

File No. 150987

Committee Item No. 2  
Board Item No. 15

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 18, 2015

Board of Supervisors Meeting

Date December 1, 2015

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Airport Commission Resolutions</u> |
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Completed by: Linda Wong Date November 13, 2015  
Completed by: Linda Wong Date 11/19/16

1 [Airport Commission Capital Plan Bonds - Up to \$243,000,000 - Airport Commission Special  
2 Facility Bonds - \$225,000,000 - Airport Hotel Financing]

3 **Resolution approving the issuance of up to \$243,000,000 aggregate principal**  
4 **amount of San Francisco Airport Commission Capital Plan Bonds and**  
5 **\$225,000,000 aggregate principal amount of San Francisco Airport Commission**  
6 **Special Facility Bonds to finance a hotel at San Francisco International Airport;**  
7 **authorizing the execution and delivery of certain agreements related to such**  
8 **Bonds; and approving certain related matters.**

9  
10 WHEREAS, The Airport Commission (the "Commission"), by its Resolution No.  
11 91-0210, as supplemented and amended (the "1991 Resolution"), has authorized the  
12 issuance of San Francisco International Airport Second Series Revenue Bonds (the  
13 "Bonds") for any lawful purpose of the Commission; and

14 WHEREAS, The Commission, by its Resolution No. 97-0146, as supplemented  
15 and amended, has authorized the issuance of San Francisco International Airport  
16 Second Series Subordinate Revenue Bonds (the "Subordinate Bonds"), for any lawful  
17 purpose of the Commission; and

18 WHEREAS, The Commission, by its Resolution No. 08-0035, as supplemented  
19 and amended, has authorized the issuance from time to time of \$4,773,725,000  
20 aggregate principal amount of Bonds (the "Capital Plan Bonds") for the purpose of  
21 financing and refinancing the construction, acquisition, equipping and development of  
22 capital projects undertaken by the San Francisco International Airport (the "Airport") that  
23 are approved by the Commission, including refunding outstanding Subordinate Bonds;  
24 and  
25

1           WHEREAS, The Board of Supervisors (the "Board") has adopted Resolution  
2 Nos. 229-08, 50-11, 349-12 and 125-14 (the "Prior Board Resolutions") approving the  
3 issuance of a \$3,190,030,773 aggregate principal amount of such Capital Plan Bonds to  
4 finance Airport capital projects other than a Commission-owned hotel to be located at  
5 the Airport (the "Hotel"); and

6           WHEREAS, The Commission, by its Resolution No. 15-0182 (as supplemented  
7 and amended, the "Eighteenth Supplemental Resolution"), has authorized the issuance  
8 of an additional \$243,000,000 aggregate principal amount of Capital Plan Bonds (the  
9 "Airport Capital Plan Bonds") to finance the Hotel and associated AirTrain station  
10 (collectively, the "Hotel Project"), which bonds are presented for approval by the Board  
11 in this Resolution; and

12           WHEREAS, The Eighteenth Supplemental Resolution also designates the  
13 proposed Hotel as a "Special Facility," as defined in the 1991 Resolution, and  
14 authorizes the issuance of \$225,000,000 aggregate principal amount of San Francisco  
15 International Airport Special Facility Revenue Bonds (San Francisco International  
16 Airport Hotel) to finance the Hotel (the "Hotel Special Facility Bonds"), pursuant to a  
17 Trust Agreement (the "Trust Agreement") between the Commission and U.S. Bank  
18 National Association, as trustee (the "Hotel Trustee"), which Hotel Special Facility  
19 Bonds are also presented for approval by the Board in this Resolution; and

20           WHEREAS, In order to maintain the "special facility" status of the Hotel and  
21 finance it at the lowest available interest rates, the Eighteenth Supplemental Resolution  
22 also authorizes the Commission to combine the desirable features of the Airport Capital  
23 Plan Bonds and the Hotel Special Facility Bonds, by selling to investors the Airport  
24 Capital Plan Bonds (which are secured and payable from Airport net revenues and can  
25

1 therefore be sold to investors at the lowest available interest rates) and purchasing the  
2 Hotel Special Facility Bonds with the proceeds of the Airport Capital Plan Bonds; and

3 WHEREAS, The successful operation of the Hotel also requires a bank to  
4 provide commercial banking services including collecting and safeguarding Hotel  
5 revenues in a lockbox account, all in accordance with a Cash Management and  
6 Lockbox Agreement by and among the Commission, the Hotel operator and the Hotel  
7 Trustee (the "Lockbox Agreement"); and

8 WHEREAS, The Commission, by its Resolution No. 15-0194 (the "Hotel Trustee  
9 Resolution"), has authorized the appointment of U.S. Bank National Association as  
10 Hotel Trustee for the Hotel Special Facility Bonds pursuant to the Trust Agreement and  
11 as depository bank and provider of customary commercial banking services for the  
12 Hotel pursuant to the Lockbox Agreement; and

13 WHEREAS, The Eighteenth Supplemental Resolution and the Hotel Trustee  
14 Resolution have been submitted to this Board and are on file with the Clerk of the Board  
15 in File No. 150987, which is hereby declared to be a part of this resolution as if set forth  
16 fully herein; and

17 WHEREAS, The Trust Agreement and the Lockbox Agreement with the Hotel  
18 Trustee will have an initial term of ten (10) years, with three (3) options to extend the  
19 term for an additional ten (10) years at the discretion of the Airport in order to match the  
20 final maturity of the Hotel Special Facility Bonds, and Charter, Section 9.118, requires  
21 Board approval of any contract entered into by the Commission having a term in excess  
22 of ten (10) years; and

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

1           WHEREAS, The Board, by Resolution No. \_\_\_\_\_ (the "Board Hotel  
2 Resolution"), has adopted relevant California Environmental Quality Act (CEQA)  
3 findings, incorporated by this reference as though fully set forth herein, and has certified  
4 that it has reviewed and considered the information in the San Francisco International  
5 Airport Master Plan Environmental Impact Report ("EIR") (San Francisco Planning  
6 Department File No. 86.638E) and the Master Plan EIR Addendum for the Hotel Project,  
7 on file with the Clerk of the Board of Supervisors in File No. 101152, concluding that no  
8 further environmental review is necessary; and

9           WHEREAS, In the Board Hotel Resolution, the Board also approved the form of  
10 a Hotel Management Agreement between the Commission and Hyatt Corporation, and  
11 the forms of the Trust Agreement and the Lockbox Agreement, which were attached as  
12 exhibits to the Hotel Management Agreement; now, therefore, be it

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

15           FURTHER RESOLVED, That the Eighteenth Supplemental Resolution and the  
16 Hotel Trustee Resolution, each as adopted by the Commission, are hereby approved;  
17 and, be it

18           FURTHER RESOLVED, That the additional authorized aggregate principal  
19 amount of Capital Plan Bonds shall be \$243,000,000 and the total authorized aggregate  
20 principal amount approved by the Prior Board Resolutions is hereby increased by  
21 \$243,000,000; and, be it

22           FURTHER RESOLVED, That the Hotel Special Facility Bonds in the aggregate  
23 principal amount of \$225,000,000 and the purchase of the Hotel Special Facility Bonds  
24 with the proceeds of the additional Capital Plan Bonds approved by this Resolution as  
25 provided in the Eighteenth Supplemental Resolution, are hereby approved; and, be it

1 FURTHER RESOLVED, That the appointment of U.S. Bank National Association  
2 as Hotel Trustee for the Hotel Special Facility Bonds, as provided in the Hotel Trustee  
3 Resolution, is hereby approved, and that the Airport Director and other appropriate  
4 Airport officials are hereby authorized to execute and deliver the Trust Agreement and  
5 the Lockbox Agreement with the Hotel Trustee substantially in the forms previously  
6 approved by the Board in the Board Hotel Resolution, with such changes and additions  
7 as the Airport Director shall deem necessary or advisable in consultation with the City  
8 Attorney, which changes and additions shall be conclusively approved by such  
9 execution and delivery; and, be it

10 FURTHER RESOLVED, That the Capital Plan Bonds and the Hotel Special  
11 Facility Bonds shall be sold prior to June 30, 2020; and, be it

12 FURTHER RESOLVED, That the provisions of the Prior Board Resolutions,  
13 except as modified therein and herein, are hereby ratified, approved, confirmed, and  
14 made applicable to the additional Capital Plan Bonds and Hotel Special Facility Bonds  
15 approved by this Resolution; and, be it

16 FURTHER RESOLVED, That should the application of any provision of this  
17 Resolution to any particular facts or circumstances be found by a court of competent  
18 jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this  
19 Resolution shall not be affected or impaired thereby, and (b) such provision shall be  
20 enforced to the maximum extent possible so as to effect the intent of this Resolution;  
21 and, be it

22 FURTHER RESOLVED, That within thirty (30) days of the Trust Agreement and the  
23 Lockbox Agreement being fully executed by all parties, the Airport Commission shall provide  
24 the final documents to the Clerk of the Board for inclusion into the official file.  
25

1 APPROVED AS TO FORM:

2 DENNIS J. HERRERA  
3 City Attorney

4 By 

5 Deputy City Attorney  
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<b>Items 2 &amp; 3</b> <b>Files 15-0987 and 15-1076</b> <i>(Continued from November 4, 2015)</i>	<b>Department:</b> San Francisco International Airport (Airport)
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• <b>File 15-0987:</b> The proposed resolution would approve the sale of not to exceed \$243,000,000 aggregate principal amount of General Airport Revenue Bonds and \$225,000,000 aggregate principal amount of Special Facility Revenue Bonds to finance a hotel at San Francisco International Airport; authorizing the execution and delivery of certain agreements related to these bonds; and approving certain related matters.</li> <li>• <b>File 15-1076:</b> The proposed ordinance would appropriate (a) \$243,000,000 of General Airport Revenue Bonds proceeds and \$450,000 from Airport fund balance, totaling \$243,450,000; and (b) \$225,000,000 of Special Facility Revenue Bond proceeds, and \$5,000,000 contribution from the Hyatt Corporation, totaling \$230,000,000. These funds are placed on Controller's Reserve pending receipt of funds.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The Airport is proposing construction of a 350-room hotel on Airport property that would be owned by the Airport and operated under a Hotel Management Agreement between the Airport and the Hyatt Corporation.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The Airport will sell up to \$243,000,000 General Airport Revenue Bonds, at a variable interest. Based on the Airport's cash flow projections, total debt service over 40 years is estimated at \$466,822,086.</li> <li>• The hotel financing and operations will be separated from Airport financing and operations by designating the hotel as a "special facility". The Airport will issue \$225,000,000 in Special Facility Revenue Bonds that it will purchase using the proceeds from the General Airport Revenue Bonds. Special Facility Revenue Bonds proceeds will pay for the hotel construction. In addition, the Hyatt Corporation will contribute \$5 million toward hotel construction.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• A slowdown in the economy could result in the hotel failing to meet the Airport's estimates for occupancy rate or revenue per room. Since the Airport is the owner of the Hotel, if Hotel revenues are insufficient for any reason to support the operation of the Hotel (such as during a prolonged economic downturn), the Airport Commission would need to decide at that time whether to voluntarily support the operation of the Hotel with other Airport revenues, or make other decisions.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution and ordinance.</li> </ul>	



**MANDATE STATEMENT**

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

City Charter Section 9.107 authorizes the Board of Supervisors to provide for the issuance of revenue bonds by three-fourths vote of all Board of Supervisors if the bonds are to finance buildings, fixtures or equipment.

**BACKGROUND**

The Airport Master Plan has included development of a hotel since 1992 when the Airport planned the renovation of the then-existing 527-room Hilton Hotel at the Airport. The Hilton was demolished in 1998 to accommodate construction of a terminal roadway nearby. The Airport intended to replace the hotel in the following years, but determined that economic conditions in the late 1990's and subsequent decade made the project financially unfeasible. In 2012, the Airport commissioned a market demand study from JLL, a hotel consulting firm, to determine the viability of the project, which identified sufficient demand to support a new hotel in the local hotel market. Furthermore, the study suggested that a premier, first-class, full-service on-site hotel would have a competitive advantage over other properties in the surrounding market due to its location and amenities. JLL updated its study in October 2015 and determined that demand had increased since its 2012 study, but the estimated cost of construction had also increased in the improved economy.

The Airport is now proposing construction of a 350-room hotel on Airport property that would be owned by the Airport and operated under a Hotel Management Agreement between the Airport and the Hyatt Corporation (see File 15-0988 of the Budget and Legislative Analyst's report to the November 4, 2015 Budget and Finance Committee).

**DETAILS OF PROPOSED LEGISLATION**

**File 15-0987:** The proposed resolution would approve the sale of not to exceed \$243,000,000 aggregate principal amount of General Airport Revenue Bonds and \$225,000,000 aggregate principal amount of Special Facility Revenue Bonds to finance a hotel at San Francisco International Airport; authorizing the execution and delivery of certain agreements related to these bonds; and approving certain related matters.

**File 15-1076:** The proposed ordinance would appropriate (a) \$243,000,000 of General Airport Revenue Bonds proceeds and \$450,000 from Airport fund balance, totaling \$243,450,000; and (b) \$225,000,000 of Special Facility Revenue Bond proceeds, and \$5,000,000 contribution from the Hyatt Corporation, totaling \$230,000,000. These funds are placed on Controller's Reserve pending receipt of funds.

**Proposed On-Airport Hotel**

According to Mr. Kevin Kone, the Airport Capital Finance Director, the Airport is proposing development of the on-site hotel at the Airport based on market-demand for a four-star hotel near the Airport and the ability to offer this amenity to passengers and pursue a new non-airline revenue source. There are 13 large municipal airports in the U.S. that have on-airport hotels and three more in development not counting San Francisco's proposed hotel. The Airport considers building an on-site hotel a competitive necessity to maintain and attract airlines.

**Project Financing**

The Airport will build and own the proposed new hotel on Airport-owned land. The hotel will be managed and operated by the Hyatt Corporation and its Grand Hyatt brand under a Hotel Management Agreement between the Airport and the Hyatt Corporation (see File 15-0988), subject to the approval of the Board of Supervisors. The hotel will be primarily financed by the sale of \$243,000,000 of variable rate General Airport Revenue bonds sold in accordance with the Airport's main capital improvement program and bond program, 1991 Master Bond Resolution, as discussed in the Fiscal Impact section below. The hotel operator, Hyatt Corporation, will contribute an additional \$5 million toward construction costs.

According to Mr. Kone, the Airport is proposing to directly finance and own the hotel, rather than entering into a long-term ground lease with a hotel developer, because the Airport prefers to maintain control over the hotel's operation and the property. According to Mr. Kone, the proposed structure seeks to maximize Airport control, minimize costs, and make the project financially feasible for the Airport, the airlines, and the hotel operator.

**FISCAL IMPACT****General Airport Revenue Bonds and Hotel Special Facility Revenue Bonds (File 15-0987)**

The hotel project uses a layered financing structure in which the Airport will (a) sell \$243,000,000 in tax-exempt General Airport Revenue Bonds at a low interest rate, and (b) sell \$225,000,000 Hotel Special Facility Revenue Bonds, which the Airport will buy from itself with proceeds from the General Airport Revenue Bonds. The Hotel Special Facility Revenue Bond proceeds will be used to pay for construction of the hotel.

According to Mr. Kone, the proposed layered financing structure allows the Airport to issue tax-exempt General Airport Revenue Bonds at an interest rate projected at a maximum of 3.18 percent, to finance development of the Airport-owned hotel.

The hotel financing and operations will be separated from Airport financing and operations by designating the hotel as a "special facility" under Section 2.16 of the 1991 Master Bond Resolution No. 91-0210. The special facility allows revenues from the hotel to be segregated from the Airport's general revenues and used to pay debt service and other expenses associated with the hotel. According to Mr. Kone, separating the hotel's cash-flow from the Airport's regular funds is necessary to make the hotel successful and to attract a global hotel operator. This separation allows the hotel operator to pay hotel expenses directly from hotel revenues as is necessary in commercial hotel transactions.

### General Airport Revenue Bonds

The Airport proposes to sell the General Airport Revenue Bonds through a competitive sale with a 40-year term at a variable interest rate. According to Mr. Kone, the Airport is proposing a variable rather than a fixed interest rate because the variable interest rate can provide lower debt service costs in the early years of the hotel project. The Airport can also repay the bonds under the terms of the variable rate bonds at an earlier date than the 40-year term.

The Airport estimates a maximum interest rate over the 40-year term of 3.18 percent. However, the estimated average interest rate could be higher given historical interest rate trends.

Annual principal and interest payments on the \$243,000,000 General Airport Revenue Bonds will be secured and paid from revenues generated from the Airport's overall operations. Based on the Airport's cash flow projections, total debt service over 40 years is estimated at \$466,822,086, as shown in Attachment I. Total debt service could be higher if interest rates exceed the estimated interest rate of up to 3.18 percent.<sup>1</sup>

The Airport will pay debt service on the Airport General Revenue Bonds as part of its overall debt service on total outstanding Airport General Revenue Bonds. According to the Airport's Debt Policy, the Airport must have sufficient revenues (not including revenues from the Special Facility) to pay debt service on the Airport General Revenue Bonds that will be sold to purchase the Special Facility Revenue Bonds (see Policy Considerations below).

### Special Facility Revenue Bonds

The Airport proposes to sell the Special Facility Revenue Bonds as fixed rate bonds with a 40-year term. The Special Facility Revenue Bonds, however, will not be sold to investors, but will be purchased by the Airport itself with the proceeds of the General Revenue Bonds. According to Mr. Kone, the proposed Special Facility Revenue Bonds allow the hotel to access the lower financing of the General Airport Revenue Bonds and create what is essentially a loan between the hotel special facility and the Airport.

The Special Facility will establish a bond trustee/depository bank. As shown in Attachment II, hotel revenues will be deposited with the bond trustee, which will be used to pay hotel operating expenses, debt service on the Hotel Special Facility Revenue Bonds and various reserves. The Airport is proposing a variable rate Special Facility Revenue Bond over a 40-year term. Annual principal and interest payments on the \$225,000,000 Special Facility Revenue Bonds will be paid from hotel revenues.

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<sup>1</sup> The Airport's debt policy allows for 20 percent of outstanding debt to be issued at a variable rate. Under the variable rate structure of these Airport General Revenue Bonds for the hotel, the bonds are remarketed every 7 days. If the Airport is not able to successfully remarket the bonds, the Airport will have a Letter of Credit in place with a bank that can temporarily purchase the bonds. There is a small risk that a Letter of Credit can fail in the event of a market downturn. However, the Airport has successfully managed the risk of remarketing variable rate bonds for the other \$481.5 million of outstanding variable rate debt it previously sold. Additionally, the Airport has sufficient cash on hand and a \$400 million commercial paper program that the Airport could use to provide liquidity in the event of market failures.

Debt service on the Special Facility Revenue Bonds will be paid by the hotel. Under the Airport's Debt Policy, adopted by the Airport Commission in September 2014, the Airport may issue Special Facility Revenue Bonds if projected revenues from the Special Facility are certified by an outside consultant to be sufficient to pay debt service. According to financial projections prepared by the Airport's consultant, the hotel is projected to pay annual debt service to the Airport ranging from \$7.3 million in the first year of operations to \$8.9 million in the fifth year of operations.

#### Appropriation Details (File 15-1076)

Under the proposed ordinance, the total appropriation is \$243,450,000. The ordinance appropriates \$243,450,000 from General Airport Revenue Bond proceeds and Airport fund balance, which will then be used to purchase \$225,000,000 in Hotel Special Facility Revenue Bonds, fund construction of the Hotel AirTrain station, and pay bond issuance and audit costs, as shown in the Table below.

**Table: Sources and Uses of Funds**

<b>Appropriation of \$243,450,000 in General Airport Revenue Bonds and Airport Fund Balance</b>	
<b>Source of Funds</b>	<b>Amount</b>
Proceeds from bond sale	\$243,000,000
Airport fund balance contribution	\$450,000
<b>Total Sources</b>	<b>\$243,450,000</b>
<b>Use of Funds</b>	<b>Amount</b>
Proceeds Transfer to purchase Hotel Special Facility Revenue Bond	\$225,000,000
Controller's Audit Fund	\$450,000
Costs of Issuance	\$3,000,000
Hotel AirTrain station construction	\$15,000,000
<b>Total Uses</b>	<b>\$243,450,000</b>
<b>Appropriation of \$230,000,000 in Special Facility Revenue Bonds and Hyatt Contribution</b>	
<b>Source of Funds</b>	<b>Amount</b>
Transfer in from Proceeds from General Airport Revenue Bonds	\$225,000,000
Hyatt Contribution	\$5,000,000
<b>Total Source</b>	<b>\$230,000,000</b>
<b>Use of Funds</b>	<b>Amount</b>
<u>Estimated Hotel Construction Costs</u>	
<i>Hard construction</i>	\$132,000,000
<i>Soft costs</i>	\$38,500,000
<i>Furniture, Fixtures, Equipment, Supplies, and Information Technology</i>	\$29,000,000
<i>Other (Reserve set asides, pre-opening expenses)</i>	10,500,000
<b>Total Hotel Construction (estimated)</b>	<b>\$210,000,000</b>
<b>Bond Issuance Costs and Financing Interest/ Reserves</b>	<b>Amount</b>
Commercial Paper Interest	\$3,600,000
Capitalized Interest on Special Facility Revenue Bonds	\$13,000,000
Costs of Issuance Contingency	\$3,400,000
<b>Total Uses</b>	<b>\$230,000,000</b>

### Annual Service Payments to the City's General Fund

If the hotel performs as projected by the Airport, the hotel is expected to produce net revenue starting in FY 2019-20. The Airport makes an annual service payment to the City's General Fund for all indirect services and facilities provided by the City to the Airport. The annual service payment is equal to 15 percent of Airport concession revenues as defined in the Lease and Use Agreement between the Airport Commission and the signatory airlines. The annual service payment will be increased by an amount equal to the gross revenues of the hotel, less hotel operating and maintenance expenses and scheduled debt service on the Special Facility Revenue Bonds. These amounts are projected to be \$274,000 in FY 2019-20, and grow to \$1,073,000 in FY 2022-23.<sup>2</sup>

### POLICY CONSIDERATIONS

#### Operating Risk Could Slightly Increase Fees that Airlines Pay

The Airport estimates hotel occupancy rates ranging from 71.3 percent in the first year of operations to 82 percent beginning in the third year of operations. The Airport's estimates of revenue per room are \$214 in the first year of operations, increasing to \$288 per room in fifth year of operations. The Airport notes that its revenue projections are based on estimates provided by the hospitality consultant JLL and use standard assumptions for the hotel industry. However, a slowdown in the economy could result in the hotel failing to meet the Airport's estimates for occupancy rate or revenue per room. For example, hotel occupancy rates around the Airport fell to 58.2 percent in 2002 following the Dot.Com bubble and 71.8 percent in 2009 during the recession.

Since the Airport is the owner of the Hotel, if Hotel revenues are insufficient for any reason to support the operation of the Hotel (such as during a prolonged economic downturn), the Airport Commission would need to decide at that time whether to voluntarily support the operation of the Hotel with other Airport revenues, change the format or brand of the Hotel to one that is less costly to operate, restructure or sell the Hotel, or close the Hotel. The Hotel will be covered by various insurance policies (including business interruption insurance) to guard against casualty events.

#### Debt Service on the General Airport Revenue Bonds

Under the Lease and Use Agreement between the Airport and the airlines, the Airport has the authority to increase the landing and terminal fees charged to the airlines to meet its operating expenses, including annual debt service on outstanding General Airport Revenue Bonds. According to the Airport, the airlines are supportive of the Hotel Project. They note that on June 26, 2013, the Hotel Project, then estimated to cost \$165 million, was presented to the airlines for formal review. The Project's potential for producing additional nonairline revenue and the potential risks of downturns that could impact airline rates were discussed, and the Project received no objections. On September 18, 2015, the revised Hotel Project with a current

<sup>2</sup> Estimated revenues to the Airport, equal to gross hotel revenues less hotel operating and maintenance expenses and scheduled debt service on the Special Facility Revenue Bonds, are \$1,826,667 in FY 2019-20 and \$7,153,333 in FY 2022-23.

budget of \$225 million was formally presented to the airlines for review. A formal response from the airlines is due November 2, 2015; however the Airport does not anticipate there will be any objection to the Project.

**RECOMMENDATION**

Approve the proposed resolution and ordinance.

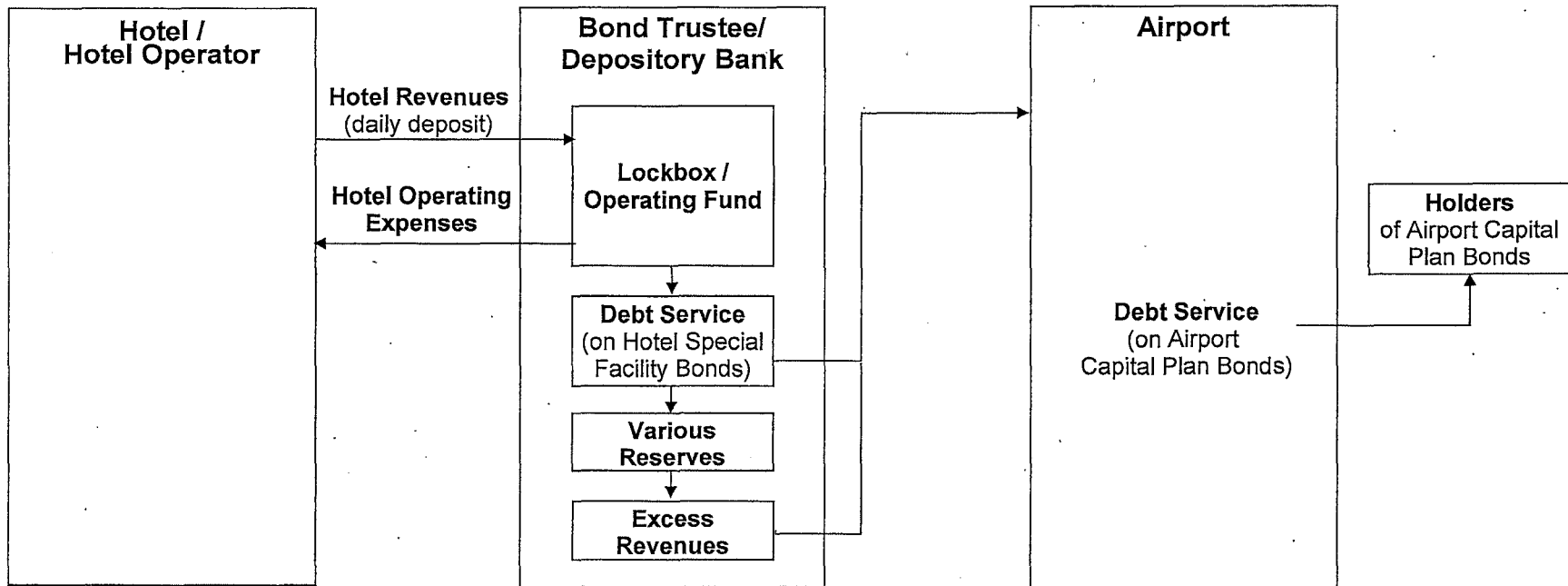
**Series 2017 General Airport Revenue Variable Rate Demand Bonds (VRDBs) - Estimate Debt Service**  
**\$210 Million Hotel + \$15 million Airtrain**

		Date	Principal	Interest Rate	Fees	Interest	Fees	Interest (including Fees)	Total Net GARB Debt Service
<b>Bond Information</b>									
Dated Date	7/1/2017	2017	-	2.000%	0.650%	4,050,000	1,579,500	5,629,500	5,629,500
FIINT	11/1/2017	2018	-	2.000%	0.650%	4,860,000	1,579,500	6,439,500	6,439,500
FiMat	5/1/2018	2019	-	2.650%	0.650%	6,439,500	1,579,500	8,019,000	8,019,000
First Maturity	5/1/2022	2020	-	3.180%	0.650%	7,727,400	1,579,500	9,306,900	9,306,900
FIHAT	5/1/2057	2021	-	3.180%	0.650%	7,727,400	1,579,500	9,306,900	10,326,900
Final Term (Years)	40	2022	1,020,000	3.180%	0.650%	7,694,964	1,572,870	9,267,834	10,097,834
CAPI Date	6/1/2019	2023	830,000	3.180%	0.650%	7,668,570	1,567,475	9,236,045	10,416,045
CAPI Switch	0	2024	1,180,000	3.180%	0.650%	7,631,046	1,559,805	9,190,851	10,790,851
		2025	1,955,000	3.180%	0.650%	7,580,166	1,549,405	9,129,571	11,084,571
Call Date	5/1/2027	2026	2,380,000	3.180%	0.650%	7,517,997	1,536,698	9,054,695	11,434,695
		2027	2,830,000	3.180%	0.650%	7,442,313	1,521,228	8,963,541	11,793,541
		2028	3,360,000	3.180%	0.650%	7,352,319	1,502,833	8,855,152	12,215,152
		2029	3,865,000	3.180%	0.650%	7,245,471	1,480,993	8,726,464	12,591,464
		2030	4,400,000	3.180%	0.650%	7,122,564	1,455,870	8,578,434	12,978,434
		2031	4,965,000	3.180%	0.650%	6,982,644	1,427,270	8,409,914	13,374,914
		2032	5,270,000	3.180%	0.650%	6,824,757	1,394,998	8,219,755	13,489,755
		2033	5,475,000	3.180%	0.650%	6,657,171	1,360,743	8,017,914	13,492,914
		2034	5,685,000	3.180%	0.650%	6,483,066	1,325,155	7,808,221	13,493,221
		2035	5,900,000	3.180%	0.650%	6,302,283	1,288,203	7,590,486	13,490,486
		2036	6,130,000	3.180%	0.650%	6,114,663	1,249,853	7,364,516	13,494,516
		2037	6,360,000	3.180%	0.650%	5,919,729	1,210,008	7,129,737	13,489,737
		2038	6,605,000	3.180%	0.650%	5,717,481	1,168,668	6,886,149	13,491,149
		2039	6,860,000	3.180%	0.650%	5,507,442	1,125,735	6,633,177	13,493,177
		2040	7,120,000	3.180%	0.650%	5,289,294	1,081,145	6,370,439	13,490,439
		2041	7,395,000	3.180%	0.650%	5,062,878	1,034,865	6,097,743	13,492,743
		2042	7,680,000	3.180%	0.650%	4,827,717	986,798	5,814,515	13,494,515
		2043	7,970,000	3.180%	0.650%	4,583,493	936,878	5,520,371	13,490,371
		2044	8,275,000	3.180%	0.650%	4,330,047	885,073	5,215,120	13,490,120
		2045	8,595,000	3.180%	0.650%	4,066,902	831,285	4,898,187	13,493,187
		2046	8,925,000	3.180%	0.650%	3,793,581	775,418	4,568,999	13,493,999
		2047	9,265,000	3.180%	0.650%	3,509,766	717,405	4,227,171	13,492,171
		2048	9,620,000	3.180%	0.650%	3,215,139	657,183	3,872,322	13,492,322
		2049	9,990,000	3.180%	0.650%	2,909,223	594,653	3,503,876	13,493,876
		2050	10,370,000	3.180%	0.650%	2,591,541	529,718	3,121,259	13,491,259
		2051	10,770,000	3.180%	0.650%	2,261,775	462,313	2,724,088	13,494,088
		2052	11,180,000	3.180%	0.650%	1,919,289	392,308	2,311,597	13,491,597
		2053	11,610,000	3.180%	0.650%	1,563,765	319,638	1,883,403	13,493,403
		2054	12,055,000	3.180%	0.650%	1,194,567	244,173	1,438,740	13,493,740
		2055	12,515,000	3.180%	0.650%	811,218	165,815	977,033	13,492,033
		2056	12,995,000	3.180%	0.650%	413,241	84,468	497,709	13,492,709
		2057							
		<b>Total Par</b>	<b>243,000,000</b>			<b>206,912,382</b>	<b>43,894,435</b>	<b>250,806,817</b>	<b>466,822,086</b>

1885

Attachment I

# Structure of Airport Hotel San Francisco International Airport



1886





San Francisco International Airport

September 25, 2015

Ms. Angela Calvillo  
Clerk of the Board  
Board of Supervisors  
City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

Subject: Approval of the Issuance of San Francisco Airport Commission Capital Plan Bonds and Special Facility Bonds to Finance a hotel at the San Francisco International Airport.

Dear Ms. Calvillo:

Pursuant to Sections 4.115 and 9.118 of the City Charter, I am forwarding legislation for Board of Supervisors approval for the issuance of up to \$243,000,000 aggregate principal amount of San Francisco Airport Commission Capital Plan Bonds and \$225,000,000 aggregate principal amount of San Francisco Airport Commission Special Facility Bonds to finance a hotel at San Francisco International Airport, as well as related contracts.

The following is a list of accompanying documents:

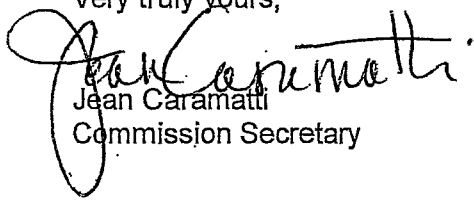
- Proposed Board of Supervisor Resolution
- Approved Airport Commission Resolutions
- Ethics Forms SFEC-126 for the Board of Supervisors and the Mayor

The agendized title of this item should include the following language at the end of the item:

"The Hotel Project is an activity within the scope of the San Francisco International Airport Master Plan Program approved by the Airport Commission on November 3, 1992. The Master Plan EIR prepared for the Master Plan Program, including addenda thereto, adequately described this activity and its potential environmental effects for the purposes of CEQA."

The Master Plan EIR and Master Plan EIR Addendum for the Hotel Project were included with the Airport's submittal of the Hotel Management Agreement and related items. You may contact Cathy Widener of Airport Governmental Affairs with any questions at (650) 821-5023 regarding this matter.

Very truly yours,



Jean Caramatti  
Commission Secretary



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**TRUST AGREEMENT**

by and between

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

and

**[TRUSTEE],  
as Trustee**

Relating to the

**Airport Commission of the City and County of San Francisco  
Special Facility Revenue Bonds  
(San Francisco International Airport Hotel),  
Series 201\_**

Dated as of [DATE], 201\_

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## TRUST AGREEMENT

This TRUST AGREEMENT, dated as of [DATE], 201\_ (this "Trust Agreement"), between the AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO (the "Commission"), and [TRUSTEE], a national banking association, which is authorized by law to accept and exercise the trust powers set forth in this Trust Agreement, and its successors and assigns (the "Trustee");

### RECITALS

WHEREAS, the Commission is a duly constituted commission of the City established and authorized to transact business and exercise its powers in connection with the construction, management, supervision, maintenance, extension, operation, use and control of all property comprising San Francisco International Airport (the "Airport") under the provisions of Section 4.115 of the Charter of the City effective July 1, 1996, as amended (the "Charter"); and

WHEREAS, the Commission is authorized pursuant to the Charter to issue revenue bonds to finance the cost of capital improvements for the benefit of the Airport; and

WHEREAS, pursuant to Resolution No. 91-0210, adopted by the Commission on December 3, 1991, as amended and supplemented (collectively, the "Master Airport Revenue Bond Resolution"), the Commission is authorized (i) to designate an existing or planned facility, structure, equipment or other property, real or personal, which is at the Airport or part of any facility or structure at the Airport as a "Special Facility," (ii) to provide that the revenues earned by the Commission from or with respect to such Special Facility ("Special Facility Revenues") shall not be included in Revenues (as defined in the Master Airport Revenue Bond Resolution) of the Airport and (iii) to issue revenue bonds or other evidences of indebtedness for borrowed money ("Special Facility Revenue Bonds") payable from the Special Facility Revenues to finance to finance the Special Facility; and

WHEREAS, pursuant to and in accordance with the provisions of the Charter and the Master Airport Revenue Bond Resolution, the Commission desires to issue one or more series of Special Facility Revenue Bonds for the purpose of financing costs of acquiring, designing, constructing, equipping and operating the Hotel (as defined in this Trust Agreement) located at the Airport, and funding certain reserves and other required amounts in connection therewith; and

WHEREAS, the Commission has authorized the issuance of \$[PAR AMOUNT] Airport Commission of the City and County of San Francisco Special Facility Revenue Bonds (San Francisco International Airport Hotel), Series 201\_ (the "Series 201\_ Bonds"), the net proceeds of which shall be used to [(1) finance all or a portion of the costs related to the planning, engineering, design, development, construction, furnishing and equipping of a full service hotel (as further defined in this Trust Agreement, the "Hotel"), (2) pay interest on the Series 201\_ Bonds during construction of the Hotel and for approximately the first [#] months following the anticipated opening date of the Hotel, (3) fund a debt service reserve fund for the Series [201\_] Bonds, (4) fund initial working capital for the Hotel, and (5) pay certain costs of issuance; and

WHEREAS, the Commission has entered into a Design-Build Agreement (as defined in this Trust Agreement) with the Design-Builder (as defined in this Trust Agreement), which



requires the Design-Builder to plan, engineer, design, construct, develop, fixture, furnish and equip the Hotel; and

WHEREAS, the Commission and Manager (as defined in this Trust Agreement) [will have][has] entered into an Management Agreement (as defined in this Trust Agreement), pursuant to which Manager will manage the Hotel and be obligated to pay to the Commission revenues generated from the operation of the Hotel; and

WHEREAS, the Commission is authorized to issue bonds in the future in compliance with the provisions of this Trust Agreement which will be secured on a parity with the Series 201\_ Bonds (the "Additional Bonds" and together with the Series 201\_ Bonds, the "Bonds"); and

WHEREAS, the Bonds will be issued pursuant to Applicable Law, including Section 4.115 of the Charter; and

WHEREAS, the Bonds are to be repaid from the Net Revenues (as defined in this Trust Agreement) of the Hotel as provided in this Trust Agreement; and

WHEREAS, the Trustee has the power to enter into this Trust Agreement and to execute the trust hereby created and has accepted the trust created hereby; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, Redemption Price, if any, and interest thereon, the Commission has authorized the execution and delivery of this Trust Agreement; and

WHEREAS, all acts and proceedings required by law necessary to make the Series 201\_ Bonds, when executed by the Commission, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the Commission, and to constitute this Trust Agreement a valid and binding agreement for the uses and purposes in this Trust Agreement set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Trust Agreement have been in all respects duly authorized;

NOW, THEREFORE, in order to secure the payment of the principal of, Redemption Price, if any, and interest on, all Bonds at any time issued and Outstanding under this Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and in this Trust Agreement set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants in this Trust Agreement contained and of the purchase and acceptance of the Bonds by the Registered Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Commission does hereby covenant and agree with the Trustee, for the benefit of the Registered Owners from time to time of the Bonds, as follows:

**ARTICLE I**  
**DEFINITIONS AND INTERPRETATION**

**Section 1.01 Definitions.** Except as otherwise expressly provided in this Trust Agreement or unless the context otherwise requires, capitalized terms have the meanings assigned to such listed below:

“*Account*” or “*Accounts*” means any one or more of the accounts from time to time created in any of the Funds established by this Trust Agreement or by any Supplemental Trust Agreement.

“*Accountant*” means any nationally recognized certified public accountant or firm of certified public accountants or accounting corporation of recognized experience and qualifications selected by the Commission, and may be the Independent Accountant.

“*Accountant’s Certificate*” means a certificate or opinion signed by an Accountant.

“*Additional Bonds*” means any Additional Bonds issued pursuant to Article III.

“*Administrative Costs Fund*” means the Administrative Costs Fund established by Section 5.02.

“*Administrative Expenses*” means the reasonable fees and expenses of Asset Manager and the Trustee paid in accordance with this Trust Agreement and directly relating to the Hotel and limited as provided in the applicable Operating Budget. Administrative Expenses shall be supported by documentation evidencing such expenses and shall not exceed \$300,000 in any Operating Year, as adjusted each Operating Year for the change in the Bay Area CPI for the immediately preceding calendar year.

“*Affiliate*” means, with respect to any Person, as of the relevant date, any other Person directly or indirectly controlling, controlled by, or under common control with such Person, and any Person directly or indirectly controlling, controlled by or under common control with such entities and, without limiting the generality of the foregoing, shall include (a) any Person which beneficially owns or holds 50% or more of any class of voting securities of such designated Person or 50% or more of the equity interest in such designated Person and (b) any Person of which such designated Person beneficially owns or holds 50% or more of any class of voting securities or in which such designated Person beneficially owns or holds 50% or more of the equity interest. The term control (including “controls,” “controlled by,” and “under common control with”) means the ability through ownership, direct or indirect, of voting stock or other equity interests, to direct or cause the direction of the management and policies of a person, partnership, corporation, limited liability company or other entity.

“*Agent*” or “*Agents*” means the Trustee, the Registrar, any paying agent, and any escrow, authentication or other agent of the Commission or of any other Agent, or any or all of them, as the context may require.

“*Airport*” means San Francisco International Airport.

“*Airport Rules and Regulations*” means the Rules and Regulations of the Airport adopted by the Airport Commission on October 21, 2014, as the same may be amended from time to time.

As of the date of this Agreement, the Airport Rules and Regulations are available online at: <http://media.flysfo.com/media/sfo/about-sfo/sfo-rules-and-regulations.pdf>.

“*Annual Plan*” has the meaning set forth Section 7.21.

“*Applicable Law*” means: (i) all laws, statutes, acts, ordinances, rules, regulations, permits, licenses, authorizations, directives, orders, requirements and other Approvals of all Governmental Authorities, including the City’s Charter and Administrative Code and the Airport Rules and Regulations, that now or hereafter may be applicable to Manager, its businesses or operations, the Commission and/or the Hotel, and, (a) with respect to obligations of the Commission, the acquisition and construction of the Hotel, including those relating to zoning, building, health, safety, Hazardous Materials, natural resources, environmental matters, and accessibility of public facilities, and (b) with respect to obligations of Manager, the maintenance, use and operation thereof, including those relating to employees, health, safety, Hazardous Materials (to the extent resulting from the operation of the Hotel by Manager) and environmental matters; and (ii) the requirements of all documents properly filed in the real property records with respect to the Property.

“*Approvals*” means licenses, approvals, permits, certificates, authorizations, registrations and similar documents required, issued, granted or approved by any Governmental Authority having jurisdiction over Manager, the Commission, the Property or the Hotel.

“*Approved Plan*” or “*Approved Plans*” has the meaning set forth in the Technical Services Agreement.

“*Architect*” means the Person or Persons serving as Architect of Record pursuant to the Design-Build Agreement.

“*Asset Manager*” means a Person with significant experience in the hospitality industry, including in asset management, selected by the Commission, with prompt notice of such selection provided by the Commission to the Trustee and Manager, which Person may be an employee of the Commission.

“*Assigned Commission Documents*” means the Design-Build Agreement and any contracts with respect to the Hotel executed by the Design-Builder under such Agreement.

[“*Assignment and Subordination of Management Agreement*” means the Assignment and Subordination of Management Agreement, dated as of [DATE, 20\_\_], among the Commission, the Trustee and Manager, as originally executed and as it may from time to time be amended, modified and supplemented in accordance with the terms thereof.]

“*Authorized Commission Representative*” means the Commission’s Airport Director or any other officer, employee or agent of the Commission authorized by resolution of the Commission to act as an Authorized Commission Representative under this Trust Agreement or any Supplemental Trust Agreement or otherwise with respect to the Bonds, which Person(s) shall be acting solely in its representative capacity on behalf of the Commission and not individually.

*“Authorized Denominations”* means, with respect to the Series 201\_ Bonds, \$5,000 principal amount and integral multiples thereof, and with respect to all other Bonds, unless otherwise provided in a Supplemental Trust Agreement, \$5,000 principal amount and integral multiples thereof.

*“Available Amount”* has the meaning set forth in Section 7.18(a).

*“Available Revenue”* means, for any period of time, (a) Total Operating Revenues determined on a cash basis for such period of time, plus (b) any portion of the Working Capital Set-Aside Amounts remaining in the Lockbox Fund during such period of time, and less (i) Operating Expenses determined on a cash basis for such period of time, and (ii) the Working Capital Set-Aside Amount.

*“Base Management Fee”* has the meaning set forth in the Management Agreement.

*“Bay Area CPI”* means the Consumer Price Index for All Urban Consumers, All Items, for the San Francisco-Oakland-San Jose, CA, market area, as published by the Bureau of Labor Statistics of the United States Department of Labor, using the years 1982-84 as a base of 100, or if such index is discontinued, the most comparable index published by any federal governmental agency.

*“Beneficial Owner”* means any Person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries).

*“BICE”* means the Commission’s Building Inspection and Code Enforcement division with the responsibility to administer and enforce the applicable building codes, including the following responsibilities: review and approve all Airport design and construction projects and tenant improvement proposals; issue Airport building permits; inspect all demolition activities and construction installed within Airport boundaries and in conjunction with ongoing Airport projects; enforce compliance with various building codes, construction standards and regulations; and issue certificates of occupancy.

*“Bond” or “Bonds”* means the Airport Commission of the City and County of San Francisco Special Facility Revenue Bonds (San Francisco International Airport Hotel), issued by the Commission from time to time in Series pursuant to this Trust Agreement, including the Series 201\_ Bonds and any series of Additional Bonds.

*“Bond Counsel”* means a firm of attorneys, selected by the Commission and acceptable to the Trustee, whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

*“Bond Documents”* means this Trust Agreement, the Cash Management Agreement and the Continuing Disclosure Agreement, if any.

*“Bond Provider”* means the provider of the Payment Bond and the Performance Bond to be required by the Design-Build Agreement.

“*Bondholder*,” “*Holder*,” or “*Registered Owner*” means the person in whose name any of the Bonds or the Series 201\_ Bonds are registered on the books kept and maintained by the Trustee as Registrar.

“*Building*” means the building to be constructed on the Site in accordance with the Design-Build Agreement, which shall include those components, elements and features set forth in the definition of the Hotel in this Section, and which shall include the Systems.

“*Business Day*” means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the States of California or New York are authorized or required by law or executive order to remain closed or the New York Stock Exchange or DTC is closed.

“*Business Interruption Account*” means the segregated Account within the Insurance and Condemnation Proceeds Fund in which the proceeds of business interruption insurance are to be deposited by the Trustee when and as received, which Account shall be established by the Trustee upon receipt of notice that the carrier of such insurance will be paying claims thereon to the Trustee.

“*Business Interruption Insurance*” means business interruption insurance maintained pursuant to the Management Agreement.

“*Capital Budget*” means the approved annual plan and budget setting forth all approved Capital Improvements and Capital Expenses for the Hotel for the relevant Operating Year, prepared in accordance with the terms of Section 3.21 of the Management Agreement.

“*Capital Expense*” means any item of expense that, according to Generally Accepted Accounting Principles, generally is required to be capitalized rather than expensed on the financial statements of the Hotel.

“*Capital Improvement*” means an item of any nature incorporated into the Hotel, the cost of which is a Capital Expense.

“*Capitalized Interest Account*” means, collectively, the Series 201\_ Capitalized Interest Account and any other Fund or Account created under any Supplemental Trust Agreement and designated as a Capitalized Interest Account.

“*Capital Reserve Fund*” means the Capital Reserve Fund established by Section 5.02.

“*Capital Reserve Set Aside Amount*” means an amount in each Operating Year equal to two percent (2%) of Total Operating Revenues. The Capital Reserve Set Aside Amount shall not be classified as an Operating Expense or Capital Expense; provided, that upon disbursement of funds from the Capital Reserve Fund, the disbursed amounts shall be classified as an Operating Expense or Capital Expense in accordance with the Uniform System of Accounts and, to the extent consistent therewith, Generally Accepted Accounting Principles.

“*Cash Management Agreement*” means the Cash Management and Lockbox Agreement, dated as of [DATE], 201\_, among the Commission, the Trustee, the Depository Bank and Manager, or any other agreement with substantially the same terms and conditions with a replacement Depository Bank.

“*Casualty*” means the damage or destruction of the Hotel at any time or times by fire or other casualty.

“*Casualty Proceeds*” means the proceeds (excluding Business Interruption Proceeds) paid under any casualty and property insurance policy maintained by Manager or the Commission with respect to the Hotel as a result of damage to or destruction of the Hotel arising as a result of a Casualty.

“*Cede & Co.*” means the nominee of the DTC.

“*Centralized Services*” means the collective reference to the following services, programs and group benefits (as are, from time to time, provided generally to all Other Grand Hyatt Hotels): (i) centralized accounting and payroll services; (ii) system-wide marketing, advertising, public relations and promotion, including search engine marketing; (iii) system-wide reservation systems, including for airline and global distribution systems; (iv) frequent guest loyalty and rewards programs; (v) supervision and control services provided to the Hotel; (vi) human resources services provided to the Hotel; (vii) financial services provided to the Hotel; (viii) targeted marketing programs that include the Hotel; (ix) information and technology systems and services provided to the Hotel, including network connectivity, email, internet distribution programs, and high-speed internet services; (x) revenue management services; and (xi) mandatory contract services (including credit card acceptance, music licenses and certain telecommunications services). Centralized Services include Chain Services.

“*Centralized Services Fees*” means the fixed amount for each Operating Year set forth in the Management Agreement, subject to adjustment as set forth in such Agreement.

“*Certificate*,” “*Statement*,” “*Request*,” “*Direction*,” “*Requisition*” or “*Order*” of the Commission means a written certificate, statement, request, direction, requisition or order signed in the name of the Commission by an Authorized Commission Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“*Certificate of Occupancy*” means the Temporary or Final Certificate of Occupancy.

“*Certificate of Reduction in Debt Service*” means a certificate signed by an Authorized Commission Representative to the effect that the Debt Service in each Fiscal Year on the Bonds to be Outstanding immediately after the issuance of the Series of Refunding Bonds to which such certificate relates is not greater than the Debt Service in each Fiscal Year on the Bonds Outstanding immediately prior to the issuance of such Series of Refunding Bonds.

“*Certificate of Substantial Completion*” has the meaning set forth in the Pre-Opening Services Agreement.

“*Certified Annual Financial Statements*” means audited financial statements consisting of (i) a statement of net position, (ii) a statement of revenues, expenses and changes in net position, and (iii) a statement of cash flows, and a certificate of the Independent Accountant to the effect that, subject to any qualifications contained therein, the financial statements fairly present, in

conformity with the Uniform System of Accounts and, to the extent consistent therewith, Generally Accepted Accounting Principles, the financial position, results of operations, and cash flows of the Hotel for the Operating Year then ended.

“*Chain Services*” means the marketing and sales program generally made available by Manager from time to time to the Hyatt System: (i) convention, business and sales promotion services (including the maintenance and staffing of Hyatt’s global sales offices and regional sales offices located in various parts of the United States and the world), (ii) chain-wide marketing, advertising and public relations services for Other Grand Hyatt Hotels and Hyatt’s other individual full-service brands, (iii) centralized reservations services, (iv) revenue management, and (v) operational departmental supervision and control services for, among others, food and beverage, rooms, accounting, engineering and human resource departments. The Manager may, in its discretion from time to time, change the specific services which are part of the foregoing general services.

“*City*” means the City and County of San Francisco, California.

“*Charter*” means the Charter of the City effective July 1, 1996, as amended.

“*Closing*” or “*Closing Date*” means [DATE], 201\_.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations proposed or in effect with respect thereto.

“*Commission*” means the Airport Commission of the City and County of San Francisco.

“*Construction Fund*” means the Construction Fund established by Section 5.02, and includes any separate accounts or subaccounts established therein pursuant thereto.

“*Consultant*” means any Person at the time employed by the Commission (or, to the extent specifically provided in this Trust Agreement or in any Supplemental Trust Agreement, by or on behalf of the Trustee) to carry out the duties imposed by or pursuant to this Trust Agreement or a Supplemental Trust Agreement, which Person shall be experienced, have a national and favorable reputation in the matters for which such Person is so employed, and be independent of the Design-Builder, Manager and the Commission.

“*Continuing Disclosure Certificate*” means the Continuing Disclosure Certificate executed by the Commission in connection with the issuance of any Series of Bonds pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission, as supplemented and amended and any successor thereto.

“*Costs*,” “*Costs of the Hotel*” or “*Hotel Costs*” means all costs and expenses of acquisition, planning, design, development, supervision, construction, furnishing, opening and equipping, and improvement of the Hotel, and obtaining Approvals with respect thereto, heretofore and hereafter paid or incurred by or on behalf of the Commission. Such Costs of the Hotel shall include:

- (a) contractors’ fees and charges, the cost of labor, services, materials and supplies used or furnished in site improvement and construction, training and testing costs,

the cost of purchasing and installing machinery, equipment, facilities, rolling stock and ancillary items, and the cost of utility services;

(b) the costs of preparing surveys, cost estimates, appraisals, plans and specifications (including any preliminary study or planning or any aspect thereof), fees for architectural, engineering, supervisory and consulting services, planning and development costs, the costs of obtaining governmental or regulatory permits, licenses, franchises and approvals, and any other fees or expenses necessary to establishing feasibility or practicability;

(c) working capital and reserves therefor in such amounts as shall be determined by the Commission to be reasonably required during construction of the Hotel and for placing the Hotel in operation, and such additional amounts of working capital and reserves therefor as may thereafter be determined;

(d) premiums of all insurance and surety and payment bonds required to be maintained, all claims and expenses relating to injury and damage, and casualty and liability insurance premiums in connection with insurance against loss from such claims, applicable during the period of construction and placing the Hotel or any portion thereof in operation;

(e) interest to accrue on the Bonds during construction of the Improvements to the Hotel being financed with such Bonds to the extent such amounts are on deposit in a Capitalized Interest Account;

(f) training and testing costs which are properly allocable to the acquisition, placing in operation or construction of the Hotel or any portion thereof;

(g) Costs of Issuance, to the extent not otherwise described in this definition;

(h) legally required or permitted federal, state and local taxes and payments in lieu of taxes applicable during the period of construction and placing the Hotel or any portion thereof in operation;

(i) all amounts payable by the Commission under any other contracts, agreements or other arrangements relating to the acquisition, design, construction and equipping of the Hotel;

(j) amounts due the United States of America as rebate of investment earnings with respect to the proceeds of the Bonds or as penalties in lieu thereof;

(k) amounts payable with respect to capital costs for the expansion, reinforcement, enlargement or other improvement of facilities determined by the Commission as necessary in connection with the utilization of the Hotel and the capital costs associated with the removal from service or reductions in service of any facilities as a result of the expansion, reinforcement, enlargement or other improvement of such facilities or the construction of the Hotel; and



(1) all other costs and expenses relating to the acquisition, design, construction, equipping and placing in service of the Hotel or any portion thereof, including costs of environmental mitigation and remediation.

“*Costs of Issuance*” means the items of expense relating to the authorization, sale and issuance of Bonds, which items of expense may include: travel expenses; printing costs; costs of reproducing documents; computer fees and expenses; filing and recording fees; initial fees and charges of the Trustee, Consultants, Registrar, any paying agent and other Agents; initial fees and charges of banks, insurers or other parties pursuant to guarantees or bond insurance policies; bond discounts; legal fees and charges; consulting fees and charges; auditing fees and expenses; financial advisor’s fees and charges; costs of credit ratings; insurance premiums; fees and charges for the execution, transportation and safekeeping of Bonds; and any other administrative or other costs of issuing, carrying and repaying such Bonds and investing the Bond proceeds.

“*Costs of Issuance Account*” means the Costs of Issuance Account in the Construction Fund established by Sections 5.02 and 5.03.

“*Date of Final Completion*” means the date stated in the written acceptance of the Work by Owner, issued in accordance with Section 6.22(k) of the City’s Administrative Code, when the Work has been fully and satisfactorily completed in accordance with the Development Agreements.

“*Date of Substantial Completion*” means the stage in the progress of the Work, when the Work (or a specified part thereof) is sufficiently complete in accordance with the Design-Build Agreement, including receipt of a Temporary Certificate of Occupancy, so that the Work (or a specified part thereof) can be utilized for the purposes for which it is intended.

“*Debt Service*” means, as of any date of calculation, with respect to any particular period and with respect to all Bonds, all Bonds of any Series or any portion thereof as the context requires, an amount equal to the sum of (a) interest accruing during such period on such Outstanding Bonds and not accounted for with amounts on deposit in a Capitalized Interest Account held by the Trustee for such Bonds, and (b) that portion of each Principal Payment and Mandatory Sinking Fund Installment for such Outstanding Bonds which would accrue during such period if each such Principal Payment and Mandatory Sinking Fund Installment for such Bonds were deemed to accrue daily in equal amounts from the next preceding Principal Payment Date for such Bonds (or, if there shall be no such preceding date, from a date one (1) year preceding such Principal Payment Date or from the date of issuance of the such Bonds, whichever date is later). Such interest, principal and Mandatory Sinking Fund Installment payments for the Outstanding Bonds shall be calculated on the assumption that no Bonds Outstanding at the date of calculation shall cease to be Outstanding except by reason of the payment of principal and Mandatory Sinking Fund Installments on the due dates thereof and on the basis of the actual number of days within the relevant period.

“*Debt Service Coverage Ratio*” means with respect to the Outstanding Bonds, a fraction calculated by dividing the Net Revenues for a particular period of time by the Net Debt Service for the Outstanding Bonds for the same period of time.

*“Debt Service Coverage Requirement”* means with respect to the Outstanding Bonds, a Debt Service Coverage Ratio for such Bonds which is not less than 1.05:1.00 during the first (1st) Operating Year, not less than 1.15:1.00 during the second (2nd) Operating Year, and not less than 1.25:1.00 for each Operating Year thereafter.

*“Debt Service Fund”* means the Debt Service Fund established by Section 5.02, together with the Accounts established therein.

*“Debt Service Reserve Fund”* means the Debt Service Reserve Fund established by Section 5.02.

*“Defeasance Securities”* means:

(a) Cash deposits (insured at all times by the Federal Deposit Insurance the Commission or otherwise collateralized with obligations described in the next paragraph);

(b) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of Treasury) the United States of America. In the event these securities are used for defeasance, they shall be non-callable and non-prepayable; and

(c) Obligations the timely payment of which is backed by the full faith and credit of the United States of America (in the event these securities are used for defeasance, they shall be non-callable and non-prepayable).

*“Depository”* means initially DTC, or any other securities depository selected as set forth in Section 3.13 with respect to the Bonds.

*“Depository Bank”* means such banking institution or institutions as the Commission shall from time to time designate in writing to the Trustee, at which the account or accounts shall be established and maintained with respect to the Lockbox Fund pursuant to the Cash Management Agreement.

*“Design-Build Agreement”* means the Design-Build Agreement dated as of [DATE], 201\_ between the Commission and the Design-Builder, for the design and construction of the Hotel, as supplemented and amended from time to time in accordance with its terms.

*“Design-Build Standards”* means the quality of services and work performed and practiced equal to or better than that provided by design-builders nationally recognized as design-builders of First-Class Hotels with a four (4)-diamond AAA Rating of similar type, size and complexity as the Hotel.

*“Design-Builder”* means the Person or Persons with experience and expertise in the design and construction of hotels to be selected by the Commission through a competitive process.

*“Development Agreements”* means, collectively, all documents and instruments pertaining to the construction or development of the Hotel, including the Design-Build Agreement, the Technical Services Agreement and the Pre-Opening Services Agreement.

*"Disbursement"* means a disbursement of funds in the applicable Accounts within the Construction Fund to cover Costs of the Hotel.

*"Disbursement Package"* means all of the certificates, lien waivers, releases, statements, invoices and other information and documents required to be submitted with an Application for Payment pursuant to Section 5.04.

*"DTC"* means The Depository Trust Company or any successor securities depository thereto.

*"Emergency"* means a situation which constitutes an actual and imminent threat of serious harm to human life, health or safety.

*"Environmental Laws"* means any federal, State, local or administrative law, rule, regulation, order, or requirement relating to industrial hygiene, protection of human health and safety, environmental conditions or Hazardous Materials, whether now in effect or hereafter adopted or amended from time to time, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the Resources Conservation and Recovery Act of 1976 (42 U.S.C. Section 9601, et seq.), the Clean Water Act (33 U.S.C. Section 1251, et seq.), the Safe Drinking Water Act (14 U.S.C. Section 401, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, et seq.), the Toxic Substance Control Act (15 U.S.C. Section 2601, et seq.), the California Hazardous Waste Control Law (California Health and Safety Code Section 25100, et seq.), the Porter-Cologne Water Quality Control Act (California Water Code Section 13000, et seq.), and the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health and Safety Code Section 25249.5, et seq.); and applicable and controlling federal or state court decisions.

*"Event of Default"* means an event listed in Section 9.02.

*"Excluded Taxes and Other Charges"* means any (a) Gross Receipts Taxes; and (b) withholding tax or other employment related taxes.

*"FF&E"* means all items of furniture, fixtures and equipment used or held for usage at the Hotel, together with all replacements therefor and additions thereto (including information technology systems and equipment), but shall not include operating supplies and equipment.

*"FF&E Reserve Fund"* means, so long as any Bonds remain outstanding, the FF&E Reserve Fund established by Section 5.02.

“FF&E Set Aside Amount” means the following:

Opening Date through

1 <sup>st</sup> Operating Year-	1% of Total Operating Revenues
2 <sup>nd</sup> Operating Year-	2% of Total Operating Revenues
3 <sup>rd</sup> Operating Year -	3% of Total Operating Revenues
Each Operating Year thereafter-	4% of Total Operating Revenues

The FF&E Set Aside Amount shall be classified as an Operating Expense or Capital Expense, in accordance with the Uniform System of Accounts and, to the extent not inconsistent therewith, Generally Accepted Accounting Principles.

“*Final Certificate of Occupancy*” means the certificate or certificates, as applicable, issued by BICE that permits full, complete, permanent, unconditional, legal and beneficial occupancy, operation and use for the entirety of the Hotel for each and all of its intended purposes as initially acquired by the Design-Builder with respect to the original construction of the Hotel and the Work pursuant to the Design-Build Agreement.

“*First-Class Hotel*” means a full-service luxury hotel with at least a four (4)- diamond AAA Rating.

“*Fiscal Year*” means the fiscal year of the Commission, currently the twelve (12)-month period ending June 30.

“*Fund*” or “*Funds*” means any one or more, as the case may be, of the separate special funds established by this Trust Agreement or by any Supplemental Trust Agreement.

“*GAAP*” or “*Generally Accepted Accounting Principles*” means those conventions, rules, procedures and practices affecting all aspects of recording and reporting financial transactions by governmental entities which (i) are generally accepted by major independent accounting firms in the United States, and (ii) consistently applied in accordance with the City-wide accounting policies adopted from time to time by the Commission. If the Commission and Manager cannot agree on what constitutes Generally Accepted Accounting Principles, then the accounting firm then or most recently engaged to prepare the Certified Annual Financial Statements for the Hotel in accordance with Section 3.23(c) of the Management Agreement shall make the determination on the request of either Party, unless such accounting firm is also the auditing firm for Manager, in which case a different Independent Accountant shall make such determination.

“*Governmental Authority*” means any agency, authority, board, branch, division, department or similar unit of any federal, state, county, city, town, district, or other governmental entity or unit having jurisdiction over or validly imposing requirements on the applicable Person or the Hotel, including its construction and operation.

“*Gross Operating Profit*” means for any period of time, the amount by which Total Operating Revenues for such period exceeds Operating Expenses for the same period.

*"Gross Receipts Taxes"* means applicable excise, sales, occupancy and use taxes, or similar taxes, duties, levies or charges imposed by Governmental Authorities collected directly from patrons or guests, or as a part of the sales price of any goods, services, or displays, such as gross receipts, admission, cabaret or similar or equivalent taxes, including any transaction tax, resale of electricity tax, soft drink tax, head tax, occupancy tax, amusement tax, beverage tax, public utility tax, and/or new service tax.

*"Hazardous Materials"* means (a) any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any Governmental Authority to pose a present or potential hazard to human health or safety or to the air, water, soil or environment; and (b) any materials, substances, products, by products, waste, or other materials of any nature or kind whatsoever whose presence in and of itself or in combination with other materials, substances, products, by products, or waste may give rise to liability under any Environmental Laws or permits. "Hazardous Material" includes any material or substance identified, listed, or defined as a "hazardous waste," hazardous substance," or "pollutant" or "contaminant" or term of similar import, or is otherwise regulated pursuant to Environmental Laws; any asbestos and asbestos-containing materials; petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

*"Holder"* means Bondholder.

*"Hotel"* means the hotel to be constructed on the Site as further described in Exhibit A to this Trust Agreement.

*"Hotel Account"* means the Hotel Account in the Construction Fund established by Section 5.02.

*"Hotel Consultant"* means an independent nationally recognized consulting firm with substantial and significant experience in the First-Class Hotel segment listed in an exhibit to the Management Agreement and which is appointed by agreement of the parties or, failing agreement, each party shall select one (1) such nationally recognized consulting firm and the two (2) respective firms so selected shall select another such nationally recognized consulting firm to be the Hotel Consultant. The Hotel Consultant may not be Manager's or the Commission's primary hotel consultant or auditor and shall provide a written statement to each of the Commission, the Trustee and Manager representing that it will make a fair and impartial judgment in any matter submitted to it pursuant to the provisions of the Management Agreement.

*"Hotel Environmental Requirements"* has the meaning set forth in Section 2.03 of the Management Agreement.

*"Hotel Personnel"* means all individuals performing services at the Hotel employed by Manager or an Affiliate of Manager.

*"Hotel Personnel Costs"* means all costs associated with the employment, management or termination of Hotel Personnel, including training expenses, recruitment expenses, the costs of moving Key Personnel, their families and their belongings to the area in which the Hotel is located at the commencement of their employment at the Hotel (subject to the limitations set forth in the Management Agreement), wages and salaries, compensation and benefits, employment taxes,

training and severance payments, all in accordance with Applicable Law and Manager's policies for Substantially All Other Grand Hyatt Hotels.

*"Hotel Requirements"* means any and all requirements, rules, restrictions, terms, conditions, limitations, or obligations imposed upon the Site, the Building, the Improvements, the Hotel, or any other component or part thereof, the Work, the Commission, the Design-Builder, or any Subcontractor or Consultant by any one or more of the following: Applicable Law, the Development Agreements, this Trust Agreement, the Design-Build Standards, the Hotel Environmental Requirements, the Hyatt Requirements and the Design-Build Agreement (as such terms are defined in the Management Agreement).

*"Hyatt"* means Hyatt Corporation, a Delaware corporation, and its successors and assigns.

*"Hyatt Requirements"* has the meaning set forth in the Management Agreement, and the corresponding requirements of any successor Manager.

*"Hyatt System"* means, collectively, the elements uniformly designated from time to time to identify structures, facilities, appurtenances, furniture, fixtures, equipment that provide to the consuming public a similar, distinctive, high quality hotel service identified with the "Hyatt" brand name, in whole or in part; including licensed brands associated with the Hyatt name, Hyatt trademarks, logos, service marks and the like, access to a Hyatt reservation system, and Hyatt publicity and marketing, training, standards, specifications, policies, inspection programs and manuals containing standards and requirements for the operation of "Hyatt" branded hotels, and the corresponding elements for any successor Manager.

*"Impositions"* has the meaning given such term in Section 7.15.

*"Improvements"* means the Building and all other structures, buildings, pavement, fencing, landscaping, recreational facilities, plumbing, electrical and telephone lines and computer cables and man-made objects of every type, existing or to be placed on the Site.

*"Indebtedness,"* as applied to any Person, means: (a) all indebtedness for borrowed money; (b) that portion of obligations with respect to leases that is properly classified as a liability on a statement of net position in conformity with GAAP; (c) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (d) any obligation owed for all or any part of the deferred purchase price of property or services if the purchase price is due more than six (6) months from the date the obligation is incurred or is evidenced by a note or similar written instrument; and (e) all indebtedness secured by any lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby has been assumed by that Person or is nonrecourse to the credit of that Person.

*"Independent Accountant"* means a national firm of independent certified public accountants, mutually acceptable to the Commission and Manager.

*"Insurance and Condemnation Proceeds Fund"* means the Insurance and Condemnation Proceeds Fund established by Section 5.02.

*“Insurance Consultant”* means an independent insurance consultant, mutually acceptable to Manager, the Commission and the Trustee.

*“Insurance Costs”* means insurance premiums relating to liability and casualty coverage and Business Interruption Insurance policies and other insurance policies and coverages maintained with respect to the Hotel as required pursuant to the Management Agreement and this Trust Agreement, including Exhibit N to the Management Agreement.

*“Interest Payment Date”* means, with respect to the Series 201\_ Bonds, [MONTH] 1 and [MONTH] 1 of each year, commencing [DATE], 20\_\_, and with respect to any other Series of Bonds, the date on which interest on such Series of Bonds is due and payable.

*“Investment Securities”* means investments permitted by Applicable Law and the City’s investment policies.

*“Letter of Instructions”* means a written directive and authorization executed by an Authorized Commission Representative.

*“Lien”* means, to the extent applicable, any lien against any portion of the Hotel, the Payment Bond, or any retainage for the benefit of the Architect, Consultants, Design-Builder, Subcontractors, laborers, mechanics, material suppliers, vendors and any other Persons providing, furnishing, performing or supplying any portion of the Work under a Subcontract.

*“Lockbox Fund”* means Lockbox Fund required to be maintained pursuant to Section 5.06 and established by Section 2 of the Cash Management Agreement.

*“Management Agreement”* means Hotel Management Agreement, dated as of [DATE], 201\_, between the Commission and Manager, or as the context requires, any other management agreement entered into by the Commission with respect to the operation and management of the Hotel, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms hereof and thereof.

*“Management Fee”* means the Base Management Fee and the Subordinate Management Fee.

*“Manager”* means Hyatt and any other person who enters into a Management Agreement with the Commission to operate and manage the Hotel on behalf of the Commission.

*“Manager Event of Default”* has the meaning set forth in the Management Agreement.

*“Mandatory Sinking Fund Installment”* means with respect to any Series of Bonds, the amount required to be paid as the Redemption Price of Bonds subject to mandatory sinking fund redemption on any Principal Payment Date prior to maturity pursuant to this Trust Agreement or the Supplemental Trust Agreement for such Series, as such Mandatory Sinking Fund Installment has been previously reduced by the principal amount of any Bonds of such Series of the maturity in respect of which such Mandatory Sinking Fund Installment is payable that are purchased or redeemed by the Trustee in accordance with the provisions of Section 4.03 or of any Supplemental Trust Agreement, other than by the prior payment of a Mandatory Sinking Fund Installment.

*“Material Adverse Effect”* means (a) if the Commission or another Person is referenced the impairment of the ability of the Commission or such other Person to perform its non-monetary obligations under any Bond Document, or (b) if the Hotel is referenced, a material adverse effect upon the business, operations, assets or condition (financial or otherwise) of the Hotel, or upon the ability of the Hotel to be in compliance with the terms of the Principal Transaction Documents. In determining whether any individual event would result in a Material Adverse Effect, notwithstanding that such event does not of itself have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other then-occurring events and existing conditions would result in a Material Adverse Effect.

*“Maximum Permitted Price”* means [AMOUNT (\$\_\_\_\_\_)].

*“Moody’s”* means Moody’s Investors Service, Inc., its successors and assigns, and, if Moody’s Investors Service, Inc., shall for any reason no longer perform the functions of a securities rating agency, *“Moody’s”* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Commission.

*“Net Debt Service”* means, for purposes of determining the Debt Service Coverage Ratios under Section 7.24, with respect to the Series 201\_ Bonds, Debt Service on the Series 201\_ Bonds less actual and anticipated investment earnings on amounts held in the Debt Service Reserve Fund.

*“Net Operating Income”* means, for any period, the amount by which the sum of (i) Gross Operating Profit for such period, plus (ii) interest earned on any of the Accounts or Funds (except for the Debt Service Reserve Fund, the FF&E Reserve Fund, the Capital Reserve Fund and the Working Capital Reserve Fund), exceeds the sum of: (x) Taxes, plus (y) Insurance Costs, plus (z) amounts added to the FF&E Reserve Fund in the same period.

*“Net Revenues”* means Net Operating Income, less Administrative Expenses, less additions to the FF&E Reserve Fund and the Capital Reserve Fund, plus the earnings on amounts deposited into the Revenue Fund not otherwise included in the definition of Net Operating Income.

*“Opening Date”* means the first date on which the Hotel opens for business.

*“Operating Budget”* means an annual marketing and operating plan and budget for the Hotel prepared by Manager and approved by the Commission, all in accordance with Section 3.21 of the Management Agreement.

*“Operating Expenses”* means all those ordinary and necessary expenses, including Reimbursable Expenses and the Base Management Fee incurred in the operation of the Hotel in accordance with and to the extent provided in the Management Agreement, Hotel Personnel Costs, the cost of maintenance and utilities, Administrative Expenses, the costs of advertising, marketing, and business promotion, lease payments for equipment to be installed and utilized at the Hotel, and any amounts payable to Manager as its Base Management Fee as set forth in the Management Agreement, all as determined in accordance with Generally Accepted Accounting Principles. Notwithstanding the foregoing, unless expressly made an Operating Expense under a specific provision of the Management Agreement, the following shall not constitute Operating Expenses: (a) Taxes and Excluded Taxes and Other Charges (with the exception of payroll taxes included in Excluded Taxes and Other Charges); (b) Insurance Costs; (c) rentals of real property (unless



approved in writing by the Commission); (d) depreciation and amortization of capitalized assets; (e) Administrative Expenses and other costs and expenses of the Trustee, the Commission, or the Trustee's or the Commission's personnel, such as entertainment expenses, salaries, wages and employee benefits of the Trustee's or the Commission's employees, directors' fees, and the expenses of directors or the Trustee's or the Commission's employees to attend Commission meetings; (f) costs and professional fees, including the fees of attorneys, accountants, and appraisers, incurred directly or indirectly in connection with any category of expense that would not otherwise be an Operating Expense, unless otherwise expressly provided in the Management Agreement; (g) payments of principal and interest related to any financing of the Hotel; (h) costs covered by any of Manager's indemnity, hold harmless and defense agreements contained in the Management Agreement, all of which shall be funded out of Manager's own funds; (i) costs incurred by Manager to perform obligations, duties, covenants, agreements and responsibilities which, under the express terms of the Management Agreement, are to be funded from Manager's own funds; (j) Capital Expenses, including construction costs of the Hotel; (k) commissions associated with group sales or conference sales which may become payable during the Pre-Opening Period, but which are attributable to events or bookings scheduled to occur on or after the Opening Date; (l) payments made and amounts required to be paid pursuant to the Design-Build Agreement; and (m) the Subordinate Management Fee.

*"Operating Standard"* or *"Standards"* means the standards of management of the Hotel which shall be in substantially the form set forth in Exhibit E to the Management Agreement.

*"Operating Year"* means (i) each full Fiscal Year occurring during the term of the Management Agreement, (ii) the partial Fiscal Year (if it is such) during which the Opening Date occurs, and (iii) the partial Fiscal Year (if it is such) in which the termination of the Management Agreement occurs. If the Opening Date occurs prior to January 1 of a Fiscal Year, then the period from such Opening Date until and including the following June 30 shall constitute the "first Operating Year." If the Opening Date occurs on or after January 1 of a Fiscal Year, then the first full Fiscal Year beginning as of the July 1 following such Opening Date shall constitute the "first Operating Year."

*"Opinion of Bond Counsel"* means a written opinion of Bond Counsel.

*"Other Grand Hyatt Hotels"* means the hotels and resorts in the North America and the Caribbean that are owned or managed by Manager and/or its Affiliates under the name "GRAND HYATT," or the comparable brand of any successor Manager.

*"Outstanding"* means, with respect to any Bonds as of any date, Bonds theretofore or thereupon being authenticated and delivered under this Trust Agreement except:

- (a) Bonds canceled or delivered for cancellation at or prior to such date;
- (b) Bonds in lieu of or in substitution for which other Bonds have been authenticated and delivered pursuant to this Trust Agreement; and
- (c) Bonds deemed to have been paid, redeemed, purchased or defeased as provided in this Trust Agreement, in any Supplemental Trust Agreement, as applicable, or as provided by law.

“*Participant*” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository.

“*Participating Bonds*” means Bonds of each Series which, pursuant to the terms of this Trust Agreement and the Supplemental Trust Agreement relating to such Series, are secured by amounts in the Debt Service Reserve Fund with the Series 201\_ Bonds.

“*Paying Agent*” means any national banking association, bank and trust company or trust company appointed as such by the Commission and accepting such appointment under this Trust Agreement. The initial Paying Agent shall be the Trustee.

“*Performance Termination Event*” has the meaning set forth in Section 5.05(a) of the Management Agreement.

“*Performance Test*” means each of the three (3) requirements set forth in Section 5.05(a) of the Management Agreement.

“*Permitted Encumbrances,*” with respect to the property of the Commission at the Hotel, means and includes:

(a) Liens specifically permitted by, or created by, this Trust Agreement, the Hotel or any other Principal Transaction Document;

(b) Liens for taxes, assessments, fees, levies or other similar charges which are either not yet due and payable or are being contested in good faith by appropriate proceedings conducted with due diligence, if adequate reserves therefor have been established and are being maintained;

(c) materialmen’s, mechanics’, workmen’s, repairmen’s, employees’ or other like Liens arising in the course of construction of the Hotel or in the ordinary course of operations or maintenance of the Hotel, in each such case securing obligations which are not delinquent or are bonded in a manner satisfactory to the Commission acting reasonably and in good faith or are being contested in good faith by appropriate proceedings conducted with due diligence (unless by such contest there exists any risk (taking into account any applicable insurance, reserves or bonding covering such Lien) that any portion of the Site or the Hotel may become subject to loss or forfeiture or that such Lien or contest thereof might otherwise interfere with the use of the Site or the Hotel); and

(d) purchase-money security interests and security interests placed upon personal property being acquired to secure a portion of the purchase price thereof, or lessor’s interests in leases required to be capitalized in accordance with Generally Accepted Accounting Principles; provided, that the aggregate principal amounts secured by any such interests shall not exceed at any time more than \$100,000.

“*Person*” means any individual, public or private corporation, partnership, limited liability company, county, district, authority, municipality, political subdivision or other entity of the State or the United States of America, and any partnership, association, firm, trust, estate or any other entity or organization whatsoever.

*"Petty Cash Amount"* means an amount reasonably estimated by Manager as the amount needed from time to time to be retained by Manager at the Hotel as petty cash, which amount shall be comparable to the amount kept by Manager as petty cash at other hotels of comparable size, services and quality operated by Manager.

*"Plans"* means the graphic and pictorial portions of the Design-Build Agreement prepared by the Design-Builder, or provided by the Commission, that show the design, location and dimensions of the Work, generally including plans, elevations, sections, details, schedules and diagrams.

*"Pre-Existing Condition"* means the condition the Hotel was in immediately prior to a Casualty in the case of any Casualty or to a condition, in the case of any Taking, which permits the Hotel's use in the manner contemplated by this Trust Agreement and for which the Hotel was originally constructed, in each case in compliance with all Hotel Requirements and Applicable Law.

*"Preliminary Working Capital Account"* means the Preliminary Working Capital Account established by Section 5.02.

*"Pre-Opening Expenses"* means the costs and expenses, including any Centralized Services Fees, Hotel Personnel Costs and Out-of-Pocket Expenses, incurred by Manager to perform the Pre-Opening Services pursuant to this Agreement. Notwithstanding the foregoing, Pre-Opening Expenses shall not include: (i) commissions associated with group sales or conference sales which may become payable during the Pre-Opening Period, but which are attributable to bookings scheduled to occur on or after the Opening Date; or (ii) any costs or expenses which would otherwise be characterized as Operating Expenses but are incurred prior to the Opening Date, except as specifically permitted in this Agreement, the Management Agreement or the Technical Services Agreement.

*"Pre-Opening Expenses Account"* means the Pre-Opening Expenses Account in the Construction Fund established by Section 5.02(a).

*"Pre-Opening Requisition"* has the meaning set forth in Section 5.05(a).

*"Pre-Opening Services Agreement"* means the Pre-Opening Services Agreement dated as of [DATE, 20\_\_] between Hyatt and the Commission, as modified, amended or supplemented from time to time.

*"Pre-Opening Services Manager"* means Hyatt.

*"Principal Office"* or *"Principal Corporate Trust Office"* with respect to the Trustee means the principal corporate trust office of the Trustee located at the address set forth in Section 12.09, or at such other place as the Trustee shall designate by notice given under said Section 12.09, or such other office designated by the Trustee from time to time.

*"Principal Payment"* means with respect to any Principal Payment Date for any Series of Bonds, an amount equal to the sum of (a) the aggregate principal amount of Outstanding Bonds of such Series which mature on such Principal Payment Date, reduced by the aggregate principal

amount of such Outstanding Bonds of such Series which are scheduled to be retired prior to such date as a result of Mandatory Sinking Fund Installments in accordance with this Trust Agreement or a Supplemental Trust Agreement; plus (b) the aggregate amount of any Mandatory Sinking Fund Installment payable on such Principal Payment Date for the retirement of any Outstanding Bonds of such Series.

*“Principal Payment Date”* means with respect to any Series of Bonds a date on which principal of or a Mandatory Sinking Fund Installment on such Series of Bonds is due and payable.

*“Principal Transaction Documents”* means the Management Agreement, the Development Agreements and the Bond Documents.

*“Project Manager”* means the Consultant hired by the Commission to provide project management support services and construction management for the design and construction of the Hotel.

*“Project Management Agreement”* means the contract dated as of [DATE], 201\_ between the Commission and the Project Manager, for the project and construction management services during the design and construction of the Hotel, as supplemented and amended from time to time in accordance with its terms.

*“Projected Additional Bonds Debt Service Coverage Ratio”* means for any future period, a fraction calculated by dividing Aggregate Projected Net Revenues for a particular future period of time by the Net Debt Service for the Outstanding Bonds for the same particular period of time.

*“Projected Net Revenues”* means the amount of Net Revenues for a particular period of time as projected by the Hotel Consultant.

*“Property”* means the Site and the Improvements.

*“Proposed Annual Plan”* means the proposed Capital Budget and Operating Budget for any Operating Year.

*“Punch List”* means the list setting forth the Punch List Work produced in accordance with the requirements of the Design-Build Agreement.

*“Punch List Work”* means Work which is of a minor nature, or otherwise permitted to be completed after the Date of Substantial Completion pursuant to the Design-Build Agreement, which may include the completion of up to five percent (5%) of the guest rooms of the Hotel, the non-completion of which shall not unreasonably interfere with (i) the training of Hotel Personnel or the pre-opening of the Hotel, (ii) the safe operation and use of the Hotel by Manager without material disruption by the Design-Builder’s subcontractors performing such minor Work, (iii) the use of Substantially All guest rooms for such training and pre-opening activities, or (iv) the issuance of the Certificate of Occupancy.

*“Qualified Management Agreement”* means a management or service contract that meets the requirements described in Revenue Procedure 97-13, 1997-1 C.B. 632, as amplified by Notice 2014-67, 2014-46 I.R.B. 822, such that the contract will not result in private business use under Section 141(b) of the Code.

“*Rating Agency*” means S&P and Moody’s any other nationally recognized securities rating agency designated by the Commission.

“*Rebate Analyst*” means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and retained by the Commission to make the computations required under this Trust Agreement or any Supplemental Trust Agreement.

“*Rebate Fund*” means the Rebate Fund established by Section 5.02, and includes any separate accounts or subaccounts established by the terms of any Supplemental Trust Agreements or any agreement pursuant thereto.

“*Record Date*” means the close of business on the fifteenth day of the calendar month (whether or not a Business Day) preceding such Interest Payment Date; provided, that the Record Date for any Series of Additional Bonds, if different, means the date designated in any Supplemental Trust Agreement as the record date for the payment of interest on such Series of Additional Bonds.

“*Redemption Account*” means the Redemption Account in the Debt Service Fund established by Section 5.02.

“*Redemption Date*” means the date fixed for redemption of any Bonds prior to their respective fixed maturities pursuant to the mandatory or optional redemption provision of this Trust Agreement or any Supplemental Trust Agreement.

“*Redemption Price*” means, with respect to any Bond, the amount, including any applicable premium, payable upon the mandatory or optional redemption thereof, as provided in this Trust Agreement or any Supplemental Trust Agreement.

“*Refunding Bonds*” means all Bonds, whether issued in one or more Series, issued for the purpose of refunding a like or different principal amount of Bonds, and hereafter authenticated and delivered pursuant to this Trust Agreement.

“*Register*” means the register maintained by the Registrar for each Series of Bonds which shows ownership of Bonds in accordance with Section 3.08.

“*Registered Owner*” means Bondholder.

“*Registrar*” means the Trustee, and the successor or successors appointed pursuant to and meeting the requirements of Article X.

“*Reimbursable Expenses*” means all costs and expenses reimbursable to Manager pursuant to Section 4.04 of the Management Agreement.

“*Remedial Action*” means actions required to (a) investigate, monitor, clean up, remove, treat, dispose of off-site or in any other way address or respond to the effects of Hazardous Materials in the indoor or outdoor environment so as to render the Hotel safe for its intended use;

or (b) prevent the release or threat of release, or minimize the further release, of Hazardous Materials in the indoor or outdoor environment.

“*Required Opening Date*” has the meaning set forth in the Pre-Opening Services Agreement.

“*Requisition*” means a written request for payment including the Disbursement Package in the form required under Section 5.04.

“*Reservation Deposit Account*” means the Reservation Deposit Account in the Construction Fund established by Section 5.02.

“*Reservation Deposits*” means deposits from guests to reserve rooms or facilities at the Hotel.

“*Reserve Fund Requirement*” means with respect to the Series 201\_ Bonds, \$ \_\_\_\_\_, and with respect to any Series of Participating Bonds, an amount equal to the least of (a) ten percent (10%) of the stated Principal amount of the Series 201\_ Bonds and any Participating Bonds, (b) the maximum annual Debt Service on the Series 201\_ Bonds and any Participating Bonds, and (c) 125% of the average annual Debt Service on the Series 201\_ Bonds and any Participating Bonds, or with respect to any Series of Bonds which are not Participating Bonds, the amount defined as the “Reserve Fund Requirement” in the Supplemental Trust Agreement relating to such Series of Bonds.

“*Responsible Officer*” means, when used with respect to the Trustee, the chairman or vice chairman of the board of directors of the Trustee, the chairman or vice chairman of the executive committee of said board, the president or any vice president, the secretary or any assistant secretary, the treasurer or any assistant treasurer, the cashier or any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of that officer’s knowledge of and familiarity with the particular subject.

“*Retention*” has the meaning assigned to such term in Section 6.22(J) of the San Francisco Administrative Code.

“*Revenue Fund*” means the Revenue Fund established by Section 5.02.

“*Revenue Stabilization Fund*” means the Revenue Stabilization Fund established by to Section 5.02.

“*Revenues*” means the Total Operating Revenues and all amounts received by the Commission or the Trustee pursuant to the Assigned Commission Documents, including insurance proceeds, condemnation proceeds, performance bonds and guaranties and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to this Trust Agreement (except any subaccounts of the Construction Fund that are otherwise pledged and the Rebate Fund).

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and assigns, and, if Standard & Poor’s Ratings Services shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Commission.

“Senior Management” means the General Manager; the Directors of (i) Rooms, (ii) Food and Beverage, (iii) Sales and Marketing, (iv) Engineering, (v) Human Resources, and (vi) Finance; and the Executive Chef.

“Series” means Bonds identified as a separate series which are authenticated and delivered on original issuance and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to this Trust Agreement, or any Supplemental Trust Agreement.

“Series 201\_ Bonds” means the Airport Commission of the City and County of San Francisco Special Facility Revenue Bonds (San Francisco International Airport Hotel), Series 201\_, issued pursuant to this Trust Agreement in the original aggregate principal amount of \$[\_\_\_\_\_].

“Shortfall” has the meaning set forth in Section 7.18(b).

“Site” means the real property in the County of San Mateo, California, legally described in Exhibit C to the Management Agreement.

“State” means the State of California.

“Subaccount” means any one or more of the subaccounts from time to time created in any of the Accounts established by Section 5.02 or by any Supplemental Trust Agreement.

“Subcontractor” means any subcontractor, laborer, supplier, distributor, vendor, manufacturer or materialman other than Consultants that enters into a contract with the Design-Builder (or any subcontractor, sub-supplier or sub-consultant thereof at any tier) to provide any portion of the Work.

“Subordinate Bonds” means any bonds issued pursuant to Section 3.15 the payment of the principal of and interest on which is subordinate to the Bonds.

“Subordinate Management Fee” has the meaning set forth in Exhibit K of the Management Agreement.

“Subordinate Management Fee Fund” means the Subordinate Management Fee Fund established by Section 5.02.

“Subordination” means an agreement pursuant to which Indebtedness owed to a Person, and/or the Lien securing such Indebtedness, is made subject and subordinate, in payment priority and/or lien priority, to Indebtedness owed to another Person and/or the Lien securing the same.

“Substantially All” means ninety-five percent (95%) or more.

“*Sufficient Funds*” means the following to the extent made available to Manager for the purposes for which such funds are designated:

(a) with respect to the payment of Operating Expenses, there are sufficient amounts in the Lockbox Fund and the Working Capital Reserve Fund for the payment of such Operating Expenses;

(b) with respect to Gross Receipts Taxes, there are sufficient amounts in the Lockbox Fund to pay such taxes at least equal to the collections deposited by Manager into the Lockbox Fund that are attributable to such Gross Receipts Taxes;

(c) with respect to Taxes and Insurance Costs, there are sufficient amounts in the Taxes and Insurance Fund to pay for such costs;

(d) with respect to the payment of Capital Expenses in connection with budgeted Capital Improvements, there are sufficient funds in the Capital Reserve Fund to pay for such Capital Expenses; and

(e) with respect to the payment of Capital Expenses in connection with unbudgeted Capital Improvements or an Emergency, there are sufficient amounts in the Working Capital Reserve Fund, the Capital Reserve Fund, and the Revenue Stabilization Fund to pay for such Capital Expenses; and

(f) with respect to the payment of costs to repair and/or replace FF&E, there are sufficient funds in the FF&E Reserve Fund to pay for such costs.

“*Supplemental Trust Agreement*” means any Trust Agreement supplemental to or amendatory of this Trust Agreement, entered into by the Commission and the Trustee in accordance with Article XII.

“*Systems*” include all fixtures, equipment, pipes, lines, wires, ducts, vents, computer cables, security system cables, monitoring system cables, conduits, and other systems and facilities used in the production, heating, cooling and/or transmission of air, water, gas, electricity, communications, waste water, sewage, and audio and video signals, elevators and escalators.

“*Taking*” or “*Taken*” means (a) a taking as a result of compulsory purchase or acquisition of all or part of the Hotel, by any Governmental Authority (or any authority or entity acting on behalf of or purporting to act on behalf of any Governmental Authority) for any purpose whatsoever or a conveyance in lieu thereof or (b) any direction, ruling or order of any Governmental Authority requiring conversion of all or part of the Property to another purpose other than for the Hotel.

“*Tax Certificate*” means, for any Series of Tax-Exempt Bonds, the Tax Certificate dated the date of delivery of such Bonds and executed by the Commission.

“*Tax-Exempt Bonds*” means a Series of Bonds the interest on which is excluded from gross income for purposes of federal income taxation.



“*Taxes*” means all taxes, including ad valorem taxes on real property, lease-hold excise taxes, transfer taxes, personal property taxes and other assessments imposed by Governmental Authorities relating to or assessed in connection with the ownership or operation of the Hotel, except for Excluded Taxes and Other Charges.

“*Taxes and Insurance Fund*” means the Taxes and Insurance Fund established by Section 5.02.

“*Taxes and Insurance Set Aside Amount*” means, with regard to a particular month, an amount equal to one-twelfth of the amount budgeted for real property taxes, if any, assessments, and insurance for the Hotel by the then-current Operating Budget for the Operating Year in which the month falls; provided, that such amount may be adjusted to the extent determined to be necessary to cause the amount to be deposited therein to at least equal the payment for ad valorem property taxes, if any, assessments and insurance premiums when due.

“*Technical Services Agreement*” means the agreement by and between the Design-Build and Manager dated as of [DATE], 201\_, as supplemented and amended.

“*Temporary Certificate of Occupancy*” means the certificate or certificates, as applicable, issued by BICE, that permits legal and beneficial occupancy, operation and use of the Hotel, without interruption, for each of its intended purposes, which certificate or certificates may be issued with or without qualification so long as any qualifications shall not prohibit, restrict or impair such occupancy, operation or use, as initially acquired by the Design-Builder with respect to the original construction of the Hotel and the Work pursuant to the Design-Build Agreement.

“*Total Operating Revenues*” means all revenue and income of any kind derived directly or indirectly from operations at the Hotel, whether or not arranged by, for or on behalf of another Person or at another location, properly attributable to the period under consideration (including rentals or other payments from licensees or concessionaires of retail space in the Hotel, but not gross receipts of such licensees or concessionaires), determined in accordance with the Uniform System of Accounts and, to the extent consistent therewith, Generally Accepted Accounting Principles; provided, that the following shall not be included in determining Total Operating Revenues:

- (a) Excluded Taxes and Other Charges;
- (b) receipts from the financing, sale or other disposition of capital assets and other items not in the ordinary course of the Hotel's operations and income derived from securities and other property acquired and held for investment;
- (c) receipts from awards or sales in connection with any Taking, from other transfers in lieu of and under the threat of any Taking, and other receipts in connection with any Taking, but only to the extent that such amounts are specifically identified as compensation for alterations or physical damage to the Hotel;
- (d) proceeds of any insurance or sureties, including the proceeds of any Business Interruption Insurance;

(e) rebates, discounts, or credits of a similar nature (not including charge or credit card discounts, which shall not constitute a deduction from revenues in determining Total Operating Revenues, but shall constitute an Operating Expense);

(f) consideration received at the Hotel for hotel accommodations, goods and services to be provided at other hotels although arranged by, for or on behalf of, Manager; provided, that such consideration is recognized by such other hotels;

(g) consideration received at other hotels for hotel accommodations, goods and services to be provided at the Hotel arranged by, for or on behalf of, such other hotels; provided, that such consideration is recognized by such other hotels;

(h) notwithstanding any contrary requirements of Generally Accepted Accounting Principles, all gratuities collected for the benefit of and paid directly to Hotel Personnel;

(i) proceeds of any financing;

(j) the initial operating funds and working capital loans and any other funds provided by Owner to Manager whether for Operating Expenses or otherwise;

(k) other income or proceeds that do not result from (i) the use or occupancy of the Hotel, or any part thereof, or (ii) the sale of goods, services or other items by or from the Hotel in the ordinary course of business;

(l) interest earned on funds held in any Fund or Account;

(m) the value of any complimentary rooms, goods or services;

(n) refunds to Hotel guests of any sums or credits to any Hotel customers for lost or damaged items; and

(o) refunds to parking customers of any sums or credits to any parking customers for lost or damaged items.

“*Trust Agreement*” means this Trust Agreement, dated as of [DATE], 201\_ by and between the Commission and the Trustee, as originally executed and as it may from time to time be amended, modified and supplemented in accordance with the terms hereof.

“*Trustee*” means [TRUSTEE], as trustee under this Trust Agreement, together with any successors or assigns.

“*Unamortized Key Money*” has the meaning set forth in the Management Agreement.

“*Uniform System of Accounts*” means the latest edition of the Uniform System of Accounts for the Lodging Industry that is published by the Hotel Association of New York City, Inc. and approved by the American Hotel & Lodging Association (currently, the 11th Revised Edition, 2014).

“*United States Bankruptcy Code*” means the Bankruptcy Reform Act of 1978, as amended, (11 U.S.C. Section 101, et seq.).

“*Work*” means (i) all materials, Systems, Hyatt Requirements, equipment, appliances and other installations intended to become a part of the Hotel pursuant to the Development Agreements and necessary to design and construct the Hotel in accordance with the Hotel Requirements; (ii) all other materials, supplies, apparatus, implements, tools, equipment, sanitary facilities, inventories and other facilities not included in the preceding clause (i) and necessary to design and construct the Hotel in accordance with the Hotel Requirements; (iii) all work, labor, services, supervision, coordination transportation, utilities, storage and other services required to design and construct the Hotel in accordance with the Hotel Requirements, and (iv) all design and engineering services for the Hotel, including the preparation of all plans, drawings and specifications for the Hotel and all other services provided for under the Design-Build Agreement.

“*Working Capital Reserve Fund*” means the Working Capital Reserve Fund established by Section 5.02.

“*Working Capital Reserve Requirement*” means an amount equal to \$2,500,000.

“*Working Capital Set-Aside Amount*” means \$1,800,000, as such amount may be adjusted from time to time pursuant to the Management Agreement.

**Section 1.02 Table of Contents, Titles and Headings.** The table of contents, titles and headings of the articles and sections of this Trust Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Trust Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

**Section 1.03 Interpretation and Construction.** For purposes of this Trust Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Trust Agreement to designated “Exhibits,” “Articles,” “Sections,” “subsections,” “paragraphs,” “clauses” and other subdivisions are to the designated Exhibits, Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Trust Agreement. The words “herein,” “hereof,” “hereto,” “hereby,” “hereunder” and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in this Trust Agreement shall have the meanings assigned to them Article I and shall include the plural as well as the singular.

(c) All accounting terms not otherwise defined in this Trust Agreement have the meanings assigned to them in accordance with Generally Accepted Accounting Principles as in effect from time to time.

(d) The term “money” includes any cash, check, deposit, Investment Security or other form in which any of the foregoing are held under this Trust Agreement.

(e) The terms “include,” “includes” and “including” shall not be limiting and shall be deemed in all instances to be followed by the phrase “without limitation.”

(f) Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

(g) Unless the context clearly requires otherwise, the word “or” is not exclusive.

(h) The phrase “and/or” means either or both of the items referenced thereby.

(i) References to “days” mean calendar days unless otherwise indicated.

(j) Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent” or similar action under this Trust Agreement by the Commission, the Design-Builder, Manager, the Trustee or any other Agent shall, unless otherwise specifically provided, be in writing signed by an officer or other agent of such party authorized to sign the same on behalf of the applicable entity (and not individually).

(k) 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 each of the words “to” and “until” means “to but excluding.”

**Section 1.04 Content of Certificates and Opinions.** Every certificate or opinion (other than legal opinions) provided for in this Trust Agreement with respect to compliance with any provision hereof shall be made on behalf of the entity named therein and not made individually by the person signing such certificate and shall include (a) a statement that the person making or giving such certificate or opinion, on behalf of the entity named therein and not individually, has read such provision and the definitions in this Trust Agreement relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the entity’s certificate or opinion is based; (c) a statement that the entity has made or caused to be made such examination or investigation as is necessary to enable the entity to express an informed opinion with respect to the subject matter referred to in the certificate or opinion which such entity is delivering; and (d) a statement as to whether, in the opinion of such entity, such provision has been complied with. Any such certificate or opinion made or given by an officer on behalf of the Commission (and in no event individually) may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless the Commission knows that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Commission) upon a certificate or opinion of or representation by an officer of the Commission on behalf of the Commission (and not individually), unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such Person’s certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Commission, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Trust Agreement, but different officers (on behalf of the Commission and not individually), counsel or accountants may certify to different matters, respectively.

**ARTICLE II  
LIMITED OBLIGATIONS**

**Section 2.01 Limited Obligations of the Commission.** Notwithstanding any other provision of this Trust Agreement to the contrary, Bonds issued under this Trust Agreement and any other obligations of the Commission under this Trust Agreement shall be limited obligations of the Commission payable in accordance with this Trust Agreement and any applicable Supplemental Trust Agreement. THE PAYMENT OBLIGATIONS OF THE COMMISSION UNDER THIS TRUST AGREEMENT AND WITH RESPECT TO THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM THE TOTAL OPERATING REVENUES OF THE HOTEL, AMOUNTS HELD BY THE TRUSTEE PURSUANT TO THIS TRUST AGREEMENT AND AVAILABLE PROCEEDS OF THE BONDS AS PROVIDED IN THIS TRUST AGREEMENT. THE BONDS SHALL NOT IN ANY MANNER OR TO ANY EXTENT CONSTITUTE GENERAL OBLIGATIONS OF THE COMMISSION OR THE CITY. THE BONDS ARE NOT A CHARGE UPON THE REVENUES OR GENERAL FUND OF THE COMMISSION OR THE CITY OR UPON ANY MONEYS OR OTHER PROPERTY OF THE COMMISSION OR THE CITY OTHER THAN THE TOTAL OPERATING REVENUES OF THE HOTEL, AMOUNTS HELD BY THE TRUSTEE PURSUANT TO THIS TRUST AGREEMENT AND AVAILABLE PROCEEDS OF THE BONDS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE COMMISSION OR OF THE CITY OR ANY OF ITS OR THEIR INCOME, REVENUES OR RECEIPTS, EXCEPT TOTAL OPERATING REVENUES OF THE HOTEL.

**ARTICLE III  
AUTHORIZATION AND ISSUANCE OF BONDS,  
GENERAL TERMS AND PROVISIONS OF THE BONDS**

**Section 3.01 Authorization of Bonds.**

(a) The Commission hereby authorizes the issuance of Bonds, to be designated "Airport Commission of the City and County of San Francisco Special Facility Revenue Bonds (San Francisco International Airport Hotel)." The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Trust Agreement is not limited except as may be provided in this Trust Agreement or in any Supplemental Trust Agreement or as may be limited by law.

(b) The Bonds may, as provided in this Trust Agreement and in one or more Supplemental Trust Agreements, be issued in one or more Series, and the designation thereof, in addition to the name "Airport Commission of the City and County of San Francisco Special Facility Revenue Bonds (San Francisco International Airport Hotel)," shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series, as the Commission may determine. Each Bond shall bear upon its face the designations so determined for the Series to which it belongs.

(c) The Bonds shall be issued in such form as may be provided in this Trust Agreement or by Supplemental Trust Agreement, and each Bond issued under this Trust Agreement shall contain on its face a statement to the effect set forth in Section 2.01.

(d) There are hereby authorized to be issued and shall be issued under and secured by this Trust Agreement a Series of Bonds designated as "Airport Commission of the City and County of San Francisco Special Facility Revenue Bonds (San Francisco International Airport Hotel), Series 201\_" in an aggregate principal amount of \$[PAR AMOUNT].

### **Section 3.02 Provisions for Issuance of Bonds.**

(a) All (but not less than all) the Bonds of each Series shall be executed by the Commission for issuance under this Trust Agreement and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered upon the Order of the Commission, but only upon the receipt by the Trustee of the following items (which upon receipt the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of such Series of Bonds have been satisfied):

(i) With respect to the Series 201\_ Bonds, an executed copy of this Trust Agreement, each Principal Transaction Document and the Performance and Payment Bonds as originally executed or adopted;

(ii) in the case of Additional Bonds, an opinion of Bond Counsel in customary form to the effect that, as of its date (A) this Trust Agreement and the Supplemental Trust Agreement authorizing such Additional Bonds, have been duly executed and delivered by, and constitute valid and binding obligations of, the Commission; (B) such Bonds constitute valid and binding limited obligations of the Commission; and (C) if applicable, interest on such Bonds is excludible from gross income for federal income tax purposes;

(iii) in the case of Additional Bonds, an executed copy of the Supplemental Trust Agreement authorizing such Bonds which shall, among other provisions, specify:

- (A) the authorized principal amount and Series of such Bonds;
- (B) the dated date and the maturity date or dates of such Bonds;
- (C) the interest rate or rates, if any, or the manner of determining such interest rate or rates, on such Bonds and the Interest Payment Date or Dates thereof;
- (D) the denominations of and the manner of dating, numbering and lettering of such Bonds;
- (E) any capitalized interest requirements (or the method of determining the same) for such Bonds;
- (F) the Redemption Prices, if any, and the redemption or purchase terms, for such Bonds;

(G) the amount and due date of each Mandatory Sinking Fund Installment, if any, for such Bonds of like maturity;

(H) the form of such Bonds and whether or not such Bonds are subject to the book-entry system;

(I) the purpose for which such Bonds are being issued, which shall be solely for the purpose of (I) providing additional improvements to the Hotel, (II) refunding one or more Series of Bonds or portion thereof, (III) payment of costs incidental to or connected with any Bond authorized in clauses (I) or (II) above, (IV) making deposits into the applicable reserve fund or funds, and/or (V) making any deposits into the funds and accounts required by the provision of the Supplemental Trust Agreement authorizing such Bonds;

(J) the application of the proceeds of the sale of such Bonds including the amount, if any, to be deposited in the funds and accounts established under this Trust Agreement;

(K) if such Additional Bonds are to be secured by (I) the Debt Service Reserve Fund together with the Series 201\_ Bonds and other Participating Bonds, such Supplemental Trust Agreement shall provide that such Additional Bonds are Participating Bonds; or (II) a separate debt service reserve fund, such Supplemental Trust Agreement shall provide for the establishment of a separate and distinct account within the Debt Service Reserve Fund to secure such Additional Bonds, which account shall be segregated from the Debt Service Reserve Fund securing the Series 201\_ Bonds; and

(L) any other provisions deemed advisable by the Commission and not in conflict with the provisions of this Trust Agreement;

(iv) a certificate of either (A) an Authorized Commission Representative dated as of the date of issuance of such Series of Additional Bonds stating that there exists no Event of Default under this Trust Agreement or event which would constitute an Event of Default upon notice and failure to cure pursuant to Section 9.03 or (B) the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding consenting to the issuance of the Series of Additional Bonds; and

(v) such further opinions and instruments as are required by or pursuant to the provisions of this Trust Agreement or any Supplemental Trust Agreement.

(b) One or more Series of Additional Bonds that are Refunding Bonds may be issued, authenticated and delivered to refund all Outstanding Bonds of one or more Series or all or any portion of the Outstanding Bond or Bonds of a maturity within one or more Series. Each Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding, including providing amounts for the costs incidental to or connected therewith, and the making of any deposits into a reserve fund and any of the funds and accounts required by the provisions of the Supplemental Trust Agreement authorizing such Series of Refunding Bonds. Refunding Bonds of each Series shall be executed by the Commission for issuance under this Trust Agreement and delivered to the Trustee and thereupon shall be authenticated by the Trustee upon the Order of the Commission, but only upon

the receipt by the Trustee (in addition to the opinions and instruments required by subsection (a) of this Section) of the following items (upon which receipt the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of such Series of Refunding Bonds have been satisfied):

(i) satisfaction of the provisions of Section 8.02 with respect to the Bonds to be refunded by the Refunding Bonds;

(ii) evidence satisfactory to the Trustee that no amendments or supplements will be made to this Trust Agreement in connection with the issuance of the Refunding Bonds that would otherwise require the prior written consent of any of the Registered Owners of any Bonds to remain Outstanding after the issuance of such Refunding Bonds, under Article XI or, if any such amendments or supplements requiring such consents are being made to this Trust Agreement, that such prior written consents have been obtained;

(iii) receipt by the Trustee of one of the following: (A) a Certificate of Reduction in Debt Service; or (B) an Accountant's Certificate that either (I) the Projected Additional Bonds Debt Service Coverage Ratio, taking into account the Refunding Bonds proposed to be issued and all Outstanding Bonds (other than the Bonds proposed to be refunded with proceeds of such Refunding Bonds), is not less than 1:50:1.00, respectively, for each Fiscal Year succeeding the date of issuance of such Refunding Bonds, or (II) proceeds of such Refunding Bonds, together with any other amounts available under this Trust Agreement for such purpose, are sufficient to redeem and defease all of the Bonds that were Outstanding immediately prior to the issuance of such Refunding Bonds; or (C) the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding consent in writing to the issuance of the Series of Additional Bonds; and

(iv) such further opinions and instruments as are required by the provisions of Articles XI or XII or by the provisions of any Supplemental Trust Agreement.

(c) One or more Series of Additional Bonds that are not Refunding Bonds may be issued, authenticated and delivered upon original issuance for the purpose of financing or refinancing (excluding Refunding Bonds) the construction, installation and equipping of additions, renovation, betterments, extensions, expansions or improvements to the Hotel. Additional Bonds of a Series issued for such purposes shall be issued in a principal amount not to exceed, together with other moneys available therefor, the Commission's estimate of the reasonable Costs of the Hotel to be financed or refinanced with the proceeds of the sale of such Series of Additional Bonds, including providing amounts for the costs incidental to or connected with any such Bonds and the making of any deposits into the applicable reserve fund and any of the funds and accounts required by the provisions of this Trust Agreement and the Supplemental Trust Agreement authorizing such Series of Additional Bonds. Additional Bonds of each Series that do not otherwise constitute Refunding Bonds under subsection (b) of Section 3.02 shall be executed by the Commission for issuance under this Trust Agreement and delivered to the Trustee and thereupon shall be authenticated by the Trustee upon the Order of the Commission, but only upon the receipt by the Trustee (in addition to the opinions and instruments required by subsections (a)(vi) and (b)(iv) of Section 3.02) of the following items (upon which receipt the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of such Series of Additional Bonds have been satisfied):



(i) (A) an Accountant's Certificate that the Projected Additional Bonds Debt Service Coverage Ratio, taking into account the Additional Bonds proposed to be issued and all Outstanding Bonds, is not less than 1.25:1.00, respectively, for each Fiscal Year succeeding the date of issuance of such Additional Bonds; or (B) the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding consent in writing to the issuance of the Series of Additional Bonds; or

(ii) such further opinions and instruments as are required by the provisions of Article XI or XII or by the provisions of any Supplemental Trust Agreement.

(d) The Commission may issue Additional Bonds in the principal amount not to exceed ten percent (10%) of the aggregate principal amount of the Series 201\_ Bonds, the proceeds of which are required to complete the Hotel in the manner originally contemplated as of the Closing Date or to pay amounts reasonably determined by the Commission to be required to be made to protect life, health or property from imminent danger or to comply with Applicable Laws so long as there is delivered to the Trustee (in addition to the opinions and instruments required by subsection (a) of Section 3.02) (i) an Accountant's Certificate to the effect that the Projected Additional Bonds Debt Service Coverage Ratio, taking into account the debt service requirements of such Additional Bonds, is not less than 1.00:1.00 for each of the Fiscal Years succeeding the date of issuance of such Series of Additional Bonds through the final maturity date for such Series of Additional Bonds, or (ii) the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding consent in writing to the issuance of the Series of Additional Bonds.

### **Section 3.03 Application of Bond Proceeds and Other Funds.**

(a) The Trustee shall apply the net proceeds from the sale of the Series 201\_ Bonds in the amount of \$[ ] (consisting of the aggregate principal amount of the Series 201\_ Bonds of \$[PAR AMOUNT], less [REDUCTION FOR XX] of \$[ ]) as follows:

(i) \$[ ], representing the Reserve Fund Requirement, shall be deposited into the Debt Service Reserve Fund;

(ii) \$[ ] shall be deposited into the Series 201\_ Capitalized Interest Account of the Construction Fund and, except as otherwise provided in Section 5.05(e), applied to the payment of interest accruing on the Series 201\_ Bonds to and including [DATE, 20\_\_];

(iii) \$[ ] shall be deposited into the Costs of Issuance Account of the Construction Fund and applied to the payment of Costs of Issuance;

(iv) \$[ ] shall be deposited into the Pre-Opening Expenses Account of the Construction Fund and applied to the payment of Pre-Opening Expenses [and the fee due under the Technical Services Agreement];

(v) \$[ ] shall be deposited into the Preliminary Working Capital Account of the Construction Fund; and

(vi) the remainder shall be deposited into the Hotel Account of the Construction Fund and shall be used to pay Costs of the Hotel.

(b) The proceeds, including accrued interest, if any, of Additional Bonds together with any other moneys provided by the Commission, shall be applied by the Trustee simultaneously with the delivery of such Bonds in the manner provided in the Supplemental Trust Agreement authorizing such Series of Additional Bonds.

**Section 3.04 Medium of Payment; Form and Date; Letter and Numbers.**

(a) The Bonds shall be payable, as to principal and interest in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest on the Series 201\_ Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on any Series of Additional Bonds shall be computed as provided in the Supplemental Trust Agreement authorizing such Series of Additional Bonds.

(b) Each Series 201\_ Bond shall be issued only as a fully registered Bond. Each Series 201\_ Bond shall be substantially in the form of Exhibit B to this Trust Agreement, with such changes therein that are not inconsistent with this Trust Agreement, as are approved by the Authorized Commission Representative executing the Series 201\_ Bonds (whose manual or facsimile signature thereon shall constitute conclusive evidence of his or her approval of any such changes appearing thereon). Additional Bonds may be issued in such form or forms as shall be provided in the Supplemental Trust Agreement authorizing such Series of Additional Bonds.

(c) The Series 201\_ Bonds shall be numbered consecutively from R-1 upward, or in such other manner as the Commission, with the concurrence of the Trustee, shall determine. The Trustee shall insert the date of authentication of each Bond in the place provided for such purpose in the form of certificate of authentication of the Trustee to be printed on each Bond. If interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. Each Additional Bond shall be lettered and numbered as provided in this Trust Agreement or the Supplemental Trust Agreement authorizing the Series of which such Additional Bond is a part and so as to be distinguished from every other Bond.

(d) The Series 201\_ Bonds shall be dated the Closing Date, shall be issued in Authorized Denominations, shall mature on [MONTH/DAY] of the years and in the amounts set forth below, and shall bear interest, payable semiannually on each [MONTH/DAY] and [MONTH/DAY], beginning [MONTH/DAY, 20\_\_], at the rate per annum as set forth below for each such maturity:

<u>Maturity Date</u> <u>(Month/Day)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity Date</u> <u>(Month/Day)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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\* Term Bond

Additional Bonds of each Series shall be dated as of, and bear interest from, such date or dates as shall be provided in the Supplemental Trust Agreement authorizing such Series of Additional Bonds.

(e) The following provisions apply to the Series 201\_ Bonds except as otherwise provided in any arrangements with DTC as set forth in Section 3.13 with respect to the all Additional Bonds, unless with respect to any Additional Bonds the Supplemental Trust Agreement authorizing such Additional Bonds provides otherwise:

(i) interest on Bonds other than interest payable at maturity or on a Redemption Date shall be paid to the Person in whose name such Bond is registered on the Register at the close of business on the Record Date for such Interest Payment Date; payment of interest on Bonds other than interest payable at maturity or on a Redemption Date shall be made by check of the Trustee mailed to the Registered Owners thereof at their addresses set forth in the Register as of the Record Date, or by wire transfer to Registered Owners of \$1,000,000 or more in aggregate principal amount of Bonds at such wire transfer address in the United States as such Registered Owner shall specify in writing requesting payment by wire transfer delivered to the Trustee prior to the Record Date;

(ii) payment of interest on Bonds at maturity or on a Redemption Date shall be paid upon presentation and surrender of such Bonds at the Trustee's Principal Office; and

(iii) principal of the Bonds shall be payable by check in lawful money of the United States of America at the Trustee's Principal Office in accordance with the notice provisions of this Trust Agreement; no payment of principal shall be made on any Bond unless and until such Bond is tendered to the Trustee for cancellation; provided, that the Trustee may agree with any Registered Owner that such Registered Owner may, in lieu of surrendering the same for a new Bond, endorse on such Bond a record of partial payment of the principal of such Bond. The Trustee shall maintain a record of each such partial payment made in accordance with the foregoing agreement and such record shall be conclusive. Such partial payment shall be valid upon payment of the amount thereof to the Registered Owner of such Bond, and the Commission and the Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon such Bond by the Registered Owner thereof and irrespective of any error or omission in such endorsement.

**Section 3.05 Legends.** The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Trust Agreement as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission, brokerage board, municipal securities rulemaking board or otherwise.

### **Section 3.06 Execution and Authentication.**

(a) The Bonds shall be signed in the name of the Commission by the President or by such other officer of the Commission authorized to do so by resolution of the Board by his or her manual or facsimile signature, and attested by the Secretary or Assistant Secretary of the Commission. In case any such officer of the Commission shall have signed any of the Bonds shall cease to hold such office before the Bonds so signed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as provided in this Trust Agreement, and may be issued as if the persons who signed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed on behalf of the Commission by such persons who at the time of the execution of such Bonds shall be duly authorized or hold the designated office of the Commission, although at the date borne by or of delivery of the Bond or Bonds of such Series such persons may not have been so authorized or have held such office.

(b) Only such Bonds as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit B to this Trust Agreement with respect to the Series 201\_ Bonds, and in the form set forth in the Supplemental Trust Agreement authorizing Additional Bonds with respect to such Additional Bonds, dated as of the date of authentication and duly authenticated by the Trustee shall be entitled to any right, security or benefit under this Trust Agreement. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Trust Agreement and that the Registered Owner thereof is entitled to the benefits of the trust hereby created. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed by it if (i) signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds or on all of the Bonds of any Series issued under this Trust Agreement and (ii) the date of authentication of the Bond is inserted in the place provided therefor on the certificate of authentication.

**Section 3.07. Exchange of Bonds.** Unless otherwise provided in any Supplemental Trust Agreement, Bonds, upon surrender thereof at the designated office of the Registrar, when surrendered with a written request satisfactory to the Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized attorney, may, at the option of the Registered Owner thereof, and upon payment by such Registered Owner of any charges which the Registrar or the Commission may make as provided in Section 3.09, be exchanged for an equal aggregate principal amount of Bonds of the same Series, lien priority and maturity and in any Authorized Denomination.

### **Section 3.08 Negotiability, Transfer and Registry.**

(a) Unless otherwise provided in any Supplemental Trust Agreement and except as otherwise provided in subsections (d) and (e) of this Section 3.08 with respect to the Series 201\_ Bonds, Bonds shall be transferable only upon the Register, which shall be kept for that purpose at the designated office of the Registrar for such Series of Bonds, by the Registered Owner thereof, in person or by the Registered Owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized attorney.

(b) The Registrar shall keep, or cause to be kept, on behalf of the Commission at the designated office of the Registrar or such other location or locations as shall be provided in any Supplemental Trust Agreement, the Register, in which, subject to such reasonable regulations as the Commission, the Trustee, and the Registrar may prescribe, the Registrar shall cause Bonds to be registered and shall transfer Bonds as in this Article provided. The Register shall contain the name and address of the Registered Owner of each Bond as well as the name and address of each Beneficial Owner to the extent such Beneficial Owner provides such information to the Registrar. Upon the transfer of any such Bond and payment of any required fees, the Registrar shall issue in the name of the transferee a new fully registered Bond or Bonds of the same aggregate principal amount, Series, lien priority and maturity as the surrendered Bond.

(c) The Commission, the Trustee, and any other Agent may deem and treat the person in whose name any Bond shall be registered in the Register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price of and interest on such Bond and for all other purposes, and all such payments so made to any such Registered Owner or upon the Registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the Commission, the Trustee, and any other Agent shall not be affected by any notice to the contrary.

**Section 3.09 Exchanges and Transfers.** Except as otherwise provided in any Supplemental Trust Agreement, in all cases in which the privilege of exchanging or transferring Bonds is exercised, the Commission shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Trust Agreement. All registered Bonds surrendered in any exchange or transfer shall forthwith be canceled by the Trustee. For every such transfer of Bonds pursuant to Section 3.08, whether temporary or definitive, the Commission, the Trustee or the Registrar may make a charge sufficient to reimburse it or them for any expense, tax, fee or other governmental charge required to be paid with respect to such transfer. In addition, for every exchange of Bonds (other than the exchange of temporary Bonds for definitive Bonds), the Commission, or the Registrar may make reasonable charges to cover the costs of printing Bonds including any Trustee's or Registrar's charges in connection therewith. The payment of the sum or sums provided in this Section shall be made by the Registered Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Except as may be otherwise provided in a Supplemental Trust Agreement, the Registrar shall not be required to transfer or exchange Bonds for a period from the 15th day of the month next preceding any Interest Payment Date or Principal Payment Date of such Bond through such Interest Payment Date or Principal Payment Date nor to transfer or exchange any Bond after notice calling such Bond or portion thereof for redemption has been given as provided in this Trust Agreement nor during the period of fifteen (15) days next preceding the giving of such notice.

**Section 3.10 Bonds Mutilated, Destroyed, Stolen or Lost.** In case any Bonds shall become mutilated or be destroyed, stolen or lost, the Commission shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, lien priority, maturity date, principal amount and interest rate as the Bond so mutilated, lost, stolen or destroyed; provided, that (a) in the case of any mutilated Bond, such Bond is first surrendered to the Trustee, (b) in the case of any lost, stolen or destroyed Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to the Trustee together with indemnity satisfactory to the Trustee, (c) all

other reasonable requirements of the Commission and the Trustee are complied with, and (d) expenses in connection with such transaction are paid by the Registered Owner. Except as provided in Section 3.09, all Bonds so surrendered to the Trustee shall be canceled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Commission, whether or not the Bonds alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits in the Revenues and other assets pledged under this Trust Agreement with all other Bonds issued under this Trust Agreement, to the same extent provided in this Trust Agreement and subject to the terms and priority set forth in this Trust Agreement. If, after the delivery of such new Bond, a bona fide purchaser of the original Bond in lieu of which such new Bond was issued presents for payment or registration such original Bond, the Trustee shall be entitled to recover such new Bond from the Person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Commission or the Trustee in connection therewith.

**Section 3.11 Temporary Bonds.** Until the definitive Bonds of any Series are prepared, the Commission may execute, in the same manner as is provided in Section 3.06, and, upon the Request of the Commission or the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to denomination, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in Authorized Denominations as provided in this Trust Agreement or in a Supplemental Trust Agreement, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Commission at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds, the Trustee shall authenticate and, without charge to the Registered Owner thereof, deliver in exchange therefor, definitive Bonds of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Trust Agreement. If the Commission shall authorize the issuance of temporary Bonds in more than one denomination, the Registered Owner of any temporary Bond or Bonds may, at said Registered Owner's option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount, Series, lien priority and maturity of any other Authorized Denomination or Denominations, and thereupon the Commission shall execute and the Trustee shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges as provided for in Section 3.09, shall deliver a temporary Bond or Bonds of like aggregate principal amount, Series and maturity in such other Authorized Denomination or Denominations as shall be requested by such Registered Owner.

All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

**Section 3.12 Cancellation and Destruction of Bonds.** Except as otherwise provided in this Trust Agreement or any Supplemental Trust Agreement, all Bonds paid in full, either at or before maturity, or purchased pursuant to Section 5.10, shall be delivered to the Trustee when such

payment or purchase is made, and such Bonds shall thereupon be promptly canceled. Bonds so canceled shall thereafter be treated in accordance with the Trustee's document retention policies.

**Section 3.13 Depository for Bonds.** As provided in Section 3.14 hereof, this Section 3.13 will not apply to the Series 201\_ Bonds on their original issuance. Except as otherwise provided in this Trust Agreement or any Supplemental Trust Agreement, the provisions of this Section 3.13 shall apply to Bonds that are subject to the book-entry system.

(a) Bonds that are subject to the book-entry system shall be executed and delivered in the form of a separate, single, authenticated, fully registered bond for each separate stated maturity of the Bonds of any Series, each such bond to be in the full principal amount of the Bonds with such stated maturity of such Series. Upon initial execution, authentication and delivery, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC, the Depository for the Bonds. The Trustee and the Commission may treat DTC (or its nominee) as the sole and exclusive Registered Owner of the Bonds registered in its name for the purposes of payment of the principal of and interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Registered Owners of Bonds under this Trust Agreement, registering the transfer of Bonds, obtaining any consent or other action to be taken by the Registered Owner of Bonds and for all other purposes whatsoever, and neither the Trustee nor the Commission shall be affected by any notice to the contrary. Neither the Trustee nor the Commission shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other Person, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal of or interest on the Bonds; any notice that is permitted or required to be given to the Registered Owners of the Bonds under this Trust Agreement; the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by DTC (or its nominee) as the Registered Owner of the Bonds. So long as DTC (or its nominee) is the Registered Owner of all Bonds, the Trustee shall pay all principal and of, and interest on, the Bonds only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Commission's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. Except under the conditions specified in subsection (b) of this Section, no Person other than DTC or its nominee shall receive authenticated Bonds. Upon delivery by DTC to the Trustee of written notice to such effect, DTC may substitute a new nominee in place of Cede & Co., or any successor nominee, and subject to the provisions in this Trust Agreement with respect to record dates, the term "Cede & Co." in this Trust Agreement shall refer to such new nominee of DTC.

(b) If (i) DTC or any successor as Depository for the Bonds determines not to continue to act as Depository for the Bonds or (ii) the Commission determines that the incumbent Depository for the Bonds shall no longer so act, and the Commission delivers a written certificate of an Authorized Commission Representative to the Trustee to that effect, then the Commission shall discontinue the book-entry system with the incumbent Depository for the Bonds. If the Commission determines to replace the incumbent Depository for the Bonds with another Depository, the Commission shall prepare or direct the preparation of a new single, separate fully registered Bond for the aggregate outstanding principal amount of Bonds of each maturity of any

Series to be registered in the name of such successor Depository, or its nominee, or make such other arrangements acceptable to the Commission, the Trustee and the successor Depository for the Bonds as are not inconsistent with the provisions of this Trust Agreement. If the Commission fails to identify a successor Depository for the Bonds to replace the incumbent Depository, then the Bonds shall no longer be restricted to being registered in the bond register in the name of the incumbent Depository or its nominee, but shall be registered in whatever name or names the incumbent Depository for the Bonds, or its nominee, shall designate in accordance with the provisions of subsection (a) of this Section. In such event the Commission shall, at its expense, prepare, execute and deliver a sufficient quantity of Bonds to the Trustee for authentication and delivery at the Commission's written direction to carry out the transfers and exchanges provided in this Section and Section 3.09. All such Bonds shall be in fully registered form in Authorized Denominations.

(c) Notwithstanding anything to the contrary in this Trust Agreement, so long as any Bond is registered in the name of DTC, or its nominee, all payments with respect to principal of and interest on, such Bond, and all notices with respect to such Bond, shall be made and given, respectively, as appropriate or necessary with respect to the arrangements made with DTC relating to the Bonds.

(d) In connection with any notice or other communication to be provided to Registered Owners of the Bonds pursuant to this Trust Agreement by the Commission or the Trustee with respect to any consent or other action to be taken by Registered Owners of the Bonds, the Commission or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent practicable.

**Section 3.14 No Depository; Physical Delivery of Series 201\_ Bonds.** The Series 201\_ Bonds shall be physically delivered to the Registered Owners thereof and shall not be subject to the book-entry system.

**Section 3.15 Subordinate Bonds.** Nothing in this Trust Agreement shall prevent the Commission from issuing at any time, while any of the Bonds issued hereunder are Outstanding, Subordinate Bonds with a pledge of, lien on and security interest in Total Operating Revenues which are junior and subordinate to those of the Bonds. The principal and redemption price of and interest on such Subordinate Bonds shall be payable from time to time out of Total Operating Revenues in the order or priority set forth in Section 5.07 only if all amounts then required to have been paid or deposited hereunder from Total Operating Revenues with respect to the principal and redemption price of and interest on the Bonds then Outstanding shall have been paid or deposited as required in this Trust Agreement and any Supplemental Trust Agreement. Any such Subordinate Bonds may be issued only upon satisfaction of the conditions set forth in Section 3.02 by treating such Subordinate Bonds as if they constitute Additional Bonds. The Subordinate Bonds shall be issued pursuant to a subordinate trust agreement with covenants, terms and conditions substantially the same as this Trust Agreement except for the subordinated status of such Subordinate Bonds.



**ARTICLE IV**  
**REDEMPTION OF BONDS**

**Section 4.01 Privilege of Redemption and Redemption Price.** Bonds subject to redemption prior to maturity shall be redeemable, upon notice as provided in this Article unless a different notice provision is provided for in a Supplemental Trust Agreement, at such Redemption Dates, at such Redemption Prices and upon such terms in addition to the terms contained in this Article, as may be specified in this Trust Agreement with respect to the Series 201\_ Bonds or in the Supplemental Trust Agreement authorizing Additional Bonds with respect to such Additional Bonds.

**Section 4.02 Redemption at the Option of the Commission.**

(a) The Series 201\_ Bonds shall be subject to redemption at the option of the Commission, in whole or in part on any date on or after [MONTH/DAY, 20\_\_], from any legally available funds, at a Redemption Price equal to the principal amount of Series 201\_ Bonds called for redemption, without premium, plus accrued interest with respect thereto to the date fixed for redemption.

(b) In the case of any redemption of Bonds at the option of the Commission, an Authorized Commission Representative shall give written notice to the Trustee of its election or direction so to redeem, of the Redemption Date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities, and principal amounts thereof to be redeemed shall be determined by the Commission in its sole discretion, subject to any limitations with respect thereto as are contained in Section 4.04). Such notice shall be given at least ten days prior to the date on which notice of redemption is required to be given to the Registered Owners of the Bonds to be redeemed or within such shorter period as shall be provided by Supplemental Trust Agreement. Prior to any notice of redemption being given as provided in Section 4.05, there shall be paid to the Trustee for deposit into the appropriate Redemption Account an amount which, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem on the Redemption Date at the Redemption Price, plus interest accrued and unpaid to the Redemption Date, all of the Bonds called for redemption.

**Section 4.03 Redemption Otherwise Than at the Option of the Commission.**

(a) The Series 201\_ Bonds maturing on [MONTH/DAY, 20\_\_] are subject to mandatory redemption, at a Redemption Price equal to the principal amount of the Series 201\_ Bonds being redeemed, together with accrued interest thereon to the Redemption Date, pursuant to Mandatory Sinking Fund Installments on January 1 in each of the years and principal amounts set forth in the table below; provided, that the Mandatory Sinking Fund Installments of Series 201\_ Bonds maturing on [MONTH/DAY, 20\_\_] shall be reduced in chronological order by the principal amount of any Series 201\_ Bonds maturing on [MONTH/DAY, 20\_\_] redeemed pursuant to any other optional or mandatory redemption provision on or before the date on which any such Mandatory Sinking Fund Installment is due:

<u>Year</u>	<u>Mandatory Sinking Fund Installment</u>
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\* Final Maturity

(b) The Bonds shall be subject to extraordinary mandatory redemption at the Direction of the Commission pursuant to Section 7.18, in whole or in part on the earliest date following the date for which notice of redemption can be given as provided in this Trust Agreement, at a Redemption Price equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium, from proceeds of insurance (including any title insurance), payment received under the Performance and Payment Bonds, or condemnation awards permitted or required to be applied to such redemption under Section 7.18.

(c) Whenever by the terms of this Trust Agreement or any Supplemental Trust Agreement the Trustee is required or authorized to redeem Bonds other than at the option of the Commission, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay, out of moneys available therefor, the Redemption Price thereof, plus interest accrued and unpaid to the Redemption Date, to the Registered Owners of Bonds to be redeemed in accordance with the terms of this Trust Agreement and any Supplemental Trust Agreement.

(d) In lieu of depositing cash with the Trustee as a Mandatory Sinking Fund Installment with respect to Bonds of a maturity, the Commission shall have the option to tender to the Trustee for cancellation at least 60 days prior to a mandatory sinking fund redemption date any amount of Bonds of such maturity purchased by the Commission, which Bonds may be purchased by or upon the Direction of the Commission at public or private sale as, when and at such prices not in excess of the par amount thereof plus accrued interest thereon as the Commission may in its discretion determine from moneys held by the Trustee under this Trust Agreement that are available for such purpose. The par amount of any Bonds of a maturity so purchased by or upon the Direction of the Commission and tendered to the Trustee in any 12-month period ending on January 1 in any calendar year shall be credited towards and shall reduce the next Mandatory Sinking Fund Installment required to be made with respect to Bonds of such maturity in the order in which they are required to be made pursuant to this Trust Agreement.

**Section 4.04 Selection of Bonds to be Redeemed.** Bonds subject to optional redemption shall be selected in such order of maturity and from such Series of Bonds as the Commission may direct. If less than all of the Bonds of a single maturity within the same Series are to be redeemed, the Bonds of such Series to be redeemed will be selected by lot or other random method by the Trustee in such a manner as the Trustee may determine unless otherwise provided by the Supplemental Trust Agreement authorizing that Series of Additional Bonds; provided, that the portion of any Bonds of a Series of a denomination greater than the minimum Authorized Denomination for the Bonds of such Series to be redeemed shall be redeemed in part only in an Authorized Denomination and that, in selecting portions of Bonds of a Series for redemption, the Trustee shall treat each Bond of such Series as representing that number of Bonds of the minimum Authorized Denomination for such Series which is obtained by dividing the principal amount of such Bond to be redeemed in part by the minimum Authorized Denomination for such Series. In case of any partial redemption during the continuance of an Event of Default, such redemption shall be applied on a *pro rata* basis to all Outstanding Bonds of the Series called for redemption, without differentiation by maturity or within a maturity.

#### **Section 4.05 Notice of Redemption.**

(a) Notice of mandatory and optional redemption of Bonds shall be given in accordance with this Section. When the Trustee shall have received an amount sufficient, in addition to other moneys, if any, available therefor held by the Trustee to effect such redemption and the Trustee shall receive notice from the Commission of its election or Direction to redeem Bonds pursuant to Section 4.02, and when redemption of Bonds is authorized or required pursuant to Section 4.03(b), the Trustee shall give notice, in the name of the Commission, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the Redemption Date and the place or places where amounts due upon such Redemption Date will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notices shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such Redemption Date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof, in the case of Bonds to be redeemed in part only, together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail a copy of such notice, first class mail postage prepaid, not less than 30 days nor more than sixty (60) days before the Redemption Date (or such shorter period as shall be provided by Supplemental Trust Agreement), to the Registered Owners of any registered Bonds, or portions of registered Bonds that are to be redeemed, at their last addresses, if any, appearing upon the Register. The Trustee shall give notice required by this Section for an optional redemption of Bonds pursuant to Section 4.02 only upon the prior payment to the Trustee of funds sufficient to pay the Redemption Price on the Bonds to which such notice relates together with interest thereon to the Redemption Date.

(b) In addition to the notice of redemption required pursuant to the preceding paragraph, if any of the Bonds are to be redeemed, then, upon the Request of an Authorized Commission Representative received at least forty (40) days before the date fixed for redemption, the Trustee shall also give redemption notice at least thirty (30) days before the date fixed for redemption, by (i) registered or certified mail, return receipt requested, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depositories and/or Information Services specified by the Commission.

(c) Failure to give the notices described in this Section, or any defects therein, shall not in any manner affect the validity of any proceedings for redemption of any other Bonds for which such notice has been duly given. Neither the Commission nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bonds or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Commission nor the Trustee shall be liable for any inaccuracy in such numbers.

**Section 4.06 Payment of Redeemed Bonds.** Notice having been given in the manner provided in Section 4.05, the Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date; and upon presentation and surrender thereof at the office

specified in such notice. If there shall be called for redemption less than all of the principal of any Bond, the Commission shall execute and the Trustee shall authenticate, upon the surrender of such Bond, without charge to the Registered Owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of like Series and maturity in any Authorized Denomination. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the Redemption Date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable. If such moneys shall not be so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne interest at had they not been called for redemption.

**Section 4.07 Modification by Supplemental Trust Agreement.** The provisions of this Article may be modified by any Supplemental Trust Agreement in respect of any Series of Additional Bonds authorized thereby, and in the event of any conflict with the provisions hereof the provisions of such Supplemental Trust Agreement shall control in respect of any Series of Additional Bonds authorized thereby.

## ARTICLE V PLEDGE AND ASSIGNMENT; ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

**Section 5.01 Security for Bonds; Deposits of Total Operating Revenues, Available Revenue and Other Amounts.**

(a) Subject only to the provisions of this Trust Agreement, the Management Agreement and the Cash Management Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in this Trust Agreement and therein, there are hereby pledged to secure the payment of the principal of, Redemption Price, if any, and interest on the Bonds in accordance with their terms and the provisions of this Trust Agreement, all of the Revenues and any other amounts (including proceeds of the sale of Bonds), held in any Fund or Account established pursuant to this Trust Agreement (other than the separate subaccounts within the Construction Fund otherwise pledged pursuant to Section 5.03(b) and the Rebate Fund). Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act.

(b) The Commission hereby transfers in trust, grants a lien on and security interest in and assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, all of the Revenues and other assets pledged in subsection (a) of this Section and all of the right, title and interest of the Commission in the Assigned Commission Documents and pursuant to the Assignment and Subordination of Management Agreement, the Management Agreement and the Pre-Opening Services Agreement. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Commission shall be deemed to be held, and to have been collected or received, by the Commission as the agent of the Trustee and shall forthwith be paid by the Commission to the Trustee.. The Trustee also shall be entitled to and subject to the provisions of this Trust Agreement, shall take all steps, actions and proceedings

to enforce, either jointly with the Commission or separately, all of the rights and all of the obligations of the Commission under the Assigned Commission Documents.

(c) The Commission shall deposit or cause to be deposited, as long as any of the Bonds remain Outstanding, all of the Total Operating Revenues as calculated on a cash basis (less the Petty Cash Amount, which shall be retained by Manager for use solely for Hotel purposes), as soon as practicable upon receipt (but in no event less often than once each Business Day), in the Lockbox Fund.

(d) From and after the Opening Date, on or before 10:00 a.m. Pacific time, on the first Business Day of each month, after payment or provision for payment of the Base Management Fee then due and owing, the Trustee shall be entitled to and shall collect and receive all of the Available Revenue as calculated on a cash basis from the Lockbox Fund for deposit into the Revenue Fund, and any such amounts collected or received by or on behalf of the Commission shall be deemed to be held, and to have been collected or received, by the Commission as the agent of the Trustee and shall forthwith be paid or caused to be paid by the Commission to the Trustee for deposit in the Revenue Fund. All such Available Revenues deposited with the Trustee in the Revenue Fund shall be held, disbursed, allocated and applied by the Trustee only as provided in this Trust Agreement and the Cash Management Agreement.

(e) As set forth in the Management Agreement and the Cash Management Agreement, all Excluded Taxes and Other Charges and any other amounts received by Manager that are not included in Total Operating Revenues or Available Revenues shall be applied in the manner as set forth in this Trust Agreement or, if not set forth in this Trust Agreement, shall either be (i) retained by Manager and paid by Manager promptly, but in any event prior to the time such payment becomes delinquent, directly to the appropriate Person entitled thereto as determined by Manager in its reasonable discretion, or (ii) deposited with the Trustee in the Revenue Fund if Manager determines in its reasonable discretion that such amounts are not otherwise designated for payment to a particular Person.

(f) Subject to the rights of Manager under the Cash Management Agreement, the Trustee also may (upon the occurrence and during the continuance of an Event of Default under this Trust Agreement), subject to the provisions of this Trust Agreement, take all steps, actions and proceedings to enforce (i) either jointly with the Commission or separately, all of the rights and all of the obligations of the Commission under this Trust Agreement and the Cash Management Agreement, (ii) all rights of the Commission under the Performance and Payment Bonds, and (iii) either jointly with the Design-Builder or separately, all rights of the Design-Builder its contracts with respect to the Hotel executed under the Design-Build Agreement.

**Section 5.02 Establishment of Funds and Accounts.** The Commission hereby establishes the following Funds and Accounts, all of which shall be held by the Trustee:

(a) "Construction Fund," and within such Fund the "Hotel Account," the "Pre-Opening Expenses Account," the "Preliminary Working Capital Account," the "Series 201 Capitalized Interest Account," the "Reservation Deposit Account," the "Retainage Account," and the "Costs of Issuance Account" (which Construction Fund may include such additional special Accounts and Subaccounts therein to be held by the Trustee or any other designated Agent pursuant to Section 5.03);

- (b) "Revenue Fund";
- (c) "Taxes and Insurance Fund";
- (d) "Administrative Costs Fund";
- (e) "Debt Service Fund," and within such Fund a "Debt Service Account" and a "Redemption Account";
- (f) "Debt Service Reserve Fund," and within such fund separate accounts as may be established in connection with Additional Bonds";
- (g) "Rebate Fund";
- (h) "Subordinate Management Fee Fund";
- (i) "Working Capital Reserve Fund";
- (j) "FF&E Reserve Fund";
- (k) "Capital Reserve Fund";
- (l) "Revenue Stabilization Fund"; and
- (m) "Insurance and Condemnation Proceeds Fund."

The Trustee may create any other Funds or Accounts under this Trust Agreement, to be held in trust for the benefit of the Registered Owners of the Bonds, as the Trustee deems necessary to carry out the purposes of this Trust Agreement; provided, that the creation of any such Funds or Accounts shall not affect the rights and obligations of the Trustee, without the prior written consent of the Trustee, or Manager under the Cash Management Agreement, without the prior written consent of Manager, and shall require an opinion of Bond Counsel to the effect that the creation of such Fund or Account will not, in and of itself, cause the interest on any of the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes. Not later than the 10th calendar day of each month, the Trustee shall provide the Commission and Manager with a monthly statement of (i) the amounts on deposit in the Funds and Accounts as of the last calendar day of the prior month and, (ii) if applicable, the amounts of any deficiencies in such Funds and Accounts that are known by the Trustee.

### **Section 5.03 Construction Fund.**

(a) The Trustee shall pay into the Construction Fund the amounts required to be so paid by the provisions of this Trust Agreement and any Supplemental Trust Agreement. The Trustee shall also pay into the Construction Fund until the Date of Final Completion any moneys received by the Trustee from any source with the express written direction to deposit such moneys in an Account of the Construction Fund unless otherwise required to be applied by this Trust Agreement or any Supplemental Trust Agreement.

(b) In addition to the Accounts established by Section 5.02(a) other separate, segregated Accounts and subaccounts may be created by the Commission within the Construction Fund and held by the Trustee in the manner provided in this Trust Agreement or in any Supplemental Trust Agreement. The Trustee shall hold money in such Accounts and subaccounts separately from other moneys in the Construction Fund and shall dispose of such money only in the manner provided in this Trust Agreement or in the Supplemental Trust Agreement pursuant to which such Accounts and subaccounts are created. Without limiting the generality of the foregoing, such separate, segregated Accounts and subaccounts, and all funds, investments thereof and investment income earned thereon may be exclusively pledged (and a lien and security interest therein may be exclusively granted) to secure for any period of time the payment of principal and Redemption Price of the Series of Bonds from which such funds are derived, and interest thereon to any date, all as may be more fully provided in a Supplemental Trust Agreement, in which case such pledge, lien and security interest will be prior and superior to the pledge of, lien on and security interest in the Construction Fund granted by this Trust Agreement securing the Bonds generally.

#### **Section 5.04 Hotel Account.**

(a) Except as otherwise provided in this Trust Agreement, the Commission and the Trustee shall cause the moneys to be disbursed from the Hotel Account solely for payment of the Costs of the Hotel. Prior to filing a Requisition for disbursement with the Trustee the following conditions shall have been satisfied by the Commission:

(i) *Requisition.* The Commission shall have delivered or caused to be delivered to the Trustee a requisition in the form of Exhibit C (the "Requisition"). The Requisition shall be completed and certified to be accurate by the Commission, the Design-Builder, the Architect (as to those matters required by the Requisition) and the Project Manager. Notwithstanding the foregoing sentence, Requisitions for Costs of the Hotel of the type described in paragraph (h) of the definition thereof and for fees of the Project Manager (in an amount not to exceed \$[AMOUNT]), may be executed and certified by an Authorized Commission Representative, without any other signatures, consents, approvals or certifications. The Requisition shall specifically identify the nature of each expense by reference to items in the Hotel Budget. With respect to Requisitions submitted by Design-Builder under the Design-Build Agreement, the costs, fees and expenses requested therein may be based on a percentage of completion of the Hotel, as approved by the Commission.

(ii) *Approval of Requisition.* The Commission shall cause the Project Manager to have reviewed and approved the Requisition and accompanying invoices and documents, and the Commission shall cause the Project Manager to send written confirmation to the Commission confirming its approval, including: (i) that the requisition for funds represents the amount due for the percentage of work actually completed and materials actually incorporated into the Hotel, all in accordance with the Approved Plans (less the Retention) and due for Costs of the Hotel, and (ii) that the cost of the work to be completed does not exceed the amount of the undisbursed portion of the Costs of the Hotel allocated to pay the costs of such work. The Commission and the Design-Builder shall establish an expeditious procedure for processing approved Requisitions and payment of undisputed amounts with the Trustee.

(iii) *Inspection.* The Commission shall have received a certificate of the Project Manager certifying that the Project Manager has inspected the Hotel (which the parties agree shall be in addition to and not in lieu of any formal inspection by any Governmental Authority as part of the permitting process) and reviewed the expenses incurred and determined that the work has been performed in a good and workman-like manner in accordance with the Approved Plans, that construction is progressing within the Design-Build Schedule, and that the expenses are reasonable and in accordance with the Hotel Budget.

(iv) *No Damage.* The Commission shall certify to the Trustee that no part of the Hotel shall have been materially injured or damaged by Casualty or if such event has taken place, the Commission shall cooperate with the insurers of such loss to cause the Trustee to receive Casualty Proceeds sufficient in the judgment of the Project Manager to effect the satisfactory restoration thereof and to permit completion of the Hotel on or prior to the Date of Substantial Completion.

(v) *Lien Waivers.* The Commission shall obtain or cause to be obtained appropriate unconditional or conditional (conditioned solely upon payment) waivers of mechanics' and materialmen's lien rights and stop notice rights executed by all contractors and other persons rendering services or delivering materials covered by the requests made in the Requisition and complying with the requirements of Applicable Law.

(vi) *Payment and Performance Bonds.* The Commission shall cause the Design-Builder to deliver the Performance Bond and Payment Bond naming the Trustee as obligee, and each in a penal sum equal to the Maximum Permitted Price under the Design-Build Agreement. All bonds required hereby shall be issued by a surety company duly licensed and authorized to do business in the State. The bonding requirements set forth in this Trust Agreement shall in no way affect or alter any of the other liabilities and responsibilities of the Design-Builder, including the duty to provide a lien-free Hotel.

(vii) *Compliance.* The Commission shall provide or cause to be provided to the Project Manager evidence satisfactory to it of compliance with all Restrictions and evidence that the Hotel is being constructed in compliance with the Restrictions.

(viii) *Building Permits.* The Commission shall provide or cause to be provided a valid building permit and any other required permit(s) for the construction of the Hotel.

(b) The Trustee shall advance to the Commission [ ]% of each amount requested in the Requisition to be advanced on account of Direct Costs, as hereinafter defined, and retain an amount (the "Retention") equal to [ ]% of such costs, which the Trustee shall transfer to the Retention Account. The Retention shall be released to or for the account of the Commission with final payment upon satisfaction of the conditions set forth in Section 5.04(e) or (f).

(c) The aggregate amount of each disbursement shall be based on a percentage of completion of the Hotel against a draw schedule set forth in the Design-Build Agreement.

(d) Except as otherwise provided in this Trust Agreement or as mutually agreed upon between the Trustee and the Commission, disbursements shall be made by wire transfer to



or upon Direction of the Commission. The Commission shall apply or cause to be applied such moneys received to the payment of Hotel Costs identified in such Requisition.

(e) Except as otherwise provided in subsection (f) of this Section, prior to the final disbursement of the Retention, the Commission shall provide a Certificate to the Trustee to the effect that all conditions for release of Retention required by the Design-Build Agreement have been fully satisfied.

(f) The portion of the Retention applicable to a particular subcontractor or supplier shall be disbursed when, with respect to such subcontractor or supplier, the Commission shall have provided or caused to be provided to the Project Manager each of the following:

(i) *Certificates of Completion.* A certificate from the Commission, Manager, the Design-Builder and the Project Manager that the applicable work has been completed or the supplies have been incorporated into the Hotel in accordance with the Approved Plans.

(ii) *Lien/Release Waiver.* A final conditional lien waiver or release complying with the requirements of Applicable Law.

(g) Promptly following the Date of Final Completion, the Commission shall, by Request, direct the Trustee to transfer the balance in the Hotel Account, if any, first, to satisfy any remaining amounts owed to the Design-Builder under the Design-Build Agreement for Costs of the Hotel, and second to the Debt Service Reserve Fund.

#### **Section 5.05 Other Accounts in the Construction Fund.**

(a) The Trustee shall distribute amounts in the Pre-Opening Expenses Account to or to the order of the Pre-Opening Services Manager upon receipt by the Trustee of a Requisition executed by the Pre-Opening Services Manager in the form attached to this Trust Agreement as Exhibit D ("Pre-Opening Requisition") to pay the Pre-Opening Expenses for the Hotel in accordance with the Pre-Opening Services Agreement. No later than six months after the Opening Date, the Pre-Opening Services Manager is required under the terms of the Pre-Opening Services Agreement to notify the Commission and the Trustee of the amount of Pre-Opening Expenses that remain unpaid. All amounts in excess of such amount shall be transferred by the Trustee to the Debt Service Reserve Fund. Upon the earlier to occur of (i) no moneys remaining on deposit in the Pre-Opening Expenses Account, and (ii) one hundred eighty (180) after the Opening Date, the Trustee shall close the Pre-Opening Expenses Account, and shall transfer all amounts, if any, remaining therein to the Debt Service Reserve Fund.

(b) Except as otherwise provided by Supplemental Trust Agreement or in Section 9.04, prior to the Opening Date, the Trustee shall transfer amounts in the Hotel Account and the Pre-Opening Expenses Account of the Construction Fund at the Direction of the Commission to the Debt Service Account and apply such amounts to the payment of principal of and interest on the Bonds when due, as required by Section 5.07(a); provided, that with respect to the Maximum Permitted Price, the Project Manager and the Design-Builder and, with respect to the Pre-Opening Expenses only, the Pre-Opening Services Manager, each shall first certify to the Trustee that the amounts remaining in the Hotel Account and in the Pre-Opening Expenses

Account, as the case may be, after such transfer are sufficient to pay all of the remaining Maximum Permitted Price and Pre-Opening Expenses, respectively.

(c) Amounts in the Preliminary Working Capital Account shall be used to pay the initial Operating Expenses of the Hotel, including any prepayment of Operating Expenses requested in writing by Manager in its reasonable discretion. Upon receipt of written notice from Manager that the Opening Date of the Hotel is scheduled to occur within seven days, the Trustee shall transfer an amount equal to the Petty Cash Amount to Manager from the amounts on deposit in the Preliminary Working Capital Account and shall transfer the remaining amounts in the Preliminary Working Capital Account to the Lockbox Fund, which amount shall be at least equal to the Working Capital Set Aside Amount. If Manager fails to provide such notice, such transfer shall be made on the Opening Date of the Hotel. The Trustee shall close the Preliminary Working Capital Account immediately after such transfer.

(d) Pursuant to the Pre-Opening Services Agreement, the Pre-Opening Services Manager shall transfer Reservation Deposits received prior to the seventh day prior to the Opening Date by the Pre-Opening Services Manager, less any refunds thereof, to the Trustee not less frequently than monthly for deposit by the Trustee into the Reservation Deposit Account of the Construction Fund. Prior to the seventh day before the Opening Date, the Trustee shall remit to the Pre-Opening Services Manager upon receipt of a Request therefor from the Pre-Opening Services Manager amounts on deposit in the Reservation Deposit Account due to refunds of Reservation Deposits or to pay for Operating Expenses incurred with respect to any event for which a Reservation Deposit has been received. The Trustee shall transfer all amounts on deposit in the Reservation Deposit Account to the Lockbox Fund upon receipt of written notice from Manager that the Opening Date of the Hotel is scheduled to occur within seven days. If Manager fails to provide such notice, the Trustee shall make such transfer on the Opening Date of the Hotel. The Reservation Deposit Account shall be closed by the Trustee immediately after such transfer.

(e) On the 15th Business Day prior to each Interest Payment Date, to the extent of any remaining balance in the Series 201\_ Capitalized Interest Account, the Trustee shall transfer amounts in the Series 201\_ Capitalized Interest Account equal to the interest due on the Series 201\_ Bonds on such Interest Payment Date to the Debt Service Account. Moneys in the Series 201\_ Capitalized Interest Account shall not be available for payment in respect of any Bonds other than the Series 201\_ Bonds. The Trustee shall close the Series 201\_ Capitalized Interest Account once there are no funds remaining on deposit therein.

(f) The Trustee shall distribute amounts in the Costs of Issuance Account to, or to the order of, the Commission pursuant to and in accordance with a Request of an Authorized Commission Representative to pay the Costs of Issuance for the Series 201\_ Bonds. Upon the earlier to occur of (i) the delivery to the Trustee of a written Certificate from an Authorized Commission Representative stating that all Costs of Issuance for the Series 201\_ Bonds have been paid or duly provided for or (ii) [MONTH/DAY, 20\_\_], the Trustee shall close the Costs of Issuance Account and shall transfer all amounts remaining therein to the Hotel Account.

#### **Section 5.06 Lockbox Fund; Revenue Fund.**

(a) Commencing on a date at least seven days prior to the Opening Date, the Trustee shall at all times cause to be maintained a Lockbox Fund pursuant to the provisions of the

Cash Management Agreement or, if the initial Manager is replaced by a successor Manager, a Cash Management Agreement with terms substantially similar to those contained in the initial Cash Management Agreement. Amounts in the Lockbox Fund shall be applied as provided in this Trust Agreement, the Cash Management Agreement and the Management Agreement to pay or reimburse the Manager for the payment of Operating Expenses.

(b) Unless a Manager Event of Default (as defined in the Management Agreement) has occurred and is continuing under the Management Agreement or the Management Agreement has been terminated, in each case of which the Trustee has notice, the Trustee shall instruct the Depository Bank to periodically disburse amounts deposited in the Lockbox Fund to Manager as periodically requested by Manager, pursuant to either check or draft drawn by Manager directly against such Lockbox Fund or by written instructions provided by Manager to the Trustee specifying the amount to be transferred by the Trustee to Manager for the payment of Operating Expenses and the Base Management Fee then due and owing. The Base Management Fee then due and owing shall be paid out on the first Business Day of each month immediately prior to any other disbursements, including the disbursements to the Revenue Fund as provided in this Section. The Trustee shall instruct the Depository Bank to transfer to Manager all amounts in the Lockbox Fund that represent proceeds of Bonds prior to distributing any amounts on deposit therein that represent Total Operating Revenues.

(c) If a Manager Event of Default (as defined in the Management Agreement) has occurred and is continuing under the Management Agreement of which the Trustee has notice, and the Trustee has not received notice of the termination of the Management Agreement, the Trustee shall instruct the Depository Bank to periodically distribute amounts deposited in the Lockbox Fund to Manager as periodically requested by Manager pursuant to either check or draft drawn by Manager directly against such Lockbox Fund or by written instructions provided by Manager to the Trustee specifying the amount to be transferred by the Trustee to Manager for the payment of (i) budgeted Operating Expenses, (ii) the Base Management Fee then due and owing, and (iii) with the prior written consent of the Asset Manager and the Authorized Commission Representative, Operating Expenses not included in the Annual Plan; provided, that Manager shall provide a weekly report summarizing all Operating Expenses paid during each week to the Commission and the Trustee.

(d) On the first Business Day of each month following the Opening Date, the Trustee shall deposit in the Revenue Fund from the Lockbox Fund the amount as specified in Section 5.01(d). All amounts in the Revenue Fund shall be used for the purposes and in the order of priority set forth in Section 5.07. The Commission agrees to pay as an Operating Expense the fees of the Depository Bank in accordance with the customary fees charged by the Depository Bank for the services described in this Trust Agreement and in the Cash Management Agreement, as such fees are established from time to time. The Trustee or the Commission may replace the Depository Bank with a new Depository Bank reasonably acceptable to Manager upon five (5) Business Days' prior notice to the parties to the Cash Management Agreement.

#### **Section 5.07 Flow of Funds.**

(a) Except as otherwise provided in subsections (b) and (c) of this Section or in Section 9.04, on the first Business Day of each month, after making the deposit required in Sections 5.01(d) and 5.06 to the Revenue Fund, the Trustee shall make the deposits, transfers or

payments indicated below from amounts then on deposit in the Revenue Fund in the priority listed below (including curing any existing deficiency in deposits, transfers or payments required in prior months), the requirements of each Fund, deposit, transfer or payment of each priority to be fully satisfied, leaving no deficiencies, prior to any deposit, transfer or payment later in priority, unless as otherwise expressly provided below:

*First*, to the Taxes and Insurance Fund, an amount which together with moneys on deposit in such Fund will equal the Taxes and Insurance Set Aside Amount accrued but not paid through the preceding month;

*Second*, to the Administrative Costs Fund, an amount which together with moneys on deposit in such Fund will equal the amount necessary to pay the Administrative Expenses then due and owing for such month, together with any accruals from prior periods;

*Third*, to the FF&E Reserve Fund, an amount which together with moneys on deposit in such Fund will equal the FF&E Set Aside Amount accrued but not paid through the preceding month;

*Fourth*, unless provision for such payments from the Construction Fund or otherwise has been made as contemplated by Section 5.03 or otherwise, to the Debt Service Account of the Debt Service Fund, an amount which together with moneys on deposit in such Account will equal:

(A) one-sixth of any interest to become due and payable on each Series of Outstanding Bonds on the next Interest Payment Date for such Series, plus an amount equal to any shortfall from prior periods to the extent not made up from another source; plus

(B) commencing with the month occurring twelve months prior to the first Principal Payment Date for each Series of Outstanding Bonds, one-twelfth of the next Principal Payment to become due and payable within the next twelve months on each Series of Outstanding Bonds, plus an amount equal to any shortfall from prior periods to the extent not made up from another source;

*Fifth*, to the Debt Service Reserve Fund or any account with such Fund, an amount which together with moneys on deposit in such Fund or account will equal the applicable Reserve Fund Requirement;

*Sixth*, to the Rebate Fund, an amount which together with moneys on deposit in such Fund, will equal the aggregate amount required to be on deposit therein pursuant to the Tax Certificate delivered in connection with the issuance of each Series of Tax-Exempt Bonds;

*Seventh*, to the Subordinate Management Fee Fund, the amount of the Subordinate Management Fee for such month, together with any accruals from prior periods;

*Eighth*, to the Working Capital Reserve Fund, an amount which together with moneys on deposit in such Fund will equal the Working Capital Reserve Requirement;

*Ninth*, to the Capital Reserve Fund, an amount which together with moneys on deposit in such Fund will equal the Capital Reserve Set Aside Amount;

*Tenth*, to pay principal of, interest on and any debt service reserve requirements with respect to any Subordinate Bonds; and

*Eleventh*, to the Revenue Stabilization Fund, the balance, if any, of moneys remaining in the Revenue Fund.

(b) Notwithstanding the provisions of subsection (a) of this Section, if on the 25th day immediately preceding each Interest Payment Date and Principal Payment Date, there are not on deposit in the Debt Service Account amounts sufficient to pay the interest and Principal Payments to become due on the Bonds, on such Interest Payment Date and Principal Payment Date, and sufficient amounts are not on deposit in the Funds referenced in Section 5.07(a) (with respect to insufficiency of amounts on deposit in the Debt Service Account) to make up any such deficiency, then the Trustee shall promptly notify the Depository Bank and the Commission on the immediately succeeding Business Day of such shortfall and, unless funds to cover such deficiency are transferred to the Trustee for deposit to the Revenue Fund within ten days after receipt of such notice, the Commission shall cause the Depository Bank to transfer the Lockbox Fund to the name and credit of the Trustee, as assignee of the Commission. The Lockbox Fund shall remain in the name and to the credit of the Trustee until the amounts on deposit in the Lockbox Fund are sufficient to pay in full (or have been used to pay in full) all amounts in default and until all other Events of Default known to the Trustee shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, whereupon the Lockbox Fund (except for the Available Revenues held in the Lockbox Fund that are required to make such payments or cure such defaults) shall be returned to the name and credit of the Commission.

(c) During any period that the Lockbox Fund is held in the name and to the credit of the Trustee, the Trustee shall use and withdraw from time to time amounts in the Lockbox Fund to make payments of Debt Service on the Bonds and to deposit the FF&E Set-Aside amounts in the FF&E Reserve Fund. During any period that the Lockbox Fund is held in the name and to the credit of the Trustee, the Commission shall not be entitled to use or withdraw any of the Total Operating Revenues therefrom unless (and then only to the extent that) the Trustee so directs for the payment of current or past due Operating Expenses; provided, that the Commission shall be entitled to withdraw any amounts in the Lockbox Fund that do not constitute Total Operating Revenues and apply such amounts in the manner set forth in this Trust Agreement.

(d) Notwithstanding the foregoing, (i) unless the Management Agreement has been terminated or a Manager Event of Default (as defined in the Management Agreement) has occurred and is continuing under the Management Agreement or the Cash Management Agreement, Manager shall be entitled to continue to receive the funds it would have otherwise been entitled to pursuant to this Trust Agreement, the Management Agreement and the Cash Management Agreement as if no Event of Default under this Trust Agreement had occurred, and (ii) if a Manager Event of Default (as defined in the Management Agreement) of which the Trustee has notice has occurred and is continuing under the Management Agreement but the Trustee has not received notice that the Management Agreement has been terminated, the Trustee shall pay Manager (x) the budgeted Operating Expenses, the Base Management Fee then due and owing,

items within the Capital Budget, and amounts needed to pay Taxes and Insurance Costs with respect to the Hotel, and (y) with the prior written consent of the Asset Manager and the Authorized Commission Representative, expenses not included in the Annual Plan and amounts reasonably determined by Manager to be required to protect life, health or property from imminent danger or to comply with Applicable Laws. The Manager shall supply a weekly accounting of such expenditures paid during such week to the Trustee and the Commission.

(e) Notwithstanding anything contained in Section 5.07(a) to the contrary, to the extent any amounts are paid by any Person other than the Commission to the Trustee, any moneys received by the Trustee from any source that are identified as payment to the Trustee relating to items paid from amounts received by the Trustee from such other Person, as aforesaid, shall be paid by the Trustee to such other Person.

**Section 5.08 Taxes and Insurance Fund.** Unless the Management Agreement has been terminated, pursuant to the Cash Management Agreement, moneys in the Taxes and Insurance Fund shall be paid out from time to time by to pay all Taxes and insurance premiums that become due and payable with respect to the ownership and operation of the Hotel, pursuant to and in accordance with a Request of Manager, or if none, the Commission, in substantially the form attached to this Trust Agreement as Exhibit E.

**Section 5.09 Administrative Costs Fund.** The Trustee shall deposit in the Administrative Costs Fund the amounts required to pay the Administrative Expenses related to the administration of the Bonds and the Hotel, including fees and expenses of any Consultant after the Opening Date and the expenses of the Commission. Upon the Requisition of an Authorized Commission Representative, the Trustee shall apply amounts in the Administrative Costs Fund for payment of Administrative Expenses then due and owing or to reimburse the Commission for the payment of any Administrative Expenses previously paid by the Commission.

**Section 5.10 Debt Service Fund.**

(a) The Trustee shall pay out of the appropriate Account of the Debt Service Fund on or before each Interest Payment Date for any of the Bonds the amount required for the interest payment on such Interest Payment Date, and shall pay out of the appropriate Account of the Debt Service Fund on or before each Principal Payment Date, the amount required for the Principal Payment due on such due date; provided, that if any special fund, account or subaccount has been created for the payment of capitalized interest on the Bonds or any Series thereof, the Trustee shall apply any amounts transferred to the Debt Service Fund from such special fund, account or subaccount to pay such interest prior to the use of any amounts in the Debt Service Fund for such purpose. On or before any Redemption Date for Bonds to be redeemed, the Trustee shall pay out of the appropriate Account of the Debt Service Fund, from available amounts deposited therein from time to time, the Redemption Price of and interest on the Bonds then to be redeemed.

(b) The Trustee shall apply amounts in the appropriate Account of the Debt Service Fund with respect to any Mandatory Sinking Fund Installment (together with amounts in the appropriate Account of the Debt Service Fund with respect to interest on the Bonds for which such Mandatory Sinking Fund Installment was established) to the redemption of Bonds of the Series and maturity for which such Mandatory Sinking Fund Installment was established in an

amount not exceeding that necessary to complete the retirement of such Mandatory Sinking Fund Installment as hereinafter provided. Unless otherwise provided in any Supplemental Trust Agreement, as soon as practicable after the 60th day preceding the due date of any such Mandatory Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as provided in Section 4.05, on such due date Bonds of the Series and maturity for which such Mandatory Sinking Fund Installment was established (except in the case of Bonds maturing on the date a Mandatory Sinking Fund Installment is due) in such amount as shall be necessary to complete the retirement of such Mandatory Sinking Fund Installment; provided, that for this purpose the principal amount of Bonds of such Series and maturity delivered by the Commission to the Trustee for cancellation not less than 60 days prior to such due date, as provided in subsection (c) of this Section, shall be credited against the amount of such Mandatory Sinking Fund Installment.

(c) Upon any purchase pursuant to subsection (d) of this Section, or any redemption, pursuant to any redemption provision (other than a mandatory sinking fund redemption provision) of this Trust Agreement or any Supplemental Trust Agreement, of Bonds of any Series and maturity for which Mandatory Sinking Fund Installments have been established, the Trustee shall credit the principal amount of such Bonds so purchased or redeemed toward the next Mandatory Sinking Fund Installment or Installments for such Bonds of such Series and maturity.

(d) The Trustee shall, at any time at the Direction of the Commission, apply amounts available in the appropriate Account of the Debt Service Fund pursuant to Section 4.03(d) for application against the payment of any Principal Payments for purchase of Bonds of any Series and maturity for which such Mandatory Sinking Fund Installments has been established at a price no greater than the Redemption Price therefor.

(e) Except as otherwise provided in Section 5.11, the Trustee shall apply amounts in the Debt Service Account of the Debt Service Fund only to the payment of Debt Service on the Bonds in the manner and at the times provided in subsections (a), (b), (c) and (d) of this Section.

**Section 5.11 Other Transfers to Debt Service Fund.** Notwithstanding anything to the contrary in this Trust Agreement, if on the 10th Business Day immediately preceding each Interest Payment Date and Principal Payment Date there are not on deposit in the Debt Service Account on such date amounts sufficient to pay the interest and Principal Payments to become due on the Bonds on such Interest Payment Date or Principal Payment Date (other than the Trustee Bonds for which moneys have been already set aside and dedicated to the payment of such Bonds as permitted in this Trust Agreement), the Trustee shall transfer moneys to the Debt Service Account from the following sources in an aggregate amount which, together with the amount then on deposit in the Debt Service Account, will result in the Debt Service Account having the balance required to be on deposit therein in order to pay interest and Principal Payments to become due and payable on such Interest Payment Date or Principal Payment Date:

*First*, from the Capitalized Interest Account created for such Series of Bonds;

*Second*, from the Revenue Stabilization Fund;

*Third*, from the Subordinate Management Fee Fund;

*Fourth*, from the Capital Reserve Fund;

*Fifth*, subject to Section 5.03, from the Hotel Account and/or Pre-Opening Expenses Account in the Construction Fund;

*Sixth*, from the Debt Service Reserve Fund (but only at the end of the Business Day immediately preceding the Interest Payment Date or Principal Payment Date) in accordance with the provisions of Section 5.12; and

*Seventh*, from the FF&E Reserve Fund (but only in an amount equal to any amounts deposited into the FF&E Reserve Fund during the current Operating Year).

### **Section 5.12 Debt Service Reserve Fund.**

(a) On the Closing Date, the Reserve Fund Requirement shall be satisfied by a deposit of \$[ ] into the Debt Service Reserve Fund pursuant to Section 3.01. The Trustee shall apply amounts from the Debt Service Reserve Fund to the extent necessary to cure any deficiency in the Debt Service Account pursuant to Section 5.06(a) by using cash or investments on deposit in the Debt Service Reserve Fund. Notwithstanding anything to the contrary in this Trust Agreement, the Debt Service Reserve Fund shall only secure the Series 201\_ Bonds and if Additional Bonds are issued under this Trust Agreement while the Series 201\_ Bonds are Outstanding and such Additional Bonds are to be secured by a debt service reserve fund, the Trustee shall establish a separate and distinct account within the Debt Service Reserve Fund to secure such Additional Bonds. Any amounts available pursuant to Section 5.11 to cure any deficiency in the Debt Service Account shall be allocated between the Series 201\_ Bonds and such Additional Bonds on a pro rata basis without regard to the existence of the Debt Service Reserve Fund.

(b) Except as provided in subsection (e) of this Section, and subject to the provisions of Section 6.03 relating to the application of interest earnings, if on the last Business Day of any month the amount on deposit in the Debt Service Reserve Fund shall exceed the Reserve Fund Requirement, the Trustee shall deposit any remaining moneys in the Hotel Account of the Construction Fund until the Date of Substantial Completion, and thereafter the Trustee shall deposit such amounts in the Debt Service Account to the payment of the principal of the Bonds.

(c) When the amount in the Debt Service Reserve Fund, together with the amounts in the Debt Service Account, amounts in the Sinking Fund, amounts in the Working Capital Reserve Fund in excess of Working Capital Set-Aside Amount and amounts in the Revenue Stabilization Fund in excess of all amounts in the Revenue Stabilization Fund, is sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or Redemption Price and interest), the Trustee shall apply the amount on deposit in the Debt Service Reserve Fund, together with the amount on deposit in the Debt Service Account, amounts in the Sinking Fund, amounts in the Working Capital Reserve Fund in excess of Working Capital Set-Aside Amount and all amounts in the Revenue Stabilization Fund, at the Direction of the Commission, to pay the principal or Redemption Price of and interest on all Outstanding Bonds.



(d) In the event of the refunding of one or more Series of Bonds (or portions thereof), the Trustee shall, upon the Direction of the Commission, withdraw from the Debt Service Reserve Fund any or all of the amounts on deposit therein with respect to the Bonds being refunded and apply such amounts to the payment of the principal of and interest on the Bonds (or portions thereof) being refunded; provided, that such withdrawal shall not be made unless:

(i) immediately thereafter the Bonds (or portions thereof) being refunded shall be deemed to have been paid pursuant to Section 8.02, and

(ii) the amount remaining in the Debt Service Reserve Fund after such withdrawal, taking into account any deposits to be made in the Debt Service Reserve Fund in connection with such refunding, shall not be less than the Reserve Fund Requirement.

(e) If the Trustee shall withdraw any amount from the Debt Service Reserve Fund pursuant to subsection (a) of this Section for deposit in the Debt Service Account, the Trustee shall give written notice thereof within ten (10) Business Days to the Commission.

(f) Except as provided in this Section, if any amount transferred into the Debt Service Reserve Fund pursuant to Section 5.05(a) causes the balance in the Debt Service Reserve Fund to exceed the Reserve Fund Requirement (excluding any amounts in excess of the Reserve Fund Requirement up to \$[ ] as provided in clause \_\_\_\_\_ of Section 5.07(a)), then the Trustee shall immediately transfer such excess to the Working Capital Reserve Fund.

**Section 5.13 Rebate Fund.** The Trustee shall deposit amounts into the Rebate Fund pursuant to Section 5.07 in the amount required pursuant to the Tax Certificate delivered in connection with the issuance of the Series 201\_ Bonds and pursuant to any similar instrument or certificate delivered by the Commission in connection with the issuance of any Additional Bonds (each, a "Tax Certificate," and collectively, the "Tax Certificates"). Notwithstanding anything to the contrary in this Trust Agreement, moneys on deposit in the Rebate Fund shall not be part of the Revenues or other assets pledged under this Trust Agreement and, except as otherwise provided in this Section, moneys on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due to the United States of America with respect to the Bonds pursuant to Section 148(f) of the Code. Moneys on deposit in the Rebate Fund shall be remitted to the United States Treasury by the Trustee at the times and in the amounts set forth in the Tax Certificates. If the moneys on deposit in the Rebate Fund are insufficient for the purpose thereof, the Commission shall direct the Trustee to transfer moneys in the amount of the insufficiency to the Rebate Fund from any amounts in any of the Funds and Accounts in excess of the amount necessary to be on deposit therein and otherwise from amounts then on deposit in the Funds and Accounts described in clauses *First* through \_\_\_\_\_ of Section 5.07(a) in such order of priority; provided, that such transfer shall not be made from amounts on deposit in the Taxes and Insurance Fund, the FF&E Reserve Fund or the Working Capital Reserve Fund (but only if such transfer would result in the remaining balance in the Working Capital Reserve Fund being less than the Working Capital Set-Aside Amount) without the prior written consent of Manager, or any Debt Service Account if such transfer would result in a shortfall in the amount on deposit therein to pay Debt Service on any Bonds then due. Upon receipt by the Commission of a Certificate of a Rebate Analyst to the effect that the amount in the Rebate Fund is in excess of the amount required to be contained therein, such excess shall be transferred to the Revenue Fund.

**Section 5.14 Subordinate Management Fee Fund.** The Trustee shall apply amounts on deposit in the Subordinate Management Fee Fund to pay to Manager the Subordinate Management Fee then due and payable, including any accrued but unpaid Subordinate Management Fees.

**Section 5.15 Working Capital Reserve Fund.**

(a) If the amount on deposit in the Working Capital Reserve Fund exceeds the Working Capital Reserve Requirement, amounts in excess of the Working Capital Reserve Requirement shall be deposited into the Revenue Fund.

(b) Unless the Management Agreement has been terminated, pursuant to the Cash Management Agreement, the Trustee shall make disbursements of moneys in the Working Capital Reserve Fund pursuant to and in accordance with a Request of Manager in substantially the form of Exhibit F to this Trust Agreement for the purposes of paying Operating Expenses, Capital Expenses, other expenses and items expressly provided for in the Management Agreement and/or any other expenses which, if not included in the Annual Plan, shall be subject to the prior written consent of the Commission and the Asset Manager, at any time during which such expenses exceed Total Operating Revenues for such month plus the amount otherwise available to pay such expenses in the Lockbox Fund, the FF&E Reserve Fund and the Revenue Stabilization Fund (to the extent amounts in such Funds are authorized to be used for such purposes); provided, that if payment of such Operating Expenses, Capital Expenses or other expenses would require the consent of the Authorized Commission Representative under the Management Agreement or the Cash Management Agreement, such Request shall be subject to the prior written consent of the Authorized Commission Representative and the Asset Manager.

(c) The Trustee shall also apply amounts in the Working Capital Reserve Fund (i) for repair or replacement of the Hotel in the event of any Casualty, or (ii) for the payment of amounts reasonably determined by Manager to be required to protect life, health or property from imminent danger or to comply with Applicable Laws, at any time during which such expenses exceed Total Operating Revenues for such month plus the amount otherwise available in the Lockbox Fund, the FF&E Reserve Fund and the Revenue Stabilization Fund to pay such expenses (to the extent amounts in such Funds are authorized to be used for such purposes).

(d) Notwithstanding anything to the contrary in this Trust Agreement or any other Principal Transaction Document, if any amount transferred into the Working Capital Reserve Fund pursuant to Section 5.06 causes the balance in the Working Capital Reserve Fund to exceed the Working Capital Set-Aside Amount, then the Trustee shall transfer such excess to the Lockbox Fund.

**Section 5.16 FF&E Reserve Fund.**

(a) The Trustee shall apply amounts from the FF&E Reserve Fund to the extent necessary to cure any deficiency in the Debt Service Account pursuant to Section 5.11.

(b) Unless a Manager Event of Default (as defined in the Management Agreement) has occurred and is continuing under the Management Agreement or the Management Agreement has been terminated, pursuant to the Cash Management Agreement, the Trustee shall

make disbursements of moneys in the FF&E Reserve Fund pursuant to and in accordance with a Request of Manager in substantially the form attached to this Trust Agreement as Exhibit G for the purposes of paying (i) for FF&E and Capital Expenses included in the Capital Budget, (ii) if funds in the Revenue Stabilization Fund are insufficient to make such payment, amounts reasonably determined by Manager to be required to protect life, health or property from imminent danger or to comply with Applicable Laws, and (iii) FF&E and Capital Expenses not included in the Capital Budget with the prior written consent of the Asset Manager and the Authorized Commission Representative. If a Manager Event of Default (as defined in the Management Agreement) has occurred and is continuing under the Management Agreement, the Trustee shall make disbursements pursuant to and in accordance with a Request of Manager (with the prior written consent of the Authorized Commission Representative and the Asset Manager) in substantially the form attached to this Trust Agreement as Exhibit G for the purposes and in the manner described in the immediately preceding sentence; provided, that Manager shall provide a weekly report summarizing all amounts paid out of the FF&E Reserve Fund during each week to the Trustee and the Commission.

#### **Section 5.17 Capital Reserve Fund.**

(a) The Trustee shall apply amounts from the Capital Reserve Fund to the extent necessary to cure any deficiency in the Debt Service Account pursuant to Section 5.11.

(b) Unless a Manager Event of Default (as defined in the Management Agreement) has occurred and is continuing under the Management Agreement or the Management Agreement has been terminated, pursuant to the Cash Management Agreement, the Trustee shall make disbursements of moneys in the Capital Reserve Fund pursuant to and in accordance with a Request of Manager in substantially the form attached to this Trust Agreement as Exhibit H for the purposes of paying (i) for FF&E and Capital Expenses included in the Capital Budget, (ii) if funds in the Revenue Stabilization Fund are insufficient to make such payment, amounts reasonably determined by Manager to be required to protect life, health or property from imminent danger or to comply with Applicable Laws, and (iii) FF&E and Capital Expenses not included in the Capital Budget with the prior written consent of the Asset Manager and the Authorized Commission Representative. If a Manager Event of Default (as defined in the Management Agreement) has occurred and is continuing under the Management Agreement, the Trustee shall make disbursements pursuant to and in accordance with a Request of Manager (with the prior written consent of the Authorized Commission Representative and the Asset Manager) in substantially the form attached to this Trust Agreement as Exhibit H for the purposes and in the manner described in the immediately preceding sentence; provided, that Manager shall provide a weekly report summarizing all amounts paid out of the Capital Reserve Fund during each week to the Trustee and the Commission.

#### **Section 5.18 Revenue Stabilization Fund.**

(a) The Trustee shall apply amounts from the Revenue Stabilization Fund to the extent necessary to cure any deficiency in the Debt Service Account pursuant to Section 5.11.

(b) Unless an Event of Default under this Trust Agreement has occurred and is continuing, and provided that the amounts on deposit in the Funds and Accounts set forth in clauses First through \_\_\_\_\_ of Section 5.07(a) are then equal to the amounts required to be on deposit

therein, upon receipt of a Request of the Commission in substantially the form attached to this Trust Agreement as Exhibit I, the Trustee shall apply amounts in the Revenue Stabilization Fund to pay any unpaid expenses or obligations incurred with respect to the Hotel or any unpaid expenses or obligations owed by the Commission to third parties that are not otherwise payable as Administrative Expenses, including any amounts the Commission is obligated to pay under the Management Agreement, including any Unamortized Key Money due to Hyatt upon a termination of the Management Agreement, or any expenses or obligations which the Management Agreement provides will be paid out of the Revenue Stabilization Fund.

(c) Unless the Management Agreement has been terminated, pursuant to the Management Agreement and the Cash Management Agreement, the Trustee shall apply moneys on deposit in the Revenue Stabilization Fund pursuant to and in accordance with a Request of Manager in substantially the form attached to this Trust Agreement as Exhibit I (i) to pay amounts reasonably determined by Manager to be required to protect life, health or property from imminent danger or to comply with Applicable Laws, and (ii) not less than three (3) Business Days after such Request, to pay Operating Expenses, Capital Expenses within the Capital Budget, Taxes and Insurance Costs, or any other expenses upon prior written notice to the Commission and the Asset Manager, at any time during which such Operating Expenses, Capital Expenses and other expenses exceed Total Operating Revenues for such month plus the amount otherwise available in the Lockbox Fund and the FF&E Reserve Fund (to the extent amounts in such Funds are authorized to be used for such purposes); provided, that if the payment of such Operating Expenses, Capital Expenses or other expenses is not authorized under the Management Agreement or requires the consent or approval of the Authorized Commission Representative under the Management Agreement or the Cash Management Agreement, such Request shall be conditioned upon the prior written approval by the Commission and the Asset Manager.

(d) Unless an Event of Default under this Trust Agreement has occurred and is continuing, and provided that the amounts on deposit in the Funds and Accounts set forth in clauses First through \_\_\_\_\_ of Section 5.07(a) are then equal to the amounts required to be on deposit therein, upon receipt of a Request of the Commission in substantially the form attached to this Trust Agreement as Exhibit I, the Trustee shall apply amounts in the Revenue Stabilization Fund to pay any unpaid expenses or obligations incurred with respect to the Hotel or any unpaid expenses or obligations owed by the Commission to third parties that are not otherwise payable as Administrative Expenses that the Commission is obligated to pay under the Pre-Opening Services Agreement or the Design-Build Agreement.

(e) The Trustee shall apply all amounts in the Revenue Stabilization Fund, together with amounts available for such purpose in the Funds and Accounts under the circumstances and as set forth in Section 5.14(c), at the Direction of the Commission, to pay the principal and Redemption Price of and interest on all Outstanding Bonds in the manner as set forth in Section 5.14(c).

(f) Amounts on deposit in the Revenue Stabilization Fund shall be transferred by the Trustee to the Commission for use by the Commission for any purpose whatsoever in the Commission's sole and absolute discretion, including the prepayment of the Bonds pursuant to this Trust Agreement.

**Section 5.19 Insurance and Condemnation Proceeds Fund.**

(a) The Trustee shall deposit the proceeds of insurance with respect to the Hotel maintained or caused to be maintained by the Commission against loss or damage by fire, lightning, and all other risks covered by the extended coverage insurance endorsement, as required pursuant to Section 7.16, the proceeds of any title insurance with respect to the Hotel obtained pursuant to this Trust Agreement, the proceeds of the Performance and Payment Bond or any other performance and payment bond or guaranty with respect to the Hotel, and the proceeds of any Taking with respect to the Hotel, immediately upon receipt by the Trustee, as assignee of the Commission, in the Insurance and Condemnation Proceeds Fund; provided, that if such amount is less than \$50,000, then, subject to Section 7.18, such amount shall be distributed immediately to or at the Direction of the Commission and shall be applied to the cost of the repair or replacement of the property damaged, destroyed or taken. After deducting therefrom the reasonable charges and expenses of the Trustee in connection with the collection of such moneys, moneys in the Insurance and Condemnation Proceeds Fund shall be disbursed or applied by the Trustee in accordance with and subject to Section 7.18 and in compliance with the procedures for Disbursements from the Hotel Account to the extent such procedures are applicable.

(b) If pursuant to Section 7.18, Available Amounts (as such term is defined in Section 7.18(a)) are not to be applied to repair or replace the property damaged, destroyed or taken, the Trustee, upon a Request of the Commission, shall transfer amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to the Debt Service Account in order to redeem the Bonds.

(c) After completion of the repairs or replacement of the property damaged, destroyed or taken, and after all costs associated therewith have been paid, the Trustee shall deposit any amounts remaining in the Insurance and Condemnation Proceeds Fund into the Revenue Fund and applied on the first Business Day of the next succeeding month in the manner set forth in Section 5.07.

(d) The proceeds of business interruption insurance maintained pursuant to Section 7.16(b)(ii) shall be deposited by the Trustee when and as received in a segregated account (the "Business Interruption Account") within the Insurance and Condemnation Proceeds Fund, which Account shall be established by the Trustee upon receipt of notice that the carrier of such insurance will be paying claims thereon to the Trustee.. The Trustee shall hold the Business Interruption Account in trust under this Trust Agreement separate and apart from any other Funds and Accounts. Amounts deposited in the Business Interruption Account shall be immediately transferred and applied in the following order of priority:

(i) to the Debt Service Account, an amount for payment of debt service on the Bonds when due;

(ii) to the Lockbox Fund, an amount for payment of Operating Expenses (including the Base Management Fee to the extent covered by such business interruption insurance) when due;

(iii) to the Taxes and Insurance Fund, an amount for payment of Taxes or insurance premiums when due with respect to the ownership and operation of the Hotel;

(iv) to the Administrative Fee Fund, an amount for payment of Administrative Expenses when due; and

(v) to the Lockbox Fund, the balance, if any, for application by the Trustee as provided in this Article.

Notwithstanding the foregoing, amounts required to be transferred pursuant to any given order of priority in this subsection shall be reduced to the extent the insurance carrier has directly paid business interruption insurance proceeds to parties other than the Trustee for such purposes. The Trustee shall be entitled to rely on a Certificate of the Commission in making the transfers set forth in this subsection.

(e) Notwithstanding anything to the contrary in this Trust Agreement, if proceeds of insurance relate to any loss or damage to any property not constituting the Hotel, such proceeds shall be disbursed directly to the Persons legally entitled to such insurance proceeds.

#### **Section 5.20 Right of Access to Funds by Manager and the Commission.**

(a) Notwithstanding anything to the contrary in this Trust Agreement, so long as the Management Agreement has not expired or terminated, Manager is entitled to submit Requests and receive funds as described elsewhere in this Article for the purposes and in the manner described therein, notwithstanding any Event of Default (as defined in this Trust Agreement), the breach of any provision of this Trust Agreement, or the occurrence of any event or condition which with the giving of notice, the passage of time or both would constitute an Event of Default (as defined in this Trust Agreement).

(b) If the Management Agreement has expired or terminated and a new Management Agreement has not been entered into, until a replacement Manager has entered into a Management Agreement with the Commission, the Commission shall be entitled to submit Requests and receive funds as described elsewhere in this Article as if the Commission were Manager.

### **ARTICLE VI MONEYS HELD IN TRUST, SECURITY FOR DEPOSITS, AND INVESTMENT OF FUNDS**

**Section 6.01 Moneys Held in Trust.** All moneys held by the Trustee under the provisions of this Trust Agreement shall be deposited with the Trustee, and held in the name of the Trustee, in such capacity under this Trust Agreement. All moneys deposited under the provisions of this Trust Agreement with the Trustee shall be held in trust and applied only in accordance with the provisions of this Trust Agreement and the Cash Management Agreement, and each of the Funds and Accounts established by this Trust Agreement shall be a trust fund for the purpose of this Trust Agreement subject to application thereof as set forth in this Trust Agreement and in the Cash Management Agreement.

## **Section 6.02 Deposits and Transfers.**

(a) All moneys held by the Trustee under this Trust Agreement may be placed on demand or time deposit, if and as directed by the Commission; provided, that such deposits shall permit the moneys so held to be available for use at the time when needed.

(b) All moneys held under this Trust Agreement by the Trustee (other than moneys held in the Rebate Fund) shall be held in trust for the benefit of the Commission and the Registered Owners of the Bonds and, to the extent available to Manager under this Trust Agreement and the Cash Management Agreement, Manager.

(c) All moneys deposited with the Trustee shall be credited to the particular Fund or Account as provided in this Trust Agreement.

(d) Except as otherwise provided by Supplemental Trust Agreement, any transfer required to be made from one Fund or Account to another Fund or Account held by the same Person may be made by book transfer of any moneys or investments or portions of investments without liquidating any investments in order to make such transfer unless the funds required to be transferred are needed to make payments out of the Fund or Account to which such funds were transferred at the time of transfer.

## **Section 6.03 Investment of Funds.**

(a) Investments shall be made in accordance with applicable law. Moneys held in any Fund or Account shall be invested and reinvested by the Trustee as promptly as practicable, in accordance with a Letter of Instructions of the Commission, in Investment Securities; provided, however, that the weighted average maturity of investments in the Debt Service Reserve Fund at any time may not exceed ten (10) years. If the Trustee fails to receive such directions at least one (1) Business Day before the day on which any amounts are required to be invested, the Trustee shall invest such amounts in an Investment Security described in clause (e) of the definition thereof. Notwithstanding anything to the contrary in this Trust Agreement, Investment Securities in all Funds and Accounts shall mature, or the principal of and accrued interest on such Investment Securities shall be available for withdrawal without penalty, not later than such times as shall be necessary to provide moneys when needed for payment to be made from such Funds and Accounts. The Trustee shall not be responsible for determining whether or not any Investment Securities are legal investments under the laws of the State. The Trustee shall not be responsible for any loss in any investment in any Fund or Account.

(b) Except as otherwise provided in this subsection or by Supplemental Trust Agreement, interest earned or profits realized from investing any moneys deposited in the Funds and Accounts or any subaccount thereof shall be transferred to the Revenue Fund and applied pursuant to Section 5.07(a). Notwithstanding the foregoing:

(i) interest and profits from the Rebate Fund shall be retained in such Fund;

(ii) interest and profits from the Hotel Account of the Construction Fund shall be deposited in the Hotel Account of the Construction Fund if received prior to the Opening Date;

(iii) interest and profits from the Series 201\_ Capitalized Interest Account of the Construction Fund shall be deposited into the Series 201\_ Capitalized Interest Account; and

(iv) interest and profits from the Debt Service Reserve Fund shall be deposited into the Series 201\_ Capitalized Interest Account until [DATE, 20\_\_], and thereafter into the Debt Service Account to pay interest on Bonds.

#### **Section 6.04 Valuation and Sale of Investments.**

(a) Investment Securities acquired as an investment of moneys in any Fund or Account shall be at all times a part of such Fund or Account, and any profit or loss realized from the liquidation of such investment shall be applied as provided in Section 6.03(b).

(b) For the purpose of determining the amount in any Fund, all Investment Securities credited to such Fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Certificates of deposit and bankers' acceptances shall be valued at the face amount thereof, plus accrued interest thereon. Any other investment shall be valued at the value thereof established by prior agreement among the Commission and the Trustee.

(c) Except as otherwise provided in this Trust Agreement, the Trustee shall sell, or present for redemption, any Investment Security purchased as an investment whenever requested in writing by an Authorized Commission Representative or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund or Account. The Trustee shall not be liable or responsible for any loss resulting from any such sale.

(d) The Trustee is required to determine the value of the Debt Service Reserve Fund no less frequently than semi-annually (and monthly from the date of any deficiency until such deficiency is cured).

### **ARTICLE VII PARTICULAR COVENANTS OF THE COMMISSION**

**Section 7.01 Payment of Bonds.** The Commission shall duly and punctually pay or cause to be paid, but solely from the Revenues and other assets pledged therefor by this Trust Agreement, the principal of, Redemption Price, if any, and interest on the Bonds, at the times and in the amounts and in the manner set forth in this Trust Agreement and in the Bonds, according to the true intent and meaning thereof.

**Section 7.02 Preserve Revenues.** The Commission shall at all times, to the extent permitted by law, defend, preserve and protect its title to the Revenues and other assets pledged under this Trust Agreement and all the rights of the Registered Owners under this Trust Agreement against all claims and demands of all persons whomsoever.



### **Section 7.03 Compliance With Principal Transaction Documents.**

(a) The Commission shall duly and punctually perform, observe and comply, or cause the due and punctual performance, observance and compliance, in all material respects with all of the terms, provisions, conditions, covenants and agreements on its part to be performed, observed and complied with under this Trust Agreement and under the other Principal Transaction Documents and all other agreements entered into or assumed by the Commission in connection with the Site or the Hotel or any part thereof, and will not suffer or permit any default or event of default (giving effect to any applicable notice requirements and cure periods) to exist under any of the foregoing.

(b) The Commission shall diligently enforce its rights under each Principal Transaction Document and ensure due performance by each other party thereto of its obligations thereunder if the failure to perform by such party is reasonably likely to have a Material Adverse Effect.

**Section 7.04 Installation and Construction of the Hotel.** The Commission shall proceed with due diligence with the installation and construction of the Hotel. The Commission hereby grants to the Trustee all rights of access necessary for the Trustee to carry out its obligations and to enforce its rights under this Trust Agreement. It is expressly understood and agreed that the Trustee shall be under no liability of any kind or character whatsoever for the payment of any Costs of the Hotel and that all such costs shall be paid by the Commission from proceeds of the Bonds, from other amounts held pursuant to this Trust Agreement for such purpose, and from other funds, if any, received by the Commission. The acquisition, installation and construction of the Hotel shall be in accordance with all Applicable Laws and all applicable zoning, planning and building regulations, and the Commission shall obtain or cause to be obtained and shall comply with and cause compliance with all necessary Approvals necessary to be obtained for the acquisition, installation, construction and operation of the Hotel.

**Section 7.05 Money for Bond Payments to Be Held in Trust.** The Trustee shall serve as Paying Agent for the Bonds. As Paying Agent, the Trustee agrees that it will (i) hold all sums held by it for the payment of principal or Redemption Price of or interest on Bonds in trust for the benefit of the Registered Owners entitled thereto, until such sums shall be paid to such Registered Owners or otherwise disposed of as provided in this Trust Agreement; and (ii) give the Commission written notice of any default in the making of any such payment of principal or interest.

**Section 7.06 Limitation on Encumbrances.** The Commission covenants and agrees that it will not directly or indirectly create, assume or suffer to exist any mortgage, deed of trust, pledge, security interest, encumbrance, lien or charge of any kind upon the Hotel or the Total Operating Revenues, whether such property is now owned or hereafter acquired, other than (a) Permitted Encumbrances, or (b) to further secure Bonds.

**Section 7.07 Limitation on Indebtedness.** The Commission shall not create, issue, incur, execute, assume or suffer to exist any bonds, notes, loans, installment purchase agreements, lease purchase agreements, certificates of participation, obligations for borrowed money, or other Indebtedness that is secured by the Revenues and other assets pledged under this Trust Agreement except as provided in this Trust Agreement:

**Section 7.08 Limitation on Disposition of Assets.** With the exception of (a) security interests permitted under Section 7.06, (b) Hotel assets sold, leased or disposed of in the ordinary course of business not to exceed \$1,000,000 in any Operating Year, (c) the disposal of FF&E that is damaged, dilapidated or obsolete and replacement thereof with FF&E determined by Manager to be of comparable quality, utility and value, or (d) a disposition of the Hotel that contemporaneously permits the defeasance of all of the Bonds, the Commission shall not cause or suffer to occur any sale, lease, transfer or other disposition of the Commission's right, title and interest in and to the Hotel or any part thereof, including the Property. The Commission also covenants and agrees that it will not sell, pledge, factor or otherwise dispose of any accounts receivable relating to Total Operating Revenues under any circumstances.

**Section 7.09 Design-Build Agreement.** The Commission shall diligently enforce its rights under the Design-Build Agreement and ensure due performance by the Design-Builder of its obligations thereunder. [If the Hotel is not substantially complete by the latest permitted date of substantial completion or finally complete by the latest permitted date of final completion, the Commission shall proceed to collect from the Design-Builder, damages to the fullest extent permitted under the Design-Build Agreement. The Commission shall enforce the payment of such damages for the benefit of the Commission and the Trustee. All such damages received by the Commission shall be paid to the Trustee for deposit in the Debt Service Account and the Taxes and Insurance Fund, as appropriate.] The Trustee shall have the power to enforce any right or remedy granted to the Commission or to the Trustee and any obligation imposed on any other party as provided in the Design-Build Agreement.

**Section 7.10 Tax Covenant.** The Commission shall at all times do and perform all acts and things permitted by law and this Trust Agreement which are necessary or desirable in order to assure that interest paid on the Tax-Exempt Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Commission shall comply with the provisions of the Tax Certificates. This covenant shall survive payment in full or defeasance of the Bonds.

**Section 7.11 Books of Account.** The Commission shall maintain or cause to be maintained with respect to the Hotel systems of accounting established and administered in accordance with sound business practices and the laws of the State and sufficient in all respects to permit preparation of financial statements in accordance with Generally Accepted Accounting Principles and the Uniform System of Accounts. All financial statements with respect to the Hotel shall be prepared in accordance with Generally Accepted Accounting Principles and the Uniform System of Accounts, consistently applied.

**Section 7.12 Maintenance of the Hotel.** The Commission shall maintain or cause to be maintained the Hotel in good and substantial repair, working order and condition; provided, that if all or any of the Hotel shall be destroyed or damaged by Casualty, the Casualty Proceeds shall be applied in accordance with the terms of Section 7.18. Without limiting the generality of the foregoing, the Commission shall maintain, use and operate or cause the maintenance, use and operation of the Hotel and all engines, boilers, pumps, machinery, apparatus, furniture, fixtures, fittings and equipment, including FF&E, of any kind in or that shall be placed in any building or structure now or hereafter at any time constituting part of the Hotel, in good repair, working order and condition, and the Commission shall from time to time make or cause to be made all needful

and proper replacements, repairs, renewals and improvements, in each case to the extent necessary so that the value of the Hotel shall not be impaired in any manner that could result in a Material Adverse Effect on the Commission or the Hotel.

#### **Section 7.13 Compliance With Law; Maintenance of Approvals.**

(a) The Commission shall comply with all Applicable Laws in connection with the Hotel, except those that shall be contested in good faith and by appropriate proceedings diligently conducted by the Commission. Without limiting the generality of the foregoing, the Commission shall operate, use and maintain, or shall cause the operation, use and maintenance of, the Hotel in accordance with all Applicable Laws (except for such instances of inadvertent or unintentional noncompliance that would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on the use, operation or maintenance of the Hotel) and the applicable Annual Plan and shall not alter or change or permit the change or alteration of the Hotel from its intended use as the Hotel.

(b) The Commission will (i) maintain or cause to be maintained in full force and effect all Approvals now held or hereafter acquired with respect to the Commission or the Hotel, the loss, suspension, or revocation of which, or failure to renew, could have a Material Adverse Effect on the Commission or the Hotel and (ii) perform, observe, fulfill and comply (or cause the performance, observance, fulfillment and compliance of and with) all of its obligations, covenants and conditions contained in such Approvals.

#### **Section 7.14 Environmental Laws.**

(a) The Commission shall at all times comply or cause compliance at the Hotel and Site in all material respects with all applicable Environmental Laws. The Commission shall not, and shall not suffer, consent or permit any other Person to: (i) violate any applicable Environmental Law in any material respect at the Hotel; or (ii) generate, use, treat, recycle, reclaim, transport, handle, store, release or dispose of any Hazardous Materials in or into, on, under or onto, or from any real property owned, leased or operated by the Commission (except for such generation, use, transport, handling, or storage of those Hazardous Materials in such quantities and under such circumstance as are reasonably necessary for the construction, use, maintenance and operation of the Hotel; provided, that the Commission complies (and causes other Persons to comply with) applicable Environmental Laws and except for such air emissions and wastewater discharges to sewer systems made in strict compliance with all Applicable Environmental Laws and permits); or (iii) permit any Lien imposed pursuant to any Environmental Law to be imposed or to remain on the Site or the Hotel or any other real property owned, leased or operated by the Commission.

(b) The Commission shall promptly take and diligently prosecute or cause to be prosecuted any and all necessary Remedial Actions upon obtaining knowledge of the presence, storage, use, disposal, transportation, active or passive migration, release or discharge of any Hazardous Materials on, from, in, under or about the Site or the Hotel. Upon obtaining knowledge of any condition of or affecting the Site or the Hotel, that is in violation of any applicable Environmental Law, the Commission shall promptly correct such condition or cause it to be corrected. In the event the Commission undertakes or causes to be undertaken any Remedial Action with respect to any Hazardous Material on, from, in, under or about the Site, the Hotel, the

Commission shall conduct and complete such Remedial Action in compliance with all applicable Environmental Laws and in accordance with the applicable policies, orders and directives of all Governmental Authorities.

**Section 7.15 Taxes, Assessments, Governmental Charges and Adverse Judgments.**

The Commission shall pay and discharge or cause to be paid and discharged (but solely from Total Operating Revenues and amounts on deposit in the Taxes and Insurance Fund) all taxes, assessments, governmental charges of any kind whatsoever, adverse judgments, utility rates, meter charges and other utility charges (collectively, "Impositions") that may be or have been assessed or rendered or that have or may become liens upon the Hotel, the Total Operating Revenues, or any portion of the Revenues or other assets pledged under this Trust Agreement or the interests therein of the Trustee or of the Registered Owners of the Bonds and will make such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Hotel, the Revenues or other assets pledged under this Trust Agreement or any part thereof, and, upon request, shall furnish to the Trustee receipts for all such payments, or other evidences satisfactory to the Trustee; provided, that the Commission shall not be required to pay any Imposition as long as it shall in good faith contest the validity thereof, if (a) the Commission shall have deposited with the Trustee adequate reserves in the Taxes and Insurance Fund (or such other special fund or account as shall be established to set aside amounts necessary to pay any adverse judgments) in an amount equal to at least one hundred twenty-five percent (125%) (or such higher amount as may be required by Applicable Law) of the total of (i) the balance of such Imposition then remaining unpaid, and (ii) all interest, penalties, costs and charges accrued or accumulated thereon; (b) no risk of sale, forfeiture or loss of any interest in the Hotel, the Revenues or other assets pledged under this Trust Agreement or any part thereof arises, in the Trustee's reasonable judgment, during the pendency of such contest; (c) such contest does not, in the Trustee's reasonable judgment, have a Material Adverse Effect; and (d) such contest is based on bona fide, material, and reasonable claims or defenses. Any such contest shall be prosecuted with due diligence, and the Commission shall promptly pay or cause to be paid the amount of such Imposition as finally determined, together with all interest and penalties payable in connection therewith. The Trustee shall have full power and the Commission, but no obligation, to apply any amount deposited with the Trustee under this Section to the payment of any unpaid Imposition to prevent the sale, forfeiture or loss of the Hotel, the Revenues or other assets pledged under this Trust Agreement or any interest therein or part thereof for non-payment of such Imposition, if the Trustee reasonably believes that such sale, forfeiture or loss is threatened. Any surplus retained by the Trustee after payment of the Imposition for which a deposit was made shall be transferred to the Revenue Fund for disposition in accordance with Section 5.07(a). Notwithstanding any provision of this Section to the contrary, the Commission shall pay any Imposition that it might otherwise be entitled to contest if an Event of Default shall occur or if the Hotel, the Revenues or other assets pledged under this Trust Agreement or any interest therein or any part thereof is in jeopardy or in danger of being sold, forfeited, foreclosed or otherwise lost. If the Commission fails to pay any such Imposition, the Trustee may (but shall not be obligated to) make such payment and the Commission shall reimburse the Trustee on demand for all such advances.

**Section 7.16 Insurance.**

(a) Required Insurance. The Commission shall maintain or cause to be maintained the insurance set forth in Exhibit K to this Trust Agreement. The Commission shall

deliver or cause to be delivered to the Trustee prior to commencement of construction, installation and equipping of the Hotel, evidence of insurance in the form of Accord Certificate No. 25-S acceptable to the Trustee and a statement of the insurance maintained pursuant to this Section.

(b) Changes in Insurance Industry. If changes in the insurance industry shall make any description of the required insurance coverages inaccurate or otherwise inappropriate, then the Commission shall have the right, by notice to the Trustee, to revise such requirement to accurately describe, in accordance with then current industry practice, the type of insurance which would be comparable to the required insurance coverage described in this Trust Agreement.

(c) Insurance Consultant. The Commission shall employ or cause to be employed for the benefit of the Trustee and the Commission an Insurance Consultant to review the insurance requirements relating to the Hotel from time to time (but not less frequently than once every twenty-four (24) months). As of the Closing Date and thereafter not less than annually, the Commission shall cause the Insurance Consultant to provide a certificate to the Trustee certifying that the requirements of Section 7.16 are satisfied. The cost of such Insurance Consultant will be paid as an Operating Expense by Manager from amounts on deposit in the Lockbox Fund. If the Insurance Consultant recommends increases in any of the coverages or modifications in any of the terms of such insurance requirements and the Commission approves such increases or modifications, the Commission shall obtain or cause to be obtained the approved increases or modifications, to the extent such insurance is available at and on commercially reasonable rates and terms. Notwithstanding anything to the contrary in this Section, if the Insurance Consultant recommends any reduction in the insurance coverage required pursuant to paragraphs (i) through (iv) of Exhibit \_\_ and the Commission approves such reduction, the Commission shall maintain or cause to be maintained insurance at such reduced coverage; provided, that the Insurance Consultant shall have provided a statement to the Commission and the Trustee to the effect that such reduced coverage provides the greatest amount of coverage available, in the judgment of the Insurance Consultant, at and on commercially reasonable rates and terms. A copy of any such statement shall be furnished to the Trustee.

**Section 7.17 Insurers; Policy Forms and Loss Payees.** All insurance policies provided for in this Article shall be from financially responsible insurers rated no less than "A-/XII" by A.M. Best and shall be in such form and contain such provisions as are generally considered standard for the type of insurance involved except to the extent otherwise required by this Agreement. Without in any way limiting the foregoing, the insurance shall conform to all subsections of this Section.

(a) Named Insureds. The insurance policies required by this Article, if obtained by Manager, shall name Manager as the named insured and Owner and the Trustee (for the benefit of the Registered Owners of the Bonds) as their interests may appear as additional insureds or, if such policies are obtained by Owner, shall name Owner as named insured and Manager and the Trustee (for the benefit of the Registered Owners of the Bonds) as their interests may appear as additional insureds.

(b) Amounts of Coverage. When maintained by Owner, amounts and types of coverages and amounts of deductibles shall be subject to the reasonable approval of Manager; provided, however, if the coverages and amounts conform to the requirements of this Agreement, including Exhibit N, then the coverages and amounts shall be deemed approved by Manager.

(c) Waiver of Subrogation Requirements. Where appropriate and obtainable (including the insurance provided for in Exhibit N), all policies shall waive subrogation rights against Manager, Owner, the Trustee and the Registered Owners of the Bonds.

(d) Term; Notice of Termination. Each insurance policy shall be for a term of not less than one (1) year; provided, that policies may be obtained for a lesser period to the extent necessary for the term thereof to end concurrently with other related coverages: Each insurance policy shall include a requirement that the insurer provide at least thirty (30) days' written notice of cancellation or material change in the terms and provisions of the policy to Manager, Owner and the Trustee.

(e) Severability of Interests. Each insurance policy where obtainable shall include a severability of interest clause.

(f) Insurance Primary. All insurance policies obtained by Manager shall be primary and without a right of contribution of any other insurance carried by or on behalf of Owner or the Trustee with respect to their respective interests in the Total Operating Revenues and the Hotel. All insurance policies obtained by Owner shall be primary and without a right of contribution of any other insurance carried by or on behalf of Manager or the Trustee with respect to their respective interests in the Total Operating Revenues and the Hotel.

(g) Occurrence Policies. Each insurance policy shall be written on occurrence, rather than claims made, basis; provided, that boiler and machinery coverage may be on an accident basis and employment practices and directors and officers insurance may be on a claims made basis.

(h) Agreed Value. All property insurance policies shall contain an agreed value clause updated by the Insurance Consultant as provided in Exhibit \_.

#### **Section 7.18 Disposition of Insurance and Condemnation Proceeds.**

(a) The Commission shall provide the Trustee with immediate written notice of (i) any material loss or damage to the Hotel or any part thereof (each, a "Casualty"), or (ii) any actual or threatened action or proceeding relating to any condemnation or other taking, direct or indirect, or sale or transfer in lieu of a condemnation or taking (each, a "Taking") of the Hotel or any part thereof. To the extent of Casualty or Taking only, the Commission hereby irrevocably authorizes and empowers the Trustee as the Commission's attorney-in-fact to make the proof of loss, adjust and compromise any claim under insurance policies and to appear in and prosecute or defend any action arising from such insurance policies or any Taking. The Trustee shall be entitled to collect, and the Commission hereby assigns to the Trustee for deposit into the Insurance and Condemnation Proceeds Fund, all Casualty Proceeds or the proceeds of any award, payment or claim for damages, direct or consequential, in connection with any Taking of the Hotel and is further entitled to deduct therefrom the Trustee's reasonable out-of-pocket expenses incurred in the collection of such proceeds (such proceeds after such deductions, the "Available Amount").

(b) The Trustee shall cause the Available Amount, together with all other amounts deposited with the Trustee as a result of a Shortfall (as defined below), to be applied to the cost of restoration and reconstruction of the Hotel so long as the Commission has certified that

the following conditions have been met: (i) no Event of Default then exists, (ii) the Available Amount together with all investment income earned or expected to be earned thereon and other proceeds deposited with the Trustee will be sufficient to restore the Hotel to its Pre-Existing Condition (as defined below), or if such proceeds are not sufficient (a "Shortfall"), the Commission shall have deposited or caused to be deposited, into the Insurance and Condemnation Proceeds Fund the full amount of such Shortfall within 30 days after the Trustee's written notice of such Shortfall, (iii) the Hotel can be restored and repaired as nearly as is reasonably practicable to the condition it was in immediately prior to a Casualty in the case of any Casualty or to a condition, in the case of any Taking, that permits the Hotel's use in the manner contemplated by this Trust Agreement and for which the Hotel was originally constructed, in each case in compliance with all Hotel Requirements (the "Pre-Existing Condition"), (iv) the Commission shall have received and approved, in its reasonable judgment, plans and detailed specifications of the contemplated repair or restoration of the Hotel, together with a statement of an architect that the Hotel can be restored to its Pre-Existing Condition in the time and for the cost specified in such plans and specifications, and (v) if more than 15% of the Hotel is damaged, destroyed or taken, the Commission shall have furnished to the Trustee a guaranteed maximum or fixed price contract for the restoration or repair of the Hotel to the Pre-Existing Condition for an amount not in excess of the Available Amount together with all investment income earned or expected to be earned thereon and all other amounts deposited with the Trustee as a result of a Shortfall.

(c) Following a Casualty or Taking affecting the Hotel, if the Available Amount together with all investment income earned or expected to be earned thereon and all other amounts deposited with the Trustee as a result of a Shortfall is made available for repair or restoration and is sufficient for such purpose, the Commission shall cause the restoration of the Hotel to substantially its Pre-Existing Condition or such other condition as the Trustee may approve in writing, and the Commission shall cause the commencement of such restoration or repair as soon as practicable after the Casualty or Taking and at all times thereafter the diligent prosecution thereof to completion. Subject to satisfaction of conditions set forth in Section 7.18(b) and provided that no Event of Default has occurred and is continuing, the Trustee will disburse any Casualty Proceeds or condemnation awards collected by it in accordance with the applicable procedures of Section 5.04 and shall be entitled to condition disbursement of any such insurance proceeds or condemnation awards upon satisfaction of the terms and conditions specified in Section 5.04.

(d) Any amount of insurance proceeds remaining in the Trustee's possession after full and final payment and discharge of all Bonds shall be refunded to the Commission or otherwise paid in accordance with Applicable Law. If the Trustee acquires title to the Hotel, the Trustee shall have all of the right, title and interest of the Commission in and to any insurance policies and unearned premiums thereon, any proceeds, awards or damages arising from any Taking and in and to the proceeds resulting from any damage to the Commission's interest therein prior to such sale or acquisition.

(e) Notwithstanding the provisions of Section 7.18(b), all condemnation proceeds resulting from a temporary Taking that are not attributable to compensation for alterations or physical damage to the real or personal property used in the operation of the Hotel shall be deemed Total Operating Revenues and deposited in the Lockbox Fund.

(f) Subsections (a) through (e) of this Section shall apply only after the Date of Final Completion. Prior to the Date of Final Completion, in the event of any Casualty or Taking affecting the Hotel, the Commission shall cause the Hotel to be restored or rebuilt in accordance with the Design-Build Agreement.

**Section 7.19 Manager.** The Commission hereby covenants and agrees that it will at all times cause to be delegated the duties and responsibilities of operating the Hotel, pursuant to an operating agreement consistent with the terms of the Management Agreement, to a nationally recognized hotel management company (or a regional or national hotel management company so long as the Hotel is under franchise by a national hotel franchisor of First-Class Hotels) having the experience and qualifications to operate and manage a first-class hotel of the size and character of the Hotel; provided, that if the Commission is unable to retain such a management company on terms substantially consistent with the terms of the Management Agreement, then the Commission shall have the right to operate and manage the Hotel. The Commission covenants to use commercially reasonable efforts to enforce or cause to be enforced all of its rights and remedies under the Management Agreement (except as limited by this Trust Agreement), and, if the Commission fails to do so, the Trustee shall have the right to do so. To the extent permitted under the Management Agreement, the Commission shall have the right to cure Manager's defaults thereunder. The Commission shall provide written notice to the Trustee at least sixty (60) days prior to the proposed early termination of the Management Agreement describing the reasons for such early termination. In addition, the Commission shall provide written notice to the Trustee of any Manager Events of Default (as defined in the Management Agreement) that have occurred and are continuing under the Management Agreement and the proposed remedy to be pursued with respect to such Manager Event of Default. Nothing in this Trust Agreement shall restrict Manager's ability to assign the Management Agreement as provided therein.

#### **Section 7.20 Operation of the Hotel.**

(a) Management of the Hotel. The Commission shall cause the Hotel to be managed and operated as a First-Class Hotel affiliated with either (i) a national hotel chain with experience in managing First-Class Hotels or (ii) a hotel operator with a national chain affiliation through a franchise agreement with national hotel franchisor of First-Class Hotels. The Commission shall cause to be in full force and effect at all times a Management Agreement with respect to the Hotel with terms and conditions substantially the same as those of the initial Management Agreement (except any changes required by Bond Counsel in order for Bond Counsel to deliver its opinion required by subsection (g) of this Section, or any changes that are based upon the advice of a Hotel Consultant), and which requires Manager to maximize over the term of such Management Agreement the financial return to the Commission from the operation of the Hotel as a full-service, first-class, Luxury hotel. The Commission may amend, modify, waive or otherwise alter the Management Agreement in compliance with the terms of such Management Agreement, but if such amendment, modification, waiver or alteration materially and adversely affects the Commission's ability to satisfy the Debt Service on the Bonds for any Operating Year, such amendment, modification, waiver or alteration shall require the Controlling Parties. Each Management Agreement for the Hotel or any part thereof shall expressly permit the assignment thereof to the Trustee for the benefit of Registered Owners and entitle the Trustee to the benefits thereof upon the occurrence of an Event of Default.



(b) Maintain License. The Commission shall at all times, where required by the laws of the jurisdiction, maintain or cause to be maintained in full force and effect the applicable Approvals necessary to operate the Hotel as a First-Class Hotel and Hotel in accordance with the Operating Standards. Without limiting the generality of the foregoing, the Commission shall obtain or cause to be obtained, and maintain or cause to be maintained, in good standing, all liquor licenses, food service licenses and other permits or licenses necessary for the lawful operation of bars, restaurants and other facilities offering food or beverages, alcoholic or otherwise, at the Hotel.

(c) Equip the Hotel. The Commission shall, pursuant to applicable licensing regulations (including requirements imposed by the Required Scope of the Hotel) from time to time in effect, suitably equip the Hotel to permit its overall operation in a manner reasonably expected for the Hotel to constitute a First-Class Hotel (including the operations of all restaurants, bars, lounges, food service facilities and other guest service facilities), but solely from moneys on deposit in the Construction Fund and Total Operating Revenues other moneys available for such purpose pursuant to this Trust Agreement.

(d) Acquisition of Services, Supplies and Materials. The Commission shall make no payment from the Construction Fund for services, supplies or materials without complying with the requirements for disbursements from the Construction Fund pursuant to this Trust Agreement.

(e) Asset Manager. The Commission shall hire or cause to be hired not later than the first anniversary date of the Closing Date an Asset Manager to assist the Commission in overseeing the operations of the Hotel for the benefit of and on behalf of the Commission and the Trustee. If the Person then serving as Asset Manager is terminated or resigns, the Commission shall hire or cause to be hired a replacement within sixty (60) days after such termination or resignation. The Asset Manager shall signify acceptance of such position by executing a certificate at or prior to employment that he, she or it agrees to perform the duties of Asset Manager as described in the Principal Transaction Documents and which include: (i) reviewing and recommending to the Trustee approval or disapproval of the proposed Capital Budget and Operating Budget for the upcoming Operating Year (collectively, the "Proposed Annual Plan"), (ii) reviewing all reports required to be delivered by Manager pursuant to the Management Agreement, (iii) providing reports to the Commission on a quarterly basis summarizing the Asset Manager's findings for the preceding quarter regarding Manager's compliance with the Management Agreement, (iv) approving the list of potential replacement Hotel Consultants supplied by Manager, and (v) commenting on the recommendations submitted by any Hotel Consultant. Notwithstanding anything to the contrary in this Trust Agreement or in the Management Agreement, the Asset Manager shall not have any additional or different rights with respect to Manager, the Hotel or any part thereof than those of the Commission.

(f) Each Management Agreement entered into by the Commission shall first require the written opinion of Bond Counsel that such Management Agreement will not, in and of itself, result in the inclusion of interest on the Tax-Exempt Bonds in the exclusion from gross income for federal income tax purposes. Any amendment or extension of the Management Agreement or change in the identity of Manager shall require the written opinion of Bond Counsel that such amendment or extension of the Management Agreement will not, in and of itself, cause

the interest on any of the Tax-Exempt Bonds to become includible in gross income for federal income tax purposes.

#### **Section 7.21 Annual Plans.**

(a) Review and Adjustment of Annual Plans. On or before May 1 of each Operating Year and on or before sixty (60) days prior to the Opening Date, the Commission shall cause Manager to prepare and deliver to the Commission and its designees and consultants (including the Trustee) for the Commission's review, a preliminary Proposed Annual Plan for the next Operating Year or, in connection with the opening of the Hotel, for the period of time from the Opening Date to the following June 30. The Commission shall cause Manager to deliver its final Proposed Annual Plan for the next Operating Year or, in connection with the opening of the Hotel, for the period of time from the Opening Date to the following June 30, by May 15 of the applicable prior Operating Year or forty-five (45) days prior to the Required Opening Date, as applicable.

(b) Approval of Annual Plans. The Commission and Manager shall meet within fifteen (15) days after the Commission's receipt of the final Proposed Annual Plan for any Operating Year. The Commission shall cause Manager to provide to the Commission at such time its final Proposed Annual Plan for the applicable Operating Year. The Commission shall not disapprove expenditures set forth in the Proposed Annual Plan that are reasonably necessary in order for the Hotel to comply with the Operating Standards, provided, that there are Sufficient Funds therefor, except as provided in subsection (e) below. If the Commission and Manager are unable to agree upon the final Proposed Annual Plan within fifteen (15) days after such initial 15-day period, then within ten (10) days after the expiration of such second 15-day period, the Commission shall deliver to Manager its written objections to the Proposed Annual Plan. The Commission's objections to a Proposed Annual Plan shall include the specific items disapproved. During the 15-day period following Manager's receipt of the Commission's objections, the Commission and Manager shall meet and confer regarding the disapproved items. Within five (5) days after the expiration of such third 15-day period, Manager shall submit to the Commission a revised Proposed Annual Plan incorporating such revisions as the Commission and Manager agreed upon during such third 15-day period.

(c) Referral to Hotel Consultant. If the parties do not agree on the Commission's revisions, then either Party may submit the matter for resolution by the Hotel Consultant.

(d) Interim Annual Plan. Until such time as the parties have agreed on all line items of the Proposed Annual Plan, Manager shall have the right to operate the Hotel in accordance with: (i) any line items in the Proposed Annual Plan that do not require Commission approval under the Management Agreement, and (ii) those line items in the Proposed Annual Plan that have been agreed upon by the Commission and Manager, and (iii) with respect to those line items in the Proposed Annual Plan not yet approved by the Commission and until resolution by a Hotel Consultant, the corresponding line items in the Annual Plan in effect during the preceding Operating Year (but without duplication of any individual Capital Expenditures, expenditures for FF&E or other "one-time" expenditures), in each case as adjusted for the change in the immediately preceding calendar year in the Bay Area CPI.

(e) Commission Approval Rights. Without limiting the Commission's approval rights, the Commission shall have the right to object to any aspect of any Proposed Annual Plan if (among other reasons):

(i) the objection and proposed change would not materially (A) impair Manager's ability to achieve a performance test, (B) interfere with Manager's operation of the Hotel in a manner consistent and in compliance with the Operating Standards, or (C) interfere with Manager's performance and satisfaction of its duties and obligations under the Management Agreement;

(ii) as to a proposed Capital Budget, there are not Sufficient Funds available to make the proposed Capital Improvement set forth therein;

(iii) as to a proposed Operating Budget, there are not Sufficient Funds available therefor;

(iv) as to a proposed Operating Budget, it shall result in a Debt Service Coverage Ratio of less than the Debt Service Coverage Requirement;

(v) as to a proposed Capital Budget, all or some of the proposed Capital Improvements represent material upgrades to the quality or facilities of the Hotel (as distinct from repairs, maintenance or replacements required to prevent any diminution in quality) that are not, in the Commission's reasonable opinion, required to satisfy the Operating Standards; or

(vi) as to a proposed Capital Budget, any proposed upgrade to the quality or the facilities of the Hotel would (A) require material alterations to the Building as a result of any modifications in Manager's brand standards made by Manager after the effective date of the Management Agreement, except as necessary to correct an Emergency or to comply with Applicable Law; (B) require purchase of new or replacement FF&E as a result of any modifications in Manager's brand standards made by Manager after the effective date of the Management Agreement, prior to the earlier of five (5) years from the date of purchase of such FF&E or the end of the useful life of such FF&E; (C) be imprudent based upon a reasonable weighing of the costs and benefits to the Hotel of the upgrades (taking into account the cost and impact on Hotel revenue and expense of the upgrades, the useful life of the upgrades, and the remaining term of the Management Agreement); or (D) render funds in the Capital Reserve Fund, the FF&E Reserve Fund, the Working Capital Reserve Fund, or the Revenue Stabilization Fund inadequate for other necessary Capital Expenses or funding of other amounts as contemplated by the Management Agreement or an existing approved Capital Budget. The foregoing shall not in any way limit the Commission's right to approve a proposed Capital Budget as to reasonableness of specifications and cost of implementing any upgrade set forth therein.

(f) Referral to Hotel Consultant. If the parties do not agree upon the Commission's revisions, then the Management Agreement shall provide that either party may submit the matter for resolution by a Hotel Consultant pursuant to the provisions of subsection (g) below.

(g) Debt Service Coverage. In addition, the Management Agreement shall provide that under each of the following circumstances, the Commission may require the

appointment of a Hotel Consultant (within thirty (30) days after the receipt of the following information) to make written recommendations as to the operations, management, marketing, improvement, condition or use of the Hotel or any part thereof:

(i) if the Commission determines that a proposed Operating Budget will not result in the Debt Service Coverage Requirement being met;

(ii) if the Commission determines that the actual Debt Service Coverage Ratio with respect to the Initial Series of Bonds for any four consecutive quarters is less than the Debt Service Coverage Requirement; and

(iii) if the Certified Annual Financial Statements delivered to Owner pursuant to the Management Agreement reflects that the Debt Service Coverage Requirement was not achieved.

The Commission shall include in each Management Agreement a covenant requiring Manager to deliver to the Commission and the Trustee within ninety (90) days after the end of each Operating Year Certified Annual Financial Statements prepared by an Independent Accountant for the preceding Operating Year (including a calculation of the Debt Service Coverage Ratio).

(h) Hotel Consultant. The Management Agreement shall provide that the following provisions shall apply to a matter to be referred to a Hotel Consultant for resolution:

(i) The use of the Hotel Consultant shall be the exclusive means of resolution by the parties of the matter referred, and the decision of the Hotel Consultant shall be final and binding on the parties.

(ii) Manager and the Commission shall agree to reasonably cooperate with the Hotel Consultant in order to permit the Hotel Consultant to effectively perform its duties and responsibilities in connection with such engagement.

(iii) Each party shall be entitled to make written submissions to the Hotel Consultant, and if a party makes any submission it shall also provide a copy to the other party and the other party shall have the right to comment on such submission.

(iv) The parties shall make available to the Hotel Consultant all books and records reasonably related to the matter in dispute and shall render to the Hotel Consultant any assistance reasonably requested of the parties.

(v) Each party shall deliver to the other at no additional charge copies of any information, correspondence or documents delivered to the Hotel Consultant contemporaneously with delivering such information, correspondence or documents to the Hotel Consultant.

(vi) Each party shall also, upon the request of the other party or the Trustee, meet with the Hotel Consultant to discuss the Hotel Consultant's reports, findings and written recommendations.

(vii) The Hotel Consultant shall make its recommendation with respect to the matter referred for determination by taking into consideration the Commission's obligations with respect to the Bonds, then-existing market and economic conditions, and operation of the Hotel in a manner that is consistent with the Operating Standards.

(viii) Each party shall consider in good faith the recommendations of the Hotel Consultant and shall implement those recommendations to the extent: (A) such recommendations do not cause the Hotel to fail to meet the Operating Standards, including Manager's brand standards, (B) there are Sufficient Funds available therefor, (C) such recommendations do not cause Manager to fail to meet any performance tests, (D) such recommendations will not cause a Manager Event of Default under the Management Agreement, and (E) such recommendations do not, in the opinion of Bond Counsel, adversely affect the tax-exempt status of the interest on the Bonds.

(ix) The terms of engagement of the Hotel Consultant shall include an obligation on the part of the Hotel Consultant to: (1) notify the parties in writing of its findings and recommendation(s) within thirty (30) days from the date on which the Hotel Consultant has been selected (or such other period as the parties may agree); and (2) establish a timetable for the making of submissions and replies.

(x) The fees and expenses of the Hotel Consultant shall be paid as an Operating Expense from amounts on deposit in the Lockbox Fund.

The Management Agreement with Hyatt shall be deemed to comply with the requirements in this Section.

**Section 7.22 Deposit of Total Operating Revenues; Cash Management Agreement.** The Commission covenants and agrees that it shall deposit or cause to be deposited all Total Operating Revenues calculated on a cash basis (less the Petty Cash Amount) in the Lockbox Fund pursuant to the terms of the Cash Management Agreement. The Commission shall cause Manager to be a party to the Cash Management Agreement. The Commission covenants and agrees to maintain or cause to be maintained the Lockbox Fund during the period of time from at least seven days prior to the Opening Date until no Bonds are Outstanding. The Commission covenants and agrees to execute any substitute or replacement Cash Management Agreement, conditioned with respect to Total Operating Revenues as are reasonably required by the Trustee; provided, that unless consented to in writing by Manager, which consent shall not be unreasonably withheld, conditioned or delayed, such Cash Management Agreement shall not materially or substantively modify Manager's rights, duties or obligations under the Cash Management Agreement or this Trust Agreement or have a material adverse effect on the rights or obligations of Manager.

(a) The Commission shall include in each Management Agreement a covenant requiring Manager to deliver to the Commission and the Trustee within 90 days after the end of each Operating Year Certified Annual Financial Statements prepared by an Independent Accountant for the preceding Operating Year (including a calculation of the Debt Service Coverage Ratio).

(b) Nothing in this Section shall be construed as in any way limiting or conditioning any other obligation of the Commission under this Trust Agreement.

**Section 7.23 Subordination to the Commission Agreements With the United States.** This Trust Agreement is subject and subordinate to the terms, reservations, restrictions and conditions of any existing or future agreements between the Commission and the United States, the execution of which has been or may be required as a condition precedent to the transfer of federal rights or property to the Commission for airport purposes, and the expenditure of federal funds for the operation, extension, expansion or development of the Airport.

**Section 7.24 Further Assurances.** At any and all times the Commission shall, so far as it may be authorized by law, make, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, granting, pledging, assigning and confirming the Revenues and other assets pledged under this Trust Agreement, the cash and Investment Securities held in any Fund or Account under this Trust Agreement, and the Trustee's right, title and interest in and to the foregoing, and all other moneys, securities and funds hereby pledged or assigned, or which the Commission may become bound to pledge or assign.

## ARTICLE VIII DISCHARGE AND DEFEASANCE

**Section 8.01 Discharge of Trust Agreement.** If the Commission shall well and truly pay, or cause to be paid, all of the principal and Redemption Price of and interest on the Bonds, at the times and in the manner provided in this Trust Agreement and in the Bonds according to the true intent and meaning hereof and thereof, and shall cause the payments to be made into the Funds and Accounts established under this Trust Agreement and in the amounts required hereby, or shall provide, as permitted hereby, for the payment thereof by depositing with or for the account of the Trustee an amount sufficient to provide for payment of the entire amount due or to become due thereon (including any amount due or to become due with respect to the Bonds under Section 148 of the Code), and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Trust Agreement to be kept, performed and observed by it on or prior to the date such payments are made, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then, upon such payment and performance, this Trust Agreement and the rights, pledges and liens hereby granted shall cease, determine and be void; provided, that the Commission's obligations under Section 7.10, the Trustee's obligation under Section 3.04, the Trustee's rights and protections under this Trust Agreement shall survive such discharge; otherwise, this Trust Agreement is to be and shall remain in full force and effect. In the event that this Trust Agreement is discharged as provided in this Trust Agreement, the Trustee shall cause an accounting for such period or periods as shall be requested by the Commission to be prepared and filed with the Commission and, upon the Request of the Commission, shall execute and deliver to the Commission all such instruments as may be desirable to evidence such discharge and satisfaction, and the Agents shall pay over or deliver to the Commission all moneys or securities held by them pursuant to this Trust Agreement which are not required for the payment of principal or Redemption Price of and interest on the Bonds.

**Section 8.02 Defeasance.** Any Outstanding Bonds shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in Section 8.01 if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Commission shall have given to the Trustee in form satisfactory to it a Letter of

Instructions containing irrevocable instructions to give notice of redemption of such Bonds as provided in Article IV, (b) there shall have been deposited with the Trustee, in trust, either money in an amount which shall be sufficient, or Defeasance Securities that are not callable or prepayable prior to maturity the principal of and interest on which without any reinvestment thereof when due will provide money which, together with the money, if any, deposited with the Trustee at the same time for such purposes, shall be sufficient, as verified by an Accountant, to pay when due the principal or Redemption Price of and interest due and to become due on such Bonds on or prior to the Redemption Date or maturity date thereof, as the case may be, (c) in the event such Bonds are not to be redeemed within the next succeeding 60 days, the Commission shall have given the Trustee in form satisfactory to it a Letter of Instructions containing irrevocable instructions to mail, as soon as practicable, notice to the Registered Owners of all such Bonds that the deposit required by clause (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating such maturity or Redemption Date upon which money is to be made available for the payment of the principal or Redemption Price of and interest on such Bonds, and (d) there shall be delivered to the Trustee a written opinion of Bond Counsel to the effect that (i) the provisions of this Section have been complied with so that such Bonds are no longer entitled to the benefits of this Trust Agreement and (ii) such defeasance will not, in and of itself, result in the inclusion of interest on any Tax-Exempt Bonds in gross income for federal income tax purposes. Neither Defeasance Securities nor money deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price of and interest on such Bonds; provided, that any cash received from such principal or interest payment on such Defeasance Securities, (i) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Commission as received, free and clear of any trust, lien, security interest, pledge or assignment securing such Bonds or otherwise existing under this Trust Agreement, if all Bonds have been redeemed or discharged, otherwise such cash shall be deposited as Available Revenues, and (ii) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in the Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price of and interest to become due on such Bonds, on or prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Commission, as received, free and clear of any trust, lien or pledge, if all Bonds have been redeemed or discharged, otherwise such cash shall be deposited as Available Revenues. Bonds defeased under this Trust Agreement shall no longer be subject to redemption at the option of the Commission, except to the extent that such Bonds are called for redemption at the time provision is made for the defeasance thereof, as provided in this Section.

## ARTICLE IX DEFAULT AND REMEDIES

**Section 9.01 Rights and Remedies, Generally.** Subject to the provisions of this Trust Agreement, the Registered Owners of the Bonds and the Trustee acting for all of the Registered Owners of the Bonds shall be entitled to all of the rights and remedies provided or permitted in this Trust Agreement or at law or in equity.

**Section 9.02 Events of Default.** Each of the following events is hereby declared an "Event of Default" under this Trust Agreement:

(a) failure to make due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(b) failure to make due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Mandatory Sinking Fund Installment therefor (except when such Mandatory Sinking Fund Installment is due on the maturity date of such Bond), when and as such interest installment or Mandatory Sinking Fund Installment shall become due and payable;

(c) failure by the Commission in the performance or observance of any other of the covenants, agreements or conditions on its part contained in this Trust Agreement or any Supplemental Trust Agreement or in the Bonds, and such failure shall continue for a period of one hundred twenty (120) days after written notice thereof to the Commission by the Trustee or to the Commission and to the Trustee by the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided, that if the failure stated in the notice was due to the failure of another Person in its performance or observance of one or more of its covenants, agreements or conditions on its part contained in another Principal Transaction Document, then instead of such 120-day grace period, no Event of Default shall have occurred so long as corrective action is instituted by the Commission after any applicable grace period permitted under such Principal Transaction Document for such Person and diligently pursued until corrected for a maximum time period of 30 days following the applicable grace period for such Person;

(d) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Commission, or adjudging the Commission a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, adjustment or composition of or in respect of the Commission under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar the Trustee official) of or for the Commission or any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days;

(e) the commencement by the Commission of a voluntary case under the United States Bankruptcy Code, or the filing by it of a petition or answer or consent seeking reorganization, arrangement or relief under the United States Bankruptcy Code or any other applicable federal or state law, or the consent or acquiescence by it to the filing of any such petition or the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Commission or any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability or its failure to pay its debts generally as they become due, or the taking of corporate action by the Commission in furtherance of any such action;

(f) any representation made by the Commission in this Trust Agreement or in any document, instrument or certificate furnished to the Trustee in connection with the issuance of any Bonds shall at any time prove to have been incorrect in any material respect as of the time made; provided, that if it can be corrected by the Commission and such default was unintentional, the Commission shall have a sixty (60)-day period to make such correction prior to an Event of Default occurring;



(g) the Management Agreement has terminated and a new Management Agreement has not been delivered to the Trustee within sixty (60) days after the effective date of such termination; provided, that, if the Commission is unable to locate a new Manager in accordance with Section 7.20 within such sixty (60) day period, such failure shall not become an Event of Default so long as the Commission is diligently proceeding to locate such a Manager, the Debt Service Coverage Requirement is being met and the Commission has retained a Hotel Consultant to provide advice to the Commission in operating the Hotel;

(h) if the City formally commences condemnation proceedings against all or any part of the Hotel (other than fines or penalties assessed against the Hotel for non-compliance with an Applicable Law);

(i) any Principal Transaction Document for any reason ceases to be in full force and effect or is declared to be null and void and the same has a Material Adverse Effect; or

(j) failure of the Commission to maintain or cause Manager to maintain the insurance required by Section 7.16; and continuance of such failure for a period of five (5) Business Days after there has been given to the Commission and Manager by the Trustee written notice of such failure.

Upon the occurrence of an Event of Default, the Trustee shall promptly provide written notice by first class mail to the Registered Owners of the Bonds then Outstanding and the Beneficial Owners of the Bonds then Outstanding who have provided such information to the Trustee as is reasonably required by the Trustee to enable it to provide such notice to such Beneficial Owners of (i) such Event of Default and (ii) the action or remedy, if any, then proposed to be taken by the Trustee.

**Section 9.03 Notice of Default; Cure.** Upon obtaining knowledge of the existence of any Event of Default, the Trustee shall notify the Commission and Manager in writing as soon as practicable, but in any event within two (2) Business Days; provided, that the Trustee need not provide notice of any Event of Default if the Commission has expressly acknowledged the existence of such Event of Default in a writing delivered to the Trustee. The Trustee shall recognize any cure of a Manager Event of Default.

#### **Section 9.04 Specific Remedies.**

(a) If an Event of Default occurs and is continuing, then, subject to subsection (d) of this Section, the Trustee shall, upon the Request of the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and may, having been indemnified to its satisfaction (except with respect to the exercise of the remedy specified in clause (i) of this subsection (a) for which the Trustee shall not be entitled to require indemnification as a precondition to the exercise of such remedy) take any or all or any combination of the following actions:

(i) unless such Event of Default is an Event of Default under Section 9.02(c) or (l) that does not have a Material Adverse Effect on the Hotel or any part thereof, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of

payment shall, without further action, become and be immediately due and payable, notwithstanding anything to the contrary in this Trust Agreement or in the Bonds ;

(ii) by mandamus or other suit, action or proceeding at law or in equity require the Commission to perform its covenants, representations and duties with respect to the Bonds under this Trust Agreement;

(iii) by action or suit in equity require the Commission to account as if it were the trustee of an express trust for the Registered Owners of the Bonds;

(iv) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Registered Owners of the Bonds;

(v) prohibit the Commission from withdrawing moneys from any Funds or Accounts (except the Rebate Fund, the Taxes and Insurance Fund, the Working Capital Reserve Fund and the FF&E Reserve Fund);

(vi) request that a court of competent jurisdiction appoint, to the extent permitted by law, a receiver or receivers of the Revenues and other assets pledged under this Trust Agreement, and the income, revenues, profits and use thereof, it being the intent hereof that, to the extent permitted by law, the Trustee shall be entitled to appointment of such a receiver as a matter of right;

(vii) upon the occurrence of an Event of Default described in Section 9.02(a) or (b), transfer moneys from any Funds or Accounts (other than amounts necessary to pay Operating Expenses and amounts on deposit in the Taxes and Insurance Fund and the Rebate Fund) to the Debt Service Account of the Debt Service Fund;

(viii) enter into such agreements or other arrangements as the Trustee may determine, in its discretion, to be necessary or appropriate either to retain Manager under the existing Management Agreement or make modifications to the Management Agreement; provided, that there shall first be delivered an opinion of Bond Counsel to the effect that such agreements, arrangements or modifications will not, in and of themselves, cause the interest on any of the Tax-Exempt Bonds to be includible in gross income for federal income tax purposes;

(ix) enforce all rights of the Commission under the Management Agreement, including the right to terminate and replace such parties under a new Qualified Management Agreement that is reasonable under the circumstances and necessary and appropriate to (A) maximize the current and long term value of the Hotel, and (B) maximize Net Revenues;

(x) take such actions, including the filing and prosecution of lawsuits as may be required to enforce for the benefit of the Registered Owners of the Bonds the terms of any agreements or instruments relating to the Hotel, or any part thereof, which the Trustee may be entitled to enforce, including (A) the Design-Build Agreement and the Management Agreement, (B) any construction contracts, design contracts or consulting contracts or operating agreements, (C) any insurance policies, completion guaranties or the Payment Bond and Performance Bond and (D) any other agreements or instruments that the Trustee may be entitled to enforce;

(xi) exercise any right of the Commission to give any consent or notice, to take any act or refrain from taking any act, and otherwise act in the full place and stead of the Commission in any Principal Transaction Document, either in its name or in the name of the Trustee or the Commission; provided, that if the Event of Default is an Event of Default as set forth in Section 9.02(c) or (l), then such right to exercise the remedy set forth in this clause (xii) shall be restricted solely to curing such Event of Default unless such Event of Default results in a Material Adverse Effect with respect to the Hotel or any part thereof; or

(xii) take such other steps to protect and enforce its rights and the rights of the Registered Owners of the Bonds, whether by action, suit or proceeding in aid of the execution of any power granted in this Trust Agreement or for the enforcement of any other appropriate legal or equitable remedy, including proceeding by suit or suits, at law or in equity or by any other appropriate legal or equitable remedy, to enforce payment of the principal and Redemption Price of and interest then due on the Bonds.

(b) Any declaration of acceleration pursuant to clause (a)(i) of this Section 9.04 is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Commission shall deposit with the Trustee a sum sufficient to pay all the principal or Redemption Price of and installments of interest on the Bonds, payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision reasonably deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee may, and shall at the Direction of the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding, on behalf of the Registered Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

**Section 9.05 Application of Proceeds.** After payment or provision for payment of Operating Expenses (including the Base Management Fee) then due and payable and making the deposits to the Funds and Accounts and such disbursements therefrom as required to be made pursuant to the Cash Management Agreement (which Manager shall, if the Management Agreement remains in effect, continue to have access to as set forth in the Cash Management Agreement), the proceeds received by the Trustee pursuant to the exercise of any right or remedy under this Article, together with all securities and other moneys which may then be held by the Trustee as a part of the Revenues and other assets pledged under this Trust Agreement, subject to the application of amounts in specific Funds and Accounts which are pledged solely to the repayment of Bonds shall be applied in order, as follows:

(a) First, To the payment of the reasonable and proper charges, expenses and liabilities of the Trustee;

(b) Second,

(i) Unless the principal of all Bonds shall have become or have been declared due and payable,

*First*, to the payment to the Registered Owners entitled thereto of all installments of interest (together with interest due on overdue installments of interest to the extent allowed by law) then due on the Bonds in the order of their due dates, and, if the amount available shall not be sufficient to pay in full any installment or installments due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Registered Owners entitled thereto, without any discrimination or preference; and

*Second*, to the payment to the Registered Owners entitled thereto of the unpaid principal or Redemption Price of the Bonds with respect to which such remedy was exercised which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the unpaid principal or Redemption Price of all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Registered Owners entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds with respect to which such remedy was exercised shall have become or have been declared due and payable, to the payment of the principal or Redemption Price and interest then due and unpaid upon the Bonds, with interest on the overdue principal, Redemption Price and interest (to the extent allowed by law) at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest or Redemption Price, or of interest over principal or Redemption Price, or of Redemption Price over principal or interest, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal, Redemption Price and interest, to the Registered Owners entitled thereto without any discrimination or preference.

**Section 9.06 Trustee May Act Without Possession of Bonds.** All rights of action under this Trust Agreement or under any Bonds may be enforced by the Trustee without possession of any of the Bonds or the production thereof in any trial or other proceedings relative thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name, as Trustee for the ratable benefit of the Registered Owners of the Bonds, subject to the provisions of this Trust Agreement.

**Section 9.07 Trustee as Attorney-in-Fact.** The Trustee is hereby irrevocably appointed (and the Registered Owners of the Bonds, by taking and holding same from time to time, shall be deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the Registered Owners of the Bonds, or on behalf of all Registered Owners of the Bonds as a class, with respect to any proof of debt, amendment to proof of debt, petition or other document, and to do and perform any and all acts and things for and in the name of the Registered Owners of the Bonds against the Commission allowed in any equity receivership, insolvency, liquidation, bankruptcy, reorganization or other proceedings to which the Commission shall be a party and to receive payment of or on account of such claims. Any such receiver, assignee, liquidator or trustee is hereby authorized by each of the Registered Owners of the Bonds to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to

the Registered Owners of the Bonds, to pay to the Trustee any amount due for compensation and expenses of the Trustee, including counsel fees, incurred up to the date of such distribution, and the Trustee shall have full power of substitution and delegation in respect of any such powers.

**Section 9.08 Remedies Not Exclusive.** No remedy conferred upon or reserved to the Trustee or the Registered Owners of the Bonds in this Trust Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Trust Agreement or under the Bonds or now or hereafter existing at law or in equity or by statute.

**Section 9.09 Limitation on Suits.** All rights of action in respect of this Trust Agreement shall be exercised only by the Trustee, and the Registered Owner of any Bond shall not have any right to institute any suit, action or proceedings at law or in equity for the appointment of a receiver or for any other remedy under this Trust Agreement or by reason hereof, unless and until the Trustee shall have received a Request of the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and shall have been furnished reasonable indemnity and shall have refused or neglected for thirty (30) days thereafter to institute such suit, action or proceedings, and no direction inconsistent with such Request has been given to the Trustee during such 30-day period by the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding. The making of such request and the furnishing of such indemnity shall in each and every case be conditions precedent to the execution and enforcement by any Registered Owner of any Affected Bond of the powers and remedies given to such Registered Owner under this Trust Agreement and to the institution and maintenance by any such Registered Owner of any action or cause of action for the appointment of a receiver or for any other remedy under this Trust Agreement, but the Trustee may, in its discretion, and when duly requested in writing by the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding and when furnished indemnity satisfactory to protect it against expenses, charges and liability shall, subject to Section 9.04(d), take such appropriate action by judicial proceedings otherwise in respect of any existing default on the part of the Commission as the Trustee may deem desirable in the interest of the Registered Owners of the Bonds. The rights of the Registered Owners under this Section are in all events subject to the provisions of Section 9.04.

Nothing contained in this Article shall affect or impair the right of any Registered Owner of any Bonds, which shall be absolute and unconditional, to enforce the payment of the principal of, Redemption Price, if any, and interest on the Bonds of such Registered Owner, but only out of the moneys for such payment as provided in this Trust Agreement, or the obligation of the Commission, which shall also be absolute and unconditional, to make payment of the principal of, Redemption Price, if any, and interest on the Bonds, but only out of the funds provided in this Trust Agreement for such payment, to the respective Registered Owners thereof at the time and place stated in this Trust Agreement, and subject in all cases to Section 9.04(d) and the rights of Manager under the Management Agreement, this Trust Agreement and the Cash Management Agreement.

**Section 9.10 Right of Registered Owners to Direct Proceedings.** Notwithstanding anything to the contrary in this Trust Agreement, other than as specifically set forth in Section 9.02, the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in

connection with the enforcement of the terms and conditions of this Trust Agreement, or for the pursuit or exercise of any remedy available to the Trustee or any trust or power conferred on the Trustee or any other proceedings under this Trust Agreement; provided, that the Trustee shall have been satisfactorily indemnified and that such direction shall not be contrary to law or the provisions of this Trust Agreement, and, unless such direction relates to the acceleration of all or a portion of the Bonds, the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceedings so directed would involve it in personal liability for which it has not received adequate indemnity. The rights of the Registered Owners under this Section are in all events subject to the provisions of Section 9.04.

**Section 9.11 Restoration of Rights and Remedies.** If the Trustee or the Registered Owners of the Bonds have instituted any proceeding to enforce any right or remedy under this Trust Agreement and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or the Registered Owners of the Bonds, then and in every such case, the Commission, the Trustee and the Registered Owners of the Bonds shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions under this Trust Agreement, and thereafter all rights and remedies of the Trustee and the Registered Owners of the Bonds shall continue as though no such proceeding had been instituted.

**Section 9.12 Waiver of Stay or Extension Laws.** To the extent that it may lawfully do so, the Commission covenants that it will not at any time insist upon, plead or in any manner whatsoever claim or take the benefit or advantage of any stay or extension law, whenever or wherever enacted, which may affect the covenants under or the performance of this Trust Agreement. The Commission also covenants that it will not otherwise hinder, delay or impede the execution of any power granted to the Trustee in this Trust Agreement.

**Section 9.13 Delay or Omission Not Waiver.** No delay or omission of the Trustee or the Registered Owners of the Bonds to exercise any right or remedy accruing upon any Event of Default under this Trust Agreement shall impair any such right or remedy or constitute a waiver of any such Event of Default or acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or the Registered Owners of the Bonds may be executed from time to time, and as often as may be deemed expedient, by the Trustee or the Registered Owners of the Bonds, as the case may be.

**Section 9.14 Rights of Manager.** Notwithstanding anything to the contrary in this Article, so long as the Management Agreement has not expired or terminated, the exercise of the rights and remedies by the Trustee and the Registered Owners shall not affect the rights of Manager as set forth in this Trust Agreement, the Cash Management Agreement and the Management Agreement.

## ARTICLE X CONCERNING THE TRUSTEE

**Section 10.01 Trustee; Appointment and Acceptance of Duties.** [TRUSTEE] is hereby appointed as the Trustee. The Trustee hereby accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which the Commission agrees and the respective Registered Owners agree by their acceptance of delivery of any of the Bonds. The Trustee shall be deemed to have accepted such trusts with respect to all the Bonds

hereafter to be issued, but only upon the terms and conditions set forth in this Trust Agreement. The Trustee may execute any of the trusts or powers set forth in this Trust Agreement and perform the duties required of it or imposed on it under this Trust Agreement by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trusts and its duties in this Trust Agreement.

#### **Section 10.02 Registrars and Other Agents; Appointment and Acceptance of Duties.**

(a) The Commission may appoint one or more Registrars or other Agents to perform any of the duties and obligations imposed under this Trust Agreement or any Supplemental Trust Agreement, and separate appointments may be made for the Bonds of each Series.

(b) Each Registrar or other Agent, other than the Trustee, shall signify its acceptance of the duties and obligations imposed upon it by this Trust Agreement or any Supplemental Trust Agreement by executing and delivering to the Commission and to the Trustee a written acceptance thereof.

#### **Section 10.03 Responsibilities of the Trustee.**

(a) The recitals of fact contained in this Trust Agreement and in the Bonds shall be taken as the statements of the Commission, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Trust Agreement or of any Bonds issued thereunder or as to the security afforded by this Trust Agreement, and the Trustee shall not incur any liability in respect thereof. The Trustee shall, however, be responsible for its representations contained in any authentication on the Bonds. The Trustee shall not be under any responsibility or duty with respect to the application of any money paid to the Commission or money collected by the Commission prior to the delivery thereof to the Trustee. The Trustee shall not be under any obligation or duty to perform any act, whether requested by the Registered Owners or otherwise, which would involve it in liability or to institute or defend any suit in respect hereof, or to advance any of its own money, unless it has been satisfactorily indemnified against such liability other than liability resulting from its negligence or willful misconduct; provided, that in the case of any Registered Owner that demonstrates that it has assets of at least \$50,000,000, a written undertaking by such Registered Owner to indemnify the Trustee for its proportionate share (relative to the other indemnifying Registered Owners) of any liabilities incurred by the Trustee shall suffice and no indemnity bond shall be required. Subject to the provisions of subsection (b) of this Section, the Trustee shall not be liable in connection with the performance of its duties under this Trust Agreement except for its own negligence or willful misconduct.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement, and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee. In case an Event of Default has occurred (which has not been cured), the Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as an ordinary prudent corporate trustee would exercise or use under the circumstances. The Trustee shall not be required to take notice or be deemed to have notice or knowledge of any default under

this Trust Agreement except an Event of Default under [subsection (a), (b), (c), (d), (e), (f), (g) (h), (j) or (m) of Section 9.02], or any other default or Event of Default of which the Trustee has knowledge, or any Manager Event of Default (as defined in the Management Agreement) or any termination of the Management Agreement unless a Responsible Officer of the Trustee shall be specifically notified in writing of the default or termination by the Commission or by the Registered Owners of not less than 25% in principal amount of the Bonds then Outstanding. All notices or other instruments required by this Trust Agreement to be delivered to the Trustee must, to be effective, be delivered at the Principal Office of the Trustee, and in the absence of the notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Any provision of this Trust Agreement relating to action taken or to be taken by the Trustee or the evidence upon which the Trustee may rely shall be subject to the provisions of this Section.

(c) Absent manifest error or defects, the Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document (other than to establish facial compliance with the requirements of this Trust Agreement) but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it is entitled to examine the books, records and premises of the Commission, in person or by agent or attorney.

(d) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Trust Agreement shall extend to the non-negligent acts and actions taken on behalf of the Trustee by the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Trust Agreement and final payment of the Bonds.

(e) The permissive right of the Trustee to take the actions permitted by this Trust Agreement shall not be construed as an obligation or duty to do so.

(f) Promptly after receiving appropriate notification thereof, the Trustee shall be responsible for sending notifications required to be sent to the Registered Owners under this Trust Agreement and requesting consents of the Registered Owners when required under this Trust Agreement.

(g) Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(h) The Trustee shall provide prior written notice of any name change of the Trustee to the Commission.



#### **Section 10.04 Evidence on Which the Trustee May Act.**

(a) The Trustee, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Trust Agreement, shall be protected in acting upon any such instrument believed by it to be genuine (and in the absence of obvious defects therein) and to have been signed or presented by the proper party or parties and consented to by such other parties where required. The Trustee may consult with counsel, who may or may not be counsel to the Commission, or any Consultant, and the opinion of such counsel or Consultant, if selected with due care, shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Trust Agreement in good faith and in accordance therewith.

(b) Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Trust Agreement, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of an Authorized Commission Representative, and such shall be full warrant by the Commission for any action taken or suffered in good faith under the provisions of this Trust Agreement upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

(c) Except as otherwise expressly provided in this Trust Agreement, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Commission to the Trustee shall be sufficiently executed if executed in the name of the Commission by an Authorized Commission Representative.

(d) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, receivers, agents or employees but shall not be answerable for the conduct of attorneys and receivers who have been selected by it with reasonable care, and may in all cases pay reasonable compensation to all attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof, and the Trustee shall not be responsible for any misconduct or negligence of any agent or attorney appointed with due care by it.

(e) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

**Section 10.05 Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of the Commission, and any Registered Owner and their agents and their representatives, any of whom may make copies thereof at the expense of the party so requesting.

**Section 10.06 Compensation.** The Commission shall pay to the Trustee from time to time, from amounts rightfully on deposit in the Administrative Fee Fund, reasonable compensation for all services rendered under this Trust Agreement, including reasonable default administrative fees of the Trustee upon the occurrence of an Event of Default under this Trust Agreement, and also all reasonable expenses, costs, charges, counsel fees, Consultant fees and other disbursements,

including those of the Trustee's attorneys, agents, Consultants and employees, incurred in and about the execution of the trusts created by this Trust Agreement, and in and about the exercise and performance of the powers and duties of the Trustee under this Trust Agreement and for the reasonably necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee) under this Trust Agreement. The Trustee shall have the right to select and retain counsel of its own choosing to represent it in any such proceedings. In the event the Trustee incurs expenses or renders services in any proceedings which result from the occurrence or continuance of an Event of Default under Section 9.02(g) or (h), or from the occurrence of any event which, by virtue of the passage of time, would become such an Event of Default, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

**Section 10.07 Certain Permitted Acts.** The Trustee may become the Registered Owner of any Bonds with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for, and may permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Trust Agreement, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Bonds Outstanding. The provisions of this Section shall extend to affiliates of the Trustee.

**Section 10.08 Resignation of Trustee.** Except as otherwise provided by a Supplemental Trust Agreement, the Trustee may at any time resign and be discharged of the duties and obligations created by this Trust Agreement, by giving not less than sixty (60) days' written notice to the Commission of the date it desires to resign and mailing written notice to the Registered Owners of all Bonds, and such resignation shall take effect immediately on the appointment and acceptance of a successor Trustee pursuant to Section 10.10.

**Section 10.09 Removal of Trustee.** So long as an Event of Default has not occurred and is not continuing, the Trustee may be removed, with or without cause, at any time by an instrument or concurrent instruments in writing, filed with the Trustee and signed by the Commission or its attorney-in-fact duly authorized. Notwithstanding the foregoing, any removal of the Trustee shall not be effective until a successor Trustee has been appointed and has assumed the duties and responsibilities of successor Trustee under this Trust Agreement.

**Section 10.10 Appointment of Successor Trustee.**

(a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Commission, by an instrument in writing signed and acknowledged by the Commission or by its attorney-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the predecessor Trustee. The successor Trustee shall mail notice of the appointment of the successor Trustee to the Registered Owners of all Bonds.

(b) If in a proper case no appointment of a successor Trustee shall be made within forty-five (45) days after the Trustee shall have given to the Commission written notice as provided in Section 10.08 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, its removal, or for any other reason whatsoever, the Trustee (in the case of a resignation under Section 10.08) or the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national or state banking association and duly authorized to exercise trust powers and subject to examination by federal or state the Commission and having (or whose parent holding company shall have) reported capital and surplus of not less than \$50,000,000.

**Section 10.11 Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Trust Agreement shall execute, acknowledge and deliver to its predecessor Trustee and to the Commission an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties, and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the Request of the Commission or of the successor Trustee, execute, acknowledge and deliver such instruments of assignment and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all rights, powers, duties and obligations in and to any property held by it under this Trust Agreement, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in this Trust Agreement. Should any instrument in writing from the Commission be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Commission. Any such successor Trustee shall promptly notify any Registrars and other Agents of its appointment as Trustee.

**Section 10.12 Merger or Consolidation.** Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business; provided, that such entity shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all duties imposed upon it by this Trust Agreement, shall be the successor Trustee without the execution or filing of any paper or the performance of any further act. The successor Trustee shall mail notice to the Registered Owners of all Outstanding Bonds of the successor Trustee.

**Section 10.13 Adoption of Authentication.** If any of the Bonds contemplated to be issued under this Trust Agreement shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and if any such Bonds shall not have been

authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall be of full force and effect.

**Section 10.14 Resignation or Removal of Agents and Appointment of Successors.**

(a) Any Registrar or other Agent may at any time resign and be discharged of the duties and obligations created by this Trust Agreement or any Supplemental Trust Agreement by giving at least sixty (60) days' written notice to the Commission, the Trustee and the other Agents, if any. Any such Agent may be removed at any time by an instrument filed with such Agent and the Trustee and signed by the Authorized Commission Representative. Any successor Agent shall be appointed by the Commission with the approval of the Trustee and shall be willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it in such capacity by this Trust Agreement.

(b) In the event of the resignation or removal of any Agent, such Agent shall pay over, assign and deliver any money held by it to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Registrar appointed by the Commission, the Trustee shall act as such Registrar.

(c) The provision of this Section may be modified by a Supplemental Trust Agreement in respect of any Series of Bonds, authorized thereby, and in the event of any conflict with the provisions hereof the provisions of such Supplemental Trust Agreement shall control in respect of any Series of Bonds authorized thereby.

**Section 10.15 Cash Management Agreement.** The Trustee is hereby authorized and directed to enter into the Cash Management Agreement (which Cash Management Agreement shall set forth Manager's rights to and the manner of any disbursement of funds by the Depository Bank or the Trustee and which provisions shall be consistent with those set forth in this Trust Agreement and shall include a provision that incorporates Section 5.20). Notwithstanding the foregoing, in the event of any inconsistencies between such agreement and this Trust Agreement, the provisions of this Trust Agreement shall control. The Trustee shall not enter into new, substitute or replacement Cash Management Agreement inconsistent with this Trust Agreement.

**ARTICLE XI  
SUPPLEMENTAL TRUST AGREEMENTS AND  
AMENDMENT OF BOND DOCUMENTS**

**Section 11.01 Supplemental Trust Agreements and Amendments of Bond Documents Effective Without Consent of Registered Owners.** The Commission and the Trustee may, as appropriate, from time to time and at any time, without the consent of but with notice to the Registered Owners, enter into Supplemental Trust Agreements or amendments to the Bond Documents as follows:

(a) to cure any formal defect, omission, inconsistency or ambiguity in this Trust Agreement or in the applicable Bond Document;

(b) to insert such provisions clarifying matters or questions arising under this Trust Agreement or in the applicable Bond Document as are necessary or desirable and are not contrary to or inconsistent with this Trust Agreement or the applicable Bond Document as theretofore in effect;

(c) to grant to or confer upon the Trustee for the benefit of the Registered Owners any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Trust Agreement or the Bond Documents as theretofore in effect;

(d) to authorize Bonds of a Series and, in connection therewith, to specify and determine the matters and things referred to in Article III and also any other matters and things relative to such Bonds which are not in conflict with this Trust Agreement as theretofore in effect, or to amend, modify, or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds; provided, that such supplement or amendment shall be limited to the specific terms of the Additional Bonds and shall not otherwise amend this Trust Agreement;

(e) to provide limitations and restrictions in addition to the limitations and restrictions contained in this Trust Agreement or any Supplemental Trust Agreement or the Bond Documents on the delivery of Bonds or the issuance of other evidences of indebtedness;

(f) to add to the covenants and agreements of the Commission in this Trust Agreement or any Supplemental Trust Agreement or the Bond Documents, other covenants and agreements to be observed by the Commission or the other parties thereto which are not in conflict with this Trust Agreement or the applicable Supplemental Trust Agreements or in the applicable Bond Document as theretofore in effect;

(g) to add to the limitations and restrictions in this Trust Agreement or any Supplemental Trust Agreement or the Bond Documents other limitations and restrictions to be observed by the Commission or the other parties thereto which are not in conflict with this Trust Agreement or the applicable Supplemental Trust Agreements or in the applicable Bond Documents as theretofore in effect;

(h) to confirm, as further assurance, any pledge under, and the subjection to any lien or security interest created or to be created by, this Trust Agreement or any Supplemental Trust Agreement, of the Revenues and other assets pledged under this Trust Agreement or of any other moneys, securities or funds, or to subject to the pledge, lien and security interest of this Trust Agreement additional revenues, properties or collateral;

(i) to provide for additional duties of the Trustee in connection with the Revenues and other assets pledged under this Trust Agreement or the Hotel;

(j) to modify, amend or supplement this Trust Agreement or any Supplemental Trust Agreement in such manner as to permit, if presented, the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or under any state blue sky law;

(k) to surrender any right, power or privilege reserved to or conferred upon the Commission by the terms of this Trust Agreement; provided, that the surrender of such right, power or privilege is not in conflict with the covenants and agreements of the Commission contained in this Trust Agreement;

(l) to establish or increase the required balance to be accumulated or maintained in the FF&E Reserve Fund;

(m) to designate Registrars and other Agents for the Bonds of any Series;

(n) to evidence the appointment or a succession of a new Trustee under this Trust Agreement;

(o) to modify, amend or supplement this Trust Agreement or any Supplemental Trust Agreement in order to provide for or eliminate book-entry registration of all or any of the Bonds to the extent not inconsistent with the provisions hereof;

(p) to make any change (including changes to reflect any amendment to the Code or interpretations by the Internal Revenue Service of the Code) that does not materially adversely affect the rights of any Registered Owner; and,

(q) to amend a prior Supplemental Trust Agreement in accordance with the provisions thereof.

**Section 11.02 Supplemental Trust Agreements and Amendments to Bond Documents Requiring Registered Owner Consent.** Except as provided in Section 11.01 and in the immediately following sentence, any modification or amendment of this Trust Agreement or to any Bond Document and of the rights and obligations of the Commission and of the Registered Owners of the Bonds under this Trust Agreement or thereunder, in any particular, may only be made by a Supplemental Trust Agreement or an amendment to the applicable Bond Document in each instance with the prior written consent of the Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding affected by such amendment. No such modification or amendment shall, without the prior written consent of the Registered Owner of each Bond affected thereby, permit (i) a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, (ii) creation of a lien upon or a pledge of or payment priority from the Total Operating Revenues ranking prior to or on a parity with the lien or pledge created by this Trust Agreement, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds of the same lien priority, (iv) a reduction in the percentages or otherwise affect the classes of Bonds of which the consent of the Registered Owners is required to effect any such modification or amendment, (v) an impairment of the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bond, (vi) a deprivation to any Registered Owners of the pledge, lien and security interest created by this Trust Agreement or (vii) a change or modification of any of the rights or obligations of any Agent without its prior written consent thereto. For the purposes of this Section, a Series of Bonds shall be deemed to be affected by a modification or amendment of this Trust Agreement or an amendment to the applicable Bond Document if the same materially adversely affects or diminishes the rights of the Registered Owners of Bonds of such Series. The Trustee may in its discretion determine whether

or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series, lien priority or maturity would be affected by any modification or amendment of this Trust Agreement or an amendment to the applicable Bond Document and any such determination shall be binding and conclusive on the Commission and all Registered Owners.

**Section 11.03 Consent of Registered Owners.** The Commission and the Trustee, as applicable, may at any time enter into a Supplemental Trust Agreement or an amendment to the applicable Bond Document making a modification or amendment permitted by the provisions of Section 11.02, to take effect when and as provided in this Section. A copy of such Supplemental Trust Agreement or amendment to a Bond Document (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Registered Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed to Registered Owners as provided in Section 11.08. Such Supplemental Trust Agreement or amendment to such Bond Document requiring the consent of all or any of the Registered Owners will be effective when: (a) there shall have been filed with the Trustee the written consent of such Registered Owners of the percentages of Outstanding Bonds specified in Section 11.02 required to consent to such amendment, and an opinion of Bond Counsel, in form and substance satisfactory to the Trustee, to the effect that such Supplemental Trust Agreement has been duly and lawfully entered into by the Commission in accordance with the provisions of this Trust Agreement, is authorized or permitted by this Trust Agreement, is valid and binding upon the Commission, is in accordance with this Trust Agreement and will not, in and of itself, cause interest on any Tax-Exempt Bonds to be includible in gross income for federal income tax purposes; provided, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally and principles of law and equity; and (b) a notice shall have been mailed as hereinafter provided in this Section. Each such written consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.01. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 12.01 shall be conclusive that the consents have been given by the Registered Owners of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Registered Owner of the Bonds giving such consent and, notwithstanding anything to the contrary in Section 12.01, upon any subsequent Registered Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Registered Owner thereof has notice thereof) unless such consent is revoked in writing by the Registered Owner of such Bonds giving such consent or a subsequent Registered Owner thereof by filing such revocation with the Trustee prior to the time when the written statement of the Trustee hereinafter provided in this Section for is filed. The fact that a consent has not been revoked likewise may be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Registered Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Trust Agreement or amendment to a Bond Document, the Trustee shall make and file with the Commission a written statement that the Registered Owners of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed. Upon receipt of the requisite consents, filing of the written statement of the Trustee required under this Trust Agreement and the execution of such amendment by the parties thereto, notice, stating in substance that the Supplemental Trust Agreement (which may be referred to as a Supplemental Trust Agreement entered into by the

Commission and the Trustee as of a stated date, a copy of which is on file with the Trustee) or other amendment to the Bond Documents has been consented to by the Registered Owners of the required percentages of Bonds and will be effective as provided in this Section, shall be given by the Trustee to Registered Owners by mailing such notice to Registered Owners immediately thereafter. Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Trust Agreement or amendment to a Bond Document making such amendment or modification shall be deemed conclusively binding upon the Commission, the Agents and the Registered Owners of all Bonds after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Trust Agreement or amendment to a Bond Document in a legal action or equitable proceeding for such purpose commenced prior to such mailing; provided, that any Agent and the Commission prior to such mailing and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Trust Agreement or amendment to a Bond Document as they may deem expedient.

**Section 11.04 Amendment of Particular Bonds.** The provisions of this Article shall not prevent any Registered Owner from accepting any amendment as to the particular Bonds held by such Registered Owner; provided, that due notation thereof is made on such Bonds.

**Section 11.05 Exclusion of Bonds.** If the Commission is not the holder of all Outstanding Bonds, then Bonds owned or held by or for the account of the Commission or the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Commission and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided in this Article. At the time of any consent or other action taken under this Article while the Commission is not the holder of all Outstanding Bonds, the Commission shall furnish the Trustee a certificate of an Authorized Commission Representative, upon which the Trustee may rely, describing all Bonds to be so excluded.

**Section 11.06 General Provisions.**

(a) This Trust Agreement and the Bond Documents shall not be modified or amended in any respect except as provided in, in accordance with and subject to provisions of this Article.

(b) Any Supplemental Trust Agreement or amendment to a Bond Document referred to and permitted or authorized by Section 11.01 may be entered into by the Commission and the Trustee, as applicable, without the consent of any of the Registered Owners, but shall become effective only (i) after the parties thereto have duly executed such Supplemental Trust Agreement or Bond Document, (ii) following written notice of the proposed supplement or amendment provided to the Registered Owners and (iii) if such Supplemental Trust Agreement or amendment meets the conditions, and to the extent provided, in Section 11.01. Prior to entering into any Supplemental Trust Agreement or amendment to a Bond Document, the Trustee shall receive an opinion of Bond Counsel, in form and substance satisfactory to the Trustee, to the effect that such Supplemental Trust Agreement or amendment to a Bond Document has been duly and



lawfully entered into by the Commission in accordance with the provisions of this Trust Agreement, is authorized or permitted by this Trust Agreement, and is valid and binding upon the Commission, will not be materially adverse to the interests of the Registered Owners and will not, in and of itself, cause the interest on any of the Tax-Exempt Bonds to be includible in gross income for federal income tax purposes.

(c) Unless the Management Agreement has been terminated, Manager's prior written consent shall be required to any Supplemental Trust Agreement or amendment or other modification to a Bond Document which is in contravention of the rights of Manager contained in this Trust Agreement or in any other Bond Document, or which adversely affects or could adversely affect, modify or otherwise change any of Manager's rights, recourses, remedies, entitlements, benefits, liabilities, burdens, obligations or other agreements under this Trust Agreement, the Cash Management Agreement or the Management Agreement, or otherwise.

(d) Copies of all Supplemental Trust Agreements or amendments to Bond Documents shall be given to all rating agencies then rating the Series 201 \_ Bonds:

**Section 11.07 Notation on Bonds.** Bonds authenticated and delivered after the effective date of any action taken as provided in this Article may, and, if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Trustee as to such action, and in that case upon demand of the Registered Owner of any Bond Outstanding at such effective date and presentation of such Registered Owner's Bond for the purpose at the Principal Office of the Trustee or other Agent responsible for transferring Bonds or upon any transfer of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer by the Trustee or other Agent responsible for transferring Bonds as to any such action. If the Trustee shall so determine, new Bonds so modified as directed by the Trustee to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Registered Owner of any Bond Outstanding shall be exchanged, without cost to such Registered Owner, for Bonds Outstanding, upon surrender of such Bonds, for Bonds of the same Series and maturity then Outstanding.

**Section 11.08 Mailing.** Any provision in this Article for the mailing of a notice or other instrument to Registered Owners shall be fully complied with if it is mailed postage prepaid to each Registered Owner of Bonds at the address, if any, appearing upon the Register and to the Trustee.

## ARTICLE XII MISCELLANEOUS

### **Section 12.01 Evidence of Signatures of Registered Owners and Ownership of Bonds.**

(a) Any request, consent, revocation of consent or other instrument which this Trust Agreement may require or permit to be signed and executed by the Registered Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Registered Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Trust Agreement (except as otherwise expressly provided in this Trust Agreement) if made in the following manner, or in any other manner satisfactory to the Trustee, which may

nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(i) The fact and date of the execution by any Registered Owner or such Registered Owner's attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or member of a national securities exchange or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution by an officer of a corporation or association or a member of a partnership, purports to be on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of such officer's or member's authority.

(ii) The amount of Bonds transferable by delivery held by any Person executing any instrument as a Registered Owner, the date of such Person's holding such Bonds, and the numbers and other identification of such Bonds, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company or financial corporation or other depository wherever situated, showing at the date mentioned that such person exhibited to such member or officer or had on deposit with such depository the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

(b) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be provided by the Registrar.

(c) Any request or consent by the Registered Owner of any Bond shall bind all future Registered Owners of such Bond in respect of anything done or suffered to be done by the Commission or any Agent in accordance herewith.

(d) In determining whether the Registered Owners of the requisite percentage of the Series of Bonds have been met for any request, consent, approval or other action required under this Trust Agreement from such Registered Owners, such requisite percentage shall be based upon the principal amount of all of the Bonds of such Series then Outstanding, excluding any Bonds then registered in the name of the Commission and the City.

**Section 12.02 Money Held for Particular Bonds.** Subject to the provisions of Section 12.03, the amounts held by the Trustee for the payment of the interest or principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Registered Owners of the Bonds entitled thereto.

**Section 12.03 Failure to Present Bonds.** Notwithstanding anything to the contrary in this Trust Agreement, but subject to any applicable escheat or unclaimed property laws of the State, any money held by an Agent in trust for the payment and discharge of any of the Bonds which

remain unclaimed for such period of time, after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, that the Registered Owner thereof shall no longer be able to enforce the payment thereof, the Agent shall at the Request of the Commission received at least forty-five (45) days prior to the expiration and/or running of any applicable escheat or unclaimed property laws, pay such money to the Commission as its absolute property and free from trust, and the Agent shall thereupon be released and discharged with respect thereto and the Registered Owners shall look only to the Commission for the payment of such Bonds; provided, that before being required to make any such payment to the Commission, the Agent shall, at the Direction and expense of the Commission, cause to be mailed to the Registered Owners of the Bonds entitled to such money, a notice that such money remains unclaimed and that, after a date named in said notice at the Commission's Direction, which date shall be not less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the Commission.

**Section 12.04 Filing of Security Instruments.** The Trustee and the Commission hereby covenant that they will cause to be filed all documents, security instruments and financing statements as they may reasonably deem necessary to protect and maintain in force the lien and pledge of, and the security interests created by, this Trust Agreement. Without limiting the generality of the foregoing, the Trustee and the Commission shall execute and file with County of San Francisco and with the Secretary of State of the State financing statements meeting the requirements of the Uniform Commercial Code of California with respect to the Available Revenues, the Lockbox Fund and the other Funds, Accounts, properties and interests therein comprising the Revenues and other assets pledged under this Trust Agreement. The Trustee and the Commission shall execute and file with County of San Francisco and the Secretary of State of the State such financing or continuation statements or other documents as in the opinion of counsel to the Commission may be necessary to maintain the perfection of the lien hereof. Within ten (10) days after any filing required by this Section (other than in connection with the issuance of the Series 201\_ Bonds issued under this Trust Agreement), the Commission shall deliver to the Trustee a letter of counsel to the Commission stating that such filing has been accomplished and setting forth the particulars thereof. Not more than six months nor less than one month prior to each fifth anniversary of the date of delivery of the Series 201\_ Bonds under this Trust Agreement (or such other date on which financing statements will expire), the Commission shall deliver to the Trustee a letter of such counsel, addressed to the Trustee, stating that no recording or filing (including any re-filing) of any instrument is necessary during the five-year period immediately succeeding such fifth anniversary date or expiration date in order to comply with this Section or, if such recording or filing is necessary, setting forth the requirements to be met and promptly thereafter shall deliver to the Trustee an opinion of such counsel to the Commission to the effect that they have been met. If the Commission fails to deliver such opinion of counsel within such period, the Trustee shall notify the Registered Owners and shall file such continuation statements and such other instruments as are required in order to protect and maintain in force the lien and pledge of, and the security interest created by, this Trust Agreement and the Bond Documents.

**Section 12.05 Parties Interested Herein.** Nothing in this Trust Agreement or any Supplemental Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Commission, the Trustee and the Registered Owners, any right, remedy or claim under or by reason of this Trust Agreement or any Supplemental Trust Agreement or any covenant, condition or stipulation hereof or thereof; and all the covenants,

stipulations, promises and agreements in this Trust Agreement and each Supplemental Trust Agreement contained by and on behalf of the Commission shall be for the sole and exclusive benefit of the Commission, the Trustee and the Registered Owners thereunto appertaining; provided, that to the extent that this Trust Agreement confers upon or gives or grants to Manager or the Design-Builder any right or claim under or by reason of this Trust Agreement, Manager and the Design-Builder are hereby expressly recognized as being third-party beneficiaries under this Trust Agreement and, as third-party beneficiaries of this Trust Agreement, shall have all rights, remedies and recourses available as if they were parties to and signatories of this Trust Agreement, including the right by mandamus or other suit, action or proceeding at law or in equity to require the Trustee or the Commission to perform its covenants, representations, duties, obligations and other agreements with respect to Manager or the Design-Builder under this Trust Agreement, the Cash Management Agreement, the Management Agreement or the Development Agreements; by action or suit in equity to enjoin any omissions, act or things which may be unlawful or in violation of any of the rights of Manager or the Design-Builder; and take such other steps to protect and enforce their rights whether by action, suit or proceeding in aid of the execution of any power granted in this Trust Agreement or for the enforcement of any other appropriate legal or equitable remedy, including an action for specific performance. No remedy conferred upon or reserved to Manager or the Design-Builder in this Trust Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Trust Agreement, under the Cash Management Agreement, the Management Agreement, the Development Agreements or the other Principal Transaction Documents now or hereafter existing at law or in equity or by statute. The parties to this Trust Agreement acknowledge and agree that the inclusion of the aforesaid third party beneficiary rights conferred to Manager and Design-Builder under this Trust Agreement and the intentions of the parties to this Trust Agreement to permit and grant same are a material inducement to Manager's agreement to permit this Trust Agreement to control in the event of any inconsistencies between it and the Cash Management Agreement, to Manager's agreement to enter into the Cash Management Agreement and the Management Agreement and to the Design-Builder's agreement to permit this Trust Agreement to control in the event of any inconsistencies between it and the Development Agreements and to enter into the Development Agreements.

**Section 12.06 No Recourse on the Bonds.** No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or for any other obligation under this Trust Agreement or on any Supplemental Trust Agreement against any officer or employee of the Commission or the Trustee or any person executing or authenticating the Bonds.

**Section 12.07 No Individual Liability.** NOTWITHSTANDING ANY OTHER PROVISIONS OF OR INFERENCES IN THIS TRUST AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, NO COVENANT OR AGREEMENT CONTAINED IN THE BONDS, THIS TRUST AGREEMENT OR ANY SUPPLEMENTAL TRUST AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT SHALL BE DEEMED TO BE THE COVENANT OR AGREEMENT OF ANY MEMBER OF THE BOARD OR ANY OFFICER, AGENT, EMPLOYEE OR REPRESENTATIVE OF THE COMMISSION OR THE TRUSTEE, AND NEITHER THE OFFICERS, AGENTS, EMPLOYEES OR REPRESENTATIVES OF THE COMMISSION OR THE TRUSTEE NOR ANY PERSON EXECUTING OR AUTHENTICATING THE BONDS SHALL BE PERSONALLY LIABLE THEREON OR BE

SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF, WHETHER BY VIRTUE OF ANY CONSTITUTIONAL PROVISION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING EXPRESSLY RELEASED AND WAIVED AS A CONDITION OF AND IN CONSIDERATION FOR THE EXECUTION OF THIS TRUST AGREEMENT, ANY SUPPLEMENTAL TRUST AGREEMENT AND THE ISSUANCE OF THE BONDS.

**Section 12.08 Trust Agreement and Supplemental Trust Agreements to Constitute Contracts.** In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under this Trust Agreement by those who shall hold the same from time to time, this Trust Agreement and each Supplemental Trust Agreement shall be deemed to be and shall constitute a contract among the Commission, the Trustee and the Registered Owners, and as provided in Section 12.05, Manager and the Design-Builder shall be considered third-party beneficiaries of this Trust Agreement and each Supplemental Trust Agreement to the extent set forth in such Section 12.05; and the pledge made in this Trust Agreement and the covenants and agreements in this Trust Agreement to be performed by or on behalf of the Commission shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank within preference, priority or distinction of any of the Bonds over any other thereof, except as otherwise provided in or permitted by this Trust Agreement or Supplemental Trust Agreement.

**Section 12.09 Notice.** Any notice, demand, direction, request or other instrument authorized or required by this Trust Agreement to be given to or filed with the Commission, the City, the Trustee, the Design-Builder or Manager shall be deemed to have been given only upon receipt. Any notice shall be sent by registered or certified mail or by overnight delivery, postage prepaid, to the address specified below or to such other address as may be designated in writing by the parties:

Commission:

City:

Trustee:

Design-Builder:

Manager:

with a copy to:

**Section 12.10 Opinion of Bond Counsel.** Notwithstanding anything to the contrary in this Trust Agreement, any requirement in this Trust Agreement to obtain an Opinion of Bond Counsel to the effect that a specified action will not, in and of itself, cause the interest on any of the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes shall only be required if any Tax-Exempt Bonds are then Outstanding.

**Section 12.11 Effect of Purchase of Bonds.** No purchase of Bonds pursuant to this Trust Agreement shall be deemed to be a payment or redemption of such Bonds or any portion thereof and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such Bonds, unless such Bonds are submitted to the Trustee for cancellation.

**Section 12.12 Contracting Provisions.** The Trustee agrees to observe and perform the covenants set forth in Exhibit J to this Trust Agreement, which are incorporated in this Trust Agreement by this reference.

**Section 12.13 Governing Law.** This Trust Agreement and each Supplemental Trust Agreement shall be governed in all respects, including validity, interpretation and effect, by, and shall be enforceable in accordance with, the laws of the State without regard to conflict of laws provisions.

**Section 12.14 Severability of Invalid Provisions.** If any one or more of the covenants or agreements provided in this Trust Agreement or any Supplemental Trust Agreement on the part of the Commission or the Trustee to be performed shall be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Trust Agreement or any Supplemental Trust Agreement.

**Section 12.15 Successors.** Whenever in this Trust Agreement or any Supplemental Trust Agreement the Commission or the Trustee is named or referred to, it shall be deemed to include any entity succeeding to the principal functions and powers of the Commission or the Trustee, as appropriate, and all the covenants and agreements in this Trust Agreement and each Supplemental Trust Agreement by or on behalf of the Commission or the Trustee shall bind and inure to the benefit of said successor whether so expressed or not.

**Section 12.16 Business Days.** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Trust Agreement, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Trust Agreement, and no interest shall accrue for the period after such nominal date.

**Section 12.17 Execution in Several Counterparts.** This Trust Agreement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the Commission and the Trustee have caused this Trust Agreement to be executed and sealed on their behalf by their duly authorized representatives, all as of the day and year first written above.

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

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Approved as to form:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**[TRUSTEE]**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## EXHIBIT A

### DESCRIPTION OF HOTEL

The Hotel is anticipated to include the following:

- 1) 350 soundproofed guest rooms (including 33 suites);
- 2) 17,500 net square feet of meeting space, including:
  - (a) 6,600 square-foot ballroom;
  - (b) 3,000 square-foot junior ballroom;
  - (c) Six (6) meeting rooms (total of 6,000 square feet);
  - (d) Two (2) boardrooms (total of 900 square feet); and
  - (e) Club lounge (1,000 square feet);
- 3) 100-seat three-meal restaurant (with 12-seat holding bar);
- 4) 40-seat wine and sushi bar (lobby lounge);
- 5) 50-seat rooftop cocktail lounge;
- 6) 20-seat casual café;
- 7) "Grab & go" outlet;
- 8) In-room dining;
- 9) 7,500-square-foot health club featuring a fitness center, changing rooms and showers, whirlpool, sauna and spa;
- 10) Indoor 75-foot-long heated lap pool (3 lanes);
- 11) 24-hour business center;
- 12) Gift shop;
- 13) 215-space surface parking lot; and
- 14) Other agreed-upon facilities and amenities.



EXHIBIT B

FORM OF SERIES 201\_ BONDS

REGISTERED

REGISTERED

No. RA- \_\_\_\_\_

\$ \_\_\_\_\_

AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO  
SPECIAL FACILITY REVENUE BONDS (SAN FRANCISCO INTERNATIONAL  
AIRPORT HOTEL), SERIES 201\_

THE OBLIGATIONS OF THE CORPORATION WITH RESPECT TO THE SERIES 201\_ BONDS SHALL BE AND REMAIN LIMITED RECOURSE OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY AND ONLY FROM THE REVENUES AND OTHER ASSETS PLEDGED UNDER THE TRUST AGREEMENT. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OR PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE CITY AND COUNTY OF SAN FRANCISCO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE CORPORATION EXCEPT TO THE EXTENT HEREIN SET FORTH. NEITHER THE STATE OF CALIFORNIA, THE CITY AND COUNTY OF SAN FRANCISCO NOR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS, OR OTHER COSTS INCIDENT THERETO. THE CORPORATION SHALL BE OBLIGATED TO MAKE SUCH PAYMENTS ONLY FROM THE REVENUES AND OTHER AMOUNTS PLEDGED THEREFOR UNDER THE TRUST AGREEMENT.

Interest Rate	Maturity Date	Dated Date	CUSIP No.
%	_____ 1, 20__	[DATE], 201_	

REGISTERED OWNER: [City and County of San Francisco, acting by and through its Airport Commission]

PRINCIPAL AMOUNT: \_\_\_\_\_ Dollars

The City and County of San Francisco, acting by and through its Airport Commission (the "the Commission"), for value received, hereby promises to pay upon surrender hereof at the designated corporate trust office of [\_\_\_\_\_], or any successor thereto (the "Trustee"), solely from the sources and as herein and in the Trust Agreement provided and permitted, to the Registered Owner hereof, or the registered assigns or legal representatives, the principal sum stated above on the maturity date stated above, subject to prior redemption as provided herein, and to pay, solely from such sources, interest hereon semiannually on each [\_\_\_\_\_] 1 and [\_\_\_\_\_] 1 (each, an "Interest Payment Date"), beginning [\_\_\_\_\_] 1, 20\_\_, at the Interest Rate stated above. Interest is payable from (a) the Dated Date set forth above, if this Series 201\_ Bond is authenticated prior to [\_\_\_\_\_] 1, 20\_\_, or (b) otherwise from the [\_\_\_\_\_] 1 or [\_\_\_\_\_] 1, that is, or

immediately precedes, the date on which this Series 201\_ Bond is authenticated (unless payment of interest hereon is in default, in which case this Series 201\_ Bond shall bear interest from the date to which interest has been paid). Interest is payable on each Interest Payment Date (1) by check or draft mailed on such date to the Registered Owner hereof at such Registered Owner's address as it appears on the Register, as defined in the Trust Agreement, as hereafter defined, as of the close of business on the 15th day of the calendar month (whether or not a Business Day) preceding such Interest Payment Date (the "Record Date"), or (2) by wire transfer in accordance with a written notice and completed wire instructions for a wire transfer address in the United States provided by the Registered Owner hereof to the Trustee not less than fifteen (15) days prior to such Interest Payment Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice); provided, that such wire transfer shall only be made for a registered owner of \$1,000,000 or more in aggregate principal amount of the Series 201\_ Bonds as of the close of business on the Record Date for such Interest Payment Date. Notwithstanding the foregoing, the Record Date for defaulted interest shall be the fifth day preceding payment thereof. This Series 201\_ Bond shall be payable as to principal and Redemption Price, as defined in the Trust Agreement, and interest in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Series 201\_ Bond is one of an issue of \$[ ] Airport Commission of the City and County of San Francisco Special Facility Revenue Bonds (San Francisco International Airport Hotel), Series 201\_ (the "Series 201\_ Bonds"), being issued to finance Costs of the Hotel, as defined in the Trust Agreement, including the funding of a debt service reserve fund, and to pay Costs of Issuance, as defined in the Trust Agreement.

This Series 201\_ Bond and the premium, if any, and the interest hereon are limited obligations of the Commission and are payable from the Revenues, as defined in the Trust Agreement, including the Available Revenues, as defined in the Trust Agreement, and other assets pledged under the Trust Agreement, all in accordance with the Trust Agreement. Upon deposit of Available Revenues with the Trustee pursuant to the Trust Agreement, such Revenues are pledged to the payment of the Series 201\_ Bonds to the extent and as provided in the Trust Agreement.

The Series 201\_ Bonds are issued under a Trust Agreement dated as of [DATE], 201\_ (the "Trust Agreement"), between the Commission and the Trustee. Reference is hereby made to the Trust Agreement for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Commission, the rights of the Registered Owners, as defined in the Trust Agreement, of the Series 201\_ Bonds and the terms upon which the Series 201\_ Bonds are issued and secured. Additional Bonds ranking on parity with the Series 201\_ Bonds may be issued on the terms provided in the Trust Agreement. The Series 201\_ Bonds and all Additional Bonds ranking on a parity with the Series 201\_ Bonds are collectively referred to as the "Bonds."

The Series 201\_ Bonds may not be called for redemption except as provided herein and in the Trust Agreement.

The Series 201\_ Bonds will be subject to redemption at the option of the Commission, in whole or in part on any date on or after [ ] 1, 20\_\_, from any legally available funds, at a

Redemption Price equal to the principal amount of Series 201\_ Bonds called for redemption, without premium, plus accrued interest with respect thereto to the date fixed for redemption.

The Series 201\_ Bonds maturing on [MONTH/DAY, 20\_\_] are subject to mandatory redemption, at a Redemption Price equal to the principal amount of the Series 201\_ Bonds being redeemed, together with accrued interest thereon to the Redemption Date, pursuant to Mandatory Sinking Fund Installments on January 1 in each of the years and principal amounts set forth in the table below; provided, that the Mandatory Sinking Fund Installments of Series 201\_ Bonds maturing on [MONTH/DAY, 20\_\_] shall be reduced in chronological order by the principal amount of any Series 201\_ Bonds maturing on [MONTH/DAY, 20\_\_] redeemed pursuant to any other optional or mandatory redemption provision on or before the date on which any such Mandatory Sinking Fund Installment is due:

<u>Year</u>	<u>Mandatory Sinking Fund Installment</u>
-------------	---

\*Final Maturity

The Series 201\_ Bonds shall be subject to extraordinary mandatory redemption at the Direction of the Commission, in whole or in part on the earliest date following the date for which notice of redemption can be given as provided in the Trust Agreement, at a Redemption Price equal to the principal amount of Series 201\_ Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium, from proceeds of insurance (including any title insurance), payment received under the Performance and Payment Bonds, or condemnation awards permitted or required to be applied to such redemption under the Trust Agreement.

Series 201\_ Bonds subject to optional redemption shall be selected in such order of maturity as the Commission may direct. If less than all of the Series 201\_ Bonds of a single maturity shall be called for prior redemption, the particular Series 201\_ Bonds or portions of Series 201\_ Bonds to be redeemed shall be selected by lot or other random method by the Trustee in such a manner as the Trustee may determine. In the case of any Series 201\_ Bonds that are payable from Mandatory Sinking Fund Installments, if any such Series 201\_ Bond is redeemed in part at the option of the Commission or pursuant to any redemption provision (other than through Mandatory Sinking Fund Installment Payments), the principal amount redeemed shall be applied to reduce the Mandatory Sinking Fund Installments relating to such Series 201\_ Bond in chronological order beginning with the earliest Mandatory Sinking Fund Installment. In the case of any partial redemption during the continuance of an Event of Default, such redemption shall be applied on a pro rata basis to all Outstanding Series 201\_ Bonds called for redemption, without differentiation by maturity or within a maturity. If any of the Series 201\_ Bonds or portions thereof are called for redemption, the Trustee shall give notice, in the name of the Commission, of the redemption of such Series 201\_ Bonds or portions thereof, by first class mail postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the Redemption Date, to the registered owners of any Series 201\_ Bond or portions of Series 201\_ Bonds which are to be redeemed, at their last addresses, if any, appearing on the Register. If, on the Redemption Date, moneys for the redemption of all the Series 201\_ Bonds or portions thereof of any like maturity to be redeemed, together with interest to the Redemption Date, shall be held by the Trustee so as to

be available therefor on said date and if notice of redemption shall have been given as provided in the Trust Agreement, then, from and after the Redemption Date interest on the Series 201\_ Bonds or portions thereof of such maturity so called for redemption shall cease to accrue and become payable. If such moneys shall not be so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

No Registered Owner of any Series 201\_ Bond shall have any right to institute any suit, action or proceedings at law or in equity for the appointment of a receiver or for any other remedy under the Trust Agreement or by reason thereof, except to the extent and in the circumstances permitted by the Trust Agreement.

The Commission and the Trustee may deem and treat the person in whose name this Series 201\_ Bond shall be registered in the Register as the absolute owner of this Series 201\_ Bond, whether this Series 201\_ Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price of and interest on this Series 201\_ Bond and for all other purposes, and all such payments so made to any such Registered Owner or upon the Registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon this Series 201\_ Bond to the extent of the sum or sums so paid, and the Commission and the Trustee shall not be affected by any notice to the contrary. Notwithstanding the foregoing, interest on this Series 201\_ Bond, other than interest payable at maturity or on a Redemption Date, shall be paid to the Person, as defined in the Trust Agreement, in whose name this Series 201\_ Bond is registered on the Register at the close of business on the Record Date for such Interest Payment Date.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Series 201\_ Bond have happened, exist and have been performed.

This Series 201\_ Bond shall not be valid or entitled to any security or benefit under the Trust Agreement until the Trustee shall have manually executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

IN WITNESS WHEREOF, the City and County of San Francisco, acting by and through its Airport Commission has caused this Series 201\_ Bond to be signed by the manual or facsimile signature of its Authorized Commission Representative [and attested to by the manual or facsimile signature of its \_\_\_\_\_] on this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

AIRPORT COMMISSION OF THE CITY AND  
COUNTY OF SAN FRANCISCO

By: \_\_\_\_\_  
Authorized Commission Representative

Attest:

By: \_\_\_\_\_

**CERTIFICATE OF AUTHENTICATION**

This Series 201\_ Bond is one of the Series 201\_ Bonds of the issue described in the within-mentioned Trust Agreement.

Dated: [DATE], 201\_

[\_\_\_\_\_] ,  
as Trustee

By: \_\_\_\_\_  
Authorized Signatory

**ASSIGNMENT**

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned Series 201\_ Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer the same on the registration books maintained by the Commission with full power of substitution in the premises.

Dated: \_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the Registered Owner of the within Series 201\_ Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Social Security Number, Taxpayer  
Identification Number or Other  
Identifying Number of Assignee:

\_\_\_\_\_  
NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange, the National Association of Securities Dealers or a commercial bank or trust company.

\_\_\_\_\_

## EXHIBIT C

### FORM OF REQUISITION

Airport Commission of the City and County of San Francisco Special Facility Revenue Bonds  
(San Francisco International Airport Hotel), Series 201\_

#### CONSTRUCTION FUND DISBURSEMENT REQUEST

The Design-Builder hereby requests pursuant to Sections 5.03 and 5.04 of the Trust Agreement, dated as of [DATE], 201\_ (the "Trust Agreement"), between the Commission and [TRUSTEE], as trustee (the "Trustee"), pursuant to which the above-captioned Bonds were issued, that a Disbursement be made to Design-Builder under the Trust Agreement in the amount described herein. All capitalized terms not otherwise defined herein shall be defined as in the Trust Agreement. In connection with this request the Design-Builder certifies, and Architect states in its professional opinion, that:

1. The Disbursement requested herein is for the Current Payment Due set forth and described in the Application for Payment attached as Appendix I hereto. Appendix I hereto identifies among other items the total value of the Work completed to date, the total value of the Work completed since the date of the last Requisition, the amount of retainages to be withheld from the current Disbursement and the amount of the Current Payment Due. All Work described in Appendix I hereto has been completed and performed in accordance with all Requirements.

2. The Disbursement applied for herein is limited to the total of Cost of the Work charges actually incurred during the Payment Period, less any retainage, all as calculated pursuant to the Design-Build Agreement. The total amount of the net Disbursement requested hereby, after subtracting out all required Retention in the amount of \$ \_\_\_\_\_, is \$ \_\_\_\_\_.

3. Nothing has come to the attention of each or any certifying party that would cause it to conclude that the representations contained in the Trust Agreement and the Principal Transaction Documents delivered to the Trustee in accordance with the Trust Agreement are not true and correct as of the date hereof.

4. No event has occurred and is continuing which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both under the Trust Agreement.

5. All of the conditions to this request required by the Trust Agreement have been satisfied and the requisite documentation and certifications attached hereto.

6. All conditions to the Disbursement as set forth in Section 5.04 of the Trust Agreement have been fully, timely and completely satisfied and all documentation and certifications with respect thereto have been delivered to the Trustee.

7. There have been no Change Orders except for such Change Orders which the Trustee has consented to in writing and the amount requested herein does not exceed the Maximum Draw requirement set forth in the Design-Build Agreement.

8. All approvals and consents required under the Design-Build Agreement as a condition precedent to this Requisition have been obtained in writing or waived by all applicable parties.

9. The Hotel Schedule, as the same may have been amended, and the Approved Plans, as the same may have been amended, are adequate to provide for completion of the Hotel in accordance with all Hotel Requirements.

10. After disbursement of the amount requested herein, adequate funds will remain on deposit in the Construction Fund for the timely, on budget completion of the Hotel in accordance with all Hotel Requirements.

11. The construction of the Hotel is proceeding at a reasonable pace, with no material impediments that would present a serious threat to completion of the construction at the costs and times contemplated in the Trust Agreement. The amount remaining in the Construction Fund, together with the Commission's reasonable estimate of investment earnings to be deposited therein, is sufficient to pay the expected remaining cost of completing the Hotel. All previous Disbursements made pursuant to the Trust Agreement have been or are being expended for the Hotel Costs incurred in performance of the Work described in previous Construction Fund Disbursement requests executed by the undersigned. This Construction Fund Disbursement request is requested for the payment of a portion of the Maximum Permitted Price.

12. Attached as Appendix II hereto are written lien waivers from all contractors, subcontractors, workmen and suppliers for Work done and materials supplied by them which were paid for pursuant to the immediately preceding Construction Fund Disbursement request, as well as written lien waivers from all contractors, subcontractors, workmen and suppliers for all Work done and all materials furnished by them for the Hotel, subject to payments due, since the date of the last Requisition, provided that the Trustee and Project Manager shall be entitled to rely upon this Certification without having to review any such lien waivers.

13. For value received, the undersigned hereby waives all rights to and claims for a lien on the real property upon which the Hotel is being constructed and warrants that all payments required by reason of the Work and due to contractors, subcontractors, laborers and materialmen and others having mechanic's lien rights have been made or will be made upon receipt of the requested funds, and each of them have waived, or will waive, their lien rights for the period covered by this Requisition except for retainage amounts, if applicable.

14. All governmental licenses, permits and approvals required for the Improvements covered by this Requisition have been obtained and are in full force and effect, and all fees due in connection with the foregoing have been paid.

15. All amounts previously disbursed for non-construction and construction items have been applied or paid, as applicable, by Design-Builder for the items indicated in previous Disbursement requests.

16. No part of the Hotel has been materially injured or damaged by Casualty and no part of the Hotel, after taking into consideration the Work covered by this Requisition, violates any Applicable Law or the other Hotel Requirements.



Dated: \_\_\_\_\_

[\_\_\_\_\_] , as Design Builder

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[\_\_\_\_\_] , as Architect

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED BY:

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[\_\_\_\_\_] , as Project Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT D**

**FORM OF PRE-OPENING EXPENSES ACCOUNT REQUEST**

**PRE-OPENING EXPENSES ACCOUNT**

REQUEST NO. \_\_\_\_\_

This request is being delivered to [TRUSTEE], as trustee (the "Trustee") under the Trust Agreement, dated as of [DATE], 201\_ (the "Trust Agreement") between the City and County of San Francisco, acting by and through its Airport Commission (the "the Commission") and the Trustee pursuant to Section 5.05 of the Trust Agreement. The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement.

Pursuant to Section 5.05 of the Trust Agreement, you are hereby authorized and directed to disburse from the Pre-Opening Expenses Account the amounts set forth in Appendix I attached hereto to the persons named therein in payment of expenditures permitted to be paid from the Pre-Opening Expenses Account pursuant to said Section 5.05 of the Trust Agreement. The total amount to be disbursed pursuant to this request is \$[\_\_\_\_\_].

Hyatt Corporation (the "Pre-Opening Services Manager") hereby certifies that (1) the statements made herein are accurate, (2) each such amount constitutes a proper charge against the Pre-Opening Expenses Account in accordance with the Pre-Opening Budget, (3) no part of any such amounts shall be applied to any item that has been previously paid from the Pre-Opening Expenses Account or any other Fund or Account, (4) all conditions precedent to such disbursements have been complied with and satisfied, and (5) all consents, if any, required in connection with the submission hereof have been obtained and are attached hereto. The Pre-Opening Services Agreement has not been terminated.

Dated: \_\_\_\_\_

[MANAGER],  
as Pre-Opening Services Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT E**

**FORM OF TAXES AND INSURANCE FUND REQUISITION**

**TAXES AND INSURANCE FUND**

REQUEST NO. \_\_\_\_\_

This request is being delivered to [TRUSTEE], as trustee (the "Trustee") under the Trust Agreement, dated as of [DATE], 201\_ (the "Trust Agreement") between the City and County of San Francisco, acting by and through its Airport Commission (the "the Commission") and the Trustee pursuant to Section [6(a)] of the Cash Management and Lockbox Agreement (the "Cash Management Agreement") among the Depository Bank, the Trustee, the Commission and Hyatt Corporation (the "Manager"). The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement or the Cash Management Agreement.

Pursuant to Section [\_\_\_\_\_] of the Cash Management Agreement and Section 5.\_\_\_\_ of the Trust Agreement, you are hereby authorized and directed to disburse from the Taxes and Insurance Fund the amounts set forth in Appendix I attached hereto to the persons named therein in payment of taxes and insurance premiums due and payable with respect to the ownership and operation of the Hotel. The total amount to be disbursed pursuant to this request is \$[\_\_\_\_\_].

The Manager hereby certifies that (1) the statements made herein are accurate, (2) each such amount constitutes a proper charge against the Taxes and Insurance Fund, (3) no part of any such amounts shall be applied to any item which has been previously paid from the Taxes and Insurance Fund or any other Fund or Account, (4) all conditions precedent to such disbursements have been complied with and satisfied and (5) all consents, if any, required in connection with the submission hereof, have been obtained and are attached hereto. The Management Agreement has not been terminated.

Dated: \_\_\_\_\_

**[MANAGER]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT F**

**FORM OF WORKING CAPITAL RESERVE FUND REQUEST**

**WORKING CAPITAL RESERVE FUND**

REQUEST NO. \_\_\_\_\_

This request is being delivered to [TRUSTEE], as trustee (the "Trustee") under the Trust Agreement, dated as of [DATE], 201\_ (the "Trust Agreement") between the City and County of San Francisco, acting by and through its Airport Commission (the "the Commission") and the Trustee pursuant to Section [ ] of the Cash Management and Lockbox Agreement (the "Cash Management Agreement") among the Depository Bank, the Trustee, the Commission and Hyatt Corporation (the "Manager"). The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement or the Cash Management Agreement.

Pursuant to Section [ ] of the Cash Management Agreement and Section 5. \_\_ of the Trust Agreement, you are hereby authorized and directed to disburse from the Working Capital Reserve Fund the amounts set forth in Appendix I attached hereto to the persons named therein in payment of expenditures permitted to be paid from the Working Capital Reserve Fund pursuant to Section [ ] of the Cash Management Agreement and Section 5. \_\_ of the Trust Agreement. The total amount to be disbursed pursuant to this request is \$[\_\_\_\_\_].

The Manager hereby certifies that (1) the statements made herein are accurate, (2) each such amount constitutes a proper charge against the Working Capital Reserve Fund, (3) no part of any such amounts shall be applied to any item which has been previously paid from the Working Capital Reserve Fund or any other Fund or Account, (4) all conditions precedent to such disbursements have been complied with and satisfied and (5) all consents, if any, required in connection with the submission hereof have been obtained and are attached hereto. The Manager further certifies that the Management Agreement has not been terminated.

Dated: \_\_\_\_\_

**[MANAGER],**  
as Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT G**

**FORM OF FF&E RESERVE FUND REQUEST**

FF&E RESERVE FUND

REQUEST NO. \_\_\_\_\_

This request is being delivered to [TRUSTEE], as trustee (the "Trustee") under the Trust Agreement, dated as of [DATE], 201\_ (the "Trust Agreement") between the City and County of San Francisco, acting by and through its Airport Commission (the "the Commission") and the Trustee pursuant to Section [ ] of the Cash Management and Lockbox Agreement (the "Cash Management Agreement") among the Depository Bank, the Trustee, the Commission and Hyatt Corporation (the "Manager"). The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement or the Cash Management Agreement.

Pursuant to Section [ ] of the Cash Management Agreement and Section 5. \_\_ of the Trust Agreement, you are hereby authorized and directed to disburse from the FF&E Reserve Fund the amounts set forth in Appendix I attached hereto to the persons named therein in payment of Hotel expenditures permitted to be paid from the FF&E Reserve Fund under Section [ ] of the Cash Management Agreement and Section 5. \_\_ of the Trust Agreement. The total amount to be disbursed pursuant to this Request from the FF&E Reserve Fund is \$[\_\_\_\_\_].

The Manager hereby certifies that (1) the statements made herein are accurate, (2) each such amount constitutes a proper charge against the FF&E Reserve Fund, (3) no part of any such amounts shall be applied to any item which has been previously paid from the FF&E Reserve Fund or any other Fund or Account, (4) all conditions precedent to such disbursements have been complied with and satisfied and (5) all consents, if any, required in connection with the submission hereof have been obtained and are attached hereto. The Manager further certifies that the Management Agreement has not been terminated.

Dated: \_\_\_\_\_

[MANAGER],  
as Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT H**

**FORM OF CAPITAL RESERVE FUND REQUEST**

**CAPITAL RESERVE FUND**

REQUEST NO. \_\_\_\_\_

This request is being delivered to [TRUSTEE], as trustee (the "Trustee") under the Trust Agreement, dated as of [DATE], 201\_ (the "Trust Agreement") between the City and County of San Francisco, acting by and through its Airport Commission (the "the Commission") and the Trustee pursuant to Section [ ] of the Cash Management and Lockbox Agreement (the "Cash Management Agreement") among the Depository Bank, the Trustee, the Commission and Hyatt Corporation (the "Manager"). The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement or the Cash Management Agreement.

Pursuant to Section [ ] of the Cash Management Agreement and Section 5. \_\_ of the Trust Agreement, you are hereby authorized and directed to disburse from the Capital Reserve Fund the amounts set forth in Appendix I attached hereto to the persons named therein in payment of Hotel expenditures permitted to be paid from the Capital Reserve Fund under Section [ ] of the Cash Management Agreement and Section 5. \_\_ of the Trust Agreement. The total amount to be disbursed pursuant to this Request from the Capital Reserve Fund is \$[\_\_\_\_\_].

The Manager hereby certifies that (1) the statements made herein are accurate, (2) each such amount constitutes a proper charge against the Capital Reserve Fund, (3) no part of any such amounts shall be applied to any item which has been previously paid from the Capital Reserve Fund or any other Fund or Account, (4) all conditions precedent to such disbursements have been complied with and satisfied and (5) all consents, if any, required in connection with the submission hereof have been obtained and are attached hereto. The Manager further certifies that the Management Agreement has not been terminated.

Dated: \_\_\_\_\_

[MANAGER],  
as Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT I**

**FORM OF REVENUE STABILIZATION FUND REQUEST**

**REVENUE STABILIZATION FUND**

REQUEST NO. \_\_\_\_

This request is being delivered to [TRUSTEE], as trustee (the "Trustee") under the Trust Agreement, dated as of [DATE], 201\_ (the "Trust Agreement") between the City and County of San Francisco, acting by and through its Airport Commission (the "the Commission") and the Trustee pursuant to Section [ ] of the Cash Management and Lockbox Agreement (the "Cash Management Agreement") among the Depository Bank, the Trustee, the Commission and Hyatt Corporation (the "Manager"). The Trustee is hereby directed to take the action described herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement or the Cash Management Agreement.

Pursuant to Section [ ] of the Cash Management Agreement and Section 5. \_\_ of the Trust Agreement, you are hereby authorized and directed to disburse from the Revenue Stabilization Fund the amounts set forth in Appendix I attached hereto to the persons named therein in payment of expenditures permitted to be paid from the Revenue Stabilization Fund pursuant to Section [ ] of the Cash Management Agreement and Section 5. \_\_ of the Trust Agreement. The total amount to be disbursed pursuant to this request is \$[\_\_\_\_\_].

[The Manager/the Commission] hereby certifies that (1) the statements made herein are accurate, (2) each such amount constitutes a proper charge against the Revenue Stabilization Fund, (3) no part of any such amounts shall be applied to any item which has been previously paid from the Revenue Stabilization Fund or any other Fund or Account, (4) all conditions precedent to such disbursements have been compiled with and satisfied and (5) all consents, if any, required in connection with the submission hereof, have been obtained and are attached hereto. [The Manager further certifies that the Management Agreement has not been terminated.]

**[MANAGER]**

By:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title:

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

By:

\_\_\_\_\_  
Name:

Title:

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## EXHIBIT J

### MANDATORY CONTRACTING PROVISIONS

#### 1. Nondiscrimination; Penalties

##### a. Manager Shall Not Discriminate

In the performance of this Trust Agreement, Trustee agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, 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, or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

##### b. Subcontracts

The Trustee shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing), and shall require all subcontractors to comply with such provisions. the Trustee's failure to comply with the obligations in this subsection shall constitute a material breach of this Trust Agreement.

##### c. Nondiscrimination in Benefits

The Trustee does not as of the date of this Trust Agreement and will not during the term of this Trust 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 §12B.2(b) of the San Francisco Administrative Code.

d. Condition to Contract

As a condition to this Trust Agreement, the Trustee shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form CMD-12B-101 with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division.

e. 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 Trust Agreement as though fully set forth herein. The Trustee shall comply fully with and be bound by all of the provisions that apply to this Trust Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Trustee understands that pursuant to §§12B.2(h) and 12C.3(g) 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 Trust Agreement may be assessed against the Trustee and/or deducted from any payments due the Trustee.

**2. Requiring Minimum Compensation for Covered Employees**

a. The Trustee 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 Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Trust Agreement as though fully set forth. The text of the MCO is available on the Internet at [www.sfgov.org/olse/mco](http://www.sfgov.org/olse/mco). A partial listing of some of the Trustee’s obligations under the MCO is set forth in this section. The Trustee is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this section.

b. The MCO requires the Trustee to pay the Trustee’s employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and the Trustee is obligated to keep informed of the then-current requirements. Any subcontract entered into by the Trustee 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. It is the Trustee’s obligation to ensure that any subcontractors of any tier under this Trust Agreement comply with the requirements of the MCO. If any subcontractor under this Trust Agreement fails to comply, City may pursue any of the remedies set forth in this section against the Trustee.

c. The Trustee shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the

MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be reputably presumed to be retaliation-prohibited by the MCO.

- d. The Trustee shall maintain employee and payroll records as required by the MCO. If the Trustee fails to do so, it shall be presumed that the Trustee paid no more than the minimum wage required under state law.
- e. The City is authorized to inspect the Trustee's job sites and conduct interviews with employees and conduct audits of the Trustee.
- f. The Trustee's commitment to provide the minimum compensation is a material element of the City's consideration for this Trust Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Trustee fails to comply with these requirements. The Trustee agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for the Trustee's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.
- g. The Trustee understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of this Trust Agreement, and under applicable law. If, within 30 days after receiving written notice of a breach of this Trust Agreement for violating the MCO, the Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Trustee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.
- h. The Trustee 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.
- i. If The Trustee is exempt from the MCO when this Trust Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but the Trustee later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, the Trustee shall thereafter be required to comply with the MCO under this Trust Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Trustee and this department to exceed \$25,000 in the fiscal year.

### 3. Requiring Health Benefits for Covered Employees

The Trustee 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 section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Trust Agreement as though fully set forth herein. The text of the HCAO is available on the Internet at [www.sfgov.org/olse](http://www.sfgov.org/olse). Capitalized terms used in this section and not defined in this Trust Agreement shall have the meanings assigned to such terms in Chapter 12Q.

- a. For each Covered Employee, the Trustee shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Trustee chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health the Commission.
- b. Notwithstanding the above, if the Trustee is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.
- c. The Trustee’s failure to comply with the HCAO shall constitute a material breach of this Trust Agreement. City shall notify the Trustee if such a breach has occurred. If, within 30 days after receiving City’s written notice of a breach of this Trust Agreement for violating the HCAO, the Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Trustee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.
- d. Any Subcontract entered into by the Trustee 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 Trustee shall notify 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 Trustee shall be responsible for its Subcontractors’ compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this section against the Trustee based on the Subcontractor’s failure to comply, provided that City has first provided the Trustee with notice and an opportunity to obtain a cure of the violation.
- e. The Trustee shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to the Trustee’s noncompliance or anticipated noncompliance 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 Trustee 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 Trustee shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare the Commission orders, including the number of hours each employee has worked on this Trust Agreement.
- h. The Trustee shall keep itself informed of the current requirements of the HCAO.
- i. The Trustee shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.
- j. The Trustee shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten (10) business days to respond.
- k. The Trustee shall allow City to inspect the Trustee's job sites and have access to the Trustee's employees in order to monitor and determine compliance with HCAO.
- l. City may conduct random audits of the Trustee to ascertain its compliance with HCAO. The Trustee agrees to cooperate with City when it conducts such audits.
- m. If the Trustee is exempt from the HCAO when this Trust Agreement is executed because its amount is less than \$25,000, but the Trustee later enters into an agreement or agreements that cause the Trustee's aggregate amount of all agreements with 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 Trustee and the City to be equal to or greater than \$75,000 in the fiscal year.

#### **4. First Source Hiring Program**

This section incorporates the requirements of the First Source Hiring Program pursuant to San Francisco Administrative Code Chapter 83 (entitled "First Source Hiring Program"). The Trustee agrees to participate and comply with the provisions of the First Source Hiring Program. As part of the Trustee's HMA with the City, the Trustee shall incorporate provisions of the First Source Hiring Program into any Joint Venture Partnership and shall require subcontractors to do the same. The Mayor's Office of Economic and Workforce Development is the Trustee's main contact for the First Source Hiring Program. For more information regarding First Source Hiring Program, go to: <http://www.workforcedevelopmentsf.org/>.

##### **a. Definitions**

The provisions of Chapter 83 of the San Francisco Administrative Code apply to this Trust Agreement. The Trustee shall comply fully with, and be bound by, all of the provisions that apply to this Trust Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this section

and not defined in this Trust Agreement shall have the meanings assigned to such terms in Chapter 83.

Entry Level Position: Any non-custodial position that requires either: (a) No education above a high school diploma or certified equivalency; or (b) Less than two (2) years training or specific preparation; and (c) Shall include temporary positions and paid internships.

Trainee: An economically disadvantaged worker identified by the First Source Hiring Program as having the appropriate training, employment background, and skill set for an available Entry Level Position specified by the Trustee.

b. First Source Hiring Goals

- Over the life of this Trust Agreement, the Trustee shall make good faith efforts to hire a minimum number of Trainees referred by the First Source Hiring Program to fulfill available Entry Level Positions, based on the Trustee Fee Schedule below:

Trustee Fee Schedule	Minimum Number of Trainees to be Hired (over the life of this Trust Agreement)
\$0 – \$499,999	0
\$500,000 – \$899,999	1
\$900,000 – \$1,999,999	2
\$2,000,000 – \$4,999,999	3
\$5,000,000 – \$7,999,999	4
\$8,000,000 – \$10,999,999	5
\$11,000,000 – \$13,999,999	6
(> = \$14M, for each additional \$3 million in Trustee fees, add one additional Trainee)	

- The Trustee may decline to hire a Trainee if the Trustee considers the Trainee in good faith and deems the Trainee is not qualified. The final decision to hire a Trainee shall be made by the Trustee.
- The Trustee shall hire the Trainee on a full-time basis for at least twelve (12) months or on part-time basis for twenty-four (24) months.
- Trainees must be obtained through the First Source Hiring Program and the Trustee must consider all Trainees fairly and equally and comply with the non-discrimination provisions pursuant to local, state, and federal laws. No existing employee may count toward the total number of Trainees hired.

c. Procedures

- Within thirty (30) days of award of contract, the Trustee will email the First Source Hiring Administrator and schedule to meet with staff from the First Source Hiring Program. At the meeting, the Trustee will provide information on Entry Level Positions, number of Trainees to be hired, job description, start date, and rate of pay. If the Trustee cannot quantify the numbers of Trainees to be hired, the Trustee must still meet with the First Source Hiring Program and present a workforce plan of good faith efforts towards the First Source Hiring Goals.
  - The Trustee is required to notify the First Source Hiring Program of all available Entry Level Positions.
  - The Trustee will designate a representative to monitor all employment related activity and be the main contact for the First Source Hiring Program.
  - The Trustee will maintain documentation and records supporting good faith efforts toward the First Source Hiring Program.
- d. **As-Needed Contracts**  
Contractors awarded As-Needed contracts shall follow the provisions of the First Source Hiring Program. However, the First Source Hiring Goals will not be based on each individual Contract Service Order (“CSO”) but rather from the total number of CSOs issued to the contractor. Since a contractor does not know when or how many CSOs will be issued, the contractor shall hire Trainees only if the increase in CSOs creates entry-level employment opportunities.
- e. **Noncompliance**  
Failure to meet the criteria of the First Source Hiring Program does not impute bad faith but rather will trigger a review for compliance. If the City deems the Trustee is noncompliant and acted in bad faith towards the First Source Hiring Program, then the City may withhold progress payments and assess liquidated damages as defined in San Francisco Administrative Code Chapter 83.

## **5. Conflict of Interest**

Through its execution of this Trust Agreement, the Trustee acknowledges that it is familiar with the provision of Section 15.103 of the City’s Charter, Article III, Chapter 2 of City’s Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Trust Agreement.

## **6. Federal Non-Discrimination Provisions**

**49 CFR Part 21.** The Trustee for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that the Trustee shall maintain and operate the Airport facilities and services in compliance with all requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of

Transportation–Effectuation of Title VI of the Civil Rights Act of 1964, as said regulations may be amended. the Trustee, for itself, its personal representatives, successors in interest, and assigns, agrees that the Trustee in its operation at and use of the Airport, covenants that (1) No person on the grounds of race, color, national origin, or sex shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (2) That in the construction of any improvements on, over, or under the Airport and the furnishing of services thereon, no person on the grounds of race, color, national origin, or sex shall be excluded from participation or denied the benefits of, or otherwise be subject to discrimination, (3) That the Trustee shall use all City premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A–Office of the Secretary of Transportation, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation–Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. These Regulations are incorporated as though fully set forth herein. The Trustee agrees to include the above statements in any subsequent contract that it enters into with subcontractors and cause those agreements to similarly include the statements, and cause those businesses to include the statements in further agreements.

**49 CFR Part 23.** The HMA is subject to the requirements of the United States Department of Transportation’s regulations, 49 Code of Federal Regulations, Part 23. The Trustee agrees that it will not discriminate against any business owner because of the owner’s race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 Code of Federal Regulations Part 23. The Trustee agrees to include the above statements in any subsequent contract covered by 49 Code of Federal Regulations, Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

Failure by the Trustee to carry out these requirements is a material breach of this Trust Agreement, which may result in the termination of this Trust Agreement or such other remedy as the Commission deems appropriate.

## **7. Commission Intellectual Property**

Pursuant to Resolution No. 01-0118, adopted by the Airport Commission on April 18, 2001, the Airport 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 the Commission at the Airport (including subcontractors and subtenants) may not use the Airport intellectual property, or any intellectual property confusingly similar to the Commission intellectual property, without the Airport Director’s prior consent.

## **8. Labor Peace/Card Check Rule**

Without limiting the generality of other provisions herein requiring the Trustee to comply with all Airport Rules, the Trustee shall comply with the Commission’s Labor Peace/Card Check Rule, adopted on February 1, 2000, pursuant to Airport Commission Resolution No. 00-0049 (the “Labor Peace/Card Check Rule”). Capitalized terms not defined in this provision are defined in the Labor Peace/Card Check Rule.



To comply with the Labor Peace/Card Check Rule, the Trustee shall, among other actions: (a) Enter into a Labor Peace/Card Check Rule Agreement with any Labor Organization which requests such an agreement and which has registered with the Airport Director or his/her designee, within thirty (30) days after Labor Peace/Card Check Rule Agreement has been requested; (b) Not less than thirty (30) days prior to the modification of this Trust Agreement, the Trustee shall provide notice by mail to any Labor Organization or federation of labor organizations which have registered with the Airport Director or his/her designee ("registered Labor Organizations"), that the Trustee is seeking to modify or extend this Trust Agreement; (c) Upon issuing any request for proposals, invitations to bid, or similar notice, or in any event not less than thirty (30) days prior to entering into any Subcontract, the Trustee shall provide notice to all registered Labor Organizations that the Trustee is seeking to enter into such Subcontract; and (d) the Trustee shall include in any subcontract with a Subcontractor performing services pursuant to any covered Contract, a provision requiring the Subcontractor performing services pursuant to any covered Contract, a provision requiring the Subcontractor to comply with the requirements of the Labor Peace/Card Check Rule. If Airport Director determines that the Trustee violated the Labor Peace/Card Check Rule, Airport Director shall have the option to terminate this Trust Agreement, in addition to exercising all other remedies available to him/her.

#### **9. Protection of Private Information**

The Trustee 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 Trustee agrees that any failure of the Trustee to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of this Trust Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Trust Agreement, bring a false claim action against the Trustee pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Trustee.

#### **10. Submitting False Claims; Monetary Penalties**

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor, or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. The text of Section 21.35, along with the entire San Francisco Administrative Code is available on the Internet at:

[http://www.amlegal.com/nxt/gateway.dll/California/administrative/administrativecode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:sanfrancisco\\_ca\\$sync=1](http://www.amlegal.com/nxt/gateway.dll/California/administrative/administrativecode?f=templates$fn=default.htm$3.0$vid=amlegal:sanfrancisco_ca$sync=1).

A contractor, subcontractor, or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor, or consultant: (a) Knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) Knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) Conspires to defraud the City by getting a false claim allowed or paid by the City; (d) Knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) Is a beneficiary of an inadvertent submission of a false claim to the

City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

#### **11. MacBride Principles-Northern Ireland**

Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this Trust Agreement on behalf of the Trustee acknowledges and agrees that he or she has read and understood this section.

#### **12. Prohibition on Political Activity with City Funds**

In accordance with San Francisco Administrative Code Chapter 12.G, the Trustee 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 Trust Agreement. The Trustee 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 Trustee violates the provisions of this section, the City may, in addition to any other rights or remedies available under this Trust Agreement, (i) Terminate this Trust Agreement, and (ii) Prohibit the Trustee from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Trustee's use of profit as a violation of this section.

#### **13. Tropical Hardwood and Virgin Redwood Ban**

Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product.

#### **14. Preservative-treated Wood Containing Arsenic**

The Trustee may not purchase preservative-treated wood products containing arsenic in the performance of this Trust Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative.

The Trustee may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude the Trustee from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes, or facilities that are partially or totally immersed in saltwater.

## **15. Compliance with Americans with Disabilities Act**

The Trustee acknowledges that, pursuant to the Americans with Disabilities Act ("ADA"), programs, services, and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. The Trustee shall provide the services specified in this Trust Agreement in a manner that complies with the ADA and any and all other applicable federal, state, and local disability rights legislation. The Trustee agrees not to discriminate against disabled persons in the provision of services, benefits, or an activity provided under this Trust Agreement, and further agrees that any violation of this prohibition on the part of the Trustee, its employees, agents, or assigns will constitute a material breach of this Trust Agreement.

## **16. Sunshine Ordinance**

In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations, and all other records of communications between City and persons or companies 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.

## **17. Limitations on Contributions**

Through execution of this Trust Agreement, the Trustee 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, for the sale or lease of any land or building, or for a grant, loan, or loan guarantee, from making any campaign contribution to (1) An individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) A candidate for the office held by such individual, or (3) A committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved.

The Trustee acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. The Trustee further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Trustee's board of directors; the Trustee's chairperson, chief executive officer, chief financial officer, and chief operating officer; any person with an ownership interest of more than 20% in the Trustee; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Trustee.

Additionally, the Trustee acknowledges that the Trustee must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. The Trustee further agrees to provide to City the names of each person, entity, or committee described above.

## **18. Drug-Free Workplace Policy**

The Trustee acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. The Trustee agrees that any violation of this prohibition by the Trustee, its employees, agents, or assigns will be deemed a material breach of this Trust Agreement.

## **19. Resource Conservation**

Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by the Trustee to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

## **20. Proprietary or Confidential Information of City**

The Trustee understands and agrees that, in the performance of the work or services under this Trust Agreement or in contemplation thereof, the Trustee may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. The Trustee agrees that all information disclosed by City to the Trustee shall be held in confidence and used only in performance of this Trust Agreement. The Trustee shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

## **21. Ownership of Results**

Any interest of the Trustee or its subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files, and media, or other documents prepared by the Trustee or its subcontractors in connection with services to be performed under this Trust Agreement, shall become the property of and will be transmitted to City. However, the Trustee may retain and use copies for reference and as documentation of its experience and capabilities.

## **22. Works for Hire**

If, in connection with services performed under this Trust Agreement, the Trustee or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes, or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by the Trustee or its subcontractors under this Trust Agreement are not works for hire under United States law, the Trustee hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, the Trustee may retain and use copies of such works for reference and as documentation of its experience and capabilities.

**23. Audit and Inspection of Records**

The Trustee agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Trust Agreement. The Trustee will permit City to audit, examine, and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records, or personnel, and other data related to all other matters covered by this Trust Agreement, whether funded in whole or in part under this Trust Agreement. The Trustee shall maintain such data and records in an accessible location and condition for a period of not less than five (5) years after final payment under this Trust Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Trust Agreement shall have the same rights conferred upon City by this section.

**24. Subcontracting**

The Trustee is prohibited from subcontracting this Trust Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Trust Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

**25. Agreement Made in California; Venue**

The formation, interpretation, and performance of this Trust Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation, and performance of this Trust Agreement shall be in San Francisco.

**26. Food Service Waste Reduction Requirements**

The Trustee 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 Trust Agreement as though fully set forth. This provision is a material term of this Trust Agreement.

By entering into this Trust Agreement, the Trustee agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, the Trustee 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 a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Trust Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of the Trustee's failure to comply with this provision.

**27. Consideration of Criminal History in Hiring and Employment Decisions**

- a. The Trustee agrees to comply fully with and be bound by all of the provisions of Chapter 12T "City Contractor/Subcontractor Consideration of Criminal History in

Hiring and Employment Decisions,” of the San Francisco Administrative Code (Chapter 12T), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Trust Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at:

[http://www.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:sanfrancisco\\_ca](http://www.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:sanfrancisco_ca)

A partial listing of some of the Trustee’s obligations under Chapter 12T is set forth in this Section. The Trustee is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Trust Agreement shall have the meanings assigned to such terms in Chapter 12T.

- b. The requirements of Chapter 12T shall only apply to the Trustee’s or Subcontractor’s operations to the extent those operations are in furtherance of the performance of this Trust Agreement, and shall apply only to applicants and employees who would be or are performing work in furtherance of this Trust Agreement, whose employment is or would be in whole or in substantial part physically located in the City and County of San Francisco, which excludes Airport property.
- c. Applicants or employees who would be or are performing work in furtherance of this Trust Agreement may be required to be screened by the U.S. Department of Homeland Security for security badging. A rejection by the U.S. Department of Homeland Security of an applicant’s or employee’s security badging application, and the resulting inability of the Trustee to hire the applicant or assign the employee to perform services under this Trust Agreement, shall not be considered an Adverse Action under Chapter 12T.
- d. The Trustee shall incorporate by reference in all subcontracts the provisions of Chapter 12T, and shall require all subcontractors to comply with such provisions. The Trustee’s failure to comply with the obligations in this subsection shall constitute a material breach of this Trust Agreement.
- e. The Trustee or Subcontractor shall not inquire about, require disclosure of, or if such information is received, base an Adverse Action on an applicant’s or potential applicant for employment or employee’s: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

- f. The Trustee or Subcontractor shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection (e), above. The Trustee or Subcontractor shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.
- g. The Trustee or Subcontractor shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment to be performed under this Trust Agreement that the Trustee or Subcontractor will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.
- h. The Trustee and Subcontractors shall post the notice prepared by the Office of Labor Standards Enforcement (OLSE), available on OLSE's website, in a conspicuous place at every workplace, job site, or other location under the Trustee or Subcontractor's control at which work is being done or will be done in furtherance of the performance of this Trust Agreement. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the workplace, job site, or other location at which it is posted.
- i. The Trustee understands and agrees that if it fails to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T, including but not limited to, a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Trust Agreement.

## **28. Diesel Vehicles**

The San Francisco Environment Code currently requires a reduction in the number of passenger vehicles and light-duty trucks in the City's Municipal Fleet and use of biodiesel fuel (B20) by all diesel-using City departments, with goals set for diesel equipment to convert to use of biodiesel fuel. To the extent the Trustee purchases or leases any new diesel fuel vehicles for use in connection with operation of the Hotel, the Commission encourages use of a biodiesel blend and the Trustee agrees to investigate use of a biodiesel blend in operation of its diesel vehicles, if any.

## EXHIBIT K

### INSURANCE REQUIREMENTS

The Commission shall maintain or cause to be maintained, and shall pay or cause to be timely paid the premiums for, the following insurance when and as such insurance is available at and on commercially reasonable rates and terms:

1. **Property.** Commencing on the Date of Substantial Completion, property insurance on an all risk policy form, including coverage for the perils of fire, lightning, windstorm, flood, explosion, earthquake, subsidence, aircraft, vehicle damage, smoke, vandalism and malicious mischief and other risks covered by extended coverage endorsements, including water damage and collapse, on the Improvements and contents in an amount equal to the full replacement value thereof, subject to reasonable deductibles not to exceed [\$250,000] for any one loss. The replacement value of the Hotel shall be determined from time to time at the written request of the Commission or the Trustee (but not less frequently than once every five (5) years) by the Insurance Consultant.

2. **Builders All-Risk.** During the course of construction of the Hotel, builder's risk insurance in the amount of the full completed value of such construction work, subject to reasonable deductibles per accident or casualty, covering, at a minimum, loss by fire, lightning and removal from the premises endangered by fire and lightning, and other risks covered by the extended coverage endorsement then in use in the State.

3. **Business Interruption.** Business interruption insurance on an all risk policy form, including coverage for business interruption resulting from the perils of fire, windstorm, flood, and accidental damage to or the explosion of boilers, pressure vessels and pipes, electrical apparatus and air conditioning systems, including refrigeration and heating apparatus, and other risks covered by extended coverage endorsements, for full recovery of the Total Operating Revenues of the Hotel for the entire period of any business interruption less charges and expenses that do not continue during such interruption (subject to the terms and conditions of the policy and the policy limit), with limits equal to the sum of (i) Debt Service for the next twelve months, (ii) the Management Fee for the next twelve months, (iii) a reasonable estimate of the Centralized Services Fees and Reimbursable Expenses that will be payable to Manager under this Agreement for the next twelve months, (iv) a reasonable estimate of the Taxes and Insurance Costs for the Hotel during the next twelve months, and (v) a reasonable estimate of the Administrative Expenses during the next twelve months.

4. **Boiler.** Broad form insurance against loss from accidental damage to or the explosion of boilers, pressure vessels and pipes, electrical apparatus and air conditioning systems, including refrigeration and heating apparatus, in an amount equal to the full replacement value of such items; provided, that it shall be in an amount not less than \$1,000,000, subject to reasonable deductibles not exceeding [\$250,000] per occurrence.

5. **Commercial General Liability and Automobile Liability.** Commencing on or before Manager places Hotel Personnel on Site, broad form commercial general liability and automobile liability insurance, including coverage for owned, non-owned and leased



automobiles, garage keepers liability, products and completed operations, contractual liability, liquor liability and innkeepers' liability, in an amount not less than \$100,000,000 per occurrence and in the aggregate. This coverage shall be satisfied by any combination of the primary general liability and excess and/or umbrella policies.

6. **Crime.** Comprehensive crime insurance, including coverage for Key Personnel and all Hotel Personnel handling cash or receipts of the Hotel or with access to the funds in the Lockbox Fund, in an amount not less than \$5,000,000.

7. **Terrorism.** Insurance against acts of terrorism.

8. **Workers Compensation and Employer's Liability.** Commencing on or before Manager places Hotel personnel on Site, workers' compensation insurance as required by Applicable Law providing statutory benefits and employers' liability insurance in an amount not less than \$1,000,000 each accident/disease - policy limit/disease - each employee.

9. **Employment Practices.** Commencing on or before Manager places Hotel personnel on Site, employment practices liability insurance, including for employment discrimination, harassment and wrongful discharge, in an amount not less than \$25,000,000 per occurrence and in the aggregate.

10. **Cyber Risks.** Cyber security liability insurance, including for network security, privacy and e-commerce, in an amount not less than \$25,000,000.

11. **Environmental.** Environmental liability insurance, including for pollution, asbestos, lead and under- and above-ground storage tanks, in an amount not less than \$25,000,000.

12. **Other Coverages.** Following the Date of Substantial Completion, such other insurance coverages, if any, in such amounts as customarily carried and insured against by others in connection with the ownership, operation, maintenance and use of facilities of similar size and character to the Hotel.



**CASH MANAGEMENT AND LOCKBOX AGREEMENT**

among

**[DEPOSITORY BANK],  
as Depository Bank**

**[TRUSTEE],  
as Trustee**

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

and

**HYATT CORPORATION**

Relating to

**Airport Commission of the City and County of San Francisco  
Special Facility Revenue Bonds  
(San Francisco International Airport Hotel)  
Series 201\_**

**Dated as of [DATE], 201\_**

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## CASH MANAGEMENT AND LOCKBOX AGREEMENT

This CASH MANAGEMENT AND LOCKBOX AGREEMENT, dated as of [DATE], 201\_ (this "Agreement"), among [DEPOSITORY BANK], a national banking association (in such capacity, the "Depository Bank"), [TRUSTEE], a national banking association, as trustee under the Trust Agreement (defined below) (in such capacity, the "Trustee"), AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO (the "Owner"), and HYATT CORPORATION (the "Manager");

### RECITALS:

WHEREAS, Owner has determined to issue its \$[AMOUNT] aggregate principal amount of Airport Commission of the City and County of San Francisco Special Facility Revenue Bonds (San Francisco International Airport Hotel) Series 201\_ (the "Series 201\_ Bonds" and together with any additional bonds issued under the Trust Agreement, the "Bonds") pursuant to that certain Trust Agreement, dated as of [DATE], 201\_ (as amended or supplemented in accordance with the terms thereof, the "Trust Agreement") for the purpose of financing the acquisition, construction, equipping and furnishing of the Hotel (as defined in the Trust Agreement); and

WHEREAS, subject to the terms and conditions of the Trust Agreement, Owner will pledge under the Trust Agreement the Total Operating Revenues (as defined below) to the Trustee as security for the payment of the Bonds and performance by Owner of its other obligations under the Trust Agreement with respect to the Bonds, and has agreed, pursuant to the Trust Agreement, to establish a deposit account and a securities account with the Depository Bank and to cause such Total Operating Revenues (less the Petty Cash Amount) to be deposited in such deposit account, and has further pledged the Lockbox Fund (defined below) to the Trustee as security for the Bonds; and

WHEREAS, Owner has entered into a Hotel Management Agreement, dated as of [DATE], 2015 (as amended or supplemented in accordance with the terms thereof, the "Management Agreement"), with Manager, pursuant to which Manager has agreed to manage and operate the Hotel, subject to the terms and conditions hereof and thereof; and

WHEREAS, the aforementioned parties desire to establish the Lockbox Fund and the Investment Account (defined below), and to set forth the terms and conditions upon which the Total Operating Revenues will be deposited and maintained in, and withdrawn from, the Lockbox Fund, the Investment Account and certain other funds established under the Trust Agreement; and

WHEREAS, although certain provisions contained herein are also included in the Trust Agreement, the Depository Bank, the Trustee, Owner and Manager intend that Manager has contractual rights against the Depository Bank, the Trustee or Owner as provided herein if the Depository Bank, the Trustee or Owner violate, breach or otherwise default under the terms, conditions and provisions of this Agreement, and the terms, conditions and provisions of this Agreement are intended to be self-operative without reference to the Trust Agreement;

NOW THEREFORE, in consideration of the mutual premises recited above and contained herein and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Trust Agreement and by this reference are incorporated herein.

Section 2. Interpretation.

(a) The Table of Contents and captions to the Articles and Sections of this Agreement are for convenience of reference only and in no way define, limit, describe or affect the scope or intent of any part of this Agreement.

(b) Defined terms in this Agreement shall include in the singular number the plural and in the plural number the singular.

(c) Unless otherwise stated, any reference in this Agreement to any Person shall include its permitted successors and assigns and, in the case of any Governmental Authority, any Person succeeding to its functions and capacities.

(d) Unless otherwise expressly specified, any agreement, contract or document defined or referred to in this Agreement means such agreement, contract or document in the form (including all amendments, schedules, exhibits, appendices, attachments, clarification letters and the like relating thereto) as of its date of execution, and as the same may thereafter be amended, supplemented, replaced or otherwise modified from time to time in accordance with the terms hereof and thereof.

(e) Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

(f) The words "include," "includes" and "including" shall not be limiting, and shall be deemed in all instances to be followed by the phrase "without limitation."

(g) Any reference to a Section, Article or Exhibit is a reference to a Section, Article or Exhibit of this Agreement, unless otherwise specified.

(h) The phrase "and/or" means either or both of the items referenced thereby.

(i) References to "days" mean calendar days unless otherwise indicated.

(j) Unless the context clearly requires otherwise, the word "or" is not exclusive.

(k) Unless the language specifies or the context implies that a term of this Agreement is a condition, all of the terms of this Agreement shall be deemed and construed to be covenants to be performed by the designated Party.

(l) Unless expressly stated otherwise in this Agreement, whenever a matter is submitted to a Party for approval or consent in accordance with the terms of this Agreement, that Party has a duty to not unreasonably withhold, condition or delay such approval or consent.

Section 3. Establishment of Lockbox Fund and Investment Account.

(a) Lockbox Fund. The Trustee shall establish and maintain with the Depository Bank an interest bearing deposit account currently numbered \_\_\_\_\_ and titled “[TRUSTEE], as Trustee for Airport Commission of the City and County of San Francisco Special Facility Revenue Bonds – Lockbox Fund” (as such deposit account may be renumbered or retitled, the “Lockbox Fund”). The Lockbox Fund shall be assigned the federal tax identification number of the City, which number is \_\_\_\_\_. All parties agree that the Lockbox Fund is a deposit account. The Trustee, the Depository Bank and Owner represent, warrant and covenant that the Lockbox Fund is not now, and will not at any time be, evidenced by a certificate of deposit, passbook or other similar instrument.

(b) Lockbox Investment Account. The Trustee shall establish and maintain with the Depository Bank a securities account currently numbered \_\_\_\_\_ and titled “[TRUSTEE], as Trustee for Airport Commission of the City and County of San Francisco Special Facility Revenue Bonds – Lockbox Investment Account” (as such securities account may be renumbered or retitled, the “Investment Account”). The Investment Account shall be assigned the federal tax identification number of Owner.

(c) Preliminary Working Capital Account. Commencing on a date that is at least seven days prior to the Opening Date, the Trustee is required pursuant to Section 5.05(c) of the Trust Agreement to transfer from the Preliminary Working Capital Account of the Construction Fund into the Lockbox Fund, all amounts on deposit in the Preliminary Working Capital Account of the Construction Fund (which amount shall equal or be greater than the Working Capital Set Aside Amount) less the Petty Cash Amount upon receipt by the Trustee of a Written Request of Owner. At such time, Owner shall cause the Trustee to transfer the Petty Cash Amount to Manager. In addition, if required by Section 5.05(d) of the Trust Agreement, the Trustee shall transfer amounts in the Reservation Deposit Account and the Pre-Opening Expenses Account of the Construction Fund to the Lockbox Fund. Such amounts shall be subject to disbursement and withdrawal for the purposes and in the manner set forth herein with respect to amounts held in the Lockbox Fund.

(d) Working Capital Reserve Fund. Prior to the Opening Date, Owner shall cause to be deposited to the Working Capital Reserve Fund the amount of \$2,500,000, and pursuant to Section 3.03 of the Trust Agreement, the Trustee is required to deposit such amount to the Working Capital Reserve Fund. Thereafter, additional amounts shall be deposited into the Working Capital Reserve Fund in the manner set forth in the Trust Agreement. The funds in the Working Capital Reserve Fund shall be subject to disbursement and withdrawal for the purposes and manner set forth in the Trust Agreement and described below.



Section 4. Establishment of Clearing Bank Accounts and Provisions for Manager's Retention of Petty Cash. As part of the process of depositing all Total Operating Revenues into the Lockbox Fund, Manager may also establish one or more segregated deposit accounts (collectively, the "Clearing Bank Accounts") in order to obtain for the Hotel the most favorable terms available for settling electronic transactions effected with bank and non-bank credit cards or for other purposes customary in the upscale hotel industry; provided, however, that all Clearing Bank Accounts shall be "zero balance" accounts such that, at the end of each Business Day, all amounts contained therein (except for *de minimis* amounts) shall be automatically withdrawn and transferred to the Lockbox Fund, and except as provided in this Section, no other withdrawals from the Clearing Bank Accounts shall be permitted. Costs of maintaining such Clearing Bank Accounts shall be paid or credited as an Operating Expense. The Trustee and Owner acknowledge and agree that (a) Manager shall have the right to maintain customary and reasonable petty cash accounts at the Hotel and to fund those accounts in an amount or amounts aggregating not more than the Petty Cash Amount, (b) credit card processors will require the ability to access, debit for charge back purposes and offset the Clearing Bank Accounts set up for the purpose of handling credit card payments, and (c) Manager shall retain or receive directly from the Lockbox Fund all Excluded Taxes and Other Charges pursuant to Section 5.01(e) of the Trust Agreement (to the extent deposited with the Depository Bank).

Section 5. Deposit of Total Operating Revenues.

(a) Credit Card Companies. Manager shall immediately instruct each bank, corporation, processor or other entity (each, a "Credit Card Company") with which Manager has entered into a merchant's or other agreement with respect to the processing of charge card, debit card or comparable forms of payment that all receipts payable with respect to the Hotel, in accordance with such merchant's or other agreement or otherwise, shall be transferred when due by wire transfer or the ACH System for deposit in a Clearing Bank Account or the Lockbox Fund, notwithstanding contrary terms of any such merchant's or other agreement.

(b) Clearing Bank Accounts. Manager shall immediately instruct all Persons that now or hereafter maintain open accounts with Manager, or from whom Manager receives or will receive payment on an "accounts receivable" basis, the payments on which open accounts or accounts receivable constitute or will constitute Total Operating Revenues, to deliver all such payments when due under such accounts to Manager for deposit in a Clearing Bank Account or the Lockbox Fund whether in the form of checks, drafts, cash, money orders or any other type of payment whatsoever. Manager shall not direct any such Person to make payments due under such accounts in any other manner.

(c) Manager and Owner Deposits. Manager agrees to deposit promptly in the Lockbox Fund or a Clearing Account any Total Operating Revenues it may receive directly or from any third party; provided, however, that Manager may retain the Petty Cash Amount on the Hotel premises and may retain Excluded Taxes and Other Charges as provided in Section 4 of this Agreement (which Excluded Taxes and Other Charges Manager shall pay as provided in the Management Agreement). Owner shall deposit promptly in the Lockbox Fund any Total Operating Revenues it may receive directly or from any third party.

(d) Prohibited Actions. Without the prior written consent of an Authorized Commission Representative, no party hereto shall (i) terminate, amend, revoke, modify or contradict any instruction letter delivered pursuant to Sections 5(a) and (b) above in any manner, or (ii) cause any tenant, debtor or Credit Card Company to pay any amount of Total Operating Revenues in any manner other than as provided specifically herein.

Section 6. Disbursements From the Lockbox Fund.

(a) Disbursements to Manager by Depository Bank. On and after the Opening Date, unless the Management Agreement has been terminated, the Depository Bank shall periodically disburse amounts deposited in the Lockbox Fund to Manager as periodically requested by Manager, pursuant to either check or draft drawn by Manager directly against such Lockbox Fund, or by written instructions provided by Manager to the Trustee specifying the amount to be transferred by the Trustee to Manager, for the payment of: (i) Operating Expenses, including the Base Management Fee, then due and owing; and (ii) any Excluded Taxes or Other Charges deposited to the Lockbox Fund; provided, that if a Manager Event of Default (as defined in the Management Agreement) has occurred and is continuing under the Management Agreement, any unbudgeted Operating Expenses shall be disbursed to Manager only with the prior written consent of an Authorized Owner Representative. The Base Management Fee then due and owing shall be paid out on the first Business Day of each month immediately prior to any other disbursements, including the disbursements to the Trustee as provided in Section 6(b) below and any Excluded Taxes or Other Charges deposited to the Lockbox Fund.

(b) Disbursements to the Trustee by Depository Bank. On the first Business Day of each month, the Trustee will withdraw all amounts in the Lockbox Fund in excess of Working Capital Set-Aside Amount for deposit into the Available Revenue Fund pursuant to Sections 5.01(e) and 5.07 of the Trust Agreement, provided, however, that such withdrawal by the Trustee will not be made prior to the disbursement of Operating Expenses in accordance with the provisions of Section 6(a) above.

(c) Investments. Amounts held in the Lockbox Fund shall be invested by the Depository Bank in Investment Securities as directed by a Letter of Instructions. In the absence of such directions, the Trustee shall invest such amounts in Investment Securities described in clause 5 of the definition of Investment Securities. Any Investment Security purchased pursuant to this paragraph shall be a financial asset and shall be credited by the Depository Bank to the Investment Account. All interest or gain derived from any such Investment Security shall be deposited in the Lockbox Fund. All other proceeds of any such Investment Security shall be deposited in the Lockbox Fund, whether upon maturity or disposition. Any Investment Security purchased pursuant to this paragraph shall mature at such time as will permit funds to be available to make the transfers required by Sections 6(a) and (b).

Section 7. Other Funds Held by Trustee and Manager's Rights to Disbursements. Pursuant to the Trust Agreement, the Trustee has established and maintains certain Funds and Accounts (each as defined below) into which the Trustee will deposit (a) the Available Revenues in accordance with Section 5(b) above, and (b) any other funds constituting Total Operating

Revenues received from Owner, Manager or any other Person. Manager has requested that the Trustee and Owner enter into this Agreement for the purpose of paying Operating Expenses (including the Base Management Fee), costs of FF&E, Capital Expenses and other expenses for which Sufficient Funds are available (as defined in the Management Agreement) as provided under the Management Agreement. Manager's right to seek disbursements from the Trustee, the Trustee's obligations to make such disbursements and the terms and conditions under which such disbursements are to be made are set forth in the Trust Agreement and the Management Agreement, which provisions are reproduced in the following subparagraphs (provided, however, that to the extent that there is an inconsistency between the following terms and conditions and the terms and conditions of the Trust Agreement, the terms and conditions of the Trust Agreement shall govern and control):

(a) Taxes and Insurance Fund. Pursuant to the Trust Agreement, the Trustee has established or will establish a reserve for the payment of Taxes and insurance premiums (the "Taxes and Insurance Fund") into which the Trustee shall deposit a portion of the Available Revenues in an amount equal to the Taxes and Insurance Set Aside Amount. Unless the Management Agreement has been terminated, the Trustee is required under the terms of the Trust Agreement to make disbursements as directed by a Request of Manager, in substantially the form attached to the Trust Agreement as Exhibit E, to pay all Taxes (including personal property taxes) and insurance premiums that become due and payable with respect to the ownership and operation of the Hotel as set forth in Section 5.08 of the Trust Agreement.

(b) Working Capital Reserve Fund. Pursuant to the Trust Agreement, the Trustee has established or will establish the Working Capital Reserve Fund into which the Trustee will deposit a portion of the Available Revenues (after funding the deposits required by Section 5.07(a) *First* through *Sixth* of the Trust Agreement) until the Working Capital Reserve Requirement has been met and thereafter maintained. Unless the Management Agreement has been terminated, the Trustee is required under the terms of the Trust Agreement to make disbursements from the Working Capital Reserve Fund to Manager as directed by a Request of Manager [(and consented to by an Authorized Owner Representative and the Asset Manager in writing if payment of such amount would require the consent of an Authorized Owner Representative under the Management Agreement)] in substantially the form attached to the Trust Agreement as Exhibit F to pay for Operating Expenses, Capital Expenses, other expenses and items expressly provided for in the Management Agreement and/or other expenses which, if unbudgeted, shall be approved in writing by an Authorized Owner Representative, and the Asset Manager, at any time during which such expenses exceed Total Operating Revenue for such month plus the amount otherwise available to pay such expenses in the Lockbox Fund, the FF&E Reserve Fund, the Capital Reserve Fund and the Revenue Stabilization Fund (to the extent amounts in such Funds are authorized to be used for such expenses) all in accordance with Section 5.15(d) of the Trust Agreement. In addition, unless the Management Agreement has been terminated, the Trustee is required under the terms of the Trust Agreement to apply amounts on deposit in the Working Capital Reserve Fund for repair or replacement of the Hotel in the event of casualty damage or for the payment of amounts reasonably determined by Manager as are required to be made to protect life, health or property from imminent danger or to comply

with Applicable Laws, at any time during which such expenses exceed Total Operating Revenue for such month plus the amount otherwise available in the Lockbox Fund, the FF&E Reserve Fund, the Capital Reserve Fund and the Revenue Stabilization Fund to pay such expenses (to the extent amounts in such Funds are authorized to be used for such expenses).

(c) FF&E Reserve Fund and Capital Reserve Fund. Pursuant to the Trust Agreement, the Trustee has established or will establish one or more reserves for renewal and replacement of FF&E and/or Capital Expenses (the "FF&E Reserve Fund" and the "Capital Reserve Fund") into which FF&E Reserve Fund and Capital Reserve Fund the Trustee is required to deposit a portion of the Available Revenues (after funding the deposits required by Section 5.07(a) *First* through *Seventh* of the Trust Agreement) in an amount equal to the FF&E Set Aside Amount and the Capital Reserve Set Aside Amount, respectively. Unless an Event of Default (as defined in the Management Agreement) by the Manager has occurred and is continuing under the Management Agreement or the Management Agreement has been terminated, the Trustee is required under the terms of the Trust Agreement to make disbursements as directed by a Request of Manager in substantially the form attached to the Trust Agreement as Exhibit G (for the FF&E Reserve Fund) and Exhibit H (for the Capital Reserve Fund) of funds deposited in the FF&E Reserve Fund and Capital Reserve Fund for purpose of paying for (i) FF&E and Capital Expenses included within the Capital Budget, (ii) if funds in the Revenue Stabilization Fund are insufficient to make such payments, amounts reasonably determined by Manager to be required to be made to protect life, health or property from imminent danger or to comply with Legal Requirements, all in accordance with Section 5.16 (for the FF&E Reserve Fund) and Section 5.17 (for the Capital Reserve Fund) of the Trust Agreement, and (iii) with the prior written consent of the Asset Manager and an Authorized Owner Representative, FF&E and Capital Expenses not included in the Capital Budget. If an Event of Default (as defined in the Management Agreement) by Manager has occurred and is continuing under the Management Agreement, the Trustee is required under the terms of the Trust Agreement to make disbursements as directed by a Request of Manager (with the prior written consent of an Authorized Owner Representative and the Asset Manager) in writing in substantially the form attached to the Trust Agreement as Exhibit G (for the FF&E Reserve Fund) and Exhibit H (for the Capital Reserve Fund) for the purposes and in the manner described in the immediately preceding sentence and in addition Manager shall provide a weekly report summarizing all amounts paid out of the FF&E Reserve Fund and Capital Reserve Fund during each week to the Trustee and Owner.

(d) Revenue Stabilization Fund. Pursuant to the Trust Agreement, the Trustee has established the Revenue Stabilization Fund into which the Trustee will deposit a portion of the Available Revenues (after funding the deposits required by Section 5.07(a) *First* through *Ninth* of the Trust Agreement). Unless the Management Agreement has been terminated, the Trustee is required under the terms of the Trust Agreement to make disbursements from the Revenue Stabilization Fund as directed by a Request of Manager in substantially the form attached to the Trust Agreement as Exhibit I: (i) to pay amounts reasonably determined by Manager as required to protect life, health or property from imminent danger or to comply with Applicable Laws; (ii) at least three Business Days

after such request, to pay for Operating Expenses, Capital Expenses within the Capital Budget, taxes and costs for insurance, or any other expenses and items requested by Manager with prior written notice to Owner and the Asset Manager, at any time during which such Operating Expenses, Capital Expenses or other expenses and items exceed the Total Operating Revenue for such month plus the amount otherwise available in the Lockbox Fund, the FF&E Reserve Fund and Capital Reserve Fund (to the extent amounts in such Funds are authorized to be used for such expenses and items); and (iii) for such other purposes as set forth in Section 5.18 of the Trust Agreement with respect to the Revenue Stabilization Fund; provided that if the payment of such Operating Expenses, Capital Expenses or other expenses and items are not authorized under the Management Agreement or require the consent or approval of Owner under the Management Agreement or hereunder, such Request shall be conditioned upon approval by an Authorized Owner Representative and the Asset Manager.

(e) Statements. The Trustee shall provide Owner and Manager with a monthly statement of the amounts available in the Funds and Accounts.

Section 8. Deposit Account Agreement; Fees.

(a) The parties agree to the terms and conditions of the Depository Bank's Deposit Account Agreement, the current form of which is attached hereto and incorporated herein by this reference as Exhibit B, as such terms and conditions may hereafter be changed from time to time.

(b) Owner agrees to pay the fees of the Depository Bank in accordance with the customary fees charged by the Depository Bank for the services described herein, as such fees are established from time to time.

Section 9. Termination of Depository Bank. Owner may replace the Depository Bank with a new Depository Bank reasonably acceptable to the Trustee and Manager upon five Business Days' notice to the other parties to this Agreement. Manager and the Trustee hereby each agree to take all reasonable action necessary to facilitate the transfer of the obligations, duties and rights of the Depository Bank to the successor thereof selected by Owner in its reasonable discretion. In the event of termination of the Depository Bank, the parties agree to establish a new Lockbox Fund, Investment Account and Clearing Bank Accounts (if such Clearing Bank Accounts are maintained with the Depository Bank) with a successor Depository Bank, and amend this Agreement to the extent necessary. No existing Depository Bank may resign or be replaced unless and until an eligible successor Depository Bank has assumed the obligations of the Depository Bank hereunder in writing.

Section 10. Trustee Control; Depository Bank.

(a) Trustee Control. The Lockbox Fund and the Investment Account shall be subject to the sole and exclusive dominion, control and discretion of the Trustee, subject to the terms, covenants and conditions of this Agreement.

(b) No Owner Withdrawals. Except as provided in the last sentence of Section 11, Owner shall not have any right or authority to make use of, or withdraw or

transfer, any money, security entitlements, or other property on deposit in or credited to the Lockbox Fund or the Investment Account, or to give any instructions or entitlement orders with respect to the Lockbox Fund or the Investment Account, or any money, security entitlements, or other property on deposit therein or credited thereto.

(c) Depository Bank Compliance with Instructions. Notwithstanding any other provision of this Agreement, the Depository Bank agrees that it will comply with the instructions of the Trustee directing disposition of funds in the Lockbox Fund without further consent by Owner or any other person or entity. The Depository Bank and the Trustee shall comply with the instructions of Manager in accordance with the terms of this Agreement. The Depository Bank represents and covenants that it has not and will not agree with any person or entity other than the Trustee to comply with instructions or other directions concerning the Lockbox Fund or the disposition of funds on deposit therein originated by any Person other than the Trustee.

(d) Depository Bank Compliance with Entitlement Orders. Notwithstanding any other provision of this Agreement, the Depository Bank agrees that it will comply with entitlement orders originated by the Trustee without further consent by Owner or any other person or entity. The Depository Bank represents and covenants that it has not and will not agree with any person or entity other than the Trustee that it will comply with entitlement orders originated by any person or entity other than the Trustee.

(e) Depository Bank Representations and Agreements. The Depository Bank represents and warrants that it is as of the date hereof and shall be for so long as it is the Depository Bank hereunder, a corporation or national bank that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity hereunder with respect to the Investment Account. The Depository Bank agrees with the parties hereto that the Investment Account is an account to which financial assets may be credited. The Depository Bank agrees with the parties hereto that each item of property credited to the Investment Account shall be treated as a financial asset. The Depository Bank represents and covenants that it is not and will not be a party to any agreement that limits, conditions, or conflicts with the provisions of this Agreement. The Depository Bank covenants that it will not take any action inconsistent with the provisions of this Agreement applicable to it. The Depository Bank represents and covenants that it has not entered and will not enter into any agreement with Owner relating to the Lockbox Fund or the Investment Account other than this Agreement.

(f) Subordination. The Depository Bank hereby subordinates all security interests, encumbrances, claims and rights of setoff it may have, now or in the future, against the Lockbox Fund or the Investment Account, or any money, security entitlements, or other property on deposit therein or credited thereto, other than in connection with the payment of the Depository Bank's customary fees and charges and for the reversal of provisional credits.

(g) Notice of Liens. Upon receipt of written notice of any lien, encumbrance, or adverse claim against the Lockbox Fund or the Investment Account, or any money, security entitlements, or other property on deposit therein or credited thereto, the

Depository Bank will make reasonable efforts promptly to notify Owner and Trustee thereof.

(h) Limitation on Liability. The Depository Bank shall have no responsibility or liability to Owner, the Trustee, Manager or any other Person or entity for complying with (i) any instructions concerning the Lockbox Fund originated by the Trustee or Manager, , and (ii) any entitlement order concerning the Investment Account or any security entitlement credited thereto originated by the Trustee, and shall have no responsibility to investigate the appropriateness of any such instructions or entitlement order, even if Owner notifies the Depository Bank that the Trustee is not legally entitled to originate any such instructions or entitlement order.

(i) Monthly Statements. The Depository Bank shall use its commercially reasonable best efforts to furnish to the Trustee, Owner, and Manager a monthly statement within 10 days after the end of each month covering receipts, disbursements, allocation and application of amounts on deposit in the Lockbox Fund and the Investment Account for such month. The Trustee shall have no duty to review any statements furnished to it by the Depository Bank.

Section 11. Covenants of Owner, Manager and Trustee.

(c) Manager hereby covenants that it will withdraw amounts from the Lockbox Fund for the sole purpose of paying Operating Expenses (including the Base Management Fee).

(d) The Trustee hereby expressly acknowledges and agrees that Manager shall be authorized to pay the Base Management Fee directly to Manager each month or otherwise when due as provided in Section 6(a) hereof.

(e) Owner hereby irrevocably appoints the Trustee as its attorney-in-fact (coupled with an interest) with full authority after an Event of Default to take any or all actions in the name of Owner which Owner is permitted to take under this Agreement.

(f) (d) The Trustee agrees with Manager to instruct the Depository Bank in accordance with the provisions of the Trust Agreement.

Section 12. Remedies of Trustee. After an Event of Default under the Trust Agreement shall have occurred and be continuing, the Depository Bank shall follow the instructions and entitlement orders given by the Trustee; provided, however, that the Trustee shall continue to be bound by the Trust Agreement and this Agreement. Notwithstanding anything contained herein to the contrary, as set forth in Section 5.22(a) of the Trust Agreement, so long as the Management Agreement has not expired or been terminated, Manager shall continue to be entitled to Request and receive funds as provided in Sections 6 and 7 of this Agreement and in Article V of the Trust Agreement even upon the occurrence and during the continuance of an Event of Default with respect to the Bonds, the breach of any provision of the Trust Agreement, or the occurrence of any event or condition which with the giving of notice, the passage of time, or both, would constitute an Event of Default with respect to the Bonds. Notwithstanding anything contained herein to the contrary, the Trustee and Manager agree that

so long as the Management Agreement has not expired or terminated, the exercise of the rights and remedies by the Trustee and the Bondholders under the Trust Agreement shall not affect the rights of Manager to access funds as set forth in Article V of the Trust Agreement, Sections 6 and 7 of this Agreement, and Article III of the Management Agreement. If the Management Agreement has expired or been terminated and a new Management Agreement has not been entered into, until a replacement Manager has entered into a Management Agreement with Owner, Owner shall be entitled to submit Requests and receive funds as described in Article V of the Trust Agreement and as described herein as if Owner was Manager.

Section 13. PCI Data Security Standard.

(a) The provisions set forth in this Section apply to the Depository Bank as a "Service Provider" that either itself, or through a processor, its agent, or Subcontractor, stores, processes, handles or transmits Cardholder Data in any manner. For purposes of this Section, the term "Cardholder Data" means personally identifiable data about the cardholder (e.g., the plastic card number, card expiration date in combination with the plastic card number, cardholder name in combination with the plastic card number, track data/magnetic stripe, verification numbers CVV2, CVC2, CID, and PIN Block). "Cardholder Data" also includes other personal information gathered about the cardholder (e.g., addresses and telephone numbers), assigned by the card issuer that identifies the cardholder's account or other cardholder personal information. For purposes of this Section, a "Service Provider" means any person or entity that maintains, processes, transmits or otherwise is permitted access to Cardholder Data, including through its provision of services to Owner. Customer Information shall include cardholder data and such other customer information as may be defined elsewhere in this Agreement.

(1) The Depository Bank represents and warrants that it shall implement and maintain the most recent Payment Card Industry ("PCI") Data Security Standard Requirements ("PCI Data Security Standard Requirements") for Cardholder Data, as they may be amended and updated from time to time. The current PCI Data Security Standard Requirements are available on the following internet site: <https://www.pcisecuritystandards.org/>. As evidence of compliance, the Depository Bank shall provide, upon request by Owner, current evidence of compliance with these data security standards certified by a third-party nationally recognized by the payment card industry for that purpose.

(2) The Depository Bank shall maintain and protect the security of all Cardholder Data when performing services under this Agreement in accordance with Applicable Law and PCI laws, rules and regulations. The Depository Bank shall use reasonable precautions, including physical, software and network security measures, employee screening, training and supervision and appropriate agreements with employees, to (i) prevent anyone other than the Depository Bank, Owner or their respective authorized employees from monitoring, using, gaining access to or learning the contents of the Cardholder Data; (ii) protect appropriate copies of Cardholder Data from loss, corruption or unauthorized alteration; and (iii) prevent the disclosure of passwords and other access control



information to anyone other than the Depository Bank and Owner and their respective authorized employees.

(3) The Depository Bank shall indemnify, defend and hold Owner harmless from and against any and all claims, losses, damages, notices and expenses, including any fines which Owner may be required to pay, which result from the Depository Bank's breach of the provisions of this Section. Without limiting the generality of the foregoing, the Depository Bank expressly agrees that if Owner pays any fine in connection with a breach by the Depository Bank of the provisions of this Section, the foregoing indemnity obligation shall require the Depository Bank to reimburse Owner the full amount of such fine within thirty (30) days of Owner delivering written notice to the Depository Bank of Owner's payment of such fine. The Depository Bank, at its sole cost and expense, shall fully cooperate with any investigation of any data loss or other breach of the Depository Bank's obligations under this Section. Any such reimbursement by the Depository Bank shall not constitute an Operating Expense.

(g) The use of Cardholder Data is specifically restricted only to those applications directly pertaining to payments, including transaction authentication, or as required by applicable law.

(h) If there is a breach or intrusion into, or otherwise unauthorized access to Cardholder Data stored by or for the Depository Bank, the Depository Bank shall immediately notify Owner, in the manner required by the PCI Data Security Standard Requirements, and provide Owner and the acquiring financial institution and their respective designees access to the Depository Bank's facilities and all pertinent records to conduct an audit of the Depository Bank's compliance with the PCI Data Security Standard Requirements. The Depository Bank shall fully cooperate with any audits of their facilities and records provided for in this Section.

(i) The Depository Bank shall maintain appropriate business continuity procedures and systems to ensure availability and security of Cardholder Data in the event of a disruption, disaster or failure of the Depository Bank's primary data systems.

(j) The Depository Bank's obligation to comply with the PCI Data Security Standard Requirements expressly survives termination or expiration of this Agreement.

(k) Any destruction of Cardholder Data must be completed in accordance with the PCI Data Security Standard Requirements.]

Section 14. Successors and Assigns; Assignments.

(l) This Agreement shall bind and inure to the benefit of and be enforceable by the Trustee, Owner and, so long as the Management Agreement or any successor agreement with Manager is in effect, Manager, and their respective successors and assigns.

(m) Owner shall not have the right to assign its rights and obligations under this Agreement to any person.

(n) Any successor Trustee under the Trust Agreement shall automatically become a party to this Agreement without the execution or filing of any paper or the performance of any further act.

(o) Upon termination of the Management Agreement, Manager shall assign its rights and delegate its obligations hereunder to any successor manager of the Hotel which Owner has caused to assume in writing such rights and obligations and may, with the written consent of the Trustee, assign its rights and delegate its obligations hereunder to any other person.

Section 15. Term. This Agreement shall terminate ten (10) years from its dated date (the "Expiration Date"); provided, that Owner shall have the option to extend this Agreement for an additional ten (10) years, with the assent of the other parties to this Agreement, by providing written notice of its intention to do so to the other parties to this Agreement at least one hundred twenty (120) days prior to the Expiration Date. Unless a party provides written notice to Owner and the other parties of its rejection of such extension at least sixty (90) days prior to such Expiration Date, the Expiration Date shall be deemed to be extended for an additional ten (10) years.

Section 16. Termination of Agreement. Notwithstanding any other provision of this Agreement, Manager's rights and obligations under this Agreement shall terminate upon termination of the Management Agreement and any successor agreement with Manager with respect to the management of the Hotel; provided, that Manager shall be entitled to all amounts then due and owing to it under the Management Agreement in the manner and to the extent described in the Management Agreement.

Section 17. Amendments. This Agreement may be amended from time to time upon the written agreement of all parties hereto.

Section 18. Notices. Notices to the Trustee, the Depository Bank, Owner and Manager shall be deemed given if sent in accordance with the Trust Agreement or the Management Agreement, as applicable.

Section 19. Owner Contracting Provisions. The Trustee and the Depository Bank each agrees to observe and perform the covenants set forth in Exhibit A hereto, which are incorporated herein by this reference.

Section 20. Governing Law; Venue; Jurisdiction. This Agreement and all disputes relating to the performance or interpretation of any term of this Agreement shall be construed under and governed by the laws of the State of California. To the extent permitted by law, each party hereto hereby irrevocably:

(p) consents to any suit, action or proceeding with respect to this Agreement being brought in any state or federal court of competent jurisdiction located in a judicial district which includes the City;

(q) waives any objection that it may have now or hereafter to the venue of any such suit, action or proceeding in any such court and any claim that any of the foregoing have been brought in an inconvenient forum;

(r) (i) acknowledges the competence of any such court; (ii) submits to the jurisdiction of any such court in any such suit, action or proceeding; and (iii) agrees that the final judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon it and may be enforced in any court to the jurisdiction of which it is or may be subject by a suit upon such judgment, a certified copy of which shall be conclusive evidence of its liability;

(s) submits to the non-exclusive jurisdiction of the federal courts in the City, and

(t) agrees that service of process in any suit, action or proceeding may be made upon each parties' registered agent, together with a copy to each address set forth herein, or such other address of which each party shall have given by written notice to the other parties and agrees that such service shall in every respect be deemed to be effective service upon it in any suit, action or proceeding and shall be taken and held to be valid personal service upon or personal delivery to it, to the fullest extent permitted by law.

Section 21. Conditions Precedents. The Trustee's and Owner's compliance with the provisions of this Agreement permitting Manager to access funds as set forth herein is a condition precedent to the obligations of Manager under the Management Agreement.

Section 22. Inconsistencies with Management Agreement and Trust Agreement. Owner, Manager and the Trustee hereby agree that any inconsistencies between this Agreement and the Management Agreement or Trust Agreement shall be governed and controlled by the Trust Agreement; provided, however, the terms, conditions and provisions of this Agreement shall be self-operative without reference to the Trust Agreement except as specifically provided for herein and to the extent such provisions are not inconsistent with the terms, conditions and provisions of the Trust Agreement, and no Event of Default with respect to the Bonds or the occurrence of any event or condition which with the giving of notice, the passage of time or both would constitute an Event of Default with respect to the Bonds, shall impair, restrict or otherwise affect Manager's rights under this Agreement or the obligations, duties or liabilities of the Trustee or Owner under this Agreement.

Section 23. Certification of Funds; Budget and Fiscal Provisions. This Agreement is subject to the budget and fiscal provisions of the City's Charter. Payment and performance obligations for each Fiscal Year during the Term therefore are subject to the appropriation of funds for the Agreement. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors of the City. This Agreement shall not become effective until the City Controller has certified that amounts are or are expected to be available to satisfy Owner's payment obligations under this Agreement. Owner's payment obligations hereunder shall not at any time exceed the amount so certified by the City Controller. Except as may be provided by laws governing emergency procedures, officers and employees of Owner are not authorized to request, and Owner is not required to reimburse Manager for, commodities or services beyond

the scope of this Agreement unless the change in scope is authorized by amendment and approved as required by Applicable Law. Officers and employees of Owner are not authorized to offer or promise, nor is Owner required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the Agreement is certified without certification of the additional amount by the City Controller.

Section 24. Third Party Beneficiary to Trust Agreement. The Trustee and Owner acknowledge and agree that Manager will directly and indirectly benefit from the Trust Agreement. Notwithstanding anything to the contrary, the Trustee and Owner further acknowledge and agree that as a material inducement to Manager's agreement to enter into this Agreement and the Management Agreement, it shall be deemed a third-party beneficiary of the Trust Agreement to the extent set forth in Section 12.05 of the Trust Agreement and, as such, the Trust Agreement shall be for the additional benefit of Manager to the extent set forth in Section 12.05 of the Trust Agreement.

Section 25. No Personal Liability. Owner, Manager, the Trustee and the Depository Bank and their respective officers, directors, board members, commissioners, employees, agents or representatives shall not have any personal liability for the payment of any amounts under this Agreement, the breach of any duties, obligations, covenants, agreements, responsibilities, or the representations and warranties contained in this Agreement.

Section 26. Execution in Counterparts. This Agreement may be 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 27. Severability. If a court of competent jurisdiction determines that any term of this Agreement is invalid or unenforceable to any extent under applicable law, the remainder of this Agreement (and the application of this Agreement to other circumstances) shall not be affected thereby, and each remaining term shall be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

DEPOSITORY BANK:

[DEPOSITORY BANK],  
as Depository Bank

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

TRUSTEE:

[TRUSTEE], as Trustee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OWNER:

AIRPORT COMMISSION OF THE CITY AND  
COUNTY OF SAN FRANCISCO

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Approved as to form:  
DENNIS J. HERRERA  
City Attorney

By \_\_\_\_\_  
Deputy City Attorney

MANAGER:

HYATT CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT A

### MANDATORY CONTRACTING PROVISIONS

#### 1. Nondiscrimination; Penalties

##### a. Manager Shall Not Discriminate

In the performance of this Agreement, Trustee/Depository Bank agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, 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, or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

##### b. Subcontracts

Trustee/Depository Bank shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing), and shall require all subcontractors to comply with such provisions. Trustee/Depository Bank's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

##### c. Nondiscrimination in Benefits

Trustee/Depository 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 §12B.2(b) of the San Francisco Administrative Code.

##### d. Condition to Contract

As a condition to this Agreement, Trustee/Depository Bank shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form CMD-12B-101 with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division.

**e. 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. Trustee/Depository 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, Trustee/Depository Bank understands that pursuant to §§12B.2(h) and 12C.3(g) 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 Trustee/Depository Bank and/or deducted from any payments due Trustee/Depository Bank.

**2. Requiring Minimum Compensation for Covered Employees**

- a. Trustee/Depository 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 Sections 12P.5 and 12P.5.1 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 Internet at [www.sfgov.org/olse/mco](http://www.sfgov.org/olse/mco) . A partial listing of some of Trustee/Depository Bank's obligations under the MCO is set forth in this section. Trustee/Depository Bank is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this section.
- b. The MCO requires Trustee/Depository Bank to pay Trustee/Depository Bank's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Trustee/Depository Bank is obligated to keep informed of the then-current requirements. Any subcontract entered into by Trustee/Depository 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. It is Trustee/Depository 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, City may pursue any of the remedies set forth in this section against Trustee/Depository Bank.
- c. Trustee/Depository Bank shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be reputably presumed to be retaliation-prohibited by the MCO.
- d. Trustee/Depository Bank shall maintain employee and payroll records as required by the MCO. If Trustee/Depository Bank fails to do so, it shall be presumed that Trustee/Depository Bank paid no more than the minimum wage required under state law.



- e. The City is authorized to inspect Trustee/Depository Bank's job sites and conduct interviews with employees and conduct audits of Trustee/Depository Bank.
- f. Trustee/Depository Bank's commitment to provide the minimum compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if Trustee/Depository Bank fails to comply with these requirements. Trustee/Depository Bank agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Trustee/Depository Bank's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.
- g. Trustee/Depository Bank understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of this Agreement, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Trustee/Depository Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Trustee/Depository Bank fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.
- h. Trustee/Depository 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.
- i. If Trustee/Depository 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, but Trustee/Depository Bank later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Trustee/Depository 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 Trustee/Depository Bank and this department to exceed \$25,000 in the fiscal year.

### **3. Requiring Health Benefits for Covered Employees**

Trustee/Depository 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 section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the Internet at [www.sfgov.org/olse](http://www.sfgov.org/olse) . 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, Trustee/Depository Bank shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Trustee/Depository 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 Trustee/Depository Bank is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.
- c. Trustee/Depository Bank's failure to comply with the HCAO shall constitute a material breach of this Agreement. City shall notify Trustee/Depository Bank if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Trustee/Depository Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Trustee/Depository Bank fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.
- d. Any Subcontract entered into by Trustee/Depository 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. Trustee/Depository Bank shall notify 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. Trustee/Depository Bank shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this section against Trustee/Depository Bank based on the Subcontractor's failure to comply, provided that City has first provided Trustee/Depository Bank with notice and an opportunity to obtain a cure of the violation.
- e. Trustee/Depository Bank shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Trustee/Depository Bank's noncompliance or anticipated noncompliance 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. Trustee/Depository 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. Trustee/Depository Bank shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on this Agreement.
- h. Trustee/Depository Bank shall keep itself informed of the current requirements of the HCAO.
- i. Trustee/Depository Bank shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.
- j. Trustee/Depository Bank shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten (10) business days to respond.
- k. Trustee/Depository Bank shall allow City to inspect Trustee/Depository Bank's job sites and have access to Trustee/Depository Bank's employees in order to monitor and determine compliance with HCAO.
- l. City may conduct random audits of Trustee/Depository Bank to ascertain its compliance with HCAO. Trustee/Depository Bank agrees to cooperate with City when it conducts such audits.
- m. If Trustee/Depository Bank is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000, but Trustee/Depository Bank later enters into an agreement or agreements that cause Trustee/Depository Bank's aggregate amount of all agreements with 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 Trustee/Depository Bank and the City to be equal to or greater than \$75,000 in the fiscal year.

#### **4. First Source Hiring Program**

This section incorporates the requirements of the First Source Hiring Program pursuant to San Francisco Administrative Code Chapter 83 (entitled "First Source Hiring Program"). Trustee/Depository Bank agrees to participate and comply with the provisions of the First Source Hiring Program. As part of Trustee/Depository Bank's HMA with the City, Trustee/Depository Bank shall incorporate provisions of the First Source Hiring Program into any Joint Venture Partnership and shall require subcontractors to do the same. The Mayor's Office of Economic and Workforce Development is Trustee/Depository Bank's main contact for the First Source Hiring Program. For more information regarding First Source Hiring Program, go to: <http://www.workforcedevelopmentsf.org/>.

##### **a. Definitions**

The provisions of Chapter 83 of the San Francisco Administrative Code apply to this Agreement. Trustee/Depository Bank shall comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to

the remedies provided therein. Capitalized terms used in this section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 83.

**Entry Level Position:** Any non-Trustee/Depository Bankial position that requires either: (a) No education above a high school diploma or certified equivalency; or (b) Less than two (2) years training or specific preparation; and (c) Shall include temporary positions and paid internships. **Trainee:** An economically disadvantaged worker identified by the First Source Hiring Program as having the appropriate training, employment background, and skill set for an available Entry Level Position specified by Trustee/Depository Bank.

**b. First Source Hiring Goals**

- Over the life of this Agreement, Trustee/Depository Bank shall make good faith efforts to hire a minimum number of Trainees referred by the First Source Hiring Program to fulfill available Entry Level Positions, based on the Trustee/Depository Bank Fee Schedule below:

<b>Trustee/Depository Bank Fee Schedule</b>	<b>Minimum Number of Trainees to be Hired (over the life of this Agreement)</b>
\$0 – \$499,999	0
\$500,000 – \$899,999	1
\$900,000 – \$1,999,999	2
\$2,000,000 – \$4,999,999	3
\$5,000,000 – \$7,999,999	4
\$8,000,000 – \$10,999,999	5
\$11,000,000 – \$13,999,999	6
(> = \$14M, for each additional \$3 million in Trustee/Depository Bank fees, add one additional Trainee)	

- Trustee/Depository Bank may decline to hire a Trainee if Trustee/Depository Bank considers the Trainee in good faith and deems the Trainee is not qualified. The final decision to hire a Trainee shall be made by the Trustee/Depository Bank.
- Trustee/Depository Bank shall hire the Trainee on a full-time basis for at least twelve (12) months or on part-time basis for twenty-four (24) months.
- Trainees must be obtained through the First Source Hiring Program and Trustee/Depository Bank must consider all Trainees fairly and equally and

comply with the non-discrimination provisions pursuant to local, state, and federal laws. No existing employee may count toward the total number of Trainees hired.

**c. Procedures**

- Within thirty (30) days of award of contract, Trustee/Depository Bank will email the First Source Hiring Administrator and schedule to meet with staff from the First Source Hiring Program. At the meeting, Trustee/Depository Bank will provide information on Entry Level Positions, number of Trainees to be hired, job description, start date, and rate of pay. If Trustee/Depository Bank cannot quantify the numbers of Trainees to be hired, Trustee/Depository Bank must still meet with the First Source Hiring Program and present a workforce plan of good faith efforts towards the First Source Hiring Goals.
- Trustee/Depository Bank is required to notify the First Source Hiring Program of all available Entry Level Positions.
- Trustee/Depository Bank will designate a representative to monitor all employment related activity and be the main contact for the First Source Hiring Program.
- Trustee/Depository Bank will maintain documentation and records supporting good faith efforts toward the First Source Hiring Program.

**d. As-Needed Contracts**

Contractors awarded As-Needed contracts shall follow the provisions of the First Source Hiring Program. However, the First Source Hiring Goals will not be based on each individual Contract Service Order ("CSO") but rather from the total number of CSOs issued to the contractor. Since a contractor does not know when or how many CSOs will be issued, the contractor shall hire Trainees only if the increase in CSOs creates entry-level employment opportunities.

**e. Noncompliance**

Failure to meet the criteria of the First Source Hiring Program does not impute bad faith but rather will trigger a review for compliance. If the City deems Trustee/Depository Bank is noncompliant and acted in bad faith towards the First Source Hiring Program, then the City may withhold progress payments and assess liquidated damages as defined in San Francisco Administrative Code Chapter 83.

**5. Conflict of Interest**

Through its execution of this Agreement, Trustee/Depository Bank acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of

any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

## **6. Federal Non-Discrimination Provisions**

**49 CFR Part 21.** Trustee/Depository Bank for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that Trustee/Depository Bank shall maintain and operate the Airport facilities and services in compliance with all requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964, as said regulations may be amended. Trustee/Depository Bank, for itself, its personal representatives, successors in interest, and assigns, agrees that Trustee/Depository Bank in its operation at and use of the Airport, covenants that (1) No person on the grounds of race, color, national origin, or sex shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (2) That in the construction of any improvements on, over, or under the Airport and the furnishing of services thereon, no person on the grounds of race, color, national origin, or sex shall be excluded from participation or denied the benefits of, or otherwise be subject to discrimination, (3) That Trustee/Depository Bank shall use all City premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A—Office of the Secretary of Transportation, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. These Regulations are incorporated as though fully set forth herein. Trustee/Depository Bank agrees to include the above statements in any subsequent contract that it enters into with subcontractors and cause those agreements to similarly include the statements, and cause those businesses to include the statements in further agreements.

**49 CFR Part 23.** The HMA is subject to the requirements of the United States Department of Transportation's regulations, 49 Code of Federal Regulations, Part 23. Trustee/Depository Bank agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 Code of Federal Regulations Part 23. Trustee/Depository Bank agrees to include the above statements in any subsequent contract covered by 49 Code of Federal Regulations, Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

Failure by Trustee/Depository Bank to carry out these requirements is a material breach of this Agreement, which may result in the termination of this Agreement or such other remedy as Owner deems appropriate.

## **7. Owner Intellectual Property**

Pursuant to Resolution No. 01-0118, adopted by the Airport Commission on April 18, 2001, the Airport 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 Owner at the Airport (including subcontractors and subtenants) may not use the Airport intellectual property, or any intellectual property confusingly similar to Owner intellectual property, without the Airport Director's prior consent.

#### **8. Labor Peace/Card Check Rule**

Without limiting the generality of other provisions herein requiring Trustee/Depository Bank to comply with all Airport Rules, Trustee/Depository Bank shall comply with the Owner's Labor Peace/Card Check Rule, adopted on February 1, 2000, pursuant to Airport Commission Resolution No. 00-0049 (the "Labor Peace/Card Check Rule"). Capitalized terms not defined in this provision are defined in the Labor Peace/Card Check Rule.

To comply with the Labor Peace/Card Check Rule, Trustee/Depository Bank shall, among other actions: (a) Enter into a Labor Peace/Card Check Rule Agreement with any Labor Organization which requests such an agreement and which has registered with the Airport Director or his/her designee, within thirty (30) days after Labor Peace/Card Check Rule Agreement has been requested; (b) Not less than thirty (30) days prior to the modification of this Agreement, Trustee/Depository Bank shall provide notice by mail to any Labor Organization or federation of labor organizations which have registered with the Airport Director or his/her designee ("registered Labor Organizations"), that Trustee/Depository Bank is seeking to modify or extend this Agreement; (c) Upon issuing any request for proposals, invitations to bid, or similar notice, or in any event not less than thirty (30) days prior to entering into any Subcontract, Trustee/Depository Bank shall provide notice to all registered Labor Organizations that Trustee/Depository Bank is seeking to enter into such Subcontract; and (d) Trustee/Depository Bank shall include in any subcontract with a Subcontractor performing services pursuant to any covered Contract, a provision requiring the Subcontractor performing services pursuant to any covered Contract, a provision requiring the Subcontractor to comply with the requirements of the Labor Peace/Card Check Rule. If Airport Director determines that Trustee/Depository Bank violated the Labor Peace/Card Check Rule, Airport Director shall have the option to terminate this Agreement, in addition to exercising all other remedies available to him/her.

#### **9. Protection of Private Information**

Trustee/Depository 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. Trustee/Depository Bank agrees that any failure of Trustee/Depository 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 Trustee/Depository Bank pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar Trustee/Depository Bank.

## **10. Submitting False Claims; Monetary Penalties**

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor, or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. The text of Section 21.35, along with the entire San Francisco Administrative Code is available on the Internet at:

[http://www.amlegal.com/nxt/gateway.dll/California/administrative/administrativecode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:sanfrancisco\\_ca\\$sync=1](http://www.amlegal.com/nxt/gateway.dll/California/administrative/administrativecode?f=templates$fn=default.htm$3.0$vid=amlegal:sanfrancisco_ca$sync=1) .

A contractor, subcontractor, or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor, or consultant: (a) Knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) Knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) Conspires to defraud the City by getting a false claim allowed or paid by the City; (d) Knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) Is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

## **11. MacBride Principles—Northern Ireland**

Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this Agreement on behalf of Trustee/Depository Bank acknowledges and agrees that he or she has read and understood this section.

## **12. Prohibition on Political Activity with City Funds**

In accordance with San Francisco Administrative Code Chapter 12.G, Trustee/Depository 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. Trustee/Depository 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 Trustee/Depository 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 Trustee/Depository Bank from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Trustee/Depository Bank’s use of profit as a violation of this section.



### **13. Tropical Hardwood and Virgin Redwood Ban**

Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product.

### **14. Preservative-treated Wood Containing Arsenic**

Trustee/Depository Bank may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative.

Trustee/Depository Bank may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Trustee/Depository Bank from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes, or facilities that are partially or totally immersed in saltwater.

### **15. Compliance with Americans with Disabilities Act**

Trustee/Depository Bank acknowledges that, pursuant to the Americans with Disabilities Act ("ADA"), programs, services, and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Trustee/Depository Bank shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state, and local disability rights legislation. Trustee/Depository Bank agrees not to discriminate against disabled persons in the provision of services, benefits, or an activity provided under this Agreement, and further agrees that any violation of this prohibition on the part of Trustee/Depository Bank, its employees, agents, or assigns will constitute a material breach of this Agreement.

### **16. Sunshine Ordinance**

In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations, and all other records of communications between City and persons or companies 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.

## **17. Limitations on Contributions**

Through execution of this Agreement, Trustee/Depository 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, for the sale or lease of any land or building, or for a grant, loan, or loan guarantee, from making any campaign contribution to (1) An individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) A candidate for the office held by such individual, or (3) A committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved.

Trustee/Depository Bank acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Trustee/Depository Bank further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Trustee/Depository Bank's board of directors; Trustee/Depository Bank's chairperson, chief executive officer, chief financial officer, and chief operating officer; any person with an ownership interest of more than 20% in Trustee/Depository Bank; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Trustee/Depository Bank.

Additionally, Trustee/Depository Bank acknowledges that Trustee/Depository Bank must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Trustee/Depository Bank further agrees to provide to City the names of each person, entity, or committee described above.

## **18. Drug-Free Workplace Policy**

Trustee/Depository Bank acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Trustee/Depository Bank agrees that any violation of this prohibition by Trustee/Depository Bank, its employees, agents, or assigns will be deemed a material breach of this Agreement.

## **19. Resource Conservation**

Chapter 5 of the San Francisco Environment Code ("**Resource Conservation**") is incorporated herein by reference. Failure by Trustee/Depository Bank to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

## **20. Proprietary or Confidential Information of City**

Trustee/Depository Bank understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Trustee/Depository Bank may have access to private or confidential information which may be owned or controlled by City and that such

information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Trustee/Depository Bank agrees that all information disclosed by City to Trustee/Depository Bank shall be held in confidence and used only in performance of this Agreement. Trustee/Depository Bank shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

## **21. Ownership of Results**

Any interest of Trustee/Depository Bank or its subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files, and media, or other documents prepared by Trustee/Depository Bank or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to City. However, Trustee/Depository Bank may retain and use copies for reference and as documentation of its experience and capabilities.

## **22. Works for Hire**

If, in connection with services performed under this Agreement, Trustee/Depository Bank or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes, or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by Trustee/Depository Bank or its subcontractors under this Agreement are not works for hire under United States law, Trustee/Depository Bank hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, Trustee/Depository Bank may retain and use copies of such works for reference and as documentation of its experience and capabilities.

## **23. Audit and Inspection of Records**

Trustee/Depository Bank agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Trustee/Depository Bank will permit City to audit, examine, and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records, or personnel, and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Trustee/Depository Bank shall maintain such data and records in an accessible location and condition for a period of not less than five (5) years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon City by this section.

## **24. Subcontracting**

Trustee/Depository Bank is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

## **25. Agreement Made in California; Venue**

The formation, interpretation, and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation, and performance of this Agreement shall be in San Francisco.

## **26. Food Service Waste Reduction Requirements**

Trustee/Depository 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, Trustee/Depository Bank agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Trustee/Depository 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 a reasonable estimate of the damage that 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 City because of Trustee/Depository Bank's failure to comply with this provision.

## **27. Consideration of Criminal History in Hiring and Employment Decisions**

- a. Trustee/Depository Bank agrees to comply fully with and be bound by all of the provisions of Chapter 12T "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code (Chapter 12T), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at:

[http://www.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:san\\_francisco\\_ca](http://www.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:san_francisco_ca)

A partial listing of some of Trustee/Depository Bank's obligations under Chapter 12T is set forth in this Section. Trustee/Depository Bank is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

- b. The requirements of Chapter 12T shall only apply to Trustee/Depository Bank's or Subcontractor's operations to the extent those operations are in furtherance of the

performance of this Agreement, and shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, whose employment is or would be in whole or in substantial part physically located in the City and County of San Francisco, which excludes Airport property.

- c. Applicants or employees who would be or are performing work in furtherance of this Agreement may be required to be screened by the U.S. Department of Homeland Security for security badging. A rejection by the U.S. Department of Homeland Security of an applicant's or employee's security badging application, and the resulting inability of Trustee/Depository Bank to hire the applicant or assign the employee to perform services under this Agreement, shall not be considered an Adverse Action under Chapter 12T.
- d. Trustee/Depository Bank shall incorporate by reference in all subcontracts the provisions of Chapter 12T, and shall require all subcontractors to comply with such provisions. Trustee/Depository Bank's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.
- e. Trustee/Depository Bank or Subcontractor shall not inquire about, require disclosure of, or if such information is received, base an Adverse Action on an applicant's or potential applicant for employment or employee's: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.
- f. Trustee/Depository Bank or Subcontractor shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection (e), above. Trustee/Depository Bank or Subcontractor shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.
- g. Trustee/Depository Bank or Subcontractor shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment to be performed under this Agreement that Trustee/Depository Bank or Subcontractor will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.
- h. Trustee/Depository Bank and Subcontractors shall post the notice prepared by the Office of Labor Standards Enforcement (OLSE), available on OLSE's website, in a conspicuous place at every workplace, job site, or other location under Trustee/Depository Bank or Subcontractor's control at which work is being done or will be done in furtherance of the performance of this Agreement. The notice shall be posted in English, Spanish, Chinese,

and any language spoken by at least 5% of the employees at the workplace, job site, or other location at which it is posted.

- i. Trustee/Depository Bank understands and agrees that if it fails to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T, including but not limited to, a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Agreement.

## **28. Diesel Vehicles**

The San Francisco Environment Code currently requires a reduction in the number of passenger vehicles and light-duty trucks in the City's Municipal Fleet and use of biodiesel fuel (B20) by all diesel-using City departments, with goals set for diesel equipment to convert to use of biodiesel fuel. To the extent Trustee/Depository Bank purchases or leases any new diesel fuel vehicles for use in connection with operation of the Hotel, Owner encourages use of a biodiesel blend and Trustee/Depository Bank agrees to investigate use of a biodiesel blend in operation of its diesel vehicles, if any.



# SAN FRANCISCO PLANNING DEPARTMENT

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## Addendum to Environmental Impact Report

*Addendum Date:* January 28, 2014  
*Case No.:* 86.638E  
*Project Title:* SFO Airport Hotel  
*Zoning/Plan Area:* San Francisco International Airport Master Plan, Commercial Hotel Use  
*Block/Lot:* San Francisco International Airport Master Plan "Plot 2"  
*Lot Size:* 4.7 acres (portion of "Plot 2")  
*Project Sponsor:* San Francisco International Airport  
*Contact:* Audrey Park, Senior Environmental Planner – (650) 821-7844  
Audrey.Park@flysfo.com  
*Staff Contact:* Steven H. Smith – (415) 558-6373  
Steve.Smith@sfgov.org

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

### REMARKS

The project sponsor, San Francisco International Airport (SFO or the Airport), has submitted to the San Francisco Planning Department Environmental Planning Division (SFEP), an updated project description and related materials for the proposed on-Airport hotel development. On-Airport hotel development was approved by the San Francisco Airport Commission (Airport Commission) as part of the San Francisco Airport International Airport Master Plan (Master Plan) and assessed in the Master Plan Final Environmental Impact Report (FEIR). The Master Plan encompasses landside modifications and Airport expansion projects. Since adoption of the Master Plan, the on-Airport hotel development as envisioned in the Master Plan has been modified, as described in greater detail below. SFEP has reviewed the currently proposed on-Airport hotel development, which would include construction of a new 403-room hotel and AirTrain Station, to determine whether additional environmental documentation must be prepared. For purposes of this Addendum, the Master Plan, with revisions addressed in prior addenda to the Master Plan FEIR plus the currently proposed hotel project, is hereafter referred to as the "modified project." As demonstrated in this Addendum, SFEP has determined that the modified project is within the scope of the FEIR prepared for the Master Plan and certified by the San Francisco Planning Commission, and no additional environmental review is required.

### Background

A FEIR was prepared for the San Francisco International Airport Master Plan and was certified by the San Francisco Planning Commission (Planning Commission) on May 28, 1992. The Airport Commission approved the Master Plan and accompanying Final Mitigation Monitoring and Reporting Program (MMRP) and conditions of approval on November 3, 1992.

The Master Plan focused on the accommodation of passenger and cargo growth at the Airport through the development of improved facilities and circulation patterns for all Airport-owned lands (excluding the undeveloped area west of U.S. Highway 101 (U.S. 101), which is referred to as the West of Bayshore Airport Commission Lands).<sup>1</sup> The major Master Plan improvements included in the FEIR analyses were:

1. The new International Terminal and associated Boarding Areas A and G, completed in 2000;
2. Consolidation of cargo facilities in the North and West Field areas, which is ongoing. (Construction of one cargo building in the West Field area started in 2013 and will be complete by end of 2014. The remaining buildings in the West Field area are on hold. In the North Field area, one cargo building was constructed in 2000; the cargo maintenance and aircraft parking facility are on hold; no design has been completed for the proposed cargo maintenance area);
3. An Automated People Mover System ("AirTrain"), the first phase of which was completed in 2003;
4. Roadway and vehicle circulation improvements to the International Terminal Building, completed in 2000;
5. On Airport hotel development, which is the subject of this Addendum, currently proposed for construction beginning in 2015;
6. Renovation of the former International Terminal (Terminal 2) for domestic operations, completed in 2011;
7. Replacement of the South Terminal (Terminal 1), Boarding Area B, planned for construction beginning in 2016 and renovation of Boarding Area C, planned for construction in 2018; and
8. New administration/office facilities, currently proposed for construction beginning in 2017.

Since certification of the FEIR, revisions to certain individual Master Plan projects have been addressed through addenda. SFEP determined that these individual projects were within the envelope of the Master Plan FEIR, no new significant impacts would result, and no new mitigation measures were required beyond those adopted as part of the MMRP for the Master Plan FEIR. Attachment A provides descriptions of past Master Plan FEIR addenda adopted by SFEP.

As described in the Master Plan FEIR (p.53) and summarized below, the Airport Commission previously proposed the on-Airport hotel development in two phases:

- Phase I near-term build out (1996) included construction of a new 100,000 square foot hotel (in conjunction with an administration/office space at levels four through eight) within the International Terminal; and
- Phase II long-term build out (2006) included renovation of the previously-existing 220,000 square foot Hilton Hotel (the hotel was demolished in 1999).

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<sup>1</sup> The "West of Bayshore" property is a 180-acre site owned by the Airport. Development of the West of Bayshore property was excluded from the Master Plan and subsequent analysis in the FEIR to maintain the site as a major utility right of way for Pacific Gas & Electric (PG&E), Bay Area Rapid Transit (BART), SFO, and the San Francisco Public Utilities Commission (SFPUC). (Master Plan FEIR, Volume III, Initial Study).



**Figure 1** shows the current hotel project site relative to the regional and Airport setting, as described under Proposed Project Modifications section of this Addendum. **Figure 2** depicts the locations of the two planned phases of hotel development on the Airport, as presented in the Master Plan FEIR. Neither phase of the hotel development has been implemented.

As discussed in the Master Plan FEIR, the Airport envisioned the redevelopment and renovation of the 527-room, full-service Hilton Hotel previously located on a site known as "Plot 2." Plot 2 is located immediately east of U.S. 101 and southwest of International Terminal A, at the intersection of South McDonnell Road and South Link Road. In 1998, the Airport Commission<sup>2</sup> approved reimbursement to Hilton Hotels for early termination of the existing hotel land lease to avoid adverse impacts to construction of the Master Plan projects – specifically, the elevated terminal roadway system. The Hilton Hotel was subsequently demolished in 1999 to construct the terminal roadway. In 1999, the Airport Commission adopted a resolution<sup>3</sup> to initiate Design/Build of a replacement hotel on Plot 2. However, air traffic at SFO declined substantially in the early 2000's and hotel reconstruction was postponed. Since completion of the terminal roadway system, the Plot 2 site has been undeveloped and, until 2012, used as a construction lay down/trailer parking area for Airport projects. In 2012, about 9.3 acres of the 11-acre Plot 2 site were converted from a construction lay down area to a temporary tenant employee parking lot.<sup>4</sup> The remaining 1.7 acres are currently used by the Airport's landscaping and information technology departments for greenhouses and a City and County of San Francisco (CCSF) information technology data center, respectively. **Figure 3** provides photographs of the existing land uses on Plot 2.

## PROPOSED REVISIONS TO THE PROJECT

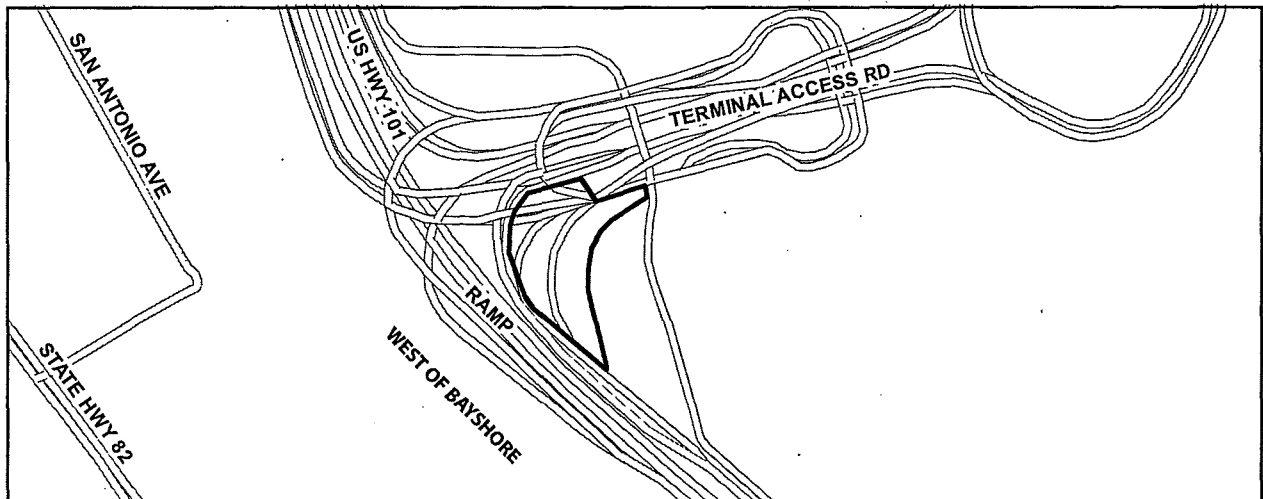
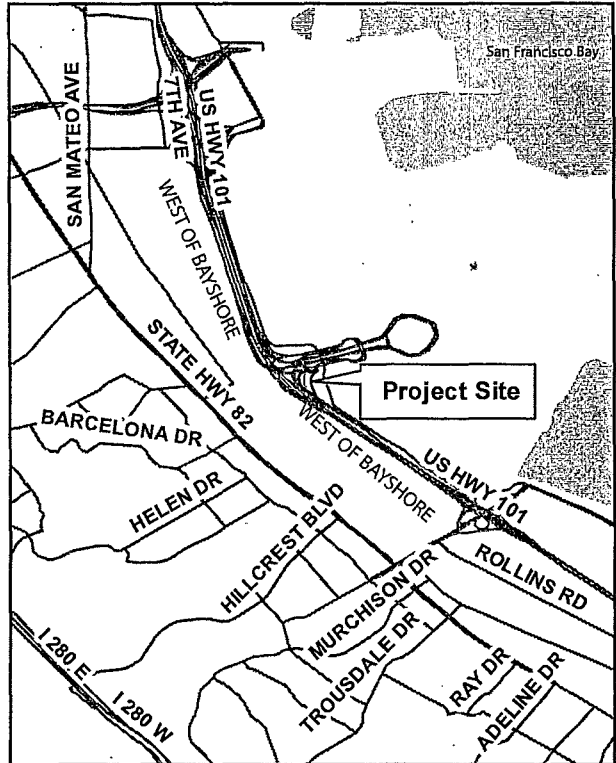
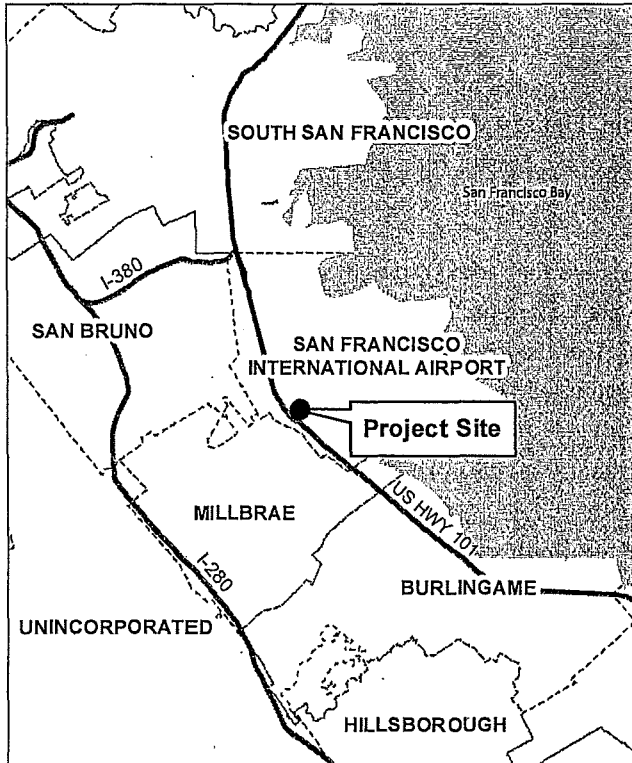
Since the adoption and certification of the Master Plan FEIR, the plans for on-Airport hotel development have been modified. Instead of two separate hotel developments (at the International Terminal and on Plot 2) as proposed and analyzed in the Master Plan FEIR, there would instead be one on-Airport hotel development with a connected platform to a new AirTrain station on Plot 2 (herein referred to as the "modified hotel project"). As detailed in **Table 1**, the modified hotel project is anticipated to provide facilities/amenities that are comparable to a full-service luxury hotel. The facility spacing requirements listed below are based on a market demand and feasibility study commissioned by the Airport. The Airport anticipates that the modified hotel project would be financed, constructed, and owned by the Airport, but the hotel would be managed, operated, and maintained by a qualified hotel operator. The final dimensions and amenities would be subject to detailed design input from the selected hotel operator's brand-specific amenities.

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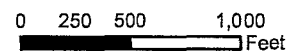
<sup>2</sup> San Francisco Airport Commission Resolution No. 98-005 adopted on January 13, 1998 for early relinquishment of Hilton Hotels & Resorts Lease No. PUC 17910.

<sup>3</sup> San Francisco Airport Commission Resolution No. 99-0148 adopted on May 18, 1999 to utilize design/build approach for a replacement hotel on Plot 2.

<sup>4</sup> SF Planning Department – Environmental Planning Case No. 2012.0687E, Class 11 Categorical Exemption, May 2012.



 Project Site Boundary



Note:  
The West of Bayshore area is owned and managed by the City and County of San Francisco through the Airport Commission.

SOURCE: ESA Airports

**Figure 1**  
Regional Setting  
SFO Airport Hotel  
January 2014




**LEGEND**

*Master Plan Hotel Phases:*

- MP1** Master Plan Phase 1:  
New Hotel at IT
- MP2** Master Plan Phase 2:  
Renovate Hilton Hotel

*Existing Facilities:*

- IT-G** International Terminal  
Garage G and BART  
Station
- IT-A** International Terminal  
Garage A

 Project Site Boundary

2013

Note:  
The West of Bayshore area is owned and managed by the City and County of San Francisco through the Airport Commission.

Drawing Not to Scale.

SOURCE SFO Master Plan Final Environmental Impact Report, 1992

**Figure 2**  
Modified Hotel Project Site  
SFO Airport Hotel  
January 2014

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Photo 3A: Landscaping Department Greenhouse (Looking North)



Photo 3B: Airport Employee Parking Lot (Looking South)



Photo 3C: Airport Data Center (Looking East)



Photo 3D: Airport Employee Parking Lot Entrance (Looking Southeast)

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SOURCE SFO Bureau of Planning and Environmental Affairs, 2013.

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**Figure 3**  
Existing Site Photographs  
SFO Airport Hotel  
January 2014

The hotel, regardless of the selected operator, would be designed and constructed by the Airport to LEED Gold standards.<sup>5</sup>

**TABLE 1  
 MODIFIED HOTEL PROJECT -  
 LIST OF FACILITIES, AMENITIES, AND DIMENSIONS**

Modified Hotel Project Facility	Description	Total Area (sq.ft.)
Guest Rooms	403 guest rooms, including 19 suites	152,000 <sup>a</sup>
Meeting Space	Includes ballrooms, banquet and meeting rooms	25,900
Food and Beverage	Restaurants, lounge (day/night use) and support areas (e.g., restrooms)	14,600
Fitness Center	Guest use only	4,500
Other Amenities	Business center	750
Other Amenities	Lobby area and service space	37,525
Back of House	Main kitchen, receiving areas, and engineering in basement	14,327
<b>Total Modified Hotel Area</b>		<b>249,602</b>
AirTrain Station <sup>b</sup>	New AirTrain Station and Hotel Connector on 3 <sup>rd</sup> Floor	14,100
Surface parking	Surface parking lot and driveway to hotel	156,500
Hotel Footprint	Hotel footprint and driveway	47,500
<b>Total Plot 2 Site Area</b>		<b>204,000</b>

NOTES:

sq.ft. = square feet

<sup>a</sup> Average of 377 square feet per room.

<sup>b</sup> AirTrain is the Airport's electric automated people mover system.

SOURCES: Modified hotel project facilities and total areas: Jones Land LaSalle Hotels, Market Demand & Feasibility Study for Proposed San Francisco International Airport Hotel, September 25, 2012; AirTrain and surface parking areas: SFO Bureau of Planning and Environmental Affairs, 2013.

As detailed in **Table 2**, the modified project would have a hotel with 403 rooms and 250,000 total square feet, as compared to the 766 rooms and 320,000 total square feet of hotel uses, as analyzed in the Master Plan FEIR. Moreover, the modified hotel project would be built entirely on a portion of Plot 2, while the Master Plan FEIR analyzed the impacts of a new 100,000 square foot hotel in the upper levels of the International Terminal and a complete renovation of the then existing 220,000-square foot Hilton Hotel on Plot 2. Specifically, the modified hotel project would be developed on about 4.7 acres of the total 11-acre Plot 2 site, which is about 6.3 acres less than the Hilton Hotel redevelopment originally planned under the Master Plan. Of the 4.7 acres, about 1.1 acres of the Plot 2 site currently accommodates greenhouses; this area would be paved with asphalt and the existing greenhouses would be relocated. The modified hotel project site would be re-graded such that storm water on the entire site would drain to a main pipeline, located underground and immediately east of South McDonnell Road.

<sup>5</sup> Chapter 13C of the San Francisco Building Code, effective January 1, 2011. Available online: [http://www.amlegal.com/nxtl/gateway.dll/California/building/buildingcode2010edition/chapter13cgreenbuildingrequirements?f=templates\\$fn=default.htm\\$3.0\\$oid=amlegal:sanfrancisco\\_ca](http://www.amlegal.com/nxtl/gateway.dll/California/building/buildingcode2010edition/chapter13cgreenbuildingrequirements?f=templates$fn=default.htm$3.0$oid=amlegal:sanfrancisco_ca) This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

**TABLE 2**  
**SUMMARY OF MODIFIED HOTEL PROJECT COMPARED TO THE MASTER PLAN FEIR**

	Modified Hotel Project	Hotel Projects under the Master Plan FEIR	
		Phase I: Construction of New Hotel within the International Terminal	Phase II: Renovation of Hilton Hotel
Hotel area (sq ft)	250,000	100,000	220,000
Hotel rooms (count)	403	240 <sup>a</sup>	527
Height (ft)	144 <sup>b</sup>	NA <sup>c</sup>	43 <sup>b,d</sup>
Hotel floors (count)	13	1 <sup>e</sup>	2
Parking spaces (count)	296	NA <sup>f</sup>	338 <sup>g</sup>

NOTES:

sq.ft. = square feet

<sup>a</sup> Estimated 240 rooms based on assumption that 10% of total square footage at International Terminal hotel would be reserved for basic amenities; using an average area of 377 sq ft per guest room (where modified hotel project = 152,000 sq ft for rooms / 403 rooms = 377 sq ft average), the International Terminal Hotel would accommodate about 240 rooms in a 90,000 square foot area.

<sup>b</sup> Height of hotel includes the roof parapet.

<sup>c</sup> Not applicable because the proposed hotel development would have occurred within the existing envelope of the new International Terminal.

<sup>d</sup> Estimated, based on historical photograph.

<sup>e</sup> The hotel at the International Terminal was planned to be one level (out of four levels) built in conjunction with other Master Plan projects within the International Terminal, such as administrative/office space.

<sup>f</sup> Not applicable. There was no designated guest parking facility proposed as part of the hotel at the International Terminal.

<sup>g</sup> Estimated, based on visual count of aerial from historic photograph (SFO Museum Photo 2011.032.0740; 1969). This estimate does not include surface vehicle parking spaces designated for the conference center located on the Hilton Hotel plot (which had an estimated 230 designated surface vehicle parking spaces).

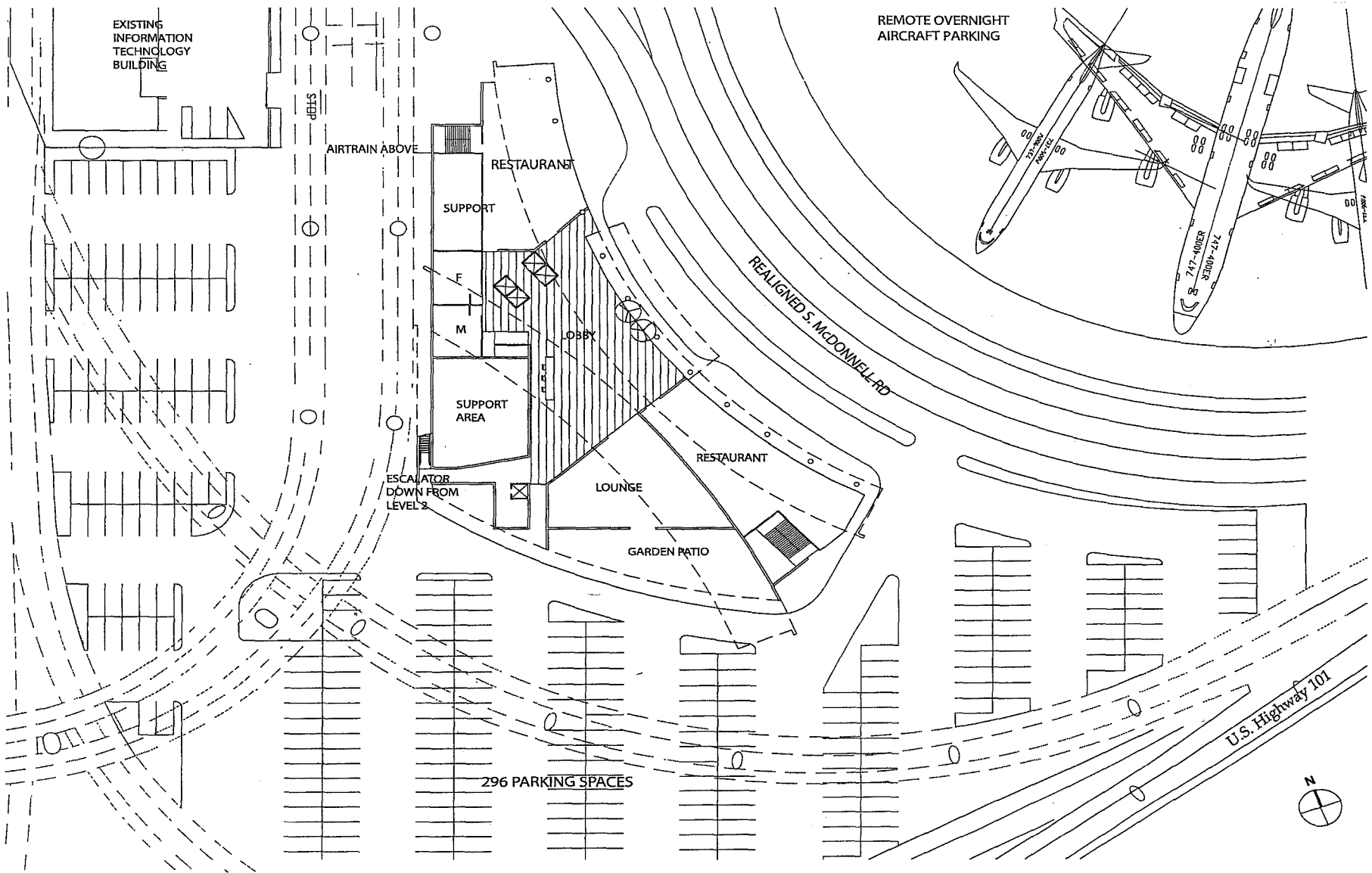
SOURCES: Modified hotel project facilities and total areas: Jones Land LaSalle Hotels, Market Demand & Feasibility Study for Proposed San Francisco International Airport Hotel, September 25, 2012; SFO Master Plan FEIR, 1992; and Hilton hotel parking spaces and dimensions: SFO Bureau of Planning and Environmental Affairs, based on historical photographs.

Figure 4 shows the proposed site and Figure 5 shows a conceptual massing of the modified hotel with a new AirTrain station. There would be 13 above-ground floors plus a roof parapet and a basement for back of the house/kitchen facilities. The ground and second floors would provide lobby/amenities for hotel guests; floor three would include a pedestrian link to the AirTrain station and escalator/elevator link to the ground and second floors. The remaining floors 4 – 13 would be for guest rooms and suites. The total above-ground height of the hotel, including the roof parapet, is expected to be approximately 144 feet tall (which is approximately the same height as the nearby International Terminal garages). The modified hotel project would be about 100 feet taller compared to the then existing Hilton Hotel.

The third floor of the hotel would include a connector platform to provide guests with a direct pedestrian link to a new AirTrain station (total of about 14,100 square feet). The AirTrain at SFO is an automated people mover system consisting of a dual fixed guide way alignment with trains moving in both directions. The AirTrain system was constructed as a Master Plan project and was fully operational by March 2003,<sup>6</sup> providing a terminal loop (clockwise) and rental car center loop (counterclockwise) for passengers. There would be no change to the

<sup>6</sup> San Francisco International Airport, *AirTrain Fact Sheet*, July 2003. Available online: [http://media.flysfo.com/AirTrain\\_Fact\\_Sheet.pdf](http://media.flysfo.com/AirTrain_Fact_Sheet.pdf). This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

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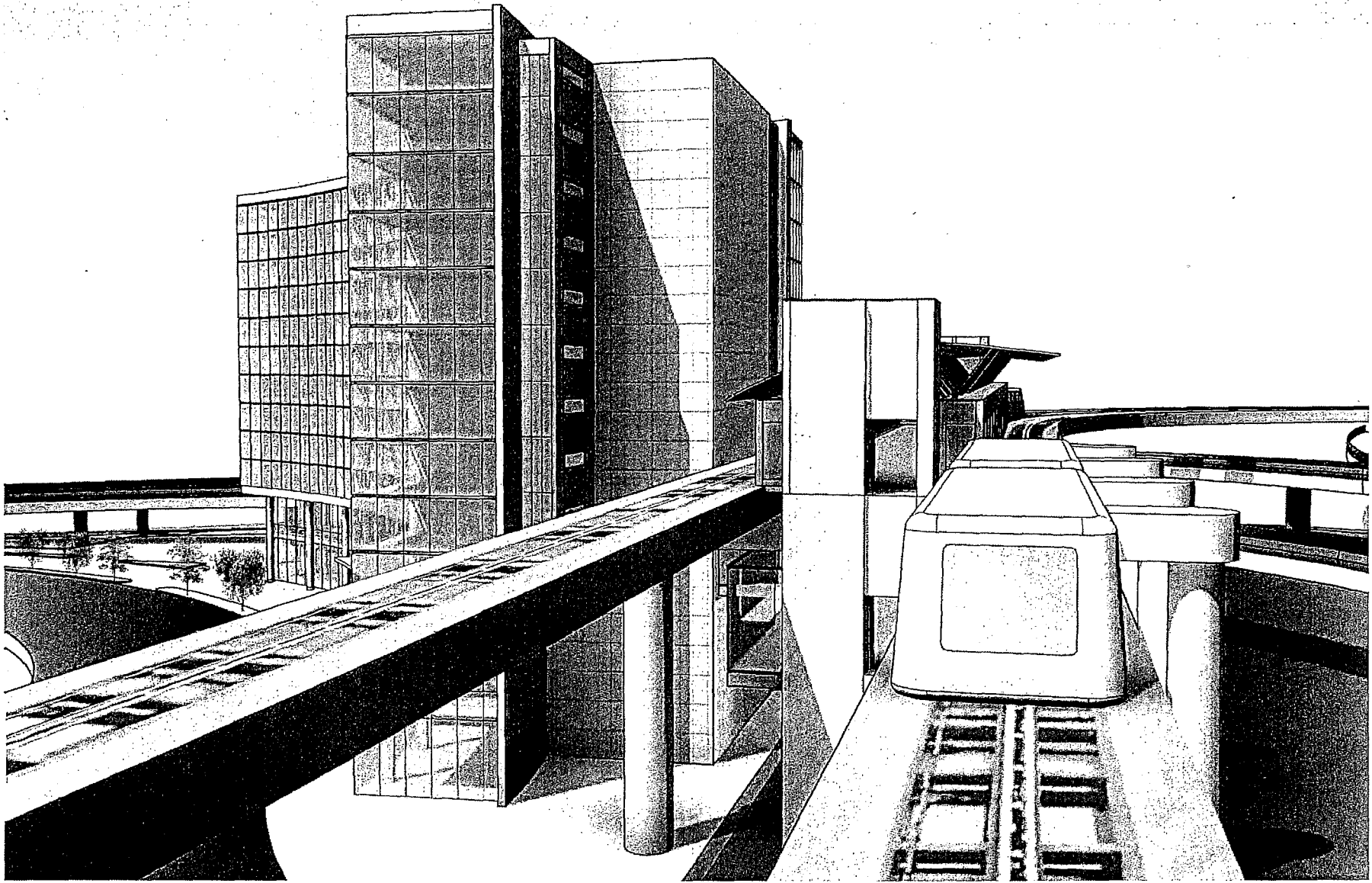


Drawing Not to Scale.

SOURCE HNTB Corporation

Case No. 86.638E

**Figure 4**  
 Modified Hotel Project Site Plan  
 SFO Airport Hotel  
 January 2014



SOURCE: HNTB Corporation

Case No. 86.638E

**Figure 5**  
Hotel Massing with AirTrain Station  
SFO Airport Hotel  
January 2014



existing tracks or elevation as a result of the modified hotel project, including the new AirTrain station serving the hotel. The Airport Commission would design, construct, and maintain the AirTrain station as part of the overall AirTrain system. The SFO Shuttle Bus would also provide hotel guests and staff with a direct link to ground transportation options, including Bay Area Rapid Transit (BART), taxis/limos, shared vans, two parking garages at the International Terminal complex, long term parking garage/lot, and rental car facilities.

Approximately 296 parking spaces would be provided for hotel guests in a surface lot adjacent to the hotel, which is about 40 parking spaces less compared to the then existing Hilton Hotel. Additional parking for hotel visitors would be provided at the International Terminal A and G (IT-A and IT-G) garages with direct access to the hotel via AirTrain stations at the IT-A and IT-G garages. Hotel employees who drive would park at designated employee parking lots. The Airport would maintain the existing SFO Shuttle Bus route that connects the existing Airport employee parking lot to the terminal area and AirTrain. Hotel guests originating from the San Francisco Bay Area would be able to take BART directly to the Airport and then transfer to the AirTrain (located immediately above the BART station) to get to the hotel. In addition, hotel guests and staff could walk approximately five minutes between Plot 2 and the terminal area along an existing elevated pedestrian walkway on South Link Road.

### ***Green Building Features***

Chapter 13C of the San Francisco Building Code – the “Green Building Ordinance” – combines the 2010 California Green Building Standards Code with stricter local requirements. The ordinance is applicable to new residential and commercial buildings, as well as renovations to existing buildings. Compliance with the Green Building Ordinance is met via submittal for certification under the LEED standards or GreenPoint Rated Standards, including documentation showing that a proposed project will meet the appropriate standards.

As described on p. 3 of this Addendum, the Airport Commission would design and construct the modified hotel project to achieve the LEED Gold standard. The Green Building Code specifically requires that new commercial projects achieving LEED Gold compliance requirements must demonstrate that they exceed the California Building Energy Efficiency Standards by at least 15 percent, as well as either generate on-site renewable energy or achieve an additional 10 percent exceedance of California Building Energy Efficiency Standards. Regarding water use reduction, projects must show how they reduce potable water use by 30 percent overall, and quantify (“submeter”) water use in spaces anticipated to generate demand of more than 1,000 gallons per day. The modified hotel project would meet these requirements and the Airport Commission would provide supporting documentation in accordance with the Green Building Ordinance.

Under the Green Building Ordinance’s provisions for transportation, project sponsors must provide bike parking meeting requirements of Planning Code Section 155. The modified hotel project would be consistent with Planning Code Section 155.1. The number of Class 1 and 2 bicycle spaces would be in accordance with the numbers set forth in the Planning Code and would be installed during the construction phase of the modified hotel project. In addition, the Airport would designate eight percent of the proposed 296 parking stalls for low-emitting vehicles, according to LEED Gold requirements.

The modified hotel project would also meet interior environmental quality requirements of the Green Building Ordinance and LEED Gold standards. For example, the modified hotel project would comply with the City's Environment Code regarding enhanced refrigerant management. Further, per CalGreen, the modified hotel project would avoid CFCs in the HVAC and refrigerating equipment. An indoor air quality management plan would be prepared, incorporating the use of MERV-8 air filters. In addition, pursuant to LEED IA 3.1 requirements, the modified hotel project would be consistent with Chapter 7 of the SF Environment Code by achieving LEED credits EQ 4.1, 4.2, 4.3, and 4.4 for design and construction of new buildings, including submittal of documentation for verification of compliance. Finally, the modified hotel project would provide acoustical controls with sound class transmission ratings stipulated by the Green Building Ordinance.

### **Approvals and Permits**

Discussed below are the permits or approvals that would be required from federal, state, and local agencies to implement the modified hotel project as described in this Addendum, but may be subject to minor modifications with the final design. Under the doctrine of intergovernmental immunity in California when the CCSF through its Airport Commission proposes construction on its property located outside of San Francisco and within another jurisdiction, the Airport Commission is not subject to that jurisdiction's building or zoning laws and ordinances.<sup>7</sup>

#### **Federal Approvals and Permits**

- **Federal Aviation Administration (FAA), Approval of Airport Layout Plan (ALP) and environmental processing under the National Environmental Policy Act (NEPA).** As a federally obligated public use airport, SFO must obtain approval of the ALP with the modified hotel project and environmental processing under NEPA per FAA Order 1050.1E, *Environmental Impacts: Policies and Procedures*.<sup>8</sup> Both the ALP approval and NEPA review would be processed at the local FAA San Francisco Airport District Office. The FAA will review the height of the modified hotel project, including the hotel and AirTrain station components, when it conducts an airport airspace analysis during the ALP approval process.

#### **State Approvals and Permit**

- **San Francisco Bay Regional Water Quality Control Board (RWRCB), Clean Water Act Section 402 Permit.** The Mel Leong Treatment Plant (MLTP) operates under a National Pollutant Discharge Elimination System (NPDES) Permit Number CA0038318, Regional Water Quality Control Board (RWQCB) Number R2-2013-0011. In compliance with the Clean Water Act, the RWQCB may require a Rainfall Erosivity Waiver or a Section 402 permit since construction of the modified hotel project would disturb more than one acre. This would require filing the Permit Registration Documents that include a Notice of Intent, and preparing a storm water pollution prevention plan (SWPPP) as part of a Construction General Permit.

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<sup>7</sup> California Government Code Sections 53090-53091.

<sup>8</sup> Federal Aviation Administration, Order 1050.1E, *Environmental Impacts: Policies and Procedures*, March 2006. Available online: [http://www.faa.gov/documentLibrary/media/order/energy\\_orders/1050-1E.pdf](http://www.faa.gov/documentLibrary/media/order/energy_orders/1050-1E.pdf). This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

### **Local Approvals and Permits**

- **San Francisco Airport Commission and San Francisco Board of Supervisors, Adoption of CEQA Findings.** Adoption of CEQA findings.
- **San Francisco Airport Commission and San Francisco Board of Supervisors, Creation of special purpose entity (SPE).** Approval to create a SPE, a non-profit corporation, that would lease the hotel project site and be responsible for the construction of the hotel on behalf of and at the direction of the Airport Commission. The Airport Commission, sitting ex officio, would act as the Board of Directors of the SPE, thereby keeping the SPE under the control of the Airport Commission at all times. The Airport will own and control the hotel through the SPE.
- **San Francisco Airport Commission and San Francisco Board of Supervisors, Issuance of Special Facility Bonds (SFBs) and General Airport Revenue Bonds (GARBs).** Approval of issuance by the Airport Commission of SFBs and GARBs to finance the hotel and AirTrain station prior to issuance and sale of these bonds.
- **San Francisco Airport Commission and San Francisco Board of Supervisors, Lease and other agreements.** The Airport anticipates entering into a lease and other agreements longer than 10 years. Approval of the lease and other agreements, per Section 9.118 of the City Charter.
- **San Francisco Airport Commission (sitting as SPE Board of Directors), Hotel Operator Approval.** Approval of the issuance of the hotel operator Request for Proposals (RFP) and award of a management contract to the competitively selected hotel operator.
- **San Francisco Airport Commission (sitting as SPE Board of Directors), Hotel Construction.** Approval of issuance of the RFP and award of contracts to the competitively selected Project Management/Construction Management team and hotel Design/Construction team.
- **San Francisco Airport Commission, AirTrain Station Construction.** Approval of issuance of the RFP and award of contracts to the competitively selected Project Management/Construction Management team and AirTrain Station Design/Construction team.
- **San Francisco Board of Supervisors.** Approval for Management/Construction Management and Design contracts may be required if the contract amount exceeds \$10 million dollars.
- **San Francisco Arts Commission, Civic Design Review Committee.** Approval of exterior design of structures on City property.
- **SFO Building Inspection and Code Enforcement (BICE), Building Permit.** Issuance of permit. All plans, specifications, calculations, and methods of construction shall meet the code requirements found in the California Uniform Building Code and SFO standards in accordance with the Tenant Improvement Guide (TIG).<sup>9</sup> The TIG stipulates all proposed design be reviewed by SFO's Design Review Committee, Design and Construction division, and BICE division.
- **San Francisco Bay Area Air Quality Management District (BAAQMD) Authority to Construct and/or Permit to Operate an Emergency Standby Generator – Diesel Engine.** Issuance of permit for stationary sources of air emissions, specifically emergency standby generators.

### **ANALYSIS OF POTENTIAL ENVIRONMENTAL EFFECTS**

The Master Plan FEIR evaluated the Master Plan which includes a number of near-term and long-term projects. California Environmental Quality Act (CEQA) Guidelines Section 15168 requires that activities covered in a

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<sup>9</sup> The Tenant Improvement Guide (TIG) is applicable to all tenants and airport facilities.

program EIR be examined in light of the program EIR to determine whether additional environmental documentation must be prepared. In addition, San Francisco Administrative Code Section 31.19(c)(1) states that a modified project must be reevaluated and that "If, on the basis of such reevaluation, the Environmental Review Officer determines, based on the requirements of CEQA, that no additional environmental review is necessary, this determination and the reasons therefore shall be noted in writing in the case record, and no further evaluation shall be required by this Chapter." CEQA Guidelines Section 15164 provides for the use of an addendum to document the basis for a lead agency's decision not to require a Subsequent or Supplemental EIR for a project that is already adequately covered in an existing certified EIR. The lead agency's decision to use an addendum must be supported by substantial evidence that the conditions that would trigger the preparation of a Subsequent EIR, as provided in CEQA Guidelines Section 15162, are not present. This Addendum documents the assessment and determination that the modified project is within the scope of the FEIR and no additional environmental review is required.

The Master Plan FEIR was certified by the Planning Commission on May 29, 1992. The Airport Commission approved the Master Plan and accompanying MMRP and conditions of approval on November 3, 1992. The FEIR analyzed impacts of the Master Plan in the areas of Land Use and Plans, Transportation, Noise, Air Quality, Energy, Cultural Resources, Geology and Seismicity, Hazardous Materials, Employment and Housing, Utilities, Public Services, Aviation Safety, and Growth Inducement. In addition, the Master Plan Initial Study (FEIR Volume III, Appendix A) previously analyzed impacts in the areas of Visual Quality, Population, Climate, Biology, Water, and Energy/Resources.

Since certification of the Master Plan FEIR, no changes have occurred in the circumstances under which the original plan alternatives or the plan as currently proposed that would change the severity of the plan's physical impacts, and no new information has emerged that would materially change the analyses or conclusions set forth in the FEIR. While the current context of cumulative developments has changed from that analyzed in the FEIR, this revised cumulative context would not result in a change in the conclusions set forth in the FEIR regarding the potential for cumulative effects. **Table 3** presents an updated list of past projects that have been constructed, projects currently under construction, and reasonably foreseeable future projects that have been approved but not yet constructed. Each of these projects is at or in the vicinity of SFO and could combine with the modified project activities, including the modified hotel project, to result in cumulative environmental effects. The modified project could have the potential to result in a cumulatively considerable contribution to a significant cumulative impact if it would create new significant impacts or result in a substantial increase in the significance of a previously identified significant impact. However, the proposed revisions associated with the new hotel and AirTrain station at Plot 2 would not result in any new or substantially more severe significant impacts beyond those identified in the FEIR, and no new mitigation measures be required. The following discussion and analysis provides the basis for this conclusion.

### ***Topics Dismissed from Further Analysis in Master Plan FEIR Initial Study***

The Master Plan FEIR did not analyze impacts to Aesthetics, Biological Resources, or Wind and Shadow; instead these topics were addressed in the FEIR Initial Study (FEIR Volume III, Appendix A). Aesthetics and Biological Resource impacts were determined to be less than significant in the FEIR Initial Study. Wind and Shadow

impacts, which were categorized as "Air Quality/Climate" impacts at the time, were also determined to be less than significant in the FEIR Initial Study. Given the urbanized and built-out nature of the Airport, there are no Agricultural or Forest resources present, and this topic, which was not addressed in the FEIR, is not applicable to the modified project, including the modified hotel project.

The FEIR Initial Study (FEIR Volume III, p. A.6) determined the Master Plan would not generate aesthetic or visual impacts because the Airport is separated from nearby residential uses by U.S. 101, the West of Bayshore Airport Commission Lands, and the Caltrain right-of-way. The modified hotel project would be developed adjacent to the IT-A garage within the existing Airport, which does not contain natural features that contribute to a scenic public setting. Scenic views and vistas would not be obscured, and the manmade visual character of the Airport would not be substantially degraded as a result of the modified hotel project. New lighting would not be excessive in the context of the existing night lighting generated by existing terminal buildings, runways, airplanes, and approach roads, as well as U.S. 101 and other uses in the urbanized area surrounding the Airport. The distance between the modified hotel project site and the closest residential areas (approximately 600 feet to the west across U.S. 101) combined with the intervening highway would act to dissipate obtrusive light or glare. Therefore, the modified project, including the modified hotel project, would not result in any new or substantially greater visual, light and glare, or aesthetic effects beyond those identified in the FEIR Initial Study.

The FEIR Initial Study (FEIR Volume III, pp. A.9-A.10) determined the Master Plan would not significantly impact biological resources in the nearby West of Bayshore Airport Commission Lands because this area was excluded from development of Master Plan projects (Master Plan FEIR, Volume III, p. A.9). There are no occurrences of special status species at the modified hotel project site.<sup>10,11</sup> San Francisco Garter Snake (*Thamnophis sirtalis tetrataenia*) habitat is identified in the West of Bayshore Airport Commission Lands, about 600 feet west of the modified hotel project site; however, the modified hotel project would have no impact on this area due to the distance and the intervening U.S. 101 structure. SFO's runway and Bay shoreline areas support annual grasslands between runways, taxiways, and aircraft aprons areas where grasses, bird species, and rodent populations are present; infield areas support species similar to those found in annual grasslands; and tidal mudflats support benthic invertebrates and provide foraging habitat for shorebird species.<sup>12</sup> Open water adjacent to the Airport provides shallow bay habitats for marine fish, shark and ray species, waterbirds, ducks, and gulls. Construction and operation of the modified hotel project would not interfere with these vegetative cover and habitat areas or affect resident or migratory species or rare, threatened, or endangered species because the majority of the site is already paved or developed with Airport-related uses. Therefore, the modified project, including the modified hotel project, would not result in any new or substantially greater impacts to biological resources beyond those identified in the FEIR Initial Study.

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<sup>10</sup> California Natural Diversity Database Quick Viewer. Available online at: <http://www.dfg.ca.gov/biogeodata/cnddb/mapsanddata.asp> accessed August 29, 2013. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

<sup>11</sup> US Fish and Wildlife Service. Critical Habitat Portal. Available online at: <http://criticalhabitat.fws.gov/crithab/> accessed August 30, 2013. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

<sup>12</sup> San Francisco Planning Department, *San Francisco International Airport Runway Safety Area Program Mitigated Negative Declaration, Case No. 2010.0755E*, July 20, 2011. Available online at: [http://sfmea.sfplanning.org/2010.0755E\\_FMND.pdf](http://sfmea.sfplanning.org/2010.0755E_FMND.pdf) This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

**TABLE 3  
PAST, PRESENT, AND REASONABLY FORSEEABLE FUTURE PROJECTS**

<b>Count</b>	<b>Location</b>	<b>Project Name and Description</b>	<b>Anticipated Construction</b>
1	101 Oyster Point Blvd, about 2.5 miles north of SFO property	<b>Britannia Cove at Oyster Point, South San Francisco</b> – A seven-building development totaling 1,030,344 sq. ft. of building space. Project includes 884,500 sq. ft. of office and research/development space, a 126,000 sq. ft. 200 room hotel including restaurant, 20,000 sq. ft. of retail, and an 8-story parking structure. Other on and off-site improvements are proposed.	2013-2019
2	1.5 miles north of SFO property	<b>Genentech Master Plan, South San Francisco</b> – Changes to Genentech’s original master plan (2007) include adding more parcels to the Genentech Zoning District and minor changes of use. There are no plans for new facilities at the moment, but the acquisition of additional parcels into the plan suggests something may be in the works.	CEQA docs do not say; assume worst case – 2015-2016
3	1000 Gateway Blvd, about 2.25 miles north of SFO property	<b>Gateway Business Park Master Plan Modification, South San Francisco</b> – Modification to an existing phasing plan for a 451,485 square foot development at Gateway Business Park (Oyster Point Blvd and Gateway Blvd). Project would include 5-6 new buildings and 2-4 parking structures, including the demolition of existing buildings, on 22 acres to be completed between 2013 and 2025. South San Francisco published an EIR in 2010 for the project.	2013 – 2025
4	One mile southwest of SFO property	<b>120 South El Camino Real, Millbrae</b> – The project would demolish an existing fast food restaurant and construct a new mixed use building with 54 dwelling units above 11,000 sq. ft. of commercial space. The site is zoned "C", Commercial, and is located approximately 570 feet south of the Millbrae BART Station and is directly across the street from the Millbrae Caltrain Station. The project falls within Site 11 identified in the Millbrae Station Area Specific Plan (MSASP). The new building would have two levels of parking, with 33 commercial parking spaces at-grade and 81 residential parking spaces on one level, partially below grade. The three levels of dwelling units would be over a podium above the commercial level. The overall building height would be 52'6", which lies within the 55-foot height limit set in the MSASP.	Have not started environmental process
5	2.5 miles southeast of SFO property	<b>300 Airport Boulevard, Burlingame</b> – The project would include four office buildings and an amenities center building with a total of 767,000 sq. ft. of floor area on an 18.13 acre site located at 300 Airport Boulevard (also known as 350 Beach Road). Two 5-story buildings, one 7-story building, and one 8-story building are proposed. The 2-story amenities center building would include a child care facility, an exercise facility and a café/break room. Parking would be provided in a 5.5-level parking structure, in a podium level parking area below the four office buildings, and in smaller parking lots scattered throughout the site.	Permits issued June 2012; assume construction in 2014-2016
6	Closest segment is about 1 mile away across U.S.101 from Plot 2	<b>Peninsula Corridor Electrification Project (CalTrain)</b> – The project is the electrification of the CalTrain Peninsula Corridor from its current northern terminus at 4th and King Streets in San Francisco to approximately 2 miles south of the Tamien Station in San Jose, a total distance of approximately 51 miles. The project location includes the entire JPB-owned right of way (ROW) along this 51-mile segment, additional ROW for new facilities and operational requirements and for any construction or access areas located outside the ROW. This project does not include electrifying the corridor south of Tamien. The primary purposes of the project are to provide electrical infrastructure that will be compatible with separate later use for blended service, improve train performance, and reduce long-term environmental impact by reducing noise, improving regional air quality, and reducing greenhouse gas emissions.	Start 2019

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TABLE 3 (CONT.)  
PAST, PRESENT, AND REASONABLY FORSEEABLE FUTURE PROJECTS

Count	Location	Project Name and Description	Anticipated Construction
7	On SFO Property	Plot 700 Development – New ground transportation and shuttle bus / vehicle fueling and maintenance facility on a site that was previously used as United Airlines employee parking lot.	2014
8	On SFO Property	Storm Drain Improvements – Update and retrofit existing drainage pump stations to allow for integration into the Airport’s automated water treatment system.	2013
9	On SFO Property	Wastewater System Improvements – Update existing industrial and sewage systems at the Airport’s Mel Leong Treatment Plant.	2016
10	On SFO Property	Long-Term Garage Development – Construct an additional parking garage at the Airport’s Long-Term Parking Lot.	2016-2017
11	On SFO Property	Terminal 3 Modernization (East) – Update the existing Boarding Area E at Terminal 3 with modern systems, structures, and amenities with secure connector to Terminal 2.	Ongoing; open in January 2014
12	On SFO Property	Terminal 3 Modernization (West) – Increase terminal lobby depth (Boarding Areas E and F) at Terminal 3 to accommodate modern passenger screening processes and equipment, and to provide sufficient lobby queuing space for the passenger screening area.	2013-2014
13	On SFO Property	Mel Leong Treatment Plant and Shoreline Protection Enhancements – Identify and address shoreline enhancement opportunities in accordance with Federal Emergency Management Agency (FEMA) floodplain findings and climate action plans (i.e., sea wall construction, shoreline management, etc.).	2016
14	On SFO Property	Seaplane Harbor Dredging – Dredging of ingress/egress channels at Seaplane Harbor for emergency response vehicle.	2017-2018
15	On SFO Property	Administration Facilities – Consolidation of Airport Commission offices and employee parking at an on-Airport location.	2017-2018
16	On SFO Property	Plot 2 Aircraft Remote Overnight Parking – Plot 2 Aircraft Remote Overnight Parking – Realign South McDonnell Road and construct remote overnight aircraft parking adjacent to International Terminal Boarding Area A.	2014-2015
17	On SFO Property	South Field Buildings Demolition –Demolish TWA Cargo, Delta Cargo, ground transportation unit building (where ground transportation providers at the Airport are permitted and inspected), Airport vehicle fueling station, and the temporary trailer building used by the Airport’s Signage department. Existing cargo tenants will be relocated. Relocate security checkpoint/airfield gate and the Emergency Response and Fire Station #3 westward on the same site to maximize airfield space.	2014-2016
18	On SFO Property	Runway Safety Area (RSA) Program – Adhere to the requirements of Public Law (P.L.) 109 115, which requires enhancement of runway safety areas by airports that hold a certificate under Title 14, Code of Federal Regulations (CFR), Part 139, to meet Federal Aviation Administration (FAA) design standards by December 31, 2015. The project includes runway threshold relocations, installation of a crushable engineered-concrete bed, and fill of jurisdictional waters of the United States.	2012-2015

NOTES:

sq.ft. = square feet

No large/noteworthy projects in vicinity of the Airport in San Bruno.

SOURCES: SFO Bureau of Planning and Environmental Affairs based on Office of Planning and Research CEQAnet, July 2013; and SFO Five and Ten Year Capital Plan, July 2013.

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Wind and shadow impacts were not analyzed in the FEIR because it was determined that the Master Plan would not have any potential for significant wind or shadow impacts on public areas (FEIR Volume III, pp. A.8 and A.9). Regarding wind, the Airport lies near sea level, which allows the surrounding marine air from the San Francisco Bay to flow across the modified hotel project site and vicinity. The modified hotel project could redirect some of these winds down to ground level. However, wind speeds at outdoor areas and sidewalks surrounding the modified hotel project site are already generally reduced by the existing terminal and garage buildings, as well as by elevated Airport structures for automobiles and the AirTrain. In addition, redirected winds would not affect a park or other public recreational area due to the distance between the modified hotel project site and nearby recreational areas and intervening infrastructure and topography.

The modified hotel project, would generate new shadows westward in the early morning hours, year-round, across U.S. 101 and into the West of Bayshore Airport Commission Lands. Shadows would shorten and shift northward as the day progresses. In the afternoon and evening, shadows would lengthen and extend eastward toward the existing airport parking garages, terminals, and aprons. Some of the new shadow generated would be encompassed within the existing shadows cast by the nine-story IT-A garage, as well as by the existing AirTrain and U.S. 101 structures. New shadow could be cast on roadways and passenger loading zones within the Airport, but this additional shadow would not affect the use or function of these areas. Shadow from the modified hotel project would not reach recreational facilities located in the City of Millbrae, the nearest of which is Marina Vista Park, 0.09 miles southwest of the project site and west of U.S. 101. Therefore, the modified project, project would not result in any new or substantially greater wind and shadow impacts beyond those identified in the FEIR Initial Study.

### ***Cultural Resources***

Cultural resources are analyzed on pp. 183 to 191 and pp. 371 to 373 of the Master Plan FEIR. The FEIR evaluated the effects of the Master Plan on cultural resources, including archaeological, historic, and paleontological resources. The modified hotel project would be constructed in the same location as development analyzed under the FEIR. Therefore, cultural resources impacts particular to the modified hotel project site would be the same as those presented in the FEIR.

The FEIR determined that the Master Plan projects would be constructed on former Bay land that was filled and drained with artificial fill to create a broad flat area. While prehistoric cultural activity could have occurred, such areas have been altered by the prior land reclamation and intense airport development. Further, a cultural resources report<sup>13</sup> found that while there are four prehistoric archaeological sites located in the vicinity of the Airport, none were on Airport property. The Airport property boundary and the planned location of the modified hotel project have not changed since adoption of the FEIR. Therefore, the modified project, including the modified hotel project, would not result in any new or substantially greater prehistoric archaeological impacts beyond those identified in the FEIR.

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<sup>13</sup> David Chavez Associates, *Cultural Resources Evaluation for the San Francisco International Airport Master Plan EIR*, San Mateo County, California, August 1990, revised February 1991. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.



The FEIR determined that there are no on-Airport historic properties that are on or eligible for the NRHP that will be affected by the Master Plan program.<sup>14</sup> The modified hotel project would have less than significant impacts on historical architectural resources as defined in CEQA Section 15064.5 because there are no such resources within the modified hotel project site or immediately adjacent. Therefore, the modified project, including the modified hotel project, would not result in any new or substantially greater impacts to historic properties beyond those identified in the FEIR.

The FEIR determined that while there are no known on-airport archeological resources, the possibility of an inadvertent discovery of buried archeological resources—including those that contain human remains—cannot be completely eliminated. While there would be no additional impact with construction of the modified hotel project, implementation of Mitigation Measure M-CP-1, Accidental Discovery Measures, would reduce impacts to historical archeological resources, as defined in Section 15064.5, consistent with the conclusion of the FEIR. In addition, implementation of Mitigation Measure M-CP-2, Inadvertent Discovery of Human Remains and Associated or Unassociated Funerary Objects would ensure that impacts to human remains associated with the modified project would be less than significant, consistent with the finding in the FEIR and no new mitigation measures would be required. Mitigation Measures M-CP-1 and M-CP-2 reflect updates and substitute Master Plan FEIR Mitigation Measures I.D.1.a through I.D.1.d.<sup>15</sup> The updated mitigation measures are considered more efficacious than the previous measures, and their implementation would not alter the impact conclusions reached in the FEIR.

**Mitigation Measure M-CP-1 – Accidental Discovery Measures.** The following mitigation measure shall be required to avoid any potential adverse effect from the proposed project on accidentally discovered buried or submerged historical resources as defined in CEQA Guidelines Section 15064.5(a)(c). The project sponsor shall distribute the Planning Department archeological resource “ALERT” sheet to the project prime contractor; to any project subcontractor (including demolition, excavation, grading, foundation, or pile driving firms); or to any utilities firm involved in ground-disturbing activities within the project site. Prior to any ground-disturbing activities being undertaken, each contractor is responsible for ensuring that the “ALERT” sheet is circulated to all field personnel, including machine operators, field crew, pile drivers, and supervisory personnel. The SFO Bureau of Planning and Environmental Affairs (BPEA) shall provide the Environmental Review Officer (ERO) with a signed affidavit from the responsible parties (prime contractor, subcontractor(s), and utilities firm) to the ERO confirming that all field personnel have received copies of the Alert Sheet.

Should any indication of an archeological resource be encountered during any ground-disturbing activity of the project, the project Head Foreman and/or SFO BPEA shall immediately notify the ERO and shall immediately suspend any ground-disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures should be undertaken.

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<sup>14</sup> *Ibid.*

<sup>15</sup> The full text of the Master Plan FEIR mitigation measures are available in the Final Mitigation Monitoring and Reporting Program (MMRP), as adopted by the Airport Commission on November 1992. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

If the ERO determines that an archeological resource may be present within the project site, SFO BPEA shall retain the services of an archeological consultant from the pool of qualified archeological consultants maintained by the Planning Department archeologist. The archeological consultant shall advise the ERO as to whether the discovery is an archeological resource, retains sufficient integrity, and is of potential scientific/historical/cultural significance. If an archeological resource is present, the archeological consultant shall identify and evaluate the archeological resource. The archeological consultant shall make a recommendation as to what action, if any, is warranted. Based on this information, the ERO may require, if warranted, specific additional measures to be implemented by the project sponsor.

Measures might include preservation in situ of the archeological resource; an archeological monitoring program; or an archeological testing program. If an archeological monitoring program or archeological testing program is required, it shall be consistent with the San Francisco Planning Department, Environmental Planning Division guidelines for such programs. The ERO may also require that the Airport immediately implement a site security program if the archeological resource is at risk from vandalism, looting, or other damaging actions.

The project archeological consultant shall submit a Final Archeological Resources Report (FARR) to the ERO, evaluating the historical significance of any discovered archeological resource and describing the archeological and historical research methods employed in the archeological monitoring/data recovery program(s) undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable insert within the final report.

Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archeological Site Survey NWIC shall receive one copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The San Francisco Planning Department, Environmental Planning Division shall receive three copies of the FARR, along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the NRHP/CRHR. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.

**Mitigation Measure M-CP-2 – Inadvertent Discovery of Human Remains and Associated or Unassociated Funerary Objects including those Interred Outside of Formal Cemeteries.** The treatment of human remains and of associated or unassociated funerary objects discovered during any ground-disturbing activity shall comply with applicable state laws. In the event of the accidental discovery or recognition of any human remains in any location other than a dedicated cemetery, the following steps shall be taken:

- 1) The Airport Commission will ensure that there shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie adjacent human remains until:
  - a) The San Mateo County Coroner must be contacted to determine that no investigation of the cause of death is required, and
  - b) If the San Mateo County Coroner determines the remains to be Native American:
    - i) The County Coroner shall contact the Native American Heritage Commission within 24 hours;

- ii) The Native American Heritage Commission shall identify the person or persons it believes to be the most likely descended from the deceased Native American;
  - iii) The most likely descendent may make recommendations to the landowner or the person responsible for the excavation work, for means of treating or disposing of, with appropriate dignity, the human remains and any associated grave goods as provided in PRC Section 5097.98, or
- 2) Where the following conditions occur, the Airport Commission or its authorized representative shall rebury the Native American human remains and associated grave goods with appropriate dignity on the property in a location not subject to further subsurface disturbance:
- a) The Native American Heritage Commission is unable to identify a most likely descendent, or the most likely descendent failed to make a recommendation within 24 hours after being notified by the Commission;
  - b) The identified descendant fails to make a recommendation; or
  - c) The Airport Commission or its authorized representative rejects the recommendation of the descendant, and the mediation by the Native American Heritage Commission fails to provide measures acceptable to the landowner.

This shall include immediate notification of the San Mateo County Coroner, and in the event of the San Mateo County Coroner's determination that the human remains are Native American, notification of the California State Native American Heritage Commission, who shall appoint a Most Likely Descendant (MLD) (PRC Section 5097.98). The archeological consultant, project sponsor, and MLD shall make all reasonable efforts to develop an agreement for the treatment of, with appropriate dignity, human remains and associated or unassociated funerary objects (CEQA Guidelines Section 15064.5[d]). The agreement shall take into consideration the appropriate excavation, removal, recordation, analysis, custodianship, curation, and final disposition of the human remains and associated or unassociated funerary objects. California PRC allows 24 hours to reach agreement on these matters. If the MLD and the other parties do not agree on the reburial method, the project shall follow Section 5097.98(b) of the California PRC, which states, "the landowner or his or her authorized representative shall reinter the human remains and items associated with Native American burials with appropriate dignity on the property in a location not subject to further subsurface disturbance."

As stated above, the modified hotel project would be constructed in the same location as the previously assessed Master Plan hotel development, and would not result in any new or substantially greater impacts to cultural resources as analyzed under the FEIR. Therefore, the contribution of the modified project to cumulative impacts on cultural resource would not be cumulatively considerable. Inadvertent discovery of historic or other archeological resources, described above, or human remains, cannot be conclusively ruled out, and these potential impacts could result in a cumulatively considerable contribution to cumulatively significant impacts. Implementation of **Mitigation Measure M-CP-1** and **Mitigation Measure M-CP-2** would address this unlikely eventuality. They would limit the modified project's contribution to any cumulative impacts related to archeological resources and human remains to a level that is less than cumulatively considerable.

### ***Transportation and Circulation***

Transportation and circulation impacts of Master Plan projects are analyzed on pp. 125 to 152 and pp. 265 to 330 of the FEIR. The FEIR determined that several impacts related to transportation and circulation were potentially significant, but would be reduced to a less-than-significant level with implementation of the mitigation measures specified in the MMRP for the FEIR. To the extent that transportation measures specified in the MMRP might not avoid or substantially lessen the impacts of Master Plan projects, the Airport Commission made the finding that the environmental, economic, and social benefits of the Master Plan would override the remaining impacts related to traffic, as stated fully in the Airport Commissions adoption of the Statement of Overriding Considerations.<sup>16</sup>

The modified hotel project would not affect the level of air traffic, introduce unsafe design features or incompatible uses, or restrict emergency vehicles from accessing the site or nearby areas. Moreover, given its location, within Airport property, with direct access to an AirTrain station and shuttle bus service, the modified hotel project would not conflict with adopted policies, plans or programs regarding alternative transportation facilities and services. In fact, construction of the AirTrain station would enhance the Transportation System Management program set forth in Mitigation Measure I.A.1.a of the FEIR (below). Therefore, the modified project would not result in any new or substantially greater impacts to transportation and circulation beyond those identified in the FEIR and no new mitigation measures would be required.

Traffic trip generation for the modified hotel project was estimated using the Institute of Transportation Engineers (ITE) *Trip Generation Manual*, 9th Edition,<sup>17</sup> using the "Hotel" land use category (Code 310). Due to the design of the modified hotel project, specifically the inclusion of an AirTrain station in addition to ground shuttle buses connecting the hotel with the SFO terminals and the entire BART system, the modified hotel project would result in a reduction in ITE-estimated project vehicle trips.<sup>18</sup> The existing shuttle that serves the modified hotel project site would continue to provide riders with a direct link to ground transportation options, including BART, taxis/limos, shared vans, two parking garages at the International Terminal complex, the long-term parking garage/lot, and rental car facilities.

To determine the total trip generation of hotel uses at the Airport, regardless of hotel construction or renovation date, the FEIR considered two on-airport hotels on two separate lots, one being the 527-room Hilton Hotel that existed on the site at the time, which was included in the FEIR baseline condition and future year analyses, and a new 240-room hotel located at the International Terminal. The modified hotel project does not include a hotel at the International Terminal and includes a smaller hotel at the Plot 2 site than analyzed in the FEIR, and thus would generate fewer vehicle trips overall. As presented in **Table 4**, the modified hotel project is estimated to result in about 5,023 fewer daily vehicle trips on area roads than

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<sup>16</sup> Airport Commission, SFO Master Plan, *Findings Related to the Approval of the SFLA Master Plan*, November 3, 1992, pp. 58 to 62. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

<sup>17</sup> Institute of Transportation Engineers (ITE), *Trip Generation Manual*, 9th Edition, 2012.

<sup>18</sup> Lund, Holly, et. al., *Travel Characteristics of Transit-Oriented Development in California, Final Report*, January 2004. Available online at: [http://www.bart.gov/docs/planning/travel\\_of\\_tod.pdf](http://www.bart.gov/docs/planning/travel_of_tod.pdf). This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

anticipated in the FEIR. Additionally, the modified hotel project would generate approximately 393 and 459 fewer a.m. and p.m. peak-hour trips, respectively. The modified hotel project would also generate fewer trips due to vehicle trip reductions anticipated from the inclusion of an AirTrain station and ground shuttle buses connecting the hotel with SFO's passenger terminals and the entire BART system.

As shown in Table 5, traffic volumes on U.S. 101 in the vicinity of SFO in 2006 and 2012 published by Caltrans indicate that the forecasted 2006 traffic volume on p. 310 of the FEIR was overestimated, and as such, the level of congestion (impact on level of service) reported in the FEIR under 2006 conditions was similarly overstated. The actual lower 2006 traffic volume, in combination with anticipated reduction in vehicle trips generated by the modified hotel project indicates that the level of congestion reported on p. 310 of the FEIR under 2006 with project conditions also was overstated. As such, the impacts of the modified project on U.S. 101 would be less than those reported on pp. 310 to 313 of the FEIR.

No added mitigation measures would be required. However, the Airport Commission would be required to implement the following FEIR mitigation measures to minimize impacts associated with the modified hotel project. Both mitigation measures have been implemented and would continue to be applied to the modified project, including the modified hotel project: **FEIR Mitigation Measure I.A.1.a, Transportation System Management Program; FEIR Mitigation Measure I.A.1.b, Transit Information Program; FEIR Mitigation Measure I.A.d.iii, Parking Capacity Management.** These mitigation measures require the Airport Commission to fund, coordinate, and implement a program to reduce single occupancy vehicle trip rates for passengers and employees, and fund and implement a program that disseminates transit information to airlines and travel agencies to encourage public transit to the airport.

TABLE 4  
MODIFIED PROJECT TRIP GENERATION COMPARED TO THE MASTER PLAN FEIR

Land Use	Units <sup>a</sup>	Daily Trips	A.M. Peak Hour Trips	P.M. Peak Hour Trips
<b>Master Plan FEIR:</b>				
Phase I: New Hotel	240	2,084	156	181
Phase II: Renovated Hilton Hotel <sup>b</sup>	527	4,585	344	399
<i>Total Hotel Trips Evaluated in Master Plan FEIR</i>	<i>767</i>	<i>6,669</i>	<i>500</i>	<i>580</i>
<b>Modified Hotel Project</b>	403	1,646 <sup>c</sup>	107	121
<b>Total Net New Vehicle Trips</b>		<b>-5,023</b>	<b>-393</b>	<b>-459</b>

NOTES:

ITE = Institute of Transportation Engineers

<sup>a</sup> Units represent the number of hotel rooms. As defined by ITE, these rates also account for the proposed meeting space and retail use.

<sup>b</sup> Hotel trips generated from renovation of the Hilton Hotel under the Master Plan was included in the baseline condition analyzed in the FEIR. To provide a comparison of the hotel development components of the Master Plan, the daily trips generated from the then existing Hilton Hotel is provided herein.

<sup>c</sup> Assumed that approximately 50 percent of all vehicular trips that would be generated by a standard suburban hotel would not occur (i.e., patrons would utilize either BART, the AirTrain or the shuttle bus to access the modified hotel project site). As a result, the estimated number of vehicle trips was reduced by 50 percent. Therefore, 403 hotel rooms x 8.17 (ITE trip generation rate for hotels) x 50 percent equal 1,646 vehicle trips. For an entire weekday, the modified hotel project is estimated to result in an additional 1,646 vehicle trips on area roads.

SOURCES: Institute of Transportation Engineers, 2012; and SFO Master Plan FEIR, 1992.

TABLE 5  
PEAK-HOUR TRAFFIC VOLUMES ON U.S. 101  
IN AREA OF SAN FRANCISCO INTERNATIONAL AIRPORT

	Peak Hour Traffic Volumes (U.S. 101)
SFO FEIR 2006 Forecast	19,814 Vehicles
Caltrans Actual 2006	16,400 Vehicles
Caltrans Actual 2012	16,700 Vehicles

SOURCES: Caltrans, Traffic Volumes on California State Highways, 2007 and 2013.

Regarding parking, the modified hotel project would provide 296 parking spaces for the use of hotel guests. The estimated parking demand of 242 spaces would be accommodated by the proposed parking supply.

Therefore, the modified project, including the modified hotel project, would not result in any new or substantially greater impacts to transportation and circulation beyond those identified in the FEIR and no new mitigation measures are required. Regarding cumulative impacts, the modified hotel project is smaller than the hotel development analyzed in the FEIR, and thus would generate fewer vehicle trips. Moreover, as noted previously actual traffic volumes under existing (2012/2013) conditions are much lower than that estimated in the FEIR for 2006 conditions and the level of service on Airport roadways and nearby roadways is better than what was projected in the FEIR (i.e., less congestion). Therefore, the contribution of the modified hotel project to cumulative impacts on transportation would not be cumulatively considerable.

### **Noise**

Noise impacts of the Master Plan projects were analyzed on pp. 153 to 170 and pp. 331 to 352 of the FEIR. Aircraft noise metrics are described on pp. 153 to 154 in Volume I and Appendix C, *Noise*, in Volume III of the FEIR.

### **Construction Noise and Vibration**

The FEIR determined that pile driving, if needed during construction activities, would affect the Lomita Park residential area, which is located about 600 feet west of the modified hotel project site. The FEIR concluded (p. 435) that construction pile-driving noise, while temporary, would be significant and would exceed the State Department of Health Services' Recommended Land Use Compatibility Guidelines for Community Noise.<sup>19</sup> However, temporary construction noise impacts associated with implementation of the Master Plan have been avoided or substantially lessened, to the maximum extent possible, through implementation of mitigation measures adopted by the Airport Commission and specified in the MMRP for the FEIR. To the extent that construction noise mitigation measures specified in the MMRP might not avoid or substantially lessen the impacts of Master Plan projects, the Airport Commission made the

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<sup>19</sup> State of California Governor's Office of Planning and Research, *General Plan Guidelines*, Appendix C: Noise Element Guidelines.

finding that the environmental, economic, and social benefits of the Master Plan would override the remaining impacts related to construction noise, as stated fully in the Airport Commissions adoption of the Statement of Overriding Considerations.<sup>20</sup>

There would be no pile driving activities for the modified hotel project because the reinforced concrete piles would be predrilled, cast in place, and then capped; the AirTrain station would be supported above ground at the existing elevated AirTrain tracks. Construction activities associated with the modified hotel project that would have the potential to result in changes to the existing noise environment include construction traffic, grading, excavating, compacting soil, and other activities associated with construction of this type. Heavy construction equipment including excavators, construction cranes, and dump trucks may cause temporary increases in vibration levels near the modified hotel project site. Due to the types of land use in the area immediately surrounding the modified hotel project site and the approximately 600-foot distance to the nearest sensitive receptor, the production of construction noise is not likely to have a substantial impact on or near the site or on any sensitive receptors.

Nevertheless, the modified hotel project would include implementation of the following FEIR mitigation measures: **FEIR Mitigation Measure I.C.1.a, Noise Reduction Measures; FEIR Mitigation Measure I.C.1.b, Predrilling Holes; and FEIR Mitigation Measure I.C.1.d, Construction Barriers.** These measures require construction contractors to: muffle and shield construction vehicles and to use electric power rather than diesel-power, as feasible; predrill holes for foundation piles; and install barriers around the site and stationary equipment, and if possible to locate such equipment in pitted/excavated areas. FEIR Mitigation Measure I.C.1.c (Restrictions on Pile Driving) would not apply to the modified hotel project because there would be no pile driving activities during construction. Therefore, the modified project, including the modified hotel project, would not result in any new or substantially greater impacts beyond those identified in the FEIR, and no new mitigation measures would be required.

### **Operational Noise**

The FEIR analyzed future peak-hour operational noise from vehicles on U.S. 101 and local roads that serve the Airport and determined that the Master Plan projects would yield a net increase of two decibels over existing ambient noise levels on the roads. The FEIR concluded that two decibel noise level increases would not be perceptible to people. As shown on **Table 4**, above, the modified hotel project is estimated to result in about 5,023 fewer daily vehicle trips on area roads than anticipated in the FEIR. Thus, traffic-related noise from the modified hotel project is not likely to substantially alter existing ambient noise levels. Further, existing noise levels near Plot 2 are primarily influenced by U.S. 101, which separates the modified hotel project site and aircraft traffic from the nearest noise-sensitive receptor located approximately 600 feet from the Plot and west of U.S. 101).

The aircraft noise analysis included in the Master Plan FEIR for the two future build-out years (1996 and 2006) is based on an FAA-approved forecast. The forecast level of annual aircraft operations and

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<sup>20</sup> Airport Commission, SFO Master Plan, *Findings Related to the Approval of the SFLA Master Plan*, November 3, 1992, pp. 58 to 62. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

associated enplaned passengers was not realized at SFO, and annual aircraft operations are currently 13.3 percent below the long-term Master Plan forecast. The modified hotel project would not directly or indirectly change the aircraft fleet mix, number of aircraft operations, or aircraft flight tracks at the Airport, and construction of the modified hotel project would have no impact on the aircraft noise levels or contours as originally analyzed in the FEIR. Thus the modified project, including the modified hotel project, would not result in an increase in aircraft operations or the number of enplaned passengers at the Airport that could lead to significant temporary or periodic increases in noise levels in the airport environs, above levels anticipated in the FEIR.

Plot 2 is not in an area restricted for aircraft operations or other land uses that would preclude development of a hotel. The modified project is located within Airport Influence Area B as defined in the SFO Airport Land Use Compatibility Plan (ALUCP) and is subject to the noise, safety, airspace protection, and overflight policies defined in the ALUCP<sup>21</sup>. However, the use of the Plot 2 site for hotel land uses is consistent with land use compatibility policies contained in the SFO ALUCP. Plot 2 is located outside the area exposed to aircraft noise of Community Noise Equivalent Level (CNEL) 65 decibels and higher as shown on Figure IV-6 of the ALUCP. Development of the modified hotel project on Plot 2 would be consistent with the noise policies contained in the ALUCP; and 14 Code of Federal Regulations Part 150, Appendix A, Table 1, and would not affect aviation activity levels (i.e., aircraft operations) at SFO.

Therefore, the modified project, including the modified hotel project, would not result in any new significant noise impacts to beyond those identified in the FEIR or substantially increase the severity of a significant impact, and no new mitigation measures would be required. The contribution of the modified project to cumulative noise impacts would not be cumulatively considerable.

### ***Air Quality***

Air quality impacts of Master Plan projects are analyzed on pp. 171 to 177 and pp. 353 to 365 of the FEIR. The FEIR determined that the baseline emissions estimate for carbon monoxide already levels violated the State's eight-hour CO standards for the five off-Airport intersections analyzed and concluded that construction and operation of Master Plan projects would result in continued violations of State and federal ambient air quality standards for carbon monoxide due to landside vehicular traffic. Further, Master Plan project-generated emissions would be over the BAAQMD daily threshold for hydrocarbons, oxides of nitrogen, oxides of sulfur, and particulate matter (PM<sub>10</sub>). However, impacts to air quality associated with implementation of the modified project have been avoided or substantially lessened, to the maximum extent possible, through implementation of mitigation measures adopted by the Airport Commission and specified in the MMRP for the FEIR. To the extent that air quality mitigation measures

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<sup>21</sup> City/County Association of Governments of San Mateo County. *Comprehensive Airport Land Use Compatibility Plan for the Environs of San Francisco International Airport*. October 2012. Available online at [http://www.ccag.ca.gov/pdf/plans-reports/2012/Consolidated\\_CCAG\\_ALUCP\\_10-29-12.pdf](http://www.ccag.ca.gov/pdf/plans-reports/2012/Consolidated_CCAG_ALUCP_10-29-12.pdf) Based on California Code of Regulations, Title 21, Division 2.5, Chapter 6, Section 5006. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.



specified in the MMRP might not avoid or substantially lessen the impacts of Master Plan projects, the Airport Commission made the finding that the environmental, economic, and social benefits of the Master Plan would override the remaining impacts related to air quality, as stated fully in the Airport Commissions adoption of the Statement of Overriding Considerations.<sup>22</sup>

Federal, State and local ambient air quality standards have been revised several times since the certification of the FEIR and air quality within the San Francisco Bay Area has generally improved. In light of the changes in these air quality regulations since 1992, a detailed air quality assessment was performed for the modified hotel project. The *Air Quality Technical Report*<sup>23</sup> prepared for the modified hotel project provides detailed information regarding the inputs, assumptions and methodologies used for the construction emissions inventory, operational emissions inventory, and health risk assessment (including cumulative health risks for construction and operation of the modified hotel project). The following sections describe the existing regulatory context and summarize the key findings of the *Air Quality Technical Report*.

### **Regulatory Context**

The Bay Area Air Quality Management District (BAAQMD) is the regional air quality management agency with jurisdiction over the nine-county San Francisco Bay Area Air Basin (SFBAAB), which includes San Francisco, Alameda, Contra Costa, Marin, San Mateo, Santa Clara, and Napa Counties and portions of Sonoma and Solano Counties. The BAAQMD is responsible for ensuring that air quality in the SFBAAB attains and maintains federal and state ambient air quality standards, as established by the federal Clean Air Act (CAA) and the California Clean Air Act (CCAA), respectively. State and federal ambient air quality standards have been established for the following six criteria air pollutants: ozone, carbon monoxide (CO), particulate matter (PM), nitrogen dioxide (NO<sub>2</sub>), sulfur dioxide (SO<sub>2</sub>), and lead.

Table 6 identifies air quality significance thresholds for criteria pollutants within the SFBAAB. Projects that would result in criteria air pollutant emissions below these significance thresholds would not violate an air quality standard, contribute substantially to an air quality violation, or result in a cumulatively considerable net increase in criteria air pollutants within the SFBAAB.

In addition to criteria air pollutants, individual projects may emit toxic air contaminants (TACs). TACs collectively refer to a diverse group of air pollutants that are capable of causing chronic (i.e., of long-duration) and acute (i.e., severe but of short-term) adverse effects to human health, including carcinogenic effects. Unlike criteria air pollutants, TACs do not have ambient air quality standards but are regulated by the BAAQMD using a risk-based approach. This approach uses a health risk assessment to determine which sources and pollutants to control as well as the degree of control.

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<sup>22</sup> Airport Commission, SFO Master Plan, *Findings Related to the Approval of the SFIA Master Plan*, November 3, 1992, pp. 57 to 58. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

<sup>23</sup> Environmental Science Associates, *Air Quality Technical Report for San Francisco International Airport Hotel Project*, January 2014. This document is available for public review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

TABLE 6  
CRITERIA POLLUTANT SIGNIFICANCE THRESHOLDS

Pollutant	Construction Thresholds	Operational Thresholds	
	Average Daily Emissions (lbs./day)	Average Daily Emissions (lbs./day)	Annual Average Emissions (tons/year)
ROG	54	54	10
NOx	54	54	10
PM <sub>10</sub>	82 (exhaust)	82	15
PM <sub>2.5</sub>	54 (exhaust)	54	10
Fugitive Dust	Construction Dust Ordinance or other Best Management Practices	Not Applicable	
Local CO	None	9.0 ppm (8-hour average); 20.0 ppm (1-hour average)	

NOTES:  
 ROG = reactive organic gases      PM<sub>2.5</sub> = fine particulate matter      PM<sub>10</sub> = coarse particulate matter  
 NOx = oxides of nitrogen      CO = carbon monoxide

SOURCE: Bay Area Air Quality Management District, May 2011.

Vehicle tailpipe emissions contain numerous TACs, including benzene, 1,3-butadiene, formaldehyde, acetaldehyde, acrolein, naphthalene, and diesel exhaust.<sup>24</sup> Engine exhaust from diesel, gasoline, and other combustion engines, is a complex mixture of particles and gases, with collective and individual toxicological characteristics. While each constituent pollutant in engine exhaust may have a unique toxicological profile, health effects have been associated with proximity, or exposure, to vehicle-related pollutants collectively as a mixture.<sup>25</sup> Exposures to fine particulate matter (PM<sub>2.5</sub>) are strongly associated with mortality, respiratory diseases, and lung development in children, and other endpoints such as hospitalization for cardiopulmonary disease.<sup>26</sup> In addition to PM<sub>2.5</sub>, diesel particulate matter (DPM) is also of concern. The California Air Resources Board (ARB) identified DPM as a TAC in 1998, primarily based on evidence demonstrating cancer effects in humans.<sup>27</sup>

Table 7 presents risks and hazards thresholds for new sources and receptors applicable to the project risk and cumulative risks.

<sup>24</sup> San Francisco Department of Public Health (SFDPH), *Assessment and Mitigation of Air Pollutant Health Effects from Intra-Urban Roadways: Guidance for Land Use Planning and Environmental Review*, May 2008. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

<sup>25</sup> Delfino RJ, 2002, "Epidemiologic evidence for asthma and exposure to air toxics: linkages between occupational, indoor, and community air pollution research," *Environmental Health Perspectives*, 110(S4):573-589. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

<sup>26</sup> SFDPH, *Assessment and Mitigation of Air Pollutant Health Effects from Intra-Urban Roadways: Guidance for Land Use Planning and Environmental Review*, May 2008. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

<sup>27</sup> California Air Resources Board (ARB), Fact Sheet, "The Toxic Air Contaminant Identification Process: Toxic Air Contaminant Emissions from Diesel-fueled Engines," October 1998. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

**TABLE 7  
 RISK AND HAZARDS SIGNIFICANCE THRESHOLDS FOR  
 NEW SOURCES AND RECEPTORS**

Endpoint	Project Threshold	Cumulative Threshold
<i>Residential Receptors</i>		
Lifetime Excess Cancer Risk	>10 in one million	>100 in one million
Chronic Hazard Index	>1 HI	>10.0 HI
Acute Hazard Index	>1 HI	NA
PM <sub>2.5</sub> Concentration [ $\mu\text{g}/\text{m}^3$ ]	0.3	0.8

BAAQMD = Bay Area Air Quality Management District;  $\mu\text{g}/\text{m}^3$  = micrograms per cubic meter; PM = particulate matter; HI = Hazard Index; NA = Not Applicable

SOURCE: Bay Area Air Quality Management District, May 2011.

Cancer risk is defined as the lifetime probability of developing cancer from exposure to carcinogenic substances. Cancer risks are expressed as the chances in one million of developing cancer, for example, ten cancer cases among one million people exposed. Both acute and chronic adverse health impacts unrelated to cancer are measured against a hazard index (HI), which is defined as the ratio of the predicted incremental exposure concentration from the project to a published reference exposure level (REL) for a particular TAC that could cause adverse health effects. If the overall HI for the highest-impacted organ system is greater than one, then, based on BAAQMD significance criteria, the impact is considered to be significant. Because emissions of PM<sub>2.5</sub> are associated with health risks, the BAAQMD has established a PM<sub>2.5</sub> concentration threshold to protect public health. Thresholds applicable to cumulative cancer risks, chronic HI, and PM<sub>2.5</sub> concentration values **Table 8** account for emissions from both project and non-project sources that present a potential health risk.

A project would have a significant air quality impact if construction activities would result in an incremental increase in localized annual average concentrations of PM<sub>2.5</sub> exceeding 0.3 micrograms per cubic meter ( $\mu\text{g}/\text{m}^3$ ) within a 1,000-foot radius from the property line of the construction area or a receptor. A project would also have a significant air quality impact if it would expose persons to substantial levels of TACs (including DPM), such that the probability of contracting cancer for the Maximally Exposed Individual (MEI) exceeds 10 in one million or if it would expose persons to TACs such that a non-cancer Hazard Index of 1.0 would be exceeded.

With regard to cumulative impacts from PM<sub>2.5</sub>, a significant cumulative air quality impact would occur if localized annual average concentrations of PM<sub>2.5</sub> would exceed 0.8 micrograms per cubic meter at any receptor from project operations in addition to existing emission sources and cumulative emissions sources within a 1,000-foot radius of the property line of the source or receptor. With regard to cumulative impacts from TACs, a significant cumulative air quality impact would occur if the probability of contracting cancer for the MEI would exceed 100 in one million or if the project would expose persons to TACs such that a non-cancer chronic Hazard Index of 10.0 would be exceeded at any receptor as a result of project operations, in addition to existing emission sources and cumulative emissions sources within a 1,000-foot radius of the modified hotel project site.

### ***Fugitive Dust Evaluation***

The FEIR determined that surface traffic and construction activities associated with the Master Plan projects could contribute to exceedances of ambient air quality standards and that these air quality impacts were potentially significant impacts. Significant impacts to air quality would be substantially lessened by implementation of mitigation measures included in the MMRP for the FEIR. Specifically, fugitive dust generated during construction is subject to implementation of **FEIR Mitigation Measure I.B.1.a, Construction Period Activities**, to minimize fugitive dust associated with construction of Master Plan projects.

Since certification of the Master Plan FEIR, the BAAQMD has issued the *CEQA Air Quality Guidelines*, which recommend implementation of best management practices (BMPs) to control fugitive dust emissions for all projects located within the SFBAAB, whether or not a project's construction-related emissions exceed applicable thresholds of significance. The BAAQMD has identified eight "Basic Construction Mitigation Measures," and regards these measures as meeting the BMP threshold for fugitive dust emissions. These BMP's reflect current air quality regulations and are consistent with and considered more efficacious than the measures provided in the MMRP for the FEIR. Therefore, **Mitigation Measure I-AQ-1** listed below will replace FEIR Mitigation Measure 1.B.1.a, and would be implemented to address fugitive dust associated with construction of the modified hotel project, consistent with the BAAQMD's recommendations for all projects within the SFAAB.

#### **Mitigation Measure I-AQ-1 – Implement Basic Construction Best Management Practices**

- All exposed surfaces (e.g., parking areas, staging areas, soil piles, graded areas, and unpaved access roads) shall be watered two times per day.
- All haul trucks transporting soil, sand, or other loose material off site shall be covered.
- All visible mud or dirt track-out onto adjacent public roads shall be removed using wet power vacuum street sweepers at least once per day. The use of dry power sweeping is prohibited.
- All roadways, driveways, and sidewalks to be paved shall be completed as soon as possible.
- All vehicle speeds on unpaved roads shall be limited to 15 miles per hour.
- SFO shall post one or more publicly visible signs with the telephone number and person to contact at SFO with complaints related to excessive dust or vehicle idling. This person shall respond to complaints and, if necessary, take corrective action within 48 hours. The telephone number and person to contact at the BAAQMD's Compliance and Enforcement Division shall also be provided on the sign(s) in the event that the complainant also wishes to contact the applicable air district.
- Idling times shall be minimized either by shutting equipment off when not in use or reducing the maximum idling time to 5 minutes. Clear signage shall be provided for construction workers at all access points.
- All construction equipment shall be maintained and properly tuned in accordance with manufacturer's specifications. All equipment shall be checked by a certified mechanic and determined to be running in proper condition prior to operation.

- All excavation, grading, and/or demolition activities shall be suspended when average wind speeds exceed 20 miles per hour.
- The simultaneous occurrence of excavation, grading, and ground-disturbing construction activities in the same area at any one time shall be limited. Activities shall be phased if feasible to reduce the amount of disturbed surfaces at any one time.

The modified project, including the modified hotel project, would not result in any new dust-related air quality impacts beyond those identified in the FEIR or substantially increase the severity of a significant impact, and no additional mitigation measures would be required.

**Criteria Air Pollutants Evaluation**

Land use projects may contribute to regional criteria air pollutants during the construction and operational phases of a project. As documented in the *Air Quality Technical Report*, construction-related emissions of criteria pollutants and operational-related emissions of criteria pollutants associated with the modified project would not exceed the applicable thresholds presented in Table 8. As a result, the modified project would not violate an air quality standard, contribute substantially to an air quality violation, or result in a cumulatively considerable net increase in criteria air pollutants within the SFBAAB.

**TABLE 8  
 CRITERIA POLLUTANT EMISSIONS**

Pollutant	Thresholds	Daily Emissions Estimate (lbs/day)	
	Average Daily Emissions (lbs./day)	Construction	Operation
ROG	54	11	4.0
NOx	54	46.7	2.9
PM <sub>10</sub>	82 (exhaust)	1.7	1.2
PM <sub>2.5</sub>	54 (exhaust)	1.1	0.4

Therefore, the modified project, including the modified hotel project, would not result in any new significant effects beyond those identified in the FEIR or substantially increase the severity of a significant impact, and no new mitigation measures would be required.

**Health Risks and Hazards Evaluation – Construction**

The FEIR did not analyze health risks and hazards evaluation for construction activities. Current CEQA Guidelines include analysis of construction related health risks and hazards evaluation. Therefore, the analysis described below includes quantitative analysis of whether construction of the modified hotel project would result in significant health risks at the project and cumulative levels.

Some receptors are considered more sensitive to air pollutants than others due to preexisting health problems, proximity to the emissions source, or duration of exposure to air pollutants. Land uses such as primary and secondary schools, hospitals, and convalescent homes are considered to be relatively sensitive to poor air quality because the very young, the old, and the infirm are more susceptible to

respiratory infections and other air quality-related health problems than the general public. Residential areas are also considered sensitive to poor air quality because people in residential areas are often at home for extended periods. Recreational land uses are moderately sensitive to air pollution, because vigorous exercise associated with recreation places a high demand on respiratory system function. Several residential receptors are located approximately 600 feet west of the modified hotel project site. Schools and day care facilities are located farther than 3,000 feet from the modified hotel project site.

Construction activities would produce DPM, PM<sub>2.5</sub> emissions, and other TACs associated with construction equipment such as haul trucks, loaders, and backhoes. As shown in Table 9 below and as detailed in the *Air Quality Technical Report*, the modified project would not result in any new significant air quality impacts or substantially increase the severity of a significant impact and no new mitigation measures would be required.

**TABLE 9**  
**ESTIMATED MAXIMUM CONSTRUCTION HEALTH RISK HAZARDS AND PM<sub>2.5</sub> CONCENTRATIONS**

Emission Category	Cancer Risk	Chronic Hazard Index	Acute Hazard Index	PM <sub>2.5</sub> Concentration (Annual, µg/m <sup>3</sup> )
Construction Equipment DPM Exhaust	0.504	0.0005	N/A	0.0001
Diesel Equipment Non-DPM TAC Exhaust	0.219	0.0002	0.035	N/A
Gasoline Powered Equipment TAC Exhaust and Evaporative Emissions	0.0	0.00003	0.0003	N/A
<b>Project-Level Significance Threshold</b>	<b>10</b>	<b>1</b>	<b>1</b>	<b>0.3</b>
<b>Project Total</b>	<b>0.723</b>	<b>0.001</b>	<b>0.035</b>	<b>0.0001</b>
U.S. Highway 101 (Cumulative Project)	14.06	0.013	0.014	0.12
<b>Cumulative Significance Threshold</b>	<b>100</b>	<b>10</b>	<b>NA</b>	<b>0.8</b>
<b>Cumulative Total</b>	<b>14.73</b>	<b>0.014</b>	<b>0.049</b>	<b>0.12</b>

NOTES:

DPM = diesel particulate matter; TAC = toxic air contaminants; NA = Not Applicable

See Appendix C of the AQTR for additional information.

SOURCE: ESA Airports, November 2013.

The excess cancer risk represents exposure for the maximum exposed individual receptor (MEIR), located at a residence 600 feet west of the modified hotel project site (and west of U.S. 101). Excess cancer risk due to construction activities are below the BAAQMD's threshold of 10 per million. As a result of project-related construction, the chronic HI would be less than 0.01 and the acute HI would be 0.035 at the MEIR as shown in Table 9. The chronic and acute HI would be below the BAAQMD threshold of 1.0.

As shown in Table 9, the maximum annual PM<sub>2.5</sub> concentration as a result of project construction would be 0.0001 µg/m<sup>3</sup> at the MEIR. The annual PM<sub>2.5</sub> concentration due to construction of the modified hotel project is below the BAAQMD threshold of 0.3 µg/m<sup>3</sup>.

Therefore, the modified project, including the modified hotel project, would not result in any new significant health impacts or substantially increase the severity of a significant impact, and no new mitigations measures would be required.

U.S. 101 is within 1,000 feet of the modified hotel project site. At the closest point, U.S. 101 is within 250 feet of the closest sensitive receptor (which is approximately 600 feet west of the modified hotel project site). Cumulative cancer risks, chronic HI, and PM<sub>2.5</sub> concentration values shown in Table 9 are lower than BAAQMD's cumulative thresholds; therefore, the cumulative impacts to health risks would be less than significant.

### **Health Risks and Hazards Evaluation – Operations**

The FEIR did not analyze health risks and hazards evaluation for operation activities. Current CEQA Guidelines include analysis of operational health risks and hazards evaluation. Accordingly, the analysis described below includes quantitative analysis of whether operation of the modified hotel project would result in significant health risks at the project and cumulative levels.

Individual projects result in emissions of toxic air contaminants primarily as a result of an increase in vehicle trips. The modified project would also include a backup emergency generator. The *Air Quality Technical Report* provides detailed assumptions and methodologies for the operational health, risk assessment. As shown on Table 10 and as further discussed below, the modified project would not result in any new significant impacts or substantially increase the severity of a significant impact, and no new mitigation measures would be required.

As shown on Table 10, the excess cancer risk due to the modified hotel project operations would be 0.78 at the MEIR located approximately 600 feet west of Plot 2, which is below the BAAQMD threshold of 10 per million. As a result of the modified hotel project operations, the chronic HI would be less than 0.01 and the acute HI would be 0.0021 at the MEIR. The chronic and acute HI would be below the BAAQMD threshold of 1.0. The maximum annual PM<sub>2.5</sub> concentration as a result of modified hotel project operations would be 0.00004 µg/m<sup>3</sup> at the MEIR, which is below the BAAQMD threshold of 0.3 µg/m<sup>3</sup>.

Therefore, the modified project, including the modified hotel project, would not result in any new significant health impacts or substantially increase the severity of a significant impact, and no new mitigations measures would be required.

U.S. Highway 101 is within 1,000 feet of the modified hotel project site. At the closest point, U.S. 101 is within 250 feet of the closest sensitive receptor (which is approximately 600 feet west of the modified hotel project site). Cumulative cancer risks, chronic HI, and PM<sub>2.5</sub> concentration values shown in Table 10 are lower than cumulative thresholds. Therefore, cumulative impacts to health risks from operational emissions would be less than significant.

**TABLE 10**  
**ESTIMATED MAXIMUM OPERATIONAL HEALTH RISK HAZARDS AND PM2.5 CONCENTRATIONS**

	Cancer Risk per Million	Chronic Hazard Index	Acute Hazard Index	PM <sub>2.5</sub> Concentration (Annual, µg/m <sup>3</sup> )
Diesel Backup Generator	0.066	0.00001	N/A	0.00036
On-Road Diesel Particulate Matter (DPM)	0.395	0.00007	N/A	0.00006
On-Road Diesel-Generated Organic Gas Constituents	0.085	0.0002	0.0012	N/A
On-Road Gasoline-Generated Organic Gas Constituents	0.230	0.0003	0.0009	N/A
<b>Project-Level Significance Threshold</b>	<b>10</b>	<b>1</b>	<b>1</b>	<b>0.3</b>
<b>Project Total</b>	<b>0.776</b>	<b>0.0006</b>	<b>0.0021</b>	<b>0.0004</b>
U.S. Highway 101 (Cumulative Project)	14.06	0.013	0.014	0.124
<b>Cumulative Significance Threshold</b>	<b>100</b>	<b>10</b>	<b>NA</b>	<b>0.8</b>
<b>Cumulative Total</b>	<b>14.8</b>	<b>0.014</b>	<b>0.016</b>	<b>0.12</b>

SOURCE: ESA Airports, November 2013.

#### **Consistency with the 2010 Clean Air Plan**

On September 15, 2010, the BAAQMD adopted the *2010 Bay Area Clean Air Plan*.<sup>28</sup> The *2010 Clean Air Plan* updates the *Bay Area 2005 Ozone Strategy* in accordance with the requirements of the CCAA to implement all feasible measures to reduce ozone; provide a control strategy to reduce ozone, particulate matter, air toxics, and greenhouse gases in a single, integrated plan; and establish emission control measures to be adopted or implemented. The *2010 Clean Air Plan* represents the most current applicable air quality plan for the SFBAAB. Consistency with this plan is the basis for determining whether the modified project, including the modified hotel project, would conflict with or obstruct implementation of an applicable air quality plan.

Because the modified project would be consistent with the control measures listed in the 2010 Clean Air Plan and would not disrupt, delay, or otherwise hinder implementation of the 2010 Clean Air Plan. Construction related emissions would be temporary and the modified project would have a negligible effect on operational activities at the Airport. As noted above, construction and operation of the modified hotel project would not exceed the daily thresholds related to criteria pollutants.

The modified project, including the modified hotel project, would not result in any new significant impacts or substantially increase the severity of a significant impact, and no new mitigation measures would be required.

<sup>28</sup> Bay Area Air Quality Management District. *Bay Area 2010 Clean Air Plan*. September 15, 2010. Available online: <http://www.baaqmd.gov/Divisions/Planning-and-Research/Plans/Clean-Air-Plans.aspx>. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.



### **Odors**

The FEIR did not analyze potential impacts associated with the Master Plan projects, which is included in current CEQA Guidelines. Accordingly, the analysis described below includes an analysis of whether operation of the modified hotel project would result in significant odor impacts at the project and cumulative levels.

Typical odor sources of concern include wastewater treatment plants, sanitary landfills, transfer stations, composting facilities, petroleum refineries, asphalt batch plants, chemical manufacturing facilities, fiberglass manufacturing facilities, auto body shops, rendering plants, and coffee roasting facilities. During construction, diesel exhaust from construction equipment would generate some odors. However, construction-related odors would be temporary and would not persist upon construction completion. The AirTrain system is an electric system and would not generate any odorous emissions. Hotel restaurants may generate odors that would be occasionally detectable within the immediate vicinity of the modified hotel project site. However, such odors would be relatively minor, and would not be detectable at the closest sensitive receptors located approximately 600 feet west of the modified hotel project site on the west side of U.S. 101.

Therefore, the modified project, including the modified hotel project, would not result in any new significant odor impacts or substantially increase the severity of a significant impact, and no new mitigations measures would be required. The modified hotel project's contribution to cumulative impacts related to odors would not be cumulatively considerable.

### **Greenhouse Gas Emissions**

Climate change and greenhouse gas impacts of Master Plan projects are not addressed as a separate topic in the FEIR.<sup>29</sup> Current CEQA Guidelines separate greenhouse gas emissions from the Air Quality topic. Therefore, the GHG analysis described herein includes a qualitative discussion of whether construction and operation of the modified project would result in significant GHG emissions.

### **Greenhouse Gas Evaluation**

The modified hotel project would generate additional motor vehicle trips (hotel guests and employees) in the vicinity of S. McDonnell Road and would contribute to annual long-term increases in GHGs as a result of commercial operations that result in an increase in energy use, water use and wastewater treatment, and solid waste disposal. Operation of chillers and refrigeration equipment at the modified hotel project could also be a source of GHG emissions (i.e., refrigerant leakage). Construction activities associated with the modified hotel project would also result in temporary increases in GHG emissions.

Consistent with the CEQA Guidelines and BAAQMD recommendations for analyzing GHG emissions, the significance standard applied to GHG emissions generated during construction and operational phases of

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<sup>29</sup> Senate Bill 97 (SB 97) which required the Office of Planning and Research (OPR) to amend the state CEQA guidelines to address the feasible mitigation of GHG emissions or the effects of GHGs was adopted in August 2007, approximately 15 years after the certification of the Master Plan FEIR.

the modified hotel project is based on whether the project complies with a plan for the reduction of GHG emissions.<sup>30</sup> Individual project compliance with the City's Greenhouse Gas Reduction Strategy is demonstrated by completion of the Compliance Checklist for Greenhouse Gas Analysis. Projects that are consistent with San Francisco's *Strategies to Address Greenhouse Gas Emissions*<sup>31</sup> are determined to be consistent with San Francisco's qualified GHG reduction strategy and therefore would result in a less-than-significant GHG impact. An assessment of the modified hotel project's compliance with San Francisco's *Strategies to Address Greenhouse Gas Emissions* was provided in the *Compliance Checklist for Greenhouse Gas Analysis*,<sup>32</sup> which concluded the modified hotel project would comply with the GHG reduction strategies.

As discussed in the *Compliance Checklist for Greenhouse Gas Analysis* for the modified hotel project, the CCSF's 2008 Greenhouse Gas Reduction Ordinance (Ordinance No. 81-08) requires all City Departments to prepare an annual department-specific climate action plan. Through the *2011 Environmental Sustainability Report* and the *2012 SFO Climate Action Plan*, the Airport Commission has vigorously supported the City's climate change initiatives (specifically Ordinance No. 81-08) and has established the achievement of carbon neutrality by 2020 as a goal for SFO.<sup>33,34</sup> In fiscal year 2012, SFO reduced the GHG emissions from Airport-controlled operations by 34 percent below the 1990 emissions levels, exceeding the 2017 reduction goal of GHG emissions reduction of 25 percent below the 1990 emissions level by 2017. SFO's sustainability efforts are an integral part of its mission and its effort to improve air quality and reduce global warming. The modified hotel project would be required to comply with the requirements listed above, and further would be designed and constructed in accordance with the energy efficient measures required to achieve LEED Gold certification.

Therefore, the modified project, including the modified hotel project, would not result in any new significant impacts or substantially increase the severity of a significant impact, and no new mitigation measures would be required. The contribution to cumulative impacts related to greenhouse gas emissions would not be cumulatively considerable.

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<sup>30</sup> BAAQMD. *California Environmental Quality Act Air Quality Guidelines*, May 2012. Available online at: [http://www.baaqmd.gov/~media/Files/Planning%20and%20Research/CEQA/BAAQMD%20CEQA%20Guidelines\\_Final\\_May%202012.a.shx?la=en](http://www.baaqmd.gov/~media/Files/Planning%20and%20Research/CEQA/BAAQMD%20CEQA%20Guidelines_Final_May%202012.a.shx?la=en) Accessed October 18, 2013. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

<sup>31</sup> San Francisco Planning Department. *Strategies to Address Greenhouse Gas Emissions*. November 2010. Available online at: [http://sfmen.sfplanning.org/GHG\\_Reduction\\_Strategy.pdf](http://sfmen.sfplanning.org/GHG_Reduction_Strategy.pdf) This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

<sup>32</sup> San Francisco Planning Department. *Compliance Checklist Greenhouse Gas Analysis and Table 2: Municipal Projects*. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

<sup>33</sup> San Francisco Airport Commission. *2011 Environmental Sustainability Report*. 2011. Available online at: [http://flysfo.proofic.net.s3.amazonaws.com/default/download/about/reports/pdf/SFO\\_2011\\_Environmental\\_Sustainability\\_Report.pdf](http://flysfo.proofic.net.s3.amazonaws.com/default/download/about/reports/pdf/SFO_2011_Environmental_Sustainability_Report.pdf) Accessed October 18, 2013. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

<sup>34</sup> San Francisco Airport Commission. *2012 SFO Climate Action Plan*. May 2013. Available online at: <http://flysfo.proofic.net.s3.amazonaws.com/default/download/about/reports/pdf/SFOClimateActionPlan2013.pdf> Accessed October 18, 2013. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

## **Geology and Seismicity**

Geologic and soils impacts of the Master Plan projects are analyzed on pp. 192 to 199 and pp. 374 to 379 of the FEIR. The FEIR determined that several impacts related to geology and soils were potentially significant, but would be reduced to a less than significant level with implementation of the mitigation measures specified in the FEIR.

### **Geology**

Unlike the airfield, the western portion of the Airport and U.S. 101, including the modified hotel project site at Plot 2, is located within an area leveed in 1880 where the bay mud was first dried then filled resulting in a low to moderate rate of settlement. While some settlement of the modified hotel project and associated utilities could occur, the site specific soil and geotechnical investigation reports would include recommendations for design and construction guidelines (e.g., use of flexible utility connections), thereby limiting this kind of damage, as discussed on p. 375 of the FEIR.

The potential for settlement during construction would be addressed through compliance with Section 604.5 of the TIG<sup>35</sup>, which requires the Airport Commission to ensure that adequate support and protection of existing structures during excavation. As described in the FEIR, the modified hotel project would include a foundation with pile supports that are predrilled and cast in place to the depth of the bedrock. Bedrock (Cretaceous sedimentary rocks of the Franciscan Complex) occurs about 100 feet below ground surface at the Airport. The design would be subject to approval of the SFO BICE Section as part of their review for compliance with the California Building Code.

Further, the Airport Commission would ensure implementation of the following mitigation measures specified in the FEIR related to geology: FEIR Mitigation Measure II.E.1.a, Incorporating Foundation and Geotechnical Recommendations; FEIR Mitigation Measure II.E.1.b, Earthquake Safety Inspections; and FEIR Mitigation Measure II.E.1.c, Emergency Response Plan. These mitigation measures require: the general contractor to incorporate the soil and geotechnical study recommendations into the design and construction of the project; periodic training concerning earthquake preparedness at all new facilities; and an update of the Airport's Emergency Response Plan to include new facilities. With implementation of these measures, the modified project, including the modified hotel project, would not result in any new significant impacts beyond those identified in the FEIR or substantially increase the severity of a significant impact, and no new mitigation measures would be required.

### **Seismicity**

The modified project is not located within an Alquist-Priolo Earthquake Fault Zone or near a potential landslide area, and no active faults cross the site (FEIR p. 194). Expansive soils are not an issue because the artificial fill beneath the Plot 2 project site is not expansive and the Young Bay Mud is permanently

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<sup>35</sup> San Francisco International Airport, *Tenant Improvement Guide*. April 1999. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

saturated. There are no unique geologic features within the modified hotel project site vicinity, and the site is not overlain by topsoil.

The FEIR states on p. 194, the Airport is located within a zone of high ground failure potential identified by the California Division of Mines and Geology. Moreover, mapping by the U.S. Geological Survey indicates that the Airport is in an area of very high liquefaction potential.<sup>36</sup> As a result, the modified hotel project could be affected by strong ground shaking as a result of an earthquake on one of the regional faults.

To address seismic ground shaking and ground failures, as well as the potential for the modified project to cause a geologic unit to become unstable, the structure would be supported on a deep pile foundation and built according to the more stringent seismic requirements of the current California Building Code, which would reduce the potential for damage in the event of one of these phenomena as discussed on p. 377 of the FEIR. The specific seismic requirements for the modified hotel project would be determined on the basis of a site-specific geotechnical investigation.

Further, the Airport Commission would implement the following mitigation measures specified in the FEIR (pp. 429 and 430) related to seismic design of the facility and earthquake safety: **FEIR Mitigation Measure II.F.1.c, Incorporating Foundation and Geotechnical Recommendations; FEIR Mitigation Measure II.F.1.a, Automatic Shutoff Valves; FEIR Mitigation Measure II.F.1.b, Securing Potentially Hazardous Objects; and FEIR Mitigation Measure II.F.1.d, Earthquake Safety Inspections.** These mitigation measures would require: the general contractor to incorporate the soil and geotechnical study recommendations into the design and construction of the project; equipping new gas lines with automatic shut off valves to be activated in an event of a major earthquake; securing of potentially hazardous equipment to floors and walls of a building; tenants of new facilities to participate in periodic training for earthquake and seismic hazards and provide updated copies of the Airport's Emergency Response Plan to San Mateo County. With implementation of these measures, the modified project, including the modified hotel project, would not result in any new significant impacts beyond those identified in the FEIR or substantially increase the severity of a significant impact, and no new mitigation measures would be required.

Regarding cumulative impacts, the modified hotel project would be constructed in the same location as development analyzed under the FEIR. Moreover, the modified hotel project would be required to adhere to the current building code, which has more stringent seismic standards than that in effect at the time of certification of the FEIR. Therefore, the contribution of the modified project, including the modified hotel project, to potential cumulative impacts on geology and seismicity would not be cumulatively considerable.

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<sup>36</sup> U.S. Geological Survey, Maps of Quaternary Deposits and Liquefaction Susceptibility in the San Francisco Bay Region, California. Liquefaction Susceptibility. Open-File Report 06-1037. 2006. Available online at <http://earthquake.usgs.gov/research/external/reports/05HQGR0151.pdf> This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

### ***Hydrology and Water Quality***

Hydrology and water quality were analyzed under two environmental topics in the FEIR. Water quality as it relates to soil erosion and stormwater runoff is addressed under geology and seismicity (pp. 192 to 199 and pp. 374 to 379), wastewater management, and stormwater treatment is addressed under utilities (FEIR pp. 232 to 236 and pp. 400 to 404). The FEIR determined that construction excavation could expose soil to erosion and enter storm drains and/or the Bay waters, especially where dewatering was required during construction. The FEIR also determined that facilities that require excavation below the water table require special design and construction techniques due to SF Bay mud and differential settlement rates of the Bay fill, as described in the FEIR. As discussed on p. 376 of the FEIR, soil would temporarily be exposed to erosion during construction of the Master Plan projects. FEIR Mitigation Measure I.E.1.c, Erosion Control (p. 429), requires the Airport Commission to "prepare and implement erosion control plans for any construction activities during the wet season that involve grading or other activities that would expose soil to erosion."

The modified hotel project includes the disturbance of more than one acre of land, thus construction activities would be subject to the General Permit for Storm Water Discharges Associated with Construction and Land Disturbance Activities, (referred to as the Construction General Permit), including implementation of the SFO SWPPP required in accordance with this permit. Since certification of the FEIR, the Construction General Permit was revised in 2009 to include more specific requirements related to erosion control, and SFO has developed the TIG and 2011 SWPPP<sup>37</sup>, which address additional requirements for control of construction-related storm water during construction activities at SFO. Compliance with these requirements is enforced through Airport Commission Contract Specifications for SFO construction projects, which incorporate the requirements of FEIR Mitigation Measure I.E.1.c, and would be applicable to the modified hotel project. Therefore, the modified project, including the modified hotel project, would not result in any new significant stormwater effects during construction beyond those identified in the FEIR or substantially increase the severity of a significant impact, and no new mitigation measures would be required.

As described on pp. 233-235 of the FEIR, stormwater runoff is handled at the industrial wastewater system at the MLTP, which is subject to the Airport's NPDES permit for the MLTP.<sup>38</sup> The modified hotel project would include excavation to a depth of approximately 15 feet below ground surface; the depth to groundwater could be as shallow as 5 feet below ground surface. Groundwater dewatering could be required to maintain a dry working area in the excavation for construction of the hotel subsurface features or associated utilities. The Airport's NPDES permit allows certain discharges of non-storm water such as groundwater pumped from construction excavations to the MLTP, provided that the discharges are necessary for construction, comply with the BMPs in the SFO SWPPP, and do not cause or contribute to a

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<sup>37</sup> San Francisco International Airport, *Stormwater Pollution Prevention Plan for Construction Activities*, WDID # 2 417033001. August 23, 2011. This document is relevant to SFO construction activities and is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 86.638E.

<sup>38</sup> Permit Number CA0038318, RWQCB Number R2-2013-0011.

violation of water quality standards. At SFO, the applicable water quality standards are specified in SF Bay RWQCB Order No. 01-100.<sup>39</sup>

FEIR Mitigation Measure I.E.1.b (p. 429), Dewatering Techniques, requires the Airport Commission to “temporarily retain groundwater pumped from the site in a holding tank prior to discharge to allow suspended particulate to settle” if groundwater dewatering is required. FEIR Mitigation Measure I.F.1.k (p. 431) requires “groundwater testing for petroleum hydrocarbons before dewatering is performed at any airport site. Treatment would be applied, in consultation with the RWQCB and/or wastewater treatment plant operators to ensure that all discharges meet applicable quality requirements.”

As noted above, the Construction General Permit was revised in 2009 to include more specific requirements related to non-storm water discharges. SFO has subsequently developed the TIG and 2011 SWPPP for Construction Activities, which specifically address additional requirements related to discharges of groundwater during construction activities. These requirements are more comprehensive and considered more efficacious than the specified FEIR Mitigation Measures I.E.1.b and I.F.1.k, and their implementation would not alter the impact conclusions reached in the FEIR. Further, because compliance with these requirements is enforced through CCSF Contract Specifications and on-site SFO construction inspectors, the requirements of FEIR Mitigation Measures I.E.1.b and I.F.1.k would be implemented through compliance with the SFO SWPPP and the Construction General Permit. Therefore, discharge of groundwater produced during excavation dewatering at Plot 2 would not cause a violation of water quality standards or otherwise degrade water quality and construction of the modified hotel project would not result in any new significant effects during construction beyond those identified in the FEIR or substantially increase the severity of a significant impact, and no new mitigation measures would be required.

Given the Plot 2 project site is currently paved and storm water drains to the SFO water collection system, post-construction conditions would not contribute additional runoff that would exceed the capacity of existing or planned storm water drainage systems. There would be no change in the type of storm water flows from the site, or an alteration of drainage patterns that could result in substantial erosion, siltation, or flooding on- or off-site. The modified hotel project site is not in an area subject to inundation by seiche, tsunami, or mudflow. In addition, the modified hotel project site is not located within a flood hazard zone identified on the 2008 preliminary FIRM for San Mateo County.

Therefore, the modified project, including the modified hotel project, would not result in any new or substantially greater impacts to hydrology and water quality beyond those identified in the FEIR. The modified hotel project would be constructed in the same location as development analyzed under the FEIR. Other Master Plan projects and cumulative projects constructed at SFO would be subject to SFO’s NPDES permit requirements for discharges from the wastewater treatment plant, and projects larger than one acre would be required to prepare a SWPPP for construction-related activities. Therefore, the

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<sup>39</sup> General Waste Discharge Requirements for Discharge and Reuse of Extracted and Treated Groundwater Resulting from the Cleanup of Groundwater Polluted by Fuel Leaks and Other Related Wastes at Service Stations and Similar Sites.

contribution of the modified project, including the modified hotel project, to potential cumulative impacts on hydrology and water quality would not be cumulatively considerable.

### ***Hazards and Hazardous Materials***

Hazards and hazardous materials impacts of SFO's Master Plan projects are analyzed on pp. 201 to 227 and pp. 381 to 393 of the FEIR. The FEIR determined that several impacts related to exposure to hazardous materials were potentially significant, but would be reduced to a less than significant level with implementation of the mitigation measures specified in the MMRP for the FEIR. As discussed in the FEIR, pp. 390 to 392, expansion of Airport facilities would be anticipated to require the use of additional hazardous materials, similar to the types of materials currently in use including maintenance chemicals, motor vehicle fuel and aircraft fuel. The modified hotel project would be operated in accordance with federal, state, and San Mateo County hazardous materials storage and handling regulations would not result in any new or more severe impacts than evaluated in the FEIR.

As discussed in the FEIR, construction of airport facilities has the potential to encounter contaminated soil and groundwater, underground tanks and/or fuel lines during excavation and grading activities. Exposure to contaminated materials could cause adverse effects to construction workers, the public or the environment. However, since certification of the FEIR, substantial soil and groundwater cleanup at SFO has occurred under various RWQCB cleanup orders. As a result, the subsurface site conditions at the modified hotel project site would be no worse, and likely improved, compared to conditions reported in the FEIR.

Construction of the modified hotel project would require the limited use of hazardous materials, such as fuels, lubricants, and solvents. Although spills and leaks of hazardous materials could occur during construction, implementation of construction BMPs required by the RWQCB through its review and approval of the SWPPP would reduce the potential for accidental releases and ensure quick response to any spills to minimize impacts to the environment. Any hazardous materials would be stored, handled, and used in accordance with applicable regulations. In addition, implementation of the following FEIR Mitigation Measures during construction of the modified hotel project would ensure that hazard impacts would be less than significant, consistent with the findings in the FEIR: **FEIR Mitigation Measure I.F.1.a, Site Investigation**, **FEIR Mitigation Measure I.F.1.b, Remediation Activities**; **FEIR Mitigation Measure I.F.1.c, Safety and Health Plan**; **FEIR Mitigation Measure I.F.1.e, Review of Reports**; **FEIR Mitigation Measure I.F.1.f, Remediation Report**; **FEIR Mitigation Measure I.F.1.i, Excavation**; **FEIR Mitigation Measure I.F.1.j, Procedure for Locating Underground Obstructions**; and **FEIR Mitigation Measure I.F.1.k, Groundwater Testing**. These mitigation measures require: a site investigation in areas with known or suspected soil and/or groundwater contamination; remediation activities if the site investigations reveal the presence of contaminants in soil and/or groundwater; preparation of a site specific safety and health plan for hazardous materials and waste operations if contamination is found on site; submittal of all site remediation reports to the RWQCB if contamination is found on site; reduction of excavation in areas of suspected contamination by performing a site investigation; development of procedures for locating underground tanks, utility lines and fuel distribution pipes; groundwater testing

for petroleum hydrocarbons before dewatering is performed and application of treatment as prescribed by the RWQCB.

Therefore, with implementation of the mitigation measures outlined above, the modified project, including the modified hotel project, would not result in new significant effects beyond those identified in the FEIR or substantially increase the severity of a significant impact, and no new mitigation measures would be required. The modified hotel project would be constructed in the same location as development analyzed in the Master Plan FEIR. Cumulative developments larger than one acre in size would also be subject to RWQCB review through its review and approval of the SWPPP, and all cumulative projects would be subject to applicable regulations of hazardous materials. The contribution of the modified project, including the modified hotel project, to potential cumulative impacts related to hazards and hazardous materials would not be cumulatively considerable.

### ***Other Environmental Topics***

The FEIR determined that for the following topics, any environmental effects associated with implementation of the plan would be less than significant: Land Use and Plans, Population, Utilities and Public Services (including Recreation), and Energy and Resources (Minerals and Energy). For all of these topics, the modified project, including the modified hotel project, would not result in any new significant effects beyond those identified in the FEIR or substantially increase the severity of a significant impact, and no new mitigation measures would be required, as further described below.

Land use impacts of the Master Plan were analyzed on pp. 78 to 124 and pp. 250 to 264 of the FEIR. The FEIR determined that the Master Plan would not alter the land use types at the Airport; rather the Master Plan would intensify and/or consolidate existing land uses. Plot 2 was developed with a hotel from 1958 to 1999 and is currently occupied by an Airport employee parking lot, greenhouses, and an information technology data center. The Master Plan calls for commercial hotel development on the site. Redevelopment of the site with a hotel and AirTrain station under the modified hotel project would not physically divide an established community, substantially change the existing character of the project vicinity, or conflict with applicable land use plans or policies. Therefore, the modified project, including the modified hotel project, would not result in any new or substantially greater impacts to land use beyond those identified in the FEIR. The contribution of the modified project to potential cumulative impacts to land use would not be cumulatively considerable.

Population and housing effects of the Master Plan were analyzed on pp. 228 to 231 and pp. 394 to 399 of the FEIR. The FEIR determined that there would be adequate housing in San Francisco and San Mateo counties to accommodate permanent and temporary construction employees. The modified hotel project would not include a hotel at the International Terminal and includes a smaller hotel at the Plot 2 site than analyzed in the FEIR, reducing the number of hotel employees from 300 workers (as analyzed in the FEIR) to between 180 and 231 full-time workers. There would be no increase in the number of passengers or aircraft operations at the Airport as a result of the modified hotel project. The modified hotel project would be developed on Airport property at a former hotel site currently used for Airport employee parking. Substantial population growth would not occur as a result of construction of the modified hotel



project because of the large existing construction labor pool present in the San Francisco Bay Area. Therefore, the modified project, including the modified hotel project would not result in any new or substantially greater impacts to population and housing beyond those identified in the FEIR. The contribution of the modified project to potential cumulative impacts on population and housing would not be cumulatively considerable.

Utilities and Service Systems setting and impacts of the Master Plan were analyzed on pp. 232 to 236 and pp. 400 to 404, of the FEIR. The FEIR determined that adequate Airport infrastructure existed to accommodate forecast growth demand for utility demand, including water and wastewater systems (sanitary and industrial), and utility providers would be able to supply the forecast demand. In 2010, SFO consumed 459 million gallons of water (or about 1.25 mgd), which is about 43 percent less than projected in the FEIR.<sup>40</sup> The San Francisco Public Utilities Commission's (SFPUC) 2010 Urban Water Management Plan<sup>41</sup> considers SFO a "retail customer" and predicts water demand for the SFO service area will be met in the foreseeable future. The MLTP has a dry weather capacity of 3.3 mgd for the sanitary plant, and the industrial plant has dry weather capacity of 1.2 mgd and a wet weather capacity of 1.7 mgd. The current average flows for the two sub-plants are approximately 0.8 mgd and 0.65 mgd, respectively; therefore the MLTP has adequate capacity to serve the modified hotel project. The modified hotel project would alter portions of the existing on-site storm water drainage system, but would not substantially change overall Airport drainage patterns. The contractor would be required to comply with federal, state, and local requirements and guidelines to meet water quality objectives for water discharge, including the Construction General Permit, the RWQCB Basin Plan, and the SFO SWPPP. Also, construction debris and operational solid waste demand from the modified hotel project would be adequately served by the Altamont Landfill, and SFO would continue to comply with solid waste statutes and regulations for its ongoing operations. Therefore, the modified project, including the modified hotel project, would not result in any new or substantially greater impacts to utilities and service systems beyond those identified in the FEIR. The contribution to potential cumulative impacts on utilities and service systems would not be cumulatively considerable.

Public Services (including Recreation) setting and impacts of the Master Plan were analyzed on pp. 237 to 241 and pp. 405 to 406, of the FEIR. The FEIR determined that the Airport Bureaus of the San Francisco Fire Department (SFFD) and the San Francisco Police Department (SFPD) would need to increase staffing levels to maintain emergency response times due to the increases in passenger forecast and the proposed construction projects under the Master Plan. All new fire and police stations and staffing levels proposed as part of the Master Plan and evaluated in the FEIR have been completed and are currently staffed to

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<sup>40</sup> SFEP issued a Categorical Exemption under CEQA for an independent and separate project to upgrade the existing primary and secondary treatment of industrial and first flush wastewater to provide more efficient and effective treatment. A new tertiary treatment system would also be installed to reuse wastewater for California Code of Regulations Title 22 uses at the Airport (e.g., landscaping, domestic flushing, mechanical cooling, etc.). San Francisco International Airport, *Industrial Wastewater Treatment Plant Upgrade*, Categorical Exemption approved by the Planning Department on March 4, 2013. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 2013.0235E.

<sup>41</sup> San Francisco Public Utilities Commission, *2010 Urban Water Management Plan*, June 2011. Available at: <http://www.sfwater.org/Modules/ShowDocument.aspx?documentID=1055> Accessed October 2013. This document is available for review at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 2013.0235E.

meet local, state, and federal guidelines with respect to required response times for emergencies. While the FEIR concluded that build out of the Master Plan projects would increase the need for police and fire services because of the forecast increase in passenger activity, SFPD and SFFD stations and staffing has since been increased. Further, the modified hotel project does not include a hotel at the International Terminal and includes a smaller hotel at the Plot 2 site than analyzed in the FEIR. Thus the increased demand for fire and police protection resulting from the modified hotel project would not exceed that anticipated in the FEIR. Regarding recreation, the modified hotel project would not include dwelling units or residents who would increase the use of neighborhood parks or playgrounds, the nearest of which is Marina Vista Park, 0.09 miles southwest of the Airport in the City of Millbrae. Therefore, the modified project, including the modified hotel project would not result in any new or substantially greater impacts to public services (including recreation) beyond those identified in the FEIR. The contribution to potential cumulative impacts to public services would not be cumulatively considerable.

Mineral and Energy Resources setting and impacts of the Master Plan projects were analyzed on pp. 178 to 182 and pp. 366 to 370 of the FEIR. Construction energy usage is discussed generally on p. 366; energy use from operation of buildings and facilities are analyzed on pp. 367 to 369. Energy plans, policies, and regulations related to the California Building Energy Efficiency standards are described on p. 181 of the FEIR. The FEIR determined that while demolition of outdated and inefficient buildings/facilities would partially offset the increase in energy use, increased electrical capacity (in the form of a new power substation) would be needed to accommodate the long term forecast energy use. Pacific Gas and Electric (PG&E) has since constructed a new substation to provide for increased capacity to transmit electricity from the SFPUC to the Airport. The FEIR included construction and operation of two hotel projects; however, the modified hotel project does not include a hotel at the International Terminal and includes a smaller hotel at the Plot 2 site than analyzed in the FEIR. With LEED Gold design and construction standards incorporated, construction and operation of the modified hotel project would not substantially increase resources used at the Airport or reduce the amount of fuel, water, or energy available regionally (see prior discussion of energy efficient green building features). Lastly, the modified hotel project would be developed on existing Airport property and would have no impact to state, regional, or locally important mineral resources that are important to the state, region, or locally. Therefore, the modified project, including the modified hotel project, would not result in any new or substantially greater impacts to mineral and energy resources beyond those identified in the FEIR. The contribution to potential cumulative impacts to mineral and energy resources would not be cumulatively considerable.

## CONCLUSION

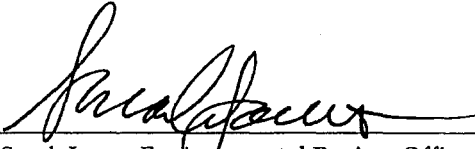
Based on the foregoing, the Department concludes that the analyses conducted and the conclusions reached in the FEIR certified on May 28, 1992, as previously amended through 2010, remain valid, and that no supplemental environmental review is required for the proposed plan modification. The modified project would neither cause new significant impacts not identified in the FEIR, nor result in a substantial increase in the severity of previously identified significant impacts, and no new mitigation measures would be necessary to reduce significant impacts. No changes have occurred with respect to circumstances surrounding the original plan that would cause significant environmental impacts to

Addendum to Environmental Impact Report  
January 28, 2014

CASE NO. 86.638E  
SFO Airport Hotel

which the modified project would contribute considerably, and no new information has been put forward which shows that the modified project would cause significant environmental impacts. Therefore, no supplemental environmental review is required.

DATE February 5, 2014

  
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Sarah Jones, Environmental Review Officer  
for John Rahaim, Planning Director

**ATTACHMENT A**

DESCRIPTION OF SAN FRANCISCO INTERNATIONAL AIRPORT  
MASTER PLAN ENVIRONMENTAL IMPACT REPORT ADDENDA

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**ATTACHMENT A**  
**DESCRIPTION OF SAN FRANCISCO INTERNATIONAL AIRPORT MASTER PLAN ENVIRONMENTAL IMPACT REPORT ADDENDA**

<u>Addendum (Case No.)</u>	<u>Description</u>
Plot 41 Hardstands (86.638E)	Adopted in April 1995, the East Field Maintenance Hangar development was revised to include construction of hardstands, foundation, and associated infrastructure. (A hardstand is a paved surface with materials designed to be more durable than city streets or freeways, in order to support the weight of heavy equipment such as aircraft and support vehicles.) Implementation of the East Field Maintenance Hangar and the addition of the hardstands were eventually abandoned and remain unbuilt.
New International Terminal (86.638E)	In June 1995, an addendum to the Master Plan EIR was issued for the international terminal building and associated boarding areas A and G. The location and footprint of the international terminal, as proposed in 1995, was determined to be virtually identical to the facility analyzed in the EIR. The international terminal was described in the EIR as a seven story building with three levels of passenger processing, and four levels containing administration office space and a hotel. The building that was proposed in 1995 (and ultimately constructed) was 12 feet shorter than analyzed in the EIR, with five proposed stories instead of seven; the administration office space was reduced to one level (about 40,000 square feet); and the hotel development was removed from the international terminal complex.
McDonnell Road R3 Widening (86.638E)	In August 1995, an addendum to the Master Plan FEIR was issued for widening of North McDonnell Road from two to four lanes. The roadway widening was completed in anticipation of the increased volumes of vehicular traffic forecast as part of the Master Plan program and analyzed in the FEIR. The project widened about 1.4 miles of North McDonnell Road – from San Bruno Avenue to North Link Road.
North Field Area Air Freight Services Facilities (86.638E)	Under the Master Plan FEIR, a new L-shaped cargo facility structure with about 432,000 square feet of space was planned for construction at the existing Federal Express and JAL air freight buildings/facilities. The facility would have been located on North Access Road, immediately west of North Field Road. Under the addendum issued in March 1996, a smaller facility was proposed for construction at the same location as identified and analyzed in the FEIR. The revised project included an air freight building (225,000 square feet), associated administration office (35,000 square feet), and 175 surface parking stalls. About 78,000 square feet of the existing cargo and tenant office facilities in the existing JAL cargo building was to be retained, for a project total of 303,000 square feet of cargo facilities.
Terminal Area Projects (86.683E)	In April 1996, an addendum to the Master Plan FEIR was issued for the terminal area projects. The addendum analyzed two Master Plan project revisions: (1) Relocation of the proposed AirTrain Maintenance Facility from Lot D (located at the intersection of North McDonnell Road and West Area Drive), to an undeveloped site adjacent to the existing Airport Maintenance Building located about a quarter mile south of Lot D on North McDonnell Road; and (2) Construction of the international terminal north and south garages (now known as IT Garage A on the south and IT Garage G on the north) to be located where the rental car facility and consolidated ground transportation center was to be built. The proposed location of the rental car facility was moved to Lot D and was the subject of a separate addendum. The ground transportation center identified in the Master Plan and analyzed in the FEIR was never built.

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**ATTACHMENT A (CONT.)  
 DESCRIPTION OF SFO MASTER PLAN ENVIRONMENTAL IMPACT REPORT ADDENDA**

Addendum (Case No.)	Description
Rental Car Facility and Lot D Replacement (86.683E)	In July 1996, an addendum to the Master Plan FEIR was issued for the subject project. The Rental Car (RAC) facility and Ground Transportation Center was originally identified for construction at the existing terminal roadways. In the addendum, the RAC was proposed for location at the existing long-term parking lot (called Lot D) at the intersection of N. McDonnell Road and West Area Drive. Construction of the RAC displaced about 3,091 existing parking spaces out of the 4,701 parking spaces at the Lot D. (The 4701 parking spaces is a total of the 3,584 long term public stalls plus the 1,117 employee/tenant parking spaces at Lot D.) The RAC would be a five-story parking structure with approximately 1.5 million square feet of parking and staging for about 3,350 cars, and approximately 133,000 square feet of office space and customer lobby space. The fifth floor would provide direct access to the AirTrain system, allowing passengers to access the RAC from the terminal complex. A one-story 55,000 square-foot quick turnaround building consisting of a pre-fabricated canopy over a series of car wash and fueling islands would also be constructed adjacent to the RAC as a support facility to rental car operations.
Elevated Circulation Roadways Project (86.683E)	In September 1996, an addendum to the Master Plan FEIR was issued for an elevated roadway project, which was planned under the Master Plan program to support forecast increases in vehicular traffic. While the project identified in this addendum was virtually identical to that described and evaluated in the FEIR, the addendum was prepared to specifically evaluate the potential impacts of the elevated roadways and other terminal area master plan project activities, as background studies (primarily updating traffic analyses) did not identify environmental impacts substantially different than those analyzed in the Master Plan FEIR.
Emergency Response Facilities #1 and #3 and Police Training Facility (86.683E)	In December 1996, an addendum to the Master Plan FEIR was issued for the subject project, which was a revision to the facility analyzed in the FEIR. The proposed Emergency Response Facilities (ERF) #1 would implement the Crash, Fire and Rescue (CFR) #1 identified in the FEIR. The proposed ERF #3 would be the additional fire station, identified in the FEIR as a necessary project to meet the expansion demands of the Master Plan program while maintaining existing level of service. ERF #3 was proposed to be located in the same location as analyzed in the FEIR (generally at the intersection of S. McDonnell Road and Road R-2). The Police Training Facility would be a combination of the existing police training uses and the multipurpose facility analyzed in the FEIR; both of these facilities are generally located near the U.S. Coast Guard Station by Taxiways Charlie and Romeo. The new combined police training facility increased the usable square footage from 20,000 square feet to 31,000 square feet analyzed in the FEIR.
Plot 7 Employee Parking Garage (86.638E)	In July 1997, an addendum to the Master Plan FEIR was issued for an airport employee parking garage on West Field Road. The 8 ½ story garage has a footprint of about 60,800 square issued and provides for about 1,735 vehicle parking stalls. The garage was a relocation and expansion of a parking garage originally proposed at Lot CC, located immediately west of the international terminal complex. The West Field Road location provided closer proximity to West Field Area tenants and employees, and consolidated various surface lots that were located throughout the area vicinity.
Temporary Concrete Batch Plant (86.638E)	In November 1997, an addendum to the Master Plan FEIR was issued for a temporary, mobile concrete batch plant. The temporary batch plant would be located on a 2.5-acre site owned by the Airport, at 520 South Airport Boulevard. The mobile batch plant operated through 2001 for construction of the airport rail transit system, now known as "AirTrain", and was removed in 2001 after construction completion.

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**ATTACHMENT A (CONT.)  
 DESCRIPTION OF SFO MASTER PLAN ENVIRONMENTAL IMPACT REPORT ADDENDA**

Addendum (Case No. <sup>a</sup> )	Description
West Field Air Freight and Administrative Office Construction (86.638E)	In August 2003, an addendum to the Master Plan FEIR was issued for the subject project (West Field Projects). Under the 2003 Addendum, a total of 472,200 square feet of air freight space and 220,000 square feet of administrative offices were proposed for development at the intersection of N. McDonnell Road and W. Field Road. This represented a net decrease of 13,800 square feet and 6,100 square feet of air freight and administrative offices, respectively, when compared to the Master Plan FEIR. In April 2005, the proposed project was subsequently reduced in scope to a total of 308,600 square feet of air freight space and 55,539 square feet of administrative office space. The ERO determined that the modified project would fit within the size and scope of the 2003 Addendum and that no further environmental review would be required for the further-reduced facility.
Terminals 1 & 2 (2007.1149E)	Under the Master Plan FEIR, the South Terminal (Terminal 1) and the International Terminal (now redeveloped as Terminal 2, a domestic terminal) were to be redeveloped for a combined new total of about 1.5 million square feet of terminal area. In October 2007, an addendum to the Master Plan FEIR was issued for redevelopment of terminals 1 and 2. In the addendum, two design alternatives for redevelopment of Terminal 1 were presented – a Finger Pier alternative that would increase the 1,075,900-square foot terminal to 1,183,500 square feet; and the Modified Linear alternative that would decrease the terminal area to 962,000 square feet. While the layouts were different from the layout described in the FEIR, the ERO determined that the physical layout of the two alternatives did not materially affect the total building square footage or number of gates analyzed in the FEIR and that the 2007 proposal was comparable to the layout analyzed in the FEIR. Construction of Terminal 2 was completed in 2011. Construction of Terminal 1 has been delayed but is anticipated to begin in the near future (within 5 years).
Courtyard 2 Projects (2010.0624E)	Seismic evaluations conducted for the Terminal 2 complex determined that extensive structural upgrading was required and a major earthquake could incapacitate the existing airport traffic control tower (ATCT), which was structurally integrated into the Terminal 2 building. Renovation of the existing terminal and ATCT structures was determined to be financially infeasible. The Federal Aviation Administration conducted a siting study which identified a replacement site in the courtyard immediately adjacent to Terminals 1 and 2, known as Courtyard 2. The Courtyard 2 Projects identified in the July 2010 Addendum included four component activities: the relocation of the ATCT; demolition of ATCT, office, and mechanical space; reconstruction of the connecting corridor between Terminals 1 and 2; and, expansion of restroom and concession space as a part of the Terminal 1 redevelopment. The proposed project equated to an 8,700 square foot increase in building area. The demolished ATCT and Terminal 2 office space would be replaced by facilities of substantially the same size in Courtyard 2, with the exception of the proposed tower shaft, which was necessary because the ATCT cab would no longer be structurally integrated with Terminal 2. Construction of the courtyard 2 projects is ongoing.

NOTE:

a San Francisco Planning Department project case numbers.

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AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 15-0194

**APPOINTMENT OF U.S. BANK NATIONAL ASSOCIATION AS TRUSTEE FOR THE AIRPORT COMMISSION'S HOTEL SPECIAL FACILITY BONDS UNDER A TRUST AGREEMENT AND AS PROVIDER OF COMMERCIAL BANKING SERVICES FOR THE ON-AIRPORT HOTEL UNDER A CASH MANAGEMENT AND LOCKBOX AGREEMENT, EACH FOR AN INITIAL TERM OF TEN YEARS WITH AN INITIAL COMPENSATION AMOUNT NOT TO EXCEED \$500,000; AUTHORIZATION TO EXECUTE DOCUMENTS; AND RELATED MATTERS**

WHEREAS, the Airport Commission (the "Commission") anticipates issuing its San Francisco Special Facility Revenue Bonds (San Francisco International Airport Hotel) (the "Hotel Special Facility Bonds") under a Trust Agreement between the Commission and a bond trustee (the "Trust Agreement"), in accordance with Section 2.16 of the Commission's 1991 Master Bond Resolution No. 91-0210, as amended and supplemented (the "1991 Resolution"); and

WHEREAS, the Hotel Special Facility Bonds will finance the construction of a Commission-owned hotel (the "Hotel") at the San Francisco International Airport and require the appointment of a bank with corporate trust powers to act as trustee under the Trust Agreement while the Hotel Special Facility Bonds are outstanding; and

WHEREAS, the successful operation of the Hotel also requires a bank to provide commercial banking services, including collecting and safeguarding Hotel revenues in a lockbox account, all in accordance with a Cash Management and Lockbox Agreement among the Commission, the Hotel operator and the trustee bank (the "Lockbox Agreement"); and

WHEREAS, the forms of the Trust Agreement and the Lockbox Agreement are on file with the Commission Secretary; and

WHEREAS, on October 5, 2010, by Resolution No. 10-0307, the Commission authorized the selection of a bond trustee bank by means of a competitive selection process, and Request for Proposals (RFP) No. 50006.C was issued on August 21, 2015, to solicit proposals from qualified firms to provide bond trustee and commercial banking services; and

WHEREAS, Airport staff received one proposal from U.S. Bank National Association, which met the minimum qualifications; and

WHEREAS, Airport staff has reached agreement in principal with U.S. Bank National Association, the sole proposer, on the terms of the Trust Agreement and the Lockbox Agreement, and recommends that the Commission authorize the execution of such agreements with U.S. Bank National Association; and

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 15-0194

- WHEREAS, the Airport Master Plan was the subject of a Program Environmental Impact Report ("EIR") certified by the San Francisco Planning Commission on May 28, 1992 by Motion No. 13356; and
- WHEREAS, the Environmental Planning Division of the San Francisco Planning Department reviewed the Hotel Project and issued an addendum to the EIR ("Addendum") on February 5, 2014, determining that the Hotel Project is within the scope of the EIR and no additional environmental review is required under the California Environmental Quality Act (Public Resources Code Section 21000 et seq., "CEQA"); and
- WHEREAS, on May 19, 2014, the Commission, by Resolution No. 14-0095, adopted findings under the CEQA related to the Hotel Project, determined to proceed with the Hotel Project, and authorized the Airport Director to proceed with implementation of the Hotel Project; and
- WHEREAS, the project files, including the EIR, Addendum, and Commission Resolution No. 14-0095, have been made available for review by the Commission and the public, and those files are part of the record before the Commission; now, therefore, be it
- RESOLVED, that this Commission has reviewed and considered the information in the EIR and Addendum, and hereby incorporates the CEQA findings contained in Resolution No. 14-0095, including findings of the Statement of Overriding Considerations, by this reference as though fully set forth in this Resolution; and, be it further
- RESOLVED, that this Commission finds that since the EIR and Addendum were finalized, there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the EIR and Addendum; and, be it further
- RESOLVED, that this Commission hereby approves: (a) the appointment of U.S. Bank National Association as trustee for the Hotel Special Facility Bonds and as provider of commercial banking services for the Hotel, and (b) the execution and delivery of the Trust Agreement and the Lockbox Agreement with U.S. Bank National Association in substantially the forms presented and on file with the Commission Secretary, with such changes thereto as the Airport Director may approve, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be conclusively evidenced by the

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 15-0194

execution and delivery thereof, for an initial term of ten years, with three ten-year options to extend the term exercisable at the discretion of the Airport Commission, and with an initial compensation amount for bond trustee and commercial banking services not to exceed \$500,000; and, be it further

RESOLVED, that the Commission Secretary, for and on behalf of and in the name of the Commission, is authorized and directed to seek any approvals the Airport Director deems necessary or desirable from the Board of Supervisors of the City in order to carry out the intents and purposes of this Resolution, including approval of the appointment of the Bank as trustee for the Hotel Special Facility Bonds and as provider of customary commercial banking services for the Hotel, and the execution and delivery of the Trust Agreement and the Lockbox Agreement with U.S. Bank National Association under Section 9.118 of the San Francisco Charter; and, be it further

RESOLVED, that the actions of the officers, agents, and employees of the Commission taken prior to the adoption of this Resolution to carry out the purposes and intents of this Resolution are ratified, approved and confirmed; and, be it further

RESOLVED, that the Airport Director and the other officers, agents, and employees of the Commission are hereby authorized and directed to execute such documents, agreements, and certificates and to take such other actions, in consultation with the City Attorney, as may be necessary or desirable to accomplish the purposes set forth in this Resolution and the transactions contemplated hereby.

Page 3 of 3

*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of*                      **OCT 02 2015**

2121                       
*Secretary*

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 15-0182

**APPROVAL OF EIGHTEENTH SUPPLEMENTAL RESOLUTION DESIGNATING A PROPOSED ON-AIRPORT HOTEL AS A "SPECIAL FACILITY" AND AUTHORIZING UP TO \$243 MILLION PRINCIPAL AMOUNT OF AIRPORT CAPITAL PLAN BONDS AND \$225 MILLION PRINCIPAL AMOUNT OF HOTEL SPECIAL FACILITY BONDS TO FINANCE OR REFINANCE THE ON-AIRPORT HOTEL; APPROVING THE FORM OF TRUST AGREEMENT; AND RELATED MATTERS**

WHEREAS, the Airport Commission (the "Commission") of the City and County of San Francisco (the "City"), on December 3, 1991, duly adopted its Resolution No. 91-0210, providing for the issuance of San Francisco International Airport Second Series Revenue Bonds, which Resolution, as previously supplemented and amended, including as amended and supplemented by Resolution No. 03-0220 adopted on October 21, 2003 (the "Eleventh Supplemental Resolution"), Resolution No. 08-0035, adopted on February 19, 2008 (the "Thirteenth Supplemental Resolution"), Resolution No. 10-0316, adopted on October 26, 2010 (the "Fifteenth Supplemental Resolution," which amended and restated the Eleventh Supplemental Resolution), Resolution No. 12-0050, adopted on March 20, 2012 (the "Sixteenth Supplemental Resolution"), and Resolution No. 14-0024, adopted on February 18, 2014 (the "Seventeenth Supplemental Resolution") is herein called the "1991 Resolution;" and

WHEREAS, the 1991 Resolution provides for the issuance by the Commission from time to time of revenue bonds (the "1991 Resolution Bonds"); and

WHEREAS, as part of implementation of the Airport Master Plan approved by the Commission in 1992, the Commission is undertaking the development of an on-Airport hotel with approximately 350 rooms (the "Hotel") on a portion of Plot 2 at the former Hilton Hotel site, along with a new AirTrain station to connect the Hotel with the AirTrain system (the "AirTrain Station" and collectively with the Hotel, the "Hotel Project"); and

WHEREAS, the Commission, pursuant to the 1991 Resolution and the Thirteenth, Sixteenth and Seventeenth Supplemental Resolutions, has previously authorized the issuance of up to \$4,773,725,000 aggregate principal amount of San Francisco International Airport Second Series Revenue Bonds for the purpose of financing and refinancing the construction, acquisition, equipping and development of capital projects (not including the Hotel Project) undertaken by the Airport which are approved by the Commission (the "Capital Plan Bonds"); and

WHEREAS, the Commission has determined that it is necessary and desirable and in the best interests of the San Francisco International Airport (the "Airport") to: (a) authorize the issuance of an additional not to exceed \$243 million principal amount of Capital Plan Bonds (the "Airport Capital Plan Bonds"); (b) designate the proposed Hotel as a

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 15-0182

“Special Facility,” as defined in the 1991 Resolution, and (c) authorize the issuance of special facility bonds in accordance with the terms of the 1991 Resolution in the principal amount of up to \$225 million (the “Hotel Special Facility Bonds”) to finance and refinance costs associated with the Hotel to be owned by the Commission; and

WHEREAS, to maintain the special facility status of the Hotel and finance it at the lowest available interest rates, the Commission anticipates combining the desirable features of the Airport Capital Plan Bonds (which are secured and payable from Airport net revenues and can therefore be sold to investors at the lowest available interest rates) and the Hotel Special Facility Bonds by selling the Airport Capital Plan Bonds to investors and purchasing the Hotel Special Facility Bonds with the proceeds of the Airport Capital Plan Bonds; and

WHEREAS, the Airport Capital Plan Bonds and the Hotel Special Facility Bonds will be issued in accordance with the 1991 Resolution, applicable provisions of the Charter of the City, ordinances and resolutions of the Board of Supervisors, and the statutes of the State of California, and in with respect to the Hotel Special Facility Bonds, a Trust Agreement in substantially the form on file with the Secretary of the Commission; and

WHEREAS, the Airport Master Plan was the subject of a Program Environmental Impact Report (“EIR”) certified by the San Francisco Planning Commission on May 28, 1992, by Motion No. 13356; and

WHEREAS, the Environmental Planning Division of the San Francisco Planning Department reviewed the Hotel Project and issued an addendum to the EIR (“Addendum”) on February 5, 2014, determining that the Hotel Project is within the scope of the EIR and no additional environmental review is required under the California Environmental Quality Act (Public Resources Code Section 21000 et seq., “CEQA”); and

WHEREAS, on May 19, 2014, the Commission, by Resolution No. 14-0095, adopted findings under CEQA related to the Hotel Project, determined to proceed with the Hotel Project, and authorized the Airport Director to proceed with implementation of the Hotel Project; and

WHEREAS, the project files, including the EIR, Addendum and Commission Resolution No. 14-0095, have been made available for review by the Commission and the public, and those files are part of the record before the Commission; and

WHEREAS, pursuant to Section 9.01(f) of the 1991 Resolution, the Commission, by Supplemental Resolution, may make any change or addition to the 1991 Resolution to provide for the issuance of, and to set the terms and conditions of, additional Series of Bonds under the 1991 Resolution; now, therefore, be it,

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 15-0182

RESOLVED, that this Commission has reviewed and considered the information in the EIR and Addendum, and hereby incorporates the CEQA findings contained in Resolution No. 14-0095, including findings of the Statement of Overriding Considerations, by this reference as though fully set forth in this Resolution; and be it further

RESOLVED, that this Commission finds that since the EIR and Addendum were finalized, there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the EIR and Addendum; and be it further

RESOLVED, as follows:

Section 1. Commission Findings. The Commission hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Defined Terms. Capitalized terms used but not otherwise defined in this Resolution shall have the meanings set forth in the 1991 Resolution.

Section 3. Special Facility Designation. In accordance with Section 2.16 of the 1991 Resolution, the Commission hereby designates the planned Hotel as a "Special Facility," as defined in the 1991 Resolution. Specifically, the Hotel Special Facility shall include the following: Plot 2 (as reconfigured following the realignment of South McDonnell Road), the Hotel structure, the connector between the Hotel and the AirTrain station serving the Hotel, and the other improvements to Plot 2.

The Hotel Special Facility shall exclude the following: the AirTrain station serving the Hotel, and all AirTrain guiderails, support structures and facilities.

Section 4. Designation of Special Facility Revenues. In accordance with Section 2.16 of the 1991 Resolution, the Commission hereby determines that revenues from the Hotel shall constitute "Special Facility Revenues," as defined in the 1991 Resolution (the "Hotel Revenues") and shall not be included as "Revenues" under the 1991 Resolution. Specifically, the Hotel Revenues shall include the following: all revenues generated by the Hotel (including revenues from rooms, meeting facilities, food and beverage, retail, parking on Plot 2, and spa).

Section 5. Airport Capital Plan Bonds.

(a) Increased Authorization of Capital Plan Bonds. In accordance with Section 9.01(f) of the 1991 Resolution, in order to authorize the issuance of an additional aggregate principal amount of not to exceed \$243 million of Capital Plan Bonds (also referred to in this Resolution as the "Airport Capital Plan Bonds") for the purposes of

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 15-0182

financing and refinancing the construction, acquisition, equipping and development of the Hotel Project, funding debt service reserves, and paying costs of issuance, in connection therewith, including through the purchase of the Hotel Special Facility Bonds, the 1991 Resolution (as previously amended and supplemented, including by the Thirteenth, Sixteenth and Seventeenth Supplemental Resolutions) is hereby further amended and supplemented as follows:

Each of the references in the 1991 Resolution, including the caption and whereas clauses and in Sections 34-82.01 and 34-83.01(a) thereof, to "Four Billion Seven Hundred Seventy-Three Million Seven Hundred Twenty-Five Thousand Dollars" and "\$4,773,725,000," of Capital Plan Bonds is hereby amended to read "Five Billion Sixteen Million Seven Hundred Twenty-Five Thousand Dollars" and "\$5,016,725,000," respectively.

(b) Parameters of the Capital Plan Bonds. The Capital Plan Bonds shall be subject to the maximum maturity and interest rate limitations set forth in Resolution No. 50-11 of the Board of Supervisors. The Capital Plan Bonds shall be sold prior to June 30, 2020, and may be issued as Variable Rate Bonds.

Section 6. Hotel Special Facility Bonds.

(a) Authorization. The Commission hereby authorizes the issuance of \$225 million in aggregate principal amount of Hotel Special Facility Bonds to finance and refinance the Hotel Project and costs in connection therewith. The Hotel Special Facility Bonds shall be secured solely by, and payable solely from, the Hotel Revenues.

(b) Trust Agreement. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to execute and deliver a Trust Agreement and/or Supplements thereto with a bond trustee selected by the Airport Director in connection with the issuance of any such Hotel Special Facility Bonds in substantially the form presented and on file with the Secretary of the Commission, with such changes thereto as have been approved by the Airport Director, upon consultation with the Office of the City Attorney, the Airport's financial advisors and bond counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. Delegation by Airport Director. The Airport Director is authorized to delegate the authority granted to him pursuant to this Resolution in writing to a member of Airport management upon consultation with the Office of the City Attorney.

Section 8. Approval of Board of Supervisors. The Commission Secretary, for and on behalf of and in the name of the Commission, is authorized and directed to seek any approvals the Airport Director deems necessary or desirable from the Board

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 15-0182

of Supervisors of the City in order to carry out the intents and purposes of this Resolution, including approval of the Airport Capital Plan Bonds, the Hotel Special Facility Bonds, the form of Trust Agreement approved by this Resolution, and any necessary appropriations.

Section 9. Ratification of Prior Acts. The actions of the officers, agents and employees of the Commission to carry out its intents and purposes taken prior to the adoption of this Resolution are ratified, approved and confirmed.

Section 10. General Authorization. The Airport Director and the other officers, agents and employees of the Commission are authorized and directed to execute and deliver such documents, agreements and certificates and to take such other actions, upon consultation with the Office of the City Attorney, as may be necessary or desirable and in the best interests of the Airport to carry out the purposes and intents of this Resolution, and the other transactions contemplated hereby and thereby.

Section 11. Effectiveness. This Resolution shall become effective on and as of the date of adoption hereof.



AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 15-0182

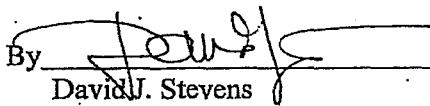
ADOPTED by the Airport Commission of the City and County of San Francisco this 22<sup>nd</sup> day of September, 2015, by the following vote:

Ayes: 5  
Noes: 0  
Absent: 0

[SEAL]

Approved as to Form:

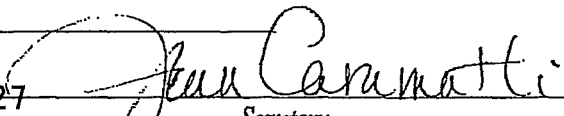
DENNIS J. HERRERA  
City Attorney

By   
David J. Stevens  
Deputy City Attorney

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I hereby certify that the foregoing resolution was adopted by the Airport Commission  
at its meeting of SEP 22 2015

2127

  
Secretary



AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-0035

Thirteenth Supplemental Resolution Providing for the Issuance of  
Not to Exceed \$718,000,000 Aggregate Principal Amount of  
San Francisco International Airport  
Second Series Revenue Bonds for Capital Plan Purposes

WHEREAS, the Airport Commission of the City and County of San Francisco (the "Commission"), on December 3, 1991, duly adopted its Resolution No. 91-0210, providing for the issuance of San Francisco International Airport Second Series Revenue Bonds, which Resolution, as previously supplemented and amended, including as supplemented by this resolution (as hereafter supplemented and amended, the "Thirteenth Supplemental Resolution"), is herein called the "1991 Resolution"; and

WHEREAS, the 1991 Resolution provides that the Commission may issue Bonds 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 an aggregate principal amount of not to exceed Seven Hundred Eighteen Million Dollars (\$718,000,000) for the purpose of financing and refinancing the construction, acquisition, equipping and development of capital projects undertaken by the Airport which are approved by the Commission from time to time, thereby constituting part of the Airport's capital plan (collectively, the "Capital Plan Projects");

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

ARTICLE 34-LXXXII  
DEFINITIONS AND GENERAL PROVISIONS

Section 34-82.01. Definitions. All capitalized terms in Articles 34-LXXXII through 34-LXXXIII not otherwise defined herein shall have the meanings assigned to them in Article I of the 1991 Resolution or in the Sixth Supplemental Resolution, as amended, or the Eleventh Supplemental Resolution, as amended, to the extent the terms of such Supplemental Resolutions are made applicable to Capital Plan Bonds pursuant to Section 34-83.01(b) hereof.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-0035

For the purposes of Articles 34-LXXXII through 34-LXXXIII, the following capitalized terms shall have the following meanings:

“Capital Plan Bonds” means the one or more Series of San Francisco International Airport Second Series Revenue Bonds, in an aggregate principal amount not to exceed \$718,000,000, that are authorized to be issued by the Commission from time to time pursuant to this Thirteenth Supplemental Resolution.

“Capital Plan Projects” means capital projects undertaken by the Airport which are approved by the Commission from time to time, thereby constituting part of the Airport's capital plan.

“Eleventh Supplemental Resolution” means Resolution No. 03-0220, adopted by the Commission on October 21, 2003, as supplemented and amended.

“Seventh Supplemental Resolution” means Resolution No. 98-0114, adopted by the Commission on May 19, 1998, as supplemented and amended.

“Sixth Supplemental Resolution” means Resolution No. 97-0104, adopted by the Commission on April 15, 1997, as supplemented and amended.

“Thirteenth Supplemental Resolution” has the meaning given in the recitals hereto.

Section 34-82.02. General Authorization. The appropriate officers, agents and employees of the Commission are each hereby authorized and directed 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 in order to consummate the lawful issuance, sale and delivery of one or more Series of Capital Plan Bonds in accordance with the provisions of the 1991 Resolution. At any time after the adoption of this Thirteenth Supplemental Resolution, the Airport Director or his designee is hereby authorized to make corrections to any Section or Article numbers, or any references thereto, in this Thirteenth Supplemental Resolution, without further act of the Commission, and such corrected resolution shall be deemed to be the definitive Thirteenth Supplemental Resolution adopted this date.

Section 34-82.03. Ratification of the 1991 Resolution. This Thirteenth Supplemental Resolution and all the terms and provisions herein contained shall form part of the 1991 Resolution as fully and with the same effect as if all such terms and provisions had been set forth in the 1991 Resolution. The 1991 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

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-0035

supplemented to the date hereof, including as supplemented by this Thirteenth Supplemental Resolution.

Section 34-82.04. Request for Board Approval. The Commission hereby authorizes and directs the Airport Director to request that the Board of Supervisors approve (a) the Capital Plan Bonds authorized by this resolution, and (b) that the maximum number of issues of Capital Plan Bonds shall be nine (9), *provided*, that for this purpose, any number of series or subseries of Capital Plan Bonds issued on the same Closing Date shall collectively constitute one (1) issue.

ARTICLE 34-LXXXIII  
AUTHORIZATION AND TERMS OF BONDS

Section 34-83.01. Authorization and Terms of Bonds. (a) One or more Series of Bonds to be issued under the 1991 Resolution, in the aggregate principal amount of not to exceed Seven Hundred Eighteen Million Dollars (\$718,000,000), are hereby created. Each Series of said Bonds shall be known as the "San Francisco International Airport Second Series Revenue Bonds, Issue \_" (with such alpha-numerical Series designation as the Airport Director shall determine) (collectively, the "Capital Plan Bonds").

(b) Capital Plan Bonds shall be issued in the form and denominations, shall be numbered, executed, registered, transferred and authenticated, shall bear interest and mature, shall be subject to redemption and tender for purchase, shall be payable as to principal, interest, redemption price, purchase price and premium, shall be subject to the provisions relating to book-entry, and shall otherwise be accorded the rights, shall have and be subject to the terms, conditions and procedures, and shall be issued and sold pursuant to, in accordance with and as provided by (i) for Infrastructure Bonds, the Sixth Supplemental Resolution, or (ii) for Variable Rate Bonds, the Eleventh Supplemental Resolution, in each case subject to any changes thereto as may be necessary or desirable to ensure consistency with the purposes and intent of this Thirteenth Supplemental Resolution, such changes to be set forth in a Series Sale Resolution with respect to one or more Series of Capital Plan Bonds. Notwithstanding the foregoing provisions of this paragraph, no Capital Plan Bonds shall have a final maturity after May 1, 2045.

(c) Notwithstanding the immediately preceding paragraph, the aggregate principal amount of any Capital Plan Bonds issued pursuant to this Thirteenth Supplemental Indenture shall not be counted against the principal amount of 1991 Resolution Bonds authorized to be issued under the Sixth Supplemental Resolution, the Seventh Supplemental Resolution, or the Eleventh Supplemental Resolution.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-0035

(d) Capital Plan Bonds may be issued for the purpose of financing and refinancing the construction, acquisition, equipping and development of Capital Plan Projects, including without limitation the refunding of outstanding commercial paper notes issued under the Commission's Resolutions Nos. 97-0147, 97-0148, and 99-0299, as amended and supplemented or other outstanding Subordinate Bonds (as defined in the 1991 Resolution), in each case to finance or refinance such Capital Plan Projects.

(e) Capital Plan Bonds may be offered for sale in accordance with an Official Notice of Sale in such form as the Commission or the Airport Director or his designee may approve with the advice of the City Attorney or, alternatively, may be sold pursuant to a Bond Purchase Contract in such form as the Commission or the Airport Director or his designee may approve with the advice of the City Attorney, but in any case not later than June 30, 2015.

Section 34-83.02. Applicability of Article 30-LXVII to Capital Plan Bonds. The Airport Director may determine by Series Sale Resolution that the provisions of Article 30-LXVII shall apply to the Bond Insurer providing a Bond Insurance Policy with respect to any Series of Capital Plan Bonds.

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 08-0035

ADOPTED by the Airport Commission of the City and County of San Francisco  
this 19th day of February, 2008, by the following vote:

Ayes: 3

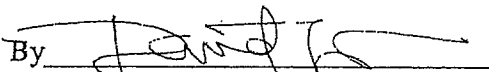
Noes: 0

Absent: 2

[SEAL]

Approved as to Form:


DENNIS J. HERRERA  
City Attorney of the City and  
County of San Francisco

By   
Deputy City Attorney

Page 5 of 5

I hereby certify that the foregoing resolution was adopted by the Airport Commission  
at its meeting of FEB 19 2008

2133

  
Secretary





**AIRPORT COMMISSION**

**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 97-0146**

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

**Resolution authorizing the issuance of**

**SAN FRANCISCO INTERNATIONAL AIRPORT  
SECOND SERIES SUBORDINATE REVENUE BONDS**

**(under and pursuant to Section 2.13 of Resolution No. 91-0210)**

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-0146

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RESOLUTION NO. 97-0146

Resolution Authorizing the Issuance of  
San Francisco International Airport  
Second Series Subordinate Revenue Bonds

WHEREAS, under Section 4.115 of the Charter of the City and County of San Francisco (the "Charter"), the Airport Commission of the City and County of San Francisco (the "Commission") has charge of the construction, management, supervision, maintenance, extension, operation, use and control of all property, as well as the real, personal and financial assets which are under the Commission's jurisdiction, including San Francisco International Airport and of all other airport properties wherever situated as it may acquire or which may be placed under its control (the "Airport"); and

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

WHEREAS, the Commission has previously authorized and issued \$1,900,700,000 of its San Francisco International Airport Second Series Revenue Bonds, Issue 1 through Issue 14 (the "1991 Resolution Bonds"), pursuant to Resolution No. 91-0210 of the Commission, adopted on December 3, 1991, as supplemented and amended (the "1991 Resolution"); and

WHEREAS, Section 2.13 of the 1991 Resolution provides in relevant part that nothing in the 1991 Resolution shall prevent the Commission from issuing at any time while any of the 1991 Resolution Bonds are outstanding revenue bonds which are junior and subordinate to the payment of principal or purchase price of, interest, redemption premium and reserve fund requirements of the 1991 Resolution Bonds; and

WHEREAS, the Commission deems it necessary and desirable and in the public interest to authorize the issuance of additional airport revenue bonds (the "1997 Resolution Bonds" or the "Bonds") under and in accordance with Section 2.13 of the 1991 Resolution and pursuant to the terms and conditions set forth herein, which Bonds shall be junior and subordinate to the payment of principal or purchase price of, interest, redemption premium and reserve fund requirements on the 1991 Resolution Bonds for so long as the 1991 Resolution Bonds shall remain Outstanding; and

WHEREAS, the Airline-Airport Lease and Use Agreements, dated as of July 1, 1981, by and between the City, acting by and through the Commission, and the respective airlines serving the Airport which are parties thereto (the "Lease and Use Agreements") provide for the issuance of Airport Revenue Bonds (as defined therein) pursuant to a resolution of the Commission, prescribing the covenants and conditions attendant upon such issuance, and not inconsistent with the provisions of the Lease and Use Agreements; and

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WHEREAS, the Commission hereby finds and determines that (i) the 1997 Resolution Bonds are being authorized under and in accordance with the 1991 Resolution and Section 2.13 thereof, (ii) the authorization and issuance of the 1997 Resolution Bonds by the Commission pursuant to this 1997 Resolution is contemplated in and permitted by the Lease and Use Agreements; and (iii) the covenants and conditions of this Resolution are not inconsistent with the provisions of the Lease and Use Agreements;

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

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions. The following terms, for all purposes of this 1997 Resolution and any Supplemental Resolution, shall have the following meanings unless a different meaning clearly applies from the context:

"Accreted Value" means, as of any date of calculation, (a) with respect to any Capital Appreciation Bond, the initial principal amount thereof plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, and (b) with respect to any Compound Interest Bond, the initial offering price thereof plus the amount of principal which has accreted thereon, in each case as determined in accordance with the provisions of the Supplemental Resolution authorizing the issuance thereof.

"Act" means the Charter of the City and County of San Francisco, as supplemented and amended, all enactments of the Board adopted pursuant thereto, and all laws of the State of California incorporated therein by reference.

"Airport" means the San Francisco International Airport, located in San Mateo County, State of California, together with all additions, betterments, extensions and improvements thereto. Unless otherwise specifically provided in any Supplemental Resolution, the term shall include all other airports, airfields, landing places and places for the take-off and landing of aircraft, together with related facilities and property, located elsewhere, which are hereafter owned, controlled or operated by the Commission or over which the Commission has possession, management, supervision or control.

"Airport Consultant" means a firm or firms of national recognition with knowledge and experience in the field of advising the management of the Airport as to the planning, development, operation and management of Airport and aviation facilities, selected and employed by the Commission from time to time.

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"Amortized Bonds" means the Authorized Amount of any existing or proposed Commercial Paper Program.

"Annual Service Payments" means the amounts paid to the City other than as reimbursement for direct services provided by the City to the Airport, including but not limited to the amounts paid pursuant to that certain Settlement Agreement, made and entered into as of July 1, 1981, by and among the City and certain regular airline users of the Airport.

"Authenticating Agent" means, with respect to any Series of Bonds, each person or entity, if any, designated as such by the Commission herein or in the Supplemental Resolution authorizing the issuance of such Bonds, and its successors and assigns and any other person or entity which may at any time be substituted for it pursuant thereto.

"Authorized Amount" means, with respect to a Commercial Paper Program, the maximum aggregate Principal Amount of such Bonds which is then authorized by the Commission to be Outstanding at any one time.

"Authorized Commission Representative" means the Airport Director or the Deputy Airport Director for Business and Finance, or the respective successors to the powers and duties thereof, or such other person as may be designated to act on behalf of the Commission by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Commission by the Airport Director or the Deputy Airport Director for Business and Finance, or their respective successors.

"Authorized Newspapers" means a financial newspaper or journal, printed in the English language and customarily published on each business day, of general circulation in the financial community in San Francisco, California, and a similar newspaper or journal of general circulation in New York, New York.

"Board of Supervisors" means the Board of Supervisors of the City and County of San Francisco, as duly elected, appointed and qualified from time to time in accordance with the provisions of the Charter.

"Bond Counsel" means an attorney or firm or firms of attorneys of national recognition selected or employed by the Commission with knowledge and experience in the field of municipal finance.

"Bond Depository" means the securities depository for a Series of Bonds appointed as such pursuant to a Supplemental Resolution and its successors and assigns.



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"Bond Purchase Contract" means a contract entered into by the Commission with and for the negotiated sale of a Series of Bonds by the purchasers thereof, including a contract providing for the forward purchase of a Series of Bonds.

"Bonds" or "1997 Resolution Bonds" means any evidences of indebtedness for borrowed money issued from time to time by the Commission hereby or by Supplemental Resolution pursuant to Article II hereof, including but not limited to bonds, notes, bond anticipation notes, commercial paper, lease or installment purchase agreements or certificates of participation therein and Repayment Obligations to the extent provided in Section 2.15 hereof.

"Business Day" means, unless otherwise specified by Supplemental Resolution, any day of the week other than Saturday, Sunday or a day which shall be, in the State of California, the State of New York or in the jurisdiction in which the Corporate Trust Office of the Trustee or the principal office of the Registrar or the Credit Provider is located, a legal holiday or a day on which banking institutions are authorized or obligated by law or executive order to close.

"Call Protection Date" means the date determined in accordance with any Supplemental Resolution before which Bonds of a Series are not subject to optional redemption.

"Capital Appreciation Bonds" means Bonds the interest on which is compounded and accumulated at the rate or rates and on the date or dates set forth in the Supplemental Resolution authorizing the issuance thereof and which is payable only upon redemption and/or on the maturity date thereof.

"Charter" means the Charter of the City and County of San Francisco, as supplemented and amended, and any new or successor Charter.

"City" means the City and County of San Francisco, a chartered city and county and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

"Closing Date" means the date upon which a Series of Bonds is initially issued and delivered in exchange for the proceeds representing the purchase price of such Series of Bonds paid by the original purchaser thereof.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations, rulings and procedures proposed or promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

"Commercial Paper," "Commercial Paper Notes" or "Commercial Paper Program" means Bonds with maturities of not more than 270 days from the dates of issuance thereof which are issued and reissued by the Commission from time to time and are Outstanding up to an Authorized Amount.

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“Commission” means the Airport Commission of the City and County of San Francisco as duly constituted from time to time under the Charter, and all commissions, agencies or public bodies which shall succeed to the powers, duties and obligations of the Commission.

“Completion Date” means the Completion Date (as defined in the related Tax Certificate) of a Project.

“Compound Interest Bonds” means Bonds which are sold at an initial offering price of less than 95% of the principal amount thereof payable at maturity, and which are specifically designated as such in the Supplemental Resolution authorizing the issuance thereof.

“Construction Fund” means the Airport Construction Fund established pursuant to Section 4.01 hereof.

“Construction Period” means the period commencing on the date of original issuance of a Series of Bonds and ending on the Completion Date for a related Project.

“Continuing Disclosure Certificate” means a certificate executed and delivered by an Authorized Commission Representative with respect to compliance with Rule 15c2-12(b)(5) of the Securities and Exchange Commission, as such certificate may be amended from time to time in accordance with its terms.

“Controller” means the Controller of the City and County of San Francisco, or any successor officer to the duties of the Controller of the City and County of San Francisco.

“Corporate Trust Office” means the office of the Trustee at which its principal corporate trust business is conducted, which at the date hereof is located in San Francisco, California.

“Costs of Issuance” means all reasonable costs incurred by the Commission in connection with the issuance of a Series of Bonds, including, but not limited to:

- (a) counsel fees related to the issuance of such Series of Bonds (including bond counsel, Trustee’s counsel and the City Attorney);
- (b) financial advisor fees incurred in connection with the issuance of such Series of Bonds;
- (c) rating agency fees;
- (d) the initial fees and expenses of the Trustee, the Registrar, any Issuing and Paying Agent and the Authenticating Agent;

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- (e) accountant fees related to the issuance of such Series of Bonds;
- (f) printing and publication costs;
- (g) costs of engineering and feasibility studies necessary to the issuance of such Series of Bonds, but excluding costs of such studies related solely to completion of the related Project and not to the financing; and
- (h) any other cost incurred in connection with the issuance of the Bonds that constitutes an "issuance cost" within the meaning of Section 147(g) of the Code.

"Credit Facility" means a letter of credit, line of credit, standby purchase agreement, municipal bond insurance policy, surety bond or other financial instrument which obligates a third party to pay or provide funds for the payment of the principal or purchase price of and/or interest on any Bonds and which is designated as a Credit Facility in the Supplemental Resolution authorizing the issuance of such Bonds.

"Credit Facility Agreement" means the written agreement between the Commission and a Credit Provider pursuant to which the related Credit Facility is issued.

"Credit Provider" means the person or entity obligated to make a payment or payments with respect to any Bonds under a Credit Facility.

"Debt Service Fund" means the 1997 Resolution Debt Service Fund established pursuant to Section 5.03 hereof.

"DTC" means The Depository Trust Company, as Bond Depository for one or more Series of Bonds, and its successors and assigns.

"Event of Default" means any one or more of those events set forth in Section 7.01 hereof.

"Financial Consultant" means a firm or firms of financial advisors of national recognition with knowledge and experience in the field of municipal finance selected or employed by the Commission.

"Fiscal Year" means the one-year period beginning on July 1 of each year and ending on June 30 of the succeeding year, or such other one-year period as the Commission shall designate as its Fiscal Year.

"Fund" or "Account" means any fund or account established pursuant to this 1997 Resolution.

"Government Certificates" means evidences of ownership of proportionate interests in future principal or interest payments of Government Obligations, including depository receipts thereof.

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Investments in such proportionate interests must be limited to circumstances wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (iii) the underlying Government Obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, or any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Government Obligations" means direct and general obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Holder," "Bondholder," "Owner" and "Bondowner" means the person or persons in whose name any Bond or Bonds are registered on the records maintained by the Registrar or, in the case of bearer obligations, who hold any Bond or Bonds, and shall include any Credit Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond pursuant to Section 2.15 hereof.

"Independent Auditor" means a firm or firms of independent certified public accountants with knowledge and experience in the field of governmental accounting and auditing selected or employed by the City.

"Information Services" means: Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Moody's Investors Services' "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard and Poor's Corporation's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with any then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services, if any, providing information with respect to called bonds as the Commission may designate.

"Insolvent" shall be used to describe the Trustee, any Paying Agent, Issuing and Paying Agent, Authenticating Agent, Registrar, other agent appointed under the 1997 Resolution or any Credit Provider, if (a) such person shall have instituted proceedings to be adjudicated a bankrupt or insolvent, shall have consented to the institution of bankruptcy or insolvency proceedings against it, shall have filed a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other similar applicable federal or state law, or shall have consented to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator or other similar official of itself or of any substantial part of its property, or shall fail to timely controvert an involuntary petition filed against it under the federal Bankruptcy Code, or shall consent to the entry of an order for relief under the federal Bankruptcy Code or shall make an assignment for the benefit of

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creditors or shall admit in writing its inability to pay its debts generally as they become due; or (b) a decree or order by a court having jurisdiction in the premises adjudging such person as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such person under the federal Bankruptcy Code or any other similar applicable federal or state law or for relief under the federal Bankruptcy Code after an involuntary petition has been filed against such person, or appointing a receiver, liquidator, assignee, trustee or sequestrator or other similar official of such person or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, shall have been entered and shall have continued unstayed and in effect for a period of 90 consecutive days.

“Insurance Consultant” means a firm or firms of national recognition with knowledge and experience in the fields of insurance and risk management selected or employed by the Commission.

“Interest Payment Date” means, with respect to any Series of Bonds, each date specified herein or in the Supplemental Resolution authorizing the issuance thereof for the payment of interest on such Bonds.

“Interest Rate Swap” means an agreement between the Commission or the Trustee and a Swap Counter Party related to Bonds of one or more Series whereby a variable rate cash flow (which may be subject to an interest rate cap) on a principal or notional amount is exchanged for a fixed rate of return on an equal principal or notional amount. If the Commission enters into more than one Interest Rate Swap with respect to a Series of Bonds, each Interest Rate Swap shall specify the same payment dates.

“Issuing and Paying Agent” means the issuing and paying agent appointed under any Supplemental Resolution providing for the issuance of any Commercial Paper, and its successors or assigns.

“Moody’s” means Moody’s Investors Service, a corporation existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, “Moody’s” means any other nationally recognized rating agency designated by the Commission.

“Net Revenues” means Revenues less Operation and Maintenance Expenses.

“1991 Bond Funds” means the 1991 Resolution Debt Service Fund and the 1991 Resolution Reserve Fund established pursuant to the 1991 Resolution.

“1991 Resolution” means Resolution No. 91-0210, adopted by the Commission on December 3, 1991, as supplemented and amended, authorizing the issuance of the 1991 Resolution Bonds.

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"1991 Resolution Bonds" means the Commission's San Francisco International Airport Second Series Revenue Bonds, Issue 1 through Issue 14 heretofore issued and any additional series of Second Series Revenue Bonds hereafter issued and at any time Outstanding pursuant to the 1991 Resolution, and any refunding bonds issued under and pursuant to Section 2.12 of the 1991 Resolution.

"1997 Resolution" means this Resolution No. 97-\_\_\_\_, adopted by the Commission on \_\_\_\_\_ 1997, as the same shall be amended or supplemented pursuant to the terms hereof.

"Nominee" means the nominee of the Bond Depository as determined from time to time in accordance with a Supplemental Resolution, for any one or more Series of Bonds.

"Operation and Maintenance Account" means the account of that name in the Revenue Fund established pursuant to Section 5.02 of the 1991 Resolution and continued hereunder.

"Operation and Maintenance Expenses" means, for any period, all expenses of the Commission incurred for the operation and maintenance of the Airport, as determined in accordance with generally accepted accounting principles. Operation and Maintenance Expenses shall not include: (a) the principal of, premium, if any, or interest on any 1991 Resolution Bonds, 1997 Resolution Bonds, Subordinate Bonds or general obligation bonds issued by the City for Airport purposes; (b) any allowance for amortization, depreciation or obsolescence of the Airport; (c) any expense for which, or to the extent to which, the Commission is or will be paid or reimbursed from or through any source that is not included or includable as Revenues; (d) any extraordinary items arising from the early extinguishment of debt; (e) Annual Service Payments; (f) any costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to the Airport which, under generally accepted accounting principles, are properly chargeable to the capital account or the reserve for depreciation; and (g) any losses from the sale, abandonment, reclassification, revaluation or other disposition of any Airport properties. Operation and Maintenance Expenses shall include the payment of pension charges and proportionate payments to such compensation and other insurance or outside reserve funds as the Commission may establish or the Board of Supervisors may require with respect to employees of the Commission.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel.

"Opinion of Counsel" means a written opinion of an attorney or firm or firms of attorneys acceptable to the Trustee and the Commission, and who (except as otherwise expressly provided herein) may be either counsel for the Commission or for the Trustee.

"Outstanding" means when used with reference to a Series of 1997 Resolution Bonds, as of any date of determination, all Bonds of such Series which have been executed and delivered under this 1997 Resolution except: (a) Bonds canceled by the Trustee or delivered to the Trustee for cancellation; (b) Bonds which are deemed paid and no longer Outstanding as provided in Section 10.01 hereof or in any Supplemental Resolution authorizing the issuance thereof; (c) Bonds in

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lieu of which other Bonds have been issued pursuant to the provisions hereof or of any Supplemental Resolution authorizing the issuance thereof; and (d) for purposes of any consent or other action to be taken under the 1997 Resolution by the Holders of a specified percentage of Principal Amount of Bonds of a Series or all Series, Bonds held by or for the account of the Commission. "Outstanding" when used with reference to a Series of 1991 Resolution Bonds shall have the meaning set forth in the 1991 Resolution.

"Participating Series" means any Series of Bonds heretofore or hereafter designated by Supplemental Resolution as being secured by the 1997 Reserve Account.

"Paying Agent" means, with respect to any Series of Bonds, each person or entity, if any, designated as such by the Commission herein or in the Supplemental Resolution authorizing the issuance of such Bonds, and its successors and assigns and any other person or entity which may at any time be substituted for it pursuant thereto.

"Payment Date" means, with respect to any Series of Bonds, each Interest Payment Date and Principal Payment Date.

"Permitted Investments" means and include any of the following, if and to the extent the same are at the time legal for the investment of the Commission's money:

- (a) Government Obligations and Government Certificates.
- (b) Obligations issued or guaranteed by any of the following:
  - (i) Federal Home Loan Banks System;
  - (ii) Export-Import Bank of the United States;
  - (iii) Federal Financing Bank;
  - (iv) Government National Mortgage Association;
  - (v) Farmers Home Administration;
  - (vi) Federal Home Loan Mortgage Corporation;
  - (vii) Federal Housing Administration;
  - (viii) Private Export Funding Corporation;
  - (ix) Federal National Mortgage Association;

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- (x) Federal Farm Credit System;
  - (xi) Resolution Funding Corporation;
  - (xii) Student Loan Marketing Association; and
  - (xiii) any other instrumentality or agency of the United States.
- (c) Pre-refunded municipal obligations rated in the highest rating category by at least two Rating Agencies and meeting the following conditions:
- (i) such obligations are: (A) not subject to redemption prior to maturity or the trustee or escrow agent has been given irrevocable instructions concerning their calling and redemption, and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
  - (ii) such obligations are secured by Government Obligations or Government Certificates that may be applied only to interest, principal and premium payments of such obligations;
  - (iii) the principal of and interest on such Government Obligations or Government Certificates (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations;
  - (iv) the Government Obligations or Government Certificates serving as security for the obligations have been irrevocably deposited with and are held by an escrow agent or trustee; and
  - (v) such Government Obligations or Government Certificates are not available to satisfy any other claims, including those against the trustee or escrow agent.
- (d) Direct and general long-term obligations of any State of the United States of America or the District of Columbia (a "State") to the payment of which the full faith and credit of such State is pledged and that are rated in either of the two highest rating categories by at least two Rating Agencies.
- (e) Direct and general short-term obligations of any State to the payment of which the full faith and credit of such State is pledged and that are rated in the highest rating category by at least two Rating Agencies.
- (f) Interest-bearing demand or time deposits with, or interests in money market portfolios rated in the highest rating category by at least two Rating Agencies issued by, state banks or trust



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companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC"). Such deposits or interests must either be: (i) continuously and fully insured by FDIC; (ii) if they have a maturity of one year or less, with or issued by banks that are rated in one of the two highest short term rating categories by at least two Rating Agencies; (iii) if they have a maturity longer than one year, with or issued by banks that are rated in one of the two highest rating categories by at least two Rating Agencies; or (iv) fully secured by Government Obligations and Government Certificates. Such Government Obligations and Government Certificates must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations and Government Certificates must be held by a third party (who shall not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party must have a perfected first lien in the Government Obligations and Government Certificates serving as collateral, and such collateral must be free from all other third party liens.

(g) Eurodollar time deposits issued by a bank with a deposit rating in one of the two highest short-term deposit rating categories by at least two Rating Agencies.

(h) Long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the two highest rating categories by at least two Rating Agencies.

(i) Repurchase agreements with maturities of either (A) 30 days or less, or (B) longer than 30 days and not longer than one year provided that the collateral subject to such agreements are marked to market daily, entered into with financial institutions such as banks or trust companies organized under State or federal law, insurance companies, or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation, or with a dealer or parent holding company that is rated investment grade ("A" or better) by at least two Rating Agencies. The repurchase agreement must be in respect of Government Obligations and Government Certificates or obligations described in paragraph (b) of this definition. The repurchase agreement securities and, to the extent necessary, Government Obligations and Government Certificates or obligations described in paragraph (b), exclusive of accrued interest, shall be maintained in an amount at least equal to the amount invested in the repurchase agreements. In addition, the provisions of the repurchase agreement shall meet the following additional criteria:

(1) the third party (who shall not be the provider of the collateral) has possession of the repurchase agreement securities and the Government Obligations and Government Certificates;

(2) failure to maintain the requisite collateral levels will require the third party having possession of the securities to liquidate the securities immediately; and

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(3) the third party having possession of the securities has a perfected, first priority security interest in the securities.

(j) Prime commercial paper of a corporation, finance company or banking institution rated in the highest short-term rating category by at least two Rating Agencies.

(k) Public housing bonds issued by public agencies which are either: (i) fully guaranteed by the United States of America; or (ii) temporary notes, preliminary loan notes or project notes secured by a requisition or payment agreement with the United States of America; or (iii) state or public agency or municipality obligations rated in the highest credit rating category by at least two Rating Agencies.

(l) Shares of a diversified open-end management investment company, as defined in the Investment Company Act of 1940, as amended, or shares in a regulated investment company, as defined in Section 851(a) of the Code that is a money market fund that has been rated in the highest rating category by at least two Rating Agencies (excluding funds of the Trustee and its affiliates).

(m) Money market accounts of any state or federal bank, or bank whose holding parent company is, rated in the top two short-term or long-term rating categories by at least two Rating Agencies.

(n) Shares of a diversified open-end management investment company, as defined in the Investment Company Act of 1940, as amended, or shares in a regulated investment company, as defined in Section 851(a) of the Code, that is a money market fund that has been rated in the highest rating category by at least two Rating Agencies (including funds of the Trustee and its affiliates for which they may receive compensation).

(o) Investment agreements the issuer of which is rated in one of the two highest rating categories by at least two Rating Agencies.

(p) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments otherwise permitted in paragraphs (a) through (n) above.

(q) Any other debt or fixed income security specified by the Commission (except securities of the City and any agency, department, commission or instrumentality thereof other than the Commission) and rated in the highest category by at least two Rating Agencies.

"Principal Amount" means, as of any date of calculation, (a) with respect to any Capital Appreciation Bond or Compound Interest Bond, the Accreted Value thereof, and (b) with respect to any other Bonds, the stated principal amount thereof.

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"Principal Payment Date" means, with respect to any Series of Bonds, each date specified herein or in the Supplemental Resolution authorizing the issuance thereof for the payment of the principal of such Bonds either at maturity or upon prior redemption from mandatory sinking fund payments.

"Project" means the improvements, equipment, repairs, betterments or other authorized activities of the Commission the acquisition, development, construction, equipping or improvement of which are designated in accordance with a Supplemental Resolution to be financed with proceeds of the sale of a Series of Bonds deposited in the related account within the Construction Fund.

"Project Costs" means the costs of financing and acquiring a Project and shall include the following:

(i) payment of, or reimbursement to the Commission for, any amounts necessary to pay the fees of, and any other amounts due, any Credit Provider or interest on any obligations incurred under a Credit Facility during the Construction Period;

(ii) (a) payment of the costs incurred or to be incurred in connection with or incidental to the acquisition, construction, development or equipping of the Project, including administrative, legal (including but not limited to fees and expenses of the City Attorney), engineering, planning, design, studies, insurance costs, costs of obtaining any applicable licenses or permits and financing costs, and (b) payment to the Commission of such amounts, if any, as shall be necessary to pay or reimburse the Commission in full for all advances and payments made by the Commission relating to the Project prior to or after the date of issuance and delivery of the related Series of Bonds, including expenditures in connection with acquisition by the Commission of appropriate title or interest in and to the Project site (including the cost of such acquisition and of any rights-of-way or easements relating to or necessary or useful to the Project or the Project site), site improvement, and all real or personal property deemed necessary in connection with the Project, or any one or more of such expenditures (including architectural, engineering and supervisory services) with respect to any of the foregoing;

(iii) Costs of Issuance;

(iv) payment of, or reimbursement to the Commission for, as such payments become due, the fees and expenses of the Trustee, the Registrar, the Paying Agent, any Issuing and Paying Agent and any Authenticating Agent and the fees and expenses of their counsel properly incurred under the 1997 Resolution during the Construction Period;

(v) payment of the premiums on all insurance required to be taken out and maintained under the 1997 Resolution during the Construction Period;

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- (vi) payment of interest on the related Series of Bonds during the Construction Period; and
- (vii) any other costs and expenses relating to the Project authorized under the Act.

"Qualified Self-Insurance" means either (a) a program of self-insurance, or (b) insurance maintained with a fund, company or association in which the Commission shall have a material interest and of which the Commission shall have control, either singly or with others, and in each case which meets the requirements of Section 6.07 hereof.

"Rating Agency" means, so long as it is rating a Series of Bonds, (i) Moody's, (ii) Standard & Poor's or (iii) any other nationally recognized credit rating agency specified in a Supplemental Resolution. So long as Standard & Poor's is rating a Series of Bonds, "Rating Agency" as used in the definition of "Permitted Investments" shall include Standard & Poor's as one of the Rating Agencies rating a particular investment.

"Rebate Fund" means the 1997 Resolution Rebate Fund established pursuant to Section 5.11.

"Rebate Requirement" shall have the meaning assigned thereto in the Tax Certificate.

"Record Date" means, with respect to any Series of Bonds, each date, if any, specified herein or in the Supplemental Resolution authorizing the issuance thereof as a Record Date, and if not otherwise specified, means the fifteenth day of the calendar month before each Payment Date.

"Redemption Price" means the Principal Amount and premium, if any, payable in accordance with the terms thereof of Bonds called for redemption.

"Registrar" means, with respect to any Series of Bonds, each person or entity, if any, designated as such by the Commission herein or in the Supplemental Resolution authorizing the issuance of such Bonds, and its successors and assigns and any other person or entity which may at any time be substituted for it pursuant thereto.

"Regulations" means the income tax regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

"Repayment Obligation" means an obligation under a Credit Facility Agreement to reimburse the Credit Provider for amounts paid under or pursuant to a Credit Facility for the payment of the principal or purchase price of and/or interest on any Bonds.

"Reserve Fund" means the 1997 Resolution Reserve Fund established pursuant to Section 5.04 hereof.

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"Responsible Officer" when used with respect to the Trustee means any corporate trust officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Revenue Bond Account" means the account of that name in the Revenue Fund established pursuant to Section 5.02 of the 1991 Resolution and continued hereunder.

"Revenue Fund" means the Airport Revenue Fund held by the Treasurer, and any successor to such fund.

"Revenues" means all revenues earned by the Commission from or with respect to its construction, possession, management, supervision, maintenance, extension, operation, use and control of the Airport, as determined in accordance with generally accepted accounting principles. Revenues shall not include: (a) interest income on, and any profit realized from, the investment of moneys in (i) the Construction Fund or any other construction fund funded from proceeds of 1991 Resolution Bonds or any Subordinate Bonds, or (ii) amounts in the Debt Service Fund or the 1991 Debt Service Fund which constitute capitalized interest, to the extent required to be paid into the Debt Service Fund or the 1991 Debt Service Fund, or (iii) the Reserve Fund or the 1991 Reserve Fund if and to the extent there is any deficiency therein; (b) interest income on, and any profit realized from, the investment of the proceeds of any Special Facility Bonds; (c) Special Facility Revenues and any interest income or profit realized from the investment thereof, unless such receipts are designated as Revenues by the Commission; (d) any passenger facility charge or similar charge levied by or on behalf of the Commission against passengers, unless all or a portion thereof are designated as Revenues by the Commission; (e) grants-in-aid, donations and/or bequests; (f) insurance proceeds which are not deemed to be Revenues in accordance with generally accepted accounting principles; (g) the proceeds of any condemnation award; (h) the proceeds of any sale of land, buildings or equipment; and (i) any money received by or for the account of the Commission from the levy or collection of taxes upon any property in the City.

"Revenues Account" means the account of that name in the Revenue Fund heretofore established pursuant to Section 5.02 of the 1991 Resolution and continued hereunder.

"Securities Depositories" means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax: (516) 277-4039 or -4190; Midwest Securities Trust Company, Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax: (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax: (215) 496-5058; or, in accordance with any then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories, if any, as the Commission may designate.

"Series of Bonds" or "Bonds of a Series" or "Series" means a series of Bonds issued pursuant to this 1997 Resolution or the 1991 Resolution, as the case may be.

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“Series Construction Account” means the Construction Account created pursuant to Section 4.01 for a Series of Bonds.

“Series Construction Period” means the period commencing on the date of original issuance of a Series of Bonds ending on the Completion Date of the Series Project.

“Series Debt Service Accounts” means the Series Interest Account, the Series Principal Account and the Series Redemption Account.

“Series Interest Account” means the Interest Account created pursuant to Section 5.03 with respect to a Series of Bonds.

“Series Principal Account” means the Principal Account created pursuant to Section 5.03 with respect to a Series of Bonds.

“Series Project” means the Project or Projects financed in whole or in part by a Series of Bonds.

“Series Redemption Account” means the Redemption Account created pursuant to Section 5.03 with respect to a Series of Bonds.

“Series Sale Resolution” means one or more resolutions of the Commission, (i) awarding or providing for the award of a Series of Bonds to the successful bidder in accordance with the terms of the Official Notice of Sale or providing for the sale of a Series of Bonds pursuant to a Bond Purchase Contract, and (ii) determining or providing for the determination of the interest rates to be borne by said Series of Bonds, whether principal payments in any given year are to be serial maturities or mandatory sinking fund payments, and the dates of any mandatory sinking fund payments, the purchase price of the Series of Bonds, providing for bond insurance for any or all of the Series of Bonds and determining or providing for the determination of such other matters relating to the Series of Bonds as may be permitted or authorized to be determined by the Commission in accordance with the 1997 Resolution. If so designated by resolution of the Commission, a certificate signed by the President and the Secretary or by the Airport Director may be deemed to be a Series Sale Resolution.

“Special Facility” means any existing or planned facility, structure, equipment or other property, real or personal, which is at the Airport or a part of any facility or structure at the Airport and which is designated as a Special Facility pursuant to Section 2.16 hereof.

“Special Facility Bonds” means any revenue bonds, notes, bond anticipation notes, commercial paper or other evidences of indebtedness for borrowed money issued by the Commission to finance a Special Facility, the principal of, premium, if any, and interest on which are payable from and secured by the Special Facility Revenues derived from such Special Facility, and not from or by Net Revenues.

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“Special Facility Revenues” means the revenues earned by the Commission from or with respect to a Special Facility and which are designated as such by the Commission, including but not limited to contractual payments to the Commission under a loan agreement, lease agreement or other written agreement with respect to the Special Facility by and between the Commission and the person, firm, corporation or other entity, either public or private, as shall operate, occupy or otherwise use the Special Facility.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns and, if such corporation shall no longer perform the functions of a securities rating agency, Standard & Poor’s shall mean any other nationally recognized securities rating agency designated by the Commission.

“Subordinate Bonds” means any evidences of indebtedness for borrowed money issued from time to time by the Commission pursuant to Section 2.13 hereof, including but not limited to bonds, notes, bond anticipation notes, commercial paper, lease or installment purchase agreements or certificates of participation therein.

“Supplemental Resolution” means a resolution supplementing or amending the provisions of the 1997 Resolution which is adopted by the Commission pursuant to Article IX hereof.

“Swap Counter Party” means a member of the International Swap Dealers Association rated in one of the three top rating categories by at least one Rating Agency.

“Swap Payments” means as of each payment date specified in an Interest Rate Swap and as of the termination of an Interest Rate Swap prior to its scheduled expiration, the amount, if any, payable to the Swap Counter Party by the Trustee, on behalf of the Commission.

“Swap Receipts” means as of each payment date specified in an Interest Rate Swap and as of the termination of an Interest Rate Swap prior to its scheduled expiration, the amount, if any, payable to the Trustee for the account of the Commission by the Swap Counter Party.

“Tax Certificate” means a certificate executed and delivered by an Authorized Commission Representative on the Closing Date, or any functionally similar replacement certificate subsequently executed and delivered by an Authorized Commission Representative with respect to the requirements of Section 148 (or any successor section) of the Code relating to a Series of Bonds.

“Treasurer” means the Treasurer of the City, and any successor to his or her duties hereunder.

“Trustee” means Chase Trust Company of California, and any successor to its duties hereunder.

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"Variable Rate Bonds" means any Bonds the interest rate on which is not fixed to maturity as of the date of calculation.

Section 1.02. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this 1997 Resolution:

- (a) Any reference herein to the Commission or any officer thereof shall include any persons or entities succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.
- (b) The use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine and feminine gender.
- (c) Words importing the singular number shall include the plural number and vice versa.
- (d) All references herein to particular articles, sections or other subdivisions are references to articles, sections or other subdivisions of this 1997 Resolution.
- (e) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this 1997 Resolution nor shall they affect its meaning, construction or effect.
- (f) All terms such as herein, hereunder and hereto shall refer to this 1997 Resolution, as amended or supplemented.
- (g) Unless otherwise specified, all references herein to the time of day shall mean San Francisco, California time.

Section 1.03. Due Authorization. This Commission has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and does hereby find and determine, that the Commission has duly and regularly complied with all applicable provisions of law and is duly authorized by law to issue the Bonds in the manner and upon the terms provided in this 1997 Resolution and that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the issuance of the Bonds exist, have happened and have been performed in regular and due time, form and manner as required by law, and this Commission is now duly empowered to issue the Bonds.



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ARTICLE II

TERMS OF BONDS

Section 2.01. Issuance. Bonds may be issued in one or more Series under and subject to the terms of this 1997 Resolution from time to time as the issuance thereof is authorized by the Commission by Supplemental Resolution for any purposes of the Commission now or hereafter permitted by law. The maximum principal amount of Bonds which may be issued hereunder is not limited by this 1997 Resolution.

Section 2.02. Terms. The Bonds of each Series shall be authorized by a Supplemental Resolution which shall provide, among other things: (a) the authorized principal amount or Authorized Amount of such Bonds and the Series designation therefor; (b) the general purpose or purposes for which such Bonds are being issued, and the deposit and disbursement of the proceeds thereof; (c) the dated date or dates of and Principal Payment Dates for such Bonds, and the principal amounts maturing or subject to redemption on each Principal Payment Date or the means of determining such amounts; (d) the interest rate or rates on such Bonds (which may be a rate of zero) and the Interest Payment Dates therefor, and whether such interest rate or rates shall be fixed or variable, or a combination thereof, and, if necessary, the manner of determining such rate or rates; (e) the currency or currencies in which such Bonds shall be payable; (f) the authorized denominations of and manner of dating and numbering such Bonds; (g) the Record Date or Dates, if any, and the place or places of payment of the principal, redemption price, if any, purchase price, if any, of and interest on such Bonds; (h) the form or forms of such Bonds and any coupons attached thereto, which may include but shall not be limited to registered form as to principal and/or interest, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange thereof; (i) the terms and conditions, if any, for the optional or mandatory redemption of such Bonds prior to maturity, including but not limited to the redemption date or dates, the redemption price or prices and any mandatory sinking fund payments with respect thereto; (j) the terms and conditions, if any, for the optional or mandatory tender of such Bonds for purchase prior to maturity, including but not limited to the tender date or dates and the purchase price or prices; (k) the authorization of and terms and conditions with respect to any Credit Facility for such Bonds; (l) the Authenticating Agent or Agents for such Bonds, if any, and the duties and obligations thereof; (m) the Paying Agent or Agents for such Bonds, if any, and the duties and obligations thereof; (n) the tender agent or agents for such Bonds, if any, and the duties and obligations thereof; (o) the remarketing agent or agents for such Bonds, if any, and the duties and obligations thereof; (p) the Registrar or Registrars for such Bonds and the duties and obligations thereof; (q) the manner of sale of such Bonds, whether public or private and with or without a premium or discount, and any terms and conditions necessary with respect thereto; and (r) any other provisions which the Commission deems necessary or desirable with respect to the authorization and issuance of such Bonds.

Section 2.03. Limited Obligation; Recitals on Bonds. (a) The Bonds shall be special, limited obligations of the Commission, and shall be payable as to principal, purchase price, if any, redemption

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premium, if any, and interest, from the Net Revenues of the Airport, and the moneys in the Funds and Accounts established under the 1997 Resolution (except the Rebate Fund), subject to the prior payment of principal of and interest on the 1991 Resolution Bonds, and not from any other funds or moneys of the Commission not pledged thereto, as further provided in Section 5.01 hereof. No Holder of the Bonds shall have the right to compel any exercise of the taxing power of the City to pay the principal or purchase price, if any, of or the redemption premium, if any, or interest on the Bonds.

(b) Each of the Bonds shall bear a certification and recital 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 that Bond, and in the issuing of said Bond, 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 said Bond, together with all other indebtedness of the Commission pertaining to the Airport, is within every debt and other limit prescribed by the Constitution and statutes of the State of California and said Charter. From and after the issuance of the Bonds of any Series the findings and determinations of the Commission respecting that Series shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Bonds is at issue.

Section 2.04. Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Trustee or if the Commission, the Registrar, if any, and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Trustee such security or indemnity as may be required by them to hold the Commission, the Registrar, if any, and the Trustee harmless, then, in the absence of notice to the Commission, the Registrar, if any, or the Trustee that such Bond has been acquired by a bona fide purchaser and upon the Holder paying the reasonable expenses of the Commission, the Registrar, if any, and the Trustee, then the Commission, the Registrar, if any, and the Trustee shall cause to be executed and the Authenticating Agent, if any, shall authenticate and deliver, in exchange for such mutilated Bond or in lieu of and substitution for such destroyed, lost or stolen Bond, a new Bond of the same Series, interest rate and maturity date. If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, then the Trustee and any Paying Agent may, in its discretion, pay such Bond when due instead of delivering a new Bond. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and redelivered to, or upon the order of, the Commission. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be destroyed, lost or stolen shall be equally and proportionately entitled to the benefits of this 1997 Resolution and any Supplemental Resolution authorizing the issuance thereof with all other Bonds of the same Series secured thereby. Neither the Commission nor the Trustee shall be required to treat both the original Bond and any substitute Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and substitute Bond shall be treated as one and the same.

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Section 2.05. Execution and Authentication of Bonds. All of the Bonds shall be executed in the name and on behalf of the Commission, with the signature of its President and the countersignature of its Secretary. All of the Bonds shall have affixed the seal of the City. Such signatures may be printed, lithographed, engraved or otherwise reproduced, but at least one of such signatures shall be manually affixed to the Bonds (unless such Bonds shall have endorsed thereon a certificate of authentication, as hereinafter provided). The seal of the City may be impressed or reproduced by facsimile on the Bonds.

In case any such officer whose signature appears on the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered, such signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until the delivery of the Bonds, and such Bonds shall be issued and Outstanding hereunder and shall be as binding upon the Commission as though the person who signed such Bonds had been such official on the date borne by the Bonds and on the date of delivery. Any Bond may be signed and sealed on behalf of the Commission by such person who, as of the actual date of execution of such Bond, shall be its President or Secretary, as the case may be, although on the date borne by such Bond such person shall not have been such official.

The Commission may provide at any time prior to the issuance of any Series of Bonds that such Bonds shall bear a certificate of authentication executed by the Authenticating Agent. In the event the Commission shall require the authentication of any Bond issued under this 1997 Resolution, then there shall be included in the text of such Bonds a statement to the following effect: "This Bond shall not be entitled to any benefit under the 1997 Resolution, or become valid or obligatory for any purpose, until the certificate of authentication endorsed hereon shall have been signed by the Authenticating Agent."

In the case of Bonds requiring authentication, only such Bonds as shall bear thereon a certificate of authentication in the form provided, executed by the Authenticating Agent, shall be or become valid or obligatory for any purpose or entitled to the benefits of this 1997 Resolution. Such certificate of the Authenticating Agent shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this 1997 Resolution.

Section 2.06. Exchange of Bonds. Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same Series, interest rate and maturity date in authorized denominations upon presentation and surrender thereof to the Trustee or the Registrar, as the case may be, together with written instructions satisfactory to the Trustee or the Registrar, and duly executed, in the case of registered Bonds, by the Holder or the Holder's attorney duly authorized in writing.

Section 2.07. Transfer of Bonds. (a) All bearer Bonds shall be negotiable instruments transferable by delivery. The Commission, the Trustee and any Paying Agent may treat the Holder of any bearer Bond or any coupon as the absolute owner of such Bond or coupon for the purpose of

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receiving payment thereof and for all other purposes, and the Commission, the Trustee and any Paying Agent shall not be affected by any notice or knowledge to the contrary.

(b) The Commission shall appoint a Registrar or Registrars with respect to each Series of Bonds issued in registered form to act as Registrar of the Bonds. Each Registrar will keep or cause to be kept sufficient records for the registration, transfer and exchange of the Bonds of such Series, which shall at all times be open to inspection by the Commission; and, upon presentation for such purpose, each Registrar shall, under such reasonable regulations as it may prescribe, register, transfer or exchange, or cause to be registered, transferred or exchanged, on said records, the Bonds of such Series as herein provided.

(c) Any fully registered Bond may, in accordance with its terms, be transferred, upon the records required to be kept by the Registrar, by the person in whose name it is registered, in person or by the Holder's attorney duly authorized in writing, upon surrender of such fully registered Bond for cancellation, accompanied by a written instrument of transfer in a form approved by the Registrar, duly executed. Whenever any fully registered Bond or Bonds shall be surrendered for transfer, the Commission shall execute and the Authenticating Agent shall authenticate and deliver in the name of the transferee a new fully registered Bond or Bonds in authorized denominations of the same Series, interest rate and maturity date and for a like aggregate principal amount.

(d) As to any fully registered Bond, the person in whose name such Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and the Commission, the Trustee, any Issuing and Paying Agent and any Paying Agent shall not be affected by any notice or knowledge to the contrary. Payment of principal of, premium, if any, and interest on any registered Bond shall be made, as provided herein or in the applicable Supplemental Resolution, only to or upon the written order of the Holder thereof. Such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the amount so paid.

Section 2.08. Provisions with Respect to Transfers and Exchanges. (a) All Bonds surrendered for exchange or transfer shall forthwith be canceled by the Registrar.

(b) In connection with any such exchange or transfer of Bonds, the Holder requesting such exchange or transfer shall, as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee or the Registrar, as the case may be, an amount sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(c) The Supplemental Resolution authorizing the issuance of a Series of Bonds may provide such additional provisions or limitations on the exchange or transfer of such Bonds prior to an Interest Payment Date, redemption date or otherwise as the Commission shall deem appropriate.

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Section 2.09. Conditions for Delivery of Bonds. Whenever the Commission determines to issue any Series of Bonds under the terms of this 1997 Resolution, the Commission shall adopt a Supplemental Resolution authorizing the issuance thereof.

Before the delivery of any Series of Bonds to the purchaser or purchasers thereof, the Commission shall deliver the following to the Trustee:

(a) Certified copies of this 1997 Resolution and the Supplemental Resolution authorizing the issuance of such Series of Bonds and containing the terms and provisions thereof.

(b) A certificate of the Airport Director or Deputy Director for Business and Finance, or their respective successors, to the effect that the Commission is not then in default under the terms and provisions of this 1997 Resolution or any Supplemental Resolution and no event has occurred, which with the giving of notice or passage of time or both would constitute an Event of Default.

(c) The amounts specified herein or in the Supplemental Resolution for deposit to the respective Funds and Accounts created hereunder or thereunder.

(d) An Opinion of Bond Counsel to the effect that such Series of Bonds has been duly authorized in conformity with law and all prior proceedings of the Commission, and such Bonds constitute valid and binding obligations of the Commission.

(e) Written instructions executed by an Authorized Commission Representative directing the Trustee (or any other person designated to act as Authenticating Agent) to authenticate the Bonds and/or to deliver the Bonds to one or more designated persons.

(f) Such other documents as required hereby or by the Supplemental Resolution or as the Commission or the Trustee reasonably may specify.

Section 2.10. Temporary Bonds. (a) Until definitive Bonds are prepared, the Commission may execute and deliver, or, in the case of registered Bonds, upon request by the Commission, the Authenticating Agent shall authenticate and deliver, temporary Bonds which may be typewritten, printed or otherwise reproduced in lieu of definitive Bonds subject to the same provisions, limitations and conditions as definitive Bonds. The temporary Bonds shall be dated as provided herein or in the applicable Supplemental Resolution, shall be in such denomination or denominations and shall be numbered as the Commission shall determine, and shall be of substantially the same tenor as the definitive Bonds of such Series, but with such omissions, insertions and variations as the officers of the Commission executing the same may determine. The temporary Bonds shall only be issued in fully registered form, and may be issued in the form of a single Bond.

(b) Without unreasonable delay after the issuance of any temporary Bonds, the Commission shall cause the definitive Bonds to be prepared, executed and delivered. Any temporary

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Bonds issued shall be exchangeable for definitive Bonds of such Series upon surrender to the Trustee or, in the case of registered Bonds, to the Registrar of any such temporary Bond or Bonds, and, upon such surrender, the Commission shall execute and deliver, or, in the case of registered Bonds, upon request by the Commission, the Authenticating Agent shall authenticate and deliver to the Holder of the temporary Bond or Bonds, in exchange therefor, a like principal amount of definitive Bonds of such Series in authorized denominations of the same interest rate and maturity date. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefits as definitive Bonds of such Series executed and delivered pursuant hereto.

(c) All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall forthwith be canceled by the Trustee or the Registrar.

Section 2.11. Additional Bonds. The Commission may issue additional Series of Bonds, from time to time, upon compliance with the conditions set forth in Section 2.09 of this 1997 Resolution.

Section 2.12. Refunding Bonds. The Commission may issue Bonds for the purpose of refunding any 1991 Resolution Bonds, 1997 Resolution Bonds or Subordinate Bonds on or prior to maturity or thereafter. Refunding Bonds may be issued in a principal amount sufficient to provide funds for the payment of the following:

(a) The principal of all 1991 Resolution Bonds, 1997 Resolution Bonds or Subordinate Bonds to be refunded by such refunding Bonds;

(b) All fees and expenses incidental to the calling, retiring or payment of the 1991 Resolution Bonds, 1997 Resolution Bonds or Subordinate Bonds and the issuance of the refunding Bonds;

(c) Any amount necessary to be made available for the payment of interest upon the refunding Bonds from the date of their sale to the date of maturity, payment or redemption of the 1991 Resolution Bonds, 1997 Resolution Bonds or Subordinate Bonds to be refunded out of the proceeds thereof; and

(d) The premium, if any, necessary to be paid in order to call or retire the 1991 Resolution Bonds, 1997 Resolution Bonds or Subordinate Bonds and also the amount of the interest accruing on the 1991 Resolution Bonds, 1997 Resolution Bonds or Subordinate Bonds to the date of the call or retirement thereof.

Section 2.13. Subordinate Bonds. Nothing in this 1997 Resolution shall prevent the Commission from issuing at any time while any of the Bonds issued hereunder are Outstanding Subordinate Bonds with a pledge of, lien on, and security interest in Net Revenues which are in all respects junior and subordinate to those of the Bonds, whether then issued or thereafter to be issued. The principal and purchase price of and interest, redemption premium and reserve fund requirements

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on such Subordinate Bonds shall be payable from time to time out of Net Revenues only if all amounts then required to have been paid or deposited under the 1991 Resolution or hereunder from Net Revenues with respect to principal, purchase price, redemption premium, interest and reserve fund requirements on the 1991 Bonds and on the Bonds then Outstanding or thereafter to be Outstanding shall have been paid or deposited as required by the 1991 Resolution and by this 1997 Resolution and any Supplemental Resolution.

Section 2.14. Non-Presentation of Bonds. (a) If any Bond is not presented for payment when the principal thereof becomes due (whether at maturity or call for redemption or otherwise), all liability of the Commission to the Holder thereof for the payment of such Bond shall be completely discharged if funds sufficient to pay such Bond and the interest due thereon shall be held by the Trustee for the benefit of such Holder, and thereupon it shall be the duty of the Trustee to hold such funds subject to subsection (b) below, without liability for interest thereon, for the benefit of such Holder, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature under this 1997 Resolution or on, or with respect to, such Bond.

(b) Notwithstanding any provisions of this 1997 Resolution to the contrary, any moneys deposited with the Trustee, any Issuing and Paying Agent or any Paying Agent in trust for the payment of the principal of, or interest or premium on, any Bonds and remaining unclaimed for three (3) years after the same has become due and payable (whether at maturity or upon call for redemption or otherwise), shall then be repaid to the Commission upon its written request, and the Holders of such Bonds shall thereafter be entitled to look only to the Commission for repayment thereof, and all liability of the Trustee, any Issuing and Paying Agent or any Paying Agent with respect to such moneys shall thereupon cease. Before the repayment of such moneys to the Commission, the Trustee or Paying Agent, as the case may be, shall (at the cost of the Commission) first publish at least once in Authorized Newspapers a notice, in such form as may be deemed appropriate by the Trustee or such Paying Agent, in respect of the Bonds so payable and not presented and in respect of the provisions relating to the repayment to the Commission of the moneys held for the payment thereof, or in the case of registered Bonds shall send a written notice to the Holders of such Bonds at their last known addresses as shown on the records maintained by the Registrar. In the event of the repayment of any such moneys to the Commission, the Holders of the Bonds in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Commission for amounts equivalent to the respective amounts deposited for the payment of such Bonds and so repaid to the Commission (without interest thereon).

Section 2.15. Repayment Obligations as Bonds. If so provided in the applicable Supplemental Resolution and in the written agreement between the Commission and the Credit Provider, a Repayment Obligation may be accorded the status of a Bond solely for purposes of this 1997 Resolution, provided, however, that the Credit Facility with respect thereto shall not constitute a bond for any other purpose, including without limitation for purposes of the Charter. The Credit Provider shall be deemed to be the Holder of such Bond, and such Bond shall be deemed to have been issued as of the original date of the Bond or Bonds for which such Credit Facility was provided.

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Section 2.16. Special Facilities and Special Facility Bonds. The Commission from time to time, subject to the terms and conditions of this Section 2.16, may (a) designate an existing or planned facility, structure, equipment or other property, real or personal, which is at the Airport or part of any facility or structure at the Airport as a "Special Facility," (b) provide that revenues earned by the Commission from or with respect to such Special Facility shall constitute "Special Facility Revenues" and shall not be included as Revenues, and (c) issue Special Facility Bonds primarily for the purpose of acquiring, constructing, renovating or improving, or providing financing to a third party to acquire, construct, renovate or improve, such Special Facility. The Special Facility Bonds shall be payable as to principal, purchase price, if any, redemption premium, if any, and interest from and secured by the Special Facility Revenues with respect thereto, and not from or by Net Revenues. The Commission from time to time may refinance any such Special Facility Bonds with other Special Facility Bonds.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Right to Redeem. Bonds of a Series may be subject to redemption prior to maturity at such times, to the extent and in the manner provided herein and in any Supplemental Resolution authorizing the issuance thereof.

Section 3.02. Sinking Fund Redemption. Bonds of a Series may be subject to mandatory sinking fund redemption and shall be redeemed at such times, to the extent and in the manner provided herein and in any Supplemental Resolution authorizing the issuance thereof.

Section 3.03. Notice of Redemption. (a) If less than all Bonds of a Series are to be redeemed, and subject to the provisions of subsection (b) hereof, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, serial numbers and maturity dates. Each notice of redemption shall specify: (i) the date of such notice and the date fixed for redemption, (ii) the principal amount of Bonds or portions thereof to be redeemed, (iii) the applicable redemption price, (iv) the place or places of payment, (v) that payment of the principal amount and premium, if any, shall be made upon presentation and surrender to the Trustee or Paying Agent, as applicable, of the Bonds to be redeemed, unless provided otherwise herein or in the applicable Supplemental Resolution, (vi) that interest accrued to the date fixed for redemption shall be paid as specified in such notice, (vii) that on and after said date interest on Bonds called for redemption shall cease to accrue, (viii) the designation, including Series, and the CUSIP and serial numbers; if any, of the Bonds to be redeemed and, if less than the face amount of any such Bond is to be redeemed, the principal amount to be redeemed, and (ix) if the redemption is subject to cancellation, specifying that the redemption is subject to cancellation and stating that cancellation shall not constitute an Event of Default hereunder. Notice of redemption of any Bonds shall be mailed at the times and in the manner set forth in subsection (b) of this Section.



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Neither the Commission nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond, check, advice of payment or redemption notice, and any such document may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Commission nor the Trustee or any Registrar, Paying Agent, Authenticating Agent or Issuing and Paying Agent shall be liable for any inaccuracy in such numbers.

(b) Except as may otherwise be provided herein or in any Supplemental Resolution authorizing the issuance of the Bonds to be redeemed, any notice of redemption shall be sent by the Trustee not less than 30 nor more than 60 days prior to the date set for redemption by first class mail (i) with respect to each Bond to be redeemed which is in registered form, to the Holder of such Bond at his or her address as it appears on the records maintained by the Registrar, (ii) to all Securities Depositories, and (iii) to at least two Information Services. In preparing such notice, the Trustee shall take into account, to the extent applicable, the prevailing municipal securities industry standards and any regulatory statement of any federal or state administrative body having jurisdiction over the Commission or the municipal securities industry, including without limitation Release No. 34-23856 of the Securities and Exchange Commission, or any subsequent amending or superseding release. Failure to give any notice specified in (i), or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which no such failure has occurred and failure to give any notice specified in (ii) or (iii), or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which the notice specified in (i) is given correctly.

(c) Notice of redemption may also be given by publication at the direction of the Commission at least once prior to the redemption date in Authorized Newspapers, each such publication to be not less than 30 nor more than 60 days before each redemption date, but no failure to give any such notice or any defect therein shall affect the validity of the proceedings for redemption of any Bonds.

(d) Notice of redemption shall be given by the Trustee for and on behalf of the Commission, at the written request of the Commission (which request shall be given to the Trustee at least 45 days prior to the date fixed for redemption). The Commission shall deposit with, or otherwise make available to, the Trustee the moneys required for payment of the redemption price of all Bonds then to be called for redemption at least one Business Day before the date fixed for such redemption. Any notice of redemption may be canceled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder.

Section 3.04. Selection of Bonds to be Redeemed. Except as otherwise provided herein or in any Supplemental Resolution authorizing the issuance thereof: (a) if less than all Bonds of a Series are to be redeemed, the maturities to be redeemed or the method of their selection shall be determined

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by the Commission, and (b) if less than all such Bonds of a single maturity are to be redeemed, such Bonds to be redeemed shall be selected by lot in such manner as the Trustee shall determine.

Section 3.05. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Commission shall execute, the Authenticating Agent shall authenticate, if applicable, and the Trustee shall deliver to the Holder thereof, at the expense of the Commission, a new Bond or Bonds, of the same Series, interest rate and maturity date, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

Section 3.06. Effect of Redemption. Notice of redemption having been duly given and moneys for payment of the redemption price being held by the Trustee, the Bonds to be redeemed shall, on the date designated in such notice, become due and payable at the redemption price specified in such notice, and from and after the date designated interest on the Bonds to be redeemed shall cease to accrue, and the Holders of such Bonds shall have no rights in respect thereto, except to receive payment of the redemption price thereof. Upon surrender for payment of any Bonds to be redeemed, such Bonds shall be paid by the Trustee or the Paying Agent, as the case may be, at the applicable redemption price.

Section 3.07. Disposition of Redeemed Bonds. All Bonds redeemed pursuant to the provisions of this Article III shall be delivered to and canceled by the Trustee and shall thereafter be delivered by the Trustee to, or upon the order of, the Commission, and no Bonds shall be issued in place thereof.

ARTICLE IV

CONSTRUCTION FUND

Section 4.01. Construction Fund and Accounts. The Airport Construction Fund is hereby created as a separate fund to be maintained and accounted for by the Treasurer, and the moneys in said fund shall be used for the purposes for which the Bonds are authorized to be issued, including but not limited to the payment of principal and purchase price of and interest and redemption premium on the Bonds and the costs of issuance and sale thereof. If so specified in a Supplemental Resolution, the Treasurer shall establish one or more subaccounts within the Construction Fund.

ARTICLE V

REVENUES AND FUNDS

Section 5.01. Revenues; Pledge of Net Revenues; Trust Estate. The Bonds shall be payable as to principal, purchase price, if any, premium, if any, and interest exclusively from, and shall be secured by a pledge of, lien on and security interest in the Net Revenues, and amounts in the Funds and Accounts created pursuant to this 1997 Resolution (except the Rebate Fund), which pledge, lien

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and security interest shall be junior and subordinate to the lien created by the 1991 Resolution to secure the 1991 Bonds. The Net Revenues shall constitute a trust fund for the security and payment of the principal of, purchase price, if any, premium, if any, and interest on, the Bonds. The Commission hereby grants a lien on and security interest in, assigns, transfers, pledges and grants and conveys to the Trustee and its successors and assigns forever, for the benefit of the Bondholders, the following property:

(a) Amounts on deposit from time to time in the Funds and Accounts created or continued pursuant to this 1997 Resolution (except the Rebate Fund), including the earnings thereon, subject to the provisions of this 1997 Resolution permitting the application thereof for the purposes and on the terms and conditions set forth herein; provided, however, that there expressly is excluded from any pledge, assignment, lien or security interest created by this 1997 Resolution, Revenues appropriated, transferred, deposited, expended or used for (i) the payment of Operation and Maintenance Expenses; and (ii) any required payments into the 1991 Bond Funds;

(b) Amounts constituting Net Revenues (excluding the amounts described in (ii) in the preceding paragraph); and

(c) Any and all other property of any kind from time to time hereafter by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security hereunder for the Bonds, by the Commission or anyone on its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The pledge of the Net Revenues and other moneys and property herein or hereunder pledged as additional security for the Bonds shall be irrevocable until all of the Bonds have been paid and retired. Such pledge shall be valid and binding from and after the date hereof and all Net Revenues shall immediately be subject to the lien of such pledge as and when received by the Commission, without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Commission.

All Bonds issued hereunder and at any time Outstanding shall be equally and ratably secured with all other Outstanding Bonds, with the same right, lien, preference and priority with respect to Net Revenues as herein provided, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds or otherwise. Notwithstanding the first sentence of this paragraph: (i) all Bonds of a particular Series shall in all respects be equally and ratably secured and shall have the same right, lien and preference hereunder established for the benefit of such Series of Bonds, including, without limitation, rights in any related account in the Construction Fund, the Debt Service Fund or the Reserve Fund; and (ii) amounts drawn under a Credit Facility with respect to a particular Series or particular Bonds and all other amounts held in Funds or Accounts established with respect solely to such particular Series or Bonds pursuant to the provisions hereof and

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of any Supplemental Resolution with respect thereto shall be applied solely to make payments on such Bonds.

Section 5.02. Creation and Continuation of Funds and Accounts.

(a) The Revenue Fund has heretofore been created and shall be continued and held by the Treasurer. The following accounts were created pursuant to the 1991 Resolution and shall be continued within the Revenue Fund and have been and shall be held by the Treasurer:

- (i) the Revenues Account;
- (ii) the Operation and Maintenance Account; and
- (iii) the Revenue Bond Account.

(b) There is hereby created a 1997 Resolution Debt Service Fund and a 1997 Resolution Reserve Fund to be held by the Trustee in trust for the benefit of the Bondholders; *provided, however,* that if so specified in a Supplemental Resolution, subaccounts within the 1997 Resolution Debt Service Fund may be held in trust for the benefit of the Bondholders of Bonds of one or more Series, by an Issuing and Paying Agent or a Paying Agent.

(c) The Commission may create such other Funds or Accounts for the allocation and application of Revenues or other moneys as it shall deem necessary or desirable.

Section 5.03. Debt Service Fund. The Commission shall establish a separate account or accounts in the Debt Service Fund with respect to any or all of the Bonds of one or more Series. Moneys in the Debt Service Fund and the accounts therein shall be held in trust and applied to pay principal and purchase price of and interest and redemption premium on such Bonds, in the amounts, at the times and in the manner set forth herein and in the Supplemental Resolutions with respect thereto. Moneys in the accounts in the Debt Service Fund may also be applied to pay or reimburse a Credit Provider for Repayment Obligations to the extent provided herein or in the Supplemental Resolutions with respect thereto.

If and to the extent provided in any Supplemental Resolution authorizing the issuance of a Series of Bonds, Swap Payments may be paid directly out of, and Swap Receipts paid directly into, the account or accounts in the Debt Service Fund established with respect to such Series of Bonds, and the Commission may offset the amount of any Swap Receipt then due the Commission from a Swap Counter Party against the amount of the Swap Payment due such Swap Counter Party and vice versa.

Section 5.04. Reserve Fund. The Commission may establish a separate account or accounts in the Reserve Fund with respect to any or all of the Bonds of one or more Series. Moneys in the Reserve Fund and the accounts therein shall be held in trust for the benefit and security of the Holders

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of the Bonds to which such accounts are pledged, and shall not be available to pay or secure the payment of any other Bonds. Each account in the Reserve Fund shall be funded and replenished in the amounts, at the times and in the manner provided herein or in the Supplemental Resolutions with respect thereto, including without limitation through the use of a Credit Facility. Moneys in the respective accounts in the Reserve Fund shall be applied to pay and secure the payment of such Bonds as provided herein or in the Supplemental Resolution with respect thereto. Moneys in an account in the Reserve Fund may also be applied to pay or reimburse a Credit Provider for Repayment Obligations to the extent provided herein or in the Supplemental Resolution with respect thereto.

Section 5.05. Revenue Fund.

(a) Revenues Account. All Revenues shall be set aside and deposited by the Treasurer in the Revenues Account in the Revenue Fund as received.

(b) Operation and Maintenance Account. Moneys in the Operation and Maintenance Account shall be applied to pay Operation and Maintenance Expenses as the same become due, and shall not be pledged or applied to pay or secure the payment of the Bonds.

(c) Revenue Bond Account. Moneys in the Revenue Bond Account shall be applied by the Treasurer first, to make the required payments and deposits into the 1991 Bond Funds in the amounts, at the times and in the manner required by the 1991 Resolution; second, to make the required payments and deposits in the Debt Service Fund and Reserve Fund and the accounts therein in the amounts, at the times and in the manner required hereby and by the Supplemental Resolutions with respect thereto; and third, to make the required payments and deposits in any funds and accounts hereafter created to pay or secure the payment of the principal or purchase price of or interest or redemption premium on any Subordinate Bonds in the amounts; at the times and in the manner required by the resolutions or other agreements authorizing the issuance and providing the terms and conditions thereof.

Section 5.06. Application of Revenues: On the first Business Day of each month, moneys in the Revenues Account shall be set aside and applied by the Treasurer for the following purposes in the following amounts and order of priority, each priority to be fully satisfied before the next priority in order:

(a) Operation and Maintenance Account. In the Operation and Maintenance Account an amount equal to one-twelfth (1/12th) of the estimated Operation and Maintenance Expenses for the then current Fiscal Year as set forth in the budget of the Airport for such Fiscal Year as finally approved by the Commission. In the event that the balance in the Operation and Maintenance Account at any time is insufficient to make any required payments therefrom, additional amounts at least sufficient to make such payments shall immediately be deposited in the Operation and Maintenance Account from the Revenues Account; and may be credited against the next succeeding

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monthly deposit upon the written direction to the Treasurer of an Authorized Commission Representative.

(b) Revenue Bond Account. In the Revenue Bond Account such amount as shall be necessary:

(i) to make all payments and deposits required to be made during such month into the 1991 Bond Funds in the amounts and at the times required by the 1991 Resolution;

(ii) to make all payments and deposits required to be made during such month into the Debt Service Fund and the Reserve Fund and the accounts therein in the amounts and at the times required hereby and by the Supplemental Resolutions with respect to the Bonds; and

(iii) to make all payments and deposits required to be made during such month into any funds and accounts created to pay or secure the payment of the principal or purchase price of or interest or redemption premium on any Subordinate Bonds in the amounts and at the times required by the resolutions or other agreements authorizing the issuance and providing the terms and conditions thereof.

(c) The amounts thereafter remaining in the Revenues Account may thereafter be used for any other lawful purpose of the Commission.

Section 5.07. Deficiencies in Funds and Accounts. In the event that Revenues in the Revenues Account together with other available moneys are insufficient as of the first Business Day of any month to make the required payments and deposits pursuant to paragraph (b)(ii) of Section 5.06, after having made the payments and deposits required pursuant to paragraphs (a) and (b)(i) of that Section, the Treasurer shall allocate available Net Revenues to make all payments or deposits then required, first, with respect to interest on Bonds; second, with respect to principal, redemption price or purchase price of Bonds; and third, with respect to any reserve requirements for Bonds. Available Net Revenues shall be allocated within each order of priority, to the extent necessary, on a pro rata basis in proportion to the respective amounts of payments or deposits required to be made during such month with respect to principal or purchase price of, interest on or reserve requirements for Bonds, as the case may be.

Section 5.08. Investment of Moneys. (a) Moneys in all Funds and Accounts held by the Trustee shall be invested as soon as practicable upon receipt in Permitted Investments as directed in writing by an Authorized Commission Representative, or as selected by the Trustee in the absence of direction by the Commission; provided, that (i) the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes thereof, and (ii) in the absence of direction from an Authorized Commission Representative, the Trustee shall select Permitted

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Investments described in subparagraph (l) of the definition thereof. Anything herein to the contrary notwithstanding, moneys in all Funds and Accounts held by the Treasurer shall be invested in Permitted Investments in accordance with the policies and procedures of the Treasurer in effect from time to time.

(b) Investment of amounts in any Fund or Account shall be made in the name of such Fund or Account.

(c) Amounts credited to a Fund or Account may be invested, together with amounts credited to one or more other Funds or Accounts, in the same Permitted Investment; provided, however, that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each Fund or Account for which the joint investment is made, and (ii) separate records are maintained for each Fund and Account and such investments are accurately reflected therein.

(d) The Trustee may make any investment permitted by this Section through or with its own commercial banking or investment departments, unless otherwise directed by the Commission.

(e) Except as otherwise specifically provided herein, in computing the amount in any Fund or Account, Permitted Investments purchased as an investment of moneys therein shall be valued at the current market value thereof or at the redemption price thereof, if then redeemable at the option of the holder, in either event inclusive of accrued interest.

(f) Any transfer to or deposit in any Fund or Account required by this Resolution may be satisfied by transferring or depositing an investment with a market value equal to the required transfer or deposit in lieu of transferring or depositing cash.

Section 5.09. Limited Liability of Trustee for Investments. The Trustee shall not be liable for making any investment authorized by the provisions of this Article in the manner provided in this Article or for any loss resulting from any such investment so made, except for its own negligence, willful misconduct or self-dealing constituting a breach of trust under applicable law.

Section 5.10. Purchase of Bonds. (a) The Commission, or the Trustee upon the written direction of the Commission, may purchase Bonds of any Series at public or private sale, with surplus Net Revenues or other available funds, as and when and at such prices as the Commission may in its discretion determine to be prudent, upon receipt of a recommendation of the Airport Director.

(b) If authorized hereby or by the relevant Supplemental Resolution, the Trustee shall apply any or all amounts deposited in an account in the Debt Service Fund with respect to mandatory sinking fund payments to the purchase of term Bonds, at such prices and in accordance with such terms as may be prescribed hereby or by said Supplemental Resolution.

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(c) Absent written directions to the contrary from an Authorized Commission Representative, all Bonds so purchased and the appurtenant coupons, if any, shall be delivered to and canceled by the Trustee and shall thereafter be delivered by the Trustee to, or upon the order of, the Commission, and no Bonds shall be issued in place thereof.

Section 5.11. Rebate Fund. To further the satisfaction of the rebate requirements of the Code, there is hereby created, to be held by the Trustee, a 1997 Resolution Rebate Fund, which shall be a separate fund, distinct from all other funds and accounts held by the Trustee under the 1997 Resolution. Unless otherwise provided in the related Tax Certificate or in a Supplemental Resolution, the Trustee shall establish for each Series of 1997 Resolution Bonds a fund designated as the "Series \_\_ Rebate Account" (the "Series Rebate Account"). The Trustee shall hold any payments received from the Commission for deposit into the Series Rebate Account for each Series of 1997 Resolution Bonds 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 Bondholders 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.

ARTICLE VI

GENERAL COVENANTS OF THE COMMISSION

Section 6.01. Payment of Principal and Interest; Negative Pledge; Annual No Default Certificate. (a) The Commission covenants and agrees that it promptly will pay or cause to be paid the principal and purchase price of, premium, if any, and interest on each Bond issued hereunder at the place, on the dates and in the manner provided herein, in any applicable Supplemental Resolution and in said Bond according to the terms thereof but solely from the sources pledged to such payment or from such other sources or revenues as may be used for such payment.

(b) The Commission covenants and agrees that it will not hereafter create any pledge of, lien on, security interest in or encumbrance upon, or permit the creation of any pledge of, lien on, security interest in or encumbrance upon, Revenues or Net Revenues except for a pledge, lien, security interest or encumbrance subordinate to the pledge, lien and security interest granted hereby for the benefit of the Bonds.

(c) The Commission shall deliver to the Trustee, within 90 days after the close of each Fiscal Year, a certificate signed by an Authorized Commission Representative stating that during such Fiscal Year, and as of the date of such certificate, no event or condition has happened or existed, or is happening or existing, which constitutes, or which, with notice or passage of time or both, would constitute, an Event of Default, or if such an event or condition has happened or existed, or is



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happening or existing, specifying the nature and period of such event or condition and what action the Commission has taken, is taking or proposes to take with respect thereto.

Section 6.02. Performance of Covenants. The Commission covenants that it faithfully will perform at all times any and all covenants, undertakings, stipulations and provisions on its part to be performed as provided herein, in each and every Bond executed, authenticated and delivered hereunder and in all proceedings of the Commission pertaining thereto.

Section 6.03. Instruments of Further Assurance. The Commission covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such instruments supplemental hereto and such further acts, instruments and transfers as the Trustee reasonably may require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee the Commission's interest in and to the Net Revenues and all other property that is conveyed, pledged or assigned to secure or provide for the payment of the principal, premium, if any, purchase price, if any, and interest on any Bonds in the manner and to the extent contemplated herein or therein.

Section 6.04. Rate Covenants. (a) The Commission covenants and agrees that it will establish and at all times collect rentals, rates, fees and charges for the use of the Airport and for services rendered by the Commission in connection with the Airport so that Revenues, together with other legally available moneys, in each Fiscal Year will be at least sufficient to make all required payments and deposits therefrom in such Fiscal Year, including, without limitation, into the Operation and Maintenance Account and into the Revenue Bond Account and to make the Annual Service Payment to the City.

(b) The Commission covenants that if Revenues in any Fiscal Year are less than the amount specified in subsection (a) of this Section, the Commission will retain and direct an Airport Consultant to make recommendations as to the revision of the Commission's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport and for services rendered by the Commission in connection with the Airport, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made the Commission shall take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to produce Revenues in the amount specified in paragraph (a) of this Section in the next succeeding Fiscal Year.

(c) In the event that Revenues for any Fiscal Year are less than the amount specified in subsection (a) of this Section, but the Commission promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, fees and charges as required by subsection (b) of this Section, such deficiency in Revenues shall not constitute an Event of Default under the provisions of Section 7.01(d). Nevertheless, if after taking the measures required by subsection (b) of this Section to revise the schedule of rentals, rates, fees and charges, Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Commission for

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such Fiscal Year) are less than the amount specified in subsection (a) of this Section, such deficiency in Revenues shall constitute an Event of Default under the provisions of Section 7.01(e).

Section 6.05. Operation and Maintenance of Airport. The Commission covenants that it will operate and maintain the Airport as a revenue producing enterprise in accordance with the Act. The Commission will make such repairs to the Airport as shall be necessary or appropriate in the prudent management thereof. The Commission covenants that it will operate and maintain the Airport in a manner which will entitle it at all times to charge and collect fees, charges and rentals in accordance with airport use agreements, if any, or as otherwise permitted by law, and shall take all reasonable measures permitted by law to enforce prompt payment to it of such fees, charges and rentals when and as due.

The Commission will, from time to time, duly pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon the Airport or upon any part thereof, or upon the revenues from the operation thereof, when the same shall become due, as well as any lawful claim for labor, materials or supplies which, if unpaid, might by law become a lien or charge upon the Airport or such revenues, or which might impair the security of the Bonds. Notwithstanding the foregoing, the Commission need not pay or discharge any tax, assessment or other governmental charge, or claim for labor, materials or supplies, if and so long as the Commission shall contest the validity or application thereof in good faith.

The Commission will continuously operate the Airport so that all lawful orders of the Federal Aviation Administration and any other governmental agency or authority having jurisdiction in the premises shall be complied with, but the Commission shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

Section 6.06. Maintenance of Powers; Retention of Assets. (a) The Commission covenants that it will use its best efforts to keep the Airport open for landings and takeoffs of commercial aircraft using facilities similar to those at the Airport, and to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or any other obligation secured hereby or the performance or observance of any of the covenants herein contained.

(b) The Commission covenants that it will not dispose of assets necessary to operate the Airport in the manner and at the levels of activity required to enable it to perform its covenants contained herein, including, without limitation, the covenants contained in Section 6.04.

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Section 6.07. Insurance. Subject in each case to the condition that insurance is obtainable at reasonable rates from responsible insurers and upon reasonable terms and conditions:

(a) The Commission shall procure or provide and maintain, at all times while any of the Bonds shall be outstanding, insurance or Qualified Self-Insurance on the Airport against such risks as are usually insured by other major airports. Such insurance or Qualified Self-Insurance shall be in an adequate amount as to the risk insured against as determined by the Commission. The Commission need not carry insurance or Qualified Self-Insurance against losses caused by land movement, including but not limited to seismic activity.

(b) Any Qualified Self-Insurance shall be established in accordance with applicable law; shall include reserves or reinsurance in amounts which the Commission determines to be adequate to protect against risks assumed under such Qualified Self-Insurance, including without limitation any potential retained liability in the event of the termination of such Qualified Self-Insurance; and shall be reviewed at least once every twelve (12) months by an Insurance Consultant who shall deliver to the Commission a report on the adequacy of the reserves established or reinsurance provided thereunder. If the Insurance Consultant determines that such reserves or reinsurance are inadequate, it shall make a recommendation as to the amount of reserves or reinsurance that should be established and maintained, and the Commission shall comply with such recommendation unless it can establish to the satisfaction of, and receive a certification from, the Insurance Consultant that a lower amount is reasonable to provide adequate protection to the Airport and the Commission.

(c) The Commission shall secure and maintain adequate fidelity insurance or bonds on all officers and employees handling or responsible for funds of the Commission, except to the extent that such insurance is provided by the City.

(d) Within 120 days after the close of each Fiscal Year, the Commission shall file with the Trustee a certificate of an Authorized Commission Representative containing a summary of all insurance policies and Qualified Self-Insurance then in effect with respect to the Airport and the Commission.

(e) The proceeds of any insurance shall be applied solely for Airport purposes.

Section 6.08. Financial Records and Statements. The Commission shall maintain proper books and records in which full and correct entries shall be made in accordance with generally accepted accounting principles, of all its business and affairs. The Commission shall have an annual audit made by an Independent Auditor and shall within 180 days after the end of each of its Fiscal Years furnish to the Trustee copies of the audited financial statements of the Commission for such Fiscal Year.

All books of records and accounts relating to the Airport and the Revenues may be kept by the Controller for and on behalf of the Commission. All such books and records pertaining to the Airport

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shall be open upon reasonable notice during regular business hours to the Trustee or the representatives thereof duly authorized in writing.

Section 6.09. Tax Covenants. Except as otherwise provided herein or in any Supplemental Resolution with respect to a Series of Bonds, the Commission covenants as follows:

(a) The Commission will make no use of the proceeds of any Series of Bonds or take any other action or permit any other action to be taken that would adversely affect the exclusion from gross income of, interest on such Series of Bonds for federal income tax purposes or, if applicable, the non-preference status of such interest for federal alternative minimum income tax purposes.

(b) The Commission shall comply with covenants with respect to the use of proceeds of Bonds as provided herein or in any applicable Supplemental Resolution.

Section 6.10. Continuing Disclosure. The Commission covenants to comply with and carry out all of the provisions of each Continuing Disclosure Certificate executed and delivered in connection with the issuance of a Series of 1997 Resolution Bonds, as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of the 1997 Resolution, failure of the Commission to comply with any Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee may (and at the written request of the Holders of at least 25% of the aggregate principal amount of the related Series of 1997 Resolution Bonds Outstanding, and if such Holders shall have furnished to the Trustee indemnity satisfactory to it, shall or any Holder or beneficial owner of such Series of 1997 Resolution Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Commission to comply with its obligations under this Section 6.10.

Section 6.11. Eminent Domain. If an Airport facility or Airport facilities are taken by eminent domain proceedings or conveyance in lieu thereof, the Commission shall, to the extent the 1991 Resolution is then in effect and such 1991 Resolution directs the use of the net proceeds, comply with the terms of the 1991 Resolution and, otherwise or to the extent such document does not control the use of such net proceeds, the Commission shall create within the Airport Revenue Fund a special account and credit the net proceeds received as a result of such taking or conveyance to such account and shall within a reasonable period of time, not to exceed three years after the receipt of such amounts, use such proceeds to (1) replace the Airport facilities which were taken or conveyed, (2) provide additional revenue-producing Airport facilities, (3) redeem Bonds or (4) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in Article X hereof.

Section 6.12. Conflicts and Compliance with 1991 Resolution. The Commission covenants to comply with the provisions of the 1991 Resolution. The covenants and agreements of the Commission set forth in the 1991 Resolution shall govern over the covenants and agreements of the Commission

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set forth herein to the extent of any conflict and only in the event that it is not possible to comply with both, for so long as any 1991 Resolution Bonds remain Outstanding.

ARTICLE VII

DEFAULT AND REMEDIES

Section 7.01. Events of Default. Each of the following is hereby declared an "Event of Default" hereunder with respect to a Series of Bonds:

(a) if payment of any installment of interest on any Bond of such Series shall not be made in full when the same becomes due and payable;

(b) if payment of the principal or Accreted Value of any Bond of such Series shall not be made in full when the same becomes due and payable, whether at maturity or by proceedings for redemption or otherwise;

(c) if payment of the purchase price of any Bond tendered for optional or mandatory purchase in accordance with the provisions of the Supplemental Resolution providing for the issuance of such Bond shall not be made in full when due;

(d) if the Commission shall fail to observe or perform any other covenant or agreement on its part under this 1997 Resolution, other than the covenant or agreement set forth in Section 6.04(a), for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Commission by the Trustee, or to the Commission and the Trustee by the Owners of at least 25% in aggregate Principal Amount of Bonds of such Series then Outstanding; provided, however, that if the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given, it shall not be an Event of Default with respect to such Series as long as the Commission has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy;

(e) subject to subsection (c) of Section 6.04, if the Commission is required pursuant to Section 6.04(b) to take measures to revise the schedule of rentals, rates, fees and charges for the use of the Airport and Revenues for the Fiscal Year in which such adjustments are made are less than the amount specified in Section 6.04(a);

(f) if either the Commission or the City shall institute proceedings to be adjudicated a bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Commission or the City or of any substantial part of its property, or shall

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fail to timely controvert an involuntary petition filed against it under the federal Bankruptcy Code, or shall consent to entry of an order for relief under the federal Bankruptcy Code, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;

(g) if there is a default in the payment of principal of, premium, if any, or interest on any 1991 Resolution Bond; or

(h) the occurrence of any other Event of Default with respect to such Series of Bonds as is provided in a Supplemental Resolution.

An Event of Default with respect to one Series of Bonds shall not in and of itself constitute an Event of Default with respect to any other Series of Bonds unless such event or condition on its own constitutes an Event of Default with respect to such other Series of Bonds pursuant to this Section 7.01.

Section 7.02. No Acceleration. The Bonds shall not be subject to acceleration under any circumstances or for any reason, including without limitation upon the occurrence and continuance of an Event of Default hereunder.

Section 7.03. Remedies and Enforcement of Remedies. (a) Subject to the provisions of Section 7.13, upon the occurrence and continuance of an Event of Default with respect to one or more Series of Bonds, the Trustee may, or upon the written request of the Holders of not less than a majority in aggregate Principal Amount of the Bonds of such Series together with indemnification of the Trustee to its satisfaction therefor shall, proceed forthwith to protect and enforce its rights and the rights of the Bondholders hereunder and under the Act and such Bonds by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(i) Actions to recover money or damages due and owing;

(ii) Actions to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Bonds; and

(iii) Enforcement of any other right of such Bondholders conferred by law, including the Act, or hereby, including without limitation by suit, action, injunction, mandamus or other proceedings to enforce and compel the performance by the Commission of actions required by the Act or the 1997 Resolution, including the fixing and collection of fees or other charges.

(b) Subject to the provisions of Section 7.13, regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% in aggregate Principal

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Amount of the Bonds of one or more Series, shall upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts or omissions to act which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions hereof and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds of each Series not making such request.

(c) Notwithstanding anything else in this Section 7.03 to the contrary, the remedies herein provided for with respect to obtaining moneys on deposit in Funds or Accounts hereunder shall be limited to the Funds or Accounts hereunder pledged to the applicable Series of Bonds with respect to which an Event of Default exists.

Section 7.04. Application of Revenues and Other Moneys After Default. During the continuance of an Event of Default with respect to one or more Series of Bonds, all moneys held and received by the Trustee with respect to each such Series of Bonds pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings which result in the collection of such moneys and of the fees, liabilities, expenses and advances incurred or made by the Trustee with respect to such Event of Default or otherwise incurred in the exercise of its powers and duties, be applied as follows; provided, however, that any proceeds of a Credit Facility if any, and amounts held in the Debt Service Fund and the Reserve Fund pledged to a particular Series of Bonds shall be applied solely to pay principal, premium, if any, purchase price, if any, of or interest, as applicable, on the related Series of Bonds:

First: To the payment to the persons entitled thereto of all installments of interest then due on such Bonds in the order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Amounts and premium, if any, of any such Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions hereof), whether at maturity, upon purchase or by proceedings for redemption or otherwise or upon the tender of any Bond pursuant to the terms of the Supplemental Resolution providing for the issuance of such Bonds, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds of such Series due on any date, then to the payment thereof ratably, according to the Principal Amounts due on such date, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine in accordance with this 1997 Resolution, having due regard for the amount of such moneys available

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for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the Principal Amounts to be paid on such dates shall cease to accrue if so paid. The Trustee shall give such notice as it may deem appropriate in accordance with this 1997 Resolution of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever the Principal Amount, premium, if any, purchase price, if any, and interest thereon of all Bonds of a Series have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, and each Credit Provider, if any, has been reimbursed for all amounts drawn under the applicable Credit Facility, if any, and used to pay principal, premium, if any, purchase price, if any, and interest on the Bonds and no Repayment Obligation shall be outstanding, any balance remaining shall be paid first to such Credit Provider to the extent any other amounts are then owing to such Credit Provider under the applicable Credit Facility Agreement, and then to the Commission or as a court of competent jurisdiction may direct.

Section 7.05. Remedies Not Exclusive. No remedy by the terms hereof conferred upon or reserved to the Trustee or the Bondholders or any Credit Provider is intended to be exclusive of any other remedy but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute, including the Act, on or after the date hereof.

Section 7.06. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee may be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Sections 7.03 and 7.04, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Section 7.07. Control of Proceedings. (a) If an Event of Default with respect to one or more but not all Series of Bonds Outstanding shall have occurred and be continuing, the Holders of a majority in aggregate Principal Amount of the Bonds of such one or more Series then Outstanding shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken with respect to funds or assets solely securing such one or more Series in connection with the enforcement of the terms and conditions hereof; provided, that such direction is in accordance with law and the provisions hereof (including indemnity to the Trustee as provided herein) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders of such Series of Bonds not joining in such direction; and provided further, that nothing in this Section shall impair the right of the



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Trustee in its discretion to take any other action hereunder which it may deem proper and in accordance with the 1997 Resolution and which is not inconsistent with such direction by Bondholders.

(b) If an Event of Default with respect to all Series of Bonds shall have occurred and be continuing, the Holders of a majority in aggregate Principal Amount of all Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee to direct the method and place of conducting any proceeding to be taken with respect to Net Revenues or other assets securing all Bonds in connection with the enforcement of the terms and conditions hereof; provided, that such direction is in accordance with law and the provisions hereof (including indemnity to the Trustee as provided herein) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders not joining in such direction; and provided further, that nothing in this Section shall impair the right of the Trustee in its discretion to take any other action hereunder which it may deem proper in accordance with this 1997 Resolution and which is not inconsistent with such direction by Bondholders.

Section 7.08. Individual Bondholder Action Restricted. (a) No Holder of any Bond of a Series shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust hereunder or for any remedy hereunder unless:

(i) an Event of Default has occurred with respect to such Series (A) under subsection (a), (b), (c), (g) or (h) of Section 7.01 of which the Trustee is deemed to have notice, or (B) under subsection (d), (e) or (f) of Section 7.01 as to which the Trustee has actual knowledge, or (C) as to which the Trustee has been notified in writing by the Commission, or (D) as to which the Commission and the Trustee have been notified in writing by the Holders of at least 25% in aggregate Principal Amount of the Bonds of all such Series then Outstanding with respect to which an Event of Default has occurred;

(ii) the Holders of at least a majority in aggregate Principal Amount of Bonds of all such Series then Outstanding with respect to which an Event of Default has occurred shall have made written request to the Trustee to proceed to exercise the powers granted herein or to institute such action, suit or proceeding in its own name; and

(iii) such Bondholders shall have offered the Trustee indemnity as provided in Section 8.02; and

(iv) the Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(b) No one or more Holders of Bonds of such Series shall have any right in any manner whatsoever to affect, disturb or prejudice the security hereof or to enforce any right hereunder except

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in the manner herein provided and for the equal benefit of the Holders of all Bonds of such Series then Outstanding.

(c) Nothing contained herein shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond of such Series (i) to receive payment of the principal of, premium, if any, purchase price, if any, or interest on such Bond on or after the due date thereof, or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Bond of such Series may institute or prosecute any such suit or apply for the entry of judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien hereof on the moneys, funds and properties pledged hereunder for the equal and ratable benefit of all Holders of Bonds of such Series.

Section 7.09. Termination of Proceedings. In case any proceeding taken by the Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or to the Bondholders, then the Commission, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 7.10. Waiver of Event of Default. (a) No delay or omission of the Trustee, of any Holder of the Bonds or, if provided hereby or by Supplemental Resolution, of any Credit Provider, to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Trustee, the Holders of the Bonds and, if provided hereby or by Supplemental Resolution, any Credit Provider, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Trustee, with the consent of any Credit Provider if provided hereby or by Supplemental Resolution (provided, however, that such Credit Provider's consent may be required only in connection with an Event of Default on a Series of Bonds with respect to which such Credit Provider is providing a Credit Facility), may waive any Event of Default with respect to the Bonds that, in its opinion, shall have been remedied at any time, regardless of whether any suit, action or proceeding has been instituted, before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Notwithstanding anything contained herein to the contrary, the Trustee, upon the written request of (i) the Credit Provider, if any, if provided hereby or by Supplemental Resolution, with respect to an Event of Default which applies only to the related Series of Bonds, (ii) Holders of at least a majority of the aggregate Principal Amount of Bonds of a Series then Outstanding with respect to any Event of Default which applies only to such Series, with the consent of the applicable

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Credit Provider, if any, if provided for hereby or by Supplemental Resolution, or (iii) Holders of at least a majority of the aggregate Principal Amount of Bonds then Outstanding with respect to any Event of Default which applies to all Bonds, shall waive any such Event of Default hereunder and its consequences; provided, however, that a default in the payment of the Principal Amount of, premium, if any, purchase price, if any, or interest on any such Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds then Outstanding of such Series to which an Event of Default applies and any consent of the applicable Credit Provider, if any, if provided for hereby or by Supplemental Resolution.

(d) In case of any waiver by the Trustee of an Event of Default hereunder, the Commission, the Trustee, the Bondholders and, if provided for hereby or by Supplemental Resolution, the Credit Provider, if any, shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section.

Section 7.11. Notice of Default. (a) Promptly, but in any event within 30 days after the occurrence of an Event of Default with respect to a Series of Bonds of which the Trustee is deemed to have notice pursuant to Section 8.10 of this 1997 Resolution, the Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first class mail to each Holder of registered Bonds of such Series then Outstanding, provided that, except in the case of a default in the payment of Principal Amounts, sinking fund installments, purchase price or the redemption price of or interest on any of the Bonds of such Series, the Trustee may withhold such notice to such Holders if, in its sole judgment in accordance with this 1997 Resolution, it determines that the withholding of such notice is in the best interests of the Holders of such Series of Bonds.

(b) The Trustee shall promptly notify the Commission, the Registrar and any Credit Provider, if required to hereby or by a Supplemental Resolution, of the occurrence of an Event of Default of which the Trustee is deemed to have notice pursuant to Section 8.10 of this 1997 Resolution.

Section 7.12. Limitations on Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and Bondholders which lawfully may be granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled as above set forth to every other right and remedy provided in this 1997 Resolution and by law.

Section 7.13. Credit Providers to Control Remedies. While a Credit Facility with respect to any Bonds is in effect, notwithstanding anything else herein to the contrary, a Supplemental Resolution may provide that so long as the Credit Provider is not Insolvent and is not in default under its Credit Facility, no right, power or remedy hereunder with respect to such Bonds may be pursued without the

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prior written consent of such Credit Provider. The Supplemental Resolution may further provide that the Credit Provider shall have the right to direct the Trustee to pursue any right, power or remedy available hereunder with respect to any assets available hereunder which secure no Bonds other than the Bonds secured by such Credit Facility.

Section 7.14. Inconsistent or Lack of Directions in Default. Notwithstanding anything else herein to the contrary, if any applicable Credit Providers or Holders of separate Series in default do not direct remedies or proceedings to be taken pursuant to this Article, the Trustee shall take whatever action, if any, pursuant to Section 7.03 it deems to be in the best interest of Bondholders without regard to the existence of any Credit Facility that may exist with respect to any or all Bonds.

Section 7.15. Contract between Commission and Owners. The provisions of this 1997 Resolution shall constitute a contract between the Commission and the Owners of the Bonds.

Section 7.16. Limitation on Commission's Obligation. The Owners of the Bonds issued hereunder expressly understand and agree by their acceptance of the Bonds, that as of the date of this 1997 Resolution the Commission has no taxing power whatsoever, and nothing herein contained shall be deemed to require the Commission to advance any moneys derived from the levy or collection of taxes by the City for the payment of the principal of, purchase price, if any, premium, if any, or interest on the Bonds. Neither the credit nor the taxing power of the City is pledged for the payment of the principal of, premium, if any, purchase price, if any, or interest on the Bonds, and the general fund of the City is not liable for the payment of the Bonds or the interest thereon. The Owners of the Bonds cannot compel the exercise of the taxing power by the City or the forfeiture of its property or the property of the Commission.

The principal of and interest on the Bonds and any premiums upon the redemption of any Bond are not a debt of the Commission nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or on any of its income, receipts or revenues except the Net Revenues and other funds that may be legally applied, pledged or otherwise made available to their payment as in this 1997 Resolution provided.

Neither the Commission nor any officer thereof shall be liable or obligated for the payment of the principal, premium, if any, purchase price, if any, of or interest on the Bonds or for any payment agreed to be made or contemplated to be made pursuant to any of the terms of this 1997 Resolution, save and except solely and exclusively from Net Revenues and the other moneys pledged thereto pursuant to this 1997 Resolution or any Supplemental Resolution authorizing the issuance thereof. Nothing herein contained shall prevent the Commission from making advances of its funds howsoever derived to any of the uses and purposes in this 1997 Resolution mentioned, provided such funds are derived from any source legally available for such purpose and may be used by the Commission for such purpose without incurring indebtedness. No property or rights of the Commission shall ever be subject to forfeiture by reason of any default on the part of the Commission hereunder, provided,

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however, that nothing herein contained shall operate to excuse the Commission from making payments herein required to be made for the benefit of the Owners of the Bonds.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Acceptance of Trust: General. By an instrument in writing delivered to the Commission, the Trustee shall evidence its acceptance of the powers, duties and obligations of the Trustee only as are specifically set forth herein. The Trustee shall have no duty, responsibility or obligation for the issuance of Bonds or for the validity or exactness hereof, or of any other document relating to such issuance. The Trustee shall have no duty, responsibility or obligation for the payment of Bonds except for payment in accordance with the terms and provisions hereof from, and to the extent of, funds which are held in trust by the Trustee for the purpose of such payment.

Prior to an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. The Trustee shall have no liability for any act or omission to act hereunder, or under any other instrument or document executed pursuant hereto except for the Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Trustee shall be determined solely by the express provisions hereof, and no implied powers, duties or obligations of the Trustee shall be read into this 1997 Resolution.

During an Event of Default, the Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

Notwithstanding any other provision hereof, the Trustee shall have no liability for any (a) error of judgment made in good faith by an officer or officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, or (b) action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than the Principal Amount of Bonds Outstanding specified in Section 7.03 or Section 7.07, as the case may be, then existing relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee hereunder.

Section 8.02. Trustee Not Required to Take Action Unless Indemnified. Except as expressly required herein, the Trustee neither shall be required to institute any suit or action or other

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proceeding, nor to take any steps or actions to exercise or enforce its rights or which expose it to liability, nor shall the Trustee be deemed liable for failure to take any such action, unless and until it shall have been indemnified, to its satisfaction, against any and all reasonable costs, expenses, outlays, counsel and other fees, other disbursements including its own reasonable fees and against all liability and damages. The Trustee nevertheless, may begin suit, or appear in and defend suit, or do anything else which in its judgment is proper to be done by it as the Trustee hereunder, without prior assurance of indemnity, and in such case the Commission shall reimburse the Trustee for all reasonable costs, expenses, outlays, counsel and other fees, and other reasonable disbursements including its own fees, and for all liability and damages suffered by the Trustee in connection therewith, except for the Trustee's own negligent action, its own negligent failure to act, its own willful misconduct or self-dealing constituting a breach of trust under applicable law. If the Trustee begins, appears in or defends such a suit, the Trustee shall give prompt notice of such action to the Commission and shall give such notice prior to taking such action if possible. If the Commission shall fail to make such reimbursement, the Trustee may reimburse itself for any costs and expenses in accordance with Section 7.04.

Section 8.03. Employment of Experts. The Trustee is hereby authorized to employ as its agents such attorneys at law, and other qualified independent consultants (who are not employees of the Trustee), as it may deem necessary to carry out any of its obligations hereunder, and shall be reimbursed by the Commission for all reasonable expenses and charges in so doing. The Trustee shall not be responsible for any misconduct or negligence of any such agent appointed with due care by the Trustee. The written advice of such counsel shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

Section 8.04. Enforcement of Performance by Others It shall not be the duty of the Trustee, except as herein specifically provided, to seek the enforcement of any duties and obligations herein imposed upon the Commission.

Section 8.05. Right to Deal in Bonds and Take Other Actions. The Trustee may in good faith buy, sell or hold and deal in any Bonds with like effect as if it were not such Trustee and may commence or join in any action which a Holder is entitled to take with like effect as if the Trustee were not the Trustee. It is understood and agreed that the Trustee engages in a general banking business and no provision hereof is to be construed to limit or restrict the right of the Trustee to engage in such business with the Commission or any Holder. So engaging in such business shall not, in and of itself, and so long as the Trustee duly performs all of its duties as required hereby, constitute a breach of trust on the part of the Trustee. Moneys held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law.

Section 8.06. Removal and Resignation of Trustee. The Trustee may resign at any time. Written notice of such resignation shall be given to the Commission and such resignation shall take effect upon the later of the date 90 days after receipt of such notice by the Commission and the date

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of the appointment and qualification of a successor Trustee. In the event a successor Trustee has not been appointed and qualified within 60 days after the date notice of resignation is given, the Trustee or the Commission may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

In addition, the Trustee may be removed at any time by the Commission so long as (a) no Event of Default shall have occurred and be continuing and (b) the Commission determines that the removal of the Trustee shall not have an adverse effect upon the rights or interests of the Bondholders. Subject to clause (b) of the preceding sentence, in the event the Trustee becomes Insolvent, the Commission may remove the Trustee by written notice effective immediately upon the appointment and qualification of a successor Trustee.

In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved, becomes Insolvent or otherwise becomes incapable to act as the Trustee, the Commission shall be entitled to appoint a successor Trustee. In such event, the successor Trustee shall cause notice to be mailed to the Holders of all Bonds then Outstanding in such manner deemed appropriate by the Commission. If the Trustee resigns, the resigning Trustee shall pay for such notice. If the Trustee is removed, is dissolved, becomes Insolvent or otherwise becomes incapable of acting as Trustee, the Commission shall pay for such notice.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business within the State of California and having, or in the case of a corporation included in a bank holding company system, the related bank holding company shall have, an officially reported combined capital, surplus, undivided profits and reserves aggregating at least \$50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Every successor Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Commission an instrument in writing, accepting such appointment hereunder, and thereupon such successor Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of such predecessor. The predecessor Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee. The predecessor Trustee promptly shall deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee.

Each successor Trustee, not later than 10 days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Holder of a registered Bond and shall publish notice of such assumption in Authorized Newspapers.

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Section 8.07. Proof of Claim. The Trustee shall have the right and power to act in its name or in the name and place of the Commission or Holders to make proof of claim in any proceeding, bankruptcy, reorganization or otherwise where proof of claim may be required, including proofs of claim against Credit Providers. Any amount recovered by the Trustee as a result of any such claim, after payment of all fees (including reasonable attorneys' fees), costs, expenses and advances paid or incurred by the Trustee or its agents in pursuing such claim, shall be for the equal benefit of all Holders of Outstanding Bonds of the affected Series.

Section 8.08. Trustee's Fees and Expenses. The Commission hereby agrees to pay fees to and expenses of the Trustee for its services hereunder as agreed to by the Commission and the Trustee pursuant to the terms of a separate agreement.

Section 8.09. Reliance Upon Documents. In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon and shall be protected in acting or refraining from acting in reliance upon any document, including but not limited to any resolution, certificate, statement; instrument, opinion, report, notice, request; direction, consent, order or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper officials of the Commission, the Treasurer, the City, an Airport Consultant, a Financial Consultant, an Independent Auditor, the Holders or agents or attorneys of the Holders; provided, in the case of any such document specifically required to be furnished to the Trustee hereby, the Trustee shall be under a duty to examine the same to determine whether it conforms to the requirements hereof. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document submitted to the Trustee; provided, however, the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may deem prudent. Whenever in the administration hereof, the Trustee shall deem it desirable that a matter be provided or established prior to taking or not taking any action hereunder, the Trustee (unless other evidence be specifically prescribed herein) may rely upon any document provided for in this 1997 Resolution.

Except where other evidence is required hereby, any request or direction of the Commission mentioned herein shall be sufficiently evidenced by a certified copy of such request executed by a Authorized Commission Representative.

Section 8.10. Recitals and Representations. The recitals, statements and representations contained herein or in any Bond shall be taken and construed as made by and on the part of the Commission and not by the Trustee, and the Trustee neither assumes nor shall be under any responsibility for the correctness of the same other than the Trustee's certification of authentication of any Bonds as to which it is Authenticating Agent.

The Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof or, except as herein required, the filing or recording or registering of any document. The Trustee shall be deemed not to have made representations as to the security afforded hereby or



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hereunder or as to the validity or sufficiency of such document. The Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. The Trustee shall not be responsible or liable for any loss suffered in connection with the investment of any funds made by it in accordance with the provisions hereof.

Except with respect to Events of Default described in Section 7.01(a), (b) and (c) hereof, the Trustee shall have no duty of inquiry with respect to any default which constitutes or with notice or lapse of time or both would constitute an Event of Default without actual knowledge of the Trustee or receipt by the Trustee of written notice of a default which constitutes or with notice or lapse of time or both would constitute an Event of Default from the Commission or any Holder.

The Trustee shall be deemed to have knowledge of the existence of an Event of Default only in the following circumstances: (i) in the case of an Event of Default referred to in paragraphs (a), (b) and (c) of Section 7.01 of this 1997 Resolution, upon the occurrence of such Event of Default, (ii) in the case of an Event of Default referred to in paragraph (d), (e), (f) and (g) of Section 7.01 of this 1997 Resolution, when any Responsible Officer of the Trustee obtains actual knowledge of the occurrence of such Event of Default or when the Trustee receives written notice thereof from the Commission or from any Holder, and (iii) in the case of an Event of Default referred to in paragraph (h) of this 1997 Resolution, when any Responsible Officer of the Trustee obtains actual knowledge of the occurrence of such Event of Default or when the Trustee receives written notice thereof from the Commission or from any Holder, unless otherwise expressly provided in the applicable Supplemental Resolution.

Section 8.11. Reports and Records. (a) The Trustee 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 Bonds and all Funds and Accounts established and maintained by the Trustee pursuant to this 1997 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 Trustee shall not be required to maintain records with respect to transactions made by the Treasurer or the Commission or with respect to Funds and Accounts established and maintained by the Treasurer.

(b) The Trustee shall provide to the Commission each month a report of the amounts deposited in each Fund and Account held by it under this 1997 Resolution and the amount disbursed from such Funds and Accounts, the earnings thereon, the ending balance in each of such Funds and Accounts, 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.

(c) The Trustee shall annually, within a reasonable period after the end of the Fiscal Year, provide to the Commission and to each Owner who shall have filed its name and address with the

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Trustee for such purpose (at such Owner's cost) a statement, which need not be audited, covering receipts, disbursements, allocation and application of Bond proceeds, Net Revenues and any of the moneys in any of the Funds and Accounts established pursuant to this 1997 Resolution for the proceeding year.

Section 8.12. Paying Agent, Issuing and Paying Agent, Authenticating Agent and Registrar.

The Commission may appoint a Paying Agent, an Authenticating Agent, an Issuing and Paying Agent or a Registrar with respect to a Series of Bonds in the Supplemental Resolution pursuant to which such Series is issued. Each Paying Agent, Authenticating Agent, Issuing and Paying Agent and Registrar shall (i) designate to the Trustee its principal office and (ii) signify its acceptance of the duties and obligations imposed upon it hereunder and under such Supplemental Resolution by written instrument of acceptance delivered to the Commission and the Trustee.

Each Paying Agent, Authenticating Agent, Issuing and Paying Agent or Registrar shall exercise its duties in accordance with the terms of and shall have all of the protections provided to the Trustee in this 1997 Resolution, including, without limitation, the protections provided in Section 8.02, as if each provision affording such protections to the Trustee explicitly referred to such Paying Agent, Authenticating Agent, Issuing and Paying Agent or Registrar.

If any Paying Agent, Authenticating Agent, Issuing and Paying Agent or Registrar shall resign or be removed, the Commission shall designate a successor. If the Commission shall designate a successor, then, upon the Trustee's receipt of the written designation and the written acceptance of such designated successor, such entity shall thereupon, without further action by the Commission, be appointed as successor Paying Agent, Issuing and Paying Agent, Authenticating Agent or Registrar, as the case may be.

In the event that any Paying Agent, Authenticating Agent, Issuing and Paying Agent or Registrar shall resign or be removed, or be dissolved, or if the property or affairs of any Paying Agent, Authenticating Agent, Issuing and Paying Agent or Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and no successor shall have been appointed, the Trustee shall, ipso facto be deemed to be Paying Agent, Authenticating Agent, Issuing and Paying Agent or Registrar, until the appointment of a successor. In each case in which the Trustee is acting as Paying Agent, Authenticating Agent, Issuing and Paying Agent or Registrar for any Series of Bonds, the Trustee in such capacities shall be entitled to all of the immunities and protections from liability that are provided in this Article VIII.

Any corporation into which any Paying Agent, Authenticating Agent, Issuing and Paying Agent or Registrar may be merged or converted or with which it may be consolidated, or any corporation resulting from any such merger, consolidation or conversion, or succeeding to the corporate trust business of Paying Agent, Authenticating Agent, Issuing and Paying Agent or Registrar, shall be the successor of the Paying Agent, the Authenticating Agent, Issuing and Paying Agent and the Registrar if such successor corporation is otherwise eligible under this Section, without

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the execution or filing of any further act on the part of the Trustee or the entity serving as Paying Agent, Authenticating Agent, Issuing and Paying Agent or Registrar or such successor corporation.

Section 8.13. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

Section 8.14. Other Agents. The Commission or the Trustee with the consent of the Commission may from time to time appoint other agents as may be appropriate at the time to perform duties and obligations under this 1997 Resolution or under a Supplemental Resolution all as provided by Supplemental Resolution or resolution of the Commission.

ARTICLE IX

SUPPLEMENTAL RESOLUTIONS

Section 9.01. Supplemental Resolutions Not Requiring Consent of Bondholders. The Commission may adopt, without the consent of or notice to any of the Holders, but with the written consent of the Credit Provider to the extent required under the Credit Facility Agreement, one or more Supplemental Resolutions for one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission herein;
- (b) to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder that shall not have a material adverse effect on the interests of the Holders;
- (c) to grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;
- (d) to secure additional revenues or provide additional security or reserves for payment of any Bonds;
- (e) to preserve the excludability of interest on any Bonds from gross income for purposes of federal income taxes, or to change the tax covenants set forth in Section 6.09, pursuant to an Opinion of Bond Counsel that such action will not affect adversely such excludability;

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(f) to provide for the issuance of, and to set the terms and conditions of, each additional Series of Bonds hereunder, including covenants and provisions with respect thereto which do not violate the terms of this 1997 Resolution;

(g) to add requirements the compliance with which is required by a Rating Agency in connection with issuing a rating with respect to any Series of Bonds;

(h) to confirm, as further assurance, any interest of the Trustee in and to the Net Revenues or in and to the Funds and Accounts held by the Trustee or in and to any other moneys, securities or funds of the Commission provided pursuant to this 1997 Resolution;

(i) to comply with the requirements of the Trust Indenture Act of 1939, as amended, to the extent applicable;

(j) to provide for uncertificated Bonds or for the issuance of coupon or bearer Bonds or Bonds registered only as to principal;

(k) to accommodate the use of a Credit Facility for specific Bonds or a Series of Bonds;

(l) to designate any other airport, airfields, landing places or places for the take-off and landing of aircraft, together with related facilities or property, which are hereafter owned, controlled or operated by the Commission or over which the Commission has possession, management, supervision or control as not a part of the Airport; and

(m) to make any other change or addition hereto which, in the Opinion of Bond Counsel, shall not have a material adverse effect on the interests of the Holders.

Section 9.02. Supplemental Resolutions Requiring Consent of Bondholders. (a) Other than Supplemental Resolutions referred to in Section 9.01 and subject to the terms, provisions and limitations contained in this Article and not otherwise, and with the written consent of each Credit Provider to the extent provided in its Credit Facility Agreement, the Holders of not less than a majority in aggregate Principal Amount of the Bonds then Outstanding of all Series affected may consent to or approve, which consent to or approval shall be in writing, anything contained herein to the contrary notwithstanding, the adoption by the Commission of such Supplemental Resolutions as shall be deemed necessary and desirable by the Commission for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions with respect to such Series contained in the 1997 Resolution; provided, however, nothing in this Section shall permit or be construed as permitting a Supplemental Resolution which would:

(i) extend the stated maturity of or time or change the currency for paying the principal or purchase price of, premium, if any, or interest on any Bond or reduce the

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Principal Amount or purchase price of or the redemption premium or rate of interest payable on any Bond without the consent of the Holder of such Bond;

(ii) except as expressly permitted by this 1997 Resolution; prefer or give a priority to any Bond over any other Bond without the consent of the Holder of each Bond then Outstanding not receiving such preference or priority; or

(iii) permit the creation of a lien not expressly permitted by this 1997 Resolution upon or pledge of the Net Revenues ranking prior to or on a parity with the lien of this 1997 Resolution or reduce the aggregate Principal Amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such Supplemental Resolution, without the consent of the Holders of all Bonds then Outstanding.

(b) If at any time the Commission shall propose the adoption of a Supplemental Resolution pursuant to this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed adoption of such Supplemental Resolution to be mailed by first class mail, postage prepaid, to all Holders of registered Bonds of any affected Series then Outstanding at their addresses as they appear on the registration books herein provided for. In addition, the Trustee shall publish notice of the proposed adoption of such Supplemental Resolution to be published in Authorized Newspapers. The Trustee, however, shall not be subject to any liability to any Bondholder by reason of its failure to mail, or the failure of such Bondholder to receive, the notice required by this Section, and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section. Such notice shall set forth briefly the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the office of the Trustee for inspection by all Bondholders.

(c) If within such period, not exceeding one year, as shall be prescribed by the Commission, following the first giving of a notice as provided in (b) above, the Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate Principal Amount of Bonds specified in subsection 9.02(a) for the Supplemental Resolution in question which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee may accept such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, regardless of whether such Holder shall have consented thereto.

(d) Any such consent shall be binding upon the Holder of the Bond giving such consent and upon any subsequent Holder of such Bond and of any Bond issued in exchange therefor (regardless of whether such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bond giving such consent or by a subsequent Holder thereof by filing with the Trustee, prior to the acceptance by the Trustee of such Supplemental Resolution,

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such revocation. At any time after the Holders of the required Principal Amount of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Commission a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(e) If the Holders of the required Principal Amount of the Bonds Outstanding shall have consented to and approved the adoption by the Commission of such Supplemental Resolution as herein provided, no Holder of any Bond shall have any right to object to the adoption thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee or the Commission from adopting the same or taking any action pursuant to the provisions thereof.

Section 9.03. Execution and Effect of Supplemental Resolutions. (a) The Trustee may but shall not be obligated to accept any such Supplemental Resolution which affects the Trustee's own rights, duties or immunities.

(b) Upon the adoption of any Supplemental Resolution in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplemental Resolution shall form a part hereof for all purposes and every Holder of a Bond theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Bond authenticated and delivered after the adoption of any Supplemental Resolution in accordance with this Article may, and if required by the Commission or the Trustee shall, bear a notation in form approved by the Commission and Trustee as to any matter provided for in such Supplemental Resolution. If the Commission shall so determine, new Bonds so modified as to conform in the opinion of the Trustee and the Commission to any such Supplemental Resolution may be prepared and executed by the Commission and authenticated and delivered by the Trustee and the Registrar in exchange for and upon surrender of the Bonds then Outstanding.

ARTICLE X

SATISFACTION, DISCHARGE AND DEFEASANCE

Section 10.01. Discharge. If payment of all principal of, premium, if any, and interest on a Series of Bonds in accordance with their terms and as provided herein is made, or is provided for in accordance with this Article, and if all other sums payable by the Commission hereunder with respect to such Series of Bonds, including, but not limited to, the fees and expenses of the Trustee and the Credit Provider under the related Credit Facility Agreement, shall be paid or provided for, then the pledge, lien, and security interests granted hereby shall cease with respect to such Series; provided, however, that the rebate provisions, if any, hereof or of the related Supplemental Resolution shall survive so long as there is any amount due to the federal government pursuant to the provisions hereof or of such Supplemental Resolution. Thereupon, upon the request of the Commission, and upon

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receipt by the Trustee of an Opinion of Counsel stating that all conditions precedent to the satisfaction and discharge as provided above of the lien hereof have been satisfied with respect to such Series of Bonds, the Trustee shall execute and deliver proper instruments acknowledging such satisfaction and discharging the lien hereof with respect to such Series of Bonds. If the lien hereof has been discharged with respect to all Series of Bonds, the Trustee shall transfer all property held by it hereunder, other than moneys or obligations held by the Trustee for payment of amounts due or to become due on the Bonds, to the Commission or such other person as may be entitled thereto as their respective interests may appear. Such satisfaction and discharge shall be without prejudice to the rights of the Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection herewith.

The Commission may at any time surrender to the Trustee for cancellation any Bonds previously authenticated and delivered which the Commission at its option may have acquired in any manner whatsoever and such Bond upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.02. Defeasance. Payment of any Bonds may be provided for by the deposit with the Trustee of moneys, noncallable Governmental Obligations, noncallable Government Certificates or pre-refunded municipal obligations described in paragraph (c) of the definition of Permitted Investments in Section 1.01, or any combination thereof. The moneys and the maturing principal and interest income on such Government Obligations, Government Certificates or pre-refunded municipal obligations, if any, must be sufficient and available without reinvestment to pay when due the principal, whether at maturity or upon fixed redemption dates, or purchase price of and premium, if any, and interest on such Bonds. The moneys, Government Obligations, Government Certificates and pre-refunded municipal obligations shall be held by the Trustee irrevocably in trust for the Holders of such Bonds solely for the purpose of paying the principal or purchase price or redemption price of, including premium, if any, and interest on such Bonds as the same shall mature or become payable upon prior redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable, to the Trustee to give notice of redemption and to notify all Owners of affected Bonds that the deposit required by this Section 10.02 has been made and that such Bonds are deemed to be paid in accordance with the 1997 Resolution and stating the applicable maturity date or redemption date and redemption price.

The Trustee shall receive a verification report from an Independent Auditor as to the sufficiency of moneys and investments to provide for payment of any Bonds in the case of a defeasance thereof.

Bonds the payment of which has been provided for in accordance with this Section 10.02 shall no longer be deemed Outstanding hereunder. The obligation of the Commission in respect of such Bonds shall nevertheless continue but the Holders thereof shall thereafter be entitled to payment only from the moneys, Government Obligations, Government Certificates and pre-refunded municipal obligations deposited with the Trustee to provide for the payment of such Bonds.

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No Bond may be so provided for if, as a result thereof or of any other action in connection with which the provision for payment of such Bond is made, the interest payable on any Bond with respect to which an Opinion of Bond Counsel has been rendered that such interest is excluded from gross income for federal income tax purposes is made subject to federal income taxes. The Trustee shall receive and may rely upon an Opinion of Bond Counsel to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Bonds.

Section 10.03. Payment of Bonds After Discharge. Notwithstanding the discharge of the lien hereof as in this Article provided, the Trustee nevertheless shall retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Bonds, including without limitation pursuant to any mandatory sinking fund redemptions, and the registration, transfer, exchange and replacement of Bonds as provided herein. Nevertheless, any moneys held by the Trustee, any Issuing and Paying Agent or any Paying Agent for the payment of the principal of, premium, if any, or interest on any Bond remaining unclaimed for three (3) years after such payment has become due and payable, or such other period provided by law, whether at maturity or upon proceedings for redemption, shall be disposed of pursuant to the provisions of Section 2.14. After discharge of the lien hereof, but prior to payment of such amounts to Holders or as provided pursuant to Section 2.14, the Trustee shall invest such amounts in Permitted Investments having a rating at least as high as the then current rating on the Bonds for the benefit of the Commission.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Evidence of Acts of Bondholders. Any request, direction, consent or other instrument provided hereby to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by an agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Trustee and the Commission with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him or her the execution thereof, or by the affidavit of a witness of such execution; and

(b) The ownership of all registered Bonds shall be proved by the records maintained by the Registrar. Except as otherwise herein expressly provided, the amount of Bonds transferable by delivery held by any person executing such request, declaration or other instrument or writing as a



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Bondholder, and the numbers thereof, and the date of its holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by a trust company, bank or other depository wherever situated, showing that at the date therein mentioned such person had on deposit with, or exhibited to, such depository the Bonds described in such certificate. Continued ownership after the date of deposit stated in such certificate may be proved by the presentation of such certificate if the certificate contains a statement by the depository that the Bonds therein referred to will not be surrendered without the surrender of the certificate to the depository, except with the consent of the Trustee. The Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable.

Nothing in this Section 11.01 shall be construed as limiting the Trustee to the proof herein specified, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

Any action taken or suffered by the Trustee pursuant to any provision hereof, upon the request or with the assent of any person who at the time is the Holder of any Bond or Bonds shall be conclusive and binding upon all future Holders of the same Bond or Bonds.

Section 11.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this 1997 Resolution or the Bonds is intended or shall be construed to give to any person other than the Commission, the Trustee, the Holders of the Bonds and any Paying Agents, Registrars, Authenticating Agents and Credit Providers, if any, any legal or equitable right, remedy or claim under or in respect to this 1997 Resolution or any covenants, conditions and provisions herein contained. This 1997 Resolution and all of the covenants, conditions and provisions hereof are intended to be and are for the sole and exclusive benefit of the Commission, the Trustee, the Holders of the Bonds and any Paying Agents, Registrars, Authenticating Agents and Credit Providers, if any, as herein provided.

Section 11.03. Credit Provider Defaults. Upon the failure of any Credit Provider to pay principal of, premium, if any, interest on or the purchase price of the Bonds required to be paid by the Credit Provider following a properly presented and conforming request for payment under its Credit Facility, such Credit Provider shall be deemed to be in default for purposes of this 1997 Resolution.

Section 11.04. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this 1997 Resolution on the part of the Commission (or the Trustee or of any Paying Agent, Registrar, Authenticating Agent or other agent pursuant to this 1997 Resolution) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the 1997 Resolution or of the Bonds; but the Owners shall retain all the rights and benefits accorded to them under the Act or under any other applicable provision of law.

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Section 11.05. Holidays. Except as otherwise specified in a Supplemental Resolution, when the date on which principal of or interest or premium on any Bond is due and payable is a day which is not a Business Day, payment may be made on Bonds on the next Business Day with the same effect as though payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date. When any other action is provided herein to be done on a day named or within a time period named, and the day or the last day of the period falls on a day other than a Business Day, it may be performed on the next Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 11.06 Governing Law. This 1997 Resolution and the Bonds shall be governed and construed under and in accordance with the laws of the State of California.

Section 11.07. Notices. (a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid, or by commercial overnight express delivery and addressed as follows:

(i) If to the Commission, addressed to:

Airport Commission of the City  
and County of San Francisco  
Attention: Deputy Airport Director --  
Business and Finance  
San Francisco International Airport  
International Terminal Building, 5th Floor  
P.O. Box 8097  
San Francisco, CA 94128

(ii) If to the Trustee, addressed to:

Chase Trust Company of California  
101 California Street, Suite 2725  
San Francisco, California 94111  
Attention: Corporate Trust

(iii) If to the registered Holder of a Bond, addressed to such Holder at the address shown on the books of the Registrar kept pursuant hereto.

(b) The Commission and the Trustee may from time to time by notice in writing designate a different address or addresses for notice hereunder.

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Section 11.08. Waiver of Notice. Whenever in this 1997 Resolution the giving of notice by mail or as otherwise is required, the giving of such notice may be waived by notice in writing by the person entitled to receive such notice. In any such case the giving or receipt of such notice shall not be a condition precedent for the validity of any action taken in reliance upon such waiver.

Section 11.09. Waiver of Personal Liability. No member of the Commission and no officer, agent or employee of the Commission or of the City shall be individually or personally liable for the payment of the principal or purchase price of, premium if any, or interest on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 11.10. Cancellation and Destruction of Bonds. All Bonds purchased, redeemed or paid in full shall, if received by the Commission, any Issuing and Paying Agent or any Paying Agent, be canceled by any of them and delivered to the Trustee, or if surrendered to the Trustee, shall be canceled by the Trustee. No such Bonds shall be deemed Outstanding hereunder and no Bonds shall be issued in lieu thereof. Whenever in this 1997 Resolution reference is made to the cancellation of Bonds by the Trustee, the Commission, any Issuing and Paying Agent, or any Paying Agent, the Trustee shall destroy such Bonds and deliver a certificate of such destruction to the Commission.

Section 11.11. Repeal of Inconsistent Resolutions. Any resolution of the Commission, and any part of any resolution, inconsistent with this 1997 Resolution is hereby repealed to the extent of such inconsistency. Notwithstanding the preceding sentence, this Section 11.11 shall not repeal any provisions of the 1991 Resolution whether or not inconsistent with this 1997 Resolution.

Section 11.12. Effectiveness. This 1997 Resolution shall be effective from and after its date of adoption.

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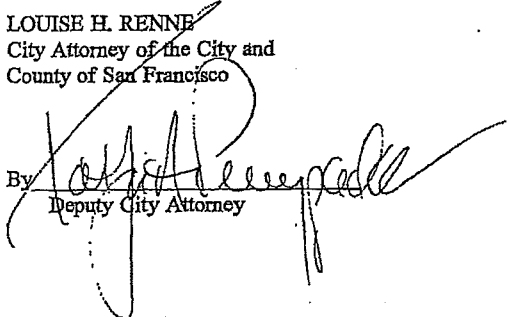
ADOPTED by the Airport Commission of the City and County of San Francisco this 20th day of May, 1997, by the following vote:

Ayes: 5  
Noes: 0  
Absent: 0

[SEAL]

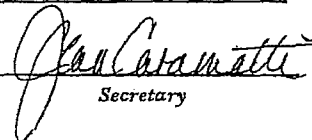
Approved as to Form:

LOUISE H. RENNE  
City Attorney of the City and  
County of San Francisco

By   
Deputy City Attorney

I hereby certify that the foregoing resolution was adopted by the Airports Commission  
at its meeting of MAY 20 1997

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Secretary

AIRPORTS COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 91-0210

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AIRPORTS COMMISSION OF THE CITY AND COUNTY  
OF SAN FRANCISCO

Resolution authorizing the issuance of

SAN FRANCISCO INTERNATIONAL AIRPORT  
SECOND SERIES REVENUE BONDS

and providing for the issuance of  
the first series of such bonds

(under and pursuant to Section 3.06  
of Resolution No. 73-0065)

Adopted on December 3, 1991

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2440D

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AIRPORTS COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 91-211

Resolution Authorizing the Issuance of  
San Francisco International Airport  
Second Series Revenue Bonds and Providing for the  
Issuance of the First Series of Such Bonds

WHEREAS, under Section 2.491 of the Charter of the City and County of San Francisco (the "Charter"), the Airports Commission of the City and County of San Francisco (the "Commission") has possession, management, supervision, operation and control of San Francisco International Airport and of all other airport properties wherever situated as it may acquire or which may be placed under its control (the "Airport"); and

WHEREAS, under Section 2.306 of the Charter, the Commission has the authority to issue airport revenue bonds for the purpose of acquiring, constructing, improving or developing airports or airport facilities under its jurisdiction under such terms and conditions as the Commission may authorize by resolution; and

WHEREAS, the Commission has previously authorized and issued \$544,375,000 of its San Francisco International Airport Revenue Bonds, Series A through Series E (the "1973 Resolution Bonds"), pursuant to Resolution No. 73-0065 of the Commission, adopted on March 20, 1973, as supplemented and amended (the "1973 Resolution"); and

WHEREAS, Section 3.06 of the 1973 Resolution provides in relevant part that nothing in the 1973 Resolution shall prevent the Commission from issuing at any time while any of the 1973 Resolution Bonds are outstanding revenue bonds which are junior and subordinate to the payment of principal of and interest and reserve fund requirements on the 1973 Resolution Bonds; and

WHEREAS, the Commission deems it necessary and desirable and in the public interest to authorize the issuance of additional airport revenue bonds (the "1991 Resolution Bonds" or the "Bonds") under and in accordance with Section 3.06 of the 1973 Resolution and pursuant to the terms and conditions set forth herein, which Bonds shall be junior and subordinate to the payment of principal of and interest and reserve fund requirements on the 1973 Resolution Bonds for so long as the 1973 Resolution Bonds shall remain outstanding; and

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WHEREAS, the Airline-Airport Lease and Use Agreements, dated as of July 1, 1981, by and between the City, acting by and through the Commission, and the respective airlines serving the Airport which are parties thereto (the "Lease and Use Agreements") provide for the issuance of Airport Revenue Bonds (as defined therein) pursuant to a successor resolution of the Commission to the 1973 Resolution, prescribing the covenants and conditions attendant upon such issuance, and not inconsistent with the provisions of the Lease and Use Agreements; and

WHEREAS, the Commission hereby finds and determines that (i) the 1991 Resolution Bonds are being authorized under and in accordance with the 1991 Resolution and Section 3.05 thereof, (ii) the authorization and issuance of the 1991 Resolution Bonds by the Commission pursuant to this 1991 Resolution is contemplated in and permitted by the Lease and Use Agreements, and (iii) the covenants and conditions of this Resolution are not inconsistent with the provisions of the Lease and Use Agreements; and

WHEREAS, the Commission has previously issued \$143,475,000 San Francisco International Airport Revenue Bonds, Series A, of which \$112,885,000 aggregate principal amount remain outstanding (the "Series A Bonds"); and

WHEREAS, the Commission has previously issued \$110,000,000 San Francisco International Airport Revenue Bonds, Series C, of which \$102,575,000 aggregate principal amount remain outstanding (the "Series C Bonds") (collectively with the Series A Bonds, the "Prior Bonds") pursuant to the 1973 Resolution; and

WHEREAS, the Commission has determined that an initial Series of 1991 Resolution Bonds (the "Issue 1 Bonds") should be issued in the aggregate principal amount of up to \$225,000,000 for the purpose of refunding the Prior Bonds and providing funds for the payment of the principal of all Prior Bonds outstanding, expenses incidental to the calling, retiring of and payment of the Prior Bonds and the issuance of the Issue 1 Bonds and the redemption premium for the Prior Bonds;

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

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions. The following terms for all purposes of this 1991 Resolution and any Supplemental Resolutions shall have the following meanings unless a different meaning clearly applies from the context:

"Accreted Value" shall mean, as of any date of calculation, (a) with respect to any Capital Appreciation Bond, the initial principal amount thereof plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, and (b) with respect to any Compound Interest Bond, the initial offering price thereof plus the amount of principal which has accreted thereon, in each case as determined in accordance with the provisions of the Supplemental Resolution authorizing the issuance thereof.

"Act" shall mean the Charter of the City and County of San Francisco, as supplemented and amended, all enactments of the Board adopted pursuant thereto, and all laws of the State of California incorporated therein by reference.

"Airport" shall mean the San Francisco International Airport, located in San Mateo County, State of California, together with all additions, betterments, extensions, and improvements thereto. Unless otherwise specifically provided in any Supplemental Resolution, the term shall include all other airports, airfields, landing places and places for the take-off and landing of aircraft, together with related facilities and property, located elsewhere, which are hereafter owned, controlled or operated by the Commission or over which the Commission has possession, management, supervision or control.

"Airport Consultant" shall mean a firm or firms of national recognition with knowledge and experience in the field of advising the management of airports as to the planning, development, operation and management of airports and aviation facilities, selected and employed by the Commission from time to time.

"Amortized Bonds" shall mean (a) with respect to any Series of Bonds, those scheduled payments of principal (whether at maturity or by mandatory sinking fund redemption) and interest in any Fiscal Year which exceed the scheduled payments of principal and interest in any other Fiscal Year by 25%, unless the sum of (i) Annual Debt Service on all other 1973 Resolution Bonds and 1991 Resolution Bonds, plus (ii) such scheduled payments of principal and interest, in

each Fiscal Year from and after the date of calculation, does not exceed 110% of such sum in any other such Fiscal Year during which any 1973 Resolution Bonds or 1991 Resolution Bonds are then scheduled to be Outstanding; (b) those Bonds subject, pursuant to their terms, to optional or mandatory tender for purchase prior to maturity by or on behalf of the Commission or a Credit Provider; and (c) the Authorized Amount of any existing or proposed Commercial Paper Program.

"Annual Debt Service" shall mean the amount scheduled to become due and payable on the Outstanding 1973 Resolution Bonds and on the Outstanding 1991 Resolution Bonds or any one or more Series thereof in any Fiscal Year as (a) interest, plus (b) principal at maturity, plus (c) mandatory sinking fund redemptions. For purposes of calculating Annual Debt Service, the following assumptions shall be used:

(i) All principal payments and mandatory sinking fund redemptions shall be made as and when the same shall become due.

(ii) Outstanding Variable Rate Bonds shall be deemed to bear interest during any period after the date of calculation at a fixed annual rate equal to the average of the actual rates on such Bonds for each day during the 365 consecutive days (or any lesser period such Bonds have been outstanding) ending on the last day of the month next preceding the date of computation, or at the effective fixed annual rate thereon as a result of an Interest Rate Swap with respect to such Bonds.

(iii) Variable Rate Bonds proposed to be issued shall be deemed to bear interest at a fixed annual rate equal to the estimated initial rate or rates thereon, as set forth in a certificate of a Financial Consultant dated within 30 days prior to the date of delivery of such Bonds, or at the effective fixed annual rate thereon as a result of an Interest Rate Swap with respect to such Bonds.

(iv) Amortized Bonds shall be deemed to be amortized on a level debt service basis over a 20-year period beginning on the date of calculation at the Index Rate.

(v) Payments of principal of and interest on Repayment Obligations shall be deemed to be payments of principal of and interest on Bonds to the extent provided in Section 2.15 hereof; and

(vi) Capitalized interest on any Bonds and accrued interest paid on the date of initial delivery of any Series of Bonds shall be excluded from the calculation of Annual Debt Service if cash and/or Permitted Investments have been irrevocably deposited with and are held by the Trustee or other fiduciary for the Owners of such 1973 Resolution Bonds and 1991 Resolution Bonds sufficient to pay such interest.

"Annual Service Payments" shall mean the amounts paid to the City pursuant to paragraphs (1) and (2) of Section 6.408(b) of the Charter, including but not limited to the amounts paid pursuant to that certain Settlement Agreement, made and entered into as of July 1, 1981, by and among the City and certain regular airline users of the Airport.

"Authenticating Agent" shall mean, with respect to any Series of Bonds, each person or entity, if any, designated as such by the Commission herein or in the Supplemental Resolution authorizing the issuance of such Bonds, and its successors and assigns, and any other person or entity which may at any time be substituted for it pursuant thereto.

"Authorized Amount" shall mean, with respect to a Commercial Paper Program, the maximum Principal Amount of such Bonds which is then authorized by the Commission to be Outstanding at any one time.

"Authorized Commission Representative" shall mean the Director of Airports or the Deputy Director of Airports, Business and Finance, or the respective successors to the powers and duties thereof, or such other person as may be designated to act on behalf of the Commission by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Commission by the Director of Airports or the Deputy Director of Airports, Business and Finance, or their respective successors.

"Authorized Newspapers" shall mean a financial newspaper or journal, printed in the English language and customarily published on each business day, of general circulation in the financial community in San Francisco, California, and a similar newspaper or journal of general circulation in New York, New York.

"Board of Supervisors" shall mean the Board of Supervisors of the City and County of San Francisco, as duly elected, appointed and qualified from time to time in accordance with the provisions of the Charter.

"Bonds" or "1991 Resolution Bonds" shall mean any evidences of indebtedness for borrowed money issued from time to time by the Commission hereby or by Supplemental Resolution pursuant to Article II hereof, including but not limited to bonds, notes, bond anticipation notes, commercial paper, lease or installment purchase agreements or certificates of participation therein and Repayment Obligations to the extent provided in Section 2.15 hereof.

"Bond Counsel" shall mean an attorney or firm or firms of attorneys of national recognition selected or employed by the Commission with knowledge and experience in the field of municipal finance.

"Business Day" shall mean, unless otherwise specified by Supplemental Resolution, any day of the week other than Saturday, Sunday or a day which shall be in the State of California, the State of New York or in the jurisdiction in which the Corporate Trust Office of the Trustee or the principal office of the Registrar is located, a legal holiday or a day on which banking institutions are authorized or obligated by law or executive order to close.

"Capital Appreciation Bonds" shall mean Bonds the interest on which is compounded and accumulated at the rate or rates and on the date or dates set forth in the Supplemental Resolution authorizing the issuance thereof and which is payable only upon redemption and/or on the maturity date thereof.

"Charter" shall mean the Charter of the City and County of San Francisco, as supplemented and amended, and any new or successor Charter.

"City" shall mean the City and County of San Francisco, a chartered city and county and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations, rulings and procedures proposed or promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

"Commercial Paper Program" shall mean Bonds with maturities of not more than 365 or 366 days, as the case may be, from the dates of issuance thereof which are issued and reissued by the Commission from time to time and are Outstanding up to an Authorized Amount.



"Commission" shall mean the Airports Commission of the City and County of San Francisco as duly constituted from time to time under the Charter, and all commissions, agencies or public bodies which shall succeed to the powers, duties and obligations of the Commission.

"Compound Interest Bonds" shall mean Bonds which are sold at an initial offering price of less than 95% of the principal amount thereof payable at maturity, and which are specifically designated as such in the Supplemental Resolution authorizing the issuance thereof.

"Construction Fund" shall mean the Airport Construction Fund established pursuant to Section 4.07 hereof.

"Contingency Account" shall mean the account of that name in the Revenue Fund established pursuant to Section 5.02 hereof.

"Corporate Trust Office" shall mean the office of the Trustee at which its principal corporate trust business is conducted, which at the date hereof is located in San Francisco, California.

"Credit Facility" shall mean a letter of credit, line of credit, standby purchase agreement, municipal bond insurance policy, surety bond or other financial instrument which obligates a third party to pay or provide funds for the payment of the principal or purchase price of and/or interest on any Bonds and which is designated as a Credit Facility in the Supplemental Resolution authorizing the issuance of such Bonds.

"Credit Provider" shall mean the person or entity obligated to make a payment or payments with respect to any Bonds under a Credit Facility.

"Debt Service Fund" shall mean the 1991 Resolution Debt Service Fund established pursuant to Section 5.07 hereof.

"Event of Default" shall mean any one or more of those events set forth in Section 7.01 hereof.

"Financial Consultant" shall mean a firm or firms of financial advisors of national recognition with knowledge and experience in the field of municipal finance selected or employed by the Commission.

"Fiscal Year" shall mean the one-year period beginning on July 1 of each year and ending on June 30 of the succeeding year, or such other one-year period as the Commission shall designate as its Fiscal Year.

"Fund" or "Account" shall mean any fund or account established pursuant to this 1991 Resolution.

"General Obligation Bond Account" shall mean the account of that name in the Revenue Fund established pursuant to Section 5.02 hereof.

"General Purpose Account" shall mean the account of that name in the Revenue Fund established pursuant to Section 5.02 hereof.

"Government Certificates" shall mean evidences of ownership of proportionate interests in future principal or interest payments of Government Obligations, including depository receipts thereof. Investments in such proportionate interests must be limited to circumstances wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations, (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations, and (iii) the underlying Government Obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, or any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Government Obligations" shall mean direct and general obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Holder," "Bondholder," "Owner" and "Bondowner" shall mean the person or persons in whose name any Bond or Bonds are registered on the records maintained by the Registrar or, in the case of bearer obligations, who hold any Bond or Bonds, and shall include any Credit Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond pursuant to Section 2.15 hereof.

"Independent Auditor" shall mean a firm or firms of independent certified public accountants with knowledge and experience in the field of governmental accounting and auditing selected or employed by the City.

"Index Rate" shall mean a fixed annual interest rate equal to the rate most recently published by the Bond Buyer as the 25-Bond Revenue Index of revenue bonds maturing in 30 years, or if such index ceases to be published, such other successor index as shall be designated by the Commission.

"Insolvent" shall be used to describe the Trustee, any Paying Agent, Authenticating Agent, Registrar, other agent appointed under the 1991 Resolution or any Credit Provider, if (a) such person shall have instituted proceedings to be adjudicated a bankrupt or insolvent; shall have consented to the institution of bankruptcy or insolvency proceedings against it; shall have filed a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other similar applicable federal or state law; or shall have consented to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator or other similar official of itself or of any substantial part of its property, or shall fail to timely controvert an involuntary petition filed against it under the federal Bankruptcy Code; or shall consent to the entry of an order for relief under the federal Bankruptcy Code or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due; or (b) a decree or order by a court having jurisdiction in the premises adjudging such person as bankrupt or insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such person under the federal Bankruptcy Code or any other similar applicable federal or state law or for relief under the federal Bankruptcy Code after an involuntary petition has been filed against such person, or appointing a receiver, liquidator, assignee, trustee or sequestrator or other similar official of such person or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, shall have been entered and shall have continued unstayed and in effect for a period of 90 consecutive days.

"Insurance Consultant" shall mean a firm or firms of national recognition with knowledge and experience in the fields of insurance and risk management selected or employed by the Commission.

"Interest Payment Date" shall mean, with respect to any Series of Bonds, each date specified herein or in the Supplemental Resolution authorizing the issuance thereof for the payment of interest on such Bonds.

"Interest Rate Swap" shall mean an agreement between the Commission or the Trustee and a Swap Counter Party related to Bonds of one or more Series whereby a variable rate cash flow (which may be subject to an interest rate cap) on a principal or notional amount is exchanged for a fixed rate of return on an equal principal or notional amount. If the Agency enters into more than one Interest Rate Swap with

respect to a Series of Bonds, each Interest Rate Swap shall specify the same payment dates.

"Maximum Annual Debt Service" shall mean the maximum amount of Annual Debt Service in any Fiscal Year during the period from the date of calculation to the final scheduled maturity of the 1991 Resolution Bonds and the 1973 Resolution Bonds.

"Moody's" shall mean Moody's Investors Service, a corporation existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, "Moody's" shall mean any other nationally recognized rating agency designated by the Commission.

"Net Revenues" shall mean Revenues less Operation and Maintenance Expenses.

"1991 Resolution" shall mean this Resolution No. \_\_\_\_\_ adopted by the Commission on December 3, 1991, as the same shall be amended or supplemented pursuant to the terms hereof.

"1973 Bond Funds" shall mean the Airport Revenue Bond Interest Fund, the Airport Revenue Bond Redemption Fund and the Airport Revenue Bond Reserve Fund established pursuant to the 1973 Resolution.

"1973 Resolution" shall mean Resolution No. 73-0065, adopted by the Commission on March 20, 1973, as supplemented and amended, authorizing the issuance of the 1973 Resolution Bonds.

"1973 Resolution Bonds" shall mean the Commission's San Francisco International Airport Revenue Bonds, Series A through Series E, issued and at any time Outstanding pursuant to the 1973 Resolution, and any refunding bonds issued under and pursuant to Section 3.05 of the 1973 Resolution.

"Operation and Maintenance Account" shall mean the account of that name in the Revenue Fund established pursuant to Section 5.02 hereof.

"Operation and Maintenance Expenses" shall mean, for any period, all expenses of the Commission incurred for the operation and maintenance of the Airport, as determined in accordance with generally accepted accounting principles. Operation and Maintenance Expenses shall not include: (1) the principal of, premium, if any, or interest on any 1991 Resolution Bonds, 1973 Resolution Bonds, Subordinate Bonds or

general obligation bonds issued by the City for Airport purposes; (b) any allowance for amortization, depreciation or obsolescence of the Airport; (c) any expense for which, or to the extent to which, the Commission is or will be paid or reimbursed from or through any source that is not included or includable in Revenues; (d) any extraordinary items arising from the early extinguishment of debt; (e) Annual Service Payments; (f) any costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to the Airport which, under generally accepted accounting principles, are properly chargeable to the capital account or the reserve for depreciation; and (g) any losses from the sale, abandonment, reclassification, revaluation or other disposition of any Airport properties. Operation and Maintenance Expenses shall include the payment of pension charges and proportionate payments to such compensation and other insurance or outside reserve funds as the Commission may establish or the Board of Supervisors may require with respect to employees of the Commission, as now provided in Section 6-408 of the Charter.

"Opinion of Bond Counsel" shall mean a written opinion of Bond Counsel.

"Opinion of Counsel" shall mean a written opinion of an attorney or firm or firms of attorneys acceptable to the Trustee and the Commission, and who (except as otherwise expressly provided herein) may be either counsel for the Commission or for the Trustee.

"Outstanding" when used with reference to a Series of 1991 Resolution Bonds shall mean, as of any date of determination, all Bonds of such Series which have been executed and delivered under this 1991 Resolution except: (a) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation; (b) Bonds which are deemed paid and no longer outstanding as provided in Section 10.01 hereof or in any Supplemental Resolution authorizing the issuance thereof; (c) Bonds in lieu of which other Bonds have been issued pursuant to the provisions hereof or of any Supplemental Resolution authorizing the issuance thereof; and (d) for purposes of any consent or other action to be taken under the 1991 Resolution by the Holders of a specified percentage of Principal Amount of Bonds of a Series or all Series, Bonds held by or for the account of the Commission. "Outstanding" when used with reference to a Series of 1973 Resolution Bonds shall have the meaning set forth in the 1973 Resolution.

"Paying Agent" shall mean, with respect to any Series of Bonds, each person or entity, if any, designated as such by the Commission herein or in the Supplemental

Resolution authorizing the issuance of such bonds, and its successors and assigns, and any other person or entity which may at any time be substituted for it pursuant thereto.

"Payment Date" shall mean, with respect to any Series of Bonds, each Interest Payment Date and Principal Payment Date.

"Permitted Investments" shall mean and include any of the following, if and to the extent the same are at the time legal for the investment of the Commission's money:

(a) Government Obligations and Government Certificates.

(b) Obligations issued or guaranteed by any of the following:

- (i) Federal Home Loan Banks System;
- (ii) Export-Import Bank of the United States;
- (iii) Federal Financing Bank;
- (iv) Government National Mortgage Association;
- (v) Farmers Home Administration;
- (vi) Federal Home Loan Mortgage Corporation;
- (vii) Federal Housing Administration;
- (viii) Private Export Funding Corporation;
- (ix) Federal National Mortgage Association;
- (x) Federal Farm Credit System;
- (xi) Resolution Funding Corporation;
- (xii) Student Loan Marketing Association; and
- (xiii) any other instrumentality or agency of the United States.

(c) Pre-refunded municipal obligations rated in the highest rating category by at least two Rating Agencies and meeting the following conditions:

- (i) such obligations are: (A) not subject to redemption prior to maturity or the Trustee has been

given irrevocable instructions concerning their calling and redemption, and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions.

(ii) such obligations are secured by Government Obligations or Government Certificates that may be applied only to interest, principal and premium payments of such obligations;

(iii) the principal or and interest on such Government Obligations or Government Certificates (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations;

(iv) the Government Obligations or Government Certificates serving as security for the obligations have been irrevocably deposited with and are held by an escrow agent or trustee; and

(v) such Government Obligations or Government Certificates are not available to satisfy any other claims, including those against the trustee or escrow agent.

(d) Direct and general long-term obligations of any State of the United States of America or the District of Columbia (a "State") to the payment of which the full faith and credit of such State is pledged and that are rated in either of the two highest rating categories by at least two Rating Agencies;

(e) Direct and general short-term obligations of any State to the payment of which the full faith and credit of such State is pledged and that are rated in the highest rating category by at least two Rating Agencies;

(f) Interest-bearing demand or time deposits with or interests in money market portfolios rated in the highest rating category by at least two Rating Agencies issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC"). Such deposits or interests must either be: (i) continuously and fully insured by FDIC; (ii) if they have a maturity of one year or less, with or issued by banks that are rated in one of the two highest short term rating categories by at least two Rating Agencies; (iii) if they have a maturity longer than one year, with or issued by banks that are rated in one of the two highest rating categories by at least two Rating Agencies; or (iv) fully secured by Government

Obligations and Government Certificates. Such Government Obligations and Government Certificates must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations and Government Certificates must be held by a third party (who shall not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party must have a perfected first lien in the Government Obligations and Government Certificates serving as collateral, and such collateral must be free from all other third party liens.

(g) Eurodollar time deposits issued by a bank with a deposit rating in one of the two highest short-term deposit rating categories by at least two Rating Agencies.

(h) Long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the two highest rating categories by at least two Rating Agencies.

(i) Repurchase agreements with maturities of either (A) 30 days or less, or (B) longer than 30 days and not longer than one year provided that the collateral subject to such agreements are marked to market daily, entered into with financial institutions such as banks or trust companies organized under State or Federal law, insurance companies, or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation, or with a dealer or parent holding company that is rated investment grade ("A" or better) by at least two Rating Agencies. The repurchase agreement must be in respect of Government Obligations and Government Certificates or obligations described in paragraph (b) of this definition. The repurchase agreement securities and, to the extent necessary, Government Obligations and Government Certificates or obligations described in paragraph (b), exclusive of accrued interest, shall be maintained in an amount at least equal to the amount invested in the repurchase agreements. In addition, the provisions of the repurchase agreement shall meet the following additional criteria:

(1) the third party (who shall not be the provider of the collateral) has possession of the repurchase agreement, securities and the Government Obligations and Government Certificates;

(2) failure to maintain the requisite collateral levels will require the third party having possession of the securities to liquidate the securities immediately; and



(j) the third party having possession of the securities has a perfected first priority security interest in the securities.

(k) Prime commercial paper of a corporation, finance company or banking institution rated in the highest short-term rating category by at least two Rating Agencies.

(l) Public housing bonds issued by public agencies which are either: (i) fully guaranteed by the United States of America; or (ii) temporary notes, preliminary loan notes or project notes secured by a requisition or payment agreement with the United States of America; or (iii) state or public agency or municipality obligations rated in the highest credit rating category by at least two Rating Agencies.

(m) Shares of a diversified open-end management investment company, as defined in the Investment Company Act of 1940, as amended, or shares in a regulated investment company, as defined in Section 851(a) of the Code, that is a money market fund that has been rated in the highest rating category by at least two Rating Agencies.

(n) Money market accounts of any state or federal bank, or bank whose holding parent company is, rated in the top two short-term or long-term rating categories by at least two Rating Agencies.

(o) Investment agreements the issuer of which is rated in one of the two highest rating categories by at least two Rating Agencies.

(p) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments otherwise permitted in paragraphs (j) through (m) above.

(q) Any other debt or fixed income security specified by the Commission (except securities of the City and any agency, department, commission or instrumentality thereof other than the Commission) and rated in the highest category by at least two Rating Agencies.

"Principal Amount" shall mean, as of any date of calculation, (a) with respect to any Capital Appreciation Bond or Compound Interest Bond, the Accreted Value thereof; and (b) with respect to any other Bonds, the stated principal amount thereof.

"Principal Payment Date" shall mean, with respect to any Series of Bonds, each date specified herein or in the Supplemental Resolution authorizing the issuance thereof for the payment of the principal of such Bonds either at maturity or upon prior redemption from mandatory sinking fund payments.

"Qualified Self-Insurance" shall mean either (a) a program of self-insurance, or (b) insurance maintained with a fund, company or association in which the Commission shall have a material interest and of which the Commission shall have control, either singly or with others, and in each case which meets the requirements of Section 5.07 hereof.

"Rating Agency" shall mean Moody's and Standard & Poor's and any other nationally recognized credit rating agency specified in a Supplemental Resolution.

"Record Date" shall mean, with respect to any Series of Bonds, each date, if any, specified herein or in the Supplemental Resolution authorizing the issuance thereof as a Record Date.

"Registrar" shall mean, with respect to any Series of Bonds, each person or entity, if any, designated as such by the Commission herein or in the Supplemental Resolution authorizing the issuance of such Bonds, and its successors and assigns and any other person or entity which may at any time be substituted for it pursuant thereto.

"Repayment Obligation" shall mean an obligation under a written agreement between the Commission and a Credit Provider to reimburse the Credit Provider for amounts paid under or pursuant to a Credit Facility for the payment of the principal or purchase price of and/or interest on any Bonds.

"Reserve Fund" shall mean the 1991 Resolution Reserve Fund established pursuant to Section 5.02 hereof.

"Responsible Officer" when used with respect to the Trustee shall mean any corporate trust officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Revenue Bond Account" shall mean the account of that name in the Revenue Fund established pursuant to Section 5.02 hereof.

"Revenue Fund" shall mean the Airports Revenue Fund created pursuant to Section 6.408 of the Charter and held by the Treasurer, and any successor to such fund.

"Revenues" shall mean all revenues earned by the Commission from or with respect to its possession, management, supervision, operation and control of the Airport, as determined in accordance with generally accepted accounting principles. Revenues shall not include: (a) interest income on, and any profit realized from, the investment of moneys in: (i) the Construction Fund or any other construction fund funded from proceeds of 1973 Resolution Bonds or any Subordinate Bonds, or (ii) the Debt Service Fund which constitute capitalized interest, to the extent required to be paid into the Debt Service Fund, or (iii) the Reserve Fund if and to the extent there is any deficiency therein; (b) interest income on, and any profit realized from, the investment of the proceeds of any Special Facility Bonds; (c) Special Facility Revenues and any interest income or profit realized from the investment thereof, unless such receipts are designated as Revenues by the Commission; (d) any passenger facility charge, or similar charge levied by or on behalf of the Commission against passengers, unless all or a portion thereof are designated as Revenues by the Commission; (e) grants-in-aid, donations and/or bequests; (f) insurance proceeds which are not deemed to be Revenues in accordance with generally accepted accounting principles; (g) the proceeds of any condemnation awards; (h) the proceeds of any sale of land, buildings or equipment; and (i) any money received by or for the account of the Commission from the levy or collection of taxes upon any property in the City.

"Revenues Account" shall mean the account of that name in the Revenue Fund established pursuant to Section 5.02 hereof.

"Series of Bonds" or "Bonds of a Series" or "Series" shall mean a series of Bonds issued pursuant to this 1991 Resolution or the 1973 Resolution, as the case may be.

"Special Facility" shall mean any existing or planned facility, structure, equipment or other property, real or personal, which is at the Airport or a part of any facility or structure at the Airport and which is designated as a Special Facility pursuant to Section 2.16 hereof.

"Special Facility Bonds" shall mean any revenue bonds, notes, bond anticipation notes, commercial paper or other evidences of indebtedness for borrowed money issued by the Commission to finance a Special Facility, the principal of, premium, if any, and interest on which are payable from and secured by the Special Facility Revenues derived from such Special Facility, and not from or by Net Revenues.

"Special Facility Revenues" shall mean the revenues earned by the Commission from or with respect to a Special Facility and which are designated as such by the Commission, including but not limited to contractual payments to the Commission under a loan agreement, lease agreement or other written agreement with respect to the Special Facility by and between the Commission and the person, firm, corporation or other entity, either public or private, as shall operate, occupy or otherwise use the Special Facility.

"Standard & Poor's" shall mean Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, and its successors and assigns and; if such corporation shall no longer perform the functions of a securities rating agency, Standard & Poor's shall mean any other nationally recognized securities rating agency designated by the Commission.

"Subordinate Bonds" shall mean any evidences of indebtedness for borrowed money issued from time to time by the Commission pursuant to Section 2.13 hereof, including but not limited to bonds, notes, bond anticipation notes, commercial paper, lease or installment purchase agreements or certificates of participation therein.

"Supplemental Resolution" shall mean a resolution supplementing or amending the provisions of the 1991 Resolution which is adopted by the Commission pursuant to Article IX hereof.

"Swap Counter Party" shall mean a member of the International Swap Dealers Association rated in one of the three top rating categories by at least one Rating Agency.

"Swap Payments" shall mean as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Swap Counter Party by the Trustee, on behalf of the Commission.

"Swap Receipts" shall mean as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Trustee for the account of the Commission by the Swap Counter Party.

"Transfer" shall mean the amounts deposited as of the last Business Day of any Fiscal Year from the Contingency Account into the Revenues Account.

"Treasurer" shall mean the Treasurer of the City, and any successor to his or her duties hereunder.

"Trustee" shall mean First Interstate Bank, Ltd. and any successor to its duties hereunder.

"Variable Rate Bonds" shall mean any Bonds the interest rate on which is not fixed to maturity as of the date of calculation.

**Section 1.02. Rules of Construction.** Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this 1991 Resolution:

(a) Any reference herein to the Commission or any officer thereof shall include any persons or entities succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) The use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine and feminine gender.

(c) Words importing the singular number shall include the plural number and vice versa.

(d) All references herein to particular articles, sections or other subdivisions are references to articles, sections or other subdivisions of this 1991 Resolution.

(e) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this 1991 Resolution nor shall they affect its meaning, construction or effect.

(f) All terms such as herein, hereunder and hereto shall refer to this 1991 Resolution, as amended or supplemented.

(g) All references herein to the time of day shall mean San Francisco, California time.

**Section 1.03. Due Authorization.** This Commission has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and does hereby find and determine, that the Commission has duly and regularly complied with all applicable provisions of law and is duly authorized by law to issue the Bonds in the manner and upon the terms provided in this 1991 Resolution and that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the issuance of the Bonds exist, have happened and have been performed in regular and due time, form and

manner as required by law, and this Commission is now duly empowered to issue the Bonds.

## ARTICLE XI

### TERMS OF BONDS

Section 2.01. Issuance. Bonds may be issued in one or more Series under and subject to the terms of this 1991 Resolution from time to time as the issuance thereof is authorized by the Commission hereby or by Supplemental Resolution for any purposes of the Commission now or hereafter permitted by law. The maximum principal amount of Bonds which may be issued hereunder is not limited by this 1991 Resolution.

Section 2.02. Terms. The Issue 1 Bonds are authorized hereby, and the terms and provisions with respect thereto are set forth herein. The Bonds of each additional Series shall be authorized by a Supplemental Resolution which shall provide, among other things: (a) the authorized principal amount or Authorized Amount of such Bonds and the Series designation therefor; (b) the general purpose or purposes for which such Bonds are being issued, and the deposit and disbursement of the proceeds thereof; (c) the dated date or dates of, and Principal Payment Dates for such Bonds, and the principal amounts maturing or subject to redemption on each Principal Payment Date, by the means of determining such amounts; (d) the interest rate or rates on such Bonds (which may be a rate of zero) and the Interest Payment Dates therefor, and whether such interest rate or rates shall be fixed or variable, or a combination thereof, and, if necessary, the manner of determining such rate or rates; (e) the currency or currencies in which such Bonds shall be payable; (f) the authorized denominations of and manner of dating and numbering such Bonds; (g) the Record Date or Dates and the place or places of payment of the principal, redemption price, if any, purchase price, if any, of and interest on such Bonds; (h) the form or forms of such Bonds and any coupons attached thereto, which may include but shall not be limited to registered form as to principal and/or interest, bearer form with or without coupons, and book entry form, and the methods, if necessary, for the registration, transfer and exchange thereof; (i) the terms and conditions, if any, for the optional or mandatory redemption of such Bonds prior to maturity, including but not limited to the redemption date or dates, the redemption price or prices and any mandatory sinking fund payments with respect thereto; (j) the terms and conditions, if any, for the optional or mandatory tender of such Bonds for purchase prior to maturity, including

but not limited to the tender date or dates and the purchase price or prices; (k) the authorization of and terms and conditions with respect to any credit facility for such Bonds; (l) the Authenticating Agent or Agents for such Bonds, if any, and the duties and obligations thereof; (m) the Paying Agent or Agents for such Bonds, if any, and the duties and obligations thereof; (n) the tender agent or agents for such Bonds, if any, and the duties and obligations thereof; (o) the remarketing agent or agents for such Bonds, if any, and the duties and obligations thereof; (p) the Registrar or Registrars for such Bonds, if any, and the duties and obligations thereof; (q) the manner of sale of such Bonds, whether public or private and with or without a premium or discount, and any terms and conditions necessary with respect thereto; and (r) any other provisions which the Commission deems necessary or desirable with respect to the authorization and issuance of such Bonds.

All Bonds shall be sold by competitive sale, provided, however, that the Commission may authorize the negotiated sale of refunding Bonds to be issued pursuant to Section 2.12 hereof upon the written recommendation of the Director of Airports to the effect that such sale is necessary in order either (i) to accomplish the timely sale of such refunding Bonds, or (ii) to achieve the lowest possible interest, issuance and other costs to the Commission with respect to such refunding Bonds. The Commission shall include a specific finding to the effect of (i) or (ii) above in the Supplemental Resolution authorizing the issuance of such refunding Bonds.

Refunding Bonds may be sold by negotiated sale only if the net present value of the debt service savings on the refunding Bonds, after deducting any refunding escrow deposits or contributions, redemption premiums, costs of issuance, escrow fees, and related expenses of the Commission not paid from the proceeds of such refunding Bonds, is at least equal to five percent (5%) of the Principal Amount of the 1973 Resolution Bonds, 1991 Resolution Bonds or Subordinate Bonds to be refunded, as certified in writing by an Independent Auditor. Net present value savings may be calculated after taking into account payments to be made to or by the Commission as part of a transaction or series of transactions to be entered into in conjunction with and as a part of such refunding, including without limitation Swap Payments or Swap Receipts pursuant to an Interest Rate Swap, if and to the extent recommended in writing by a Financial Consultant. Net present value savings shall be calculated using a discount rate with respect to the refunding Bonds which is consistent with then current municipal finance industry standards, as certified in writing by a Financial Consultant.

Refunding Bonds may be sold by negotiated sale without regard to present value savings (i) upon a finding and determination by the Commission, based upon the written recommendation of the Director of Airports, that a financial or other emergency exists with respect to the Airport which requires the issuance of refunding Bonds for purposes other than to achieve debt service savings, or (ii) as part of a plan or program adopted by the Commission to refund and defease all of the 1973 Resolution Bonds then outstanding.

**Section 2.03. Limited Obligation; Recitals on Bonds.** (A) The Bonds shall be special, limited obligations of the Commission, and shall be payable as to principal, purchase price, if any, redemption premium, if any, and interest, out of the Net Revenues of the Airport, and not out of any other funds or moneys of the Commission not pledged thereto, as further provided in Section 5.01 hereof. No holder of the Bonds shall have the right to compel any exercise of the taxing power of the City to pay the principal or purchase price, if any, or the redemption premium, if any, or interest on the Bonds.

(b) Each of the Bonds shall bear a certification and recital that any and all facts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that Bond, and in the issuing of said Bond, 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 said Bond, together with all other indebtedness of the Commission pertaining to the Airport, is within every debt and other limit prescribed by the Constitution and statutes of the State of California and said Charter. From and after the issuance of the Bonds of any Series the findings and determinations of the Commission respecting that Series shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Bonds is at issue.

**Section 2.04. Mutilated, Destroyed, Lost and Stolen Bonds.** If (a) any mutilated Bond is surrendered to the Trustee or if the Commission, the Registrar, if any, and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Trustee such security or indemnity as may be required by them to hold the Commission, the Registrar, if any, and the Trustee harmless, then, in the absence of notice to the Commission, the Registrar, if any, or the Trustee that such Bond has been acquired by a bona fide purchaser and upon



the Holder paying the reasonable expenses of the Commission, the Registrar, if any, and the Trustee, then the Commission, the Registrar, if any, and the Trustee shall cause to be executed and the Authenticating Agent, if any, shall authenticate and deliver in exchange for such mutilated Bond or in lieu of and substitution for such destroyed, lost or stolen Bond, a new Bond of the same Series, interest rate and maturity date, if any, such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, then the Trustee and any Paying Agent may, in its discretion, pay such Bond when due instead of delivering a new Bond. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and redelivered to, or upon the order of, the Commission. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be destroyed, lost or stolen shall be equally and proportionately entitled to the benefits of this 1891 Resolution and any Supplemental Resolution authorizing the issuance thereof with all other Bonds of the same Series secured thereby. Neither the Commission nor the Trustee shall be required to treat both the original Bond and any substitute Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and substitute Bond shall be treated as one and the same.

Section 2.01. Execution and Authentication of Bonds. All of the Bonds shall be executed in the name and on behalf of the Commission, with the signature of its President and the countersignature of its Secretary. All of the Bonds shall have affixed the seal of the City. Such signatures may be printed, lithographed, engraved or otherwise reproduced, but at least one of such signatures shall be manually affixed to the Bonds (unless such Bonds shall have endorsed thereon a certificate of authentication, as hereinafter provided). The seal of the City may be impressed or reproduced by facsimile on the Bonds.

In case any such officer whose signature appears on the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered, such signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until the delivery of the Bonds, and such Bonds shall be issued and Outstanding hereunder and shall be as binding upon the Commission as though the person who signed such Bonds had been such official on the date borne by the Bonds and on the date of delivery. Any Bond may be signed and sealed on behalf of the Commission by such person as at the actual date of execution of such Bond shall be its President or Secretary, as

the case may be, although on the date borne by such Bond such person shall not have been such official.

The Commission may provide at any time prior to the issuance of any Series of Bonds that such Bonds shall bear a certificate of authentication executed by the Authenticating Agent. In the event the Commission shall require the authentication of any Bond issued under this 1991 Resolution, then there shall be included in the text of such Bonds a statement to the following effect: "This Bond shall not be entitled to any benefit under the 1991 Resolution, or become valid or obligatory for any purpose, until the certificate of authentication endorsed hereon shall have been signed by the Authenticating Agent."

In the case of Bonds requiring authentication, only such Bonds as shall bear thereon a certificate of authentication in the form provided, executed by the Authenticating Agent, shall be or become valid or obligatory for any purpose or entitled to the benefits of this 1991 Resolution. Such certificate of the Authenticating Agent shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this 1991 Resolution.

Section 2.06. Exchange of Bonds. Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same Series, interest rate and maturity date in authorized denominations upon presentation and surrender thereof to the Trustee or the Registrar, as the case may be, together with written instructions satisfactory to the Trustee or the Registrar, and duly executed, in the case of registered Bonds, by the Holder or the Holder's attorney duly authorized in writing.

Section 2.07. Transfer of Bonds. (a) All bearer Bonds shall be negotiable instruments transferable by delivery. The Commission, the Trustee and any Paying Agent may treat the Holder of any bearer Bond or any coupon as the absolute owner of such Bond or coupon for the purpose of receiving payment thereof and for all other purposes, and the Commission, the Trustee and any Paying Agent shall not be affected by any notice or knowledge to the contrary.

(b) The Commission shall appoint a Registrar or Registrars with respect to each Series of Bonds issued in registered form to act as Registrar of the Bonds. Each Registrar will keep or cause to be kept sufficient records for the registration, transfer and exchange of the Bonds of such Series, which shall at all times be open to inspection by the Commission; and, upon presentation for such purpose, each

Registrar shall, under such reasonable regulations as it may prescribe, register, transfer or exchange, or cause to be registered, transferred or exchanged, on said records, the Bonds of such Series as herein provided.

(c) Any fully registered Bond may, in accordance with its terms, be transferred, upon the records required to be kept by the Registrar, by the person in whose name it is registered, in person or by the Holder's attorney duly authorized in writing, upon surrender of such fully registered Bond for cancellation, accompanied by a written instrument of transfer in a form approved by the Registrar, duly executed. Whenever any fully registered Bond or Bonds shall be surrendered for transfer, the Commission shall execute and the Authenticating Agent shall authenticate and deliver in the name of the transferee a new fully registered Bond or Bonds in authorized denominations of the same Series, interest rate and maturity date and for a like aggregate principal amount.

(d) As to any fully registered Bond, the person in whose name such Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal or premium, if any, and interest on any Bond shall be made, as provided herein or in the applicable Supplemental Resolution, only to or upon the written order of the Holder thereof. Such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the amount so paid.

Section 2.08. Provisions with Respect to Transfers and Exchanges. (a) All Bonds surrendered for exchange or transfer shall forthwith be cancelled by the Registrar.

(b) In connection with any such exchange or transfer of Bonds, the Holder requesting such exchange or transfer shall, as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee or the Registrar, as the case may be, an amount sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(c) The Supplemental Resolution authorizing the issuance of a Series of Bonds may provide such additional provisions or limitations on the exchange or transfer of such Bonds prior to an interest payment date, redemption date or otherwise as the Commission shall deem appropriate.

Section 2.09. Conditions for Delivery of Bonds. Whenever the Commission determines to issue any additional Series of Bonds under the terms of this 1991 Resolution, the Commission shall adopt a Supplemental Resolution authorizing the issuance thereof.

Before the delivery of any Series of Bonds to the purchaser or purchasers thereof, the Commission shall deliver the following to the Trustee:

(a) Certified copies of this 1991 Resolution and any Supplemental Resolution authorizing the issuance of such Series of Bonds and containing the terms and provisions thereof.

(b) A certificate of the Director of Airports or Deputy Director, Business and Finance, or their respective successors, to the effect that the Commission is not then in default under the terms and provisions of this 1991 Resolution or any Supplemental Resolution.

(c) The amounts specified herein or in the Supplemental Resolution for deposit to the respective Funds and Accounts created hereunder or thereunder.

(d) An Opinion of Bond Counsel to the effect that such Series of Bonds has been duly authorized in conformity with law and all prior proceedings of the Commission, and such Bonds constitute valid and binding obligations of the Commission.

(e) The certificate required pursuant to Section 2.11 of this 1991 Resolution.

(f) If the Series of Bonds to be issued are to be refunding Bonds, the certificate required pursuant to Section 2.12 of this 1991 Resolution.

(g) If the Series of Bonds to be issued are to be Special Facility Bonds, the certificate required pursuant to Section 2.16 of this 1991 Resolution.

(h) Written instructions executed by an Authorized Commission Representative directing the Trustee (or any other Person designated to act as Authenticating Agent) to authenticate the Bonds and/or to deliver the Bonds to one or more designated Persons.

(i) Such other documents as required hereby or by the Supplemental Resolution or as the Commission or the Trustee reasonably may specify.

Section 2.10 - Temporary Bonds (a) Until definitive Bonds are prepared, the Commission may execute and deliver, or, in the case of registered Bonds, upon request by the Commission, the Authenticating Agent shall authenticate and deliver, temporary Bonds which may be typewritten, printed

or otherwise reproduced in lieu of definitive Bonds subject to the same provisions, limitations and conditions as definitive Bonds. The temporary Bonds shall be dated as provided herein or in the applicable Supplemental Resolution, shall be in such denomination or denominations and shall be numbered as the Commission shall determine, and shall be of substantially the same tenor as the definitive Bonds of such Series, but with such omissions, insertions and variations as the officers of the Commission executing the same may determine. The temporary Bonds shall only be issued in fully registered form, and may be issued in the form of a single Bond.

(b) Without unreasonable delay after the issuance of any temporary Bonds, the Commission shall cause the definitive Bonds to be prepared, executed and delivered. Any temporary Bonds issued shall be exchangeable for definitive Bonds of such Series upon surrender to the Trustee or, in the case of registered Bonds, to the Registrar of any such temporary Bond or Bonds, and upon such surrender, the Commission shall execute and deliver, or, in the case of registered Bonds, upon request by the Commission, the Authenticating Agent shall authenticate and deliver to the holder of the temporary Bond or Bonds, in exchange therefor, a like principal amount of definitive Bonds of such Series in authorized denominations of the same interest rate and maturity date. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefits as definitive Bonds of such Series executed and delivered pursuant hereto.

(c) All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall forthwith be cancelled by the Trustee or the Registrar.

**Section 2.11. Additional Bonds.** Except as set forth in Section 2.12 hereof, the Commission shall not issue any additional Series of Bonds unless the Trustee has been provided with either:

(a) a certificate of an Airport Consultant dated within 30 days prior to the date of delivery of the Bonds, stating that:

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

(ii) for the period from and including the first full Fiscal Year following the issuance of such Bonds during which no interest on such Bonds is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Bonds, or (B) the third full Fiscal Year during which no interest on such Bonds is expected to be paid from the proceeds thereof, projected Net Revenues together with any Transfer, if applicable, in each such Fiscal Year will be at least sufficient to satisfy the rate covenants set forth in subsection (a) of Section 6.04 hereof; or

(b) a certificate of an Independent Auditor stating that Net Revenues together with any Transfer, in the most recently completed Fiscal Year were at least equal to 125% of the sum of (i) Annual Debt Service on the 1973 Resolution Bonds and the 1991 Resolution Bonds in such Fiscal Year, plus (ii) Maximum Annual Debt Service on the Bonds proposed to be issued.

In determining projected Net Revenues for purposes of subsection (a) above, the Airport Consultant may take into account any reasonably anticipated changes in Revenues and Operation and Maintenance Expenses over such period, which assumed changes shall be referenced in the certificate. In determining Annual Debt Service for purposes of (a) or (b) above, (i) 1973 Resolution Bonds and 1991 Resolution Bonds that will be paid or discharged immediately after the issuance of the Series of Bonds proposed to be issued from the proceeds thereof or other moneys shall be disregarded, and (ii) Variable Rate Bonds shall be deemed to bear interest during any period after the date of calculation at a fixed annual rate equal to 1.25 times the rate determined pursuant to paragraphs (ii) and (iii), as the case may be, of the definition of Annual Debt Service in Section 1.01 hereof.

In the event that the Commission proposes to assume any indebtedness for borrowed money in connection with assuming the possession, management, supervision and control of any airport or other revenue-producing facilities, such indebtedness may constitute additional Bonds under this 1991 Resolution entitled to an equal pledge of and lien on Net Revenues as the Bonds provided that the requirements of this Section 2.11 are satisfied with respect to the assumption of such indebtedness.

**Section 2.12. Refunding Bonds.** The Commission may issue Bonds for the purpose of refunding any 1973 Resolution Bonds, 1991 Resolution Bonds or Subordinate Bonds on or prior to maturity or thereafter. Refunding Bonds may be issued in a

principal amount sufficient to provide funds for the payment of the following:

(a) The principal of all 1991 Resolution Bonds, 1973 Resolution Bonds or Subordinate Bonds to be refunded by such refunding Bonds;

(b) All expenses incidental to the calling, retiring or payment of the 1991 Resolution Bonds, 1973 Resolution Bonds or Subordinate Bonds and the issuance of the refunding Bonds;

(c) Any amount necessary to be made available for the payment of interest upon the refunding Bonds from the date of their sale to the date of maturity, payment or redemption of the 1991 Resolution Bonds, 1973 Resolution Bonds or Subordinate Bonds to be refunded out of the proceeds thereof; and

(d) The premium, if any, necessary to be paid in order to call or retire the 1991 Resolution Bonds, 1973 Resolution Bonds or Subordinate Bonds and also the amount of the interest accruing on the 1991 Resolution Bonds, 1973 Resolution Bonds or Subordinate Bonds to the date of the call or retirement thereof.

The Commission shall issue refunding Bonds only (i) upon compliance with the conditions set forth in Section 2.11 hereof, or (ii) if the Commission shall deliver to the Trustee with a certificate of an Airport Consultant or Financial Consultant that (A) aggregate Annual Debt Service in each Fiscal Year with respect to all 1991 Resolution Bonds and 1973 Resolution Bonds to be Outstanding after the issuance of such refunding Bonds shall be less than aggregate Annual Debt Service in each such Fiscal Year in which 1991 Resolution Bonds and 1973 Resolution Bonds are Outstanding prior to the issuance of such refunding Bonds, and (B) Maximum Annual Debt Service with respect to all 1991 Resolution Bonds and 1973 Resolution Bonds to be Outstanding after issuance of such refunding Bonds shall not exceed Maximum Annual Debt Service with respect to all 1991 Resolution Bonds and 1973 Resolution Bonds Outstanding immediately prior to such issuance.

Section 2.13: Subordinate Bonds. Nothing in this 1991 Resolution shall prevent the Commission from issuing at any time while any of the Bonds issued hereunder are Outstanding Subordinate Bonds with a pledge of, lien on, and security interest in Net Revenues which are junior and subordinate to those of the Bonds, whether then issued or thereafter to be issued. The principal and purchase price of said interest, redemption premium and reserve fund requirements

on such Subordinate Bonds shall be payable from time to time out of Net Revenues only if all amounts then required to have been paid or deposited hereunder from Net Revenues with respect to principal, purchase price, redemption premium, interest and reserve fund requirements on the Bonds then outstanding or thereafter to be Outstanding shall have been paid or deposited as required in this 1991 Resolution and any Supplemental Resolution.

**Section 7.14. Non-Presentation of Bonds.** (a) If any Bond is not presented for payment when the principal thereof becomes due (whether at maturity or call for redemption or otherwise), all liability of the Commission to the Holder thereof for the payment of such Bond shall be completely discharged. If funds sufficient to pay such Bond and the interest due thereon shall be held by the Trustee for the benefit of such Holder, and thereupon it shall be the duty of the Trustee to hold such funds subject to subsection (b) below, without liability for interest thereon, for the benefit of such Holder, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature under this 1991 Resolution or on, or with respect to, such Bond.

(b) Notwithstanding any provisions of this 1991 Resolution to the contrary, any moneys deposited with the Trustee or any Paying Agent in trust for the payment of the principal of, or interest or premium on, any Bonds and remaining unclaimed for one (1) year after the same has become due and payable (whether at maturity or upon call for redemption or otherwise), shall then be repaid to the Commission upon its written request, and the Holders of such Bonds shall thereafter be entitled to look only to the Commission for repayment thereof, and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease. Before the repayment of such moneys to the Commission, the Trustee or Paying Agent, as the case may be, shall (at the cost of the Commission) first publish at least once in Authorized Newspapers a notice, in such form as may be deemed appropriate by the Trustee or such Paying Agent, in respect of the Bonds so payable and not presented and in respect of the provisions relating to the repayment to the Commission of the moneys held for the payment thereof, or in the case of registered Bonds shall send a written notice to the Holders of such Bonds at their last known addresses as shown on the records maintained by the Registrar. In the event of the repayment of any such moneys to the Commission, the Holders of the Bonds in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Commission for amounts equivalent to the respective amounts deposited for the payment of such Bonds and so repaid to the Commission (without interest thereon).



Section 2.15. - Repayment Obligations as Bonds. If so provided in the applicable Supplemental Resolution and in the written agreement between the Commission and the Credit Provider, a Repayment Obligation may be accorded the status of a Bond solely for purposes of this 1991 Resolution, provided, however, that the Credit Facility with respect thereto shall not constitute a bond for any other purpose, including without limitation for purposes of the Charter. The Credit Provider shall be deemed to be the Holder of such Bond, and such Bond shall be deemed to have been issued as of the original date of the Bond or Bonds for which such Credit Facility was provided. Notwithstanding the stated terms of the Repayment Obligation, the Bond deemed to be held by the Credit Provider shall be deemed to be amortized on a level debt service basis at the Index Rate over a period equal to the lesser of (a) 20 years, or (b) the period ending on the later of (i) the final maturity date of the Bonds payable from or secured by such Credit Facility, or (ii) the date the Repayment Obligation is due under the terms of the written agreement with respect thereto, with principal payable annually commencing on the next Principal Payment Date with respect to such Bonds and interest payable semiannually commencing on the next Interest Payment Date with respect to such Bonds. Such Bond shall be deemed to bear interest at the rate provided in the written agreement with respect to the Repayment Obligation. Any amount which becomes due and payable on the Repayment Obligation under the written agreement with respect thereto and which is in excess of the amount deemed to be principal of and interest on a Bond shall be junior and subordinate to the Bonds. The rights of a Credit Provider under this Section 2.15 shall be in addition to any rights of subrogation which the Credit Provider may otherwise have or be granted under law or pursuant to any Supplemental Resolution.

Section 2.16. - Special Facilities and Special Facility Bonds. The Commission from time to time, subject to the terms and conditions of this Section 2.16, may (a) designate an existing or planned facility, structure, equipment or other property, real or personal, which is at the Airport or part of any facility or structure at the Airport as a "Special Facility," (b) provide that revenues earned by the Commission from or with respect to such Special Facility shall constitute "Special Facility Revenues" and shall not be included as Revenues, and (c) issue Special Facility Bonds primarily for the purpose of acquiring, constructing, renovating or improving, or providing financing to a third party to acquire, construct, renovate or improve, such Special Facility. The Special Facility Bonds shall be payable as to principal, purchase price, if any, redemption premium, if any, and interest from and secured by the Special Facility Revenues with respect thereto, and not from or by Net Revenues. The

Commission from time to time may refinance any such Special Facility Bonds with other Special Facility Bonds.

No Special Facility Bonds shall be issued by the Commission unless there shall have been filed with the Trustee a certificate of an Airport Consultant to the effect that:

(i) The estimated Special Facility Revenues with respect to the proposed Special Facility shall be at least sufficient to pay the principal (either at maturity or by mandatory sinking fund redemptions) or purchase price of and interest on such Special Facility Bonds as and when the same shall become due) all costs of operating and maintaining such Special Facility not paid by any party other than the Commission, and all sinking fund, reserve fund and other payments required with respect to such Special Facility Bonds as and when the same shall become due; and

(ii) The estimated Net Revenues calculated without including the Special Facility Revenues and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses will be sufficient so that the Commission will be in compliance with Section 6.04(a) of this 1991 Resolution during each of the five fiscal years immediately following the issuance of such Special Facility Bonds; and

(iii) No Event of Default then exists under Article VII of this 1991 Resolution.

At such time as the Special Facility Bonds issued for a Special Facility, including Special Facility Bonds issued to refinance such Special Facility Bonds, are fully paid or otherwise discharged, the Special Facility Revenues with respect to such Special Facility shall be included as Revenues.

### ARTICLE III

#### REDEMPTION OF BONDS

Section 3.03. Right to Redeem. Bonds of a Series may be subject to redemption prior to maturity at such times, to the extent and in the manner provided herein and in any Supplemental Resolution authorizing the issuance thereof.

Section 3.02. Sinking Fund Redemption. Bonds of a Series may be subject to mandatory sinking fund redemption and shall be redeemed at such times, to the extent and in the manner provided herein and in any Supplemental Resolution authorizing the issuance thereof.

**Section 1.03. Notice of Redemption.** (a) If less than all Bonds of a Series are to be redeemed, and subject to the provisions of subsection (b) hereof, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, serial numbers and maturity dates. Each notice of redemption shall specify: (i) the date of such notice and the date fixed for redemption; (ii) the principal amount of Bonds or portions thereof to be redeemed; (iii) the applicable redemption price; (iv) the place or places of payment; (v) that payment of the principal amount and premium, if any, shall be made upon presentation and surrender to the Trustee or Paying Agent, as applicable, of the Bonds to be redeemed, unless provided otherwise herein or in the applicable Supplemental Resolution; (vi) that interest accrued to the date fixed for redemption shall be paid as specified in such notice; (vii) that on and after said date interest on Bonds called for redemption shall cease to accrue; and (viii) the designation, including Series, and the CUSIP and serial numbers, if any, of the Bonds to be redeemed and, if less than the face amount of any such Bond is to be redeemed, the principal amount to be redeemed. Notice of redemption of any Bonds shall be mailed at the times and in the manner set forth in subsection (b) of this Section.

(b) Except as may otherwise be provided herein or in any Supplemental Resolution authorizing the issuance of the Bonds to be redeemed, any notice of redemption shall be sent by the Trustee not less than 30 nor more than 60 days prior to the date set for redemption by first class mail (i) with respect to each Bond to be redeemed which is in registered form, to the Holder of such Bond at his or her address as it appears on the records maintained by the Registrar; (ii) to all organizations registered with the Securities and Exchange Commission as securities depositories; and (iii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities. In preparing such notice, the Trustee shall take into account, to the extent applicable, the prevailing municipal securities industry standards and any regulatory statement of any federal or state administrative body having jurisdiction over the Commission or the municipal securities industry, including without limitation Release No. 34-23856 of the Securities and Exchange Commission, or any subsequent amending or superseding release. Failure to give any notice specified in (i), or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which no such failure has occurred and failure to give any notice specified in (ii) or (iii), or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which the notice specified in (i) is given correctly.

(c) Notice of redemption may also be given by publication at the direction of the Commission at least once prior to the redemption date in Authorized Newspapers, each such publication to be not less than 30 nor more than 60 days before each redemption date, but no failure to give any such notice or any defect therein shall affect the validity of the proceedings for redemption of any Bonds.

(d) Notice of redemption shall be given by the Trustee for and on behalf of the Commission, at the written request of the Commission (which request shall be given to the Trustee at least 45 days prior to the date fixed for redemption). The Commission shall deposit with, or otherwise make available to, the Trustee the moneys required for payment of the redemption price of all Bonds then to be called for redemption at least one Business Day before the date fixed for such redemption. Any notice of redemption may be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder.

Section 3.04. Selection of Bonds to be Redeemed. Except as otherwise provided herein or in any Supplemental Resolution authorizing the issuance thereof: (a) if less than all Bonds of a Series are to be redeemed, the maturities to be redeemed or the method of their selection shall be determined by the Commission; and (b) if less than all such Bonds of a single maturity are to be redeemed, such Bonds to be redeemed shall be selected by lot in such manner as the Trustee shall determine.

Section 3.05. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Commission shall execute, the Authenticating Agent shall authenticate, if applicable, and the Trustee shall deliver to the Holder thereof, at the expense of the Commission, a new Bond or Bonds of the same Series, interest rate and maturity date, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

Section 3.06. Effect of Redemption. Notice of redemption having been duly given and moneys for payment of the redemption price being held by the Trustee, the Bonds to be redeemed shall, on the date designated in such notice, become due and payable at the redemption price specified in such notice, and from and after the date designated interest on the Bonds to be redeemed shall cease to accrue, and the Holders of such Bonds shall have no rights in respect thereto, except to receive payment of the redemption price thereof. Upon surrender for payment of any Bonds to be redeemed, such

Bonds shall be paid by the Trustee or the Paying Agent, as the case may be, at the applicable redemption price.

Section 3.07. Disposition of Redeemed Bonds. All Bonds redeemed pursuant to the provisions of this Article III shall be delivered to and cancelled by the Trustee and shall thereafter be delivered by the Trustee to, or upon the order of, the Commission, and no Bonds shall be issued in place thereof.

ARTICLE IV

CONSTRUCTION FUND AND ACCOUNTS

Section 4.01. Construction Fund. The Airport Construction Fund is hereby created as a separate fund to be maintained and accounted for by the Treasurer, and the moneys in said fund shall be used for the purposes for which the Bonds are authorized to be issued, including but not limited to the payment of principal and purchase price of and interest and redemption premium on the Bonds and the costs of issuance and sale thereof. A separate account shall be created within the Construction Fund with respect to each Series of the Bonds.

ARTICLE V

REVENUES AND FUNDS

Section 5.01. Revenues; Pledge of Net Revenues. Trust Estate. The Bonds shall be payable as to principal, purchase price, if any, premium, if any, and interest exclusively from, and shall be secured by a pledge of, lien on and security interest in the Net Revenues. The Net Revenues shall constitute a trust fund for the security and payment of the principal of, purchase price, if any, premium, if any, and interest on, the Bonds. The Commission hereby grants a lien on and security interest in, assigns, transfers, pledges and grants and conveys to the Trustee and its successors and assigns forever, for the benefit of the Bondholders, the following property:

(a) Amounts on deposit from time to time in the Funds and Accounts created pursuant to this 1991 Resolution, including the earnings thereon, subject to the provisions of this 1991 Resolution permitting the application thereof for the purposes and on the terms and conditions set forth herein; provided, however, that there expressly is excluded from any pledge, assignment, lien or security interest created by this

1991 Resolution, Revenues appropriated, transferred, deposited, expended or used for (i) the payment of Operation and Maintenance Expenses; and (ii) any required payments into the 1973 Bond Funds;

(b) Amounts constituting Net Revenues (excluding the amounts described in (i) in the preceding paragraph); and

(c) Any and all other property of any kind from time to time hereafter by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security hereunder for the Bonds, by the Commission or anyone on its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The pledge of the Net Revenues and other moneys and property herein shall be irrevocable until all of the Bonds have been paid and retired. Such pledge shall be valid and binding from and after the date hereof and all Net Revenues shall immediately be subject to the lien of such pledge as and when received by the Commission, without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Commission.

All Bonds issued hereunder and at any time Outstanding shall be equally and ratably secured with all other Outstanding Bonds, with the same right, lien, preference and priority with respect to Net Revenues, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds or otherwise. All Bonds of a particular Series shall in all respects be equally and ratably secured and shall have the same right, lien and preference hereunder established for the benefit of such Series of Bonds, including, without limitation, rights in any related account in the Construction Fund, the Debt Service Fund or the Reserve Fund. Amounts drawn under a Credit Facility with respect to particular Bonds and all other amounts held in Funds or Accounts established with respect to such Bonds pursuant to the provisions hereof and of any Supplemental Resolution with respect thereto shall be applied solely to make payments on such Bonds.

#### Section 5.02. Creation of Funds and Accounts.

(a) The Revenue Fund has heretofore been created and shall be continued and held by the Treasurer. The following accounts are hereby created within the Revenue Fund and shall be held by the Treasurer:

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- (i) the Revenues Account;
- (ii) the Operation and Maintenance Account;
- (iii) the Revenue Bond Account;
- (iv) the General Obligation Bond Account;
- (v) the General Purpose Account; and
- (vi) the Contingency Account.

(b) There is hereby created a 1991 Resolution Debt Service Fund and a 1991 Resolution Reserve Fund to be held by the Trustee in trust for the benefit of the Bondholders.

(c) The Commission may create such other Funds or Accounts for the allocation and application of Revenues or other moneys as it shall deem necessary or desirable.

**Section 5.03. Debt Service Fund.** The Commission shall establish a separate account or accounts in the Debt Service Fund with respect to any or all of the Bonds of one or more Series. Moneys in the Debt Service Fund and the accounts therein shall be held in trust and applied to pay principal and purchase price of and interest and redemption premium on such Bonds, in the amounts, at the times and in the manner set forth herein and in the Supplemental Resolutions with respect thereto; provided, however, that each Supplemental Resolution shall require to the extent practicable that amounts be accumulated in the applicable accounts in the Debt Service Fund so that moneys sufficient to make any regularly scheduled payment of principal or interest on the Bonds are on deposit therein at least one month prior thereto. Moneys in the accounts in the Debt Service Fund may also be applied to pay or reimburse a Credit Provider for Repayment Obligations to the extent provided herein or in the Supplemental Resolutions with respect thereto.

If and to the extent provided in any Supplemental Resolution authorizing the issuance of a Series of Bonds, Swap Payments may be paid directly out of, and Swap Receipts paid directly into, the account or accounts in the Debt Service Fund established with respect to such Series of Bonds.

**Section 5.04. Reserve Fund.** The Commission may establish a separate account or accounts in the Reserve Fund with respect to any or all of the Bonds of one or more Series. Moneys in the Reserve Fund and the accounts therein shall be held in trust for the benefit and security of the Holders of the Bonds to which such accounts are pledged, and

shall not be available to pay or secure the payment of any other Bonds. Each account in the Reserve Fund shall be funded and replenished in the amounts, at the times and in the manner provided herein or in the Supplemental Resolutions with respect thereto, including without limitation through the use of a Credit Facility. Moneys in the respective accounts in the Reserve Fund shall be applied to pay and secure the payment of such Bonds as provided herein or in the Supplemental Resolution with respect thereto. Moneys in an account in the Reserve Fund may also be applied to pay or reimburse a Credit Provider for Repayment Obligations to the extent provided herein or in the Supplemental Resolution with respect thereto.

Section 5.05. Revenue Fund.

(a) Revenues Account. All Revenues shall be set aside and deposited by the Treasurer in the Revenues Account in the Revenue Fund as received.

(b) Operation and Maintenance Account. Moneys in the Operation and Maintenance Account shall be applied to pay Operation and Maintenance Expenses as the same become due, and shall not be pledged or applied to pay or secure the payment of the Bonds.

(c) Revenue Bond Account. Moneys in the Revenue Bond Account shall be applied by the Treasurer first, to make the required payments and deposits into the 1973 Bond Funds in the amounts, at the times and in the manner required by the 1973 Resolution; second, to make the required payments and deposits in the Debt Service Fund and Reserve Fund and the accounts therein in the amounts, at the times and in the manner required hereby and by the Supplemental Resolutions with respect thereto; and third, to make the required payments and deposits in any funds and accounts hereafter created to pay or secure the payment of the principal or purchase price of or interest or redemption premium on any Subordinate Bonds in the amounts, at the times and in the manner required by the resolutions and other agreements authorizing the issuance and providing the terms and conditions thereof.

(d) General Obligation Bond Account. Moneys in the General Obligation Bond Account shall be applied by the Treasurer to make the required periodic payments to the City for the payment when due of the principal of and interest on general obligation bonds of the City issued for Airport purposes.

(e) General Purpose Account. Moneys in the General Purpose Account shall be used for any other lawful purpose of



the Commission, including without limitation to make Swap Payments;

(c) Contingency Account. The Commission shall deposit in the Contingency Account such amounts, if any, as the Commission may determine from time to time. Moneys in the Contingency Account shall be applied upon the direction of an Authorized Commission Representative: (i) to pay Operation and Maintenance Expenses; (ii) to make any required payments or deposits to pay or secure the payment of the principal or purchase price of or interest or redemption premium on the 1973 Resolution Bonds or the 1991 Resolution Bonds; and (iii) to pay the cost of any additions, improvements, repairs, renewals or replacements to the Airport, in each case only if and to the extent that moneys otherwise available to make such payments or deposits are insufficient therefor. Moneys in the Contingency Account shall be deposited by the Treasurer in the Revenues Account as of the last Business Day of each Fiscal Year, unless and to the extent the Commission shall otherwise direct. On the first Business Day of each Fiscal Year, moneys deposited in the Revenues Account from the Contingency Account shall be deposited by the Treasurer in the Contingency Account.

Section 9.06. Application of Revenues. On the first Business Day of each month, moneys in the Revenues Account shall be set aside and applied by the Treasurer for the following purposes in the following amounts and order of priority, each priority to be fully satisfied before the next priority in order:

(a) Operation and Maintenance Account. In the Operation and Maintenance Account, an amount equal to one-twelfth (1/12th) of the estimated Operation and Maintenance Expenses for the then current Fiscal Year as set forth in the budget of the Airport for such Fiscal Year as finally approved by the Commission. In the event that the balance in the Operation and Maintenance Account at any time is insufficient to make any required payments therefrom, additional amounts at least sufficient to make such payments shall immediately be deposited in the Operation and Maintenance Account from the Revenues Account, and may be credited against the next succeeding monthly deposit upon the written direction to the Treasurer of an Authorized Commission Representative.

(b) Revenue Bond Account. In the Revenue Bond Account such amount as shall be necessary:

(i) to make all payments and deposits required to be made during such month into the 1973 Bond Funds in the amounts and at the times required by the 1973 Resolution;

(ii) to make all payments and deposits required to be made during such month into the Debt Service Fund and the Reserve Fund and the accounts therein in the amounts and at the times required hereby and by the Supplemental Resolutions with respect to the Bonds; and

(iii) to make all payments and deposits required to be made during such month into any funds and accounts created to pay or secure the payment of the principal or purchase price or of interest or redemption premium on any Subordinate Bonds in the amounts and at the times required by the resolutions and other agreements authorizing the issuance and providing the terms and conditions thereof.

(c) General Obligation Bond Account. In the General Obligation Bond Account an amount equal to one-sixth (1/6) of the aggregate amount of interest coming due on the next succeeding interest payment date, plus one-twelfth (1/12) of the aggregate amount of principal coming due on the next succeeding principal payment date, with respect to general obligation bonds of the City issued for Airport purposes.

(d) General Purpose Account. In the General Purpose Account an amount at least equal to the payments estimated to be made therefrom during such month.

(e) Contingency Account. In the Contingency Account such amount, if any, as shall be directed by the Commission from time to time.

Section 5.07. Deficiencies in Funds and Accounts. In the event that Revenues in the Revenues Account together with other available moneys are insufficient as of the first Business Day of any month to make the required payments and deposits pursuant to paragraph (b) (15) of Section 5.06, after having made the payments and deposits required pursuant to paragraphs (a) and (b) (1) of that Section, the Treasurer shall allocate available Net Revenues to make all payments or deposits then required, first, with respect to interest on Bonds; second, with respect to principal, redemption price or purchase price of Bonds; and third, with respect to any reserve requirements for Bonds. Available Net Revenues shall be allocated within each order of priority, to the extent necessary, on a pro rata basis in proportion to the respective amounts of payments or deposits required to be made during such month with respect to principal or purchase price of, interest on or reserve requirements for Bonds, as the case may be.

**Section 5.08. Investment of Moneys.** (a) Moneys in all Funds and Accounts held by the Trustee shall be invested as soon as practicable upon receipt in Permitted Investments as directed in writing by an Authorized Commission Representative, or as selected by the Trustee in the absence of direction by the Commission, provided that (i) the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes thereof, and (ii) in the absence of direction from an Authorized Commission Representative, the Trustee shall select Permitted Investments in accordance with prudent investment standards. Anything herein to the contrary notwithstanding, moneys in all Funds and Accounts held by the Treasurer shall be invested in Permitted Investments in accordance with the policies and procedures of the Treasurer in effect from time to time.

(b) Investment of amounts in any Fund or Account shall be made in the name of such Fund or Account.

(c) Amounts credited to a Fund or Account may be invested, together with amounts credited to one or more other Funds or Accounts, in the same Permitted Investment, provided, however, that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each Fund or Account for which the joint investment is made, and (ii) separate records are maintained for each Fund and Account and such investments are accurately reflected therein.

(d) The Trustee may make any investment permitted by this Section through or with its own commercial banking or investment departments, unless otherwise directed by the Commission.

(e) Except as otherwise specifically provided herein, in computing the amount in any Fund or Account, Permitted Investments purchased as an investment of moneys therein shall be valued at the current market value thereof or at the redemption price thereof, if then redeemable at the option of the holder, in either event inclusive of accrued interest.

(f) Any transfer to or deposit in any Fund or Account required by this Resolution may be satisfied by transferring or depositing an investment with a market value equal to the required transfer or deposit in lieu of transferring or depositing cash.

Section 5.09. Limited Liability of Trustee for Investments. The Trustee shall not be liable for making any investment authorized by the provisions of this Article in the manner provided in this Article or for any loss resulting from any such investment so made, except for its own negligence, willful misconduct or self-dealing constituting a breach of trust under applicable law.

Section 5.10. Purchase of Bonds. (a) The Commission, or the Trustee upon the written direction of the Commission, from surplus Net Revenues or other available funds, may purchase Bonds of any Series at public or private sale, as and when and at such prices as the Commission may in its discretion determine to be prudent, upon receipt of a recommendation of the Director of Airports.

(b) If authorized hereby or by the relevant Supplemental Resolution, the Trustee shall apply any or all amounts deposited in an account in the Debt Service Fund, with respect to mandatory sinking fund payments to the purchase of term Bonds, at such prices and in accordance with such terms as may be prescribed hereby or by said Supplemental Resolution.

(c) Absent written directions to the contrary from an Authorized Commission Representative, all Bonds so purchased and the appurtenant coupons, if any, shall be delivered to and cancelled by the Trustee and shall thereafter be delivered by the Trustee to, or upon the order of, the Commission, and no Bonds shall be issued in place thereof.

ARTICLE VI

GENERAL COVENANTS OF THE COMMISSION

Section 6.01. Payment of Principal and Interest; Negative Pledge Annual No Default Certificate. (a) The Commission covenants and agrees that it promptly will pay or cause to be paid the principal and purchase price of, premium, if any, and interest on each Bond issued hereunder at the place, on the dates and in the manner provided herein, in any applicable Supplemental Resolution and in said Bond according to the terms thereof but solely from the sources pledged to such payment or from such other sources or revenues as may be used for such payment.

(b) The Commission covenants and agrees that it will not create any pledge of, lien on, security interest in, or encumbrance upon, or permit the creation of any pledge of, lien on, security interest in or encumbrance upon, Revenues or

Net Revenues except for a pledge, lien, security, interest or encumbrance subordinate to the pledge, lien and security interest granted hereby for the benefit of the Bonds.

(c) The Commission shall deliver to the Trustee, within 90 days after the close of each Fiscal Year, a certificate signed by an Authorized Commission Representative stating that during such Fiscal Year, and as of the date of such certificate, no event or condition has happened or existed, or is happening or existing, which constitutes, or which, with notice or passage of time or both, would constitute, an Event of Default, or if such an event or condition has happened or existed, or is happening or existing, specifying the nature and period of such event or condition and what action the Commission has taken, is taking or proposes to take with respect thereto.

Section 6.02. Performance of Covenants. The Commission covenants that it faithfully will perform at all times any and all covenants, undertakings, stipulations and provisions on its part to be performed as provided herein in each and every Bond executed, authenticated and delivered hereunder and in all proceedings of the Commission pertaining thereto.

Section 6.03. Instruments of Further Assurance. The Commission covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such instruments supplemental hereto and such further acts, instruments and transfers as the Trustee reasonably may require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee the Commission's interest in and to the Net Revenues and all other property that is conveyed, pledged or assigned to secure or provide for the payment of the principal, premium, if any, purchase price, if any, and interest on any Bonds in the manner and to the extent contemplated herein or therein.

Section 6.04. Rate Covenants. (a) The Commission covenants and agrees that it will establish and at all times maintain rentals, rates, fees and charges for the use of the Airport and for services rendered by the Commission in connection with the Airport so that:

(1) Net Revenues in each Fiscal Year will be at least sufficient (A) to make all required payments and deposits in such Fiscal Year into the Revenue Bond Account and the General Obligation Bond Account pursuant to paragraphs (b) and (c) of Section 5.06 hereof, and (B) to make the Annual Service Payment to the City; and

(ii) Net Revenues, together with any Transfer, in each Fiscal Year will be at least equal to 125% of aggregate Annual Debt Service with respect to the 1991 Resolution Bonds and 1973 Resolution Bonds for such Fiscal Year.

(b) The Commission covenants that if Net Revenues, together with any Transfer, in any Fiscal Year are less than the amount specified in subsection (a)(ii) of this Section, the Commission will retain and direct an Airport Consultant to make recommendations as to the revision of the Commission's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport and for services rendered by the Commission in connection with the Airport, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission shall take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to produce Net Revenues, together with any Transfer, in the amount specified in paragraph (a)(ii) of this Section in the next succeeding Fiscal Year.

(c) In the event that Net Revenues for any Fiscal Year are less than the amount specified in subsection (a)(ii) of this Section, but the Commission promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, fees and charges as required by subsection (b) of this Section, such deficiency in Net Revenues shall not constitute an Event of Default under the provisions of Section 7.01(d). Nevertheless, if after taking the measures required by subsection (b) of this Section to revise the schedule of rentals, rates, fees and charges, Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Commission for such Fiscal Year) are less than the amount specified in subsection (a)(ii) of this Section, such deficiency in Net Revenues shall constitute an Event of Default under the provisions of Section 7.01(e).

**Section 6.05. Operation and Maintenance of Airport.** The Commission covenants that it will operate and maintain the Airport as a revenue producing enterprise in accordance with the Act. The Commission will make such repairs to the Airport as shall be necessary or appropriate in the prudent management thereof. The Commission covenants that it will operate and maintain the Airport in a manner which will entitle it at all times to charge and collect fees, charges and rentals in accordance with airport use agreements, if any, or as otherwise permitted by law, and shall take all reasonable measures permitted by law to enforce prompt payment to it of such fees, charges and rentals when and as due.

The Commission will, from time to time, duly pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon the Airport or upon any part thereof, or upon the revenues from the operation thereof, when the same shall become due, as well as any lawful claim for labor, materials or supplies which, if unpaid, might by law become a lien or charge upon the Airport or such revenues, or which might impair the security of the Bonds. Notwithstanding the foregoing, the Commission need not pay or discharge any tax, assessment or other governmental charge, or claim for labor, materials or supplies, if and so long as the Commission shall contest the validity or application thereof in good faith.

The Commission will continuously operate the Airport so that all lawful orders of the Federal Aviation Administration and any other governmental agency or authority having jurisdiction in the premises shall be complied with, but the Commission shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

**Section 6.06. Maintenance of Powers; Retention of Assets.** (a) The Commission covenants that it will use its best efforts to keep the Airport open for landings and takeoffs of commercial aircraft using facilities similar to those at the Airport, and to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or any other obligation secured hereby or the performance or observance of any of the covenants herein contained.

(b) The Commission covenants that it will not dispose of assets necessary to operate the Airport in the manner and at the levels of activity required to enable it to perform its covenants contained herein, including, without limitation, the covenants contained in Section 6.04.

**Section 6.07. Insurance.** Subject in each case to the condition that insurance is obtainable at reasonable rates from responsible insurers and upon reasonable terms and conditions:

(a) The Commission shall procure or provide and maintain, at all times while any of the Bonds shall be outstanding, insurance or Qualified Self-Insurance on the Airport against such risks as are usually insured by other major airports. Such insurance or Qualified Self-Insurance

shall be in an adequate amount as to the risk insured against as determined by the Commission. The Commission need not carry insurance or Qualified Self-Insurance against losses caused by land movement, including but not limited to seismic activity.

(b) Any Qualified Self-Insurance shall be established in accordance with applicable law, shall include reserves or reinsurance in amounts which the Commission determines to be adequate to protect against risks assumed under such Qualified Self-Insurance, including without limitation any potential retained liability in the event of the termination of such Qualified Self-Insurance; and shall be reviewed at least once every twelve (12) months by an Insurance Consultant who shall deliver to the Commission a report on the adequacy of the reserves established or reinsurance provided thereunder. If the Insurance Consultant determines that such reserves or reinsurance are inadequate, it shall make a recommendation as to the amount of reserves or reinsurance that should be established and maintained, and the Commission shall comply with such recommendation unless it can establish to the satisfaction of, and receive a certification from, the Insurance Consultant that a lower amount is reasonable to provide adequate protection to the Airport and the Commission.

(c) The Commission shall secure and maintain adequate fidelity insurance or bonds on all officers and employees handling or responsible for funds of the Commission, except to the extent that such insurance is provided by the City.

(d) Within 120 days after the close of each Fiscal Year, the Commission shall file with the Trustee a certificate of an Authorized Commission Representative containing a summary of all insurance policies and Qualified Self-Insurance then in effect with respect to the Airport and the Commission.

(e) The proceeds of any insurance shall be applied solely for Airport purposes.

#### Section 6.08. Financial Records and Statements.

The Commission shall maintain proper books and records in which full and correct entries shall be made in accordance with generally accepted accounting principles, of all its business and affairs. The Commission shall have an annual audit made by an Independent Auditor and shall within 120 days after the end of each of its Fiscal Years furnish to the Trustee copies of the audited financial statements of the Commission for such Fiscal Year.



All books of records and accounts relating to the Airport and the Revenues may be kept by the Controller for and on behalf of the Commission. All such books and records pertaining to the Airport shall be open upon reasonable notice during regular business hours to the Trustee or the representatives thereof duly authorized in writing.

Section 6.09. Tax Covenants. Except as otherwise provided herein or in any Supplemental Resolution with respect to a Series of Bonds, the Commission covenants as follows:

(a) The Commission will make no use of the proceeds of any Series of Bonds or take any other action or permit any other action to be taken that would affect adversely the exclusion from gross income of interest on such Series of Bonds for federal income tax purposes or, if applicable, the non-preference status of such interest for Federal alternative minimum income tax purposes.

(b) The Commission shall comply with covenants with respect to the use of proceeds of Bonds as provided herein or in any applicable Supplemental Resolution.

Section 6.10. Prohibition Against Issuance of Additional 1973 Resolution Bonds. The Commission hereby agrees that so long as any Bonds are Outstanding under this 1991 Resolution, it will not issue any additional bonds or other obligations under the 1973 Resolution with a pledge of and lien on Net Revenues equal to that of the 1973 Resolution Bonds, except that the Commission may issue refunding bonds pursuant to Section 3.05 of the 1973 Resolution to refund any or all of the 1973 Resolution Bonds outstanding on the original date of adoption of this 1991 Resolution; provided, that any such refunding 1973 Resolution Bonds shall be issued only if there is no increase in the aggregate principal amount of such refunding 1973 Resolution Bonds which will be scheduled to come due, either at maturity or by mandatory sinking fund redemption, over the aggregate principal amount of 1973 Resolution Bonds to be refunded which are then scheduled to come due in any Fiscal Year during which any 1991 Resolution Bonds are then scheduled to be Outstanding. The Commission further agrees that so long as the 1973 Resolution is in effect, the Commission will make full and timely payment of the 1973 Bonds in accordance with the terms of said 1973 Resolution and will comply with all the terms, conditions, covenants and agreements as set forth in said 1973 Resolution.

Section 6.11. Eminent Domain. If an Airport facility or Airport facilities are taken by eminent domain proceedings or conveyance in lieu thereof, the Commission shall, to the extent the 1973 Resolution is then in effect and

such 1973 Resolution directs the use of the net proceeds, comply with the terms of the 1973 Resolution and, otherwise or to the extent such document does not control the use of such net proceeds, the Commission shall create within the Airports Revenue Fund a special account and credit the net proceeds received as a result of such taking or conveyance to such account and shall within a reasonable period of time, not to exceed three years after the receipt of such amounts, use such proceeds to (1) replace the Airport facilities which were taken or conveyed, (2) provide additional revenue-producing Airport facilities, (3) redeem Bonds or (4) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in Article X hereof.

Section 6.12. Conflicts with 1973 Resolution. The covenants and agreements of the Commission set forth in the 1973 Resolution shall govern over the covenants and agreements of the Commission set forth herein to the extent of any conflict and only in the event that it is not possible to comply with both, for so long as any 1973 Resolution Bonds remain Outstanding.

ARTICLE VII

DEFAULT AND REMEDIES

Section 7.01. Events of Default. Each of the following is hereby declared an "Event of Default" hereunder with respect to a Series of Bonds:

- (a) if payment of any installment of interest on any Bond of such Series shall not be made in full when the same becomes due and payable;
- (b) if payment of the principal or Accreted Value of any Bond of such Series shall not be made in full when the same becomes due and payable, whether at maturity or by proceedings for redemption or otherwise;
- (c) if payment of the purchase price of any Bond tendered for optional or mandatory purchase in accordance with the provisions of the Supplemental Resolution providing for the issuance of such Bond shall not be made in full when due;
- (d) if the Commission shall fail to observe or perform any other covenant or agreement on its part under this 1973 Resolution, other than the covenant or agreement set forth in Section 6.04(a), for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Commission.

by the Trustee, or to the Commission and the Trustee by the Owners of at least 25% in aggregate Principal Amount of Bonds of such Series then Outstanding; provided, however, that if the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given, it shall not be an Event of Default with respect to such Series as long as the Commission has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy.

(e) subject to subsection (c) of Section 6.04, if the Commission is required pursuant to Section 6.04(b) to take measures to revise the schedule of rentals, rates, fees and charges for the use of the Airport and Net Revenues, together with any transfers, for the fiscal year in which such adjustments are made are less than the amount specified in Section 6.04(a);

(f) if either the Commission or the City shall institute proceedings to be adjudicated a bankrupt or insolvent; or shall consent to the institution of bankruptcy or insolvency proceedings against it; or shall file a petition or answer or consent seeking reorganization or relief under the federal bankruptcy code or any other similar applicable federal or state law, or shall consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Commission or of any substantial part of its property, or shall fail to timely controvert an involuntary petition filed against it under the federal bankruptcy code, or shall consent to entry of an order for relief under the federal bankruptcy code; or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;

(g) if there is a default in the payment of principal or premium, if any, or interest on any 1973 Resolution Bond or there occurs and continues any event of default under the 1973 Resolution which would permit the 1973 Resolution Bonds to be accelerated; or

(h) The occurrence of any other Event of Default with respect to such Series of Bonds as is provided in a Supplemental Resolution.

An Event of Default with respect to one Series of Bonds shall not in and of itself constitute an Event of Default with respect to any other Series of Bonds unless such event or condition on its own constitutes an Event of Default

with respect to such other Series of Bonds pursuant to this Section 7.01.

**Section 7.02. Limited Acceleration.**

(a) Immediately upon the acceleration of the payment of principal of and interest on the 1973 Resolution Bonds, without any action on the part of the Trustee, the principal of all of the Bonds then Outstanding, and the interest accrued thereon, shall be and shall become immediately due and payable, anything in this 1991 Resolution or in the Bonds contained to the contrary notwithstanding. The Bonds shall not be subject to acceleration under any other circumstances or for any other reason, including without limitation upon the occurrence and continuance of an Event of Default hereunder. The Bonds shall not be subject to mandatory redemption or mandatory purchase or tender for purchase as a result of the occurrence and continuance of an Event of Default to the extent the redemption or purchase price is payable from Net Revenues.

(b) Promptly after receipt by the Trustee of written notice of any acceleration of the Bonds, the Trustee shall cause a notice thereof to be mailed, first class, postage prepaid, to all Holders of registered Bonds and, if provided hereby or by a Supplemental Resolution, to one or more Credit Providers. Failure to mail any such notice, or any defect in any notice so mailed, shall not affect such acceleration.

(c) Notwithstanding subsection (a) of this Section 7.02, if at any time after the principal of the Bonds shall have become due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this 1991 Resolution, (i) the acceleration of the 1973 Resolution Bonds shall have been rescinded and annulled, (ii) sufficient moneys (other than moneys drawn by the Trustee under any Credit Facility) shall have accumulated in the Debt Service Fund to pay the principal of all matured Bonds of each Series and all arrears of interest, if any, upon all such Bonds then Outstanding (except the principal of any such Bonds not then due and payable by their terms and the interest accrued on such Bonds since the last Interest Payment Date), (iii) the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Commission hereunder shall have been paid or moneys sufficient to pay the same shall have been deposited with the Trustee, and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition, agreement or provision contained in the Bonds of each Series.

or in the 1991 Resolution (other than a default in the payment of the principal of such Bonds then due and payable only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, and if provided hereby or by a Supplemental Resolution, with the consent of one or more Credit Providers, then and in every such case the Trustee shall, by a notice in writing to the Commission, rescind and annul such acceleration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(d) Upon any acceleration of the Bonds and subsequent payment under each Credit Facility, so long as moneys sufficient to pay principal and accrued interest on the Bonds to the date of acceleration have been deposited and on hand in the Debt Service Fund by the Trustee from and after such date, then interest on the Bonds shall cease to accrue as of the date of acceleration.

Section 7.02. Remedies and Enforcement of Remedies. (a) Subject to the provisions of Section 7.13, upon the occurrence and continuance of an Event of Default with respect to one or more Series of Bonds, the Trustee may, or upon the written request of the Holders of not less than a majority in aggregate Principal amount of the Bonds of such Series together with indemnification of the Trustee to its satisfaction therefor shall proceed forthwith to protect and enforce its rights and the rights of the Bondholders hereunder and under the Act and such Bonds by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(i) Actions to recover money or damages due and owing;

(ii) Actions to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Bonds; and

(iii) Enforcement of any other right of such Bondholders conferred by law, including the Act, or hereby, including without limitation by suit, action, injunction, mandamus or other proceedings to enforce and compel the performance by the Commission of actions required by the Act or the 1991 Resolution, including the fixing, changing and collection of fees or other charges.

(b) Subject to the provisions of Section 7.13, regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% in aggregate Principal Amount of the Bonds of one or more Series, shall upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts or omissions to act which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions hereof and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds of each Series, not making such request.

(c) Notwithstanding anything else in this Section 7.03 to the contrary, the remedies herein provided for with respect to obtaining moneys on deposit in Funds or Accounts hereunder shall be limited to the Funds or Accounts hereunder pledged to the applicable Series of Bonds with respect to which an Event of Default exists.

Section 7.04: Application of Revenues and Other Moneys After Default. During the continuance of an Event of Default with respect to one or more Series of Bonds, all moneys held and received by the Trustee with respect to each such Series of Bonds pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings which result in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect to such Event of Default, be applied as follows; provided, however, that any proceeds of a Credit Facility if any, and amounts held in the Debt Service Fund and the Reserve Fund pledged to a particular Series of Bonds shall be applied solely to pay principal, premium, if any, purchase price, if any, of or interest, as applicable, on the related Series of Bonds:

First: To the payment to the persons entitled thereto of all installments of interest then due on such Bonds in the order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Amounts and premium, if any, of any such Bonds which shall have become due (other than

Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions hereof, whether at maturity, upon purchase or acceleration or by proceedings for redemption or otherwise or upon the tender of any Bond pursuant to the terms of the Supplemental Resolution providing for the issuance of such Bonds, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds of such Series due on any date, then to the payment thereof ratably, according to the Principal Amounts due on such date, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine in accordance with this 1991 Resolution, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the Principal Amounts to be paid on such dates shall cease to accrue if so paid. The Trustee shall give such notice as it may deem appropriate in accordance with this 1991 Resolution of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever the Principal Amount, premium, if any, purchase price, if any, and interest thereon of all Bonds of a Series have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, and each Credit Provider, if any, has been reimbursed for all amounts drawn under the applicable Credit Facility, if any, and used to pay principal, premium, if any, purchase price, if any, and interest on the Bonds and no Repayment Obligation shall be outstanding, any balance remaining shall be paid first to such Credit Provider to the extent any other amounts are then owing to such Credit Provider under the applicable agreement, and then to the Commission or as a court of competent jurisdiction may direct.

Section 7.05. Remedies Not Exclusive. No remedy by the terms hereof conferred upon or reserved to the Trustee or the Bondholders or any Credit Provider is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other.

remedy given hereunder or existing at law or in equity or by statute, including the Act, on or after the date hereof.

Section 7.06. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee may be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Sections 7.03 and 7.04, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Section 7.07. Control of Proceedings. (a) If an Event of Default with respect to one or more but not all Series of Bonds Outstanding shall have occurred and be continuing, the Holders of a majority in aggregate Principal Amount of the Bonds of such one or more Series then Outstanding shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken with respect to funds or assets solely securing such one or more Series in connection with the enforcement of the terms and conditions hereof; provided, that such direction is in accordance with law and the provisions hereof (including indemnity to the Trustee as provided herein) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders of such Series of Bonds not joining in such direction; and provided further, that nothing in this Section shall impair the right of the Trustee in its discretion to take any other action hereunder which it may deem proper and in accordance with the 1991 Resolution and which is not inconsistent with such direction by Bondholders.

(b) If an Event of Default with respect to all Series of Bonds shall have occurred and be continuing, the Holders of a majority in aggregate Principal Amount of all Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee to direct the method and place of conducting any proceeding to be taken with respect to Net Revenues or other assets securing all Bonds in connection with the enforcement of the terms and conditions hereof; provided, that such direction is in accordance with law and the provisions hereof (including indemnity to the Trustee as provided herein) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders not joining in such direction; and provided further, that nothing in this Section shall impair



the right of the Trustee in its discretion to take any other action hereunder which it may deem proper in accordance with this 1991 Resolution and which is not inconsistent with such direction by Bondholders.

**Section 7.08. Individual Bondholder Action Restricted.** (a) No Holder of any Bond of a Series shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust hereunder or for any remedy hereunder unless:

(i) an Event of Default has occurred with respect to such Series (A) under subsection (a), (b), (c), (g) or (h) of Section 7.01 of which the Trustee is deemed to have notice, or (B) under subsection (d), (e) or (f) of Section 7.01 as to which the Trustee has actual knowledge, or (C) as to which the Trustee has been notified in writing by the Commission, or (D) as to which the Commission and the Trustee have been notified in writing by the Holders of at least 25% in aggregate Principal Amount of the Bonds of all such Series then Outstanding with respect to which an Event of Default has occurred;

(ii) the Holders of at least a majority in aggregate Principal Amount of Bonds of all such Series then Outstanding with respect to which an Event of Default has occurred shall have made written request to the Trustee to proceed to exercise the powers granted herein or to institute such action, suit or proceeding in its own name, and

(iii) such Bondholders shall have offered the Trustee indemnity as provided in Section 8.02; and

(iv) the Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(b) No one or more Holders of Bonds of such Series shall have any right in any manner whatsoever to affect, disturb or prejudice the security hereof or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds of such Series then Outstanding.

(c) Nothing contained herein shall affect or impair or be construed to affect or impair the right of the Holder of any Bond of such Series (i) to receive payment of the principal of, premium, if any, purchase price, if any, or

interest on such Bond on or after the due date thereof, or (ii) to institute suit for the enforcement of any such payment on or after such due date, provided, however, no Holder of any Bond of such Series may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien hereof on the moneys, funds and properties pledged hereunder for the equal and ratable benefit of all Holders of Bonds of such Series.

Section 7.09. Termination of Proceedings. In case any proceeding taken by the Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or to the Bondholders, then the Commission, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 7.10. Waiver of Event of Default. (a) No delay or omission of the Trustee, of any Holder of the Bonds or, if provided hereby or by Supplemental Resolution, any Credit Provider, to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Trustee, the Holders of the Bonds and, if provided hereby or by Supplemental Resolution, any Credit Provider, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Trustee, with the consent of any Credit Provider if provided hereby or by Supplemental Resolution (provided, however, that such Credit Provider's consent may be required only in connection with an Event of Default on a Series of Bonds with respect to which such Credit Provider is providing a Credit Facility), may waive any Event of Default with respect to the Bonds that, in its opinion, shall have been remedied at any time, regardless of whether any suit, action or proceeding has been instituted, before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Notwithstanding anything contained herein to the contrary, the Trustee, upon the written request of (i) the Credit Provider, if any, if provided hereby or by Supplemental Resolution, with respect to an Event of Default which applies

only to the related Series of Bonds; (ii) Holders of at least a majority of the aggregate Principal Amount of Bonds of a Series then Outstanding with respect to any Event of Default which applies only to such Series, with the consent of the applicable Credit Provider, if any, if provided for hereby or by Supplemental Resolution; or (iii) Holders of at least a majority of the aggregate Principal Amount of Bonds then Outstanding with respect to any Event of Default which applies to all Bonds; shall waive any such Event of Default hereunder and its consequences; provided, however, that a default in the payment of the Principal Amount of, premium, if any, purchase price, if any, or interest on any such Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds then Outstanding of such Series to which an Event of Default applies and any consent of the applicable Credit Provider, if any, if provided for hereby or by Supplemental Resolution.

(d) In case of any waiver by the Trustee of an Event of Default hereunder, the Commission, the Trustee, the Bondholders and, if provided for hereby or by Supplemental Resolution, the Credit Provider, if any, shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section.

Section 7.11. Notice of Default. (a) Promptly, but in any event within 30 days after the occurrence of an Event of Default with respect to a Series of Bonds of which the Trustee is deemed to have notice pursuant to Section 8.10 of this 1991 Resolution, the Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first class mail to each Holder of registered Bonds of such Series then Outstanding, provided that, except in the case of a default in the payment of Principal Amounts, sinking fund installments, purchase price or the redemption price of or interest on any of the Bonds of such Series, the Trustee may withhold such notice to such Holders if, in its sole judgment in accordance with the 1991 Resolution, it determines that the withholding of such notice is in the best interests of the holders of such Series of Bonds.

(b) The Trustee shall promptly notify the Commission, the Registrar and any Credit Provider, if required to hereby or by a Supplemental Resolution, of the occurrence of an Event of Default of which the Trustee is deemed to have notice pursuant to Section 8.10 of this 1991 Resolution.

**Section 7.12. Limitations on Remedies.** It is the purpose and intention of this Article to provide rights and remedies to the Trustee and Bondholders which lawfully may be granted under the provisions of the Act, but should any right of remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled as above set forth to every other right and remedy provided in this 1991 Resolution and by law.

**Section 7.13. Credit Providers to Control Remedies.** While a Credit Facility with respect to any Bonds is in effect, notwithstanding anything else herein to the contrary, a Supplemental Resolution may provide that so long as the Credit Provider is not insolvent and is not in default under its Credit Facility, no right, power or remedy hereunder with respect to such Bonds may be pursued without the prior written consent of such Credit Provider. The Supplemental Resolution may further provide that the Credit Provider shall have the right to direct the Trustee to pursue any right, power or remedy available hereunder with respect to any assets available hereunder which secure no Bonds other than the Bonds secured by such Credit Facility.

**Section 7.14. Inconsistent or Lack of Directions in Default.** Notwithstanding anything else herein to the contrary, if any applicable Credit Providers or Holders of separate Series in default do not direct remedies or proceedings to be taken pursuant to this Article, the Trustee shall take whatever action, if any, pursuant to Section 7.03 it seems to be in the best interest of Bondholders without regard to the existence of any Credit Facility that may exist with respect to any or all Bonds.

**Section 7.15. Incontestability of Bonds.** The provisions of this 1991 Resolution shall constitute a contract between the Commission and the Owners of the Bonds, and from and after the issuance of a Series of Bonds and their sale and delivery by the Commission, the Bonds shall be incontestable by the Commission.

**Section 7.16. Limitation on Commission's Obligation.** The Owners of the Bonds issued hereunder expressly understand and agree by their acceptance of the Bonds, that as of the date of this 1991 Resolution the Commission has no taxing power whatsoever, and nothing herein contained shall be deemed to require the Commission to advance any moneys derived from the levy or collection of taxes by the City for the payment of the principal of, purchase price, if any, premium, if any, or interest on the Bonds. Neither the credit nor the taxing power of the City is pledged for the payment of the principal of, premium, if any, purchase price,

if any, or interest on the Bonds, and the general fund of the City is not liable for the payment of the Bonds or the interest thereon. The Owners of the Bonds cannot compel the exercise of the taxing power by the City or the forfeiture of its property or the property of the Commission.

The principal of and interest on the Bonds and any premiums upon the redemption of any thereof are not a debt of the Commission nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or on any of its income, receipts or revenues, except the Net Revenues and other funds that may be legally applied, pledged or otherwise made available to their payment as in this 1991 Resolution provided.

Neither the Commission nor any officer thereof shall be liable or obligated for the payment of the principal, premium, if any, purchase price, if any, of or interest on the Bonds or for any payment agreed to be made or contemplated to be made pursuant to any of the terms of this 1991 Resolution, save and except solely and exclusively from Net Revenues and the other moneys pledged thereto pursuant to this 1991 Resolution or any Supplemental Resolution authorizing the issuance thereof. Nothing herein contained shall prevent the Commission from making advances of its funds howsoever derived to any of the uses and purposes in this 1991 Resolution mentioned, provided such funds are derived from any source legally available for such purpose and may be used by the Commission for such purpose without incurring indebtedness. No property or rights of the Commission shall ever be subject to forfeiture by reason of any default on the part of the Commission hereunder, provided, however, that nothing herein contained shall operate to excuse the Commission from making payments herein required to be made for the benefit of the Owners of the Bonds.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Acceptance of Trust: General. By an instrument in writing delivered to the Commission, the Trustee shall evidence its acceptance of the powers, duties and obligations of the Trustee only as are specifically set forth herein. The Trustee shall have no duty, responsibility or obligation for the issuance of Bonds or for the validity or exactness hereof, or of any other document relating to such issuance. The Trustee shall have no duty, responsibility or obligation for the payment of Bonds except for payment in accordance with the terms and provisions hereof from, and to the extent of, funds which are held in trust by the Trustee for the purpose of such payment.

Prior to an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. The Trustee shall have no liability for any act or omission to act hereunder, or under any other instrument or document executed pursuant hereto except for the Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Trustee shall be determined solely by the express provisions hereof, and no implied powers, duties or obligations of the Trustee shall be read into this 1991 Resolution.

During an Event of Default, the Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

Notwithstanding any other provision hereof, the Trustee shall have no liability for any (a) error of judgment made in good faith by an officer or officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, or (b) action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than the Principal Amount of Bonds Outstanding specified in Section 7.03 or Section 7.07, as the case may be, then existing relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee hereunder.

Section 8.02. Trustee Not Required to Take Action Unless Indemnified. Except as expressly required herein (including the requirements of the next sentence) the Trustee neither shall be required to institute any suit or action or other proceeding in which it may be a defendant, nor to take any steps to enforce its rights and expose it to liability, nor shall the Trustee be deemed liable for failure to take any such action, unless and until it shall have been indemnified, to its satisfaction, against any and all reasonable costs, expenses, outlays, counsel and other fees, other disbursements including its own reasonable fees and against all liability and damages. The Trustee nevertheless, may begin suit, or

appear in and defend suit, or do anything else which in its judgment is proper to be done by it as the Trustee, without prior assurance of indemnity, and in such case the Commission shall reimburse the Trustee for all reasonable costs, expenses, outlays, counsel and other fees, and other reasonable disbursements including its own fees, and for all liability and damages suffered by the Trustee in connection therewith, except for the Trustee's own negligent action, its own negligent failure to act, its own willful misconduct or self-dealing constituting a breach of trust under applicable law. If the Trustee begins, appears in or defends such a suit, the Trustee shall give prompt notice of such action to the Commission and shall give such notice prior to taking such action if possible. If the Commission shall fail to make such reimbursement, the Trustee may reimburse itself for any costs and expenses in accordance with Section 7.04.

**Section 8.03: Employment of Experts.** The Trustee is hereby authorized to employ as its agents such attorneys at law, and other qualified independent consultants (who are not employees of the Trustee), as it may deem necessary to carry out any of its obligations hereunder, and shall be reimbursed by the Commission for all reasonable expenses and charges in so doing. The Trustee shall not be responsible for any misconduct or negligence of any such agent appointed with due care by the Trustee.

**Section 8.04: Enforcement of Performance by Others.** It shall not be the duty of the Trustee, except as herein specifically provided, to seek the enforcement of any duties and obligations herein imposed upon the Commission.

**Section 8.05: Right to Deal in Bonds and Take Other Actions.** The Trustee may in good faith buy, sell or hold and deal in any Bonds with like effect as if it were not such Trustee and may commence or join in any action which a Holder is entitled to take with like effect as if the Trustee were not the Trustee. It is understood and agreed that the Trustee engages in a general banking business and no provision hereof is to be construed to limit or restrict the right of the Trustee to engage in such business with the Commission or any Holder. So engaging in such business shall not, in and of itself, and so long as the Trustee duly performs all of its duties as required hereby, constitute a breach of trust on the part of the Trustee.

**Section 8.06: Removal and Resignation of Trustee.** The Trustee may resign at any time. Written notice of such resignation shall be given to the Commission and such resignation shall take effect upon the later of the date 90 days after receipt of such notice by the Commission and the

date of the appointment and qualification of a successor Trustee. In the event a successor Trustee has not been appointed and qualified within 60 days after the date notice of resignation is given, the Trustee or the Commission may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

In addition, the Trustee may be removed at any time by the Commission so long as (a) no Event of Default shall have occurred and be continuing and (b) the Commission determines that the removal of the Trustee shall not have an adverse effect upon the rights or interests of the Bondholders. Subject to clause (b) of the preceding sentence, in the event the Trustee becomes insolvent, the Commission may remove the Trustee by written notice effective immediately upon the appointment and qualification of a successor Trustee.

In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved, becomes insolvent or otherwise becomes incapable to act as the Trustee, the Commission shall be entitled to appoint a successor Trustee. In such event, the successor Trustee shall cause notice to be mailed to the Holders of all Bonds then Outstanding in such manner deemed appropriate by the Commission. If the Trustee resigns, the resigning Trustee shall pay for such notice. If the Trustee is removed, is dissolved, becomes insolvent or otherwise becomes incapable of acting as Trustee, the Commission shall pay for such notice.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business within the State of California and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least \$50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Every successor Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Commission an instrument in writing, accepting such appointment hereunder, and thereupon such successor Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of such predecessor. The predecessor Trustee shall



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execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee. The predecessor Trustee promptly shall deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee.

Each successor Trustee, not later than 10 days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Holder of a registered Bond and shall publish notice of such assumption in Authorized Newspapers.

Section 8.07. Proof of Claim. The Trustee shall have the right and power to act in its name or in the name and place of the Commission or Holders to make proof of claim in any proceeding, bankruptcy, reorganization or otherwise where proof of claim may be required, including proofs of claim against Credit Providers. Any amount recovered by the Trustee as a result of any such claim, after payment of all fees (including reasonable attorneys' fees), costs, expenses and advances paid or incurred by the Trustee or its agents in pursuing such claim, shall be for the equal benefit of all holders of Outstanding Bonds of the affected Series.

Section 8.08. Trustee's Fees and Expenses. The Commission hereby agrees to pay fees to and expenses of the Trustee for its services hereunder as agreed to by the Commission and the Trustee pursuant to the terms of a separate agreement.

Section 8.09. Reliance Upon Documents. In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon and shall be protected in acting or refraining from acting in reliance upon any document, including but not limited to any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper officials of the Commission, the Treasurer, the City, an Airport Consultant, a Financial Consultant, an Independent Auditor, the Holders or agents or attorneys of the Holders; provided, in the case of any such document specifically required to be furnished to the Trustee hereby, the Trustee shall be under a duty to examine the same to determine whether it conforms to the requirements hereof. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document submitted to the Trustee; provided, however, the Trustee, in its discretion, may make such further inquiry or investigation

into such facts or matters as it may deem prudent. Whenever in the administration hereof, the Trustee shall deem it desirable that a matter be provided or established prior to taking or not taking any action hereunder, the Trustee (unless other evidence be specifically prescribed herein) may rely upon any document provided for in this 1991 Resolution.

Except where other evidence is required hereby, any request or direction of the Commission mentioned herein shall be sufficiently evidenced by a certified copy of such request executed by a Authorized Commission Representative.

**Section 8.10. Recitals and Representations.** The recitals, statements and representations contained herein or in any Bond shall be taken and construed as made by and on the part of the Commission and not by the Trustee, and the Trustee neither assumes nor shall be under any responsibility for the correctness of the same other than the Trustee's certification of authentication of any Bonds as to which it is Authenticating Agent.

The Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof or, except as herein required, the filing or recording or registering of any document. The Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or as to the validity or sufficiency of such document. The Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. The Trustee shall not be responsible or liable for any loss suffered in connection with the investment of any funds made by it in accordance with the provisions hereof.

Except with respect to Events of Default described in Section 7.01(a), (b) and (c) hereof, the Trustee shall have no duty of inquiry with respect to any default which constitutes or with notice or lapse of time or both would constitute an Event of Default without actual knowledge of the Trustee or receipt by the Trustee of written notice of a default which constitutes or with notice or lapse of time or both would constitute an Event of Default from the Commission or any Holder.

The Trustee shall be deemed to have knowledge of the existence of an Event of Default only in the following circumstances: (i) in the case of an Event of Default referred to in paragraphs (a), (b) and (c) of Section 7.01 of this 1991 Resolution, upon the occurrence of such Event of Default, (ii) in the case of an Event of Default referred to

in paragraph (d), (e), (f) and (g) of this 1991 Resolution, when any Responsible Officer of the Trustee obtains actual knowledge of the occurrence of such Event of Default or when the Trustee receives written notice thereof from the Commission or from any Holder; and (iii) in the case of an Event of Default referred to in paragraph (h) of this 1991 Resolution, when any Responsible Officer of the Trustee obtains actual knowledge of the occurrence of such Event of Default or when the Trustee receives written notice thereof from the Commission or from any Holder, unless otherwise expressly provided in the applicable Supplemental Resolution.

**Section 8.11. Reports and Records.** (i) The Trustee 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 Bonds and all Funds and Accounts established and maintained by the Trustee pursuant to this 1991 Resolution. Such records shall be available for inspection by the Commission on each Business Day 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 Trustee shall not be required to maintain records with respect to transactions made by the Treasurer or the Commission or with respect to Funds and Accounts established and maintained by the Treasurer.

(b) The Trustee shall provide to the Commission each month a report of the amounts deposited in each Fund and Account held by it under this 1991 Resolution and the amount disbursed from such Funds and Accounts, the earnings thereon, the ending balance in each of such Funds and Accounts, 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.

(c) The Trustee shall annually, within a reasonable period after the end of the Fiscal Year, provide to the Commission and to each Owner who shall have filed its name and address with the Trustee for such purpose (at such Owner's cost) a statement, which need not be audited, covering receipts, disbursements, allocation and application of Bond proceeds, Net Revenues and any of the moneys in any of the Funds and Accounts established pursuant to this 1991 Resolution for the proceeding year.

**Section 8.12. Paying Agent, Authenticating Agent and Registrar.** The Commission may appoint a Paying Agent, an Authenticating Agent and a Registrar with respect to a Series of Bonds in the Supplemental Resolution pursuant to which such Series is issued. Each Paying Agent, Authenticating Agent and

Registrar shall (i) designate to the Trustee its principal office and (ii) signify its acceptance of the duties and obligations imposed upon it hereunder and under such Supplemental Resolution by written instrument of acceptance delivered to the Commission and the Trustee.

Each Paying Agent, Authenticating Agent or Registrar shall exercise its duties in accordance with the terms of and shall have the protection provided to the Trustee in this 1991 Resolution.

If any Paying Agent, Authenticating Agent or Registrar shall resign or be removed, the Commission shall designate a successor. If the Commission shall designate a successor, then, upon the Trustee's receipt of the written designation and the written acceptance of such designated successor, such entity shall thereupon, without further action by the Commission, be appointed as successor Paying Agent, Authenticating Agent or Registrar, as the case may be.

In the event that any Paying Agent, Authenticating Agent or Registrar shall resign or be removed, or be dissolved, or if the property or affairs of any Paying Agent, Authenticating Agent or Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and no successor shall have been appointed, the Trustee shall *inso facto* be deemed to be Paying Agent, Authenticating Agent or Registrar, until the appointment of a successor. In each case in which the Trustee is acting as Paying Agent, Authenticating Agent or Registrar for any Series of Bonds, the Trustee in such capacities shall be entitled to all of the immunities and protections from liability that are provided in this Article VIII.

Any corporation into which any Paying Agent, Authenticating Agent or Registrar may be merged or converted or with which it may be consolidated, or any corporation resulting from any such merger, consolidation or conversion, or succeeding to the corporate trust business of Paying Agent, Authenticating Agent or Registrar, shall be the successor of the Paying Agent, the Authenticating Agent and the Registrar if such successor corporation is otherwise eligible under this Section, without the execution or filing of any further act on the part of the Trustee or the entity serving as Paying Agent, Authenticating Agent or Registrar or such successor corporation.

Section 8.11. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be

consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

Section 8.19. Other Agents. The Commission or the Trustee with the consent of the Commission may from time to time appoint other agents as may be appropriate at the time to perform duties and obligations under this 1991 Resolution or under a Supplemental Resolution all as provided by Supplemental Resolution or resolution of the Commission.

ARTICLE IX

SUPPLEMENTAL RESOLUTIONS

Section 9.01. Supplemental Resolutions Not Requiring Consent of Bondholders. The Commission may adopt, without the consent or notice to any of the Holders, one or more Supplemental Resolutions for one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission herein;
- (b) to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder that shall not have a material adverse effect on the interests of the Holders;
- (c) to grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;
- (d) to secure additional revenues or provide additional security or reserves for payment of any Bonds;
- (e) to preserve the excludability of interest on any Bonds from gross income for purposes of Federal income taxes, or to change the tax covenants set forth in Section 6.09, pursuant to an Opinion of Bond Counsel that such action will not affect adversely such excludability;
- (f) to provide for the issuance of, and to set the terms and conditions of, each additional Series of Bonds

hereunder, including covenants and provisions with respect thereto which do not violate the terms of this 1991 Resolution.

(g) to add requirements the compliance with which is required by a Rating Agency in connection with issuing a rating with respect to any Series of Bonds;

(h) to confirm, as further assurance, any interest of the Trustee in and to the Net Revenues or in and to the Funds and Accounts held by the Trustee or in and to any other moneys, securities or funds of the Commission provided pursuant to this 1991 Resolution;

(i) to comply with the requirements of the Trust Indenture Act of 1939, as amended, to the extent applicable;

(j) to provide for unregistered Bonds or for the issuance of coupon or bearer Bonds or Bonds registered only as to principal;

(k) to accommodate the use of a Credit Facility for specific Bonds or a Series of Bonds;

(l) to designate any other airports, airfields, landing places or places for the take-off and landing of aircraft, together with related facilities or property, which are hereafter owned, controlled or operated by the Commission or over which the Commission has possession, management, supervision or control as not a part of the Airport; and

(m) to make any other change or addition hereto which, in the opinion of Bond Counsel, shall not have a material adverse effect on the interests of the Holders.

Section 9.07: Supplemental Resolutions Requiring Consent of Bondholders. (a) Other than Supplemental Resolutions referred to in Section 9.01 and subject to the terms, provisions and limitations contained in this Article and not otherwise, the Holders of not less than a majority in aggregate Principal Amount of the Bonds of all Series affected may consent to or approve, from time to time, which consent to or approval shall be in writing, anything contained herein to the contrary notwithstanding, the adoption by the Commission of such Supplemental Resolutions as shall be deemed necessary and desirable by the Commission for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions with respect to such Series contained in the 1991 Resolution; provided, however, nothing in this Section shall permit or be construed as permitting a Supplemental Resolution which would:

(i) extend the stated maturity of or time or change the currency for paying the principal or purchase price of, premium, if any, or interest on any Bond or reduce the Principal Amount or purchase price of or the redemption premium or rate of interest payable on any Bond without the consent of the Holder of such Bond;

(ii) except as expressly permitted by this 1991 Resolution, prefer or give a priority to any Bond over any other Bond without the consent of the Holder of each Bond then Outstanding not receiving such preference or priority; or

(iii) permit the creation of a lien not expressly permitted by this 1991 Resolution upon or pledge of the Net Revenues ranking prior to or on a parity with the lien of this 1991 Resolution or reduce the aggregate Principal Amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such Supplemental Resolution, without the consent of the Holders of all Bonds then Outstanding.

(b) If at any time the Commission shall propose the adoption of a Supplemental Resolution pursuant to this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed adoption of such Supplemental Resolution to be mailed by first class mail, postage prepaid, to all Holders of registered Bonds of any affected Series then outstanding at their addresses as they appear on the registration books herein provided for. In addition, the Trustee shall publish notice of the proposed adoption of such Supplemental Resolution to be published in Authorized Newspapers. The Trustee, however, shall not be subject to any liability to any Bondholder by reason of its failure to mail, or the failure of such Bondholder to receive, the notice required by this Section, and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section. Such notice shall set forth briefly the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the office of the Trustee for inspection by all Bondholders.

(c) If within such period, not exceeding one year, as shall be prescribed by the Commission, following the first giving of a notice as provided in (b) above, the Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate Principal Amount of Bonds specified in subsection 9.02(a) for the Supplemental Resolution in question which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the

execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee thereupon, but not otherwise, the Trustee may accept such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, regardless of whether such Holder shall have consented thereto.

(d) Any such consent shall be binding upon the Holder of the Bond giving such consent and upon any subsequent Holder of such Bond and of any Bond issued in exchange therefor (regardless of whether such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bond giving such consent or by a subsequent Holder thereof by filing with the Trustee, prior to the acceptance by the Trustee of such Supplemental Resolution, such revocation. At any time after the Holders of the required Principal Amount of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Commission a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(e) If the Holders of the required Principal Amount of the Bonds Outstanding shall have consented to and approved the adoption by the Commission of such Supplemental Resolution as herein provided, no Holder of any Bond shall have any right to object to the adoption thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee or the Commission from adopting the same or taking any action pursuant to the provisions thereof.

Section 9.03. Execution and Effect of Supplemental Resolutions. (a) The Trustee may but shall not be obligated to accept any such Supplemental Resolution which affects the Trustee's own rights, duties or immunities.

(b) Upon the adoption of any Supplemental Resolution in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplemental Resolution shall form a part hereof for all purposes, and every Holder of a Bond theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Bond authenticated and delivered after the adoption of any Supplemental Resolution in accordance with this Article may, and if required by the Commission or the Trustee shall, bear a notation in form approved by the Commission and Trustee as to any matter provided for in such Supplemental Resolution. If the Commission shall so



defermine, new Bonds so modified as to conform in the opinion of the Trustee and the Commission to any such Supplemental Resolution may be prepared and executed by the Commission and authenticated and delivered by the Trustee and the Registrar in exchange for and upon surrender of the Bonds then outstanding.

ARTICLE X

SATISFACTION, DISCHARGE AND DEFEASANCE

Section 10.01. Discharge. If payment of all principal or premium, if any, and interest on a Series of Bonds in accordance with their terms and as provided herein is made, or is provided for in accordance with this Article, and if all other sums payable by the Commission hereunder with respect to such Series of Bonds shall be paid or provided for, then the pledge, lien, and security interests granted hereby shall cease with respect to such Series, provided, however, that the rebate provisions, if any, hereof or of the related Supplemental Resolution shall survive so long as there is any amount due to the federal government pursuant to the provisions hereof or of such Supplemental Resolution. Thereupon, upon the request of the Commission, and upon receipt by the Trustee of an Opinion of Counsel stating that all conditions precedent to the satisfaction and discharge as provided above or the lien hereof have been satisfied with respect to such Series of Bonds, the Trustee shall execute and deliver proper instruments acknowledging such satisfaction and discharging the lien hereof with respect to such Series of Bonds. If the lien hereof has been discharged with respect to all Series of Bonds, the Trustee shall transfer all property held by it hereunder, other than moneys or obligations held by the Trustee for payment of amounts due or to become due on the Bonds, to the Commission or such other person as may be entitled thereto as their respective interests may appear. Such satisfaction and discharge shall be without prejudice to the rights of the Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection herewith.

The Commission may at any time surrender to the Trustee for cancellation any Bonds previously authenticated and delivered which the Commission at its option may have acquired in any manner whatsoever and such Bond upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.02. Defeasance. Payment of any Bonds may be provided for by the deposit with the Trustee of moneys,

noncallable Governmental Obligations, noncallable Government Certificates or pre-refunded municipal obligations described in paragraph (c) of the definition of Permitted Investments in Section 1.01, or any combination thereof. The moneys and the maturing principal and interest income on such Government Obligations, Government Certificates or pre-refunded municipal obligations, if any, must be sufficient and available without reinvestment to pay when due the principal, whether at maturity or upon fixed redemption dates, or purchase price of and premium, if any, and interest on such bonds. The moneys, Government Obligations, Government Certificates and pre-refunded municipal obligations shall be held by the Trustee irrevocably in trust for the holders of such bonds solely for the purpose of paying the principal or purchase price or redemption price of, including premium, if any, and interest on such bonds as the same shall mature or become payable upon prior redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable, to the Trustee to give notice of redemption and to notify all Owners of affected bonds that the deposit required by this Section 10.02 has been made and that such bonds are deemed to be paid in accordance with the 1991 Resolution and stating the applicable maturity date or redemption date and redemption price.

The Trustee shall receive a verification report from an Independent Auditor as to the sufficiency of moneys and investments to provide for payment of any bonds in the case of a defeasance thereof.

Bonds the payment of which has been provided for in accordance with this Section 10.02 shall no longer be deemed outstanding hereunder. The obligation of the Commission in respect of such bonds shall nevertheless continue but the holders thereof shall thereafter be entitled to payment only from the moneys, Government Obligations, Government Certificates and pre-refunded municipal obligations deposited with the Trustee to provide for the payment of such bonds.

No bond may be so provided for if, as a result thereof or of any other action in connection with which the provision for payment of such bond is made, the interest payable on any bond with respect to which an Opinion of Bond Counsel has been rendered that such interest is excluded from gross income for federal income tax purposes is made subject to federal income taxes. The Trustee shall receive and may rely upon an Opinion of Bond Counsel to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any bonds.

Section 10.03. Payment of Bonds After Discharge.

Notwithstanding the discharge of the lien hereof as in this Article provided, the Trustee nevertheless shall retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Bonds, including without limitation pursuant to any mandatory sinking fund redemptions, and the registration, transfer, exchange and replacement of Bonds as provided herein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, premium, if any, or interest on any Bond remaining unclaimed for one (1) year after such payment has become due and payable, or such other period provided by law, whether at maturity or upon proceedings for redemption, shall be disposed of pursuant to the provisions of Section 2.14. After discharge of the lien hereof, but prior to payment of such amounts to Holders or as provided pursuant to Section 2.14, the Trustee shall invest such amounts in Government Obligations or pre-refunded municipal obligations described in paragraph (c) of the definition of Permitted Investments in Section 1.01 for the benefit of the Commission.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Evidence of Acts of Bondholders.

Any request, direction, consent or other instrument provided hereby to be signed and executed by the bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondholders in person or by an agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Trustee and the Commission with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him or her the execution thereof, or by the affidavit of a witness of such execution; and

(b) The ownership of all registered Bonds shall be proved by the records maintained by the Registrar. Except as

otherwise herein expressly provided, the amount of Bonds transferable by delivery held by any person executing such request, declaration or other instrument or writing as a Bondholder, and the numbers thereof, and the date of its holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by a trust company, bank or other depository wherever situated, showing that at the date therein mentioned such person had on deposit with, or exhibited to, such depository the Bonds described in such certificate. Continued ownership after the date of deposit stated in such certificate may be proved by the presentation of such certificate if the certificate contains a statement by the depository that the Bonds therein referred to will not be surrendered without the surrender of the certificate to the depository, except with the consent of the Trustee. The Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable.

Nothing in this Section 11.01 shall be construed as limiting the Trustee to the proof herein specified, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

Any action taken or suffered by the Trustee pursuant to any provision hereof, upon the request or with the assent of any person who at the time is the Holder of any Bond or Bonds, shall be conclusive and binding upon all future Holders of the same Bond or Bonds.

Section 11.02: Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this 1991 Resolution or the Bonds is intended or shall be construed to give to any person other than the Commission, the Trustee, the Holders of the Bonds and any Paying Agents, Registrars, Authenticating Agents and Credit Providers, if any, any legal or equitable right, remedy or claim under or in respect to this 1991 Resolution or any covenants, conditions and provisions herein contained. This 1991 Resolution and all of the covenants, conditions and provisions hereof are intended to be and are for the sole and exclusive benefit of the Commission, the Trustee, the Holders of the Bonds and any Paying Agents, Registrars, Authenticating Agents and Credit Providers, if any, as herein provided.

Section 11.03. Credit Provider Defaults. Upon the failure of any Credit Provider to pay principal of, premium, if any, interest on or the purchase price of the Bonds required to be paid by the Credit Provider pursuant to its Credit Facility, such Credit Provider shall be deemed to be in default for purposes of this 1991 Resolution.

Section 11.04: Notices to Rating Agencies. The Trustee hereby agrees that if at any time (a) the Commission shall redeem the entire principal amount of the Bonds Outstanding hereunder prior to maturity, (b) a successor Trustee is appointed hereunder, or (c) the Bondholders shall consent to any amendment to this 1991 Resolution or shall waive any provision of this 1991 Resolution, then, in each case, the Trustee promptly will give notice of the occurrence of such event to each Rating Agency rating the Bonds, which notice in the case of an event referred to in clause (c) hereof shall include a copy of such amendment or waiver.

Section 11.05: Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this 1991 Resolution on the part of the Commission (or the Trustee, or of any Paying Agent, Registrar, Authenticating Agent or other agent pursuant to this 1991 Resolution) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the 1991 Resolution or of the Bonds; but the Owners shall retain all the rights and benefits accorded to them under the Act or under any other applicable provision of law.

Section 11.06: Holidays. When the date on which principal of or interest or premium on any Bond is due and payable is a day which is not a Business Day, payment may be made on Bonds on the next Business Day with the same effect as though payment were made on the due date, and if such payment is made, no interest shall accrue from and after such due date. When any other action is provided herein to be done on a day named or within a time period named, and the day or the last day of the period falls on a day other than a Business Day, it may be performed on the next Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 11.07: Governing Law. This 1991 Resolution and the Bonds shall be governed and construed under and in accordance with the laws of the State of California.

Section 11.08: Notices. (a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid and addressed as follows:

(i) If to the Commission, addressed to:

Airports Commission of the City  
and County of San Francisco  
Attention: Deputy Director of Airports,  
Business and Finance  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128

(ii) If to the Trustee, addressed to:

First Interstate Bank, Ltd.

(iii) If to the registered Holder of a Bond,  
addressed to such Holder at the address  
shown on the books of the Registrar kept  
pursuant hereto.

(b) The Commission and the Trustee may from time to  
time by notice in writing designate a different address or  
addresses for notice hereunder.

Section 11.09. Waiver of Notice. Whenever in this  
1991 Resolution the giving of notice by mail or as otherwise  
is required, the giving of such notice may be waived by notice  
in writing by the person entitled to receive such notice. In  
any such case the giving or receipt of such notice shall not  
be a condition precedent for the validity of any action taken  
in reliance upon such waiver.

Section 11.10. Waiver of Personal Liability. No  
member of the Commission and no officer, agent or employee of  
the Commission or of the City shall be individually or  
personally liable for the payment of the principal or purchase  
price of, premium if any, or interest on the Bonds; but  
nothing herein contained shall relieve any such member,  
officer, agent or employee from the performance of any  
official duty provided by law.

Section 11.11. Repeal of Inconsistent Resolutions.  
Any resolution of the Commission, and any part of any  
resolution, inconsistent with this 1991 Resolution is hereby  
repealed to the extent of such inconsistency. Notwithstanding  
the preceding sentence, this Section 11.11 shall not repeal  
any provisions of the 1973 Resolution whether or not  
inconsistent with this 1991 Resolution.

Section 1-12. Effectiveness. This 1991 Resolution shall be effective from and after its date of adoption.

ARTICLE I-XII

ISSUE 1 BONDS

DEFINITIONS AND GENERAL PROVISIONS

Section 1-12.01. Definitions

For the purposes of Articles I-XII and I-XIII, the following words shall have the following meanings:

"Aggregate Maximum Annual Debt Service" shall mean the maximum amount of Annual Debt Service in any Fiscal Year during the period from the date of calculation to the final scheduled maturity of the Participating Series.

"Bond Depository" shall mean the securities depository for the Issue 1 Bonds appointed as such pursuant to Section 1-13.03, and its successors and assigns.

"Call Protection Date" shall mean the date determined in accordance with Article 1-13.04 before which the Issue 1 Bonds are not subject to optional redemption.

"Closing Date" shall mean the date upon which the Issue 1 Bonds are initially issued and delivered in exchange for the proceeds representing the purchase price of the Issue 1 Bonds paid by the original purchaser thereof.

"Escrow Agent" shall mean Bank of America National Trust and Savings Association and its successors as Escrow Agent under the Escrow Agreement.

"Escrow Agreement" shall mean the Escrow Agreement between the Escrow Agent and the Commission relating to the proceeds of the Issue 1 Bonds and certain other moneys to be applied to the redemption of the Prior Bonds.

"Escrow Fund" shall mean the fund created by the Escrow Agreement to be held by the Escrow Agent and applied to the redemption of the Prior Bonds.

"Information Services" shall mean: Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302; Attention: Editor; Kenny Information Services' "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York 10004; Moody's Investors Services' "Municipal and Government," 99 Church

Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports, and Standard and Poor's Corporation's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with the then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the Commission may designate in writing to the Trustee.

"Issue 1 Bonds" shall mean the not to exceed \$225,000,000 aggregate principal amount of San Francisco International Airport Second Series Refunding Revenue Bonds, Issue 1.

"Issue 1 Debt Service Accounts" shall mean the Issue 1 Interest Account, the Issue 1 Principal Account and the Issue 1 Redemption Account.

"Issue 1 Rebate Account" shall mean the Issue 1 Rebate Account created pursuant to Section 1-13.03.

"Issue 1 Reserve Account" shall mean the Issue 1 Reserve Account created pursuant to Section 1-13.07.

"Issue 1 Sale Resolution" shall mean a resolution of the Commission, awarding the Issue 1 Bonds to the successful bidder in accordance with the terms of the Official Notice of Sale, and determining the interest rates to be borne by the Issue 1 Bonds, whether principal payments in any given year are to be serial maturities or mandatory sinking fund payments, and the dates of any mandatory sinking fund payments, the Call Protection Date, the redemption premiums, the purchase price of the Issue 1 Bonds, providing for bond insurance for any or all of the Issue 1 Bonds and determining such other matters relating to the Issue 1 Bonds as may be permitted or authorized to be determined by the Commission in accordance with this 1991 Resolution.

"Maximum Annual Debt Service" shall mean the maximum amount of Annual Debt Service in any Fiscal Year during the period from the date of calculation to the final scheduled maturity of a single Series of 1991 Resolution Bonds.

"Nominee" shall mean the nominee of the Bond Depository as determined from time to time in accordance with Section 1-13.03.

"Participating Series" shall mean the Issue 1 Bonds and any other Series of Bonds hereafter designated by Supplemental Resolution as being secured by the Issue 1 Reserve Account.



"Record Date" shall mean the fifteenth day of the month before each Payment Date.

"Redemption Price" shall mean the Principal Amount and premium, if any, payable in accordance with the terms thereof of Issue 1 Bonds called for redemption.

"Regulations" shall mean the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

"Securities Depositories" shall mean: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax: (516) 277-4039; or: Midwest Securities Trust Company, Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax: (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax: (215) 496-5058; or, in accordance with the then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Commission may designate in writing to the Trustee.

"Tax Certificate" shall mean a certificate executed and delivered by an Authorized Commission Representative on the Closing Date, or any functionally similar replacement certificate subsequently executed and delivered by an Authorized Commission Representative with respect to the requirements of Section 148 of the Code relating to the Issue 1 Bonds.

Section 1-12.02. General Authorization. The appropriate officers, agents and employees of the Commission are each hereby authorized and directed 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, might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Issue 1 Bonds and the refunding and defeasance of the Prior Bonds in accordance with the provisions hereof and of the 1991 Resolution.

ARTICLE 1-XIII

ISSUE 1 BONDS  
TERMS AND PROVISIONS

Section 1-13.01. Authorization and Terms of Issue 1 Bonds. A series of Bonds to be issued under the 1991 Resolution, in the aggregate principal amount of up to Two Hundred Twenty-Five Million Dollars (\$225,000,000) at any one time outstanding, is hereby created. Said Bonds shall be known as the "San Francisco International Airport Second Series Refunding Revenue Bonds, Issue 1" (the "Issue 1 Bonds"). The Issue 1 Bonds shall be issued only in fully registered form, shall be issued in denominations of \$5,000 or any integral multiple thereof, and shall be dated as hereinafter provided. The Issue 1 Bonds shall be assigned the prefix "1-", and shall be numbered in such manner as the Registrar shall determine.

The Issue 1 Bonds shall bear interest at such rate or rates, not exceeding twelve percent (12%) per annum, as may be fixed by the Commission at the time of award thereof by the Issue 1 Sale Resolution. Interest on Issue 1 Bonds shall be payable on November 1, 1992, and semiannually thereafter on May 1, and November 1 (each an "Interest Payment Date"), in each year, by check or draft mailed to the persons shown as the registered owners of the Issue 1 Bonds on the registration books for the Issue 1 Bonds as of the close of business on the Record Date before such Interest Payment Date, or, upon request to the Trustee prior to the Record Date, by wire transfer to a financial institution within the continental United States to the registered owner of at least \$1,000,000 in aggregate Principal Amount of the Issue 1 Bonds. Payment of the principal or redemption price of the Issue 1 Bonds shall be made upon surrender thereof at the office of the Trustee in San Francisco, California. Payment of principal of, premium, if any, and interest on the Issue 1 Bonds shall be made in any lawful currency of the United States of America. Interest on the Issue 1 Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months.

The Issue 1 Bonds shall mature on May 1, in the years and in the amounts established by the Issue 1 Sale Resolution. Principal payments, in the form either of maturities or mandatory sinking fund payments (in the latter case, attributable to certain Bonds herein called the "Issue 1 Term Bonds"), shall occur on May 1 in the years and in the amounts as shall be specified in the Official Notice of Sale. The Director of Airports or his designee is hereby authorized and directed to determine the aggregate Principal Amount of

the Issue 1 Bonds, the dated date(s) of the Issue 1 Bonds, and the years and amounts of the annual principal payments, provided, that the final maturity of the Issue 1 Bonds shall not extend beyond 2013, and provided further, that the annual payments of Principal Amount of Issue 1 Bonds shall be in such amounts as will allow for approximately equal annual payments of principal and interest on the Issue 1 Bonds, given the then prevailing interest rates.

Pursuant to Section 2.02 of the 1991 Resolution, the Issue 1 Bonds shall be sold at competitive sale in accordance with the Official Notice of Sale.

At any time after the adoption of this 1991 Resolution and the Issue 1 Sale Resolution, the Commission may execute and deliver all or any part of the Issue 1 Bonds to the Trustee. The Authenticating Agent shall authenticate and deliver to, or upon the written order of, the Commission, Issue 1 Bonds in an aggregate principal amount not exceeding Two Hundred Twenty-Five Million Dollars (\$225,000,000).

Section 1-13.02. Form of Issue 1 Bonds; Execution. The Issue 1 Bonds and the certificate of authentication to be executed thereon shall be in substantially the form set forth in Exhibit A hereto. The signatures of the officers of the Commission upon such Issue 1 Bonds shall be printed, lithographed or engraved facsimiles thereof.

Section 1-13.03. Book-Entry System. The Issue 1 Bonds shall initially be issued in book-entry form as further provided in this Section 1-13.03.

(a) The Issue 1 Bonds shall initially be issued in the form of a separate, single fully-registered Issue 1 Bond for each separate stated maturity of the Issue 1 Bonds. Except as provided in paragraph (c) of this Section 1-13.03 all of the Issue 1 Bonds shall be registered in the name of the Nominee.

The Trustee, the Registrar, the Paying Agents and the Commission may treat the registered owner of each Issue 1 Bond as the sole and exclusive owner thereof for the purposes of payment of the principal or redemption price or interest on the Issue 1 Bonds; selecting the Issue 1 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to bondholders under this 1991 Resolution; registering the transfer of Bonds; obtaining any consent or other action to be taken by bondholders, and for all other purposes whatsoever, and neither the Trustee, the Registrar, the Paying Agents nor the Commission shall be affected by any notice to the contrary.

Neither the Trustee, the Registrar, the Paying Agents nor the Commission shall have any responsibility or obligation to any participant in the Bond Depository (a Participant), any person claiming a beneficial ownership interest in the Issue 1 Bonds under or through the Bond Depository or any Participant, or any other person who is not shown on the registration books as being a Bondholder, with respect to: (i) the accuracy of any records maintained by the Bond Depository or any Participant; (ii) the payment by the Bond Depository or any Participant of any amount in respect of the principal of, redemption price of or interest on the Issue 1 Bonds; (iii) the delivery of any notice which is permitted or required to be given to Bondholders under the 1991 Resolution; (iv) the selection by the Bond Depository or any Participant of any person to receive payment in the event of a partial redemption of the Issue 1 Bonds; (v) any consent given or other action taken by the Bond Depository as Bondholder; or (vi) any other purpose.

The Trustee or the Paying Agents, as the case may be, shall pay all principal of and premium, if any, and interest on the Issue 1 Bonds only by or upon the order of the Bond 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 premium, if any, and interest on the Issue 1 Bonds to the extent of the sum or sums so paid. No person other than the Bond Depository shall receive an authenticated Issue 1 Bond evidencing the obligation of the Commission to make payments of principal of and premium, if any, and interest pursuant to this 1991 Resolution. Upon delivery by the Bond Depository to the Trustee of written notice to the effect that the Bond 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 I-XIII shall refer to such new Nominee.

(b). In order to qualify the Issue 1 Bonds for the Bond 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 Bond Depository a Letter of Representation (the "Representation Letter") from the Commission representing such matters as shall be necessary to so qualify the Issue 1 Bonds. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section 1-13.03 or in any other way impose upon the Commission any obligation whatsoever with respect to persons having beneficial ownership interests in the Issue 1 Bonds other than the Bondholders.

(c) In the event (i) the Bond Depository determines not to continue to act as securities depository for the Issue 1 Bonds, or (ii) the Commission determines that the Bond Depository shall no longer so act, and delivers a written certificate to the Trustee to that effect, then the Commission will discontinue the book-entry system with the Bond Depository for the Issue 1 Bonds. If the Commission determines to replace the Bond Depository for the Issue 1 Bonds with another qualified securities depository, the Commission shall prepare or direct the preparation of a new, single, separate, fully registered Issue 1 Bond for each maturity of the Issue 1 Bonds registered in the name of such successor or substitute qualified Bond Depository or its Nominee, or make such other arrangements acceptable to the Trustee, the Paying Agents and such successor or substitute Bond Depository, as are not inconsistent with the terms of this 1991 Resolution. If the Commission fails to identify another qualified Bond Depository to replace the incumbent Bond Depository for the Issue 1 Bonds, then the Issue 1 Bonds shall no longer be restricted to being registered in the bond registration books in the name of the incumbent Bond Depository or its Nominee, but shall be registered in whatever name or names the incumbent Bond Depository or its Nominee transferring or exchanging the Issue 1 Bonds shall designate.

(d) Notwithstanding any provision of the 1991 Resolution to the contrary, so long as the Issue 1 Bonds are registered in the name of the Nominee, all payments with respect to principal of and premium, if any, and interest on the Issue 1 Bonds and all notices with respect to the Issue 1 Bonds shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Bond Depository.

(e) The initial Bond Depository with respect to the Issue 1 Bonds shall be The Depository Trust Company ("DTC"). The initial Nominee with respect to the Issue 1 Bonds shall be CEDE & Co., as nominee of DTC.

#### Section 1-13.04. Redemption of Issue 1 Bonds.

(a) Optional Redemption. Issue 1 Bonds maturing on or before the Call Protection Date (determined as hereinafter provided) shall not be subject to optional redemption prior to their respective stated maturity dates. Issue 1 Bonds maturing after the Call Protection Date shall be subject to optional redemption prior to their respective stated maturity dates, at the option of the Commission, from any source of available funds, as a whole or in part on any date (and by lot within a maturity), on or after the Call Protection Date, at specified redemption prices (computed upon the Principal

Amount of Bonds Called for redemption, together with accrued interest to the date fixed for redemption.

The Director of Airports or his designee is hereby authorized and directed to determine the Call Protection Date and the optional redemption prices for the Issue 1 Bonds; provided, that the Call Protection Date shall be on a May 1 not later than twelve (12) years from the initial principal payment date for the Issue 1 Bonds; and further provided, that the optional redemption premiums shall not exceed five percent (5%) of the Principal Amount of the Bonds called for redemption; not extend more than five (5) years beyond the Call Protection Date.

(b) Mandatory Redemption, Issue 1 Term Bonds, if any, shall also be subject to redemption prior to their stated maturity or maturities, in part and by lot, from mandatory sinking fund payments required by Section 1-13.06(c), on any May 1, on or after the first date upon which mandatory sinking fund payments are to be made (as established by the Issue 1 Sale Resolution), at the Principal Amount thereof and accrued interest thereon to the date of redemption, but without premium. No Issue 1 Term Bonds maturing on any date shall be redeemed from mandatory sinking fund payments until Issue 1 Term Bonds maturing on preceding term maturity dates, if any, in order of term maturities, shall have been retired.

Except as in this Section 1-13.04 otherwise provided, the redemption of Issue 1 Bonds shall be subject to the provisions of Article II of the 1991 Resolution.

Section 1-13.05. Establishment and Application of Issue 1 Construction Fund Account. In accordance with Section 4.01 of this 1991 Resolution, there is hereby created within the Airport Construction Fund a separate account for the Issue 1 Bonds to be held by the Treasurer and designated as the "Issue 1 Construction Account". Moneys in the Issue 1 Construction Account shall be applied to the payment of costs of issuance of the Issue 1 Bonds. All amounts remaining in the Issue 1 Construction Account on the date which is 180 days after the Closing Date shall be transferred by the Treasurer to the Revenues Account.

Section 1-13.06. Establishment and Application of Issue 1 Debt Service Fund Accounts.

(a) Establishment of Issue 1 Accounts. Pursuant to Section 5.03 of this 1991 Resolution, the following separate accounts for the Issue 1 Bonds to be held by the Trustee are hereby created within the 1991 Resolution Debt Service Fund and designated as indicated: "Issue 1 Interest Account," "Issue 1 Principal Account" and "Issue 1 Redemption Account."

(H) Application of Issue 1 Interest Account. The Trustee shall apply moneys in the Issue 1 Interest Account to the payment of interest on the Issue 1 Bonds when due, including accrued interest on any Issue 1 Bonds purchased or redeemed prior to maturity.

(I) Application of Issue 1 Principal Account.

(1) The Trustee shall apply moneys in the Issue 1 Principal Account to the payment of the Principal Amount of the Issue 1 Bonds when due and the payment of mandatory sinking fund payments on Issue 1 Term Bonds.

(2) At the discretion of the Commission, the Trustee shall apply mandatory sinking fund payments, as rapidly as may be practicable, to the purchase of Issue 1 Term Bonds at public or private sale as and when and at such prices (including brokerage and other expenses, but excluding accrued interest on Issue 1 Bonds, which is payable from the Issue 1 Interest Account) as the Commission may in its discretion determine, but not to exceed the par value thereof.

(3) All Issue 1 Bonds purchased or redeemed under the provisions of this Section 1-13.06 shall be delivered to and canceled and destroyed by, the Trustee and shall not be reissued.

(d) Application of Issue 1 Redemption Account. The Trustee shall apply moneys in the Issue 1 Redemption Account to the payment of the Redemption Price of the Issue 1 Bonds called for redemption pursuant to Section 1-13.04(a). Accrued interest on Issue 1 Bonds redeemed pursuant to Section 1-13.04(a) shall be paid from the Issue 1 Interest Account.

(e) Deficiencies in the Issue 1 Debt Service Accounts. In the event that the amount on deposit in any Issue 1 Debt Service Account is insufficient to pay the interest or Principal Amount or Redemption Price coming due on the Issue 1 Bonds, the Trustee shall transfer from the Issue 1 Reserve Account to the Issue 1 Interest Account, Issue 1 Principal Account or Issue 1 Redemption Account, as the case may be, not later than five days prior to the date on which such payment is required, the amount of such deficiency.

Section 1-13.07. Establishment, Application and Valuation of Issue 1 Reserve Account.

(a) Pursuant to Section 5.04 of the 1991 Resolution, the Issue 1 Reserve Account is hereby established within the 1991 Resolution Reserve Fund held by the Trustee.

The moneys in said account shall be used solely for the purpose of paying interest, principal or mandatory sinking fund payments on the Issue 1 Bonds and any other Participating Series whenever any moneys then credited to the accounts within the 1991 Resolution Debt Service Fund for the Participating Series are insufficient for such purposes. If at any time the balance in said account shall for any reason be diminished below an amount equal to the Aggregate Maximum Annual Debt Service on the then Outstanding Bonds of the Participating Series, the Trustee shall immediately notify the Commission of such deficiency, and the Commission shall cause the Issue 1 Reserve Account to be replenished by transfers from available Net Revenues over a period not to exceed twelve months from the date the Commission receives notice from the Trustee of such deficiency.

(b) Within ninety (90) days after the end of each Fiscal Year and at such other times as the Commission shall request in writing, the Trustee shall determine the amount in the Issue 1 Reserve Account. Permitted investments in the Issue 1 Reserve Account shall be valued at cost plus accreted value.

(c) In the event that the Trustee determines on any valuation date that the amount in the Issue 1 Reserve Account exceeds Aggregate Maximum Annual Debt Service on all then Outstanding Bonds of the Participating Series, upon the request of the Commission signed by an Authorized Commission Representative, the Trustee shall transfer the amount of such excess to the Treasurer for deposit in the Revenues Account.

(d) In the event the Issue 1 Bonds are to be redeemed in whole or in part pursuant to Section 1-13.04(a) or the Commission notifies the Trustee in writing of its intention to refund the Issue 1 Bonds in whole or in part, the Trustee shall value the amount in the Issue 1 Reserve Account in accordance with Section 1-13.07(b), and if the Trustee determines that the amount in the Issue 1 Reserve Account exceeds Aggregate Maximum Annual Debt Service on the Bonds of the Participating Series to remain Outstanding after such redemption or refunding, upon the request of the Commission signed by an Authorized Commission Representative, the Trustee shall transfer the amount of such excess in accordance with such request.

(e) At its option, the Commission may at any time substitute a Credit Facility meeting the requirements of this Section 1-13.07(e) for amounts on deposit in the Issue 1 Reserve Account. The Commission shall not substitute a Credit Facility for all or any part of the amounts on deposit in the Issue 1 Reserve Account, if such substitution will cause the



then current ratings on Participating Series to be downgraded or withdrawn. In the event that after the substitution of a Credit Facility for all or any part of the amounts on deposit in the Issue 1 Reserve Account, the amount in the Issue 1 Reserve Account is greater than Aggregate Maximum Annual Debt Service of the then Outstanding Bonds of Participating Series, upon the request of an Authorized Commission Representative, the Trustee shall transfer such excess to the Commission to be used solely for Airport purposes.

Section 1-13.08. Disposition of Proceeds of the Issue 1 Bonds. The proceeds of the sale of the Issue 1 Bonds shall be deposited with the Treasurer and shall be held in trust and set aside by the Treasurer as follows:

(a) The Treasurer shall transfer to the Trustee for deposit in the Issue 1 Interest Account an amount equal to interest accrued on the Issue 1 Bonds to the date of delivery thereof.

(b) The Treasurer shall transfer to the Trustee for deposit in the Issue 1 Reserve Account an amount equal to Maximum Annual Debt Service on the Issue 1 Bonds.

(c) The Treasurer shall deposit in the Issue 1 Construction Account the amount specified in the Issue 1 Sale Resolution for the payment of costs of issuance of the Issue 1 Bonds.

(d) The remaining proceeds from the sale of the Issue 1 Bonds shall be transferred by the Treasurer to the Escrow Agent for deposit into the Escrow Fund. Amounts in the Escrow Fund shall be applied in accordance with the Escrow Agreement.

Section 1-13.09. Deposits of Net Revenues in Issue 1 Debt Service Accounts. In accordance with Section 5.03 of the 1991 Resolution, on the second Business Day of each month, the Treasurer shall allocate and transfer to the Trustee for deposit in the Issue 1 Debt Service Accounts amounts from the Net Revenues, as follows:

(a) In the Issue 1 Interest Account, in approximately equal monthly installments, an amount equal to at least one-sixth (1/6) of the aggregate amount of interest becoming due and payable on the Issue 1 Bonds on the next succeeding semiannual interest payment date; provided, however, that no moneys need be deposited in the Issue 1 Interest Account except to the extent that such moneys are required for the payment of interest to become due on the Issue 1 Bonds on the next succeeding semiannual interest

payment date, after the application of the moneys then on deposit in the Issue 1 Interest Account, and provided, further, that subject to the preceding proviso, during the period preceding the first interest payment date on the Issue 1 Bonds, the amount of each monthly installment shall be equal to the product of a fraction the numerator of which is one and the denominator of which is the number of whole calendar months from the Closing Date to the first interest payment date on the Issue 1 Bonds minus one, and the aggregate amount of interest becoming due and payable on the Issue 1 Bonds on said interest payment date.

(b) In the Issue 1 Principal Account, in approximately equal monthly installments, commencing on the second day of the month set forth in the Issue 1 Sale Resolution, an amount equal to at least one-twelfth (1/12) of the aggregate Principal Amount becoming due and payable on the Outstanding Serial Issue 1 Bonds on the next succeeding Principal Payment Date, until there shall have been accumulated in the Issue 1 Principal Account an amount sufficient to pay the Principal Amount of all Serial Issue 1 Bonds maturing by their terms on the next Principal Payment Date.

(c) The Treasurer shall also transfer to the Trustee for deposit in the Issue 1 Principal Account, in approximately equal monthly installments, commencing on or before the second day of the month set forth in the Issue 1 Sale Resolution, prior to the first mandatory sinking fund payment date, an amount equal to at least one-twelfth (1/12) of the mandatory sinking fund payment required to be made pursuant to the Issue 1 Sale Resolution on the next succeeding mandatory sinking fund payment date; as such mandatory sinking fund payments and mandatory sinking fund payment dates may be set forth in the Issue 1 Sale Resolution.

Section 1-13.10 Permitted Investments. Amounts in the Issue 1 Debt Service Accounts shall be invested in Permitted Investments described in clauses (a) or (b) of the definition of Permitted Investments maturing on or before the Payment Date on which the proceeds of such Permitted Investments are intended to be applied for the purposes of the Issue 1 Debt Service Account to which such Permitted Investments are allocated. Amounts in the Issue 1 Reserve Account shall be invested in Permitted Investments described in clauses (a) or (b) of the definition of Permitted Investments maturing no later than seven years after the date of purchase of said Permitted Investment.

Section 1-13.11. Transfer and Exchange of Issue 1 Bonds; Registrar; Authenticating Agent; Paying Agents. Any Issue 1 Bond may be transferred only as provided in this section, upon the books required to be kept by the Registrar pursuant hereto, by the person in whose name it is registered in person or by duly authorized attorney, upon surrender of such Bond to the Registrar for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. Whenever any Issue 1 Bond shall be surrendered for transfer, the Commission shall execute and the Authenticating Agent shall cause to be authenticated and delivered a new Issue 1 Bond of the same maturity and for a like aggregate principal amount. The Registrar shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Issue 1 Bonds may be exchanged at the principal office of the Registrar in San Francisco, California for a like aggregate principal amount of Issue 1 Bonds of other authorized denominations of the same maturity. The Registrar shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee is hereby appointed as Registrar and Authenticating Agent for the Issue 1 Bonds. The Trustee will keep or cause to be kept at its principal corporate trust office in San Francisco, California, sufficient books for the registration, transfer and exchange of the Issue 1 Bonds, which shall at all times be open to inspection by the Commission; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or exchange on said register, Issue 1 Bonds as herein provided.

The Trustee is hereby appointed as Paying Agent for the purpose of paying the principal or Redemption Price of and interest on the Issue 1 Bonds.

Section 1-13.12. No Arbitrage. The Commission shall not take, nor permit to be taken by the Trustee 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 the Issue 1 Bonds, would have caused the Issue 1 Bonds to be "arbitrage bonds" within the meaning of Section 14B(a) of the Code and Regulations. To that end, the Commission will comply with all requirements of Section 14B of the Code to the extent applicable to the Issue 1 Bonds. In the event that at any time the Commission is of the opinion

that for purposes of this Section 1-13.12 it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under this Article 1-XIII, the Commission shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Section 1-13.13. 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 distinct from all other funds and accounts held by the Trustee under the 1991 Resolution, a fund designated as the "Issue 1 Rebate Account". The Trustee shall hold any payments received from the Commission for deposit into the Issue 1 Rebate Account for purposes of ultimate rebate to the United States, all as more particularly described in the Tax Certificate. Pending payment to the United States, moneys held in the Issue 1 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 Bondholders nor any other person shall have any rights in or claim to such moneys. The Trustee shall invest all amounts held in the Issue 1 Rebate Account in Nonpurpose Investments (as defined in the Tax Certificate), as directed by the Commission in the Tax Certificate.

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 1991 Resolution, including the Issue 1 Rebate Account, 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 Issue 1 Bonds, records of the determinations made pursuant to this Section 1-13.13.

In order to provide for the administration of this Section 1-13.13, the Commission may provide for the employment

AIRPORTS COMMISSION

City and County of San Francisco  
Resolution No. 31-0-10

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 1-11-12. Tax Covenant. The Commission shall not use or knowingly permit the use of any proceeds of the Issue 1 Bonds 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 Issue 1 Bonds 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 Issue 1 Bonds.

Adopted by the Airports Commission of the City and County of San Francisco this 3rd day of December, 1991 by the following vote:

Ayes: 3

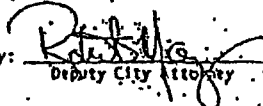
Noes: 0

Absent: 1

[SEAL]

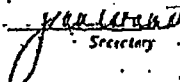
Approved as to form:

LOUISE M. RENNE  
City Attorney of the City and County  
of San Francisco

By:   
Deputy City Attorney

I hereby certify that the foregoing resolution was adopted by a  
majority of \_\_\_\_\_  
on this \_\_\_\_\_ day of \_\_\_\_\_, 1991.

DEC 3 1991

  
Secretary

91-0210

EXHIBIT A  
(FORM OF BONDS)

No. 1-

STATE OF CALIFORNIA  
CITY AND COUNTY OF SAN FRANCISCO  
AIRPORTS COMMISSION OF THE CITY AND  
COUNTY OF SAN FRANCISCO  
SAN FRANCISCO INTERNATIONAL AIRPORT  
SECOND SERIES REFUNDING REVENUE BONDS  
ISSUE 1

Dated Date      Interest Rate      Maturity Date      CUSIP No.

1, 1992           May 1

Registered Owner: CEDE & CO.

Principal Sum: DOLLARS

The AIRPORTS 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, on the maturity date hereinabove stated (subject to any right of prior redemption hereinafter mentioned) the principal sum hereinabove stated together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered on an interest payment date, in which event it shall bear interest from the date of registration, or unless this Bond is registered prior to the first interest payment date, in which event it shall bear interest from its date) until the principal hereof shall have been paid; at the interest rate per annum hereinabove stated, payable on November 1, 1992 and semiannually thereafter on May 1 and November 1 in each year. Both the principal hereof and interest hereon are payable at the principal office of

\_\_\_\_\_ the Trustee, in San Francisco, California, in lawful money of the United States of America.

This Bond is one of a duly authorized issue of San Francisco International Airport Second Series Revenue Bonds of the Commission (hereinafter called the "Bonds") of the series

and designation indicated on the face hereof. Said authorized issue of Bonds is not limited in aggregate principal amount, and consists or may consist of one or more series 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 (hereinafter called the "Act"). This Bond is issued pursuant to a resolution of the Commission, adopted ~~1991~~ 1991 as amended, providing for the issuance of the Bonds, and an Issue 1 Sale Resolution, authorizing the issuance of the Issue 1 Bonds (said resolution and Issue 1 Sale Resolution being 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 Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Revenues, as that term is defined in the Resolution, and the rights of the registered owners of the Bonds; and all the terms of the Resolution and the Act are hereby incorporated herein and constituted a contract between the Commission and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees. Additional series of Bonds may be issued on a parity with the Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Resolution.

This Bond, including the interest hereon, together with all other Bonds, 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 lien created by the Resolution on said Net Revenues is subject and subordinate to the lien of Resolution No. 73-0065 adopted by the Commission on March 20, 1973, as supplemented and amended (the "1973 Resolution"), on the Net Revenues as therein defined so long as any Bonds issued by the Commission under the 1973 Resolution remain outstanding. The Commission hereby covenants and warrants that, for the payment of the Bonds and interest thereon, there have been created and will be maintained by the Commission, special funds into which there shall be deposited from Net Revenues available for that purpose sums sufficient to pay the principal of, and interest on, all of the Bonds, as such principal and interest become due, and as an irrevocable charge the Commission has allocated Net Revenues to such payment, all in accordance with the Resolution.

The Bonds are special obligations of the Commission, and are payable, both as to principal and interest, and as to any premiums upon the redemption thereof, out of the Net Revenues pertaining to the Airport, and not out of any other fund or moneys of the Commission. No holder of this Bond shall ever have the right to compel any exercise of the taxing power of the City and County of San Francisco to pay this Bond or the interest hereon.

The Issue 1 Bonds maturing on or before May 1, 199, are not subject to optional redemption prior to their respective stated maturity dates. The Issue 1 Bonds maturing on or after May 1, 200, are subject to optional redemption prior to their respective stated maturity dates, at the option of the Commission, from any source of available funds, in whole or in part, on any date, and by lot within a maturity, on or after May 1, 200, at the following redemption prices (expressed as a percentage of the principal amount of Issue 1 Bonds called for redemption), together with accrued interest to the date fixed for redemption:

<u>Redemption Period</u> <u>(Dates Inclusive)</u>	<u>Redemption Price</u>
May 1, 200, to April 30, 200	
May 1, 200, to April 30, 200	
May 1, 200, and thereafter	

The term Issue 1 Bonds maturing May 1, 20, are subject to mandatory redemption prior to maturity, in part, by lot, from mandatory sinking fund payments, at the principal amount thereof, plus accrued interest thereon to the date of redemption, without premium, on each May 1, from May 1, 20, to and including May 1, 20.

The term Issue 1 Bonds maturing May 1, 20, are subject to mandatory redemption prior to maturity, in part, by lot, from mandatory sinking fund payments, at the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, on each May 1, from May 1, 20, to and including May 1, 20.

The Issue 1 Bonds are issuable only as fully registered Bonds without coupons, in denominations of \$5,000, and any multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Resolution, fully registered Issue 1 Bonds without coupons may be exchanged for a like aggregate principal amount of fully registered Issue 1 Bonds without coupons of other authorized denominations and of the same series and maturity.



This Bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing at the principal office of the Trustee in San Francisco, California, 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 Bond. Upon such transfer, a new fully registered Issue 1 Bond or Issue 1 Bonds, without coupons, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Commission, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Commission, the Trustee and any 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 Bonds 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 Bond 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 Bond so affected, or (ii) reduce the percentage of Bonds 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 Bonds then outstanding, or (iii) except as expressly permitted by the Resolution, prefer or give priority to any Bond without the consent of the registered owner of each Bond 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 Bond, and in the issuing of this Bond, 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 Bond, together with all other indebtedness of the Commission pertaining to the Airport, is within every debt 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 Bonds permitted to be issued under the Resolution.

This Bond 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 Trustee.

IN WITNESS WHEREOF, the AIRPORTS COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO has caused this Bond to be executed in its name and on its behalf by its President and countersigned by its Secretary, and the

SI-1511

seal of said City and County to be imprinted or reproduced by  
facsimile hereon, and this Bond to be dated as of the \_\_\_\_ day  
of \_\_\_\_\_, 1992.

AIRPORTS COMMISSION OF THE CITY  
AND COUNTY OF SAN FRANCISCO

By \_\_\_\_\_  
President

Countersigned:

\_\_\_\_\_  
Secretary of the Commission

CERTIFICATE OF AUTHENTICATION:

This is one of the Bonds described in the  
within-mentioned Resolution and registered this \_\_\_\_ day of  
\_\_\_\_\_

\_\_\_\_\_  
as Trustee

By \_\_\_\_\_  
Authorized Officer

ASSIGNMENT

For value received \_\_\_\_\_  
hereby sell, assign and transfer unto \_\_\_\_\_  
the within bond and hereby irrevocably constitute and appoint  
\_\_\_\_\_ attorney, to transfer the same on the  
books of the Commission at the office of the Trustee, with  
full power of substitution in the premises.

Dated: \_\_\_\_\_

Witness: \_\_\_\_\_ Tax I.D. No. \_\_\_\_\_

NOTE:

The signature to this Assignment must correspond with the name as written on the face of the within registered bond in every particular, without alteration or enlargement or any change whatsoever.



San Francisco International Airport

September 25, 2015

Ms. Angela Calvillo  
Clerk of the Board  
Board of Supervisors  
City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

Subject: Approval of the Issuance of San Francisco Airport Commission Capital Plan Bonds and Special Facility Bonds to Finance a hotel at the San Francisco International Airport.

Dear Ms. Calvillo:

Pursuant to Sections 4.115 and 9.118 of the City Charter, I am forwarding legislation for Board of Supervisors approval for the issuance of up to \$243,000,000 aggregate principal amount of San Francisco Airport Commission Capital Plan Bonds and \$225,000,000 aggregate principal amount of San Francisco Airport Commission Special Facility Bonds to finance a hotel at San Francisco International Airport, as well as related contracts.

The following is a list of accompanying documents:

- Proposed Board of Supervisor Resolution
- Approved Airport Commission Resolutions
- Ethics Forms SFEC-126 for the Board of Supervisors and the Mayor

The agendized title of this item should include the following language at the end of the item:

“The Hotel Project is an activity within the scope of the San Francisco International Airport Master Plan Program approved by the Airport Commission on November 3, 1992. The Master Plan EIR prepared for the Master Plan Program, including addenda thereto, adequately described this activity and its potential environmental effects for the purposes of CEQA.”

The Master Plan EIR and Master Plan EIR Addendum for the Hotel Project were included with the Airport’s submittal of the Hotel Management Agreement and related items. You may contact Cathy Widener of Airport Governmental Affairs with any questions at (650) 821-5023 regarding this matter.

Very truly yours,

*Jean Caramatti*  
Jean Caramatti  
Commission Secretary

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2015 SEP 28 PM 12:10  
*W*

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE MAYOR	LARRY MAZZOLA PRESIDENT	LINDA S. CRAYTON VICE PRESIDENT	ELEANOR JOHNS	RICHARD J. GUGGENHIME	PETER A. STERN	JOHN L. MARTIN AIRPORT DIRECTOR
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2307

