

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

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

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

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

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

20 WHEREAS, The Airport Commission, by its Resolution No. 15-0182 (as supplemented  
21 and amended, the “Eighteenth Supplemental Resolution”) designated the planned Hotel as a  
22 “Special Facility,” as defined in the 1991 Resolution, and determined that revenues from the  
23 Hotel would constitute “Special Facility Revenues” as defined in the 1991 Resolution and  
24 would not be included as “Revenues” under the 1991 Resolution, and authorized the issuance  
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1 of bonds issued by the Airport Commission and secured solely by Hotel revenues (the “Hotel  
2 Special Facility Bonds”), and, by its Resolution No. 17-0045, the Airport Commission  
3 increased the maximum aggregate principal amount of the authorized Hotel Special Facility  
4 Bonds to \$260,000,000; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 FURTHER RESOLVED, That in May 2021, the Airport Director shall provide a written  
7 report to the Board of Supervisors for inclusion into the official file on the Airport's and the  
8 Hotel's revenues and expenditures to date in Fiscal Year 2020-21; projected revenues and  
9 expenditures for Fiscal Year 2021-22; the status of the Hotel Special Facility Bonds and  
10 payment of debt service on the Hotel Special Facility Bonds; and the status of major Airport  
11 capital projects and the Passenger Facility Charge fund balance; and, be it

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

16 FURTHER RESOLVED, That the Airport Commission and its proper officers, agents  
17 and employees and those of the City are hereby authorized to take such actions or execute  
18 such certificates, documents and agreements, in consultation with the City Attorney, as may  
19 be necessary or desirable to carry out the intents and purposes of this Resolution and the  
20 transactions contemplated hereby, including technical conforming amendments to the  
21 contracts authorized by the Commission Hotel Bond Resolutions (the "Other Documents")  
22 without the need for further approval by this Board; provided, that any such other actions or  
23 execution of any such Other Documents are intended solely to further the purposes of this  
24 Resolution, and are subject in all respects to the terms of this Resolution; and provided  
25 further, that no such actions or execution of such Other Documents shall increase the risk to

1 the Airport Commission or the City or require the Airport Commission or the City to expend  
2 any resources not otherwise authorized hereby; and, be it

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

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City and County of San Francisco

Tails  
Resolution

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

File Number: 210007

Date Passed: February 09, 2021

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

February 03, 2021 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

February 03, 2021 Budget and Finance Committee - RECOMMENDED AS AMENDED

February 09, 2021 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Haney, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 210007

I hereby certify that the foregoing Resolution was ADOPTED on 2/9/2021 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo  
Clerk of the Board

Mayor

2.19.21

Date Approved