

1 [Amended and Restated Trust Agreement - Airport Hotel Special Facility Bonds]

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3 **Resolution approving the form of an Amended and Restated Trust Agreement**
4 **providing for the restructuring of the Airport Commission’s \$260,000,000 aggregate**
5 **principal amount of outstanding Special Facility Revenue Bonds (San Francisco**
6 **International Airport Hotel), Series 2018; and approving certain related matters, as**
7 **defined herein.**

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9 WHEREAS, The Airport Commission of the City and County of San Francisco (the
10 “Airport Commission”), by its Resolution No. 91-0210, adopted on December 3, 1991 (as
11 supplemented and amended, the “1991 Resolution”), authorized the issuance of San
12 Francisco International Airport Second Series Revenue Bonds (the “1991 Resolution Bonds”);
13 and

14 WHEREAS, The 1991 Resolution provides for the issuance by the Airport Commission
15 from time to time of the 1991 Resolution Bonds for any lawful purpose of the Airport
16 Commission; and

17 WHEREAS, As part of the implementation of the Airport Master Plan approved by the
18 Airport Commission in 1992, the Airport Commission undertook the development of a hotel
19 owned by the Airport Commission (the “Hotel”); and

20 WHEREAS, The Airport Commission, by its Resolution No. 15-0182 (as supplemented
21 and amended, the “Eighteenth Supplemental Resolution”) designated the planned Hotel as a
22 “Special Facility,” as defined in the 1991 Resolution, and determined that revenues from the
23 Hotel would constitute “Special Facility Revenues” as defined in the 1991 Resolution and
24 would not be included as “Revenues” under the 1991 Resolution, and authorized the issuance

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1 of bonds issued by the Airport Commission and secured solely by Hotel revenues (the “Hotel
2 Special Facility Bonds”), and, by its Resolution No. 17-0045, the Airport Commission
3 increased the maximum aggregate principal amount of the authorized Hotel Special Facility
4 Bonds to \$260,000,000; and

5 WHEREAS, In order to finance the Hotel at the lowest available interest rates, among
6 other reasons, the Airport Commission, by its Resolution No. 18-0089, authorized the sale of
7 1991 Resolution Bonds to investors and the use of a portion of the proceeds of such 1991
8 Resolution Bonds to purchase the Hotel Special Facility Bonds, thereby combining the
9 desirable features of 1991 Resolution Bonds and Hotel Special Facility Bonds; and

10 WHEREAS, The Board of Supervisors, by Resolutions Nos. 433-15 and 269-17,
11 adopted on December 1, 2015 and June 27, 2017, respectively, approved the issuance of the
12 Hotel Special Facility Bonds and the purchase of the Hotel Special Facility Bonds by the
13 Airport Commission using proceeds of 1991 Resolution Bonds; approved the appointment of
14 U.S. Bank National Association, as trustee for the Hotel Special Facility Bonds (the “Hotel
15 Bonds Trustee”); and authorized the execution and delivery of a Trust Agreement with the
16 Hotel Bonds Trustee (the “Hotel Trust Agreement”), as well as other certificates and
17 agreements relating to the Hotel Special Facility Bonds; and

18 WHEREAS, On June 6, 2018, the Airport Commission issued \$260,000,000 aggregate
19 principal amount of Hotel Special Facility Bonds, pursuant to the Hotel Trust Agreement,
20 named the “Special Facility Revenue Bonds (San Francisco International Airport Hotel),
21 Series 2018,” to finance the Hotel; and

22 WHEREAS, On June 6, 2018, the Airport Commission also issued \$276,340,000
23 aggregate principal amount of 1991 Resolution Bonds, Series 2018B and Series 2018C, to
24 finance the construction of the Hotel and certain related projects; and

1 WHEREAS, Using a portion of the proceeds of the 1991 Resolution Bonds, the Airport
2 Commission invested in the Hotel Special Facility Bonds by causing the Hotel Special Facility
3 Bonds to be purchased by a separate trust entity created under Delaware law for the purpose
4 of making such purchase, with the Airport Commission as trust beneficiary; and

5 WHEREAS, As Hotel Special Facility Bonds investor and trust beneficiary, the Airport
6 Commission has authority to direct The Bank of New York Mellon Trust Company, N.A (“BNY
7 Mellon Trust”), as trustee of the separate trust entity that is the bondholder of the Hotel
8 Special Facility Bonds, to take actions and give directions to the Hotel Bonds Trustee on the
9 Airport Commission’s behalf; and

10 WHEREAS, The Hotel opened on October 4, 2019 and, since the onset of the
11 Coronavirus pandemic in March 2020, has been operating at a loss due to substantially
12 reduced guest reservations and event facility bookings; and

13 WHEREAS, As a result of such substantially reduced guest reservations and event
14 facility bookings at the Hotel, the Airport Commission, as issuer of the Hotel Special Facility
15 Bonds, did not have sufficient Hotel revenues available to fund the \$3.9 million interest
16 payment due on October 1, 2020, on the Hotel Special Facility Bonds; and

17 WHEREAS, The Airport Commission, by its Resolution No. 20-0153, authorized and,
18 by such authority, the Airport Director executed, an instruction to cause BNY Mellon Trust to
19 instruct the Hotel Bonds Trustee: (1) to temporarily suspend the payment of the interest on the
20 Hotel Special Facility Bonds due on October 1, 2020, (2) not to make certain related transfers
21 of funds held by the Hotel Bond Trustee pursuant to the Hotel Trust Agreement, (3) not to
22 exercise certain related remedies, with such instruction explicitly acknowledging that there is
23 no waiver of the right to receive the suspended interest payment and that the non-payment of
24 such interest payment and the actions directed in the instruction shall not constitute or result
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1 in a default or Event of Default under the Hotel Trust Agreement by the Airport Commission,
2 the Hotel Bonds Trustee or Hyatt Corporation, as manager of the Hotel; and

3 WHEREAS, The Airport Commission, by its Resolution No. 20-0221 (such Resolution
4 No. 20-0221, together with Resolutions Nos. 20-0153, 18-0089 and 17-0045 and the
5 Eighteenth Supplemental Resolution, the “Commission Hotel Bond Resolutions”), approved
6 an Amended and Restated Trust Agreement (the “Amended Trust Agreement”), by and
7 between the Airport Commission and the Hotel Bonds Trustee, to reduce Hotel Special
8 Facility Bonds debt service requirements, including lowered interest rates and an amendment
9 to remove the October 1, 2020 interest payment and to require no debt service set-asides
10 until April 1, 2023, and authorized and directed the Airport Director to direct and instruct BNY
11 Mellon Trust, as trustee of the separate trust entity that is bondholder of the Hotel Special
12 Facility Bonds, to consent to and approve the Amended Trust Agreement; and

13 WHEREAS, A form of the Amended Trust Agreement and the Prior Commission Hotel
14 Bond Resolutions are on file with the Clerk of the Board of Supervisors in File No. 210007;
15 and

16 WHEREAS, The Airport Commission now seeks approval by this Board of the
17 Amended Trust Agreement; now, therefore, be it

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

20 FURTHER RESOLVED, That the Amended Trust Agreement in the form presented
21 and on file with the Clerk of the Board is hereby approved, and that the Airport Director and
22 other appropriate Airport officials are hereby authorized to execute and deliver the Amended
23 Trust Agreement substantially in the form presented and on file with the Clerk of the Board,
24 with such changes and additions as the Airport Director shall deem necessary or advisable in
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1 consultation with the City Attorney, which changes and additions shall be conclusively
2 approved by such execution and delivery; and, be it

3 FURTHER RESOLVED, That within thirty (30) days of the Amended Trust Agreement
4 being executed by all parties, the Airport Director shall provide copies of the executed
5 document to the Clerk of the Board for inclusion into the official file; and, be it

6 FURTHER RESOLVED, That all actions heretofore taken by the officers, agents and
7 employees of the Airport Commission and the City to carry out the intents and purposes of the
8 Commission Hotel Bond Resolutions, and of this Resolution, as consistent with this
9 Resolution, are hereby ratified, approved and confirmed; and, be it

10 FURTHER RESOLVED, That the Airport Commission and its proper officers, agents
11 and employees and those of the City are hereby authorized to take such actions or execute
12 such certificates, documents and agreements, in consultation with the City Attorney, as may
13 be necessary or desirable to carry out the intents and purposes of this Resolution and the
14 transactions contemplated hereby, including technical conforming amendments to the
15 contracts authorized by the Commission Hotel Bond Resolutions (the "Other Documents")
16 without the need for further approval by this Board; provided, that any such other actions or
17 execution of any such Other Documents are intended solely to further the purposes of this
18 Resolution, and are subject in all respects to the terms of this Resolution; and provided
19 further, that no such actions or execution of such Other Documents shall increase the risk to
20 the Airport Commission or the City or require the Airport Commission or the City to expend
21 any resources not otherwise authorized hereby; and, be it

22 FURTHER RESOLVED, That should the application of any provision of this Resolution
23 to any particular facts or circumstances be found by a court of competent jurisdiction to be
24 invalid or unenforceable, then (a) the validity of other provisions of this Resolution shall not be
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1 affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent
2 possible so as to effect the intent of this Resolution.

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