

**AIRPORT COMMISSION**

**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 97-0147**

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

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

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

Adopted on May \_\_, 1997

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

WHEREAS, the Airport Commission of the City and County of San Francisco (the "Commission"), on May \_\_, 1997, duly adopted its Resolution No. 97-\_\_, providing for the issuance of San Francisco International Airport Subordinate Revenue Bonds, (which Resolution, as previously supplemented and amended, including as supplemented by this Resolution No. \_\_ (herein called the "First Supplemental Resolution"), is herein called the "1997 Resolution"); and

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

WHEREAS, the Commission has determined that it is necessary and desirable to authorize the issuance of one or more additional Series of Bonds in the form of commercial paper notes in an aggregate principal amount of not to exceed Four Hundred Million Dollars (\$400,000,000) for the purpose of financing the construction, acquisition, equipping and development of capital improvements at the Airport (the "Projects");

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

## ARTICLE XII

### DEFINITIONS; GENERAL AUTHORIZATION; AND RATIFICATION

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

"Administrative Agent" means Bayerische Landesbank Girozentrale, acting through its New York Branch, as administrative agent for the Banks with respect to the initial Letter of Credit, and any successor as such administrative agent.

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

"Available Moneys" means moneys which are continuously on deposit with the Trustee or the Issuing and Paying Agent in trust for the benefit of the holders of the Commercial Paper Notes in a separate and segregated account in which only Available Moneys are held, which moneys constitute proceeds of (i) the Commercial Paper Notes received contemporaneously with the initial issuance and sale of the Commercial Paper Notes, (ii) a drawing under the Letter of Credit or payments otherwise made under a substitute Letter of Credit, (iii) refunding obligations for which the Trustee has received a written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Trustee and the Rating Agencies to the effect that payment of such moneys to the holders of the Commercial Paper Notes would not constitute an avoidable preference under Section 547 of the United States Bankruptcy Code if the Commission were to become a debtor

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under the United States Bankruptcy Code or (iv) the investment of funds qualifying as Available Moneys under the foregoing clauses.

“Bank” means each of Bayerische Landesbank Girozentrale, acting through its New York Branch and Morgan Guaranty Trust Company of New York, which are issuing the initial Letter of Credit on a several basis, or any other entity that is the issuer of a Letter of Credit then outstanding and effective hereunder. “Banks” means collectively, all of the Banks.

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

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

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

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

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

“Dealer” means each of Goldman, Sachs & Co., Artemis Capital Group Inc., and BT Securities Corp., or any successor or assigns permitted under the Dealer Agreement or any other dealer for the Commercial Paper Notes which is appointed by the Commission and has entered into a Dealer Agreement.

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

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

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

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

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

“Issuing and Paying Agent” means The Chase Manhattan Bank, or any successor or assigns permitted under the Issuing and Paying Agent Agreement or any other Issuing and Paying Agent which is appointed by the Commission and has entered into an Issuing and Paying Agent Agreement. “Principal Office” of the Issuing and Paying Agent means the office thereof designated in writing to the Commission and the Trustee.

“Issuing and Paying Agent Agreement” means the Issuing and Paying Agent Agreement, dated as of May , 1997, between the Commission and the Issuing and Paying Agent, and any and all modifications, alterations, amendments and supplements thereto, or any other Issuing and Paying Agent Agreement entered into by the Commission and the Issuing and Paying Agent with respect to the Commercial Paper Notes.

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

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

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

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

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

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

“Reimbursement Agreement” means the Letter of Credit and Reimbursement Agreement, dated as of May , 1997, by and among the Commission and the Banks, and any and all modifications, alterations, amendments and supplements thereto and any similar document entered into with respect to a subsequent Letter of Credit.

“Series A Notes” means the “Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series A.”

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

“Series B Notes” means the “Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series B.”

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

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

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

“Termination Date” means the sixteenth day prior to the Expiration Date.

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

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

Section 12.04. General Authorization. The appropriate officers, agents and employees of the Commission are each hereby authorized and directed for and in the name and on behalf of the Commission to take all actions and to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they, or any of them, deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of one or more Series of Commercial Paper Notes in accordance with the provisions hereof and of the 1997 Resolution.

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

## ARTICLE XIII

### THE COMMERCIAL PAPER NOTES

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

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

(b) The Commission hereby authorizes the issuance of its “Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Notes, Series A” and “Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate

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Commercial Paper Notes, Series B” subject to the provisions of this Section 13.01 and as hereinafter provided. The Series A Notes shall be issued from time to time as provided herein to finance and refinance the cost of Series A Projects, and the Series B Notes shall be issued from time to time as provided herein to finance and refinance the cost of Series B Projects. Proceeds of Commercial Paper Notes issued to refinance other Commercial Paper Notes may be used to pay or reimburse the Banks for Advances used to pay principal or interest due on such maturing Commercial Paper Notes; *provided, however*, that proceeds of Series A Notes may only be used to pay or to reimburse the Banks for Advances used to pay principal or interest due on Series A Notes and proceeds of Series B Notes may only be used to pay or to reimburse the Banks for Advances used to pay principal or interest due on Series B Notes. Such authorization specifically includes the authorization to issue and reissue Commercial Paper Notes for such purposes. The aggregate principal amount of Commercial Paper Notes that may be Outstanding at any one time hereunder shall not at any time exceed the lesser of (i) \$400,000,000 and (ii) the Principal Component (as defined in the Letter of Credit) then available under the Letter of Credit. At no time shall the aggregate amount of interest payable on the Outstanding Commercial Paper Notes exceed the Interest Component (as defined in the Letter of Credit) then available under the Letter of Credit.

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

(d) Commercial Paper Notes (i) shall bear interest payable at maturity at an annual rate (calculated on the basis of a year consisting of 365/366 days and actual number of days elapsed), which shall not in any event exceed the Maximum Rate, (ii) shall mature on a Business Day not more than 270 days after their respective dates, but in no event later than the Termination Date, and (iii) shall be sold by the Dealers pursuant to a Dealer Agreement at a price of not less than 100% of the principal amount thereof. The stated interest rate, maturity date and other terms of each Commercial Paper Note, so long as not inconsistent with the terms of this First Supplemental Resolution, shall be as set forth in the Issuance Request required by Section 13.06 hereof directing the issuance of such Commercial Paper Note.

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

(f) The Series A Notes and the Series B Notes shall be numbered in such manner as the Issuing and Paying Agent may deem appropriate.

(g) Commercial Paper Notes which are issued to finance or refinance Series A Projects shall be designated as Series A Notes. Commercial Paper Notes which are issued to finance or refinance Series B Projects shall be designated as Series B Notes.

(h) The Commercial Paper Notes shall constitute Bonds within the meaning of the 1997 Resolution and the Series A Notes and the Series B Notes, collectively, shall constitute a single Commercial Paper Program within the meaning of the 1997 Resolution.

Section 13.02. Payment. The Commission covenants to duly and punctually pay or cause to be paid from Net Revenues in accordance with the 1997 Resolution, the principal of and interest on each and every



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

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

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

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

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

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

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

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

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

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

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

The Issuing and Paying Agent shall pay all principal of and interest on the Commercial Paper Notes only to or upon the order of the Note Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Commission's obligations with respect to the payment of the principal of and interest on the Commercial Paper Notes to the extent of the sum or sums so paid. Upon delivery by the Note Depository to the Issuing and Paying Agent and the Trustee of written notice to the effect that the Note Depository has determined to substitute a new Nominee in place of the current Nominee, and subject to the provisions herein with respect to record dates, the word Nominee in this Article XIII shall refer to such new Nominee.

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

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whatsoever with respect to persons having beneficial ownership interests in the Commercial Paper Notes other than the Noteholders.

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

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

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

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

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

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Upon receipt of such Issuance Request (which may be transmitted by mail, telecopy or other electronic communications method, or by telephone, promptly confirmed in writing), the Issuing and Paying Agent shall, by 2:15 p.m. (New York City time) on such day, complete each Series A Note and each Series B Note then to be delivered as to amount, date, maturity date, interest rate and interest amount specified in such Issuance Request, and deliver each such Commercial Paper Note to or upon the order of the Dealer upon receipt of payment therefor; *provided, however*, that no such Commercial Paper Notes shall be delivered by the Issuing and Paying Agent if such delivery would result in the aggregate principal amount of Commercial Paper Notes Outstanding being in excess of the lesser of (i) \$400,000,000 and (ii) the Principal Component (as defined in the Letter of Credit) then available under the Letter of Credit, or would result in the aggregate amount of interest payable on Outstanding Commercial Paper Notes to exceed the Interest Component then available under the Letter of Credit. Notwithstanding any provision herein to the contrary, no such Commercial Paper Notes shall be delivered by the Issuing and Paying Agent if (A) it shall have received notice from a Designated Representative directing the Issuing and Paying Agent to cease authenticating and delivering Commercial Paper Notes until such time as such direction is withdrawn by similar notice, (B) it shall have actual knowledge that a Specified Event of Default shall have occurred and be continuing, (C) it shall have received notice from Bond Counsel that their opinion regarding the exclusion of interest on the Commercial Paper Notes from the gross income for federal tax purposes of the holders thereof is being withdrawn, (D) the maturity date of such Commercial Paper Notes would extend beyond the Termination Date or (E) the Trustee and the Issuing and Paying Agent shall have received a No-Issuance Notice. If an Issuance Request is received after 1:00 p.m. (New York City time) on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested Commercial Paper Notes until the next succeeding Business Day.

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

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

(b) In addition to the Issuance Request described above in this Section 13.06, and as a further condition to the issuance of any Commercial Paper Notes, the Designated Representative shall certify to the Issuing and Paying Agent that, as of the date of delivery of such Commercial Paper Notes, (i) the Letter of Credit is in full force and effect; (ii) after the issuance of such Commercial Paper Notes and the application of the proceeds thereof, the aggregate principal amount of Commercial Paper Notes Outstanding will not exceed the amount that at the time is authorized to be Outstanding hereunder as provided in Section 13.01(b) hereof; (iii) the interest rates borne by the Commercial Paper Notes to be delivered on such date does not exceed the lesser of the Maximum Rate or the rate used in calculating the Interest Component of the Letter of Credit, (iv) unless the Commercial Paper Notes to be issued are taxable, the facts, estimates, circumstances and representations set forth or made (as the case may be) in the Tax Certificate continue to exist and are reaffirmed on such date; (v) the terms of the Commercial Paper Notes do not exceed 270 days and the maturity dates of such Commercial Paper Notes set forth in the Issuance Request do not extend beyond the Termination Date; (vi) the Commission has not been notified by Bond Counsel that their opinion with respect to the validity of the Commercial Paper Notes and the tax treatment of the interest thereof delivered prior to the initial issuance of the Commercial Paper Notes has been revised or withdrawn or, if any such revisions or withdrawal has occurred, the revised opinion or a substitute opinion acceptable to the Dealers has been delivered; (vii) no Specified Event of Default has occurred

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and is then continuing; and (viii) all of the conditions precedent to the issuance of such Commercial Paper Notes set forth in this Section 13.06 of this First Supplemental Resolution have been satisfied.

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

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

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

(i) A fully executed counterpart of the Reimbursement Agreement;

(ii) The executed Letter of Credit;

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

(iv) The Dealer Agreements.

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

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**ARTICLE XIV**

**APPLICATION OF COMMERCIAL PAPER NOTE PROCEEDS**

**Section 14.01. Establishment and Designation of Accounts.**

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

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

(1) "Commercial Paper Debt Service Account," with subaccounts therein designated as the "Series A Debt Service Account" and the "Series B Debt Service Account";

(2) "Commercial Paper Bank Payment Account" and herein called the "Bank Payment Account," with subaccounts therein designated as the "Series A Bank Payment Account" and the "Series B Bank Payment Account"; and

(3) Bank Note Debt Service Account and herein called the "Bank Note Account".

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

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

**Section 14.03. Application of Moneys in the Construction Account.**

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

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

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

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

(a) On or before 1:30 p.m. New York City time, on the maturity of each Note, the Commission shall deposit from Net Revenues available therefor pursuant to Section 5.05(c) and Section 5.06(b)(ii) of the 1997 Resolution with the Issuing and Paying Agent for deposit in the Bank Payment Account, an amount sufficient, together with all other amounts available to the Issuing and Paying Agent in the related Series subaccount of the Bank Payment Account to pay principal of and interest due on all Notes on such maturity date. The Issuing and Paying Agent shall notify the Commission on or before 5:00 p.m, New York City time, on the Business Day prior to such maturity date, the total amount due on such maturity date.

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

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

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

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

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

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

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

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to be timely and sufficient to pay the entire amount of principal and interest becoming due on all Commercial Paper Notes on such date.

## ARTICLE XV

### THE BANK NOTES

#### Section 15.01. Authorization and Terms of Bank Notes.

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

(b) The Bank Notes shall be dated the date of their respective authentication and issuance; shall be issued in registered form only; shall be issued in any denomination and shall bear interest at the Bank Rate (calculated on the basis of a year consisting of 365/366 days and actual number of days elapsed); *provided, however,* that the interest rate on the Bank Notes shall never exceed the Maximum Rate. Bank Notes shall bear interest from their respective dates, payable in accordance with the Reimbursement Agreement. Principal of Bank Notes shall be payable in accordance with the Reimbursement Agreement. The final maturity of the Bank Notes shall be no later than such date as may be provided for in the Reimbursement Agreement.

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

(d) Each Series of Bank Notes shall be subject to optional prepayment prior to maturity in accordance with, and upon notice as provided by, the Reimbursement Agreement.

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

Section 15.02. Issuance of Bank Notes. In the event that any Bank shall have made an Advance that has not been reimbursed by 4:30 p.m. on the same Business Day, such Bank or the Administrative Agent shall provide notice in writing to the Commission, the Issuing and Paying Agent and the Trustee requesting the issuance of a Bank Note and stating: (i) the amount of the Advance that remains unreimbursed; (ii) the final maturity date of such Bank Note; and (iii) the amount of each scheduled principal installment on such Bank Note. Upon receipt of such notice, the Issuing and Paying Agent shall authenticate a Bank Note of the Series specified in such notice and in accordance with such notice and the certificate of an Authorized Commission Representative delivered to the Issuing and Paying Agent pursuant to Section 15.01(c) and shall deliver such Bank Note to or upon the order of the respective Bank.



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

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

Section 15.04. No Transfers of Bank Notes. To the extent permitted by applicable law, the Bank Notes shall be non-negotiable and non-transferable.

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

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

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

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

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

## ARTICLE XVI

### COVENANTS

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

Section 16.02. Rebate to United States. The Commission will pay or cause to be paid to the United States Government the amounts required by Section 148(f) of the Code and any Regulations promulgated

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

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

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

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

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

Section 16.04. Taxable Notes. Notwithstanding anything in this Supplemental Resolution to the contrary, in the event the Airport Director or his designee designates a Series of Commercial Paper Notes as obligations not described in Section 103(a) of the Code, the provisions of Sections 16.01, 16.02 and 16.03 shall not apply to such Series of Commercial Paper Notes.

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

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Credit at least 60 days prior to the Expiration Date, it shall endeavor to refinance the Series A Projects and the Series B Projects through the issuance of its bonds.

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

## ARTICLE XVII

### ISSUING AND PAYING AGENT; DEALERS

Section 17.01. Appointment of Issuing and Paying Agent. The Commission hereby appoints The Chase Manhattan Bank, as Issuing and Paying Agent and agrees that, at or prior to the time of issuance of the initial Commercial Paper Notes, the Commission will enter into the Issuing and Paying Agent Agreement and the Commission will at all times prior to the Termination Date maintain in effect an Issuing and Paying Agent Agreement, pursuant to which the Issuing and Paying Agent will agree to hold funds, as provided in this First Supplemental Resolution, and fulfill the duties and obligations of the Issuing and Paying Agent as set forth in the First Supplemental Resolution.

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

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

(c) The Issuing and Paying Agent shall maintain such books, records, and accounts as may be necessary to evidence the obligations of the Commission resulting from the Commercial Paper Notes, the principal amounts owing thereunder, the maturity schedule therefor, the respective rates of interest thereon and the principal and interest paid from time to time thereunder. So long as the Commercial Paper Notes are in book-entry form, in any legal action or proceeding with respect to a master note, the entries made in such books, records or accounts shall be, absent manifest error, conclusive evidence of the existence and the amounts of the obligations of the Commission therein recorded.

Section 17.03. Resignation and Replacement of Issuing and Paying Agent. The Issuing and Paying Agent may at any time resign and be discharged of the duties and obligations created by this First Supplemental

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

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

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

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

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

## ARTICLE XVIII

### MISCELLANEOUS

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

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conditions to the Issuing and Paying Agent's ability to release an existing Letter of Credit and accept a substitute Letter of Credit:

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

(b) There shall be delivered to the Commission, the Trustee and the Issuing and Paying Agent written evidence from each Rating Agency then maintaining a rating on the Commercial Paper Notes, that the substitution of such Letter of Credit will not, in and of itself, result in any rating then assigned to the Commercial Paper Notes being suspended, reduced or withdrawn.

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

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

(e) An opinion of Bond Counsel shall be delivered to the effect that the substitution of the Letter of Credit is authorized hereunder and (with respect to Notes other than taxable Notes) will not, in and of itself, adversely affect the exclusion from gross income for federal tax purposes of interest on the Notes.

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

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

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

Section 18.05. Banks to Control Remedies. Pursuant to Section 7.13 of the 1997 Resolution, while each Letter of Credit is in effect, so long as a Bank is not Insolvent and is not in default under its Letter of Credit, no remedy under the 1997 Resolution with respect to the Commercial Paper Notes may be pursued without the prior written consent of such Bank. Each Bank shall have the right to direct the Trustee to pursue

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any right, power, or remedy available under the 1997 Resolution with respect to the assets, if any, available under the 1997 Resolution which secure no Bonds other than the Bonds secured by the Letter of Credit. If, at any time, more than one Bank is eligible to exercise the powers provided in this Section 18.05, the Trustee must obtain the consent of all eligible Banks when consent of a Bank is required, and the Trustee need not follow any direction in accordance with the preceding sentence unless such direction is approved in writing by all eligible Banks.

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

Section 18.07. Notices to Rating Agencies. The Commission shall provide the Rating Agencies with written notice of the occurrence of the following events: (i) changes in Dealers, (ii) the appointment of a successor Issuing and Paying Agent, (iii) amendments to the 1997 Resolution pursuant to Section 9.02, (iv) the expiration, termination, substitution or extension of a Letter of Credit, and (v) the defeasance of all Outstanding Commercial Paper Notes. Notices to Moody's shall be addressed as follows (or as provided in any subsequent notice to the Commission) Moody's Investors Service, 99 Church Street, New York, New York 10007, Attention: Structured Finance Group.

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ADOPTED by the Airport Commission of the City and County of San Francisco this 20th day of May, 1997, by the following vote:

Ayes: 6

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 Airport Commission  
at its meeting of MAY 20 1997

  
Secretary

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**EXHIBIT A**

(Form of Master Note)

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

Registered Owner: CEDE & CO.

Principal Sum: Not to Exceed \$ \_\_\_\_\_ Outstanding

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

This Note is one of a duly authorized issue of San Francisco International Airport Second Series Subordinate Revenue Bonds of the Commission (hereinafter called the "Obligations") of the series and designation indicated on the face hereof. Said authorized issue of Obligations is not limited in aggregate principal amount and consists of multiple series of varying denominations, dates, maturities, interest rates and other provisions, as in the Resolution hereinafter mentioned provided, all issued and to be issued pursuant to the provisions of the Charter of the City and County of San Francisco, and all laws of the State of California supplemental thereto, including the Revenue Bond Law of 1941 to the extent made applicable by said Charter and the Administrative Code of the City and County of San Francisco (hereinafter called the "Act"). This Note evidences a series of Notes designated as the "Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Commercial Paper Note, Series     " (hereinafter called the "Series      Notes"), limited to \$ \_\_\_\_\_ in aggregate principal amount. This Note is issued pursuant to a resolution of the Commission, adopted May     , 1997, as amended and supplemented, including as supplemented by the First Supplemental Resolution adopted \_\_\_\_\_, 1997, providing for the issuance of the Obligations,



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including the Series \_ Notes and the Series \_ Notes, in the aggregate principal amount of \$ \_\_\_\_\_, (hereinafter collectively called the "Resolution").

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

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

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

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

The Commission, Chase Trust Company of California, as Trustee (herein called the "Trustee"), and the Issuing and Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Commission, the Trustee and the Issuing and Paying Agent shall not be affected by any notice to the contrary.

The rights and obligations of the Commission and of the registered owners of the Obligations may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Resolution, provided that no such modification or amendment shall (i) extend the stated maturity of any Obligation, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, or change the currency for any payment of principal thereof or redemption premium or interest thereon, without the consent of the holder of each Obligation so affected, or (ii) reduce the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification or permit the creation of a lien upon the Net Revenues prior to or on a parity with

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the lien of the Resolution, without the consent of the holders of all of the Obligations then outstanding, or (iii) except as expressly permitted by the Resolution, prefer or give priority to any Obligation without the consent of the registered owner of each Obligation not receiving such preference or priority.

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

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

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

AIRPORT COMMISSION OF THE CITY  
AND COUNTY OF SAN FRANCISCO

By

President

Countersigned:

Secretary of the Commission

**AIRPORT COMMISSION**

**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 97-0147**

**CERTIFICATE OF AUTHENTICATION**

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

**THE CHASE MANHATTAN BANK, as Issuing and Paying Agent**

By \_\_\_\_\_  
Authorized Signatory

**ASSIGNMENT**

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

\_\_\_\_\_  
(Name, address, and Taxpayer Identification Number of Assignee)  
this Master Note and all rights thereunder, hereby irrevocably constituting and appointing  
\_\_\_\_\_ attorney to transfer said Master Note on the books of the Commission with full  
power of substitution in the premises.

Dated:  
Signature(s) Guaranteed

\_\_\_\_\_  
(Signature)

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

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

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**EXHIBIT B**

(Form of Bank Note)

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

Dated Date                      Principal Payment                      Final Maturity Date

Registered Owner:

Original Principal Sum:

The AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO, a commission duly organized and existing under and pursuant to the Charter of the City and County of San Francisco and the laws of the State of California (hereinafter called the "Commission"), for value received, hereby promises to pay (but only out of the Net Revenues hereinafter referred to) to the registered owner hereinabove named, on each January \_\_, April \_\_, July \_\_, and October \_\_, commencing \_\_\_\_\_, to and including the final maturity date hereinabove stated (each a "Payment Date") (subject to any right of prior prepayment hereinafter mentioned) the principal payment hereinabove stated together with interest on the principal balance outstanding from its dated date until the principal hereof shall have been paid, at the applicable Bank Rate (as defined in that certain Letter of Credit and Reimbursement Agreement, dated as of \_\_\_\_, 1997, by and among the Commission, Bayerische Landesbank Girozentrale, acting through its New York Branch, and Morgan Guaranty Trust Company of New York, as Co-Agents and Bayerische Landesbank Girozentrale, as Administrative Agent (hereinafter called the "Agreement")) payable on each Payment Date, by wire transfer to \_\_\_\_\_.

Payment of the principal of this Note at final maturity or prepayment price upon prior prepayment in full of this Note shall be made upon surrender hereof at the office of The Chase Manhattan Bank, as Issuing and Paying Agent in New York, New York. Payment of principal of, and interest on, this Note shall be made in any lawful currency of the United States of America. Interest on this Note shall be calculated on the basis of a 365 or 366 day year and actual days elapsed.

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

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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 and the Administrative Code of the City and County of San Francisco (hereinafter called the "Act"). This Note evidences a series of Notes designated as the "Airport Commission of the City and County of San Francisco San Francisco International Airport Subordinate Revenue Note, \_\_\_\_\_ Series" (hereinafter called the "Series \_ Notes"), limited to \$\_\_\_\_\_ in aggregate principal amount. This Note is issued pursuant to a resolution of the Commission, adopted May \_\_, 1997, as amended and supplemented, including as supplemented by the First Supplemental Resolution adopted \_\_\_\_\_, 1997, providing for the issuance of the Obligations, including the Series \_ Notes and the Series \_ Notes, in the aggregate principal amount of \$\_\_\_\_\_ (hereinafter collectively called the "Resolution").

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

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

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

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

The Commission, Chase Trust Company of California, as Trustee (herein called the "Trustee"), and the Issuing and Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Commission, the Trustee and the Issuing and Paying Agent shall not be affected by any notice to the contrary.

The rights and obligations of the Commission and of the registered owners of the Obligations may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Resolution,

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

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

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

**AIRPORT COMMISSION**

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

AIRPORT COMMISSION OF THE CITY  
AND COUNTY OF SAN FRANCISCO

By \_\_\_\_\_  
President

Countersigned:

Secretary of the Commission

**CERTIFICATE OF AUTHENTICATION**

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

THE CHASE MANHATTAN BANK, as Issuing and Paying Agent

By \_\_\_\_\_  
Authorized Signatory