

File No. 180655

Committee Item No. 8  
Board Item No. 6

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 6, 2018

Board of Supervisors Meeting

Date September 18, 2018

#### 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 checked="" type="checkbox"/> | <input checked="" 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                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

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  
Completed by: Linda Wong

Date August 29, 2018  
Date September 12, 2018

1 [Airport Revenue Bonds - Bond Issuance - Airport Revenue Refunding Bonds - Continuing  
2 Covenant Agreement - Not to Exceed \$2,620,000,000]

3 **Resolution approving the issuance of up to \$2,620,000,000 aggregate principal amount**  
4 **of San Francisco International Airport Second Series Revenue Refunding Bonds for the**  
5 **purpose of refinancing bonds and subordinate bonds of the Airport Commission and**  
6 **related obligations; approving the form of and authorizing the execution and delivery of**  
7 **one or more Continuing Covenant Agreements in connection with the direct purchase**  
8 **of bonds of the Airport Commission; and approving certain related matters, as defined**  
9 **herein.**

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

16 WHEREAS, The Commission, by its Resolution No. 97-0146 (as supplemented and  
17 amended, the "1997 Master Subordinate Resolution"), has authorized the issuance of San  
18 Francisco International Airport Second Series Subordinate Revenue Bonds, including the San  
19 Francisco International Airport Subordinate Commercial Paper Notes (collectively, the  
20 "Subordinate Bonds"), for any lawful purpose of the Commission; and

21 WHEREAS, The Commission, by its Resolution Nos. 98-0114, 02-0010, 03-0220, 04-  
22 0220, 05-0181, 08-0152 and 10-0307, has authorized the issuance from time to time of Senior  
23 Bonds for the purpose of refunding and/or paying outstanding Senior Bonds and Subordinate  
24 Bonds and related obligations (such authorized Senior Bonds, the "Refunding Bonds"), and by  
25 its Resolution No. 18-0109 (the "Twenty-Second Supplemental Resolution" and together with

1 Resolution Nos. 98-0114, 02-0010, 03-0220, 04-0220, 05-0181, 08-0152 and 10-0307, the  
2 "Commission Refunding Resolutions"), has authorized the issuance of additional Refunding  
3 Bonds of which \$2,620,000,000 in aggregate principal amount require the approval of this  
4 Board of Supervisors; and

5 WHEREAS, Section 4.115 of the Charter provides that the Commission has the  
6 exclusive authority to plan and issue airport revenue bonds for airport-related purposes,  
7 subject to the approval, amendment, or rejection of this Board of Supervisors of each issue;  
8 and

9 WHEREAS, This Board of Supervisors, by its Resolution Nos. 583-98, 113-02, 800-03,  
10 733-04, 235-07, 471-08 and 50-11 (as amended, the "Prior Board Refunding Resolutions"),  
11 has approved the issuance of \$8,440,000,000 aggregate principal amount of Refunding  
12 Bonds; and

13 WHEREAS, \$730,500,000 aggregate principal amount of the Refunding Bonds remain  
14 authorized but unissued; and

15 WHEREAS, This Board of Supervisors, pursuant to the resolutions referenced in its  
16 Resolution No. 50-11, together with its Resolution Nos. 50-11, 349-12, 125-14, 433-15, 156-  
17 17 and 269-17 (such Resolutions, as amended, collectively with the Prior Refunding  
18 Resolutions, the "Prior Board Resolutions"), has approved certain Capital Plan Bonds,  
19 Subordinate Bonds and Special Facilities Bonds (each as defined in the Prior Board  
20 Resolutions and, collectively with the Refunding Bonds, the "Airport Bonds"); and

21 WHEREAS, The Commission has determined that it may be necessary or desirable to  
22 negotiate with one or more commercial banks or other similar investors (each, a "Bank") to  
23 directly purchase one or more future series of Senior Bonds (a "Direct Purchase Transaction")  
24 and that, in connection with any such Direct Purchase Transaction, it may be necessary or  
25

1 desirable for the Commission to enter into one or more Continuing Covenant Agreements or  
2 similar agreements with a Bank (each, a "Covenant Agreement"); and

3 WHEREAS, The Commission, by its Resolution No. 17-0002 adopted on January 17,  
4 2017 ("Commission Resolution No. 17-0002"), established a two-year pool of pre-qualified  
5 Banks eligible to provide liquidity and credit facilities for Senior Bonds and Subordinate Bonds  
6 and enter into one or more Direct Purchase Transactions, and authorized the Airport Director  
7 to solicit proposals from Banks in the pool, conduct negotiations as necessary or appropriate  
8 for agreements with the Bank or Banks proposing the most favorable terms, and return to the  
9 Commission to approve the award of each agreement; and

10 WHEREAS, The Commission, by its Resolution No. 18-0110 adopted on April 24, 2018  
11 ("Commission Resolution No. 18-0110"), approved a form of Covenant Agreement and  
12 authorized the execution and delivery of additional documents, agreements and certificates  
13 that provide that Senior Bonds sold in a Direct Purchase Transaction shall, under certain  
14 circumstances, be subject to mandatory redemption prior to their stated maturity dates, and  
15 that such redemption payments shall be made in whole or in part on a basis subordinate to  
16 the repayment of Senior Bonds, other Commission obligations, or both; and

17 WHEREAS, It is the intent and purpose of this resolution to approve the issuance by  
18 the Commission of the Refunding Bonds and to approve the form of Covenant Agreement for  
19 execution and delivery in connection with the sale of Senior Bonds in a Direct Purchase  
20 Transaction; and

21 WHEREAS, The Commission Refunding Resolutions, Commission Resolution No. 17-  
22 0002, Commission Resolution No. 18-0110, and the form of Covenant Agreement approved  
23 by the Commission have been submitted to this Board of Supervisors and are on file with the  
24 Clerk of the Board of Supervisors in File No. 180655; now, therefore, be it

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

3 FURTHER RESOLVED, That the Twenty-Second Supplemental Resolution, as  
4 adopted by the Commission, is hereby approved; and, be it

5 FURTHER RESOLVED, That the issuance by the Commission of the Refunding Bonds  
6 for the purposes of refunding, paying, calling and retiring a portion or all of the principal of  
7 and/or interest on one or more series of outstanding Senior Bonds and Subordinate Bonds  
8 and related obligations, funding debt service reserves (including reserves currently funded  
9 with municipal bond insurance surety policies), and paying costs of issuance, including any  
10 redemption premiums, swap termination payments, and other incidental costs in connection  
11 therewith, is hereby approved in accordance with Section 4.115 of the Charter; and, be it

12 FURTHER RESOLVED, That the additional authorized aggregate principal amount of  
13 Refunding Bonds shall be \$2,620,000,000 and each reference in Prior Board Resolutions to  
14 the authorized aggregate principal amount of Refunding Bonds is hereby increased by  
15 \$2,620,000,000; and, be it

16 FURTHER RESOLVED, That the time for sale of the Airport Bonds set forth in the Prior  
17 Board Resolutions shall be extended to June 30, 2023 in all cases, and each reference in  
18 Prior Board Resolutions to the time for sale of Airport Bonds is hereby stated to be June 30,  
19 2023; and, be it

20 FURTHER RESOLVED, That Commission Resolution No. 18-0110, as adopted by the  
21 Commission, is hereby approved; and, be it

22 FURTHER RESOLVED, That the selection by the Commission of one or more Banks  
23 to enter into one or more Covenant Agreements with the Commission, in accordance with  
24 Commission Resolution No. 17-0002 or such other resolutions of the Commission approving a  
25 substantially similar selection process, is hereby approved; and, be it

1 FURTHER RESOLVED, That the execution of one or more Covenant Agreements by  
2 the Commission in connection with the Senior Bonds is hereby approved, with such changes  
3 as the Airport Director shall deem necessary or advisable in consultation with the City  
4 Attorney; and, be it

5 FURTHER RESOLVED, That the provisions of the Prior Board Resolutions, except as  
6 modified hereby and subsequently modified, are hereby ratified, approved and confirmed;  
7 and, be it

8 FURTHER RESOLVED, That all actions heretofore taken by the officers, agents and  
9 employees of the Commission and the City and County of San Francisco (the "City") to carry  
10 out the intents and purposes of this Resolution, as consistent with this resolution, are hereby  
11 ratified, approved and confirmed; and, be it

12 FURTHER RESOLVED, That the Commission and its proper officers, agents and  
13 employees and those of the City are hereby authorized to execute and deliver such  
14 certificates, documents and agreements as are contemplated by or required under the 1991  
15 Master Resolution, the 1997 Master Subordinate Resolution, the Commission Refunding  
16 Resolutions, any other Refunding Bond-related resolutions of the Commission, any existing  
17 Refunding Bond-related agreement or contract, the applicable bond purchase agreement and  
18 any other applicable Airport Bond-related agreement or contract authorized hereby, including  
19 such related credit facility and other agreements, including bond insurance commitments,  
20 reserve fund surety policy commitments and agreements, letter of credit agreements, line of  
21 credit agreements, remarketing agreements, interest rate swap agreement amendments or  
22 termination confirmations, Covenant Agreements, and/or investment agreements as the  
23 Airport Director shall determine is necessary or desirable in connection with the issuance of  
24 Refunding Bonds (the "Contemplated Documents"), to carry out the intents and purposes of  
25 this resolution and the transactions contemplated hereby, and to take such other actions or

1 execute such other certificates, documents and agreements, in consultation with the City  
2 Attorney, as may be necessary or desirable to carry out the intents and purposes of this  
3 resolution and the transactions contemplated hereby (the "Other Documents"); provided, that  
4 any such actions or execution of any the Contemplated Documents and Other Documents are  
5 intended solely to further the purposes of this resolution, and are subject in all respects to the  
6 terms of this resolution and the Prior Board Resolutions (as modified hereby); and provided  
7 further, that no such actions or execution of such Contemplated Documents and Other  
8 Documents shall increase the risk to the Commission or the City or require the Commission or  
9 the City to expend any resources not otherwise authorized hereby; and, be it

10 FURTHER RESOLVED, That the approvals contained in this resolution shall extend to  
11 any amendments to the 1991 Master Resolution, the 1997 Master Subordinate Resolution,  
12 the Commission Refunding Resolutions and all resolutions of the Commission supplemental  
13 thereto, as well as to such additional resolutions that the Commission may adopt for the  
14 purpose of implementing the issuance, sale and delivery of the Refunding Bonds; provided,  
15 that in each case such amendment or additional resolution is consistent with the parameters  
16 set forth herein; and, be it

17 FURTHER RESOLVED, That should the application of any provision of this resolution  
18 to any particular facts or circumstances be found by a court of competent jurisdiction to be  
19 invalid or unenforceable, then (a) the validity of other provisions of this resolution shall not be  
20 affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent  
21 possible so as to effect the intents and purposes of this resolution.  
22  
23  
24  
25

1 Approved as to Form:

2 DENNIS J. HERRERA  
3 City Attorney

4 By Brooke D. Abola  
5 Brooke D. Abola  
6 Deputy City Attorney

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<p><b>Item 8</b> <b>File 18-0655</b></p>	<p><b>Department:</b> San Francisco International Airport (Airport)</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p>	
<ul style="list-style-type: none"> <li>The proposed resolution would: (1) approve the issuance of up to \$2,620,000,000 aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds for the purpose of refinancing bonds and subordinate bonds of the Airport Commission and related obligations; and (2) approve the form of and authorize the execution and delivery of one or more Continuing Covenant Agreements in connection with the direct purchase of bonds of the Airport Commission.</li> </ul>	
<p style="text-align: center;"><b>Key Points</b></p>	
<ul style="list-style-type: none"> <li>The Board of Supervisors previously approved the issuance of Airport refunding bonds in aggregate principal amount of \$8.4 billion, of which \$730.5 million remains authorized but unissued. These bonds were approved for the purposes of refinancing bonds and subordinate bonds of the Airport Commission.</li> <li>The Airport has historically sold bonds through a public offering. If approved under the proposed resolution, the Continuing Covenant Agreement would allow the Airport to enter into agreements with a commercial bank or other similar investors in connection with the private placement/direct purchase of general Airport Revenue Bonds.</li> </ul>	
<p style="text-align: center;"><b>Fiscal Impact</b></p>	
<ul style="list-style-type: none"> <li>The additional \$2.62 billion in refunding bond authorization, when combined with the \$730.5 million of previously authorized and unissued refunding would result in approximately \$3.35 billion in overall authorized refunding capacity.</li> </ul>	
<p style="text-align: center;"><b>Policy Consideration</b></p>	
<ul style="list-style-type: none"> <li>The approval of the Continuing Covenant Agreement would, for the first time, provide the Airport with the option to privately place bonds with commercial banks. In a public offering, the issuer publicizes the upcoming bond issue, provides the timeframe and platform for which bids will be accepted, and provides any additional guidelines or details related to the bond issue. Generally, the winning bidder(s) is the one who has offered the lowest total interest costs. Private placement provides funding through direct negotiation with one or a select number of private financial institutions. The Airport states that in the current market environment, many banks are able to provide advantageous pricing and/or terms with private placements, such as structures or other features that are better customized to the Airport's financial needs and allow for greater risk mitigation.</li> <li>The Board of Supervisors has previously approved two direct private placement of bonds in 2015 and 2016 for the 2015A Seismic Safety Loan Program General Obligation (GO) Bonds (File 14-0727) and the 2016 Transbay Transit Center Interim Financing Certificates of Participation (File 16-0364). In addition, the San Francisco Public Utilities Commission (SFPUC) has entered into several private placements in recent years.</li> </ul>	
<p style="text-align: center;"><b>Recommendation</b></p>	
<ul style="list-style-type: none"> <li>Approve the proposed resolution.</li> </ul>	

**MANDATE STATEMENT**

City Charter Section 4.115 states that the Airport Commission has exclusive authority to plan and issue Airport revenue bonds for Airport-related purposes, subject to the approval, amendment, or rejection of the Board of Supervisors.

**BACKGROUND**

The San Francisco International Airport (Airport) issues Airport Second Series Revenue Refunding Bonds (Refunding Bonds) under its Resolution No. 91-0210 (the 1991 Master Resolution), adopted on December 3, 1991, as supplemented and amended. The Board of Supervisors previously approved the issuance of Airport refunding bonds in aggregate principal amount of \$8.4 billion, of which \$730.5 million remains authorized but unissued.

The Airport currently has \$6.2 billion of outstanding general Airport Revenue Bonds (GARBs) and approximately \$64 million<sup>1</sup> of outstanding commercial paper. Of the Airport's \$6.2 billion in outstanding GARBs, approximately \$567 million is currently in variable rate mode and the remainder is fixed rate. The Airport's FY 2018-19 annual debt service is budgeted at approximately \$495 million, or 44.5 percent of the Airport's operating budget.

According to Mr. Kevin Kone, Airport Finance Director, the Commission's existing Lease and Use Agreement with its signatory airlines includes a requirement that airline landing fees and terminal rents be sufficient to pay for the Airport's operating costs and debt service expenses, after accounting for any non-airline operating revenues (e.g., from concessions). The Lease and Use Agreement also provides the Commission the ability to adjust airline landing fees and terminal rents mid-year to ensure the Airport's operating requirements continue to be met. In addition, the Commission maintains three Debt Service Reserve Fund accounts that, in aggregate, provide approximately \$538 million (as of June 30, 2018) in cash and permitted investments, which would be available to make debt service payments in the event that net operating revenues are not sufficient to make a full and timely payments when they come due. Furthermore, the Airport has the flexibility to refund bonds to alleviate near-term debt service if needed.

The approvals in the proposed resolution are intended to establish a refinancing mechanism for outstanding bonds, whether to generate savings or restructure debt, in accordance with the Airport Commission's Debt Policy<sup>2</sup>. The Refunding Bonds may be issued as fixed rate, variable rate, or index rate bonds in accordance with the terms of the 1991 Master Resolution.

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<sup>1</sup> Commercial Paper Notes outstanding as of July 30, 2018. The Airport has a \$500 million Commercial Paper Program.

<sup>2</sup> The Airport's Debt Policy states that Refunding Bonds to be issued solely to achieve debt service savings shall not be issued unless the estimated net present value savings, as determined by the Airport's financial advisors, are either (i) equal to at least 3 percent of the principal amount of the refunded bonds; or (ii) equal to at least 1

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would: (1) approve the issuance of up to \$2,620,000,000 aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds for the purpose of refinancing bonds and subordinate bonds of the Airport Commission and related obligations; and (2) approve the form of and authorize the execution and delivery of one or more Continuing Covenant Agreements in connection with the direct purchase of bonds of the Airport Commission.

### Airport Refunding Bonds

According to Ms. Ronda Chu, Capital Finance Manager at the Airport, the bonds that will become eligible for refunding in the next five years include Second Series Revenue Bonds (Series 2009E, Series 2010F/G, Series 2013A/B, and Series 2018B/C), Second Series Revenue Refunding Bonds (Issue 37C, Series 2009A/B, Series 2009C, Series 2009D, Series 2010A, Series 2010C/D, Series 2011C/D, Series 2011F/G, Series 2012A/B), and Series 2018 Special Facility Bonds. These bonds were approved for the purposes of refinancing bonds and subordinate bonds of the Airport Commission, financing and refinancing the construction, acquisition, equipping and development of various capital projects as part of the Airport Capital Improvement Plan, and financing the Airport hotel project.

According to the Office of Public Finance, the proposed bond authorization would provide the Airport with the flexibility to access the market promptly in order to achieve one or more of the following refunding objectives, as outlined in its Debt Policy:

- Achieve debt service savings;
- Restructure scheduled debt service;
- Convert bonds from or to a variable or fixed rate interest rate structure;
- Change or modify the source or sources of payment and security for the refunded bonds;
- Modify covenants otherwise binding upon the Airport;
- Restructure or refinance bonds that are in a state of distress due to market conditions, credit issues, issues with bond insurers, swap counterparties, or credit facility providers

According to the Airport, the estimated aggregate net present value savings between the existing bonds and the proposed refunding bonds over the next five years is \$102,851,645.

### Continuing Covenant Agreement

The Airport has historically sold bonds through a public offering. If approved under the proposed resolution, the Continuing Covenant Agreement would allow the Airport to enter into agreements with a commercial bank or other similar investors in connection with the private

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percent of such principal amount, if it is unlikely, in the judgement of its financial advisors, that a future refunding would realize greater savings.

placement/direct purchase of GARBs. Private placements provide an alternate method of sale for the financing and refinancing of Airport capital projects, supplementing the Airport's typical method of sale for fixed-and variable-rate financings.

According to the Airport, privately-placed bonds sold through the Continuing Covenant Agreement, with terms ranging from one to twenty years, may be structured at a fixed or variable interest rate, and regularly scheduled principal and interest payments would be secured on the same priority level as other senior bonds. Under certain circumstances, the Commission may structure the privately-placed bonds with a mandatory redemption prior to the bonds maturity and the redemption payments will be made entirely or partly on a basis subordinate to the repayment of other senior bonds. According to the Airport, the advantages of a private placement when compared to traditional, publicly offered bond sales include the following:

- No requirement for Notice of Sale or Bond Purchase Agreement
- No requirement for underwriter
- No requirement for Preliminary Official Statement or Final Official Statement
- No requirement for bond rating
- Flexible requirement on debt service reserve

According to the Airport, in addition to the lower costs of issuance, these advantages would allow the Commission to react more quickly to changes in market conditions. A traditional bond issue takes up to four months to complete. A direct purchase transaction could be completed in two months. The Airport states that this could also help mitigate market risk in today's rising interest rate environment.

The Airport's Debt Policy restricts private placements of bonds to circumstances where: (1) a public offering would require the bonds to be registered under federal securities laws, (2) the bonds are or will be either unrated or in a category below investment grade, (3) a private placement offers a more advantageous cost of borrowing than a public offering, (4) a private placement allows a transaction to be completed with expedited timing where needed, (5) a private placement reduces third-party risk, such as credit facility provider exposure, and/or (6) a private placement would result in other terms more advantageous to the Airport than are available in a similar public offering.

## **FISCAL IMPACT**

The proposed additional \$2.62 billion in refunding bond authorization, when combined with the \$730.5 million of remaining but unissued refunding bonds previously authorized by the Board, would result in approximately \$3.35 billion in overall authorized refunding capacity, as shown in Table 1 below.

**Table 1. Proposed Refunding Bond Authorization (\$ in Millions)**

Remaining Authorization	\$730.5
Proposed Increase	\$2,620
Amended Remaining Authorization	\$3,350.5

Pursuant to Section 5852.1 of the California Government Code, which requires that certain information as to the full long-term cost of borrowing be disclosed to a governing body prior to its authorization of issuance of bonds, the good faith estimate provided by the Airport's financial advisors for the proposed sale of up to \$2.62 billion in Refunding Bonds is as follows:

- The true interest cost is estimated at 4.08%<sup>3</sup>.
- The sum of all cost of issuance fees and underwriter's discount is estimated at approximately \$20.59 million.
- Taking into account the cost of issuance and underwriter's discount, the net bond proceeds is estimated at approximately \$2.60 billion, all of which would be used to refinance outstanding bonds or commercial paper notes.
- Of the \$2.62 billion in bonds sold, the good faith estimate of total principal and interest payments the Commission will make is estimated at \$3.55 billion.

Table 2 below shows the estimated sources and uses of the refunding bonds.

**Table 2. Estimated Sources and Uses of Refunding Bonds**

<b>Sources</b>	
Estimated Par Amount <sup>4</sup>	\$2,617,035,000
<b>Total Sources</b>	<b>\$2,617,035,000</b>
<b>Uses</b>	
Refunding Fund Deposit <sup>5</sup>	\$2,596,440,417
Cost of Issuance <sup>6</sup>	7,500,000
Underwriter's Discount <sup>7</sup>	13,085,170
Additional Proceeds <sup>8</sup>	9,413
<b>Total Uses</b>	<b>\$2,617,035,000</b>

<sup>3</sup> Average across five Refunding Bonds transactions

<sup>4</sup> According to the Airport, the par amount on the refunded bonds (i.e. the amount being refinanced) and the refunding bonds (i.e. the new bonds issued to refinance the existing bonds) will not be the same. The refunding par amount includes the amount needed to cover the refunding fund deposit, as well as costs of issuance and underwriters' discount.

<sup>5</sup> The refunding fund deposit includes the principal amount of callable bonds as well as interest due to bondholders between the refunding issuance date and the actual call date.

<sup>6</sup> Costs of Issuance consist of expenses associated with the sale of a bond, including fees for financial advisors, counsel, the trustee and rating agency fees and other expenses.

<sup>7</sup> The Underwriters Discount is the difference between the price paid by the underwriter to the issuer for the new bond issue and the prices at which the securities are initially offered to the investing public. This difference provides the underwriter with compensation for the transaction, as well as reimbursement for expenses.

<sup>8</sup> Additional proceeds are the rounding amounts due to bonds being sold at \$5,000 increments.

**POLICY CONSIDERATION****Continuing Covenant Agreement and Private Placement of Bonds***Private Placement*

As previously mentioned, the Airport has historically sold bonds through a public offering. The approval of the Continuing Covenant Agreement would, for the first time, provide the Airport with the option to privately place bonds with commercial banks should it be beneficial to the Airport over alternative financings. In a public offering, the issuer publicizes the upcoming bond issue, provides the timeframe and platform for which bids will be accepted, and provides any additional guidelines or details related to the bond issue. Generally, the winning bidder(s) is the one who has offered the lowest total interest costs, including all costs of issuance and underwriter fees. Private placement provides funding through direct negotiation with one or a select number of private financial institutions. The private financial institution is effectively providing a loan to the issuer that must be repaid over time. In general, private placements do not have to be registered with the Securities and Exchange Commission (SEC) and do not require many of the disclosure requirements found in public offerings. In addition, private placement bonds are not publicly issued or publicly traded and typically do not require a rating from a credit rating agency.

According to the Airport, private placement provides another financial tool that may provide benefits or reduce risks for the Airport in financing its capital program. The Airport states that in the current market environment, many banks are able to provide advantageous pricing and/or terms with private placements, such as structures or other features that are better customized to the Airport's financial needs and allow for greater risk mitigation. In addition, a private placement option may provide lower issuance costs with the benefit of expedited timing. Consistent with its debt policy (noted above), the Airport states that the department would evaluate all potential financing options to determine the best strategy in meeting its goals. The sale of refunding bonds through a private placement would be subject to Airport Commission approval by resolution.

*Negotiated Bonds*

The Airport is implementing a \$7.4 billion capital improvement program (CIP) and considers executing each bond sale on a competitive or negotiated basis. The Airport adheres to its debt policy in determining when to do a negotiated issuance. According to the Airport, the department utilizes a negotiated issuance when market timing is important to the pricing of the bonds and the structure of the financing requires additional marketing efforts and activities. As the Airport has complex and sometimes unusual debt financings, the department states that this sale method permits direct input from the buyer of the bonds as to the desirability of various financing structures or features. Finally, in a negotiated sale, the underwriting banks can do a substantial amount of preselling of bonds, which increases demand and thereby allows the Airport the opportunity to lower the borrowing cost the day of the sale. According to the Airport, while a negotiated issuance has generally been the preferred approach for the reasons

mentioned above, the department may elect to issue bonds on a competitive basis in the future should conditions warrant that approach to be more advantageous.

*Other City Private Placement of Bonds*

According to the Office of Public Finance, the City has recently approved two direct private placement of bonds in 2015 and 2016 for the 2015A Seismic Safety Loan Program General Obligation (GO) Bonds (File 14-0727) and the 2016 Transbay Transit Center Interim Financing Certificates of Participation (File 16-0364). The 2015 transaction was placed with US Bank, and the 2016 transaction was placed with Wells Fargo. In addition, the San Francisco Public Utilities Commission (SFPUC) has entered into several private placements in recent years. This includes the following: 2008 Clean Renewable Energy Bonds (File 08-1027), 2011 New Clean Renewable Energy Bonds (File 11-1192), 2011 Qualified Energy Conservation Bonds (File 11-1191), and 2015 New Clean Renewable Energy Bonds (File 15-0916).

**RECOMMENDATION**

Approve the proposed resolution.

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CONTINUING COVENANT AGREEMENT

dated as of

[DATED DATE]

by and between the

AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO

and

[BANK],

Relating to:

\$ \_\_\_\_\_

San Francisco International Airport  
Second Series Variable Rate Revenue Bonds,  
Series [#]

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CONTINUING COVENANT AGREEMENT

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

WHEREAS, the Commission is issuing its San Francisco International Airport Second Series Variable Rate Revenue Bonds, Series [ ] (the "Bonds") pursuant to and in accordance with Resolution No. 91-0210, adopted by the Commission on December 3, 1991 (the "1991 Resolution"), as supplemented and amended, including by Resolution No. 98-0114, adopted by the Commission on May 19, 1998 (the "Seventh Supplemental Resolution"), Resolution No. 02-0010, adopted by the Commission on January 8, 2002 (the "Tenth Supplemental Resolution"), Resolution No. 03-0220, adopted by the Commission on October 21, 2003 (as amended and restated by Resolution No. 10-0316 adopted by the Commission on October 26, 2010, the "Eleventh Supplemental Resolution"), Resolution No. 04-0220, adopted by the Commission on November 2, 2004 (the "Twelfth Supplemental Resolution"), and Resolution No. \_\_\_\_\_ adopted by the Commission on \_\_\_\_\_ (the "Sale Resolution") and the Certificate of Additional Terms of the Commission dated [CLOSING DATE] (the "Certificate of Additional Terms") (such 1991 Resolution as supplemented and amended, being referred to herein as the "1991 Master Resolution"); and

WHEREAS, the Bank has agreed to purchase the Bonds, and as a condition to such purchase, the Bank has required the Commission to enter into this Agreement; and

NOW, THEREFORE, in consideration of the premises and in order to induce the Bank to purchase the Bonds, the Commission and the Bank hereby agree as follows:

ARTICLE I

DEFINITIONS

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

"1933 Act" means the Securities Act of 1933, as amended.

"Affiliate" means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

"Agreement" means this Continuing Covenant Agreement, as amended, modified or supplemented from time to time, in accordance with the provisions hereof.

“Airport” means the San Francisco International Airport.

“Amortization End Date” has the meaning set forth in the Certificate of Additional Terms.

“Amortization Payment” has the meaning assigned to that term in Section 2.02(b) hereof.

“Amortization Payment Date” has the meaning set forth in the Certificate of Additional Terms.

“Amortization Period” has the meaning assigned to that term in Section 2.02(b) hereof.

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

“Bank Agreement” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for, bonds or notes of the Commission secured by or payable from Net Revenues or a parity with the Bonds.

“Bank Rate” has the meaning set forth in the Certificate of Additional Terms.

“Bank Transferee” has the meaning assigned to that term in Section 8.07 hereof.

“Bondholder” means the Bank and each Bank Transferee or Non-Bank Transferee pursuant to Section 8.07 hereof so long as such Bank Transferee or Non-Bank Transferee is an owner of Bonds.

“Bonds” has the meaning assigned to that term in the preamble of this Agreement.

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

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which banks located in the city in which the principal corporate trust office of the Trustee is located are required or authorized to remain closed, or (iii) a day on which the New York Stock Exchange is closed.

“Certificate of Additional Terms” has the meaning assigned to that term in the preamble of this Agreement.

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

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

“Closing Date” means the date on which the Bonds are originally purchased by the Bank.

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

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

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

“Default Rate” has the meaning set forth in the Certificate of Additional Terms.

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the Commission files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Bondholder or any former Bondholder notifies the Commission that it has received a written opinion by a nationally recognized attorney or firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the Commission of such notification from the Bondholder or any former Bondholder, the Commission shall deliver to the Bondholder and any former Bondholder (a) absent any occurrence described in clauses (i), (iii) or (iv) of this definition of “Determination of Taxability,” an opinion of a nationally recognized attorney or firm of attorneys of substantial experience on the subject of tax-exempt municipal finance reasonably acceptable to the Bank stating that an Event of Taxability has not occurred or (b) a ruling or determination letter issued to or on behalf of the Commission by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Commission shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of the Commission, or upon any review or audit of the Commission or upon any other ground whatsoever, an Event of Taxability shall have occurred;

(iv) on the date when the Commission shall receive notice from the Bondholder or any former Bondholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Bondholder or such former Bondholder the interest on the Bonds due to the occurrence of an Event of Taxability; or

(v) [on the date when the Commission notifies the Trustee and the Bondholder in writing that it has elected to change the tax status of the Bonds such that interest on the Bonds is includable in the gross income of Bondholders];

*provided, however,* no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Commission has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however,* that, subject to Section 2.10, upon demand from the Bondholder or former Bondholder, the Commission shall promptly reimburse such Bondholder or former Bondholder for any payments, including any taxes, interest, penalties or other charges, such Bondholder (or former Bondholder) shall be obligated to make as a result of the Determination of Taxability under subparagraph (i), (ii), (iii) or (iv) hereunder.

“Event of Default” has the meaning assigned to that term in Section 7.01 hereof.

“Event of Taxability” means a (i) change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Commission, or the failure to take any action by the Commission, or the making by the Commission of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bonds) which has the effect of causing interest paid or payable on the Bonds to become includable, in whole or in part, in the gross income of the Bondholder or any former Bondholder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on the Bonds to become includable, in whole or in part, in the gross income of the Bondholder or any former Bondholder for federal income tax purposes with respect to the Bonds.

“Excess Amount” has the meaning set forth in the Certificate of Additional Terms.

“Excess Interest Amount” has the meaning assigned to that term in Section 2.05 hereof.

“Fiscal Year” means the fiscal year of the City as established from time to time, which currently is the period from July 1 of each year through June 30 of the year following.

“Fitch” means Fitch Inc., and its successors and assigns.

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

“Interest Rate Swap” has the meaning assigned to that term in the 1991 Master Resolution.

“Investor Letter” has the meaning assigned to that term in Section 8.07 hereof.

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

“Mandatory Tender Date” has the meaning set forth in the Certificate of Additional Terms.

“Mandatory Tender Purchase Price” has the meaning set forth in the Certificate of Additional Terms.

“Maximum Interest Rate” means the maximum interest rate on the Bonds of twelve percent (12%) *per annum*.

“Maximum Rate” means an interest rate equal to the lesser of (i) the maximum non-usurious *per annum* rate permitted by applicable law, and (ii) twenty percent (20%) *per annum*.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns.

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

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

“Non-Bank Transferee” has the meaning assigned to that term in Section 8.07 hereof.



“Obligations” means all obligations of the Commission to the Bank pursuant to this Agreement, the Related Documents and the Bonds.

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

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

“Patriot Act” has the meaning assigned to that term in Section 8.16 hereof.

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

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

“Purchase Price” has the meaning assigned to that term in Section 2.01(a) hereof.

“Rating Agency” means Moody’s, S&P or Fitch; provided, that if any such organization no longer maintains a rating on the Bonds, the term “Rating Agency” shall include any other rating agency designated by the Commission with the approval of the Bank.

“Related Documents” means this Agreement, the Bonds and the 1991 Master Resolution.

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

“S&P” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, and its successors and assigns.

“Senior Lien Bonds” has the meaning assigned to that term in the 1991 Master Resolution.

“Subordinate Bonds” means any evidences of indebtedness for borrowed money issued from time to time by the Commission, including but not limited to bonds, notes, bond anticipation notes, commercial paper, lease or installment purchase agreements or certificates of participation, authorized to be issued pursuant to and by authority of the Charter and pursuant to Resolution No. 97-0146 adopted by the Commission on May 20, 1997, as amended and supplemented, including as amended and supplemented by Resolution No. 97-0147 adopted on May 20, 1997, which was amended and restated by Resolution No. 99-0299 adopted on September 21, 1999, and by Resolution No. 09-0088 adopted on May 5, 2009.

“Taxable Date” means the date on which interest on all or part of the Bonds is first includable in gross income of the Bondholder (including, without limitation, any previous

Bondholder) thereof as a result of an Event of Taxability as such a date is established pursuant to either (i) the Determination of Taxability or (ii) an opinion by an attorney or firm of attorneys of nationally recognized standing on the subject of tax exempt municipal finance; *provided, however*, that, for the avoidance of doubt, the Taxable Date shall not be earlier than the beginning of the period for which interest on the Bonds is included (taking into account the applicable statute of limitations) in the gross income of the Bondholder; for this purpose, such period of includability shall not begin prior to the earliest date on which the gross income of the Bondholder is subject to additional tax under the applicable statute of limitations.

“Taxable Rate” has the meaning assigned to that term in the Certificate of Additional Terms.

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

“Unremarketed Bonds” means Bonds with respect to which the Bank has not received payment of the Mandatory Tender Purchase Price, if any, on the Mandatory Tender Date.

Section 1.02. Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neutral genders. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including cities, agencies and other public bodies, as well as natural persons. Unless otherwise indicated, references in this Agreement to subsections, Sections and Articles are to such subsections, Sections and Articles of this Agreement. The headings used throughout this Agreement are inserted for reference only and shall not be construed or considered in interpreting the terms and provisions of any Section or Article of this Agreement or the Agreement as a whole. Any and all Appendices referenced in this Agreement are incorporated herein by reference and shall be deemed to be an integral part hereof. Unless the context requires otherwise, the terms “herein,” “hereof,” “hereunder” and any similar terms, as used in this Agreement, shall refer to this Agreement as a whole and not to any particular provisions of this Agreement. The words “include,” “includes,” and “including” shall be construed to also mean “without limitation.” Any reference to a “month” shall be a reference to a calendar month beginning on the first day of a calendar month and ending on the last day thereof, unless otherwise specified herein. Any reference to a “day” shall be a reference to a calendar day and not a Business Day.

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

## ARTICLE II

### PURCHASE OF BONDS AND THE COMMISSION'S OBLIGATIONS

#### Section 2.01. Purchase of Bonds.

(a) Purchase Price. Upon the satisfaction of the conditions set forth in Article III hereof and based on the representations and covenants of the Commission set forth herein, the Bank hereby agrees to purchase from the Commission, and the Commission hereby agrees to sell to the Bank, all, but not less than all, of the Bonds at par in an aggregate principal amount equal to \$[Par Amount] (the "Purchase Price").

(b) Closing. On the Closing Date, the Commission shall deliver to the Bank the documents described in and which otherwise satisfy the conditions described in Article III hereof. Upon the satisfaction of the conditions precedent set forth in Article III hereof (or waiver thereof by the Bank), the Bank will pay the Purchase Price for the Bonds in immediately available federal funds payable to [the Trustee on behalf of] the Commission. One fully registered Bond, in the aggregate principal amount equal to \$[\_\_\_\_\_], shall be issued to and registered in the name of [the Bank][Cede & Co., nominee for DTC, as securities depository], and the beneficial interests in the Bonds so registered will be credited to such accounts with DTC as the Bank shall designate. The Bonds shall be so issued and registered to and held by DTC or its nominee, and beneficial interests therein shall be transferable in accordance with the book-entry system.

#### Section 2.02. Payment Obligations.

(a) The Commission hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all Obligations due and payable to the Bondholders under the Related Documents and to pay any other Obligations due and payable to the Bondholders whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents and under such Obligations.

(b) [Delete if bank holds bonds at fixed rate to maturity.] In the event the Bondholders have not received the Mandatory Tender Purchase Price on the Mandatory Tender Date, the Commission shall cause the Unremarketed Bonds to be redeemed on the Mandatory Tender Date; provided that, if the Commission is required to redeem Unremarketed Bonds as set forth above and (i) no default described under Section 7.01(a)(i) or Section 7.01(e) hereunder shall have occurred and be continuing; (ii) no Event of Default shall have occurred and be continuing and (iii) the representations set forth in Article IV shall be true and correct on, and shall be deemed to have been made on, the Mandatory Tender Date (except to the extent that any such representations and warranties expressly relate to an earlier date), then the Commission shall cause the principal amount of such Bonds to be redeemed in installments payable on each Amortization Payment Date (each such payment, an "Amortization Payment"), with the final installment in an amount equal to the entire then-outstanding principal amount of such Bonds to be redeemed on the Amortization End Date (the period commencing on the Mandatory Tender Date and ending on the Amortization End Date is herein referred to as the "Amortization Period"). Each Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible)

aggregate Amortization Payments over the Amortization Period. During the Amortization Period, interest on Unremarketed Bonds shall accrue at the Bank Rate, be payable monthly in arrears on the first Business Day of each calendar month and be calculated on the basis of a 360-day year and actual days elapsed.]

(c) The Commission shall pay within thirty (30) days after demand:

(i) if an Event of Default shall have occurred, all costs and expenses of the Bank in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights and remedies under this Agreement, the other Related Documents and such other documents which may be delivered in connection therewith;

(ii) a fee for each amendment to this Agreement or any other Related Document requested by the Commission, or any consent or waiver by the Bank with respect to any Related Document requested by the Commission, in each case, in a minimum amount of \$2,500; and

(iii) the reasonable fees and out-of-pocket expenses for counsel or other reasonably required consultants to the Bank in connection with advising the Bank as to its rights, remedies and obligations under this Agreement and the other Related Documents or in connection with responding to requests from the Commission for approvals, consents and waivers.

All fees payable pursuant to this Agreement shall be deemed to be fully earned when due and non-refundable when paid.

Section 2.03. Default Rate. Upon the occurrence and during the continuance of an Event of Default described in Section 7.01(a) hereof, the Bonds shall bear interest at the Default Rate.

Section 2.04. Determination of Taxability.

(a) In the event a Determination of Taxability occurs, to the extent not payable to each Bondholder (or to the Bank for the period that it was the Bondholder of any of the Bonds) under the terms of the 1991 Master Resolution and the Bonds, the Commission hereby agrees, subject to Section 2.10 hereof, to pay to each Bondholder (or, if applicable, the Bank), on demand therefor (i) an amount equal to the difference between (A) the amount of interest that would have been paid to such Bondholder (or, if applicable, the Bank) on the Bonds had the interest on the Bonds (or the taxable portion of the interest, in the event the interest on the Bonds is determined to be taxable only in part) been calculated at the Taxable Rate, and (B) the amount of interest actually paid to the Bondholder (or, if applicable, the Bank), during the Taxable Period. The "*Taxable Period*" is the period beginning on the Taxable Date and continuing to and including the date (if any) on which the interest (or the applicable portion of the interest, in the event the interest on the Bonds is determined to be taxable only in part) once again becomes excludable from the gross income of the owners thereof for federal income tax purposes; and (ii) an amount equal to any interest, penalties or charges owed by such Bondholder (or, if applicable, the Bank) as a result of interest on the Bonds becoming included in the gross income of such Bondholder (or,

if applicable, the Bank), together with any and all external attorneys' fees, court costs, or other reasonable out of pocket costs incurred by such Bondholder (or, if applicable, the Bank) in connection therewith.

(b) Subject to the provisions of clauses (c) and (d) below, such Bondholder (or, if applicable, the Bank) shall afford the Commission the opportunity, at the Commission's sole cost and expense, to contest (i) the validity of any amendment to the Code which causes the interest on the Bonds to be included in the gross income of such Bondholder (or, if applicable, the Bank) or (ii) any challenge to the validity of the tax exemption with respect to the interest on the Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals).

(c) As a condition precedent to the exercise by the Commission of its right to contest set forth in clause (b) above, the Commission shall, within \_\_\_\_\_ ( ) days of the written demand therefor reimburse such Bondholder for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by such Bondholder (or, if applicable, the Bank) in its reasonable discretion) that may be incurred by the Bank in connection with any such contest, and for any and all penalties or other charges payable by such Bondholder (or, if applicable, the Bank) for failure to include such interest in its gross income.

(d) The obligations of the Commission under this Section 2.04 shall survive the termination of this Agreement, the termination of any of the other Related Documents, and the redemption or other payment in full of the Bonds.

Section 2.05. Maximum Interest Rate. [Delete if interest rate on bonds is fixed.]

(a) If the amount of interest payable for any period in accordance with the terms hereof or the Bonds exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate.

(b) Any interest that would have been due and payable for any period but for the operation of the immediately preceding paragraph (a) shall accrue and be payable as provided in this paragraph (b) and shall, less interest actually paid to each Bondholder for such period, constitute the "Excess Interest Amount." If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to each Bondholder of the entire Excess Interest Amount.

(c) Notwithstanding the foregoing, on the date on which no principal amount with respect to the Bonds remains unpaid, to the extent permitted by Law, the Commission shall pay to each Bondholder a fee equal to any accrued and unpaid Excess Interest Amount.

Section 2.06. Obligations Absolute. The payment obligations of the Commission under this Agreement shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation the following:

(a) any lack of validity or enforceability of this Agreement, the Bonds or any of the other Related Documents;

(b) the existence of any claim, set-off, defense or other right which the Commission may have at any time against the Bank, any other Bondholder or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or

(c) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Section 2.07. Bank Consent to Subsequent Index Interest Rate Period. (a) So long as the Bank is the Bondholder, on or before the date which is one hundred twenty (120) days prior to the end of the Index Interest Rate Period, the Commission may provide written notice to the Bank, in the form of Appendix B hereto, of its desire to change the interest rate mode of the Bonds (including conversion to a new Index Interest Rate Period) and requesting the Bank to purchase such Bonds in such new Index Interest Rate Period or provide the liquidity or credit enhancement necessary to facilitate the conversion of the Bonds to such new interest rate mode. The Bank will make reasonable efforts to respond to such request within sixty (60) days after receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. The Bank may, in its sole and absolute discretion, decide to accept or reject any such request and no consent shall become effective unless the Bank shall have consented thereto in writing. In the event the Bank fails to definitively respond to such request within such sixty (60) day period, the Bank shall be deemed to have refused to grant such request. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory to the Bank (which may include, but not be limited to, the delivery of a "no adverse effect opinion" of Bond Counsel to the Bank with respect to the tax-exempt status of the Bonds as a result of such conversion and interest rate setting). In the event the Commission and the Bank fail to document in writing their agreement of the proposed rate(s) and terms of the succeeding period(s), the Commission shall continue to be required to repurchase the Bonds on the Mandatory Tender Date for a purchase price of 100% of the par amount plus accrued interest to the Mandatory Tender Date. If the Bank and the Commission agree to the terms for the Bonds upon such conversion and the interest rate that the Bonds shall bear following the change shall meet the requirements of [Section \_\_\_\_] of the Certificate of Additional Terms, the Commission and Bank may cause conversion of the Bonds by the process described in [Section \_\_\_\_] of the Certificate of Additional Terms.

Section 2.08. Increased Costs.

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

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

(b) Reserve Requirements. If any change in any law or regulation or in the interpretation thereof by any court or administrative or Governmental Authority charged with the administration thereof shall impose, increase or deem applicable any reserve, special deposit or similar requirement against the obligations of a Bondholder (other than as a result of the acts, omissions or financial condition of a Bondholder) and the result of any such event above shall be to increase the cost to a Bondholder of the holding of the Bonds (which increase in costs shall be the result of a Bondholder's pro rata allocation of the aggregate of such cost increases resulting from such events), then, upon written demand by a Bondholder to the Commission, the Commission shall pay to such Bondholder within forty-five (45) days of such demand, the amount of such increased costs from the date of such change; *provided* that interest thereon shall not begin to accrue until forty-five (45) days after such demand. A Bondholder shall submit to the Commission a certificate setting forth in reasonable detail the amount of such increased costs as a result of any such event. A Bondholder shall notify the Commission of any such impending or announced change in law, regulation or interpretation promptly upon receipt by it of actual notice of such change; provided, however, that any delay or failure to so notify the Commission shall not in any manner relieve the Commission of its obligations under this Agreement.

(c) Capital Requirements. If a Bondholder shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of increasing the amount of capital required to be maintained or reducing the rate of return on capital of such Bondholder as a consequence of such Bondholder's obligations hereunder or the holding by it of the Bonds pursuant hereto to a level below that which such Bondholder could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by any amount deemed by such Bondholder to be material then, upon written demand by a Bondholder to the Commission, the Commission shall pay to such Bondholder within forty-five (45) days of such demand, the amount of such reduction from the date of such change; *provided* that interest thereon shall not begin to accrue until forty-five (45) days after such demand. A Bondholder shall submit to the Commission a certificate setting forth in reasonable detail the amount as will compensate such Bondholder for such reduction as a result of any such event. A Bondholder shall notify the Commission of any such impending or announced change in law, regulation or interpretation promptly upon receipt by it of actual notice of such change; provided, however, that any delay or failure to so notify the Commission shall not in any manner relieve the Commission of its obligations under this Agreement.

(d) Limitation re Participations. Notwithstanding anything to the contrary contained in this Section 2.08, the Commission shall have no obligation to pay amounts pursuant to this Section 2.08: (i) in an amount greater than that which it would have been required to pay if a Bondholder had not participated any interest in the Bonds or (ii) for any increased costs incurred or reductions suffered more than six (6) months prior to the date that a Bondholder notifies the Commission of the change in law giving rise to such increased costs or reductions, and a Bondholder's intention to claim compensation therefor (except that if the change in law giving rise to such increased costs or reductions is retroactive, then the six (6) month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Survival. Without prejudice to the survival of any other agreement of the Commission hereunder, the agreements and obligations of the Commission contained in this Section 2.08 shall survive the termination of this Agreement and the payment in full of the Bonds and the obligations of the Commission thereunder and hereunder.

Section 2.09. Funding Indemnity. In the event a Bondholder shall incur any loss, cost, or expense (including, without limitation, any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted to be acquired by such Bondholder to purchase or hold the Bonds or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Bondholder) as a result of any purchase, redemption, conversion or other prepayment of the Bonds on a date other than a [ ] Index Reset Date for any reason, whether before or after default, and whether or not such payment is required by any provision of this Agreement or the 1991 Master Resolution, then upon the demand of such Bondholder, the Commission shall pay to such Bondholder a premium in such amount as will reimburse such Bondholder for such loss, cost, or expense. If such Bondholder requests such premium, it shall provide to the Commission a certificate setting forth the computation of the loss, cost, or expense giving rise to the request for such premium in reasonable detail and such certificate shall be conclusive if reasonably determined.

Section 2.10. Limited Obligations. Notwithstanding any other provision of this Agreement (except for Section 5.07 hereof), and the provisions of the Certificate of Additional Terms), any other Related Document or the 1991 Master Resolution (except for the provisions of the Certificate of Additional Terms) to the contrary, the Bonds, are limited obligations of the Commission and payable solely from Net Revenues as provided in the 1991 Master Resolution.

### ARTICLE III

#### CONDITIONS PRECEDENT TO PURCHASE OF BONDS

Section 3.01. Conditions Precedent. The obligation of the Bank to purchase the Bonds is subject to the following conditions precedent:

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



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

(ii) [evidence that a CUSIP number for the Bonds has been obtained and reserved from Standard & Poor's CUSIP Services;]

(iii) evidence that the unenhanced long-term debt rating assigned to Parity Bonds are at least [\_\_\_\_\_];

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

(v) a certified copy of the resolution of the Commission approving the execution, delivery and performance of this Agreement and the other Related Documents, and a certified copy of the 1991 Master Resolution, each certified by a duly authorized officer of the Commission on the Closing Date, which certificate shall state that the respective resolutions have not been amended except as set forth therein or annulled and are in full force and effect on the Closing Date;

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

(vii) copies of opinions of [NAME] and [NAME], Co-Bond Counsel for the Commission, (A) as to the validity of the Bonds issued pursuant to the 1991 Master Resolution; (B) as to the pledge of Net Revenues as security for the payment of the Bonds; and (C) to the effect that interest on the Bonds will be exempt from gross income for Federal income tax purposes;

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

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

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

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

(xii) such other documents, certificates and opinions as the Bank or the Bank's counsel shall have reasonably requested.

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

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

(ii) after giving effect to the issuance of the Bonds and the effectiveness of this Agreement, there exists no Default or Event of Default.

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

Section 3.02. Documents to Be Provided by the Bank. The Commission's agreement to enter into this Agreement shall be subject to the condition precedent that the Commission shall have received an opinion of counsel to the Bank, as to such matters as the Commission may reasonable request, such satisfaction to be conclusively evidenced by the delivery of this Agreement by the Commission.

#### ARTICLE IV

#### REPRESENTATIONS

The Commission represents to the Bank as follows:

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

(b) Due Authorization; No Violation; No Conflicts. The execution, delivery and performance by the Commission of this Agreement and the other Related Documents to be delivered on the Closing Date and to which the Commission is a party have been duly authorized by all necessary action on the part of the Commission and do not (i) violate the Charter or any material provision of any court order by which the Commission is bound, (ii) conflict with, violate or contravene any material provision of existing law or regulation, or any order or decree or any court, tribunal or Governmental Authority, (iii) conflict with, violate or cause a default, or with

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

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

(d) Litigation. As of the Closing Date, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Commission, threatened against or affecting the Commission, wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated by or the validity of this Agreement, any of the other Related Documents, (ii) the status of the Commission as a commission of the City organized and existing under the Charter, (iii) the exemption of interest on the Bonds from federal income tax, (iv) the Commission's legal right, power and authority to control its own property and to carry on its business and operations, (v) the Commission's financial condition, or (vi) the Commission's ability to perform its obligations under this Agreement, the other Related Documents.

(e) Accuracy of Financial Reports. The audited financial statements for Fiscal Years \_\_\_\_ and \_\_\_\_, including the balance sheets as of the end of said periods, all examined and reported on by [\_\_\_\_], independent public accountants, as heretofore delivered to the Bank correctly and fairly present the financial condition of the Commission as of said dates and the results of the operations of the Commission for such period as of said dates, and have been prepared in accordance with generally accepted accounting principles applicable to governmental entities such as the City, consistently applied, except as stated in the notes thereto; and there has been no material adverse change in the condition, financial or otherwise, of the Commission since the date of preparation thereof (other than as disclosed in writing to the Bank), from that set forth in said financial statements as of, and for the period ended on, those dates.

(f) No Acceleration. As of the Closing Date, no Debt which is recourse to, or secured by, the Revenues (as that term is defined in the 1991 Master Resolution), or any portion thereof, of the Commission, other than Repayment Obligations, if any, in an amount in excess of \$15,000,000, which is currently outstanding, is subject to acceleration of the payment thereof

before the scheduled due date thereof at the direction or option of the holders of such Debt or any trustee for such holders.

(g) Disclosure. As of the Closing Date, (i) there is no event, fact or condition known to the Commission which the Commission has not disclosed to the Bank in writing which materially adversely affects the Commission and (ii) there is no event, fact or condition known to the Commission which the Commission has not disclosed to the Bank in writing which the Commission has determined is likely to materially adversely affect the ability of the Commission to perform its obligations hereunder.

(h) Security. There are no material Liens on the Net Revenues other than the Liens created by or pursuant to or otherwise permitted by the 1991 Master Resolution and this Agreement. The 1991 Master Resolution does not permit the issuance of any Debt secured by Net Revenues to rank senior to the Bonds. The 1991 Master Resolution requires the first use of Revenues to pay certain operation and maintenance expenses. Except as expressly provided in Section 5.07 hereof, the Lien on the Net Revenues securing the payment of principal of and interest on the Bonds ranks on a parity with the payment of principal of and interest on the Parity Bonds (including the Bonds) and is not subordinate to any payment secured by a Lien on the Net Revenues other than as permitted by the 1991 Master Resolution. The pledge of and lien on Net Revenues created by the 1991 Master Resolution and this Agreement are valid and binding on the Commission subject to and in accordance with the provisions of Section 5451 of the California Government Code. Amortization Payments and any other amounts due hereunder other than principal and interest on the Bonds are payable [from amounts available in the General Purpose Account]/[in the manner described in Section \_\_ of the Certificate of Additional Terms].

(i) Sovereign Immunity. The Commission is subject to claims and to suit for money damages in connection with or under this Agreement and the other Related Documents pursuant to and in accordance with the laws of the State applicable to municipal corporations, including Part 3 of Division 3.6 of Title 1 of the Government Code of the State of California. The Commission is a "local public entity" as defined in Section 900.4 of the Government Code of the State of California.

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

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

(l) Business of the Commission. The Commission is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of

purchasing or carrying any margin stock as defined in Regulation U of the Board of Governors of the Federal Reserve System.

(m) Event of Default. As of the Closing Date, no Event of Default has occurred and is continuing hereunder as of the date hereof.

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

(o) Incorporation of Representations. On the date of the execution of this Agreement, the Commission hereby makes to the Bank the same representations as were made by it in each Related Document to which it is a party and in the 1991 Master Resolution, which representations, together with the related definitions of terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and definition were set forth herein in its entirety. No amendment to such representations or definitions made pursuant to the relevant Related Documents, which amendment could have a material adverse effect on the Bank, shall be effective to amend such representations and definitions as incorporated by reference herein without the prior written consent of the Bank

(p) Regulations U and X. The Commission is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X issued by the Board of Governors of the Federal Reserve System); and no proceeds of the Bonds will be used to extend credit to others for the purpose of purchasing or carrying any margin stock, or for any other purpose that would violate Regulation U or X issued by the Board of Governors of the Federal Reserve System.

(q) Legislation; Referendum. As of the Closing Date, (i) there is no State or local referendum or initiative certified for the ballot, or Federal, State or local legislation enacted or introduced and passed out of at least one committee, that is known to the Commission, which the Commission has determined would materially and adversely affect the financial condition or business operations of the Commission, and (ii) no State or local referendum or initiative has passed and no Federal, State or local legislation has been enacted that is known to the Commission, which the Commission has determined would materially and adversely affect the validity or enforceability of this Agreement, or the power of the Commission to carry out the transactions contemplated hereby and thereby.

## ARTICLE V

### AFFIRMATIVE COVENANTS

Section 5.01. Financial Statements. The Commission shall keep proper books of record and account in which full, true and correct entries will be made of all dealings and transactions of or in relation to affairs, operations, transactions and activities of the Commission in accordance with generally accepted accounting principles applicable to governmental entities such as the City, consistently applied, and will furnish to the Bank a copy of each of the following:

(a) Within forty-five (45) days of its availability, and in any event within two hundred ten (210) days after the close of each Fiscal Year of the Commission, the Commission's annual report including the balance sheet as of the end of such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the preceding Fiscal Year, all in reasonable detail, certified by an independent certified public accountant as having been prepared in accordance with generally accepted accounting principles applicable to governmental entities such as the City, consistently applied, such audit having been conducted with generally accepted auditing standards;

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

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

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

(e) Within forty-five (45) days after the end of each fiscal quarter, a summary of the Commission's outstanding Interest Rate Swaps, including the notional amounts thereof, the rates payable thereunder, the terms thereof, and the current mark-to-market valuations thereof.

Section 5.02. Notice of Default. The Commission shall deliver to the Bank, immediately after the Commission shall have obtained knowledge of the occurrence of an Event of Default, the written statement of an authorized officer of the Commission setting forth the details of such Event of Default and the action which the Commission proposes to take with respect thereto.

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

Section 5.04. Compliance with Agreements. The Commission shall observe and perform all of its obligations under the 1991 Master Resolution and under this Agreement, the Bonds and the other Related Documents to which it is a party.

Section 5.05. Preservation of Existence. The Commission shall preserve and maintain its legal existence.

Section 5.06. Use of Proceeds. The Commission shall use the proceeds of the Bonds solely in accordance with the purposes set forth in the 1991 Master Resolution.

Section 5.07. Pledge of Net Revenues; Other Payments.

(a) The payment of principal of and interest on the Bonds (other than Amortization Payments) is secured by a pledge of, lien on and security interest in the Net Revenues on a parity with the pledge, lien and security interest securing the payment of principal of and interest on all previously issued Parity Bonds and any additional Parity Bonds hereafter issued.

(b) The Commission shall pay Amortization Payments and any other amounts due hereunder other than principal of and interest on the Bonds [from the amounts available in the General Purpose Account]/[in the manner described in Section \_\_\_ of the Certificate of Additional Terms].

Section 5.08. Litigation Notice. The Commission shall promptly give notice to the Bank of any action, suit or proceeding known to it at law or in equity or by or before any court, governmental instrumentality or other agency which, in the reasonable judgment of the Commission, if adversely determined, would materially impair the ability of the Commission to carry out its obligations under the Bonds, the 1991 Master Resolution, this Agreement, the Fee Agreement, or would materially adversely affect its assets or financial condition.

Section 5.09. Incorporation of Covenants. The covenants of the Commission set forth in Sections 2.11, 2.12, 6.04, 6.05, 6.06 and 6.07 of the 1991 Master Resolution are hereby incorporated by reference in this Agreement for the benefit of the Bank and other Bondholders. To the extent that any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion, report or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of this Agreement, such compliance shall be waived, or such provision shall be consented to, to the extent such waiver, acceptability or consent would have a material adverse effect on the rights, interests, security or remedies of the Bank hereunder, only if it is waived or consented to, as the case may be, by the Bank and such document, opinion, report or other instrument shall be reasonably acceptable or satisfactory to the Bank. No amendment to such covenants (or the defined terms relating thereto) made pursuant to the 1991 Master Resolution shall be effective to amend such incorporated covenants without the written consent of the Bank.

Section 5.10. No Preferential Treatment. In the event that the Commission has or shall, directly or indirectly, enter into or consent to any Bank Agreement which includes remedies not included in this Agreement (including the right to cause the related Debt, in an amount in excess of \$10,000,000 secured by Net Revenues on parity with the Bonds to become due and payable prior to its scheduled maturity), or covenants that are more restrictive as to the Commission than those contained in this Agreement, such remedies and covenants shall be deemed to be immediately incorporated herein and the Commission shall give prompt written notice thereof to the Bank and, upon the request of the Bank, shall enter into an amendment or amendments to this Agreement in form and substance reasonably satisfactory to the Commission and the Bank to incorporate such remedies and covenants to the extent applicable hereto; provided, however, that this Section 5.10 shall not apply to any greater rights or remedies contained in any

underwriting agreement for the initial purchase and sale of any bonds, notes, debentures or other evidences of indebtedness payable from Net Revenues; and provided, further, that this Section 5.10 shall not be construed to entitle the Bank to a pledge of, or lien on, any of the Net Revenues superior and prior to the pledge thereof and lien thereon provided to the Bank in Section 5.07 hereof on the Closing Date; *provided, further*, that the Bank shall have and maintain the benefit of such remedies and covenants even if the Commission fails to provide such amendment.

Section 5.11. Subsequent Documents and Instruments. The Commission shall execute and deliver to the Bank, upon the written request of the Bank, such documents and instruments as may be necessary or reasonably required by the Bank to enable the Bank to exercise and enforce its rights under this Agreement and to realize thereon, and to record and file or re-record and re-file such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or reasonably required by the Bank to validate, preserve and protect the rights of the Bank under this Agreement.

Section 5.12. Ratings. The Commission covenants that it shall maintain, at all times, at least one (1) long-term unenhanced rating from a Rating Agency on the Senior Lien Bonds of at least “BBB-” (or its equivalent) or “Baa3” (or its equivalent) by any Rating Agency.

## ARTICLE VI

### NEGATIVE COVENANTS

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

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

The Bank hereby consents to the amendments to the 1991 Master Resolution contained in the Twenty-First Supplemental Resolution, adopted by the Commission on October 3, 2017.

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

Section 6.04. Liens. Except as permitted by the 1991 Master Resolution, the Commission will not (a) issue any bonds, notes or other evidences of indebtedness of similar nature payable out of or secured by a security interest in or a pledge or assignment of the Net Revenues



pledged under the 1991 Master Resolution and held or set aside by the Commission thereunder, or (b) create or cause to be created any Lien on the Net Revenues, or such moneys, securities or funds.

Section 6.05. Immunities. To the fullest extent permitted by law, the Commission agrees not to assert the defense of sovereign immunity in any proceeding related to or arising out of its obligations under the 1991 Resolution, this Agreement or the other Related Documents.

## ARTICLE VII

### EVENTS DEFAULT; REMEDIES

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

(a) The Commission shall fail to pay (i) the principal of or interest on any of the Bonds when due and such failure continues for a period of one (1) Business Day, or (ii) any other Obligation when due and such failure continues for a period of three (3) Business Days; or

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

(c) (i) The Commission shall default in the due performance or observance of any term, covenant or agreement contained in Sections 5.05, 6.02, 6.04 or 6.07 hereof or Section 2.11 of the Master Bond Resolution; or (ii) the Commission shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement (other than those covered by clauses (a), (b) and (c)(i) of this Section 7.01) and such failure shall remain unremedied for a period of forty-five (45) days after the Bank shall have given the Commission written notice of such default; provided, that, so long as the Commission shall be proceeding with due diligence to remedy any default in the due performance or observance of such covenants which, if begun and prosecuted with due diligence, cannot be completed within a period of forty-five (45) days, then such 45-day period shall be extended to the extent as shall be necessary to enable the Commission to begin and complete the remedying of such default through the exercise of due diligence, but in no event for a period greater than one hundred twenty (120) days; or

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

(e) A proceeding is instituted against the City or the Commission in a court having jurisdiction over the City or the Commission, any of their activities or any of their properties seeking an order for rehabilitation, reorganization, conservation, liquidation or dissolution in respect of the City or the Commission under applicable law and such proceeding is not terminated for a period of sixty (60) consecutive days or such court enters an order granting the relief sought in such proceeding or the City or the Commission shall institute or take any

corporate action for the purposes of instituting any such proceeding; or the City or the Commission shall become insolvent or unable to pay their respective debts as they mature, or the City or the Commission shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the City or the Commission or for any substantial part of their respective properties, or shall make a general assignment for the benefit of creditors, or the City or the Commission shall fail generally to pay their respective debts or claims as they become due, or there shall be made a declaration of moratorium by a Governmental Authority of appropriate jurisdiction with respect to any debt of the City or the Commission or the City or the Commission shall take any corporate action in furtherance of any of the foregoing; or

(f) This Agreement or any provision hereof, at any time after the execution and delivery hereof, or the 1991 Master Resolution or any provision thereof shall, for any reason, cease to be valid and binding on the Commission or in full force and effect or shall be declared, in a final, non-appealable judgment, to be null and void, or the validity or enforceability of this Agreement, the 1991 Master Resolution or any provision thereof shall be contested (i) by the Commission or (ii) by any Governmental Authority having jurisdiction over the Commission, unless with respect to clause (ii) above, the same is being contested by the Commission in good faith and by appropriate proceedings; or the Commission shall deny that it has any or further liability or obligation under this Agreement or the 1991 Master Resolution; or

(g) From and after the Closing Date, final judgments and/or orders for the payment of money in excess of \$25,000,000 in aggregate (in excess of the coverage limits of any applicable insurance therefor) shall have been rendered against the Commission and be payable from Revenues and such judgments and/or orders shall not have been satisfied or paid when due under applicable law; or

(h) The Commission shall have defaulted in any material respect (i) in the payment of any Debt issued, assumed or guaranteed by the Commission that aggregates in excess of \$15,000,000 and has recourse to, or is secured by, the Revenues, or any portion thereof, or (ii) in the performance of any other obligation under any instrument under which any Debt is issued or secured by the Commission, which default causes such Debt to be amortized, prepaid, or redeemed over a shorter period of time than its original stated maturity; or

(i) Any payment default by the Commission under any Interest Rate Swap that causes a termination of the swap and gives rise to an obligation of the Commission to make a termination payment aggregating in excess of \$15,000,000; or

(j) The occurrence of any "event of default" (after giving effect to any applicable cure period) (i) under the 1991 Master Resolution or (ii) under any of the Related Documents other than this Agreement (which is not waived pursuant to the terms thereof) if the effect of such event is materially adverse to the Bank, in either case, which is not otherwise described in this Section 7.01.

Section 7.02. Remedies. Upon the occurrence of an Event of Default under Section 7.01 hereof, the Bank may, at the same or different times, so long as such Event of Default shall not have been remedied, take one or more of the actions specified in Section 7.03 of the 1991 Master Resolution entitled to be taken by holders of the Bonds.

## ARTICLE VIII

### MISCELLANEOUS

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

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

Section 8.03. Indemnification.

(a) To the extent permitted by law, the Commission agrees to indemnify and hold harmless the Bank from and against any and all claims, damages, losses, liabilities and reasonable costs or expenses (including reasonable attorney's fees and expenses) whatsoever which the Bank may incur (or which may be claimed against the Bank by any person or entity whatsoever) by reason of or in connection with (i) the validity, sufficiency or genuineness of the Related Documents or the 1991 Master Resolution; or (ii) the execution and delivery of this Agreement; provided, that the Commission shall be relieved of its obligation to so indemnify and hold harmless the Bank if and to the extent that any such claims, damages, losses, liabilities, or costs or expenses are a result of the Bank's gross negligence or willful misconduct.

(b) To the extent permitted by law, the Commission agrees to indemnify and hold harmless the Bank (on a net after tax basis) from any present or future claim or liability for stamp, transfer, documentary, excise or other similar tax and any penalties or interest with respect thereto, which may be assessed, levied or collected by any Governmental Authority in connection with the execution, delivery and performance of, or any payment made under, the 1991 Master Resolution, this Agreement, the Bonds and the other Related Documents or any amendment thereto.

(c) Promptly after receipt by an indemnified party of written notice of the filing of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the Commission under this Section 8.03, notify the Commission in writing of the filing or commencement thereof; but the omission to so notify the Commission shall not relieve the Commission of any liability which it may have to such indemnified party otherwise

than under this Section 8.03 unless the failure to give or delay in giving notice materially adversely affects the Commission. The indemnity agreements contained in this Section 8.03 shall survive the termination, expiration or cancellation of this Agreement. In case any such claim or action shall be brought against an indemnified party and the indemnified party shall notify the Commission of the filing or commencement thereof, the Commission shall be entitled to participate therein and, to the extent that it wishes, to assume the defense thereof, with counsel reasonably acceptable to the indemnified party. After timely written notice from the Commission to the indemnified party of its election to so assume the defense thereof, the Commission shall not be liable to the indemnified party under this Section 8.03 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, other than reasonable out-of-pocket costs of any investigation, so long as the Commission continues to diligently pursue such defense. However, any indemnified party shall have the right to select separate counsel to assert legal defenses that the indemnified party's counsel concludes may be different from or additional to those available to the Commission. In such event, the fees and expenses of such separate counsel for the indemnified party in defending such claim or action shall be borne by the Commission. In no event shall the Commission be liable for the fees and expenses of more than one such separate counsel for an indemnified party in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. Nothing in this Section 8.03 shall limit any of the Bank's rights or remedies under this Agreement or at law or in equity. The indemnity agreements contained in this Section 8.05 shall survive the termination, expiration or cancellation of this Agreement.

Section 8.04. Costs and Expenses. The Commission agrees to pay the reasonable out-of-pocket costs and expenses (including attorneys' fees and expenses) incurred by the Bank in connection with the occurrence of an Event of Default under this Agreement.

Section 8.05. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex or similar writing) or by telephone or facsimile (promptly confirmed in writing) and shall be given to such party, addressed to it, at its address or telephone or facsimile number set forth below or such other address or telephone or facsimile number as such party may hereafter specify for the purpose by notice to each other party. Each such notice, request or communication shall be effective (i) if given by mail, 10 days after such communication is deposited in the mail with first-class postage prepaid, addressed as aforesaid, (ii) if given by telephone or facsimile, when given by telephone or facsimile to the party at its telephone or facsimile number (if any) specified below or (iii) if given by any other means, when delivered at the address specified below:

<u>Party</u>	<u>Address</u>
Bank:	[BANK]
	_____
	Attention: _____
	Telephone: _____
	Facsimile: _____

Commission: San Francisco International Airport Commission  
Business and Finance Division  
International Terminal, Fifth Floor  
P.O. Box 8097  
San Francisco, CA 94128  
Attention: Capital Finance Director  
Telephone: 650-821-2888  
Facsimile: 650-821-2925

Trustee: The Bank of New York Mellon Trust Company, N.A.  
700 S. Flower St., Suite 500  
Los Angeles, CA 90071  
Attention: Corporate Trust Department  
Telephone: 213-630-6268  
Facsimile: 213-630-6215

Section 8.06. No Waiver; Remedies. No failure on the part of the Bank or the Commission to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 8.07. Successors and Assigns; Participation of Agreement.

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Commission, its successors, transferees and assigns and shall inure to the benefit of the Bondholders and their respective permitted successors, transferees and assigns. The Commission may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the non-assigning party. The Bank may, subject to subsection (b) and (c) hereof, and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Bonds and the Related Documents. Each Bondholder may at any time and from time to time enter into participation agreements in accordance with the provisions of subsection (d) of this Section 8.07. Each Bondholder may at any time pledge or assign a security interest in all or any portion of its rights or interests under the Bonds subject to the restrictions of subsection (e) of this Section 8.07.

(b) *Sales and Transfers by Bank to a Bank Transferee.* Without limitation of the foregoing generality, the Bank may at any time sell or otherwise transfer to one or more transferees all or a portion of the Bonds to a Person that is (i) an Affiliate of the Bank or (ii) a trust or other custodial arrangement established by the Bank or an Affiliate of the Bank, the owners of any beneficial interest in which are limited to "qualified institutional buyers" as defined in Rule 144A promulgated under the 1933 Act, or "accredited investors" as defined in Rule 501 of Regulation D under the 1933 Act (each, a "Bank Transferee") and such Bank Transferee executes and delivers an Investor Letter (as defined below) to the Commission. From and after the date of such sale or transfer, the Bank (and its successors) shall continue to have all of the rights of the Bank hereunder and under the other Related Documents as if no such transfer or sale had occurred; provided, however, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof

shall in any way affect the obligations of the Bank hereunder, (B) the Commission shall be required to deal only with the Bank with respect to any matters under this Agreement and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Bank shall be entitled to enforce the provisions of this Agreement against the Commission.

(c) *Sales and Transfers by Bondholder to a Non-Bank Transferee.* A Bondholder may at any time sell or otherwise transfer to one or more transferees which are not Bank Transferees but each of which constitutes a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act or an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act (each a “Non-Bank Transferee”) all or a portion of the Bonds if (A) written notice of such sale or transfer, including that such sale or transfer is to a Non-Bank Transferee, together with addresses and related information with respect to the Non-Bank Transferee, shall have been given to the Commission and the Bank (if different than the Bondholder) by such selling Bondholder and Non-Bank Transferee, and (B) the Non-Bank Transferee shall have delivered to the Commission and the selling Bondholder, an investment letter in substantially the form attached as Exhibit [ ] to the Certificate of Additional Terms (the “Investor Letter”).

From and after the date the Commission, the Trustee and the selling Bondholder have received written notice and a copy of any assignment or assumption of this Agreement and an executed Investor Letter, (A) the Non-Bank Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Bondholder hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Bank Transferee, and any reference to the assigning Bondholder hereunder and under the other Related Documents shall thereafter refer to such transferring Bondholder and to the Non-Bank Transferee to the extent of their respective interests, and (B) if the transferring Bondholder no longer owns any Bonds, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents.

(d) *Participations.* The Bondholder shall have the right to grant participations in all or a portion of such Bondholder’s interest in the Bonds, this Agreement and the other Related Documents to one or more other banking institutions; provided, however, that (i) no such participation by any such participant shall in any way affect the obligations of the Bank hereunder and (ii) the Commission shall be required to deal only with the Bank, with respect to any matters under this Agreement, the Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Commission.

(e) *Certain Pledges.* In addition to the rights of the Bank set forth above, the Bank may at any time pledge or grant a security interest in all or any portion of its rights or interests under the Bonds, this Agreement and/or the Related Documents to secure obligations of the Bank or an Affiliate of the Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; provided that no such pledge or assignment shall release the Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

Section 8.08. City Contracting Provisions. The Bank shall comply with the provisions set forth in Appendix A to this Agreement, which is incorporated in and made a part of this Agreement by this reference.

Section 8.09. Severability. Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction; *provided, however*, that the Commission and the Bank hereby agree to negotiate in good faith to replace the provision of the Agreement prohibited, deemed unenforceable or not authorized with a provision having substantially the same economic or legal effect and not prohibited, unenforceable or not authorized.

Section 8.10. Consent by the Bank. Except as otherwise expressly set forth herein to the contrary, if the consent, approval, satisfaction, determination, judgment, acceptance or similar action of the Bank shall be permitted or required pursuant to any provision hereof or any provision of any other agreement to which the Commission is a party and to which the Bank has succeeded hereto, such action shall be required to be in writing and may be withheld or denied by the Bank in its sole discretion.

Section 8.11. No Third Party Rights. Nothing expressed in or to be implied from this Agreement is intended to give, or shall be construed to give, any Person (including the Trustee), other than the parties hereto and their permitted successors and assigns, any benefit or legal or equitable right, remedy or claim under or by virtue of this Agreement.

Section 8.12. Governing Law; Waiver of Jury Trial. The obligations of the Bank under this Agreement shall be governed by, and construed in accordance with, the laws of the State of [New York] without giving effect to conflicts of laws provisions. The obligations of the Commission under this Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to conflicts of laws provisions. To the extent permitted by law, the parties hereto hereby waive their respective right to a trial by jury in connection with any litigation arising from or related to the obligations of the Commission or the Bank under this Agreement.

Section 8.13. Consent to Jurisdiction. Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the jurisdiction of the courts of the State of California and any appellate court from any thereof, and of the federal district courts which are located in the City and County of San Francisco, in any action or proceeding arising out of or relating to this Agreement and any other Related Document, or for recognition or enforcement of any judgment.

Section 8.14. Counterparts; Facsimile and Electronic Signatures. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a PDF copy attached, and any

printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

Section 8.15. Prior Agreements Superseded. This Agreement supersedes all prior undertaking and agreements, both written and oral, between the Commission and the Bank relating to the Bonds, including those contained in any commitment letter or term sheet between the Commission and the Bank.

Section 8.16. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 8.17. USA Patriot Act Notice. Bank hereby notifies the Commission that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107.56 (signed into law October 26, 2001)) (the "Patriot Act"), the Bank is required to obtain, verify and record information that identifies the Commission, which information includes the name and address of the Commission and other information that will allow the Bank to identify the Commission in accordance with the Patriot Act.

Section 8.18. OFAC. The Commission shall ensure that (i) no person who controls the Airport (being the Airport Director and members of the Commission) is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists identified by the Bank to the Commission that are maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury or included in any Executive Orders that prohibit or limit the Bank from making any advance or extension of credit to the Commission or from otherwise conducting business with the Commission, and (ii) the Bond proceeds shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto. The Commission agrees to provide documentary and other evidence of the Commission's identity as may be requested by the Bank at any time to enable the Bank to verify the Commission's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the Patriot Act.

Section 8.19. Assignment to Federal Reserve Bank. The Bank may assign and pledge all or any portion of the obligations owing to it hereunder or under the Bonds to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank; provided, that any payment in respect of such assigned obligations made by the Commission to the Bank in accordance with the terms of this Agreement shall satisfy the Commission's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 8.20. Right to Provide Copies of Agreement. The Bank acknowledges and agrees that the Commission (i) may provide a copy of this Agreement to any Person, including without limitation, rating agencies, financial advisors and others, and (ii) may post a copy of this Agreement to the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board.



Section 8.21. Cooperative Drafting. This Agreement has been drafted through a cooperative effort of the Commission and the Bank, and both the Commission and the Bank have had an opportunity to have the Agreement reviewed and revised by legal counsel. Neither the Commission nor the Bank shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

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

AIRPORT COMMISSION OF THE CITY AND  
COUNTY OF SAN FRANCISCO

By \_\_\_\_\_

Name: Ivar C. Satero

Title: Airport Director

APPROVED AS TO FORM  
DENNIS J. HERRERA, CITY ATTORNEY

\_\_\_\_\_  
[ ]  
Deputy City Attorney

[BANK]

By \_\_\_\_\_

Name:

Title:

## APPENDIX A

### CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Agreement as if set forth in the text thereof. Capitalized terms used but not defined in this Appendix shall have the meanings given in this Agreement.

1. *Nondiscrimination; Penalties.*

(a) *Nondiscrimination in Contracts.* The Bank shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. The Bank shall incorporate by reference in any subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require any subcontractors to comply with such provisions. The Bank is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

(b) *Nondiscrimination in the Provision of Employee Benefits.* San Francisco Administrative Code 12B.2. The Bank does not as of the date of this Agreement, and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the Commission elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

(c) *Condition to Contract.* As a condition to this Agreement, the Bank shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

2. *MacBride Principles—Northern Ireland.* The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Agreement. By entering into this Agreement, the Bank confirms that it has read and understood that the Commission urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

3. *Tropical Hardwood and Virgin Redwood Ban.* Under San Francisco Environment Code Section 804(b), the Commission urges the Bank not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

4. *Alcohol and Drug-Free Workplace.* The Commission reserves the right to deny access to, or require the Bank to remove from, City facilities personnel of the Bank who the Commission has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the City's ability to maintain safe work facilities or to protect

the health and well-being of City employees and the general public. The Commission shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

5. ***Compliance with Americans with Disabilities Act.*** The Bank shall provide the services specified in this Agreement in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

6. ***Sunshine Ordinance.*** The Bank acknowledges that this Agreement and all records related to its formation, the Bank's performance of services provided under this Agreement, and the Commission's payment are subject to the California Public Records Act, (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

7. ***Limitations on Contributions.*** By executing this Agreement, the Bank acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, 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 prohibition on contributions applies to each prospective party to the contract; each member of the Bank's board of directors; the Bank's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in the Bank; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Bank. The Bank must inform each such person of the limitation on contributions imposed by Section 1.126 and provide the names of the persons required to be informed to City.

8. ***Requiring Minimum Compensation for Covered Employees.*** The Bank shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P. The Bank is subject to the enforcement and penalty provisions in Chapter 12P. By entering into this Agreement, the Bank certifies that it is in compliance with Chapter 12P.

9. ***Requiring Health Benefits for Covered Employees.*** The Bank shall comply with San Francisco Administrative Code Chapter 12Q. The Bank shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. The Bank is subject to the enforcement and penalty provisions in Chapter 12Q.

10. ***Prohibition on Political Activity with City Funds.*** In performing the services provided under this Agreement, the Bank shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. The Bank is subject to the enforcement and penalty provisions in Chapter 12G.

11. ***Nondisclosure of Private, Proprietary or Confidential Information.*** If this Agreement requires the Commission to disclose "Private Information" to the Bank within the meaning of San Francisco Administrative Code Chapter 12M, the Bank shall use such information consistent with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the services provided under this Agreement. The Bank is subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of services provided under this Agreement, the Bank may have access to the City's proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to the Bank, such information must be held by the Bank in confidence and used only in performing this Agreement. The Bank shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

12. ***Consideration of Criminal History in Hiring and Employment Decisions.*** The 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. The text of Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. A partial listing of some of the Bank's obligations under Chapter 12T is set forth in this Section. The Bank is required to comply with all of the applicable provisions of Chapter 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.

The requirements of Chapter 12T shall only apply to the Bank's operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco which excludes Airport property. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

13. ***Airport Intellectual Property.*** Pursuant to Resolution No. 01-0118, adopted by the Commission on April 18, 2001, the Commission affirmed that it will not tolerate the unauthorized use of its intellectual property, including the SFO logo, CADD designs, and copyrighted publications. All proposers, bidders, contractors, tenants, permittees, and others doing business with or at the Airport (including subcontractors and subtenants) may not use the Airport

intellectual property, or any intellectual property confusingly similar to the Airport intellectual property, without the Airport Director's prior consent.

14. ***Submitting False Claims; Monetary Penalties.*** The full text of San Francisco Administrative Code § 21.35, including the enforcement and penalty provisions, is incorporated into this Agreement. Under 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. 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.

15. ***Conflict of Interest.*** By entering into this Agreement, the Bank certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 et seq.), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 et seq.), and further agrees promptly to notify the Commission if it becomes aware of any such fact during the term of this Agreement.

16. ***Food Service Waste Reduction Requirements.*** The Bank shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

17. ***Sugar-Sweetened Beverage Prohibition.*** The Bank agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Agreement.

18. ***Laws Incorporated by Reference.*** The full text of the laws listed in this Appendix A, including enforcement and penalty provisions, are incorporated into this Agreement by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Appendix A are available at [www.sfgov.org](http://www.sfgov.org) under "Open Gov."

**APPENDIX B**

**REQUEST FOR SUBSEQUENT INDEX INTEREST RATE PERIOD**

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 18-0109

**TWENTY-SECOND SUPPLEMENTAL RESOLUTION AMENDING AND SUPPLEMENTING  
PRIOR RESOLUTIONS TO AUTHORIZE AN ADDITIONAL \$2,620,000,000 AGGREGATE  
PRINCIPAL AMOUNT OF SAN FRANCISCO INTERNATIONAL AIRPORT SECOND SERIES  
REVENUE REFUNDING BONDS**

- 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, is herein called the "1991 Resolution"; and
- WHEREAS, the Commission, by the 1991 Resolution, has authorized the issuance, from time to time, of San Francisco International Airport Second Series Revenue Bonds (the "1991 Resolution Bonds") for any lawful purpose of the Commission, including for the purpose of refunding outstanding 1991 Resolution Bonds and subordinate obligations (the "Subordinate Bonds"); and
- WHEREAS, the Commission, pursuant to the 1991 Resolution and Resolution Nos. 98-0114, adopted on May 19, 1998; 02-0010, adopted on January 8, 2002; 03-0220, adopted on October 21, 2003; 04-0220, adopted on November 2, 2004; 05-0181, adopted on October 11, 2005; 08-0152, adopted on August 19, 2008; 10-0307, adopted on October 5, 2010; and 16-0025, adopted on January 19, 2016 (collectively, the "Commission Refunding Bond Resolutions"), has previously authorized the issuance of up to \$8,440,000,000 aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds (the "Refunding Bonds"), of which \$766,165,000 remains authorized but unissued; and
- WHEREAS, the Commission has determined that it is necessary and desirable to authorize the issuance of up to an additional \$2,620,000,000 aggregate principal amount of Refunding Bonds for the purpose of refunding outstanding 1991 Resolution Bonds and Subordinate Bonds and related obligations to (i) achieve debt service savings, and (ii) restructure and/or refinance such Bonds to address market and other conditions; and
- WHEREAS, the San Francisco Board of Supervisors (the "Board"), by its Resolution Nos. 583-98, 811-00, 113-02, 800-03, 733-04, 235-07, 471-08 and 50-11, approved the issuance of a total aggregate principal amount of not to exceed \$8,440,000,000 of Refunding Bonds, of which \$766,165,000 remains authorized but unissued; and
- WHEREAS, the Commission now desires to authorize the Secretary of the Commission to request the Board to approve an additional \$2,620,000,000 aggregate principal amount of Refunding Bonds; 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 1991 Resolution Bonds under the 1991 Resolution; now, therefore, be it



AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 18-0109

RESOLVED, by the Airport Commission of the City and County of San Francisco, as follows:

- Section 1. Increased Authorization. In accordance with Section 9.01(f) of the 1991 Resolution, the Commission does hereby authorize the issuance of an additional aggregate principal amount of not to exceed \$2,620,000,000 of Refunding Bonds for the purposes of refunding, paying, calling, and retiring a portion or all of the principal of and/or interest on one or more Series of outstanding 1991 Resolution Bonds and Subordinate Bonds, funding debt service reserves (including reserves currently funded with municipal bond insurance surety policies), and paying costs of issuance, including any redemption premiums, in connection therewith, subject to the approval by the Board of Supervisors of such additional aggregate principal amount of not to exceed \$2,620,000,000 of Refunding Bonds. Such additional Refunding Bonds shall be issued in an aggregate principal amount of up to \$2,620,000,000 and in such number of separate Series, and having such maturity dates, including a final maturity date, as the Commission shall determine.
- Section 2. Request for Board Approval. The Commission hereby authorizes and directs the Secretary of the Commission to request that the Board of Supervisors approve the issuance by the Commission of up to an additional \$2,620,000,000 aggregate principal amount of Refunding Bonds.
- Section 3. Request for Related Approvals. The Commission hereby authorizes and directs the Secretary of the Commission to request that the Board of Supervisors approve the execution of such related credit facility and other agreements, including bond insurance commitments, reserve fund surety policy commitments and agreements, letter of credit agreements, line of credit agreements, remarketing agreements, interest rate swap agreements, and/or investment agreements, the execution of which has previously been approved by the Commission, as the Airport Director shall determine is necessary or desirable in connection with the issuance of such Refunding Bonds.
- Section 4. Ratification of Prior Acts. The actions of the officers, employees, and agents of the Commission to carry out the intents and purposes of this Resolution taken prior to the adoption hereof by the Commission are ratified, approved, and confirmed.
- Section 5. 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 San Francisco International Airport ("Airport") management upon consultation with the Office of the City Attorney.
- Section 6. General Authorization. The Airport Director and the other officers, employees, and agents 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 transactions contemplated hereby.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO 18-0109

Section 7. Ratification of the Commission Refunding Bond Resolutions. The Commission Refunding Bond Resolutions are hereby ratified, approved, and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as amended and supplemented, including as amended and supplemented by this Resolution and by other applicable amendments to the 1991 Resolution adopted subsequent to the adoption of the Commission Refunding Bond Resolutions. Any provisions of the Commission Refunding Bond Resolutions inconsistent with the provisions of this Resolution are hereby repealed.

Section 8. Effectiveness. This Resolution shall become effective on and as of the date of adoption hereof.

Section 9. Severability. Should the application of any provision of this Resolution to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Resolution shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of this Resolution.

ADOPTED by the Airport Commission of the City and County of San Francisco this 24<sup>th</sup> day of April 2018, by the following vote:

Ayes: 5  
Noes: 0  
Absent: 0

[SEAL]

Approved as to Form:

DENNIS J. HERRERA  
City Attorney of the City and  
County of San Francisco

By: Brooke D. Abola  
Brooke D. Abola  
Deputy City Attorney

*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of* APR 24 2018



San Francisco International Airport

**MEMORANDUM**

April 24, 2018

TO: AIRPORT COMMISSION  
Hon. Larry Mazzola, President  
Hon. Linda S. Crayton, Vice President  
Hon. Eleanor Johns  
Hon. Richard J. Guggenlime  
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Adoption of the Twenty-Second Supplemental Resolution Amending and Supplementing Prior Resolutions to Authorize an Additional \$2.62 Billion Aggregate Principal Amount of San Francisco International Airport Second Series Revenue Refunding Bonds

DIRECTOR'S RECOMMENDATION: ADOPT THE TWENTY-SECOND SUPPLEMENTAL RESOLUTION AMENDING AND SUPPLEMENTING PRIOR RESOLUTIONS TO AUTHORIZE AN ADDITIONAL \$2.62 BILLION AGGREGATE PRINCIPAL AMOUNT OF SAN FRANCISCO INTERNATIONAL AIRPORT SECOND SERIES REVENUE REFUNDING BONDS.

**Executive Summary**

The proposed Twenty-Second Supplemental Resolution authorizes the issuance of an additional \$2.62 billion aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds ("Refunding Bonds") to refinance outstanding Airport bonds. The requested authority, together with existing but unused authority, would allow the Airport to generate net present value savings, restructure debt service, or convert bonds from or to a variable or fixed interest rate structure that would be beneficial to the Airport Commission (the "Commission"). The attached Resolution supplements and amends several prior Resolutions that authorized the issuance of up to \$8.44 billion of Refunding Bonds.

The Airport's Financial Advisory Committee has reviewed and concurs with this proposed increase.

**Twenty-Second Supplemental Resolution**

The Commission issues its Refunding Bonds under its 1991 Master Bond Resolution No. 91-0210 (the "1991 Master Resolution"), adopted on December 3, 1991, as supplemented and amended. The Commission and the San Francisco Board of Supervisors (the "Board") have previously approved the issuance of Refunding Bonds in aggregate principal amount of \$8.44 billion, of which approximately \$766.17 million remains authorized but unissued.

If adopted, the Twenty-Second Supplemental Resolution will increase the aggregate principal amount of Refunding Bonds issuance authority to \$11.06 billion, of which approximately \$3.39 billion will be authorized but unissued.

THIS PRINT COVERS CALENDAR ITEM NO. 4

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

MARK FARRELL LARRY MAZZOLA LINDA S. CRAYTON ELEANOR JOHNS RICHARD J. GUGGENHIME PETER A. STERN IVAR C. SATERO  
MAYOR PRESIDENT VICE PRESIDENT AIRPORT DIRECTOR

Proposed Refunding Bond Authorization  
(\$ in Millions)

Remaining Authorization	\$766
Proposed Increase	<u>2,620</u>
Amended Remaining Authorization	<u>\$3,386</u>

The Commission currently has approximately \$5.76 billion principal amount of bonds outstanding, including commercial paper notes. The approvals in this Resolution are intended to establish a refinancing mechanism for outstanding bonds, whether to generate savings or restructure debt, in accordance with the Commission's Debt Policy. The Refunding Bonds may be issued as fixed rate, variable rate, or index rate bonds in accordance with the terms of the 1991 Master Resolution.

Section 5852.1 of the California Government Code was enacted in 2017 and took effect on January 1, 2018. It requires that certain information as to the full long-term cost of borrowing be disclosed to a governing body prior to its authorization of issuance of bonds. The information in Attachment A has been provided by the Airport's financial advisors as a good faith estimate for the potential sale of up to \$2.62 billion in Refunding Bonds.

**Request to the Board of Supervisors**

To date, the Commission and the Board have authorized the issuance of \$8.44 billion in Refunding Bonds. If the Twenty-Second Supplemental Resolution is adopted by the Commission, I will similarly request that the Board approve the issuance of an additional \$2.62 billion aggregate principal amount of Refunding Bonds.

**Recommendation**

I recommend that this Commission adopt the attached Resolution, which amends prior Resolutions to authorize up to an additional \$2.62 billion aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds to refund outstanding Airport bonds and related actions. I further recommend that this Commission authorize the Secretary of the Commission to seek approval from the San Francisco Board of Supervisors of the issuance of up to an additional \$2.62 billion aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds and related actions.

  
Ivar C. Satero  
Airport Director

Prepared by: Leo Fermin  
Chief Business & Finance Officer

Attachments

## ATTACHMENT A

Pursuant to Section 5852.1 of the California Government Code, which requires that certain information as to the full long-term cost of borrowing be disclosed to a governing body prior to its authorization of issuance of bonds, the good faith estimate provided by the Airport's financial advisors for the proposed sale of up to \$2.62 billion in Refunding Bonds is as follows:

- (1) The true interest cost is estimated at 4.08%<sup>1</sup>.
- (2) The sum of all cost of issuance fees and underwriter's discount is estimated at approximately \$20.59 million.
- (3) Taking into account the cost of issuance and underwriter's discount, the net bond proceeds is estimated at \$2.60 billion, all of which would be used to refinance outstanding bonds or commercial paper notes.
- (4) Over the 18-year<sup>1</sup> life of \$2.62 billion in bonds sold, the good faith estimate of total principal and interest payments the Commission will make is estimated at \$3.55 billion.

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<sup>1</sup> Average across five Refunding Bonds transactions

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 18-0110

**AUTHORIZATION AND APPROVAL OF THE EXECUTION AND DELIVERY OF CONTINUING COVENANT AGREEMENTS WITH RESPECT TO BONDS OF THE SAN FRANCISCO INTERNATIONAL AIRPORT, AND CERTAIN RELATED ACTIONS**

- 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, is herein called the "1991 Master Resolution"; and
- WHEREAS, the Commission, by its 1991 Master Resolution, has authorized the issuance, from time to time, of San Francisco International Airport Second Series Revenue Bonds (the "Bonds") for any lawful purpose of the Commission; and
- WHEREAS, the Commission has determined that it may be necessary or desirable to negotiate with one or more commercial banks or other similar investors (each a "Bank") to directly purchase one or more future series of Bonds (each a "Direct Purchase Transaction"); and
- WHEREAS, in connection with any future Direct Purchase Transaction, it may be necessary or desirable for the Commission to enter into a Continuing Covenant Agreement or similar agreement with a Bank ("Continuing Covenant Agreement"); and
- WHEREAS, a form of Continuing Covenant Agreement is on file with the Secretary of the Commission, and the Commission desires to approve the form of such document; and
- WHEREAS, it may be in the best interests of the Commission to provide that Bonds sold in a Direct Purchase Transaction shall, under certain circumstances, be subject to mandatory redemption prior to their stated maturity dates, and that such redemption payments shall be made in whole or in part on a basis subordinate to the repayment of Bonds and/or other Commission obligations; now, therefore, be it
- RESOLVED, that the foregoing recitals are true and correct, and the Airport Commission hereby so finds and determines; and, be it further
- RESOLVED, that, in connection with any future Direct Purchase Transaction that is authorized by the Airport Commission, following the approval of the form of Continuing Covenant Agreement by the San Francisco Board of Supervisors, the Airport Director is authorized to execute and deliver one or more Continuing Covenant Agreements with one or more Banks in substantially the form on file with the Secretary of the Commission, with such changes thereto as may be approved by the Airport Director, upon consultation with the City Attorney, such approval to be evidenced conclusively by the execution and delivery of each such Continuing Covenant Agreement; and, be it further

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO 18-0110

RESOLVED, that the Airport Director and the other officers, agents, and employees of the Commission are hereby authorized to execute and deliver 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 transactions contemplated hereby, including a Certificate of Additional Terms, supplemental trust agreement or similar document that provides that Bonds sold in a Direct Purchase Transaction shall, under certain circumstances, be subject to mandatory redemption prior to their stated maturity dates, and that such redemption payments shall be made in whole or in part on a basis subordinate to the repayment of Bonds and/or other Commission obligations; and, be it further

RESOLVED, that the Airport Commission hereby authorizes and directs the Secretary of the Commission to request that the San Francisco Board of Supervisors approve the execution and delivery of the agreements approved herein.

ADOPTED by the Airport Commission of the City and County of San Francisco this 24<sup>th</sup> day of April 2018, by the following vote:

Ayes: 5  
Noes: 0  
Absent: 0

Page 2 of 2

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

APR 24 2018

Jean Cammatti  
Secretary



San Francisco International Airport

MEMORANDUM

April 24, 2018

TO: AIRPORT COMMISSION  
Hon. Larry Mazzola, President  
Hon. Linda S. Crayton, Vice President  
Hon. Eleanor Johns  
Hon. Richard J. Guggenhime  
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Authorization and Approval of the Execution and Delivery of Continuing Covenant Agreements with Respect to Bonds of the San Francisco International Airport, and Certain Related Actions

DIRECTOR'S RECOMMENDATION: ADOPT RESOLUTION AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF CONTINUING COVENANT AGREEMENTS WITH RESPECT TO AIRPORT BONDS, AND CERTAIN RELATED ACTIONS.

Executive Summary

The attached Resolution approves a form of Continuing Covenant Agreement (the "Agreement"). The Airport Commission (the "Commission") would enter into this Agreement with a commercial bank or other similar investor in connection with the private placement (also known as the "direct purchase") of bonds. Under certain circumstances, private placements could save time and expenses compared to traditional, publicly-offered bond sales providing an additional tool that could be beneficial to the Commission in financing its capital program. The San Francisco Board of Supervisors' approval of the Agreement is also required.

The Airport's Financial Advisory Committee has reviewed and concurs with this proposed financing tool.

Background

Prior to 1986, it was common to privately place tax-exempt bonds with banks. The Tax Reform Act of 1986 made it less attractive for commercial banks to hold tax-exempt bonds and private placements became less common. However, this trend has reversed in recent years due to reduced opportunities in traditional lending and changes in the regulatory environment.

Continuing Covenant Agreement

The Agreement provides another mechanism for the financing of Airport capital projects, which would supplement the Commission's current ability to sell bonds, through a public offering on a negotiated or competitive basis. Privately-placed bonds sold through the Agreement, with terms ranging from one to

THIS PRINT COVERS CALENDAR ITEM NO. 5

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

MARK FARRELL MAYOR    LARRY MAZZOLA PRESIDENT    LINDA S. CRAYTON VICE PRESIDENT    ELEANOR JOHNS    RICHARD J. GUGGENHIME    PETER A. STERN    IVAR C. SATERO AIRPORT DIRECTOR



twenty years, may be structured at a fixed or variable interest rate, and regularly-scheduled principal and interest payments would be secured on the same priority level as other senior bonds. Under certain circumstances, the Commission may structure the privately-placed bonds with a mandatory redemption prior to the bonds maturity, and the redemption payments will be made entirely or partly on a basis subordinate to the repayment of other senior bonds.

Below is a summary of the advantages of a private placement when compared to traditional, publicly-offered bond sales:

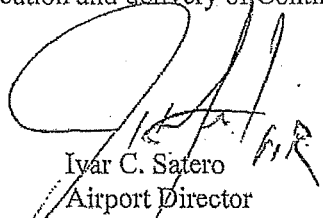
- No requirement for Notice of Sale or Bond Purchase Agreement
- No requirement for underwriter
- No requirement for Preliminary Official Statement or Final Official Statement
- No requirement for bond rating
- Flexible requirement on debt service reserve

In addition to the lower costs of issuance, these advantages would allow the Commission to react more quickly to changes in market conditions. A traditional bond issue takes up to four months to complete. A direct purchase transaction could be completed in as little as two months. This could also help mitigate market risk in today's rising interest rate environment.

By Resolution No. 17-0002, adopted on January 17, 2017, the Commission established a two-year pool of pre-qualified banks interested in making a direct purchase of the Commission's bonds (the "Pool"). In the event that the Commission would like to consider a direct purchase for a specific bond sale, a mini request for proposals process would be used to select a specific institution from the Pool (or any successor pre-qualified pool). Within the framework of the proposed form of Agreement, certain terms are subject to negotiation between the selected institution and the Commission. In evaluating whether to utilize a direct purchase or a publicly-offered bond sale, staff and the Airport's financial advisors would compare economic terms, legal covenants, and financial structure before proceeding. This Agreement would only be executed in connection with a bond sale that has been authorized by the Commission as a direct purchase transaction.

### Recommendation

I recommend that this Commission adopt the attached Resolution authorizing and approving the execution and delivery of Continuing Covenant Agreements and certain related actions. I further recommend that this Commission authorize the Secretary of the Commission to seek approval from the San Francisco Board of Supervisors to authorize and approve the execution and delivery of Continuing Covenant Agreements and certain related actions.



Ivar C. Satero  
Airport Director

Prepared by: Leo Fermin  
Chief Business & Finance Officer

Attachment

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 17-0002

**ESTABLISHMENT OF A POOL OF PRE-QUALIFIED FINANCIAL INSTITUTIONS TO PROVIDE LETTERS OF CREDIT AND OTHER TYPES OF LIQUIDITY AND CREDIT SUPPORT FOR THE AIRPORT COMMISSION'S BONDS AND COMMERCIAL PAPER NOTES**

WHEREAS, on October 5, 2010, the Commission duly adopted Resolution No. 10-0307, confirming prior "credit facility" resolutions which authorized various types of credit facilities to support the Commission's variable rate bonds and commercial paper program (including, without limitation, letters of credit, standby bond purchase agreements, direct purchases of bonds and other types of liquidity and credit enhancement), and permitted the Airport Director to execute and deliver credit agreements in the forms previously approved by the Commission; and

WHEREAS, on August 9, 2016, the Commission duly adopted Resolution No. 16-0220, authorizing the Airport Director to issue a Request for Qualifications ("RFQ") for a pool (the "Pool") of pre-qualified firms to provide letters of credit and other credit facilities in connection with the Commission's bonds and notes; and

WHEREAS, on December 6, 2016, the Airport Director issued RFQ No. 50094 for liquidity and credit facilities and received responses from 18 firms that meet the Commission's requirements; and now, therefore, be it

RESOLVED, that this Commission establishes a Pool of pre-qualified commercial banks and financial institutions to provide credit facilities as follows:

- |  |   |
|--|---|
| 1. Bank of America, N.A.                   | 10. Morgan Stanley Bank, N.A.           |
| 2. Bank of China                           | 11. MUFG Union Bank, N.A.               |
| 3. Bank of the West                        | 12. PNC Bank, N.A.                      |
| 4. Bank of Tokyo-Mitsubishi UFJ, Ltd.      | 13. Royal Bank of Canada                |
| 5. Barclays Bank PLC                       | 14. State Street Bank and Trust Company |
| 6. Citibank, N.A.                          | 15. Sumitomo Mitsui Banking Corporation |
| 7. Industrial and Commercial Bank of China | 16. TD Bank, N.A.                       |
| 8. J.P. Morgan Chase Bank, N.A.            | 17. U.S. Bank, N.A.                     |
| 9. Mizuho Bank, LTD                        | 18. Wells Fargo Bank, N.A.              |

and, be it further

RESOLVED, that said Pool shall remain effective for at least two years after its initial establishment, or such longer period as may be permitted by the Charter and Ordinances of the City; and, be it further

RESOLVED, that this Commission authorizes the Airport Director to accept submissions from firms during the life of the Pool and, in cases where firms meet the requirements of the RFQ, to return to the Commission to add qualified firms to the Pool; and, be it further

RESOLVED, that this Commission authorizes the Airport Director to solicit proposals from firms in the Pool and conduct contract negotiations as necessary or appropriate for one or more credit or liquidity facilities with those firm(s) proposing the most favorable terms and return to the Commission to approve the award of each contract.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of*

JAN 17 2017

810

*San Camatti*  
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-0307

BOND RESOLUTION CONFIRMING AND EXTENDING PRIOR COMMISSION RESOLUTIONS REGARDING THE AIRPORT'S BONDS AND SUBORDINATE BONDS, AUTHORIZING BOND TO FINANCE OR REFINANCE THE AIRPORT FUEL SYSTEM LEASED TO SFO FUEL COMPANY LLC, AND AUTHORIZING CERTAIN OTHER DEBT-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 supplemented and amended, is herein called the "1991 Resolution"); and
- WHEREAS, the Commission, by the 1991 Resolution, has authorized the issuance from time to time of San Francisco International Airport Second Series Revenue Bonds (the "1991 Resolution Bonds") for any lawful purpose of the Commission; and
- WHEREAS, the Commission has previously authorized the issuance from time to time of 1991 Resolution Bonds for various purposes and with various terms pursuant to resolutions which supplement the 1991 Resolution, and now desires to ratify, approve and confirm such resolutions and the authorizations therein; 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, each additional series of 1991 Resolution Bonds under the 1991 Resolution;
- WHEREAS, the Commission, on May 20, 1997, duly adopted its Resolution No. 97-0146, providing for the issuance of San Francisco International Airport Subordinate Revenue Bonds, (which Resolution, as supplemented and amended, is herein called the "1997 Resolution"); and
- WHEREAS, the Commission, by the 1997 Resolution, has authorized the issuance from time to time of bonds, including commercial paper notes, on a basis subordinate to the 1991 Resolution Bonds (the "Subordinate Bonds") for any lawful purpose of the Commission; and
- WHEREAS, the Commission, by Resolution No. 97-0147, as supplemented and amended, including as amended and restated by Resolution No. 09-0088, adopted by the Commission on May 5, 2009, has previously authorized the issuance of Subordinate Bonds in the form of commercial paper notes in an aggregate principal amount of not to exceed \$400,000,000 for the purposes of funding lawful expenditures of the Airport, and now desires to ratify, approve and confirm such resolutions and the authorizations therein; and

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 10-0307

WHEREAS, the Commission has previously authorized the execution and delivery of certain agreements related to the 1991 Resolution Bonds and the Subordinate Bonds, and further desires to ratify, approve and confirm such other authorizations; and

WHEREAS, the Commission has previously authorized the issuance of certain special facilities revenue bonds for the benefit of SFO FUEL Company LLC (the "Special Facilities Bonds"), and now desires to authorize the issuance of additional such Special Facilities Bonds to refund the outstanding bonds and for other lawful purposes; now, therefore be it,

RESOLVED, that this Commission authorize the following:

Section 1. Defined Terms. Capitalized terms used but not otherwise defined in this Resolution shall have the meanings set forth in the 1991 Resolution. The resolutions ratified, approved and confirmed by this Resolution are referred to herein collectively as the "Ratified Resolutions." The 1991 Resolution Bonds, the Subordinate Bonds and the Special Facilities Bonds are collectively referred to herein as the "Bonds."

Section 2. Capital Plan Bonds. The Commission, by Resolution No. 08-0035, adopted on February 19, 2008, and Resolution No. 09-0137 adopted on June 2, 2009, respectively (collectively, as supplemented and amended, the "Capital Plan Bond Resolutions"), authorized the issuance of up to \$718,000,000 aggregate principal amount of Capital Plan Bonds for the purposes set forth therein. The Commission has previously issued \$614,260,000 of such Capital Plan Bonds, and \$103,740,000 remains authorized but unissued. The Commission ratifies, approves and confirms the Capital Plan Bond Resolutions and such remaining authorization, and such resolutions shall remain in full force and effect except as modified by this Resolution.

Section 3. Refunding Bonds. The Commission, by Resolution No. 98-0114, adopted on May 19, 1998, as supplemented and amended (the "Seventh Supplemental Resolution"), including by Resolution No. 02-0010, adopted on January 8, 2002 (the "Tenth Supplemental Resolution"), Resolution No. 03-0220, adopted on October 21, 2003 (the "Eleventh Supplemental Resolution"), Resolution No. 04-0220, adopted on November 2, 2004 (the "Twelfth Supplemental Resolution"), Resolution No. 05-183, adopted on October 11, 2005 (as amended by its Resolution No. 07-0043, adopted on February 20, 2007), Resolution No. 08-0152, adopted on August 19, 2008 (the "Fourteenth Supplemental Resolution,"), and Resolution No. 08-0185, adopted on October 7, 2008 (each as supplemented and amended collectively, the "Refunding Bond Resolutions"), authorized the issuance of Refunding Bonds in various principal amounts, of which \$997,345,000 remains authorized but unissued. The Commission ratifies, approves and confirms the Refunding Bond Resolutions and such remaining authorization, and such resolutions shall remain in full force and

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-0307

effect except as modified by this Resolution. The Commission increases such unissued authorization by \$1.6 billion to \$2,597,345,000.

Section 4. Tender Refunding Bonds. The Commission, by Resolution No. 09-0087, adopted on May 5, 2009 (the "Tender Bonds Resolution"), authorized the issuance of up to \$600,000,000 aggregate principal amount of Tender Refunding Bonds pursuant to the Refunding Bonds Resolutions, of which \$467,085,000 remains authorized but unissued. The Commission ratifies, approves and confirms the Tender Bonds Resolution and such remaining authorization, and such resolutions shall remain in full force and effect except as modified by this Resolution. Refunding Bonds authorized to be issued under any other Resolution may be issued under and pursuant to the Tender Bonds Resolution.

Section 5. Variable Rate Bonds.

(a) AMT Conversions. The Commission, by Resolution No. 09-0059, adopted on March 31, 2009 (as supplemented and amended, the "Variable Rate Refinancing Resolution"), authorized the issuance of up to \$550,000,000 aggregate principal amount of Variable Rate Bonds for the purpose of converting the interest on outstanding Variable Rate Bonds from rates which are subject to the alternative minimum tax to rates which are not, of which \$20,150,000 remains authorized but unissued. The Commission ratifies, approves and confirms the Variable Rate Refinancing Resolution and such remaining authorization, and such resolutions shall remain in full force and effect except as modified by this Resolution.

1991 Resolution Bonds authorized to be issued under any other Resolution may be issued under and pursuant to the Variable Rate Refinancing Resolution.

(b) Interest Period and Mode Changes. The Airport Director, for and on behalf of and in the name of the Commission, is authorized and directed to execute and deliver such documents and take such actions as may be necessary or desirable and in the best interests of the Airport and not otherwise inconsistent with the purposes of this Resolution and the adopted policies of the Commission to change, from time to time, the Interest Period or Mode on all or any portion of outstanding Variable Rate Bonds to any other Interest Period or Mode permitted under the 1991 Resolution, and to cause the remarketing of such outstanding Variable Rate Bonds in the new Interest Period or Mode. In connection therewith the Airport Director is authorized, for an on behalf of and in the name of the Commission, to makes such changes to the terms of such Variable Rate Bonds as the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, may deem necessary or desirable and in the best interests of the Airport, including without limitation to the terms of any debt service reserve account which secures such Variable Rate Bonds.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-0307

Such remarketings shall not constitute a refunding of such Variable Rate Bonds for purposes of this Resolution or the Ratified Resolutions, nor shall it constitute a new "issue" of 1991 Resolution Bonds for purposes of the Charter.

Section 6. Bond Anticipation Notes. The Commission, by Resolution No. 9-0138, adopted on June 2, 2009 (as supplemented and amended, the "BANs Resolutions"), authorized the issuance of up to \$400,000,000 aggregate principal amount of 1991 Resolution Bonds as Bond Anticipation Notes to provide interim financing in lieu of or in addition to the Airport's Commercial Paper program, of which \$400,000,000 remains authorized but unissued. The Commission ratifies, approves and confirms the BANs Resolution and such remaining authorization, and such resolution shall remain in full force and effect except as modified by this Resolution. 1991 Resolution Bonds authorized to be issued under any other Resolution may be issued under and pursuant to the BANs Resolution.

Section 7. Terms of 1991 Resolution Bonds. Anything in the 1991 Resolution to the contrary notwithstanding, 1991 Resolution Bonds, including without limitation the Capital Plan Bonds, the Refunding Bonds, the Tender Refunding Bonds, Variable Rate Bonds, BANs and the Infrastructure Bonds, may be issued as either fixed rate or variable rate bonds pursuant to the Infrastructure Bonds Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution or the Eleventh Supplemental Resolution, as appropriate; in such Series and sub-Series and with such reserve account requirements, if any, as the Airport Director shall determine; *provided, however*, that (i) no 1991 Resolution Bond shall bear interest at a rate in excess of (A) eighteen percent (18%) per annum if issued as a Variable Rate Bond (other than any such 1991 Resolution Bonds held by a Credit Provider or Liquidity Provider), (B) sixteen percent (16%) per annum if issued as taxable fixed rate 1991 Resolution Bonds, or (C) twelve percent (12%) per annum if issued as tax-exempt fixed rate 1991 Resolution Bonds; (ii) the final maturity of any 1991 Resolution Bond shall not be later than forty (40) years from the date of issuance thereof; and (iii) the maturity schedule for each Series thereof shall not result in an increase in aggregate Annual Debt Service of more than the greater of ten percent (10%) or \$35,000,000 in any Fiscal Year unless the Airport Director determines, upon consultation with the Commission's financial advisors, that it is necessary or desirable and in the best interests of the Airport to do so. Unless otherwise determined by the Airport Director, any Series and sub-Series of 1991 Resolution Bonds sold and/or issued and delivered on the same date shall constitute part of the same "issue" for purposes of the Charter.

Section 8. Subordinate Bonds – Commercial Paper Notes. The Commission, by Resolution No. 09-0088, adopted on May 5, 2009, under and pursuant to Resolution No. 97-0146, adopted on May 20, 1997, as supplemented and amended, including

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RESOLUTION NO. 10-0307

without limitation by Resolution No. 97-0148, adopted on May 20, 1997, Resolution No. 99-0299, adopted on September 21, 1999, Resolution No. 99-0300, adopted on September 21, 1999, and Resolution No. 09-0088, adopted by the Commission on May 5, 2009, (collectively, the "Commercial Paper Resolutions") authorized the issuance and reissuance from time to time of up to \$400,000,000 aggregate principal amount of Subordinate Bonds in the form of Commercial Paper for the purposes of financing and refinancing various Airport expenditures. The Commission ratifies, approves and confirms the Commercial Paper Resolutions and such authorizations, and such resolutions shall remain in full force and effect except as modified by this Resolution.

Section 9. Credit and Liquidity Facilities. The Commission, by Resolution No. 09-0089, adopted on May 5, 2009 (the "Credit Facilities Resolution"), the Commission authorized the Airport Director to obtain certain credit and liquidity facilities with respect to 1991 Resolution Bonds and Subordinate Bonds, including without limitation the Commercial Paper Notes. The Commission ratifies, confirms and approves the Credit Facilities Resolution, and such resolution shall remain in full force and effect except as modified by this Resolution.

(a) Standby Bond Purchase Agreements. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to select one or more banks or other financial institutions, including private or governmental entities, whose ratings shall be in the three highest ratings categories (without regard to subcategories) of at least two Ratings Agencies ("Banks") to provide one or more Standby Bond Purchase Agreements ("Standby BPAs") to pay or secure the payment of the principal and/or purchase price of and interest and/or redemption premium on 1991 Resolution Bonds or Subordinate Bonds. The Airport Director, for and on behalf of and in the name of the Commission, is further authorized to execute and deliver one or more Standby BPAs with such Banks in substantially the form presented to and on file with the Secretary of the Commission, with such changes thereto as may be approved by the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be evidenced conclusively by the execution and delivery of such Agreements.

(b) Letters of Credit. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to select one or more Banks to provide one or more Letters of Credit ("LOCs") to pay and/or secure the payment of the principal and/or purchase price of an interest and/or redemption premium on 1991 Resolution Bonds or Subordinate Bonds. The Airport Director, for and on behalf of and in the name of the Commission, is further authorized to execute and deliver one or more LOC Agreements with such Banks in substantially the form presented to and on file with the Secretary of the Commission, with such changes thereto as may be approved by

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the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be evidenced conclusively by the execution and delivery of such Agreements.

(c) Bond Insurance. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to select one or more Bond Insurers whose ratings shall be in the three highest ratings categories (without regard to subcategories) of at least two Ratings Agencies to provide Bond Insurance to secure the payment of the principal and/or purchase price of and interest and/or redemption premium on 1991 Resolution Bonds or Subordinate Bonds. The Airport Director, for and on behalf of and in the name of the Commission, is further authorized to execute and deliver one or more commitments or other agreements with such Bond Insurers in such form as may be approved by the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be evidenced conclusively by the execution and delivery of such Agreements.

(d) Reserve Account Surety Agreements. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to select one or more Bond Insurers to fund up to the amount required to be deposited in the applicable reserve account with respect to any 1991 Resolution Bonds or Subordinate Bonds. The Airport Director, for and on behalf of and in the name of the Commission, is further authorized to execute and deliver one or more reserve account surety bonds or insurance policies ("Surety Agreements") in substantially the form presented to and on file with the Secretary of the Commission, with such changes thereto as may be approved by the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be evidenced conclusively by the execution and delivery of such Agreements.

Section 10. Disclosure Documents. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to cause the preparation of one or more preliminary, final and supplemental Official Statements, Offering Memoranda, Private Placement Memoranda or other disclosure documents, and amendments and supplements thereto (collectively, "Disclosure Documents"), with respect to the issuance, sale, and remarketing from time to time of 1991 Resolution Bonds and Subordinate Bonds. The underwriters, placement agents, remarketing agents, dealers and other similar parties are authorized to distribute such Disclosure Documents as the Airport Director may approve upon consultation with the City Attorney, the Airport's financial advisors, disclosure counsel and bond counsel, such approval to be evidenced conclusively by the delivery of such Disclosure Documents. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to certify that each Disclosure Document is, as of its date, "deemed final" by the Commission within the meaning of and to the extent required by Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12").



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Section 11. Continuing Disclosure.

(a) Agreements. The Airport Director, for and on behalf of and in the name of the Commission, is further authorized to certify and agree on behalf of the Commission to provide certain financial information and operating data of the Commission annually and notices of certain events, if material, pursuant to Rule 15c2-12(b)(5) (unless an exemption from the Rule applies) and to execute and deliver one or more continuing disclosure certificates or agreements for the benefit of the underwriters and the holders and beneficial owners of the 1991 Resolution Bonds, Subordinate Bonds and Special Facilities Bonds in such forms as shall be approved by the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors, disclosure counsel and bond counsel, such approval to be conclusively evidenced by the execution and delivery of such certificate or agreement.

(b) Remedies. The Commission covenants and agrees for the benefit of the underwriters, purchasers and holders from time to time of its 1991 Resolution Bonds, Subordinate Bonds and Special Facilities Bonds, respectively, to comply with and carry out all of the provisions of any continuing disclosure certificate or agreement executed and delivered in connection with the issuance thereof, as it may be amended from time to time in accordance with its terms; *provided*, that failure of the Commission to comply with any Continuing Disclosure Agreement shall not be considered an Event of Default with respect to the related Bonds; *provided, however*, that the trustee, fiscal agent, dissemination agent or other similar third party may (and at the written request of the holders of at least 25% of the aggregate principal amount of the related Bonds shall) or any holder or beneficial owner of such 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 thereunder.

Section 12. Swap Transactions.

(a) Reauthorization. The Commission, by Resolution No. 04-0219, adopted on November 2, 2004 and Resolution No. 05-0184, adopted on October 11, 2005, as supplemented and amended (collectively, the "Swap Resolutions") authorized the execution of certain interest rate swap transactions ("Swap Transactions") in the aggregate notional amounts of \$205,100,000 and \$405,000,000, respectively, in connection with the issuance by the Airport of Refunding Bonds as Variable Rate Bonds. The Commission has previously executed total initial aggregate notional amounts of Swap Transactions pursuant to the Swap Resolutions of \$199,900,000 and 385,460,000], respectively, under the Swap Resolutions, leaving remaining authorizations of \$5,200,000 and \$19,540,000, respectively. The Commission

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ratifies, approves and confirms the Swap Resolutions, the remaining authorizations thereunder and the findings and determinations therein, and such resolutions shall remain in full force and effect except as modified by this Resolution.

(b) Authorization of Collateral Posting. In connection with a Swap Transaction, the Airport Director, for and on behalf of and in the name of the Commission, is authorized to obligate the Airport to post collateral, as and to the extent necessary or desirable and in the best interests of the Airport, pursuant to the provisions of a Credit Support Annex.

(c) Maximum Rate. The maximum fixed interest rate the Commission shall be obligated to pay with respect to any Swap Transaction shall not exceed twelve percent (12%) per annum.

Section 13. Forward Purchase and Sale Agreements. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to invest and to direct the Trustee to invest amounts on deposit in any debt service reserve account, debt service account or construction account with respect to any 1991 Resolution Bonds, Subordinate Bonds or Special Facilities Bonds from time to time in Permitted Investments, including without limitation pursuant to one or more Forward Purchase and Sale Agreements, substantially in the form presented to and on file with the Secretary of the Commission, with such changes therein as shall be approved by the Airport Director, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, such approval to be conclusively evidence by the execution and delivery of such Agreements. The party to each such Agreement with the Commission shall be a bank or financial institution rated in the three highest rating categories (without regard to subcategories) by at least two Rating Agencies.

Section 14. Removal and Replacement of Other Parties. The underwriters, Trustees, Escrow Agents, Remarketing Agents, Dealers, Credit and Liquidity Facility Providers, Banks, Bond Insurers, Swap counterparties, investment providers and other parties appointed or selected pursuant to this Resolution and the Ratified Resolutions (collectively, "Other Parties") may be appointed, selected, removed, replaced, substituted, re-appointed or otherwise changed at such times as the Airport Director shall determine from time to time in his discretion. The Airport Director is authorized, for and on behalf of and in the name of the Commission, to execute and deliver new agreements with such Other Parties in substantially the same form as the agreement with the party removed, replaced, substituted or otherwise changed, with such changes thereto as the Airport Director shall determine are necessary or desirable and in the best interests of the Airport and consistent with the functions and responsibilities of such parties and the rights and remedies of the Commission, upon

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consultation with the City Attorney, the Airport's financial advisors and bond counsel, which approval shall be conclusively evidence by the execution and delivery of such agreements.

Section 15. Selection of Other Parties. If and to the extent practicable in the determination of the Airport Director, the Airport Director shall select Other Parties through a competitive selection process in accordance with the policies and procedures of the Commission, including without limitation from a pool of such Other Parties previously pre-qualified by the Commission to serve in such capacities.

Section 16. Termination and Amendment of Agreements. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to terminate and to enter into amendments, modifications, supplements and extensions to the various agreements authorized and approved pursuant to this Resolution and the Ratified Resolutions; *provided*, that such amendments, modifications and supplements shall not materially increase the obligations of the Commission thereunder or materially reduce the Commission's rights and remedies thereunder without the approval of the Commission. Such amendments, supplements and extensions shall be in such form 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 evidence by the Airport Director's execution and delivery thereof.

Section 17. Federal Tax Law Matters.

(a) TEFRA Hearings and Approvals. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to cause the conduct of such hearings and to obtain such approvals from the Mayor or the Board of Supervisors of the City as the Airport Director shall determine is necessary or desirable in order to satisfy the public hearing and approval requirements under Section 147(f) of the Code with respect to the financing of Airport expenditures from the proceeds of tax-exempt Bonds.

(b) Official Intent to Reimburse. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to determine and officially declare that expenditures for Airport-related purposes from sources other than Bond proceeds are expected and intended to be reimbursed from proceeds of tax-exempt Bonds, pursuant to and in accordance with Treasury Regulations Section 1.150-2 or any successor to such section.

(c) Tax-Exempt Status of Bonds. The Airport Director, for and on behalf of and in the name of the Commission, is authorized to take such actions and enter into such agreements, including without limitation seeking a private letter ruling or other

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official determination from the Internal Revenue Service in the Department of the Treasury of the United States, in order to secure or assure the tax-exempt status of interest on any Bonds.

Section 18. Special Facilities Bonds.

(a) Authorization. The Commission, by Resolution No. 97-0145, adopted on May 20, 1997 and Resolution No. 00-0175, adopted on May 16, 2000, as supplemented and amended (collectively, the "SFO FUEL Bond Resolutions") authorized the issuance of \$125 million in aggregate principal amount of Special Facilities Bonds to finance certain aviation fueling and related facilities at the Airport (the "SFO FUEL Bonds"), all of which have been issued and a portion of which remain outstanding. The Commission authorizes the issuance of up to an additional \$125 million aggregate principal amount of SFO FUEL Bonds for the purposes of refunding the outstanding SFO FUEL Bonds and financing additions to, replacements of and improvements to the fuel storage and distribution system at the Airport and reimbursements therefore.

(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 SFO FUEL 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 City Attorney, the Airport's financial advisors and bond counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Such changes may include, without limitation, additional covenants and undertakings by the Commission to further secure the payment of such Bonds, including to (1) relet the Demised Premises and the Facilities for the benefit of bondholders, (2) refund the Bonds with general Airport revenue bonds upon the occurrence of an Event of Default, (3) pay all or a portion of debt service on the Bonds upon the failure of SFO FUEL Company to do so, and (4) replenish the debt service reserve account following a draw thereon.

(c) Fuel System Lease Agreement. The Airport Director, for and on behalf of and in the name of the Commission, is further authorized to execute and deliver such amendments to the existing Fuel System Lease between the Commission and SFO FUEL Company LLC, upon consultation with the City Attorney, the Airport's financial advisors and bond counsel, as shall be necessary or desirable and in the best interests of the Airport to accomplish the issuance of such SFO FUEL Bonds. Such amendments may include, without limitation:

- (1) An extension of the term of the Fuel System Lease;

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- (2) Changes to the Demised Premises, Right-of-Way and the Facilities and the management and uses thereof;
- (3) Changes to the Ground Rent, Facilities Rent and Additional Rent provisions;
- (4) Changes to the Events of Default and the City's remedies; and
- (5) Changes to conform the Fuel System Lease to the City's current contracting policies.

Section 19. Delegation by Airport Director. The Airport Director is authorized to delegate the authority granted to him pursuant to this Resolution and the Ratified Resolutions in writing to a member of Airport management, upon consultation with the City Attorney.

Section 20. Approval of Board of Supervisors. The Airport Director, 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.

Section 21. 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 22. 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 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, the Ratified Resolutions, and the other transactions contemplated hereby and thereby.

Section 23. Effectiveness. This Resolution shall become effective on and as of the date of adoption hereof except as otherwise set forth herein, including without limitation in Section 17 hereof.

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AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-0307

ADOPTED by the Airport Commission of the City and County of San Francisco this 5<sup>th</sup>  
day of Oct., 2010, by the following vote:

Ayes: 5

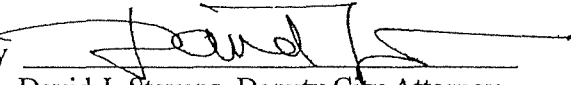
Noes: 0

Absent: 0

[SEAL]

Approved as to Form:

DENNIS J. HERRERA  
City Attorney

By   
David J. Stevens, Deputy City Attorney

I hereby certify that the foregoing resolution was adopted by the Airport Commission  
at its meeting of OCT 05 2010

  
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-0152

Fourteenth Supplemental Resolution  
Amending and Supplementing Prior Resolutions  
To Authorize an Additional \$2,540,000,000  
Aggregate Principal Amount of  
San Francisco International Airport  
Second Series Revenue Refunding Bonds

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 Resolution No. 98-0114 adopted on May 19, 1998 (the "Seventh Supplemental Resolution"), by Resolution No. 02-0010 adopted on January 8, 2002 (the "Tenth Supplemental Resolution"), by Resolution No. 03-0220 adopted on October 21, 2003 (the "Eleventh Supplemental Resolution"), and by Resolution No. 05-0181 adopted on October 11, 2005 (the "Issue 32F Sale 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"), including for the purpose of refunding outstanding 1991 Resolution Bonds and subordinate obligations (the "Subordinate Bonds"); and

WHEREAS, the Commission, pursuant to the 1991 Resolution, has previously authorized the issuance of up to \$4,300,000,000 aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds (the "Refunding Bonds"), of which \$4,030,430,000 has been issued to date and \$269,570,000 remains unissued; and

WHEREAS, the Commission has determined that it is necessary and desirable to authorize the issuance of up to an additional \$2,540,000,000 aggregate principal amount of Refunding Bonds for the purpose of refunding outstanding 1991 Resolution Bonds and Subordinate Bonds and related obligations to (i) achieve debt service savings, and (ii) restructure and/or refinance such Bonds to address market and other conditions (including as a result of recent extraordinary events in the municipal bond markets); and

WHEREAS, the City's Board of Supervisors (the "Board") by its Resolutions Nos. 583-98, 811-00, 113-02, 800-03, 733-04 and 235-07, approved the issuance of a total aggregate principal amount of not to exceed \$4,300,000,000 of Refunding Bonds, of which \$269,570,000 remains unissued, and the Commission desires now to authorize the Airport

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CITY AND COUNTY OF SAN FRANCISCO

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Director to request the Board to approve an additional \$2,540,000,000 aggregate principal amount of Refunding Bonds; 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 RESOLVED by the Airport Commission of the City and County of San Francisco, as follows:

Section 1. Increased Authorization. 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 \$2,540,000,000 of Refunding Bonds for the purposes of refunding, paying, calling and retiring a portion or all of the principal of and/or interest on one or more Series of outstanding 1991 Resolution Bonds and Subordinate Bonds, funding debt service reserves (including reserves currently funded with municipal bond insurance surety policies), and paying costs of issuance, including any redemption premiums, in connection therewith, each of the references in the 1991 Resolution (as previously amended and supplemented, including by the Seventh and Tenth Supplemental Resolutions and the Issue 32F Sale Resolution), including in Section 18-52.01 and Section 32-76.01 thereof, to "\$4,300,000,000" and "Four Billion Three Hundred Million Dollars" of Refunding Bonds is hereby amended to read "such principal amount as shall be authorized from time to time by the Commission". Such Refunding Bonds shall be issued in an aggregate principal amount of up to \$2,540,000,000 and in such number of separate Series as the Commission shall determine.

Section 2. Request for Board Approval. The Commission hereby authorizes and directs the Airport Director to request that the Board of Supervisors approve the issuance by the Commission of up to an additional \$2,540,000,000 aggregate principal amount of Refunding Bonds.

Section 3. Request for Related Approvals. The Commission hereby authorizes and directs the Airport Director to request that the Board of Supervisors approve the execution of such related credit facility and other agreements, including bond insurance commitments, reserve fund surety policy commitments and agreements, letter of credit agreements, line of credit agreements, remarketing agreements and/or investment agreements, the execution of which has previously been approved by the Commission, as the Airport Director shall determine is necessary or desirable in connection with the issuance of such Refunding Bonds.



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CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-0152

ADOPTED by the Airport Commission of the City and County of San Francisco  
this 19th day of August, 2008 by the following vote:

5 Ayes:

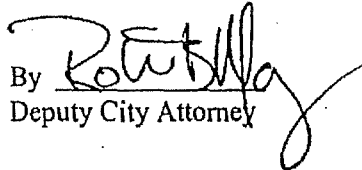
0 Noes:

0 Absent:

[SEAL]

Approved as to Form:

DENNIS J. HERRERA  
City Attorney of the City and  
County of San Francisco

By   
Deputy City Attorney

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*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of* AUG 19 2008

  
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-0181

RESOLUTION PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$270,000,000 AGGREGATE PRINCIPAL AMOUNT OF SAN FRANCISCO INTERNATIONAL AIRPORT SECOND SERIES REVENUE REFUNDING BONDS, PROVIDING FOR THE DELEGATION OF THE NEGOTIATED SALE OF SUCH BONDS TO THE AIRPORT DIRECTOR, APPROVING AN ADDITIONAL \$900,000,000 OF REFUNDING BONDS, APPROVING CERTAIN DOCUMENTS AND AMENDMENTS IN CONNECTION THEREWITH, APPROVING ASSURED GUARANTY CORP. AS A PROVIDER OF SURETY BONDS AND BOND INSURANCE, AND APPROVING CERTAIN AMENDMENTS TO 1991 MASTER BOND RESOLUTION IN CONNECTION WITH THE ISSUANCE OF VARIABLE RATE BONDS

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, and as supplemented by this resolution (this "Resolution"), is herein called the "1991 Resolution"); and

WHEREAS, the Commission, pursuant to the 1991 Resolution, has previously authorized the issuance of up to \$3,400,000,000 aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds (the "Refunding Bonds"), of which \$1,855,225,000 has been issued to date and \$1,544,775,000 remains unissued and of which the San Francisco International Airport Second Series Revenue Refunding Bonds, Issue 32F authorized by this Resolution (the "Issue 32F Bonds") is one Series; and

WHEREAS, the Commission has determined that it may be desirable from time to time to refund and defease certain outstanding San Francisco International Airport Second Series Revenue Bonds (the "Refunded Bonds") and desires now to authorize an additional \$900,000,000 aggregate principal amount of Refunding Bonds; and

WHEREAS, the City's Board of Supervisors (the "Board") by its Resolutions Nos. 583-98, 811-00, 113-02, 800-03 and 733-04, approved the issuance of a total aggregate principal amount of not to exceed \$2,900,000,000 of Refunding Bonds, of which \$1,044,775,000 remains unissued, and the Commission desires now to authorize the Airport Director to request the Board to approve an additional \$1,400,000,000 aggregate principal amount of Refunding Bonds; and

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CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-0181

WHEREAS, pursuant to Section 5-24.07 (b) of the 1991 Resolution, the Airport Director has determined that it is desirable that the Issue 32F Bonds be a Participating Series with respect to the Issue 1 Reserve Account; and

WHEREAS, the Commission has determined that it may be desirable to obtain a Credit Facility (as defined in the 1991 Resolution) to fund up to the amount required to be deposited in the Issue 1 Reserve Account upon the issuance of the Issue 32F Bonds and desires now to authorize the Airport Director to select one or more providers of surety bonds, including, without limitation Assured Guaranty Corp.; and

WHEREAS, the Commission has determined that it may be desirable to obtain a Credit Facility to secure the payment of the principal of, and interest on, the Issue 32F Bonds and desires now to authorize the Airport Director to select one or more providers of municipal bond insurance, including, without limitation Assured Guaranty Corp.; and

WHEREAS, in order to accomplish the timely sale of the Issue 32F Bonds, to facilitate the timely receipt of funds for the refinancing of the development, acquisition, construction and equipping of Airport capital projects and to achieve the lowest possible interest, issuance and other costs to the Commission with respect to the Issue 32F Bonds, the Commission has determined that it is desirable to delegate to the Airport Director the authority to negotiate, for and on behalf of the Commission, the sale of the Issue 32F Bonds to the purchasers thereof in accordance with the provisions of this Resolution; and

WHEREAS, on December 2, 2002, in response to a Request for Qualifications authorized by the Commission, the Commission established its Fixed Interest Rate Underwriting Pool of qualified underwriters (consisting of E. J. De La Rosa & Co., Inc., J.P. Morgan Securities Inc., Bear, Stearns & Co. Inc., UBS Financial Services Inc., Banc of America Securities LLC, Jackson Securities LLC, Siebert Brandford Shank & Co. LLC, Morgan Stanley & Co. Incorporated, Citigroup Global Markets Inc., Lehman Brothers, Inc., Loop Capital Markets, LLC, Henderson Capital Partners LLC and M.R. Beal & Company) and desires now to authorize the Airport Director to select and appoint underwriters from such pool for the Issue 32F Bonds (the "Underwriters"); and

WHEREAS, pursuant to Section 9.01(f) of the 1991 Resolution the Commission may make any change or addition to the 1991 Resolution to provide for the issuance of, and to set the terms and conditions of, each additional Series of Bonds under the 1991 Resolution; and

WHEREAS, pursuant to Section 9.01(m) of the 1991 Resolution the Commission may make any change or addition to the 1991 Resolution which in the Opinion of Bond Counsel, shall not have a material adverse effect on the interests of the Holders; and

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CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-0181

WHEREAS; the Commission has determined that it is necessary and desirable to amend the 1991 Resolution, as previously amended, in order to (a) increase the aggregate principal amount of Refunding Bonds from \$3,400,000,000 to \$4,300,000,000, (b) extend the final date upon which a Bond Purchase Contract may be entered into or bids for the purchase of a Series of Refunding Bonds may be received to December 31, 2010, and (c) provide that no Series of Refunding Bonds shall have a final maturity after May 1, 2050, and has received the form of an Opinion of Bond Counsel that such amendments will not have a material adverse effect on the interests of the Holders; and

WHEREAS, the Commission has determined that it is necessary and desirable to make certain technical amendments to the 1991 Resolution in order to bring the provisions relating to the issuance of Variable Rate Bonds in harmony with current market practices; and

WHEREAS, the Commission has received the form of an Opinion of Bond Counsel that such amendments and increased refunding bond authorization will not have a material adverse effect on the interests of the Holders;

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

Section 1. Commission Findings. (a) The Commission hereby finds that sufficient unencumbered balances are expected to be available in the proper funds and accounts of the Airport to meet all payments due under the Issue 32F Bonds as they become due.

(b) In accordance with Section 2.02 of the 1991 Resolution, the Commission hereby finds that it is desirable to authorize the negotiated sale of Issue 32F Bonds in accordance with Section 3 hereof in order to accomplish the timely sale of the Issue 32F Bonds and to achieve the lowest possible interest, issuance and other costs to the Commission with respect to the Issue 32F Bonds.

Section 2. Terms of the Issue 32F Bonds. The Airport Director is hereby authorized and directed, for and on behalf of and in the name of the Commission, to determine the principal amounts, first interest payment dates, dated dates and maturity dates (including serial maturities and/or term maturities) of the Issue 32F Bonds, the amounts and dates of any mandatory sinking fund payments, and the interest rates to be borne by the Issue 32F Bonds; *provided, however*, that the aggregate principal amount of Issue 32F Bonds shall not exceed \$270,000,000 or such lesser principal amount as shall be authorized by the Board; no Issue 32F

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Bond shall bear interest at a rate in excess of five and one-half percent (5.50%) per annum; the final maturities of the Issue 32F Bonds shall be no later than May 1, 2040; and the net present value savings from the issuance of the Issue 32F shall be not less than two percent (2.0%) of the aggregate debt service on the refunded bonds, as reasonably determined by the Commission's financial advisors.

Section 3. Negotiated Sale of Issue 32F Bonds. The Commission hereby authorizes the Airport Director to select and appoint underwriters (the "Underwriters") from the Fixed Interest Rate Underwriting Pool (consisting of E. J. De La Rosa & Co., Inc., J.P. Morgan Securities Inc., Bear, Stearns & Co. Inc., UBS Financial Services Inc., Banc of America Securities LLC, Jackson Securities LLC, Siebert Brandford Shank & Co. LLC, Morgan Stanley & Co. Incorporated, Citigroup Global Markets Inc., Lehman Brothers, Inc., Loop Capital Markets, LLC, Henderson Capital Partners LLC and M.R. Beal & Company) for the Issue 32F Bonds. The Airport Director may appoint members of such pool from time to time as additional or substitute underwriters if the Airport Director determines it is necessary or desirable in order to achieve the timely sale of the Issue 32F Bonds at the lowest possible cost. The Airport Director is hereby authorized and directed, for and on behalf and in the name of the Commission, to sell at negotiated sale on or before December 31, 2006, for current or forward delivery, the Issue 32F Bonds in such aggregate principal amount as he may determine in accordance with a bond purchase agreement substantially in the form presented to this meeting and on file with the Secretary, which form is hereby approved with such changes and additions as the Airport Director may approve upon consultation with the City Attorney, such approval to be evidenced conclusively by the delivery to the Underwriters of such bond purchase agreement, as so added to or changed. The Airport Director or his designee is hereby authorized to execute and deliver one or more bond purchase agreements with the Underwriters; *provided, however*, that the total compensation to the Underwriters shall not exceed 1% of the par value of the Issue 32F Bonds. The Issue 32F Bonds shall be delivered to the Underwriters upon payment of the purchase price, namely, the par value thereof, plus the premium or less the discount set forth in the bond purchase agreement, together with accrued interest, if any, at the rates set forth in the bond purchase agreement. The Issue 32F Bonds shall bear interest at said rates, payable on such May 1 or November 1 occurring not more than one year following the issuance of the Issue 32F Bonds as the Airport Director may determine, and semiannually thereafter on May 1 and November 1 in each year and shall be distinguished by the designation "Issue 32F" or such other alpha-numeric designations as the Airport Director may determine.

Section 4. Authentication and Delivery of the Issue 32F Bonds. The Issue 32F Bonds, when prepared, shall be delivered to The Bank of New York Trust Company, N.A. (successor to BNY Western Trust Company), as trustee (the "Trustee") under the 1991 Resolution for authentication by the Trustee, as Authenticating Agent. The Trustee is hereby

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authorized and directed to authenticate the Issue 32F Bonds by executing the certificates of authentication appearing thereon, and to deliver the Issue 32F Bonds when duly authenticated to The Depository Trust Company for the respective accounts of the Underwriters in accordance with written instructions executed on behalf of the Commission by the President of the Commission and the Secretary, which instructions the President and the Secretary are hereby authorized and directed to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Issue 32F Bonds upon payment of the purchase price therefore.

Section 5. Preliminary Official Statement; Continuing Disclosure. The Airport Director is hereby directed to cause the preparation of a preliminary and a final Official Statement for the Issue 32F Bonds in substantially the form of the Official Statement for the Commission's Issue 31F Bonds. The Underwriters are hereby authorized to distribute the preliminary Official Statement with such changes, modifications and additions thereto as the Airport Director may approve upon consultation with the City Attorney, such approval to be evidenced conclusively by the delivery by the Airport Director of said preliminary Official Statement as so added to or changed. The Airport Director is hereby further authorized to deliver a final Official Statement, in substantially the form of said preliminary Official Statement, with such changes and additions thereto as the Airport Director may approve upon consultation with the City Attorney, such approval to be evidenced conclusively by the delivery by the Airport Director of said final Official Statement as so added to or changed. The Airport Director is hereby authorized to certify that the preliminary Official Statement is, as of its date, "deemed final" by the Commission within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. The Airport Director is hereby further authorized and directed to certify and agree on behalf of the Commission to provide certain financial information and operating data of the Commission annually and notices of certain events, if material, pursuant to Rule 15c2-12(b)(5) of the Securities and Exchange Commission and to execute and deliver a continuing disclosure certificate for the benefit of the holders and beneficial owners of the Issue 32F Bonds in the form approved by the Airport Director upon consultation with the City Attorney, such approval to be conclusively evidenced by the delivery thereof by the Airport Director.

Section 6. Reserve Account Surety Bond. The Airport Director is hereby authorized, for and on behalf of and in the name of the Commission, to select one or more providers of surety bonds (each a "Reserve Account Surety Bond"), including, without limitation Assured Guaranty Corp. ("Assured Guaranty"), to fund up to the amount required to be deposited in the Issue 1 Reserve Account upon the issuance of the Issue 32F Bonds. The Airport Director is hereby further authorized to execute and deliver a guaranty or reimbursement agreement among such surety bond provider, the Trustee or the Commission, in such form as may be approved by the Airport Director upon consultation with the City Attorney, such

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approval to be evidenced conclusively by the delivery of such guaranty agreement. The form of Reimbursement Agreement relating to Assured Guaranty in substantially the form presented to this meeting and on file with the Secretary, is hereby approved with such changes and additions as the Airport Director may approve upon consultation with the City Attorney. The Airport Director is hereby further authorized to execute and deliver such other documents, agreements and certificates as may be necessary or desirable to obtain and implement each Reserve Account Surety Bond, each of such documents to be in such form as may be approved by the Airport Director upon consultation with the City Attorney, such approval to be evidenced conclusively by the execution and delivery of such documents.

Section 7. Investments; Forward Purchase and Sale Agreements. The Airport Director is hereby authorized to direct the Trustee to invest (i) the amount, if any, required to be deposited in the Issue 1 Reserve Account upon the issuance of the Issue 32F Bonds, and (ii) the amounts required to be deposited from time to time in the Debt Service Fund with respect to the Issue 32F Bonds, in Permitted Investments (as defined in the 1991 Resolution), including without limitation in accordance with separate Forward Purchase and Sale Agreements, substantially in the form presented to this meeting and on file with the Secretary, with respect to such securities entered into among the Trustee, a financial institution approved by the Airport Director and/or the Commission. The provider or providers of such securities shall be selected pursuant to a competitive selection process as shall be necessary or desirable to comply with applicable Federal tax law.

Section 8. Refunding Escrow; Escrow Float Agreement. The Airport Director is hereby authorized to execute and deliver one or more escrow agreements (the "Bond Escrow Agreement") with The Bank of New York Trust Company, N.A., as escrow agent (the "Escrow Agent"), substantially in the form presented to this meeting and on file with the Secretary, to provide for the defeasance of the Refunded Bonds, such Bond Escrow Agreement to be in final form as may be approved by the Airport Director upon consultation with the City Attorney, such approval to be evidenced conclusively by the execution and delivery of such Bond Escrow Agreement. The Airport Director is hereby authorized to direct the Escrow Agent, pursuant to the Bond Escrow Agreement, to invest amounts in the escrow fund from time to time in certain securities issued or guaranteed by the United States of America, including without limitation in accordance with a separate Forward Purchase and Sale Agreement, substantially in the form presented to this meeting and on file with the Secretary, with respect to such securities entered into between the Escrow Agent and a financial institution approved by the Airport Director. The provider or providers of such securities shall be selected pursuant to a competitive selection process as shall be necessary or desirable to comply with applicable Federal tax law.

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Section 9. Refunded Bonds. The Airport Director is hereby authorized, for and on behalf of and in the name of the Commission, to select the principal amounts and maturities of the Refunded Bonds to be defeased or called for redemption.

Section 10. Refunding of Interest. The Airport Director is hereby authorized, for and on behalf of and in the name of the Commission, taking into account the current financial needs of the Airport, to provide for the refunding of interest paid on outstanding 1991 Resolution Bonds from a portion of the proceeds of the Issue 32F Bonds, in an amount to be determined by the Airport Director.

Section 11. Bond Insurance. The Airport Director is hereby authorized, for and on behalf of and in the name of the Commission, to select one or more providers of municipal bond insurance policies, including, without limitation, Assured Guaranty, to secure the payment of the principal of, and interest on, the Issue 32F Bonds. Such municipal bond insurers shall be selected through a competitive selection process. The Airport Director is hereby further authorized to execute and deliver such documents, agreements and certificates as may be necessary or desirable to obtain and implement such municipal bond insurance policy, each of such documents to be in such form as may be approved by the Airport Director upon consultation with the City Attorney, such approval to be evidenced conclusively by the execution and delivery of such documents.

Section 12. Further Actions. The actions of the officers, agents and employees of the Commission prior to the adoption of this Resolution to consummate the issuance and sale of the Issue 32F Bonds, including the preparation of a preliminary Official Statement and the publication and distribution of a notice of intention, are hereby ratified, approved and confirmed. 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 sale, issuance and delivery of the Issue 32F Bonds and the other transactions contemplated hereby.

Section 13. Amendments Relating to Refunding Bond Authorization. The 1991 Resolution is hereby amended by adding the following Article thereto, which is hereby incorporated therein, with the appropriate alpha-numeric issue, section and article references:



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ARTICLE 32-LXXVI

AMENDMENTS TO 1991 RESOLUTION

SECTION 32-76.01. Amendment to Terms of Refunding Bonds. In accordance with Section 9.01(m) of the 1991 Resolution, in order to (a) authorize the issuance of an additional aggregate principal amount of not to exceed \$900,000,000 of Refunding Bonds (resulting in a total aggregate principal amount of Refunding Bonds of not to exceed Four Billion Three Hundred Million Dollars (\$4,300,000,000) for the purposes of refunding, paying, calling and retiring a portion or all of one or more Series of outstanding 1991 Resolution Bonds and Subordinate Bonds, funding debt service reserves, and paying costs of issuance, including any redemption premiums, in connection therewith, each of the references in the 1991 Resolution (including in Section 18-52.01 thereof, as previously amended and supplemented, including by the Seventh and Tenth Supplemental Resolutions) to "\$3,400,000,000" and "Three Billion Four Hundred Million Dollars" of Refunding Bonds is hereby amended to read "\$4,300,000,000" and "Four Billion Three Hundred Million Dollars" of Refunding Bonds, and (b) extend the final date upon which a Bond Purchase Contract may be entered into or bids for the purchase of a Series of Refunding Bonds may be received, any references in the 1991 Resolution (including in Section 18-52.01(c) thereof, as previously amended and supplemented, including by the Seventh and Tenth Supplemental Resolutions) to "December 31, 2007" as the final date upon which a Bond Purchase Contract may be entered into or bids for the purchase of a Series of Refunding Bonds may be received, is hereby amended to read "December 31, 2010". The 1991 Resolution, as previously amended and supplemented, including by the Seventh and Tenth Supplemental Resolutions, is hereby further amended to provide that no Series of Refunding Bonds shall have a final maturity after May 1, 2050.

Section 14. Amendments Relating to Variable Rate Provisions. The Eleventh Supplemental Resolution and 1991 Resolution are hereby amended by adding the following Article thereto, which is hereby incorporated therein, with the appropriate alpha-numeric issue, section and article references:

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RESOLUTION NO. 05-0181

ARTICLE 32-LXXVII

AMENDMENTS TO ELEVENTH SUPPLEMENTAL RESOLUTION  
AND 1991 RESOLUTION

SECTION 32-77.01. Amendment to Definition of "Interest Period". Subsection (c) of the definition of "Interest Period" in Section 30-64.01 of the Eleventh Supplemental Resolution (incorporated into Section 1.01 of the 1991 Resolution) is hereby amended to read as follows:

(c) for a Series of Variable Rate Bonds in the Weekly Mode, the period from (and including) the Mode Change Date upon which such Variable Rate Bonds are changed to the Weekly Mode to (and including) the next Rate Determination Date, and thereafter the period from (and including) the day following each Rate Determination Date to (and including) the next Rate Determination Date;

SECTION 32-77.02. Amendment to Definitions of "Interest Payment Date" and "Rate Determination Date". The definitions of "Interest Payment Date" and "Rate Determination Date" in Section 30-64.01 of the Eleventh Supplemental Resolution (incorporated into Section 1.01 of the 1991 Resolution) is hereby amended to read as follows:

"Interest Payment Date" means each date on which interest is to be paid and is (without duplication): (i) with respect to a Commercial Paper Bond, the Purchase Date; (ii) with respect to a Series of Variable Rate Bonds in the Daily Mode, the first Business Day of each month, (iii) with respect to a Series of Variable Rate Bonds in the Weekly Mode, the first Business Day of each month; (iv) with respect to a Series of Variable Rate Bonds in the Term Rate Mode, each Term Rate Interest Payment date for such Variable Rate Bond; (v) with respect to a Series of Variable Rate Bonds in the Fixed Rate Mode, each Stated Interest Payment Date (beginning with the first Stated Interest Payment Date that occurs no earlier than three (3) months after the commencement of the Fixed Rate Mode for such Variable Rate Bond or such other date as may be provided in a Series Sale Resolution); (vi) with respect to Credit Provider Bonds and Liquidity Provider Bonds, the dates required under the applicable Credit Facility Agreement or Liquidity Facility; and (without duplication as to any Interest Payment Date listed above), (vii) with respect to a Series of Variable Rate Bonds bearing interest at Auction Rates, means the initial Interest Payment Date specified in a Series Sale Resolution relating to such Series of Auction Bonds, and thereafter (a) when used with respect to any Auction Period other than a daily Auction Period or a Special Rate Period, the Business Day immediately following such Auction Period, (b) when used with respect to a daily Auction Period, the first Business

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Day of the month immediately succeeding such Auction Period, (c) when used with respect to a Special Rate Period of (I) seven (7) or more but fewer than ninety-two (92) days, the Business Day immediately following such Special Rate Period, or (II) ninety-two (92) or more days, each thirteenth (13th) Monday, Tuesday, Wednesday, Thursday or Friday as selected by the Commission after the first day of such Special Rate Period, or the next Business Day if such day is not a Business Day, and on the Business Day immediately following such Special Rate Period; (viii) any Mode Change Date, (ix) each Mandatory Purchase Date; and (x) each Maturity Date.

"Rate Determination Date" means the date on which the interest rate or rates, as applicable, on a Series of Variable Rate Bonds shall be determined, which, (i) in the case of the Commercial Paper Mode, shall be the first day of an Interest Period; (ii) in the case of the Daily Mode, shall be each Business Day commencing with the first day such Variable Rate Bonds become subject to the Daily Mode; (iii) in the case of the initial change to the Weekly Mode, shall be no later than the Business Day prior to the Mode Change Date, and thereafter, shall be each Tuesday, Wednesday or Thursday (as determined by the Commission in a Series Sale Resolution or Supplemental Resolution), or, if any such Tuesday, Wednesday or Thursday is not a Business Day, the next succeeding day or, if such day is not a Business Day, then the Business Day next preceding such Tuesday, Wednesday or Thursday; (iv) in the case of the Term Rate Mode, shall be a Business Day no earlier than thirty (30) Business Days and no later than the Business Day next preceding the first day of an Interest Period, as determined by the Remarketing Agent for such Series of Variable Rate Bonds; and (v) in the case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent for such Series of Variable Rate Bonds which shall be at least one Business Day prior to the Mode Change Date.

SECTION 32-77.03. Amendment to Section 30-65.06. Subsection (b) of Section 30-65.06 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

(b) During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4:00 p.m., New York City time, on each Rate Determination Date. The Weekly Rate shall be in effect (i) initially, from and including the first day the Variable Rate Bonds become subject to the Weekly Mode to and including the following Rate Determination Date, and (ii) thereafter, from and including the day following each Rate Determination Date to and including the following Rate Determination Date. The Remarketing Agent shall make the Weekly Rate available (i) after 4:00 p.m., New York City time, on the Rate Determination Date by telephone to any Owner or Notice Party requesting such rate, and (ii) by Electronic Means to the Paying Agent not later than 1:00 p.m., New York City time, on the second Business Day immediately succeeding the Rate Determination Date. The Paying Agent shall give notice of such interest rates to the

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Trustee by Electronic Means not later than 4:00 p.m., New York City time, on the second Business Day immediately succeeding the Rate Determination Date.

SECTION 32-77.04. Amendment to Section 30-65.16. Subsection (b)(ii) of Section 30-65.16 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

(ii) Optional Redemption of Variable Rate Bonds in the Daily Mode or the Weekly Mode. Variable Rate Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the Commission, in whole or in part, in Authorized Denominations on any Business Day, at a Redemption Price equal to the principal amount thereof, plus accrued and unpaid interest, if any.

SECTION 32-77.05. Amendment to Section 30-65.17. Subsection (h)(ii)(B) of Section 30-65.17 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

(B) all Variable Rate Bonds required to be purchased pursuant to Sections 30-65.17(b) and 30-65.17(c); and

SECTION 32-77.06. Amendment to Section 30-64.01. Subsection (g) of Section 30-64.01 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

(g) Anything in this Eleventh Supplemental Resolution to the contrary notwithstanding, the day or time of day specified herein for the taking or foregoing of any action provided for herein with respect to a Series of Variable Rate Bonds may be changed by a Series Sale Resolution or Supplemental Resolution with the prior written consent of the Trustee, the Auction Agent, if any, the Broker-Dealers, if any, the Market Agent, if any, the Remarketing Agent, if any, the Credit Provider, if any, the Liquidity Provider, if any, and the Paying Agent, whose rights or obligations are affected thereby, in each case with respect to such Series of Variable Rate Bonds.

SECTION 32-77.07. Amendment to Section 2.15. Section 2.15 of the 1991 Resolution is hereby amended to read as follows:

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

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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. Notwithstanding anything herein to the contrary, a Bond and an unreimbursed Repayment Obligation arising with respect to such Bond shall not be deemed to be Outstanding at the same time.

Section 15. Requests for Board Approval. The Commission hereby authorizes and directs the Airport Director to request that the Board approve (a) the amendments to the 1991 Resolution set forth in Section 13 hereof including an additional \$2,500,000,000 principal amount of Refunding Bonds authorized by the Commission under this Resolution and the Tenth Supplemental Resolution, (b) that the maximum number of issues of Refunding Bonds shall be twenty (20), and (c) the form of Reimbursement Agreement relating to Assured Guaranty.

Section 16. Amendment Relating to Issuance of Issue 32F Bonds. The 1991 Resolution is hereby supplemented by adding the following Article thereto, which is hereby incorporated therein, with the appropriate alpha-numeric issue, section and article references:

ARTICLE 32-LXXVIII  
ADDITIONAL TERMS OF ISSUE 32F BONDS

SECTION 1. Additional Terms of Issue 32F Bonds. All capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the 1991 Resolution.

The Issue 32F Bonds shall be dated as of the dates, shall be in the principal amounts and shall consist of such aggregate principal amount of Issue 32F Bonds as is determined by the Airport Director in accordance with the 1991 Resolution and the Issue 32F Bond Sale Resolution. The Issue 32F

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Bonds shall mature in the amounts and at the times, and shall be subject to mandatory sinking fund payments in the amounts and at the times, if any, and shall be subject to redemption on such terms, as are determined by the Airport Director or by the Commission in accordance with the 1991 Resolution and the Issue 32F Bond Sale Resolution. The Issue 32F Bonds shall bear interest at such rates as may be determined by the Commission or by the Airport Director in accordance with the Issue 32F Bond Sale Resolution.

The determinations of the Airport Director or the Commission pursuant to this Section 1 shall be set forth in a Certificate of Additional Terms ("Certificate of Additional Terms") to be executed and delivered by the President and the Secretary or by the Airport Director upon the issuance of the Issue 32F Bonds, which Certificate of Additional Terms when executed and delivered by the President and the Secretary or by the Airport Director, together with this Resolution, shall be deemed to be the Series Sale Resolution for the Issue 32F Bonds, and shall constitute a part of the 1991 Resolution.

**SECTION 2. Continuing Disclosure.** The Commission covenants to comply with and carry out all of the provisions of the continuing disclosure certificate executed and delivered in connection with the issuance of the Issue 32F Bonds, as it may be amended from time to time in accordance with its terms (the "Issue 32F Bond Continuing Disclosure Certificate"). Notwithstanding any other provision of the 1991 Resolution, failure of the Commission to comply with the Issue 32F Bond 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 Issue 32F Bonds Outstanding, and if such Holders shall have furnished to the Trustee indemnity satisfactory to it, shall) or any Holder or beneficial owner of Issue 32F 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 2.

**SECTION 3. Terms of Issue 32F Bonds Subject to the 1991 Resolution.** Except as in the Issue 32F Bond Sale Resolution expressly provided, every term and condition contained in the 1991 Resolution shall apply to the Issue 32F Bond Sale Resolution and to the Issue 32F Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to the Issue 32F Bond Sale Resolution.

**AIRPORT COMMISSION**  
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**SECTION 4. Credit Provider to Control Remedies.** As provided in Section 7.13 of the 1991 Resolution, while a Credit Facility with respect to the Issue 32F Bonds is in effect, notwithstanding anything else in the 1991 Resolution to the contrary, so long as the Credit Provider is not Insolvent and is not in default under its Credit Facility, no right, power or remedy under the 1991 Resolution with respect to such Issue 32F Bonds may be pursued without the prior written consent of such Credit Provider. The Credit Provider shall have the right to direct the Trustee to pursue any right, power or remedy available under the 1991 Resolution with respect to any assets available under the 1991 Resolution which secure no Bonds other than the Issue 32F Bonds secured by such Credit Facility.

**SECTION 5. Ratification of the 1991 Resolution.** All the terms and provisions contained in the Certificate of Additional Terms and in this Article 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 supplemented, including as amended and supplemented by the Issue 32F Bond Sale Resolution.

ADOPTED by the Airport Commission of the City and County of San Francisco this 11<sup>th</sup> day of October, 2005, by the following vote:

Ayes: 4

Noes: 0

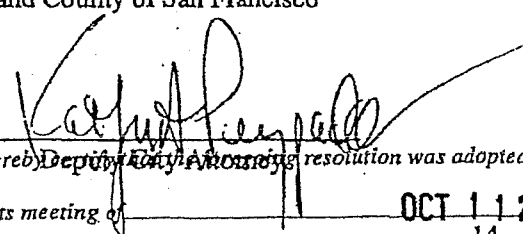
Absent: 1

[SEAL]

Approved as to Form:

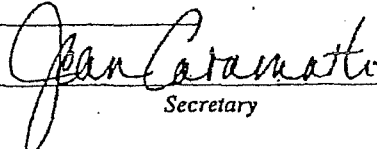
DENNIS J. HERRERA  
City Attorney of the  
City and County of San Francisco

By

  
*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

at its meeting of

OCT 11 2005  
14

  
Secretary

AIRPORT COMMISSION.

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 04-0220

Twelfth Supplemental Resolution  
Amending and Supplementing Prior Resolutions and  
Requesting the Board of Supervisors to Approve  
an Additional \$875,000,000  
Aggregate Principal Amount of Previously Authorized  
San Francisco International Airport  
Second Series Revenue Refunding Bonds

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 Resolution No. 98-0114 adopted on May 19, 1998 (herein called the "Seventh Supplemental Resolution"), by Resolution No. 02-0010 adopted on January 8, 2002 (herein called the "Tenth Supplemental Resolution"), by Resolution No. 03-0220 adopted on October 21, 2003 (herein called the "Eleventh Supplemental Resolution"), and by this Resolution (herein called the "Twelfth Supplemental Resolution") is herein called the "1991 Resolution"; and

WHEREAS, the Tenth Supplemental Resolution amended and supplemented the 1991 Resolution and the Seventh Supplemental Resolution to provide that the Commission may from time to time issue up to an additional \$2,000,000,000 aggregate principal amount of Refunding Bonds for the purpose of refunding outstanding 1991 Resolution Bonds; and

WHEREAS, of the \$2,000,000,000 aggregate principal amount of Refunding Bonds authorized by the Tenth Supplemental Resolution, the City's Board of Supervisors (the "Board") by its Resolutions Nos. 113-02 and 800-03, approved the issuance of \$625,000,000 aggregate principal amount of Refunding Bonds, of which \$263,370,000 remains unissued and otherwise unencumbered; and

WHEREAS, the Commission desires now to request that the Board approve the issuance of an additional \$875,000,000 of Refunding Bonds from the \$2,000,000,000 previously authorized by the Tenth Supplemental Resolution; 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, each additional Series of Bonds under the 1991 Resolution; and

WHEREAS, pursuant to Section 9.01(k) of the 1991 Resolution the Commission by Supplemental Resolution may make any change or addition to the 1991 Resolution to accommodate the use of a Credit Facility for specific Bonds or a Series of Bonds; and



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WHEREAS, pursuant to Section 9.01(m) of the 1991 Resolution the Commission by Supplemental Resolution may make any change or addition to the 1991 Resolution which in the Opinion of Bond Counsel, shall not have a material adverse effect on the interests of the Holders; and

WHEREAS, the Commission has determined that it is necessary and desirable to amend the Seventh Supplemental Resolution as amended by the Tenth Supplemental Resolution in order to extend the final date upon which a Bond Purchase Contract may be entered into or bids for the purchase of a Series of Refunding Bonds may be received to December 31, 2007; and

WHEREAS, the Commission has determined that it is necessary and desirable to amend the Eleventh Supplemental Resolution in order to accommodate the use of a Credit Facility in the form of a line of credit, standby bond purchase agreement or other financial instrument that obligates a third party to provide funds for the payment of the Purchase Price of Variable Rate Bonds in connection with the issuance of Variable Rate Bonds; and

WHEREAS, the Commission desires to increase its authorization of Second Series Revenue Refunding Bonds, and has received the form of an Opinion of Bond Counsel that such increased authorization will not have a material adverse effect on the interests of the Holders;

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

Section 1. Amendments Relating to Refunding Bond Authorization. The 1991 Resolution is hereby amended by adding the following Article thereto, which is hereby incorporated therein:

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RESOLUTION NO. 04-0220

ARTICLE 31-LXXII

AMENDMENTS TO THE SEVENTH AND TENTH SUPPLEMENTAL RESOLUTIONS

SECTION 31-72.01. Amendment to Final Date of Bond Purchase Contracts. In accordance with Section 9.01(m) of the 1991 Resolution, in order to extend the final date upon which a Bond Purchase Contract may be entered into or bids for the purchase of a Series of Refunding Bonds may be received, the reference in Section 18-52.01(c) of the Seventh Supplemental Resolution and any other reference in the Seventh Supplemental Resolution as amended by the Tenth Supplemental Resolution to "March 31, 2006" as the final date upon which a Bond Purchase Contract may be entered into or bids for the purchase of a Series of Refunding Bonds may be received, is hereby amended to read "December 31, 2007".

Section 2. Amendments Relating to Credit Facility. The 1991 Resolution is hereby amended by adding the following Article thereto, which is hereby incorporated therein:

ARTICLE 31-LXXIII

AMENDMENTS TO THE ELEVENTH SUPPLEMENTAL RESOLUTION

SECTION 31-73.01. Amendments to Section 30-64.01. The following definitions are hereby added to Section 30-64.01 of the Eleventh Supplemental Resolution:

"Alternate Liquidity Facility" means a Liquidity Facility with respect to a Series of Variable Rate Bonds issued or executed in accordance with Section 30-65.18 which shall have a term of not less than six months and shall have substantially the same material terms as the Liquidity Facility it is replacing.

"Alternate Liquidity Provider" means the person or entity obligated to make a payment or payments with respect to any Series of Variable Rate Bonds under an Alternate Liquidity Facility.

"Liquidity Facility" means a line of credit, standby bond purchase agreement or other financial instrument that obligates a third party to pay, or provide funds for the payment of the purchase price of any Variable Rate Bonds and which is designated as a Liquidity Facility in the Supplemental Resolution authorizing the issuance of such Variable Rate Bonds.

"Liquidity Facility Agreement" means any agreement executed and delivered by a Liquidity Provider and the Commission in connection with the issuance or execution of a Liquidity Facility with respect to a Series of Variable Rate Bonds, which agreement, among other matters, sets forth the terms under

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which the Liquidity Facility will be provided and the provisions for payment of the Purchase Price of Variable Rate Bonds and/or for reimbursement of amounts paid by the Liquidity Provider under the Liquidity Facility, or, if an Alternate Liquidity Facility has been provided, the corresponding agreement, if any, executed and delivered in connection with such Alternate Liquidity Facility.

"Liquidity Facility Purchase Account" means an account established for a Series of Variable Rate Bonds pursuant to Section 31-65.21(b).

"Liquidity Provider" means the person or entity obligated to make a payment or payments with respect to any Series of Variable Rate Bonds under a Liquidity Facility and which is designated as a Liquidity Provider in a Series Sale Resolution relating to such Series of Variable Rate Bonds or an Alternate Liquidity Provider if an Alternate Liquidity Facility shall be in effect with respect to such Series of Variable Rate Bonds. Unless the context otherwise requires, the term "Liquidity Provider," whenever used in this Eleventh Supplemental Resolution with respect to certain Variable Rate Bonds or a Series of Variable Rate Bonds, shall refer only to the Liquidity Provider providing a Liquidity Facility with respect to such Variable Rate Bonds or Series of Variable Rate Bonds.

"Liquidity Provider Bonds" means any Variable Rate Bonds registered in the name of a Liquidity Provider, or its nominee or agent, pursuant to Section 31-65.15(b).

"Liquidity Provider Interest Rate" means the interest rate, not to exceed the maximum interest rate permitted by law, payable on Liquidity Provider Bonds of a Series and determined pursuant to the related Liquidity Facility Agreement.

SECTION 31-73.02. Amendments to Section 30-64.01. The following definitions in Section 30-64.01 of the Eleventh Supplemental Resolution are hereby amended to read as follows:

"Alternate Credit Facility" means a Credit Facility securing a Series of Variable Rate Bonds issued or executed in accordance with Section 30-65.18 which shall have a term of not less than 360 days and shall have substantially the same material terms as the Credit Facility it is replacing.

"Business Day" means a day on which the principal office of the Trustee, any Paying Agent, the Remarketing Agent, the Credit Provider, if any, with respect to that Series of Bonds, the Liquidity Provider, if any, with respect to that Series of Bonds, or banks or trust companies in New York, New York, are not

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authorized or required to remain closed and on which the New York Stock Exchange is not closed. In addition, while Variable Rate Bonds of a Series bear interest at an Auction Rate, the term Business Day shall not include days on which the Auction Agent or any Broker-Dealer are not open for business.

"Draw" means a request for payment in accordance with the terms of a Credit Facility, Alternate Credit Facility, Liquidity Facility or Alternate Liquidity Facility, as the case may be; to "Draw" means to request such payment.

"Expiration Date" means the stated expiration date of a Credit Facility, Alternate Credit Facility, Liquidity Facility or Alternate Liquidity Facility, as the case may be, as it may be extended from time to time as provided therein, as the case may be, or any earlier date on which such Credit Facility, Alternate Credit Facility, Liquidity Facility or Alternate Liquidity Facility shall terminate, expire or be cancelled.

"Interest Payment Date" means each date on which interest is to be paid and is (without duplication): (i) with respect to a Commercial Paper Bond, the Purchase Date; (ii) with respect to a Series of Variable Rate Bonds in the Daily Mode, the first Business Day of each month, (iii) with respect to a Series of Variable Rate Bonds in the Weekly Mode, the first Business Day of each month; (iv) with respect to a Series of Variable Rate Bonds in the Term Rate Mode, each Term Rate Interest Payment date for such Variable Rate Bond; (v) with respect to a Series of Variable Rate Bonds in the Fixed Rate Mode, each Stated Interest Payment Date (beginning with the first Stated Interest Payment Date that occurs no earlier than three (3) months after the commencement of the Fixed Rate Mode for such Variable Rate Bond or such other date as may be provided in a Series Sale Resolution); and (vi) with respect to Credit Provider Bonds and Liquidity Provider Bonds, the dates required under the applicable Credit Facility Agreement or Liquidity Facility; and (without duplication as to any Interest Payment Date listed above); (vii) with respect to a Series of Variable Rate Bonds bearing interest at Auction Rates, means the initial Interest Payment Date specified in a Series Sale Resolution relating to such Series of Auction Bonds, and thereafter (a) when used with respect to any Auction Period other than a daily Auction Period or a Special Rate Period, the Business Day immediately following such Auction Period, (b) when used with respect to a daily Auction Period, the first Business Day of the month immediately succeeding such Auction Period, (c) when used with respect to a Special Rate Period of (i) seven (7) or more but fewer than ninety-two (92) days, the Business Day immediately following such Special Rate Period, or (ii) ninety-two (92) or more days, each thirteenth (13th) Monday, Tuesday, Wednesday, Thursday or Friday as selected by the Commission after the first day of such Special Rate Period, or the next Business Day if such day is not a Business Day, and on the Business Day immediately following such Special Rate

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Period; (viii) any Mode Change Date, (ix) each Mandatory Purchase Date; and (x) each Maturity Date.

"Notice Parties" means the Commission, the Trustee, the Remarketing Agent, if any, the Paying Agent and the Credit Provider, if any, the Liquidity Provider, if any, and when there are Series of Variable Rate Bonds outstanding in the Auction Mode, the Auction Agent, the Market Agent, if any, and the Broker-Dealers for such Series of Variable Rate Bonds.

"Series Sale Resolution" means one or more resolutions of the Commission, (i) awarding or providing for the award of a Series of Variable Rate 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 Variable Rate Bonds to an underwriter or underwriters in accordance with the terms of a Bond Purchase Contract, and (ii) determining or providing for the determination of the interest rates, the Mode, the Maturity Date and the Maximum Rate (if such Variable Rate Bonds are secured by a Credit Facility, other than a Bond Insurance Policy or reserve fund surety policy) to be borne by such Variable Rate Bonds, whether principal payments in any given year are to be Serial Payments or Mandatory Sinking Fund Payments, and the dates of any Mandatory Sinking Fund Payments, the Purchase Price of such Variable Rate Bonds, providing for a Credit Facility securing any or all of such Variable Rate Bonds and/or a Liquidity Facility with respect to any or all of such Variable Rate Bonds, and naming the Credit Provider, Liquidity Facility Provider, Auction Agent, Broker-Dealer, Market Agent, if any, and Remarketing Agent, if any, and determining or providing for the determination of such other matters relating to the Series of Variable Rate Bonds as may be permitted or authorized to be determined by the Commission in accordance with the 1991 Resolution. If so designated by resolution of the Commission, a certificate signed by the Airport Director may be deemed to be a Series Sale Resolution.

"Substitution Date" means the date on which an Alternate Credit Facility is to be substituted for the Credit Facility, or an Alternate Liquidity Facility is to be substituted for a Liquidity Facility, or a Credit Facility is otherwise to be modified or reduced such that principal, interest or Purchase Price of any Variable Rate Bonds of all applicable Series will no longer be payable from and/or secured by such Credit Facility, or a Liquidity Facility is otherwise modified or reduced such that the Purchase Price of any Variable Rate Bonds of the applicable Series will no longer be payable from such Liquidity Facility.

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SECTION 31-73.03. Amendment to Section 30-65.01. Paragraph (g) of Section 30-65.01 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

(f) Anything in this Eleventh Supplemental Resolution to the contrary notwithstanding, the time of day specified herein for the taking or

foregoing of any action provided for herein with respect to a Series of Variable Rate Bonds may be changed by a Series Sale Resolution with the prior written consent of the Trustee, the Auction Agent, if any, the Broker-Dealers, if any, the Market Agent, if any, the Remarketing Agent, if any, the Credit Provider, if any, the Liquidity Provider, if any, and the Paying Agent, whose rights or obligations are affected thereby, in each case with respect to such Series of Variable Rate Bonds.

SECTION 31-73.04. Amendments to Section 30-65.04. Paragraphs (b) and (d) of Section 30-65.04 of the Eleventh Supplemental Resolution are hereby amended to read as follows:

(b) Absent manifest error, the interest rates contained in the records of the Paying Agent shall be conclusive and binding upon the Commission, the Remarketing Agent, the Paying Agent, the Trustee, the Credit Provider, the Liquidity Provider and the Owners, and with respect to a Series of Variable Rate Bonds in an Auction Mode, the Auction Agent, the Market Agent, if any, and the Broker-Dealers.

\* \* \*

(d) In the absence of manifest error, the determination of interest rates and Interest Periods by the Remarketing Agent shall be conclusive and binding, upon the Remarketing Agent, the Paying Agent, the Trustee, the Credit Provider, the Liquidity Provider, the Commission and the Owners.

SECTION 31-73.05. Amendment to Section 30-65.10. Subparagraph (a)(iii)(C)(3) of Section 30-65.10 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

(3) a Credit Facility and/or Liquidity Facility providing, collectively, for the payment of principal of, premium, if any, interest on, and Purchase Price of such Series of Variable Rate Bonds with a principal component equal to the principal amount of the Series of Variable Rate Bonds being changed, with an interest component in the case of such Credit Facility and/or Liquidity Facility equal to or greater than the Credit Facility Interest Amount for the

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applicable Mode, and with an Expiration Date not earlier than five (5) Business Days prior to the end of the initial Interest Rate Period for such Variable Rate Bonds; provided, however, that if a Series of Variable Rate Bonds is changed to the Term Rate Mode, no Credit Facility or Liquidity Facility need be applicable to such Variable Rate Bonds while in the Term Rate Mode if the Commission so elects by the time it gives the notice to the Notice Parties required by subsection (a)(i) of this Section.

SECTION 31-73.06. Amendment to Section 30-65.11. Subparagraph (c)(iv) of Section 30-65.11 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

(iv) Except in the case of a change to a Fixed Rate Mode or a Term Rate Mode, a Credit Facility or Liquidity Facility meeting the requirements of Section 30-65.18 shall be in effect on the Mode Change Date.

SECTION 31-73.07. Amendment to Section 30-65.14. Paragraph (e) of Section 30-65.14 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

(e) In the event that the Remarketing Agent fails to remarket all Variable Rate Bonds on a Purchase Date, such beneficial owner's Participant shall cause to be transferred such Variable Rate Bonds to an account of the Trustee at DTC and the Trustee, upon receipt of the proceeds paid under the Credit Facility or Liquidity Facility, as the case may be, shall cause the Purchase Price of such Variable Rate Bonds to be transferred to an account of such beneficial owner's Participant against receipt of such Variable Rate Bonds.

SECTION 31-73.08. Amendment to Section 30-65.15. Section 30-65.15 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

SECTION 30.65-15. Interest on Credit Provider Bonds and Liquidity Provider Bonds. (a) Credit Provider Bonds. Each Credit Provider Bond shall bear interest on the outstanding principal amount thereof at the Credit Provider Interest Rate for each day from and including the date such Variable Rate Bond becomes a Credit Provider Bond to, but not including, the date such Variable Rate Bond is paid in full or is remarketed. Interest on Credit Provider Bonds shall be payable as provided in the Credit Facility Agreement. Credit Provider Bonds shall not bear interest at the Credit Provider Interest Rate after such Variable Rate Bonds have been remarketed unless such Variable Rate Bonds shall again become Credit Provider Bonds. Interest on Credit Provider Bonds shall be calculated based upon a 365/366 day year for the actual number of days elapsed.

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(b) Liquidity Provider Bonds. Each Liquidity Provider Bond shall bear interest on the outstanding principal amount thereof at the Liquidity Provider Interest Rate for each day from and including the date such Variable Rate Bond becomes a Liquidity Provider Bond to, but not including, the date such Variable Rate Bond is paid in full or is remarketed. Interest on Liquidity Provider Bonds shall be payable as provided in the Liquidity Facility Agreement. Liquidity

Provider Bonds shall not bear interest at the Liquidity Provider Interest Rate after such Variable Rate Bonds have been remarketed unless such Variable Rate Bonds shall again become Liquidity Provider Bonds. Interest on Liquidity Provider Bonds shall be calculated based upon a 365/366 day year for the actual number of days elapsed.

SECTION 31-73.09. Amendments to Section 30-65.16. Paragraphs (c) and (e) of Section 30-65.16 of the Eleventh Supplemental Resolution are hereby amended to read as follows:

(c) Redemption of Credit Provider Bonds and Liquidity Provider Bonds. Anything in the 1991 Resolution to the contrary notwithstanding, Credit Provider Bonds shall be redeemed first and Liquidity Provider Bonds shall be redeemed second, prior to the optional redemption of any other Variable Rate Bonds, except as otherwise provided in a Series Sale Resolution with respect thereto.

\* \* \*

(e) Effect of Redemption on Credit Provider Bonds and Liquidity Provider Bonds. Anything in the 1991 Resolution to the contrary notwithstanding, any Credit Provider Bonds shall remain Outstanding until the Credit Provider is paid all amounts due under the Credit Facility Agreement with respect to such Credit Provider Variable Rate Bonds or the portion thereof to be redeemed, and any Liquidity Provider Bonds shall remain Outstanding until the Liquidity Provider is paid all amounts due under the Liquidity Facility Agreement with respect to such Liquidity Provider Bonds or the portion thereof to be redeemed. After payment to the Credit Provider of all amounts due on Credit Provider Bonds, the Credit Provider shall surrender such Variable Rate Bonds to the Paying Agent for cancellation. After payment to the Liquidity Provider of all amounts due on Liquidity Provider Bonds, the Liquidity Provider shall surrender such Variable Rate Bonds to the Paying Agent for cancellation.



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SECTION 31-73.10. Amendments to Section 30-65.17. Paragraphs (e), (f) and (g) of Section 30-65.17 of the Eleventh Supplemental Resolution are hereby amended to read as follows:

(e) Mandatory Purchase Upon Substitution, Modification or Reduction of Credit Facility or Liquidity Facility. Except as otherwise provided in a Series Sale Resolution with respect thereto, in the event that on or prior to the thirtieth (30th) day next preceding the Substitution Date, the Commission has failed to deliver to the Paying Agent and the Trustee a Rating Confirmation Notice in connection with the delivery of an Alternate Credit Facility, together with a written statement of Moody's, Standard & Poor's and Fitch, as applicable, indicating that the substitution, modification or reduction of the Credit Facility or Liquidity Facility will not result in a lowering of their ratings on the Series of Variable Rate Bonds payable from and/or secured by the Credit Facility or Liquidity Facility as a result of its substitution, modification or reduction, the Variable Rate Bonds payable from and/or secured by such Credit Facility or Liquidity Facility shall be subject to mandatory purchase on the Substitution Tender Date at a price equal to the Purchase Price. The Paying Agent shall give notice of such mandatory purchase by mail to the Owners of such Variable Rate Bonds subject to mandatory purchase no less than thirty (30) days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on such Variable Rate Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The Trustee shall give the notice required by this subsection (e) by Electronic Means if an Owner so requests in writing and the Trustee receives such request no later than five (5) Business Days before the Trustee is required to give such notice. The failure to send such notice with respect to any Variable Rate Bond as provided in this subsection (e) shall not affect the validity of the mandatory purchase of any other Variable Rate Bond with respect to which notice was so sent. Any notice sent as provided in this subsection (e) will be conclusively presumed to have been given, whether or not actually received by any Owner. Variable Rate Bonds purchased pursuant to this subsection (e) shall be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in New York, New York, at or before 12:00 noon, New York City time, on the Mandatory Purchase Date, and payment of the Purchase Price of such Variable Rate Bonds shall be made by wire transfer in immediately available funds by the Paying Agent by the close of business on such Mandatory Purchase Date.

(f) Mandatory Purchase Due to Default Under Credit Facility Agreement or Liquidity Facility Agreement. A Series of Variable Rate Bonds, excluding any Credit Provider or Liquidity Provider Bonds, payable from and/or secured by a Credit Facility or Liquidity Facility shall be subject to mandatory

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purchase at a Purchase Price equal to the principal amount thereof, plus accrued interest, if any, if the Trustee receives a notice from the Credit Provider or Liquidity Provider in writing (i) not later than the close of business on the sixth (6th) day after the day on which a Draw was made under the Credit Facility or Liquidity Facility to pay interest on such Variable Rate Bonds; that the interest portion of the Credit Facility or Liquidity Facility will not be reinstated as provided in the Credit Facility or Liquidity Facility, or (ii) that an Event of Default, as defined in the Credit Facility Agreement or Liquidity Facility, has occurred and is continuing and the Credit Provider or Liquidity Provider has exercised its option to terminate the Credit Facility or Liquidity Facility. Such Variable Rate Bonds subject to mandatory purchase shall be purchased on the Mandatory Purchase Date specified by the Credit Provider or Liquidity Provider in such written notice (or if such date is not a Business Day, the next succeeding Business Day). Such Mandatory Purchase Date shall be not more than ten (10) nor less than five (5) days after the date such notice is given and on or prior to the Expiration Tender Date. Variable Rate Bonds purchased pursuant to this subsection (f) shall be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in New York, New York, at or before 12:00 noon, New York City time, on the Mandatory Purchase Date, and payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Paying Agent by the close of business on the Mandatory Purchase Date.

The Paying Agent shall give notice by mail to all Owners and the Notice Parties prior to the close of business on the Business Day after receipt by the Trustee of such notice from the Credit Provider or Liquidity Provider stating (i) the mandatory purchase of such Variable Rate Bonds; (ii) the Mandatory Purchase Date; (iii) the Purchase Price; (iv) that such Variable Rate Bonds must be surrendered to collect the Purchase Price; (v) that the Credit Facility or Liquidity Facility will terminate on the date specified in such notice; (vi) that interest on such Variable Rate Bonds will cease to accrue to such Owner from and after the Mandatory Purchase Date and such Owner will be entitled only to the Purchase Price on the Mandatory Purchase Date.

(g) Mandatory Purchase Due to Failure to Extend Credit Facility or Liquidity Facility. If by the Renewal Date (f) an extension of a Credit Facility or Liquidity Facility, if any, has not been obtained or an Alternate Credit Facility or Alternate Liquidity Facility, as the case may be, has not been delivered to the Trustee, and (ii) the Commission has not delivered a Mode Change Notice with respect to a change to a Mode for which a Credit Facility or Liquidity Facility is not required, then such Variable Rate Bonds payable from and/or secured by such Credit Facility or Liquidity Facility (not including Credit Provider Bonds, Liquidity Provider Bonds and Fixed Rate Bonds) shall be subject to mandatory purchase on the Expiration Tender Date. The Trustee shall give notice

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by mail to all Owners of such Variable Rate Bonds payable from and/or secured by such Credit Facility or Liquidity Facility (other than Fixed Rate Bonds) and the Notice Parties prior to the close of business on the third (3rd) Business Day after the Renewal Date of the fact that (i) such Variable Rate Bonds will be purchased pursuant to the provisions of this subsection, (ii) the Mandatory Purchase Date on which such Variable Rate Bonds will be purchased, which Date shall be the Expiration Tender Date, (iii) the Purchase Price, (iv) that such Variable Rate Bonds must be surrendered to collect the Purchase Price and (v) that interest on such Variable Rate Bonds will cease to accrue from and after such Mandatory Purchase Date and that the Owner will be entitled only to the Purchase Price on the Mandatory Purchase Date. Variable Rate Bonds purchased pursuant to this subsection shall be delivered by the Owners to the office of the Paying Agent in New York, New York, at or before 12:00 noon, New York City time, on the Mandatory Purchase Date, and payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Paying Agent by the close of business on such Mandatory Purchase Date.

SECTION 31-73.11. Amendments to Section 30-65.17. Subparagraphs (h)(i)(C), (h)(iii), (i)(ii), (j)(ii) and (m) of Section 30-65.17 of the Eleventh Supplemental Resolution are hereby amended to read as follows:

[(h)(i)(C)] all Credit Provider Bonds and Liquidity Provider Bonds.

\* \* \*

[(h)(iii)] Transfer of Funds; Draw on Credit Facility or Liquidity Facility for Series of Variable Rate Bonds. On each Purchase Date or Mandatory Purchase Date, as the case may be, the Paying Agent shall direct the Trustee to Draw on the Credit Facility or Liquidity Facility, as the case may be, for the related Series of Variable Rate Bonds, by 1:00 p.m., New York City time, in an amount equal to the Purchase Price of all such Variable Rate Bonds tendered or deemed-tendered less the aggregate amount of remarketing proceeds received from the remarketing of such Variable Rate Bonds.

\* \* \*

[(i)(ii)] immediately available funds on deposit in the Credit Facility Purchase Account or Liquidity Facility Purchase Account established for such Series of Variable Rate Bonds.

\* \* \*

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[(g)](ii) such Variable Rate Bonds purchased by the Paying Agent with moneys described in Section 30-65.17(i)(ii) shall be registered immediately in the name of the Credit Provider or the Liquidity Provider, as the case may be, or its nominee or agent on or before 1:30 p.m., New York City time.

\* \* \*

(m) Limitations on Mandatory Purchases. Anything in this Eleventh Supplemental Resolution to the contrary notwithstanding, Variable Rate Bonds of a Series shall not be subject to mandatory purchase pursuant to this Section 30-65.17 unless the payment of the Purchase Price is limited to payments made by a Credit Provider under a Credit Facility, payments made by a Liquidity Provider under a Liquidity Facility, proceeds of remarketing such Variable Rate Bonds, or to other amounts that do not constitute Revenues of the Commission.

SECTION 31-73.12. Amendments to Section 30-65.18. Section 30-65.18 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

SECTION 30-65.18 Credit Facility, Liquidity Facility. (a) While a Credit Facility is in effect with respect to any Series of Variable Rate Bonds, the Trustee shall Draw under such Credit Facility, by no later than the time provided in such Credit Facility for presentation of documents in order to receive payment in immediate available funds by 1:00 p.m., New York City time, on each Interest Payment Date, Principal Payment Date and Redemption Date, as the case may be, an amount sufficient to pay the principal or Redemption Price of and interest due with respect to such Series of Variable Rate Bonds secured by such Credit Facility on such Interest Payment Date, Principal Payment Date and Redemption Date. The proceeds of such Draws under this subsection (a) shall be deposited in the Credit Facility Account established for such Series of Variable Rate Bonds pursuant to Section 30-65.21(a).

(b) On each Purchase Date or Mandatory Purchase Date, as the case may be, the Trustee, at the direction of the Paying Agent, shall Draw on the Credit Facility or Liquidity Facility, as the case may be, for a Series of Variable Rate Bonds, by no later than the time provided in such Credit Facility or Liquidity Facility for presentation of documents in order to receive payment in immediately available funds by 2:00 p.m., New York City time, on each Purchase Date and Mandatory Purchase Date, as the case may be, an amount which, together with the proceeds of the remarketing of such Variable Rate Bonds on such date, is sufficient to enable the Paying Agent to pay the Purchase Price of such Variable Rate Bonds in connection therewith. The proceeds of such Draws under this subsection (b) under a Credit Facility shall be paid to the Paying Agent, who shall deposit said proceeds in the Credit Facility Purchase Account

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established for such Series of Variable Rate Bonds pursuant to Section 30-65.21(b). The proceeds of such Draws under this subsection (b) under a Liquidity Facility shall be paid to the Paying Agent, who shall deposit said proceeds in the Liquidity Facility Purchase Account established for such Series of Variable Rate Bonds pursuant to Section 30-65.21(b).

(c) Notwithstanding the foregoing subsections (a) and (b) of this Section, the Trustee shall not Draw on a Credit Facility or Liquidity Facility with respect to any payments due or made in connection with Credit Provider Bonds or Liquidity Provider Bonds, or Variable Rate Bonds not payable from and/or secured by such Credit Facility or Liquidity Facility.

(d) If at any time there shall have been delivered to the Trustee (i) an Alternate Credit Facility in substitution for the Credit Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a Rating Confirmation Notice from Moody's, if the Variable Rate Bonds secured by such Alternate Credit Facility are rated by Moody's, Standard & Poor's, if such Variable Rate Bonds are rated by Standard & Poor's, and from Fitch, if such Variable Rate Bonds are rated by Fitch, together with a written statement of Moody's, Standard & Poor's and Fitch, as applicable, indicating that the substitution of the Alternate Credit Facility will not result in a lowering of their ratings on such Variable Rate Bonds to be secured by the Alternate Credit Facility as a result of its substitution for the current Credit Facility and (iv) written evidence satisfactory to the Credit Provider of the provision for purchase from the Credit Provider of all Credit Provider Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due it under the Credit Facility Agreement on or before the effective date of such Alternate Credit Facility, then the Trustee shall accept such Alternate Credit Facility on the Substitution Tender Date and shall surrender the Credit Facility then in effect to the Credit Provider on the Substitution Date. The Commission shall give the Trustee, the Paying Agent, the Remarketing Agent and the Credit Provider written notice of the proposed substitution of an Alternate Credit Facility for the Credit Facility then in effect no less than forty-five (45) days prior to the proposed Substitution Date. The Trustee shall give notice of such proposed substitution by mail to the Owners of the Variable Rate Bonds subject to mandatory purchase no less than thirty (30) days prior to the proposed Substitution Date.

(e) If at any time there shall have been delivered to the Trustee (i) an Alternate Liquidity Facility in substitution for the Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a Rating Confirmation Notice from Moody's, if the Variable Rate Bonds payable from such Alternate Liquidity Facility are rated by Moody's, Standard & Poor's, if such Variable Rate Bonds are rated by Standard & Poor's, and from Fitch, if such Variable Rate

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Bonds are rated by Fitch, together with a written statement of Moody's, Standard & Poor's and Fitch, as applicable, indicating that the substitution of the Alternate Liquidity Facility will not result in a lowering of their ratings on such Variable Rate Bonds to be payable from the Alternate Liquidity Facility as a result of its substitution for the current Liquidity Facility, and (iv) written evidence satisfactory to the Liquidity Provider of the provision for purchase from the Liquidity Provider of all Liquidity Provider Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due it under the Liquidity Facility Agreement on or before the effective date of such Alternate Liquidity Facility, then the Trustee shall accept such Alternate Liquidity Facility on the Substitution Tender Date and shall surrender the Liquidity Facility then in effect to the Liquidity Provider on the Substitution Date. The Commission shall give the Trustee, the Paying Agent, the Remarketing Agent and the Liquidity Provider written notice of the proposed substitution of an Alternate Liquidity Facility for the Liquidity Facility then in effect no less than thirty (30) days prior to the proposed Substitution Date. The Trustee shall give notice of such proposed substitution by mail to the Owners of the Variable Rate Bonds subject to mandatory purchase no less than thirty (30) days prior to the proposed Substitution Date.

(f) The Trustee shall not sell, assign or otherwise transfer any Credit Facility or Liquidity Facility, except to a successor Trustee hereunder and in accordance with the terms of the Credit Facility or Liquidity Facility, as the case may be, this Eleventh Supplemental Resolution and the 1991 Resolution.

(g) The obligation of the Commission to reimburse a Credit Provider for Draws on a Credit Facility with respect to a Series of Variable Rate Bonds in accordance with the Credit Facility Agreement shall constitute a Repayment Obligation within the meaning and with the effect set forth in Section 2.15 of the 1991 Resolution in the event and to the extent so provided in a Series Sale Resolution with respect to such Series of Variable Rate Bonds and in the Credit Facility Agreement.

(h) The obligation of the Commission to reimburse a Liquidity Provider for Draws on a Liquidity Facility with respect to a Series of Variable Rate Bonds in accordance with the Liquidity Facility Agreement shall constitute a Repayment Obligation within the meaning and with the effect set forth in Section 2.15 of the 1991 Resolution in the event and to the extent so provided in a Series Sale Resolution with respect to such Series of Variable Rate Bonds and in the Liquidity Facility Agreement.

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SECTION 31-73.13. Amendments to Section 30-65.21. Section 30-65.21 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

SECTION 30.65.21. Establishment and Application of Credit Facility Fund and Purchase Fund.

(a) Credit Facility Fund. Pursuant to Section 5.02(c) of the 1991 Resolution, there is hereby established and there shall be maintained with the Paying Agent, as agent for the Trustee, a separate fund to be known as the "Credit Facility Fund" and the Paying Agent shall further establish and hold separate accounts within the Credit Facility Fund for each Series of Variable Rate Bonds secured by a Credit Facility and designated "Issue \_\_\_\_\_ Credit Facility Account" with the blanks to be completed with the alpha-numerical designation of the particular Series of Variable Rate Bonds. The Trustee shall deposit, or cause to be deposited, the proceeds of Draws on the Credit Facility securing a Series of Variable Rate Bonds made pursuant to subsection (a) of Section 30-65.18 in the Credit Facility Account established for such Variable Rate Bonds. Moneys in a Credit Facility Account shall be used and withdrawn by the Paying Agent on each Interest Payment Date, Principal Payment Date and Redemption Date to pay the interest on and principal of the Series of Variable Rate Bonds (whether at maturity or redemption) secured by such Credit Facility. Amounts in the Credit Facility Fund shall be held uninvested.

(b) Purchase Fund. Pursuant to Section 5.02(c) of the 1991 Resolution, there is hereby established and there shall be maintained with the Paying Agent, as agent for the Trustee, a separate fund to be known as the "Purchase Fund" and the Paying Agent shall further establish separate accounts within the Purchase Fund for each Series of Variable Rate Bonds to be held by the Paying Agent and designated as: the "Issue \_\_\_\_\_ Remarketing Proceeds Account," "Issue \_\_\_\_\_ Credit Facility Purchase Account" and "Issue \_\_\_\_\_ Liquidity Facility Purchase Account," with the blanks to be completed with the alpha-numerical designation of the particular Series of Variable Rate Bonds.

(i) Remarketing Proceeds Account; Credit Provider Bonds; Liquidity Provider Bonds. Upon receipt of the proceeds of a remarketing of a Series of Variable Rate Bonds, the Paying Agent shall deposit such proceeds in the Remarketing Proceeds Account for such Series of Variable Rate Bonds for application to the Purchase Price of such Variable Rate Bonds. Notwithstanding the foregoing, upon the receipt of the proceeds of a remarketing of Credit Provider Bonds or Liquidity Provider Bonds, the Paying Agent shall immediately pay such proceeds to the Credit Provider or the Liquidity Provider, as the case may be, to the extent of any amount owing to such Credit Provider or Liquidity Provider.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 04-0220

Credit Provider Bonds shall remain Outstanding in the hands of the Credit Provider until the Credit Provider is paid all amounts due with respect to such Variable Rate Bonds in accordance with the Credit Facility Agreement. Furthermore, a Series of Variable Rate Bonds, the principal of which was paid with proceeds of a Draw on a Credit Facility, which Draw has not been reimbursed, shall remain Outstanding until the Credit Provider is reimbursed in full for such Draw.

Liquidity Provider Bonds shall remain Outstanding in the hands of the Liquidity Provider until the Liquidity Provider is paid all amounts due with respect to such Variable Rate Bonds in accordance with the Liquidity Facility Agreement. Furthermore, a Series of Variable Rate Bonds, the principal of which was paid with proceeds of a Draw on a Liquidity Facility, which Draw has not been reimbursed, shall remain Outstanding until the Liquidity Provider is reimbursed in full for such Draw.

(ii) Credit Facility Purchase Account. Upon receipt from the Trustee of the immediately available funds from a Credit Facility which are transferred to the Paying Agent pursuant to subsection (b) of Section 30-65.18, the Paying Agent shall deposit such money in the Credit Facility Purchase Account for such Series of Variable Rate Bonds for application to the Purchase Price of such Variable Rate Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the Credit Facility Purchase Account for a Series of Variable Rate Bonds and not needed with respect to any Purchase Date or Mandatory Purchase Date for the payment of the Purchase Price for any such Variable Rate Bonds shall be immediately returned to the Credit Provider.

(iii) Liquidity Facility Purchase Account. Upon receipt from the Trustee of the immediately available funds from a Liquidity Facility which are transferred to the Paying Agent pursuant to subsection (b) of Section 30-65.18, the Paying Agent shall deposit such money in the Liquidity Facility Purchase Account for such Series of Variable Rate Bonds for application to the Purchase Price of such Variable Rate Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the Liquidity Facility Purchase Account for a Series of Variable Rate Bonds and not needed with respect to any Purchase Date or Mandatory Purchase Date for the payment of the Purchase Price for any such Variable Rate Bonds shall be immediately returned to the Liquidity Provider.



AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 04-0220

SECTION 31-73.14. Amendment to Section 30-65.25. Paragraphs (a) of Section 30-65.25 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

(a) With respect to Variable Rate Bonds in a Daily Mode, Weekly Mode or an Auction Mode with an Auction Period of forty (40) days or less, and any Interest Rate Swaps payable from a Series Interest Account with forty (40) days or less between regularly scheduled payment dates, Net Revenues and any Swap Receipts shall be deposited into the applicable Series Interest Accounts on or before the Interest Payment Dates for Variable Rate Bonds in such Modes and the regularly scheduled payment dates for any such Interest Rate Swaps

With respect to Variable Rate Bonds in a Term Rate Mode, Fixed Rate Mode, Commercial Paper Mode or an Auction Mode with an Auction Period of more than forty (40) days, and any Interest Rate Swaps payable from a Series Interest Account with more than forty (40) days between regularly scheduled payment dates, Net Revenues and any Swap Receipts shall be deposited in the applicable Series Interest Accounts on or before the second Business Day of each month, in approximately equal monthly installments, so that the aggregate amount on deposit in such Series Interest Accounts on the next succeeding Interest Payment Date for such Variable Rate Bonds and regularly scheduled payment date for such Interest Rate Swaps is at least equal to the aggregate net amount of interest due and payable on such Interest Payment Date and the net amount due and payable on such regularly scheduled payment date for such Interest Rate Swaps; provided, however, that no moneys need be deposited in a Series Interest Account except to the extent that such moneys are required for the payment of interest to become due on such Series of Variable Rate Bonds on the next succeeding Interest Payment Date or on such Interest Rate Swaps on the next regularly scheduled payment date therefor, after the application of the moneys then on deposit in the Series Interest Account; and provided, further, that subject to the preceding proviso, during the period preceding the first Interest Payment Date with respect to a Series of Variable Rate Bonds and the first regularly scheduled payment date with respect to any Interest Rate Swaps, the amount of each monthly installment of Net Revenues and Swap Receipts, if applicable, with respect to the Series of Variable Rate Bonds 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 date of issuance of the Series of Variable Rate Bonds to the first Interest Payment Date on such Series of Variable Rate Bonds minus one, and the aggregate amount of interest becoming due and payable on such Series of Variable Rate Bonds on said Interest Payment Date, and with respect to any Interest Rate Swaps shall be equal to the product of a fraction the numerator of which is one and the denominator of which is the number of

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 04-0220

whole calendar months from the date of execution of such Interest Rate Swap to the first regularly scheduled payment date on such Interest Rate Swap minus one, and the aggregate amount of becoming due and payable on such Interest Rate Swap on such regularly scheduled payment date thereon.

SECTION 31-73.15. Amendments to Section 30-65.26. Section 30-65.26 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

(a) Amounts in the Series Debt Service Accounts for each Series of Variable Rate Bonds 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 Series Debt Service Account to which such Permitted Investments are allocated. Amounts in any Series 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. Amounts in Series Construction Accounts may be invested in any Permitted Investment. Amounts in the Series Escrow Funds shall be invested as provided in the corresponding Series Escrow Agreements. Amounts in a Series Remarketing Proceeds Account, Series Credit Facility Account, Series Credit Facility Purchase Account and Liquidity Facility Purchase Account shall be held uninvested unless otherwise provided in a Series Sale Resolution.

(b) The Trustee or the Paying Agent, as the case may be, may commingle any moneys held by it under this Eleventh Supplemental Resolution, except moneys derived from a Draw under a Credit Facility, a Liquidity Facility or Seasoned Funds, and amounts held in a Series Remarketing Proceeds Account, Series Credit Facility Account, Series Credit Facility Purchase Account and Series Liquidity Facility Purchase Account, each of which shall be held separate and apart of all other Funds and Accounts and not commingled with any other Funds or Accounts or investments of moneys therein.

SECTION 31-73.16. Amendments to Section 30-65.33. Section 30-65.33 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

SECTION 30-65.33. The Remarketing Agent. The Remarketing Agent for a Series of Variable Rate Bonds shall be designated by the Commission in a Series Sale Resolution relating to such Series of Variable Rate Bonds. Each Remarketing Agent shall remarket Variable Rate Bonds pursuant to this Eleventh Supplemental Resolution and the 1991 Resolution, keep such books and records as shall be consistent with prudent industry practice and make such books and

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 04-0220

records available for inspection by the Credit Provider, the Liquidity Provider, the Commission, the Paying Agent and the Trustee at all reasonable times.

The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Eleventh Supplemental Resolution by giving at least thirty (30) days' notice to the Commission, the Trustee, the Paying Agent, the Credit Provider and the Liquidity Provider. The Remarketing Agent may be removed at any time, at the direction of the Commission, by an instrument filed with the Remarketing Agent, the Trustee, the Paying Agent, the Credit Provider and the Liquidity Provider and upon at least thirty (30) days' notice to the Remarketing Agent. Any successor Remarketing Agent shall be selected by the Commission and shall be a member of the National Association of Securities Dealers, Inc., shall have a capitalization of at least fifteen million dollars (\$15,000,000), and shall be authorized by law to perform all the duties set forth in this Eleventh Supplemental Resolution and the 1991 Resolution. When a Credit Facility is in effect with respect to a Series of Variable Rate Bonds and so long as the related Credit Provider has not wrongfully dishonored a Draw on such Credit Facility, the Commission shall obtain such Credit Provider's consent to the appointment of such successor Remarketing Agent. When a Liquidity Facility is in effect with respect to a Series of Variable Rate Bonds and so long as the related Liquidity Provider has not wrongfully dishonored a Draw on such Liquidity Facility, the Commission shall obtain such Liquidity Provider's consent to the appointment of such successor Remarketing Agent. The Commission's delivery to the Trustee of a certificate setting forth the effective date of the appointment of a successor Remarketing Agent and the name of such successor shall be conclusive evidence that (i) if applicable, the predecessor Remarketing Agent has been removed in accordance with the provisions of this Eleventh Supplemental Resolution and (ii) such successor has been appointed and is qualified to act as Remarketing Agent under the terms of this Eleventh Supplemental Resolution.

SECTION 31-73.17. Amendments to Section 30-65.35. Section 30-65.35 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

SECTION 30-65.35. References to Credit Provider and Liquidity Provider. (a) Notwithstanding any provisions contained herein or in the 1991 Resolution to the contrary, after the expiration or termination of the Credit Facility securing a Series of Variable Rate Bonds and after all obligations owed to the related Credit Provider pursuant to its Credit Facility Agreement (other than the right to indemnification and other rights which purport to survive satisfaction of present payment obligations) have been paid in full or discharged, all references to such Credit Provider contained herein or in the 1991 Resolution shall be null and void and of no further force and effect.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 04-0220

(b) Notwithstanding any provisions contained herein or in the 1991 Resolution to the contrary, after the expiration or termination of the Liquidity Facility for a Series of Variable Rate Bonds and after all obligations owed to the related Liquidity Provider pursuant to its Liquidity Facility Agreement (other than the right to indemnification and other rights which purport to survive satisfaction of present payment obligations) have been paid in full or discharged, all references to such Liquidity Provider contained herein or in the 1991 Resolution shall be null and void and of no further force and effect.

SECTION 31-73.18. Amendment to Section 30-65.36. The following Paragraph (h) is hereby added Section 30-65.36 of the Eleventh Supplemental Resolution to read as follows:

(h) If to the Liquidity Provider, to the address set forth in the related Liquidity Facility Agreement.

SECTION 31-73.19. Amendment to Section 30-65.37. Section 30-65.37 of the Eleventh Supplemental Resolution is hereby amended to read as follows:

SECTION 30-65.37. Notices to Rating Agencies. In addition to the notices required by Section 11.04 of the 1991 Resolution, the Trustee shall give immediate notice to Moody's, Standard & Poor's and Fitch, as applicable, in the event: (a) the Remarketing Agent resigns or is replaced; (b) a Credit Facility expires or is terminated; (c) a Liquidity Facility expires or is terminated, or (d) the Variable Rate Bonds are changed from one Mode to another Mode.

SECTION 31-73.20. Addition of Section 30-65.38. The following Section 30-65.38 is hereby added to the Eleventh Supplemental Resolution:

SECTION 30-65.38. Liquidity Providers. (a) Any notices required to be delivered to a Credit Providers, if any, shall also be delivered to each Liquidity Provider, if any.

(b) The determination of any interest rate with respect to a Series of Variable Rate Bonds by an Auction Agent, Broker-Dealer or Remarketing Agent with respect to such Variable Rate Bonds shall be deemed to be conclusive and binding on any Liquidity Provider for such Variable Rate Bonds.

Section 3. Request for Further Board Approval. The Commission hereby authorizes and directs the Airport Director to request that the Board approve an additional \$875,000,000 aggregate principal amount of Refunding Bonds from the \$2,000,000,000 principal amount of Refunding Bonds previously authorized by the Commission under the Tenth Supplemental Resolution.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 04-0220

Section 4. Ratification of 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 supplemented, including as amended and supplemented by this Resolution.

ADOPTED by the Airport Commission of the City and County of San Francisco this 2<sup>nd</sup> day of NOVEMBER, 2004, by the following vote:

Ayes:

Noes:

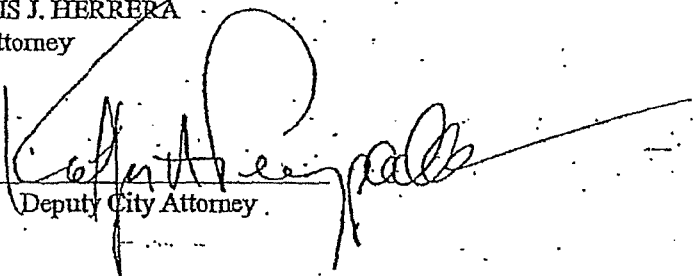
Absent:

[SEAL]

Approved as to Form:

DENNIS J. HERRERA  
City Attorney

By

  
Deputy City Attorney

Twelfth Supplemental Resolution

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of

NOV 02 2004

22

  
Secretary

President, District 5  
BOARD of SUPERVISORS



BOS-11, Aides, COR,  
GAW Clerk, B & F Clerk,  
Dep's., Dep City Atty  
City Hall

1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-7630  
Fax No. 554-7634  
TDD/TTY No. 544-5227

London Breed

**PRESIDENTIAL ACTION**

Date: 06.20.2018

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,  
Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. \_\_\_\_\_ (Primary Sponsor)

Title. \_\_\_\_\_

2018 JUN 21 PM 12:05  
BOARD OF SUPERVISORS  
SAN FRANCISCO

Transferring (Board Rule No 3.3)

File No. 180655 Department \_\_\_\_\_ (Primary Sponsor)

Title. Airport Revenue Bonds - Bond Issuance - Airport Revenue Refunding Bonds - Continuing Covenant Agreement

From: Government Audit & Oversight Committee

To: Budget & Finance Sub Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor \_\_\_\_\_

Replacing Supervisor \_\_\_\_\_

For: \_\_\_\_\_ Meeting  
(Date) (Committee)

London Breed, President  
Board of Supervisors



San Francisco International Airport

June 7, 2018

2018 JUN 14 PM 1:21

BY AK

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 Airport Refunding Bonds and a Form of Continuing Covenant Agreement

Dear Ms. Calvillo:

We have enclosed a Board of Supervisors Resolution approving an additional \$2.62 billion in Airport refunding bond authorization and a form of Continuing Covenant Agreement. Please place this item on the Board calendar at your earliest convenience.

To date, the Board of Supervisors has approved a total of \$8.44 billion of Airport refunding bonds of which \$7.71 billion have been issued. We are now seeking authorization for an additional \$2.62 billion in refunding bonds from the Board of Supervisors. The Airport plans to use its refunding capacity to generate net present value savings, restructure debt service, or convert bonds from or to a variable or fixed interest rate structure that would be beneficial to the Airport.

The Airport may privately-place bonds with a commercial bank or other similar investors by executing a Continuing Covenant Agreement. The Continuing Covenant Agreement provides another mechanism for the financing of Airport capital projects, which would supplement the Commission's current ability to sell bonds, through a public offering on a negotiated or competitive basis. A traditional bond issue takes up to four months to complete. A private-placement transaction could be completed in as little as two months. This could also help mitigate market risk in today's rising interest rate environment.

We have enclosed copies of the Airport Commission's Resolutions No. 18-0109 and No. 18-0110, which were adopted on April 24, 2018, with the accompanying Memorandums.

The following is a list of accompanying documents:

- Board of Supervisors Resolution (one original and copy);
- Approved Airport Commission Resolution No. 18-0109;
- Memorandum accompanying Airport Commission Resolution No. 18-0109;
- Approved Airport Commission Resolution No. 18-0110;
- Memorandum accompanying Airport Commission Resolution No. 18-0110;
- Other Airport Commission resolutions referenced in the Board resolution as being on file with the Clerk of the Board; and
- Form of Continuing Covenant Agreement

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

MARK FARRELL  
MAYOR

LARRY MAZZOLA  
PRESIDENT

LINDA S. CRAYTON  
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

IVAR C. SATERO  
AIRPORT DIRECTOR



San Francisco International Airport

The following person may be contacted regarding this matter:

Ronda Chu  
Capital Finance Director  
(650) 821-2823  
ronda.chu@flysfo.com

Very truly yours,

A handwritten signature in black ink, appearing to read "Jean Caramatti". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jean Caramatti  
Commission Secretary

Enclosures

cc: Ronda Chu, Finance  
Cathy Widener, Governmental Affairs

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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MAYOR

LARRY MAZZOLA  
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VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

IVAR C. SATERO  
AIRPORT DIRECTOR



03-0220

AIRPORT COMMISSION OF THE CITY AND COUNTY  
OF SAN FRANCISCO

Eleventh Supplemental Resolution  
Providing for the Issuance of

SAN FRANCISCO INTERNATIONAL AIRPORT  
SECOND SERIES VARIABLE RATE REVENUE BONDS

Adopted on October \_\_, 2003

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AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-0220

Eleventh Supplemental Resolution  
Providing for the Issuance of  
San Francisco International Airport  
Second Series Variable Rate Revenue Bonds

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 No. \_\_\_\_\_ (herein called the "Eleventh Supplemental Resolution") is herein called the "1991 Resolution"; and

WHEREAS, the Commission has determined that it is necessary and desirable to authorize the issuance of one or more additional series of 1991 Resolution Bonds, to be issued initially in a Daily Mode, a Weekly Mode, a Commercial Paper Mode, an Auction Mode, a Term Rate Mode or a Fixed Rate Mode (as defined herein) for the purposes of financing new projects or refunding, paying, calling and retiring all or a portion of one or more Series of outstanding 1991 Resolution Bonds and all or a portion of the Commission's outstanding Subordinate Bonds (as defined in the 1991 Resolution), funding debt service reserves, and paying costs of issuance, including any redemption premiums, in connection therewith; and

WHEREAS, pursuant to Resolution No. 98-0114, duly adopted by the Commission on May 19, 1998 (as heretofore amended, as hereby further amended and as may be subsequently amended, the "Seventh Supplemental Resolution"), the Commission is authorized to issue one or more series of Refunding Bonds (as defined in the Seventh Supplemental Resolution) for the purposes of refunding, paying, calling and retiring all or a portion of one or more Series of outstanding 1991 Resolution Bonds and all or a portion of the Commission's outstanding Subordinate Bonds, funding debt service reserves, and paying costs of issuance, including any redemption premiums, in connection therewith (collectively, "Refunding Purposes"); and

WHEREAS, the Commission desires to provide for the issuance, from time to time, of 1991 Resolution Bonds bearing interest at variable rates as provided in this Eleventh Supplemental Resolution, for Refunding Purposes, and the Commission further desires to provide, that bonds issued under this Eleventh Supplemental Indenture for Refunding Purposes, bearing interest at one or more variable rates as provided herein, shall nevertheless be deemed, in its discretion, to be issued under the Seventh Supplemental Resolution and not this Eleventh Supplemental Resolution, and in such case only certain provisions of this Eleventh Supplemental Resolution shall apply to such bonds as set forth herein; 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

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-0220

for the issuance of, and to set the terms and conditions of, each additional series of 1991 Resolution Bonds under the 1991 Resolution; and

WHEREAS, pursuant to Section 9.01(k) of the 1991 Resolution, the Commission by Supplemental Resolution may accommodate the use of a Credit Facility (as hereinafter defined) for a series of 1991 Resolution Bonds; and

WHEREAS, the Commission desires to increase its authorization of Second Series Revenue Bonds, and has received an Opinion of Bond Counsel that such increased authorization will not have a material adverse effect on the interests of the Holders;

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

Section 1. The 1991 Resolution is hereby amended and supplemented by adding the following Articles thereto, which are hereby incorporated therein:

ARTICLE 30-LXIV

DEFINITIONS AND GENERAL PROVISIONS

SECTION 30-64.01. Definitions: All capitalized terms used herein and not otherwise defined herein shall have the last defined meanings assigned to them in Article I of the 1991 Resolution.

For the purposes of Articles 30-LXIV, 30-LXV, 30-LXVI, 30-LXVII and 30-LXVIII, the following words shall have the following meanings:

"Agent Member" means a member of, or participant in, the Bond Depository who shall act on behalf of a Bidder.

"All Hold Rate" means, as of any Auction Date, 45% (or such other percentage as may be specified in a Series Sale Resolution) of the Reference Rate in effect on such Auction Date.

"Alternate Credit Facility" means a Credit Facility securing a Series of Variable Rate Bonds issued or executed in accordance with Section 30-65.18 which shall have a term of not less than one year and shall have substantially the same material terms as the Credit Facility it is replacing.

"Alternate Credit Provider" means the person or entity obligated to make a payment or payments with respect to any Series of Variable Rate Bonds under an Alternate Credit Facility.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-0220

"Alternate Rate" means for a Series of Variable Rate Bonds in a particular Mode, the following as the same shall be applied in accordance with the provisions of Section 30-65.08:

(a) for a Series of Variable Rate Bonds in the Commercial Paper Mode, the BMA Municipal Swap Index or such other index as may be provided in a Series Sale Resolution;

(b) for a Series of Variable Rate Bonds in the Daily Mode, the last lawful interest rate for such Variable Rate Bonds set by the Remarketing Agent pursuant to Section 30-65.06;

(c) for a Series of Variable Rate Bonds in the Weekly Mode, the BMA Municipal Swap Index or such other index as may be provided in a Series Sale Resolution; and

(d) for a Series of Variable Rate Bonds in the Term Rate Mode, the Alternate Term Rate.

"Alternate Term Rate" means for a Series of Variable Rate Bonds in the Term Rate Mode, an index published or provided by Kenny Information Systems (or a similar information service selected by the Commission if Kenny Information Systems ceases to operate), which index is based on yield evaluations at par of bonds, the interest on which is excluded from gross income for purposes of Federal income taxation and are not subject to a "minimum tax" or similar tax under the Code (unless all tax-exempt bonds are subject to such tax). The bonds upon which the index is based shall include not less than five "high grade" component issuers selected by Kenny Information Systems (or a similar information service selected by the Commission if Kenny Information Systems ceases to operate) which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time-to-time by Kenny Information Systems (or a similar information service selected by the Commission if Kenny Information Systems ceases to operate) in its discretion. The yield evaluation period for the index shall be a one year evaluation.

"Applicable Percentage" means, as of any Auction Date, the Percentage of the Reference Rate (in effect on such Auction Date) determined as set forth below, based on the Prevailing Rating of a Series of Auction Bonds in effect at the close of business on the Business Day immediately preceding such Auction Date, or such other percentages as may be provided in a Series Sale Resolution for such Series of Auction Bonds:

<u>Prevailing Rating</u>	<u>Percentage of Reference Rate</u>
AAA	175%
AA	200

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A

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If the Prevailing Ratings of Variable Rate Bonds of a Series are below "A" or Variable Rate Bonds of a Series are not then rated, then no Applicable Percentage shall apply and the Maximum Rate shall be determined as set forth in the definition of Maximum Rate.

"Auction" means the implementation of the Auction Procedures on an Auction Date.

"Auction Agent" means the auctioneer for a Series of Auction Bonds designated in a Series Sale Resolution relating to such Series of Auction Bonds, appointed in accordance with Sections 30-66.10 and 30-66.11.

"Auction Agreement" means an agreement among the Commission, as applicable, the Auction Agent and the Trustee pursuant to which the Auction Agent agrees to follow the procedures specified in this Eleventh Supplemental Resolution with respect to a Series of Auction Bonds while in an Auction Mode, as such agreement may from time to time be amended or supplemented.

"Auction Bonds" means a Series of Variable Rate Bonds while they bear interest at the Auction Rate.

"Auction Date" means during any period in which the Auction Procedures are not suspended in accordance with the provisions of this Eleventh Supplemental Resolution, (i) if a Series of Auction Bonds is in a daily Auction Period, each Business Day, (ii) if a Series of Auction Bonds are in a Special Rate Period, the last Business Day of the Special Rate Period, and (iii) if a Series of Auction Bonds are in any other Auction Period, the Business Day next preceding each Interest Payment Date for such Auction Bonds (whether or not an Auction shall be conducted on such date); provided, however, that the last Auction Date with respect to such Auction Bonds in an Auction Period other than a daily Auction Period or a Special Rate Period shall be the earlier of (a) the Business Day next preceding the Interest Payment Date next preceding the Mode Change Date for such Auction Bonds and (b) the Business Day next preceding the Interest Payment Date next preceding the final maturity date for such Auction Bonds; and provided, further, that if such Auction Bonds are in a daily Auction Period, the last Auction Date shall be the earlier of (x) the Business Day next preceding the Mode Change Date for such Auction Bonds and (y) the Business Day next preceding the final maturity date for such Auction Bonds. The last Business Day of a Special Rate Period shall be the Auction Date for the Auction Period which begins on the next succeeding Business Day, if any. On the Business Day preceding the change from a daily Auction Period to another Auction Period, there shall be two Auctions, one for the last daily Auction Period and one for the first Auction Period following the change in Auction Periods. The first Auction Date for a Series of Auction Bonds shall be designated in the Series Sale Resolution relating to such Series of Auction Bonds.



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"Auction Mode" means the Mode during which a Series of Variable Rate Bonds bears interest at the Auction Rate.

"Auction Period" means:

- (a) a Special Rate Period;
- (b) with respect to Auction Bonds of a Series in a daily Auction Period, a period beginning on each Business Day and extending to but not including the next succeeding Business Day;
- (c) with respect to Auction Bonds of a Series in a seven (7)-day Auction Period and with respect to Auctions generally conducted on (i) Fridays, a period of generally seven (7) days beginning on a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on the Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally seven (7) days beginning on a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on the Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally seven (7) days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally seven (7) days beginning on a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on the Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally seven (7) days beginning on a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on the Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day);
- (d) with respect to Auction Bonds of a Series in a twenty-eight (28)-day Auction Period and with respect to Auctions generally conducted on (i) Fridays, a period of generally twenty-eight (28) days beginning on a Monday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on the fourth (4th) Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally twenty-eight (28) days beginning on a Tuesday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on the fourth (4th) Monday

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thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally twenty-eight (28) days beginning on a Wednesday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the fourth (4th) Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally twenty-eight (28) days beginning on a Thursday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on the fourth (4th) Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally twenty-eight (28) days beginning on a Friday (or the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on the fourth (4th) Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day);

(e) with respect to Auction Bonds of a Series in a thirty-five (35)-day Auction Period and with respect to Auctions generally conducted on (i) Fridays, a period of generally thirty-five (35) days beginning on a Monday (or the last day of the prior Auction Period if the prior Auction Period does not end on Sunday) and ending on the fifth (5th) Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally thirty-five (35) days beginning on a Tuesday (or the last day of the prior Auction Period if the prior Auction Period does not end on Monday) and ending on the fifth (5th) Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally thirty-five (35) days beginning on a Wednesday (or the last day of the prior Auction Period if the prior Auction Period does not end on Tuesday) and ending on the fifth (5th) Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally thirty-five (35) days beginning on a Thursday (or the last day of the prior Auction Period if the prior Auction Period does not end on Wednesday) and ending on the fifth (5th) Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally thirty-five (35) days beginning on a Friday (or the last day of the prior Auction Period if the prior Auction Period does not end on Thursday) and ending on the fifth (5th) Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day);

(f) with respect to Auction Bonds of a Series in a six (6)-month Auction Period; a period of generally six (6) months (or shorter period upon a change from another Auction Period) beginning on the day following the last day of the prior Auction Period and ending on the next succeeding April 30 or October 31; and

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(g) the Initial Period;

provided, however, that

(1) if there is a change of Auction Bonds of a Series with respect to Auctions generally conducted on Fridays (i) from a daily Auction Period to a seven (7)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on the next succeeding Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a twenty-eight (28)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on the Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than twenty-one (21) days but not more than twenty-eight (28) days from such date of change; and (iii) from a daily Auction Period to a thirty-five (35)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than twenty-eight (28) days but no more than thirty-five (35) days from such date of change;

(2) if there is a change of Auction Bonds of a Series with respect to Auctions generally conducted on Mondays (i) from a daily Auction Period to a seven (7)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on the next succeeding Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a twenty-eight (28)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on the Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than twenty-one (21) days but not more than twenty-eight (28) days from such date of change; and (iii) from a daily Auction Period to a thirty-five (35)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than twenty-eight (28) days but no more than thirty-five (35) days from such date of change;

(3) if there is a change of Auction Bonds of a Series with respect to Auctions generally conducted on Tuesdays (i) from a daily Auction Period to a seven (7)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on the next succeeding Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a twenty-eight (28) day Auction Period, the next Auction Period shall begin on the date of the change and shall end on the Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than

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twenty-one (21) days but not more than twenty-eight (28) days from such date of change, and (iii) from a daily Auction Period to a thirty-five (35)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than twenty-eight (28) days but no more than thirty-five (35) days from such date of change;

(4) if there is a change of Auction Bonds of a Series with respect to Auctions generally conducted on Wednesdays (i) from a daily Auction Period to a seven (7)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on the next succeeding Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a twenty-eight (28)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on the Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than twenty-one (21) days but not more than twenty-eight (28) days from such date of change, and (iii) from a daily Auction Period to a thirty-five (35)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than twenty-eight (28) days but no more than thirty-five (35) days from such date of change; and

(5) if there is a change of Auction Bonds of a Series with respect to Auctions generally conducted on Thursdays (i) from a daily Auction Period to a seven (7)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on the next succeeding Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a twenty-eight (28)-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on the Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than twenty-one (21) days but not more than twenty-eight (28) days from such date of change, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the change and shall end on Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than twenty-eight (28) days but no more than thirty-five (35) days from such date of change.

"Auction Procedures" means the procedures for conducting Auctions for a Series of Auction Bonds in the Auction Mode set forth in Article 30-LXVI.

"Auction Rate" means for each Auction Period with respect to a Series of Auction Bonds, (i) if Sufficient Clearing Bids exist, the Winning Bid Rate, provided, however, if all of

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the Auction Bonds of such Series are the subject of Submitted Hold Orders, the All Hold Rate, and (ii) if Sufficient Clearing Bids do not exist, the Maximum Auction Rate; provided, however, in no event may the Auction Rate exceed the Maximum Auction Rate.

"Available Bonds" means on each Auction Date for a Series of Auction Bonds, the aggregate principal amount of Auction Bonds of such Series that are not the subject of Submitted Hold Orders.

"Authorized Denominations" means (i) with respect to a Series of Variable Rate Bonds in a Commercial Paper Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof, (ii) with respect to a Series of Variable Rate Bonds in a Daily Mode or Weekly Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof, (iii) with respect to a Series of Variable Rate Bonds in an Auction Mode, \$25,000 and integral multiples thereof, and (iv) with respect to a Series of Variable Rate Bonds in a Term Rate Mode or a Fixed Rate Mode, \$5,000 and any integral multiple thereof.

"Bid" has the meaning specified in subsection (a) of Section 30-66.02.

"Bidder" means, with respect to a Series of Auction Bonds, each Existing Owner and Potential Owner who places an Order.

"BMA Municipal Swap Index" means, with respect to any Series of Variable Rate Bonds in the Weekly Mode for which a rate is not set pursuant to Section 30-65.06(b), the interest rate per annum determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by the Indexing Agent which meet specific criteria established by the Bond Market Association. In the event the Indexing Agent no longer publishes an index satisfying the requirements of the preceding sentence, the rate shall be the "J.J. Kenny Index", provided, however, that if the J.J. Kenny Index also ceases to be published, an alternative index shall be calculated by an entity selected in good faith by the Commission, and shall be determined using similar criteria for the BMA Municipal Swap Index.

"Bond Depository" means The Depository Trust Company and its successors and assigns or any other securities depository selected by the Commission which agrees to follow the procedures required to be followed by such securities depository in connection with a Series of Variable Rate Bonds.

"Bond Insurance Policy" means a municipal bond insurance policy insuring the payment of principal of and interest on all or a portion of the Variable Rate Bonds of a Series.

"Bond Insurer" means the provider of a Bond Insurance Policy.

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"Broker-Dealer" means any entity that is permitted by law to perform the function required of a Broker-Dealer described in Article 30-LXVI of this Eleventh Supplemental Resolution, that is a member of, or a participant in, the Bond Depository, that has been selected by the Commission for a Series of Auction Bonds and has signed a Broker-Dealer Agreement with the Commission. Unless the context otherwise requires, the term "Broker-Dealer," whenever used in this Eleventh Supplemental Resolution with respect to Auction Bonds or a Series of Auction Bonds, shall refer only to the applicable Broker-Dealer(s) with respect to such Auction Bonds or Series of Auction Bonds.

"Broker-Dealer Agreement" means an agreement among the Commission, as appropriate, the Auction Agent and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures described in Article 30-LXVI hereof, as such agreement may from time to time be amended or supplemented.

"Business Day" means a day on which the principal office of the Trustee, any Paying Agent, the Remarketing Agent, the Credit Provider, if any, or banks or trust companies in New York, New York, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed. In addition, while Variable Rate Bonds of a Series bear interest at an Auction Rate, the term Business Day shall not include days on which the Auction Agent or any Broker-Dealer are not open for business.

"Closing Date" means the date upon which a Series of Variable Rate Bonds is initially issued and delivered in exchange for the proceeds representing the Purchase Price of such Series of Variable Rate Bonds paid by the original purchaser thereof.

"Commercial Paper Bond" means a Variable Rate Bond of a Series which is in the Commercial Paper Mode.

"Commercial Paper Mode" means, with respect to a Series of Variable Rate Bonds, the Mode during which the Variable Rate Bonds of such Series bear interest at a Commercial Paper Rate.

"Commercial Paper Rate" means the interest rate per annum on a Series of Variable Rate Bonds in the Commercial Paper Mode determined pursuant to Section 30-65.05.

"Completion Date" means, with respect to any Series of Variable Rate Bonds, the Completion Date as defined in the Tax Certificate for such Series of Variable Rate Bonds.

"Construction Period" means the period commencing on the date of original issuance of a Series of Variable Rate Bonds and ending on the Completion Date.

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"Costs of Issuance" means payment of, or reimbursement of the Commission for, all reasonable costs incurred by the Commission in connection with the issuance of a Series of Variable Rate Bonds, including, but not limited to:

(a) counsel fees related to the issuance of such Series of Variable Rate Bonds (including bond counsel, co-bond counsel, disclosure counsel, Trustee's counsel and the City Attorney);

(b) financial advisor fees incurred in connection with the issuance of such Series of Variable Rate Bonds;

(c) rating agency fees;

(d) fees of any Credit Provider for the provision of a Credit Facility;

(e) the initial fees and expenses of the Trustee, the Registrar, the Authenticating Agent, Remarketing Agents, Auction Agent, the Market Agents and Broker-Dealers;

(f) accountant fees and any escrow verification fees related to the issuance of such Series of Variable Rate Bonds;

(g) the initial fees and expenses of any Series Escrow Agent;

(h) printing and publication costs;

(i) costs of engineering and feasibility studies necessary to the issuance of such Series of Variable Rate Bonds; and

(j) any other cost incurred in connection with the issuance of the Variable Rate Bonds that constitutes an "issuance cost" within the meaning of Section 147(g) of the Code.

"Credit Facility Account" means an account established for a Series of Variable Rate Bonds pursuant to Section 30-65.21(a).

"Credit Facility Agreement" means any agreement executed and delivered by a Credit Provider and the Commission in connection with the issuance of a Credit Facility securing a Series of Variable Rate Bonds, which agreement, among other matters, sets forth the terms under which the Credit Facility will be provided and the provisions for reimbursement of amounts paid by the Credit Provider under the Credit Facility, or, if an Alternate Credit Facility has been provided, the corresponding agreement, if any, executed and delivered in connection with such Alternate Credit Facility.

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"Credit Facility Fund" means the fund by that name created in Section 30-65.21(a).

"Credit Facility Interest Amount" means the amount of the interest portion of a Credit Facility (other than a Bond Insurance Policy or reserve fund surety policy) which (i) during the Commercial Paper Mode, the Daily Mode and the Weekly Mode shall be an amount equal to 31 days' (or such greater number of days as Moody's, Standard & Poor's or Fitch, as appropriate, may require in connection with the rating of the Series of Variable Rate Bonds secured by such Credit Facility) interest on the Outstanding Series of Variable Rate Bonds secured by such Credit Facility, calculated at the Maximum Rate on the basis of a 365/366-day year for the actual number of days elapsed, and (ii) during the Term Rate Mode and the Fixed Rate Mode shall be an amount equal to 205 days' (or such greater number of days as Moody's, Standard & Poor's or Fitch, as appropriate, may require in connection with the rating of the Series of Variable Rate Bonds secured by such Credit Facility) interest on the Outstanding Series of Variable Rate Bonds secured by such Credit Facility, calculated at the Maximum Rate on the basis of a 360-day year composed of twelve 30-day months.

"Credit Facility Purchase Account" means an account established for a Series of Variable Rate Bonds pursuant to Section 30-65.21(b).

"Credit Provider" means the person or entity obligated to make a payment or payments with respect to any Series of Variable Rate Bonds under a Credit Facility and which is designated a Credit Provider in a Series Sale Resolution relating to such Series of Variable Rate Bonds or an Alternate Credit Provider if an Alternate Credit Facility shall be in effect with respect to such Series of Variable Rate Bonds. Unless the context otherwise requires, the term "Credit Provider," whenever used in this Eleventh Supplemental Resolution with respect to certain Variable Rate Bonds or a Series of Variable Rate Bonds, shall refer only to the Credit Provider providing a Credit Facility with respect to such Variable Rate Bonds or Series of Variable Rate Bonds.

"Credit Provider Bonds" means any Variable Rate Bonds registered in the name of a Credit Provider, or its nominee or agent, pursuant to Section 30-65.17(j).

"Credit Provider Interest Rate" means the interest rate, not to exceed the maximum interest rate permitted by law, payable on a Series of Credit Provider Bonds and determined pursuant to the related Credit Facility Agreement.

"Current Mode" shall have the meaning specified in Section 30-65.10(a)(i).

"Daily Mode" means the Mode during which a Series of Variable Rate Bonds bears interest at the Daily Rate.



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"Daily Rate" means the per annum interest rate on a Series of Variable Rate Bonds in the Daily Mode determined pursuant to Section 30-65.06(a).

"Default Rate" means, in respect of any Auction Period, the Maximum Auction Rate.

"Draw" means a request for payment in accordance with the terms of a Credit Facility or Alternate Credit Facility; to "Draw" means to request such payment.

"Electronic Means" means telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other-similar electronic means of communication of a written image, and shall include a telephonic communication promptly confirmed in writing or by electronic transmission of a written image.

"Existing Owner" means a Person who is listed as the beneficial owner of Auction Bonds of a Series in the records of the Auction Agent.

"Expiration Date" means the stated expiration date of a Credit Facility or Alternate Credit Facility, as it may be extended from time to time as provided in such Credit Facility or Alternate Credit Facility, as the case may be, or any earlier date on which a Credit Facility or Alternate Credit Facility shall terminate, expire or be cancelled.

"Expiration Tender Date" means the day five (5) Business Days prior to the Expiration Date.

"Fixed Rate" means the per annum interest rate on a Variable Rate Bond in the Fixed Rate Mode determined pursuant to Section 30-65.07(b).

"Fixed Rate Bonds" means a Series of Variable Rate Bonds in the Fixed Rate Mode.

"Fixed Rate Mode" means the Mode during which a Series of Variable Rate Bonds bears interest at Fixed Rates.

"Hold Order" has the meaning specified in subsection (a) of Section 30-66.02.

"Indexing Agent" means Municipal Market Data, Boston, Massachusetts, a Thomson Financial Services Company or its successor or a similar information service selected by the Commission if Municipal Market Data ceases to exist.

"Initial Period" means the period, if any, from the date of delivery of a Series of Auction Bonds to but not including the date specified in a Series Sale Resolution relating to such Auction Bonds.

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"Interest Accrual Period" means the period during which a Series of Variable Rate Bonds accrues interest payable on any Interest Payment Date applicable thereto. With respect to a Series of Variable Rate Bonds in the Daily Mode, the Interest Accrual Period shall commence on (and include) the first day of each month and shall extend through (and include) the last day of such month; provided, that if such month is the month in which such Variable Rate Bonds are authenticated and delivered, or if such Variable Rate Bonds are changed to the Daily Mode during such month, the Interest Accrual Period shall commence on (and include) the date of authentication and delivery of such Variable Rate Bonds or the Mode Change Date, as the case may be; provided, further, that if no interest has been paid on such Variable Rate Bonds in the Daily Mode, interest shall accrue from (and including) the date of original authentication and delivery of such Variable Rate Bonds or the Mode Change Date, as appropriate. With respect to a Series of Variable Rate Bonds in a Mode other than the Daily Mode (except for a Series of Variable Rate Bonds in the Auction Mode), the Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Mode, from (and including) the date of original authentication and delivery of such Variable Rate Bond, or the Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid. With respect to a Series of Variable Rate Bonds in the Auction Mode, the Interest Accrual Period shall be the Auction Period for such Series of Auction Bonds. If, at the time of authentication of any Variable Rate Bond, interest is in default or overdue on the Variable Rate Bonds, such Variable Rate Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding Variable Rate Bonds.

"Interest Payment Date" means each date on which interest is to be paid and is (without duplication): (i) with respect to a Commercial Paper Bond, the Purchase Date; (ii) with respect to a Series of Variable Rate Bonds in the Daily Mode, the first Business Day of each month, (iii) with respect to a Series of Variable Rate Bonds in the Weekly Mode, the first Business Day of each month; (iv) with respect to a Series of Variable Rate Bonds in the Term Rate Mode, each Term Rate Interest Payment date for such Variable Rate Bond; (v) with respect to a Series of Variable Rate Bonds in the Fixed Rate Mode, each Stated Interest Payment Date (beginning with the first Stated Interest Payment Date that occurs no earlier than three (3) months after the commencement of the Fixed Rate Mode for such Variable Rate Bond or such other date as may be provided in a Series Sale Resolution); and (vi) with respect to Credit Provider Bonds, the dates required under the applicable Credit Facility Agreement; and (without duplication as to any Interest Payment Date listed above), (vii) with respect to a Series of Variable Rate Bonds bearing interest at Auction Rates, means the initial Interest Payment Date specified in a Series Sale Resolution relating to such Series of Auction Bonds, and thereafter (a) when used with respect to any Auction Period other than a daily Auction Period or a Special Rate Period, the Business Day immediately following such Auction Period, (b) when used with respect to a daily Auction Period, the first Business Day of the month immediately succeeding such Auction Period, (c) when used with respect to a Special Rate Period of (1) seven (7) or more

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but fewer than ninety-two (92) days, the Business Day immediately following such Special Rate Period, or (ii) ninety-two (92) or more days, each thirteenth (13th) Monday, Tuesday, Wednesday, Thursday or Friday as selected by the Commission after the first day of such Special Rate Period, or the next Business Day if such day is not a Business Day, and on the Business Day immediately following such Special Rate Period; (viii) any Mode Change Date, (ix) each Mandatory Purchase Date; and (x) each Maturity Date.

"Interest Period" means, for a Series of Variable Rate Bonds in the Commercial Paper Mode, Daily Mode, Weekly Mode, Term Rate Mode or Auction Mode, the period of time that such Variable Rate Bonds bear interest at the interest rate (per annum) which becomes effective at the beginning of such period. The Interest Period for each such Mode is as follows:

(a) for a Series of Variable Rate Bonds in the Commercial Paper Mode, the period of from one to 360 calendar days as established by the Remarketing Agent pursuant to Section 30-65.05;

(b) for a Series of Variable Rate Bonds in the Daily Mode, the period from (and including) the Mode Change Date upon which such Variable Rate Bonds are changed to the Daily Mode to (but excluding) the next Rate Determination Date for such Variable Rate Bond, and thereafter the period from and including the current Rate Determination Date for such Variable Rate Bonds to (but excluding) the next Rate Determination Date for such Variable Rate Bond;

(c) for a Series of Variable Rate Bonds in the Weekly Mode, the period from (and including) the Mode Change Date upon which such Variable Rate Bonds are changed to the Weekly Mode to (and including) the next Tuesday; and thereafter the period from (and including) each Wednesday to (and including) the next Tuesday;

(d) for a Series of Variable Rate Bonds in the Term Rate Mode, the period from (and including) the Mode Change Date to (but excluding) the last day of the first period that such Variable Rate Bonds shall be in the Term Rate Mode as established by the Commission for such Variable Rate Bonds pursuant to Section 30-65.10(a)(i) and, thereafter, the period from (and including) the beginning date of each successive interest rate period selected for such Variable Rate Bonds by the Commission pursuant to Section 30-65.07(a) while it is in the Term Rate Mode to (but excluding) the ending date for such period selected for such Variable Rate Bonds by the Commission. Each Interest Period for a Series of Variable Rate Bonds in the Term Rate Mode shall end on a Stated Interest Payment Date occurring not earlier than three (3) months after the commencement of such Period or on such other date as may be provided in a Series Sale Resolution; and

(e) for a Series of Variable Rate Bonds in an Auction Mode, the Auction Period for such Series of Auction Bonds.

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"J.J. Kenny Index" means, with respect to a Series of Variable Rate Bonds in the Weekly Mode for which a rate is not, or cannot be, set pursuant to Section 30-65.06(b), the index generally made available on the applicable Rate Determination Date by Kenny Information Systems or any successor thereto. The J.J. Kenny Index shall be based upon 30-day yield evaluations at par of bonds, the interest on which is exempt from Federal income taxation under the Internal Revenue Code of 1986 as amended, of not less than five "high grade" component issuers selected by Kenny Information Systems which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by Kenny Information Systems in its discretion. The bonds on which the J.J. Kenny Index is based shall not include any bonds the interest on which is subject to a "minimum tax" or similar tax under the Internal Revenue Code, unless all tax-exempt bonds are subject to such tax.

"LIBOR," on any date of determination for any Auction Period, means: (i) for any Auction Period of fewer than 49 days, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Teletype Page 3750 at a approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market (the "calculation date") and (ii) for any Auction Period of (A) 49 or more but fewer than 70 days, such rates for deposits in U.S. dollars for a two-month period, (B) 70 or more but fewer than 85 days, the arithmetic average of such rates for deposits in U.S. dollars for two and three-month periods, (C) 85 or more but fewer than 120 days, such rate for deposits in U.S. dollars for a three-month period, (D) 120 or more but fewer than 148 days, the arithmetic average of such rates for deposits in U.S. dollars for three and six-month periods, (E) 148 or more but fewer than 180 days, such rate for deposits in U.S. dollars for a six-month period, (F) 180 or more but fewer than 225 days, the arithmetic average of such rates for deposits in U.S. dollars for six and nine-month periods, (G) 225 or more but fewer than 290 days, such rate for deposits in U.S. dollars for a nine-month period, (H) 290 or more but fewer than 325 days, the arithmetic average of such rates for deposits in U.S. dollars for nine-month and one-year periods and (I) 325 or more but fewer than 365 days, such rate for deposits in U.S. dollars for a one-year period.

"Mandatory Purchase Date" means (i) any Purchase Date for a Series of Variable Rate Bonds in the Commercial Paper Mode or the Term Rate Mode, (ii) any Mode Change Date involving a change from the Daily Mode or the Weekly Mode or the Auction Mode, and (iii) the Substitution Tender Date.

"Mandatory Sinking Fund Payment" means a principal amount of Variable Rate Bonds of a Series which is subject to mandatory redemption on a Mandatory Sinking Fund Redemption Date.

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"Mandatory Sinking Fund Redemption Date" means each May 1 upon which Variable Rate Bonds of a Series are subject to mandatory redemption hereunder.

"Market Agent" means any person or entity meeting the requirements of Section 30-66.12 which is a party to a Market Agent Agreement.

"Market Agent Agreement" means an agreement among the Commission, as appropriate, the Auction Agent and a Broker-Dealer, and any similar agreement with a successor market agent with respect to a Series of Variable Rate Bonds, as such agreement may from time to time be amended or supplemented.

"Maturity Date" means, with respect to any Variable Rate Bond or Series of Variable Rate Bonds, the date specified in a Series Sale Resolution relating to such Variable Rate Bond or Series of Variable Rate Bonds upon which such Variable Rate Bond or Series of Variable Rate Bonds mature, and, upon a change to the Fixed Rate Mode, any Serial Maturity Date established pursuant to Section 30-65.10(b).

"Maximum Auction Rate" means, while the Variable Rate Bonds of a Series are rated "A" or higher, on any date of determination, the interest rate per annum equal to the lesser of (i) the Applicable Percentage of the higher of (A) the Thirty-Day "AA" Composite Commercial Paper Rate on such date and (B) the Reference Rate on such date, and (ii) 16% per annum (or such other rate as may be specified in a Series Sale Resolution); provided that in no event shall the Maximum Auction Rate be more than the Maximum Rate. While the Prevailing Rating on Variable Rate Bonds of a Series is below "A" or such Variable Rate Bonds of a Series are not then rated, the Maximum Auction Rate shall be 16% per annum (or such other rate as may be specified in a Series Sale Resolution); provided however that in no event shall the Maximum Auction Rate be more than the Maximum Rate.

"Maximum Rate" means, on any day and with respect to any Variable Rate Bonds, the lesser of (i) the highest interest rate which may be borne by such Variable Rate Bonds under State law, or (ii) the per annum interest rate specified in a Series Sale Resolution with respect to such Variable Rate Bonds.

"Mode" means the period of time that all Variable Rate Bonds of a Series bear interest at Daily Rates, Weekly Rates, Auction Rates, Commercial Paper Rates, Term Rates or a Fixed Rate, and, as the context may require, means the Commercial Paper Mode, the Daily Mode, the Weekly Mode, the Auction Mode, the Term Rate Mode or the Fixed Rate Mode.

"Mode Change Date" means with respect to any Series of Variable Rate Bonds in a particular Mode, the day on which another Mode for such Series of Variable Rate Bonds begins.

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"Mode Change Notice" means the notice from the Commission to the other Notice Parties of the Commission's intention to change Modes.

"New Mode" shall have the meaning specified in Section 30-65.10(a).

"Nominee" means the nominee of the Bond Depository as determined from time to time in accordance with this Eleventh Supplemental Resolution for any Series of Variable Rate Bonds.

"Notice Parties" means the Commission, the Trustee, the Remarketing Agent, if any, the Paying Agent and the Credit Provider, if any, and when there are Series of Variable Rate Bonds outstanding in the Auction Mode, the Auction Agent, the Market Agent, if any, and the Broker-Dealers for such Series of Variable Rate Bonds.

"Order" means a Hold Order, Bid or Sell Order.

"Potential Owner" means any Person, including any Existing Owner, who may be interested in acquiring a beneficial interest in Auction Bonds in addition to the Auction Bonds currently owned by such Person, if any.

"Prevailing Rating" means:

(a) "AAA," if a Series of Auction Bonds shall have a rating of "AAA-" or better by Standard & Poor's, "AAA-" or better by Fitch and "Aaa3" or better by Moody's;

(b) "AA," if a Series of Auction Bonds shall have a rating of "AA-" or better by Standard & Poor's, "AA-" or better by Fitch and "Aa3" or better by Moody's but less than "AAA-" by Standard & Poor's, "AAA-" by Fitch or "Aaa3" by Moody's;

(c) "A," if a Series of Auction Bonds shall have a rating of "A-" or better by Standard & Poor's, "A-" or better by Fitch and "A3" or better by Moody's but less than "AA-" by Standard & Poor's, "AA-" by Fitch or "Aa3" by Moody's, respectively.

For purposes of this definition, Standard & Poor's rating categories of "AAA," "AA-" and "A-," Fitch's rating categories of "AAA," "AA-" and "A-," and Moody's rating categories of "Aaa," "Aa3," and "A3" shall be deemed to refer to and include the respective rating categories correlative thereto in the event that any such Rating Agencies shall have changed or modified their generic rating categories or if any successor thereto appointed in accordance with the definitions thereof shall use different rating categories. If a Series of Auction Bonds is not rated by a Rating Agency, the requirement of a rating by such Rating Agency shall be disregarded. If there is no rating, then the Auction Rate shall be the Maximum Auction Rate.

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"Principal Office" means, with respect to the Auction Agent, the office thereof designated in writing to the Commission, the Trustee and each Broker-Dealer.

"Principal Payment Date" means any May 1 upon which the principal amount of Variable Rate Bonds is due hereunder, including any Maturity Date, any Serial Maturity Date, any Mandatory Sinking Fund Redemption Date or any Redemption Date.

"Project" means the improvements, equipment, repairs, betterments or other authorized activities of the Commission the acquisition, development, construction, equipping, improvement or undertaking of which are designated in accordance with a Series Sale Resolution to be financed with proceeds of the sale of a Series of Variable Rate Bonds deposited in the related account within the Construction Fund.

"Project Costs" means the costs of financing, acquiring, developing, constructing, equipping, improving and undertaking a Project and shall include the following:

(a) payment of, or reimbursement of 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;

(b) 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 Variable Rate 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;

(c) Costs of Issuance;

(d) payment of, or reimbursement of the Commission for, as such payments become due, the fees and expenses of the Trustee, the Registrar, the Auction Agent, the Market Agent, the Broker-Dealers, the Paying Agent and the Authenticating Agent and the fees and expenses of their counsel properly incurred under the 1991 Resolution during the Construction Period;

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(e) payment of the premiums on all insurance required to be taken out and maintained under the 1991 Resolution during the Construction Period;

(f) payment of interest on the related Series of Variable Rate Bonds during the Construction Period; and

(g) any other costs and expenses relating to the Project authorized under the Act.

"Purchase Date" means (i) for a Series of Variable Rate Bonds in the Commercial Paper Mode, the last day of the Interest Period for such Series of Variable Rate Bonds, (ii) for a Series of Variable Rate Bonds in the Daily Mode or the Weekly Mode, any Business Day selected by the Owner of any Variable Rate Bond of such Series pursuant to the provisions of Section 30-65.17(a), and (iii) for a Variable Rate Bond of a Series of Variable Rate Bonds in the Term Rate Mode, the last day of the Interest Period for such Series of Variable Rate Bonds (or the next Business Day if such last day is not a Business Day), but only if the Owner thereof shall have elected to have such Variable Rate Bond purchased on such date pursuant to Section 30-65.17(d).

"Purchase Fund" means the fund by that name created in Section 30-65.21(b).

"Purchase Price" means (i) an amount equal to the principal amount of any Variable Rate Bonds of a Series purchased on any Purchase Date, plus, in the case of any purchase of Variable Rate Bond of a Series in the Daily Mode, Weekly Mode or Term Rate Mode, accrued interest, if any, to the Purchase Date, or (ii) an amount equal to the principal amount of any Variable Rate Bond of a Series purchased on a Mandatory Purchase Date, plus, accrued interest, if any, to the Mandatory Purchase Date.

"Rate Determination Date" means the date on which the interest rate or rates, as applicable, on a Series of Variable Rate Bonds shall be determined, which, (i) in the case of the Commercial Paper Mode, shall be the first day of an Interest Period; (ii) in the case of the Daily Mode, shall be each Business Day commencing with the first day such Variable Rate Bonds become subject to the Daily Mode; (iii) in the case of the initial change to the Weekly Mode, shall be no later than the Business Day prior to the Mode Change Date, and thereafter, shall be each Tuesday or, if Tuesday is not a Business Day, the next succeeding day or, if such day is not a Business Day, then the Business Day next preceding such Tuesday; (iv) in the case of the Term Rate Mode, shall be a Business Day no earlier than thirty (30) Business Days and no later than the Business Day next preceding the first day of an Interest Period, as determined by the Remarketing Agent for such Series of Variable Rate Bonds; and (v) in the case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent for such Series of Variable Rate Bonds which shall be at least one Business Day prior to the Mode Change Date.



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"Rating Confirmation Notice" means a notice from Moody's, Standard & Poor's or Fitch, as appropriate, confirming that the rating on a Series of Variable Rate Bonds will not be withdrawn (other than a withdrawal of a short term rating upon a change to a Term Rate Mode or Fixed Rate Mode) as a result of the action proposed to be taken.

"Record Date" means (i) with respect to a Series of Variable Rate Bonds in a Commercial Paper Mode or a Weekly Mode, the day (whether or not a Business Day) next preceding each Interest Payment Date; (ii) with respect to a Series of Variable Rate Bonds in the Daily Mode, the last day of each month (whether or not a Business Day); (iii) with respect to a Series of Variable Rate Bonds in a Term Rate Mode or a Fixed Rate Mode, the fifteenth (15th) day (whether or not a Business Day) of the month next preceding each Interest Payment Date and (iv) with respect to a Series of Variable Rate Bonds in an Auction Mode, the Business Day immediately preceding an Interest Payment Date.

"Reference Rate" shall have the meaning specified in Section 30-66.07.

"Redemption Date" means the date fixed for redemption of a Variable Rate Bond or a Series of Variable Rate Bonds subject to redemption in any notice of redemption given in accordance with the terms.

"Redemption Price" means an amount equal to the principal of, premium, if any, and accrued interest, if any, on the Variable Rate Bonds or Series of Variable Rate Bonds to be paid on the Redemption Date.

"Remarketing Agent" means the remarketing agent, if any, for a Series of Variable Rate Bonds designated in a Series Sale Resolution authorizing the issuance thereof and any investment banking firm which may at any time be substituted in its place as provided in Section 30-65.33. Unless the context otherwise requires, the term "Remarketing Agent" whenever used in this Eleventh Supplemental Resolution with respect to certain Variable Rate Bonds or a Series of Variable Rate Bonds, shall refer only to the applicable Remarketing Agent with respect to such Variable Rate Bonds or Series of Variable Rate Bonds.

"Remarketing Agreement" means any agreement executed and delivered by the Commission and each Remarketing Agent with respect to a Series of Variable Rate Bonds, as it may be amended or supplemented from time to time in accordance with its terms.

"Remarketing Proceeds Account" means the account by that name created pursuant to Section 30-65.21(b).

"Renewal Date" means the forty-fifth (45th) day prior to the Expiration Date.

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"Seasoned Funds" means, with respect to a Series of Variable Rate Bonds, (i) moneys derived from Draws under a Credit Facility or Alternate Credit Facility, as appropriate, securing such Series of Variable Rate Bonds, if any, (ii) moneys received by the Trustee and held in Funds and Accounts created under the 1991 Resolution for a period of at least one hundred twenty-four (124) days and not commingled with any moneys so held for less than said period and during and prior to which period no petition in bankruptcy was filed by or against the Commission under the United States Bankruptcy Code, (iii) moneys with respect to which the Trustee shall have received an Opinion of Counsel experienced in matters pertaining to the United States Bankruptcy Code, that the contemplated use of such moneys would not constitute a transfer of property voidable under Sections 544 or 547 of the United States Bankruptcy Code, should the Commission become a debtor under such code or (iv) investment income derived from the investment of moneys described in clause (i), (ii) or (iii).

"Sell Order" has the meaning specified in subsection (a) of Section 30-66.02.

"Serial Bonds" means, for a Series of Variable Rate Bonds, the Variable Rate Bonds maturing on the Serial Maturity Dates, as determined pursuant to Section 30-65.10(b).

"Serial Maturity Dates" means each May 1 on which Serial Bonds mature, as determined pursuant to Section 30-65.10(b).

"Serial Payments" mean the payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates:

"Series Construction Account" means an account established for a Series of Variable Rate Bonds pursuant to Section 30-65.19.

"Series Costs of Issuance Account" means an account established for a Series of Variable Rate Bonds pursuant to Section 30-65.20.

"Series Debt Service Fund Accounts" mean each Series Interest Account, each Series Principal Account and each Series Redemption Account.

"Series Escrow Agent" means the escrow agent (including any successors thereto) appointed by the Commission in a Series Sale Resolution as the Escrow Agent under the corresponding Series Escrow Agreement.

"Series Escrow Agreement" means the Escrow Agreement, in such form as shall be approved by the Commission, among the corresponding Series Escrow Agent, the Trustee and the Commission relating to the proceeds of a Series of Variable Rate Bonds and certain other moneys to be applied to the payment or redemption of 1991 Resolution Bonds or Subordinate Bonds.

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"Series Escrow Fund" means the Escrow Fund to be held by the Series Escrow Agent and applied to the payment or redemption of bonds issued under the 1991 Resolution.

"Series Interest Account" means an account established for a Series of Variable Rate Bonds pursuant to Section 30-65.22(a).

"Series of Variable Rate Bonds" or "Variable Rate Bonds of a Series" or "Series" means a series of Variable Rate Bonds issued pursuant to this Eleventh Supplemental Resolution, as designated in a Series Sale Resolution.

"Series Principal Account" means an account established for a Series of Variable Rate Bonds pursuant to Section 30-65.22(a).

"Series Redemption Account" means an account established for a Series of Variable Rate Bonds pursuant to Section 30-65.22(a).

"Series Reserve Account" means an account, if any, established for a Series of Variable Rate Bonds pursuant to Section 30-65.23(d).

"Series Reserve Requirement" means, with respect to a Series of Variable Rate Bonds, the amount, if any, designated in accordance with Section 30-65.23(a).

"Series Sale Resolution" means one or more resolutions of the Commission, (i) awarding or providing for the award of a Series of Variable Rate 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 Variable Rate Bonds to an underwriter or underwriters in accordance with the terms of a Bond Purchase Contract, and (ii) determining or providing for the determination of the interest rates, the Mode, the Maturity Date and the Maximum Rate (if such Variable Rate Bonds are secured by a Credit Facility, other than a Bond Insurance Policy or reserve fund surety policy) to be borne by such Variable Rate Bonds, whether principal payments in any given year are to be Serial Payments or Mandatory Sinking Fund Payments, and the dates of any Mandatory Sinking Fund Payments, the Purchase Price of such Variable Rate Bonds, providing for a Credit Facility securing any or all of such Variable Rate Bonds and naming the Credit Provider, Auction Agent, Market Agent, if any, and Remarketing Agent, if any, and determining or providing for the determination of such other matters relating to the Series of Variable Rate Bonds as may be permitted or authorized to be determined by the Commission in accordance with the 1991 Resolution. If so designated by resolution of the Commission, a certificate signed by the Airport Director may be deemed to be a Series Sale Resolution.

"Short-Term Mode" means the Commercial Paper Mode, a Daily Mode or a Weekly Mode.

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"Special Rate Period" means, for any Auction Bonds of a Series, any period of not less than seven (7) nor more than one thousand ninety-two (1,092) days which begins on an Interest Payment Date and ends on a day established pursuant to a Series Sale Resolution for such Series of Auction Bonds.

"State" means the State of California.

"Stated Interest Payment Dates" means each May 1 and November 1.

"Submission Deadline" means, for Auction Bonds of a Series, 1:00 p.m., New York City time, on each Auction Date not in a daily Auction Period and 11:00 a.m., New York City time, on each Auction Date in a daily Auction Period, or such other time on such date as shall be specified from time to time by the Auction Agent pursuant to the Auction Agreement as the time by which each Broker-Dealer is required to submit Orders to the Auction Agent.

"Submitted Bid" has the meaning specified in subsection (b) of Section 30-66.04.

"Submitted Hold Order" has the meaning specified in Section 30-66.04(b).

"Submitted Order" has the meaning specified in Section 30-66.04(b).

"Submitted Sell Order" has the meaning specified in Section 30-66.04(b).

"Substitution Date" means the date on which an Alternate Credit Facility is to be substituted for the Credit Facility.

"Substitution Tender Date" means the date five (5) Business Days prior to the Substitution Date.

"Sufficient Clearing Bids" means an Auction for which the aggregate principal amount of Auction Bonds of a Series that are the subject of Submitted Bids by Potential Owners specifying one or more rates not higher than the Maximum Auction Rate is not less than the aggregate principal amount of Auction Bonds of such Series that are the subject of Submitted Sell Orders and of Submitted Bids by Existing Owners, specifying rates higher than the Maximum Auction Rate.

"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 the Code related to a Series of Variable Rate Bonds.

"Term Rate" means the per annum interest rate for a Variable Rate Bond in the Term Rate Mode determined pursuant to Section 30-65.07(a).

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"Term Rate Interest Payment Date" means, with respect to a Series of Variable Rate Bonds in the Term Rate Mode and for the current Interest Period for such Series of Variable Rate Bonds, each Stated Interest Payment Date occurring in such Period (beginning with the first Stated Interest Payment Date that occurs no earlier than three (3) months after the commencement of such Period or such other date as may be specified in a Series Sale Resolution).

"Term Rate Mode" means the Mode during which a Series of Variable Rate Bonds bears interest at the Term Rate.

"Thirty-Day "AA" Composite Commercial Paper Rate" means, with respect to Variable Rate Bonds during an Auction Mode, on any date of determination, the interest equivalent of the Thirty-Day rate on commercial paper placed on behalf of non-financial issuers whose corporate bonds are rated "AA" by Standard & Poor's, or the equivalent of such rating by Standard & Poor's, as made available on a discount basis or otherwise by (A) the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination, or (B) if the Federal Reserve Bank of New York does not make available any such rate, then the arithmetic average of such rates, as quoted on a discount basis or otherwise, by commercial paper dealers selected by the Trustee (who shall be under no liability for such selection) (the "Commercial Paper Dealers") or if the Trustee does not select any such Commercial Paper Dealer or Dealers, by such commercial paper dealers as may be selected by the Commission, to the Auction Agent before the close of business on the Business Day immediately preceding such date of determination.

For purposes of the definitions of Thirty-Day "AA" Composite Commercial Paper Rate, the "interest equivalent" means the equivalent yield on a 360-day basis of a discount-basis security to an interest-bearing security. If any Commercial Paper Dealer does not quote a commercial paper rate required to determine the Thirty-Day "AA" Composite Commercial Paper Rate, the Thirty-Day "AA" Composite Commercial Paper Rate shall be determined on the basis of the quotation or quotations furnished by any substitute commercial paper dealer not included within the definition of Commercial Paper Dealer above (a "Substitute Commercial Paper Dealer") selected by the Trustee (who shall be under no liability for such selection) to provide such commercial paper rate or rates not being supplied by any Commercial Paper Dealer or Dealers, as the case may be, or if the Trustee does not select any such Substitute Commercial Paper Dealer or Dealers, by such other commercial paper dealer or dealers as may be selected by the Commission.

"Variable Rate Bonds" shall have the meaning specified in Section 30-65.01.

"Weekly Mode" means the Mode during which a Series of Variable Rate Bonds bears interest at the Weekly Rate.

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"Weekly Rate" means the per annum interest rate on a Series of Variable Rate Bonds in the Weekly Mode determined pursuant to Section 30-65.06(b).

"Winning Bid Rate" means, with respect to Auction Bonds of a Series, the lowest rate specified in any Submitted Bid for such Series, which if selected by the Auction Agent as the Auction Rate would cause the aggregate principal amount of Auction Bonds of such Series that are the subject of Submitted Bids specifying a rate not greater than such rate to be not less than the aggregate principal amount of Available Bonds of such Series.

SECTION 30-64.02. 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 (i) 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 Variable Rate Bonds in accordance with the provisions of the 1991 Resolution and in accordance with the provisions hereof; and (ii) to conduct such hearings as may be required by the Code to ensure the tax-exempt status of the Variable Rate Bonds and other 1991 Resolution Bonds to be issued pursuant to the 1991 Resolution.

SECTION 30-64.03. Ratification of the 1991 Resolution. This Eleventh 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 supplemented to the date hereof, including as supplemented and amended by this Eleventh Supplemental Resolution.

ARTICLE 30-LXV

AUTHORIZATION AND TERMS OF VARIABLE RATE BONDS

SECTION 30-65.01. Authorization and Terms of Variable Rate Bonds. (a) One or more Series of Variable Rate Bonds to be issued under the 1991 Resolution, in the aggregate principal amounts specified in one or more Series Sale Resolutions, are hereby created. Each Series of said Variable Rate Bonds shall be known as the "San Francisco International Airport Second Series Variable Rate Revenue Bonds, Issue \_\_\_\_" (with the Series designation to be the Arabic number next succeeding the number used as a Series designation for the immediately preceding Series of 1991 Resolution Bonds issued and such other descriptive words or letters to be added as provided in a Series Sale Resolution) (collectively, the "Variable Rate Bonds"). Each Series of Variable Rate Bonds shall be numbered in such manner as the Registrar shall determine.

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(b) A Series of Variable Rate 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.

(c) If a Series of Variable Rate Bonds is to be sold competitively, a Notice of Intention to Sell in such form as the Airport Director or his designee may approve with the advice of the City Attorney shall either (i) be published not less than 15 calendar days prior to the scheduled date for opening of bids, in such financial publications as are generally circulated throughout the State or reasonably expected to be disseminated among prospective bidders for such Variable Rate Bonds, or (ii) be disseminated by Electronic Means in a manner reasonably expected to be disseminated among prospective bidders for the Variable Rate Bonds, as the Airport Director or his designee may determine.

(d) The Airport Director or his designee is hereby authorized and directed to cause to be circulated, including without limitation by Electronic Means, to potential bidders, or in the case of a negotiated sale, to potential buyers, for each Series of Variable Rate Bonds a preliminary official statement relating to such Series of Variable Rate Bonds in such form as the Commission or the Airport Director or his designee may approve with the advice of the City Attorney. The Airport Director or his designee is hereby authorized to certify that the preliminary Official Statement is "deemed final" by the Commission within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

(e) The Airport Director or his designee is hereby further authorized and directed to certify and agree on behalf of the Commission to provide certain financial information and operating data of the Commission annually and notices of certain events, if material, pursuant to Rule 15c2-12(b)(5) of the Securities and Exchange Commission and to execute and deliver a Continuing Disclosure Certificate for the benefit of the Holders and beneficial owners of each Series of Variable Rate Bonds in a form approved by the Airport Director with the advice of the City Attorney.

(f) At any time after the adoption of this Eleventh Supplemental Resolution and any applicable Series Sale Resolution, the Commission may execute and deliver one or more Series of Variable Rate Bonds pursuant to this Eleventh Supplemental Resolution to the Trustee. The Authenticating Agent shall authenticate and deliver to, or upon the written order of, the Commission, Variable Rate Bonds in an aggregate principal amount not exceeding the amounts specified in each such Series Sale Resolution minus the aggregate principal amount of such Variable Rate Bonds previously issued (excluding the principal amount of any Refunding Bonds issued hereunder that are deemed to be issued under the Seventh Supplemental Resolution in accordance with Section 30-68.01(a)).

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(g) Anything in this Eleventh Supplemental Resolution to the contrary notwithstanding, the time of day specified herein for the taking or foregoing of any action provided for herein with respect to a Series of Variable Rate Bonds may be changed by a Series Sale Resolution with the prior written consent of the Trustee, the Auction Agent, if any, the Broker-Dealers, if any, the Market Agent, if any, the Remarketing Agent, if any, the Credit Provider, if any, and the Paying Agent, whose rights or obligations are affected thereby, in each case with respect to such Series of Variable Rate Bonds.

SECTION 30-65.02. Denominations, Medium, Method and Place of Payment and Dating of Variable Rate Bonds. Each Series of Variable Rate Bonds shall initially be issued in the Mode selected by the Commission and designated in a Series Sale Resolution relating to such Series of Variable Rate Bonds. Each Series of Variable Rate Bonds shall be issued in the form of fully registered Variable Rate Bonds in Authorized Denominations. The principal of and premium, if any, and interest on the Variable Rate Bonds shall be payable in lawful money of the United States of America. The interest on the Variable Rate Bonds shall be paid by the Paying Agent on the Interest Payment Dates (i) in the case of a Series of Variable Rate Bonds in a Commercial Paper Mode, a Daily Mode or a Weekly Mode, by wire transfer of immediately available funds to an account specified by the Owner of record thereof on the applicable Record Date in a writing delivered to the Paying Agent and (ii) in the case of a Series of Variable Rate Bonds in an Auction Mode, a Term Rate Mode or a Fixed Rate Mode, by check mailed by the Paying Agent to the respective Owners of record thereof on the applicable Record Date at their addresses as they appear on the applicable Record Date in the registration books required to be kept by the Paying Agent pursuant to Section 30-65.13, except that in the case of such an Owner of \$1,000,000 or more in aggregate principal amount of a Series of Variable Rate Bonds, upon the written request of such Owner to the Paying Agent, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the Interest Payment Date following such Record Date. A ny such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Paying Agent. The principal of and premium, if any, on each Variable Rate Bond shall be payable on the Principal Payment Date, upon surrender thereof at the office of the Paying Agent.

The Paying Agent, the Trustee, the Remarketing Agent and the Commission may treat the Owner of a Variable Rate Bond as the absolute owner thereof for all purposes, whether or not such Variable Rate Bond shall be overdue, and the Paying Agent, the Trustee, the Remarketing Agent and the Commission shall not be affected by any knowledge or notice to the contrary; and payment of the principal of and premium, if any, and interest on such Variable Rate Bond shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability of such Variable Rate Bond to the extent of the sum or sums so paid. All Variable Rate Bonds paid pursuant to the provisions of this Section 30-65.02 shall be cancelled by the Paying Agent.



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Each Series of Variable Rate Bonds shall be dated the date of authentication thereof and shall bear interest during each Interest Accrual Period until the entire principal amount of such Series of Variable Rate Bonds has been paid.

SECTION 30-65.03. Payment of Principal and Interest of Variable Rate Bonds; Acceptance of Terms and Conditions. (a) The interest on each Series of Variable Rate Bonds shall become due and payable on the Interest Payment Dates for such Series of Variable Rate Bonds in each year to and including the Maturity Date, and on each Redemption Date for such Series of Variable Rate Bonds. The principal of each Series of Variable Rate Bonds shall become due and payable on the Principal Payment Dates.

(b) By the acceptance of its Variable Rate Bond, the Owner thereof shall be deemed to have agreed to all the terms and provisions of such Variable Rate Bond as specified in such Variable Rate Bond and the 1991 Resolution including, without limitation, the applicable Interest Periods, interest rates (including any applicable Alternate Rate), Purchase Dates, Mandatory Purchase Dates, Purchase Prices, mandatory and optional purchase and redemption provisions applicable to such Variable Rate Bond, method and timing of purchase, redemption and payment. Such Owner further agrees that if, on any date upon which one of its Variable Rate Bonds is to be purchased, redeemed or paid at maturity or earlier due date, funds are on deposit with the Paying Agent or the Trustee to pay the full amount due on such Variable Rate Bond, then such Owner shall have no rights under the 1991 Resolution other than to receive such full amount due with respect to such Variable Rate Bond and that interest on such Variable Rate Bond shall cease to accrue as of such date.

SECTION 30-65.04. Calculation and Payment of Interest; Maximum Rate. (a) When a Commercial Paper Mode, a Daily Mode or a Weekly Mode is in effect for a Series of Variable Rate Bonds, interest on such Variable Rate Bonds shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. When a Term Rate Mode or a Fixed Rate Mode is in effect for a Series of Variable Rate Bonds, interest on such Variable Rate Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. When an Auction Mode is in effect in an Auction Period of 180 days or less for a Series of Variable Rate Bonds, interest on such Variable Rate Bonds shall be calculated on the basis of actual days over 360 and when the Auction Period is greater than 180 days for a Series of Variable Rate Bonds, on the basis of a 360-day year of twelve 30-day months. Payment of interest on each Variable Rate Bond shall be made on each Interest Payment Date for such Variable Rate Bond for unpaid interest accrued during the Interest Accrual Period to the Owner of record of such Variable Rate Bond on the applicable Record Date.

(b) A Series of Variable Rate Bonds in any Mode, other than a Fixed Rate Mode, may be changed to any other Mode at the times and in the manner hereinafter provided. Subsequent to such change in Mode (other than a change to a Fixed Rate Mode), such Variable Rate Bond may again be changed to a different Mode at the times and in the manner hereinafter

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provided. A Fixed Rate Mode shall be in effect until the Maturity Date or the Redemption Date, if any, and may not be changed to any other Mode.

(c) Absent manifest error, the interest rates contained in the records of the Paying Agent shall be conclusive and binding upon the Commission, the Remarketing Agent, the Paying Agent, the Trustee, the Credit Provider and the Owners, and with respect to a Series of Variable Rate Bonds in an Auction Mode, the Auction Agent, the Market Agent, if any, and the Broker-Dealers.

(d) No Variable Rate Bonds shall bear interest at an interest rate higher than the Maximum Rate.

(e) In the absence of manifest error, the determination of interest rates and Interest Periods by the Remarketing Agent shall be conclusive and binding, upon the Remarketing Agent, the Paying Agent, the Trustee, the Credit Provider, the Commission and the Owners.

SECTION 30-65.05. Determination of Commercial Paper Rates and Interest Periods During the Commercial Paper Mode. An Interest Period for a Commercial Paper Bond shall be of such duration, ending on a Business Day (but not later than the current Expiration Tender Date), of from one to 360 calendar days, as the Remarketing Agent shall determine in accordance with the provisions of this Section 30-65.05. A Commercial Paper Bond of a Series can have an Interest Period, and bear interest at a rate, different than other Commercial Paper Bonds of the same Series. In making the determinations with respect to Interest Periods, subject to limitations imposed by the second preceding sentence and in Section 30-65.04, on each Rate Determination Date for a Commercial Paper Bond, the Remarketing Agent shall select for such Variable Rate Bond the Interest Period which would result in the Remarketing Agent being able to remarket such Variable Rate Bond at par in the secondary market at the lowest interest rate then available and for the longest Interest Period available at such rate, provided that if on any Rate Determination Date, the Remarketing Agent determines that current or anticipated future market conditions or anticipated future events are such that a different Interest Period would result in a lower average interest cost on such Variable Rate Bond, then the Remarketing Agent shall select the Interest Period which in the judgment of the Remarketing Agent would permit such Variable Rate Bond to achieve such lower average interest cost; provided, however, that if the Remarketing Agent has received notice from the Commission that any Variable Rate Bond is to be changed from the Commercial Paper Mode to any other Mode or is to be purchased in accordance with a mandatory purchase pursuant to Section 30-65.17(e), the Remarketing Agent shall, with respect to such Variable Rate Bond, select Interest Periods which do not extend beyond the Mandatory Purchase Date.

On or after 4:00 p.m., New York City time, on the Business Day next preceding each Rate Determination Date for a Commercial Paper Bond, any Owner of such Variable Rate

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Bond may telephone the Remarketing Agent and receive notice of the anticipated next Interest Period and the anticipated Commercial Paper Rate for such Interest Period for such Variable Rate Bond.

By 12:30 p.m., New York City time, on each Rate Determination Date for a Commercial Paper Bond, the Remarketing Agent shall determine the Commercial Paper Rate for the Interest Period then selected for such Variable Rate Bond and shall give notice by Electronic Means to the Paying Agent of the new Owner, the Interest Period, the Purchase Date and the Commercial Paper Rate.

By 1:00 p.m., New York City time, on each Rate Determination Date, the Remarketing Agent will assign CUSIP numbers for each Commercial Paper Bond for which a Commercial Paper Rate and Interest Period have been determined on such date and notify the Paying Agent of such assignment by Electronic Means.

SECTION 30-65.06. Determination of Interest Rate During the Daily Mode and the Weekly Mode. The interest rate for any Series of Variable Rate Bonds in the Daily Mode or Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of such Variable Rate Bond on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued and unpaid interest, if any.

(a) During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 a.m., New York City time, on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available by telephone to any Owner or Notice Party requesting such rate, and on the last Business Day of each month, shall give notice to the Paying Agent of the Daily Rates that were in effect for each day of such month by Electronic Means.

(b) During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4:00 p.m., New York City time, on each Rate Determination Date. The Weekly Rate shall be in effect (i) initially, from and including the first day the Variable Rate Bonds become subject to the Weekly Mode to and including the following Tuesday; and (ii) thereafter, from and including each Wednesday to and including the following Tuesday. The Remarketing Agent shall make the Weekly Rate available (i) after 4:00 p.m., New York City time, on the Rate Determination Date by telephone to any Owner or Notice Party requesting such rate, and (ii) by Electronic Means to the Paying Agent not later than 1:00 p.m., New York City time, on the second Business Day immediately succeeding the Rate Determination Date. The Paying Agent shall give notice of such interest rates to the Trustee by Electronic Means not later than 4:00

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p.m., New York City time, on the second Business Day immediately succeeding the Rate Determination Date:

SECTION 30-65.07. Determination of Term Rate and Fixed Rate.

(a) Term Rates. Once a Series of Variable Rate Bonds is changed to the Term Rate Mode, such Variable Rate Bonds shall continue in the Term Rate Mode until changed to another Mode in accordance with Section 30-65.10. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 p.m., New York City time, on the Rate Determination Date, and the Remarketing Agent shall make the Term Rate available by telephone to any Notice Party requesting such rate. The Remarketing Agent shall give prompt written notice of the Term Rate to the Commission and the Paying Agent. The Term Rate shall be the minimum rate which, in the sole judgment of the Remarketing Agent, will result in a sale of the Series of Variable Rate Bonds at a price equal to the principal amount thereof on the Rate Determination Date for the Interest Period selected by the Commission in writing delivered to the Remarketing Agent before such Rate Determination Date. If a new Interest Period is not selected by the Commission prior to such Rate Determination Date (for a reason other than a court prohibiting such selection) the new Interest Period shall be the same length as the current Interest Period (or such lesser period as shall be necessary to comply with the next sentence and paragraph). No Interest Period in the Term Rate Mode may extend beyond the applicable Maturity Date.

A Series of Variable Rate Bonds, on the date such Variable Rate Bonds are changed to the Term Rate Mode and while such Variable Rate Bonds are in the Term Rate Mode, do not have to be secured by a Credit Facility if so determined by the Commission as provided by Section 30-65.10(a). If, however, such Series of Variable Rate Bonds are secured by the Credit Facility, then, notwithstanding anything to the contrary contained herein, no Interest Period for such Variable Rate Bond may extend beyond the Expiration Tender Date.

(b) Fixed Rate. The Remarketing Agent shall determine the Fixed Rate for each Variable Rate Bond in the Fixed Rate Mode in the manner and at the times as follows: Not later than 4:00 p.m., New York City time, on the Rate Determination Date for such Variable Rate Bond, the Remarketing Agent shall determine the Fixed Rate for such Variable Rate Bond. The Fixed Rate shall be the minimum interest rate which, in the sole judgment of the Remarketing Agent, will result in a sale of such Variable Rate Bond at a price equal to the principal amount thereof on the Rate Determination Date. The Remarketing Agent shall give written notice of the Fixed Rate promptly to the Paying Agent and shall make the Fixed Rate available by Electronic Means to any other Notice Party requesting such Fixed Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means.

SECTION 30-65.08. Alternate Rates. (a) The following provisions shall apply in the event (i) the Remarketing Agent fails or is unable to determine the interest rate or Interest Period for any Variable Rate Bond or Series of Variable Rate Bonds or (ii) the method by which

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the Remarketing Agent determines the interest rate or Interest Period with respect to a Variable Rate Bond or Series of Variable Rate Bonds (or the selection by the Commission of the Interest Periods for a Series of Variable Rate Bonds in the Term Rate Mode) shall be held to be unenforceable by a court of law of competent jurisdiction. These provisions shall continue to apply until such time as the Remarketing Agent (or the Commission if applicable) again makes such determinations. In the case of clause (ii) above, the Remarketing Agent (or the Commission, if applicable) shall again make such determination at such time as there is delivered to the Remarketing Agent and the Commission an Opinion of Bond Counsel to the effect that there are no longer any legal prohibitions against such determinations. The following shall be the methods by which the interest rates and, in the case of the Commercial Paper Mode and the Term Rate Mode, the Interest Periods, shall be determined for a Series of Variable Rate Bonds as to which either of the events described in clauses (i) or (ii) shall be applicable. Such methods shall be applicable from and after the date either of the events described in clauses (i) or (ii) first become applicable to such Variable Rate Bond or Variable Rate Bonds until such time as the events described in clauses (i) or (ii) are no longer applicable to such Variable Rate Bond or Variable Rate Bonds. These provisions shall not apply if the Commission fails to select an Interest Period for a Series of Variable Rate Bonds in the Term Rate Mode for a reason other than as described in clause (ii) above.

(b) For a Commercial Paper Bond, the next Interest Period shall be from, and including, the last day of the current Interest Period for such Variable Rate Bond to, but excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding Business Day. For each such Interest Period, the interest rate for such Variable Rate Bond shall be the BMA Municipal Swap Index in effect on the Business Day that begins an Interest Period.

(c) If such Variable Rate Bond is in the Daily Mode, then such Variable Rate Bond shall bear interest during each subsequent Interest Period at the last lawful interest rate for such Variable Rate Bond set by the Remarketing Agent pursuant to Section 30-65.06.

(d) If such Variable Rate Bond is in the Weekly Mode, then such Variable Rate Bond shall bear interest during each subsequent Interest Period at the BMA Municipal Swap Index in effect on the first day of such Interest Period.

(e) If such Variable Rate Bond is in the Term Rate Mode and if (i) such Variable Rate Bond is secured by a Credit Facility, it will be changed automatically to the Commercial Paper Mode with an Interest Period and Commercial Paper Rate to be determined by the Remarketing Agent in accordance with Section 30-65.05, or (ii) if such Variable Rate Bond is not secured by a Credit Facility, then such Variable Rate Bond shall stay in the Term Rate Mode for subsequent Interest Periods, each beginning on the last Stated Interest Payment Date and ending on the next Stated Interest Payment Date, and shall bear interest at the Alternate Term Rate in effect at the beginning of each such Interest Period.

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SECTION 30-65.09. Determination and Notice of Auction Rates. The Auction Rate applicable to a Series of Variable Rate Bonds during each Auction Period shall be determined by the Auction Agent and notice thereof shall be given as provided in Article 30-LXVI hereof, except that if such Series of Variable Rate Bonds has an Initial Period, the Auction Rate for such Initial Period shall be specified in a Series Sale Resolution for such Series of Variable Rate Bonds.

SECTION 30-65.10. Changes in Mode. Subject to the provisions of this Section, the Commission may effect a change in Mode with respect to a Series of Variable Rate Bonds (other than a Series of Variable Rate Bonds in an Auction Mode which is set forth under Section 30-65.11 below) by following the procedures set forth in this Section. If a change in Mode will make a Series of Variable Rate Bonds subject to Rule 15c2-12 promulgated under the Securities Act of 1934, as amended, a Continuing Disclosure Certificate shall be executed by the Commission satisfying the requirements of said Rule.

(a) Changes to a Mode Other Than the Fixed Rate Mode or the Auction Mode. A Series of Variable Rate Bonds (other than a Series of Variable Rate Bonds in the Fixed Rate Mode or the Auction Mode) may be changed from one Mode to another Mode (other than the Fixed Rate Mode or the Auction Rate Mode) as follows:

(i) Mode Change Notice; Notice to Owners. No later than the forty-fifth (45th) day (or such shorter time as may be agreed to by the Commission, the Trustee, the Paying Agent and the Remarketing Agent) preceding the proposed Mode Change Date, the Commission shall give written notice to the Notice Parties of its intention to effect a change in the Mode from the Mode then prevailing (for purposes of this Section, the "Current Mode") to another Mode (for purposes of this Section, the "New Mode") specified in such written notice, and, if the change is to a Term Rate Mode, the length of the initial Interest Period as set by the Commission and whether or not the Series of Variable Rate Bonds to be changed to the Term Rate Mode will be secured by a Credit Facility (if it will be secured, then the initial Interest Rate Period for such Variable Rate Bonds selected by the Commission cannot extend beyond the Expiration Tender Date). Notice of the proposed change in Mode shall be given to the Owners pursuant to Section 30-65.17(c).

(ii) Determination of Interest Rates. The New Mode for a Series of Variable Rate Bonds shall commence on the Mode Change Date for such Variable Rate Bond and the interest rate (together, in the case of a change to the Commercial Paper Mode, with the Interest Period for such Variable Rate Bond) shall be determined by the Remarketing Agent (or the Commission in the case of the Interest Period for a Variable Rate Bond changed to the Term Rate Mode) in the manner provided in Sections 30-65.05, 30-65.06 or 30-65.07, as applicable.

(iii) Conditions Precedent. The following are conditions precedent to any Mode Change:

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(A) The Mode Change Date shall be a Business Day.

(B) Additionally, the Mode Change Date in the case of a change:

(1) from the Commercial Paper Mode, shall be the next Purchase Date for the Series of Commercial Paper Bonds to be changed to the New Mode; and

(2) from a Term Rate Mode, shall be the last day of the current Interest Period for the Series of Variable Rate Bonds being changed to a New Mode.

(C) The following items shall have been delivered to the Trustee, the Paying Agent and the Remarketing Agent on or prior to the Mode Change Date:

(1) in the case of a change from a Short-Term Mode to a Term Rate Mode or from a Term Rate Mode to a Short-Term Mode, a Favorable Opinion of Bond Counsel dated the Mode Change Date and addressed to the Trustee, the Paying Agent and the Remarketing Agent;

(2) a Rating Confirmation Notice;

(3) a Credit Facility securing payment of principal of, premium, if any, interest on, and Purchase Price of such Series of Variable Rate Bonds with a principal component equal to the principal amount of the Series of Variable Rate Bonds being changed, and with an interest component equal to or greater than the Credit Facility Interest Amount for the applicable Mode and with an Expiration Date not earlier than five (5) Business Days prior to the end of the initial Interest Rate Period for such Variable Rate Bonds; provided, however, that if a Series of Variable Rate Bonds is changed to the Term Rate Mode, no Credit Facility need be applicable to such Variable Rate Bonds while in the Term Rate Mode if the Commission so elects by the time it gives the notice to the Notice Parties required by subsection (a)(i) of this Section.

(D) If the Series of Variable Rate Bonds to be changed is in the Commercial Paper Mode, no Interest Period set after delivery by the Commission to the Remarketing Agent of the notice of the intention to effect a change in Mode with respect to such Variable Rate Bonds shall extend beyond the proposed Mode Change Date.

(b) Change to Fixed Rate Mode. At the option of the Commission, a Series of Variable Rate Bonds may be changed to the Fixed Rate Mode as provided in this Section 30-65.10(b) (except for Auction Bonds changed to the Fixed Rate Mode for which provision is made in Section 30-65.11(d)). Not less than forty-five (45) days (or such shorter time as may be agreed to by the Commission, the Trustee and the Remarketing Agent) before the proposed

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Mode Change Date for such Variable Rate Bonds, the Commission shall give written notice to the Notice Parties stating that the Mode will be changed to the Fixed Rate Mode and setting forth the proposed Mode Change Date. Such Notice shall also state whether or not some or all of the Series of Variable Rate Bonds to be changed shall be Serial Bonds and, if so, the applicable Serial Maturity Dates and Serial Payments, all as determined pursuant to the provisions of subsection (v) of this subsection (b). Any such change in Mode shall be made as follows:

(i) Conditions Precedent. The Mode Change Date shall be:

(A) a Business Day;

(B) in the case of a change from the Commercial Paper Mode, the Purchase Date for the Series of Commercial Paper Bonds to be changed to the Fixed Rate Mode; and

(C) in the case of a change from the Term Rate Mode, the last day of the current Interest Period for the Series of Variable Rate Bonds being changed to the Fixed Rate Mode;

(ii) Notice to Owners. Not less than the thirtieth (30th) day next preceding the Mode Change Date, the Paying Agent shall mail, in the name of the Commission, a notice of such proposed change to the Owners of the Series of Variable Rate Bonds being changed stating that the Mode will be changed to the Fixed Rate Mode, the proposed Mode Change Date and that such Owner is required to tender such Owner's Variable Rate Bonds for purchase on such proposed Mode Change Date.

(iii) General Provisions Applying to Change to Fixed Rate Mode. The change to the Fixed Rate Mode shall not occur unless the following items shall have been delivered to the Trustee and the Remarketing Agent on the Mode Change Date:

(A) if the change is from a Short-Term Mode, a Favorable Opinion of Bond Counsel dated the Mode Change Date and addressed to the Trustee and the Remarketing Agent; and

(B) a Rating Confirmation Notice.

(iv) Determination of Interest Rate. The Fixed Rate for each Variable Rate Bond of a Series of Variable Rate Bonds to be changed to the Fixed Rate Mode shall be established by the Remarketing Agent pursuant to the provisions of Section 30-65.07(b).

(v) Serial Maturity Dates, Serial Payments, Mandatory Sinking Fund Redemption Dates and Mandatory Sinking Fund Payments. Upon the change in a Series of Variable Rate Bonds to the Fixed Rate Mode, the Remarketing Agent shall determine the Serial



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Maturity Dates, Serial Payments, Mandatory Sinking Fund Redemption Dates and Mandatory Sinking Fund Payments for such Series of Variable Rate Bonds as provided in Section 30-65.11(d)(vii).

(c) Failure to Satisfy Conditions Precedent to a Mode Change. In the event the conditions described above in subsections (a) or (b), as applicable, of this Section have not been satisfied by the applicable Mode Change Date; then the New Mode or Fixed Rate Mode, as the case may be, for a Series of Variable Rate Bonds shall not take effect. If the failed change in Mode was from the Commercial Paper Mode, the applicable Variable Rate Bond shall remain in the Commercial Paper Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the failed Mode Change Date in accordance with Section 30-65.05. If the failed change in Mode was from the Daily Mode, the applicable Variable Rate Bond shall remain in the Daily Mode, and if the failed change in Mode was from the Weekly Mode, the applicable Variable Rate Bond shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 30-65.06 on and as of the failed Mode Change Date. If the failed change in Mode was from the Term Rate Mode and for which the Credit Facility was in effect for the Variable Rate Bond to be changed, the applicable Variable Rate Bond shall be changed to the Commercial Paper Mode with an Interest Period and Commercial Paper Rate to be determined by the Remarketing Agent on the failed Mode Change Date in accordance with Section 30-65.05. If, however, there was no Credit Facility in effect for such Variable Rate Bond to have been changed from the Term Rate Mode, then such Variable Rate Bond shall stay in the Term Rate Mode for an Interest Period ending on the next Stated Interest Payment Date and shall bear interest at the applicable Alternate Rate.

SECTION 30-65.11. Auction Rates; Changes to and from Auction Mode.

(a) Determination and Notice of Auction Rates. The Auction Rate to be applicable to the Auction Bonds during each Auction Period shall be determined by the Auction Agent pursuant to Section 30-66.04. Notice of such Auction Rates shall be given as provided in Section 30-66.06 or by the Broker-Dealer for such Series of Auction Bonds as set forth in subsection (b)(ii) hereof with respect to the first Auction Rate after a Mode Change Date.

(b) Changes to an Auction Mode. At the option of the Commission, a Series of Variable Rate Bonds (in an amount which is an Authorized Denomination for the new Interest Period) may be changed from another Mode (except from a Fixed-Rate Mode) to an Auction Mode. Any such change shall be made as follows:

(i) In any such change from another Mode, the Mode Change Date shall be a regularly scheduled Interest Payment Date on which interest is payable for the Interest Period from which the change is to be made; provided, however, that if the change is from a Term Rate Mode, the Mode Change Date shall be a regularly scheduled Interest Payment Date on which a new Term Rate Mode would otherwise have commenced, and in any such change

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from a Commercial Paper Rate Mode, the Mode Change Date shall be the last regularly scheduled Interest Payment Date on which interest is payable for any Interest Period theretofore established for the Series of Variable Rate Bonds to be changed.

(ii) The Commission shall give written notice of any such change to the Remarketing Agent, the Trustee, the Auction Agent, the Market Agent, if any, the Broker-Dealer and the Credit Provider not less than seven (7) Business Days prior to the date on which the Trustee is required to notify the Owners of the change pursuant to subsection (iii) below: Such notice shall specify the Mode Change Date and the length of the initial Auction Period. Together with such notice, the Commission shall file with the Trustee an Opinion of Bond Counsel to the effect that the change of such Series of Variable Rate Bonds to an Auction Mode shall not adversely affect the validity of such Variable Rate Bonds or any exclusion from gross income for federal income tax purposes to which interest on such Variable Rate Bonds would otherwise be entitled. No such change to an Auction Mode shall become effective unless the Commission shall also file, with the Trustee, an Opinion of Bond Counsel to the same effect dated the Mode Change Date.

(iii) Not less than fifteen (15) days prior to the Mode Change Date, the Trustee shall mail a written notice of the change to the Owners of each Series of Variable Rate Bonds to be changed to an Auction Mode; provided, however, that the Trustee shall not mail such written notice of such change from a Commercial Paper Rate Period until it has received a written confirmation from the Remarketing Agent for such Series of Variable Rate Bonds that no Interest Period for such Variable Rate Bonds extends beyond the Mode Change Date.

The Auction Rate for the Auction Period commencing on the Mode Change Date for a Series of Variable Rate Bonds shall be the lowest rate which, in the judgment of the Broker-Dealer for such Series of Variable Rate Bonds, is necessary to enable such Variable Rate Bonds to be remarketed at a price equal to the principal amount thereof, plus accrued interest, if any, on the Mode Change Date. Such determination shall be conclusive and binding upon the Commission, the Trustee, the Auction Agent, the Market Agent and the Owners of such Variable Rate Bonds to which such rate will be applicable.

Not later than 5:00 p.m., New York City time, on the date of determination of the Auction Rate for a Series of Variable Rate Bonds, the Broker-Dealer shall notify the Trustee, the Commission, the Market Agent and the Auction Agent of the Auction Rate by telephone, promptly confirmed in writing or by other Electronic Means.

The Commission may revoke its election to effect a change in Mode for any Series of Variable Rate Bonds to the Auction Mode by giving written notice of such revocation to the Trustee, the Remarketing Agent, the initial Credit Provider, the Auction Agent, the Market Agent and the Broker-Dealer at any time prior to the setting of the initial Auction Rate by the initial Broker-Dealer.

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No Series of Variable Rate Bonds may be changed to the Auction Mode when such Series of Variable Rate Bonds are not held by a depository in book-entry form.

(c) Changes from Auction Mode. At the option of the Commission, all (but not less than all) of a Series of Auction Bonds in an Auction Mode (in an amount which is an Authorized Denomination for the new Rate Period) may be changed to another Mode (except a Fixed Rate Mode, which is provided for in subsection (d) below). Any such change shall be made as follows:

(i) If the Auction Bonds are in an Auction Period other than the daily Auction Period, the Mode Change Date shall be the second regularly scheduled Interest Payment Date following the final Auction Date. If the Auction Bonds are in a daily Auction Period, the Mode Change Date shall be the next regularly scheduled Interest Payment Date.

(ii) The Commission shall give written notice of any change in Mode to the Trustee, the Remarketing Agent, if any, the Auction Agent, the Market Agent, if any, and the Broker-Dealer not less than seven (7) Business Days prior to the date on which the Trustee is required to notify the Owners of the change in Mode pursuant to subsection (iii) below. Such notice shall specify the Mode Change Date and the Mode to which the change will be made (and the length of any Term Rate Period). Together with such notice, the Commission shall file with the Trustee an Opinion of Bond Counsel to the effect that the change in Mode of such Series of Auction Bonds will not adversely affect the validity of such Auction Bonds or any exclusion from gross income for federal income tax purposes to which interest on such Auction Bonds would otherwise be entitled. No change in Mode from the Auction Mode shall become effective unless the Commission shall also file with the Trustee an Opinion of Bond Counsel to the same effect dated the Mode Change Date.

(iii) Not less than fifteen (15) days prior to the Mode Change Date, the Trustee shall mail a written notice of the change in Mode to the Owners of all Auction Bonds to be changed to another Mode, specifying the Mode Change Date.

(iv) Except in the case of a change to a Fixed Rate Mode or a Term Rate Mode, a Credit Facility meeting the requirements of Section 30-65.18 shall be in effect on the Mode Change Date.

(v) On the Mode Change Date applicable to a Series of Auction Bonds to be changed to another Mode, such Series of Auction Bonds shall be subject to mandatory tender for purchase at a Purchase Price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest. The Purchase Price of such Auction Bonds so tendered shall be payable solely from the proceeds of the remarketing of such Auction Bonds in the New Mode.

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(vi) If on the Mode Change Date any condition precedent to such change in Mode required hereunder is not satisfied, the Trustee will give written notice by first class mail postage prepaid as soon as practicable and in any event not later than the next succeeding Business Day to the Owners of such Auction Bonds to have been changed to another Mode and the Commission that such change has not occurred, that such Auction Bonds will not be purchased on the failed Mode Change Date, that the Auction Agent will continue to implement the Auction Procedures on the Auction Dates with respect to such Auction Bonds which otherwise would have been changed to another Mode, excluding, however, the Auction Date falling on the Business Day next preceding the failed Mode Change Date, and that the interest rate will continue to be the Auction Rate; provided, however, that the interest rate borne by such Auction Bonds during the Auction Period commencing on such failed Mode Change Date will be the Maximum Auction Rate, and the Auction Period will be the seven (7)-day Auction Period. The Trustee shall give the notice required by this subsection (vi) by Electronic Means if an Owner so requests in writing and the Trustee receives such request no later than five (5) Business Days before the Trustee is required to give such notice.

(d) Change from Auction Mode to Fixed Rate Mode. At the option of the Commission, all (but not less than all) of a Series of Auction Bonds in an Auction Mode (in an amount which is an Authorized Denomination for the new Mode) may be changed to a Fixed Rate Mode to bear interest at a Fixed Rate as follows:

(i) The Mode Change Date shall be, in the case of a change from an Auction Mode in other than a daily Auction Period, the second regularly scheduled Interest Payment Date following the final Auction Date and in the case of a change from a daily Auction Period, the first Business Day of any calendar month.

(ii) Not less than seven (7) Business Days prior to the date on which the Trustee is required to notify the Owners of the change to a Fixed Rate Mode pursuant to subsection (iii) below, the Commission shall give written notice of the change to the Trustee, the Remarketing Agent, if any, the Credit Provider, if any, the Auction Agent, the Market Agent, if any, and the Broker-Dealer setting forth the Mode Change Date. Together with such notice, the Commission shall file with the Trustee an Opinion of Bond Counsel to the effect that the change of such Series of Auction Bonds to the Fixed Mode, including the determination of Serial Maturity Dates, Serial Payments, Mandatory Sinking Fund Redemption Dates and Mandatory Sinking Fund Payments pursuant to subsection (vii) of this Section 30-65.11(d), will not adversely affect the validity of such Auction Bonds or any exclusion from gross income for federal income tax purposes to which interest on such Auction Bonds would otherwise be entitled. No change to the Fixed Rate Mode shall occur unless the Commission shall also file with the Trustee an Opinion of Bond Counsel to the same effect dated the Mode Change Date.

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(iii) The Trustee shall mail a notice of the proposed change to the Owners of the Series of Auction Bonds to be changed not less than fifteen (15) days prior to the Mode Change Date.

(iv) Not later than 12:00 noon, New York City time, on the Business Day prior to the Mode Change Date, the Remarketing Agent shall determine the Fixed Rate for the Series of Auction Bonds to be changed to a Fixed Rate Mode.

(v) Such determination shall be conclusive and binding upon the Commission, the Trustee, the Credit Provider, if any, the Broker-Dealer, if any, the Auction Agent, if any, the Market Agent, if any, and the Owners of the Auction Bonds to which such rate will be applicable. Not later than 5:00 p.m., New York City time, on the date of determination of the Fixed Rate, the Remarketing Agent shall notify the Trustee, the Credit Provider and the Commission of such rate by telephone, promptly confirmed in writing, or by other Electronic Means.

(vi) The Commission may revoke its election to effect a change in Mode for any Series of Auction Bonds to the Fixed Rate Mode by giving written notice of such revocation to the Trustee, the Remarketing Agent, if any, the Credit Provider, if any, the Auction Agent, if any, the Market Agent, if any, and the Broker-Dealer, if any, at any time prior to the determination of the Fixed Rate by the Remarketing Agent.

(vii) Prior to the change in Mode of a Series of Auction Bonds to the Fixed Rate Mode pursuant to this Section 30-65.11, and except as shall otherwise be specified by the Commission in a Series Sale Resolution, the Remarketing Agent or Broker-Dealer shall deliver to the Trustee and the Commission a schedule specifying the Serial Maturity Dates, the Serial Payments, the Mandatory Sinking Fund Redemption Dates, the Mandatory Sinking Fund Payments, in each case if any, and the interest rates for such Bonds. Such Serial Maturity Dates, Serial Payments, Mandatory Sinking Fund Redemption Dates, Mandatory Sinking Fund Payments and interest rates for such Series of Bonds shall be determined by the Remarketing Agent or Broker-Dealer as follows:

(A) The Remarketing Agent or Broker-Dealer shall determine the schedule of Serial Payments and/or Mandatory Sinking Fund Payments on such Series of Bonds to achieve approximately level annual debt service with respect to such Series of Bonds. In making such schedule, the Remarketing Agent or Broker-Dealer shall, to the extent necessary, alternately round down and up to the nearest \$5,000 the amount of Serial Payments or Mandatory Sinking Fund Payments coming due on each May 1;

(B) The Remarketing Agent or Broker-Dealer shall allocate the principal amount of such Bonds between Serial Payments and Mandatory Sinking Fund

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Payments in such manner as shall produce the lowest aggregate interest payable with respect to such Bonds; and

(C) The Remarketing Agent or Broker-Dealer shall set the interest rate on such Bonds coming due on each Serial Maturity Date and Maturity Date at the lowest interest rate that will enable such Auction Bonds, upon the change in Mode, to be remarketed at par (plus any accrued interest) taking into account the Serial Maturity Dates, Serial Payments, Mandatory Sinking Fund Redemption Dates and Mandatory Sinking Fund Payments or such Bonds.

The foregoing notwithstanding, the Commission may provide by a Series Sale Resolution for another method of determining the Serial Maturity Dates, Serial Payments, Mandatory Sinking Fund Redemption Dates and Mandatory Sinking Fund Payments for a Series of Auction Bonds after the Mode Change Date if (i) there is delivered to the Trustee by the Commission an Opinion of Bond Counsel to the effect that utilization of such other method will not adversely affect the validity of any Auction Bonds or any exclusion from federal income taxation to which the interest on such Bonds would otherwise be entitled, and (ii) the Remarketing Agent or Broker-Dealer consents in writing thereto.

(viii) With respect to a Series of Auction Bonds changed to the Fixed Rate Mode, mandatory redemption by operation of Mandatory Sinking Fund Payments shall be without premium. A Series of Auction Bonds changed to the Fixed Rate Mode shall be redeemed by the Trustee pursuant to the provisions of this Section, Section 30-65.16 and Article III or Section 18-52.04 of the 1991 Resolution without any notice from or direction by the Commission.

SECTION 30-65.12. Form of Variable Rate Bonds. Each Series of Variable Rate Bonds and the assignment to appear thereon shall each be in substantially the forms respectively set forth in Exhibit A attached hereto and incorporated herein, with appropriate or necessary insertions, omissions and variations as permitted or required hereby. Upon any change in Mode, if and to the extent necessary, a new form of Variable Rate Bonds shall be prepared which contains the terms of such Variable Rate Bonds applicable in the new Mode.

SECTION 30-65.13. Transfer and Exchange of Variable Rate Bonds; Appointment of Registrar, Authenticating Agent and Paying Agent.

(a) Except as in this Section 30-65.13 otherwise provided, the transfer and exchange of Variable Rate Bonds shall be subject to the provisions of Article II of the 1991 Resolution. During the Term Rate Mode and the Fixed Rate Mode, the Paying Agent shall not be required to transfer or exchange (i) any Variable Rate Bonds during the period commencing on the date ten (10) days prior to the date of selection of Variable Rate Bonds for redemption and ending on such date of selection, (ii) any Variable Rate Bond selected for redemption in whole or

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in part or (iii) any Variable Rate Bonds during the period of fifteen (15) days preceding any Interest Payment Date.

(b) The Paying Agent for a Series of Bonds shall serve as Registrar and Authenticating Agent for all Series of Variable Rate Bonds. The Paying Agent 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 Variable Rate Bonds, which shall at all times be open to inspection by the Commission and the Trustee; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or exchange on said register, Variable Rate Bonds as herein provided.

(c) The Trustee is hereby appointed as the initial Paying Agent for each Series of Variable Rate Bonds for the purpose of paying the principal or Purchase Price or Redemption Price of the Variable Rate Bonds. At all times the Paying Agent shall have a corporate trust office in New York, New York.

SECTION 30-65.14. Book-Entry System. (a) Unless the Airport Director or his designee determines that a Series of Variable Rate Bonds shall be issued in registered form other than in book-entry form, a Series of Variable Rate Bonds in any Mode shall initially be issued in book-entry form as further provided in this Section 30-65.14.

(b) The Variable Rate Bonds issued pursuant to this Eleventh Supplemental Resolution shall initially be issued in the form of a separate single fully-registered Variable Rate Bond for each separate stated maturity of each Series of Variable Rate Bonds. Except as provided in subsection (c) of this Section 30-65.14, all of the Variable Rate Bonds of a Series shall be registered in the name of the Nominee.

The Trustee, the Registrar, the Paying Agents, the Auction Agent, the Broker-Dealers, the Remarketing Agents and the Commission may treat the registered owner of each Variable Rate Bond as the sole and exclusive owner thereof for the purposes of payment of the principal or Redemption Price of or interest on the Series of Variable Rate Bonds to which such Variable Rate Bond belongs, selecting the Variable Rate Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the 1991 Resolution, registering the transfer of Variable Rate 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, the Auction Agent, the Broker-Dealers, the Remarketing 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 Variable Rate 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

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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, Purchase Price or Redemption Price of or interest on the Variable Rate 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 Variable Rate 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 or Purchase Price of, premium, if any, or interest on the Variable Rate Bonds only to 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 or Purchase Price of, premium, if any, or interest on the Variable Rate Bonds to the extent of the sum or sums so paid. No person other than the Bond Depository shall receive an authenticated Variable Rate Bond evidencing the obligation of the Commission to make payments of principal or Purchase Price of, premium, if any, or interest pursuant to the 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 30-LXV shall refer to such new Nominee.

(c) In order to qualify each Series of Variable Rate Bonds for the Bond Depository's book-entry system, the appropriate officers or employees of the Commission are hereby authorized to execute and deliver on behalf of the Commission to the Bond Depository for each Series of Variable Rate Bonds a Representation Letter from the Commission representing such matters as shall be necessary to so qualify the Variable Rate Bonds. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section 30-65.14 or in any other way impose upon the Commission any obligation whatsoever with respect to persons having beneficial ownership interests in the Variable Rate Bonds other than the Bondholders.

(d) In the event (i) the Bond Depository determines not to continue to act as securities depository for a Series of Variable Rate 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 such Series of Variable Rate Bonds. If the Commission determines to replace the Bond Depository for a Series of Variable Rate Bonds with another qualified securities depository, the Commission shall prepare or direct the preparation of a new, single, separate, fully registered Variable Rate Bond of such Series for each maturity of such Series of Variable Rate 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



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successor or substitute Bond Depository, as are not inconsistent with the terms of this Eleventh Supplemental Resolution. If the Commission fails to identify another qualified Bond Depository to replace the incumbent Bond Depository for a Series of Variable Rate Bonds, then such Series of Variable Rate 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 such Series of Variable Rate Bonds shall designate.

(e) To exercise any optional tender pursuant to Section 30-65.17(a) or 30-65.17(b), in addition to notifying the Remarketing Agent and the Paying Agent, as the case may be, a beneficial owner must notify its Participant, if the Remarketing Agent is not such Owner's Participant, of its decision to demand the purchase of its Variable Rate Bonds as provided herein.

(f) In the event that the Remarketing Agent fails to remarket all Variable Rate Bonds on a Purchase Date, such beneficial owner's Participant shall cause to be transferred such Variable Rate Bonds to an account of the Trustee at DTC and the Trustee, upon receipt of the proceeds paid under the Credit Facility, shall cause the Purchase Price of such Variable Rate Bonds to be transferred to an account of such beneficial owner's Participant against receipt of such Variable Rate Bonds.

(g) Upon remarketing of Variable Rate Bonds, payment of the Purchase Price thereof shall be made to DTC and no physical delivery or surrender of Variable Rate Bonds is expected to be required; such delivery or surrender of the Variable Rate Bonds shall be accomplished through DTC's book entry system. Such sales shall be made through Participants (which may include the Remarketing Agent) and the Participants shall transmit payment to the beneficial owners whose Variable Rate Bonds were purchased pursuant to a remarketing. The Commission, the Trustee, the Paying Agent and the Remarketing Agent are not responsible for transfers of payment to Participants or beneficial owners.

(h) Notwithstanding any provision of the 1991 Resolution to the contrary, so long as the Variable Rate Bonds are registered in the name of the Nominee, all payments respect to principal or Purchase Price of, premium, if any, or interest on the Variable Rate Bonds and all notices with respect to the Variable Rate Bonds shall be made and given, respectively, as provided in the Representation Letter for the related Series of Variable Rate Bonds or as otherwise instructed by the Bond Depository.

(i) The initial Bond Depository with respect to each Series of Variable Rate Bonds shall be The Depository Trust Company ("DTC"). The initial Nominee with respect to each Series of Variable Rate Bonds shall be CEDE & CO., as nominee of DTC.

SECTION 30-65.15. Interest on Credit Provider Bonds. Each Credit Provider Bond shall bear interest on the outstanding principal amount thereof at the Credit Provider

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Interest Rate for each day from and including the date such Variable Rate Bond becomes a Credit Provider Bond to, but not including, the date such Variable Rate Bond is paid in full or is remarketed.

Interest on Credit Provider Bonds shall be payable as provided in the Credit Facility Agreement. Credit Provider Bonds shall not bear interest at the Credit Provider Interest Rate after such Variable Rate Bonds have been remarketed unless such Variable Rate Bonds shall again become Credit Provider Bonds. Interest on Credit Provider Bonds shall be calculated based upon a 365/366 day year for the actual number of days elapsed.

SECTION 30-65.16. Redemption of Variable Rate Bonds. Except as in this Section 30-65.16 otherwise provided, the redemption of Variable Rate Bonds shall be subject to the provisions of Article III of the 1991 Resolution. The Redemption Price of any Series of Variable Rate Bonds secured by a Credit Facility (other than a Bond Insurance Policy or a reserve fund surety policy) shall be paid with Seasoned Funds.

(a) Mandatory Sinking Fund Redemption. Variable Rate Bonds of each Series shall be subject to redemption prior to their respective Maturity Dates, in part and by lot, from Mandatory Sinking Fund Payments required by Section 30-65.22(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 related Series Sale Resolution or pursuant to Section 30-65.11(d)(vii)); at the Principal Amount thereof and accrued interest thereon to the Redemption Date, but without premium. No Variable Rate Bonds of any Series maturing on any date shall be redeemed from Mandatory Sinking Fund Payments until Variable Rate Bonds of the same Series maturing on preceding term maturity dates, if any, in order of term maturities, shall have been retired.

Upon any redemption of Variable Rate Bonds pursuant to subsection (b) of this Section, an amount equal to the aggregate principal amount of Variable Rate Bonds so redeemed shall be credited towards a part or all of any one or more yearly Mandatory Sinking Fund Payments required by the foregoing subsection (a), as directed in writing by the Commission, provided that such direction is received by the Trustee at least seventy-five (75) days before the related Mandatory Sinking Fund Redemption Date. Any such direction shall state the years in which and the amounts by which such Mandatory Sinking Fund Payments are to be reduced. The portion of any such Mandatory Sinking Fund Payment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Mandatory Sinking Fund Payment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Mandatory Sinking Fund Payment for the purpose of the calculation of principal payments due on any future Principal Payment Date.

After a Series of Variable Rate Bonds is changed to a Fixed Rate Mode, such Variable Rate Bonds shall not be redeemed pursuant to this subsection (a) in any year which, as a result of the change to a Fixed Rate, a Mandatory Sinking Fund Payment due on any Mandatory

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Sinking Fund Redemption Date has been changed to a Serial Payment due on a Serial Maturity Date.

If the Mandatory Sinking Fund Redemption Date for a Series of Variable Rate Bonds in an Auction Mode is not an Interest Payment Date, such Variable Rate Bonds will be redeemed on the Interest Payment Date immediately succeeding the scheduled Mandatory Sinking Fund Redemption Date.

(b) Optional Redemption.

(i) Optional Redemption of Commercial Paper Bonds. Variable Rate Bonds in the Commercial Paper Mode are not subject to optional redemption prior to their respective Purchase Dates. Variable Rate Bonds in the Commercial Paper Mode shall be subject to redemption at the option of the Commission in whole or in part on their respective Purchase Dates at a Redemption Price equal to the principal amount thereof.

(ii) Optional Redemption of Variable Rate Bonds in the Daily Mode or the Weekly Mode. Variable Rate Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the Commission, in whole or in part, in Authorized Denominations on any Interest Payment Date, at a Redemption Price equal to the principal amount thereof, plus accrued and unpaid interest, if any.

(iii) Optional Redemption of Variable Rate Bonds in the Auction Mode. Variable Rate Bonds in the Auction Mode are subject to optional redemption by the Commission, in whole or in part, in Authorized Denominations on the Business Day immediately following the end of an Auction Period, at a Redemption Price equal to the principal amount thereof, plus accrued and unpaid interest, if any.

(iv) Optional Redemption of Variable Rate Bonds in the Term Rate or the Fixed Rate Mode. Variable Rate Bonds in the Term Rate Mode or Fixed Rate Mode are subject to redemption in whole on any date or in part on any Interest Payment Date (and if in part, in such order of maturity as the Commission shall specify and within a maturity by lot or by such other method as the Paying Agent determines to be fair and reasonable and in Authorized Denominations) at the Redemption Prices set forth below:

(A) If, on the Mode Change Date, the remaining term of such Series of Variable Rate Bonds, in the case of Fixed Rate Bonds, or the length of the Interest Period, in the case of Term Rate Bonds, is greater than fifteen (15) years, then such Variable Rate Bonds will not be subject to optional redemption until the first Stated Interest Payment Date to follow the tenth (10th) anniversary of the Mode Change Date. On such Stated Interest Payment Date, such Variable Rate Bonds will be subject to redemption at a Redemption Price

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equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to the Redemption Date.

(B) If, on the Mode Change Date, the remaining term of such Series of Variable Rate Bonds, in the case of Fixed Rate Bonds, or the length of the Interest Period, in the case of Term Rate Bonds, is equal to or less than fifteen (15) years, but greater than ten (10) years, then such Variable Rate Bonds will not be subject to optional redemption until the first Stated Interest Payment Date to follow the seventh (7th) anniversary of the Mode Change Date. On such Stated Interest Payment Date, such Variable Rate Bonds will be subject to redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

(C) If, on the Mode Change Date, the remaining term of such Series of Variable Rate Bonds, in the case of Fixed Rate Bonds, or the length of the Interest Period, in the case of Term Rate Bonds, is equal to or less than ten (10) years but greater than five (5) years, then such Variable Rate Bonds will not be subject to optional redemption until the first Stated Interest Payment Date to follow the third (3rd) anniversary of the Mode Change Date. On such Stated Interest Payment Date, such Variable Rate Bonds will be subject to redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

(D) If, on the Mode Change Date, the remaining term of a Series of Variable Rate Bonds, in the case of Fixed Rate Bonds, or the length of the Interest Period, in the case of Term Rate Bonds, is equal to or less than 5 years, such Variable Rate Bonds will be subject to redemption on or after the first Stated Interest Payment Date (whichever is earlier) to follow the second (2nd) anniversary of the Mode Change Date at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest, if any, to the Redemption Date, and prior thereto will not be subject to optional redemption.

The Commission, in connection with a change to a Term Rate or a Fixed Rate Mode, may waive or otherwise alter its rights to direct the redemption of any such Variable Rate Bonds so changed to a Term Rate Mode or a Fixed Rate Mode at any time without premium; provided that, notice describing the waiver or alteration shall be submitted to the Paying Agent, the Trustee and the Remarketing Agent, together with a Favorable Opinion of Bond Counsel, addressed to them.

(c) Redemption of Credit Provider Bonds. Anything in the 1991 Resolution to the contrary notwithstanding, Credit Provider Bonds shall be redeemed first prior to the optional redemption of any other Variable Rate Bonds.

(d) Notice of Redemption. Except as otherwise provided herein, in addition to the parties referenced in Section 3.03 of the 1991 Resolution, notice of redemption shall be

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given by mail or Electronic Means by the Trustee to the Remarketing Agent, the Paying Agent, the Auction Agent, the Broker-Dealers, the Market Agent, if any, and the Credit Provider, if any.

(e) Effect of Redemption on Credit Provider Bonds. Anything in the 1991 Resolution to the contrary notwithstanding, any Credit Provider Bonds shall remain Outstanding until the Credit Provider is paid all amounts due under the Credit Facility Agreement with respect to such Credit Provider Variable Rate Bonds or the portion thereof to be redeemed. After payment to the Credit Provider of all amounts due on Credit Provider Bonds, the Credit Provider shall surrender such Variable Rate Bonds to the Paying Agent for cancellation.

SECTION 30-65.17. Purchase of Variable Rate Bonds.

(a) Optional Tenders of Variable Rate Bonds in the Daily Mode or the Weekly Mode. The Owners of Variable Rate Bonds in a Daily Mode or a Weekly Mode may elect to have their Variable Rate Bonds (or portions of those Variable Rate Bonds in amounts equal to an Authorized Denomination) purchased on any Business Day at a price equal to the Purchase Price, (i) in the case of Variable Rate Bonds in a Daily Mode, upon delivery of an irrevocable notice of tender to the Paying Agent and the Remarketing Agent by telephone, e-mail or other means acceptable to the Remarketing Agent not later than 11:00 a.m., New York City time, on the Purchase Date specified by the Owner; and (ii) in the case of Variable Rate Bonds in a Weekly Mode, upon delivery of an irrevocable written notice of tender to the Paying Agent and the Remarketing Agent by telephone, e-mail or other means acceptable to the Remarketing Agent, promptly confirmed in writing to the Paying Agent, not later than 4:00 p.m., New York City time, on a Business Day not less than seven (7) days before the Purchase Date specified by the Owner in such notice. Such notices of tender shall state the CUSIP number, Variable Rate Bond number and the principal amount of such Variable Rate Bond and that such Variable Rate Bond shall be purchased on the Purchase Date specified above. Such Variable Rate Bond shall be delivered (with all necessary endorsements) at or before 12:00 noon, New York City time, on the Purchase Date at the office of the Paying Agent in New York, New York; provided, however, that payment of the Purchase Price shall be made pursuant to this subsection (a) only if the Variable Rate Bond so delivered to the Paying Agent conforms in all respects to the description thereof in the notice described in this subsection (a). Payment of the Purchase Price with respect to purchases under this subsection (a) shall be made to the Owners of tendered Variable Rate Bonds by wire transfer in immediately available funds by the Paying Agent by the close of business in New York, New York, on the Purchase Date. An Owner who gives the notice of tender as set forth above may repurchase the Variable Rate Bonds so tendered on such Purchase Dates if the Remarketing Agent agrees to sell the Variable Rate Bonds so tendered to such Owner. If such Owner decides to repurchase such Variable Rate Bonds and the Remarketing Agent agrees to sell the specified Variable Rate Bonds to such Owner, the delivery requirements set forth above shall be waived.

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(b) Mandatory Purchase at End of Commercial Paper Rate Periods. Each Commercial Paper Bond shall be subject to mandatory purchase on the Purchase Date for the current Interest Period applicable to such Variable Rate Bond at the Purchase Price. Variable Rate Bonds purchased pursuant to this Section shall be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in New York, New York, at or before 12:00 noon on such Purchase Date, and payment of the Purchase Price shall be made by wire transfer in immediately available funds by the close of business on such Purchase Date. No notice of such mandatory purchase shall be given to the Owners.

(c) Mandatory Purchase on Mode Change Date.

(i) Variable Rate Bonds to be changed from one Mode to another Mode (other than a change to the Fixed Rate Mode or the Auction Mode) are subject to mandatory purchase on the Mode Change Date as provided in this subsection (i) at the Purchase Price. Variable Rate Bonds purchased pursuant to this Section shall be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in New York, New York, at or before 12:00 noon on the Mode Change Date and payment of the Purchase Price shall be made by wire transfer in immediately available funds by the close of business on the Mode Change Date. The Paying Agent shall give notice of such mandatory purchase by mail to the Owners of the Variable Rate Bonds subject to mandatory purchase no less than thirty (30) days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price, the numbers of the Variable Rate Bonds to be purchased if less than all of the Variable Rate Bonds owned by such Owner are to be purchased and that interest on Variable Rate Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The Trustee shall give the notice required by this subsection (i) by Electronic Means if an Owner so requests in writing and the Trustee receives such request no later than five (5) Business Days before the Trustee is required to give such notice. The failure to send such notice with respect to any Variable Rate Bond as provided in this subsection (i) shall not affect the validity of the mandatory purchase of any other Variable Rate Bond with respect to which notice was so sent. Any notice sent as provided in this subsection (i) will be conclusively presumed to have been given, whether or not actually received by any Owner.

(ii) Variable Rate Bonds to be changed to the Fixed Rate Mode or the Auction Mode are subject to mandatory purchase on the Mode Change Date as provided in this subsection (ii) at the Purchase Price. Variable Rate Bonds purchased pursuant to this subsection (ii) shall be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in New York, New York, at or before 12:00 noon on the Mode Change Date and payment of the Purchase Price shall be made by wire transfer of immediately available funds by the close of business on the Mode Change Date. The Paying Agent shall give notice of such mandatory purchase as part of the notice of change of Mode to be sent to the Owners pursuant to Section 30-65.10(b)(ii) with regard to the Fixed Rate Mode and Sections 30-65.11(b)(iii) and (d) with regard to the Auction Mode.

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(iii) Variable Rate Bonds in an Auction Mode to be changed to another Mode shall be subject to mandatory tender at the Purchase Price. In the event that the conditions of a change in Mode are not satisfied as set forth herein under Section 30-65.11, including the failure to remarket all applicable Variable Rate Bonds on a mandatory tender date, the Variable Rate Bonds to have been changed will not be subject to mandatory tender, will be returned to their owners, will automatically change to a seven (7)-day Auction Period and will bear interest at the Maximum Auction Rate.

(d) Optional Purchase at End of Interest Period for Term Rate Mode. The Owner of a Variable Rate Bond in the Term Rate Mode may elect to have its Variable Rate Bond (or portions thereof in Authorized Denominations) purchased on the last day of the current Interest Period applicable to such Variable Rate Bond (or the next Business Day if such last day is not a Business Day) at a price equal to the Purchase Price upon delivery of an irrevocable written notice of tender or irrevocable telephonic notice of tender to the Remarketing Agent, promptly confirmed in writing to the Paying Agent, by not later than 5:00 p.m. on a Business Day not less than seven (7) days before such last day. Such notice of tender shall state the CUSIP number, Variable Rate Bond number and the principal amount of such Variable Rate Bond to be purchased. Variable Rate Bonds purchased pursuant to this Section shall be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in New York, New York, at or before 12:00 noon on such Purchase Date and payment of the Purchase Price of such Variable Rate Bonds shall be made by wire transfer in immediately available funds by the Paying Agent by the close of business on such Business Day.

(e) Mandatory Purchase Upon Substitution of Alternate Credit Facility. In the event that on or prior to the forty-fifth (45th) day next preceding the Substitution Date, the Commission has failed to deliver to the Paying Agent and the Trustee a Rating Confirmation Notice in connection with the delivery of an Alternate Credit Facility, together with a written statement of Moody's, Standard & Poor's and Fitch, as applicable, indicating that the substitution of the Alternate Credit Facility will not result in a lowering of their ratings on the Series of Variable Rate Bonds to be secured by the Alternate Credit Facility as a result of its substitution for the current Credit Facility, such Variable Rate Bonds having the benefit of the Credit Facility shall be subject to mandatory purchase on the Substitution Tender Date at a price equal to the Purchase Price. The Paying Agent shall give notice of such mandatory purchase by mail to the Owners of such Variable Rate Bonds subject to mandatory purchase no less than thirty (30) days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on such Variable Rate Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The Trustee shall give the notice required by this subsection (e) by Electronic Means if an Owner so requests in writing and the Trustee receives such request no later than five (5) Business Days before the Trustee is required to give such notice. The failure to send such notice with respect to any Variable Rate Bond as provided in this subsection (e) shall not affect the validity of the mandatory purchase of any other Variable Rate Bond with respect to which notice was so sent.

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Any notice sent as provided in this subsection (e) will be conclusively presumed to have been given, whether or not actually received by any Owner. Variable Rate Bonds purchased pursuant to this subsection (e) shall be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in New York, New York, at or before 12:00 noon, New York City time, on the Mandatory Purchase Date, and payment of the Purchase Price of such Variable Rate Bonds shall be made by wire transfer in immediately available funds by the Paying Agent by the close of business on such Mandatory Purchase Date.

(f) Mandatory Purchase Due to Default Under Credit Facility Agreement. A Series of Variable Rate Bonds, excluding any Credit Provider Bonds, secured by a Credit Facility shall be subject to mandatory purchase at a Purchase Price equal to the principal amount thereof, plus accrued interest, if any, if the Trustee receives a notice from the Credit Provider in writing (i) not later than the close of business on the sixth (6th) day (if such sixth (6th) day is not a Business Day, the next succeeding Business Day) after the day on which a Draw was made under the Credit Facility to pay interest on such Variable Rate Bonds, that the interest portion of the Credit Facility will not be reinstated as provided in the Credit Facility, or (ii) that an Event of Default, as defined in the Credit Facility Agreement, has occurred and is continuing and the Credit Provider has exercised its option to terminate the Credit Facility. Such Variable Rate Bonds subject to mandatory purchase shall be purchased on the Mandatory Purchase Date specified by the Credit Provider in such written notice (or if such date is not a Business Day, the next succeeding Business Day). Such Mandatory Purchase Date shall be not more than ten (10) nor less than five (5) days after the date such notice is given and on or prior to the Expiration Tender Date. Variable Rate Bonds purchased pursuant to this subsection (a)(ii) shall be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in New York, New York, at or before 12:00 noon, New York City time, on the Mandatory Purchase Date, and payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Paying Agent by the close of business on the Mandatory Purchase Date.

The Paying Agent shall give notice by mail to all Owners and the Notice Parties prior to the close of business on the Business Day after receipt by the Trustee of such notice from the Credit Provider stating (i) the mandatory purchase of such Variable Rate Bonds; (ii) the Mandatory Purchase Date; (iii) the Purchase Price; (iv) that such Variable Rate Bonds must be surrendered to collect the Purchase Price; (v) that the Credit Facility will terminate on the date specified in such notice; (vi) that interest on such Variable Rate Bonds will cease to accrue to such Owner from and after the Mandatory Purchase Date and such Owner will be entitled only to the Purchase Price on the Mandatory Purchase Date.

(g) Mandatory Purchase Due to Failure to Extend Credit Facility. If by the Renewal Date (i) an extension of a Credit Facility, if any, has not been obtained and an Alternate Credit Facility has not been delivered to the Trustee, and (ii) the Commission has not delivered a Mode Change Notice with respect to a change to a Mode for which a Credit Facility is not required, then such Variable Rate Bonds secured by such Credit Facility (not including Credit



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Provider Bonds of Fixed Rate Bonds) shall be subject to mandatory purchase on the Expiration Tender Date. The Trustee shall give notice by mail to all Owners of such Variable Rate Bonds secured by such Credit Facility (other than Fixed Rate Bonds) and the Notice Parties prior to the close of business on the third (3rd) Business Day after the Renewal Date of the fact that (i) such Variable Rate Bonds will be purchased pursuant to the provisions of this subsection, (ii) the Mandatory Purchase Date on which such Variable Rate Bonds will be purchased, which Date shall be the Expiration Tender Date, (iii) the Purchase Price, (iv) that such Variable Rate Bonds must be surrendered to collect the Purchase Price and (v) that interest on such Variable Rate Bonds will cease to accrue from and after such Mandatory Purchase Date and that the Owner will be entitled only to the Purchase Price on the Mandatory Purchase Date. Variable Rate Bonds purchased pursuant to this subsection shall be delivered by the Owners to the office of the Paying Agent in New York, New York, at or before 12:00 noon, New York City time, on the Mandatory Purchase Date, and payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Paying Agent by the close of business on such Mandatory Purchase Date.

(h) Remarketing of Variable Rate Bonds; Notices.

(i) Remarketing of Variable Rate Bonds. The Remarketing Agent shall use its best efforts to offer for sale:

(A) all Variable Rate Bonds or portions thereof as to which notice of tender pursuant to Sections 30-65.17(a) or 30-65.17(d) has been given;

(B) all Variable Rate Bonds required to be purchased pursuant to Sections 30-65.17(b), 30-65.17(c), 30-65.17(e), 30-65.17(f) and 30-65.17(g); and

(C) all Credit Provider Bonds.

(ii) Notice of Remarketing; Registration Instructions; New Variable Rate Bonds. On each Purchase Date or Mandatory Purchase Date, as the case may be:

(A) unless the Remarketing Agent has notified the Paying Agent otherwise, the Remarketing Agent shall notify the Paying Agent by Electronic Means not later than 12:00 p.m., New York City time, on each such Purchase Date or Mandatory Purchase Date, of the amount of tendered Variable Rate Bonds which were successfully remarketed, the names of the tendering Owners and the registration instructions (i.e., the names, addresses and taxpayer identification numbers of the purchasers and the desired Authorized Denominations) with respect thereto; and

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(B) the Paying Agent shall authenticate new Variable Rate Bonds for the respective purchasers thereof which shall be available for pick up by the Remarketing Agent not later than 1:30 p.m., New York City time.

(iii) Transfer of Funds; Draw on Credit Facility Securing Series of Variable Rate Bonds. On each Purchase Date or Mandatory Purchase Date, as the case may be, the Paying Agent shall direct the Trustee to Draw on the Credit Facility securing the related Series of Variable Rate Bonds, by 1:00 p.m., New York City time, in an amount equal to the Purchase Price of all such Variable Rate Bonds tendered or deemed tendered less the aggregate amount of remarketing proceeds received from the remarketing of such Variable Rate Bonds.

(i) Source of Funds for Purchase of Variable Rate Bonds. By the close of business on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Paying Agent shall purchase tendered Variable Rate Bonds from the tendering Owners at the Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and neither the Paying Agent nor the Remarketing Agent shall be obligated to provide funds from any other source:

(i) immediately available funds on deposit in the Remarketing Proceeds Account established for such Series of Variable Rate Bonds; and

(ii) immediately available funds on deposit in the Credit Facility Purchase Account established for such Series of Variable Rate Bonds.

(j) Delivery of Variable Rate Bonds. On each Purchase Date or Mandatory Purchase Date, as the case may be, such Variable Rate Bonds shall be delivered as follows:

(i) such Variable Rate Bonds sold by the Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Variable Rate Bonds by 3:00 p.m., New York City time; and

(ii) such Variable Rate Bonds purchased by the Paying Agent with moneys described in Section 30-65.17(i)(ii) shall be registered immediately in the name of the Credit Provider or its nominee or agent on or before 1:30 p.m., New York City time.

(k) Undelivered Variable Rate Bonds. If Variable Rate Bonds to be purchased are not delivered by the Owners to the Paying Agent by 12:00 noon, New York City time, on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Paying Agent shall hold any funds received for the purchase of such Variable Rate Bonds in trust in a separate account and shall pay such funds to the former Owners of such Variable Rate Bonds upon presentation of such Variable Rate Bonds. Such undelivered Variable Rate Bonds shall

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cease to accrue interest as to the former Owners on the Purchase Date or the Mandatory Purchase Date, as the case may be, and moneys representing the Purchase Price shall be available against delivery of such Variable Rate Bonds at the principal corporate trust office of the Paying Agent; provided, however, that any funds which shall be so held by the Paying Agent and which remain unclaimed by the former Owner of such Variable Rate Bond not presented for purchase for a period of one (1) year after delivery of such funds to the Paying Agent, shall, to the extent permitted by law be paid to the Commission free of any trust or lien and thereafter the former Owner of such Variable Rate Bond shall look only to the Commission and then only to the extent of the amounts so received by the Commission without any interest thereon and the Paying Agent shall have no further responsibility with respect to such moneys or payment of the Purchase Price of such Variable Rate Bonds. The Paying Agent shall authenticate a replacement Variable Rate Bond for any undelivered Variable Rate Bond which may then be remarketed by the Remarketing Agent.

(l) No Purchases or Sales After Payment Default. Anything in this Eleventh Supplemental Resolution to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default described in subsection (a), (b) or (c) of Section 7.01 of the 1991 Resolution, the Remarketing Agent shall not remarket any Variable Rate Bonds.

(m) Limitations on Mandatory Purchases. Anything in this Eleventh Supplemental Resolution to the contrary notwithstanding, Variable Rate Bonds of a Series shall not be subject to mandatory purchase pursuant to this Section 30-65.17 unless the payment of the Purchase Price is limited to payments made by a Credit Provider under a Credit Facility, proceeds of remarketing such Variable Rate Bonds, or to other amounts that do not constitute Revenues of the Commission.

SECTION 30-65.18. Credit Facility; Alternate Credit Facility; Bond Insurance Policy. (a) While a Credit Facility is in effect with respect to any Series of Variable Rate Bonds, the Trustee shall Draw under such Credit Facility, by no later than the time provided in such Credit Facility for presentation of documents in order to receive payment in immediate available funds by 1:00 p.m., New York City time, on each Interest Payment Date, Principal Payment Date and Redemption Date, as the case may be, an amount sufficient to pay the principal or Redemption Price of and interest due with respect to such Series of Variable Rate Bonds secured by such Credit Facility on such Interest Payment Date, Principal Payment Date and Redemption Date.

The proceeds of such Draws under this subsection (a) shall be deposited in the Credit Facility Account established for such Series of Variable Rate Bonds pursuant to Section 30-65.21(a).

(b) On each Purchase Date or Mandatory Purchase Date, as the case may be, the Trustee, at the direction of the Paying Agent, shall Draw on the Credit Facility securing the

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payment of the Purchase Price of a Series of Variable Rate Bonds, by no later than the time provided in such Credit Facility for presentation of documents in order to received payment in immediately available funds by 2:00 p.m., New York City time, on each Purchase Date and Mandatory Purchase Date, as the case may be, an amount which, together with the proceeds of the remarketing of such Variable Rate Bonds on such date, is sufficient to enable the Paying Agent to pay the Purchase Price of such Variable Rate Bonds in connection therewith. The proceeds of such Draws under this subsection (b) shall be paid to the Paying Agent, who shall deposit said proceeds in the Credit Facility Purchase Account established for such Series of Variable Rate Bonds pursuant to Section 30-65.21(b).

(c) Notwithstanding the foregoing subsections (a) and (b) of this Section, the Trustee shall not Draw on a Credit Facility with respect to any payments due or made in connection with Credit Provider Bonds or Variable Rate Bonds not secured by such Credit Facility.

(d) If at any time there shall have been delivered to the Trustee (i) an Alternate Credit Facility in substitution for the Credit Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a Rating Confirmation Notice from Moody's, if the Variable Rate Bonds secured by such Alternate Credit Facility are rated by Moody's, Standard & Poor's, if such Variable Rate Bonds are rated by Standard & Poor's, and from Fitch, if such Variable Rate Bonds are rated by Fitch, together with a written statement of Moody's, Standard & Poor's and Fitch, as applicable, indicating that the substitution of the Alternate Credit Facility will not result in a lowering of their ratings on such Variable Rate Bonds to be secured by the Alternate Credit Facility as a result of its substitution for the current Credit Facility and (iv) written evidence satisfactory to the Credit Provider of the provision for purchase from the Credit Provider of all Credit Provider Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due it under the Credit Facility Agreement on or before the effective date of such Alternate Credit Facility, then the Trustee shall accept such Alternate Credit Facility on the Substitution Tender Date and shall surrender the Credit Facility then in effect to the Credit Provider on the Substitution Date. The Commission shall give the Trustee, the Paying Agent, the Remarketing Agent and the Credit Provider written notice of the proposed substitution of an Alternate Credit Facility for the Credit Facility then in effect no less than forty-five (45) days prior to the proposed Substitution Date. The Trustee shall give notice of such proposed substitution by mail to the Owners of the Variable Rate Bonds subject to mandatory purchase no less than thirty (30) days prior to the proposed Substitution Date.

(e) The Trustee shall not sell, assign or otherwise transfer any Credit Facility, except to a successor Trustee hereunder and in accordance with the terms of the Credit Facility, this Eleventh Supplemental Resolution and the 1991 Resolution.

(f) The obligation of the Commission to reimburse a Credit Provider for Draws on a Credit Facility with respect to a Series of Variable Rate Bonds in accordance with

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the Credit Facility Agreement shall constitute a Repayment Obligation within the meaning and with the effect set forth in Section 2.15 of the 1991 Resolution in the event and to the extent so provided in a Series Sale Resolution with respect to such Series of Variable Rate Bonds and in the Credit Facility Agreement.

SECTION 30-65.19. Establishment and Application of Series Construction Accounts.

(a) In accordance with Section 4.01 of the 1991 Resolution, there are hereby created within the Airport Construction Fund a separate account for each Series of Variable Rate Bonds to be held by the Treasurer and designated as the "Issue \_\_\_ Construction Account" (the blank to be completed with the alpha-numerical designation of the Series). Moneys in the Construction Account for each Series of Variable Rate Bonds shall be applied to the payment of Project Costs for such Series of Variable Rate Bonds.

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

(c) Upon the Completion Date of a Project, if any, the Commission shall give the Treasurer and the Trustee written notice thereof in accordance with the Tax Certificate and shall apply any moneys then remaining in the Series Construction Account in accordance with said notice.

(d) Any amounts deposited in the Construction Account for any Series of Variable Rate Bonds for payment of interest on such Series of Variable Rate Bonds during the corresponding Series Construction Period shall be irrevocably deposited with and held by the Treasurer, the Trustee or other fiduciary for the Owners of such Series of Variable Rate Bonds sufficient to pay such interest.

SECTION 30-65.20. Establishment and Application of Costs of Issuance Account. In accordance with Section 4.02 of the 1991 Resolution, there are hereby created within the Costs of Issuance Fund a separate account for each Series of Variable Rate Bonds to be held by the Trustee and designated as the "Issue \_\_\_ Costs of Issuance Account" (the blank to be completed with the alpha-numerical designation of the Series). Moneys in the Series Costs of Issuance Account for each Series of Variable Rate Bonds shall be applied to the payment of Costs of Issuance for such Series, if any, for such Series of Variable Rate Bonds.

SECTION 30-65.21. Establishment and Application of Credit Facility Fund and Purchase Fund.

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(a) Credit Facility Fund. Pursuant to Section 5.02(c) of the 1991 Resolution, there is hereby established and there shall be maintained with the Paying Agent, as agent for the Trustee, a separate fund to be known as the "Credit Facility Fund" and the Paying Agent shall further establish and hold separate accounts within the Credit Facility Fund for each Series of Variable Rate Bonds secured by a Credit Facility and designated "Issue \_\_\_\_ Credit Facility Account" with the blanks to be completed with the alpha-numerical designation of the particular Series of Variable Rate Bonds. The Trustee shall deposit, or cause to be deposited, the proceeds of Draws on the Credit Facility securing a Series of Variable Rate Bonds made pursuant to subsection (a) of Section 30-65.18 in the Credit Facility Account established for such Variable Rate Bonds. Moneys in a Credit Facility Account shall be used and withdrawn by the Paying Agent on each Interest Payment Date, Principal Payment Date and Redemption Date to pay the interest on and principal of the Series of Variable Rate Bonds (whether at maturity or redemption) secured by such Credit Facility. Amounts in the Credit Facility Fund shall be held uninvested.

(b) Purchase Fund. Pursuant to Section 5.02(c) of the 1991 Resolution, there is hereby established and there shall be maintained with the Paying Agent, as agent for the Trustee, a separate fund to be known as the "Purchase Fund" and the Paying Agent shall further establish separate accounts within the Purchase Fund for each Series of Variable Rate Bonds to be held by the Paying Agent and designated as indicated: "Issue \_\_\_\_ Remarketing Proceeds Account" and "Issue \_\_\_\_ Credit Facility Purchase Account," with the blanks to be completed with the alpha-numerical designation of the particular Series of Variable Rate Bonds.

(i) Remarketing Proceeds Account. Upon receipt of the proceeds of a remarketing of a Series of Variable Rate Bonds, the Paying Agent shall deposit such proceeds in the Remarketing Proceeds Account for such Series of Variable Rate Bonds for application to the Purchase Price of such Variable Rate Bonds. Notwithstanding the foregoing, upon the receipt of the proceeds of a remarketing of Credit Provider Bonds, the Paying Agent shall immediately pay such proceeds to the Credit Provider to the extent of any amount owing to the Credit Provider.

Credit Provider Bonds shall remain Outstanding in the hands of the Credit Provider until the Credit Provider is paid all amounts due with respect to such Variable Rate Bonds in accordance with the Credit Facility Agreement. Furthermore, a Series of Variable Rate Bonds, the principal of which was paid with proceeds of a Draw on a Credit Facility, which Draw has not been reimbursed, shall remain Outstanding until the Credit Provider is reimbursed in full for such Draw.

(ii) Credit Facility Purchase Account. Upon receipt from the Trustee of the immediately available funds transferred to the Paying Agent pursuant to subsection (b) of Section 30-65.18, the Paying Agent shall deposit such money in the Credit Facility Purchase Account for such Series of Variable Rate Bonds for application to the Purchase Price of such Variable Rate Bonds to the extent that the moneys on deposit in the Remarketing Proceeds

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Account shall not be sufficient. Any amounts deposited in the Credit Facility Purchase Account for a Series of Variable Rate Bonds and not needed with respect to any Purchase Date or Mandatory Purchase Date for the payment of the Purchase Price for any such Variable Rate Bonds shall be immediately returned to the Credit Provider.

SECTION 30-65.22. Establishment and Application of Series Debt Service Fund Accounts.

(a) Establishment of Series Accounts. Pursuant to Section 5.03 of the 1991 Resolution, the following separate accounts for each Series of Variable Rate Bonds to be held by the Trustee are hereby created within the 1991 Resolution Debt Service Fund and designated as indicated: "Issue \_\_\_ Interest Account," "Issue \_\_\_ Principal Account" and "Issue \_\_\_ Redemption Account," with the blanks to be completed with the alpha-numerical designation of the particular Series of Variable Rate Bonds.

(b) Application of Series Interest Account: The Trustee shall apply moneys in each Series Interest Account to the payment of interest on the related Series of Variable Rate Bonds when due, including accrued interest on any Variable Rate Bonds of such Series purchased or redeemed prior to maturity. If a Credit Facility is in effect with respect to a Series of Variable Rate Bonds, the Trustee, on such due date, shall withdraw and apply moneys in the Series Interest Account relating to such Series of Variable Rate Bonds to reimburse the Credit Provider for Draws on the Credit Facility pursuant to Section 30-65.18(a) to pay interest on Variable Rate Bonds of the related Series.

(c) Application of Series Principal Account.

(i) The Trustee shall apply moneys in the Series Principal Account for each Series of Variable Rate Bonds to the payment of the Principal Amount of such Series of Variable Rate Bonds when due and the payment of Mandatory Sinking Fund Payments in the amount and on and after the date specified in a Series Sale Resolution for such Series of Variable Rate Bonds or pursuant to Section 30-65.11(d)(vii). If a Credit Facility is in effect with respect to a Series of Variable Rate Bonds, the Trustee, on such due date, shall withdraw and apply moneys in the Series Principal Account relating to such Series of Variable Rate Bonds to reimburse the Credit Provider for Draws on the Credit Facility pursuant to Section 30-65.18(a) to pay principal of Variable Rate Bonds of the related Series.

(ii) The Commission may, from time to time, purchase any Variable Rate Bonds out of available moneys of the Commission at such prices as the Commission may determine in a request of an Authorized Commission Representative, plus accrued interest thereon.

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(iii) At the discretion of the Commission, the Trustee shall apply Mandatory Sinking Fund Payments, as rapidly as may be practicable, to the purchase of Variable Rate Bonds at public or private sale as and when and at such prices (including brokerage and other expenses, but excluding accrued interest on such Variable Rate Bonds, which is payable from the related Series Interest Account) as the Commission may in its discretion determine, but not to exceed the par value thereof.

(iv) All Variable Rate Bonds purchased or redeemed under the provisions of this Section 30-65.22(c) shall be delivered to, and canceled and destroyed by, the Trustee and shall not be reissued.

(d) Establishment and Application of Series Redemption Account. The Trustee shall apply moneys in the Series Redemption Account for each Series of Variable Rate Bonds to the payment of the Redemption Price of such Series of Variable Rate Bonds called for redemption pursuant to Section 30-65.16(b). Accrued interest on Variable Rate Bonds redeemed pursuant to Section 30-65.16(b) shall be paid from the Series Interest Account for such Series. If a Credit Facility is in effect with respect to a Series of Variable Rate Bonds, the Trustee, on the Redemption Date, shall withdraw and apply moneys in the Series Redemption Account relating to such Series of Variable Rate Bonds to reimburse the Credit Provider for Draws on the Credit Facility pursuant to Section 30-65.18(a) to pay the Redemption Price of Variable Rate Bonds of the related Series.

(e) Deficiencies in the Series Debt Service Accounts. In the event that the amount on deposit in any Series Debt Service Account for any Series of Variable Rate Bonds is insufficient to pay the interest or Principal Amount or Redemption Price coming due on such Series of Variable Rate Bonds to reimburse the Credit Provider for Draws on the Credit Facility pursuant to Section 30-65.18(a), the Trustee shall transfer from the Issue 1 Reserve Account or the Series Reserve Account created pursuant to Section 30-65.23(d)(i), as the case may be, to the Series Interest Account, Series Principal Account or Series Redemption Account for such Series, not later than five (5) days prior to the date on which such payment is required, the amount of such deficiency.

SECTION 30-65.23. Establishment of Series of Variable Rate Bonds as a Participating Series; Alternative Creation of Separate Reserve Accounts.

(a) Reserve Requirement. Each Series of Variable Rate Bonds shall be a Participating Series or shall be secured by a Series Reserve Account. The amount in each Series Reserve Account shall be established and maintained at an amount equal to the Series Reserve Requirement. The Series Reserve Requirement for each Series of Variable Rate Bonds secured by a Series Reserve Account shall be Maximum Series Annual Debt Service or such other amount as shall be set forth in a Series Sale Resolution.



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(b) Determination of Participating Series. The Airport Director or his designee is hereby authorized and directed to determine whether or not a Series of Variable Rate Bonds is to be declared to be a Participating Series with respect to the Issue 1 Reserve Account established by Section 1-13.07 of the 1991 Resolution.

(c) Valuation of Participating Series. In the event a Participating Series of Variable Rate Bonds is to be redeemed in whole or in part pursuant to Section 30-65.16 or the Commission notifies the Trustee in writing of its intention to refund the said Participating Series of Variable Rate 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 Variable Rate 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. The Trustee may request at any time, and the Commission shall deliver within ten (10) Business Days of such request, a certificate stating the amount of the Aggregate Maximum Annual Debt Service on the then Outstanding Variable Rate Bonds of the Participating Series, and the Trustee shall be entitled to rely on such certificate.

(d) Series Reserve Accounts.

(i) In the event the Airport Director or his designee determines that a Series of Variable Rate Bonds shall not be a Participating Series, there is hereby created for such Series of Variable Rate Bonds a separate reserve account within the 1991 Resolution Reserve Fund held by the Trustee to be designated as the "Issue \_\_\_ Reserve Account," with the blank to be completed with the alpha-numerical designation of the particular Series of Variable Rate Bonds (each such reserve account is herein called a "Series Reserve Account"). The moneys in said account shall be used solely for the purpose of paying interest, principal or Mandatory Sinking Fund Payments on the Series of Variable Rate Bonds for which such reserve account is established or to reimburse the Credit Provider for Draws on the Credit Facility pursuant to Section 30-65.18(a) whenever any moneys then credited to the accounts within the 1991 Resolution Debt Service Fund for such Series of Variable Rate Bonds 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 Series Reserve Requirement, the Trustee shall immediately notify the Commission of such deficiency, and the Commission shall cause said Series 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. The Trustee may request at any time, and the Commission shall deliver within ten (10) Business Days of such request, a certificate stating the amount of the Series Reserve Requirement, and the Trustee shall be entitled to rely on such certificate.

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(ii) From time to time, but not less frequently than annually, the Trustee shall determine the amount in each Series Reserve Account. Permitted Investments in such Series Reserve Accounts shall be valued at cost plus accreted value.

(iii) Within 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 each Series Reserve Account. In the event that the Trustee determines on any valuation date that the amount in a Series Reserve Account exceeds the Series Reserve Requirement, 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.

(iv) In the event a Series of Variable Rate Bonds other than a Participating Series is to be redeemed in whole or in part pursuant to Section 30-65.16 or the Commission notifies the Trustee in writing of its intention to refund said Series of Variable Rate Bonds in whole or in part, the Trustee shall value the amount in the Series Reserve Account for such Series in accordance with this Section 30-65.23(d), and if the Trustee determines that the amount in such Series Reserve Account exceeds the Series Reserve Requirement for such Series 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.

(v) At its option, the Commission may at any time substitute a Credit Facility meeting the requirements of this Section 30-65.23(d) for amounts on deposit in any Series Reserve Account. The Commission shall not substitute a Credit Facility for all or any part of the amounts on deposit in any such Series Reserve Account, if such substitution will cause the then current ratings on the Series of Variable Rate Bonds secured by such Series Reserve Account 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 any Series Reserve Account, the amount in such Reserve Account is greater than the Series Reserve Requirement, 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 30-65.24. Disposition of Proceeds of the Variable Rate Bonds. The proceeds of the sale of each Series of Variable Rate 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 Series Interest Account for such Series an amount equal to interest accrued on such Series of Variable Rate 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 Series Annual Debt Service on such Series of

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Variable Rate Bonds, or such lesser amount as will increase the balance of the Issue 1 Reserve Account to the Aggregate Maximum Annual Debt Service, or for deposit in the Series Reserve Account created pursuant to Section 30-65.23(d) of this Eleventh Supplemental Resolution in an amount equal to the Series Reserve Requirement.

(c) The Treasurer shall deposit or cause to be deposited in the Series Costs of Issuance Account the amount specified in a Series Sale Resolution, the Bond Purchase Contract or instructions delivered by the Airport Director or his designee, for the payment of Costs of Issuance of the Series of Variable Rate Bonds.

(d) The remaining proceeds from the sale of the Variable Rate Bonds of such Series shall, as specified in a Series Sale Resolution, the Bond Purchase Contract or instructions delivered by the Airport Director or his designee, be either (i) transferred by the Treasurer to the Series Escrow Agent for deposit in the Series Escrow Fund and applied in accordance with the Series Escrow Agreement to refund outstanding 1991 Resolution Bonds or Notes (ii) deposited by the Treasurer in the Series Construction Account for application to the payment of the Project Costs.

SECTION 30-65.25. Deposits of Net Revenues in Series Debt Service Accounts.

In accordance with Section 5.03 of the 1991 Resolution, the Treasurer shall allocate and transfer to the Trustee for deposit in the Series Debt Service Accounts amounts from the Net Revenues, as follows:

(a) With respect to Variable Rate Bonds in a Daily Mode, Weekly Mode or an Auction Mode with an Auction Period of forty (40) days or less, Net Revenues shall be deposited into the applicable Series Interest Accounts on or before the Interest Payment Dates for Variable Rate Bonds in such Modes, and with respect to Variable Rate Bonds in a Term Rate Mode, Fixed Rate Mode, Commercial Paper Mode or an Auction Mode with an Auction Period of more than forty (40) days, Net Revenues shall be deposited in the applicable Series Interest Accounts on the second Business Day of each month, in approximately equal monthly installments, so that the aggregate amount on deposit in such Series Interest Accounts on the next succeeding Interest Payment Date for such Variable Rate Bonds is at least equal to the aggregate amount of interest due and payable on such Interest Payment Date; provided, however, that no moneys need be deposited in a Series Interest Account except to the extent that such moneys are required for the payment of interest to become due on such Series of Variable Rate Bonds on the next succeeding Interest Payment Date, after the application of the moneys then on deposit in the Series Interest Account; and provided, further, that subject to the preceding proviso, during the period preceding the first Interest Payment Date with respect to a Series of Variable Rate Bonds, the amount of each monthly installment, if applicable, 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 date of issuance of the Series of Variable Rate Bonds to the first Interest Payment Date on such

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Series of Variable Rate Bonds minus one, and the aggregate amount of interest becoming due and payable on such Series of Variable Rate Bonds on said Interest Payment Date.

(b) In the Series Principal Account for each Series, in approximately equal monthly installments, commencing on the second Business Day of the month determined pursuant to a Series Sale Resolution or Bond Purchase Contract, an amount equal to at least one twelfth (1/12) of the aggregate Principal Amount becoming due and payable on the Outstanding Serial Bonds of such Series on the next succeeding Principal Payment Date, until there shall have been accumulated in the Series Principal Account for such Series an amount sufficient to pay the Principal Amount of all Serial Bonds of such Series maturing by their terms on the next Principal Payment Date.

(c) The Treasurer shall also transfer to the Trustee for deposit in the Series Principal Account for each Series, in approximately equal monthly installments, commencing on or before the second Business Day of the month determined pursuant to a Series Sale Resolution or Bond Purchase Contract, prior to the first Mandatory Sinking Fund Redemption Date, an amount equal to at least one-twelfth (1/12) of the Mandatory Sinking Fund Payment required to be made pursuant to a Series Sale Resolution for such Series on the next succeeding Mandatory Sinking Fund Redemption Date, as such Mandatory Sinking Fund Payments and Mandatory Sinking Fund Redemption Dates may be set forth in a Series Sale Resolution or Bond Purchase Contract for such Series or pursuant to Section 30-65.11(d)(vii).

SECTION 30-65.26. Permitted Investments.

(a) Amounts in the Series Debt Service Accounts for each Series of Variable Rate Bonds 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 Series Debt Service Account to which such Permitted Investments are allocated. Amounts in any Series 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. Amounts in Series Construction Accounts may be invested in any Permitted Investment. Amounts in the Series Escrow Funds shall be invested as provided in the corresponding Series Escrow Agreements. Amounts in the Series Remarketing Proceeds Account, Series Credit Facility Purchase Account and Series Credit Facility Account shall be held uninvested unless otherwise provided in a Series Sale Resolution.

(b) The Trustee or the Paying Agent, as the case may be, may commingle any moneys held by it under this Eleventh Supplemental Resolution, except moneys derived from a Draw under a Credit Facility or Seasoned Funds, and amounts held in the Series Remarketing Proceeds Account, Series Credit Facility Purchase Account, and Series Credit Facility Account,

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each of which shall be held separate and apart of all other Funds and Accounts and not commingled with any other Funds or Accounts or investments of moneys therein.

SECTION 30-65.27. No Arbitrage. The Commission shall not take, nor permit to be taken by the Trustee or the Paying Agent or otherwise, any action which, if such action had been reasonably expected to have been taken or had been deliberately and intentionally taken on the date of the issuance of any Series of Variable Rate Bonds, would have caused such Series of the Variable Rate Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and Regulations. To that end, the Commission will comply with all requirements of Section 148 of the Code to the extent applicable to each Series of Variable Rate Bonds. In the event that at any time the Commission is of the opinion that for purposes of this Section 30-65.26 it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under this Article 30-LXV, 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 30-65.28. Rebate to United States. The Commission will pay or cause to be paid to the United States Government the amounts required by Section 148(f) of the Code and any Regulations promulgated thereunder at the times required thereby. To further the satisfaction of such rebate requirement, there is hereby created, to be held by the Trustee as a separate fund for each Series of Variable Rate Bonds distinct from all other funds and accounts held by the Trustee under the 1991 Resolution, a fund designated as the "Issue Rebate Account" (with the blank to be completed with the alpha-numerical designation of the particular Series of Bonds). The Trustee shall hold any payments received from the Commission for deposit into the Series Rebate Account for each Series of Variable Rate 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.

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 Series Rebate Accounts, or from other moneys provided to it by the Commission.

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The Commission and the Trustee shall keep and retain, for a period of six (6) years following the retirement of the related Series of Variable Rate Bonds, records of the determinations made pursuant to this Section 30-65.28.

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

SECTION 30-65.29. Tax Covenant: The Commission shall not use or knowingly permit the use of any proceeds of the Variable Rate 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 Variable Rate 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 Variable Rate Bonds.

SECTION 30-65.30. Taxable Variable Rate Bonds. Notwithstanding anything in this Supplemental Resolution to the contrary, in the event the Airport Director or his designee designates a Series of Variable Rate Bonds as obligations not described in Section 103(a) of the Code, the provisions of Sections 30-65.27, 30-65.28 and 30-65.29 shall not apply to such Series of Variable Rate Bonds.

SECTION 30-65.31. Continuing Disclosure. The Commission covenants to comply with and carry out all of the provisions of any Continuing Disclosure Certificate executed and delivered in connection with the issuance of a Series of Variable Rate Bonds, as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of the 1991 Resolution, failure of the Commission to comply with any Continuing Disclosure Certificate shall not be considered an Event of Default; *provided, however*, the Trustee may (and at the written request of the Bondholders of at least 25% of the aggregate principal amount of the related Series of Variable Rate Bonds Outstanding, and if such Bondholders shall have furnished to the Trustee indemnity satisfactory to it, shall) or any Bondholder or beneficial owner of such Series of Variable Rate 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 30-65.31.

SECTION 30-65.32. Defaults and Remedies. Except as in this Section 30-65.32 otherwise provided, defaults and remedies relating to a Series of Variable Rate Bonds shall be subject to the provisions of Article VII of the 1991 Resolution.

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SECTION 30-65.33. The Remarketing Agent. The Remarketing Agent for a Series of Variable Rate Bonds shall be designated by the Commission in a Series Sale Resolution relating to such Series of Variable Rate Bonds. Each Remarketing Agent shall remarket Variable Rate Bonds pursuant to this Eleventh Supplemental Resolution and the 1991 Resolution, keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the Credit Provider, the Commission, the Paying Agent and the Trustee at all reasonable times.

The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Eleventh Supplemental Resolution by giving at least thirty (30) days' notice to the Commission, the Trustee, the Paying Agent and the Credit Provider. The Remarketing Agent may be removed at any time, at the direction of the Commission, by an instrument filed with the Remarketing Agent, the Trustee, the Paying Agent and the Credit Provider and upon at least thirty (30) days' notice to the Remarketing Agent. Any successor Remarketing Agent shall be selected by the Commission and shall be a member of the National Association of Securities Dealers, Inc., shall have a capitalization of at least fifteen million dollars (\$15,000,000), and shall be authorized by law to perform all the duties set forth in this Eleventh Supplemental Resolution and the 1991 Resolution. When a Credit Facility is in effect with respect to a Series of Variable Rate Bonds and so long as the related Credit Provider has not wrongfully dishonored a Draw on such Credit Facility, the Commission shall obtain such Credit Provider's consent to the appointment of such successor Remarketing Agent. The Commission's delivery to the Trustee of a certificate setting forth the effective date of the appointment of a successor Remarketing Agent and the name of such successor shall be conclusive evidence that (i) if applicable, the predecessor Remarketing Agent has been removed in accordance with the provisions of this Eleventh Supplemental Resolution and (ii) such successor has been appointed and is qualified to act as Remarketing Agent under the terms of this Eleventh Supplemental Resolution.

SECTION 30-65.34. Defeasance. If a Credit Facility (other than a Bond Insurance Policy or reserve fund surety policy) is in effect with respect to a Series of Variable Rate Bonds, any moneys, Governmental Obligations, Government Certificates or pre-funded municipal obligations permitted under Section 10.02 of the 1991 Resolution shall constitute, or shall have been purchased with, Seasoned Funds. Except as in this Section 30-65.34 otherwise provided, the defeasance of a Series of Variable Rate Bonds shall be subject to the provisions of Article X of the 1991 Resolution.

SECTION 30-65.35. References to Credit Provider. Notwithstanding any provisions contained herein or in the 1991 Resolution to the contrary, after the expiration or termination of the Credit Facility securing a Series of Variable Rate Bonds and after all obligations owed to the related Credit Provider pursuant to its Credit Facility Agreement (other than the right to indemnification and other rights which purport to survive satisfaction of present payment obligations) have been paid in full or discharged, all references to such Credit Provider

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contained herein or in the 1991 Resolution shall be null and void and of no further force and effect.

SECTION 30-65.36. Notices. All notices, consents or other communications required or permitted hereunder or under the 1991 Resolution shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid and addressed to the parties listed in Section 11.08 of the 1991 Resolution and as follows:

(a) If to the Paying Agent, to the address provided by the Paying Agent in writing from time to time to the Commission, the Trustee, the Auction Agent, the Market Agent, the Remarketing Agent, the Broker-Dealers and the Credit Providers;

(b) If to the Trustee, to the address provided by the Paying Agent in writing from time to time to the Commission, the Trustee, the Auction Agent, the Market Agent, the Remarketing Agent, the Broker-Dealers and the Credit Providers;

(c) If to the Auction Agent, to the address set forth in the related Auction Agreement;

(d) If to the Market Agent, to address set forth in the Market Agent Agreement;

(e) If to the Remarketing Agent, to the address set forth in the related Remarketing Agreement;

(f) If to a Broker-Dealer, to the address set forth in the related Broker-Dealer Agreement; and

(g) If to the Credit Provider, to the address set forth in the related Credit Facility Agreement.

SECTION 30-65.37. Notices to Rating Agencies. In addition to the notices required by Section 11.04 of the 1991 Resolution, the Trustee shall give immediate notice to Moody's, Standard & Poor's and Fitch, as applicable, in the event: (a) the Remarketing Agent resigns or is replaced; (b) a Credit Facility expires or is terminated; or (c) the Variable Rate Bonds are changed from one Mode to another Mode.

ARTICLE 30-LXVI

PROVISIONS RELATING TO AUCTION BONDS

SECTION 30-66.01. Applicability. The provisions of this Article shall apply to Variable Rate Bonds while in an Auction Mode.



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SECTION 30-66.02. Auction Procedures.

(a) Orders by Existing Owners and Potential Owners. Prior to the Submission Deadline on each Auction Date for Auction Bonds of a Series:

(i) each Existing Owner of Auction Bonds of a Series may submit to a Broker-Dealer, in writing or by such other method as shall be reasonably acceptable to such Broker-Dealer, information as to:

(A) the principal amount of Auction Bonds of a Series, if any, held by such Existing Owner which such Existing Owner irrevocably commits to continue to hold for the next succeeding Auction Period without regard to the rate determined by the Auction Procedures for such Auction Period,

(B) the principal amount of Auction Bonds of a Series, if any, held by such Existing Owner which such Existing Owner irrevocably commits to continue to hold for the next succeeding Auction Period if the rate determined by the Auction Procedures for such Auction Period shall not be less than the rate per annum then specified by such Existing Owner (and which such Existing Owner irrevocably offers to sell on the next succeeding Interest Payment Date (or the same day in the case of a daily Auction Period) if the rate determined by the Auction Procedures for the next succeeding Auction Period shall be less than the rate per annum then specified by such Existing Owner), and/or

(C) the principal amount of Auction Bonds of a Series, if any, held by such Existing Owner which such Existing Owner irrevocably offers to sell on the next succeeding Interest Payment Date (or on the same day in the case of a daily Auction Period) without regard to the rate determined by the Auction Procedures for the next succeeding Auction Period; and

(ii) for the purpose of implementing the Auctions and thereby to achieve the lowest possible interest rate on a Series of Variable Rate Bonds, the Broker-Dealers shall contact Potential Owners, including Persons that are Existing Owners, to determine the principal amount of Auction Bonds of a Series, if any, which each such Potential Owner irrevocably offers to purchase if the rate determined by the Auction Procedures for the next succeeding Auction Period is not less than the rate per annum then specified by such Potential Owner.

For the purposes of this Eleventh Supplemental Resolution, an Order containing the information referred to in clause (i)(A) above is herein referred to as a "Hold Order", an Order containing the information referred to in clause (i)(B) or (ii) above is herein referred to as a "Bid", and an Order containing the information referred to in clause (i)(C) above is herein referred to as a "Sell Order."

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(b) Effect of Order by Existing Owners and Potential Owners.

(i) A Bid by an Existing Owner shall constitute an irrevocable offer to sell:

(A) the principal amount of Auction Bonds of a Series specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be less than the rate specified therein; or

(B) such principal amount or a lesser principal amount of Auction Bonds of a Series to be determined as set forth in subsection (a)(v) of Section 30-66.05 if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate; or

(C) a lesser principal amount of Auction Bonds of a Series to be determined as set forth in subsection (b)(iv) of Section 30-66.05 if such specified rate shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(ii) A Sell Order by an Existing Owner shall constitute an irrevocable offer to sell:

(A) the principal amount of Auction Bonds of a Series specified in such Sell Order; or

(B) such principal amount or a lesser principal amount of Auction Bonds of a Series as set forth in subsection (b)(iv) of Section 30-66.05 if Sufficient Clearing Bids do not exist.

(iii) A Bid by a Potential Owner shall constitute an irrevocable offer to purchase:

(A) the principal amount of Auction Bonds of a Series specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be higher than the rate specified therein; or

(B) such principal amount or a lesser principal amount of Auction Bonds of a Series as set forth in subsection (a)(vi) of Section 30-66.05 if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate.

(c) Anything herein to the contrary notwithstanding:

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(i) for purposes of any Auction, any Order which specifies Auction Bonds of a Series to be held, purchased or sold in a principal amount which is not \$25,000 or an integral multiple thereof shall be rounded down to the nearest \$25,000, and the Auction Agent shall conduct the Auction Procedures as if such Order had been submitted in such lower amount;

(ii) for purposes of any Auction other than during a daily Auction Period, any portion of an Order of an Existing Owner which relates to Auction Bonds of a Series which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be invalid with respect to such portion and the Auction Agent shall conduct the Auction Procedures as if such portion of such Order had not been submitted;

(iii) for purposes of any Auction other than during a daily Auction Period, no portion of an Auction Bond which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be included in the calculation of Available Bonds for such Auction; and

(iv) the Auction Procedures shall be suspended during the period commencing on the date of the Auction Agent's receipt of notice from the Trustee or the Commission of the occurrence of an Event of Default resulting from a failure to pay principal, premium or interest on any Series of Auction Bonds when due (provided, however, that for purposes of this provision only, payment by the Bond Insurer shall be deemed to cure such Event of Default and no suspension of the Auction Procedures shall occur) but shall resume two Business Days after the date on which the Auction Agent receives notice from the Trustee that such Event of Default has been waived or cured, with the next Auction to occur on the next regularly scheduled Auction Date occurring thereafter.

SECTION 30-66.03. Submission of Orders by Broker-Dealers to Auction Agent.

(a) The Broker-Dealers for each Series of Auction Bonds shall submit to the Auction Agent in writing or by such other method as shall be reasonably acceptable to the Auction Agent, prior to the Submission Deadline on each Auction Date, all Orders with respect to Auction Bonds of such Series obtained by such Broker-Dealer and specifying, if requested, with respect to each Order:

(i) the aggregate principal amount of Auction Bonds of such Series, if any, that are the subject of each Order;

(ii) to the extent that such Bidder is an Existing Owner:

(A) the principal amount of Auction Bonds of such Series, if any, subject to any Hold Order placed by such Existing Owner;

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(B) the principal amount of Auction Bonds of such Series, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and

(C) the principal amount of Auction Bonds of such Series, if any, subject to any Sell Order placed by such Existing Owner; and

(iii) to the extent such Bidder is a Potential Owner, the rate specified in such Bid.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth of one percent (0.001%).

(c) If an Order or Orders covering all Auction Bonds of a Series held by an Existing Owner is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of Auction Bonds of such Series held by such Existing Owner and not subject to Orders submitted to the Auction Agent; provided, however, that if there is a change from one Auction Period to another Auction Period and Orders have not been submitted to the Auction Agent prior to the Submission Deadline covering the aggregate principal amount of Auction Bonds of such Series to be changed to another Auction Period held by such Existing Owner, the Auction Agent shall deem a Sell Order to have been submitted on behalf of such Existing Owner covering the principal amount of Variable Rate Bonds to be so changed held by such Existing Owner not subject to Orders submitted to the Auction Agent.

(d) If one or more Orders covering in the aggregate more than the principal amount of Auction Bonds of a Series Outstanding held by any Existing Owner are submitted to the Auction Agent, such Orders shall be considered valid as follows:

(i) all Hold Orders shall be considered Hold Orders, but only up to and including in the aggregate the principal amount of Auction Bonds of such Series held by such Existing Owner;

(ii) (A) any Bid of an Existing Owner shall be considered valid as a Bid of an Existing Owner up to and including the excess of the principal amount of Auction Bonds of such Series held by such Existing Owner over the principal amount of such Variable Rate Bonds subject to Hold Orders referred to in subsection (i) above;

(B) subject to clause (A) above, all Bids of an Existing Owner with the same rate shall be aggregated and considered a single Bid of an Existing Owner up to and including the excess of the principal amount of Auction Bonds of such Series held by such

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Existing Owner over the principal amount of such Auction Bonds of such Series held by such Existing Owner subject to Hold Orders referred to in subsection (i) above;

(C) subject to clause (A) above, if more than one Bid with different rates is submitted on behalf of such Existing Owner, such Bids shall be considered Bids of an Existing Owner in the ascending order of their respective rates up to the amount of the excess of the principal amount of Auction Bonds of a Series held by such Existing Owner over the principal amount of such Auction Bonds held by such Existing Owner subject to Hold Orders referred to in subsection (i) above; and

(D) the principal amount, if any, of such Auction Bonds of a Series subject to Bids not considered to be Bids of an Existing Owner under this subsection (ii) shall be treated as the subject of a Bid by a Potential Owner; and

(iii) all Sell Orders shall be considered Sell Orders, but only up to and including a principal amount of Auction Bonds of such Series equal to the excess of the principal amount of Auction Bonds of such Series held by such Existing Owner over the sum of the principal amount of such Auction Bonds of such Series considered to be subject to Hold Orders pursuant to subsection (i) above and the principal amount of Auction Bonds of such Series considered to be subject to Bids of such Existing Owner pursuant to subsection (ii) above.

(e) If more than one Bid is submitted on behalf of any Potential Owner, each Bid submitted with the same rate shall be aggregated and considered a single Bid and each Bid submitted with a different rate shall be considered a separate Bid with the rate and the principal amount of Auction Bonds of the Series specified therein.

(f) Neither the Commission, the Trustee nor the Auction Agent shall be responsible for the failure of any Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner or Potential Owner.

SECTION 30-66.04. Determination of Auction Rate.

(a) Not later than 9:30 a.m., New York City time, on each Auction Date for Auction Bonds of a Series, the Auction Agent shall advise the Broker-Dealers and the Trustee by telephone of the All Hold Rate, the Maximum Auction Rate and the Reference Rate.

(b) Promptly after the Submission Deadline on each Auction Date for Auction Bonds of a Series, the Auction Agent shall assemble all Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, and collectively as a "Submitted Order") and shall

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determine for such Series (i) the Available Bonds, (ii) whether there are Sufficient Clearing Bids, and (iii) the Auction Rate.

(c) Promptly after the Auction Agent has made the determinations pursuant to subsection (b) above, the Auction Agent shall advise the Trustee by telephone (promptly confirmed in writing), or other Electronic Means of the Auction Rate for the next succeeding Auction Period and the Trustee shall promptly notify DTC of such Auction Rate.

(d) In the event the Auction Agent fails to calculate or, for any reason, fails to timely provide the Auction Rate for any Auction Period, (i) if the preceding Auction Period was a period of thirty-five (35) days or less, the new Auction Period shall be the same as the preceding Auction Period and the Auction Rate for the New Auction Period shall be the same as the Auction Rate for the preceding Auction Period, and (ii) if the preceding Auction Period was a period of greater than thirty-five (35) days, the preceding Auction Period shall be extended to the seventh (7th) day following the day that would have been the last day of such Auction Period had it not been extended (or if such seventh (7th) day is not followed by a Business Day then to the next succeeding day which is followed by a Business Day) and the Auction Rate in effect for the preceding Auction Period will continue in effect for the Auction Period as so extended. In the event an Auction Period is extended as set forth in clause (ii) of the preceding sentence, an Auction shall be held on the last Business Day of the Auction Period as so extended to take effect for an Auction Period beginning on the Business Day immediately following the last day of the Auction Period as extended which Auction Period will end on the date it would otherwise have ended on had the prior Auction Period not been extended.

(e) In the event the Auction Procedures are suspended due to the failure to pay principal of, premium or interest on any Series of Auction Bonds, the Auction Rate for the next succeeding Auction Period shall be the Default Rate.

(f) In the event of a failure to change from an Auction Mode to another Mode or in the event of a failure to change the length of the current Auction Period due to the lack of Sufficient Clearing Bids at the Auction on the Auction Date for the first new Auction Period, the Auction Rate for the next Auction Period shall be the Maximum Auction Rate and the Auction Period shall be a seven (7)-day Auction Period.

(g) If a Series of Auction Bonds is not rated or if a Series of Auction Bonds is no longer maintained in book-entry-only form by the Bond Depository, then the Auction Procedures shall be suspended and the Auction Rate shall be the Maximum Rate.

SECTION 30-66.05. Allocation of a Series of Auction Bonds.

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(a) With respect to Auction Bonds of each Series, in the event of Sufficient Clearing Bids, subject to the further provisions of subsections (c) and (d) below, Submitted Orders shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold Auction Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Sell Order of each Existing Owner shall be accepted and the Submitted Bid of each Existing Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected, thus requiring each such Existing Owner to sell such Existing Owner's Auction Bonds that are the subject of such Submitted Sell Order or Submitted Bid;

(iii) the Submitted Bid of each Existing Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold such Existing Owner's Auction Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Bid of each Potential Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase Auction Bonds that are the subject of such Submitted Bid;

(v) the Submitted Bid of each Existing Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold such Existing Owner's Auction Bonds that are the subject of such Submitted Bid, but only up to and including the principal amount of such Auction Bonds obtained by multiplying (A) the aggregate principal amount of such Auction Bonds Outstanding which are not the subject of Submitted Hold Orders described in subsection (i) above or of Submitted Bids described in subsections (iii) or (iv) above by (B) a fraction the numerator of which shall be the principal amount of such Auction Bonds Outstanding held by such Existing Owner subject to such Submitted Bid and the denominator of which shall be the aggregate principal amount of such Auction Bonds Outstanding subject to such Submitted Bids made by all such Existing Owners that specified a rate equal to the Winning Bid Rate, and the remainder, if any, of such Submitted Bid shall be rejected, thus requiring each such Existing Owner to sell any excess amount of such Auction Bonds;

(vi) the Submitted Bid of each Potential Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the Auction Bonds that are the subject of such Submitted Bid, but only in an amount equal to the principal amount of such Auction Bonds obtained by multiplying (A) the aggregate principal amount of such Auction Bonds Outstanding which are not the subject of Submitted

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Hold Orders described in subsection (i) above or of Submitted Bids described in subsections (iii), (iv) or (v) above by (B) a fraction the numerator of which shall be the principal amount of such Auction Bonds Outstanding subject to such Submitted Bid and the denominator of which shall be the sum of the aggregate principal amount of such Auction Bonds Outstanding subject to such Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate, and the remainder of such Submitted Bid shall be rejected; and

(vii) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected.

(b) In the event there are not Sufficient Clearing Bids, subject to the further provisions of subsections (c) and (d) below, Submitted Orders shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold such Auction Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Bid of each Existing Owner specifying any rate that is not higher than the Maximum Auction Rate shall be accepted, thus requiring each such Existing Owner to continue to hold such Auction Bonds that are the subject of such Submitted Bid;

(iii) the Submitted Bid of each Potential Owner specifying any rate that is not higher than the Maximum Auction Rate shall be accepted, thus requiring each such Potential Owner to purchase such Auction Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Sell Orders of each Existing Owner shall be accepted as Submitted Sell Orders and the Submitted Bids of each Existing Owner specifying any rate that is higher than the Maximum Auction Rate shall be deemed to be and shall be accepted as Submitted Sell Orders, in both cases only up to and including the principal amount of such Auction Bonds obtained by multiplying (A) the aggregate principal amount of such Auction Bonds subject to Submitted Bids described in subsection (iii) of this subsection (b) by (B) a fraction the numerator of which shall be the principal amount of such Auction Bonds Outstanding held by such Existing Owner subject to such Submitted Sell Order or such Submitted Bid deemed to be a Submitted Sell Order and the denominator of which shall be the principal amount of such Auction Bonds Outstanding subject to all such Submitted Sell Orders and such Submitted Bids deemed to be Submitted Sell Orders, and the remainder of each such Submitted Sell Order or Submitted Bid shall be deemed to be and shall be accepted as a Hold Order and each such Existing Owner shall be required to continue to hold such excess amount of such Auction Bonds; and



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(v) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Maximum Auction Rate shall be rejected.

(c) If, as a result of the procedures described in subsection (a) or (b) above, any Existing Owner or Potential Owner would be required to purchase or sell an aggregate principal amount of Auction Bonds of a Series which is not an integral multiple of \$25,000 on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, round up or down the principal amount of such Auction Bonds to be purchased or sold by any Existing Owner or Potential Owner on such Auction Date so that the aggregate principal amount of such Auction Bonds purchased or sold by each Existing Owner or Potential Owner on such Auction Date shall be an integral multiple of \$25,000, even if such allocation results in one or more of such Existing Owners or Potential Owners not purchasing or selling any such Auction Bonds on such Auction Date.

(d) If, as a result of the procedures described in subsection (a) above, any Potential Owner would be required to purchase less than \$25,000 in principal amount of such Auction Bonds on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, allocate such Auction Bonds for purchase among Potential Owners so that the principal amount of Auction Bonds purchased on such Auction Date by any Potential Owner shall be an integral multiple of \$25,000, even if such allocation results in one or more of such Potential Owners not purchasing such Auction Bonds on such Auction Date.

SECTION 30-66.06. Notice of Auction Rate.

(a) On each Auction Date for Auction Bonds of a Series, the Auction Agent shall notify by telephone or other telecommunication device or in writing each Broker-Dealer that participated in the Auction held on such Auction Date of the following:

(i) the Auction Rate determined on such Auction Date for the succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the Winning Bid Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected and the principal amount of Auction Bonds, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected and the principal amount of a Auction Bonds of a Series, if any, to be purchased by such Potential Owner;

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(v) if the aggregate principal amount of Auction Bonds of a Series to be sold by all Existing Owners of such Series on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of such Auction Bonds to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the principal amount of such Auction Bonds to be (A) purchased from one or more Existing Owners on whose behalf such other Broker-Dealers submitted Bids or Sell Orders or (B) sold to one or more Potential Owners on whose behalf such Broker-Dealer submitted Bids; and

(vi) the immediately succeeding Auction Date.

(b) On each Auction Date for Auction Bonds of a Series, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall: (i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted an Order as to (A) the Auction Rate determined on such Auction Date, (B) whether any Bid or Sell Order submitted on behalf of each such Owner was accepted or rejected, and (C) the immediately succeeding Auction Date; (ii) instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Bond Depository the amount necessary to purchase the principal amount of Auction Bonds of such Series to be purchased pursuant to such Bid (including, with respect to Auction Bonds in a daily Auction Period, accrued interest if the purchase date is not an Interest Payment Date for such Auction Bonds) against receipt of such Auction Bonds; and (iii) instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted or a Bid that was rejected in whole or in part, to instruct such Existing Owner's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Bond Depository the principal amount of such Auction Bonds to be sold pursuant to such Bid or Sell Order against payment therefor.

SECTION 30-66.07. Reference Rate.

(a) Unless otherwise specified in a Series Sale Resolution with respect to a Series of Variable Rate Bonds, the Reference Rate on any Auction Date with respect to a Series of Variable Rate Bonds in any Auction Period of less than 180 days shall be the greater of LIBOR or the Thirty-Day "AA" Composite Commercial Paper Rate on such date. Unless otherwise specified in a Series Sale Resolution with respect to a Series of Variable Rate Bonds, the Reference Rate with respect to a Series of Variable Rate Bonds in any Auction Period of 180 days or more shall be the greater of LIBOR or the rate on United States Treasury Securities having a maturity which most closely approximates the length of the Auction Period, as last published in *The Wall Street Journal*; provided that if either rate is unavailable, the Reference Rate shall be an index or rate agreed to by all Broker-Dealers and consented to by the Commission.

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(b) If for any reason on any Auction Date the Reference Rate shall not be determined as hereinabove provided in this Section, the Reference Rate shall be the Reference Rate for the Auction Period ending on such Auction Date.

(c) The determination of the Reference Rate for Auction Bonds of a particular Series as provided herein shall be conclusive and binding upon the Commission, the Trustee, the Broker-Dealers, the Auction Agent, the Market Agent, if any, and the Owners of such Auction Bonds.

SECTION 30-66.08. Miscellaneous Provisions Regarding Auctions:

(a) In this Article, each reference to the purchase, sale or holding of Auction Bonds of a Series shall refer to beneficial interests in such Auction Bonds, unless the context clearly requires otherwise.

(b) If the Bond Depository notifies the Commission that it is unwilling or unable to continue as owner of a Series of Auction Bonds or if at any time the Bond Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor to the Bond Depository is not appointed by the Commission within 90 days after the Commission receives notice or becomes aware of such condition, as the case may be, the Commission shall execute and the Trustee shall authenticate and deliver certificates representing such Auction Bonds. Such Auction Bonds shall be registered in such names and authorized denominations as the Bond Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Commission and the Trustee.

While any Series of Variable Rate Bonds is in the Auction Mode, so long as the ownership of such Series of Auction Bonds is maintained in book-entry form by the Bond Depository, an Existing Owner or a beneficial owner may sell, transfer or otherwise dispose of such Auction Bond only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or to or through a Broker-Dealer, provided that (i) in the case of all transfers other than pursuant to Auctions, such Existing Owner or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of such Auction Bonds from a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer as the holder of such Auction Bonds to that Broker-Dealer or another customer of that Broker-Dealer shall not be deemed to be a sale, transfer or other disposition for purposes of this subsection if such Broker-Dealer remains the Existing Owner of such Auction Bonds so sold, transferred or disposed of immediately after such sale, transfer or disposition.

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SECTION 30-66.09. Changes in Auction Period or Auction Date.

(a) Changes in Auction Period. (i) While any Series of Variable Rate Bonds is in the Auction Mode, the Commission may, from time to time on any Interest Payment Date, change the length of the Auction Period with respect to a Series of Variable Rate Bonds among daily, seven (7)-day, twenty-eight (28)-day, thirty-five (35)-day and six-month Auction Periods, and a Special Rate Period in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by such Auction Bonds. The Commission shall initiate the change in the length of the Auction Period by giving written notice to the Trustee, the Auction Agent, the Market Agent, if any, the Broker-Dealers and the Bond Depository that the Auction Period shall change if the conditions described herein are satisfied and the proposed effective date of the change, at least ten (10) Business Days prior to the Auction Date for such Auction Period.

(ii) Any such changed Auction Period shall be for a period of one (1) day, seven (7) days, twenty-eight (28) days, thirty-five (35) days, six (6) months or a Special Rate Period and shall be for all of the Auction Bonds of a Series in the Auction Mode.

(iii) The change in the length of the Auction Period shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as provided in this subsection (a) and the Auction immediately preceding the proposed change.

(iv) The change in length of the Auction Period shall take effect only if (A) the Trustee and the Auction Agent receive, by 11:00 a.m., New York City time, on the Business Day before the Auction Date for the first such Auction Period, a certificate from the Commission consenting to the change in the length of the Auction Period specified in such certificate and (B) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period. For purposes of the Auction for such first Auction Period only, each Existing Owner shall be deemed to have submitted Sell Orders with respect to all of its Auction Bonds except to the extent such Existing Owner submits an Order with respect to such Auction Bonds. If the condition referred to in clause (A) above is not met, the Auction Rate for the next Auction Period shall be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the condition referred to in (A) is met but the condition referred to in clause (B) above is not met, the Auction Rate for the next Auction Period shall be the Maximum Auction Rate, and the Auction Period shall be a seven (7)-day Auction Period.

(b) Changes in Auction Date. While any Series of Variable Rate Bonds is in the Auction Mode, the Auction Agent, with the written consent of the Commission may specify an earlier Auction Date (but in no event more than five (5) Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction

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Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne by a Series of Auction Bonds. The Auction Agent shall provide notice of its determination to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least forty-five (45) days prior to the proposed changed Auction Date to the Trustee, the Commission, the Broker-Dealers, the Market Agent, if any, and the Bond Depository.

SECTION 30-66.10. Auction Agent.

(a) The Auction Agent shall be appointed by the Commission, to perform the functions specified herein. The Auction Agent shall designate its principal corporate trust office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument, delivered to the Trustee, the Commission and each Broker-Dealer which shall set forth such procedural and other matters relating to the implementation of the Auction Procedures as shall be satisfactory to the Commission and the Trustee.

(b) Subject to any applicable governmental restrictions, the Auction Agent may be or become the owner of or trade in Variable Rate Bonds with the same rights as if such entity were not the Auction Agent.

SECTION 30-66.11. Qualifications of Auction Agent, Resignation, Removal.

The Auction Agent shall be (a) a bank or trust company organized under the laws of the United States or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$30,000,000, or (b) a member of the National Association of Securities Dealers, Inc. having a capitalization of at least \$30,000,000 and, in either case, authorized by law to perform all the duties imposed upon it by this Eleventh Supplemental Resolution and a member of or a participant in, the Bond Depository. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this Eleventh Supplemental Resolution by giving at least ninety (90) days written notice to the Commission and the Trustee. The Auction Agent may be removed at any time by the Commission by written notice, delivered to the Auction Agent, the Market Agent, if any, the Credit Provider, and the Trustee. Upon any such resignation or removal, the Commission shall appoint a successor Auction Agent meeting the requirements of this section. In the event of the resignation or removal of the Auction Agent, the Auction Agent shall pay over, assign and deliver any moneys and Variable Rate Bonds held by it in such capacity to its successor. The Auction Agent shall continue to perform its duties until its successor has been appointed by the Commission. In the event that the Auction Agent has not been compensated for its services, the Auction Agent may resign by giving thirty (30) days notice to the Commission and the Trustee even if a successor Auction Agent has not been appointed.

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SECTION 30-66.12. Market Agent. If a Series Sale Resolution for a Series of Variable Rate Bonds provides, the Commission may appoint a Market Agent to perform the duties to be specified in a Market Agent Agreement. The Market Agent shall be a member of the National Association of Securities Dealers, Inc. having capitalization of at least \$30,000,000, and be authorized by law to perform all the duties imposed upon it by the Market Agent Agreement. The Market Agent may at any time resign and be discharged of the duties and obligations created by this Eleventh Supplemental Resolution by giving at least ninety (90) days written notice to the Commission and the Trustee. The Market Agent may be removed at any time by the Commission by written notice, delivered to the Market Agent, the Credit Provider and the Trustee. Upon any such resignation or removal, the Trustee shall appoint a successor Market Agent meeting the requirements of this Section. The Market Agent shall continue to perform its duties until its successor has been appointed by the Commission. In the event that the Market Agent has not been compensated for its services, the Market Agent may resign by giving thirty (30) days notice to the Commission and the Trustee even if a successor Market Agent has not been appointed. Subject to any applicable governmental restrictions, the Market Agent may be or become the owner of or trade in Variable Rate Bonds with the same rights as if such entity were not the Market Agent.

ARTICLE 30-LXVII

PROVISIONS RELATING TO BOND INSURANCE

SECTION 30-67.01. Rights of the Bond Insurer. The provisions of this Article 30-LXVII shall apply to each Bond Insurer in the event and to the extent provided in a Series Sale Resolution with respect to the Variable Rate Bonds or Series of Variable Rate Bonds insured by such Bond Insurer, so long as (i) its Bond Insurance Policy is in effect, (ii) the Bond Insurer has not asserted that its Bond Insurance Policy is not in effect, (iii) the Bond Insurer is not in default thereunder, (iv) the Bond Insurer is not insolvent, and (v) the Bond Insurer has not waived any such rights; provided, that such rights shall continue with respect to amounts previously paid and due and owing the Bond Insurer.

(a) Any amendment to the 1991 Resolution requiring the consent of Owners of a Series of Variable Rate Bonds or the portion thereof secured by a Bond Insurance Policy (the "Insured Bonds") shall also require the prior written consent of the Bond Insurer with respect to such Insured Bonds.

(b) Any amendment not requiring the consent of Owners of the Insured Bonds shall require the prior written consent of the Bond Insurer with respect to such Insured Bonds if its rights shall be materially and adversely affected by such amendment.

(c) The prior written consent of the Bond Insurer with respect to the Insured Bonds shall be a condition precedent to the deposit by the Commission of any Credit Facility in

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lieu of a cash deposit into the Issue 1 Reserve Account or the Series Reserve Account relating to such Insured Bonds, which consent shall not be unreasonably withheld.

(d) For purposes of Article VII of the 1991 Resolution (regarding defaults and remedies), if an Event of Default shall have occurred and be continuing, the Bond Insurer with respect to the Insured Bonds shall be deemed to be the Owner of such Insured Bonds in connection with any consent or direction, appointment, request or waiver to be provided thereunder.

(e) Each Bond Insurer with respect to the Insured Bonds shall have the right to institute any suit, action or proceeding at law or in equity under the same terms as an Owner of such Insured Bonds in accordance with the 1991 Resolution.

(f) Each Bond Insurer shall, to the extent it makes any payment of principal or Purchase Price of or interest on the Insured Bonds it insures, become subrogated to the rights of the recipients of such payments in accordance with the terms of its Bond Insurance Policy.

(g) Principal, interest and/or Purchase Price paid by a Bond Insurer under its Bond Insurance Policy shall not be deemed paid for purposes of the 1991 Resolution, and the Insured Bonds with respect to which such payments were made shall remain Outstanding and continue to be due and owing until paid by the Commission in accordance with the 1991 Resolution.

(h) In the event of any defeasance of the Insured Bonds, the Commission shall provide the applicable Bond Insurer with copies of all documents required by Article X of the 1991 Resolution to be delivered to the Trustee.

(i) The Commission shall not discharge the 1991 Resolution unless all amounts due or to become due to each Bond Insurer have been paid in full or duly provided for.

SECTION 30-67.02. Notices to the Bond Insurer; Payment Procedures.

(a) The Commission shall send or cause to be sent to each Bond Insurer copies of notices required to be sent to Owners or the Trustee pursuant to the 1991 Resolution.

(b) The Commission, the Trustee and each Paying Agent, as appropriate, shall observe and perform any payment procedures under the Bond Insurance Policy required by each Bond Insurer as a condition to the issuance and delivery of such Bond Insurer's Bond Insurance Policy.

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ARTICLE 30-LXVIII

AMENDMENTS TO THE SEVENTH SUPPLEMENTAL RESOLUTION

SECTION 30-68.01. Amendment to Section 18-52.01 of the Seventh Supplemental Resolution. There shall be added the following paragraphs immediately following the first paragraph of Section 18-52.01 of the Seventh Supplemental Resolution:

"Notwithstanding anything to the contrary contained in the immediately preceding paragraph, any principal amount of Refunding Bonds authorized hereunder may be issued instead under and pursuant to the Eleventh Supplemental Resolution.

If pursuant to the immediately preceding paragraph, one or more Series of Refunding Bonds are issued under the Eleventh Supplemental Resolution, the aggregate principal amount of such Series of Variable Rate Bonds shall not be counted against the principal amount of 1991 Resolution Bonds authorized to be issued under the Eleventh Supplemental Resolution, but such Series of Refunding Bonds shall be counted against the principal amount authorized to be issued under the first paragraph of Section 18-52.01 of this Seventh Supplemental Resolution."

ARTICLE 30-LXIX

MISCELLANEOUS

SECTION 30-69.01. Board of Supervisors Approval. The Airport Director is authorized, for, in the name and on behalf of the Commission to submit this Eleventh Supplemental Resolution directly to the Board of Supervisors of the City and County of San Francisco (the "Board"), for the Board's approval.



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ADOPTED by the Airport Commission of the City and County of San Francisco  
this 21th day of October, 2003, by the following vote:

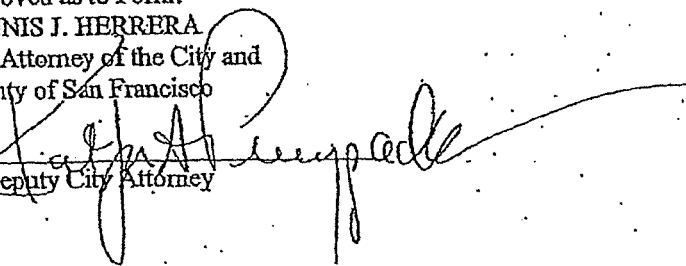
Ayes: 3

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

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of OCT 21 2003

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Secretary

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EXHIBIT A

FORM OF VARIABLE RATE BOND

No. \_\_\_\_\_

\$

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
CITY AND COUNTY OF SAN FRANCISCO

SAN FRANCISCO INTERNATIONAL AIRPORT  
SECOND SERIES VARIABLE RATE REVENUE BONDS, ISSUE \_\_\_\_\_

<u>DATE OF ORIGINAL ISSUE</u>	<u>MATURITY DATE</u>	<u>MODE</u>	<u>CUSIP</u>
-------------------------------	----------------------	-------------	--------------

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

THE AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO (the "Commission"), 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 (the "State"), for value received, hereby promises to pay (but only out of Net Revenues hereinafter referred to) to the Registered Owner specified above, or to such Registered Owners registered assigns or personal representatives, the Principal Amount specified above on the Maturity Date specified above, unless this Bond is redeemed or purchased prior thereto as hereinafter provided, upon its presentation and surrender as provided under Resolution No. 91-0210 adopted on December 3, 1991 by the Commission, as supplemented and amended from time to time (the "Resolution"), including the Eleventh Supplemental Resolution adopted on \_\_\_\_\_, 2003 by the Commission (the "Eleventh Supplemental Resolution") and an Issue Sale Resolution providing for certain other terms of the Issue \_\_\_ Bonds, and to pay to the

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Registered Owner interest on such Principal Amount until paid at the times and at the rates described herein.

This Bond is one of a duly authorized issue of bonds of the Commission designated "San Francisco International Airport Second Series Variable Revenue Bonds (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 of multiple series of varying denominations, dates, maturities, interest rates and other provisions, as provided in the Resolution, 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 supplemental hereto, including the Revenue Bond Law of 1941 to the extent made applicable by said Charter (hereinafter called the "Act"). This Bond is one of a Series of Variable Rate Bonds designated as the "Airport Commission of the City and County of San Francisco San Francisco International Airport Second Series Revenue Bonds, Issue \_\_\_" (hereinafter called the "Issue \_\_\_ Bonds") limited to \$\_\_\_\_\_ in aggregate principal amount.

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 Net Revenues, as that term is defined in the Resolution and the rights of the Registered Owner from time to time of this Bond. The Registered Owner hereof, by acceptance of this Bond, consents to all of the terms and conditions of the Resolution, a copy of which is on file with the Trustee. Additional 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 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 the Funds and Accounts provided in the Resolution, 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 Bonds or the interest hereon.

1. Definitions. Any term used herein as a defined term but not defined herein shall be defined as in the Eleventh Supplemental Resolution.

2. Source of Payments. The Commission has caused to be delivered to the Trustee an irrevocable, direct pay Credit Facility (the "Credit Facility") issued by [Name of Credit Provider] (together with its successors and assigns or any Commission of any Alternate

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Credit Facility, the "Credit Provider"). The initial Credit Facility will expire on \_\_\_\_\_ unless earlier terminated in accordance with its terms. The Trustee, as provided in the Eleventh Supplemental Resolution, will Draw on the Credit Facility in order to receive amounts sufficient to pay interest on, or the principal or Purchase Price of, the Bonds then secured by the Credit Facility. Bonds in the Term Rate Mode or the Fixed Rate Mode may be, but are not required to be, secured by the Credit Facility as provided in the Eleventh Supplemental Resolution. The Commission, upon the conditions specified in the Eleventh Supplemental Resolution, may provide for the delivery to the paying Agent of an Alternate Credit Facility.

3. Interest Rate. Interest in this Bond will be paid at a Commercial Paper Rate when the Bond is in the Commercial Paper Mode, at a Daily Rate when the Bond is in the Daily Mode, at a Weekly Rate when the Bond is in the Weekly Mode, at a Term Rate when the Bond is in the Term Mode, at an Auction Rate when the Bond is in an Auction Mode, and at a Fixed Rate when the Bond is in the Fixed Rate Mode, all as determined in accordance with the Eleventh Supplemental Resolution; provided, however, that no Bond shall bear interest at a rate higher than the Maximum Rate. The Commission may change any Bond in a Mode, other than a Fixed Rate Mode, to any other Mode.

When a Commercial Paper Mode, a Daily Mode or Weekly Mode is in effect, interest will be calculated on the basis of a 365/366-day year for the actual number of days elapsed, and when a Term Rate Mode or Fixed Rate Mode is in effect, on the basis of a 360-day year comprised of twelve 30-day months. When an Auction Mode is in effect, interest on the Auction Bonds in an Auction Period of 180 days or less will be computed on the basis of actual days over 360 and in an Auction Period greater than 180 days will be calculated on the basis of a 360-day year of twelve 30-day months.

4. Interest Payment Dates and Record Dates. Payment will be made on the applicable Interest Payment Date to the Registered Owner on the applicable Record Date for unpaid interest accrued during the current Interest Accrual Period (as defined below), all as set forth in the Eleventh Supplemental Resolution. Certain of the provisions relating thereto are set forth below:

"Interest Accrual Period" means the period during which the Bonds accrued interest payable on any Interest Payment Date. With respect to Bonds in the Daily Mode, the Interest Accrual Period shall commence on (and include) the first day of each month and shall extend through (and include) the last day of such month; provided, that if such month is the month in which the Bonds were authenticated and delivered or were changed to the Daily Mode, the Interest Accrual Period shall commence on the date of authentication and delivery of the Bonds or the Mode Change Date, as the case may be; provided, further, that if no interest has been paid on Bonds in the Daily Mode, interest shall accrue from the date of original authentication and delivery of the Bonds or the Mode Change Date, as appropriate. With respect

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CITY AND COUNTY OF SAN FRANCISCO

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to Bonds in all Modes other than the Daily Mode (except for a Bond in an Auction Mode) the Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Mode, from the date of original authentication and delivery of the Bonds, or the Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid. With respect to a Bond in the Auction Mode, the accrual period is as set forth in the definition of Auction Period. In addition, unpaid interest accrued from the last Interest Payment Date to which interest has been paid will be payable on any Mode Change Date and on the Maturity Date and, with respect to Credit Provider Bonds, the dates provided in the Credit Facility Agreement.

5. Method of Payment. The principal of and premium, if any, on each Bond will be payable on the applicable Principal Payment Date upon its surrender at the office of the Paying Agent. The Purchase Price of a Bond in the Commercial Paper Mode will be payable upon the close of business of the Purchase Date; provided, that such Bond is first surrendered to the Paying Agent by 12:00 noon on such date (see "Tenders and Purchasers" below). Interest on Bonds in the Commercial Paper Mode, the Daily Mode or the Weekly Mode will be paid by the Paying Agent by wire transfer of immediately available funds to an account specified by the Registered Owner on the applicable Record Date and, on Bonds in the Term Rate or Fixed Rate Mode, by check mailed by the Paying Agent to the Registered Owner at the address appearing in the registration books of the Paying Agent on the applicable Record Date. Payment of interest to Registered Owners of \$1,000,000 or more in aggregate principal amount of Bonds in the Term Rate, Auction Rate or Fixed Rate, may be made by wire transfer as provided in the Eleventh Supplemental Resolution.

Principal of and premium, if any, and interest on the Bonds will be paid in lawful money of the United States of America.

6. Tenders and Purchasers.

(a) Optional Tenders. When this Bond is in the Daily Mode, the Weekly Mode or the Term Rate Mode, its Registered Owner may elect to have it, or any portion thereof in an Authorized Denomination, purchased on any Business Day selected by the Owner (a "Purchase Date") in the case of the Daily and Weekly Mode, or on the last day of the current Interest Period (or the next Business Day if such last day is not a Business Day) in the case of a Term Rate Mode, at a price equal to its principal amount plus accrued interest, if any, by delivering:

(i) (1) in the case of the Daily Mode, an irrevocable telephonic notice to the Remarketing Agent not later than 10:30 A.M. on the Purchase Date specified by the Owner, (2) in the case of the Weekly Mode, an irrevocable written notice of tender or an irrevocable telephonic notice of tender to the Remarketing Agent, promptly confirmed in writing to the Paying Agent, by 4:00 P.M. on a Business Day not less than seven days

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before the Purchase Date specified by the Registered Owner, and (3) in the case of the Term Rate Mode, upon delivery of an irrevocable written notice of tender or irrevocable telephonic notice of tender to the Remarketing Agent, promptly confirmed in writing to the Paying Agent, by not later than \_\_\_\_ on a Business Day not less than \_\_\_\_ days before the last day of the current Interest Period applicable to such Bond, stating, in each such case, the CUSIP number, Bond number, the principal amount to be purchased, and the Purchase Date (in the case of the Daily and Weekly Mode); and

(ii) in either case, the Bond (with all necessary endorsements) to the Paying Agent in New York, New York, on or before 12:00 noon on the Purchase Date.

Payment of the Purchase Price shall be made as described above only if the Bond so delivered conforms in all respects to the description thereof in the notice of optional tender.

SO LONG AS THE BONDS ARE REGISTERED IN THE NAME OF DTC OR ANY NOMINEE THEREOF, TO EXERCISE AN OPTIONAL TENDER, A BENEFICIAL OWNER MUST NOTIFY THE REMARKETING AGENT (AND ITS DTC PARTICIPANT, IF THE REMARKETING AGENT IS NOT SUCH OWNER'S DTC PARTICIPANT) OF ITS DECISION TO DEMAND THE PURCHASE OF ITS BONDS AS PROVIDED IN THE INDENTURE.

(b) Mandatory Tenders. This Bond must be delivered to the Paying Agent for purchase at its principal amount on or before 12:00 noon on the following dates:

(i) if the Bond is in the Commercial Paper Mode, on the Purchase Date (the last day of the current Interest Period for such Bond);

(ii) on any date that the Mode of the Bond is changed;

(iii) on the date which is five Business Days prior to the date on which an Alternate Credit Facility is to be substituted for the Credit Facility, in the event that on or prior to the forty fifth (45th) day next preceding the effective date of the substitution, the Commission has failed to deliver to the Trustee and Paying Agent a Rating Confirmation Notice (as defined in the Eleventh Supplemental Resolution) and notice that the ratings on the applicable Bonds will not be downgraded as a result of such substitution;

(iv) On Default under Credit Facility Agreement. If the Trustee receives timely written notice from the Credit Provider, as provided in the Eleventh Supplemental Resolution, either (i) that the interest portion of the Credit Facility will not be reinstated as provided in the Credit Facility or (ii) that an Event of Default, as defined in the Credit Facility Agreement, has occurred and is continuing and the Credit Provider

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has exercised its option to terminate the Credit Facility, this Bond (other than when it is a Credit Provider-Owned Bond) when secured by the Credit Facility will be subject to mandatory purchase on a date not more than ten (10) nor less than five (5) days after the date the notice is given by the Credit Provider, and not less than five (5) days before the Credit Facility is to be terminated. The purchase price shall be equal to the principal amount thereof, plus accrued interest, if any.

(v) Upon Expiration of Credit Facility. When secured by the Credit Facility, this Bond [other than if this Bond is a Fixed Rate Bond secured by the Credit Facility] shall be subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued interest, on the fifth (5th) Business Day next preceding the Expiration Date, if by the Renewal Date (as defined in the Eleventh Supplemental Resolution) (i) no extension of the Credit Facility has been obtained by the Commission or Alternate Credit Facility has been delivered to the Trustee and (ii) the Commission has not delivered a Mode Change Notice with respect a change to a Mode for which no Credit Facility is to be required, which change in Mode is to take place no later than the fifth (5th) Business Day prior to the Expiration Date.

BY ACCEPTANCE OF THIS BOND, THE REGISTERED OWNER AGREES TO TENDER THIS BOND FOR PURCHASE ON ANY DATE (THE "MANDATORY PURCHASE DATE") DESCRIBED ABOVE AND ACKNOWLEDGES THAT INTEREST WILL CEASE TO ACCRUE ON THE BOND ON SUCH MANDATORY PURCHASE DATE, PROVIDED THAT FUNDS FOR SUCH PURCHASE ARE ON DEPOSIT WITH THE PAYING AGENT ON SUCH MANDATORY PURCHASE DATE.

(c) Payment of Purchase Price. The Purchase Price of a Bond delivered for purchase as described above (with all necessary endorsements) will be paid by wire transfer in immediately available funds by the close of business on the applicable purchase date.

(d) Delivery Address Notices in respect of tenders and Bonds tendered must be delivered as follows:

Notices to  
Remarketing Agent: \_\_\_\_\_

\_\_\_\_\_

Attn:

Telephone: \_\_\_\_\_

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

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Facsimile:

Bonds and Notices

to Paying Agent:

Attn:

Telephone:

Facsimile:

These addresses may be changed by notice mailed by first class mail to the Registered Owners at their registered addresses.

7. Redemptions.

(a) Optional Redemptions.

(i) Commercial Paper Mode. When this Bond is in the Commercial Paper Mode, it is subject to redemption, at the option of the Commission, in whole or in part, in Authorized Denominations on its Purchase Date (the last day of its current Interest Period), at a redemption price equal to the principal amount thereof, which must be made with Seasoned Funds].

(ii) Daily Mode and Weekly Mode. When this Bond is in the Daily Mode or the Weekly Mode, it is subject to redemption, at the option of the Commission, in whole or in part, in Authorized Denominations on any Interest Payment Date, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, which must be made with Seasoned Funds].

(iii) When this Bond is in the Auction Mode, it is subject to redemption, at the option of the Commission, in whole or in part, in Authorized Denominations on the Business Day immediately following the end of an Auction Period at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, which must be made with Seasoned Funds].

(iv) Term Rate Mode and Fixed Rate Mode. When this Bond is in the Term Rate or Fixed Rate Mode, it is subject to redemption, at the option of the Commission, in whole on any date or in part on any Interest Payment Date (and if in part, in such order of maturity as the Commission shall specify and within a maturity by lot or



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CITY AND COUNTY OF SAN FRANCISCO

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by such other method as the Paying Agent determines to be fair and reasonable and in Authorized Denominations) at the redemption prices set forth below:

Length of Interest Period, in the case of Term Rate Bonds or length of the remaining term of Bonds, in the case of Fixed Rate Bonds (measured in years from immediately preceding)

Mode Change Date

Redemption Prices

greater than 15

on or after the first      [1][15] or      [1][15] (whichever is earlier) to follow the tenth anniversary of Mode Change Date: 100%

less than or equal to 15 and greater than 10

on or after the first      [1][15] or      [1][15] (whichever is earlier) to follow the seventh anniversary of the Mode Change Date: 100%

less than or equal to 10 and greater than 5

on or after the first      [1][15] or      [1][15] (whichever is earlier) to follow the third anniversary of Mode Change Date: 100%

less than or equal to 5

on or after the first      [1][15] or      [1][15] (whichever is earlier) to follow the second anniversary of the Mode Change Date at 100%

(b) Mandatory Redemptions.

[(1) Mandatory Sinking Fund Redemption. This Bond is subject to mandatory sinking fund redemption on May 1,      and on each May 1 thereafter, as provided in the Eleventh Supplemental Resolution, at a redemption price equal to the principal amount called plus accrued interest thereon to the Redemption Date, without premium, in the years and principal amount as follows; provided, that no mandatory sinking fund redemption shall occur in any year which, as a result of a change to a Fixed Rate Mode, contains a Serial Maturity Date:

	Principal	Principal	Year	Amount

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CITY AND COUNTY OF SAN FRANCISCO

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Year            Amount

[If the Bonds in an Auction Mode are subject to sinking fund redemption and the mandatory sinking fund redemption date is not an Interest Payment Date, they will be redeemed on the Interest Payment Date immediately succeeding the scheduled mandatory sinking fund redemption date.]

(c) Notice of Redemption. Notice of redemption shall be given by mail by the Trustee to the Registered Owner of any Bond designated for redemption in whole or in part no less than thirty (30) nor more than sixty (60) days prior to the Redemption Date. The failure to mail such notice with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond with respect to which notice was so mailed.

(d) Effect of Notice of Redemption. If notice of redemption is given as required and money for the payment of the Redemption Price is held by the Paying Agent, then interest on the Bonds or portions thereof called for redemption shall cease to accrue on the Redemption Date.

8. Denominations, Transfer and Exchange. The Bonds are in registered form without coupons in the following denominations (the "Authorized Denomination"): in the Commercial Paper Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof, in the Daily Mode or the Weekly Mode, \$100,000 and any integral multiple thereof; in the Auction Mode, \$25,000 and integral multiples thereof; and in the Term Rate and Fixed Rate Modes, \$5,000 and any integral multiple thereof. A Registered Owner may transfer or exchange Bonds in accordance with the Eleventh Supplemental Resolution. The Paying Agent may require the payment by any Registered Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange.

9. Persons Deemed Owners. The Registered Owner of this Bond may be treated as its owner for all purposes.

10. Unclaimed Money. If any moneys held by the Trustee or Paying Agent in trust for the payment of interest, principal, premium or Purchase Price of any Bonds remain unclaimed for a period of [ ] years after the date on which such moneys were payable, the Trustee or Paying Agent will, upon written notice from the Commission, pay such amounts to the Commission or the Credit Provider, as provided in the Eleventh Supplemental Resolution,

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CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-0220

but in no event before sixty (60) days written notice thereof has been given by the Trustee to the Registered Owners to which such moneys were originally payable. Thereafter, such Registered Owners must look to the Commission for payment of such moneys.

11. Amendment and Supplement, Waiver. Subject to certain exceptions, the Eleventh Supplemental Resolution may be amended or supplemented with the written consent of the Credit Provider (as long as a Credit Facility is in effect [covering at least a majority in aggregate principal amount of the then Outstanding Variable Rate Bonds] and there is no default by the Credit Provider thereunder) and of the Registered Owners of a majority in aggregate principal amount of Outstanding Variable Rate Bonds, upon receipt of a Favorable Opinion of Bond Counsel. In addition, the Eleventh Supplemental Resolution may be amended or supplemented, as provided in the Eleventh Supplemental Resolution, with the written consent of the Credit Provider (so long as a Credit Facility is in effect [covering at least a majority in aggregate principal amount of the then Outstanding Variable Rate Bonds] and there is no default by the Credit Provider thereunder) and, if applicable, the written consent of the Paying Agent or Remarketing Agent, upon receipt of a Favorable Opinion of Bond Counsel, to make certain changes in the rights and obligations of the Commission thereunder; to cure any ambiguity or correcting, curing or supplementing any defective, inconsistent or conflicting provisions contained therein; to comply with the requirements of the rating agencies as a condition of receiving or maintaining a rating on the Bonds, to the extent such change is not materially adverse to the interests of the Owners of the Bonds; to provide for (or modify) an additional Mode; to provide for the delivery of the Bonds in book-entry form; or to provide for the issuance of Additional Bonds.

12. Defaults and Remedies. The Eleventh Supplemental Resolution provides that the occurrences of certain events constitute Events of Default. In addition, on any Event of Default, the Trustee may pursue any available remedy, provided that so long as the Credit Facility is in effect [covering at least a majority in aggregate principal amount of the then Outstanding Variable Rate Bonds] and there has been no default by the Credit Provider thereunder, the Trustee will pursue any remedy only at the direction of the Credit Provider. An Event of Default and its consequences may be waived as provided in the Eleventh Supplemental Resolution. Subject to certain limitations, the Credit Provider (if a Credit Facility is in effect [covering at least a majority in aggregate principal amount of the then Outstanding Variable Rate Bonds] and there is no default by the Credit Provider thereunder) or the Registered Owners of a majority in principal amount of the Outstanding Variable Rate Bonds (if no Credit Facility is in effect) may direct the Trustee in its exercise of any trust or power. Registered Owners may not enforce the Eleventh Supplemental Resolution or the Bonds except as provided in the Eleventh Supplemental Resolution.

13. Waiver of Personal Liability. No member, officer or employee of the Commission will be individually or personally liable for the payment of interest, principal or premium on the Bonds.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 93-0220

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State and the Eleventh Supplemental Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Commission has caused this Bond to be executed in its name by the manual or facsimile signature of its [ ] and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon and attested by the manual or facsimile signature of its [ ].

(SEAL)

AIRPORT COMMISSION OF THE CITY  
AND COUNTY OF SAN FRANCISCO

ATTEST:

(FACSIMILE)  
[Title]

By: (FACSIMILE)  
[Title]

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-0220

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is one of the Bonds described in the within-mentioned Eleventh Supplemental Resolution.

[NAME OF TRUSTEE,]

[PAYING AGENT,]

Trustee

Paying Agent

By: \_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_  
Authorized Signatory

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-0220

THIS BOND MUST BE PRESENTED TO THE PAYING AGENT TO OBTAIN PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND ON EACH PURCHASE DATE WHEN THIS BOND IS IN THE COMMERCIAL PAPER MODE OR THE TERM RATE MODE

<u>Purchase Date</u>	<u>Interest Period Number of Days</u>	<u>Interest Rate</u>	<u>Authorized Signature of Paying Agent</u>

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_, hereby sells assigns and transfers unto (Tax Identification or Social Security No. \_\_\_\_\_) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature \_\_\_\_\_

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

Signature Guaranteed \_\_\_\_\_

NOTICE: Signatures must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company

03/03/2003 10:00 AM

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-0010

Tenth Supplemental Resolution  
Amending the Seventh Supplemental Resolution and  
Providing for the Issuance of not to Exceed  
\$3,400,000,000 Aggregate Principal Amount of  
San Francisco International Airport  
Second Series Revenue Refunding Bonds

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 Resolution No. 98-0114 adopted on May 19, 1998 (herein called the "Seventh Supplemental Resolution") and by this Resolution No. \_\_\_\_\_ (herein called the "Tenth Supplemental Resolution"), is herein called the "1991 Resolution"; and

WHEREAS, the Seventh Supplemental Resolution amended the 1991 Resolution to provide that the Commission may issue Bonds from time to time as the issuance thereof is authorized by the Commission, including without limitation for the purposes of refunding outstanding 1991 Resolution Bonds or Subordinate Bonds in an aggregate principal amount not to exceed One Billion Four Hundred Million Dollars (\$1,400,000,000); and

WHEREAS, the Commission has determined that it is necessary and desirable to amend the Seventh Supplemental Resolution in order to increase the authorization of the issuance of one or more additional Series of Bonds to an aggregate principal amount of not to exceed Three Billion Four Hundred Million Dollars (\$3,400,000,000) for the purposes of refunding, paying, calling and retiring a portion or all of one or more Series of outstanding 1991 Resolution Bonds and Subordinate Bonds, funding debt service reserves, and paying costs of issuance, including any redemption premiums, in connection therewith; and

WHEREAS, the Commission has determined that it is necessary and desirable to amend the Seventh Supplemental Resolution in order to extend the final maturity of Refunding Bonds to May 1, 2040; and

WHEREAS, the Commission has determined that it is necessary and desirable to amend the Seventh Supplemental Resolution in order to extend the final date upon which a Bond Purchase Contract may be entered into or bids for the purchase of a Series of Refunding Bonds may be received to March 31, 2006; 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, each additional Series of Bonds under the 1991 Resolution; and

**AIRPORT COMMISSION**

**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 02-0010**

WHEREAS, pursuant to Section 9.01(m) of the 1991 Resolution the Commission by Supplemental Resolution may make any change or addition to the 1991 Resolution which in the Opinion of Bond Counsel, shall not have a material adverse effect on the interests of the Holders; and

WHEREAS, the Commission desires to increase its authorization of Second Series Revenue Bonds, and has received the form of an Opinion of Bond Counsel that such increased authorization will not have a material adverse effect on the interests of the Holders;

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

Section 1. The 1991 Resolution is hereby amended by adding the following Article thereto, which is hereby incorporated therein:

**ARTICLE 27-LXI**

**AMENDMENTS TO THE SEVENTH SUPPLEMENTAL RESOLUTION**

SECTION 27-61.01. Amendment to Authorized Principal Amount of Refunding Bonds. In accordance with Section 9.01(m) of the 1991 Resolution, in order to authorize the issuance of additional Series of Refunding Bonds in an aggregate principal amount of not to exceed Three Billion Four Hundred Million Dollars (\$3,400,000,000) for the purposes of refunding, paying, calling and retiring a portion or all of one or more Series of outstanding 1991 Resolution Bonds and Subordinate Bonds, funding debt service reserves, and paying costs of issuance, including any redemption premiums, in connection therewith, each of the references in the Seventh Supplemental Resolution to "\$1,400,000,000" and "One Billion Four Hundred Million Dollars" of Refunding Bonds is hereby amended to read "\$3,400,000,000" and "Three Billion Four Hundred Million Dollars" of Refunding Bonds. Such Refunding Bonds shall be issued in such number of separate Series as the Commission shall determine.

SECTION 27-61.02. Amendment to Final Maturity of Refunding Bonds. In accordance with Section 9.01(m) of the 1991 Resolution, in order to extend the final maturity of Refunding Bonds, the reference in Section 18-52.01(b) of the Seventh Supplemental Resolution and any other reference in the Seventh Supplemental Resolution to "May 1, 2030" as the final maturity date of Refunding Bonds is hereby amended to read "May 1, 2040". In order to allow for refundings to restructure debt service on outstanding Bonds, the second paragraph of Section 18-52.01(b) is hereby deleted.



AIRPORT COMMISSION.

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 02-0010

SECTION 27-61.03. Amendment to Final Date of Bond Purchase Contracts. In accordance with Section 9.01(m) of the 1991 Resolution, in order to extend the final date upon which a Bond Purchase Contract may be entered into or bids for the purchase of a Series of Refunding Bonds may be received, the reference in Section 18-52.01(c) of the Seventh Supplemental Resolution and any other reference in the Seventh Supplemental Resolution to "December 31, 2001" as the final date upon which a Bond Purchase Contract may be entered into or bids for the purchase of a Series of Refunding Bonds may be received, is hereby amended to read "March 31, 2006".

ADOPTED by the Airport Commission of the City and County of San Francisco this 8<sup>th</sup> day of Jan, 2002, by the following vote:

Ayes: 4

Noes: 0

Absent: 1

[SEAL]

Approved as to Form:

DENNIS J. HERRERA  
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 Airport Commission

at its meeting of

JAN 08 2002

3

Secretary

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AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 95-0114

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AIRPORT COMMISSION OF THE CITY AND COUNTY  
OF SAN FRANCISCO

Seventh Supplemental Resolution  
Providing for the Issuance of  
Not to Exceed \$1,400,000,000 Aggregate Principal Amount of

SAN FRANCISCO INTERNATIONAL AIRPORT  
SECOND SERIES REVENUE REFUNDING BONDS

Adopted on May 19, 1998

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AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-0114

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**AIRPORT COMMISSION**

**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 98-0114**

**Seventh Supplemental Resolution Providing for the Issuance of  
Not to Exceed \$1,400,000,000 Aggregate Principal Amount of  
San Francisco International Airport  
Second Series Revenue Refunding Bonds**

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 No. \_\_\_ (herein called the "Seventh 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, including without limitation for the purposes of refunding outstanding 1991 Resolution Bonds or Subordinate Bonds; 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 One Billion Four Hundred Million Dollars (\$1,400,000,000) for the purposes of refunding, paying, calling and retiring a portion or all of one or more Series of outstanding 1991 Resolution Bonds and all or a portion of the Commission's outstanding San Francisco International Airport Subordinate Commercial Paper Notes, Series A and Series B (the "Notes") (which constitute Subordinate Bonds), funding debt service reserves, and paying costs of issuance, including any redemption premiums, in connection therewith; and

WHEREAS, pursuant to Section 9.01(m) of the 1991 Resolution the Commission by Supplemental Resolution may make any change or addition to the 1991 Resolution which in the Opinion of Bond Counsel, shall not have a material adverse effect on the interests of the Holders; and

WHEREAS, the Commission desires to consolidate certain defined terms under the 1991 Resolution, and has received the form of an Opinion of Bond Counsel that such amendment will not have a material adverse effect on the interests of the Holders;

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

**ARTICLE 18-LI**

**DEFINITIONS AND GENERAL PROVISIONS**

Section 18-51.01. Definitions. All capitalized terms in Articles 18-LI or 18-LII not otherwise defined herein shall have the meanings assigned to them in Article I of the 1991

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RESOLUTION NO. 98-0114

Resolution. To the extent terms defined below were previously defined in the 1991 Resolution, the definitions contained herein shall be deemed to amend and supersede all prior versions of such terms.

For all purposes of the 1991 Resolution, including Articles 18-LI through 18-LII, the following words shall have the following meanings:

"Aggregate Maximum Annual Debt Service" means the maximum amount of Annual Debt Service in any Fiscal Year during the period from the date of calculation to the final scheduled maturity of the Participating Series.

"Bond Depository" means the securities depository for a Series of Bonds appointed as such pursuant to the 1991 Resolution, and its successors and assigns.

"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.

"Call Protection Date" means the date determined in accordance with the terms of the 1991 Resolution before which a series of Bonds are not subject to optional redemption.

"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.

"Completion Date" means, with respect to any Series of Bonds, the Completion Date as defined in the Tax Certificate for such Series of Bonds.

"Construction Period" means, with respect to any Series of Bonds, the period commencing on the Closing Date of such Series of Bonds and ending on the Completion Date for such Series of Bonds.

"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.

"Costs of Issuance" means payment of, or reimbursement of the Commission for, 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 the Series of Bonds (including bond counsel, Trustee's counsel and the City Attorney);

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- (b) financial advisor fees incurred in connection with the issuance of the Refunding Bonds;
- (c) Rating Agency fees;
- (d) the initial fees and expenses of the Trustee; the Registrar and the Authenticating Agent;
- (e) accountant fees and any escrow verification fees related to the issuance of the Series of Bonds;
- (f) the initial fees and expenses of any Series Escrow Agent;
- (g) printing and publication costs;
- (h) 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 Master Plan Projects or Project and not to the financing;
- (i) any other cost incurred in connection with the issuance of the Series of Bonds that constitutes an "issuance cost" within the meaning of Section 147(g) of the Code.

"DTC" means The Depository Trust Company.

"Information Services" means: Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10<sup>th</sup> Floor, Jersey City, New Jersey 07302; Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16<sup>th</sup> Floor, New York, New York 10006; Moody's Investors Services' "Municipal and Government," 99 Church Street, 8<sup>th</sup> Floor, New York, New York 10007; Attention: Municipal News Reports; and Standard and Poor's Corporation's "Called Bond Record," 25 Broadway, 3<sup>rd</sup> 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.

"Maximum Series Annual Debt Service" means the maximum amount of Annual Debt Service for a single Series of Bonds in any Fiscal Year during the period from the date of calculation to the final scheduled maturity of such Series of Bonds.

"Nominee" means the nominee of the Bond Depository as determined from time to time in accordance with the 1991 Resolution for any one or more Series of Bonds.

"Participating Series" means the Issue 1 Bonds and any other Series of Bonds heretofore or hereafter designated pursuant to the 1991 Resolution as being secured by the Issue 1 Reserve Account.

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"Project Costs" means the costs of financing and acquiring the Master Plan Projects or a Project and shall include the following:

(i) payment of, or reimbursement of 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 Series Construction Period or 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 Master Plan Projects or 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 Master Plan Projects or 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 costs of such acquisition and of any rights-of-way or easements relating to or necessary or useful to the Master Plan Projects or the Project or the project site), site improvement, and all real or personal property deemed necessary in connection with the Master Plan Projects or 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 of the Commission for, as such payments become due, the fees and expenses of the Trustee, the Registrar, the Paying Agent and the Authenticating Agent and the fees and expenses of their counsel properly incurred under the 1991 Resolution during the Series Construction Period or the Construction Period;

(v) payment of the premiums on all insurance required to be taken out and maintained under the 1991 Resolution during the Series Construction Period or the Construction Period;

(vi) payment of interest on the related Series of Bonds during the Series Construction Period or the Construction Period; and

(vii) any other costs and expenses relating to the Master Plan Projects or the Project authorized under the Act.

"Record Date" means, except as otherwise set forth herein, the fifteenth day of the calendar month before each Payment Date.

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"Redemption Price" means the Principal Amount and premium, if any, payable in accordance with the terms thereof of a Series of Bonds called for redemption.

"Refunding Bonds" means the one or more Series of San Francisco International Airport Second Series Revenue Refunding Bonds, in an aggregate principal amount not to exceed \$1,400,000,000, that are authorized to be issued by the Commission from time to time pursuant to this Seventh Supplemental Resolution.

"Refunding Series Construction Account" means the Construction Account created pursuant to Section 18-52.05 for a Series of Refunding Bonds.

"Refunding Series Rebate Account" means the Rebate Account created pursuant to Section 18-52.13 for a Series of Refunding Bonds.

"Refunding Series Reserve Account" means a Reserve Account created pursuant to Section 18-52.07(d) for a Series of Refunding Bonds.

"Refunding Series Reserve Requirement" means for each Series of Refunding Bonds secured by a Refunding Series Reserve Account, the amount designated as the Refunding Series Reserve Requirement pursuant to Section 18-52.07(a).

"Refunding Series Sale Resolution" means one or more resolutions of the Commission, (i) in the case of a competitive sale, awarding or providing for the award of a Series of Refunding Bonds to the successful bidder in accordance with the terms of the Official Notice of Sale, or alternatively in the case of a negotiated sale, approving a form of Bond Purchase Contract, and (ii) determining or providing for the determination of the interest rates to be borne by said Series of Refunding 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 Refunding Bonds, providing for bond insurance for any or all of the Series of Refunding Bonds and determining or providing for the determination of such other matters relating to the Series of Refunding Bonds as may be permitted or authorized to be determined by the Commission in accordance with the 1991 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 Refunding Series Sale Resolution.

"Regulations" means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

"Representation Letter" means a letter of representations or other agreement among the Commission, the Trustee and the Bond Depository for a Series of Bonds.

"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.



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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.

"Series Call Protection Date" means the date determined in accordance with the 1991 Resolution before which a Series of Bonds is not subject to optional redemption.

"Series Debt Service Accounts" means the Series Interest Account, the Series Principal Account and the Series Redemption Account.

"Series Escrow Agent" means the escrow agent (including any successors thereto) appointed by the Commission in its Refunding Series Sale Resolution as the Escrow Agent under the corresponding Series Escrow Agreement.

"Series Escrow Agreement" means the Escrow Agreement, in such form as shall be approved by the Commission, among the corresponding Series Escrow Agent, the Trustee and the Commission relating to the proceeds of the Series of Refunding Bonds and certain other moneys to be applied to the redemption of the corresponding Series of Prior Bonds refunded by such Series of Refunding Bonds.

"Series Escrow Fund" means the Escrow Fund to be held by the Series Escrow Agent and applied to the payment and redemption of the Series of Prior Bonds refunded by the corresponding Series of Refunding Bonds.

"Series of Prior Bonds" means one or more Series of Bonds refunded by a Series of Refunding Bonds.

"Series of Refunding Bonds" means a series of Refunding Bonds issued pursuant to this Seventh Supplemental Resolution.

"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 the Code relating to a Series of Bonds.

**Section 18-51.02. 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 (i) 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 Refunding Bonds in accordance with the provisions of the 1991 Resolution, and the refunding and defeasance of the 1991 Resolution Bonds and the Notes in

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accordance with the provisions hereof and of the 1991 Resolution; and (ii) to conduct such hearings as may be required by the Code to ensure the tax-exempt status of the Refunding Bonds and other 1991 Resolution Bonds to be issued pursuant to the 1991 Resolution.

**Section 18-51.03. Ratification of the 1991 Resolution.** This Seventh 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 supplemented to the date hereof, including as supplemented and amended by this Seventh Supplemental Resolution.

ARTICLE 18-LII

AUTHORIZATION AND TERMS OF REFUNDING BONDS

**Section 18-52.01. Authorization and Terms of Refunding Bonds:** One or more Series of Refunding Bonds to be issued under the 1991 Resolution, in the aggregate principal amount of not to exceed One Billion Four Hundred Million Dollars (\$1,400,000,000), are hereby created. Each Series of said Refunding Bonds shall be known as the "San Francisco International Airport Second Series Revenue Refunding Bonds; Issue \_\_\_\_\_" (with the Series designation to be the Arabic number next succeeding the number used as a Series designation for the immediately preceding Series of 1991 Resolution Bonds issued) (collectively, the "Refunding Bonds"). Each Series of Refunding 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 and shall bear interest from its dated date(s). The Bonds of each Series of Refunding Bonds shall be numbered in such manner as the Registrar shall determine.

(a) Each Series of Refunding Bonds shall bear interest at such rate or rates, not exceeding twelve percent (12%) per annum, as may be fixed by the Commission by the Refunding Series Sale Resolution for said Series of Refunding Bonds; provided, however, that all Series of Refunding Bonds designated as taxable pursuant to Section 18-52.15 shall bear interest at such rate or rates, not exceeding fifteen percent (15%) per annum, as may be fixed by the Commission by the Refunding Series Sale Resolution for said Series of Refunding Bonds. Interest on each Series of Refunding Bonds shall be payable commencing on such May 1 or November 1 as the Airport Director or his designee shall determine, 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 such Series of Refunding Bonds on the registration books for such Series of Refunding 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 such Series of Refunding Bonds. Payment of the principal or redemption price of each Series of Refunding Bonds shall be made

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upon surrender thereof at the office of the Trustee in San Francisco, California. Payment of principal of, premium, if any, and interest on each Series of Refunding Bonds shall be made in any lawful currency of the United States of America. Interest on each Series of Refunding Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months.

(b) Each Series of Refunding Bonds shall mature on May 1 in the years and in the amounts established by the Refunding Series Sale Resolution for said Series. Principal payments, in the form either of maturities or mandatory sinking fund payments (in the latter case, attributable to certain Bonds herein called the "Term Bonds"), shall occur on May 1 in the years and in the amounts as shall be specified in the Official Notice of Sale or Bond Purchase Contract for such Series. The Airport Director or his designee is hereby authorized and directed to determine the aggregate Principal Amount of the Refunding Bonds and of each Series of Refunding Bonds, the dated date(s) of each Series of Refunding Bonds, and the years and amounts of the annual principal payments of each Series of Refunding Bonds. Notwithstanding the preceding sentence, no Series of Refunding Bonds shall have a final maturity after May 1, 2030.

A Series of Refunding Bonds may be issued to refund outstanding 1991 Resolution Bonds only if the net present value of the debt service savings on such Series of 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 Series of Refunding Bonds, is at least equal to one percent (1%) of the Principal Amount of the 1991 Resolution Bonds to be refunded, as certified in writing by a Financial Consultant. 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 Series of Refunding Bonds which is consistent with then current municipal finance industry standards, as certified in writing by a Financial Consultant.

(c) The date upon which a Bond Purchase Contract shall be entered into or bids for the purchase of a Series of Refunding Bonds shall be received shall be established by the Airport Director or his designee and shall be no later than December 31, 2001. Refunding 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 counsel 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 counsel.

(d) If the Refunding Bonds are to be sold competitively, a Notice of Intention to Sell in such form as the Airport Director or his designee may approve with the advice of counsel shall be published not less than 15 calendar days prior to the scheduled date for opening of bids, in *The Wall Street Journal* (Western Edition), *The Bond Buyer*, or such other financial

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publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the Refunding Bonds, as the Airport Director or his designee may select.

(e) The Airport Director or his designee is hereby authorized and directed to cause to be circulated to potential bidders, or in the case of a negotiated sale, to potential buyers, for each Series of Refunding Bonds a preliminary official statement relating to such Series of Refunding Bonds in such form as the Commission or the Airport Director or his designee may approve with the advice of counsel. The Airport Director or his designee is hereby authorized to certify that the preliminary Official Statement is "deemed final" by the Commission within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

(f) The Airport Director or his designee is hereby further authorized and directed to certify and agree on behalf of the Commission to provide certain financial information and operating data of the Commission annually and notices of certain events, if material, pursuant to Rule 15c2-12(b)(5) of the Securities and Exchange Commission and to execute and deliver a continuing disclosure certificate for the benefit of the holders and beneficial owners of each Series of Refunding Bonds in a form approved by the Airport Director with the advice of counsel.

(g) At any time after the adoption of this Seventh Supplemental Resolution and the applicable Refunding Series Sale Resolution, the Commission may execute and deliver one or more Series of Refunding Bonds pursuant to this Seventh Supplemental Resolution to the Trustee. The Authenticating Agent shall authenticate and deliver to, or upon the written order of, the Commission, Refunding Bonds in an aggregate principal amount not exceeding One Billion Four Hundred Million Dollars (\$1,400,000,000) minus the aggregate principal amount of Refunding Bonds previously issued.

Section 18-52.02. Form of Bonds; Execution. Each Series of Refunding Bonds and the certificate of authentication to be executed thereon shall be in substantially the form set forth in Exhibit A hereto which is hereby incorporated herein by reference, with such additions, deletions, substitutions or changes as the Airport Director or his designee may approve with the advice of counsel, such approval to be conclusively evidenced by the delivery of the Refunding Bonds to the purchasers thereof. The signatures of the officers of the Commission upon such Refunding Bonds shall be printed, lithographed or engraved facsimiles thereof.

Section 18-52.03. Book-Entry System. Unless the Airport Director or his designee determines that a Series of Refunding Bonds shall be issued in registered form other than in book-entry form, the Refunding Bonds shall initially be issued in book-entry form as further provided in this Section 18-52.03.

(a) The Refunding Bonds issued pursuant to this Seventh Supplemental Resolution shall initially be issued in the form of a separate single fully-registered Bond for each

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separate stated maturity of each Series of the Refunding Bonds. Except as provided in subsection (c) of this Section 18-52.03, all of the Refunding 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 Refunding Bond as the sole and exclusive owner thereof for the purposes of payment of the principal or redemption price of or interest on the Series of Refunding Bonds to which such Refunding Bond belongs, selecting the Refunding Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the 1991 Resolution, registering the transfer of Refunding 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 Refunding 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 Refunding 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 Refunding 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 Refunding Bonds only to 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 Refunding Bonds to the extent of the sum or sums so paid. No person other than the Bond Depository shall receive an authenticated Bond evidencing the obligation of the Commission to make payments of principal of and premium, if any, and interest pursuant to the 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 18-LII shall refer to such new Nominee.

(b) In order to qualify each Series of Refunding Bonds for the Bond Depository's book-entry system, the appropriate officers or employees of the Commission are hereby authorized to execute and deliver on behalf of the Commission to the Bond Depository for each Series of Refunding Bonds, a Representation Letter from the Commission representing

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such matters as shall be necessary to so qualify the Refunding Bonds. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section 18-52.03 or in any other way impose upon the Commission any obligation whatsoever with respect to persons having beneficial ownership interests in the Refunding Bonds other than the Bondholders.

(c) In the event (i) the Bond Depository determines not to continue to act as securities depository for a Series of Refunding 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 such Series of Refunding Bonds. If the Commission determines to replace the Bond Depository for a Series of Refunding Bonds with another qualified securities depository, the Commission shall prepare or direct the preparation of a new, single, separate, fully registered Refunding Bond of such Series for each maturity of such Series of Refunding 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 Seventh Supplemental Resolution. If the Commission fails to identify another qualified Bond Depository to replace the incumbent Bond Depository for a Series of Refunding Bonds, then such Series of Refunding 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 such Series of Refunding Bonds shall designate.

(d) Notwithstanding any provision of the 1991 Resolution to the contrary, so long as the Refunding Bonds are registered in the name of the Nominee, all payments with respect to principal and premium, if any, and interest on the Refunding Bonds and all notices with respect to the Refunding Bonds shall be made and given, respectively, as provided in the Representation Letter for the related Series of Refunding Bonds or as otherwise instructed by the Bond Depository.

(e) The initial Bond Depository with respect to each Series of Refunding Bonds shall be DTC. The initial Nominee with respect to each Series of Refunding Bonds shall be CEDE & CO., as nominee of DTC.

Section 18-52.04. Redemption of Bonds.

(a) Optional Redemption. Refunding Bonds maturing on or before the Series Call Protection Date (determined as hereinafter provided) shall not be subject to optional redemption prior to their respective stated maturity dates. Refunding Bonds maturing after the Series 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 Series Call Protection Date, at

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specified redemption prices (computed upon the Principal Amount of Bonds called for redemption), together with accrued interest to the date fixed for redemption.

The Airport Director or his designee is hereby authorized and directed to determine the Series Call Protection Date and the optional redemption prices for each Series of Refunding Bonds; provided, that the Series Call Protection Date shall be on the first calendar day of any month, not later than twelve (12) years from the initial principal payment date for said Series of 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, nor extend more than five (5) years beyond the Series Call Protection Date.

(b) Mandatory Redemption. Term Refunding 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 18-52.06(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 related Refunding Series Sale Resolution), at the Principal Amount thereof and accrued interest thereon to the date of redemption, but without premium. No Term Refunding Bonds maturing on any date shall be redeemed from mandatory sinking fund payments until Term Bonds of the same Series maturing on preceding term maturity dates, if any, in order of term maturities, shall have been retired.

Except as in this Section 18-52.04 otherwise provided, the redemption of Refunding Bonds shall be subject to the provisions of Article III of the 1991 Resolution.

Section 18-52.05. Establishment and Application of Refunding Series Construction Fund Accounts.

(a) In accordance with Section 4.01 of the 1991 Resolution, there are hereby created within the Airport Construction Fund a separate account for each Series of Refunding Bonds to be held by the Treasurer and designated as the "Refunding Issue Construction Account" (the blank to be completed with the numerical designation of the Series). Moneys in the Construction Account for each Series of Refunding Bonds shall be applied to the payment of Costs of Issuance for such Series of Refunding Bonds. The Treasurer is hereby authorized to disburse from each Refunding Series Construction Account the amount required for the payment of Costs of Issuance and is directed to make such disbursements upon receipt of a warrant drawn by the Controller. All amounts remaining in such Construction Account on the date which is 179 days after the date of issuance for such Series of Refunding Bonds shall be transferred by the Treasurer to the Revenues Account.

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Section 18-52.06. Establishment and Application of Series Debt Service Fund Accounts.

(a) Establishment of Series Accounts. Pursuant to Section 5.03 of the 1991 Resolution, the following separate accounts for each Series of Refunding Bonds to be held by the Trustee are hereby created within the 1991 Resolution Debt Service Fund and designated as indicated: "Refunding Issue      Interest Account," "Refunding Issue      Principal Account" and "Refunding Issue      Redemption Account," with the blanks to be completed with the numerical designation of the particular Series of Refunding Bonds.

(b) Application of Series Interest Account. The Trustee shall apply moneys in each Series Interest Account to the payment of interest on the related Series of Refunding Bonds when due, including accrued interest on any Refunding Bonds of such Series purchased or redeemed prior to maturity.

(c) Application of Series Principal Account.

(1) The Trustee shall apply moneys in the Series Principal Account for each Series of Refunding Bonds to the payment of the Principal Amount of such Series of Refunding Bonds when due and the payment of mandatory sinking fund payments on Term Bonds of such Series of Refunding Bonds.

(2) The Commission may, from time to time, purchase any Refunding Bonds out of available moneys of the Commission at such prices as the Commission may determine in a request of an Authorized Commission Representative plus accrued interest thereon.

(3) At the discretion of the Commission, the Trustee shall apply mandatory sinking fund payments, as rapidly as may be practicable, to the purchase of Term Refunding Bonds at public or private sale as and when and at such prices (including brokerage and other expenses, but excluding accrued interest on such Refunding Bonds, which is payable from the related Series Interest Account) as the Commission may in its discretion determine, but not to exceed the par value thereof.

(4) All Bonds purchased or redeemed under the provisions of this Section 18-52.06 shall be delivered to, and canceled and destroyed by, the Trustee and shall not be reissued.

(d) Establishment and Application of Series Redemption Account. The Trustee shall apply moneys in the Series Redemption Account for each Series of Refunding Bonds to the payment of the Redemption Price of such Series of Bonds called for redemption pursuant to Section 18-52.04(a). Accrued interest on Refunding Bonds redeemed pursuant to Section 18-52.04(a) shall be paid from the Series Interest Account for such Series.



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(c) Deficiencies in the Series Debt Service Accounts. In the event that the amount on deposit in any Series Debt Service Account for any Series of Refunding Bonds is insufficient to pay the interest or Principal Amount or Redemption Price coming due on such Series of Refunding Bonds, the Trustee shall transfer from the Issue 1 Reserve Account or the Refunding Series Reserve Account created pursuant to Section 5-24.07(c), as the case may be, to the Series Interest Account, Series Principal Account or Series Redemption Account, for such Series, not later than five days prior to the date on which such payment is required, the amount of such deficiency.

Section 18-52.07. Establishment of Series of Refunding Bonds as a Participating Series; Alternative Creation of Separate Reserve Accounts.

(a) Reserve Requirement. Each Series of Refunding Bonds shall be a Participating Series or shall be secured by a Refunding Series Reserve Account. The amount in each Refunding Series Reserve Account shall be established and maintained at an amount equal to the Refunding Series Reserve Requirement. The Refunding Series Reserve Requirement for each Series of Refunding Bonds secured by a Refunding Series Reserve Account shall be Maximum Series Annual Debt Service.

(b) Determination of Participating Series. The Airport Director or his designee is hereby authorized and directed to determine whether or not a Series of Refunding Bonds is to be declared to be a Participating Series with respect to the Issue 1 Reserve Account established by Section 1-13.07 of the 1991 Resolution.

(c) Valuation of Participating Series. In the event a Participating Series of Refunding Bonds is to be redeemed in whole or in part pursuant to Section 18-52.04 or the Commission notifies the Trustee in writing of its intention to refund the said Participating Series of Refunding 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. The Trustee may request at any time, and the Commission shall deliver within 10 Business Days of such request, a certificate stating the amount of the Aggregate Maximum Annual Debt Service on the then Outstanding Bonds of the Participating Series, and the Trustee shall be entitled to rely on such certificate.

(d) Refunding Series Reserve Accounts.

(1) In the event the Airport Director or his designee determines that a Series of Refunding Bonds shall not be a Participating Series, there is hereby created for such Series of Refunding Bonds a separate reserve account within the 1991 Resolution

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Reserve Fund held by the Trustee to be designated as the "Refunding Issue Reserve Account" (each such reserve account is herein called a "Refunding Series Reserve Account"). The moneys in said account shall be used solely for the purpose of paying interest, principal or mandatory sinking fund payments on the Series of Refunding Bonds for which such reserve account is established whenever any moneys then credited to the accounts within the 1991 Resolution Debt Service Fund for such Series of Refunding Bonds 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 Maximum Series Annual Debt Service on the then Outstanding Bonds of such Series, the Trustee shall immediately notify the Commission of such deficiency, and the Commission shall cause said Refunding Series 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. The Trustee may request at any time, and the Commission shall deliver within 10 Business Days of such request, a certificate stating the amount of the Maximum Series Annual Debt Service on the then Outstanding Bonds of any Series, and the Trustee shall be entitled to rely on such certificate.

(2) From time to time, but not less frequently than annually, the Trustee shall determine the amount in each Refunding Series Reserve Account. Permitted Investments in such Refunding Series Reserve Accounts shall be valued at cost plus accreted value.

(3) Within 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 each Refunding Series Reserve Account. In the event that the Trustee determines on any valuation date that the amount in a Refunding Series Reserve Account exceeds Maximum Series Annual Debt Service on all then Outstanding Bonds of such 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.

(4) In the event a Series of Refunding Bonds other than a Participating Series is to be redeemed in whole or in part pursuant to Section 18-52.04 or the Commission notifies the Trustee in writing of its intention to refund the said Series of Refunding Bonds in whole or in part, the Trustee shall value the amount in the Refunding Series Reserve Account for such Series in accordance with this Section 18-52.07(d), and if the Trustee determines that the amount in such Refunding Series Reserve Account exceeds Maximum Series Annual Debt Service on the Bonds of such 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.

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(5) At its option, the Commission may at any time substitute a Credit Facility meeting the requirements of this Section 18-52.07(d) for amounts on deposit in any Refunding Series Reserve Account. The Commission shall not substitute a Credit Facility for all or any part of the amounts on deposit in any such Refunding Series Reserve Account, if such substitution will cause the then current ratings on the Series of Refunding Bonds secured by such Refunding Series Reserve Account 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 any Refunding Series Reserve Account, the amount in such Reserve Account is greater than Maximum Series Annual Debt Service of the then Outstanding Bonds of such 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 18-52.08. Disposition of Proceeds of the Bonds. The proceeds of the sale of each Series of Refunding 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 Series Interest Account for such Series an amount equal to interest accrued on such Series of Refunding Bonds to the date of delivery thereof.

(b) The Treasurer shall transfer to the Trustee for deposit in the Issue 1 Reserve Account or separate reserve account created pursuant to Section 18-52.07(d) of this Seventh Supplemental Resolution, an amount equal to Maximum Series Annual Debt Service on such Series of Refunding Bonds, or such lesser amount as will increase the balance of the Issue 1 Reserve Account to the Aggregate Maximum Annual Debt Service.

(c) The Treasurer shall deposit in the Refunding Series Construction Account the amount specified in the Refunding Series Sale Resolution, the Bond Purchase Contract or instructions delivered by the Airport Director or his designee, for the payment of Costs of Issuance of the Series of Refunding Bonds.

(d) The remaining proceeds from the sale of the Refunding Bonds of such Series shall be transferred by the Treasurer to the Series Escrow Agent for deposit in the Series Escrow Fund. Amounts in the Series Escrow Fund shall be applied in accordance with the Series Escrow Agreement to refund outstanding 1991 Resolution Bonds or Notes.

Section 18-52.09. Deposits of Net Revenues in Series 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 Series Debt Service Accounts amounts from the Net Revenues, as follows:

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(a) In the Series Interest Account for each Series of Refunding Bonds, in approximately equal monthly installments, an amount equal to at least one-sixth (1/6) of the aggregate amount of interest becoming due and payable on such Series of Refunding Bonds on the next succeeding semiannual interest payment date; provided, however, that no moneys need be deposited in a Series Interest Account except to the extent that such moneys are required for the payment of interest to become due on such Series of Refunding Bonds on the next succeeding semiannual interest payment date, after the application of the moneys then on deposit in the Series Interest Account; and provided, further, that subject to the preceding proviso, during the period preceding the first interest payment date on a Series of Refunding 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 date of issuance of the Series of Refunding Bonds to the first interest payment date on such Series of Refunding Bonds minus one, and the aggregate amount of interest becoming due and payable on such Series of Refunding Bonds on said interest payment date.

(b) In the Series Principal Account for each Series, in approximately equal monthly installments, commencing on the second day of the month determined pursuant to the Refunding Series Sale Resolution or Bond Purchase Contract, an amount equal to at least one-twelfth (1/12) of the aggregate Principal Amount becoming due and payable on the Outstanding Serial Bonds of such Series on the next succeeding Principal Payment Date, until there shall have been accumulated in the Series Principal Account for such Series an amount sufficient to pay the Principal Amount of all Serial Bonds of such Series maturing by their terms on the next Principal Payment Date.

(c) The Treasurer shall also transfer to the Trustee for deposit in the Series Principal Account for each Series, in approximately equal monthly installments, commencing on or before the second day of the month determined pursuant to the Refunding Series Sale Resolution or Bond Purchase Contract, 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 Refunding Series Sale Resolution for such Series 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 Refunding Series Sale Resolution or Bond Purchase Contract for such Series.

**Section 18-52.10. Permitted Investments.** Amounts in the Series Debt Service Accounts for each Series of Refunding Bonds 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 Series Debt Service Account to which such Permitted Investments are allocated. Amounts in the Issue I Reserve Account or any Refunding Series 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. Amounts in Refunding Series Construction Accounts may be

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invested in any Permitted Investment. Amounts in the Series Escrow Funds shall be invested as provided in the corresponding Series Escrow Agreements.

**Section 18-52.11. Transfer and Exchange of Refunding Bonds; Registrar; Authenticating Agent; Paying Agent.** Any Refunding 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 Refunding 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 Refunding Bond shall be surrendered for transfer, the Commission shall execute and the Authenticating Agent shall cause to be authenticated and delivered a new Refunding Bond of the same Series and maturity and interest rate 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.

Refunding Bonds may be exchanged at the principal office of the Registrar in San Francisco, California for a like aggregate principal amount of Refunding Bonds of such Series of other authorized denominations of the same maturity and interest rate. 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 all Series of the Refunding 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 Refunding 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, Refunding Bonds as herein provided.

The Trustee is hereby appointed as Paying Agent for the purpose of paying the principal or Redemption Price of the Refunding Bonds.

**Section 18-52.12. 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 any Series of the Refunding Bonds, would have caused such Series of the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and Regulations. To that end, the Commission will comply with all requirements of Section 148 of the Code to the extent applicable to each Series of Refunding Bonds. In the event that at any time the Commission is of the opinion that for purposes of this Section 18-52.12 it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under this Article 18-LII, 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.

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**Section 18-52.13. 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 for each Series of Refunding Bonds distinct from all other funds and accounts held by the Trustee under the 1991 Resolution, a fund designated as the "Issue \_\_\_ Rebate Account". The Trustee shall hold any payments received from the Commission for deposit into the Refunding Series Rebate Account for each Series of Refunding 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 Refunding 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 Refunding Series Rebate Accounts in Nonpurpose Investments (as defined in the applicable Tax Certificate), as directed by the Commission in the applicable 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 Refunding Series Rebate Accounts, or from other moneys provided to it by the Commission.

The Commission and the Trustee shall keep and retain, for a period of six (6) years following the retirement of the related Series of Refunding Bonds, records of the determinations made pursuant to this Section 18-52.13.

In order to provide for the administration of this Section 18-52.13, the Commission may provide for the employment of independent attorneys, accountants and consultants, who shall be selected by the Commission with reasonable care and compensated on such reasonable basis as the Commission may deem appropriate, and the Trustee may rely conclusively upon the opinions, calculations, determinations and advice of such attorneys, accountants and consultants employed hereunder.

**Section 18-52.14. Tax Covenant.** The Commission shall not use or knowingly permit the use of any proceeds of the Refunding 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 Refunding 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

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Certificate. This covenant shall survive the payment in full or defeasance of the Refunding Bonds.

Section 18-52.15. Taxable Bonds. Notwithstanding anything in this Supplemental Resolution to the contrary, in the event the Airport Director or his designee designates a Series of Refunding Bonds as obligations not described in Section 103(a) of the Code, the provisions of Sections 18-52.12, 18-52.13 and 18-52.14 shall not apply to such Series of Bonds.

Section 18-52.16. Continuing Disclosure. The Commission covenants to comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed and delivered in connection with the issuance of each Series of the Refunding Bonds, as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of the 1991 Resolution, failure of the Commission to comply with any Continuing Disclosure Certificate shall not be considered an Event of Default, *provided, 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 Refunding 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 Refunding 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 18-52.16.*

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ADOPTED by the Airport Commission of the City and County of San Francisco this nineteenth day of May, 1998, by the following vote:

Ayes: 4  
Noes: 0  
Absent: 1

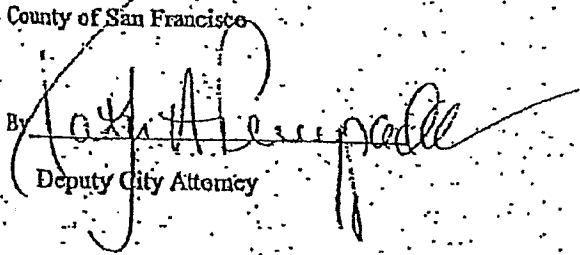
[SEAL]

Approved as to 1

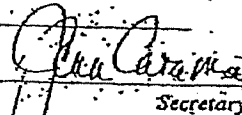
LOUISE H. RENNE

City Attorney of the City and  
County of San Francisco

By

  
Deputy City Attorney

hereby certify that the foregoing resolution was adopted by the Airport Commission  
MAY 19 1998  
its meeting of \_\_\_\_\_

  
Secretary



AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 98-0114

EXHIBIT A  
[FORM OF ISSUE BONDS]

No.

STATE OF CALIFORNIA  
CITY AND COUNTY OF SAN FRANCISCO  
AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO  
SAN FRANCISCO INTERNATIONAL AIRPORT  
SECOND SERIES REVENUE REFUNDING BONDS ISSUE

Dated Date                      Interest Rate                      Maturity Date                      CUSIP No.  
\_\_\_\_\_ 1, \_\_\_\_\_                      .0%                      \_\_\_\_\_

Registered Owner: CEDE & CO.

Principal Sum:

THE AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO, a commission duly organized and existing under and pursuant to the Charter of the City and County of San Francisco and the laws of the State of California (hereinafter called the "Commission"), for value received, hereby promises to pay (but only out of the Net Revenues hereinafter referred to) to the registered owner hereinabove named or registered assign, 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 \_\_\_\_\_ 1, \_\_\_\_\_, and semiannually thereafter on May 1 and November 1 in each year, by check or draft mailed to the person shown as the registered owner of this Bond on the registration books for the Bonds (as hereinafter defined) as of the close of business on the fifteenth day of the calendar month before such

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interest payment date (hereinafter called the "Record Date"), or, upon request to BNY Western Trust Company, as successor trustee to Wells Fargo Bank, National Association, as trustee (hereinafter called the "Trustee"), in San Francisco, California, 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 \_\_\_ Bonds (as hereinafter defined). Payment of the principal or redemption price of this Bond shall be made upon surrender hereof at the office of the Trustee in San Francisco, California. Payment of principal of, premium, if any, and interest on this Bond shall be made in any lawful currency of the United States of America. Interest on this Bond shall be calculated on the basis of a 360-day year of twelve 30-day months.

This Bond is one of a duly authorized issue of San Francisco International Airport Second Series Revenue Refunding 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 of multiple 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 one of a series of Bonds designated as the "Airport Commission of the City and County of San Francisco San Francisco International Airport Second Series Revenue Refunding Bonds, Issue \_\_\_" (hereinafter called the "Refunding Issue \_\_\_ Bonds"), limited to \$\_\_\_\_\_ in aggregate principal amount. This Bond is issued pursuant to a resolution of the Commission, adopted December 3, 1991, as amended and supplemented, including as amended and supplemented by the Seventh Supplemental Resolution adopted May \_\_, 1998, providing for the issuance of the Bonds, including the Refunding Issue \_\_\_ Bonds, and a Refunding Issue \_\_\_ Sale Resolution, providing for certain other terms of the Refunding Issue \_\_\_ Bonds (said resolution and Refunding Issue \_\_\_ 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 Net Revenues, as that term is defined in the Resolution, and the rights of the registered owners of the Bond; and all the terms of the Resolution and the Act are hereby incorporated herein and made a contract between the Commission and the registered owner from time to time of this 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).

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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 the Funds and Accounts provided in the Resolution, 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 Refunding Issue Bonds maturing on or before May 1, 20\_\_ are not subject to optional redemption prior to their respective stated maturity dates. The Refunding Issue Bonds maturing on or after May 1, 20\_\_ 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, 20\_\_, at the following redemption prices (expressed as a percentage of the principal amount of Refunding Issue Bonds called for redemption), together with accrued interest to the date fixed for redemption:

Redemption Period (Dates Inclusive)	Redemption Price
____, 20__ to ____ , 20__	____%
____, 20__ to ____ , 20__	____
____, 20__ and thereafter	100

The term Refunding Issue Bonds maturing May 1, \_\_\_\_ 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, \_\_\_\_ to and including May 1, \_\_\_\_.

In the event Refunding Issue Bonds are to be redeemed, 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 with respect to each Bond to be redeemed which is in registered form, to the registered owner of such Refunding Issue Bond at his or her address as it appears on the records maintained by the Registrar. Failure to give any such notice of redemption or any defect therein shall not affect the validity of any proceedings for the redemption of any Refunding Issue Bonds with respect to which no such failure has occurred.

The Refunding Issue 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 Refunding Issue Bonds without coupons may be exchanged for a like aggregate principal amount of fully

**AIRPORT COMMISSION**

**CITY AND COUNTY OF SAN FRANCISCO**

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Registered Refunding Issue -- Bonds without coupons of other authorized denominations and of the same interest rate and maturity date.

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 Refunding Issue -- Bond or Refunding Issue -- Bonds without coupons, of authorized denomination or denominations, for the same aggregate principal amount, interest rate and maturity date 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 limitation and other limit prescribed by the Constitution and statutes of the State of California and said Charter, and is not in excess of the amount of 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.

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-0114

IN WITNESS WHEREOF, the AIRPORT 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 seal of said Commission to be imprinted or reproduced by facsimile hereon, and this Bond to be dated as of the \_\_\_\_\_ day of \_\_\_\_\_

AIRPORT COMMISSION OF THE CITY  
AND COUNTY OF SAN FRANCISCO

By \_\_\_\_\_  
President

Countersigned:

Secretary of the Commission

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution and registered this \_\_\_\_\_ day of \_\_\_\_\_

BNY WESTERN TRUST COMPANY, as  
successor trustee to WELLS FARGO BANK,  
NATIONAL ASSOCIATION,

as Trustee

By \_\_\_\_\_  
Authorized Signatory

A-5

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 98-0114

**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: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_ Tax ID. No. \_\_\_\_\_

The signatures 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 and must be guaranteed by an eligible guarantor institution.

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 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.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-0146

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.



AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-0146

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.

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 97-0146

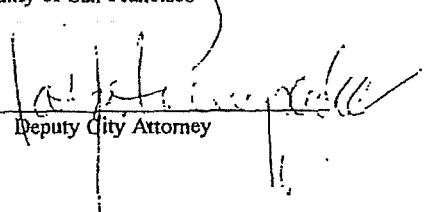
ADOPTED by the Airport Commission of the City and County of San Francisco this 20th day of May, 1997, by the following vote:

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  
MAY 20 1997  
at its meeting of \_\_\_\_\_

Page 63 of 63

  
Secretary

AIRPORTS COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 91-0210

---

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. 91-0210

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 3.691 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 7.306 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

1897D/2440D

91-0210

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 1973 Resolution and Section 3.06 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:

1897D/2440D

## ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions. The following terms, for all purposes of this 1991 Resolution and any Supplemental Resolution, 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 (7) and (8) 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 4.01 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 5.02 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: (a) 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 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, 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 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 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

(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.

(m) Money market accounts of any state or federal bank, or bank whose holding parent company is, rated in the top two short-term or long-term rating categories by at least two Rating Agencies.

(n) Investment agreements the issuer of which is rated in one of the two highest rating categories by at least two Rating Agencies.

(o) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments otherwise permitted in paragraphs (a) through (m) above.

(p) Any other debt or fixed income security specified by the Commission (except securities of the City and any agency, department, commission or instrumentality thereof other than the Commission) and rated in the highest category by at least two Rating Agencies.

"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 6.07 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 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" 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 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 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 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 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, 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 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 1991 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 2.05. 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 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 of, 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 and 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 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 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 a 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 3.01. 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, 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 (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 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:

- (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 of or interest on the Bonds are on deposit therein at least one month prior thereto. Moneys in the accounts in the Debt Service Fund may also be applied to pay or reimburse a Credit Provider for Repayment Obligations to the extent provided 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.

(f) 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 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 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 of or interest or redemption premium on any Subordinate Bonds in the amounts and at the times required by the resolutions and other agreements authorizing the issuance and providing the terms and conditions thereof.

(c) 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)(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 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:

(i) 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 1991 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 of, 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 7.03. 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 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 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 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 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. 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

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. (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 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, *ipso 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 8.13. 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 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 of 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 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 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 9.02. 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, 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.

(D) 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

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 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 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 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) 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 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.

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(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 11.12. Effectiveness. This 1991 Resolution shall be effective from and after its date of adoption.

ARTICLE 1-XII

ISSUE 1 BONDS --  
DEFINITIONS AND GENERAL PROVISIONS

Section 1-12.01. Definitions.

For the purposes of Articles 1-XII and 1-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 1-13.13.

"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 -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 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 of 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 of 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 to 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 I-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, nor 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 1-13.05(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."

(b) 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.

(c) 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 148(a) of the Code and Regulations. To that end, the Commission will comply with all requirements of Section 148 of the Code to the extent applicable to 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 I-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. 91-0210

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 1-13.14. 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

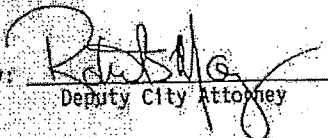
Noes: 0

Absent: 1

[SEAL]

Approved as to form:

LOUISE 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 DEC 3 1991

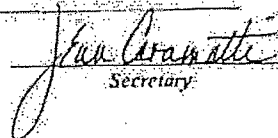
  
Secretary

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

<u>Dated Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>CUSIP No.</u>
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 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.

91-0210

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



91-0210

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

2440D

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**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.