



Fitch Revises L-T and Assigns S-T Rtg for San Francisco Int'l Airport (CA) VRBs, 2018 B&C

Fitch Ratings-New York-25 May 2018: Fitch Ratings has revised the long-term ratings to 'AA' from 'A+', and has assigned short-term ratings of 'F1' to the Airport Commission of the City and County of San Francisco, CA San Francisco International Airport Second Series Variable Rate Revenue Bonds, \$134,905,000 series 2018B and \$134,905,000 series 2018C(Non-AMT). The Rating Outlook is Stable for the long-term ratings.

KEY RATING DRIVERS:

The long-term ratings are based jointly on the underlying rating assigned to those bonds by Fitch (A+/Stable), and the rating assigned by Fitch to Barclays Bank PLC (A/F1/ Rating Watch Positive) and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (A/F1/Stable), which provide the irrevocable direct-pay letters of credit (LOC) supporting the series 2018B bonds, and the series 2018C bonds, respectively. The short-term 'F1' ratings are based solely on the LOCs. For information about the underlying credit rating see Fitch rating action commentary dated May 1, 2018 available at www.fitchratings.com.

Fitch's dual-party pay criteria consider the likelihood of the failure of both a rated obligor and a bank LOC provider. The methodology results in a long-term rating that is up to two notches higher than the stronger of the two credits if the following conditions are met: (1) both entities have a rating of 'A' or higher; (2) the transaction is structured such that payments from both the municipal issuer and the bank are in the flow of funds and both entities would have to fail to perform before the bonds defaulted; and (3) the interest rate modes to be covered by Fitch's rating provide for either a mandatory purchase at the end of each interest rate period, or a purchase demand option. A one- or two-notch uplift will apply to the long-term rating depending on the frequency of the purchase demand option or the duration of the interest rate period, which concludes with a mandatory tender.

The bonds provide holders with a tender option upon seven day notice in the weekly interest rate mode, which is rated by Fitch. Fitch will apply a two-notch uplift that results in a long-term rating of 'AA' for the bonds.

The bank is obligated to make regularly scheduled payments of principal and interest on the bonds in addition to payments due upon maturity, acceleration and redemption, as well as purchase price for tendered bonds. Each LOC has a stated expiration date of June 3, 2022, unless extended or earlier terminated, and provides full and sufficient coverage of

principal plus an amount equal to 51 days of interest at a maximum rate of 12% based on a year of 365 days and purchase price for tendered bonds, while in the weekly rate mode. The bonds are expected to be delivered on or about June 6, 2018.

The bonds initially bear interest at a weekly rate, but may be converted to a daily, commercial paper, term or fixed-rate mode. While bonds bear interest in the weekly rate mode, interest payments are due on the first business day of each month, commencing July 2, 2018. The trustee is obligated to make timely draws on the LOC to pay principal, interest and purchase price. Funds drawn under the LOC are held uninvested, and are free from any lien prior to that of the bondholders.

Holders may tender their bonds on any business day, provided the trustee is given the requisite prior notice of the purchase. The bonds are subject to mandatory tender: (1) upon conversion of the interest rate; (2) upon expiration, substitution or termination of the LOC; (3) following receipt of written notice from the bank of an event of default under the reimbursement agreement; and (4) following receipt of notice from the bank that the interest component will not be reinstated directing such mandatory tender. Optional and mandatory redemption provisions also apply to the bonds. Additional bonds may be issued provided they receive a separate series designation and trustee is prohibited from drawing on the LOC to make payment on them.

RATING SENSITIVITIES

The long-term ratings are tied to the long-term rating assigned to the bonds and the long-term ratings that Fitch maintains on the banks providing the LOCs. Changes to one or both of these ratings may affect the long-term ratings assigned to the bonds. Additionally, if either the underlying bond rating or the bank rating were downgraded to 'A-' or lower, the dual-party pay criteria could no longer be applied, and the long-term rating assigned to the bonds would then be adjusted to the higher of the bank rating and the underlying bond rating.

The short-term ratings are exclusively tied to the short-term ratings that Fitch maintains on the banks providing the LOC and will reflect all changes to that rating.

Contact:

Primary Analyst
Joseph Staffa
Senior Director
+1-212-908-0829
Fitch Ratings, Inc.
33 Whitehall Street
New York, NY 10004

Secondary Analyst
Mario Civico
Senior Director
+1-212-908-0796

Committee Chairperson
Vincent Barberio
Managing Director
+1-212-908-0505

Media Relations: Elizabeth Fogerty, New York, Tel: +1 (212) 908 0526, Email:
elizabeth.fogerty@fitchratings.com

Additional information is available on www.fitchratings.com

Applicable Criteria

U.S. Public Finance Letter of Credit-Supported Bonds and Commercial Paper Rating
Criteria (pub. 22 Feb 2018) (<https://www.fitchratings.com/site/re/10020595>)

U.S. Public Finance Structured Finance Rating Criteria (pub. 22 Feb 2018)
(<https://www.fitchratings.com/site/re/10020624>)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form (<https://www.fitchratings.com/site/dodd-frank-disclosure/10031478>)

Solicitation Status (<https://www.fitchratings.com/site/pr/10031478#solicitation>)

Endorsement Policy (<https://www.fitchratings.com/regulatory>)

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND
DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY
FOLLOWING THIS LINK:

[HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings). IN
ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE
AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM.
PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM
THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY,
CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER
RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE
OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS
RELEVANT INTERESTS ARE AVAILABLE AT
[HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY](https://www.fitchratings.com/site/regulatory). FITCH MAY HAVE
PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS
RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH

THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2018 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically

mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Solicitation Status

Fitch Ratings was paid to determine each credit rating announced in this Rating Action Commentary (RAC) by the obligatory being rated or the issuer, underwriter, depositor, or sponsor of the security or money market instrument being rated, except for the following:

Endorsement Policy - Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures (<https://www.fitchratings.com/regulatory>) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.