

San Francisco International Airport

MEMORANDUM

May 5, 2009

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TO: MEMBERS, AIRPORT COMMISSION
 Hon. Larry Mazzola, President
 Hon. Linda S. Crayton, Vice President
 Hon. Caryl Ito
 Hon. Eleanor Johns
 Hon. Richard J. Guggenlime

09-0088

MAY 05 2009

FROM: Airport Director

AIRPORT
 COMMISSION
 CITY AND COUNTY
 OF SAN FRANCISCO

SUBJECT: Establish a Fourth Series of Commercial Paper Notes to Achieve Debt Service Savings and Provide for one or more Subseries of Notes to Accommodate the use of Multiple Letters of Credit

GAVIN NEWSOM
 MAYOR

DIRECTOR'S RECOMMENDATION: ADOPT RESOLUTION AMENDING AND RESTATING THE FIRST SUPPLEMENTAL RESOLUTION No. 99-0299 TO PROVIDE FOR A FOURTH SERIES OF COMMERCIAL PAPER NOTES AND PROVIDE FOR ONE OR MORE SUBSERIES OF NOTES TO ACCOMMODATE THE USE OF MULTIPLE LETTERS OF CREDIT

LARRY MAZZOLA
 PRESIDENT

LINDA S. CRAYTON
 VICE PRESIDENT

CARYL ITO

Executive Summary

ELEANOR JOHNS
 RICHARD J. GUGGENHIME

JOHN L. MARTIN
 AIRPORT DIRECTOR

The Commission's Commercial Paper Program (the "CP Program") provides short-term financing for Airport capital projects. Recent Federal stimulus legislation now permits the Airport to finance and refinance capital projects with commercial paper notes that are not subject to the Federal alternative minimum tax ("AMT") and thus will bear a lower rate of interest. To take advantage of this legislation, the attached Amended and Restated First Supplemental Resolution (the "Resolution") establishes a new series of Notes which will constitute private activity bonds, the interest on which new series will not be subject to the AMT. In addition, the CP Program currently contemplates the Commission entering into only one Letter of Credit. To enable the Airport to utilize its full capacity of authorized Commercial Paper Notes ("Notes") in the amount of \$400 million, the attached Resolution provides for one or more subseries of Notes to accommodate the use of multiple Letters of Credit to pay and secure payment of the Notes. The Airport's Financial Advisory Committee has reviewed and approved this course of action.

Background

The Airport Commission adopted its Resolution No. 97-0147 on May 20, 1997, providing for the issuance of San Francisco International Airport Subordinate Revenue Bonds, which resolution has been amended and supplemented a number of times, including by Resolution No. 99-0299 on September 21, 1999 (the "First Supplemental Resolution," and collectively with Resolution No. 97-0147, the "1997 Resolution"). The 1997 Resolution provides that the Commission may issue its Subordinate Commercial Paper Notes, Series A, B and C from time to time as necessary to provide short-term financing for Airport capital projects.

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (the "Act"). The Act provides new incentives to financial institutions to purchase tax-exempt securities by temporarily repealing the AMT that would otherwise apply to certain tax-exempt private activity securities. Most of the Bonds and Notes issued by the Commission are private activity securities, and are subject to the AMT.

As a result of the temporary repeal of the AMT for certain tax-exempt private activity securities, interest on these securities will not be treated as a preference item for purposes of the AMT and also will not be included in the current earnings adjustment under the corporate AMT. These amendments to the Internal Revenue Code apply to "new money" securities issued in 2009 and 2010 and also to refundings in 2009 and 2010 of securities issued in calendar years 2004 through 2008.

Establishment of a New Series of Commercial Paper Notes

Of the Airport's approximately \$93 million principal amount of Notes outstanding, the \$88 million of Series A (AMT) Notes constitute private activity bonds. Although the Airport has this existing series of private activity notes outstanding, the newly authorized private activity bonds may not be commingled with the existing series due to their different tax treatment and the accompanying rules for financing and refinancing projects. Thus, to take advantage of the provisions of the Act, the proposed Resolution will establish a new fourth series of notes, the Series D (Non-AMT) private activity Notes. The Commission will then be able to issue the new Series D (Non-AMT) Notes to refund its outstanding Series A (AMT) Notes for debt service savings, and to continue to provide short-term financing for its capital projects.

Airport staff and the Airport's financial advisors estimate that issuing the Series D (Non-AMT) Notes will result in annual debt service savings of approximately \$600,000 based on the Airport's current interest costs and authorized Note capacity.

Providing for Multiple Letters of Credit

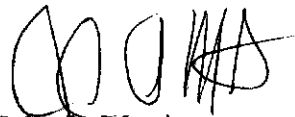
Currently, the 1997 Resolution only contemplates utilizing one Letter of Credit to pay and secure the payment of the Notes. The existing Letter of Credit is provided by State

Street Bank in a maximum principal amount of \$200 million. The 1997 Resolution, however, authorizes the CP Program up to \$400 million if adequate Letter of Credit support can be secured. In the current market environment, banks are reluctant to issue Letters of Credit in such large amounts and the Airport may need to secure several Letters of Credit in order to issue Notes up to the full amount of the \$400 million authorized capacity of the CP Program.

For the Airport to increase the CP Program to its full authorized amount, an amendment of the First Supplemental Resolution is required to provide for separate subseries of Notes secured by multiple Letters of Credit.

Recommendation

The proposed Resolution amends and restates the First Supplemental Resolution to establish a new fourth series of Notes, the Series D (Non-AMT) private activity Notes. It also provides for one or more subseries of Notes to accommodate the use of multiple Letters of Credit. Staff will return to the Commission for approval of any new or additional Letters of Credit for the CP Program. I recommend that the Commission adopt the Resolution.



John L. Martin
Airport Director

Prepared by: Leo Fermin
Deputy Airport Director
Business and Finance

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 09-0088

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

Resolution No. 09-_____

**Amended and Restated
First Supplemental Resolution
Providing for the Issuance of
Not to Exceed \$400,000,000 Aggregate Principal Amount of**

**SAN FRANCISCO INTERNATIONAL AIRPORT
SUBORDINATE COMMERCIAL PAPER NOTES**

Adopted on May 5, 2009

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 09-0088

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CITY AND COUNTY OF SAN FRANCISCO

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Resolution No. 09-_____

Amended and Restated First Supplemental Resolution Providing for the Issuance of
Not to Exceed \$400,000,000 Aggregate Principal Amount of
San Francisco International Airport
Subordinate Commercial Paper Notes

WHEREAS, the Airport Commission of the City and County of San Francisco (the "Commission"), on May 20, 1997, duly adopted its Resolution No. 97-0146, providing for the issuance of San Francisco International Airport Subordinate Revenue Bonds, (which Resolution, as previously supplemented and amended, including as supplemented by Resolution No. 97-0147 on May 29, 1997, as amended and restated by Resolution No. 99-0299 on September 21, 1999 and as amended and restated by this Resolution No. 09-_____, on May 5, 2009 (herein called the "First Supplemental Resolution"), is herein called the "1997 Resolution"); and

WHEREAS, the 1997 Resolution provides that the Commission may issue Bonds, including commercial paper notes, from time to time as the issuance thereof is authorized by the Commission; and

WHEREAS, the Commission has determined that it is necessary and desirable to authorize the issuance of one or more additional Series of Bonds in the form of commercial paper notes in an aggregate principal amount of not to exceed Four Hundred Million Dollars (\$400,000,000) for the purposes of (i) financing and refinancing the construction, acquisition, equipping and development of capital improvements at the Airport, including, but not limited to, preliminary engineering and planning costs, costs of design studies, costs of obtaining any applicable licenses or permits and other similar preliminary costs (the "Projects"); and (ii) funding other lawful expenditures of the Airport; and

WHEREAS, this First Supplemental Resolution, as originally adopted by the Commission, provided for the issuance of the Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series A (herein called the "Series A Notes") and the Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series B (herein called the "Series B Notes"); and

WHEREAS, this First Supplemental Resolution, as previously amended and supplemented, also provided for the issuance of the Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series C (herein called the "Series C Notes"); and

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WHEREAS, the Commission has determined that it is necessary and desirable to amend and restate this First Supplemental Resolution to provide for a fourth Series of Commercial Paper Notes to be designated as the "Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series D" (herein called the "Series D Notes") for the purpose of financing and refinancing the costs of the Projects; and

WHEREAS, interest on the Series D Notes, which Notes will constitute "private activity bonds" within the meaning of Section 141 of the Code, will not be subject to the alternative minimum tax under the Code, as permitted by The American Reinvestment and Recovery Act of 2009; and

WHEREAS, the Commission has also determined that it is necessary and desirable to amend and restate this First Supplemental Resolution to provide for one or more subseries of the Series A Notes, the Series B Notes the Series C Notes and the Series D Notes to accommodate the use of multiple letters of credit, if any;

NOW, THEREFORE, BE IT RESOLVED by the Airport Commission of the City and County of San Francisco, as follows:

ARTICLE XII

DEFINITIONS; GENERAL AUTHORIZATION; AND RATIFICATION

Section 12.01. Definitions. Except as otherwise defined in this First Supplemental Resolution, capitalized terms herein shall have the meanings assigned thereto in Section 1.01 of the 1997 Resolution. The following definitions shall apply to terms used in this First Supplemental Resolution, unless the context clearly requires otherwise:

"Administrative Agent" means any Bank acting as administrative agent for two or more Banks which have provided a Letter of Credit, and any successor thereto as administrative agent.

"Advances" means payments made by the Bank or Banks as a result of draws made on a Letter of Credit to pay principal of and interest on the related Commercial Paper Notes.

"Available Moneys" means moneys which are continuously on deposit with the Trustee or the Issuing and Paying Agent in trust for the benefit of the holders of the Commercial Paper Notes in a separate and segregated account in which only Available Moneys are held, which moneys constitute proceeds of (i) the Commercial Paper Notes received contemporaneously with the initial issuance and sale of the Commercial Paper Notes, (ii) a drawing under a Letter of Credit or payments otherwise made under a substitute Letter of Credit, (iii) refunding obligations

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for which the Trustee has received a written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Trustee and the Rating Agencies to the effect that payment of such moneys to the holders of the Commercial Paper Notes would not constitute an avoidable preference under Section 547 of the United States Bankruptcy Code if the Commission were to become a debtor under the United States Bankruptcy Code or (iv) the investment of funds qualifying as Available Moneys under the foregoing clauses.

“Bank” means each entity that is the issuer of a Letter of Credit then outstanding and effective hereunder. “Banks” means collectively, all of the Banks.

“Bank Note” means a note or notes issued by the Commission pursuant to Section 15.01 hereof and evidencing all or any portion of any unreimbursed Advances made by a Bank or Banks pursuant to a Letter of Credit and designated as “Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Revenue Notes, (insert name of Bank) Series.”

“Bank Note Payment Date” means a date on which principal of or interest on a Bank Note is due and payable, including both scheduled principal and interest and principal and interest payable upon prepayment of a Bank Note.

“Bank Rate” shall have the meaning assigned to that term in the Reimbursement Agreement.

“Business Day” means any day other than (i) a Saturday, Sunday or other day on which commercial banks in New York, New York, San Francisco, California or the city in which is located the office of the Bank at which demands for a draw on the related Letter of Credit will be made, are authorized or required by law to close or (ii) a day on which the New York Stock Exchange is closed.

“Commercial Paper Notes” or “Notes” means all Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes authorized to be issued from time to time under the 1997 Resolution and this First Supplemental Resolution, including Commercial Paper Notes issued as Series A Notes, Commercial Paper Notes issued as Series B Notes, Commercial Paper Notes issued as Series C Notes and Commercial Paper Notes issued as Series D Notes, including any subseries of such Notes.

“Dealer” means each dealer for the Commercial Paper Notes which is appointed by the Commission and has entered into a Dealer Agreement.

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“Dealer Agreement” means each Dealer Agreement, by and between the Commission and a Dealer, and any and all modifications, alterations, amendments and supplements thereto with respect to the Commercial Paper Notes.

“Designated Representative” means the Airport Director, the Deputy Director for Business and Finance and those additional individuals designated pursuant hereto to complete and deliver Issuance Requests and who have been identified and whose signatures have been certified in a certificate of an Authorized Commission Representative delivered to the Issuing and Paying Agent.

“Expiration Date” means the respective date of expiration of each Letter of Credit then in effect.

“Interest Advances” means Advances drawn and used to pay interest on Commercial Paper Notes.

“Issuance Request” means a request made by the Commission, acting through a Designated Representative, to an Issuing and Paying Agent for the delivery of a Commercial Paper Note or Commercial Paper Notes.

“Issuing and Paying Agent” means each entity which is appointed by the Commission and has entered into an Issuing and Paying Agent Agreement. “Principal Office” of an Issuing and Paying Agent means the respective office thereof designated in writing to the Commission and the Trustee.

“Issuing and Paying Agent Agreement” means each Issuing and Paying Agent Agreement entered into by and between the Commission and an Issuing and Paying Agent, and any and all modifications, alterations, amendments, and supplements thereto with respect to the Commercial Paper Notes.

“Letter of Credit” means a direct pay Irrevocable Letter of Credit issued by a Bank or Banks to the Issuing and Paying Agent on or prior to the date of issuance of the related Commercial Paper Notes and any substitute letter of credit accepted by the Issuing and Paying Agent as provided in Section 18.01 hereof.

“Maximum Rate” means twelve percent (12%) per annum or such higher interest rate as may be permitted by applicable law.

“No-Issuance Notice” shall have the meaning assigned thereto in each Reimbursement Agreement.

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“Note Depository” means the securities depository for a Series of Commercial Paper Notes appointed as such pursuant to Section 13.05, and its successors and assigns.

“Note Proceeds” means proceeds of the sale of the Commercial Paper Notes or any moneys, securities or other obligations that may be deemed to be proceeds of the Commercial Paper Notes within the meaning of the Code.

“Principal Advances” means Advances drawn and used to pay principal on Commercial Paper Notes.

“Reimbursement Agreement” means a Letter of Credit and Reimbursement Agreement, entered into between the Commission and one or more Banks, and any and all modifications, alterations, amendments and supplements thereto and any similar document entered into with respect to a subsequent or additional Letter of Credit.

“Series” means each series or subseries of the Notes, as appropriate.

“Series A Notes” means the “Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series A,” and/or any subseries thereof, as appropriate.

“Series A Project” means any undertaking, facility or item which is listed or otherwise described in a Tax Certificate of the Commission as being financed or refinanced in whole or in part with the proceeds of the Series A Notes, as from time to time amended, as provided in Section 14.03(a) hereof, and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed or refinanced with proceeds of the sale of Series A Notes.

“Series B Notes” means the “Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series B,” and/or any subseries thereof, as appropriate.

“Series B Project” means any undertaking, facility or item which is listed or otherwise described in a Tax Certificate of the Commission as being financed or refinanced in whole or in part with the proceeds of the Series B Notes, as from time to time amended, as provided in Section 14.03(a) hereof and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed or refinanced with proceeds on the sale of Series B Notes.

“Series C Notes” means the “Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series C,” and/or any subseries thereof, as appropriate.

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“Series C Project” means any undertaking, facility or item which is listed or otherwise described in a certificate signed by an Authorized Commission Representative as being financed or refinanced in whole or in part with the proceeds of the Series C Notes, as from time to time amended, as provided in Section 14.03(a) hereof and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed or refinanced with proceeds on the sale of Series C Notes.

“Series D Notes” means the “Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series D,” and/or any subseries thereof, as appropriate.

“Series D Project” means any undertaking, facility or item which is listed or otherwise described in a Tax Certificate of the Commission as being financed or refinanced in whole or in part with the proceeds of the Series D Notes, as from time to time amended, as provided in Section 14.03(a) hereof, and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed or refinanced with proceeds of the sale of Series D Notes.

“Specified Event of Default” means an Event of Default described in subsection (a), (b), (c), (f) or (g) of Section 7.01 of the 1997 Resolution, which Event of Default has not been cured.

“Stated Amount” means the Stated Amount as defined in each Letter of Credit then in effect.

“Termination Date” means the sixteenth day prior to the Expiration Date under the related Letter of Credit.

Section 12.02. Letter of Credit as Credit Facility. The Commission hereby designates each Letter of Credit as a “Credit Facility” and each Reimbursement Agreement as a “Credit Facility Agreement” and the Banks as “Credit Providers” for the purposes of the 1997 Resolution.

Section 12.03. Fees and Expenses of Banks, Trustee and Issuing and Paying Agent. Operation and Maintenance Expenses shall include the fees and expenses of the Banks, the Trustee and the Issuing and Paying Agent, but shall not include payments of principal of, or interest on, Bank Notes.

Section 12.04. General Authorization. The appropriate officers, agents and employees of the Commission are each hereby authorized and directed for and in the name and on behalf of the Commission to take all actions and to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they, or any of them, deem necessary or appropriate to consummate the lawful issuance, sale and delivery of one or more

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Series of Commercial Paper Notes in accordance with the provisions hereof and of the 1997 Resolution.

Section 12.05. Ratification of the 1997 Resolution. This First Supplemental Resolution and all the terms and provisions herein contained shall form part of the 1997 Resolution as fully and with the same effect as if all such terms and provisions had been set forth in the 1997 Resolution. The 1997 Resolution is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as amended and supplemented to the date hereof, including as amended and supplemented by this First Supplemental Resolution.

ARTICLE XIII

THE COMMERCIAL PAPER NOTES

Section 13.01. Authorized Amount of Commercial Paper Notes; Terms and Description of Commercial Paper Notes.

(a) No Commercial Paper Notes may be issued under the provisions of this First Supplemental Resolution except in accordance with this Article.

(b) The Commission hereby authorizes the issuance of its "Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series A," "Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series B," "Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series C" and "Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series D" subject to the provisions of this Section 13.01 and as hereinafter provided. The Series A Notes shall be issued from time to time as provided herein to finance and refinance the cost of Series A Projects, the Series B Notes shall be issued from time to time as provided herein to finance and refinance the cost of Series B Projects, the Series C Notes shall be issued from time to time as provided herein to finance and refinance the cost of Series C Projects and the Series D Notes shall be issued from time to time as provided herein to finance and refinance the cost of Series D Projects or to refinance the cost of Series A Projects. The Series A Notes, the Series B Notes, the Series C Notes and the Series D Notes may be issued in one or more subseries as shall be determined to be necessary or desirable by the Airport Director.

(c) Proceeds of Commercial Paper Notes issued to refinance other Commercial Paper Notes may be used to pay or reimburse the Banks for Advances used to pay principal or interest due on such maturing Commercial Paper Notes; *provided, however*, that unless the Issuing and

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Paying Agent receives an Opinion of Bond Counsel to the contrary, the proceeds of Series A Notes may only be used to pay or to reimburse the Banks for Advances used to pay principal or interest due on Series A Notes, proceeds of Series B Notes may only be used to pay or to reimburse the Banks for Advances used to pay principal or interest due on Series B Notes, proceeds of Series C Notes may only be used to pay or to reimburse the Banks for Advances used to pay principal or interest due on Series C Notes and proceeds of Series D Notes may only be used to pay or to reimburse the Banks for Advances used to pay principal or interest due on Series D Notes or the Series A Notes. Upon receipt of an Opinion of Bond Counsel, Notes may also be issued to refund other bonds or debt obligations of the Commission. Such authorization specifically includes the authorization to issue and reissue Commercial Paper Notes for such purposes.

(d) The aggregate principal amount of Commercial Paper Notes that may be Outstanding at any one time hereunder shall not at any time exceed \$400,000,000. The aggregate principal amount of each Series of Notes that may be Outstanding at any one time hereunder shall not exceed the the Principal Component (as defined in the related Letter of Credit) then available under the Letter of Credit securing such Series of Notes. At no time shall the aggregate amount of interest payable on the Outstanding Commercial Paper Notes of any Series of Notes exceed the the Interest Component (as defined in the related Letter of Credit) then available under the Letter of Credit securing such Series of Notes.

(e) The determinations of the Airport Director provided for in this Section shall be set forth in one or more Certificates of Additional Terms ("Certificate of Additional Terms") to be executed and delivered by the Airport Director, which Certificates of Additional Terms when executed and delivered by the Airport Director, shall constitute a part of the 1997 Resolution.

(f) The Commercial Paper Notes shall be dated the date of their respective authentication and issuance; shall be issued in bearer or registered form, as shall be determined by the Airport Director, shall be issued in denominations of \$100,000 and in integral multiples of \$5,000 in excess thereof; and interest on the Commercial Paper Notes shall be separately stated by rate and amount on the face of each Commercial Paper Note. Commercial Paper Notes shall bear interest from their respective dates, payable on their respective maturity dates.

(g) Commercial Paper Notes (i) shall bear interest payable at maturity at an annual rate (calculated on the basis of a year consisting of 365/366 days and actual number of days elapsed), which shall not in any event exceed the Maximum Rate, (ii) shall mature on a Business Day not more than 270 days after their respective dates, but in no event later than the related Termination Date, and (iii) shall be sold by the Dealers pursuant to a Dealer Agreement at a price of not less than 100% of the principal amount thereof. The stated interest rate, maturity date and other terms of each Commercial Paper Note, so long as not inconsistent with the terms of this

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First Supplemental Resolution, shall be as set forth in the Issuance Request required by Section 13.06 hereof directing the issuance of such Commercial Paper Note.

(h) The Commercial Paper Notes shall not be subject to redemption prior to maturity.

(i) The Series A Notes, the Series B Notes, the Series C Notes and the Series D Notes and each subseries thereof shall be numbered in such manner as the Issuing and Paying Agent may deem appropriate.

(j) Commercial Paper Notes which are issued to finance or refinance Series A Projects shall be designated as Series A Notes. Commercial Paper Notes which are issued to finance or refinance Series B Projects shall be designated as Series B Notes. Commercial Paper Notes which are issued to finance or refinance Series C Projects shall be designated as Series C Notes. Commercial Paper Notes which are issued to finance or refinance Series D Projects or the Series A Projects shall be designated as Series D Notes. A subseries of each Series of Notes may be created as shall be determined to be necessary or desirable by the Airport Director to accommodate the use of one or more additional Letters of Credit.

(k) The Commercial Paper Notes shall constitute Bonds within the meaning of the 1997 Resolution and the Series A Notes, the Series B Notes, the Series C Notes and the Series D Notes, including all subseries of such notes, collectively, shall constitute a single Commercial Paper Program within the meaning of the 1997 Resolution.

Section 13.02. Payment. The Commission covenants to duly and punctually pay or cause to be paid from Net Revenues in accordance with the 1997 Resolution, the principal of and interest on each and every Commercial Paper Note when due. To the extent Advances made by a Bank or Banks under a Letter of Credit for the purpose of paying principal of and interest on maturing Commercial Paper Notes together with Note Proceeds from Commercial Paper Notes issued on such date are insufficient to pay principal of and interest on maturing Commercial Paper Notes, the Commission will make all payments of interest and principal directly to the Issuing and Paying Agent in immediately available funds on or prior to 1:30 p.m., New York City time, on the date payment is due on any Commercial Paper Note. To the extent principal of and/or interest on Commercial Paper Notes is paid with an Advance, the Issuing and Paying Agent is authorized and directed to use amounts paid by the Commission to reimburse the applicable Bank(s). The principal of and the interest on the Commercial Paper Notes shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts.

The principal of and the interest on the Commercial Paper Notes shall be payable at the Principal Office of the Issuing and Paying Agent on or before the close of business on any

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Business Day upon which such Commercial Paper Notes have become due and payable; *provided*, that such Commercial Paper Notes are presented and surrendered on a timely basis. Upon presentation of such a Commercial Paper Note to the Issuing and Paying Agent no later than 3:00 p.m. (New York City time) on a Business Day, payment for such Commercial Paper Note shall be made by the Issuing and Paying Agent in immediately available funds on such Business Day. If a Commercial Paper Note is presented for payment after 3:00 p.m. (New York City time) on a Business Day, payment therefore may be made by the Issuing and Paying Agent on the next succeeding Business Day without the accrual of additional interest thereon.

Notwithstanding the provisions of the previous paragraph, in the event the Notes are issued as a master note or master notes in book-entry form, they shall be payable at maturity without physical presentation or surrender in accordance with the procedures of the Note Depository.

Section 13.03. Authentication of Commercial Paper Notes. The Issuing and Paying Agent is by this First Supplemental Resolution, designated by the Commission as an Authenticating Agent, Registrar and Paying Agent for the Commercial Paper Notes in accordance with the terms of Section 8.12 of the 1997 Resolution. Notwithstanding anything herein to the contrary, the Issuing and Paying Agent shall not authenticate Commercial Paper Notes of a Series which mature later than the related Termination Date, and the Issuing and Paying Agent shall not authenticate Commercial Paper Notes of a Series if a Specified Event of Default under the related Letter of Credit then exists of which it has actual knowledge or the Issuing and Paying Agent has received a No-Issuance Notice under the related Letter of Credit.

If any Commercial Paper Notes are to be issued in bearer form, the Commission shall from time to time furnish the Issuing and Paying Agent with an adequate supply of Commercial Paper Notes, each of which shall have attached such number of carbon copies as the Issuing and Paying Agent shall reasonably specify. When any Commercial Paper Notes are delivered to the Issuing and Paying Agent by the Commission, the Issuing and Paying Agent shall execute and deliver to the Commission a receipt therefor and shall hold such Commercial Paper Notes for the account of the Commission in safekeeping in accordance with its customary practice.

Section 13.04. Forms of Commercial Paper Notes and Authentication Certificate. The definitive Series A Notes, Series B Notes, Series C Notes and Series D Notes and the Certificate of Authentication endorsed thereon shall be substantially in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate Series designation, variations, omissions and insertions as shall be required or appropriate to accomplish the purpose of the transaction authorized by the 1997 Resolution and this First Supplemental Resolution.

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The Commercial Paper Notes may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law or regulation with respect thereto.

Section 13.05. Book-Entry System. Unless the Airport Director or his designee determines that a Series of Commercial Paper Notes shall be issued in bearer form or registered form other than in book-entry form, the Commercial Paper Notes shall initially be issued in book-entry form as further provided in this Section 13.05.

(a) The Notes issued pursuant to this First Supplemental Resolution shall initially be issued in the form of a separate single fully-registered Note for each Series of the Commercial Paper Notes. Except as provided in subsection (c) of this Section 13.05, all of the Commercial Paper Notes shall be registered in the name of the Nominee. Notwithstanding any provision to the contrary in Section 13.06, so long as the Notes remain in the form of one or more master notes in book-entry form, the issuance of Notes pursuant to an Issuance Request against payment therefor shall not require the physical delivery of note certificates.

The Trustee, the Issuing and Paying Agent and the Commission may treat the registered owner of each Note as the sole and exclusive owner thereof for the purposes of payment of the principal of or interest on the Series of Notes to which such Note belongs, giving any notice permitted or required to be given to Noteholders under the 1997 Resolution, registering the transfer of Notes, obtaining any consent or other action to be taken by Noteholders, and for all other purposes whatsoever, and neither the Trustee, the Issuing and Paying Agent nor the Commission shall be affected by any notice to the contrary.

Neither the Trustee, the Issuing and Paying Agent nor the Commission shall have any responsibility or obligation to any participant in the Note Depository (a "Participant"), any person claiming a beneficial ownership interest in the Commercial Paper Notes under or through the Note Depository or any Participant, or any other person who is not shown on the registration books as being a Noteholder, with respect to (i) the accuracy of any records maintained by the Note Depository or any Participant; (ii) the payment by the Note Depository or any Participant of any amount in respect of the principal of or interest on the Commercial Paper Notes; (iii) the delivery of any notice which is permitted or required to be given to Noteholders under the 1997 Resolution; (iv) any consent given or other action taken by the Note Depository as Noteholder; or (v) any other purpose.

The Issuing and Paying Agent shall pay all principal of and interest on the Commercial Paper Notes only to or upon the order of the Note Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Commission's obligations with respect to the payment of the principal of and interest on the Commercial Paper Notes to the extent of the sum or sums so paid. Upon delivery by the Note Depository to the Issuing and Paying Agent

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and the Trustee of written notice to the effect that the Note Depository has determined to substitute a new Nominee in place of the current Nominee, and subject to the provisions herein with respect to record dates, the word Nominee in this Article XIII shall refer to such new Nominee.

(b) In order to qualify each Series of Commercial Paper Notes for the Note Depository's book-entry system, the appropriate officers or employees of the Commission are hereby authorized to execute, seal, countersign and deliver on behalf of the Commission to the Note Depository for each Series of Commercial Paper Notes, a Representation Letter from the Commission representing such matters as shall be necessary to so qualify the Commercial Paper Notes. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section 13.05 or in any other way impose upon the Commission any obligation whatsoever with respect to persons having beneficial ownership interests in the Commercial Paper Notes other than the Noteholders.

(c) In the event (i) the Note Depository determines not to continue to act as securities depository for a Series of Commercial Paper Notes, or (ii) the Commission determines that the Note Depository shall no longer so act and delivers a written certificate to the Issuing and Paying Agent and the Trustee to that effect, then the Commission will discontinue the book-entry system with the Note Depository for such Series of Notes. If the Commission determines to replace the Note Depository for a Series of Commercial Paper Notes with another qualified securities depository, the Commission shall prepare or direct the preparation of a new, single, separate, fully registered Note of such Series for such Series of Notes registered in the name of such successor or substitute qualified Note Depository or its Nominee, or make such other arrangements acceptable to the Trustee, the Issuing and Paying Agent and such successor or substitute Note Depository as are not inconsistent with the terms of this Supplemental Resolution. If the Commission fails to identify another qualified Note Depository to replace the incumbent Note Depository for a Series of Commercial Paper Notes, then such Series of Notes shall no longer be restricted to being registered in the bond registration books in the name of the incumbent Note Depository or its Nominee, but shall be registered in whatever name or names the incumbent Note Depository or its Nominee transferring or exchanging such Series of Notes shall designate.

(d) Notwithstanding any provision of the 1997 Resolution to the contrary, so long as the Commercial Paper Notes are registered in the name of the Nominee, all payments with respect to principal of and interest on the Commercial Paper Notes and all notices with respect to the Commercial Paper Notes shall be made and given, respectively, as provided in the Representation Letter for the related Series of Notes or as otherwise instructed by the Note Depository.

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(e) The initial Note Depository with respect to each Series of Commercial Paper Notes shall be DTC. The initial Nominee with respect to each Series of Commercial Paper Notes shall be CEDE & CO., as nominee of DTC.

Section 13.06. Conditions Precedent to Delivery of Commercial Paper Notes.

(a) Prior to the issuance of each Series of Commercial Paper Notes hereunder, Commercial Paper Notes of such Series shall be executed by the Commission and delivered to the Issuing and Paying Agent, who shall hold such Commercial Paper Notes unauthenticated in safekeeping for the Commission. Subject to the provisions of Sections 13.01 and 13.05 hereof and paragraphs (c) and (d) of this Section 13.06, at any time and from time to time prior to the related Termination Date, Commercial Paper Notes shall be manually authenticated and delivered by the Issuing and Paying Agent for the consideration and in the manner hereinafter provided, but only upon receipt by the Issuing and Paying Agent of an Issuance Request, no later than 1:00 p.m. (New York City time) on the Business Day on which Commercial Paper Notes are to be delivered, directing the Issuing and Paying Agent to authenticate the Commercial Paper Notes referred to therein and to deliver the same to or upon the order of the Dealer. Each Issuance Request shall include: (i) the principal amount and date of each Commercial Paper Note then to be delivered; (ii) the rate and amount of interest thereon; (iii) the maturity date thereof; (iv) whether the Commercial Paper Notes to be issued shall be Series A Notes, Series B Notes, Series C Notes or Series D Notes or a subseries thereof; and (v) if the Commercial Paper Notes are sold at a premium, the purchase price of the Notes. No later than 12:30 p.m. on each Business Day on which the Commission proposes to issue Commercial Paper Notes, each Dealer shall report to the Commission each transaction made with or arranged by it or shall notify the Commission and the Issuing and Paying Agent of the difference, if any, between the amount of maturing Notes and the amount of Notes which the Dealer has arranged to sell or has agreed to purchase.

Upon receipt of such Issuance Request (which may be transmitted by mail, telecopy, facsimile transmission, e-mail or other electronic communications method, or by telephone, promptly confirmed in writing), the Issuing and Paying Agent shall, by 2:15 p.m. (New York City time) on such day, complete each Series A Note, each Series B Note, each Series C Note and each Series D Note or any subseries thereof then to be delivered as to amount, date, maturity date, interest rate and interest amount specified in such Issuance Request, and deliver each such Commercial Paper Note to or upon the order of the Dealer upon receipt of payment therefor; *provided, however*, that no such Commercial Paper Notes shall be delivered by the Issuing and Paying Agent if such delivery would result in the aggregate principal amount of Commercial Paper Notes Outstanding at any one time being in excess of \$400,000,000. The aggregate principal amount of each Series of Notes Outstanding at any one time shall not exceed the Principal Component (as defined in the related Letter of Credit) then available under the Letter

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of Credit securing such Series of Notes, or would result in the aggregate amount of interest payable on Outstanding Commercial Paper Notes secured thereby to exceed the Interest Component then available under such Letter of Credit. Notwithstanding any provision herein to the contrary, no such Commercial Paper Notes of a Series shall be delivered by the Issuing and Paying Agent if (A) it shall have received notice from a Designated Representative directing the Issuing and Paying Agent to cease authenticating and delivering Commercial Paper Notes until such time as such direction is withdrawn by similar notice, (B) it shall have actual knowledge that a Specified Event of Default under the related Letter of Credit shall have occurred and be continuing, (C) it shall have received notice from Bond Counsel that their opinion regarding the exclusion of interest on the Commercial Paper Notes (other than Commercial Paper Notes designated as taxable Notes pursuant to Section 16.04) from the gross income for federal tax purposes of the holders thereof is being withdrawn, (D) the maturity date of the Commercial Paper Notes of such Series would extend beyond the Termination Date under the related Letter of Credit or (E) the Trustee and the Issuing and Paying Agent shall have received a No-Issuance Notice under the related Letter of Credit with respect to such Series. If an Issuance Request is received after 1:00 p.m. (New York City time) on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested Commercial Paper Notes until the next succeeding Business Day.

The Commission shall, upon a change in the identity of its Designated Representatives, provide a certificate for each new Designated Representative to the Issuing and Paying Agent.

A copy of each Commercial Paper Note authenticated in bearer form by the Issuing and Paying Agent shall be promptly mailed by U.S. mail, first class, postage prepaid, to the Commission and the Trustee by the Issuing and Paying Agent. The Issuing and Paying Agent shall furnish the Commission with such additional information with respect to the carrying out of its duties hereunder as the Commission from time to time shall reasonably request.

(b) In addition to the Issuance Request described above in this Section 13.06, and as a further condition to the issuance of any Commercial Paper Notes, the Designated Representative shall certify to the Issuing and Paying Agent that, as of the date of delivery of such Commercial Paper Notes, (i) the related Letter of Credit is in full force and effect; (ii) after the issuance of such Commercial Paper Notes and the application of the proceeds thereof, the aggregate principal amount of Commercial Paper Notes Outstanding will not exceed the amount that at the time is authorized to be Outstanding hereunder as provided in Section 13.01(b) hereof; (iii) the interest rates borne by the Commercial Paper Notes to be delivered on such date do not exceed the lesser of the Maximum Rate or the rate used in calculating the Interest Component of the related Letter of Credit, (iv) unless the Commercial Paper Notes to be issued are taxable, the facts, estimates, circumstances and representations set forth or made (as the case may be) in the Tax Certificate continue to exist and are reaffirmed on such date; (v) the terms of the

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Commercial Paper Notes do not exceed 270 days and the maturity dates of such Commercial Paper Notes set forth in the Issuance Request do not extend beyond the Termination Date of the related Letter of Credit; (vi) the Commission has not been notified by Bond Counsel that their opinion with respect to the validity of the Commercial Paper Notes and the tax treatment of the interest thereof delivered prior to the initial issuance of the Commercial Paper Notes has been revised or withdrawn or, if any such revisions or withdrawal has occurred, the revised opinion or a substitute opinion acceptable to the Dealers has been delivered; (vii) no Specified Event of Default under the related Letter of Credit has occurred and is then continuing; and (viii) all of the conditions precedent to the issuance of such Commercial Paper Notes set forth in this Section 13.06 of this First Supplemental Resolution have been satisfied.

The delivery of any Issuance Request to the Issuing and Paying Agent by a Designated Representative in the manner provided in this Section shall constitute the certification and representation of the Commission as of the date of such Issuance Request as to the matters set forth in the immediately preceding paragraph.

(c) Any Issuance Request made by telephone pursuant to this Section may be recorded by the Issuing and Paying Agent and confirmed promptly in writing by a Designated Representative; *provided, however*, that the failure so to confirm any such Issuance Request, or any conflict between any such recorded oral Issuance Request and the written confirmation thereof, shall not affect the validity of any recorded oral Issuance Request received by the Issuing and Paying Agent as provided herein. If the Issuing and Paying Agent does not record an oral Issuance Request, and a conflict exists between such oral Issuance Request and the written confirmation thereof, the terms of the written confirmation shall control.

(d) Prior to the initial delivery of the Commercial Paper Notes of a Series under this First Supplemental Resolution and as a condition to such initial issuance, the Trustee and the Commission shall be notified by the Issuing and Paying Agent that the Issuing and Paying Agent has received:

(i) A fully executed counterpart of the Reimbursement Agreement relating to such Series;

(ii) The executed Letter of Credit relating to such Series;

(iii) The opinions of the United States counsel (and foreign counsel if the Bank is a United States branch or agency of a bank organized under the laws of a country other than the United States) to each Bank, addressed to the Commission, the Issuing and Paying Agent and the Trustee, to the effect that the Letter of Credit relating to such Series is a valid and binding obligation of the Bank(s), enforceable in accordance with its terms; and

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(iv) **The Dealer Agreements.**

Section 13.07. Commercial Paper Notes. The Commission, the Trustee and the Issuing and Paying Agent may deem and treat the bearer of Notes in bearer form or the registered owner of Notes in registered form as the absolute owner thereof (whether or not such Commercial Paper Note shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuing and Paying Agent), for the purpose of receiving payment thereof or on account thereof and for all other purposes, and neither the Commission, the Trustee nor the Issuing and Paying Agent shall be affected by any notice to the contrary.

ARTICLE XIV

APPLICATION OF COMMERCIAL PAPER NOTE PROCEEDS

Section 14.01. Establishment and Designation of Accounts.

(a) An account within the Construction Fund established pursuant to Section 4.01 of the 1997 Resolution is hereby established and designated as the "Commercial Paper Construction Account" and herein called the "Construction Account".

(b) The following accounts within the 1997 Resolution Debt Service Fund established pursuant to Section 5.02(b) of the 1997 Resolution are hereby established, and the Issuing and Paying Agent shall hold such accounts in accordance with the 1997 Resolution and the Issuing and Paying Agent Agreement:

(1) "Commercial Paper Debt Service Account," with subaccounts therein designated as the "Series A Debt Service Account," the "Series B Debt Service Account," the "Series C Debt Service Account" and the "Series D Debt Service Account," together with a debt service subaccount for each subseries of Notes as provided in the related Certificate of Additional Terms;

(2) "Commercial Paper Bank Payment Account" and herein called the "Bank Payment Account," with subaccounts therein designated as the "Series A Bank Payment Account," the "Series B Bank Payment Account," the "Series C Bank Payment Account" and the "Series D Bank Payment Account," together with a bank payment subaccount for each subseries of Notes as provided in the related Certificate of Additional Terms; and

(3) Bank Note Debt Service Account and herein called the "Bank Note Account" with subaccounts therein for each Series of Bank Notes as provided in the related Certificate of Additional Terms.

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(c) The Commission hereby determines not to establish an account within the 1997 Resolution Reserve Fund for the benefit of the Noteholders.

(d) As set forth in a Certificate of Additional Terms, additional accounts or subaccounts for any Series may be established hereunder from time to time as shall be determined to be necessary or desirable by the Airport Director.

Section 14.02. Deposit of Proceeds of Commercial Paper Notes. Immediately upon receipt thereof, the Issuing and Paying Agent shall first deposit the proceeds of the sale of the Commercial Paper Notes of a Series into the related subaccount of the Bank Payment Account in an amount equal to the unreimbursed Advances made by the Bank(s) under the related Letter of Credit to pay principal of or interest on the Commercial Paper Notes of such Series and shall then transfer the remaining proceeds to the Treasurer for deposit in the Construction Account.

Section 14.03. Application of Moneys in the Construction Account.

(a) Moneys in the Construction Account attributable to each Series of Notes shall be applied to the payment of the Project Costs for such Series. The Commission may from time to time amend the list of Series A Projects, Series B Projects or Series D Projects in the Tax Certificate; *provided, however*, that the Commission shall not amend the list of Series A Projects, Series B Projects or Series D Projects in such a way as to change the tax status of the related Series of Commercial Paper Notes. The Commission may from time to time amend the list of Series C Projects in the certificate of the Commission.

(b) The Treasurer is hereby authorized to disburse from the Construction Account the amount required for the payment of Project Costs and is directed to make such disbursements upon receipt of a warrant drawn by the Controller.

(c) Moneys held in the Construction Account shall be invested by the Treasurer in Permitted Investments as directed by an Authorized Commission Representative.

Section 14.04. Deposits Into and Uses of the Commercial Paper Debt Service Account and the Bank Payment Account.

(a) On or before 1:30 p.m. New York City time, on the maturity of each Note, the Commission shall deposit from Net Revenues available therefor pursuant to Section 5.05(c) and Section 5.06(b)(ii) of the 1997 Resolution with the Issuing and Paying Agent for deposit in the Bank Payment Account, an amount sufficient, together with all other amounts available to the Issuing and Paying Agent in the related Series subaccount of the Bank Payment Account to pay principal of and interest due on all Notes on such maturity date. The Issuing and Paying Agent

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shall notify the Commission on or before 5:00 p.m., New York City time, on the Business Day prior to such maturity date, of the total amount due on such maturity date.

(b) Each Advance received by the Issuing and Paying Agent as a result of a drawing under a Letter of Credit to pay the principal of and interest on maturing Notes of a Series shall be deposited into the related Debt Service Account or subaccount of the Commercial Paper Debt Service Account and used to pay the principal of and interest on the maturing Notes of such Series upon the proper presentment thereof.

(c) Amounts deposited into the Bank Payment Account or subaccount with respect to the Notes of a Series shall be used, on each day that an Advance is received by the Issuing and Paying Agent and deposited into the Debt Service Account or subaccount related to such Series, by the Issuing and Paying Agent to reimburse the related Bank or Banks for the amount of such Advance; *provided, however*, if, on any maturity date of the Notes of such Series, the Advances paid under the related Letter of Credit are not sufficient to pay the full amount of the principal of and interest due on such related Notes on such date, amounts in the Bank Payment Account or subaccount related to such Series shall be used to make the balance of such payment.

(d) Moneys in the Commercial Paper Debt Service Account and the Bank Payment Account shall not be invested.

(e) Any lien that the Issuing and Paying Agent and the Trustee may have on Advances made by a Bank under a Letter of Credit and the related Note Proceeds shall be expressly subordinate to the lien on such funds created for the benefit of the holders of the Commercial Paper Notes of the related Series and such Bank.

Section 14.05. Drawings Under a Letter of Credit. On or before each maturity date for any Commercial Paper Note of a Series, the Issuing and Paying Agent shall present all required drawing certificates and accompanying documentation, if required, to the Administrative Agent for the related Letter of Credit and demand payment be made under such Letter of Credit on such maturity date, at such time and in such amount not in excess of the Stated Amount of the related Letter of Credit, so as to be timely and sufficient to pay the entire amount of principal and interest becoming due on all Commercial Paper Notes of such Series on such date.

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ARTICLE XV

THE BANK NOTES

Section 15.01. Authorization and Terms of Bank Notes.

(a) The Commission hereby authorizes the issuance of one or more Series of its "Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Revenue Notes," subject to the provisions of this Section 15.01 and as hereinafter provided. A Series of Bank Notes shall be issued for each Bank and designated the "Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Revenue Notes (insert name of Bank) Series." The Bank Notes shall be issued (i) on the effective date of the related Letter of Credit to evidence Advances that are not reimbursed on the same Business Day any such Advance is made and that remain outstanding from time to time, (ii) from time to time in the event that any Advance is not reimbursed on the same Business Day such Advance is made, or (iii) as shall otherwise be set forth in the related Reimbursement Agreement; and in any such case, in consideration of the payment of unreimbursed Advances by the related Bank or Banks. The aggregate principal amount of Bank Notes of a Series that may be Outstanding at any one time hereunder shall not at any time exceed the Stated Amount of the related Letter of Credit.

(b) The Bank Notes shall be dated the date of their respective authentication and issuance; shall be issued in registered form only; shall be issued and outstanding from time to time in any denomination as provided in the related Reimbursement Agreement and shall bear interest at the interest rates set forth in the related Reimbursement Agreement; *provided, however,* that the interest rate on the Bank Notes shall never exceed the Maximum Rate. Bank Notes shall bear interest from their respective dates, payable in accordance with the related Reimbursement Agreement. Principal of the Bank Notes shall be payable in accordance with the related Reimbursement Agreement. The final maturity of the Bank Notes shall be as provided in the related Reimbursement Agreement.

(c) The maturity date and other terms of each Bank Note, so long as not inconsistent with the terms of this First Supplemental Resolution, shall be as set forth in the certificate of an Authorized Commission Representative directing the issuance of such Bank Note.

(d) Anything in the 1997 Resolution to the contrary notwithstanding, each Series of Bank Notes shall be subject to optional and mandatory prepayment prior to maturity in accordance with, and upon notice as provided by, the related Reimbursement Agreement.

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(e) Each Series of Bank Notes shall be numbered consecutively from No. 1 upward. The Issuing and Paying Agent may make additional provision for numbering, including additional prefixes and suffixes, as it may deem appropriate.

Section 15.02. Issuance of Bank Notes. In the event that any Bank shall have made an Advance that has not been reimbursed on the same Business Day by such time as shall be set forth in the related Reimbursement Agreement, such Bank or the Administrative Agent under the related Letter of Credit shall provide notice in writing to the Commission, the Issuing and Paying Agent and the Trustee stating: (x) (i) the amount of the Advance that remains unreimbursed; and (ii) the amount by which the outstanding principal of each Bank Note shall be increased as a result thereof, the principal amount of the Bank Notes to be issued as a result thereof, or otherwise as shall be set forth in the related Reimbursable Agreement; (y) (i) the amount of the Advance that remains unreimbursed; (ii) the final maturity date of such Bank Note or related portion thereof; and (iii) the amount of each scheduled principal installment on such Bank Note or related portion thereof. Upon receipt of a notice requesting the issuance of a Bank Note, the Issuing and Paying Agent shall authenticate a Bank Note of the Series specified in such notice and in accordance with such notice and the certificate of an Authorized Commission Representative delivered to the Issuing and Paying Agent pursuant to Section 15.01(c) and shall deliver such Bank Note to or upon the order of the respective Bank.

Section 15.03. Form of Bank Notes and Authentication Certificate. The definitive Bank Notes and the Certificate of Authentication endorsed thereon shall be substantially in the forms set forth in Exhibit B attached hereto and made a part hereof, with such appropriate variations, omissions and insertions as shall be necessary or appropriate to accomplish the purpose of the transaction authorized by the 1997 Resolution and this First Supplemental Resolution.

The Bank Notes may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law or regulation with respect thereto.

Section 15.04. No Transfers of Bank Notes. Unless otherwise required by applicable law, the Bank Notes shall be non-negotiable and non-transferable.

Section 15.05. Deposits of Net Revenues in Bank Note Account. In accordance with Section 5.03 and Section 5.06 of the 1997 Resolution, on the Business Day before each Bank Note Payment Date, the Treasurer shall allocate and transfer to the Issuing and Paying Agent for deposit in the related Bank Note Account amounts from available Net Revenues, as follows:

(a) An amount equal to the aggregate amount of interest due and payable on such Bank Note Payment Date on all Bank Notes Outstanding; and

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(b) An amount equal to the aggregate principal amount due and payable on such Bank Note Payment Date on the Outstanding Bank Notes.

Amounts in the Bank Note Account shall be invested by the Issuing and Paying Agent in Permitted Investments in accordance with Section 5.08 of the 1997 Resolution.

The Bank Notes shall not be payable from the proceeds of a Letter of Credit drawing.

ARTICLE XVI

COVENANTS

Section 16.01. No Arbitrage. The Commission shall not take, nor permit to be taken by the Trustee, the Issuing and Paying Agent or otherwise, any action which, if such action had been reasonably expected to have been taken or had been deliberately and intentionally taken on the date of the issuance of any Series of Commercial Paper Notes, would have caused such Series of the Commercial Paper Notes to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and Regulations. To that end, the Commission will comply with all requirements of Section 148 of the Code to the extent applicable to each Series of Notes. In the event that at any time the Commission is of the opinion that for purposes of this Section 16.01 it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee or the Issuing and Paying Agent under this First Supplemental Resolution, the Commission shall so instruct the Trustee or the Issuing and Paying Agent in writing, and the Trustee or the Issuing and Paying Agent, as the case may be, shall take such action as may be necessary in accordance with such instructions.

Section 16.02. Rebate to United States. 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. To further the satisfaction of such rebate requirement, there is hereby created, to be held by the Trustee as a separate fund for each Series of Commercial Paper Notes distinct from all other funds and accounts held by the Trustee under the 1997 Resolution, an account in the Rebate Fund designated as the "Series/Subseries __ Rebate Account". The Trustee shall hold any payments received from the Commission for deposit into the Series Rebate Account for each Series of Commercial Paper Notes for purposes of ultimate rebate to the United States, all as more particularly described in the Tax Certificate for such Series. Pending payment to the United States, moneys held in the Series Rebate Account are hereby pledged to secure such payments to the United States as provided herein and in the Tax Certificate, and neither the Commission, the Owners nor any other person shall have any rights in or claim to such moneys. The Trustee shall invest all amounts held in the Series Rebate Accounts in Nonpurpose Investments (as defined in the applicable Tax Certificate), as directed by the Commission in the applicable Tax Certificate.

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Computations of the rebate amount and all calculations under this Section and the Tax Certificate shall be furnished by or on behalf of the Commission. The Trustee shall be deemed conclusively to have complied with the provisions of this Section if it follows the directions of the Commission consistent with the provisions of the Tax Certificate. The Trustee shall have no liability or responsibility to enforce compliance by the Commission with the Rebate Requirement. The Trustee shall have no obligation to pay any amounts required to be rebated pursuant to this Section, other than from moneys required to be held in the funds and accounts created under the 1997 Resolution, including the Series Rebate Accounts, or from other moneys provided to it by the Commission.

The Commission and the Trustee shall keep and retain, for a period of six (6) years following the retirement of the related Series of Commercial Paper Notes, records of the determinations made pursuant to this Section 16.02.

In order to provide for the administration of this Section 16.02, the Commission may provide for the employment of independent attorneys, accountants and consultants, who shall be selected by the Commission with reasonable care and compensated on such reasonable basis as the Commission may deem appropriate, and the Trustee may rely conclusively upon the opinions, calculations, determinations and advice of such attorneys, accountants and consultants employed hereunder.

Section 16.03. Tax Covenant. The Commission shall not use or knowingly permit the use of any proceeds of the Commercial Paper Notes or any other funds of the Commission, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Commercial Paper Notes being treated as an obligation not described in Section 103(a) of the Code. Without limiting the generality of the foregoing, the Commission will comply with all the requirements and covenants contained in the Tax Certificate. This covenant shall survive the payment in full or defeasance of the Commercial Paper Notes.

Section 16.04. Taxable Notes. Notwithstanding anything in this Supplemental Resolution to the contrary, in the event the Commission, designates a Series of Commercial Paper Notes as obligations not described in Section 103(a) of the Code, the provisions of Sections 16.01, 16.02 and 16.03 shall not apply to such Series of Commercial Paper Notes. The Commission hereby designates the Series C Notes and all subseries thereof as obligations not described in Section 103(a) of the Code.

Section 16.05. Letter of Credit. The Commission hereby covenants to maintain in effect a Letter of Credit meeting the requirements hereof at all times that Commercial Paper Notes are Outstanding hereunder. The Commission further covenants that if it is unable to obtain a binding commitment for a substitute Letter of Credit at least 60 days prior to the Expiration Date, it shall

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endeavor to refinance the Series A Projects, the Series B Projects, Series C Projects and the Series D Projects through the issuance of its bonds.

Section 16.06. Reimbursement Agreement. The Commission hereby covenants to comply with the provisions of each Reimbursement Agreement.

ARTICLE XVII

ISSUING AND PAYING AGENT; DEALERS

Section 17.01. Appointment of Issuing and Paying Agent. The Commission hereby agrees that at or prior to the time of issuance of the initial Commercial Paper Notes, the Commission will enter into the Issuing and Paying Agent Agreement and that the Commission will at all times prior to any Termination Date maintain in effect an Issuing and Paying Agent Agreement, pursuant to which the Issuing and Paying Agent will agree to observe and perform its duties and obligations thereunder and under this First Supplemental Resolution.

Section 17.02. Reports and Records. (a) The Issuing and Paying Agent shall at all times keep or cause to be kept proper records in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Notes and all Funds and Accounts established and maintained by the Issuing and Paying Agent pursuant to this First Supplemental Resolution. Such records shall be available for inspection by the Commission on each Business Day upon reasonable notice during reasonable business hours and by any Owner or its agent or representative duly authorized in writing at reasonable hours and under reasonable circumstances. The Issuing and Paying Agent shall not be required to maintain records with respect to transactions made by the Treasurer, the Trustee or the Commission or with respect to Funds and Accounts established and maintained by the Treasurer or the Trustee.

(b) The Issuing and Paying Agent shall provide to the Commission each month a report of the amounts deposited in each Fund and Account held by it under this First Supplemental Resolution and the amount disbursed from such Funds and Accounts, the earnings thereon, the ending balance in each such Fund and Account, the investments in each such Fund and Account and the yield on each investment calculated in accordance with the directions of an Authorized Commission Representative. Such report shall also include such information regarding the issuance of Commercial Paper Notes during the subject month as the Commission shall request.

(c) The Issuing and Paying Agent shall maintain such books, records, and accounts as may be necessary to evidence the obligations of the Commission resulting from the Commercial Paper Notes, the principal amounts owing thereunder, the maturity schedule therefor, the respective rates of interest thereon and the principal and interest paid from time to time

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 09-0088

thereunder. So long as the Commercial Paper Notes are in book-entry form, in any legal action or proceeding with respect to a master note, the entries made in such books, records or accounts shall be, absent manifest error, conclusive evidence of the existence and the amounts of the obligations of the Commission therein recorded.

Section 17.03. Resignation and Replacement of Issuing and Paying Agent. The Issuing and Paying Agent may at any time resign and be discharged of the duties and obligations created by this First Supplemental Resolution by giving at least 30 days' written notice to the Administrative Agent, the Trustee and the Commission. The Issuing and Paying Agent may be removed, with the written consent of the Administrative Agent, which consent shall not be unreasonably withheld, at any time by an instrument signed by an Authorized Commission Representative and filed with the Issuing and Paying Agent, the Administrative Agent and the Trustee. No such resignation or removal shall become effective, however, until a successor Issuing and Paying Agent has been selected and assumed the duties of the Issuing and Paying Agent hereunder and each Letter of Credit has been transferred to the successor Issuing and Paying Agent in accordance with its terms.

In the event of the resignation or removal of the Issuing and Paying Agent, the Issuing and Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor.

The Issuing and Paying Agent shall, at all times, be a bank or trust company having an office in New York, New York, and shall at all times be a corporation or a national banking association organized and doing business under the laws of the United States of America, or of any state, with a combined capital and surplus of at least \$50,000,000 and authorized under such laws to exercise corporate trust powers and be subject to supervision or examination by federal or state authority. If such corporation or national banking association publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this section, the combined capital and surplus of such corporation or national banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any corporation or national banking association into which any Issuing and Paying Agent may be merged or converted or with which it may be consolidated, or any corporation or national banking association resulting from any merger, consolidation or conversion to which any Issuing and Paying Agent shall be a party, or any corporation or national banking association succeeding to the corporate trust business of any Issuing and Paying Agent shall be the successor of the Issuing and Paying Agent if such successor corporation or national banking association is otherwise eligible under this Section, without the execution or filing of any further act on the part of the Issuing and Paying Agent or such successor corporation or national banking association.

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CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 09-0088

Section 17.04. Dealers. The Commission hereby agrees that, at or prior to the time of issuance of the initial Commercial Paper Notes, the Commission will enter into a Dealer Agreement with each Dealer. The Commission covenants that at all times prior to any Termination Date, it will maintain in effect one or more Dealer Agreements, pursuant to which each Dealer will agree to fulfill the duties and obligations of the Dealer as set forth in this First Supplemental Resolution and its Dealer Agreement.

ARTICLE XVIII

MISCELLANEOUS

Section 18.01. Substitute Letter of Credit. Notwithstanding anything herein to the contrary, the Commission may obtain a substitute Letter of Credit to replace a Letter of Credit then in effect hereunder so long as said substitute Letter of Credit shall go into effect at least one Business Day prior to the termination of such Letter of Credit then in effect, the Expiration Date with respect to such substitute Letter of Credit shall be no earlier than the earlier of (i) six (6) months after its date or (ii) the Expiration Date set forth in the such Letter of Credit then in effect. The substitute Letter of Credit shall have a Stated Amount (as such term is used in the original Letter of Credit) at least as great as the related Letter of Credit being replaced. The following are further conditions to the Issuing and Paying Agent's ability to release an existing Letter of Credit and accept a substitute Letter of Credit:

(a) The Commission shall deliver written notice of the proposed substitution to the Trustee, the Issuing and Paying Agent, the Administrative Agent and the Dealers not less than 45 days prior to the substitution date.

(b) There shall be delivered to the Commission, the Trustee and the Issuing and Paying Agent written evidence from each Rating Agency then maintaining a rating on the Commercial Paper Notes that the substitution of such Letter of Credit will not, in and of itself, result in any rating then assigned to the Commercial Paper Notes of the related Series being suspended, reduced or withdrawn; *provided, however*, that such written evidence need not be delivered if no related Note Outstanding prior to the effective date of the substitute Letter of Credit has a maturity date after the effective date of such substitution.

(c) The Issuing and Paying Agent shall deliver written notice to the registered Owners of the Commercial Paper Notes of the related Series at least 30 days prior to the substitution date. If any such Outstanding Note is in bearer form, the Trustee shall publish notice of the substitution of such Letter of Credit in Authorized Newspapers at least 30 days prior to the substitution date.

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(d) An opinion or opinions of counsel to the successor Bank shall be delivered to the effect that the substitute Letter of Credit is a legal, valid and binding obligation of the issuing Bank and is enforceable against the Bank in accordance with its terms.

(e) An Opinion of Bond Counsel shall be delivered to the effect that the substitution of the Letter of Credit is authorized hereunder and (with respect to Notes other than Notes designated as obligations not described in Section 103(a) of the Code pursuant to Section 16.04) will not, in and of itself, adversely affect the exclusion from gross income for federal tax purposes of interest on the Notes of the related Series.

Section 18.02. Timeliness of Deposits. Funds shall be deemed transferred for purposes of timeliness of receipt under this First Supplemental Resolution when transfer instructions for transfer by federal reserve wire have been given and a federal wire number confirmation has been received; *provided*, that the party to receive such funds shall not be required to take any action required to be taken hereunder with respect to such funds until it has confirmation of actual receipt of such funds.

Section 18.03. Waiver of Events of Default. No Event of Default with respect to the Commercial Paper Notes or the Bank Notes shall be waived pursuant to Section 7.10(c) unless after such waiver the reinstatement provisions of the related Letter of Credit shall be in full force and effect.

Section 18.04. Defeasance of Commercial Paper Notes. Commercial Paper Notes shall not be deemed to have been paid in full within the meaning of Article X of the 1997 Resolution unless payment of the principal of, and interest on the Commercial Paper Notes either (a) shall have been made or caused to be made in accordance with the terms of the Commercial Paper Notes and the 1997 Resolution or (b) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment (i) Available Moneys sufficient to make such payment and/or (ii) noncallable Government Obligations purchased with Available Moneys, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment.

Section 18.05. Banks to Control Remedies. Pursuant to Section 7.13 of the 1997 Resolution, while each Letter of Credit is in effect, so long as a Bank is not Insolvent and is not in default under its Letter of Credit relating to any Series, no remedy under the 1997 Resolution with respect to the Commercial Paper Notes of the related Series may be pursued without the prior written consent of such Bank. Each Bank shall have the right to direct the Trustee to pursue any right, power, or remedy available under the 1997 Resolution with respect to the assets, if any, available under the 1997 Resolution which secure no Bonds other than the Bonds secured by the related Letter of Credit. If, at any time, more than one Bank is eligible to exercise the powers provided in this Section 18.05, the Trustee must obtain the

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

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consent of all eligible Banks when consent of a Bank is required, and the Trustee need not follow any direction in accordance with the preceding sentence unless such direction is approved in writing by all eligible Banks.

Section 18.06. Payments or Actions Occurring on Non-Business Days. If a payment date is not a Business Day at the place of payment or if any action required hereunder is required on a date that is not a Business Day, then payment may be made at that place on the next Business Day or such action may be taken on the next Business Day with the same effect as if payment were made on the action taken on the stated date, and no interest shall accrue for the intervening period; *provided, however,* that this Section 18.06 shall not apply to Bank Notes.

Section 18.07. Notices to Rating Agencies. The Commission shall provide the Rating Agencies with written notice of the occurrence of the following events: (i) changes in Dealers, (ii) the appointment of a successor Issuing and Paying Agent, (iii) amendments to the 1997 Resolution pursuant to Section 9.02, (iv) the expiration, termination, substitution or extension of any Letter of Credit, and (v) the defeasance of all Outstanding Commercial Paper Notes. Notices to Moody's shall be addressed as follows (or as provided in any subsequent notice to the Commission) Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, Attention: Structured Finance Group.

Section 18.08. Effective Date. This amended and restated First Supplemental Resolution shall become effective upon receipt by the Commission in writing of all consents required for the amendment of the First Supplemental Resolution as originally adopted by the Commission.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 09-0088

AMENDED AND RESTATED by the Airport Commission of the City and County of San Francisco this 5th day of May, 2009, by the following vote:

Ayes: 5

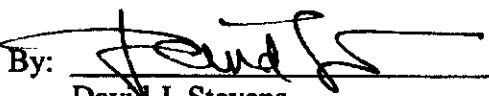
Noes: 0

Absent: 0

[SEAL]

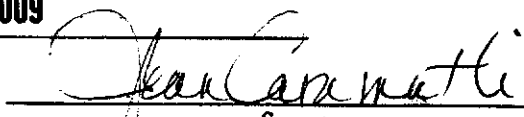
Approved as to Form:

DENNIS J. HERRERA
City Attorney

By: 
David J. Stevens
Deputy City Attorney

I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of MAY 05 2009

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Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. _____

EXHIBIT A

(Form of Master Note)

**STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO
AIRPORT COMMISSION OF THE CITY AND
COUNTY OF SAN FRANCISCO
SAN FRANCISCO INTERNATIONAL AIRPORT
SUBORDINATE COMMERCIAL PAPER NOTES
SERIES__**

Registered Owner: CEDE & CO.

Principal Sum: Not to Exceed \$ _____ Outstanding

The AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO, a commission duly organized and existing under and pursuant to the Charter of the City and County of San Francisco and the laws of the State of California (hereinafter called the "Commission"), for value received, hereby promises to pay (but only out of the Net Revenues hereinafter referred to) to the registered owner hereinabove named or registered assigns, the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of Commission (the "Underlying Records") as being evidenced by this Master Note, which Underlying Records are maintained by Wells Fargo Bank, National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"). Interest shall be calculated on the basis of actual days elapsed in a 365 or 366 day year, as the case may be, at the rate specified on the Underlying Records. Payments shall be made solely from Net Revenues (as defined in the Resolution referred to hereinafter) and payments of drawings under an irrevocable direct pay Letter of Credit of _____, acting through its New York Branch, by [wire transfer] to the registered owner stated hereinabove from the Issuing and Paying Agent without the necessity of presentation and surrender of this Master Note.

This Note is one of a duly authorized issue of San Francisco International Airport Second Series Subordinate Revenue Bonds of the Commission (hereinafter called the "Obligations") of the series and designation indicated on the face hereof. Said authorized issue of Obligations is not limited in aggregate principal amount and consists of multiple series and subseries of varying denominations, dates, maturities, interest rates and other provisions, as in the Resolution hereinafter mentioned provided, all issued and to be issued pursuant to the provisions of the Charter of the City and County of San Francisco, and all laws of the State of California supplemental thereto, including the Revenue Bond Law of 1941 to the extent made applicable by said Charter and the Administrative Code of the City and County of San Francisco (hereinafter called the "Act"). This Note evidences a series of Notes designated as the "Airport Commission

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. _____

of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Note, Series ___" (hereinafter called the "Series _ Notes"), limited to \$ _____ in aggregate principal amount. This Note is issued pursuant to a resolution of the Commission, adopted May 20, 1997, as amended and supplemented, including as supplemented by the First Supplemental Resolution adopted May 20, 1997, and amended and restated on May 5, 2009, providing for the issuance of the Obligations, including the Series ___ Notes, the Series ___ Notes, the Series ___ Notes and the Series ___ Notes, in the aggregate principal amount of \$ _____, (hereinafter collectively called the "Resolution").

Reference is hereby made to the Resolution and to the Act for a description of the terms on which the Obligations are issued and to be issued, the provisions with regard to the nature and extent of the Net Revenues, as that term is defined in the Resolution, and the rights of the registered owners of the Obligations; and all the terms of the Resolution and the Act are hereby incorporated herein and made a contract between the Commission and the registered owner from time to time of this Note, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees. Additional series and subseries of Obligations may be issued on a parity with the Notes of this authorized Series, but only subject to the conditions and limitations contained in the Resolution.

This Note, including the interest hereon, together with all other Obligations, and the interest thereon, issued under the Resolution (and to the extent set forth in the Resolution), is payable from, and is secured by a charge and lien on, the Net Revenues derived by the Commission from the Airport (as those terms are defined in the Resolution).

The Obligations are special obligations of the Commission, and are payable, both as to principal and interest, out of the Net Revenues pertaining to the Airport and the moneys in the Funds and Accounts provided in the Resolution, subject to the prior payment of principal of and interest on the 1991 Resolution Bonds, and not out of any other fund or moneys of the Commission. No holder of this Note shall ever have the right to compel any exercise of the taxing power of the City and County of San Francisco to pay this Note or the interest hereon.

At the request of the registered owner, the Commission shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note. This Note is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at the principal office of the Issuing and Paying Agent in New York, New York, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Note. Upon such transfer a new fully registered Series ___ Note or Series ___ Notes without coupons, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. _____

The Commission, Wells Fargo Bank, National Association, as Trustee (herein called the "Trustee"), and the Issuing and Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Commission, the Trustee and the Issuing and Paying Agent shall not be affected by any notice to the contrary.

The rights and obligations of the Commission and of the registered owners of the Obligations may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Resolution; *provided*, that no such modification or amendment shall (i) extend the stated maturity of any Obligation, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, or change the currency for any payment of principal thereof or redemption premium or interest thereon, without the consent of the holder of each Obligation so affected, or (ii) reduce the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification or permit the creation of a lien upon the Net Revenues prior to or on a parity with the lien of the Resolution, without the consent of the holders of all of the Obligations then outstanding, or (iii) except as expressly permitted by the Resolution, prefer or give priority to any Obligation without the consent of the registered owner of each Obligation not receiving such preference or priority.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Note, and in the issuing of this Note, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Charter of the City and County of San Francisco, and that this Note, together with all other indebtedness of the Commission pertaining to the Airport, is within every debt limitation and other limit prescribed by the Constitution and statutes of the State of California and said Charter, and is not in excess of the amount of Obligations permitted to be issued under the Resolution.

This Note shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Issuing and Paying Agent. This Master Note is a valid and binding obligation of Commission.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. _____

IN WITNESS WHEREOF, the AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO has caused this Note to be executed in its name and on its behalf by its President and countersigned by its Secretary, and the seal of said City and County to be imprinted or reproduced by facsimile hereon, and this Note to be dated as of the ____ day of _____, ____.

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

By _____
President

Countersigned:

Secretary of the Commission

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. _____

CERTIFICATE OF AUTHENTICATION

This is the Master Note described in the within-mentioned Resolution.

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Issuing and Paying Agent**

By _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

(Name, address, and Taxpayer Identification Number of Assignee)

this Master Note and all rights thereunder, hereby irrevocably constituting and appointing
_____ attorney to transfer said Master Note on the books of the
Commission with full power of substitution in the premises.

Dated:

Signature(s) Guaranteed

(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this Master Note, in every particular, without alteration or enlargement or any change whatsoever.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Commission or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. Or in such other name as is requested by an authorized representative of DTC (any payment is made to Cede & Co. Or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. _____

EXHIBIT B

(Form of Bank Note)

STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO
AIRPORT COMMISSION OF THE CITY AND
COUNTY OF SAN FRANCISCO
SAN FRANCISCO INTERNATIONAL AIRPORT
SUBORDINATE REVENUE NOTES
_____ SERIES

<u>Dated Date</u>	<u>Principal Payment</u>	<u>Final Maturity Date</u>
-------------------	--------------------------	--------------------------------

Registered Owner:

Original Principal Sum:

The AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO, a commission duly organized and existing under and pursuant to the Charter of the City and County of San Francisco and the laws of the State of California (hereinafter called the "Commission"), for value received, hereby promises to pay (but only out of the Net Revenues hereinafter referred to) to the registered owner hereinabove named, on each January __, April __, July __, and October __, commencing _____, to and including the final maturity date hereinabove stated (each a "Payment Date") (subject to any right of prior prepayment hereinafter mentioned) the principal payment hereinabove stated together with interest on the principal balance outstanding from its dated date until the principal hereof shall have been paid, at the applicable Bank Rate (as defined in that certain Letter of Credit and Reimbursement Agreement, dated as of __, __, by and among the Commission and _____, as _____ (hereinafter called the "Agreement")) payable on each Payment Date, by wire transfer to _____. Payment of the principal of this Note at final maturity or prepayment price upon prior prepayment in full of this Note shall be made upon surrender hereof at the office of Wells Fargo Bank, National Association, as Issuing and Paying Agent in New York, New York. Payment of principal of, and interest on, this Note shall be made in any lawful currency of the United States of America. Interest on this Note shall be calculated on the basis of a 365 or 366 day year and actual days elapsed.

This Note is one of a duly authorized issue of San Francisco International Airport Second Series Subordinate Revenue Notes of the Commission (hereinafter called the "Obligations") of the series and designation indicated on the face hereof. Said authorized issue of Obligations is not limited in aggregate principal amount and consists of multiple series of varying

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. _____

denominations, dates, maturities, interest rates and other provisions, as in the Resolution hereinafter mentioned provided, all issued and to be issued pursuant to the provisions of the Charter of the City and County of San Francisco, and all laws of the State of California supplemental thereto, including the Revenue Bond Law of 1941 to the extent made applicable by said Charter and the Administrative Code of the City and County of San Francisco (hereinafter called the "Act"). This Note evidences a series of Notes designated as the "Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Revenue Note, _____ Series" (hereinafter called the "Series _ Notes"), limited to \$ _____ in aggregate principal amount. This Note is issued pursuant to a resolution of the Commission, adopted May 20, 1997, as amended and supplemented, including as supplemented by the First Supplemental Resolution adopted May 20, 1997, and amended and restated on May __, 2009, providing for the issuance of the Obligations, including the Series _ Notes, the Series __ Notes, the Series ___ Notes and the Series ____ Notes, in the aggregate principal amount of \$ _____ (hereinafter collectively called the "Resolution").

Reference is hereby made to the Resolution and to the Act for a description of the terms on which the Obligations are issued and to be issued, the provisions with regard to the nature and extent of the Net Revenues, as that term is defined in the Resolution, and the rights of the registered owners of the Obligations; and all the terms of the Resolution and the Act are hereby incorporated herein and made a contract between the Commission and the registered owner from time to time of this Note, and to all the provisions thereof the registered owner of this Note, by its acceptance hereof, consents and agrees. Additional series of Obligations may be issued on a parity with the Notes of this authorized Series, but only subject to the conditions and limitations contained in the Resolution.

This Note, including the interest hereon, together with all other Obligations, and the interest thereon, issued under the Resolution (and to the extent set forth in the Resolution), is payable from, and is secured by a charge and lien on, the Net Revenues derived by the Commission from the Airport (as those terms are defined in the Resolution).

The Obligations are special obligations of the Commission, and are payable, both as to principal and interest, out of the Net Revenues pertaining to the Airport and the moneys in the Funds and Accounts provided in the Resolution, subject to the prior payment of principal of, and interest on, the 1991 Resolution Bonds, and not out of any other fund or moneys of the Commission. No holder of this Note shall ever have the right to compel any exercise of the taxing power of the City and County of San Francisco to pay this Note or the interest hereon.

The Series __ Notes are subject to optional prepayment prior to their respective stated final maturity dates, at the option of the Commission, from any source of available funds, in whole or in part in principal amounts of at least \$100,000, on any date, [and by lot within a maturity], at a prepayment price equal to the principal amount of Series __ Notes prepaid), together with accrued interest to the date fixed for prepayment.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. _____

The Commission, Wells Fargo Bank, National Association, as Trustee (herein called the "Trustee"), and the Issuing and Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Commission, the Trustee and the Issuing and Paying Agent shall not be affected by any notice to the contrary.

The rights and obligations of the Commission and of the registered owners of the Obligations may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Resolution; *provided*, that no such modification or amendment shall (i) extend the stated maturity of any Obligation, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, or change the currency for any payment of principal thereof or redemption premium or interest thereon, without the consent of the holder of each Obligation so affected, or (ii) reduce the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification or permit the creation of a lien upon the Net Revenues prior to or on a parity with the lien of the Resolution, without the consent of the holders of all of the Obligations then outstanding, or (iii) except as expressly permitted by the Resolution, prefer or give priority to any Obligation without the consent of the registered owner of each Obligation not receiving such preference or priority.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Note, and in the issuing of this Note, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Charter of the City and County of San Francisco, and that this Note, together with all other indebtedness of the Commission pertaining to the Airport, is within every debt limitation and other limit prescribed by the Constitution and statutes of the State of California and said Charter, and is not in excess of the amount of Obligations permitted to be issued under the Resolution.

This Note shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Issuing and Paying Agent. This Note is a valid and binding obligation of Commission.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. _____

IN WITNESS WHEREOF, the AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO has caused this Note to be executed in its name and on its behalf by its President and countersigned by its Secretary, and the seal of said City and County to be imprinted or reproduced by facsimile hereon, and this Note to be dated as of the ____ day of _____, ____.

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

By _____
President

Countersigned:

Secretary of the Commission

CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-mentioned Resolution and registered this ____ day of _____, ____.

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Issuing and Paying Agent**

By _____
Authorized Signatory

B-4

*I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of _____*

Secretary

Bond Does
on File with
Secretary

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

THIS LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT (the "Agreement") is dated as of [DATED DATE] between the AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO, organized and existing under the Charter of the City and County of San Francisco (the "Commission"), and [BANK], a _____ duly organized and existing under the laws of _____ (the "Bank").

WHEREAS, the Commission is issuing its San Francisco International Airport Second Series Variable Rate Revenue Refunding Bonds, Issue 36A (the "Bonds") pursuant to and in accordance with Resolution No. 91-0210, adopted by the Commission on December 3, 1991 (the "1991 Resolution"), as supplemented and amended by, among other resolutions, Resolution No. 98-0114, adopted by the Commission on May 19, 1998 (the "Seventh Supplemental Resolution"), Resolution No. 02-0010, adopted by the Commission on January 8, 2002 (the "Tenth Supplemental Resolution"), Resolution No. 03-0219, adopted by the Commission on October 21, 2003 (as supplemented and amended, the "Eleventh Supplemental Resolution"), Resolution No. 04-0220, adopted by the Commission on November 2, 2004 (the "Twelfth Supplemental Resolution"), and Resolution No. _____ adopted by the Commission on _____ (the "Sale Resolution") and the Certificate of Additional Terms of the Commission dated [CLOSING DATE] (the "Certificate of Additional Terms") (such 1991 Resolution as supplemented and amended, being referred to herein as the "1991 Master Resolution"); and

WHEREAS, the Commission has requested that the Bank issue an irrevocable direct-pay letter of credit (the "Letter of Credit") to be effective on [CLOSING DATE] to support the payment when due of the principal of, the purchase price and interest on the Bonds, and to provide a liquidity facility in the form of a Drawing under the Letter of Credit; and

WHEREAS, the Bank is willing to issue the Letter of Credit upon the terms and conditions herein set forth;

NOW, THEREFORE, in consideration of the premises and in order to induce the Bank to enter into this Agreement, the Commission and the Bank hereby agree as follows:

ARTICLE I

DEFINITIONS{ TC }

Section 1.01. Definitions{ TC }. Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the 1991 Master Resolution. The following terms, as used herein, have the following respective meanings:

"Agreement" means this Letter of Credit and Reimbursement Agreement, as amended, modified or supplemented from time to time, in accordance with the provisions hereof.

"Agreement Termination Date" means the date upon which all of the following events have occurred (i) all amounts owing under this Agreement or in connection with the

Letter of Credit, including all amounts owing under any and all Outstanding Bank Bonds, have been paid in full and (ii) the Letter of Credit Termination Date has occurred and no further draws are available under the Letter of Credit.

“Airport” means the San Francisco International Airport.

“Alternate Credit Facility” means a Credit Facility securing a series of Variable Rate Bonds issued or executed in accordance with Section 30-65.18 of the 1991 Master Resolution which shall have a term of not less than 360 days.

“Bank” has the meaning assigned to that term in the introductory paragraph of this Agreement.

“Bank Bond” has the meaning set forth in Section 2.02(a).

“Bank Information” means the information describing the Bank and furnished in writing by the Bank expressly for inclusion in any Offering Materials.

“Bank Rate” means the Federal Funds Rate plus ___%.

“Base Rate” means, for any date, a per annum rate equal to the higher of (i) the Prime Rate, and (ii) the Fed Funds Rate plus 100 basis points (1.00%).

“Bonds” means the San Francisco International Airport Second Series Variable Rate Revenue [Refunding] Bonds, Issue ___ executed and delivered under and entitled to the benefits of the 1991 Master Resolution.

“Bond Counsel” means any counsel selected by the Commission with nationally recognized expertise in municipal finance law, including matters relating to the validity and tax exemption of interest on obligations of states and their political subdivisions.

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which banks located (A) in the city in which the principal corporate trust office of the Trustee is located, (B) in the city in which the office of the Bank at which drawings hereunder are to be honored are located, (C) in the city in which the corporate trust office of the Trustee at which the Bonds may be tendered for purchase by the holders thereof is located or (D) in the city in which the principal office of the Remarketing Agent is located, are required or authorized to remain closed or (iii) a day on which The New York Stock Exchange is closed; provided, however, for purposes of the Letter of Credit, Business Day shall have the definition provided in the Letter of Credit.

“Charter” means the Charter of the City and County of San Francisco, as amended and supplemented from time to time.

“City” means the City and County of San Francisco, a municipal corporation and political subdivision of the State of California.

"Closing Date" means the date on which the Letter of Credit is issued by the Bank.

"Commission" means the Airport Commission of the City and County of San Francisco.

"Debt" of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (including accounts payable to construction contractors and other professionals for services rendered), (iv) all obligations of such Person as lessee under capital leases, (v) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, and (vi) all Debt of others guaranteed by such Person.

"Default" means any event or condition that constitutes an Event of Default or that with the giving of notice or the lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Rate" means the Prime Rate plus ____%.

"Drawing" means and includes an Interest Drawing, a Liquidity Drawing, a Redemption Drawing and a Stated Maturity Drawing.

"Draw Date" means the date of any Drawing under the Letter of Credit pursuant to Section 2.01.

"Event of Default" has the meaning assigned to such term in Section 7.02 hereof.

"Event of Termination" has the meaning assigned to such term in Section 7.01 hereof.

"Expiration Date" means the date the Letter of Credit expires, as provided in the Letter of Credit.

"Facility Fee" has the meaning assigned to such term in Section 2.03(a) hereof.

"Federal Funds Rate" means for any day a rate of interest per annum, as determined by the Bank, at which overnight federal funds are offered to the Bank by major banks in the interbank market, with any change in such rate to become effective as to the Commission on the date of any change in such rate. Each determination of the Federal Funds Rate by the Bank shall be conclusive and binding upon the Commission, absent manifest error.

"Fitch" means Fitch Inc., and its successors and assigns, or if such organization no longer maintains a rating on the Bonds, any other rating agency designated by the Commission with the approval of the Bank.

"Governmental Authority" means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity (including any zoning authority, the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind the parties to this Agreement at law.

"Interest Drawing" means a drawing under the Letter of Credit resulting from a presentation of a certificate by the Trustee to the Bank in the form of Annex A to the Letter of Credit.

"Letter of Credit" means the irrevocable direct-pay letter of credit to be issued by the Bank pursuant hereto for the account of the Commission in favor of the Trustee, as beneficiary, which shall be in substantially the form of Exhibit A to this Agreement.

"Letter of Credit Termination Date" means the Expiration Date as set forth in the Letter of Credit, as such date may be amended or extended pursuant to the terms of the Letter of Credit.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, a Person shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Liquidity Drawing" means a drawing under the Letter of Credit resulting from the presentation of a certificate by the Trustee to the Bank in the form of Annex C to the Letter of Credit.

"Maximum Interest Rate" means the maximum interest rate on the Bank Bonds of ___% per annum.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns, or if such organization no longer maintains a rating on the Bonds, any other rating agency designated by the Commission with the approval of the Bank.

"Net Revenues" has the meaning assigned to that term in the 1991 Master Resolution.

"1991 Master Resolution" means Resolution No. 91-0210, adopted by the Commission on December 3, 1991, as amended and supplemented, and as it may be further amended and supplemented in accordance therewith and in accordance with this Agreement.

"Non-Covered Interest Rate" means a rate of interest borne by Bonds other than a Weekly Rate.

"Notice of Termination" has the meaning assigned to that term in Section 3.03 hereof.

“Obligations” means all obligations of the Commission to the Bank (including amounts owing to the Bank evidenced by Bank Bonds) pursuant to this Agreement.

“Offering Materials” means such disclosure documents with respect to the Bonds and the Commission as may be prepared by the Commission from time to time in connection with the offering and sale of Bonds.

“Original Stated Amount” has the meaning set forth in Section 2.01 hereof.

“Outstanding” (i) with respect to the Bonds, has the meaning assigned to such term in the 1991 Master Resolution; and (ii) with respect to Bank Bonds, means all Bank Bonds, including the interest thereon, not repaid by the Commission.

“Parity Bonds” means obligations heretofore or hereafter issued by the Commission on a parity with the Bonds pursuant to the 1991 Master Resolution.

“Participant” has the meaning assigned to that term in Section 8.08 hereof.

“Participation” has the meaning assigned to that term in Section 8.08 hereof.

“Payment Office” means [BANK], _____, Attention: _____, Ref: San Francisco International Airport Second Series Variable Rate Revenue [Refunding] Bonds, Issue ____, or such other office as the Bank may designate from time to time.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Prime Rate” means the rate of interest per annum equal to the rate of interest per annum from time to time announced by the Bank as its prime rate (which is not intended to be the lowest rate of interest charged by the Bank in connection with the extensions of credit to its customers). Each change in the Prime Rate shall take effect at the time of such change in such prime rate.

“Rating Agency” means Moody’s, S&P or Fitch.

“Redemption Drawing” means a drawing under the Letter of Credit resulting from the presentation of a certificate by the Trustee to the Bank in the form of Annex B to the Letter of Credit.

“Related Documents” means this Agreement, the Bonds, all Bank Bonds, the Remarketing Agreement and the Letter of Credit.

“Remarketing Agent” means each of _____, _____, and _____, for so long as each is acting as a remarketing agent for the Commission with respect to the Bonds, or any successor Remarketing Agent appointed pursuant to the 1991 Master Resolution.

“Remarketing Agreement” means each Remarketing Agreement dated as of [DATED DATE], by and between the Commission and a Remarketing Agent, as amended and supplemented from time to time, and any such agreement with any successor Remarketing Agent.

“Reset Date” has the meaning set forth in Section 2.05.

“Revenue Fund” has the meaning assigned to that term in the 1991 Master Resolution.

“S&P” means Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, its successors and assigns, or if such organization no longer maintains a rating on the Bonds, any other rating agency designated by the Commission with the approval of the Bank.

“Stated Amount” means the Original Stated Amount as such amount has been reduced or otherwise modified from time to time pursuant to the terms and provisions of the Letter of Credit.

“Stated Maturity Drawing” means a drawing under the Letter of Credit resulting from the presentation of a certificate by the Trustee to the Bank in the form of Annex D to the Letter of Credit.

“Subordinate Bonds” means any evidences of indebtedness for borrowed money issued from time to time by the Commission, including but not limited to bonds, notes, bond anticipation notes, commercial paper, lease or installment purchase agreements or certificates of participation, authorized to be issued pursuant to and by authority of the Charter of the City and County of San Francisco and pursuant to Resolution No. 97-0146 adopted by the Commission on May 20, 1997, as amended and supplemented, including as amended and supplemented by Resolution No. 97-0147 adopted on May 20, 1997, which was amended and restated by Resolution No. 99-0299 adopted on September 21, 1999, Resolution No. 99-0064 adopted on March 16, 1999, Resolution No. 00-0343 adopted on August 29, 2000, Resolution No. 02-0011 adopted on January 8, 2002, and Resolution No. 03-0131 adopted on July 14, 2003.

“Trustee” means The Bank of New York Trust Company, N.A., as Trustee for the Bonds under the 1991 Master Resolution, or any successor trustee for the Bonds appointed in accordance with the 1991 Master Resolution.

“Unreimbursed Drawings” means the aggregate amount paid by the Bank pursuant to Drawings under the Letter of Credit which has not been reimbursed by the Commission in accordance with the terms of this Agreement.

Section 1.02. Interpretation TC }. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neutral genders. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including cities, agencies and other public bodies, as well as natural persons. Unless otherwise indicated, references in this Agreement to subsections, Sections and Articles are to such subsections, Sections and Articles of this Agreement. The headings used throughout

this Agreement are inserted for reference only and shall not be construed or considered in interpreting the terms and provisions of any Section or Article of this Agreement or the Agreement as a whole. Any and all Appendices referenced in this Agreement are incorporated herein by reference and shall be deemed to be an integral part hereof. Unless the context requires otherwise, the terms "herein," "hereof," "hereunder" and any similar terms, as used in this Agreement, shall refer to this Agreement as a whole and not to any particular provisions of this Agreement. The words "include," "includes," and "including" shall be construed to also mean "without limitation." Any reference to a "month" shall be a reference to a calendar month beginning on the first day of a calendar month and ending on the last day thereof, unless otherwise specified herein. Any reference to a "day" shall be a reference to a calendar day and not a Business Day.

Section 1.03. Accounting Terms and Determinations{ TC }. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time, applied on a basis consistent with the most recent audited financial statements of the Commission delivered to the Bank.

ARTICLE II

ISSUANCE OF LETTER OF CREDIT; PAYMENT{ TC }

Section 2.01. Issuance of Letter of Credit; Drawings under the Letter of Credit; Adjustments to Stated Amount{ TC }.

(a) The Bank hereby agrees, on the terms and subject to the conditions hereinafter set forth, to issue to the Trustee for the benefit of the owners from time to time of the Bonds its Letter of Credit (substantially in the form of Exhibit A hereto), dated the Closing Date and completed in accordance with such form and the terms of this subsection 2.01(a). If issued on the Closing Date, the Letter of Credit shall be in the amount of \$_____ (the "Original Stated Amount"), which amount is equal to the sum of \$_____ in aggregate principal amount of the Bonds plus \$_____ for interest on the principal amount for _____ (___) days at an assumed rate equal to the Maximum Rate based on a year of 365 days. Subject to the terms of the Letter of Credit, the Stated Amount may be from time to time reduced and/or reinstated or adjusted. The Bank will use only its own funds in honoring a Drawing on the Letter of Credit. Unless otherwise terminated in accordance with its terms, the Letter of Credit shall expire on the Letter of Credit Termination Date.

(b) The Letter of Credit is transferable in whole only to a successor Trustee and otherwise in accordance with its terms.

(c) The Trustee is authorized to make Drawings under the Letter of Credit in accordance with its terms. The Commission hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. The Commission hereby irrevocably approves reductions and reinstatements of the Stated Amount with respect to the Letter of Credit as provided in the Letter of Credit.

(d) Reduction of Stated Amount; Termination of Letter of Credit.

(i) The Trustee, at the direction of the Commission may, upon at least five (5) Business Days' notice to the Bank, reduce the Stated Amount from time to time during the period from such date through the Letter of Credit Termination Date; provided, that (A) each such reduction of the Stated Amount shall be in an amount equal to \$1,000,000 or an integral multiple thereof, (B) the amount of the Stated Amount may not be reduced below the sum of the aggregate principal amount of the Outstanding Bonds plus interest on the Outstanding principal amount of Bonds for fifty (50) days at an assumed rate equal to the Maximum Rate based on a year of 365 days, and (C) the Bank shall have received a certificate, substantially in the form of Annex E to the Letter of Credit, with respect to such reduction.

(ii) The Trustee may terminate the Letter of Credit at any time in whole or in part with at least fifteen (15) days written notice to the Bank in accordance with the terms of the Letter of Credit, including the return of the original Letter of Credit to Bank together with an instruction letter by Trustee to Bank certifying that such Letter of Credit has been terminated and cancelled. Prior to any termination of the Letter of Credit pursuant hereto, Bank shall have received payment in full of all amounts owing under this Agreement and all Bank Bonds, including all principal and accrued interest thereon, all fees and other Obligations of the Commission under this Agreement.

Section 2.02. Reimbursement of Drawings; Bank Bonds{ TC }.

(a) Bank Bonds. The Commission shall reimburse the Bank for the amount paid by the Bank upon a Drawing under the Letter of Credit, by ____ p.m., New York time, on the same Business Day such Drawing is paid by the Bank; provided, that any portion of any Drawing under the Letter of Credit not reimbursed by the Commission to the Bank by ____ p.m., New York time, on the date such Drawing is paid by the Bank shall constitute an advance by the Bank on behalf of the Commission in the amount of such Drawing (each, an "Unreimbursed Drawing"). The amount of each such Unreimbursed Drawing shall be evidenced by a note issued by the Commission to the Trustee, pursuant to and in accordance with the 1991 Master Resolution (each, a "Bank Bond"). On the Closing Date, the Commission shall issue to the Trustee Bank Bonds in blank, registered in the name of the Bank. A Bank Bond shall be delivered to the Bank by the Trustee with respect to each Unreimbursed Drawing in the principal amount of such Unreimbursed Drawing. The Bank shall be the owner of Bank Bonds for all purposes hereunder and thereunder and under the 1991 Master Resolution and shall be entitled to all payments in respect of any Bank Bonds. Bank Bonds shall evidence an obligation of the Commission to pay to the Bank Unreimbursed Drawings until the principal of and interest with respect to all such Unreimbursed Drawings, as evidenced by such Bank Bonds, shall have been paid by the Commission to the Bank in the amounts and at the times provided therein and herein.

(b) Mandatory Prepayment of Principal of Bank Bonds. The Commission shall prepay the principal of each Bank Bond over a ____ () year period in ____ () equal quarterly installments as to principal on the first Business Day of each January, April, July and October, commencing on the January, April, July or October which is at least ninety (90) days after the date such Bank Bond is issued; provided, that in any event the principal of and interest

on any Bank Bonds shall be paid in full not later than ____ (__) years from the related Draw Date, the last such installment to include all unpaid principal and interest on such Bank Bonds.

(c) Payment of Interest on Bank Bonds. The Commission shall pay interest on the unpaid principal of the Bank Bonds from the date of issuance of each Bank Bond until such amount is paid in full, payable quarterly in arrears on the first Business Day of each January, April, July and October and on the day such Bank Bond is fully paid. Interest payable on any Bank Bond shall bear interest at the Bank Rate; provided, however, that from and after an Event of Default or an Event of Termination, Bank Bonds shall bear interest at the Default Rate; and provided further, that in no event shall interest on the Bank Bonds exceed the Maximum Interest Rate. All interest on the Bank Bonds shall be calculated on the basis of the actual number of days elapsed (excluding the first day but including the last day), and a 365/366-day year, as appropriate.

(d) Optional Prepayment.

(i) The Commission may prepay any Outstanding Bank Bond, together with accrued interest to the date of such prepayment, in whole or in part, at any time upon one Business Days' prior written notice delivered to the Bank. The amount of any optional prepayment shall be applied by the Bank to Bank Bonds in the order of their issuance, and if the principal of and interest on any Bank Bond is prepaid in part, the amount of such prepayment shall be applied to the principal of such Bank Bond in a proportion equal to the ratio of (A) the outstanding principal balance of such Bank Bond to (B) the sum of the outstanding principal of such Bank Bond plus the amount of accrued and unpaid interest on such Bank Bond as of the date of such prepayment.

(ii) Upon payment to the Bank of a portion of the principal amount of a Bank Bond to be prepaid as stated in clause (i) above, together with accrued interest to the date of such prepayment, (A) the amount Outstanding of such Bank Bond shall be reduced by the principal amount of such payment, and (B) interest shall cease to accrue on the principal amount so paid.

(e) Payments and Computations. The Commission will make each payment hereunder not later than ____ p.m. (New York City time) on the day when due, in lawful money of the United States of America and in immediately available funds, to the Bank, at the Payment Office. Whenever any payment to be made under this Agreement shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall in such case be included in the computation of interest or fees, as the case may be. All computations of interest hereunder and all fees shall be made on the basis of a year of 365/366 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

(f) Default Rate. If the Commission shall fail to pay when due (whether at maturity or otherwise) any Obligation, each such unpaid Obligation shall bear interest for each day from and including the date it was so due until paid in full at a rate per annum equal to the Default Rate.

(g) No Drawings to Pay Bank Bonds. The principal amount of Bank Bonds and the interest thereon shall not be paid with the proceeds of a Drawing under the Letter of Credit.

(h) Maximum Interest Rate; Payment of Fee. The "Excess Amount" for each Bank Bond shall be the aggregate amount obtained by multiplying the principal amount due on such Bank Bond on any day by the positive difference between (w) the Bank Rate or Default Rate otherwise applicable to such Bank Bond and (x) the Maximum Interest Rate, for each day during any period that the Bank Rate or Default Rate is higher than the Maximum Interest Rate (the "Excess Interest Period"). The Excess Amount for each Bank Bond shall be reduced by the aggregate amount obtained by multiplying the principal amount due on such Bank Bond on any day by the negative difference between (y) the Bank Rate or Default Rate otherwise applicable to such Bank Bond and (z) the Maximum Interest Rate, for each day following any Excess Interest Period that such Bank Bond continues to accrue interest at the Maximum Interest Rate. As long as a Bank Bond is Outstanding, if the Bank Rate or Default Rate relating to such Bank Bond shall change, the Excess Amount, if any, shall be recalculated using the then current Bank Rate or Default Rate. In the event that the Bank Rate or Default Rate applicable to a Bank Bond on any day falls below the Maximum Interest Rate, interest on the principal amount due on such Bank Bond shall continue to accrue, but only until such Bank Bond is paid in full, at the Maximum Interest Rate until such time as the Excess Amount is reduced to zero. Upon termination of this Agreement, the Commission shall pay to the Bank a fee in an amount equal to the aggregate unpaid Excess Amount, if any, for all Bank Bonds. The amount of the fee payable to the Bank under this Section 2.02(h) shall be in consideration for the limitation of the rate of interest on the Bank Bonds to the Maximum Interest Rate.

(i) Repayment Obligation. The obligation of the Commission to reimburse the Bank for Drawings, in accordance with this Agreement, as evidenced by the Bank Bonds shall constitute a Repayment Obligation within the meaning of and with the effect set forth in Section 2.15 of the 1991 Master Resolution.

(j) Credit Provider Bonds. Anything herein to the contrary notwithstanding, Credit Provider Bonds registered in the name of the Bank pursuant to the 1991 Master Resolution, shall constitute further security for the payment by the Commission to the Bank of Unreimbursed Drawings evidenced by Bank Bonds.

Section 2.03. Fees{ TC }.

(a) Facility Fee. The Commission hereby agrees to pay to the Bank on July 1, 20__, for the period commencing on the Closing Date and continuing up to and including June 30, 20__, and thereafter quarterly in arrears on the first Business Day of each October, January, April and July occurring thereafter up to the Letter of Credit Termination Date and on the Letter of Credit Termination Date, a non-refundable facility fee (the "Facility Fee"). Such fee shall consist of the sum of the following: ___% per annum on the Stated Amount of the Letter of Credit (without regard to any temporary reductions resulting from Interest Drawings and Liquidity Drawings occurring thereunder from time to time) during each related period. Such fee shall accrue from the Closing Date through the Letter of Credit Termination Date and

shall be calculated on the basis of a 365/366-day year, as appropriate, and the actual days elapsed.

(b) Termination Fee. If the Letter of Credit is terminated by the Commission prior to the first anniversary of the Closing Date, the Commission agrees to pay to the Bank a fee, payable to the Bank within thirty (30) days from the date of termination, equal to the annual Facility Fee the Bank would have received, based on the Stated Amount of the Letter of Credit as of the Closing Date but for such termination, less any portion of the annual Facility Fee previously received by the Bank with respect to the Letter of Credit; provided, however, that if the Bank invokes the provisions of Section 2.04, or if the Bank's ratings shall have been lowered below _____ by Moody's or _____ by S&P or _____ by Fitch, and as a result the Commission elects to replace the Letter of Credit, the Commission shall not be subject to such fee.

(c) Drawing Fees. The Commission agrees to pay to the Bank in connection with every Drawing upon the Letter of Credit, a nonrefundable drawing fee of \$____. Such drawing fees shall be payable quarterly in arrears on the first Business Day of each January, April, July and October (commencing on July 1, 20__), and on the Letter of Credit Termination Date.

(d) Transfer Fees. The Commission agrees to pay the Bank all reasonable costs and expenses in connection with any transfer of the Letter of Credit to a successor Trustee including the full amount of the Bank's reasonable attorney's fees including fees of outside counsel. Such transfer fees shall be payable on the effective date of such transfer.

(e) Amendment Fees. The Commission agrees to pay to the Bank, in connection with any amendment of the Letter of Credit, a non-refundable amendment fee of \$____ plus the full amount of the Bank's reasonable attorney's fees including fees of outside counsel.

(f) Initial Legal Fees. The Commission shall pay to the Bank on the Closing Date all reasonable costs and expenses incurred by the Bank and its counsel in connection with the preparation, execution and delivery of this Agreement and any other documents and instruments that may be delivered in connection herewith and therewith (including fees in an amount not to exceed \$_____ in aggregate (excluding out of pocket expenses) of counsel for the Bank).

Section 2.04. Increased Costs{ TC }.

(a) Except as otherwise required by law, each payment by the Commission to the Bank under this Agreement shall be made without defense, setoff or counterclaim and without any withholding for or on account of any present or future taxes (other than taxes imposed on or measured by the net income, gross income, gross receipts, or other measures of income or profits or capital of the recipient imposed by any jurisdiction having control of such recipient) imposed by or within the jurisdiction in which the Commission is domiciled, any jurisdiction from which the Commission makes any payment hereunder, or (in each case) any political subdivision or taxing authority thereof or therein. If any such withholding is so

required, the Commission shall pay such additional amount as may be necessary to ensure that the net amount actually received by the Bank free and clear of such taxes (including such taxes on such additional amount) is equal to the amount which the Bank would have received had such withholding not been made. If the Bank pays any amount in respect of any such taxes, penalties or interest, the Commission shall reimburse the Bank for that payment on demand. If the Commission pays any such taxes, penalties or interest, it shall deliver official tax receipts evidencing that payment or certified copies thereof to the Bank on or before the thirtieth day after payment.

(b) If any change in any law or regulation or in the interpretation thereof by any court or administrative or Governmental Authority charged with the administration thereof shall impose, increase or deem applicable any reserve, special deposit or similar requirement against the obligations of the Bank or any Participant (other than as a result of the acts, omissions or financial condition of the Bank or such Participant) and the result of any such event above shall be to increase the cost to the Bank or such Participant of its obligations hereunder or under the Letter of Credit or of the holding by the Bank of any Bank Bond (which increase in costs shall be the result of the Bank's or such Participant Bank's pro rata allocation of the aggregate of such cost increases resulting from such events), then, upon written demand by the Bank to the Commission, the Commission shall pay to the Bank within thirty (30) days of such demand, the amount of such increased costs from the date of such change. The Bank shall submit to the Commission a certificate setting forth in reasonable detail the amount of such increased costs as a result of any such event (which such certificate shall be conclusive (absent manifest error) as to the amount thereof). The Bank shall notify the Commission of any such impending or announced change in law, regulation or interpretation promptly upon receipt by it of actual notice of such change; provided, however, that any delay or failure to so notify the Commission shall not in any manner relieve the Commission or the Bank of their obligations under this Agreement.

(c) If the Bank or any Participant shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of increasing the amount of capital required to be maintained or reducing the rate of return on capital of the Bank or such Participant as a consequence of the Bank's or such Participant's obligations hereunder or under the Letter of Credit or the holding by it of its Bank Bonds pursuant hereto to a level below that which the Bank or such Participant could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by any amount deemed by the Bank or such Participant to be material then, upon written demand by the Bank to the Commission, the Commission shall pay to the Bank within thirty (30) days of such demand, the amount of such reduction from the date of such change. The Bank shall submit to the Commission a certificate setting forth in reasonable detail the amount as will compensate the Bank for such reduction as a result of any such event (which such certificate shall be conclusive (absent manifest error) as to the amount thereof). The Bank shall notify the Commission of any such impending or announced change in law, regulation or interpretation promptly upon receipt by it of actual notice of such change;

provided, however, that any delay or failure to so notify the Commission shall not in any manner relieve the Commission or the Bank of their obligations under this Agreement.

(d) Notwithstanding anything to the contrary contained in this Section 2.04, the Commission shall have no obligation to pay amounts pursuant to this Section 2.04 in an amount greater than that which it would have been required to pay if the Bank had not participated any interest in the Letter of Credit.

Section 2.05. Adjustment of Facility Fees; Extension of Letter of Credit{ TC }. On the Expiration Date and each anniversary thereof (each a "Reset Date") prior to the Agreement Termination Date, the Bank shall have the option to:

(a) adjust or confirm the Facility Fee paid by the Commission pursuant to Section 2.03 hereof, effective for a one year period starting on such Reset Date, by giving written notice to the Commission (a "Fee Notice") setting forth the new Facility Fee or confirming the existing Facility Fee, at least [six (6) months] prior to such Reset Date. Thereupon, the Expiration Date shall be extended for a period of one year and the Bank shall deliver to the Commission an extension of the Letter of Credit in the form of Annex ___ to the Letter of Credit; or

(b) permit the Letter of Credit to expire pursuant to its terms on such Reset Date by not providing the Fee Notice as set forth in Section 2.05(a) above. On the Expiration Date the Letter of Credit shall expire pursuant to its terms. Unless otherwise due prior thereto, upon the date that the Letter of Credit expires or terminates pursuant to its terms or otherwise, all indebtedness owing under all Bank Bonds, including all principal owing thereunder and accrued interest thereon, and all fees and other Obligations of the Commission under this Agreement, shall become immediately due and payable and the Commission shall immediately pay all such amounts to Bank.

Section 2.06. Limited Obligations{ TC }. Notwithstanding any other provision of this Agreement or any other Related Document to the contrary, all Obligations to the Bank under this Agreement, including Bank Bonds, are limited obligations of the Commission and payable solely from Net Revenues as provided in the 1991 Master Resolution and other amounts as set forth in Section 5.01 of the 1991 Master Resolution.

Section 2.07. Obligations Unconditional{ TC }. Subject to Section 2.06, the Commission's obligation to reimburse the Bank for each payment made under the Letter of Credit honoring any Drawing made by the Trustee and all of the Commission's other obligations under this Agreement and the Bank Bonds shall be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which the Commission may have against the Bank or against any beneficiary of the Letter of Credit (or any other Person for whom such beneficiary may be acting), or any other Person, including any defense based on the payment by the Bank of any Drawing on the Letter of Credit against presentation of a certificate failing to conform to the terms of the Letter of Credit (provided, that such payment by the Bank shall not have constituted gross negligence or willful misconduct) or based on invalidity, inaccuracy, falsity, or lack of genuineness, whether by forgery, fraud or otherwise, of any document, demand, or statement presented under the Letter of Credit

(provided, that any Bank action taken in reliance on such certificate, statement or other document shall not have constituted gross negligence or willful misconduct) or any failure of the Commission to receive all or any part of the proceeds of the sale of any Bonds with respect to which such Drawing on the Letter of Credit was made by the Trustee or any nonapplication or misapplication by the Trustee of the proceeds of such Drawing, and irrespective of the legality, validity, regularity or enforceability of all or any of the Related Documents or the 1991 Master Resolution, and notwithstanding any amendment or waiver of (other than an amendment or waiver signed by the Bank explicitly reciting the release or discharge of any such obligation), or any consent to departure from, all or any of the Related Documents or the 1991 Master Resolution or any exchange, release, or nonperfection of any collateral securing the Bonds or the obligations of the Commission hereunder or under the 1991 Master Resolution or the Bank Bonds or any expiration of the Letter of Credit pursuant hereto and any other circumstances or happening whatsoever, whether or not similar to any of the foregoing (provided, that such circumstances or happening shall not have constituted gross negligence or willful misconduct of the Bank); provided, that nothing herein shall limit the Commission's right by separate action, suit, proceeding or counterclaim to enforce any of its rights hereunder or to pursue any remedy at law or in equity against the Bank.

ARTICLE III

CONDITIONS PRECEDENT{ TC }

Section 3.01. Conditions Precedent to Effectiveness{ TC }. This Agreement and the Letter of Credit shall become effective when each of the following conditions precedent have been fulfilled in a manner satisfactory to the Bank, such satisfaction to be conclusively evidenced by the issuance of the Letter of Credit by the Bank:

(a) Delivery of Documents. The Bank shall have received on or before the Closing Date the following, each in form and substance satisfactory to the Bank and its counsel and, unless indicated otherwise, dated the Closing Date:

(i) executed copies of the Agreement, the 1991 Master Resolution and the Related Documents, dated their respective dates, and any amendments and supplements thereto, and a specimen copy of the Bonds;

(ii) a certificate of a duly authorized officer of the Commission, certifying as to the incumbency and signature of each of the officers of the Commission authorized to sign this Agreement and the Related Documents to which the Commission is a party;

(iii) a certified copy of the resolution of the Commission approving the execution, delivery and performance of this Agreement and the Related Documents to which the Commission is a party, certified by a duly authorized officer of the Commission on the Closing Date, which certificate shall state that the resolution has not been amended or annulled and is in full force and effect on the Closing Date;

(iv) the audited financial statements of the Commission for the Fiscal Year ended [FY END DATE], and a copy of the annual operating budget of the Commission;

(v) copies of opinions of Orrick, Herrington & Sutcliffe LLP and The Law Offices of Ronald E. Lee, Co-Bond Counsel for the Commission, (A) as to the validity of the Bonds issued pursuant to the 1991 Master Resolution; (B) as to the validity of the Bank Bonds issued pursuant to the 1991 Master Resolution; (C) as to the pledge of Net Revenues as security for the payment of the Bonds and the Bank Bonds; and (D) to the effect that interest on the Bonds will be exempt from gross income for Federal income tax purposes;

(vi) a certificate of a duly authorized officer of the Commission, certifying that all conditions precedent with respect to the execution of this Agreement and the Related Documents shall have been satisfied and that, except as previously disclosed to the Bank, there has been no adverse change in the financial condition, business, assets, liabilities or prospects of the Commission since [FY END DATE];

(vii) an opinion of the City Attorney of the City to the effect that the Agreement and the Related Documents are valid and binding agreements of the Commission enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, moratorium or other laws affecting creditors' rights and to general principles of equity and that the 1991 Master Resolution, including each supplement and amendment thereto, was duly adopted and is in full force and effect;

(viii) written confirmation that the Bonds are rated Aaa/VMIG 1 by Moody's, AAA/A-1+ by S&P and AA/F1+ by Fitch;

(ix) a certificate of the Trustee, as to such matters as the Bank may reasonably request;

(x) an opinion of counsel to the Trustee, as to such matters as the Bank may reasonably request;

(xi) an opinion of United States counsel to the Bank, as to such matters as the Commission may reasonably request; and

(xii) written confirmation that the Trustee has received Bank Bonds in blank executed by the Commission for safekeeping to be completed by the Trustee for any unreimbursed Drawing on the Letter of Credit.

(b) Representations; No Defaults. The following statements shall be true and correct on and as of the Closing Date, and the Bank shall have received a certificate signed by the appropriate officer of the Commission, dated the Closing Date, stating that:

(i) the representations of the Commission contained in Section 4.01 hereof are true and correct on and as of the Closing Date as though made on and as of such date; and

(ii) giving effect to the issuance of the Letter of Credit and the execution and delivery of this Agreement by the Commission, there exists no Default, Event of Default or Event of Termination.

(c) No Material Adverse Change. As of the Closing Date, the Bank shall have determined (in its reasonable judgment) that no material adverse change in the financial condition, business, assets, liabilities or prospects of the Commission shall have occurred.

Section 3.02. Conditions Precedent to Each Drawing{ TC }. The obligation of the Bank to honor any Drawing is subject to the fulfillment of each of the following conditions precedent:

(i) The Bank shall have received (or waived the receipt of, in the sole discretion of the Bank) a Drawing certificate in strict conformity with the Letter of Credit; and

(ii) The Agreement Termination Date shall not have occurred.

Section 3.03. Notice of Termination{ TC }. The Bank may, but is not required to, deliver a notice, in accordance with Section 7.03 hereof, to the Trustee (a "Notice of Termination") at any time that the Bank shall have determined that an Event of Default or Event of Termination shall have occurred and is continuing. Notwithstanding anything in this Section 3.03 which may be to the contrary, a Notice of Termination shall not affect the obligation of the Bank to honor demands for payment under the Letter of Credit with respect to Bonds authenticated prior to the receipt by the Trustee of such Notice of Termination. The Bank shall concurrently furnish a copy of any Notice of Termination to the Commission and the Remarketing Agent, but the failure to so provide such copy shall not render ineffective any such Notice of Termination.

ARTICLE IV

REPRESENTATIONS OF THE COMMISSION{ TC }

Section 4.01. Representations of the Commission{ TC }. The Commission represents to the Bank as follows:

(a) Legal Existence; Powers. The Commission (i) is a commission of the City and County of San Francisco organized and existing under the Charter, and (ii) has the legal right, power and authority to (A) control its properties and to carry on its business as now being and hereafter proposed to be conducted, (B) execute and deliver this Agreement and the Related Documents, (C) perform all its obligations under this Agreement and the Related Documents, (D) issue the Bonds in accordance with the 1991 Master Resolution, and (E) repay all Bank Bonds, to pay all interest thereon, and to pay all fees and other amounts payable hereunder.

(b) Due Authorization; No Violation; No Conflicts. The execution, delivery and performance by the Commission of this Agreement and the Related Documents to which the Commission is a party have been duly authorized by all necessary action on the part of the Commission, and do not (i) violate the Charter, or any material provision of any court order by which the Commission is bound, (ii) conflict with, violate or contravene any material provision of existing law or regulation, or any order or decree or any court, tribunal, Governmental Authority, (iii) conflict with, violate or cause a default, or with the passage of time or the giving of notice, or both, would cause a default under any material provision of any bond, note or other evidence of indebtedness or mortgage, indenture, contract or other agreement to which the

Commission is a party; and no consent of any Person and no license, approval or authorization of or notice to or registration, filing or declaration with, any Governmental Authority, bureau or agency is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Related Documents or for the Commission to issue the Bonds or incur the Obligations in accordance with this Agreement or, if required, the same has been obtained and is in full force and effect or will be obtained in sufficient time in order to fully perform under this Agreement, or (iv) result in the imposition of any Lien on amounts in the Revenue Fund, except as provided herein and in the 1991 Master Resolution.

(c) Validity. This Agreement, the 1991 Master Resolution and the Related Documents to which the Commission is a party each constitute a legal, valid and binding agreement or obligation, as the case may be, of the Commission, except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally, (ii) the availability of equitable remedies which may be limited by equitable principles of general applicability and (iii) limitations on remedies against public agencies such as the Commission available under applicable California laws and regulations.

(d) Litigation. There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Issuer after due inquiry, threatened against or affecting the Issuer, wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated by or the validity of this Agreement, the 1991 Master Resolution or any of the Related Documents, (ii) the status of the Issuer as a charter city and county, (iii) the exemption of interest on the Bonds from federal income tax, or (iv) the Issuer's property, assets, business operations or condition, financial or otherwise, or its ability to perform its obligations under this Agreement, the 1991 Master Resolution or under the Related Documents.

(e) Accuracy of Financial Reports. The audited financial statements for fiscal years 2007 and 2008, including the balance sheets as of the end of said periods, all examined and reported on by KPMG LLP, independent public accountants, as heretofore delivered to the Bank correctly and fairly present the financial condition of the Issuer as of said dates and the results of the operations of the Issuer for such period as of said dates, and have been prepared in accordance with Generally Accepted Accounting Principles consistently applied except as stated in the notes thereto; and there has been no material adverse change in the condition, financial or otherwise, of the Issuer since the date of preparation thereof (other than as set forth in the Official Statement), from that set forth in said financial statements as of, and for the period ended on, those dates.

(f) Legislation; Referendum. There is no State or local referendum or initiative certified for the ballot, or Federal, State or local legislation enacted or introduced and referred to committee which the Commission has determined would materially and adversely affect the financial condition or business operations of the Commission, or the validity or enforceability of this Agreement, the 1991 Master Resolution or any Related Document, or power of the Commission to carry out the transactions contemplated hereby and thereby.

(g) No Acceleration. No Debt which is recourse to, or secured by, the Revenues (as that term is defined in the 1991 Master Resolution), or any portion thereof, of the Commission, in an amount in excess of \$10,000,000 which is currently outstanding is subject to acceleration of the payment thereof before the scheduled due date thereof at the direction or option of the holders of such Debt or any trustee for such holders.

(h) Disclosure. There is no fact known to the Commission which the Commission has not disclosed to the Bank in writing which materially adversely affects or which the Commission has determined is likely to materially adversely affect the ability of the Commission to perform its obligations hereunder, under the 1991 Master Resolution or under any Related Document.

(i) Security. There are no material Liens on the Net Revenues other than the Liens created by or pursuant to or otherwise permitted by the 1991 Master Resolution and this Agreement. The 1991 Master Resolution does not permit the issuance of any Debt secured by Net Revenues to rank senior to the Bonds or the Obligations. The 1991 Master Resolution requires the first use of Revenues to pay certain operation and maintenance expenses. Except as expressly provided in Section 5.09 hereof, the Lien on the Net Revenues securing the payment of the Bank Bonds ranks on a parity with the payment of principal of and interest on the Parity Bonds (including the Bonds) and is not subordinate to any payment secured by a Lien on the Net Revenues other than payments with respect to the principal of and interest on the Parity Bonds. The pledge of and lien on Net Revenues created by the 1991 Master Resolution and this Agreement are valid and binding on the Commission subject to and in accordance with the provisions of Section 5451 of the California Government Code.

(j) Sovereign Immunity. The Commission is not entitled to claim immunity on the grounds of sovereignty with respect to any action based on contract related to or arising out of its obligations under this Agreement, and to the fullest extent permitted by law, agrees not to assert the defense of sovereign immunity in any proceeding based on contract related to or arising out of its obligations under this Agreement or the Related Documents. The Commission is subject to liability for damages in contract and in tort in the manner and to the extent that the City is subject to such liability as provided by the laws of the State. The Commission is subject to claims and to suit for money or damages in connection with or under this Agreement pursuant to and in accordance with the laws of the State applicable to municipal corporations, including Part 3 of Division 3.6 of Title 1 of the Government Code of the State of California. The Commission is a "local public entity" as defined in Section 900.4 of the Government Code of the State of California.

(k) Environmental Laws. The Commission has not received notice to the effect that its operations are not in compliance with any of the requirements of applicable federal, state or local environmental statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which noncompliance or remedial action, if determined adversely to the Commission, would be likely, in the determination of the Commission, to have a material adverse effect on the business operations or financial condition of the Commission or the ability of the Commission to perform its obligations under the 1991 Master Resolution or the Related Documents.

(l) Usury. The terms of this Agreement and the Related Documents regarding the calculation and payment of interest and fees do not violate any applicable usury laws.

(m) Business of the Commission. The Commission is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any margin stock as defined in Regulation U of the Board of Governors of the Federal Reserve System.

(n) Event of Default. No Default, Event of Default or Event of Termination has occurred and is continuing hereunder as of the date hereof.

(o) Accurate Information. All information, reports and other papers and data with respect to the Issuer furnished to the Bank by or on behalf of the Commission were, as of their respective dates, accurate in all material respects. Any financial, budget and other projections furnished to the Bank by or on behalf of the Commission were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the Commission's best estimate of its future financial performance. No fact is known to the Commission that materially and adversely affects or in the future may (so far as it can reasonably foresee) materially and adversely affect the business operations or financial condition of the Commission, the security for the Bonds, or the Commission's ability to repay when due its obligations under this Agreement or the 1991 Master Resolution except as has been otherwise disclosed to the Bank in writing, including in the documents referred to in the first sentence of this paragraph.

(p) ERISA. The Commission, as an enterprise fund department of the City and County of San Francisco, participates in the San Francisco City and County Employees' Retirement System (the "City Plan"). All required contributions to the City Plan have been made. The City Plan is a governmental plan that is not subject to the Employee Retirement Income Security Act of 1974, as amended or recodified from time to time ("ERISA").

(q) Incorporation of Representations. The Commission hereby makes to the Bank the same representations as were made by it in each Related Document to which it is a party, which representations, together with the related definitions of terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and definition were set forth herein in its entirety. No amendment to such representations or definitions made pursuant to the relevant Related Documents, which amendment could have a material adverse effect on the Bank, shall be effective to amend such representations and definitions as incorporated by reference herein without the prior written consent of the Bank..

Section 4.02. Representations of the Bank{ TC }. The Bank represents to the Commission as follows:

(a) Organization; Power. The Bank is validly organized and existing under the laws of the jurisdiction under which it is organized, and has all requisite power and authority

(i) to conduct its business and to carry on its activities, and (ii) to execute, deliver and perform its obligations under this Agreement.

(b) Valid and Binding Obligations. This Agreement has been duly executed by an authorized representative of the Bank and constitutes the legal, valid and binding obligation of the Bank enforceable against the Bank in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and subject to general equitable principles.

(c) Offering Materials. The information with respect to the Bank which has been furnished by the Bank for inclusion in the Offering Materials is accurate in all material respects.

(d) Regulatory Approvals. To the best knowledge of the officer executing this Agreement, after reasonable inquiry, each material authorization, consent, approval, license or formal exemption from, or filing, declaration or registration with, any court, governmental agency or regulatory authority (Federal, state or local), required in connection with the execution, delivery and performance by the Bank of this Agreement has been obtained or made and is in full force and effect; provided, that the Bank makes no representation or warranty with respect to Blue Sky or state securities laws.

(e) Litigation. To the best knowledge of the officer executing this Agreement after reasonable inquiry, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board, body or official pending or, to the knowledge of the Bank, threatened against or affecting (i) the transactions contemplated by or the validity of this Agreement, (ii) the Bank's ability to perform its obligations under this Agreement or (iii) which in any material way contests the existence, organization or powers of the Bank or the titles of the officers of the Bank to their respective offices, or which in any manner draws into question the validity or enforceability of this Agreement.

Section 4.03. Survival of Representations{ TC }. All statements contained in (i) any certificate delivered by or on behalf of the Commission on or before the Closing Date or (ii) any certificate delivered by or on behalf of the Commission after the Closing Date, in either case pursuant to or in connection with this Agreement (including, but not limited to, any such statement made in connection with any amendment hereto), shall constitute representations made under this Agreement. All representations made under this Agreement shall be made and shall be true at and as of (a) the date of authentication and delivery of the Bonds under the 1991 Master Resolution and (b) the time of each Drawing under the Letter of Credit, except the representations set forth in the second sentence of Section 4.01(e) hereof.

ARTICLE V

AFFIRMATIVE COVENANTS{ TC }

Section 5.01. Financial Statements{ TC }. The Commission shall keep proper books of record and account in which full, true and correct entries will be made of all dealings and transactions of or in relation to affairs, operations, transactions and activities of the

Commission in accordance with Generally Accepted Accounting Principles consistently applied, and will furnish to the Bank a copy of each of the following:

(a) Within thirty (30) days of its availability, and in any event within two hundred ten (210) days after the close of each fiscal year of the Commission, the Commission's annual report including the balance sheet as of the end of such fiscal year, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, all in reasonable detail, certified by an independent certified public accountant as having been prepared in accordance with Generally Accepted Accounting Principles, consistently applied, such audit having been conducted with generally accepted auditing standards;

(b) Within sixty (60) days after the end of each fiscal quarter: (i) any projections, sensitivity analyses, consultant's reports, and other information that are provided to the Commission or otherwise made available to the public; (ii) a quarterly revenues report in reasonable detail by category; and (iii) any appropriations or supplemental appropriations relating to the Commission approved during such quarter;

(c) A copy of the Commission's budget, prepared by the Commission prior to the beginning of each fiscal year, within sixty (60) days after its approval by the City; and

(d) Such other information respecting the affairs, condition and/or operations, financial or otherwise, of the Commission as the Bank may from time to time reasonably request.

Section 5.02. Notice of Default{ TC }. The Commission covenants that it will deliver to the Bank, immediately after the Commission shall have obtained knowledge of the occurrence of a Default, Event of Default or Event of Termination, the written statement of an authorized officer of the Commission setting forth the details of such Default, Event of Default or Event of Termination and the action which the Commission proposes to take with respect thereto.

Section 5.03. Inspection{ TC }. The Commission covenants that upon reasonable notice it will permit any Person designated by the Bank in writing, at the Bank's expense, to visit any of the properties of the Commission, to examine the municipal books and financial records of the Commission and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Commission with the principal officers of the Commission and its independent public accountants, all at such reasonable times and, so long as no Event of Default or Event of Termination shall have occurred, no more than once every calendar quarter.

Section 5.04. Compliance with Agreements{ TC }. The Commission will observe and perform all of its obligations under this Agreement, the Bonds and the other Related Documents to which it is a party.

Section 5.05. Certain Notices{ TC }. The Commission covenants that it will promptly (but in no event more than five (5) days after the occurrence of each such event or matter) (i) furnish to the Bank a copy of any notice, certification, demand or other writing or communication given by the Trustee to the Commission or by the Commission to the Trustee

under or in connection with the Bonds or any of the Related Documents, (ii) give written notice to the Bank in reasonable detail of any change in the name of the Commission.

Section 5.06. Preservation of Existence{ TC }. The Commission covenants that it will preserve and maintain its legal existence and maintain all franchises, rights and privileges necessary or desirable in the normal conduct of its business and operations.

Section 5.07. Use of Proceeds{ TC }. The Commission shall use the proceeds of the Bonds solely in accordance with the purposes set forth in the 1991 Master Resolution and shall cause the Drawings to be used solely to pay principal of and interest with respect to Bonds.

Section 5.08. Offering Documents{ TC }. As soon as practicable after the issuance of any Parity Bonds or Subordinate Bonds, the Commission shall send a copy of the offering document relating thereto to the Bank.

Section 5.09. Priority of Payments and Pledge of Net Revenues{ TC }.

(a) Priority of Payments; Amortization. Pursuant to Section 2.15 of the 1991 Master Resolution, the obligation of the Commission to make periodic payments of principal and redemption price of and interest on each Bank Bond in order to reimburse the Bank for Drawings under this Agreement shall constitute a Repayment Obligation. Such obligations of the Commission shall be payable out of, and secured by a pledge of and lien and charge on, Net Revenues, equal in right of payment to the obligations of the Commission to pay principal of and interest on the Bonds, but only to the extent that the aggregate amount of such payments with respect to each Bank Bond in each Fiscal Year is less than or equal to a fixed amount, determined as of the date of purchase of such Bank Bond by the Bank, by amortizing the principal amount of such Bank Bond on a level debt service basis over a period equal to 15 years from the date of purchase thereof, with principal deemed to be payable annually commencing on the May 1 next succeeding such purchase date, and interest at the Maximum Interest Rate deemed to be payable annually on the Interest Payment Date next succeeding the date of purchase of such Bank Bonds. Any principal or redemption price of or interest on any Bank Bond which becomes due and payable under this Agreement in any Fiscal Year and which is in excess of the amount determined as set forth in the preceding sentence shall be payable out of, and secured by a pledge of and lien and charge on, Net Revenues, junior and subordinate in right of payment to the obligations of the Commission to pay principal of and interest on the Bonds and the Subordinate Bonds. The rights of the Bank under this Section 5.09 shall be in addition to any rights of subrogation which the Bank may otherwise have or be granted under law or pursuant to any resolution supplemental to the 1991 Master Resolution.

(b) Subordinate Obligations. The obligation of the Commission to pay the Excess Amount and any other amounts due hereunder other than principal and redemption price of and interest on the Bank Bonds shall constitute an obligation of the Commission payable out of, and secured by a lien on, Net Revenues, subordinate in right of payment to the obligations of the Commission to pay principal and redemption price of and interest on the Bonds and Subordinate Bonds pursuant to the 1991 Master Resolution.

(c) Pledge of Revenues. By execution of this Agreement, the Commission does hereby pledge and grant a lien and charge on Net Revenues in the order of priority set forth in paragraphs (a) and (b), above, subject only to the provisions of the 1991 Master Resolution restricting or permitting the application for the purposes and on the terms and conditions set forth in the 1991 Master Resolution.

Section 5.10. Litigation Notice. The Commission shall promptly give notice to the Bank of any action, suit or proceeding known to it at law or in equity or by or before any court, governmental instrumentality or other agency which, in the reasonable judgment of the Commission, if adversely determined, would materially impair the ability of the Commission to carry out its obligations under the Bonds, any Bank Bonds or this Agreement, or would materially adversely affect its assets or financial condition.

Section 5.11. No Preferential Treatment. In the event that the Commission shall enter into any credit agreement, reimbursement agreement or other similar agreement or instrument, or any amendment, supplement or other modification thereof, under which any Person undertakes to make or provide funds to make payment of, or to purchase, Debt of the Commission in an amount in excess of \$10,000,000 secured by Net Revenues on parity with the Bonds which includes remedies not included in this Agreement (including the right to accelerate the payment of the same) or covenants that are more restrictive as to the Commission than those contained in this Agreement, the Commission shall give prompt written notice thereof to the Bank and shall enter into an amendment or amendments to this Agreement to incorporate such remedies and covenants to the extent applicable hereto within thirty (30) days of such amendment, supplement or modification.

Section 5.12. Alternate Credit Facility or Conversion to a Non-Covered Interest Rate. (i) The Commission shall use commercially reasonable efforts to obtain an Alternate Credit Facility to replace this Agreement or to convert the interest rate on the Bonds to a Non-Covered Interest Rate in the event that (A) the Trustee terminates this Agreement pursuant to Section 2.01(d)(ii) hereof, or (B) the Bank shall furnish a Notice of Termination to the Trustee. The Commission agrees that any Alternate Credit Facility will require, as a condition to the effectiveness of the Alternate Credit Facility, that the issuer of the Alternate Credit Facility will provide funds to the extent necessary, in addition to other funds available, on the date the Alternate Credit Facility becomes effective, for the purchase of all Bank Bonds at par plus all accrued interest thereon at the Bank Rate or Default Rate, as applicable, through the date such Alternate Credit Facility becomes effective. On such date, any and all Obligations due hereunder to the Bank shall be payable in full to the Bank. The Commission shall not permit an Alternate Credit Facility to become effective with respect to less than all of the Bonds without the prior written consent of the Bank.

Section 5.13. Incorporation of Covenants. The covenants of the Commission set forth in Sections 2.11, 2.12, 6.04, 6.05, 6.06 and 6.07 of the 1991 Master Resolution are hereby incorporated by reference in this Agreement for the benefit of the Bank and other Bank Bond owners. To the extent that any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion, report or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of this Agreement, such compliance shall be waived, or such provision shall be

consented to, to the extent such waiver, acceptability or consent would have a material adverse effect on the interests of the Bank hereunder, only if it is waived or consented to, as the case may be, by the Bank and such document, opinion, report or other instrument shall be reasonably acceptable or satisfactory to the Bank. No amendment to such covenants (or the defined terms relating thereto) made pursuant to the 1991 Master Resolution shall be effective to amend such incorporated covenants without the written consent of the Bank.

Section 5.14. Subsequent Documents and Instruments{ TC \1 "2"}. The Commission shall execute and deliver to the Bank all such documents and instruments as may be necessary or reasonably required by the Bank to enable the Bank to exercise and enforce its rights under this Agreement and to realize thereon, and record and file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or reasonably required by the Bank to validate, preserve and protect the rights of the Bank under this Agreement.

ARTICLE VI

NEGATIVE COVENANTS{ TC }

Section 6.01. Compliance with Laws, Etc{ TC }. The Commission covenants that it will not violate any laws, rules, regulations or governmental orders to which it is subject, which violation would materially and adversely affect its financial condition, business or results of operations or would materially and adversely affect the Commission's ability to perform its obligations under this Agreement, the 1991 Master Resolution or the other Related Documents to which it is a party.

Section 6.02. Amendments{ TC }. The Commission covenants that it will not, directly or indirectly, amend or modify, or consent to the amendment or modification of the 1991 Master Resolution or the Related Documents in any way that would materially and adversely affect (i) the rights of the Bank thereunder or hereunder or (ii) the obligations of Commission under this Agreement, without the prior written consent of the Bank, which consent will not be unreasonably withheld or delayed.

Section 6.03. General Tax Covenant{ TC }. The Commission will not take any action or omit to take any action that, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from the gross income of the owners for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended.

Section 6.04. Liens{ TC }. Except as permitted by the 1991 Master Resolution, the Commission will not (a) issue any bonds, notes or other evidences of indebtedness of similar nature payable out of or secured by a security interest in or a pledge or assignment of the Net Revenues pledged under the 1991 Master Resolution and held or set aside by the Commission thereunder, or (b) create or cause to be created any Lien on the Net Revenues, or such moneys, securities or funds; provided, however, that in no event shall any lien on any of the funds or accounts created under the 1991 Master Resolution securing the obligation of the Commission to make a termination payment under any Interest Rate Swap (as defined in the 1991 Master

Resolution) be prior to or on parity with the lien securing the Bonds or the Bank Bonds (to the extent on a parity with the Bonds).

Section 6.05. Use of Bank Name{ TC }. The Commission will not use the Bank's name in any Offering Materials relating to the Bonds without the prior written consent of the Bank; provided, that no such consent shall be necessary for use of the Bank's name in the Official Statement dated [FOS DATE].

Section 6.06. No Issuance in Excess of Stated Amount{ TC }. The Commission will not issue or cause the issuance of Bonds in an aggregate principal amount in excess of the Stated Amount of the Letter of Credit.

Section 6.07. Immunities{ TC }. To the fullest extent permitted by law, the Commission agrees not to assert the defense of sovereign immunity in any proceeding related to or arising out of its obligations under this Agreement or the Related Documents.

Section 6.08. Appointment of Successors. The Commission shall not, without the prior written consent of the Bank permit the appointment of a successor Remarketing Agent.

Section 6.09. Voluntary Redemption or Conversion. The Commission shall not voluntarily redeem any Bonds pursuant to Section [30-65.16(b)] of the 1991 Master Resolution prior to redeeming Bank Bonds in full or if, after giving effect to such redemption, there would be any unpaid Excess Amount owing under this Agreement or any other amount in respect of Bank Bonds shall not have been paid in full. The Commission shall not voluntarily convert any Bonds to a Non-Covered Interest Rate pursuant to Section [30-65.10] of the 1991 Master Resolution if, after giving effect to such conversion, there would be any unpaid Excess Amount owing under this Agreement or any other amount in respect of Bank Bonds shall not have been paid in full.

ARTICLE VII

EVENTS OF TERMINATION AND DEFAULT; REMEDIES{ TC }

Section 7.01. Events of Termination { TC }. Each of the following shall constitute an Event of Termination under this Agreement:

(a) Any Rating Agency shall (i) downgrade the unenhanced debt rating assigned to any Parity Bonds to below the "BBB+" category or its equivalent or (ii) withdraw their unenhanced debt rating assigned to any Parity Bonds for credit-related reasons.

Section 7.02. Events of Default{ TC }. Each of the following shall constitute an Event of Default under this Agreement:

(a) The Commission shall fail to pay to the Bank (i) the principal of or interest on any Bank Bond when due and such failure continues for a period of one Business Day, or (ii) any other Obligation when due and such failure continues for a period of three (3) Business Days; or

(b) Any representation, certification or statement made by the Commission in this Agreement or in any Related Document or in any certificate or audited financial statement delivered pursuant to this Agreement or any Related Document shall (in any such case) have been incorrect or untrue in any materially adverse respect when made or deemed to have been made; or

(c) (i) The Commission shall default in the due performance or observance of any term, covenant or agreement contained in Sections 5.04, 5.06, 5.07, 6.01, 6.02, 6.04, 6.06, 6.07; or (ii) the Commission shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement (other than those covered by clauses (a), (b) and (c)(i) of this Section 7.02) and such failure shall remain unremedied for a period of thirty (30) days after the Bank shall have given the Commission written notice of such default; provided, that, so long as the Commission shall be proceeding with due diligence to remedy any default in the due performance or observance of such covenants which, if begun and prosecuted with due diligence, cannot be completed within a period of thirty (30) days, then such 30-day period shall be extended to the extent as shall be necessary to enable the Commission to begin and complete the remedying of such default through the exercise of due diligence, but in no event greater than sixty (60) days; or

(d) The Commission shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) principal or interest on any Parity Bonds; or

(e) A proceeding is instituted against the City or the Commission in a court having jurisdiction over the City or the Commission, any of their activities or any of their properties seeking an order for rehabilitation, reorganization, conservation, liquidation or dissolution in respect of the City or the Commission under applicable law and such proceeding is not terminated for a period of forty-five (45) consecutive days or such court enters an order granting the relief sought in such proceeding or the City or the Commission shall institute or take any corporate action for the purposes of instituting any such proceeding; or the City or the Commission shall become insolvent or unable to pay their respective debts as they mature, or the City or the Commission shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the City or the Commission or for any substantial part of their respective properties, or shall make a general assignment for the benefit of creditors, or the City or the Commission shall fail generally to pay their respective debts or claims as they become due, or there shall be made a declaration of moratorium by a Governmental Authority of appropriate jurisdiction with respect to any debt of the City or the Commission or the City or the Commission shall take any corporate action in furtherance of any of the foregoing; or

(f) This Agreement or any provision hereof, at any time after the execution and delivery hereof, or the 1991 Master Resolution or any provision thereof shall, for any reason, cease to be valid and binding on the Commission or in full force and effect or shall be declared, in a final, non-appealable judgment, to be null and void, or the validity or enforceability of this Agreement, the 1991 Master Resolution or any provision thereof shall be contested (i) by the

Commission or (ii) by any governmental agency or authority having jurisdiction over the Commission, unless with respect to clause (ii) above, the same is being contested by the Commission in good faith and by appropriate proceedings; or the Commission shall deny that it has any or further liability or obligation under this Agreement, the Letter of Credit or the 1991 Master Resolution.

(g) From and after the Closing Date, final judgments and/or orders for the payment of money in excess of \$10,000,000 in aggregate (in excess of the coverage limits of any applicable insurance therefor) shall have been rendered against the Commission and such judgments and/or orders shall not have been satisfied or paid when due under applicable law.

(h) The Commission shall have defaulted in the payment or performance of any obligation or indebtedness which constitutes Debt which is recourse to, or secured by, the Revenues (as that term is defined in the 1991 Master Resolution), or any portion thereof, of the Commission, issued, assumed or guaranteed by the Commission aggregating in excess of \$10,000,000.

(i) The occurrence of any "event of default" (after giving effect to any applicable cure period) (i) under the 1991 Master Resolution or (ii) under any of the Related Documents (which is not waived pursuant to the terms thereof) if the effect of such event is materially adverse to Bank, in either case, which is not otherwise described in this Section 7.02.

(j) There shall have been rendered a final determination that interest on the Bonds is includable in the gross income of the owners thereof for federal income tax purposes, as a result of the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service.

Section 7.03. Remedies{ TC }. Upon the occurrence of an Event of Termination under Section 7.01 or an Event of Default under Section 7.02, the Bank may, at the same or different times, so long as such Event of Termination or Event of Default shall not have been remedied to the sole satisfaction of the Bank, take one or more of the following actions: (i) declare the principal of and interest on all amounts payable hereunder to be immediately due and payable; provided, that any amounts payable that constitute principal of or interest on Bank Bonds shall be payable on a basis subordinate to the Bonds except to the extent provided in Section 5.09; (ii) give written notice to the Trustee directing the Trustee to cause a mandatory tender for purchase of all outstanding Bonds pursuant to Section 30-65.17 of the 1991 Master Resolution; (iii) proceed to enforce all other remedies available under applicable law and in equity; provided, that, if any event specified in clause (i) of this Section 7.03 occurs, the consequences of the Bank's notice described in clause (ii) immediately above shall result automatically upon the occurrence of such event without notice from the Bank. Except as expressly provided above in this Section 7.03, presentment, demand, protest and all other notices of any kind are expressly waived. The Bank shall promptly give telephonic notice, followed by written confirmation, of any declaration pursuant to clause (i) above to the Commission, the Remarketing Agent and the Trustee. Except as expressly provided above in this Section 7.03, failure to give any such notice shall not impair the effect of such declaration or reduction.

ARTICLE VIII

MISCELLANEOUS{ TC }

Section 8.01. Amendments and Waivers{ TC }. No amendment or waiver of any provision of this Agreement, or any other Related Document (that would have a material adverse effect on the Bank), nor consent to any departure by the Commission therefrom shall in any event be effective unless the same shall be in writing and signed by the Bank and, with respect to any amendment, the Commission.

Section 8.02. No Personal Liability of Commission Members and Officials{ TC }. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any present or future member, official, officer, agent or employee of the Commission, in his individual capacity, and neither the members, officers and employees of the Commission, nor any person executing this Agreement shall be liable personally hereunder or be subject to any personal liability or accountability by reason hereof.

Section 8.03. Limitation on Liability{ TC }. As between the Commission and the Bank, the Commission assumes all risks of any act or omission of the Trustee. Neither the Bank nor any of its officers or directors shall be liable or responsible to any person for: (a) the use that may be made of the proceeds of any Drawing or of any Bond, or for any acts or omissions of the Trustee in connection with this Agreement, the 1991 Master Resolution or any of the Related Documents; (b) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by the Bank against presentment of documents that do not comply with the terms of this Agreement or the Letter of Credit, including failure of any documents to bear any reference or adequate reference to this Agreement or the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment hereunder, except only that the Commission shall have a claim against the Bank, and the Bank shall be liable to the Commission, to the extent, but only to the extent of (i) the Bank's willful misconduct or gross negligence in determining whether documents presented under this Agreement or the Letter of Credit strictly comply with the terms hereof or thereof; (ii) the Bank's willful misconduct or gross negligence in taking action in reliance on any certificate, statement or other document which is invalid, inaccurate, false or not genuine, whether by forgery, fraud or otherwise; or (iii) the Bank's wrongful failure to honor a Drawing required to be made by the Bank under the Letter of Credit after compliance with all conditions precedent to such Drawing, unless such Drawing was not otherwise permitted by law. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary unless the Trustee and the Commission have notified the Bank in writing that specifically identified documents to be presented to the Bank do not comply with this Agreement or the Letter of Credit.

Section 8.04. Bank Information{ TC }. (a) The Bank agrees to provide to the Commission and the Remarketing Agent, as the Remarketing Agent and/or the Commission shall expressly request, in connection with the preparation by the Commission and/or the Remarketing Agent of Offering Materials, information concerning the Bank on an annual basis (provided that

financial information to be made available by the Bank shall be derived from the most recent annual audited statements available to the Bank); provided, that such requested information is reasonably available to the Bank and is substantially similar in scope to that provided by the Bank in connection with the Official Statement dated [FOS DATE]. With respect to each Offering Material, the Bank further agrees to provide to the Remarketing Agent and the Commission a certificate of an authorized officer of the Bank stating that the information regarding the Bank contained in such Offering Material is accurate in all material respects.

(b) The Bank agrees to promptly notify the Commission, the Remarketing Agent and the Trustee of any suspension, reduction or withdrawal in the ratings of the Bank by any Rating Agency.

Section 8.05. Indemnification. (a) To the extent permitted by law, the Commission agrees to indemnify and hold harmless the Bank from and against any and all claims, damages, losses, liabilities and reasonable costs or expenses (including reasonable attorney's fees and expenses) whatsoever which the Bank may incur (or which may be claimed against the Bank by any person or entity whatsoever) by reason of or in connection with (i) the offering, sale, remarketing or resale of the Bonds (including by reason of any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the Related Documents, the Official Statement (other than with respect to the information relating to the Bank under the caption "THE BANK") or in any supplement or amendment thereof or remarketing circular in accordance therewith, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances in which they are or were made, not misleading); (ii) the validity, sufficiency or genuineness of the Related Documents, the 1991 Master Resolution or the Official Statement; or (iii) the execution and delivery of this Agreement, or the making or the failure to honor Drawings under this Agreement; provided, that the Commission shall be relieved of its obligation to so indemnify and hold harmless the Bank if and to the extent that any such claims, damages, losses, liabilities, or costs or expenses are a result of the Bank's honoring or failure to honor Drawings in accordance with the terms and conditions of this Agreement as a result of the Bank's gross negligence or willful misconduct.

(b) To the extent permitted by law, the Commission agrees to indemnify and hold harmless the Bank (on a net after tax basis) from any present or future claim or liability for stamp, transfer, documentary, excise or other similar tax and any penalties or interest with respect thereto, which may be assessed, levied or collected by any Governmental Authority in connection with the execution, delivery and performance of, or any payment made under, this Agreement, the Bonds and the other Related Documents, or any amendment thereto.

(c) Promptly after receipt by an indemnified party of written notice of the filing of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the Commission under this Section 8.05, notify the Commission in writing of the filing or commencement thereof; but the omission to so notify the Commission shall not relieve the Commission of any liability which it may have to such indemnified party otherwise than under this Section 8.05. The indemnity agreements contained in this Section shall survive the termination, expiration or cancellation of this Agreement.

Section 8.06. Costs and Expenses{ TC }. The Commission agrees to pay the reasonable out-of-pocket costs and expenses (including attorneys' fees and expenses) incurred by the Bank in connection with the occurrence of an Event of Default or Event of Termination under this Agreement.

Section 8.07. Notices{ TC }. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex or similar writing) or by telephone or telecopy (promptly confirmed in writing) and shall be given to such party, addressed to it, at its address or telephone number set forth below or such other address or telephone number as such party may hereafter specify for the purpose by notice to each other party. Each such notice, request or communication shall be effective (i) if given by telex, when such telex is transmitted to the telex number specified below and the appropriate answerback is received, (ii) if given by mail, 10 days after such communication is deposited in the mail with first-class postage prepaid, addressed as aforesaid, (iii) if given by telephone or telecopy, when given by telephone or telecopy to the party at its telephone number (if any) specified below or (iv) if given by any other means, when delivered at the address specified below:

<u>Party</u>	<u>Address</u>
Bank:	[BANK] _____ Attention: _____ Telephone: _____ Facsimile: _____
Commission:	San Francisco International Airport Commission Business and Finance Division Terminal 2, Fifth Floor P.O. Box 8097 San Francisco, CA 94128 Attention: Deputy Airport Director – Business and Finance Telephone: 650-821-5035 Facsimile: 650-821-5005
Trustee:	The Bank of New York Trust Company, N.A. 700 S. Flower St., Suite 500 Los Angeles, CA 90017 Attention: Corporate Trust Department Telephone: 213-630-6268 Facsimile: 213-630-6215

Section 8.08. No Waiver; Remedies{ TC }. No failure on the part of the Bank or the Commission to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 8.09. Successors and Assigns; Participation of Agreement{ TC }. Whenever in this Agreement any of the parties hereto is referred to, such reference shall, subject to the last sentence of this Section 8.08, be deemed to include the successors and assignees of such party, and all covenants, promises and agreements by or on behalf of the Commission which are contained in this Agreement, including the provisions of Sections 2.04 and 8.05 hereof, shall inure to the benefit of the successors and assigns of the Bank. Neither the Commission nor the Bank may transfer its respective rights or obligations under this Agreement without the prior written consent of the other.

Notwithstanding the foregoing, the Bank shall be permitted to grant to one or more financial institutions (each a "Participant"), a participation or participations in all or any part of the Bank's rights and benefits under this Agreement on a participating basis but not as a party to this Agreement (a "Participation"), without the consent of the Commission; provided, that the Bank agrees to give the Commission notice of the grant of any Participation upon the effectiveness thereof. In the event of any such grant by the Bank of a Participation to a Participant, whether or not upon notice to the Commission, the Bank shall remain responsible for the performance of its obligations hereunder, and the Commission shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement.

Section 8.10. Nondiscrimination; Penalties{ TC }.

(a) Nondiscrimination. In the performance of this Agreement, the Bank agrees not to discriminate against any employee, City employee working with or applicant for employment with the Bank, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by the Bank on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes

(b) Nondiscrimination in Benefits. The Bank does not as of the date of this Agreement and will not during the term of this Agreement, in any of their respective operations in San Francisco, on real property owned by the San Francisco, or where work is being performed for the Issuer elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

(c) Condition to Contract. As a condition to this Agreement, the Bank shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form

HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(d) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. The Bank shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Bank understands that pursuant to §12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against the Bank and/or deducted from any payments due the Bank.

Section 8.11. MacBride Principles—Northern Ireland{ TC }. The Commission urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles as expressed in San Francisco Administrative Code §12F.1 et seq. The Commission urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

Section 8.12. Tropical Hardwood and Virgin Redwood{ TC }. Pursuant to San Francisco Administrative Code §12I.5(b), the Commission urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood product, virgin redwood or virgin redwood product.

Section 8.13. Sunshine Ordinance{ TC }. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between the City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this Paragraph will be made available to the public upon request.

Section 8.14. Notification of Limitations on Contributions{ TC }. Through execution of this Agreement, the Bank acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment to the City, whenever such transaction would require approval by a City elective officer of the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for the contract until the later of either (1) the termination of negotiations for such contract or (2) three months after the date the contract is approved by the City elective officer or the board on which that City elective officer serves.

(a) Requiring Minimum Compensation for Covered Employees{ TC }. For each hour worked by a Covered Employee during a Pay Period on work funded under the Issuer contract during the term of this Agreement, the Bank shall provide to the Covered Employee no

less than the Minimum Compensation, which includes a minimum hourly wage and compensated and uncompensated time off consistent with the requirements of the MCO. For the hourly gross compensation portion of the MCO, the Bank shall pay a minimum of \$10.51 an hour beginning January 1, 20__, and a minimum of \$10.77 an hour beginning January 1, 2005 and for the remainder of the term of this Agreement; provided, however, that if the Bank is a Nonprofit Corporation or public entity, it shall pay a minimum of \$9 an hour for the term of this Agreement.

(b) The Bank shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the Issuer with regard to the Bank's compliance or anticipated compliance with the requirements of the MCO, for opposing any practice proscribed by the MCO, for participating in proceedings related to the MCO, or for seeking to assert or enforce any rights under the MCO by any lawful means.

(c) The Bank understands and agrees that the failure to comply with the requirements of the MCO shall constitute a material breach by the Bank of the terms of this Agreement. The Issuer, acting through the Contracting Department, shall determine whether such a breach has occurred.

(d) If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, the Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Bank fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the Issuer, acting through the Contracting Department, shall have the right to pursue the following rights or remedies and any rights or remedies available under applicable law:

(i) The right to charge the Bank an amount equal to the difference between the Minimum Compensation and any compensation actually provided to a Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law;

(ii) The right to set off all or any portion of the amount described in Subsection (d)(1) of this Section against amounts due to the Bank under this Agreement;

(iii) The right to terminate this Agreement in whole or in part;

(iv) In the event of a breach by the Bank of the covenant referred to in Subsection (b) of this Section, the right to seek reinstatement of the employee or to obtain other appropriate equitable relief; and

(v) The right to bar the Bank from entering into future contracts with the Issuer for three years.

Each of the rights provided in this Section 8.19(d) shall be exercisable individually or in combination with any other rights or remedies available to the Issuer. Any amounts realized by the Issuer pursuant to this subsection shall be paid to the Covered Employee who failed to receive the required Minimum Compensation.

(e) The Bank represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(f) The Bank shall keep itself informed of the current requirements of the MCO, including increases to the hourly gross compensation due Covered Employees under the MCO, and shall provide prompt written notice to all Covered Employees of any increases in compensation, as well as any written communications received by the Bank from the Issuer, which communications are marked to indicate that they are to be distributed to Covered Employees.

(g) The Bank shall provide reports to the Issuer in accordance with any reporting standards promulgated by the Issuer under the MCO, including reports on subcontractors.

(h) The Bank shall provide the Issuer with access to pertinent records after receiving a written request from the Issuer to do so and being provided at least five (5) business days to respond.

(i) The Issuer may conduct random audits of the Bank. Random audits shall be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of the Bank every two years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the Issuer from investigating any report of an alleged violation of the MCO.

(j) Any subcontract entered into by the Bank shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. A subcontract means an agreement between the Bank and a third party which requires the third party to perform all or a portion of the services covered by this Agreement. The Bank shall notify the Department of Administrative Services when it enters into such a subcontract and shall certify to the Department of Administrative Services that it has notified the subcontractor of the obligations under the MCO and has imposed the requirements of the MCO on the subcontractor through the provisions of the subcontract. It is the Bank's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, Issuer may pursue any of the remedies set forth in this Section against the Bank.

(k) Each Covered Employee is a third-party beneficiary with respect to the requirements of subsections (a) and (b) of this Section, and may pursue the following remedies in the event of a breach by the Bank of subsections (a) and (b), but only after the Covered Employee has provided the notice, participated in the administrative review hearing, and waited the 21-day period required by the MCO. The Bank understands and agrees that if the Covered Employee prevails in such action, the Covered Employee may be awarded: (1) an amount equal to the difference between the Minimum Compensation and any compensation actually provided to the Covered Employee, together with interest on such amount from the date payment was due

at the maximum rate then permitted by law; (2) in the event of a breach by the Bank of subsections (a) or (b), the right to seek reinstatement or to obtain other appropriate equitable relief; and (3) in the event that the Covered Employee is the prevailing party in any legal action or proceeding against the Bank arising from this Agreement, the right to obtain all costs and expenses, including reasonable attorney's fees and disbursements, incurred by the Covered Employee. The Bank also understands that the MCO provides that if the Bank prevails in any such action, the Bank may be awarded costs and expenses, including reasonable attorney's fees and disbursements, from the Covered Employee if the court determines that the Covered Employee's action was frivolous, vexatious or otherwise an act of bad faith.

(l) If the Bank is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000 (\$50,000 for nonprofits), but the Bank later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, the Bank shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Bank and this department to exceed \$25,000 (\$50,000 for nonprofits) in the fiscal year.

Section 8.15. Requiring Health Benefits for Covered Employees{ TC }. Unless exempt, the Bank agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this agreement as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this Section and not defined in this agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, the Bank shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Bank chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if the Bank is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with subsection (a) above.

(c) The Bank's failure to comply with the HCAO shall constitute a material breach of this agreement. Issuer shall notify the Bank if such a breach has occurred. If, within 30 days after receiving Issuer's written notice of a breach of this Agreement for violating the HCAO, the Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Bank fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Issuer shall have the right to pursue the remedies set forth in 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the Issuer.

(d) Any Subcontract entered into by the Bank shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations

substantially the same as those set forth in this Section. The Bank shall notify the City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. The Bank shall be responsible for its Subcontractors' compliance with this Section. If a Subcontractor fails to comply, the Commission may pursue the remedies set forth in this Section against the Bank based on the Subcontractor's failure to comply; provided, that the Commission has first provided the Bank with notice and an opportunity to obtain a cure of the violation.

(e) The Bank shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the Commission or the City with regard to the non-compliance or anticipated non-compliance by the Bank with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) The Bank represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) The Bank shall keep itself informed of the current requirements of the HCAO.

(h) The Bank shall provide reports to the Commission in accordance with any reporting standards promulgated by the City or the Commission under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) The Bank shall provide the Commission with access to records pertaining to compliance with HCAO after receiving a written request from the Commission to do so and being provided at least five business days to respond.

(j) The Commission may conduct random audits of the Bank to ascertain its compliance with HCAO. The Bank agrees to cooperate with the Commission when it conducts such audits.

(k) If the Bank is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but such party later enters into an agreement or agreements that cause the aggregate amount of all agreements with the City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Bank and the City to be equal to or greater than \$75,000 in the fiscal year.

Section 8.16. Prohibition on Political Activity with City Funds { TC }. In accordance with San Francisco Administrative Code Chapter 12.G, the Bank may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. The Bank agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event the Bank

violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit the Bank from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Bank's use of profit as a violation of this section

Section 8.17. Protection of Private Information{ TC }. The Bank has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. The Bank agrees that any failure of the Bank to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Agreement, bring a false claim action against the Bank pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Bank.

Section 8.18. Graffiti Removal{ TC }. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and its residents, and to prevent the further spread of graffiti.

The Bank shall remove all graffiti from any real property owned or leased by the Bank in the City and County of San Francisco within forty eight (48) hours of the earlier of the Bank's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require the Bank to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Section 8.19. Food Service Waste Reduction Requirements{ TC }. The Bank agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are

incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, the Bank agrees that if it breaches this provision, the City will suffer actual damages that will be impractical or extremely difficult to determine; further, the Bank agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that the City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by the City because of the Bank's failure to comply with this provision.

Section 8.20. Airport Intellectual Property{ TC }. Pursuant to Resolution No. 01-0118, adopted by the Commission on April 18, 2001, the Commission affirmed that it will not tolerate the unauthorized use of its intellectual property, including the SFO logo, CADD designs, and copyrighted publications. All proposers, bidders, contractors, tenants, permittees, and others doing business with or at the Airport (including subcontractors and subtenants) may not use the Airport intellectual property, or any intellectual property confusingly similar to the Airport intellectual property, without the Airport Director's prior consent.

Section 8.21. Severability{ TC }. Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 8.22. Consent by the Bank{ TC }. Except as otherwise expressly set forth herein to the contrary, if the consent, approval, satisfaction, determination, judgment, acceptance or similar action of the Bank shall be permitted or required pursuant to any provision hereof or any provision of any other agreement to which the Commission is a party and to which the Bank has succeeded hereto, such action shall be required to be in writing and may be withheld or denied by the Bank in its sole discretion.

Section 8.23. No Third Party Rights{ TC }. Nothing expressed in or to be implied from this Agreement is intended to give, or shall be construed to give, any Person (including the Trustee, the Remarketing Agent or the holder of any Bond), other than the parties hereto and their permitted successors and assigns, any benefit or legal or equitable right, remedy or claim under or by virtue of this Agreement.

Section 8.24. Governing Law{ TC }. The obligations of the Bank under this Agreement and any Related Document to which the Bank shall become a party, shall be governed by and construed under the laws of the State of New York. The obligations of the Commission under this Agreement shall be governed by, and construed in accordance with, the laws of the State of California. To the extent permitted by law, the parties hereto hereby waive their right to a trial by jury in connection with any litigation arising from or related to the obligations of the Commission or the Bank under this Agreement.

Section 8.25. Counterparts{ TC }. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.26. Prior Agreements Superseded{ TC }. This Agreement supersedes all prior undertaking and agreements, both written and oral, between the Commission and the Bank relating to the Letter of Credit, including those contained in any commitment letter or term sheet between the Commission and the Bank.

Section 8.27. Headings{ TC }. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

AIRPORT COMMISSION OF THE CITY AND
COUNTY OF SAN FRANCISCO

By _____

Name: John L. Martin

Title: Airport Director

APPROVED AS TO FORM
DENNIS J. HERRERA, CITY ATTORNEY

Deputy City Attorney

[BANK],

By _____

Name:

Title:

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

dated as of

[DATED DATE]

by and between

AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO

and

[BANK],

Relating to:

\$ _____
San Francisco International Airport
Second Series Variable Rate Revenue [Refunding] Bonds,
Issue ____

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STANDBY BOND PURCHASE AGREEMENT

BY AND AMONG

AIRPORT COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO,

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
AS TRUSTEE

AND

[BANK]

DATED AS OF
[DATE]

IN CONNECTION WITH

\$ _____
AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO INTERNATIONAL AIRPORT
SECOND SERIES VARIABLE RATE
REVENUE REFUNDING BONDS, ISSUE _____

STANDBY BOND PURCHASE AGREEMENT

THIS STANDBY BOND PURCHASE AGREEMENT (this "Agreement") dated [DATE], by and among AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO, a charter city and county duly organized and existing under the laws of State of California (the "Issuer" or "Commission"), [THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States of America, as Trustee under the 1991 Master Resolution] as hereinafter defined (together with any successors thereto as such Trustee, the "Trustee"), and [BANK], a _____ (the "Bank").

WITNESSETH:

WHEREAS, the Issuer is issuing its San Francisco International Airport Second Series Variable Rate Revenue Refunding Bonds, Issue ____ (the "Bonds") pursuant to and in accordance with [Resolution No. 91-0210, adopted by the Commission on December 3, 1991 (the "1991 Resolution"), as supplemented and amended by, among other resolutions, Resolution No. 98-0114, adopted by the Commission on May 19, 1998 (the "Seventh Supplemental Resolution"), Resolution No. 02-0010, adopted by the Commission on January 8, 2002 (the "Tenth Supplemental Resolution"), Resolution No. 03-0219, adopted by the Commission on October 21, 2003 (as supplemented and amended, the "Eleventh Supplemental Resolution"), Resolution No. 04-0220, adopted by the Commission on November 2, 2004 (the "Twelfth Supplemental Resolution"), Resolution No. 05-0182, adopted by the Commission on October 11, 2005, as amended by Resolution Nos. 07-0267 and 08-0045, adopted by the Commission on December 18, 2007 and March 4, 2008, respectively, and Resolution No. _____, adopted by the Commission on _____, 20__, [as amended] (the "Sale Resolution")] and the Certificate of Additional Terms of the Commission dated _____, 20__ (the "Certificate of Additional Terms") (such 1991 Resolution as supplemented and amended, including by the Seventh Supplemental Resolution, the Tenth Supplemental Resolution, the Eleventh Supplemental Resolution, the Twelfth Supplemental Resolution, the Sale Resolution and the Certificate of Additional Terms, being referred to herein as the "1991 Master Resolution");

[WHEREAS, the payment of the principal of and interest on the Bonds (including Liquidity Provider Bonds, as hereinafter defined) when due is to be insured by a municipal bond insurance policy (together with any and all riders and endorsements thereto, the "Bond Insurance Policy") to be issued by [BOND INSURER] (together with any successor thereto or assignee thereof, the "Bond Insurer"), in favor of the Owners of the Bonds (including the Bank to the extent the Bank is a holder of Liquidity Provider Bonds); and]

WHEREAS, the Bonds are subject to purchase from time to time at the option of the Owners thereof and are required to be purchased in certain events and, to further assure the availability of funds for the payment of the purchase price therefor, the Issuer has provided for the remarketing of such Bonds and, to the extent such remarketing may not be successful, for the purchase of such Bonds by the provider of a liquidity facility, such provider initially being the Bank under the terms hereof;

NOW, THEREFORE, in consideration of the respective agreements contained herein, the parties hereto agree as follows,

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following terms have the meanings indicated below or in the referenced Section of this Agreement, unless the context shall clearly indicate otherwise:

“*Affiliate*” means a corporation, partnership, association, agency, authority, instrumentality, joint venture, business trust or similar entity organized under the laws of any state that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Issuer.

“*Alternate Liquidity Facility*” means a replacement standby bond purchase agreement or other liquidity facility meeting the requirements of an “Alternate Liquidity Facility” set forth in Section 30-65.18 of the 1991 Master Resolution.

“*Assignee*” has the meaning assigned to such term in Section 8.03.

“*Authorized Denomination*” has the meaning assigned to such term in the 1991 Master Resolution.

“*Available Commitment*” means, on any day, the sum of the Available Principal Commitment and the Available Interest Commitment on such day.

“*Available Interest Commitment*” initially means _____ dollars (\$_____) (an amount equal to [thirty-six (36)] days’ interest on the Bonds, computed as if the Bonds bore interest at the rate of twelve percent (12.0%) per annum on the basis of a 365-day year and actual days elapsed, and thereafter means such amount automatically adjusted from time to time as follows: (a) downward by an amount that bears the same proportion to such amount as the amount of any reduction in the Available Principal Commitment pursuant to the definition of “Available Principal Commitment” bears to the Available Principal Commitment prior to such reduction; and (b) upward by an amount that bears the same proportion to such amount as the amount of any increase in the Available Principal Commitment pursuant to clause (c) of the definition of “Available Principal Commitment” bears to the Available Principal Commitment prior to such increase; provided, that after giving effect to such adjustment the Available Interest Commitment shall never exceed _____ dollars (\$_____). Any adjustments pursuant to clause (a) or (b) above shall occur simultaneously with the event requiring such adjustment.

“*Available Principal Commitment*” initially means _____ dollars (\$_____) and thereafter means such amount automatically adjusted from time to time as follows: (a) downward by the amount of any reduction of the Available Principal Commitment pursuant to Section 2.03; (b) downward by the principal amount of any Bonds purchased by the Bank pursuant to Section 2.02; and (c) upward by the principal amount of any Bonds theretofore

purchased by the Bank pursuant to Section 2.02 which (i) are resold by a Liquidity Provider Bondowner pursuant to Section 2.04(b), and (ii) cease to bear interest at the Liquidity Provider Interest Rate pursuant to Section 2.04(d); provided, that after giving effect to such adjustment, the Available Principal Commitment shall never exceed _____ dollars (\$_____). Any adjustments pursuant to clause (a), (b) or (c) above shall occur simultaneously with the event requiring such adjustment.

“*Bank*” has the meaning assigned to that term in the introductory paragraph of this Agreement.

“*Bond Insurance Policy*” has the meaning assigned to that term in the recitals to this Agreement.

“*Bond Insurer*” has the meaning assigned to that term in the recitals to this Agreement.

“*Bond Insurer Event of Insolvency*” means the occurrence and continuance of one or more of the following events: (a) the issuance, by a court or governmental authority having appropriate jurisdiction, of an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution of the Bond Insurer; (b) the commencement by the Bond Insurer of a voluntary case or other proceeding seeking an order for relief, liquidation, rehabilitation, conservation, reorganization or dissolution with respect to itself or its Debts under the laws of the state of incorporation or formation of the Bond Insurer or any bankruptcy, insolvency or other similar law now or hereafter in effect including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for itself or any substantial part of its property; (c) the consent of the Bond Insurer to any relief referred to in the preceding clause (b) in an involuntary case or other proceeding commenced against it; (d) the making by the Bond Insurer of an assignment for the benefit of creditors; (e) the failure of the Bond Insurer to generally pay its Debts or claims as they become due; (f) the initiation by the Bond Insurer of any actions to authorize any of the foregoing or (g) the New York Department of Insurance or another Governmental Authority of competent jurisdiction shall declare a moratorium on the payment of the Bond Insurer’s debt.

“*Bond Interest is Taxable*” means that interest paid or to be paid on a Bond is or will be includable for Federal income tax purposes in the gross income of the Bank, but excluding the inclusion of interest on such Bond as an item of tax preference for purposes of the calculation of an alternative minimum tax imposed on the Bank.

“*Bond Purchase Contract*” means the Bond Purchase Contract, dated _____, 20__, between the Issuer and _____.

“*Bond Register*” means the bond register maintained by the Registrar or other bond registrar designated in accordance with the 1991 Master Resolution.

“*Bonds*” has the meaning assigned to that term in the recitals to this Agreement and shall include, unless the context otherwise requires, all Liquidity Provider Bonds.

“*Book Entry Bonds*” means the Bonds so long as the book entry system with DTC is used for determining beneficial ownership of the Bonds.

“*Business Day*” has the meaning assigned to such term in the 1991 Master Resolution.

“*Capped Rate*” means the lesser of [_____] percent ([_]%) per annum and the Maximum Lawful Rate.

“*Change of Law*” means the adoption, after the Effective Date, of, or the change in, any law, rule, regulation, statute, treaty, guideline or directive of any Governmental Authority or the occurrence, after the Effective Date, of any of the foregoing if adopted prior to the Effective Date or any change after the Effective Date in the application, interpretation or enforcement of any of the foregoing.

“*Closing Date*” means the date on which Bonds are initially issued.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Custodian*” means The Bank of New York Trust Company, N.A. or any successor thereto appointed pursuant to the terms of the Custody Agreement.

“*Custody Agreement*” means the Custody Agreement dated as of even date herewith between the Bank and the Custodian, substantially in the form of Exhibit D hereto, as amended from time to time.

“*Debt*” means (a) indebtedness or liability for borrowed money, or for the deferred purchase price of property or services; (b) obligations as lessee under leases which are, should be or should have been reported as, capital leases in accordance with Generally Accepted Accounting Principles; (c) current liabilities in respect of unfunded vested benefits under plans covered by Title IV of the Employee Retirement Income Security Act; (d) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person, or otherwise to assure a creditor against loss; (e) obligations secured by any mortgage, lien, pledge, security interest or other charge or encumbrance on property, whether or not the obligations have been assumed; and (f) all other items or obligations which would be included in determining total liabilities on the balance sheet of a Person; provided, however, that “*Debt*” shall not include trade payables and similar obligations incurred in the ordinary course of business paid according to their respective terms.

“*Default Rate*” means a per annum rate equal to the Reference Rate plus [_____] percent ([_]%).

“*Default Tender*” means a mandatory tender of the Bonds pursuant to Section [30-65.17(f)] of the 1991 Master Resolution as a result of the Bank’s delivery of a Notice of Termination to the Trustee pursuant to Section 7.03(b).

“*Defaulted Interest*” means accrued interest payable on a Bond which was not paid when due under the terms of the 1991 Master Resolution.

“*Determination of Taxability*” means (a) the issuance of a notice of deficiency issued by the Internal Revenue Service to the Bank to the effect that Bond Interest is Taxable, or (b) the delivery to the Bank of a written opinion of nationally recognized bond counsel reasonably acceptable to the Issuer to the effect that Bond Interest is Taxable.

“*Differential Interest Amount*” means, with respect to any Liquidity Provider Bond, the excess of (a) interest which has accrued and could actually be paid on such Liquidity Provider Bond at the Liquidity Provider Interest Rate, as determined in accordance with Section 3.01, up to but excluding the Sale Date, less (b) the amount of interest on such Liquidity Provider Bond received by the Liquidity Provider Bondowner on the Sale Date as part of the Sale Price. “*Differential Interest Amount*” shall not include the Final Excess Bond Interest Amount.

“*Dollars*”, “*USD*”, “*\$*” and “*U.S. Dollars*” means the lawful currency of the United States of America.

“*DTC*” means the Depository Trust Company.

“*Effective Date*” means _____, 20__.

“*Eligible Bond*” means any Bond bearing interest at a Variable Rate, other than Bonds owned by, for the account of, or on behalf of, the Issuer or the Bond Insurer, and excludes, in any event, Liquidity Provider Bonds and Bonds that have been removed from coverage under this Agreement by redemption, defeasance or substitution of an Alternate Liquidity Facility.

“*Event of Default*” has the meaning assigned to that term in Section 7.02.

“*Event of Termination*” has the meaning assigned to that term in Section 7.01.

“*Excess Bond Interest*” has the meaning assigned to that term in Section 3.01(c).

“*Excess Bond Interest Amount*” has the meaning assigned to that term in Section 3.01(c).

“*Federal Funds Rate*” means for any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Bank from three Federal funds brokers of recognized standing selected by it.

“*Fee Payment Date*” means the first Business Day of [each calendar quarter] during the Purchase Period.

“*Final Excess Bond Interest Amount*” has the meaning assigned to that term in Section 3.01(c).

“*Fitch*” means Fitch, Inc., and any successor rating agency.

“*Generally Accepted Accounting Principles*” means generally accepted accounting principles consistently applied and maintained throughout the period indicated and consistent with the prior financial practice of the Issuer, except for changes permitted by the Governmental Accounting Standards Board or the Financial Accounting Standards Board or any similar accounting authority of comparable standing.

“*Governmental Authority*” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau, central bank or comparable authority.

“*Immediate Event of Termination*” has the meaning assigned to that term in Section 7.03(a).

“*Interest Component*” has the meaning assigned to that term in Section 2.01.

“*Interest Payment Date*” with respect to Bonds which are not Liquidity Provider Bonds has the meaning assigned to that term in the 1991 Master Resolution and, with respect to Liquidity Provider Bonds, means the first Business Day of each calendar month following the purchase thereof and the day any such Liquidity Provider Bonds are remarketed.

“*Issuer*” has the meaning assigned to that term in the introductory paragraph of this Agreement.

“*Liquidity Provider Bond Days*” means any day on which at [4:00] p.m. a Liquidity Provider Bond exists.

“*Liquidity Provider Bondowner*” means the Bank (in its capacity as Owner (which shall include beneficial owner if the Bonds are Book Entry Bonds) of Liquidity Provider Bonds pursuant to this Agreement) and any Assignee and other Person to whom the Bank has sold Liquidity Provider Bonds or beneficial interests therein pursuant to Section 2.04(a), so long as such Liquidity Provider Bonds have not ceased to be Liquidity Provider Bonds.

“*Liquidity Provider Bonds*” means each Bond purchased with funds provided by the Bank under this Agreement, until such Bonds are remarketed in accordance with Section 2.04(b) or cease to bear interest at the Liquidity Provider Interest Rate pursuant to Section 2.04(d).

“*Liquidity Provider Interest Rate*” means the interest rate applicable from time to time to Liquidity Provider Bonds as specified in Section 3.01 of this Agreement.

“*Mandatory Purchase Date*” means each date Bonds are required to be purchased pursuant to Sections [30-65.17(c), (e), (f) and (g)] of the 1991 Master Resolution.

“*Maximum Bank Bond Rate*” means the lesser of [_____] percent ([_]%) per annum and the Maximum Lawful Rate.

“*Maximum Lawful Rate*” means the maximum rate of interest on the relevant obligation permitted by applicable law.

“*Maximum Recoverable Rate*” means the lesser of [_____] percent ([_]%) per annum and the Maximum Lawful Rate.

“*Moody’s*” means Moody’s Investors Service and any successor rating agency.

“*1991 Master Resolution*” has the meaning assigned to that term in the recitals to this Agreement.

“*Non-Covered Interest Rate*” means the Liquidity Provider Interest Rate or a rate of interest borne by the Bonds other than a [Daily Rate or a] Weekly Rate.

“*Notice of Extension*” means a notice in the form of Exhibit C attached hereto.

“*Notice of Purchase*” means a notice in the form of Exhibit A attached hereto.

“*Notice of Termination*” means a notice in the form of Exhibit B attached hereto.

“*Official Statement*” means the Official Statement of the Issuer, dated _____, 20__, with respect to the Bonds, and any supplement or amendment thereto.

“*Outstanding*” has the meaning assigned to such term in the 1991 Master Resolution.

“*Owner*” has the meaning assigned to such term in the 1991 Master Resolution.

“*Participant*” means any entity to which the Bank has sold a participation in this Agreement pursuant to Section 8.03.

“*Permitted Minimum Bond Insurer Rating*” means a financial strength rating by Moody’s of Aa3 (or its equivalent) and by S&P and Fitch of AA (or its equivalent).

“*Person*” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or a political subdivision or an agency or instrumentality thereof.

“*Potential Event of Default*” or “*Potential Event of Termination*” means the occurrence of any event which, with the passage of time, the giving of notice, or both, would become an Event of Default or Event of Termination, as the case may be.

“*Prime Rate*” means the rate of interest per annum equal to the rate of interest per annum from time to time announced by the Bank as its prime rate (which is not intended to be the lowest rate of interest charged by the Bank in connection with the extensions of credit to its

customers). Each change in the Prime Rate shall take effect at the time of such change in such prime rate.

“*Purchase Date*” means a Business Day during the Purchase Period on which the Bank is required to purchase Tendered Bonds pursuant to Section 2.02.

“*Purchase Period*” means the period from the Effective Date to and including the earliest of (a) the Stated Expiration Date, (b) the date of receipt by the Bank of a certificate signed by the Trustee stating that this Agreement has been terminated pursuant to the terms of the 1991 Master Resolution because (i) an Alternate Liquidity Facility has been provided and become effective under the 1991 Master Resolution, (ii) no Bonds remain Outstanding under the 1991 Master Resolution or (iii) all of the Bonds have been converted to a Non-Covered Interest Rate, (c) the date specified in a written notice delivered by the Issuer to the Bank, with a copy to the Trustee, that the Issuer has elected to terminate this Agreement pursuant to Section 8.09(b), or (d) the Purchase Termination Date.

“*Purchase Price*” means an amount equal to 100% of the unpaid principal amount of any Tendered Bond, plus accrued and unpaid interest thereon from and including the Interest Payment Date next preceding the Purchase Date thereof, without premium, to the Purchase Date; provided, however, that if the Purchase Date is an Interest Payment Date, then the Purchase Price shall not include accrued and unpaid interest; and provided further, that the aggregate amount of the Purchase Price constituting the Interest Component shall not exceed the amount specified in Section 2.01(a).

“*Purchase Termination Date*” means the date on which the Bank is no longer required to purchase Tendered Bonds pursuant to Section 7.03(a), (b), (c) or (d).

“*Rating Agency*” means each of Fitch, Moody’s and S&P.

“*Reference Rate*” means, for any day, a per annum rate equal to (a) during the Purchase Period, the higher of (i) the Prime Rate, or (ii) the Fed Funds Rate plus [_____] basis points ([0._____]%), (b) after the Purchase Period, the Prime Rate plus [_____] percent ([_____]%) per annum, and (c) from and after any Event of Termination, the Default Rate.

“*Registrar*” means The Bank of New York Trust Company, N.A. and its successors and assigns.

“*Related Documents*” means the Custody Agreement, the Bonds, the Bond Insurance Policy and the Remarketing Agreement and all amendments, supplements and modifications thereto.

“*Remarketing Agent*” means [REMARKETING AGENT], and its successors and assigns, as Remarketing Agent for the Bonds, as set forth in the Remarketing Agreement.

“*Remarketing Agreement*” means the Remarketing Agreement dated as of [DATE], between the Issuer and the Remarketing Agent.

“*Sale Date*” has the meaning assigned to that term in Section 2.04(b), and shall not be earlier than the second Business Day following the Business Day on which a Liquidity Provider Bondowner receives a Purchase Notice.

“*Sale Price*” has the meaning assigned to that term in Section 2.04(b).

“*S&P*” means Standard & Poor’s Ratings Services, a division of the McGraw Hill Companies, Inc.

“*Section 3.01(a) Rate*” has the meaning set forth in Section 3.01(c).

“*Senior Lien Bonds*” means “1991 Resolution Bonds” as defined in the 1991 Master Resolution.

“*Stated Expiration Date*” means the later of [5:00 p.m.] on (i) the _____ anniversary of the date of execution hereof, or (ii) the last day of any extension of such date pursuant to Section 8.10; provided, however, that if the date specified in (i) or (ii), as applicable, is not a Business Day, the next preceding Business Day.

“*Suspension Event*” means the occurrence of an event which causes the suspension of the obligation of the Bank to purchase Bonds hereunder pursuant to Section 7.03(c) or (d) hereof.

“*Taxes*” has the meaning set forth in Section 2.07(b).

“*Tendered Bonds*” means, as of any date, Eligible Bonds which are tendered or deemed tendered for purchase pursuant to Section 30-65.17 of the 1991 Master Resolution.

“*Term Loan Rate*” means, for any day, a rate per annum equal to the Prime Rate plus [_____] percent ([_]%) per annum.

“*Term Loan Commencement Date*” means the date ninety-one (91) days from the date the Bank shall have purchased any Bond hereunder, provided, that no Event of Termination has occurred and is continuing; and provided further, that the Bond Insurance Policy is in full force and effect on such date.

“*Trustee*” means The Bank of New York Trust Company, N.A. and its successors and assigns.

“*Variable Rate*” means the [Daily Rate or the] Weekly Rate applicable from time to time to the Bonds, as determined in accordance with Section 30-65.06(b) of the 1991 Master Resolution.

“*Written*” or “*in writing*” means any form of written communication or a communication by means of telecopy device, telegraph or cable.

Section 1.02. Incorporation of Certain Definitions by Reference. Each capitalized term used herein and not defined herein shall have the meaning provided therefor in the 1991 Master Resolution.

Section 1.03. Computation of Time Periods. In this Agreement, in the computation of a period of, time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

Section 1.04. Construction. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, the singular includes the plural and the part includes the whole and "or" has the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereunder" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The words "include," "includes," and "including" shall be construed to also mean "without limitation." The section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified.

Section 1.05. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with Generally Accepted Accounting Principles.

Section 1.06. Time. All times are the times then in effect in New York, New York.

ARTICLE II

THE COMMITMENT; FEES AND CERTAIN PAYMENTS

Section 2.01. Commitment to Purchase Bonds.

(a) **Commitment.** The Bank agrees, on the terms and subject to the satisfaction of the conditions contained in this Agreement, to extend credit to the Issuer through the purchase of Tendered Bonds, for the Bank's own account, from time to time during the Purchase Period at the Purchase Price. The aggregate principal amount (or portion thereof) of any Bond purchased by the Bank on any Purchase Date shall be an Authorized Denomination applicable to Eligible Bonds pursuant to the 1991 Master Resolution, and the aggregate principal amount of all Bonds purchased on any Purchase Date shall not exceed the Available Principal Commitment on such date. The aggregate amount of the Purchase Price comprising interest on the Bonds (the "Interest Component") purchased on any Purchase Date shall not exceed the lesser of (i) the Available Interest Commitment on such date or (ii) the actual aggregate amount of interest accrued on each such Bond, other than Defaulted Interest, to such Purchase Date; provided, however, that in the event the Purchase Date is also an Interest Payment Date for the Bonds to be purchased, no accrued interest on such Bonds shall be included in the Purchase Price. Any Bonds so purchased shall thereupon constitute Liquidity Provider Bonds and, from

the date of such purchase and while they are Liquidity Provider Bonds, shall bear interest at the Liquidity Provider Interest Rate and have other characteristics of Liquidity Provider Bonds as set forth herein and other characteristics of "Liquidity Provider Bonds" as set forth in the 1991 Master Resolution.

(b) Limited Commitment. The Bank's commitment under this Agreement is limited to the purchase of Tendered Bonds, and does not cover the payment of regularly scheduled principal of or interest on the Liquidity Provider Bonds.

(c) Rights of Bondholder. In the event that the Bank purchases any Tendered Bond in accordance with the provisions of this Section 2.01, in addition to its rights hereunder, the Bank shall be entitled[, subject to the Bond Insurer's rights,] to exercise all of the rights of (except the right to tender Bonds for purchase under the 1991 Master Resolution), and shall be secured to the same extent as, any other Owner of Bonds under the 1991 Master Resolution, including, without limitation, the right to receive payments of principal and interest, all rights with respect to payments under the Bond Insurance Policy, the right to have such Liquidity Provider Bonds remarketed pursuant to the 1991 Master Resolution and the Remarketing Agreement and all rights under the 1991 Master Resolution upon the occurrence and continuation beyond any applicable grace period of any "event of default" under the 1991 Master Resolution.

Section 2.02. Method of Purchasing.

(a) Notice of Purchase. On the Business Day immediately preceding the date on which Bonds are subject to tender for purchase by the Bank pursuant to the 1991 Master Resolution, the Issuer shall require the Remarketing Agent to give written notice by facsimile, telex or telegram to the Trustee of the principal amount of Bonds to be tendered on the next Business Day for which, as of [4:00] p.m., it did not have commitments for purchase. Upon receipt of such notice, the Trustee shall immediately give written notice by facsimile, telex or telegram to the Bank of the principal amount of Bonds to be tendered on the next Business Day for which, as of [4:00] p.m., the Remarketing Agent did not have commitments for purchase; provided, however, that the failure of either the Remarketing Agent or the Trustee to provide such notices shall not, of itself, negate the obligation of the Bank to purchase Bonds upon and subject to the terms and conditions otherwise provided hereunder. The Trustee shall give notice by telephone, facsimile, telegram or other telecommunication device, promptly confirmed by a written notice to the Bank in the form of Exhibit A pursuant to an optional tender (pursuant to Section 30-65.17(a) of the 1991 Master Resolution) or a mandatory purchase (pursuant to Sections 30-65.17(b) through (g) of the 1991 Master Resolution), by no later than [12:45] p.m. on the Business Day on which Bonds are subject to an optional tender or mandatory tender for purchase. If the Bank receives such notice as provided above, and subject to the satisfaction of the conditions set forth in Section 5.02, the Bank will transfer to the Trustee not later than [3:00] p.m. on such date (a "Purchase Date"), in immediately available funds, an amount equal to the aggregate Purchase Price of all or such portion of such Eligible Bonds as requested by the Trustee. Bonds purchased pursuant to this Section 2.02(a) shall be registered in the name of the Bank, or if directed in writing by the Bank in the name of its nominee or designee, on the Bond Register and shall be promptly delivered by the Trustee to the Custodian to be held as Liquidity Provider Bonds under the Custody Agreement or as the Bank may otherwise direct in writing,

and prior to such delivery shall be held in trust by the Trustee for the benefit of the Bank. If the Bonds purchased pursuant to this Section 2.02(a) are Book Entry Bonds, the beneficial ownership of such Bonds shall be credited to the account of the Bank, or if directed in writing by the Bank, the Custodian or other nominee or designee of the Bank, maintained at DTC.

(b) Remittance of Extra Funds. In the event that any funds paid by the Bank to the Trustee pursuant to Section 2.02(a) shall not be required to be applied to purchase Bonds as provided herein, such funds shall be held and shall be returned to the Bank as soon as practicable by the Trustee and, until so returned, shall be held in trust by the Trustee for the account of the Bank. To the extent any such amounts are not returned to the Bank in immediately available funds by [3:30] p.m. on the same day on which such funds were advanced, such amounts shall bear interest until the date returned to the Bank (but in any event not for less than one day), payable by the Issuer on demand and in any event on the date on which such funds are returned, at a rate equal to the Reference Rate from the date disbursed until the third Business Day immediately following such disbursement, and thereafter at the Default Rate. [The parties hereto acknowledge that such amount is not covered by the Bond Insurance Policy.]

(c) No Liability of Purchaser. The Bank shall not have any responsibility for, or incur any liability in respect of, any act, or any failure to act, by the Trustee (i) to credit the appropriate account with funds made available by the Bank pursuant to this Section 2.02 or (ii) to effect the purchase for the account of the Bank of Bonds with funds provided pursuant to this Section 2.02.

(d) Payment with Own Funds. All purchases of Tendered Bonds made by the Bank hereunder shall be made with the Bank's own funds.

Section 2.03. Mandatory Reduction of Commitment. Upon (a) any redemption, prepayment or other payment pursuant to the 1991 Master Resolution of all or any portion of the principal amount of the Bonds (other than Liquidity Provider Bonds) such that such Bonds cease to be Outstanding, or (b) any conversion of all or a portion of the Bonds to a Non-Covered Interest Rate pursuant to Section 30-65.10 of the 1991 Master Resolution, the Available Principal Commitment shall automatically be reduced by the principal amount of such Bonds so redeemed, paid, deemed paid or converted, as the case may be, and the Available Interest Commitment shall also be simultaneously reduced as provided in the definition thereof in Section 1.01 hereof. The Issuer shall notify the Bank within one (1) Business Day of such redemption, repayment or other payment or conversion of the Bonds.

Section 2.04. Sale of Liquidity Provider Bonds.

(a) Right to Sell Liquidity Provider Bonds. The Bank expressly reserves the right to sell, in Authorized Denominations, at any time, any Liquidity Provider Bond or the beneficial interest therein subject, however, to the express terms of this Agreement. The Bank agrees that such sales (other than sales made pursuant to Section 2.04(b) hereof or to Assignees pursuant to Section 8.03) will be made only to institutional investors or other entities or individuals which customarily purchase commercial paper or tax-exempt securities in large denominations. The Bank agrees to notify the Issuer, the Bond Insurer, the Trustee and the Remarketing Agent promptly in writing of any such sale (other than a sale made pursuant to

Section 2.04(b)) and to notify the transferee in writing that (i) so long as such Bond remains a Liquidity Provider Bond, the Bank is not obligated to purchase it hereunder, (ii) there may not be a short-term investment rating assigned to such Bond so long as it remains a Liquidity Provider Bond, and (iii) such Bond is subject to sale, and may cease to be a Liquidity Provider Bond, as provided in Section 2.04(b). The Bank shall provide the Trustee with the written agreement of each Liquidity Provider Bondowner purchasing a Liquidity Provider Bond or beneficial interest therein (A) acknowledging the terms of this Agreement relating to Liquidity Provider Bonds, (B) agreeing not to sell such Liquidity Provider Bond or beneficial interest except for sales to the Bank, sales to a purchaser identified by the Remarketing Agent pursuant to Section 2.04(b), and sales to institutional investors or other entities which customarily purchase tax-exempt securities and who agree to be bound by the sale restrictions of this Section 2.04(a), (C) acknowledging that such Liquidity Provider Bondowner has no right to tender such Liquidity Provider Bond for purchase pursuant to the 1991 Master Resolution, and (D) specifying appropriate notice and account information for purposes of all notices and payments to such Liquidity Provider Bondowner.

(b) Sales by Remarketing Agent. The Bank and, by its acceptance of a Liquidity Provider Bond, each other Liquidity Provider Bondowner, subject to Section 2.04(c), hereby authorize the Remarketing Agent to sell Liquidity Provider Bonds on behalf of the Bank or such other Liquidity Provider Bondowner. If less than all Liquidity Provider Bonds are remarketed on any date, the Liquidity Provider Bonds having the lowest aggregate amount of Excess Bond Interest payable with respect thereto shall be deemed to be remarketed first at a price equal to the principal amount thereof plus unpaid accrued interest thereon to the Sale Date at a price determined by the Remarketing Agent, and agreeable to the Trustee, to facilitate such remarketing (the "Sale Price").

Prior to [11:30] a.m. on any Business Day on which a Liquidity Provider Bondowner holds Liquidity Provider Bonds, the Trustee may deliver a notice (a "Purchase Notice") to a Liquidity Provider Bondowner as registered on the Bond Register and to the Bank stating that the Remarketing Agent has located a purchaser for some or all of such Liquidity Provider Bonds and that such purchaser desires to purchase an Authorized Denomination of such Liquidity Provider Bonds at the Sale Price on the Business Day following the date on which a Liquidity Provider Bondowner receives a Purchase Notice (a "Sale Date"), provided, that the amount of such Liquidity Provider Bonds that are not remarketed shall be in an Authorized Denomination.

A Liquidity Provider Bondowner shall decide whether to sell any Liquidity Provider Bonds by giving written notice of such decision to the Trustee and the Remarketing Agent by [3:00] p.m. on the Business Day preceding the Sale Date. In the event such notice is not timely delivered by a Liquidity Provider Bondowner, such Liquidity Provider Bondowner shall be deemed to have determined to sell such Liquidity Provider Bonds. If a Liquidity Provider Bondowner determines or is deemed to have determined to sell such Liquidity Provider Bonds, such Liquidity Provider Bondowner shall deliver such Liquidity Provider Bonds to the Trustee (or, in the case of Liquidity Provider Bonds which are Book Entry Bonds, shall cause the beneficial ownership thereof to be credited to the account of the applicable Trustee at DTC) by [10:00] a.m. on the Sale Date against receipt of the Sale Price therefor, plus the Differential Interest Amount, if any, in immediately available funds to the Bank at the account specified

pursuant to Section 2.07(a) or at the Liquidity Provider Bondowner's address listed in the Bond Register, as applicable, and such Bonds shall thereupon no longer be considered Liquidity Provider Bonds. Any sale of a Liquidity Provider Bond pursuant to this Section 2.04(b) shall be without recourse to the seller and without representation or warranty of any kind. When Liquidity Provider Bonds are purchased in accordance with this Section 2.04(b), the Trustee, upon receipt of authorization to transfer such Bonds and upon receipt by such Liquidity Provider Bondowner of the Sale Price and the Differential Interest Amount, if any, shall notify the Remarketing Agent and the Issuer that such Bonds are no longer Liquidity Provider Bonds. The Trustee shall not instruct or authorize the Registrar to transfer any such Liquidity Provider Bonds or beneficial interests therein, or re-register the same, pursuant to the instructions of the Remarketing Agent until the Trustee has received from the Liquidity Provider Bondowner written confirmation of the receipt of such funds.

(c) Right to Retain Bonds. If a Liquidity Provider Bondowner notifies the Trustee and the Remarketing Agent by 3:00 p.m. on the Business Day preceding the Sale Date that it will not sell such Liquidity Provider Bonds, such Bonds shall no longer be Liquidity Provider Bonds as of the Sale Date, and the Trustee shall on the Sale Date give notice to such effect to the Remarketing Agent, the Bank and such Liquidity Provider Bondowner. Such election may be revoked by the Liquidity Provider Bondowner at any time prior to 4:00 p.m. on the Business Day preceding the Sale Date.

(d) Bonds Ceasing to be Liquidity Provider Bonds. After any sale of Liquidity Provider Bonds by the Remarketing Agent pursuant to Section 2.04(b), or any election to retain Bonds pursuant to Section 2.04(c), Liquidity Provider Bonds shall from such Sale Date or upon such election cease to bear interest at the Liquidity Provider Interest Rate and shall bear interest at the rate determined by the Remarketing Agent in accordance with the 1991 Master Resolution. Following any sale of Liquidity Provider Bonds pursuant to Section 2.04(b), 8.03 or otherwise, or any election to retain Bonds pursuant to Section 2.04(c), the Bank and any other Liquidity Provider Bondowners shall retain the right to receive payment from the Issuer of any accrued Excess Bond Interest Amounts and interest thereon as provided herein and any other amounts then due and owing under this Agreement.

Section 2.05. Fees and Payments.

(a) Placement Fee. The Issuer hereby agrees to pay to the Bank on the effective date hereof an amount equal to \$_____ as a placement fee.

(b) Commitment Fee. The Issuer hereby agrees to pay or cause to be paid to the Bank a commitment fee at the rate of _____ basis points (0.____%) per annum on the average daily amount of the Available Commitment based on a year of 360 days. Such commitment fee shall be payable quarterly in arrears, on each Fee Payment Date, commencing [DATE], with respect to the period or portion thereof ending on the last day of the preceding calendar month, and on the last day of the Purchase Period. For purposes of this Section 2.05(b) only, the Available Commitment shall be deemed not to be reduced during any period the Bank's obligation to purchase Bonds has been suspended pursuant to Section 7.03(c) or (d) hereof.

(c) Draw Fee. The Issuer agrees to pay to the Bank on each Purchase Date or Sale Date, as applicable, \$_____.

(d) Amendment Fee; Transfer Fee. The Issuer shall pay on the date this Agreement or any Related Document is amended or any successor trustee is appointed, to the Bank, a processing fee in an amount equal to \$2,500, plus the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith.

(e) Bond Transfer Costs. The Issuer agrees to pay to the Bank on each Purchase Date or Sale Date, as applicable, any charge imposed on the Bank pursuant to the 1991 Master Resolution in connection with the transfer or exchange of Bonds. The Issuer agrees to cause the Registrar to give timely notice of any such charge, including the amount thereof, to the Bank.

(f) Initial Legal Fees. The Issuer shall pay to the Bank on the Effective Date all reasonable costs and expenses incurred by the Bank and its counsel in connection with the preparation, execution and delivery of this Agreement and any other documents and instruments that may be delivered in connection herewith and therewith, in an amount not to exceed \$_____ in aggregate (excluding out of pocket expenses).

(g) Payment of Interest Component. The Issuer shall pay the Bank interest at the Liquidity Provider Interest Rate on the amount of the Interest Component, if any, included in the Purchase Price from the Purchase Date until the earliest of (i) the Interest Payment Date next succeeding the Purchase Date, (ii) the date on which such Liquidity Provider Bonds are remarketed, paid at maturity or redeemed, and (iii) the last day of the Purchase Period. Such interest shall be payable on the earliest of the dates specified in clause (i), (ii) and (iii) of the foregoing sentence or such earlier date at the discretion of the Issuer.

The Bank and any Liquidity Provider Bondowner, by acceptance of the Liquidity Provider Bonds, acknowledge that the obligation of the Issuer to pay interest on the Interest Component pursuant to this Section 2.05(g) is not insured under the terms of the Bond Insurance Policy.

(h) Overdue Amounts. If the Issuer shall fail to pay when due any amount owing to the Bank under this Agreement, then to the extent permitted by law the Issuer will pay to the Bank on demand interest on the amount in default at the Default Rate from the date such payment became due until payment in full.

(i) Termination Fee. Upon any termination of this Agreement, the Issuer agrees to pay all accrued and unpaid fees to the date of termination and all other amounts due and owing hereunder (including, without limitation, the principal and interest due and owing on Liquidity Provider Bonds). Upon any substitution of an Alternate Liquidity Facility for this Agreement, the Issuer agrees to cause the provider of such Alternate Liquidity Facility to purchase from the Bank any Liquidity Provider Bonds at a price equal to the principal amount thereof, plus all accrued interest thereon. If this Agreement is terminated by the Issuer prior to the _____ anniversary of the Effective Date, the commitment fee which would have accrued through such _____ anniversary, less any portion thereof previously paid to the Bank, shall be

due and payable upon such termination; provided, however, that the Issuer shall not be required to pay any such fee if such termination is due to a downgrade, suspension or withdrawal of the short-term rating of the Bank used to determine the rating on the Bonds.

Section 2.06. Yield Protection.

(a) Reserves. If, after the Effective Date, any United States (or other Governmental Authority having jurisdiction over the Bank, any Assignee [or any Participant]) federal, state or other, law, rule, regulation or guideline, whether or not having the force of law, or the enforcement, interpretation or administration thereof by any court or any administrative or Governmental Authority charged with the interpretation or administration thereof shall at any time (i) impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, pursuant to Regulation D of the Board of Governors of the Federal Reserve System) against credits or commitments to extend credit extended by, or assets (funded or contingent) of, deposits with or for the account of, or other acquisitions of funds or bonds by the Bank [or any Participant] or Assignee, or (ii) subject credits or commitments to extend credit extended by the Bank [or any Participant] or Assignee to any assessment or other cost imposed by the Federal Deposit Insurance Corporation or any successor thereto, or (iii) impose on the Bank [or any Participant] or Assignee any other or similar condition regarding this Agreement, the commitment or obligations of the Bank or any Assignee [or any Participant] hereunder or the purchase or holding of Liquidity Provider Bonds, and the result of any event referred to in clause (i), (ii) or (iii) above shall be to increase the cost to the Bank [or any Participant] or Assignee of agreeing to issue, issuing or maintaining the Available Commitment or making, funding or maintaining (or agreeing to fund or maintain) purchases of Bonds hereunder or its holding Liquidity Provider Bonds by an amount which the Bank [or any Participant] or Assignee shall deem to be material (which increase in cost shall be the result of the reasonable allocation by the Bank [or any Participant] or Assignee of the aggregate of such cost increases resulting from such events), then, within thirty (30) days after the Issuer's receipt of the Bank's written demand, the Issuer shall pay to the Bank (for itself or the account of such [Participant or] Assignee) from time to time as specified by the Bank, additional amounts which shall be sufficient to compensate the Bank [or any Participant] or Assignee for such increased cost from the date of such change, together with interest on each such amount from the date payment is demanded until the earlier of the date of payment in full thereof and the date on which such payment is due at the Reference Rate, and thereafter at the Default Rate.

(b) Capital Charges. If the Bank [or any Participant] or Assignee shall have determined after the Effective Date that the adoption of any applicable law, rule, regulation or guideline (whether or not having the force of law) regarding capital adequacy (including but not limited to any Governmental Authority having regulatory jurisdiction over the Bank [or any Participant] or Assignee) or any change in any applicable law, rule, regulation or guideline, as the case may be, or any change in the enforcement or interpretation or administration thereof by any court or any administrative or Governmental Authority charged with the interpretation or administration thereof, or compliance by the Bank (or any lending office thereof) [or any Participant] or Assignee with any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority has or would have the effect of increasing the amount of capital required to be maintained by the Bank or any such [Participant or] Assignee, if any, or reducing the rate of return on capital of the Bank or any such [Participant

or] Assignee, if any, as a consequence of its obligations hereunder or its purchase or holding of Liquidity Provider Bonds to a level below that which the Bank or such [Participant or] Assignee could have achieved but for such adoption, change or compliance (taking into consideration the policies of the Bank or such [Participant or] Assignee, with respect to capital adequacy) by an amount deemed by the Bank or such [Participant or] Assignee to be material, then within thirty (30) days after the Issuer's receipt of the Bank's written demand, the Issuer shall pay to the Bank (for itself or for the account of such [Participant or] Assignee) such additional amount or amounts as will compensate the Bank or its [Participant or] Assignee, if any, as the case may be, for such reduction from the date of such adoption, change or compliance with respect to such law, rule, regulation, guideline, request, or directive, together with interest on each such amount from the date payment is demanded until the earlier of the date of payment in full thereof and the date on which such payment is due at the Reference Rate and thereafter at the Default Rate.

(c) Calculations. Each demand for compensation pursuant to Section 2.06(a) or 2.06(b) shall be accompanied by a certificate of the Bank in reasonable detail setting forth the computation of such compensation (including the reason therefor), which certificate shall be conclusive, absent manifest error, as against all other Persons, including without limitation the Issuer.

The amounts owed by the Issuer as compensation to the Bank pursuant to this Section 2.06 shall be calculated as though the Bank were the holder of all Liquidity Provider Bonds other than Liquidity Provider Bonds held by an Assignee or a Participant, and without regard to any sales of Liquidity Provider Bonds by the Bank pursuant to Section 2.04(a) other than to an Assignee [or Participant]. The benefits of this Section 2.06 shall be available to each Assignee and each Participant.

Section 2.07. Payment Particulars.

(a) General. Except to the extent otherwise provided in the 1991 Master Resolution with respect to payments on Liquidity Provider Bonds and in Section 2.02(b), all payments by or on behalf of the Issuer under this Agreement shall be made to the Bank prior to [3:00] p.m. on the date such payment is due by wire transfer in Dollars and in immediately available funds to _____ Bank (ABA# _____) for the account of [BANK] (Acct. # _____, Ref: _____). Except with respect to payments under Section 2.02(b), any payment received by the Bank after [3:00] p.m. shall be deemed to be received by the Bank on the next succeeding day. Any amount owed to the Bank hereunder which is not paid when due shall bear interest from the date such payment was due until paid in full at a rate equal to the Default Rate, such interest to be payable on demand. All computations of interest and fees shall be made, unless expressly stated otherwise, on the basis of a year of 365 days, actual days elapsed.

(b) Payments on Business Days. Except as may be otherwise provided herein or in the Bonds, whenever any payment or action to be made or taken hereunder shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall be included in computing interest or fees, if any, in connection with such payment or action.

(c) Net of Taxes. All payments by or on behalf of the Issuer under this Agreement shall be made without counterclaim, set off, condition or qualification, and free and clear of and without deduction or withholding for or by reason of any present or future taxes, levies, imposts, deductions or charges of any nature whatsoever, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being referred to as "Taxes"). If requested, the Bank, any Assignee and Participant shall from time to time provide the Issuer, the Trustee and the United States Internal Revenue Service (to the extent such information and forms may be lawfully provided by the Bank or such Assignee or Participant) with such information and forms as may be required by Treasury Regulations Section 1.1441 or any other such information and forms as may be necessary to establish that the Issuer is not subject to any withholding obligation under Section 1442 or other comparable provisions of the Code. If as a result of a Change of Law, the Issuer shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.07(c)), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Issuer shall make such deductions, and (iii) the Issuer shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Issuer shall make any payment under this Section 2.07(c) to or for the benefit of the Bank with respect to Taxes and if the Bank shall claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the Bank shall pay to the Issuer an amount equal to the amount by which such other taxes are actually reduced; provided, however, that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the Bank with respect to such Taxes. The source of Issuer payments under this Section 2.07(c) shall be limited to the moneys held in the Revenue Fund created pursuant to the 1991 Master Resolution and available thereunder for such purpose.

(d) Priority of Application. Payments received by the Bank shall be applied, first, to past due interest; second, to current interest; third, to principal; and thereafter to fees, costs, charges and other expenses payable by the Issuer under this Agreement.

ARTICLE III

THE LIQUIDITY PROVIDER INTEREST RATE

Section 3.01. Bonds to Bear Interest at Liquidity Provider Interest Rate; Other Interest Provisions.

(a) Liquidity Provider Interest Rate. As provided in the Bonds and the 1991 Master Resolution, any Bond purchased by the Bank pursuant to this Agreement shall thereupon become a Liquidity Provider Bond and shall bear interest at the Liquidity Provider Interest Rate for the period commencing from the date that the Bank shall have purchased such Bond and, subject to Section 2.04(c), continuing until such Bond is paid in full or remarketed as provided in Section 2.04(b) hereof. Subject to Section 3.01(c), the Liquidity Provider Interest

Rate for any Liquidity Provider Bond shall be a rate per annum equal to the Reference Rate; provided, however, that at no time shall the Liquidity Provider Interest Rate exceed the Capped Rate or be less than the applicable rate of interest on Eligible Bonds which are not Liquidity Provider Bonds.

(b) Overdue Rate. If the principal amount of any Liquidity Provider Bond, or any other obligation of the Authority under this Agreement or the Liquidity Provider Bonds (including, to the extent permitted by law, any interest payment required thereunder) is not paid when due (whether by acceleration, redemption or otherwise), such overdue principal payment or other obligation shall bear interest from the date such principal amount or other obligation, as the case may be, was due until paid in full (after as well as before judgment) at a rate per annum (computed on the basis of a year of 365/366 days and actual days elapsed) equal to the Default Rate from time to time in effect. Such interest shall be payable on demand.

(c) Excess Bond Interest Amount. The rate set forth in Section 3.01(a), without giving effect to the reference therein to this Section 3.01(c) or to the last proviso therein limiting the Liquidity Provider Bonds Rate to the Capped Rate, is referred to in this Section 3.01(c) as the "Section 3.01(a) Rate." The amount of interest, if any, that would accrue on Liquidity Provider Bonds at the Section 3.01(a) Rate on any date but which does not so accrue due to the limitation of the Liquidity Provider Interest Rate to the Capped Rate, but only up to the Maximum Recoverable Rate, shall constitute "Excess Bond Interest". As of any date, the cumulative Excess Bond Interest, if any, on all days since the Effective Date, reduced as set forth in the next sentence, shall constitute the "Excess Bond Interest Amount." If there is any Excess Bond Interest Amount on any date when the Section 3.01(a) Rate is less than the Capped Rate, the Liquidity Provider Interest Rate for such date shall be the Capped Rate rather than the Section 3.01(a) Rate and the Excess Bond Interest Amount shall be reduced on such date by the excess of the amount of interest accrued on such date at the Capped Rate over the amount of interest that would have accrued on such date at the Section 3.01(a) Rate; provided, that if the accrual of interest on Liquidity Provider Bonds at the Capped Rate on any date would result in a reduction of the Excess Bond Interest Amount to a negative number, such Liquidity Provider Bonds shall accrue interest on such date at such lesser rate as shall result in the reduction of the Excess Bond Interest Amount on such date to zero. For so long as a Bond remains a Liquidity Provider Bond, interest thereon at the Liquidity Provider Interest Rate as adjusted pursuant to this Section 3.01(c) shall be insured by the Bond Insurance Policy. If on the date of maturity, redemption or remarketing of any Liquidity Provider Bonds, or on the date any Liquidity Provider Bonds cease to constitute Liquidity Provider Bonds pursuant to Section 2.04(c), there remains any unpaid Excess Bond Interest Amount with respect to such Liquidity Provider Bonds (the "Final Excess Bond Interest Amount"), such Final Excess Bond Interest Amount shall be paid by the Issuer to the Liquidity Provider Bondowner on such date. The amount of such Final Excess Bond Interest Amount shall constitute consideration for the limitation of the rate of interest on the Liquidity Provider Bonds to the Capped Rate. Each Liquidity Provider Bondowner, by acceptance of the Liquidity Provider Bonds, acknowledges that payment of any Final Excess Bond Interest Amount and any interest thereon is not insured under the terms of the Bond Insurance Policy and is subordinate to the Issuer's obligation to pay principal and interest then due and owing of and on the Bonds.

(d) Priority of Payments; Amortization. Pursuant to Section 2.15 of the 1991 Master Resolution, the obligation of the Issuer to make periodic payments of principal and redemption price of and interest on each Liquidity Provider Bond in order to reimburse the Bank for amounts paid under this Agreement for the Purchase Price of any Bonds shall constitute a Repayment Obligation. Such obligations of the Issuer shall be payable out of, and secured by a pledge of and lien and charge on, Revenues, equal in right of payment to the obligations of the Issuer to pay principal of and interest on the Bonds, but only to the extent that the aggregate amount of such payments with respect to each Liquidity Provider Bond in each Fiscal Year is less than or equal to a fixed amount, determined as of the date of purchase of such Liquidity Provider Bond by the Bank, by amortizing the principal amount of such Liquidity Provider Bond on a level debt service basis 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 Liquidity Facility, as applicable, or (ii) the date the Repayment Obligation is due under Section 3.03(a) hereof (but not earlier than 15 years from the date such Repayment Obligation is incurred), with principal deemed to be payable annually commencing on the next succeeding May 1, and interest deemed to be payable annually commencing on the next Interest Payment Date succeeding the date of purchase of such Bonds. Any principal or redemption price of or interest on any Liquidity Provider Bond which becomes due and payable under this Agreement in any Fiscal Year and which is in excess of the amount determined as set forth in the preceding sentence shall be payable out of, and secured by a pledge of and lien and charge on, Revenues, junior and subordinate in right of payment to the obligations of the Issuer to pay principal of and interest on the Bonds and the Subordinate Bonds. The rights of the Bank under this Section 3.01(d) shall be in addition to any rights of subrogation which the Bank may otherwise have or be granted under law or pursuant to any resolution supplemental to the 1991 Master Resolution.

(e) Subordinate Obligations. The obligation of the Issuer to pay the Final Excess Bond Interest Amount and any other amounts due hereunder other than principal and redemption price of and interest on the Liquidity Provider Bonds shall constitute an obligation of the Issuer payable out of, and secured by a lien on, Revenues, subordinate in right of payment to the obligations of the Issuer to pay principal and redemption price of and interest on the Bonds and Subordinate Bonds pursuant to the 1991 Master Resolution.

(f) Pledge of Revenues. By execution of this Agreement, the Issuer does hereby pledge and grant a lien and charge on Revenues in the order of priority set forth in paragraphs (d) and (e), above, subject only to the provisions of the 1991 Master Resolution restricting or permitting the application for the purposes and on the terms and conditions set forth in the 1991 Master Resolution.

Section 3.02. Liquidity Provider Bonds Interest Payments and Interest Payment Dates; Notification of Rate.

(a) Payment of Interest Component. The Issuer shall pay the Bank interest at the Liquidity Provider Interest Rate on the amount of the Interest Component, if any, included in the Purchase Price from the Purchase Date until, and such amount shall be payable on, the earliest of (i) the Interest Payment Date next succeeding the Purchase Date, (ii) the date on which such Liquidity Provider Bonds are remarketed, paid at maturity or redeemed, and (iii) the last

day of the Purchase Period. [The Bank and any Liquidity Provider Bondowner, by acceptance of the Liquidity Provider Bonds, acknowledge that the obligation of the Issuer to pay interest on the Interest Component pursuant to this Section 3.02(a) is not insured under the terms of the Bond Insurance Policy.]

(b) Payment Dates. Notwithstanding anything to the contrary contained in the Bonds or the 1991 Master Resolution, the Issuer agrees that, with respect to each Liquidity Provider Bond, (i) the Interest Component, if any, included in the Purchase Price for such Bond shall be paid as set forth in Section 2.05(g); (ii) except with respect to any Differential Interest Amount, which shall be paid as set forth in Section 2.04(b), and with respect to any Excess Bond Interest, any Excess Bond Interest Amount and any Final Excess Bond Interest Amount which shall be payable in accordance with Section 3.01(c), interest payable pursuant to Section 3.01(a) shall be payable on each Interest Payment Date, upon redemption (to the extent of the interest accrued on the amount being redeemed), at maturity (whether by acceleration, or otherwise), and after maturity on demand. In the event any Liquidity Provider Bond is remarketed or otherwise transferred by the Bank before payment in full of the funds provided by the Bank hereunder with respect thereto, together with interest thereon, the provisions of this Article III shall continue to apply to such indebtedness until all sums owing for all periods during which the same was a Liquidity Provider Bond are paid.

(c) Notification of Rate. The Bank will give telephone notice (promptly confirmed in writing) to the Issuer and the Trustee not later than 10:00 a.m. on each Sale Date of the Differential Interest Amount owed by the Issuer hereunder as a result of any sale of Liquidity Provider Bonds pursuant to Section 2.04(b). Notwithstanding the preceding sentence, the Issuer's obligations to make payments in respect of any Differential Interest Amount (together with accrued interest thereon, if applicable) shall not be discharged or reduced in any way as a result of the Bank's failure to deliver any notice referred to in the preceding sentence. The Bank will, upon the request of the Issuer or the Trustee, notify the Issuer or the Trustee, as the case may be, of the Liquidity Provider Interest Rate in effect during any period in which Liquidity Provider Bonds are held by the Bank or any other Liquidity Provider Bondowners or during which any Differential Interest Amount, Excess Bond Interest, Excess Bond Interest Amount, Final Excess Bond Interest Amount or any amount in respect of the Interest Component remains unpaid. Absent manifest error, the Bank's determination of any of the foregoing shall be binding upon the Issuer and the Trustee.

Section 3.03. [Special Redemption of Liquidity Provider Bonds. Pursuant to Section ___ of the 1991 Master Resolution, Liquidity Provider Bonds are subject to special mandatory redemption over a ____ () year period in _____ () equal semi-annual installments, the first such installment to be due on the six month anniversary of the day on which such Liquidity Provider Bonds first became Liquidity Provider Bonds, and the last such installment to include all unpaid principal and interest on such Liquidity Provider Bonds.]

Section 3.04. Redemption of Liquidity Provider Bonds. Amounts applied for the redemption of Bonds (whether optional, pursuant to sinking fund requirements or otherwise) shall be used first to redeem Credit Provider Bonds and second to redeem Liquidity Provider Bonds.

Section 3.05. Bond Insurance Policy. The Issuer, the Bank and any Liquidity Provider Bondowner (by its acceptance of such Liquidity Provider Bond) each acknowledge and agree as follows:

(a) Principal and redemption price of and interest (up to and including the Capped Rate) on the Liquidity Provider Bonds shall be insured under the terms of the Bond Insurance Policy, in an amount each year equal to the assumed amortization thereof as set forth in Section 3.01(d), until paid in full.

(b) The obligations of the Issuer to pay interest on the Interest Component pursuant to Sections 2.05(g) and 3.02(a) are not insured under the terms of the Bond Insurance Policy.

(c) Any amounts payable by the Issuer to the Bank pursuant to Section 2.02(b) are not insured under the terms of the Bond Insurance Policy.

(d) The obligation of the Issuer to pay any Final Excess Bond Interest Amount pursuant to Section 3.01(c) is not insured under the terms of the Bond Insurance Policy.

(e) Those portions of the payments of principal and redemption price of and interest on the Liquidity Provider Bonds pursuant to Section 3.03 that are in excess of the assumed amortization thereof pursuant to Section 3.01(d) are not insured under the terms of the Bond Insurance Policy.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01. Representations of the Issuer. The Issuer makes the following representations to the Bank:

(a) **Existence and Standing.** The Issuer is a department of the City and County of San Francisco, which is a charter city and county of the State of California duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to execute and deliver this Agreement and the Related Documents to which the Issuer is a party, to adopt the 1991 Master Resolution, and to perform its obligations hereunder and thereunder, and to conduct the business of the Issuer as presently conducted.

(b) **Authorization; Validity and Binding Obligations.** The execution and delivery by the Issuer of this Agreement and the Related Documents to which the Issuer is a party have been duly authorized by all necessary action of the Issuer, the 1991 Master Resolution has been duly adopted by the Issuer, and no further approval, authorization or consents are required by law or otherwise. This Agreement, the 1991 Master Resolution and such Related Documents constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. Each of this Agreement, the 1991 Master Resolution and

the Related Documents to which the Issuer is a party is or on the Effective Date will be in full force and effect.

(c) Compliance with Laws and Contracts; No Conflicts. Neither the execution and delivery by the Issuer of this Agreement and the Related Documents to which the Issuer is a party, the adoption of the 1991 Master Resolution, nor the consummation of the transactions herein and therein contemplated, nor compliance with the provisions hereof or thereof will constitute a material breach or violation of any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Issuer, the Charter of the City, or the provisions of any resolution, instrument or agreement to which the Issuer is a party or is subject, or by which it or its property is bound, or conflict in any material respect with or constitute a material default under or result in the creation or imposition of any lien pursuant to the terms of any such resolution, instrument or agreement.

(d) Litigation. There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Issuer after due inquiry, threatened against or affecting the Issuer, wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated by or the validity of this Agreement, the 1991 Master Resolution or any of the Related Documents, (ii) the status of the Issuer as a charter city and county, (iii) the exemption of interest on the Bonds from federal income tax, or (iv) the Issuer's property, assets, business operations or condition, financial or otherwise, or its ability to perform its obligations under this Agreement, the 1991 Master Resolution or under the Related Documents.

(e) No Event of Default. No Event of Default, Potential Event of Default, Event of Termination or Potential Event of Termination has occurred and is continuing.

(f) Financial Statements. The audited financial statements for fiscal years 2007 and 2008, including the balance sheets as of the end of said periods, all examined and reported on by KPMG LLP, independent public accountants, as heretofore delivered to the Bank correctly and fairly present the financial condition of the Issuer as of said dates and the results of the operations of the Issuer for such period as of said dates, and have been prepared in accordance with Generally Accepted Accounting Principles consistently applied except as stated in the notes thereto; and there has been no material adverse change in the condition, financial or otherwise, of the Issuer since the date of preparation thereof (other than as set forth in the Official Statement), from that set forth in said financial statements as of, and for the period ended on, those dates.

(g) Official Statement. The information contained in the Official Statement, other than the information provided in writing by the Bank, the Bond Insurer and its Bond Insurance Policy, the reserve fund surety policies and the providers thereof, and DTC for inclusion in the Official Statement as to which the Issuer makes no representation or warranty, is correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(h) Bonds; Bond Insurance; Pledge of Revenues. Each Bond, including Liquidity Provider Bonds, will be duly issued under the 1991 Master Resolution and entitled to the benefits thereof to the extent set forth therein and herein, and the Bonds (including all Liquidity Provider Bonds, the mandatory sinking fund redemption of Bonds pursuant to Section 30-65.16 of the 1991 Master Resolution, and the special mandatory redemption of Liquidity Provider Bonds pursuant to Section 3.03(a) hereof) are entitled to the benefits of the Bond Insurance Policy. The Issuer's payment obligations under this Agreement are payable from and secured by a pledge of Revenues in the manner and to the extent set forth in Section 3.01 hereof.

(i) Consents. All consents, licenses, approvals, validations and authorizations of, and registrations, validations or declarations by or with any court or any Governmental Authority required to be obtained in connection with the execution, delivery, performance, validity or enforceability of this Agreement, the 1991 Master Resolution and the Related Documents have been obtained and are in full force and effect.

(j) Incorporation of Representations and Warranties. The Issuer hereby makes to the Bank the same representations and warranties, if any, as were made by it in each Related Document to which it is a party, which representations and warranties, together with the related definitions of terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation, warranty and definition were set forth herein in its entirety. No amendment to such representations, warranties or definitions made pursuant to the relevant Related Documents, which amendment could have a material adverse effect on the Bank, shall be effective to amend such representations, warranties and definitions as incorporated by reference herein without the prior written consent of the Bank.

(k) Accurate Information. All information, reports and other papers and data with respect to the Issuer furnished to the Bank by or on behalf of the Commission were, as of their respective dates, accurate in all material respects. Any financial, budget and other projections furnished to the Bank by or on behalf of the Commission were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the Commission's best estimate of its future financial performance. No fact is known to the Commission that materially and adversely affects or in the future may (so far as it can reasonably foresee) materially and adversely affect the business operations or financial condition of the Commission, the security for the Bonds, or the Commission's ability to repay when due its obligations under this Agreement or the 1991 Master Resolution except as has been otherwise disclosed to the Bank in writing, including in the documents referred to in the first sentence of this paragraph.

(l) Business of the Issuer. The Issuer is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any margin stock as defined in Regulation U of the Board of Governors of the Federal Reserve System.

(m) Legislation; Referendum. There is no State or local referendum or initiative certified for the ballot, or Federal, State or local legislation which has been enacted or introduced and referred to committee which the Commission has determined would materially

and adversely affect the financial condition or business operations of the Commission, or the validity or enforceability of this Agreement, the 1991 Master Resolution or any Related Document, or power of the Commission to carry out the transactions contemplated hereby and thereby.

(n) No Acceleration. No Debt of the Commission in an amount in excess of \$10,000,000 secured by Net Revenues which is currently outstanding is subject to acceleration of the payment thereof before the scheduled due date thereof at the direction or option of the holders of such Debt or any trustee for such holders.

(o) Disclosure. There is no fact known to the Commission which the Commission has not disclosed to the Bank in writing which materially adversely affects or which the Commission has determined is likely to materially adversely affect the ability of the Commission to perform its obligations hereunder or under any Related Document.

(p) Sovereign Immunity. The Commission is not entitled to claim immunity on the grounds of sovereignty with respect to any action based on contract related to or arising out of its obligations under this Agreement, and to the fullest extent permitted by law, agrees not to assert the defense of sovereign immunity in any proceeding based on contract related to or arising out of its obligations under this Agreement or the Related Documents. The Commission is subject to liability for damages in contract and in tort in the manner and to the extent that the City is subject to such liability as provided by the laws of the State. The Commission is subject to claims and to suit for money or damages in connection with or under this Agreement pursuant to and in accordance with the laws of the State applicable to municipal corporations, including Part 3 of Division 3.6 of Title 1 of the Government Code of the State of California. The Commission is a "local public entity" as defined in Section 900.4 of the Government Code of the State of California.

(q) Usury. The terms of this Agreement and the Related Documents regarding the calculation and payment of interest and fees do not violate any applicable usury laws.

Section 4.02. Representations of the Bank.

(a) Rating. The Bank represents and warrants that on the Effective Date the Bank is rated ___/___ by Moody's and ___/___ by S&P and ___/___ by Fitch.

(b) Limitations of Bond Insurance Policy. The Bank acknowledges that Excess Bond Interest Amounts and Final Excess Bond Interest Amounts and interest thereon and interest on the Interest Component are not entitled to the benefits of the Bond Insurance Policy and that payment of the Final Excess Bond Interest Amount and interest thereon is subordinate to [the Issuer's obligation to pay principal and interest then due and owing on the Bonds].

ARTICLE V

CONDITIONS PRECEDENT

Section 5.01. Conditions Precedent to Effectiveness. This Agreement shall become effective on the Effective Date provided that each of the conditions enumerated in this Section 5.01 has been fulfilled to the satisfaction of the Bank. The Bank's execution and delivery of this Agreement shall evidence its agreement that such conditions have been met to its satisfaction or have been waived and that the Effective Date has occurred.

(a) **Representations.** On the Effective Date (and after giving effect to the issuance of the Bonds and the effectiveness of this Agreement), (i) there shall exist no Event of Termination or Potential Event of Termination and no Event of Default or Potential Event of Default, and (ii) all representations and warranties made by the Issuer in this Agreement or in any of the Related Documents to which the Issuer is a party shall be true and correct with the same effect as though such representations and warranties had been made at and as of such time.

(b) **Supporting Documents.** On or prior to the Closing Date, the Bank shall have received, in form and substance satisfactory to the Bank, the following:

(i) true and complete executed originals of this Agreement, each of the Related Documents and the Official Statement and a photocopy of the Bond Insurance Policy;

(ii) the 1991 Master Resolution and resolutions of the Issuer authorizing this Agreement and the Related Documents to which the Issuer is a party and the execution of the Official Statement, certified prior to the Closing Date by the Clerk of the Issuer;

(iii) signature and incumbency certificates, dated the Effective Date, of the signatories of the Issuer executing this Agreement, the Related Documents to which it is a party and the Official Statement;

(iv) a certificate of the Airport Director of the Issuer, dated the Closing Date, to the effect set forth in Section 5.01(a);

(v) executed copies of the legal opinions, certificates, reports and other documents rendered or delivered in connection with the issuance of the Bonds, the Official Statement, the sale of the Bonds pursuant to the Bond Purchase Contract, the delivery of this Agreement and the delivery of the Related Documents; and

(vi) executed legal opinions, dated the Effective Date, addressed to the Bank and in form and substance satisfactory to the Bank (i) of counsel to the Bond Insurer, as to (A) the due organization of the Bond Insurer and the due authorization, execution and delivery of the Bond Insurance Policy and (B) the legality, validity, binding effect and enforceability of the Bond Insurance Policy; (ii) of counsel to the Issuer, to the effect set forth in

Section 4.01(a) through (d) inclusive, and covering such other matters as the Bank may reasonably request; and (iii) of Bond Counsel, covering such matters relating to the Liquidity Provider Bonds and the Issuer's obligations under the Related Documents as the Bank may reasonably request.

(c) Bond Insurance Policy. On or prior to the Effective Date, the Bond Insurance Policy, in form and substance satisfactory to the Bank, shall have been issued by the Bond Insurer and delivered to the Bank, insuring the payment of regularly scheduled principal of and interest on the Bonds and the special redemption of Liquidity Provider Bonds pursuant to Section _____ of the 1991 Master Resolution, and such Bond Insurance Policy shall be in full force and effect on the Effective Date.

(d) Custody Agreement. On the Effective Date, the Custody Agreement shall have been duly executed and delivered by the Custodian and shall be in full force and effect.

(e) Other Supporting Documents. There shall have been delivered to the Bank such information and copies of documents, approvals (if any) and records (certified, where appropriate) of corporate and legal proceedings as the Bank may have requested relating to the entering into and performance by each of the parties (other than the Bank) thereto, of each of the Related Documents or the transactions contemplated thereby. The Bank shall have received such other documents, instruments, approvals (and, if requested by the Bank, certified duplicates or executed copies thereof) or opinions as the Bank may reasonably request.

(f) Certain Payments. The Issuer shall have paid all the fees then due referred to in Section 2.05(b) hereof.

(g) Rating. The Bank shall have received satisfactory evidence that the Bonds shall have been rated Aaa/VMIG 1 by Moody's and AAA/A-1+ by S&P and AAA/F1+ by Fitch.

Section 5.02. Conditions Precedent to Purchase. The obligation of the Bank to purchase Bonds on any date is subject to the satisfaction of the following conditions, unless waived in writing by the Bank:

(a) No Event of Termination. No Immediate Event of Termination or Suspension Event shall have occurred and be continuing; and

(b) Receipt of Notice. The Bank shall have timely received by no later than [12:45] p.m. on a Business Day a Notice of Bank Purchase as provided in Section 2.02; provided, that if a Notice of Bank Purchase is not received until after [12:45] p.m. on a Business Day, the Bank will be obligated to purchase Eligible Bonds on the Business Day following receipt thereof, and provided further, that if a Notice of Bank Purchase is received before the end of the Purchase Period, the end of the Purchase Period shall not, in and of itself, relieve the Bank of its obligation to purchase Bonds.

ARTICLE VI

COVENANTS

Section 6.01. Covenants of the Issuer. During the term of this Agreement, and until the obligations of the Issuer to the Bank under this Agreement are paid in full and the Bank has no further commitment under this Agreement and until payment in full of all Liquidity Provider Bonds, unless the Bank shall otherwise consent in writing, the Issuer covenants and agrees as follows:

(a) **Notices.** The Issuer will promptly furnish, or cause to be furnished, to the Bank notice of (i) the failure by the Bond Insurer to perform any of its obligations under the Bond Insurance Policy, (ii) each demand for payment made under the Bond Insurance Policy, (iii) the failure by the Remarketing Agent or the Trustee to perform any of its obligations under the Remarketing Agreement or the 1991 Master Resolution, (iv) any proposed substitution of this Agreement or of the Bond Insurance Policy, (v) each event or occurrence of which notice is required to be given to the Bank pursuant to the 1991 Master Resolution, (vi) the occurrence of any Event of Termination or Suspension Event or any Event of Default or Potential Event of Default; (vii) any change in the ratings of the Bonds of which the Issuer has actual knowledge; (viii) any ratings which may be assigned to uninsured debt of the Issuer (or any changes in such ratings); and (ix) any shadow rating (or changes therein) assigned to the Bonds of which the Issuer has actual knowledge.

(b) **Compliance With Laws and Agreements.** The Issuer shall comply with all laws, rules and regulations, and with all final orders, writs, judgments, injunctions, decrees or awards to which it may be subject; provided, however, that the Issuer may contest the validity or application thereof and appeal or otherwise seek relief therefrom, and exercise any and all of the rights and remedies which it may have with regard thereto, so long as such acts do not affect the Issuer's power and authority to execute this Agreement and the Related Documents to which it is a party or to perform its obligations and pay all amounts payable by it hereunder and thereunder. The Commission will observe and perform all of its obligations under this Agreement, the Bonds and the other Related Documents to which it is a party.

(c) **Use of Proceeds.** The Issuer shall (i) use its best efforts to cause the proceeds from purchases of Bonds made hereunder to be used solely to pay the Purchase Price of such Bonds as more fully described in Sections 2.01 and 2.02 hereof, and (ii) use the proceeds of the Bonds for the purpose set forth in the 1991 Master Resolution.

(d) **Related Obligations.** The Issuer shall promptly pay all amounts payable by it under this Agreement and the Related Documents according to the terms hereof or thereof and shall duly perform each of its obligations under this Agreement and the other Related Documents. The Issuer shall use its best efforts to cause the Bond Insurer at all times to comply with the Bond Insurance Policy. The Issuer shall use its best efforts to cause the Remarketing Agent at all times to perform its obligations under the Remarketing Agreement.

(e) **Reporting Requirements.** The Issuer shall keep proper books of record and account in which full, true and correct entries will be made of all dealings and transactions of

or in relation to affairs, operations, transactions and activities of the Issuer in accordance with Generally Accepted Accounting Principles consistently applied, and will furnish to the Bank a copy of each of the following:

(i) As soon as available, and in any event within [210] days after the close of each fiscal year of the Issuer, the Issuer's annual report including the balance sheet as of the end of such fiscal year, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, all in reasonable detail, certified by an independent certified public accountant as having been prepared in accordance with Generally Accepted Accounting Principles, consistently applied, such audit having been conducted with generally accepted auditing standards;

(ii) Within 60 days after the end of each fiscal quarter: (i) any projections, sensitivity analyses, consultant's reports, and other information that are provided to the Commission or otherwise made available to the public; (ii) a quarterly revenues report in reasonable detail by category; and (iii) any appropriations or supplemental appropriations relating to the Airport approved during such quarter;

(iii) Promptly, and in any event not later than thirty (30) days after any officer of the Issuer obtains actual knowledge thereof, a certificate of the chief financial officer for the Issuer setting forth the occurrence of any Event of Termination or Potential Event of Termination and any Event of Default or Potential Event of Default, the details thereof and the action which the Issuer is taking or proposes to take with respect thereto;

(iv) Copies of the financial statements of and other information pertaining to the Issuer required to be delivered to the Bond Insurer, no later than the date on which such deliveries are required to be made to the Bond Insurer;

(v) A copy of the Issuer's budget, prepared by the Issuer prior to the beginning of each fiscal year, within sixty (60) days after its adoption;

(vi) As soon as practicable after the issuance of any 1991 Resolution Bonds or any Subordinate Bonds, the Commission shall send a copy of the offering document relating thereto to the Bank; and

(vii) Such other information respecting the affairs, condition and/or operations, financial or otherwise, of the Issuer as the Bank may from time to time reasonably request.

(f) Inspection Rights. The Issuer will permit the Bank, upon reasonable notice and during normal business hours, to meet with officers, directors and employees of the Issuer to discuss the affairs, finances, business (except for information relating to product tests in progress or unpublished articles) and accounts of the Issuer and to visit the Issuer's properties in order to enable the Bank to monitor the Issuer's compliance with this Agreement.

(g) Amendments. The Issuer shall not surrender, cancel, terminate, replace, augment, amend or modify or permit the surrender, cancellation, termination, replacement, augmentation, amendment or modification of, or consent to, or permit or suffer to occur any action or omission which results in, or is equivalent to, the surrender, cancellation, termination, replacement, augmentation, amendment or modification of the Bond Insurance Policy or other Related Documents to which it is a party without the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed; provided, that, with respect to any surrender, cancellation, termination, replacement, augmentation, amendment or modification of the Bond Insurance Policy, the Issuer must first obtain a written statement of Moody's, S&P and Fitch, as applicable, indicating that such surrender, cancellation, termination, replacement, augmentation, amendment or modification will not result in a suspension, withdrawal or reduction of the then-current ratings on the Bonds.

(h) Voluntary Redemption or Conversion. The Issuer shall not voluntarily redeem any Bonds pursuant to Section 30-65.16(b) of the 1991 Master Resolution prior to redeeming Liquidity Provider Bonds in full or if, after giving effect to such redemption, there would be any unpaid Excess Bond Interest Amount owing under this Agreement or any other amount in respect of Liquidity Provider Bonds shall not have been paid in full. The Issuer shall not voluntarily convert any Bonds to a Non-Covered Interest Rate pursuant to Section 30-65.10 of the 1991 Master Resolution if, after giving effect to such conversion, there would be any unpaid Excess Bond Interest Amount owing under this Agreement or any other amount in respect of Liquidity Provider Bonds shall not have been paid in full.

(i) Alternate Liquidity Facility or Conversion to a Non-Covered Interest Rate. The Commission shall use its best efforts to obtain an Alternate Liquidity Facility to replace this Agreement or to convert the interest rate on the Bonds to a Non-Covered Interest Rate in the event that (A) the Bank shall decide not to extend the Stated Expiration Date pursuant to Section 8.10 hereof, (B) the Commission terminates this Agreement pursuant to Section 8.09 hereof, or (C) the Bank shall furnish a Notice of Termination to the Trustee. The Commission agrees that any Alternate Liquidity Facility will require, as a condition to the effectiveness of the Alternate Liquidity Facility, that the issuer of the Alternate Liquidity Facility will provide funds to the extent necessary, in addition to other funds available, on the date the Alternate Liquidity Facility becomes effective, for the purchase of all Liquidity Provider Bonds at par plus all accrued interest thereon at the Liquidity Provider Interest Rate or Default Rate, as applicable, through the date such Alternate Liquidity Facility becomes effective. On such date, any and all amounts due hereunder to the Bank shall be payable in full to the Bank. The Commission shall not permit an Alternate Liquidity Facility to become effective with respect to less than all of the Bonds without the prior written consent of the Bank.

(j) Appointment of Successors. The Issuer shall not, without the prior written consent of the Bank, (i) permit the appointment of a successor Trustee, or Remarketing Agent or (ii) permit a substitute or additional Bond Insurance Policy to become effective.

(k) Incorporation of Covenants. The covenants of the Issuer set forth in each of the Related Documents to which the Issuer is a party are hereby incorporated by reference in this Agreement for the benefit of the Bank and other Liquidity Provider Bondowners. To the extent that any such incorporated provision permits any Person to waive

compliance with or consent to such provision or requires that a document, opinion, report or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of this Agreement, such compliance shall be waived, or such provision shall be consented to, only if it is waived or consented to, as the case may be, by the Bank and such document, opinion, report or other instrument shall be acceptable or satisfactory to the Bank. No amendment to such covenants (or the defined terms relating thereto) made pursuant to the Related Documents shall be effective to amend such incorporated covenants without the written consent of the Bank.

(l) Maintenance of Existence. The Issuer will maintain its existence as a department of the City.

(m) Maintenance and Approvals; Filings. The Issuer shall at all times maintain in effect, renew and comply with all the terms and conditions of all consents, licenses, approvals and authorizations as may be necessary or appropriate under any applicable law or regulation for its execution, delivery and performance of this Agreement and the Related Documents to which it is a party.

(n) Regulation U. The Issuer is not engaged principally, or as one of its important activities, in the business of extending credit for the purposes of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and will not use the proceeds of the Bonds or any amounts paid by the Bank hereunder so as to violate Regulation U as it may be amended or interpreted from time to time by the Board of Governors of the Federal Reserve System.

(o) 1991 Master Resolution a Contract. The provisions of the 1991 Master Resolution constitute a contract between the Issuer and the Owner or Owners of the Bonds, and any such Owner or Owners, including the Bond Insurer or the Bank in their capacity as Owner, may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Issuer as a result of issuing the Bonds.

(p) Budget; Audit. As long as any of the Bonds are outstanding and unpaid in principal or interest, the Issuer shall prepare and adopt a budget prior to the beginning of each Fiscal Year, which budget shall provide for appropriations at levels required under the 1991 Master Resolution to make all payments of principal, interest, fees, reserves and any other expenditures required or contemplated under the 1991 Master Resolution with respect to the Bonds. Not later than six (6) months after the close of each Fiscal Year, the Issuer shall cause an audit of its general fund books and accounts to be made by an independent firm of certified public accountants showing the receipts and disbursements made by the Issuer during the previous Fiscal Year.

(q) Subsequent Documents and Instruments. The Issuer shall execute and deliver to the Bank all such documents and instruments as may be necessary or reasonably required by the Bank to enable the Bank to exercise and enforce its rights under this Agreement and to realize thereon, and record and file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be

necessary or reasonably required by the Bank to validate, preserve and protect the rights of the Bank under this Agreement.

(r) Affiliates. The Issuer shall not permit the Remarketing Agent to sell Tendered Bonds to any Affiliate of the Issuer.

(s) Litigation Notice. The Issuer shall promptly give notice to the Bank of any action, suit or proceeding known to it at law or in equity or by or before any court, governmental instrumentality or other agency which, in the reasonable judgment of the Issuer, if adversely determined, would materially impair the ability of the Issuer to carry out its obligations under the Bonds, any Liquidity Provider Bonds or this Agreement, or would materially adversely affect its business operations or financial condition.

(t) Immunities. To the fullest extent permitted by law, the Commission agrees not to assert the defense of sovereign immunity in any proceeding related to or arising out of its obligations under this Agreement or the Related Documents.

(u) No Preferential Treatment. In the event that the Issuer shall enter into any credit agreement, reimbursement agreement or other similar agreement or instrument, or any amendment, supplement or other modification thereof, under which any Person undertakes to make or provide funds to make payment of, or to purchase, Debt of the Issuer in an amount in excess of \$10,000,000 secured by Net Revenues on parity with the Bonds which includes remedies not included in this Agreement (including, without limitation, the right to accelerate the payment of the same) or covenants that are more restrictive as to the Issuer than those contained in this Agreement, the Issuer shall give prompt written notice thereof to the Bank and shall enter into an amendment or amendments to this Agreement to incorporate such remedies and covenants to the extent applicable hereto within forty-five (45) days of such amendment, supplement or modification.

(v) Bond Insurer Downgrade.

(i) The Commission shall at all times maintain the Insurance Policy so that the Insurance Policy (A) provides coverage in an amount equal to all payments of principal of and interest on the Bonds (whether at the stated rate for Bonds not purchased hereunder or at the Liquidity Provider Interest Rate), (B) includes an endorsement insuring the scheduled redemption of Purchased Bonds pursuant to Section 3.03 and 3.04 hereof, and (C) remains in full force and effect for so long as any payment of principal or interest is outstanding with respect to any Bond (including any Liquidity Provider Bond).

(ii) Notwithstanding any provision of the 1991 Master Resolution to the contrary, so long as this Agreement is in effect, the Commission shall not surrender, cancel, terminate, replace, amend or modify the Insurance Policy without the prior written consent of the Bank.

(iii) Notwithstanding the foregoing, if the long term claims-paying or financial strength rating of the Bond Insurer is lowered below

the Permitted Minimum Bond Insurer Rating, the Commission, within 75 days, shall convert the interest rate on all of the Bonds to a Non-Covered Interest Rate; provided, however, that the Commission shall not be required to comply with the requirement set forth in the immediately preceding sentence if the Commission replaces the Bond Insurer with a substitute Bond Insurer acceptable to the Bank or if the Commission provides an Alternate Liquidity Facility to the Trustee.

(iv) The Commission shall promptly forward to the Bank all notices, if any, received by the Commission from the Bond Insurer under the Insurance Policy.

(w) No Liens. The Issuer shall not create or suffer to exist any lien upon or with respect to any of the funds or accounts created under the 1991 Master Resolution except those liens specifically permitted thereunder; provided, however, that in no event shall any lien on any of the funds or accounts created under the 1991 Master Resolution securing the obligation of the Issuer to make a termination payment under any Interest Rate Swap (as defined in the 1991 Master Resolution) be first in priority to the lien securing the Bonds, the Liquidity Provider Bonds and any other obligations owed the Bank hereunder.

Section 6.02. (a) Bank Information. The Bank, during the term of this Agreement, upon the written request and expense of the Issuer, shall provide information for inclusion in the Official Statement regarding the Bank and, upon the Issuer's request, the Bank shall certify that the information so furnished is fair and accurate in all material respects.

(b) Purchase of Bonds by Bank. The Bank and its affiliates, in its or their commercial or investment banking capacities, may in good faith buy and own any Debt of the Issuer, excluding Bonds other than Liquidity Provider Bonds. The Bank acknowledges and agrees that the Remarketing Agents are prohibited from remarketing any of the Bonds to the Bank or its affiliates under the terms of the Remarketing Agreements. If for any reason the Bank nonetheless purchases and holds any Bonds (other than Liquidity Provider Bonds), it shall reimburse the Issuer for the positive difference from time to time, if any, between the interest rate it receives on such Bonds and the interest rate such Bonds would have borne if they were Liquidity Provider Bonds.

ARTICLE VII

EVENTS OF TERMINATION AND DEFAULT; REMEDIES

Section 7.01. Events of Termination. Each of the following shall constitute an "Event of Termination" under this Agreement:

(a) Non-Payment of Insured Amounts. Any principal or interest due on the Bonds is not paid by the Issuer when due and such principal or interest is not paid by the Bond Insurer when, as, and in the amounts required to be paid pursuant to the terms of the Bond Insurance Policy; or

(b) Invalidity or Contest or Invalidity of Bond Insurance Policy. (i) The New York Department of Insurance or a court or other Governmental Authority of appropriate jurisdiction shall find or rule or shall enter an order, judgment or decree that any material provision of the Bond Insurance Policy, with respect to the payment of principal or interest on the Bonds, at any time for any reason ceases to be valid and binding on the Bond Insurer or the New York Department of Insurance or a court or other Governmental Authority of appropriate jurisdiction shall find or rule or shall enter an order, judgment or decree that the Bond Insurance Policy is null and void; or (ii) the Bond Insurer shall (A) in writing to the Trustee claim that the Bond Insurance Policy with respect to the payment of principal or interest on the Bonds is not valid and binding on the Bond Insurer, (B) repudiate in writing the obligations of the Bond Insurer under the Bond Insurance Policy with respect to payment of principal of or interest on the Bonds, or (C) initiate legal proceedings seeking an adjudication that the Bond Insurance Policy, with respect to the payment of principal or interest on the Bonds, is not valid and binding on the Bond Insurer; or

(c) Bond Insurer Insolvency. The occurrence of a Bond Insurer Event of Insolvency; or

(d) Bond Insurer Default on other Policies. Any default by the Bond Insurer in making payment when, as and in the amounts required to be made pursuant to the express terms and provisions of any other municipal bond insurance policy issued by the Bond Insurer insuring publicly rated debt and such failure shall continue for thirty (30) days unless the obligation of the Bond Insurer to pay is being contested by the Bond Insurer in good faith by appropriate proceedings; or

(e) Bond Insurer Downgrade. (i) S&P, Moody's and Fitch shall suspend or withdraw the financial strength rating of the Bond Insurer for credit-related reasons or shall reduce such rating below BBB- in the case of S&P, Baa3 in the case of Moody's, and BBB- in the case of Fitch, or (ii) the long term financial strength ratings of the Bond Insurer are lowered below the Permitted Minimum Bond Insurer Rating for credit-related reasons; or

(f) Amendment or Termination of Bond Insurance Policy. The Bond Insurance Policy is surrendered, cancelled, terminated, replaced, augmented, amended or modified in any material respect or the Bond Insurer is substituted with a substitute Bond Insurer (as defined in the 1991 Master Resolution), in each case, by the Issuer or the Trustee and without the prior written consent of the Bank.

Section 7.02. Events of Default. Each of the following shall constitute an "Event of Default" under this Agreement:

(a) Misrepresentation. Any material representation or warranty made by the Issuer under or in connection with this Agreement shall prove to be untrue in any material respect on the date as of which it was made; or

(b) Non-Payment of Fees. Non-payment of any amounts payable under Section 2.05 (together with interest thereon at the Default Rate) within thirty (30) days after the

Trustee, the Bond Insurer and the Issuer have received written notice from the Bank that the same were not paid when due; or

(c) Other Non-Payments. Non-payment of any other fees or amounts payable under this Agreement (together with interest thereon at the Default Rate) within thirty (30) days after written notice thereof to the Issuer, Trustee and the Bond Insurer by the Bank; or

(d) Certain Breaches. The breach by the Issuer of any of the terms or provisions of Section 6.01 (c)(i) (in respect of proceeds from the purchases of Bonds hereunder), (g) (in a material respect), (h), (i), (j) (with respect to the Remarketing Agent only), (l) and (v); or

(e) Other Breaches. The breach by the Issuer of any terms or provisions of this Agreement which is not remedied within [thirty] ([30]) days after written notice thereof shall have been received by the Issuer and the Bond Insurer from the Bank; or

(f) Insolvency. The Issuer or the City shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its Debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Issuer or the City shall make a general assignment for the benefit of its creditors; or (C) there shall be commenced against the Issuer or the City any case, proceeding or other action of a nature referred to in clause (A) above which (a) results in an order for such relief or in the appointment of a receiver or similar official or (b) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (D) there shall be commenced against the Issuer or the City any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its or their assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (E) there shall have been a declaration of a moratorium of its Debts by the Issuer or by a Governmental Authority with jurisdiction over the Issuer; (F) the Issuer or the City shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (A), (B), (C) or (E) or above; or (G) the Issuer or the City shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its Debts; or

(g) Invalidity. Any material provision of this Agreement or any Related Document shall at any time for any reason cease to be valid and binding on the Issuer or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Issuer or by any Governmental Authority having jurisdiction, or the Issuer shall deny that it has any further liability or obligation under any such document, or such document is cancelled or terminated without the Bank's prior written consent; or

(h) Cross Default. The occurrence of any "event of default" by the Issuer (after giving effect to any applicable cure period) as defined in any of the Related Documents

(which is not waived pursuant to the terms thereof) which is not otherwise described in this Section 7.02, other than the failure of the Bank to provide funds for the purchase of Tendered Bonds when required by the terms and conditions of this Agreement; or

(i) Other Debt. The Issuer shall have defaulted in the payment or performance of any obligation of a principal amount of \$[___],000,000 or more which constitutes Debt, and such default permits the acceleration of the payment of moneys; or

(j) Certain Unsatisfied Judgments. A writ of mandate for the payment of more than \$[___],000,000 in connection with a final judgment has been issued by a court of competent jurisdiction against the Issuer and has not been stayed within a period of [sixty] ([60]) consecutive days as a result of a subsequent order, an appeal or otherwise.

Section 7.03. Remedies. If any Event of Termination or Event of Default shall have occurred and be continuing:

(a) Immediate Event of Termination. In the case of an Event of Termination specified in Section 7.01(a), (b)(i), (c), (d), (e)(i) or (f) (each, an "Immediate Event of Termination") the Available Commitment and Purchase Period and the obligation of the Bank to purchase Bonds shall immediately terminate without notice or demand, and thereafter the Bank shall be under no obligation to purchase Bonds. Promptly upon the Bank obtaining knowledge of any such Immediate Event of Termination, the Bank shall give written notice of the same to the Trustee, the Issuer, the Remarketing Agent and the Bond Insurer; provided, that the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no manner affect the termination of the Bank's Available Commitment and of its obligation to purchase Bonds pursuant to this Agreement.

(b) Termination with Notice. In the case of an Event of Termination specified in Section 7.01(e)(ii) or an Event of Default specified in Section 7.02(b), (c), (d) (as it relates to Section 6.01(g) and (v)), (f), (g), or (i)), the Bank may terminate the Available Commitment and Purchase Period by giving written notice (a "Notice of Termination") to the Trustee, the Registrar, the Issuer, the Remarketing Agent and the Bond Insurer, specifying the date on which the Available Commitment and Purchase Period shall terminate, which shall be not less than thirty (30) days from the date of receipt of such notice by the Trustee, and on and after the Purchase Termination Date, the Bank shall be under no further obligation to purchase Bonds hereunder.

(c) Suspension relating to Bond Insurance Policy. In the case of a Potential Event of Termination specified in Section 7.01(b)(ii), the Bank's obligations to purchase Bonds shall be immediately suspended without notice or demand and thereafter the Bank shall be under no obligation to purchase until the Available Commitment is reinstated as described in this Section 7.03(c). Promptly upon the Bank obtaining knowledge of any such Potential Event of Termination, the Bank shall give written notice of the same to the Issuer, the Trustee, the Remarketing Agent and the Bond Insurer of such suspension in writing; provided, that the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Bank's obligations to purchase Bonds. If a court with jurisdiction to rule on the validity of the Bond Insurance Policy

shall thereafter enter a final, nonappealable judgment that the Bond Insurance Policy is not valid and binding on the Bond Insurer, then the Bank's obligation to purchase Bonds shall immediately terminate. If a court with jurisdiction to rule on the validity of the Bond Insurance Policy shall find or rule that the Bond Insurance Policy is valid and binding on the Bond Insurer in a final, nonappealable judgment, the Bank's obligations to purchase Bonds under this Agreement shall be automatically reinstated and the terms of this Agreement will continue in full force and effect (unless this Agreement shall otherwise have terminated or been suspended by its terms or in accordance with Section 7.03(a), (b), (c) or (d)). Notwithstanding the foregoing, if, upon the earlier of the Stated Expiration Date or the date which is two (2) years after the effective date of a suspension of the Bank's obligations pursuant to this Section 7.03(c), litigation is still pending and a judgment regarding the validity of the Bond Insurance Policy that is the subject of such Potential Event of Termination has not been obtained, then the Available Commitment and the obligation of the Bank to purchase Bonds shall at such time immediately terminate without notice or demand, and thereafter the Bank shall be under no obligation to purchase Bonds.

(d) Other Suspensions. During the pendency of a Potential Event of Termination pursuant to Section 7.01(c) (with respect to an order described in clause (c) of the definition of Bond Insurer Event of Insolvency) or Section 7.01(d), the Bank's obligations to purchase Bonds shall be immediately suspended without notice or demand and thereafter the Bank shall be under no obligation to purchase Bonds until the Available Commitment is reinstated as described in this paragraph 7.03(d). Promptly upon the Bank obtaining knowledge of any such Potential Event of Termination, the Bank shall give written notice of the same to the Issuer, the Trustee, the Remarketing Agent and the Bond Insurer of such suspension in writing; provided, however, that the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Bank's obligations under this Agreement. In the event such Potential Event of Termination is cured prior to becoming an Event of Termination, the Bank's obligations shall be automatically reinstated and the terms of this Agreement will continue in full force and effect (unless this Agreement shall otherwise have terminated or been suspended by its terms or in accordance with Section 7.03(a), (b) or (c)).

(e) Other Remedies. In addition to the rights and remedies set forth in Section 7.03(a), (b), (c) and (d) hereof, in the case of any Event of Termination specified in Section 7.01 hereof or Event of Default specified in Section 7.02 hereof, upon the election of the Bank: (i) all accrued amounts payable hereunder (other than payments of principal and redemption price of and interest on the Bonds or payments of Excess Bond Interest) shall upon notice to the Issuer become immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Issuer; and (ii) the Bank shall have all the rights and remedies available to it under this Agreement, the Related Documents, the Bond Insurance Policy or otherwise pursuant to law or equity; provided, however, that the Bank shall not have the right to terminate its obligation to purchase Bonds or to declare any amount due hereunder due and payable except as provided herein, or to accelerate the maturity date of any Bonds. Without limiting the generality of the foregoing, the Bank agrees to purchase Bonds on the terms and conditions of this Agreement notwithstanding the institution or pendency of any bankruptcy, insolvency or similar proceeding with respect to the Issuer. The Bank will not assert as a defense to its obligation to purchase Bonds under this

Agreement (A) the institution or pendency of a bankruptcy, insolvency or similar proceeding with respect to the Issuer, or (B) a determination by a court of competent jurisdiction in a bankruptcy, insolvency or similar proceeding with respect to the Issuer that this Agreement is not enforceable against the Issuer under applicable bankruptcy, insolvency or similar laws. This subsection shall not limit the exercise of the Bank's remedies under any other subsection of this Section 7.03.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. No Waiver; Remedies. No failure or delay on the part of the Bank in exercising any right, power or privilege hereunder and no course of dealing shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Bank would otherwise have. No notice to or demand on the Issuer or any other party hereto in any case shall entitle the Issuer or such other party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Bank to any other or further action in any circumstances without notice or demand.

Section 8.02. Amendment. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the parties hereto but only with the consent of the Bond Insurer; provided, that the provisions of Sections 2.05, 2.06 and 2.07, Articles IV, V and VI and Sections 8.07 and 8.08 may be changed, waived, discharged or terminated and the Stated Expiration Date may be extended in accordance with Section 8.10 by instruments in writing signed solely by the Bank and the Issuer and with notice to the Trustee, the Bond Insurer and the Remarketing Agent; provided, further, however, that the provisions of Section 5.02(a) and provisions hereof relating to the coverage or application of proceeds of the Bond Insurance Policy may not be changed, waived, discharged or terminated without the prior written consent of the Bond Insurer. The Issuer shall give notice to S&P, Moody's and Fitch of any amendments to this Agreement as provided in the 1991 Master Resolution.

Section 8.03. Assignment; Participation. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided, however, that the Issuer may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Bank and any assignment in contravention hereof shall be void. The Bank may assign to one or more banks or other entities (collectively, "Assignees") all or any part of any of its rights or obligations hereunder, including, without limitation, the Liquidity Provider Bonds, and to the extent of any such assignment the Bank shall be relieved of its obligations hereunder and each Assignee shall have the same rights and benefits hereunder and under the Bonds, as it would have if it were the Bank hereunder; provided, however, that any such assignment by the Bank which would relieve the Bank of any of its duties or obligations hereunder shall not result in the withdrawal or reduction of the ratings assigned by Moody's, S&P or Fitch to the Bonds and[, if the intended

assignee is a Person which is not an Affiliate of the Bank,] such assignment shall not be effected without the written consent of the Issuer and the Bond Insurer and written notice to the Trustee and the Remarketing Agent. Any such assignment shall constitute a substitution of the Liquidity Provider pursuant to Section 30-65.18(d) of the 1991 Master Resolution. Additionally, the Bank shall have the right at any time to sell, assign, grant or transfer participations in all or part of its obligations hereunder and the obligations of the Issuer hereunder to any Participant without the consent of or notice to the Issuer, Trustee, the Bond Insurer or any other party; provided, that any participation shall not relieve the Bank from any of its obligations hereunder and the Issuer, the Remarketing Agent, Trustee and the Bond Insurer may deal exclusively with the Bank for all purposes of this Agreement, including the making of payment on Liquidity Provider Bonds, notwithstanding such participation. The Purchaser may disclose to any Participants or prospective Participants any information or other data or material in the Purchaser's possession relating to this Agreement, any Related Document and the Bond Insurer without the consent of or notice to the Issuer or the Bond Insurer.

Section 8.04. Governing Law; Waiver of Jury Trial.

(a) Except with respect to the authority of the Issuer, which shall be governed in accordance with the laws of the State of California, this Agreement shall be governed by, and construed in accordance with, the laws of the State of New York (and, for purposes of determining the highest lawful rate, applicable federal law if the application of federal law results in a higher rate of interest) without giving effect to conflicts of laws provisions.

(b) To the extent permitted by law, the Issuer and the Bank each waive their respective rights, if any, to a jury trial of any and all claims or causes of action based upon or arising out of this Agreement and the Related Documents.

Section 8.05. Indemnification.

(a) General. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Bank from and against any and all claims, damages, losses, liabilities and reasonable costs or expenses (including, without limitation, reasonable attorney's fees and expenses) whatsoever which the Bank may incur (or which may be claimed against the Bank by any person or entity whatsoever) by reason of or in connection with (i,) the offering, sale, remarketing or resale of the Bonds (including, without limitation, by reason of any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the Related Documents, the Official Statement (other than with respect to the information relating to the Bank under the caption "THE BANK") or in any supplement or amendment thereof or remarketing circular in accordance therewith, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances in which they are or were made, not misleading); (ii) the validity, sufficiency or genuineness of the Related Documents or the Official Statement; or (iii) the execution and delivery of this Agreement, or the making or the failure to make purchases of Bonds under this Agreement, provided, that the Issuer shall be relieved of its obligation to so indemnify and hold harmless the Bank if and to the extent that the following two conditions are met: (i) any such claims, damages,

losses, liabilities, or costs or expenses are a result of the Bank's purchase or failure to purchase Tendered Bonds in accordance with the terms and conditions of this Agreement as a result of the Bank's gross negligence or willful misconduct, and (ii) the Bank's purchase or failure to purchase is not caused by the failure of the Remarketing Agent or the Trustee to give notice to the Bank of the tender of Bonds for purchase in the time and manner provided in Section 2.02(a) hereof.

(b) Taxes, Etc. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Bank (on a net after tax basis) from (i) any present or future claim or liability for stamp, transfer, documentary, excise or other similar tax and any penalties or interest with respect thereto, which may be assessed, levied or collected by any Governmental Authority in connection with the execution, delivery and performance of, or any payment made under, this Agreement, the Bonds and the other Related Documents, or any amendment thereto, and (ii) any penalties, interest or similar charges, which may be assessed, levied or collected under the Code as a consequence of the failure of the Bank or any other Liquidity Provider Bondowner to include the interest on or any amount in respect of interest on the Bonds at any time held by the Bank or such other Liquidity Provider Bondowner as gross income in its tax returns for any period prior to a Determination of Taxability.

(c) Notice. Promptly after receipt by an indemnified party of written notice of the filing of any claim or the commencement of any action, the indemnified party, if a claim in respect thereof is to be made against the Issuer under this Section 8.05, shall notify the Issuer in writing of the filing or commencement thereof; but the omission to so notify the Issuer shall not relieve the Issuer of any liability which it may have to such indemnified party otherwise than under this Section 8.05. The indemnity agreements contained in this Section shall survive the termination, expiration or cancellation of this Agreement.

Section 8.06. Obligations Absolute. The obligations of the Issuer under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid and performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of all or any of the Related Documents or the Bond Insurance Policy;

(b) any amendment or waiver of or any consent to or departure from all or any of the Related Documents or the Bond Insurance Policy;

(c) any exchange, release or non-perfection of any collateral or any release or amendment or waiver of or consent to departure from any guaranty and insurance documents;

(d) the existence of any claim, set off, defense, or other right which the Issuer may have at any time against the Trustee, the Registrar, the Remarketing Agent, the Bond Insurer, the Bank (other than the defense of the payment to the Bank in accordance with the terms of this Agreement) or any other person or entity, whether in connection with this Agreement, the Related Documents or any unrelated transactions;

(e) any certificate, notice or any other document presented under this Agreement, other than by the Bank, proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; or

(f) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing;

provided, that nothing in this Section shall limit the Issuer's right by separate action, suit, proceeding or counterclaim to enforce any of its rights hereunder or to pursue any remedy at law or in equity against the Bank, including in connection with any liability of the Bank pursuant to Section 8.07 hereof.

Section 8.07. Liability of the Bank. Neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of this Agreement or of any amounts made available by the Bank hereunder by, or for any acts or failures to act of, the Trustee or the Remarketing Agent in connection with this Agreement, including the failure of the Trustee to credit the appropriate account with funds made available by the Bank pursuant to Section 2.02 hereof, to effect the purchase of Tendered Bonds for the account of the Bank with funds provided by the Bank pursuant to Section 2.02(d) hereof or to comply with the applicable provisions of the 1991 Master Resolution; (b) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged by any Person other than the Bank; or (c) any other circumstances whatsoever in making or failing to make payment under this Agreement; provided, however, that the Issuer shall have a claim against the Bank and the Bank shall be liable to the Issuer for any and all claims, damages, losses, liabilities and reasonable costs or expenses (including reasonable attorney's fees and expenses) suffered by the Issuer if and to the extent that the following two conditions are met: (i) a court of competent jurisdiction determines in a final, nonappealable judgment that such claims, damages, losses, liabilities and reasonable costs or expenses are a result of the Bank's purchase or failure to purchase Tendered Bonds in accordance with the terms and conditions of this Agreement as a result of the Bank's gross negligence or willful misconduct, and (ii) the Bank's purchase or failure to purchase is not caused by the failure of the Remarketing Agent or the Trustee to give notice to the Bank of the tender of Bonds for purchase in the time and manner provided in Section 2.02(a) hereof; provided, further, that the Bank shall in no event be liable to the Issuer for punitive or consequential damages, and the Issuer hereby waives its right to receive any such damages.

Section 8.08. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with Issuer, the Trustee, the Remarketing Agent, the Bank or the Bond Insurer, shall be deemed or have been sufficiently given or filed for all purposes when delivered by hand or when sent by registered mail, return receipt requested, postage prepaid, or, if given by facsimile transmission when receipt is acknowledged by the individual or an authorized representative of the entity specified below; provided, that any such notice, demand, direction, request or other instrument to the Bank shall be effective only when actually received by the Bank:

If to the Issuer: Airport Commission of the
City and County of San Francisco
San Francisco International Airport
International Terminal
P.O. Box 8097
San Francisco, California 94128
Attention: Deputy Airport Director - Business and Finance
Telephone: 650-821-5035
Facsimile: 650-821-5005

If to the Trustee or Registrar: The Bank of New York Trust Company, N.A.
Attention: Corporate Trust Department
700 S. Flower Street, Suite 500
Los Angeles, CA 90017
Telephone: 213-630-6268
Facsimile: 213-630-6480

If to the Bond Insurer: [BOND INSURER]

Attention:
Telephone:
Facsimile:

If to the Remarketing Agent: [REMARKETING AGENT]

Attention:
Telephone:
Facsimile:

If to the Bank: [BANK]

Attention:
Telephone:
Facsimile:

With a copy to: [BANK]

Attention:
Telephone:
Facsimile:

Section 8.09. Term of the Agreement; Right of Issuer to Terminate Upon Certain Events.

(a) **General.** The term of this Agreement shall be until the later of (i) the last day of the Purchase Period (as it may be extended pursuant to Section 8.10 hereof), or (ii) the payment in full of the principal of and interest on all Bonds purchased by the Bank hereunder and all other amounts owing to the Bank hereunder .

(b) **Issuer's Right to Terminate.** This Agreement may, with the written consent of the Bond Insurer, be terminated at any time by written notice from the Issuer to the Bank if :

(i) the Bank fails to purchase Bonds when obligated to do so in accordance with the provisions of this Agreement;

(ii) a proceeding is instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution in respect the Bank or for any substantial part of its property under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) and such proceeding is not terminated for a period of sixty (60) consecutive days or such court enters an order granting the relief sought in such proceeding or the Bank shall institute or take any corporate action for the purpose of instituting any such proceeding; or the Bank shall become insolvent or unable to pay its debts as they mature or claims under any of its insurance policies as such claims are made, shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Bank or for any substantial part of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts or claims as they become due, or shall take any corporate action in furtherance of any of the foregoing.

(iii) the short term rating of the Bank is withdrawn or reduced below "A-1" by S&P or "P-1" by Moody's and the Issuer elects to replace the Bank with an Alternate Liquidity Facility from a provider with a higher rating than the Bank;

(iv) the Bank and the Issuer fail to agree on an amendment to this Agreement as set forth in Section 8.10 hereof and the Issuer elects to replace the Bank with the provider of an Alternate Liquidity Facility; or

(v) (A) the Bank shall have notified the Issuer that pursuant to Section 2.06 it or any Assignee or Participant requires compensation for an increase in costs, reduction in income or additional expense specified therein, (B) the Issuer shall have delivered to the Bank a certificate to the effect that the Issuer has identified a financial institution which will furnish an Alternate Liquidity Facility at a price which is equal to or less than the price charged by the Bank after giving effect to such increased cost and (C) within [ten] ([10]) Business Days following receipt by the Bank of such certificate the Bank shall not have withdrawn or modified

its imposition of increased costs so that the commitment fee charged by the Bank is not in excess of the amount proposed to be charged by such other financial institution; or

(vi) the Issuer for any other reason elects to replace the Bank with the provider of an Alternate Liquidity Facility.

The effective date of a termination on account of an event described in clause (i) or (ii) shall be the earlier of the effective date of an Alternate Liquidity Facility or forty five (45) days from the date of receipt by the Bank of the notice of termination. The effective date of a termination on account of an event described in clause (iii), (iv), (v) or (vi) shall be the effective date of an Alternate Liquidity Facility. The Issuer agrees to send to the Trustee a copy of any termination notice given by the Issuer to the Bank pursuant to this Section 8.09 promptly after delivery of such notice to the Bank.

Section 8.10. Extension of Purchase Period. On the Stated Expiration Date and each anniversary thereof (each a "Reset Date") prior to the final expiration of this Agreement, the Bank shall have the option either to (a) adjust or confirm the commitment fee and other fees paid by the Issuer to the Bank pursuant to Section 2.05 hereof, effective for a one-year period starting on such Reset Date, by giving written notice to the Issuer (a "Fee Notice") setting forth the new fees or confirming the existing fees, at least six (6) months prior to such Reset Date, whereupon, if such Fee Notice is approved in writing by the Issuer, the Stated Expiration Date shall be extended for a period of one year; or (b) terminate this Agreement on and as of such Reset Date by not providing the Fee Notice as set forth above. If no Event of Default or Potential Event of Default, Event of Termination or Potential Event of Termination has occurred and is continuing, the Issuer may request in writing to the Bank, at least ninety (90) days but not more than one hundred twenty (120) days prior to the Stated Expiration Date, that the Bank deliver a Fee Notice. The Issuer has no obligation to request a Fee Notice and the Bank has no obligation to deliver any Fee Notice. The Bank agrees to respond to a written request by the Issuer for a Fee Notice (with a copy to the Bond Insurer) within ninety (90) days of receipt of such request. If the Stated Expiration Date is extended as provided in this Section 8.10, the Bank shall give written notice of such extension in the form of Exhibit C to this Agreement to the Issuer, with a copy to the Trustee, the Bond Insurer and the Remarketing Agents. If the Bank fails to respond to the Issuer's request for a Fee Notice within ninety (90) days, the Bank shall be deemed to have rejected such request. Any such extension shall be subject to the prior written consent of the Bond Insurer.

Section 8.11. Survival. All representations, warranties, covenants and agreements of the Issuer contained in this Agreement as amended or supplemented from time to time or made in writing in connection herewith (except for the representation in Section 4.01(e) that no Event of Default or Potential Event of Default, Event of Termination or Potential Event of Termination has occurred and is continuing) shall survive the execution and delivery hereof and the purchase of Bonds by the Bank hereunder and shall continue in full force and effect until payment in full of all the obligations of the Issuer hereunder, it being understood that the agreements of the Issuer found in Sections 2.05, 2.06, 2.07 and 8.05 shall survive the termination of this Agreement and payment in full of such obligations.

Section 8.12. Amendments to Rule 2a-7 of the Securities and Exchange Commission. If Rule 2a-7 of the Securities and Exchange Commission promulgated under the Investment Company Act of 1940, as amended, is amended so that, (a) in the opinion of counsel to the Issuer, this Agreement must be amended in order for the Bonds to be considered to have a maturity of less than one year under such Rule 2a-7 and (b) the Remarketing Agent certifies in writing that the failure to so amend this Agreement will have an adverse effect on the marketability of the Bonds, then the Bank and the Issuer agree to negotiate in good faith to so amend this Agreement on or prior to the date on which the amendments to Rule 2a-7 are scheduled to be effective. If the Bank and the Issuer are unable to agree on such amendment, the Issuer shall have the right to replace the Bank in accordance with Section 8.09 hereof.

Section 8.13. Beneficiaries. This Agreement is not intended and shall not be construed to confer upon any Person other than the parties hereto and their successors and permitted assigns [and Participants] any rights or remedies hereunder provided that (a) the agreement of the Bank to purchase Bonds in accordance with the terms and conditions of this Agreement is made for the benefit of the Owners from time to time of the Bonds and (b) the Bond Insurer and the Trustee shall be third party beneficiaries of this Agreement.

Section 8.14. Severability. If any provision of this Agreement shall be held or deemed to be or shall in fact be illegal, inoperative or unenforceable, the same shall not affect any other provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 8.15. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

Section 8.16. Complete and Controlling Agreement. This Agreement and the Related Documents completely set forth the agreements between the Bank and the Issuer and fully supersede all prior agreements, both written and oral, between the Bank and the Issuer relating to the matters set forth in this Agreement and such Related Documents.

Section 8.17. Nature of Payment Obligation of Issuer. Notwithstanding any other provision of this Agreement, all obligations of the Issuer to the Bank under this Agreement, including with respect to Liquidity Provider Bonds, are limited obligations of the Issuer payable solely from Revenues as provided in the 1991 Master Resolution. The amounts payable hereunder shall not in any manner or to any extent constitute general obligations of the City or of the State of California or any political subdivision of the State of California or a charge upon any general fund or upon any moneys or other property of the City or the State of California or of any political subdivision of the State of California not specifically pledged thereto by the 1991 Master Resolution or this Agreement, nor shall the faith and credit of the City or of the State of California or any political subdivision be pledged to the payment of amounts due hereunder.

Section 8.18. No Personal Liability of Commission Members and Officials. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any present or future Commission member, official, officer, agent or employee of

the Issuer, in his or her individual capacity, and neither the Commission members, officers and employees of the Issuer, nor any person executing this Agreement, shall be liable personally hereunder or be subject to any personal liability or accountability by reason hereof.

Section 8.19. City Contracting Requirements. The Bank covenants with and represents to the Commission as follows:

(a) Nondiscrimination; Penalties.

(i) Nondiscrimination. In the performance of this Agreement, the Bank agrees not to discriminate against any employee, City employee working with or applicant for employment with the Bank in any of its operations within the United States or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by the Bank on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(ii) Nondiscrimination in Benefits. The Bank does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(iii) Condition to Contract. As a condition to this Agreement, the Bank shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(iv) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this paragraph by reference and made a part of this Agreement as though fully set forth herein. The Bank shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Bank understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against the Bank and/or deducted from any payments due the Bank.

(b) Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, the Bank may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. The Bank agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event the Bank violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit the Bank from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Bank's use of profit as a violation of this section.

(c) Notification of Limitations on Contributions. Through execution of this Agreement, the Bank acknowledges that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services or for the furnishing of any material, supplies or equipment to the City, whenever such transaction would require approval by a City elective officer of the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for the contract until the later of either (1) the termination of negotiations for such contract, or (2) three months after the date the contract is approved by the City elective officer or the board on which that City elective officer serves.

(d) MacBride Principles—Northern Ireland. The Commission urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 *et seq.* The Commission urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

(e) Tropical Hardwood and Virgin Redwood. Pursuant to San Francisco Administrative Code Section 12I.5(b), the Commission urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood product, virgin redwood or virgin redwood product.

(f) Sunshine Ordinance. In accordance with San Francisco Administrative Code Section 67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between the Commission and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

(g) Requiring Minimum Compensation for Covered Employees. The Bank agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance ("MCO"), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though

fully set forth. The text of the MCO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this paragraph and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, the Bank agrees to all of the following:

(i) For each hour worked by a Covered Employee during a Pay Period on work funded under this Agreement during the term of this Agreement, the Bank shall provide to the Covered Employee no less than the Minimum Compensation, which includes a minimum hourly wage and compensated and uncompensated time off consistent with the requirements of the MCO. For the hourly gross compensation portion of the MCO, the Bank shall pay a minimum of \$10.51 an hour beginning January 1, 20__, and a minimum of \$10.77 an hour beginning January 1, 2005 and for the remainder of the term of this Agreement; provided, however, that if the Bank is a Nonprofit Corporation or public entity, it shall pay a minimum of \$9 an hour for the term of this Agreement.

(ii) The Bank shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the Commission or the City with regard to such compliance or anticipated compliance with the requirements of the MCO, for opposing any practice proscribed by the MCO, for participating in proceedings related to the MCO, or for seeking to assert or enforce any rights under the MCO by any lawful means.

(iii) The Bank understands and agrees that the failure to comply with the requirements of the MCO shall constitute a material breach by such party of the terms of this Agreement. The Commission, acting through the City's Contracting Department, shall determine whether such a breach has occurred.

(iv) If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, the Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Bank fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the Commission, acting through the City's Contracting Department, shall have the right to pursue the following rights or remedies and any rights or remedies available under applicable law:

(1) The right to charge the Bank an amount equal to the difference between the Minimum Compensation and any compensation actually provided to a Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law;

(2) The right to set off all or any portion of the amount described in subparagraph (iv) of this paragraph against amounts due to the Bank under this Agreement;

(3) The right to terminate this Agreement in whole or in part;

(4) In the event of a breach by the Bank of the covenant referred to in subparagraph (ii) of this paragraph (i), the right to seek reinstatement of the employee or to obtain other appropriate equitable relief; and

(5) The right to bar the Bank from entering into future contracts with the Commission for three years.

Each of the rights provided in this subparagraph (iv) shall be exercisable individually or in combination with any other rights or remedies available to the Commission. Any amounts realized by the Commission pursuant to this subparagraph (iv) shall be paid to the Covered Employee who failed to receive the required Minimum Compensation.

(v) The Bank represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(vi) The Bank shall keep itself informed of the current requirements of the MCO, including increases to the hourly gross compensation due Covered Employees under the MCO, and shall provide prompt written notice to all Covered Employees of any increases in compensation, as well as any written communications received by the Bank from the Commission, which communications are marked to indicate that they are to be distributed to Covered Employees.

(vii) The Bank shall provide reports to the Commission in accordance with any reporting standards promulgated by the Commission or the City under the MCO, including reports on subcontractors.

(viii) The Bank shall provide the Commission with access to pertinent records after receiving a written request from the Commission to do so and being provided at least five (5) business days to respond.

(ix) The Commission may conduct random audits of the Bank. Random audits shall be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten (10) days of the written notice; and (iv) limited to one (1) audit of the Bank every two (2) years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the Commission from investigating any report of an alleged violation of the MCO.

(x) Any subcontract entered into by the Bank shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this paragraph. A subcontract means an agreement between the Bank and a third party which requires the third party to perform all or a portion of the services covered by this Agreement. The Bank shall notify the City's Department of Administrative Services when it enters into such a subcontract and shall certify to the City's Department of Administrative Services that it has notified the subcontractor of the obligations under the MCO and has imposed the requirements of the MCO on the subcontractor through the provisions of the subcontract. It is the obligation of the Bank to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, the Commission may pursue any of the remedies set forth in this paragraph against the Bank.

(xi) Each Covered Employee is a third-party beneficiary with respect to the requirements of subparagraphs (i) and (ii) of this paragraph, and may pursue the following remedies in the event of a breach by the Bank of subparagraphs (i) and (ii), but only after the Covered Employee has provided the notice, participated in the administrative review hearing, and waited the 21-day period required by the MCO. The Bank understands and agrees that if the Covered Employee prevails in such action, the Covered Employee may be awarded: (i) an amount equal to the difference between the Minimum Compensation and any compensation actually provided to the Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law; (ii) in the event of a breach by the Bank of subparagraph (i) or (ii), the right to seek reinstatement or to obtain other appropriate equitable relief; and (iii) in the event that the Covered Employee is the prevailing party in any legal action or proceeding against the Bank arising from this Agreement, the right to obtain all costs and expenses, including reasonable attorney's fees and disbursements, incurred by the Covered Employee. The Bank also understands that the MCO provides that if the Bank prevails in any such action, such party may be awarded costs and expenses, including reasonable attorney's fees and disbursements, from the Covered Employee if the court determines that the Covered Employee's action was frivolous, vexatious or otherwise an act of bad faith.

(xii) If the Bank is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000 (\$50,000 for nonprofits), but the Bank later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, the Bank shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Bank and this department to exceed \$25,000 (\$50,000 for nonprofits) in the fiscal year.

(h) Requiring Health Benefits for Covered Employees. Unless exempt, the Bank agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this paragraph and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(i) For each Covered Employee, the Bank shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Bank chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(ii) Notwithstanding the above, if the Bank is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with subparagraph (i) above.

(iii) The failure by the Bank to comply with the HCAO shall constitute a material breach by such party of this Agreement. The Commission shall notify the Authorized Officer of such party if a breach has occurred. If, within 30 days after receiving the

Commission's written notice of a breach of this Agreement for violating the HCAO, the Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Bank fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the Commission shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). These remedies shall be exercisable individually or in combination with any other rights or remedies available to the Commission.

(iv) Any Subcontract entered into by the Bank shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this paragraph. The Bank shall notify the City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the City's Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. The Bank shall be responsible for its Subcontractors' compliance with the HCAO. If a Subcontractor fails to comply, the Commission may pursue the remedies set forth in this paragraph against the Bank based on the Subcontractor's failure to comply, provided, that the Commission has first provided the Bank with notice and an opportunity to obtain a cure of the violation.

(v) The Bank shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the Commission or the City with regard to the non-compliance or anticipated non-compliance by the Bank with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(vi) The Bank represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(vii) The Bank shall keep itself informed of the current requirements of the HCAO.

(viii) The Bank shall provide reports to the Commission in accordance with any reporting standards promulgated by the Commission under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(ix) The Bank shall provide Commission with access to records pertaining to compliance with HCAO after receiving a written request from Commission to do so and being provided at least five business days to respond.

(x) The Commission may conduct random audits of the Bank to ascertain its compliance with HCAO. The Bank agrees to cooperate with Commission when it conducts such audits.

(xi) If the Bank is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but such party later enters into an agreement or agreements that cause the aggregate amount of all agreements by such party with Commission to reach \$75,000, all the agreements shall be thereafter subject to

the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Bank and the Commission to be equal to or greater than \$75,000 in the fiscal year.

(i) Airport Intellectual Property. Pursuant to Resolution No. 01-0118, adopted by the Commission on April 18, 2001, the Commission affirmed that it will not tolerate the unauthorized use of its intellectual property, including the SFO logo, CADD designs, and copyrighted publications. All proposers, bidders, contractors, tenants, permittees, and others doing business with or at the Airport (including subcontractors and subtenants) may not use the Airport intellectual property, or any intellectual property confusingly similar to the Airport intellectual property, without the Airport Director's prior consent.

(j) rotection of Private Information. The Provider has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. The Provider agrees that any failure of the Provider to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Agreement, bring a false claim action against the Provider pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Provider.

(k) Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and its residents, and to prevent the further spread of graffiti.

The Bank shall remove all graffiti from any real property owned or leased by the Bank in the City and County of San Francisco within forty eight (48) hours of the earlier of the Bank's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require the Bank to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under

the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

(l) **Food Service Waste Reduction Requirements.** The Bank agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, the Bank agrees that if it breaches this provision, the City will suffer actual damages that will be impractical or extremely difficult to determine; further, the Bank agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that the City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by the City because of the Bank's failure to comply with this provision.

Section 8.20. Enforcement by Trustee. The Bank agrees that the Trustee may enforce the provisions of this Agreement on behalf of the Bondholders against the Bank. The Bank further agrees that if any provision of this Agreement shall be held or deemed to be or shall in fact be illegal, inoperative or unenforceable, as between the Bank and the Commission, the same shall not affect any other provisions herein contained or render the same invalid, inoperative or unenforceable as between the Bank and the Trustee, nor shall the same affect the Bank's rights and remedies hereunder, including, under certain circumstances, causing the mandatory tender of Bonds or terminating the obligation of the Bank to purchase Bonds as expressly provided herein.

Section 8.21. Concerning the Trustee. The Trustee is executing this Agreement solely in its capacity as Trustee under the Resolution.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed and delivered this Agreement, effective as of the day and year first above written.

[BANK]

By _____
Name _____
Title _____

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee

By _____
Name _____
Title _____

AIRPORT COMMISSION OF THE
CITY AND COUNTY OF SAN
FRANCISCO, as Issuer

By _____
Name _____
Title _____

APPROVED AS TO FORM:

DENNIS J. HERRERA,
City Attorney

By: _____
Deputy City Attorney

EXHIBIT A

NOTICE OF PURCHASE

The undersigned, a duly authorized officer of The Bank of New York Trust Company, N.A. ("Trustee"), hereby certifies to [BANK] (the "Bank"), in accordance with the Standby Bond Purchase Agreement (the "Standby Purchase Agreement"), dated [DATE] among the Issuer, the Trustee and the Bank (all capitalized terms herein having the meanings ascribed thereto in the Standby Purchase Agreement or in the 1991 Master Resolution), that:

1. [Notice of tender of Eligible Bonds for purchase having a Purchase Price* of \$_____ has been received] [Eligible Bonds having a Purchase Price of \$_____ have been called for mandatory purchase] pursuant to Section _____ of the 1991 Master Resolution, of which \$_____ constitutes principal and \$_____ constitutes accrued interest.

2. Amounts available for the payment of the Purchase Price of such Eligible Bonds are \$_____, of which \$_____ is available to pay principal and of which \$_____ is available to pay accrued interest.

3. The total principal amount requested hereby for the payment of the principal portion of the Purchase Price of Eligible Bonds is \$_____ which amount does not exceed the Available Principal Commitment or the principal amount referred to in paragraph 1 above less the principal amount referred to in 2 above.

4. The total amount requested hereby to pay the portion of the Purchase Price for Eligible Bonds constituting accrued interest is \$_____, which amount does not exceed the Available Interest Commitment or the amount of interest referred to in paragraph 1 above less the amount of interest referred to in paragraph 2 above.

5. Eligible Bonds referred to above having a Purchase Price of \$_____ [the amount in paragraph 3 plus the amount in paragraph 4] are hereby tendered to the Bank for purchase pursuant to the Standby Purchase Agreement on the date hereof.

6. Upon completion of purchase, the Trustee will [register such Bonds or, if a Bond for which notice of optional tender or mandatory purchase has been given is not delivered, a new Bond issued in replacement of the undelivered Bond, in the name of the Bank or if directed in writing by the Bank its nominee or designee on the Bond Register] [cause the beneficial ownership of such Bonds to be credited to the account of the Bank or if directed in writing by the Bank its nominee or designee with the DTC and register such Bonds in the name of the Bank or its nominee or designee on the Bond Register] [,and will promptly deliver such Bonds to the Custodian or as the Bank may otherwise direct in writing, and prior to such delivery will hold such Bonds in trust for the benefit of the Bank.]

7. The Purchase Date is _____.

* No accrued interest will be included in the Purchase Price if the Purchase Date is an Interest Payment Date.

8. The purchase price for the Bonds is to be paid to the Trustee as follows:

9. To the Trustee's knowledge, no Event of Termination or Potential Event of Termination has occurred and is occurring.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the _____ day of _____, 20__.

THE BANK OF NEW YORK TRUST
COMPANY, N.A.,
Trustee

By _____
Name _____
Title _____

EXHIBIT B

NOTICE OF TERMINATION

The undersigned, _____, a duly authorized officer of [BANK] (the "Bank"), hereby notifies the Trustee, the Bond Insurer, the Remarketing Agent and the Issuer, each as defined in the Standby Bond Purchase Agreement (the "Standby Purchase Agreement"), dated [DATE], among the Airport Commission of the City and County of San Francisco, a charter city and county duly organized and existing under the laws of the State of California, the Trustee and the Bank (all capitalized terms herein having the meanings ascribed thereto in the Standby Purchase Agreement), that this notice constitutes a "Notice of Termination" in accordance with Section 7.03(b) of the Standby Purchase Agreement as a result of an Event of Termination specified in Section 7.01_____ or an Event of Default specified in Section 7.02_____. The Available Commitment and Purchase Period shall terminate on _____, which date is not earlier than thirty (30) days from the date of receipt of this notice by the Trustee.

[BANK]

By _____
Name _____
Title _____

EXHIBIT C

NOTICE OF EXTENSION

The undersigned, a duly authorized officer of [BANK] (the "Bank"), hereby notifies the Trustee, the Bond Insurer, the Remarketing Agent and the Issuer, each as defined in the Standby Bond Purchase Agreement (the "Standby Purchase Agreement"), dated [DATE], among the Airport Commission of the City and County of San Francisco, a charter city and county duly organized and existing under the laws of the State of California, the Trustee and the Bank (all capitalized terms herein having the meanings ascribed thereto in the Standby Purchase Agreement), that effective upon the Issuer's acceptance as indicated by its signature below, the Stated Expiration Date has been extended from _____ to _____.

[BANK]

By _____
Name _____
Title _____

EXHIBIT D

FORM OF CUSTODY AGREEMENT

CUSTODY AGREEMENT dated [DATE], by and between THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States of America (the "Custodian") and [BANK], a _____ (the "Bank").

WHEREAS, the Airport Commission of the City and County of San Francisco (the "Issuer"), The Bank of New York Trust Company, N.A. as Trustee (the "Trustee," which term shall include any successor thereto appointed pursuant to the terms of the 1991 Master Resolution as defined below) and the Bank have entered into a certain Standby Bond Purchase Agreement dated as of the date hereof (as amended or otherwise modified from time to time, the "Agreement") pursuant to which the Bank has agreed to purchase in certain circumstances the Issuer's \$____,000,000 San Francisco International Airport Second Series Variable Rate Revenue Refunding Bonds, Issue ____ (hereinafter referred to as the "Bonds"); and

WHEREAS, the Bonds were issued pursuant to Resolution No. 91-0210, adopted by the Commission on December 3, 1991 (the "1991 Resolution"), as supplemented and amended by, among other resolutions, Resolution No. 98-0114, adopted by the Commission on May 19, 1998 (the "Seventh Supplemental Resolution"), Resolution No. 02-0010, adopted by the Commission on January 8, 2002 (the "Tenth Supplemental Resolution"), Resolution No. 03-0219, adopted by the Commission on October 21, 2003 (as supplemented and amended, the "Eleventh Supplemental Resolution"), Resolution No. 04-0220, adopted by the Commission on November 2, 2004 (the "Twelfth Supplemental Resolution"), Resolution No. 05-0182, adopted by the Commission on October 11, 2005, as amended by Resolution Nos. 07-0267 and 08-0045, adopted by the Commission on December 18, 2007 and March 4, 2008, respectively, and Resolution No. _____, adopted by the Commission on _____, 20__, as amended (collectively the "Sale Resolution") and the Certificate of Additional Terms of the Commission dated _____, 20__ (the "Certificate of Additional Terms") (such 1991 Resolution as supplemented and amended, including by the Seventh Supplemental Resolution, the Tenth Supplemental Resolution, the Eleventh Supplemental Resolution, the Twelfth Supplemental Resolution, the Sale Resolution and the Certificate of Additional Terms, being referred to herein as the "1991 Master Resolution"); and

WHEREAS, the 1991 Master Resolution requires that the Bonds delivered by the Owners thereof to the Trustee be purchased under certain circumstances by the Bank under this Agreement; and

WHEREAS, it is a condition to the effectiveness of the Bank's obligations under the Agreement that the Custodian shall have entered into this Custody Agreement; and

WHEREAS, the Custodian has agreed to act as custodian and agent for the Bank as herein provided;

NOW, THEREFORE, in consideration of the mutual covenants recited herein, and other good and valuable consideration, receipt of which is hereby acknowledged, it is hereby agreed as follows:

(a) The Bank appoints the Custodian as its agent and bailee for the purpose of receiving Liquidity Provider Bonds (as defined in this Agreement) under this Agreement and holding such Liquidity Provider Bonds for and on behalf of the Bank. The Custodian hereby agrees to hold such Liquidity Provider Bonds for such purpose, as the Bank's agent and bailee. As used herein, the term "Liquidity Provider Bonds" means, unless the context otherwise requires, the beneficial ownership of such Liquidity Provider Bonds during any period that Liquidity Provider Bonds are maintained as Book Entry Bonds.

(b) Except at the written direction of the Bank, the Custodian shall not pledge, hypothecate, transfer or release possession of any Liquidity Provider Bonds held by or registered in the name of the Custodian on behalf of the Bank to any person or in any manner not in accordance with this Custody Agreement and shall not enter into any other agreement regarding possession of Liquidity Provider Bonds without the prior written consent of the Bank. The Custodian will not release Liquidity Provider Bonds to the purchaser of such Liquidity Provider Bonds unless the Bank has delivered to the Custodian, in addition to its written direction contemplated above in this paragraph, written notice (which may be by telex, answerback received) that a portion of the Available Principal Commitment (as defined in this Agreement) in an amount equal to the principal amount of such Liquidity Provider Bonds has been reinstated.

(c) Upon written notice to the Bank and release and delivery to the Bank or its designee of any Liquidity Provider Bonds then held by the Custodian pursuant to this Custody Agreement, the Custodian shall have the right to terminate its obligations with respect to such Liquidity Provider Bonds under this Custody Agreement. The Bank shall have the option to terminate this Custody Agreement at any time upon written notice to the Custodian and, upon such termination, the Custodian will release and deliver to the Bank or its designee any Liquidity Provider Bonds then held by the Custodian hereunder. The Bank may also from time to time request that the Custodian release and deliver to the Bank all or a portion of the Liquidity Provider Bonds then held by the Custodian without termination of this Custody Agreement, and upon receipt of any such request in writing, the Custodian will release and deliver such Liquidity Provider Bonds to the Bank or its designee then held by the Custodian.

(d) In acting under this Custody Agreement the Custodian shall not be liable to the Bank except for negligence or willful misconduct in the performance of its obligations hereunder.

(e) The Custodian's duties are only such as are specifically provided herein, and the Custodian shall incur no fiduciary or other liability whatsoever to the Bank or any other person, except to the extent the Bank incurs loss or liability due to the Custodian's gross negligence or willful misconduct. The Custodian may consult with counsel and shall be fully protected in any action taken in good faith in accordance with such advice. The Custodian may rely conclusively and shall be fully protected in acting upon any written instructions given to it hereunder and believed by it to have been properly executed.

(f) The Custodian may resign at any time by giving written notice thereof to the Bank. Such resignation shall not become effective until a successor Custodian shall have been appointed by the Bank and shall have accepted such appointment in writing. The resigning Custodian may, at the expense of the Issuer, petition any court of competent jurisdiction, including the Supreme Court of the State of New York, for the appointment of a successor Custodian.

(g) This Custody Agreement cannot be amended or modified except in a writing signed by the Bank and the Custodian.

(h) This Custody Agreement shall inure to the benefit of and shall be binding upon the Custodian and the Bank and their respective successor and assigns.

(i) This is the Custody Agreement referred to in the Agreement, and shall be governed by and construed in accordance with the laws of the State of New York, giving effect to conflicts of laws provisions.

(j) This Custody Agreement may be executed in counterparts which, taken together, shall constitute a single document.

(k) All capitalized terms used in this Custody Agreement and not otherwise defined shall have the meaning ascribed thereto in the Agreement.

IN WITNESS WHEREOF, the parties have hereunder set their hands, all as of the date first above written.

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Custodian

By _____
Name _____
Title _____

[BANK]

By _____
Name _____
Title _____

SCHEDULE I

Mandatory Sinking Fund
Redemption Date
(May 1)

Mandatory Sinking Fund
Payment

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