon and will be protected in acting or refraining from acting in reliance upon any document reasonably believed by it to be genuine and to have been signed or presented by the proper officials of the Commission, the Treasurer, the City, an Airport Consultant, a Financial Consultant, an Independent Auditor or the Holders of Bonds or agents or attorneys of such

Holders; provided, in the case of any such document specifically required to be furnished to the Trustee under the Indenture, the Trustee shall be under a duty to examine the same to determine whether it conforms to the requirements of the Indenture. The Trustee is not bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document submitted to the Trustee.

SUMMARY OF THE 2025DE SERIES INDENTURE

The following is a summary of certain provisions contained in the 2025DE Series Indenture. See also “DESCRIPTION OF THE SERIES 2025DE BONDS” in the front portion of this Official Statement for a summary of the provisions related to the Series 2025DE Bonds.

Funds and Accounts

The 2025DE Series Indenture establishes the following funds and accounts:

Within the Costs of Issuance Fund:

- Series 2025D Costs of Issuance Account
- Series 2025E Costs of Issuance Account

Within the Debt Service Fund:

- Series 2025D Capitalized Interest Account
- Series 2025E Capitalized Interest Account
- Series 2025D Interest Account
- Series 2025E Interest Account
- Series 2025D Principal Account
- Series 2025E Principal Account
- Series 2025D Redemption Account
- Series 2025E Redemption Account

Within the Rebate Fund:

- Series 2025DE Rebate Account

The Indenture established the Common Reserve Account as security for the Participating Series of Bonds. The Series 2025D Bonds and the Series 2025E Bonds have each been designated as a Participating Series of Bonds with respect to the Common Reserve Account.

Application of Series 2025DE Bonds Costs of Issuance Accounts

The 2025DE Series Indenture requires the Trustee to apply moneys in the Series 2025D Costs of Issuance Account and the Series 2025E Costs of Issuance Account to the payment of costs of issuance of the Series 2025DE Bonds. Amounts in the Series 2025DE Costs of Issuance Accounts may be invested in any Permitted Investment.

Application of Series 2025DE Debt Service Accounts

The Series 2025D Interest Account, the Series 2025D Principal Account and the Series 2025D Redemption Account are sometimes referred to herein as the “Series 2025D Debt Service Accounts.” The Series 2025E Interest Account, the Series 2025E Principal Account and the Series 2025E Redemption Account are sometimes referred to herein as the “Series 2025E Debt Service Accounts.” The Indenture requires the Trustee to apply moneys in the Series 2025D Interest Account (including moneys transferred thereto from the Series 2025D Capitalized Interest Account) and the Series 2025E Interest Account (including moneys transferred thereto from the Series 2025E Capitalized Interest Account) to the payment of interest on the related Series 2025DE Bonds when due, including accrued interest on any of the related Series 2025DE Bonds purchased or redeemed prior to maturity. In addition, the Indenture requires the Trustee to apply moneys in the Series 2025D Principal Account and the Series 2025E Principal Account to the

payment of the Principal Amount of and mandatory sinking fund payments on the related Series 2025DE Bonds when due.

At the discretion of the Commission, the Trustee is to apply mandatory sinking fund payments to the purchase of term Bonds of such Series at public or private sale as and when and at such prices (including brokerage and other expenses, but excluding accrued interest on such Bonds, which is payable from the applicable Series Interest Account) as the Commission may in its discretion determine, but not to exceed the par value thereof. All Bonds purchased or redeemed under the provisions described in this paragraph are to be delivered to, and canceled and destroyed by, the Trustee and will not be reissued.

In addition, the Commission may, from time to time, purchase any Series 2025DE Bonds out of available moneys of the Commission at such prices as the Commission may determine plus accrued interest thereon.

The Trustee is required to apply moneys in the Series 2025D Redemption Account and the Series 2025E Redemption Account to the payment of the redemption price of applicable Series of Bonds called for redemption. Accrued interest on the Series 2025D Bonds and the Series 2025E Bonds, redeemed pursuant to the Indenture will be paid from the Series 2025D Interest Account or the Series 2025E Interest Account, as applicable.

In the event that the amount on deposit in any Series 2025D Debt Service Account is insufficient to pay the interest or Principal Amount or redemption price coming due on the Series 2025D Bonds, the Indenture requires the Trustee to transfer the amount of such deficiency from the Common Reserve Account to the Series 2025D Interest Account, the Series 2025D Principal Account or the Series 2025D Redemption Account, as the case may be, not later than five days prior to the date on which such payment is required.

In the event that the amount on deposit in any Series 2025E Debt Service Account is insufficient to pay the interest or Principal Amount or redemption price coming due on the Series 2025E Bonds, the Indenture requires the Trustee to transfer the amount of such deficiency from the Common Reserve Account to the Series 2025E Interest Account, the Series 2025E Principal Account or the Series 2025E Redemption Account, as the case may be, not later than five days prior to the date on which such payment is required.

Rebate; Series 2025DE Rebate Account

The Commission will pay or cause to be paid to the United States Government the amounts required by Section 148(f) of the Code and any Regulations promulgated thereunder at the times required thereby. The Indenture requires the Trustee to hold any payments received from the Commission for deposit into the Series 2025DE Rebate Account for purposes of paying rebate to the United States. Pending payment to the United States, moneys held in the Series 2025DE Rebate Account are pledged to secure such payments to the United States as provided in the Indenture and in the Tax Certificate for the Series 2025D Bonds and the Series 2025E Bonds (the "Series 2025DE Tax Certificate"), and neither the Commission, the Bondholders nor any other person shall have any rights in or claim to such moneys. The Indenture requires the Trustee to invest all amounts held in the Series 2025DE Rebate Account in Nonpurpose Investments (as defined in the Series 2025DE Tax Certificate), as directed by the Commission in the Series 2025DE Tax Certificate.

Permitted Investments

Notwithstanding any provisions of the Trust Indenture to the contrary, amounts on deposit in the Series 2025DEC Construction Accounts, the Series 2025DE Capitalized Interest Accounts, the Series 2025DE Costs of Issuance Accounts, the Series 2025DE Interest Accounts, the Series 2025DE Principal Accounts and the Series 2025DE Redemption Accounts are to be invested in Permitted Investments or any other obligations or investments in which the Treasurer is permitted to invest Commission funds, maturing on or before the respective dates on which the proceeds of such Permitted Investments or other obligations or investments are intended to be applied for such applicable purposes.

Deposits of Net Revenues in Series Debt Service Accounts

In accordance with the Indenture, the Treasurer is required, on the second Business Day of each month, to allocate and transfer to the Trustee for deposit in the Series Debt Service Accounts for Series 2025DE Bonds amounts from Net Revenues, as follows:

- (a) In each Series Interest Account established for the related Series 2025DE Bonds, in approximately equal monthly installments, an amount equal to at least one-sixth (1/6) of the aggregate amount of interest becoming due and payable on the Series 2025DE Bonds on the next succeeding semiannual interest payment date; provided, however, that no moneys need be deposited in the Series Interest Account except to the extent that such moneys are required for the payment of interest to become due on the Series 2025DE Bonds on the next succeeding semiannual interest payment date, after the application of the moneys then on deposit in the applicable Series Interest Account; and provided, further, that subject to the preceding proviso, during the period preceding the first interest payment date on the Series 2025DE Bonds, the amount of each monthly installment shall be equal to the product of a fraction the numerator of which is one and the denominator of which is the number of whole calendar months from the Closing Date to the first interest payment date on the Series 2025DE Bonds minus one, and the aggregate amount of interest becoming due and payable on the Series 2025DE Bonds on said interest payment date.
- (b) In each Series Principal Account established for the related Series 2025DE Bonds, in approximately equal monthly installments, commencing on the second Business Day of the month set forth in the Series Indenture for the Series 2025DE Bonds, an amount equal to at least one-twelfth (1/12) of the aggregate Principal Amount becoming due and payable on the Outstanding Serial Bonds of such Series on the next succeeding Principal Payment Date, until there shall have been accumulated in the applicable Series Principal Account an amount sufficient to pay the Principal Amount of all Serial Bonds of such Series maturing by their terms on the next Principal Payment Date; provided that, if the first Principal Payment Date on the Series 2025DE Bonds is within one year of the Closing Date for such Series, during the period preceding the first Principal Payment Date on the Series 2025DE Bonds, the amount of each monthly installment shall be equal to the product of a fraction the numerator of which is one and the denominator of which the number of whole calendar months from the Closing Date to the first Principal Payment Date on the Series 2025DE Bonds minus one, and the aggregate amount of principal becoming due and payable on the Serial Bonds of such Series on said Principal Payment Date.
- (c) The Treasurer shall also transfer to the Trustee for deposit into each Series Principal Account established for the related Series 2025DE Bonds, in approximately equal monthly installments, commencing on or before the second Business Day of the month set forth in the Series Indenture for the Series 2025DE Bonds, prior to the first mandatory sinking fund payment date, if any, an amount equal to at least one-twelfth (1/12) of the mandatory sinking fund payment required to be made pursuant to such Series Indenture on the next succeeding mandatory sinking fund payment date, as such mandatory sinking fund payments and mandatory sinking fund payment dates may be set forth in such Series Indenture; provided, if mandatory sinking fund payments for Series 2025DE Bonds are required to be made within one year of the Closing Date, during the period preceding the first mandatory sinking fund payment date on the Series 2025DE Bonds, the amount of each monthly installment shall be equal to the product of a fraction the numerator of which is one and the denominator of which the number of whole calendar months from the Closing Date to the first mandatory sinking fund payment date on the Series 2025DE Bonds minus one, and the aggregate amount of interest becoming due and payable on the Series 2025DE Bonds on said mandatory sinking fund payment date.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND USE AGREEMENTS

The City and County of San Francisco (the “City”), acting by and through its Airport Commission (the “Commission”), has entered into a form of Lease and Use Agreement (the “Lease and Use Agreement”) with a majority of the airlines (“Signatory Airlines”) operating at the Airport. The following summary of the Lease and Use Agreements does not purport to be complete and reference is hereby made to the complete text of the documents, copies of which are on file and are available for examination at the offices of the Commission.

Term of Lease

The Lease and Use Agreements took effect on and after July 1, 2023 and expire on June 30, 2033.

Signatory Airlines, Non-Signatory Airlines and Affiliates

Any air carrier that is certified by the Secretary of Transportation, is engaged in the business of scheduled or non-scheduled commercial transportation by air of persons, property, mail, parcels and/or cargo, and signs a Lease and Use Agreement, is considered a “Signatory Airline.”

Any air carrier that does not qualify as a Signatory Airline, may operate at the Airport under a month-to-month operating permit or as an itinerant airline. Airlines that are not Signatory Airlines or an Affiliate Airline of a Signatory Airline will pay a 25% premium on landing fees.

An “Affiliate Airline” is a non-Signatory Airline that is operating at the Airport under a month-to-month operating permit and either (i) is a wholly owned subsidiary of a Signatory Airline, (ii) is a subsidiary of the same corporate parent of the Signatory Airline, (iii) shares flight codes with a Signatory Airline at the Airport, or (iv) operates cargo feeder flights at the Airport under the direction and control of a Signatory Airline. If the non-Signatory Airline is able to sell its own seats for flights at the Airport, however, it will not be classified as an Affiliate Airline of any Signatory Airline even if it may satisfy one of the criteria described above. Each Lease and Use Agreement constitutes an agreement by a Signatory Airline to guarantee the performance of all reporting and payment obligations of its Affiliate Airline(s) to the Commission. An Affiliate Airline has no Majority-in-Interest voting rights, but is included with its Signatory Airline’s revenue aircraft arrivals for purposes of determining a Majority-in-Interest.

Lease of Premises

The Commission leases terminal space under the Lease and Use Agreements on an exclusive use basis, a preferential use basis, a joint use basis, and a common use basis, each with the following characteristics:

Exclusive use space, which includes back offices, clubs and lounges, check-in counters, and baggage handling space in domestic terminals, is leased to one Signatory Airline and is charged on a per-square-foot basis. Gates cannot be leased exclusively to one airline.

Preferential use space, which includes only domestic gates and holdrooms, is assigned annually to one Signatory Airline based on a formula taking into account the Signatory Airline’s share of traffic at the Airport. See “–Preferential Use Gate Allocation Methodology” below. Rent for preferential use space is charged on a per-square-foot basis, with the rent for holdrooms being calculated based on the average size of all holdrooms in the applicable boarding area. The Signatory Airline to which a gate has been assigned has a preferential right to use the gate during its scheduled operations, but the Airport retains the right to let other airlines use the gate when not in scheduled, active use by the assigned Signatory Airline. See “–Airport Scheduling Rights at Preferential Use Gates” below.

Joint use space and facilities applies primarily to gates, holdrooms, check-in counters and baggage facilities in the ITC and at swing gates in other terminals, although joint use baggage systems are also located in Terminals 1 and 2. Joint use space and facilities are made available on a common use basis to Signatory Airlines and non-Signatory Airlines for their collective use in accordance with resource management protocols approved by the Airport. Joint use

charges are based on a formula, in accordance with which 80% of the charges are allocated pro rata to the Signatory Airlines in the group based on their passenger levels, and 20% of the charges are shared equally by the Signatory Airlines in the group. Non-Signatory Airlines using joint use facilities are subject to the common use turn fee. Swing gate holdrooms are subject to a joint use adjustment formula, which may reduce the amount of space assigned to the international joint use holdrooms based on anticipated international activity levels. Any space removed from the joint use holdroom calculation is considered public space and recovered from all terminal rentals on a residual basis.

Common use space and facilities include certain gates in the domestic terminals, as well as certain check-in counters and baggage handling facilities in the domestic terminals. The Airport Director is permitted under the Lease and Use Agreements annually to designate up to 10% of the domestic contact gates for common use by any airline. All remote gates are designated as common use, and all swing gates are allocated on a common use basis although they are charged to airlines based on a joint use formula. Common use facilities are not leased to any airline, but are used as needed by airlines which pay per-use fees. Common use fees are calculated annually based on the cost of the applicable facilities divided by an average number of “turns” (i.e., periods of use).

As defined in the Lease and Use Agreement, a “gate” includes the passenger holdroom, together with any or all of the following equipment, if present: a passenger loading bridge, a ground power unit, a pre-conditioned air unit, and related equipment. The related ramp (apron) is not included in the gate, but is retained by the Commission and used by the air carrier using the related gate.

Leased premises as used in this Appendix includes space used on an exclusive use, preferential use and joint use basis.

Designation of Common Use Gates and Facilities

Common Use Gates

The Lease and Use Agreements provide that, no later than November 1 of each year, the Commission is to present to the Resource Management Advisory Committee (“RMAC”) (a committee composed of three representatives of the Commission and three representatives of the Signatory Airlines) for review and discussion a preliminary plan indicating the number of Allocable Gates (domestic contact gates which are to be available for the entire Allocation Year) proposed to be reserved for use as common use gates in the following Allocation Year. Although the Director has sole discretion, after taking into consideration any recommendations by the RMAC, to determine the total number of Allocable Gates to be reserved as common use gates effective March 1, 2026 and March 1 of each Allocation Year thereafter, such number may not exceed 10% of the total number of domestic contact gates as rounded to the nearest whole gate. Allocable Gates remaining available after such determination shall be offered by the Commission to Signatory Airlines for use as preferential use gates to be allocated in accordance with the procedure described below. The Commission is to notify in writing all Signatory Airlines of its determination with respect to common use gates no later than December 10 of each Fiscal Year. “Allocation Year” means March 1 during each year of the term of the Lease and Use Agreements through the last day in February of the following year.

Common Use Check-In Counters and Support Facilities

Certain check-in counters and support facilities were designated as common use facilities as of the effective date of the Lease and Use Agreement. Thereafter, if in the Director’s reasonable discretion an adjustment to the location or number of common use check-in counters and common use support facilities would be desirable, the Director may designate additional check-in counters and support facilities for common use. The Director may also change check-in counters and support facilities from common use to joint use or exclusive use for lease to Signatory Airlines. The Commission retains exclusive control of the use of all common use gates, common use check-in counters and common use support facilities, provided that common use facilities are to be managed and scheduled in accordance with the applicable resource management protocols.

Preferential Use Gate Allocation Methodology

After determination by the Airport Director of the total number of common use gates as described above, the Commission is to apply the following methodology to determine the total number of preferential use gates that are to be offered to each Signatory Airline during each Allocation Year (with “Allocation Year” for purposes of this summary meaning March 1 of each year during the term of the Lease and Use Agreement through the last day in February of the following year), effective March 1, 2026 and March 1 of each Allocation Year thereafter:

(a) The Commission will first determine the pool of Eligible Signatory Airlines which are eligible for allocation of a preferential use gate. As used in this summary, an “Eligible Signatory Airline” means an air carrier that is a signatory airline which has averaged at least eight departing flights per day during the Allocation Review Period. An “Allocation Review Period” means the nine-month review period occurring during the twelve months prior to September 30th immediately preceding any allocation of preferential use gates, but excluding the months of December, January and February during such period.

The Commission will then divide the number of Scheduled Seats for each Signatory Airline, including its Affiliate Airline(s), by the total number of Scheduled Seats for all Eligible Signatory Airlines to determine the Airline’s percentage share of all Scheduled Seats (“Scheduled Seats Percentage”). “Scheduled Seats” means the total number of departing seats on the scheduled operations of a Signatory Airline (including its Affiliate Airlines) to destinations in the United States or Canada and on international flights allowed by the Commission to operate from a domestic terminal during the Allocation Review Period.

(b) The Commission will calculate the number of preferential use gates to be offered to a Signatory Airline by multiplying the Signatory Airline’s Scheduled Seats Percentage by the total number of Allocable Gates, rounding the product to the nearest whole number; provided that a product less than X.5 (with X being a whole number) will not be eligible for rounding during this step. Based on this rounding, the Commission shall determine the preliminary number of preferential use gates to be offered to all Eligible Signatory Airlines (the “Rounded Preferential Use Gate Number”).

(c) If the Rounded Preferential Use Gate Number is less than the Allocable Preferential Use Gate Number (the number of gates available for preferential use allocation), the Commission will allocate such remaining preferential use gates to Eligible Signatory Airlines based on the unrounded results of the computations described in paragraph (b) (the “Unrounded Preferential Use Gate Number”). The remaining preferential use gates will be allocated in priority order by first increasing by one the number of preferential use gates to be offered to the Eligible Signatory Airline whose unrounded product is nearest to X.5 (with X being a whole number) without equaling or exceeding X.5 and next proceeding to increase by one the number of preferential use gates to be offered to the Eligible Signatory Airline whose unrounded product is second nearest to X.5 without equaling or exceeding X.5 and so on until the total number of preferential use gates to be made available to all Eligible Signatory Airlines by the Commission is reached.

(d) If the Rounded Preferential Use Gate Number exceeds the Allocable Preferential Use Gate Number, the Commission will reduce the number of calculated preferential use gates to be offered to Eligible Signatory Airlines based on the Unrounded Preferential Use Gate Number. The number of over-allocated preferential use gates will be reduced in priority order by first reducing by one the number of allocated preferential use gates to the Eligible Signatory Airline whose Unrounded Preferential Use Gate Number is nearest to X.5 without being less than X.5 and next proceeding to reduce by one the number of preferential use gates to be offered to the Eligible Signatory Airline whose Unrounded Preferential Use Gate Number is second nearest X.5 without being less than X.5 and so on until the total number of preferential use gates to be made available to all Eligible Signatory Airlines by the Commission is reached.

(e) Commencing no later than December 10, 2025, and then annually on December 10 of each Allocation Year thereafter during the Term, the Commission will provide written notice to all Eligible Signatory Airlines, offering to Eligible Signatory Airlines its annual allocation of preferential use gates as described. Each Eligible Signatory Airline will provide written notice to the Commission no later than January 15 following such notice either accepting or rejecting any or all of the gates offered to it by the Commission for preferential use. In the event that an Eligible Signatory Airline fails to respond by January 15, then the Commission will provide one additional written notice of its annual allocation of preferential use gates and in the event that the Eligible Signatory

Airline fails to reply to such additional notice within three days of such Airline's deemed receipt of such notice, the Airline will be deemed to have rejected its allocation of preferential use gates.

(f) If any Signatory Airline does not accept the allocation of a preferential use gate, the Commission may elect to reallocate such gate to another Signatory Airline if the Commission determines the number of common use gates is adequate to accommodate all airline operations needing to use gates at the Airport. Notwithstanding the foregoing, any Gate rejected for allocation as a preferential use gate by any Eligible Signatory Airline during the reallocation process or at any other time during the Allocation Year (if consented to by the Commission) may be deactivated or used during such Allocation Year as the Commission sees fit, including, without limitation, as a common use gate, notwithstanding the Common Use Gate Cap, which is no more than 10% of the total number of allocable gates as rounded to the nearest whole gate. Only gates leased to an Eligible Signatory Airline as a preferential use gate in such Allocation Year and included as part of its leased premises for such Allocation Year are included in the determination of Airline Leased Space for the Allocation Year.

(g) By February 1, 2025 and then annually on February 1 of each Allocation Year thereafter during the Term, City shall provide all Eligible Signatory Airlines, if applicable, that validly accepted their allocation of Preferential Use Gates, final notice of the assignments of preferential use gates and the locations of common use gates, to be first effective March 1, 2026 and then annually on March 1 of each Allocation Year thereafter during the Term.

(h) The Commission will, in its sole discretion, determine the locations of any preferential use gates to be offered to each Eligible Signatory Airline, after taking into consideration: (i) the passenger experience; (ii) the compatibility of such Eligible Signatory Airline's aircraft with the gate being assigned; (iii) the desirability of assigning contiguous gates for preferential use by any given Eligible Signatory Airline; (iv) minimizing the frequency of changes in the locations of preferential use gates, and (v) any recommendations by the RMAC.

Airport Scheduling Rights at Preferential Use Gates

A Signatory Airline will have scheduling preference during a period of use at its preferential use gates only for an operation (arrival or departure) that occurs in accordance with a published schedule. The Commission will have the right, upon reasonable notice to a Signatory Airline, to schedule arrivals and departures by a requesting airline at a preferential use gate at all periods of time other than the Signatory Airline's periods of use of that assigned preferential use gate. In accommodating the Commission in its right to schedule such operations at a preferential use gate, the Signatory Airline will allow for use of its facilities or equipment (not including ground service equipment) at the preferential use gate or permit use of the Commission's equipment and podiums as may be required for the efficient use of the preferential use gate by a requesting airline.

Airport's Rights to Accommodate Other Airlines and Recapture Space

Accommodation of Other Air Carriers in a Signatory Airline's Exclusive Use Space

To facilitate the entry of new airlines and to maximize the utilization of facilities at the Airport, the Commission will first attempt to accommodate airlines needing space with common use facilities, joint use space, or uncommitted space available in the applicable terminal. If such facilities cannot adequately accommodate the requesting airline's needs, the Commission will have the right to require accommodation of a requesting airline in a Signatory Airline's exclusive use space as follows: Signatory Airlines agree, upon request by the Commission, to make all reasonable efforts to facilitate the temporary accommodation of an airline's operations, including use of space for a ticket counter area, use of a Signatory Airline's baggage facilities and the rendering of customary ground services, if (i) the Signatory Airline has adequate capabilities, capacity, facilities and personnel for its own needs and the needs of the requesting airline, and (ii) the two airlines enter into an agreement and satisfy certain documentary requirements, such as fees, indemnification and insurance.

Recapture of Exclusive Use Space Following Reduction in Number of Preferential Use Gates

If the number of preferential use gates assigned to a Signatory Airline is reduced, the Commission may at any time thereafter and from time to time, after taking into account any recommendations of the RMAC, at the

Commission's sole discretion and upon 60 days written notice to the Signatory Airline, terminate the Signatory Airline's rights to use all or a portion of its exclusive use space, including check-in counters and support facilities, that is reasonably required to support the operations of other airlines using the preferential use gates no longer assigned to the Signatory Airline. The Commission will not terminate rights to exclusive use space that, in the Director's reasonable discretion, is required to support the Signatory Airline's continued operations at its remaining preferential use gate(s), if any.

Recapture of Exclusive Use Space Following Rejection of Preferential Use Gates

Whenever a Signatory Airline declines to accept a preferential use gate following the annual allocation of gates described above, the Commission may at any time thereafter and from time to time, after taking into account any recommendations of the RMAC, at the Commission's sole discretion and upon 60 days' notice, reclaim all or a portion of the Signatory Airline's exclusive use space associated with the rejected preferential use gate, including, but not limited to, check-in counters and support facilities, as follows:

(a) If there is another Signatory Airline that is willing to lease the reclaimed space, the two Signatory Airlines will attempt to negotiate an agreement as to any changes to the condition or layout of the space, any required sharing of support facilities, any associated costs, and any other provisions required to permit the other Signatory Airline to use the reclaimed space for its intended purpose.

(b) If the two Signatory Airlines cannot reach agreement, the Commission will join the negotiations and attempt to mediate an agreement.

(c) If the Commission is unable to mediate an agreement, the Airport Director will formulate a reasonable solution and notify both Signatory Airlines.

(d) If there is no other Signatory Airline willing to lease the reclaimed space, the space will revert to the possession and control of the Commission.

Relocation of Signatory Airline Operations

(a) Involuntary Airline Relocation. Under the Lease and Use Agreements, the Commission has the right upon 60 days' notice, to require a Signatory Airline to relocate its operations at the Airport in order to improve Airport facilities, accommodate the traveling public, maximize the use of the terminals and related facilities by all users thereof, or accommodate the voluntary airline relocation of another Signatory Airline to which the Commission has consented to, or the involuntary airline relocation of another Signatory Airline (each an "Involuntary Airline Relocation").

All reasonable moving costs resulting from an Involuntary Airline Relocation of a Signatory Airline, including reasonable costs of relocating a Signatory Airline's furniture, movable fixtures, equipment, and signage, as well as reasonable costs of a Signatory Airline's third party construction costs relating to tenant improvements in the relocated premises that are of substantially similar level of fit and finish as to the leased premises being vacated when finally constructed and completed (subject to the consent of the Director), shall be funded by the Commission. However, if the removal and reinstallation of the Signatory Airline's trade fixtures and other movable property is possible and not unreasonable, the Signatory Airline will not be entitled to a replacement of such fixtures or property. Nor will a Signatory Airline be entitled to receive reimbursement for the value of any unamortized improvements. In addition, a Signatory Airline will not be entitled to reimbursement for relocation of or within joint use space, or preferential use space resulting from the annual reallocation, acceptance or rejection of gates.

(b) Voluntary Airline Relocation. Under the Lease and Use Agreements, Signatory Airlines can request that all or part of its leased premises and operations be relocated to other areas of the Airport (a "Voluntary Airline Relocation").

Any and all costs relating to a Voluntary Airline Relocation, as well as all other relocations, temporary moves and other direct impacts to other Signatory Airlines, tenants, permittees, or other Airport users otherwise made

necessary as a result of the Voluntary Airline Relocation, shall be the sole responsibility of the Signatory Airline responsible for the initial Voluntary Airline Relocation.

Rates and Charges

Airport Cost Centers and Space Categories

The Lease and Use Agreements set forth the following five direct cost centers based on functional areas of the Airport to be used in accounting for revenues, expenses and debt service: Airfield Area Center, Terminal Area Center, GT and Parking Area Center, Other Leased Areas Center and West of Bayshore Area Center. Total expenses of these five direct cost centers include the re-allocation of the net expenses and non-airline revenues of the following three indirect cost centers: AirTrain Area Center, Access and Roadways Area Center and Administration Area Center. Direct and indirect expenses are recorded and allocated to the appropriate cost centers. Different Terminal Area spaces, such as check-in counters and kiosks, airline ticket offices, VIP clubs and lounges, baggage claim lobbies and service offices, curbside check-in areas, and equipment rooms are classified into one of five space categories, each with a different rental rate.

The “Access and Roadways Area Center” is the cost center that includes all roadways and parkways, walks, bridges and culverts.

“Administration Area Center” is the cost center that includes the Revenues and specified expenses that are not directly chargeable to other cost centers, including, but not limited to costs associated with the overall administration of the Airport.

The “Airfield Area Center” is the cost center that includes all runways, taxiways, ramps, aprons, landing areas, adjacent infield areas, and related support facilities (e.g., perimeter dike, drainage pumping stations, field lighting, navigational aids, ARFF support facilities, fire and rescue watercraft, boathouses and related support facilities, and cart roads).

The “AirTrain Area Center” means the cost center that includes all areas of the AirTrain system including pedestrian bridges to terminals and other facilities.

The “GT and Parking Area Center” is the cost center that includes all public parking lots, garages, service stations, shuttle bus service (non-airline), and rental car facilities.

The “Other Leased Areas Center” is the cost center that includes all areas and facilities which support airline functions (e.g., hangars, aircraft maintenance facilities, cargo facilities, fuel farms, flight kitchens), Airport support, and City/State/federal installations, fixed base operators, airline offices outside the Terminal Area, airline employee parking, Airport-maintained employee parking, Airport support facilities with related parking, sewage/waste treatment plants, detention ponds, Coast Guard, FAA, FBI, and other related facilities, hotels, and all leased and unleased land not included in another Cost Center.

The “Terminal Area Cost Center” means the cost center that includes all areas within the terminals, including concourses, boarding areas, pedestrian bridges, tunnel lobbies to garages, mechanical/utility areas, lobbies, offices, Commission facilities, baggage facilities and storage areas.

The “West of Bayshore Area Center” is the cost center that includes means all of the property located west of U.S. Highway 101 currently under the jurisdiction of the Commission.

Rentals and Landing Fees and their Adjustment

The Lease and Use Agreements provide for the residual rate setting methodology at the Airport, in order to match revenues each year to the Commission’s expenditures by adjusting aviation revenues. Differences between actual receipts and expenditures result in adjustment of Terminal Area rentals and landing fees in subsequent years. The Commission’s financial statements reflect such adjustments in the year in which the difference occurs.

The Lease and Use Agreements provide a methodology for computing the landing fee rate and Terminal Area rental rates to ensure that revenues equal expenditures. Airlines that are not Signatory Airlines will pay a 25% premium on landing fees. Affiliate Airlines of Signatory Airlines will pay the same landing fees that are paid by the Signatory Airlines.

Landing fees and Terminal Area rental rates are adjusted annually. Not fewer than 90 days before the end of each fiscal year, each Signatory Airline is required to submit to the Commission the landed weight forecast for itself and its Affiliate Airlines, and notice of any proposed additions to the space in the Terminal Area it leases, for the next fiscal year. Concurrently, the Commission submits to the airlines its budgetary forecast for the various cost centers for the next fiscal year, together with the portion of the Annual ORCIF Deposit allocable to each cost center. (See “The ORCIF” below for a description of the ORCIF.) The Commission then computes and forwards to the Signatory Airlines not fewer than 60 days before the end of the Fiscal Year its computations made in accordance with the requirements of the Lease and Use Agreements of the landing fee rate and the Terminal Area rental rates for the next fiscal year. The Signatory Airlines and the Commission may meet to discuss the proposed rates and charges, and the Commission will give due regard to any comments offered by the Signatory Airlines on the proposed calculations. Within 30 days after the meeting, or the forwarding of the rentals and fees to the Signatory Airlines if no meeting is held, the rentals and fees, as calculated by the Commission in accordance with Lease and Use Agreements and the Indenture, will become effective.

If at any time during the Fiscal Year, the actual expenses (including debt service) of the Terminal Area Center and GT and Parking Center are projected by the Commission to exceed by ten percent or more the actual revenues in the Terminal Area Center and GT and Parking Area Center, the Commission may, after using commercially reasonable efforts to reduce expenses, and upon 60 days’ notice to, and in consultation with, the Signatory Airlines, increase the Terminal Area rentals. The Lease and Use Agreements require the Signatory Airlines to pay such increased rentals or such lesser amount which equals the projected deficiency for the remaining months of the then-current fiscal year. Landing fees may similarly be increased in the event the actual expenses (including debt service) of the Airfield Area Center and Other Leased Areas Center are projected to exceed by ten percent or more the actual revenues in such areas.

Airline Review of Capital Improvements

Under the Lease and Use Agreements, the Commission is limited in any Fiscal Year to appropriating from current revenues up to \$5,218,606 in Fiscal Year 2021-22 dollars, as adjusted, to finance capital improvements. A Majority-in-Interest of the Signatory Airlines may approve the use of additional current revenues to fund capital improvements. The Commission must otherwise use commercially reasonable efforts to finance capital improvements in excess of such amount through the use of grants, funding from the Transportation Security Administration, and passenger facility charges, and through the issuance of Airport revenue bonds. A “capital improvement” is a single Airport addition or improvement, including equipment, which is purchased, leased or constructed at a cost of \$778,140 in Fiscal Year 2021-22 dollars or more, and a useful life of more than three years. The dollars amounts are to be adjusted annually by the Implicit Price Deflator Index for Gross Domestic Product published by the U.S. Department of Commerce, Bureau of Economic Analysis.

Proposed capital improvements with a cost in excess of \$778,140 in Fiscal Year 2021-22 dollars that would result in a charge to Signatory Airlines in the terminal area rentals or landing fees are subject to certain review procedures established under the Lease and Use Agreements. A Majority-in-Interest of the Signatory Airlines (defined as more than 50% in number of the Signatory Airlines who, on the date in question, also account for more than 50% of the aggregate revenue aircraft landed weight landed by the Signatory Airlines at the Airport during the immediately preceding fiscal year) may require the Commission to defer a proposed capital improvement for up to six months to give the airlines time to present their views regarding the capital improvement. Certain capital improvements are not subject to this process. Such capital improvements include those that are:

- (i) required by a federal or State agency having jurisdiction over Airport operations (including, without limitation, the FAA), or necessary to comply with any current or future law, rule, regulations, order of judgment of any Federal, state or local agency (excluding the Commission) or court, or any Federal grant agreement or airport certification requirement, including any required modification or replacement of any air traffic control facilities;

- (ii) to improve the safe operations of the Airport;
- (iii) to protect essential infrastructure from storm events or relocate such infrastructure;
- (iv) an Airfield Area project eligible for Federal funding for which City has received the full level of eligible Federal funding;
- (v) financed by the issuance of Special Revenue Bonds;
- (vi) of an emergency nature, which, if not made, would result in the closing of the Airport within forty-eight (48) hours, or otherwise substantially impair the current operation of the Airport;
- (vii) to repair or replace Airport property damaged or destroyed by fire or other casualty, or taken by condemnation, or otherwise for the restoration or replacement of Airport capacity;
- (viii) made to settle claims or lawsuits, satisfy judgments or comply with judicial or administrative orders against City arising from or relating to its design, construction, ownership, maintenance or use of the Airport;
- (ix) As provided by 49 U.S.C. § 40117(f), any portion of a capital improvement financed by PFCs or PFC-backed bonds; provided, however, that any portion of a capital improvement that would result in a charge to a Signatory Airline in the Terminal Area Rentals or Landing Fees may be subject to Majority-in-Interest voting or approval of such costs, unless such costs have already been approved or are exempt from such voting or approval;
- (x) required to procure and install electrical infrastructure necessary to reach City's and the Signatory Airlines' mutual goal of converting all ground service equipment operating at the Airport to be powered by 100% electricity;
- (xi) undertaken to satisfy the increased requirements of any air carrier so long as such air carrier agrees to pay all increased rentals, fees and charges that are sufficient to cover the annual Debt Service and operating expenses associated with the project; or
- (xii) related to special purpose facilities for which the user agrees to pay or reimburse City.

"Special Revenue Bonds" are taxable and tax-exempt obligations (such as special facility bonds) issued by the Commission, the principal of, premium, if any, and interest on which are payable from or secured in whole or substantial part by revenues other than Airport "Revenues," as defined under the Indenture. The Commission may pledge Revenues as further security for Special Revenue Bonds, or issue general Airport revenue bonds to refund Special Revenue Bonds in accordance with the Indenture, if (i) the Signatory Airlines are notified in writing of the proposed pledge or issuance, and (ii) the Majority-in-Interest approves the pledge or issuance within 45 days of the mailing of the notice. The Commission may not proceed with any such pledge or issuance that is not so approved by a Majority-in-Interest.

The ORCIF

The Lease and Use Agreements give the City the right to create and maintain an Operating Revenue and Capital Improvement Fund (the "ORCIF") within the Airport's revenue fund to be held and invested by the City Treasurer. Funds on deposit in the ORCIF may be used for any lawful purpose for which Airport Revenues may be used.

Amounts are deposited in the ORCIF from rates and charges (see "Rates and Charges" above). The City determines the amount, if any, to be deposited into the ORCIF each Fiscal Year. Such amount must be greater than or equal to the Minimum Annual ORCIF Deposit and may not exceed the Maximum Annual ORCIF Deposit. No deposit shall be made to the ORCIF in any Fiscal Year when the unencumbered and unallocated balance of the ORCIF at the start of the Fiscal Year (excluding any interest earned on the amounts on deposit) exceeds \$650,000,000, as adjusted for inflation commencing in Fiscal Year 2024-25, as provided in the Lease and Use Agreements.

Minimum Annual ORCIF Deposits are \$0 in Fiscal Year 2023-24, \$25,000,000 in Fiscal Years 2024-25 through 2027-28 and \$30,000,000 in Fiscal Years 2028-29 through 2032-33, in each case as adjusted for inflation subject to a 4% cap commencing with Fiscal Year 2024-25, as provided in the Lease and Use Agreements.

The Maximum Annual ORCIF Deposit is the sum of the Minimum Annual ORCIF Deposit and the Additional Annual ORCIF Deposit for such Fiscal Year. The “Additional Annual ORCIF Deposit” for each Fiscal Year is the lesser of (a) a specified amount (\$250,000,000 for Fiscal Year 2023-24, \$70,000,000 for Fiscal Year 2024-25, \$60,000,000 for Fiscal Year 2025-26, \$50,000,000 for Fiscal Year 2026-27, \$40,000,000 for Fiscal Year 2027-28, \$30,000,000 for Fiscal Year 2028-29, \$25,000,000 for Fiscal Years 2029-30 and 2030-31, and \$0 for Fiscal Years 2031-32 and 2032-33), as adjusted for inflation beginning in Fiscal Year 2024-25 as provided in the Lease and Use Agreements and (b) the combined amount of (i) PFCs estimated to be designated and applied as Revenues for such Fiscal Year pursuant to the Indenture, and (ii) any surplus from prior Fiscal Years’ airline rates and charges estimated to be applied to offset airline rates and charges for such Fiscal Year.

Public Liability and Property Damage Insurance

Each Signatory Airline, at its own cost and expense, must obtain and maintain certain public liability and property damage insurance during the term of its Lease and Use Agreement, including (i) an aircraft liability policy with coverage of at least \$500 million combined single limit for bodily injury and property damage, (ii) at least \$100 million War and Named (Allied) Perils coverage for bodily injury and property damage, (iii) a workers’ compensation and employers’ liability policy, (iv) a commercial automobile liability insurance with a limits not less than \$10 million each occurrence, combined single limit for bodily injury, property damage, owned, non-owned hired auto coverage, (v) property insurance in an amount equal to the value of airline improvements and betterments during the course of any construction and after completion of construction, (vi) if applicable to any provided operations, technology errors and omissions liability coverage with limited of \$1,000,000 for each claim and each loss, (vii) cyber and privacy insurance with limits of not less than \$1,000,000 per claim covering liability arising from theft, dissemination, and/or use of confidential information, and (viii) pollution liability insurance with limits not less than \$10,000,000 each occurrence combined single limit, including coverage for on-site third party claims for bodily injury and property damage. The Commission has the right at any time to review the coverage, form and amount of insurance and may require a Signatory Airline to obtain additional insurance, provided it is commercially reasonable.

Security Deposit

A Signatory Airline’s faithful performance of its Lease and Use Agreement will be secured by a security deposit equal to two months of Terminal Area rentals, landing fees, and usage fees in the amounts established by the Commission in the rates and charges. The security deposit may be in the form of a surety bond or an irrevocable letter of credit to be renewed annually at the Signatory Airline’s cost, and kept in full force and effect at all times. If the Signatory Airline fails to pay any amounts due or otherwise defaults under the Lease and Use Agreement, the Commission may draw on the Signatory Airline’s security deposit for the payment of any delinquent amounts, or to compensate the Commission for any loss or damages suffered by the Commission. The Signatory Airline is required to replenish its security deposit within ten days.

Assignment and Subletting

A Signatory Airline is not permitted to transfer, assign or encumber its leased premises, its Lease and Use Agreement, or any right thereunder without the Director’s prior written consent. Any transfer made without the Director’s consent constitutes an event of default hereunder and will be voidable at the Director’s election. The merger of a Signatory Airline with any other entity or the transfer of any controlling ownership interest in a Signatory Airline, or the assignment or transfer of a substantial portion of the assets of a Signatory Airline, whether or not located on the leased premises will be deemed a transfer to which the consent requirements are applicable. In addition, a Signatory Airline’s entering into any operating agreement, license or other agreement where a third party, other than a subsidiary, Affiliate Airline, or code share partner of the Signatory Airline, is given rights or privileges to utilize portions of the leased space will be considered an attempted transfer which requires Airport consent.

However, the restrictions on asset transfers in the Lease and Use Agreements will not apply to stock or limited liability company interest transfers of corporations or limited liability companies the stock or interests of which are

traded through an exchange or over the counter. A Signatory Airline will also have the right, without first obtaining the Director's written consent, to assign or transfer its Lease and Use Agreement, to an entity controlling, controlled by or under common control with such Signatory Airline, or to a successor by merger, consolidation or acquisition to all or substantially all of the assets of the Signatory Airline, if such entity or successor operates at the Airport and assumes all rights and obligations under the Lease and Use Agreement. Signatory Airlines also may grant a no-fee license to use a portion of the Demises Premises to a ground handler or other service provider as part of a ground handling or services agreement if certain conditions are met.

Damage and Destruction; Condemnation/Eminent Domain

Damage and Destruction

If any part of the Terminal in which a Signatory Airline occupies leased premises is partially damaged by fire, earthquake or other casualty but is not rendered untenable, the damaged space will be repaired by the Commission. If the damage renders the leased premises unfit for use by the Signatory Airline, and if the damage is repairable using reasonable diligence within four months from the date of the occurrence, the leased premises will be repaired by the Commission subject to certain conditions as described below. If any part of the leased premises is completely destroyed by fire, earthquake or other casualty, or damaged to such extent that such damage cannot be repaired within four months from the date of occurrence, the Commission has the option to terminate the applicable Lease and Use Agreement to the extent that it applies to the affected leased premises. If the Commission elects to repair or reconstruct the leased premises, subject to restrictions with respect to a Signatory Airline's repair of its alterations as described below, it will begin any work necessary to do so and will use reasonable efforts to provide the Signatory Airline with temporary substitute space while the repairs are being completed.

Allocation of Responsibility for Reconstruction; Abatement of Rent

In the event any Signatory Airline's alterations in its exclusive or preferential use space are to be reconstructed or repaired following damage by a casualty, the Signatory Airline will use commercially reasonable efforts to repair its alterations, at its sole cost and expense, within 90 days for space that is open to the public and within 180 days for space that is not open to the public, and its Lease and Use Agreement will continue in full force and effect.

If Signatory Airline's leased premises is wholly or partially destroyed or damaged, the Signatory Airline will have no claim against the Commission for any damage suffered by reason of any such damage, destruction or repair. For the period from the occurrence of any damage to the leased premises to the date of completion of the repairs to the leased premises (or to the date of termination of the Agreement as to such portions of the leased premises if the Commission elects not to restore them), the rental allocable to the particular leased premises involved will be abated in the same proportion as the unusable portion of the leased premises bears to the whole, or, if the damage or destruction has rendered the entire leased premises unusable, the rental shall be abated entirely. Upon termination of the applicable Lease and Use Agreement as to such damaged or destroyed leased premises, Signatory Airlines will have no further obligation to pay the rental allocable thereto.

Condemnation/Eminent Domain

If all or a substantial part of a Signatory Airline's leased premises is taken or condemned through eminent domain, the Signatory Airline may terminate its Lease and Use Agreement upon 30 days' notice if the Commission does not notify the Signatory Airline in writing within 60 days before the date of taking that it will provide the Signatory Airline with mutually acceptable substitute facilities. If only a portion of the leased premises will be taken, the Signatory Airline will have the right to amend its Lease and Use Agreement to remove the leased premises so taken upon 30

days' notice, if the Commission does not notify the Signatory Airline in writing within 60 days before the date of taking that it will provide the Signatory Airline with mutually acceptable substitute facilities.

Payments from Commission to City

The Lease and Use Agreements provide for payments from the Commission to the City consisting of the Annual Service Payments and reimbursement for the costs of direct services provided by City departments to the Commission. See "AIRPORT'S FINANCIAL AND RELATED INFORMATION—Payments to the City" in the forepart of this Official Statement.

"Annual Service Payments" are to be paid from the Airport Revenue Fund to the City's General Fund for each fiscal year beginning with Fiscal Year 2023-24 through Fiscal Year 2032-33 during the term of the Lease and Use Agreement to fully compensate the City for all indirect services, management and facilities provided by the City to the Airport, and are equal to the greater of (i) 15% of Concession Revenues and (ii) \$5 million. "Concession Revenues" is defined in the Lease and Use Agreements as the fees and rentals earned by Commission for the right to provide and operate restaurants, car rental services, shops, advertising, courtesy vehicles, ground transportation services, hotel and other concessions and services and parking and other services.

The Lease and Use Agreements provide that the Commission shall not make any payments other than the Annual Service Payment to the City's General Fund for indirect services provided by the City to the Airport.

The Lease and Use Agreements further provide that the Commission may reimburse the City for the cost of certain direct services provided to the Airport by other City departments.

Events of Default; Termination or Suspension of Lease and Use Agreement Provisions

Each of the following events constitutes an Event of Default under the Lease and Use Agreement: (i) a failure punctually to pay any amount due that continues beyond the date specified in a written notice of default from the Airport, which date will be no earlier than the tenth (10th) day after the date of the notice; provided that if two payment defaults occur, the Commission will have no obligation to give further notices and an immediate Event of Default will occur; (ii) various events of insolvency or bankruptcy relating to the Signatory Airline; (iii) an involuntary bankruptcy petition is filed against the Signatory Airline and not dismissed within 30 days; (iv) an unauthorized transfer of the Lease and Use Agreement without the prior approval of the Commission that is not voided or rescinded within ten days after receipt of notice to the Signatory Airline; (v) the abandonment of the leased premises; (vi) a lien is filed against the lease premises as a result of an act or omission of the Signatory Airline, and is not discharged or contested within 30 days after receipt of notice; (vii) a failure to maintain the required security deposit for a period of more than three days after receipt of notice; (viii) a failure to maintain the required insurance or self-insured reserves; (ix) a failure to observe any covenant in the Lease and Use Agreement for a period of more than ten days after receipt of notice, or failure to commence a cure within ten days after receipt of notice, followed by a failure to diligently prosecute the cure within one hundred twenty days after the notice; (x) the occurrence a default under any other agreement between the Signatory Airline and the Commission that is not cured as provided in the other agreement; or (xi) a failure timely to remit any passenger facility charges collected by the Signatory Airline.

Upon the occurrence and continuation of an Event of Default, the Commission may elect from the following remedies in addition to any other rights and remedies available to the Commission under applicable law: (i) terminate the Signatory Airline's use of the leased premises and recover statutory damages from the Signatory Airline; (ii) not terminate the Lease and Use Agreement and continue to collect rent as it becomes due; (iii) appoint a receiver to take possession of the leased premises and collect rents therefrom; (iv) terminate any other agreement between the Signatory Airline and the Commission; Should a Signatory Airline fail to pay any amount when due under the Lease and Use Agreement, the Commission also may require prepayment of any amounts due under the Lease and Use Agreement.

If a Signatory Airline fails to perform a duty under its Lease and Use Agreement and does not cure within three days (as to any emergency) or 30 days (as to any non-emergency) following notice, the Commission has the right to perform such duty at the Signatory Airline's expense. The Commission also has the right to impose and collect

finances from the Signatory Airlines as set forth in the Airport Rules as established and updated from time to time by the Commission.

In addition, the Commission may terminate a Lease and Use Agreement if the Signatory Airline ceases revenue aircraft arrivals at the Airport for more than 30 consecutive days for reasons other than certain force majeure events.

A Signatory Airline may terminate its Lease and Use Agreement upon the occurrence of any of the following events: (i) the issuance of a permanent injunction by any court of competent jurisdiction which remains in force for 180 days and substantially prevents the Signatory Airline from using all or major portions of the Airport; (ii) any action of any governmental authority, board, agency or officer with proper jurisdiction preventing the Signatory Airline from operating at the Airport; (iii) the involuntary termination by any governmental authority, board, agency or officer having jurisdiction, of Signatory Airline's right to serve the Airport; (iv) a default by the Commission in the performance of any material covenant, which default materially and adversely limits or prohibits the Signatory Airline's operations at the Airport, and the failure by the Commission to remedy such default in a timely manner as provided in the Lease and Use Agreement; (v) if the Signatory Airline's leased premises are destroyed and the Commission elects to terminate the Lease and Use Agreement with respect to the damaged or destroyed portion of the leased premises, and the loss of the use of the leased premises that is no longer available will have a substantial adverse effect on the Signatory Airline's use of the remaining premises and its business and operations at the Airport; (vi) all or a substantial part of a Signatory Airline's leased premises are taken or condemned by any competent authority through exercise of its power of eminent domain, and the Commission does not notify the Signatory Airline within 60 days before the date of taking that it will provide mutually acceptable substitute facilities; or (vii) the Annual Service Payments can no longer be made and the Commission elects to suspend certain portions of the Lease and Use Agreement. See "*Commission's Right to Suspend Part of Lease and Use Agreement*" below.

Commission's Right to Suspend Part of Lease and Use Agreement

In the event that the Annual Service Payments cannot be made for any reason for 12 months, other than through the City's or Commission's own inaction or action not in conformance with the Lease and Use Agreements, including, but not limited to, supervening legislation or court decision, the Commission may elect to suspend uniformly as to all Signatory Airlines, all or some of the provisions of the Lease and Use Agreements relating to: the calculation and adjustment of landing fees; the limitation on funding capital projects from current revenues; the right of a Majority-in-Interest of the Signatory Airlines to delay capital improvements; the Commission's covenant to require all users of the Airfield Area to pay for their use thereof and to credit the amounts received to the appropriate cost centers, so as to reduce the amounts needing to be collected from the Signatory Airlines through landing fees; and the provisions regarding holding over after the expiration date of the Lease and Use Agreement. If the Commission elects to suspend any of these provisions, any Signatory Airline may terminate its Lease and Use Agreement upon 30 days' notice.

In addition, or alternatively in such event, the Commission may: (1) appropriate an amount equal to the then-payable Annual Service Payments for capital improvements included in its then-current capital program; and (2) during any period of suspension of certain provisions of the Lease and Use Agreements, adjust the level of terminal rental rates, observing in the calculations of such adjusted rental rates the cost centers and procedures for allocation of revenues, expenses, and debt service to such cost centers in accordance with the Lease and Use Agreement, and maintaining the relationships between rental rates for each category of space described in the Lease and Use Agreement.

During the period when the Annual Service Payments cannot be made, the Commission is required to segregate the amounts that would otherwise have been paid to the City General Fund in an identifiable, interest-bearing subaccount of the Airport Revenue Fund, to be applied to any lawful purpose of the Commission other than as security for any bond issue. To the extent monies are so segregated and applied, the Annual Service Payments will be deemed to have been satisfied. The Commission shall use commercially reasonable efforts to achieve resumption of the Annual Service Payment or receipt in the General Fund of a sum equivalent thereto in lieu thereof.

Upon resumption of the Annual Service Payments or receipt of an equivalent amount by City's General Fund, the right of the Commission to suspend the provisions of the Lease and Use Agreements described above will terminate.

and the Commission will release any segregated amounts to the Airport Revenue Fund for customary budgeting disposition. The Commission will also make any necessary adjustments to terminal rentals and landing fees.

Limited Obligations of the City

Any obligation or liability of the City created by or arising out of the Lease and Use Agreements will be payable solely out of the Revenues and other lawfully available moneys of the Airport, and will not constitute a general obligation of the City or a charge upon its General Fund. The Lease and Use Agreements will not obligate the City to make any appropriation from its General Fund for any payment due thereunder. No breach by the Commission under the Lease and Use Agreements will impose any pecuniary liability upon the City, other than from Revenues, or be payable from or constitute a charge upon the general credit or against the taxing power of the City.

West of Bayshore Lands

The Lease and Use Agreements restrict the development of Airport property west of the Bayshore Freeway. Maintenance costs of the property in its current undeveloped state are an obligation of the Commission and are included in calculations to determine landing fee rates. Any future development of such property, however, may be undertaken solely with non-Airport revenues and without the use of Airport staff, facilities and resources. The airlines disclaim the right to any revenues from the area.

Other Lease and Use Agreement Covenants

The Commission covenants in the Lease and Use Agreements to: (i) efficiently manage and operate the Airport on the basis of sound business and airport management principles in effect at airports of comparable size in the continental United States and with efficient and prudent control of all capital and operating expenses; (ii) use commercially reasonable efforts to operate the Airport in a manner consistent with its strategic marketing and public relations plans in order to maximize revenues from concessionaires, lessees and other non-airline users; and (iii) require all users to pay for use of the airfield, with the fees paid by users other than Signatory Airlines and their Affiliate Airlines to be credited to the appropriate cost centers so as to reduce the amounts required to be collected from the Signatory Airlines and their Affiliate Airlines through landing fees.

Except as otherwise provided in the Lease and Use Agreements or as the Commission and the Signatory Airlines may subsequently agree, the Commission may not impose or collect any rates, fees or charges from any Signatory Airline. The Commission, however, may impose and use passenger facility charges in accordance with applicable law.

In the Lease and Use Agreements, the Commission agrees that all Airport-related functions provided as of July 1, 2009, by City employees assigned to the Commission and working under the direct authority and control of the Director will continue to be provided by employees assigned to the Commission and may only be transferred to other City departments upon 60 days' notice to the Signatory Airlines, and consideration and response to any comments, questions or objections of the Signatory Airlines to the proposed transfer of functions within 45 days of receipt. Any City department head whose department receives work relating to the Airport in a transfer of functions is to coordinate and consult with the Director at least annually to ensure that the work is performed in a manner that is efficient, meets the needs of the Airport, conforms to sound business and airport management principles, and is properly documented as required by FAA rules and regulations.

Holding Over

If a Signatory Airline shall, with the concurrence of the Director, hold over after the expiration date of the Lease and Use Agreement, the resulting tenancy shall, unless otherwise mutually agreed, be on a month-to-month basis, and may be terminated by the Signatory Airline or the Commission at any time on 30 days written notice to the other party. During such month-to-month tenancy, the Signatory Airline shall pay to the Commission the same rate of rentals and landing fees as are set forth in its Lease and Use Agreement, unless different rates shall be agreed upon, and the parties shall be bound by all of the provisions of such Lease and Use Agreement, insofar as they may be pertinent, unless different terms and conditions shall be agreed upon. If a Signatory Airline shall, without the written

consent of the Director, hold over after the expiration date of the Lease and Use Agreement, the Signatory Airline shall pay to the Commission on a month-to-month basis the rentals and a 25% premium on landing fees as provided in its Lease and Use Agreement for any such holdover period and shall otherwise be subject to the terms and conditions of its Lease and Use Agreement beyond the end of its term. Any holding over without the Director's prior written consent shall constitute a default by the Signatory Airline and entitle the Commission to exercise any or all remedies as provided in the Lease and Use Agreement, notwithstanding that the Commission may elect to accept one or more payments of Terminal Area rentals, and whether or not such amounts are at the holdover rate specified above or the rate at the end of the term of the Lease and Use Agreement.

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE CERTIFICATE

The following is a summary of certain provisions of the master Continuing Disclosure Certificate entered into by the Commission, the terms of which will apply to the Series 2025DE Bonds (the “Disclosure Certificate”). This summary is not to be considered as a full statement of the Disclosure Certificate and reference is made thereto for the full details of the terms thereof.

Purpose

The Disclosure Certificate is being executed and delivered by the Commission for the benefit of the Holders and Beneficial Owners of the Series 2025DE Bonds and in order to assist the Participating Underwriter in complying with SEC Rule 15c2-12(b)(5).

Definitions

In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in the Disclosure Certificate unless otherwise defined below, the following capitalized terms have the following meanings for purposes of the Disclosure Certificate:

“Annual Disclosure Report” shall mean any Annual Disclosure Report provided by the Commission pursuant to, and as described in, the Disclosure Certificate.

“Beneficial Owner” shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2025DE Bonds, including persons holding Series 2025DE Bonds through nominees, depositories or other intermediaries.

“Dissemination Agent” shall mean the Commission, or any successor Dissemination Agent designated in writing by the Commission and which has filed with the Commission a written acceptance of such designation.

“Holder” shall mean the person in whose name any Series 2025DE Bond shall be registered.

“Listed Events” shall mean any of the events listed as such in the Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Obligated Person” shall have the meaning set forth in the Rule.

“Participating Underwriter” shall mean any of the Underwriters of the Series 2025DE Bonds required to comply with the Rule in connection with the issuance of the Series 2025DE Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Disclosure Reports

The Commission shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Commission’s fiscal year (which currently ends June 30), commencing with Fiscal Year 2024-25, provide to the MSRB an Annual Disclosure Report which is consistent with the requirements of the Disclosure Certificate, with a

copy to the Trustee. The Annual Disclosure Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in the Disclosure Certificate; provided that the audited financial statements of the Commission may be submitted separately from the balance of the Annual Disclosure Report, and later than the date required above for the filing of the Annual Disclosure Report if they are not available by that date. If the Commission's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under the Disclosure Certificate.

Not later than fifteen (15) Business Days prior to the date specified above for providing the Annual Disclosure Report to the MSRB, the Commission shall provide the Annual Disclosure Report to the Dissemination Agent (if other than the Commission).

If the Commission is unable to provide to the MSRB an Annual Disclosure Report by the date required above, the Commission shall send a notice in electronic format to the MSRB, in substantially the form attached to the Disclosure Certificate.

The Dissemination Agent shall file a report with the Commission (if the Commission is not the Dissemination Agent) certifying that the Annual Disclosure Report has been provided pursuant to the Disclosure Certificate and stating the date it was provided.

Content of Annual Disclosure Reports

The Commission's Annual Disclosure Report shall contain or include by reference the following for the most recently ended fiscal year:

1. Audited Financial Statements of the Commission, presented in accordance with generally accepted accounting principles applicable to the Commission from time to time. If the Commission's audited financial statements are not available by the time the Annual Disclosure Report is required to be filed as described above, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Disclosure Report when they become available.
2. Air Traffic Data (number of scheduled passenger aircraft arrivals and departures, domestic enplanements and deplanements, international enplanements and deplanements, and total passengers at the Airport; number of enplanements by carrier for top ten carriers).
3. Cargo Traffic Data (weight of air cargo on and off at the Airport).
4. Total Revenue Landed Weight (landed weight by category of carrier and total landed weight at the Airport).
5. Airline Service (identity of all domestic and international carriers serving the Airport during such Fiscal Year).
6. Ten Highest Revenue Producing Concessionaires (name, lease expiration, minimum annual rent, if any, and concession revenues).
7. Ten Highest Revenue Producers (name and revenues produced).
8. Total Outstanding Long-Term Debt of the Commission (outstanding principal amount and lien position).
9. Historical Landing Fees and Terminal Rentals.

10. Net Revenues and calculation of compliance with the Rate Covenant (each as defined in the Trust Indenture).
11. Passenger Facility Charge Collections Designated as Revenues by the Commission for Payment of Debt Service on Outstanding Bonds (PFC collections, amount designated and amount applied to debt service in applicable fiscal year).
12. Summary of Payments Made by the Airport to the City and County of San Francisco (annual service payment and reimbursement for direct services, including police, fire, other and utility costs).
13. Credit Facilities Supporting Outstanding Bonds and Commercial Paper (principal amount, type, expiration date and credit provider).

Any of all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Commission or related public entities, which have been made available to the public on MSRB's website. The Commission shall clearly identify each such other document so included by reference.

Reporting of Significant Events

A. Pursuant to the provisions of the Disclosure Certificate, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025DE Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the Obligated Person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Commission, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

Note: For purposes of the events listed as A(10) and B(8), the term “financial obligation” of the Commission means any (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

B. The Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025DE Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in subparagraph A(5) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2025DE Bonds or other material events affecting the tax status of the Series 2025DE Bonds;
2. Modifications to rights of the Series 2025DE Bondholders;
3. Optional, unscheduled or contingent calls of the Series 2025DE Bonds;
4. Release, substitution, or sale of property securing repayment of the Series 2025DE Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. Appointment of a successor or additional trustee or the change of name of a trustee; or
8. Incurrence of a financial obligation of the Commission, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Commission, any of which affects security holders.

Whenever the Commission obtains knowledge of the occurrence of an event listed in paragraph B above, the Commission shall as soon as possible determine if such event would be material under applicable federal securities laws.

If the Commission learns of the occurrence of an event listed in A above or determines that knowledge of the occurrence of an event listed in paragraph B above would be material under applicable federal securities laws, the Commission shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in A(7) and B(3) above need not be given any earlier than the time the notice (if any) of the underlying event is given to Holders of affected Series 2025DE Bonds pursuant to the Indenture.

Termination of Reporting Obligation

The Commission’s obligations under the Disclosure Certificate with respect to any Bonds shall terminate upon (a) the legal defeasance, prior redemption or payment in full of all of such Bonds or (b) if, in the opinion of nationally recognized bond counsel, the Commission ceases to be an Obligated Person with respect to such Bonds or such Bonds otherwise cease to be subject to the requirements of the Rule. If such termination occurs prior to the final maturity of such Bonds, the Commission shall give notice of such termination in the same manner as for a Listed Event.

Dissemination Agent

The Commission may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Commission.

Amendment; Waiver

Notwithstanding any other provision of the Disclosure Certificate, the Commission may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described in the first paragraph under “Provision of Annual Disclosure Reports” or described under “Content of Annual Disclosure Reports” or described in the first two paragraphs under “Reporting of Significant Events,” it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person with respect to the Series 2025DE Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2025DE Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2025DE Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2025DE Bonds.

In the event of any amendment or waiver of any provision of the Disclosure Certificate, the Commission shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change in accounting principles, on the presentation) of financial information or operating data being presented by the Commission. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Additional Information

Nothing in the Disclosure Certificate shall be deemed to prevent the Commission from disseminating any other information, using the means of dissemination set forth in the Disclosure Certificate or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Certificate. If the Commission chooses to include any information in any Annual Disclosure Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Disclosure Certificate, the Commission shall have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Disclosure Report or notice of occurrence of a Listed Event.

Default

In the event of a failure of the Commission to comply with any provision of the Disclosure Certificate, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Series 2025DE Bonds of a Series or at least 25% aggregate principal amount of all Series 2025DE Bonds and any additional Bonds covered by the Disclosure Certificate in the future and upon receipt of

indemnity satisfactory to the Trustee, shall), or any Holder or Beneficial Owner of the Series 2025DE 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 the Disclosure Certificate. Failure by the Commission to comply with any provision of the Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Disclosure Certificate in the event of any failure of the Commission to comply with the Disclosure Certificate shall be an action to compel performance.

Beneficiaries

The Disclosure Certificate shall inure solely to the benefit of the Commission, the Trustee, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Series 2025DE Bonds, and shall create no rights in any other person or entity.

APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Airport Commission of the City
and County of San Francisco
San Francisco International Airport
San Francisco, California

Airport Commission of the City and County of San Francisco
San Francisco International Airport

\$ _____
Second Series Revenue Bonds, Series 2025D
(AMT)

\$ _____
Second Series Revenue Bonds, Series 2025E
(Non-AMT/Governmental Purpose)

(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Airport Commission of the City and County of San Francisco (the “Commission”) in connection with the issuance by the Commission of its \$ _____ aggregate principal amount San Francisco International Airport Second Series Revenue Bonds, Series 2025D (AMT) (the “2025D Bonds”) and \$ _____ Second Series Revenue Bonds, Series 2025E (Non-AMT/Governmental Purpose) (the “2025E Bonds” and together with the 2025D Bonds, the “Bonds”), being issued pursuant to the Charter of the City and County of San Francisco (the “Charter”) and the laws of the State of California supplemental thereto, and pursuant to a Trust Indenture dated as of January 1, 2025, entered into by and between the Commission and The Bank of New York Mellon Trust Company, N.A. as trustee (the “Trustee”), as supplemented to the date hereof, including as supplemented by a Series 2025DE Series Indenture, dated as of December 1, 2025 (collectively, the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Charter, the Indenture, the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by the Commission, opinions of counsel to the Trustee and of the City Attorney, certificates of the Commission, the Co-Municipal Advisors, the Trustee, the Underwriters and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than the Commission and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements

compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement of the Commission with respect to the Bonds, dated December __, 2025, or any other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special, limited obligations of the Commission.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Commission. The Indenture creates a valid pledge of Net Revenues to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. The Bonds are not a debt of the City and County of San Francisco, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues except Net Revenues. Neither the faith and credit nor the taxing power of the City and County of San Francisco, the State of California or any political subdivision thereof is pledged to the payment of the principal of, redemption premium, if any, or interest on the Bonds, and the Commission is not obligated to pay the principal of, redemption premium, if any, and interest on the Bonds except from Net Revenues. The Commission has no taxing power.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, except that no opinion is expressed as to the status of interest on any 2025D Bond for any period that such 2025D Bond is held by a "substantial user" of the facilities financed or refinanced by the 2025D Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986. Interest on the 2025E Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe, however, that interest on the 2025D Bonds is a specific preference item for purposes of the federal individual alternative minimum tax and interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

