

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-0145

Resolution Providing for the Issuance and Sale of Not to Exceed \$125,000,000 Principal Amount of San Francisco International Airport Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC) in One or More Series and for the Delegation of the Sale of Such Bonds and the Determination of Related Matters to the Airport Director

WHEREAS, the Airport Commission of the City and County of San Francisco (the "Commission"), has determined that it is desirable to provide for the operation of a jet fuel distribution system and related facilities (the "Fuel System") at the San Francisco International Airport (the "Airport") by the SFO FUEL COMPANY LLC (the "Company"), a Delaware limited liability company whose members shall be air carriers serving the Airport; and

WHEREAS, the Commission has determined to enter into a Fuel System Lease (the "Lease") with the Company to facilitate the operation of the Fuel System and to finance improvements (the "Project") to the Fuel System, gasoline facilities and related facilities at the Airport; and

WHEREAS, the Commission has further determined to enter into a Trust Agreement (the "Trust Agreement"), with BNY Western Trust Company, as trustee (the "Trustee") to facilitate the financing of said improvements through the issuance of its Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC) (the "Bonds") in one or more series, in an aggregate principal not to exceed \$125,000,000; and

WHEREAS, the Bonds will be payable solely from payments made by the Company pursuant to the Lease, and further secured by certain security agreements between the Company and the Trustee, and shall not be payable from or secured by the general revenues of the Airport; and

WHEREAS, the Bonds will be issued pursuant to and in accordance with applicable provisions of the Charter of the City and County of San Francisco (the "City"), ordinances and resolutions of the Board of Supervisors, including without limitation, Chapter 48 of the Administrative Code of the City, and the statutes of the State of California; and

WHEREAS, the Commission has determined that it may be desirable to obtain municipal bond insurance for the Bonds; and

WHEREAS, in order to provide for the sale of the Bonds, the Commission has determined that it is desirable to delegate to the Airport Director or his designee (the "Airport Director") the authority to enter into, for and on behalf of the Commission, a Bond Purchase Agreement with Smith Barney Inc. and Henderson Capital Partners, Inc. (the "Underwriters");

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

Section 1. The Airport Director is hereby authorized and directed, for and on behalf of and in the name of the Commission, to enter into a Fuel System Lease (the "Lease"), by and between the Commission and the Company, substantially in the form presented to this meeting and on file with the Secretary, with such changes and additions therein as the Airport Director may approve upon consultation with the City Attorney, such approval to be conclusively evidenced by the execution and delivery of the Lease.

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Section 2. The Airport Director is hereby authorized and directed, for and on behalf of and in the name of the Commission, to enter into a Trust Agreement (the "Trust Agreement"), by and between the Commission and the Trustee, substantially in the form presented to this meeting and on file with the Secretary, with such changes and additions therein as the Airport Director may approve upon consultation with the City Attorney, such approval to be conclusively evidenced by the execution and delivery of the Trust Agreement. The Airport Director is further authorized and directed to enter into a separate fee agreement with BNY Western Trust Company for its services as trustee, paying agent, authenticating agent and registrar pursuant to the Trust Agreement under such terms as the Airport Director may approve upon consultation with the City Attorney, provided that the annual fees of the Trustee shall not exceed \$30,000.

Section 3. The Airport Director is hereby authorized and directed, for and on behalf of and in the name of the Commission, to determine the number of series, principal amounts of each series, interest payment dates, dated dates, maturity dates (including serial maturities and/or term maturities), and the terms of any optional or mandatory redemption of the Bonds, the amounts and dates of any mandatory sinking fund payments and the interest rates to be borne by the Bonds; *provided, however*, that the aggregate principal amount of the Bonds shall not exceed \$125,000,000; no Bond shall bear interest at a rate in excess of ten percent (10%) per annum; the final maturity of the Bonds shall be no later than December 31, 2027, the period during which the Bonds may not be called for optional redemption shall end no later than December 31, 2007, and the maximum premium upon optional redemption of the Bonds shall not exceed three percent (3%). The determinations of the Airport Director provided for in this Section 3 shall be set forth in a Certificate of Additional Terms ("Certificate of Additional Terms") to be executed and delivered by the Airport Director on or before the date of issuance of the Bonds, which Certificate of Additional Terms when executed and delivered by the Airport Director, shall constitute a part of the Trust Agreement.

Section 4. The Airport Director is hereby authorized and directed, for and on behalf of and in the name of the Commission, to enter into a Bond Purchase Agreement (the "Purchase Contract") with the Underwriters for the Bonds in such aggregate principal amount not to exceed \$125,000,000 as he may determine, substantially in the form presented to this meeting and on file with the Secretary, with such changes and additions as the Airport Director may approve upon consultation with the City Attorney; *provided, however*, that the purchase price of the Bonds, including any original issue discount, shall not be less than 96% of the par value of the Bonds, plus accrued interest, and the Underwriters' discount shall not exceed 1% of the par value of the Bonds. The Bonds shall be delivered to the Underwriters upon payment of the purchase price therefor.

Section 5. The Bonds, when prepared, shall be delivered to the Trustee for authentication by the Trustee, as Authenticating Agent. The Trustee is hereby authorized and directed to authenticate the Bonds by executing the certificate of authentication appearing thereon, and to deliver the Bonds when duly authenticated to The Depository Trust Company for the account of Smith Barney Inc., as representative of the Underwriters in accordance with written instructions executed on behalf of the Commission by the President and the Secretary, which instructions the President and the Secretary are hereby authorized and directed to execute and to deliver to the Trustee.

Section 6. The Underwriters are hereby authorized to distribute a preliminary Official Statement, in such form as the Airport Director or his designee shall approve upon consultation with the City Attorney, to prospective purchasers of the Bonds. The Airport Director is hereby further authorized to execute and deliver a final Official Statement, in substantially the form of said preliminary Official Statement, with such changes and

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additions thereto as the Airport Director shall approve upon consultation with the City Attorney, such approval to be evidenced conclusively by the execution and delivery by the Airport Director of said final Official Statement as so added to or changed. The Airport Director is hereby authorized to certify that the preliminary Official Statement and the final Official Statement are, as of their respective dates, "deemed final" (with such exceptions as are permitted by Rule 15c2-12 of the Securities and Exchange Commission) by the Commission within the meaning of said rule. The Airport Director is hereby further authorized and directed to certify and agree on behalf of the Commission to provide certain financial information and operating data of the Commission annually and notices of certain events, if material, pursuant to Rule 15c2-12(b)(5) of the Securities and Exchange Commission and to execute and deliver a continuing disclosure certificate for the benefit of the holders and beneficial owners of the Bonds in such form as shall be approved by the Airport Director upon consultation with the City Attorney.

Section 7. The Airport Director is hereby authorized, for and on behalf of and in the name of the Commission, to obtain municipal bond insurance for the Bonds in the event the Airport Director determines that obtaining municipal bond insurance will facilitate the issuance of the Bonds at the lowest practicable cost.

Section 8. The actions of the officers, agents and employees of the Commission prior to the adoption of this Resolution to consummate the entering into of the Trust Agreement and the Purchase Contract, the financing and undertaking of the Project and the issuance and sale of the Bonds are hereby ratified, approved and confirmed.

Section 9. The officers, agents and employees of the Commission are hereby authorized to take such actions, to execute such documents, and to enter into such agreements as they may deem necessary or desirable in order to consummate the entering into of the Trust Agreement and the Purchase Contract, the financing and undertaking of the Project and the issuance and sale of the Bonds.

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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 [Signature]
Deputy City Attorney

I hereby certify that the foregoing resolution was adopted by the Airports Commission
at its meeting of MAY 20 1997

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**Airport
Commission**

City and County
of San Francisco

Willie L. Brown, Jr.
Mayor

Henry E. Berman
President

Roland A. Quan
Vice President

Michael S. Strunsky

Larry Mazzola

Linda S. Crayton

JOHN L. MARTIN
Airport Director



San Francisco International Airport

GATEWAY TO THE PACIFIC

MEMORANDUM

May 15, 1997

TO: AIRPORT COMMISSION
Hon. Henry E. Berman, President
Hon. Roland A. Quan, Vice-President
Hon. Michael S. Strunsky
Hon. Larry Mazzola
Hon. Linda S. Crayton

97-0145

MAY 20 1997

FROM: Airport Director

SUBJECT: Authorization To Enter Into Bond Purchase Agreement and Bond Trust Agreement For Fuel System Special Facility Financing

DIRECTOR'S RECOMMENDATION: AUTHORIZE THE DIRECTOR TO ENTER INTO A BOND PURCHASE AGREEMENT WITH SMITH BARNEY, INC., AND HENDERSON CAPITAL PARTNERS, INC., TO SERVE AS UNDERWRITERS FOR A SPECIAL FACILITY FINANCING IN CONNECTION WITH THE SFO FUEL CORPORATION BONDS, AND AUTHORIZE DIRECTOR TO ENTER INTO BOND TRUST AGREEMENT WITH BNY WESTERN TRUST COMPANY TO SERVE AS BOND TRUSTEE.

Background

On December 3, 1996, the Commission authorized Airport staff to conduct a Request for Proposals process for underwriting services in connection with a "special facility financing" for the Airport's jet fuel distribution system (Resolution No. 96-0315).

As described in the previous Commission items regarding the Chevron lease termination and the fuel system lease, the Airport intends to lease its fuel system to SFO Fuel Company, LLC (SFO Fuel). SFO Fuel will finance up to \$125 million in fuel system capital improvements and related costs, and will operate the system. This Commission item authorizes steps necessary to conduct the financing.

THIS PRINT COVERS CALENDAR ITEM NO. _____

Members, Airport Commission

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May 15, 1997

Prior to 1996, the Airport had intended to finance improvements to the Airport's fuel system through the issuance of General Airport Revenue Bonds, including the construction of fuel hydrant systems for the new Boarding Areas A and G, and the North Cargo Facility, as part of the Near-Term Master Plan.

However in 1996, Airport staff and representatives of the airlines agreed that it would be preferable to finance these improvements through what is known as a "special facility financing," under which debt service costs are repaid solely from fuel system lease payments made by the airlines, rather than from the Airport's general revenues. This structure will benefit the Airport because it will facilitate consolidation of ownership of various fuel system facilities. In addition, the fuel system bonds will not count against the Airport's Master Plan bond authorization, nor will any Airport revenues be required to repay the bonds.

This financing will be undertaken pursuant to Chapter 48 of the City's Administrative Code, and the special facility provision of the Commission's 1991 master bond resolution. The additions and improvements to the fuel system will be designed and constructed by SFO Fuel in accordance with Chapter 48 and other applicable provisions of the City's Administrative Code.

Role of the Underwriters

In a special facility financing, the underwriter assists the issuer and the issuer's financial team in designing the financing structure, and then markets the special facility bonds to potential investors. This is commonly referred to as a "negotiated sale."

Underwriter Selection Process

On January 10, 1997, proposals were received from 12 underwriting firms or teams. A selection panel narrowed the list to four firms or teams for the purposes of oral interviews: the team of Goldman Sachs/Coast Partners/Samuel A. Rameriz/Renge Securities; Morgan Stanley; the team of Paine Webber/Piper Jaffray/Lamm Securities; and the team of Smith Barney/Henderson Capital Partners. A panel of Airport staff, City Financial staff, and airline representatives conducted interviews on January 29, 1997.

Based on an evaluation of the qualifications of the personnel for each firm or team, the ability to meet the needs of the Airport, the cost effectiveness of their proposals, and other experience, the panel selected the team of Smith Barney, Inc., and Henderson Capital Partners, Inc., as the most qualified team for this financing. Henderson Capital Partners, Inc., is a woman-owned business with its headquarters in Oakland, California. The personnel on this team are among the few bankers who have participated in a similar airport fuel facility financing.

Members, Airport Commission

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May 15, 1997

In a negotiated bond sale, the final level of compensation for the underwriter and the final level of interest rates for the bonds are agreed to on the day of the bond sale. However, for the purpose of this Commission action, the bond interest rates have been capped at a rate not to exceed 10 percent. Compensation has been set at an amount equal to one percent of the par amount of the bonds, inclusive of all legal costs and other expenses incurred by the underwriters, or such lesser amount as shall be agreed to by the Airport and the underwriters.

The bond interest rates and final compensation will be established by negotiations within the parameters established herein on the day of the bond sale, based upon prevailing market conditions and with the advice of the Commission's Financial Advisors. Assuming that the Fuel System Lease is approved by the Board of Supervisors in June 1997, we expect the bond sale to occur in July 1997.

Role of the Bond Trustee

A bond trustee will be utilized to receive principal and interest debt service payments from the airline fuel consortium, and then to pay principal and interest to bond holders, and to perform other related functions. Airport staff recommends the selection of BNY Western Trust Company, the Airport's current bond trustee in connection with the Near-Term Master Plan, to fulfill this function at a cost not to exceed \$30,000 per year, which will be paid by SFO Fuel.

I recommend authorization to enter into a Bond Purchase Agreement, incorporating the compensation and interest rate provisions described above, with Smith Barney, Inc., and Henderson Capital Partners, Inc., to serve as underwriters for the fuel system special facility financing. I also recommend authorization to enter into a Bond Trust Agreement with BNY Western Trust Company to serve as bond trustee for the fuel system financing.



John L. Martin
Airport Director

Prepared by Spencer Ballard

BOND PURCHASE AGREEMENT

For the Purchase of Not To Exceed

\$125,000,000

Airport Commission of the
City and County of San Francisco
Special Facility Lease Revenue Bonds
(SFO Fuel Company LLC), Series 1997

May 20, 1997

Airport Commission of the City and
County of San Francisco
San Francisco International Airport
San Francisco, California 94111

Ladies and Gentlemen:

The undersigned Smith Barney Inc., as representative (the "**Representative**") on its own behalf and on behalf of Henderson Capital Partners, Inc., (the "**Underwriters**"), offers to enter into this Bond Purchase Agreement (the "**Purchase Agreement**") with the Airport Commission of the City and County of San Francisco (the "**Commission**"), acting through its Airport Director (the "**Director**"). The offer made hereby is subject to acceptance by the Commission, by execution and delivery of this Purchase Agreement to the Underwriters at or prior to 12:00 noon, California time, on the day following the date hereof, but it shall be irrevocable until such time as it is sooner accepted or rejected by the Commission. Upon acceptance of this offer by the Commission in accordance with the terms hereof, this Purchase Agreement will be binding upon the Commission and the Underwriters. Capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Trust Agreement referred to in Paragraph 2 hereof.

1. **Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations, covenants and agreements hereinafter set forth, the Underwriters hereby jointly and severally agree to purchase from the Commission for offering to the public, and the Commission hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of an amount not to exceed \$125,000,000 aggregate principal amount of the Airport Commission of the City and County of San Francisco Special Facility Lease Revenue Bonds (SFO Fuel Company LLC), Series 1997 (the "**Bonds**") in

one or more series and in such principal amount to be determined in accordance with Paragraph 2 herein, at a purchase price equal to not less than 95% of the aggregate principal amount of the Bonds, as may be agreed to by the Underwriters and the Director, including an underwriter's discount equal to 1% of the principal amount of the Bonds, or such lesser amount as shall be agreed to by the Underwriters and the Director. The obligation of the Underwriters to purchase the Bonds and the obligation of the Commission to issue and deliver the Bonds in accordance with this Paragraph 1 is expressly conditioned upon receipt by the Underwriters on or prior to the date of the sale of the Bonds of a certified copy of a resolution of the Board of Supervisors of the City approving the issuance of the Bonds and a Letter of Representation in form and substance satisfactory to the Underwriters executed by SFO FUEL COMPANY LLC (the "Obligor") to be attached hereto as Exhibit A.

2. **The Bonds.** The Bonds shall be as described in the Trust Agreement, dated as of or after May 1, 1997, by and between the Commission and BNY Western Trust Company (the "Trustee") and shall be issued and secured under the provisions of, and shall be payable as provided in the Trust Agreement (the "Trust Agreement"). The Bonds shall be special, limited obligations of the Commission payable solely from Revenues (as defined in the Trust Agreement) received by the Commission from the Obligor pursuant to the terms of a Fuel System Lease, by and between the Commission and the Obligor, which Revenues include amounts payable to the Obligor airlines representing at least 51% of the total jet fuel gallonage at the airport in the last fiscal year (the "Airlines") which will have executed an Interline Agreement with the Obligor on or prior to the date of the Certificate referred to below, and amounts to be payable under a Guaranty of the Obligor (such Fuel System Lease, Interline Agreement, and the Guaranty and the Security Agreement, by and between the Obligor and the Trustee shall be referred to as the "Financing Documents"). The Commission has approved the issuance of the Bonds and the execution of the Trust Agreement and certain other matters in connection with the issuance of the Bonds pursuant to a Resolution adopted on May 20, 1997 (the "Resolution"). The Bonds shall conform in all respects to the terms and provisions set forth in the Trust Agreement.

The Bonds shall be dated the first day of the calendar month in which such Bonds are delivered, shall mature on a date or dates prior to December 31, 2027, but in no event later than the 30th anniversary of the dated date of the Bonds, in principal amounts not exceeding \$125,000,000, be subject to optional, extraordinary and mandatory sinking account redemption in the principal amounts and in the years, and pay interest at a rate not to exceed 10% per annum as determined by the Airport Director in accordance with the Resolution and as evidenced by a Certificate to be attached hereto as Exhibit B.

One fully registered certificate for each maturity of the Bonds will be prepared and delivered as described in Section 10 hereof, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, NY ("DTC"), and will be made available to the Underwriters for inspection at such place as may be mutually agreed to by the Representative and the Commission, not less than one (1) business day prior to the Closing Date, as defined in Section 10 hereof. The Representative shall order CUSIP identification numbers and the Commission shall cause such CUSIP identification numbers to be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Agreement.

3. **Offering.** The Underwriters agree to make a bona fide public offering of all the Bonds at prices not in excess of the respective initial public offering prices to be set forth on the cover page of the Official Statement, plus interest accrued on the Bonds from their date. The Underwriters reserve the right to change such initial offering prices as the Underwriters shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers and others at prices lower than the

initial offering prices set forth on the cover page of the Official Statement. The Underwriters also reserve the right to (i) over allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time. On or prior to the Closing Date, the Underwriters shall provide the Commission with information regarding the prices at which the Bonds were reoffered to the public, in such form as the Commission may reasonably request, for purposes of determining the yield on the Bonds.

To assist in the marketing of the Bonds, the Commission hereby authorizes the Director to provide sufficient copies of Preliminary Official Statement of the Commission relating to the Bonds, (together with the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "**Preliminary Official Statement**") when said Preliminary Official statement has been deemed final for purposes of Rule 15c2-12 described below in connection with the public offering and sale of the Bonds by the Underwriters.

The Underwriters hereby agree to provide, consistent with the requirements of Municipal Securities Rulemaking Board ("**MSRB**") Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Bonds during the underwriting period (as such term is defined in MSRB Rule G-11), and to deliver a copy of the Official Statement to a national repository on or before the Closing Date, and otherwise to comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and 17 CFR Section 240.15c2-12, promulgated by the Securities and Exchange Commission ("**Rule 15c2-12**"); provided however that the Underwriters shall receive a certificate of the Commission to the effect that the Preliminary Official Statement is "deemed final" as of its date within the meaning of Rule 15c2-12 except as may be permitted under Rule 15c2-12 and a certificate of the Obligor in form and substance satisfactory to the Representative and its counsel.

The Commission will deliver to the Underwriters within seven (7) business days from the date of delivery of the Certificate required pursuant to Paragraph 2 hereof sufficient copies of the Official Statement relating to the Bonds as the Underwriters may require, signed by the Commission, dated as of the date of said Certificate in the form of the Preliminary Official Statement with such changes thereto as shall be approved by the Underwriters, which approval shall not be unreasonably withheld (the "**Official Statement**"). The Commission hereby approves the distribution and use of the Official Statement by the Underwriters in connection with the public offering and sale of the Bonds.

4. **Representations and Agreements of the Commission.** The Commission represents to and agrees with the Underwriters that, as of the date hereof:

(a) The Commission is a duly constituted public commission of the City and County of San Francisco (the "**City**"), organized and validly existing pursuant to the Charter of the City.

(b) The Commission has full legal right, power and authority to enter into the Trust Agreement, the Financing Documents to which it is a party and this Purchase Agreement, to adopt the Resolution, and to observe, perform and consummate the covenants and agreements contained in the transactions contemplated by the Trust Agreement, the Financing Documents, this Purchase Agreement, the Resolution, and the Official Statement, and to issue, sell and deliver the Bonds as provided herein.

(c) The Commission has duly adopted the Resolution in accordance with the Charter and the laws of the State; the Resolution is in full force and effect and has not been amended, modified or rescinded; the Commission has duly authorized and approved the execution and delivery of, and the

observance and performance by the Commission of its covenants and agreements contained in the Trust Agreement, the Financing Documents to which it is a party, and this Purchase Agreement, and has duly authorized and approved the consummation by it through its officers and agents of all other transactions contemplated therein to have been performed or consummated at or prior to the Closing Date; and the Commission has complied, and will at the Closing be in compliance in all respects, with the obligations in connection with the issuance of the Bonds on its part contained in the Trust Agreement, the Financing Documents to which it is a party, this Purchase Agreement, the Resolution and the Bonds.

(d) If between the date of the Official Statement and the Closing Date (the "Delivery Period"), any event shall occur or any pre-existing fact or condition shall become known which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Commission shall promptly notify the Underwriters thereof, and, if in the reasonable opinion of the Underwriters, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Commission will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriters, which approval shall not be unreasonably withheld.

(e) The Commission is not in material breach of, or default under, any applicable constitutional provision, law or administrative regulation of the State of California or the United States of America or any applicable judgment or decree or any material agreement to which the Commission is a party, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such material agreement.

(f) The adoption of the Resolution and the execution and delivery of the Trust Agreement, the Bonds, the Financing Documents to which the Commission is a party and this Purchase Agreement, and the observance and performance of the provisions thereof, will not constitute a material breach of, or default under, any constitutional provision, law, administrative regulation, judgment, court decree, or material agreement to which the Commission is a party.

(g) There is no action, suit, proceeding or inquiry at law or in equity, before or by any court, government agency, public board or body, pending or, to the knowledge of the Director threatened, (i) in any way questioning the existence of the Commission or the titles of the officers of the Commission to their respective offices; (ii) in any way contesting, affecting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the collection of the Revenues to be pledged to pay the principal of and interest on the Bonds, or the pledge of such Revenues, or the application of the proceeds of the sale of the Bonds; (iii) in any way contesting or affecting the validity of the Resolution, the Trust Agreement, the Bonds, the Financing Documents or this Purchase Agreement, or the tax-exempt status of the interest on the Bonds, or contesting the powers of the Commission or any authority for the issuance of the Bonds, or the adoption of the Resolution, or the execution and delivery by the Commission of the Trust Agreement, the Financing Documents or this Purchase Agreement; (iv) which may result in any material adverse change relating to the business operations or financial condition of the Commission or its ability to pay the Bonds; or (v) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto.

(h) The Commission will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the Commission in cooperation with the Underwriters as may be reasonably requested (i) to qualify the bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of

America as may be designated by the Underwriters, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds: provided, however, that the Commission shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(i) All authorizations, approvals, licenses, permits, consents and orders of any governmental Authority, legislative body, court, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due observance and performance by the Commission of its obligations in connection with, the issuance of the Bonds under the Trust Agreement, the Financing Documents to which it is a party and this Purchase Agreement, have been duly obtained or where required for future performance are expected to be obtained, except for such authorizations, approvals, licenses, permits, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(j) Except as may be disclosed in the Official Statement, the Commission has not incurred any material liabilities nor has there been any material adverse change in the financial position or results of operation of the Commission since the Commission's most recent audited financial statements.

(k) Any certificate signed by any official of the Commission and addressed to the Underwriters as well as each action or writing by the Director to effectuate this Purchase Agreement, the Bonds, the Trust Agreement or the Financing Documents to which the Commission is a party shall be deemed to be a representation by the Commission hereunder to each of the Underwriters as to the statements made therein.

(l) The Commission has not defaulted in the payment of principal of or interest on any of its bonded indebtedness prior to the date of this Purchase Agreement.

(m) The Commission has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Commission is a bond issuer whose arbitrage certificates may not be relied upon.

(n) The Commission will undertake, pursuant to a Continuing Disclosure Certificate or similar document, to provide and to cause the Obligor to provide, certain annual financial information and notice of the occurrence of certain events, if material, which undertaking will be set forth in the Preliminary Official Statement as well as the Official Statement.

5. **Representations and Agreements of the Underwriters.** The Underwriters represent to and agree with the Commission that, as of the date hereof:

(a) The Underwriters shall comply with the San Francisco Business Tax Ordinance and shall, if not otherwise exempt from such Ordinance, provide to the Commission a Business Tax Registration Certificate on or prior to the date hereof.

(b) The Representative is duly authorized to take any action on behalf of the Underwriters required to be taken by the Representative under the Purchase Agreement.

(c) The Underwriters shall comply with Chapter 12B and 12D of the San Francisco Administrative Code, entitled "Nondiscrimination in Contracts," which are attached hereto as an Appendix and incorporated herein by reference as in effect on the date hereof.

(d) The Representative shall deliver to the Commission a complete bond allocation report (the "**Bond Allocation Report**") setting forth, by dollar amount and maturities, the allocation of the Bonds among the Underwriters.

6. Conditions to Closing.

(a) At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds, the Commission will provide to the Underwriters:

(1) a certificate, signed by an official of the Commission, confirming to the Underwriters that the Preliminary Official Statement as of its date, and the Official Statement as of its date and at the time of Closing, did not and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the business operations, financial condition or affairs of the Commission since the date hereof, excluding in each case any information contained in the Preliminary Official Statement and the Official Statement relating to the Obligor, the Airlines, the report of John F. Brown Company, Inc., information with respect to the bond insurer and the bond insurance policy, if any, and DTC or its book-entry only system.

(2) a certificate, signed by an official of the Commission, confirming to the Underwriters that, as of the Closing Date, all of the representations of the Commission contained in this Purchase Agreement are true and correct.

(3) the unqualified approving opinion of Orrick, Herrington and Sutcliffe LLP and the Law Offices of Pamela S. Jue, Co-Bond Counsel (collectively, "**Co-Bond Counsel**") with respect to the issuance of the Bonds, addressed to the Commission, approving the validity of the Bonds, substantially in the form set forth in the Official Statement and in form and substance satisfactory to the Underwriters and their counsel.

(4) a supplemental opinion of Co-Bond Counsel, dated the Closing Date and addressed to the Commission and the Underwriters, to the effect that:

(A) the statements on the cover of and contained in the Official Statement which describe or summarize the terms of the Series 1997 Bonds, the provisions of the Trust Agreement, the Financing Documents to which the Commission is a party, and the opinions of Co-Bond Counsel, are accurate statements or summaries of the matters therein set forth;

(B) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act");

(C) the Trust Agreement and the Fuel System Lease have been duly executed and delivered by the Commission, and, assuming due authorization, execution and delivery by and validity against the parties thereto other than the Commission, constitute valid and binding obligations of the Commission enforceable against the Commission in accordance with their respective terms except as

such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally, or by the availability of equitable remedies:

(D) the Underwriters may rely upon the opinion described in (4) above as if it were addressed to each of them.

(5) an opinion of the City Attorney of the City, acting as counsel to the Commission, dated the Closing Date and addressed to the Underwriters, to the effect that (i) the Commission is a duly constituted public commission of the City organized and validly existing pursuant to the Charter of the City; (ii) the Resolution was duly adopted at a meeting of the Commission, called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout; the Resolution was approved by the Board of Supervisors of the City; and the Resolution is in full force and effect and has not been modified, amended or rescinded since its approval date; (iii) no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, governmental agency, public board or body is pending or, to the knowledge of the City Attorney, is threatened against the Commission described in Section 5(g) of this Purchase Agreement; (iv) to the best of such attorney's knowledge, the Commission's execution and delivery of the Trust Agreement, the Financing Documents to which the Commission is a party, the Purchase Agreement and the adoption of the Resolution do not and will not constitute on the part of the Commission a material breach or default under any agreement or other instrument to which the Commission is a party or by which it is bound or under the Charter or any existing law, regulation, court order or consent decree applicable to the Commission; (v) the Trust Agreement and the Fuel System Lease have been duly authorized, executed and delivered by the Commission and (assuming due authorization, execution and delivery by the other parties thereto) constitute legal, valid and binding agreements of the Commission enforceable in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limited creditors' rights generally; and (vi) no authorization, approval, consent or other order of the State or any other governmental authority or agency within the State having jurisdiction over the Commission is required for the valid authorization, execution, delivery and performance by the Commission of the Trust Agreement, the Financing Documents to which the Commission is a party and the Purchase Agreement which has not been obtained.

(6) the opinion of counsel to the Trustee, dated the date of the Closing and addressed to the Commission, and the Underwriters, to the effect that: (i) the Trustee is a state banking corporation organized, validly existing and in good standing under the laws of the State of California and has full power and authority to execute and deliver the Trust Agreement and to perform its obligations thereunder; (ii) the Trust Agreement has been duly authorized, executed and delivered by the Trustee and constitutes the valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms.

(7) the opinion of counsel to the Underwriters dated the date of the Closing and addressed to the Underwriters relating to such matters as the Underwriters may require.

(8) executed or certified copies of each of the Resolution, the Trust Agreement, the Financing Documents and the resolution of the Board of Supervisors of the City approving the issuance of the Bonds.

(9) copies of the Official Statement executed on behalf of the Commission and the Obligor.

(10) a copy of executed Continuing Disclosure Certificates of the Commission and of the Obligor in substantially the forms attached to the Preliminary Official Statement and the Official Statement.

(11) tax certifications by the Commission and the Obligor in form and substance satisfactory to Co-Bond Counsel.

(12) evidence that the federal tax information form 8038-G or 8038, as appropriate, has been prepared.

(13) the letters of Moody's Investors Service, Inc., and Standard & Poor's Ratings Group to the effect that such rating agencies have rated the Bonds investment grade (or such other rating as the Underwriters may approve in writing) and that each such rating has not been revoked or downgraded.

(14) a certificate of the Obligor and each Airline in a form and covering such matters as the Commission, Co-Bond Counsel, the Underwriters and their counsel may reasonably request.

(15) an opinion of counsel to the Obligor and of counsel to each Airline in a form and covering such matters as the Commission, Co-Bond Counsel, the Underwriters and their counsel may reasonably request.

(16) a certified copy of a resolution of the Fuel Committee of the Obligor approving execution and delivery of the Fuel System Lease, the Interline Agreement, the Security Agreement and the Guaranty;

(17) the bond insurance policy, if any;

(18) a certificate of the bond insurer, if any, in form and substance satisfactory to the Commission, Co-Bond Counsel, the Underwriters and Underwriters' Counsel;

(19) an opinion of counsel to the bond insurer, if any, in form and substance satisfactory to the Commission, Co-Bond Counsel, the Underwriters and Underwriters' Counsel;

(20) a certificate of John F. Brown Company, Inc., Feasibility Consultant, in form and substance satisfactory to the Commission, Co-Bond Counsel, the Underwriters and Underwriters' Counsel;

(21) a certificate of the Trustee in form and substance satisfactory to the Commission, Co-Bond Counsel, the Underwriters and Underwriters' Counsel;

(22) decisions and official interpretations, including such additional legal opinions, certificates, proceedings, instruments or other documents from the Obligor, the Airlines or such other parties as the Commission, Underwriters, Underwriters' Counsel and Co-Bond Counsel may reasonably request.

(b) The obligations of the Underwriters hereunder shall be subject to the performance by the Commission of its obligations hereunder at or prior to the Closing and are also subject to the condition that, at the time of the Closing, all official action of the Commission, the Obligor and the Airlines relating to this Purchase Agreement, the Official Statement, the Bonds, the Resolution, the Trust

Agreement, and the Financing Documents to which they are a party, shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect from the date hereof except as may have been agreed to in writing by the Underwriters; and shall be subject to the further condition that the Financing Documents and all required certificates, opinions, representations and warranties or other actions by the parties thereto necessary to authorize or to give effect to the transactions contemplated thereby shall have been done or received.

(c) The parties hereto acknowledge that the project to be financed with proceeds of the Bonds is for the benefit of the Airlines operating at the Airport; that certain documents, representations and warranties similar to those provided by the Commission and the Underwriters herein will be required of the Airlines at Closing; and that failure by the Airlines to provide such documents, representations or warranties shall be a basis for the Underwriters' excused termination of this Purchase Agreement under Paragraph 8 hereof.

7. **Termination.**

(a) **By Commission.** In the event of the Commission's failure to deliver the Bonds at the Closing, or inability of the Commission to satisfy the conditions to the obligations of the Underwriters contained herein (unless waived by the Underwriters), or if the obligations of the Underwriters shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate, and the Underwriters shall have no further action for damages, specific performance or any other legal or equitable relief against the Commission arising from such failure under this Purchase Agreement.

(b) **By Underwriters.** The Underwriters may terminate this Purchase Agreement, without any liability therefor, by notification to the Commission as of the Closing Date that:

(1) there shall have occurred and be continuing the declaration of a general banking moratorium by any authority of the United States or the State of New York or the State of California;

(2) there shall be in force a general suspension of trading or other material restrictions not in force as of the date hereof on the New York Stock Exchange or other national securities exchange;

(3) legislation shall have been enacted, or a decision of a court of the United States shall have been rendered or any action shall have been taken by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter which, in the opinion of Co-Bond Counsel, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the Trust Agreement to be qualified under the Trust Indenture Act of 1939, as amended;

(4) the New York Stock Exchange or other national securities exchange, or any governmental Authority, shall impose and there shall be in effect, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or material increase of those restrictions now in force, with respect to the extension of credit by, or the charges to the net capital requirements of, underwriters;

(5) there shall have occurred a declaration of war by the United States, any new outbreak of hostilities or any escalation in existing hostilities, or any other national or international

calamity or crisis, the effect of such outbreak, escalation calamity or crisis that has a material adverse affect on the Underwriter's ability to market the Bonds or to enforce contracts for the sale of the Bonds; or

(6) any legislation, ordinance, rule or regulation shall be enacted by any governmental body, board, department or agency of the State of California or the United States, or a decision by any court of competent jurisdiction within the State of California or any court of the United States shall be rendered affecting the Commission that has a material adverse affect on the marketability or the market price of the Bonds.

8. **Closing.** At or before 8:00 a.m., Pacific time, on such date and time as shall have been mutually agreed upon by the Commission and the Representative, the Commission will deliver or cause to be delivered to the Underwriters the Bonds in definitive form duly executed by the Commission, together with the other documents described in Section 7 hereof; and the Underwriters will accept such delivery and pay the purchase price of the Bonds as determined by the Certificate required pursuant to Paragraph 2 hereof in immediately available funds by wire, in an aggregate amount equal to such purchase price, plus accrued interest, if any, on the Bonds from the date thereof to the date of such payment. Notwithstanding the foregoing, this Purchase Agreement shall be terminated and neither the Commission nor the Underwriters shall have any obligations hereunder if the Bonds have not been delivered on or prior to April 30, 1998; provided, however, that the term of this Purchase Agreement may be extended until April 30, 1999, upon the condition that the Underwriters are in compliance with the City's Non-Discrimination in Benefits Ordinance (Ordinance 440-96, as amended) in effect on the date of such extension.

Payment for the delivery of the Bonds as described herein shall be made at the offices of either Co-Bond Counsel as designated by the Director or at such other place as shall have been mutually agreed upon by the Director and the Representative. The Bonds will be delivered through the facilities of DTC in New York, New York, or at such other place as shall have been mutually agreed upon by the Commission and the Representative. Such payment and delivery is herein called the "Closing" and the date thereof the "Closing Date." The Bonds shall bear CUSIP numbers and shall be made available to the Underwriters at the offices of DTC in New York, New York, at least one business day before the Closing for purposes of inspection. The Bonds shall be registered in the name of Cede & Co. as nominee of DTC and shall be in the form of a separate single fully registered Bond for each of the maturities.

9. **Expenses.** The Commission shall pay, or cause the Obligor to pay, the expenses incident to the performance of its obligations hereunder but solely from the proceeds of the Bonds, which expenses include and are limited to: (i) the cost of the preparation and reproduction of the Resolution, the Bonds, the Financing Documents other than this Purchase Agreement, the report of John F. Brown Company, Inc., any engineering report, and the Trust Agreement; (ii) the fees and disbursements of Co-Bond Counsel; (iii) the fees and disbursements of Co-Financial Advisors to the Commission; (iv) the fees and disbursements of the City Attorney; (v) the costs of the preparation, printing and delivery of the Bonds; (vi) the costs of the preparation, printing and delivery of the Preliminary Official Statement, the Official Statement, and any amendments or supplements thereto in the quantity requested by the Underwriters in accordance herewith; (vii) rating fees of Moody's Investors Service, Inc. and Standard & Poor's Ratings Group; (viii) the fees of the Trustee; and (ix) the costs of obtaining credit enhancement, if any.

All other costs and expenses incurred by the Underwriters as a result of or in connection with the purchase of the Bonds and their public offering and distribution shall be borne by the Underwriters, including, but not limited to (i) clearing house fees; (ii) DTC fees; (iii) CUSIP fees (iv) CDAIC fees; (v) PSA fees; (vi) MSRB fees; (vii) costs or fees of qualifying the Bonds for offer and

sale in various states chosen by the Underwriters and the costs or fees of preparing Blue Sky or legal investment memoranda to be used in connection therewith; and (viii) fees of counsel to the Underwriters.

10. **Indemnification.** The Underwriters agree to indemnify and hold harmless the Commission, and their supervisors, officers, employees and agents, from and against any and all losses, claims, damages, liabilities, attorneys' fees and other expenses of every conceivable kind, character or nature whatsoever (including the reasonable costs of investigation) arising out of, resulting from or in any way connected with:

(a) any violation or alleged violation in the offering or sale of the Bonds by the Underwriters, of the Blue Sky laws or any other similar laws applicable to the offering or sale of the Bonds, of any jurisdiction in which any such offering or sale is made; or

(b) the failure of the Underwriters to send or give to any purchaser of any Bonds a copy of the Official Statement pursuant to Section 4 of this Purchase Agreement, concurrently with the written confirmation of the sale of such Bonds (to the extent supplemented or amended, as so supplemented or amended).

11. **Notices.** Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the introductory paragraph hereof) may be given by delivering the same in writing to:

To the Commission:

Airport Commission of the City and County of San Francisco
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128
Attn: Deputy Airport Director - Business and Finance

To the Underwriters:

Smith Barney Inc.
Public Finance
390 Greenwich Street, 2nd Floor
New York, NY 10013
Attn: Manager - Public Finance

Henderson Capital Partners, Inc.
330 Second Street
3rd Floor
Oakland, CA 94607

12. **Governing Law.** The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State of California.

13. **Parties in Interest.** This Purchase Agreement when accepted by the Commission in writing as heretofore specified shall constitute the entire agreement between the Commission and the Underwriters (including the successors or assigns thereof) except as may be supplemented by the

Certificate of the Director pursuant to Paragraph 2 hereof. No other person shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements in this Purchase Agreement of each of the parties hereto shall remain operative and in full force and effect, regardless of (a) delivery of and payment for the Bonds hereunder, or (b) any termination of this Purchase Agreement.

14. **Headings**. The headings of the paragraphs of this Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

15. **Effectiveness**. This Purchase Agreement shall become effective upon the execution of the acceptance hereof by the Director and shall be valid and enforceable at the time of such acceptance.

16. **MacBride Principles -- Northern Ireland**. The City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

17. **Tropical Hardwoods**. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

18. **Counterparts and Facsimile Signature**. This Purchase Agreement may be executed by facsimile transmission and in several counterparts, which together shall constitute one and the same instrument.

19. **Parties in Interest; Survival of Representations and Agreements; Severability**. This Purchase Agreement is made solely for the benefit of the Commission, the Obligor and the Underwriters (including the successors and assigns of the Underwriters), and no other person will have any rights under this Purchase Agreement. All the representations and agreements of the Commission in this Purchase Agreement and of the Obligor in the Letter of Representation will remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriters, delivery of and payment for the Bonds under this Purchase Agreement and any termination of this Purchase Agreement.

If any provision of this Purchase Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Purchase Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Purchase Agreement, and this Purchase Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. The Commission and the Underwriters hereby declare that they would have entered into this Purchase Agreement and each and every paragraph, sentence, clause or phrase hereof irrespective of the fact that anyone or more paragraphs, sentences, clauses or phrases of this Purchase Agreement may be held illegal, invalid or unenforceable.

20. The Underwriters agree that neither of them is the government of Burma (Myanmar), a person or business entity organized under the laws of Burma (Myanmar) or a "prohibited person or entity" as defined in Section 12J2(g) of the San Francisco Administrative Code. Chapter 12J of the San Francisco Administrative Code is hereby incorporated by reference as though fully set forth herein.

SMITH BARNEY INC.
HENDERSON CAPITAL PARTNERS, INC.

by SMITH BARNEY INC., as Representative

By: _____
Title: Director

Accepted by:

AIRPORT COMMISSION OF THE CITY
AND COUNTY OF SAN FRANCISCO

APPROVED AS TO FORM:

By: _____
Airport General Counsel

By: _____
Director

The obligations set forth under Section 1, Section 7(a)(14), 7(a)(15), 7(a)(16) and under Section 9 are hereby acknowledged and agreed to by:

SFO FUEL COMPANY LLC

By: _____

Title: _____

EXHIBIT A

**LETTER OF REPRESENTATION
OF
SFO FUEL COMPANY LLC**

EXHIBIT B

**CERTIFICATE
OF
AIRPORT DIRECTOR**

Fourth Draft
5/7/97
PSJ

TRUST AGREEMENT

By and Between

BNY WESTERN TRUST COMPANY,
as Trustee

and the

AIRPORT COMMISSION OF THE CITY AND COUNTY
OF SAN FRANCISCO

Dated as of May 1, 1997

Relating to

SAN FRANCISCO INTERNATIONAL AIRPORT
SPECIAL FACILITIES LEASE REVENUE BONDS
(SFO FUEL COMPANY LLC)

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TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of May 1, 1997, by and between AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO (the "Commission"), a unit of government of the City and County of San Francisco (the "City"), and BNY WESTERN TRUST COMPANY (the "Trustee"), a state banking corporation duly organized and existing under the laws of the State of California, which is authorized to exercise corporate trust powers as Trustee,

W I T N E S S E T H:

WHEREAS, the Commission is a governmental unit of the City established and authorized to transact business and exercise its powers in connection with the construction, management, supervision, maintenance, extension operation, use and control of all property comprising San Francisco International Airport (the "Airport") under the provisions of Section 4.115 of the Charter of the City effective July 1, 1996 (the "Charter"), and is authorized pursuant to said Section 4.115 of the Charter to borrow money to assist in the financing of capital improvements to the Airport; and

WHEREAS, the Commission, pursuant to Resolution No. ____, adopted on _____, 1997, has authorized the execution and delivery of a Fuel System Lease, to be dated as of May 1, 1997 (the "Fuel System Lease"), with the SFO FUEL COMPANY LLC, a Delaware Limited Liability Company (the "Company");

WHEREAS, the City, pursuant to Resolution No. ____, adopted on _____, 1997 and signed by the Mayor on _____, 1997, has authorized the execution and delivery of the Fuel System Lease; and

WHEREAS, prior to the issuance of Bonds, the Commission and the Company will have entered into the Fuel System Lease pursuant to which the Commission will lease to the Company, and the Company will lease from the Commission, certain elements of the Fuel System; and

WHEREAS, the Company and the Contracting Airlines (as hereinafter defined) by the date of delivery of the first Series of Bonds issued hereunder to the original purchasers thereof will have entered into an Interline Agreement to be dated as of ___ 1, 1997, as amended from time to time (the "Interline Agreement"), pursuant to which the Contracting Airlines will be obligated to pay their respective shares of the Facilities Rent and all other obligations arising under the Fuel System Lease; and

WHEREAS, pursuant to a Guaranty, to be dated as of May 1, 1997 (the "Guaranty"), between the Company and the Trustee, the Company will guaranty the payment of principal of, premium, if any, and interest on the 1997 Bonds; and

WHEREAS, the Company, pursuant to a Security Agreement, to be dated as of May 1, 1997 (the "Security Agreement"), between the Company and the Trustee, will assign certain of its rights under the Interline Agreement to the Trustee; and

WHEREAS, the Commission, pursuant to Resolution No. ____, has authorized the issuance of its Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC), Series 1997 (the "1997 Bonds"), in one or more Series, in an aggregate principal amount not to exceed One Hundred Twenty-

Five Million Dollars (\$125,000,000), for the purpose of financing the acquisition and construction of improvements to the fuel distribution facilities within the Airport; and

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

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed and duly issued by the Commission, the valid, binding and legal obligations of the Commission payable in accordance with their terms, and to constitute this Trust Agreement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Trust Agreement have been in all respects duly authorized;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and Outstanding under this Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the holders thereof, and for other valuable he Trustee, for the benefit of the respective holders from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. All terms defined in Section 1.01 of the Fuel System Lease and not otherwise defined herein shall have the meanings set forth therein. In addition, the following words and terms, unless a different meaning clearly appears from the context, shall have the following meanings in this Trust Agreement:

“Additional Bonds” means Bonds of any series issued and delivered pursuant to Sections 3.05 and 3.06 hereof.

“Authorized Commission Representative” means the Airport Director or the Deputy Airport Director for Business and Finance, or the respective successors to the powers and duties thereof, or such other person as may be designated to act on behalf of the Commission by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Commission by the Airport Director or the Deputy Airport Director for Business and Finance, or their respective successors.

“Authorized Company Representative” means the Chairperson of the Fuel Committee or such other person as may be designated to act on behalf of the Company by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Company by the Chairperson of the Fuel Committee.

“Bond Counsel” mean any attorney or firm of attorneys of national and favorable reputation in the field of municipal bond finance.

“Bond Fund” means the fund of that name established pursuant to Section 5.01 hereof.

“Bondholder,” “Holder” or “Owner” or any similar term means the registered owner of any Bond.

“Bonds” means the “Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC)” issued by the Commission from time to time in series pursuant to this Trust Agreement, including the 1997 Bonds and any series of Additional Bonds authenticated and delivered under this Trust Agreement.

“Bond Year” means the period of 12 consecutive months ending on the _____ day of _____ in any year in which Bonds are Outstanding.

“Business Day” means, unless otherwise specified by supplemental trust agreement, any day of the week other than Saturday, Sunday or a day which shall be, in the State of California, the State of New York or in the jurisdiction in which the Corporate Trust Office of the Trustee or the principal office of the Registrar is located, a legal holiday or a day on which banking institutions are authorized or obligated by law or executive order to close.

“Capitalized Interest Fund” means the fund of that name established pursuant to Section 3.03 hereof.

“Certificate of the Airport Director” means one or more certificates signed by the Airport Director of the Airport, the President of the Commission, or such other person as may be authorized by resolution of the Commission to sign such certificate, including, but not limited to, the Certificate of Additional Terms attached hereto as Exhibit C and hereby incorporated herein by reference.

“Certificate of a Firm of Independent Public Accountants” means a certificate signed by independent public accountant or a firm of independent public accountants selected by the Commission.

“City” means the City and County of San Francisco, a chartered city and county, organized under the laws and Constitution of the State of California.

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

“Commission” means the Airport Commission of the City and County of San Francisco as duly constituted from time to time under the Charter, and all commissions, agencies or public bodies which shall succeed to the powers, duties and obligations of the Commission.

“Company Operation Fund” means the fund of that name established pursuant to Section 5.02 hereof.

“Company Tax Certificate” means a certificate executed and delivered by an Authorized Company Representative upon the initial delivery of a Series of Bonds or any functionally similar

replacement certificate subsequently executed and delivered by an Authorized Company Representative with respect to the requirements of the Code relating to such Series of Bonds.

“Construction Fund” means the fund of that name established pursuant to Section 3.04 hereof.

“Contracting Airlines” shall have the meaning assigned to such term in the Interline Agreement.

“Corporate Trust Office” means the office of the Trustee in San Francisco or Los Angeles, California, at which at any particular time its corporate trust business shall be administered, or such other office as it shall designate, except that with respect to the presentation of Bonds for payment, transfer or exchange, such terms shall mean the office or agency of the Trustee at which its corporate agency business shall then be conducted, which as of the date of this Trust Agreement is located

“Costs” means (i) all costs and expenses of every nature incurred in acquiring the Site and in acquiring, constructing modifying, expanding and installing the Facilities, including interest during construction, (ii) all costs and expenses incurred by the Commission, the Trustee, the Company and the City in connection with the execution, sale and delivery of the Bonds, including underwriting fees and commission, certificates and other printing expenses, rating agency fees, and fees and expenses of counsel and accountants; and (ii) all other expenses, fees, costs and outlays necessary or incident to the acquisition, construction, modification, expansion and installation of the Facilities; provided, however, that “Costs” shall include solely (x) costs of tangible property that, for federal tax purposes, could be charged to the Facilities’ capital account or could be deducted instead of charging to the Facilities’ capital account, and/or (y) costs of issuing the Bonds.

“Credit Facility” means a letter of credit, line of credit, standby purchase agreement, municipal bond insurance policy, surety bond or other financial instrument which obligates a third party to pay or provide funds for the payment of the principal or purchase price of and/or interest on any Bonds and which is designated as a Credit Facility herein or in the supplemental trust agreement authorizing the issuance of such Bonds.

“Credit Provider” means the person or entity obligated to make a payment or payments with respect to any Bonds under a Credit Facility.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” means an event of default under this Trust Agreement.

“Financial Newspaper” means a newspaper or financial journal of general circulation in the City of New York, New York or in the City and County of San Francisco, California.

“Fuel System Lease” means the Fuel System Lease, dated as of May 1, 1997, between the Commission, as lessor, and the Company, as lessee, as from time to time amended and supplemented.

“Government Certificates” means evidences of ownership of proportionate interests in future principal or interest payments of Government Obligations, including depository receipts thereof.

Investments in such proportionate interests must be limited to circumstances wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (iii) the underlying Government Obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, or any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Government Obligations" means direct and general obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Interest Account" means the account of that name established in the Bond Fund pursuant to Section 5.01 hereof.

"Interest Payment Date" means, with respect to any Series of Bonds, each date specified herein or in the Supplemental Trust Agreement authorizing the issuance thereof for the payment of interest on such Bonds.

"Interline Agreement" means the interline agreement dated as of ___ 1, 1997, as amended from time to time, between the Company and the contracting airlines party thereto from time to time relating to the operation of the Facilities and other matters.

"1997 Bonds" shall mean collectively the Bonds of the series designated "Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC), Series 1997A" (the "1997A Bonds") and "Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC), Series 1997B" (the "1997B Bonds") and issued pursuant to this Trust Agreement.

"Nominee" means the nominee of the Securities Depository, which may be the Securities Depository, as determined from time to time pursuant hereof.

"Moody's" means Moody's Investors Service, a corporation existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, "Moody's" means any other nationally recognized rating agency designated by the Commission.

"Opinion of Counsel" means an opinion in writing, signed by legal counsel who shall be satisfactory to the Trustee and who may be Bond Counsel or an employee of, or of counsel to, the Commission.

"Outstanding" when used with respect to Bonds means, subject to the provisions of Section 10.02, as of the date of determination, all Bonds theretofore authenticated and delivered under the Trust Agreement, except: (a) Bonds theretofore canceled and delivered to the Trustee or delivered to the Trustee for cancellation; (b) Bonds not deemed outstanding by reason of Section 4.05 or 12.02 hereof; and (c) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered pursuant to the terms of Section 2.08.

“Participants” means those broker-dealers, banks and other financial institutions for which the Securities Depository holds certificates as securities depository.

“Paying Agent” means the Trustee and any such additional Paying Agent with respect to the Bonds as may from time to time be designated by the Commission.

“Permitted Investments” means and include any of the following, if and to the extent the same are at the time legal for the investment of the moneys proposed to be invested therein:

- (a) Government Obligations and Government Certificates.
- (b) Obligations issued or guaranteed by any of the following:
 - (i) Federal Home Loan Banks System;
 - (ii) Export-Import Bank of the United States;
 - (iii) Federal Financing Bank;
 - (iv) Government National Mortgage Association;
 - (v) Farmers Home Administration;
 - (vi) Federal Home Loan Mortgage Corporation;
 - (vii) Federal Housing Administration;
 - (viii) Private Export Funding Corporation;
 - (ix) Federal National Mortgage Association;
 - (x) Federal Farm Credit System;
 - (xi) Resolution Funding Corporation;
 - (xii) Student Loan Marketing Association; and
 - (xiii) any other instrumentality or agency of the United States.
- (c) Pre-refunded municipal obligations rated in the highest rating category by at least two Rating Agencies and meeting the following conditions:
 - (i) such obligations are: (A) not subject to redemption prior to maturity or the Trustee has been given irrevocable instructions concerning their calling and redemption, and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

- (ii) such obligations are secured by Government Obligations or Government Certificates that may be applied only to interest, principal and premium payments of such obligations;
 - (iii) the principal of and interest on such Government Obligations or Government Certificates (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations;
 - (iv) the Government Obligations or Government Certificates serving as security for the obligations have been irrevocably deposited with and are held by an escrow agent or trustee; and
 - (v) such Government Obligations or Government Certificates are not available to satisfy any other claims, including those against the trustee or escrow agent.
- (d) Direct and general long-term obligations of any State of the United States of America or the District of Columbia (a "State") to the payment of which the full faith and credit of such State is pledged and that are rated in either of the two highest rating categories by at least two Rating Agencies.
- (e) Direct and general short-term obligations of any State to the payment of which the full faith and credit of such State is pledged and that are rated in the highest rating category by at least two Rating Agencies.
- (f) Interest-bearing demand or time deposits with, or interests in money market portfolios rated in the highest rating category by at least two Rating Agencies issued by, state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC"). Such deposits or interests must either be: (i) continuously and fully insured by FDIC; (ii) if they have a maturity of one year or less, with or issued by banks that are rated in one of the two highest short term rating categories by at least two Rating Agencies; (iii) if they have a maturity longer than one year, with or issued by banks that are rated in one of the two highest rating categories by at least two Rating Agencies; or (iv) fully secured by Government Obligations and Government Certificates. Such Government Obligations and Government Certificates must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations and Government Certificates must be held by a third party (who shall not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party must have a perfected first lien in the Government Obligations and Government Certificates serving as collateral, and such collateral must be free from all other third party liens.
- (g) Eurodollar time deposits issued by a bank with a deposit rating in one of the two highest short-term deposit rating categories by at least two Rating Agencies.
- (h) Long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the two highest rating categories by at least two Rating Agencies.
- (i) Repurchase agreements with maturities of either (A) 30 days or less, or (B) longer than 30 days and not longer than one year provided that the collateral subject to such agreements are

marked to market daily, entered into with financial institutions such as banks or trust companies organized under State or federal law, insurance companies, or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation, or with a dealer or parent holding company that is rated investment grade ("A" or better) by at least two Rating Agencies. The repurchase agreement must be in respect of Government Obligations and Government Certificates or obligations described in paragraph (b) of this definition. The repurchase agreement securities and, to the extent necessary, Government Obligations and Government Certificates or obligations described in paragraph (b), exclusive of accrued interest, shall be maintained in an amount at least equal to the amount invested in the repurchase agreements. In addition, the provisions of the repurchase agreement shall meet the following additional criteria:

(1) the third party (who shall not be the provider of the collateral) has possession of the repurchase agreement securities and the Government Obligations and Government Certificates;

(2) failure to maintain the requisite collateral levels will require the third party having possession of the securities to liquidate the securities immediately; and

(3) the third party having possession of the securities has a perfected, first priority security interest in the securities.

(j) Prime commercial paper of a corporation, finance company or banking institution rated in the highest short-term rating category by at least two Rating Agencies.

(k) Public housing bonds issued by public agencies which are either: (i) fully guaranteed by the United States of America; or (ii) temporary notes, preliminary loan notes or project notes secured by a requisition or payment agreement with the United States of America; or (iii) state or public agency or municipality obligations rated in the highest credit rating category by at least two Rating Agencies.

(l) Shares of a diversified open-end management investment company, as defined in the Investment Company Act of 1940, as amended, or shares in a regulated investment company, as defined in Section 851(a) of the Code, that is a money market fund that has been rated in the highest rating category by at least two Rating Agencies.

(m) Money market accounts of any state or federal bank, or bank whose holding parent company is, rated in the top two short-term or long-term rating categories by at least two Rating Agencies (excluding accounts of the Trustee and its affiliates).

(n) Money market accounts (including accounts of the Trustee and its affiliates for which they may receive compensation) of any state or federal bank, or bank whose holding parent company is, rated in the top two short-term or long-term rating categories by at least two Rating Agencies.

(o) Investment agreements the issuer of which is rated in one of the two highest rating categories by at least two Rating Agencies.

(p) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments otherwise permitted in paragraphs (a) through (n) above.

(q) Any other debt or fixed income security specified by the Commission or the Company (except securities of the City and any agency, department, commission or instrumentality thereof other than the Commission) and either (i) rated in the highest category by at least two Rating Agencies or (ii) as to which at least two Rating Agencies have confirmed in writing that the investment of moneys hereunder in such security will not in and of itself result in a rating downgrade or the withdrawal of the rating then in effect with respect to the Bonds.

“Principal Account” means the account of that name established in the Bond Fund pursuant to Section 5.01 hereof.

“Rating Agency” means Moody’s and Standard & Poor’s or any other nationally recognized credit rating agency specified in a supplemental trust agreement; provided, however, that the term “Rating Agency” shall in any event include Moody’s or Standard & Poor’s, respectively, during such time that such rating agency maintains a credit rating on any Series of Bonds Outstanding hereunder.

“Rebate Fund” means the fund of that name established pursuant to Section 5.03 hereof.

“Record Date” means the fifteenth (15th) day of the month before the month in which an Interest Payment Date occurs.

“Redemption Account” means the account of that name established with the Bond Fund pursuant to Section 5.01 hereof.

“Redemption Date” means any date on which Bonds called for redemption are to be redeemed, including each Sinking Fund Payment Date.

“Registrar” means the Trustee.

“Representation Letter” means a representation letter from the Commission to the Securities Depository as described in Section 2.09 hereof.

“Reserve Account” means the account of that name established in the Bond Fund pursuant to Section 5.01 hereof.

“Reserve Account Requirement” means the least of (i) the maximum amount of principal and interest payable on the Bonds during any Bond Year, (ii) 10% of the original proceeds of the Bonds (less original issue discount, if any, plus premium, if any), and (iii) 125% of the average annual amount of principal and interest payable on the Bonds during any Bond Year.

“Responsible Officer,” when used with respect to the Trustee, means the President or any Vice President, Assistant Vice President or Trust Officer of the Trustee to whom any matter has been referred because of such officer’s knowledge and familiarity with the particular subject.

“Revenues” means (i) Facilities Rent and Additional Rent, (ii) any interest or income derived from the investment of any of the funds herein provided for and constituting part of the Trust Estate, and (iii) insurance proceeds and condemnation awards.

“Securities Depository” means DTC, as the initial securities depository for the Bonds, and its successors and assigns as securities depository for the Bonds.

“Series of Bonds” or “Bonds of a Series” or “Series” means a series of Bonds issued pursuant to this Trust Agreement.

“Site” means the Demised Premises and the Right-of-Way.

“Sinking Fund Payment Date” means any date on which Bonds are to be redeemed pursuant to Section 4.01(c) hereof.

“Standard & Poor’s” shall mean Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, and its successors and assigns and, if such corporation shall no longer perform the functions of a securities rating agency, Standard & Poor’s shall mean any other nationally recognized securities rating agency designated by the Commission.

“Tax Certificate” means a certificate executed and delivered by an Authorized Commission Representative upon the initial delivery of a Series of Bonds, as supplemented by a Company Tax Certificate, or any functionally similar replacement certificate subsequently executed and delivered by an Authorized Commission Representative with respect to the requirements of the Code relating to such Series of Bonds.

“Trust Agreement” means this Trust Agreement, dated as of May 1, 1997, between the Trustee and the Commission pursuant to which the Bonds will be issued, and any amendments and supplements hereof.

“Trust Estate” shall have the meaning assigned thereto in Section 5.01.

“Written Requisition,” “Written Consent,” “Written Order” “Written Request” and “Certificate” means, respectively, a written requisition, consent, order, request or certificate, which as to the Commission is signed by or on behalf of the Commission by an Authorized Commission Representative or which as to the Company is signed by or on behalf of the Company by an Authorized Company Representative.

Section 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Holders thereof, the Trust Agreement shall be deemed to be and shall constitute a contract between the Commission and the Holders from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Commission shall be for the equal and proportionate benefit, protection and security of all Holders of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution,

issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

Section 1.03. Inclusiveness of Certain Terms. Words of any gender shall be deemed and construed to include correlative words of the other genders. Unless the context shall otherwise indicate, the singular shall include the plural and vice versa, and the word "person" shall include corporations, partnerships and associations, including public bodies, as well as natural persons.

Section 1.04. References to Trust Agreement. The term "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this Trust Agreement, refer to this Trust Agreement.

ARTICLE II

FORM, AUTHENTICATION, REGISTRATION OF BONDS

Section 2.01. Bonds Issued Under this Trust Agreement: Security. There is hereby created and established an issue of bonds of the Commission, unlimited in principal amount, to be known as the "Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC)" which Bonds shall be issued in series from time to time pursuant to this Trust Agreement in such amounts and having such terms and conditions as the Commission may deem to be necessary or advisable to finance the construction, installation and acquisition of the Facilities or to refund any series of Bonds or portion thereof Outstanding under this Trust Agreement. The first two series of Bonds, the 1997 Bonds, shall be issued in the aggregate principal amount specified in a Certificate of the Airport Director, but not to exceed \$125,000,000. The 1997 Bonds shall be designated "Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC), Series 1997A," and "Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC), Series 1997B," and the proceeds thereof shall be applied as provided in Section 3.02 hereof. Series of Additional Bonds may be issued in accordance with Sections 3.05 and 3.06 hereof and may bear such designation as the Commission may prescribe.

The Bonds are limited obligations of the Commission and shall be payable as to principal thereof and premium, if any, and interest thereon solely from the amounts received by the Trustee pledged therefor as herein set forth. The Bonds shall not constitute an indebtedness or pledge of the faith and credit or the taxing power of the City and County of San Francisco, the State of California or any political subdivision thereof. The Bonds shall not constitute an indebtedness of the Commission except to the extent herein set forth. Neither the State of California, City and County of San Francisco nor any political subdivision of the State of California shall be obligated to pay the principal of, premium, if any, on or interest on the Bonds, or other costs incident thereto. The Commission shall be obligated to make such payments only from the Revenues and other amounts pledged therefor.

This Trust Agreement shall be a continuing lien to secure the full payment of the principal of, premium, if any, and interest on the Bonds without priority as to the security afforded by this Trust Agreement of any Bond over any other Bond by reason of series, date of issue, date of maturity, date of delivery or any characteristic whatsoever.

Section 2.02. Form of 1997 Bonds. The 1997 Bonds and the Trustee's certificate of authentication to be endorsed on all 1997 Bonds and the form of assignment on the 1997 Bonds shall

be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein; provided, however, that such modification, insertions, omissions and changes as are required or permitted by this Trust Agreement or any supplemental trust agreement hereafter entered into under the provisions of this Trust Agreement may be made; and provided further that any or all of the 1997 Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

Section 2.03. Details of 1997 Bonds. The 1997 Bonds shall be issued in denominations of \$5,000 and any integral multiples in excess thereof, shall be dated, shall mature and be payable as to principal on such dates in the years and in the principal amounts and shall bear interest at the rates per annum set forth in a Certificate of the Airport Director; *provided, however*, that the final maturity of the 1997 Bonds shall be no later than December 31, 2027, and the maximum stated interest rate on the 1997 Bonds shall not exceed ten percent (10%) per annum.

Interest on the 1997 Bonds shall be payable on such dates as shall be specified in a Certificate of the Airport Director. Interest on the 1997 Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Each 1997 Bond shall bear interest from the Interest Payment Date before its date of authentication, unless (i) such date of authentication is on or before the first Record Date, in which case such 1997 Bond shall bear interest from its dated date, (ii) such date of authentication is an Interest Payment Date, in which case such 1997 Bond shall bear interest from the date of authentication, or (iii) such date of authentication shall be after a Record Date but before the next Interest Payment Date, in which case such 1997 Bond shall bear interest from the Interest Payment Date after the date of authentication; *provided, however*, that if, as shown by the records of the Trustee, interest on a 1997 Bond shall be in default, any 1997 Bonds issued in exchange for that 1997 Bond surrendered for transfer or exchange shall bear interest from the last date to which interest has been paid in full on that 1997 Bond or, if no interest has been paid on that 1997 Bond, from its dated date.

All of the principal of, premium, if any, and interest on the 1997 Bonds shall be payable in lawful money of the United States of America. Payment of the interest on each 1997 Bond shall be made to the person appearing as the registered owner thereof, at the close of business on the Record Date, by check or draft mailed by first class mail to such registered owner at its address as it appears on such registration books or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of 1997 Bonds delivered to the Trustee before the applicable Record Date, by wire transfer in immediately available funds to an account within the United States designated by such registered owner. Payment of the principal and premium, if any, of all 1997 Bonds shall be made at the corporate trust office of the Trustee only upon the presentation and surrender thereof as the same shall become due and payable.

If any payment date is not a Business Day, then the date fixed for such payment shall be, and payment may be made, on the next succeeding Business Day. Payment on such subsequent date shall be for all purposes deemed to have occurred on the date specified and no interest shall accrue on such payment by reason of payment on a later date than that specified.

Section 2.04. Execution and Authentication of Bonds. All of the Bonds shall be executed in the name and on behalf of the Commission, with the signature of its President and the countersignature of its Secretary. All of the Bonds shall have affixed the seal of the City. Such signatures may be printed, lithographed, engraved or otherwise reproduced, but at least one of such signatures shall be manually affixed to the Bonds (unless such Bonds shall have endorsed thereon a certificate of authentication, as hereinafter provided). The seal of the City may be impressed or reproduced by facsimile on the Bonds. Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, duly executed by the Trustee, shall be entitled to any rights, benefits, or security under this Trust Agreement. No Bonds shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive and the only evidence that such Bond has been duly authenticated and delivered under this Trust Agreement. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. In case any officer of the Commission whose signature, or a facsimile thereof, shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature, or facsimile thereof, shall nevertheless be valid and legally sufficient for all purposes as fully and to the same extent as if he or she had remained in office until the delivery of such Bonds.

Section 2.05. Registration of Bonds. Any Bond may be transferred upon the books for the registration and transfer of Bonds, upon the surrender thereof at the corporate trust office of the Registrar, together with an assignment duly executed by the registered owner or its attorney, substantially in the form set forth in Exhibit A hereto. Upon the transfer of any such Bond, there shall be issued in the name of the transferee a new Bond or Bonds of any of the authorized denominations of the same series, aggregate principal amount, interest rate and maturity, as the surrendered Bonds.

All Bonds shall be exchangeable for Bonds of the same series in other authorized denominations having the same aggregate principal amount and the same maturity without payment of any charge, other than taxes or other governmental charges. Neither the Commission nor the Trustee shall be required to make any exchange or transfer the registration of any Bond after the selection of that bond for redemption or during the fifteen days next preceding the date of selection of Bonds for redemption.

Neither the Commission nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bond, check, advice of payment or redemption notice, and any such document may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Commission nor the Trustee shall be liable for any inaccuracy in such matters.

Section 2.06. Payments to Registered Holders of Bonds. The person in whose name any Bond shall be registered shall be deemed to be and shall be regarded as the absolute owner thereof and payment of or on account of the principal of, and premium, if any, and interest on any such Bond shall be made only to or upon the order of the registered owner thereof or its legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

Section 2.07. Temporary Bonds. Any Bonds issued under this Trust Agreement may be initially issued in temporary form exchangeable for definitive bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of a denomination representing the entire issue or such lesser denominations as may be determined by the Commission and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Bond shall be executed by the Commission and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Commission issues a temporary Bond or temporary Bonds, it will execute and furnish definitive bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bond or Bonds an equal aggregate principal amount of definitive Bonds of the same series, authorized denominations, interest rate or rates and maturity or maturities. Until so exchanged, the temporary Bond or Bonds shall be entitled to the same benefits under this Trust Agreement as definitive bonds delivered hereunder.

Section 2.08. Mutilated, Destroyed, Lost or Stolen Bonds. In case any Bond issued under this Trust Agreement shall become mutilated, destroyed, lost or stolen, The Commission may cause to be executed, and the Trustee may authenticate and deliver, a new Bond of the same series of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed, lost or stolen, upon the Holder's paying the reasonable expenses and charges of the Commission and the Trustee in connection therewith, and, in the case of a Bond destroyed, lost or stolen, its filing with the Trustee evidence satisfactory to it and to the Commission and the Company that such Bond was destroyed, lost or stolen, and of its ownership thereof, and furnishing the Commission, the Company and the Trustee with indemnity satisfactory to them.

Section 2.09. Book-Entry System. (a) The 1997 Bonds shall be initially issued in the form of a separate single fully registered 1997 Bond for each of the maturities of each Series of the 1997 Bonds. Upon initial issuance, the ownership of each such 1997 Bond shall be registered in the bond registration books of the Trustee in the name of Cede & Co., as nominee of the Securities Depository. Except as provided in subsection (c) of this Section 2.09, all of the Outstanding 1997 Bonds shall be registered in the bond registration books of the Trustee in the name of the Nominee.

The Trustee, the Registrar, the Paying Agents and the Commission may treat the registered owner of each 1997 Bond as the sole and exclusive owner thereof for the purposes of payment of the principal or redemption price of or interest on the 1997 Bonds, selecting the 1997 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Trust Agreement, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders, and for all other purposes whatsoever, and neither the Trustee, the Registrar, the Paying Agents nor the Commission shall be affected by any notice to the contrary.

Neither the Trustee, the Registrar, the Paying Agents nor the Commission shall have any responsibility or obligation to any participant in the Securities Depository (a "Participant"), any person claiming a beneficial ownership interest in the 1997 Bonds under or through the Securities Depository or any Participant, or any other person who is not shown on the registration books as being a Bondholder, with respect to any purpose, including, but not limited to, (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or any Participant of any amount in respect of the principal of, redemption price of or

interest on the 1997 Bonds; (iii) the delivery of any notice which is permitted or required to be given to Bondholders under this Trust Agreement; (iv) the selection by the Securities Depository or any Participant of any person to receive payment in the event of a partial redemption of the 1997 Bonds; or (v) any consent given or other action taken by the Securities Depository as Bondholder.

The Trustee or the Paying Agents, as the case may be, shall pay all principal of and premium, if any, and interest on the 1997 Bonds only to or upon the order of the Securities Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Commission's obligations with respect to the payment of the principal of and premium, if any, and interest on the 1997 Bonds to the extent of the sum or sums so paid. Except as otherwise provided in subsection (c), no person other than the Securities Depository shall receive an authenticated 1997 Bond evidencing the obligation of the Commission to make payments of principal of and premium, if any, and interest pursuant to this Trust Agreement. Subject to the provisions herein with respect to Record Dates, the substitution of a new Nominee for the then current Nominee shall become effective upon delivery by the Securities Depository to the Trustee of written notice naming the new Nominee and stating that the Securities Depository has determined to substitute such new Nominee in place of the then current Nominee.

(b) In order to qualify the 1997 Bonds for the Securities Depository's book-entry system, the appropriate officers or employees of the Commission are hereby authorized to execute and deliver on behalf of the Commission to the Securities Depository a Letter of Representation (the "Representation Letter") from the Commission representing such matters as shall be necessary to so qualify the 1997 Bonds. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section 2.09 or in any other way impose upon the Commission any obligation whatsoever with respect to persons having beneficial ownership interests in the 1997 Bonds other than the Bondholders.

(c) In the event (i) the Securities Depository determines not to continue to act as securities depository for the 1997 Bonds, or (ii) the Commission determines that the Securities Depository shall no longer so act and delivers a written certificate to the Trustee to that effect, then the Commission will discontinue the book-entry system with the Securities Depository for the 1997 Bonds. If the Commission determines to replace the Securities Depository for the 1997 Bonds with another qualified securities depository, the Commission shall prepare or direct the preparation of a new, single, separate, fully registered 1997 Bond for each maturity of the 1997 Bonds registered in the name of such successor or substitute qualified Securities Depository or its Nominee, or make such other arrangements acceptable to the Trustee, the Paying Agents and such successor or substitute Securities Depository as are not inconsistent with the terms of this Supplemental Resolution. If the Commission fails to identify another qualified Securities Depository to replace the incumbent Securities Depository for the 1997 Bonds, then the 1997 Bonds shall no longer be restricted to being registered in the bond registration books in the name of the incumbent Securities Depository or its Nominee, but shall be registered in whatever name or names the incumbent Securities Depository or its Nominee transferring or exchanging the 1997 Bonds shall designate.

(d) Notwithstanding any provision of this Trust Agreement to the contrary, so long as the 1997 Bonds are registered in the name of the Nominee, all payments with respect to principal of and premium, if any, and interest on the 1997 Bonds and all notices with respect to the 1997 Bonds shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Securities Depository.

Section 2.10. Initial Depository and Nominee. The initial Securities Depository under this Trust Agreement shall be DTC. The initial Nominee shall be Cede & Co., as Nominee of DTC.

ARTICLE III

DELIVERY OF 1997 BONDS, APPLICATION OF 1997 BOND PROCEEDS AND ADDITIONAL BONDS

Section 3.01. Filing of Closing Documents and Delivery of 1997 Bonds. The 1997 Bonds, upon their execution in the form and manner as herein provided, shall be delivered to the Trustee for authentication, but before such 1997 Bonds shall be delivered by the Trustee there shall be filed with or delivered to the Trustee the following:

- (a) A certified copy of the Resolution authorizing the issuance of such 1997 Bonds;
- (b) A certified copy of the Resolution adopted by the Board of Supervisors of the City approving the issuance of the 1997 Bonds; and
- (c) A Written Order of the Commission directing the authentication and delivery of such 1997 Bonds to or upon the order of the purchasers named therein, upon payment of the purchase price stated therein.

Section 3.02. Application of Proceeds of 1997 Bonds and Establishment of Funds. The Trustee shall forthwith set aside the proceeds from the sale of the 1997 Bonds for deposit to the following respective funds as specified in a Written Order of the Commission:

- (a) to the Interest Account any premium and accrued interest received upon the sale of the 1997 Bonds;
- (b) to the Reserve Account an amount equal to the Reserve Account Requirement;
- (c) to the Capitalized Interest Fund an amount equal to the amount of capitalized interest on the 1997 Bonds; and
- (d) the remainder to the 1997 Construction Fund.

Section 3.03. Capitalized Interest Fund. There is hereby created a special fund designated as the "Capitalized Interest Fund." Amounts on deposit in the Capitalized Interest Fund shall be transferred to the Interest Account at least one Business Day prior to the Interest Payment Dates and in the amounts (or such lesser amounts as shall then be on deposit therein) specified in the Certificate of the Airport Director.

Any amounts remaining on deposit in the Capitalized Interest Fund on the date specified in the Certificate of the Airport Director shall be transferred to the Redemption Account and be applied as are other amounts therein.

Section 3.04. 1997 Construction Fund. There is hereby established with the Trustee a fund designated as the "1997 Construction Fund" and within the 1997 Construction Fund there are hereby established subaccounts designated as the "1997A Subaccount" and the "1997B Subaccount". The moneys in the 1997 Construction Fund shall be held by the Trustee in trust and, except as provided in this Section 3.04, applied to the payment of the Costs of the Facilities.

Before any payment is made from the 1997 Construction Fund by the Trustee, the Company shall cause to be filed with the Trustee a Written Requisition substantially in the form of Exhibit B hereto showing with respect to every payment to be made:

- (1) the item number of the payment;
- (2) the name of the person to whom payment is due;
- (3) the amount to be paid and from which subaccount said amount is to be paid; and
- (4) the purpose for which the obligation to be paid was incurred.

Each such Written Requisition shall state, and shall be sufficient evidence to the Trustee:

(A) that obligations in the stated amounts have been incurred by the Company and that each item thereof is a proper charge against the indicated subaccount of the 1997 Construction Fund and has not previously been paid with amounts from the 1997 Construction Fund; and

(B) that there has not been filed with or served upon the Company notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in such Written Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than material men's or mechanics' liens accruing by operation of law.

Upon completion of construction of the Facilities, a Certificate of the Company stating the fact and the date of such completion and stating that all of the Costs of the Facilities and incidental expenses have been determined and paid (or that all of the Costs of the Facilities have been paid less specified claims which are subject to dispute and for which funds shall be retained in the 1997 Construction Fund until such dispute is resolved), together with an Architect's Certificate stating the fact and date of such completion, shall be delivered to the Trustee and the Commission by the Company. Upon the receipt of such certificates, the Trustee shall transfer any remaining balance in the 1997 Construction Fund (less the amount of any retention) to the Redemption Account, unless with respect to 1997 Bonds other than taxable 1997 Bonds, the Commission or the Company shall deliver to the Trustee an Opinion of Bond Counsel stating that another use of any balance remaining in the 1997 Construction Fund is permissible and will not adversely affect the exclusion of interest on the 1997 Bonds from gross income for federal income tax purposes, in which case the Trustee shall dispose of such funds in accordance with a Written Order of the Commission which is consistent with such opinion. Amounts in the Redemption Accounts shall be used in accordance with a Written Order of the Commission at the direction of the Company (i) to purchase 1997 Bonds in the open market at a price not to exceed the par amount thereof; provided that following their purchase, such 1997 Bonds

shall be canceled by the Trustee, or (ii) to redeem the largest portion of 1997 Bonds callable under this Trust Agreement, not exceeding the amount on deposit in the Redemption Account, or (iii) to make principal payments on the 1997 Bonds pursuant to the written instructions of the Commission in accordance with the requirements of the Code.

Section 3.05. Additional Bonds. One or more series of Additional Bonds may be issued to refund any series of Bonds or portion thereof Outstanding under this Trust Agreement or to pay the Costs of the Facilities or to finance additional facilities on property owned by the Commission. The Additional Bonds shall be on a parity with 1997 Bonds initially issued hereunder. A series of Additional Bonds issued pursuant to this Section 3.05 shall be issued under and pursuant to a supplemental trust agreement which shall specify:

- (a) The maturity date or dates of such Additional Bonds;
- (b) The terms, if any, for call and redemption of such Additional Bonds prior to maturity; and
- (c) The interest rate or rates on such Additional Bonds and any other matters deemed appropriate or necessary and not inconsistent with the provisions of this Trust Agreement.

Section 3.06. Delivery of Additional Bonds. A series of Additional Bonds issued pursuant to Section 3.05 hereof shall be executed by the Commission and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the purchasers thereof, but only upon receipt by the Trustee of:

- (a) A copy of Written Order of the Commission authorizing the issuance of such Additional Bonds and directing the authentication and delivery of such Additional Bonds to or upon the order of the purchasers named in such Written Order, upon payment of the purchase price stated therein;
- (b) An executed copy of the supplemental trust agreement referred to in Section 3.05 hereof;
- (c) An executed copy of any amendment to the Fuel System Lease entered into in connection with the issuance of such Additional Bonds;
- (d) Bond Counsel's opinion to the effect that (i) the supplemental trust agreement providing for the issuance of such Additional Bonds has been duly and lawfully authorized, executed and delivered by the Commission and is a legally valid and binding obligation of the Commission, enforceable against the Commission in accordance with its terms, (ii) such Additional Bonds are legally valid and binding obligations of the Commission, enforceable against the Commission in accordance with their terms and the terms of the Trust Agreement, and such Additional Bonds have been duly and validly authorized and issued in accordance with law and the Trust Agreement, and (iii) any amendment to the Fuel System Lease made in connection with the issuance of such Additional Bonds has been duly authorized and executed by the Commission and is the legally valid and binding obligation of the Commission, enforceable against the Commission in accordance with its terms provided that any such

opinion may be qualified to the extent that enforcement of any agreement or bond may be limited by bankruptcy, insolvency, reorganization or other laws or equitable principles affecting the enforcement of creditors' rights and provided further that no opinion need be expressed as to the availability of equitable remedies;

(e) The proceeds from the sale of such Additional Bonds being delivered, as stated in the supplemental trust agreement referred to in subsection (b) of this Section 3.06;

(f) A certificate of a Company Representative stating that the Company consents to and approves the issuance of such Additional Bonds;

(g) Funds for deposit in the Reserve Account, either from the proceeds of such Additional Bonds or from any other source, which together with amounts then on deposit in the Reserve Account cause the balance in such account to equal the Reserve Account Requirement for the Bonds immediately after the issuance of such Additional Bonds;

(h) An opinion of counsel to the Company to the effect that the Fuel System Lease and the Interline Agreement are valid and binding obligations of the Company, enforceable in accordance with their terms, as to all Bonds Outstanding after the issuance of such Additional Bonds and that the Guaranty is a valid and binding obligation of the Company, enforceable in accordance with its terms as to all Bonds Outstanding after the issuance of such Additional Bonds;

(i) An opinion of counsel to the Commission to the effect that the Fuel System Lease is a valid and binding obligation of the Commission, enforceable in accordance with its terms, as to all Bonds Outstanding after the issuance of such Additional Bonds;

(j) Opinions of counsel to a Majority-in-Interest (as defined in the Interline Agreement) of the Contracting Airlines to the effect that the Interline Agreement is a valid and binding obligation of such Contracting Airline, enforceable in accordance with its terms, as to all Bonds Outstanding after the issuance of such Additional Bonds; and

(k) A Certificate of an Authorized Commission Representative to the effect that no Event of Default has occurred and is continuing with respect to the Bonds.

Section 3.07. Bonds Not Secured By the Trust Estate. Nothing contained in this Trust Agreement shall be construed as preventing the Commission from issuing bonds or obligations which are not payable from, or secured by, the Revenues and which are not secured by any lien upon the Trust Estate.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Redemption Dates and Prices. (a) The 1997 Bonds are subject to mandatory redemption at a redemption price equal to the principal amount of such 1997 Bonds to be redeemed plus accrued interest, if any, to the Redemption Date as follows:

(i) as a whole or in part, and unless the Company elects to continue to operate or to repair or replace the damaged, destroyed or condemned Facilities in accordance with Section 8.03(e) of the Fuel System Lease, in the event of loss of or damage to or condemnation or sale under threat of condemnation of the Site or the Facilities from net proceeds of insurance or condemnation deposited in the Redemption Account in accordance with the Fuel System Lease; and

(ii) as a whole on the earliest date for which notice of redemption can be given following the receipt by the Trustee of notice from the Company that the Interline Agreement is to be terminated.

(b) The 1997 Bonds are subject to redemption at the option of the Commission, upon the Written Request of Company, on or after such dates and at such redemption prices as shall be specified in a Certificate of the Airport Director.

(c) The 1997 Bonds shall be subject to mandatory redemption from sinking fund payments, if and to the extent specified in the Certificate of the Airport Director, at a redemption price equal to the principal amount of the 1997 Bonds called for redemption, plus accrued interest to the Redemption Date.

At any time before the giving of notice of redemption for any Sinking Fund Payment Date for the 1997 Bonds of any maturity, the Commission or the Company may deliver to the Trustee for cancellation 1997 Bonds of that maturity in any aggregate principal amount desired. Each 1997 Bond of that maturity so delivered shall be credited by the Trustee at the principal amount thereof against the obligation of the Commission of such Sinking Fund Payment Date and any excess shall be credited against future payment obligations under this subsection (c) in chronological order, and the principal amount of such 1997 Bonds to be redeemed pursuant to this subsection (c) shall be accordingly reduced.

(d) The 1997 Bonds shall be subject to redemption from unexpended proceeds thereof upon the Written Request of the Commission at the election of the Company in accordance with the Fuel System Lease, in whole or in part, on any interest payment date, at a redemption price equal to the principal amount of the 1997 Bonds called for redemption, plus accrued interest to the Redemption Date.

Section 4.02. Method of Redemption. If less than all of the Bonds Outstanding are to be called for redemption, the Series and maturities of the Bonds to be called and redeemed shall be selected by the Commission at the written direction of Company, and notification of such selection shall be provided to the Trustee not later than ten Business Days before the last date on which Trustee is required to give notice of redemption to the Bondholders. If less than all the Bonds of a maturity are to be redeemed prior to maturity, the specific Bonds to be called and redeemed shall be selected by lot by the Trustee or in such manner as the Trustee in its discretion may determine.

In case part, but not all, of an Outstanding Bond shall be called for redemption prior to maturity, the Holder thereof may present and surrender such Bond to the Trustee for payment of the redemption price of the principal amount thereof so called for prior redemption, and there shall be executed, authenticated and delivered to or upon the order of such Holder, without charge therefor, a

Bond or Bonds of the same Series and maturity for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of such Holder.

Section 4.03. Notice of Redemption. (a) Notice of redemption of 1997 Bonds pursuant to Section 4.01(a) shall be given by the Trustee as soon as practicable following receipt by the Trustee of the net proceeds of insurance or condemnation award or receipt by the Trustee of notice of the termination of the Interline Agreement. If the Company elects to redeem 1997 Bonds pursuant to Section 4.01(b) or Section 4.01(d), the Company shall request the Commission to give and the Commission shall give written notice to the Trustee not later than 45 days before the proposed Redemption Date. Upon receipt of such notice or in the event 1997 Bonds are required to be redeemed, the Trustee shall prepare a notice of redemption. Redemption notices shall set forth (i) the Redemption Date, (ii) the place or places where Bonds will be redeemed, including the name and address of any redemption or paying agent, (iii) the premium, if any, or accrued interest, if any, that will be paid on the Redemption Date, (iv) the CUSIP numbers assigned to the Bonds to be redeemed, (v) the interest rates, the serial numbers and maturities of the Bonds selected for redemption, except that where all of the Bonds of a Series are to be redeemed, the serial numbers and maturities thereof need not be specified, (vi) the date of mailing of the notice to Bondholders, and if the notice is an optional redemption pursuant to Section 4.01(b), describing the circumstances under which said redemption may be deemed canceled. Such redemption notice shall further state that on the specified Redemption Date there shall become due and payable each Bond or portion thereof being redeemed and that from and after such date interest thereon shall cease to accrue and be payable, but that in the event that on or before the Business Day before the specified Redemption Date with respect to the redemptions pursuant to Section 4.01(b), the Trustee shall not have sufficient funds to pay the Redemption Price on all Bonds called for redemption, such redemption shall be deemed canceled. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state the portion of the principal amount thereof to be redeemed and that on or after the Redemption Date, upon surrender of such Bond, a new Bond or Bonds of the same Series and maturity and in principal amount equal to the unredeemed portion of such Bond will be issued.

(b) The following actions shall be taken by the Trustee with respect to redemption notices relating to the Bonds:

(i) At least 30 but not more than 60 days prior to the Redemption Date, such redemption notice shall be given to the respective Holders of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the registration books as of the close of business on the day before such redemption notice is given.

(ii) At least two Business Days before the date on which the redemption notice is mailed to the Holders pursuant to paragraph (i) above, such redemption notice shall be given by (A) registered or certified mail, postage prepaid, (B) confirmed facsimile transmission, or (C) overnight delivery service, to each of the following securities depositories or its successor:

The Depository Trust Company
711 Stewart Avenue
Garden City, New York 11530
Facsimile transmission: (516) 227-4039
(516) 227-4190

Midwest Securities Trust Company
Capital Structures-Call Notification
440 South LaSalle Street
Chicago, Illinois 60605
Facsimile transmission: (312) 663-2343

Philadelphia Depository Trust Company
Reorganization Division
1900 Market Street
Philadelphia, Pennsylvania 19103
Facsimile transmission: (215) 496-5058

(iii) at least two Business Days before the date on which the redemption notice is mailed to the Holders pursuant to paragraph (i) above, such redemption notice shall be given by first class mail, to one of the following services or their successors:

Financial Information, Inc.'s
Financial Daily Called Bond Service
30 Montgomery Street, 10th Floor
Jersey City, New Jersey 07302
Attention: Editor

Kenny Information Service's
Called Bond Service
65 Broadway, 16th Floor
New York, New York 10006

Moody's Municipal and Government
99 Church Street, 8th Floor
New York, New York 10007
Attention: Municipal News Reports

Standard & Poor's Called Bond Record
25 Broadway, 3rd Floor
New York, New York 10004

(iv) At least 30 days prior to the Redemption Date, such redemption notice shall be published one time in a Financial Newspaper in general circulation in the City of New York, New York and in a Financial Newspaper in general circulation in the City and County of San Francisco; *provided, however*, that in the event that all Bonds Outstanding are registered in the name of the nominee of the Securities Depository, no such publication need be made.

Neither failure to receive any redemption notice nor any defect in such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds.

Section 4.04. Cessation of Interest; Cancellation of Optional Redemption. Notice of such redemption prior to maturity having been mailed in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds so called for redemption prior to maturity shall, on the

Redemption Date designated in such notice, become and be due and payable at the redemption price provided for such redemption of such Bonds or portions of Bonds on such date. On the Redemption Date, notice having been mailed and moneys for the payment of the redemption price being held irrevocably in trust by the Trustee in the Redemption Account or otherwise, all as provided in this Trust Agreement, interest on the Bonds or portions of Bonds so called for redemption prior to maturity shall cease to accrue; such Bond and the portions of Bonds shall cease to be entitled to any lien, benefit or security under this Trust Agreement, and the Holders of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price upon presentation and surrender thereof, and, to the extent in this Section 4.04 provided, to receive Bonds for any unredeemed portions of Bonds.

Notwithstanding the preceding paragraph, in the event the 1997 Bonds are called for redemption in part pursuant to Section 4.01(b), but on the Redemption Date there shall not have been deposited with the Trustee moneys in the Redemption Account or otherwise sufficient to pay the principal of, premium, if any, and interest on the 1997 Bonds called for redemption, said redemption shall be deemed canceled and the parties shall be restored to their previous status as if notice of said redemption had never been given. The Trustee shall promptly mail notice of said cancellation to all parties that received notice of said redemption in accordance with Section 4.03.

Section 4.05. Bonds No Longer Outstanding. When any Bonds, or when portions of Bonds, which have been duly called for redemption prior to maturity under the provisions of this Trust Agreement, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest Redemption Date have been given to the Trustee, in form satisfactory to it, and sufficient moneys shall be held by the Trustee irrevocably in trust for the Holders of the Bonds or portions of Bonds to be redeemed for the payment of the redemption price of such Bonds or portions of Bonds and accrued interest to the date fixed for redemption, all as provided in this Trust Agreement, then such Bonds or portions of Bonds shall not be deemed Outstanding under the provisions of this Trust Agreement.

If the Commission or the Company acquire any of the Bonds, such Bonds shall be deemed Outstanding until the same are surrendered to the Trustee for cancellation.

ARTICLE V

REVENUES AND OTHER MONEYS

Section 5.01. Pledge; Trust Estate; Bond Fund. (a) Subject only to the provisions of this Trust Agreement permitting the application thereof for or to the purposes and on the terms and conditions set forth herein, there are hereby pledged and a security interest is hereby granted to secure the payment of the principal, premium, if any, and interest on the Bonds, in accordance with their terms and the provisions of this Trust Agreement, the following (the "Trust Estate"): (i) the Revenues, (ii) the rights of the Commission under the Fuel System Lease to payment of the Facilities Rent and Additional Rent (except amounts payable to the Commission pursuant to Section 5.02(e)), (iii) amounts in the funds and accounts established hereunder (except the Rebate Fund and the Company Operation Fund), and (iv) all property which is by the express provisions of this Trust Agreement required to be subjected to the lien hereof; and any additional property that may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien thereof, by the Commission or by anyone on its behalf.

(b) The pledge hereby made and the security interest hereby granted, shall attach, be perfected and be valid and binding from and after the time of the delivery by the Trustee of the first Bonds delivered hereunder. The proceeds of the sale of the Bonds, the Revenues, and all funds and accounts established hereunder and moneys and securities therein so pledged shall be immediately subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Commission irrespective of whether such parties have notice thereof.

(c) All moneys deposited with or held by the Trustee under the provisions of this Trust Agreement, the Fuel System Lease, the Guaranty, the Security Agreement or the Interline Agreement shall be held in trust and applied only in accordance with the provisions of this Trust Agreement, the Fuel System Lease, the Guaranty, the Security Agreement or the Interline Agreement and shall not be subject to lien or attachment by any creditor of the Commission, other than the lien of the Holders of the Bonds issued pursuant to and secured by this Trust Agreement.

(d) The Commission hereby designates the Bonds as "Special Facility Bonds" and the Revenues as "Special Facility Revenues" in accordance with its Resolution No. 91-0210, adopted by the Commission on December 3, 1991, as supplemented and amended, and its Resolution No. _____, adopted by the Commission on _____, as supplemented and amended.

(e) There is hereby created by the Commission and ordered established with the Trustee a trust fund separate and apart from any other fund established and maintained hereunder, which shall be designated as the "Bond Fund." There are hereby created by the Commission and ordered established by the Trustee within and as a part of the Bond Fund four separate accounts, to be designated "Interest Account", "Principal Account", "Redemption Account", and "Reserve Account", respectively. All Revenues shall be deposited in the Bond Fund as hereinafter provided and shall be held in trust for the benefit of the Holders from time to time of the Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and the purposes hereinafter in this Article V set forth.

Section 5.02. Payments into the Funds and Accounts.

(a) Interest Account. At least one Business Day prior to each Interest Payment Date for the Bonds and at least one Business Day prior to each Redemption Date which is not an Interest Payment Date, the Trustee shall deposit, or cause to be deposited, in the Interest Account from available Revenues an amount sufficient to increase the balance in such account to an amount equal to the amount of interest becoming due and payable on that day. Moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Trust Agreement); provided that such moneys may be invested as provided in Article VI hereof and unclaimed moneys shall be held as provided in Section 5.04 hereof.

(b) Principal Account. At least one Business Day prior to each date that the principal on any Outstanding Bonds becomes due and payable, the Trustee shall deposit, or cause to be deposited, in the Principal Account from available Revenues an amount sufficient to increase the balance in such account to an amount equal to the principal of the Outstanding Bonds becoming due and payable on that date. Moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds as it shall become due and payable whether at maturity

or upon acceleration thereof; provided that such moneys may be invested as provided in Article VI hereof and unclaimed moneys shall be held as provided in Section 5.04 hereof.

(c) Redemption Account. At least one Business Day prior to each Redemption Date, the Trustee shall deposit, or cause to be deposited, in the Redemption Account from available Revenues an amount sufficient, together with other amounts on deposit in such account which are available to pay the redemption price of Bonds to be redeemed on that Redemption Date. Moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of, and premium, if any, on the Bonds as they shall become due and payable on the Redemption date therefor; provided that such moneys may be invested as provided in Article VI hereof and unclaimed moneys shall be held as provided in Section 5.04 hereof.

(d) Reserve Account. If at any time after the initial deposit pursuant to section 3.02(b) hereof, the Trustee determines that the amount in the Reserve Account is less than the Reserve Account Requirement, the Trustee shall immediately notify the Commission and the Company of the amount of such deficiency, and the Company will thereafter deposit or cause to be deposited in the Reserve Account the amount of such deficiency, such payment to be made in accordance with Section 4.03(a)(iv) of the Fuel System Lease. If amounts on deposit in the Interest Account, the Principal Account or the Redemption Account are insufficient to pay when due the principal of, premium, if any, and interest on any Bond, then the Trustee will transfer from the Reserve Account to the following account, the following amounts to the extent available in the Reserve Account in the following order of priority:

(i) to the Interest Account, an amount which together with any amount on deposit therein, will be sufficient to pay the interest then due on the Bonds;

(ii) to the Principal Account, an amount which together with any amount on deposit therein, will be sufficient to pay, whether at stated maturity or upon acceleration, the principal then due on the Bonds; and

(iii) to the Redemption Account, an amount which together with any amount on deposit therein which is available to pay the redemption price on Bonds to be redeemed, will be sufficient to pay the redemption price then due on the Bonds.

The Trustee shall compute the amount in the Reserve Account five Business Days prior to each Interest Payment Date and each Redemption Date, the date of any defeasance and immediately after making any withdrawal from the Reserve Account to cover a shortfall in the Interest Account, the Principal Account or the Redemption Account. In making this computation the Trustee will value obligations purchased as an investment of moneys in the Reserve Account at fair market value. If the Trustee determines that the amount in the Reserve Account is less than the Reserve Account Requirement, the Trustee shall promptly notify the Commission and the Company of the amount of such deficiency. If the Trustee determines that the amount in the Reserve Account exceeds the Reserve Account Requirement, such excess shall be transferred to the Interest Account; provided that if the amount on deposit in the Reserve Account will exceed the Reserve Account Requirement as a result of the redemption of Bonds or a defeasance of Bonds pursuant to Article XII hereof, the excess as of the date of such redemption or defeasance may at the request of Company be transferred on such redemption or defeasance date to the Principal Account or Redemption Account or an escrow account established to provide for the defeasance of the Bonds, as the case may be.

(e) Company Operation Fund. The Trustee shall deposit from amounts received hereunder in the Company Operation Fund (which is hereby established and created) such amounts as may be necessary in order to maintain a balance of at least _____ dollars (\$_____) in such fund. The moneys in the Company Operation Fund shall be disbursed by the Trustee upon the Written Requisition of the Commission for the payment of expenses of the Commission. The Trustee shall, from time to time thereafter and as often as necessary, give notice to the Company of Additional Rent required to be paid for deposit in such fund pursuant to Section 4.03 of the Fuel System Lease.

For the purposes of this subsection (e), the term "expenses of the Commission" shall mean all reasonable expenses incurred by the Commission in connection with the Bonds and this Trust Agreement, including any taxes levied against the Commission (excluding taxes resulting, whether solely or in part, from business or transactions unrelated to the Facilities) fees of accountants, attorneys, the Trustee and the Paying Agent, insurance premiums, and all other expenses of the Commission required to comply with the terms of this Trust Agreement, but excluding the principal of, interest, and premium, if any, on the Bonds.

The Trustee may conclusively rely upon the Written Requisition of the Commission in making any payment from the Company Operation Fund, and shall not be required to make an investigation as to whether or not the items so requested to be paid are expenses of the Commission.

(f) Payment to Company. After payment in full of the principal of, the premium, if any, and interest on all Bonds (or provision for payment thereof as provided in this Trust Agreement) and payment of all fees, charges and expenses of the Commission and the Trustee, any amounts remaining in the Bond Fund in excess of amounts required to pay the Bonds and such fees, charges and expenses shall be paid to Company.

Section 5.03. Rebate Fund. To ensure proper compliance with the Covenant 19 of Section 7.01 hereof, there is hereby created and ordered established with the Trustee a trust fund, separate and apart from any other fund established and maintained hereunder, which trust fund shall be designated the "Rebate Fund." The Trustee shall transfer to the Rebate Fund from other funds and accounts established hereunder such moneys as shall be specified by the Commission in accordance with the Tax Certificate described in Covenant 19 of Section 7.01 hereof. Moneys on deposit in the Rebate Fund shall be paid to the United States Government in accordance with written instructions delivered to the Trustee by the Commission.

Section 5.04. Unclaimed Moneys for Payment of Bonds and Interest. Any moneys which shall have been set aside for the purpose of paying any particular Bonds, either at the maturity thereof, or upon purchase or call for redemption as provided herein, or for the purpose of paying any particular installments of interest on any particular Bonds, shall be held irrevocably in trust for and assigned to the respective Holders of the Bonds, and if the same shall remain unclaimed by the Holders of such Bonds for a period of three years after the date on which such Bonds shall have become payable shall, upon Written Requisition from the Commission be paid to the Commission by the Trustee and thereafter the Holders of such Bonds shall look only to the Commission for payment and then only to the extent of the amounts so received without any interest thereon, and the Trustee shall have no responsibility with respect to such moneys.

Section 5.05. Disposition of Redeemed Bonds. All Bonds paid, redeemed or purchased, either at or before maturity, shall be canceled when such payment, redemption or purchase is made.

All canceled Bonds shall be destroyed by the Trustee, who shall execute a certificate thereof in duplicate describing the Bonds so destroyed, and one executed certificate shall be filed with the Commission and the other executed certificate shall be retained by the Trustee.

Section 5.06. Payments under the Guaranty and the Security Agreement. In the event that, after the application of available Revenues in accordance with subsections (a) through (d) of Section 5.02, there are insufficient available moneys in the Interest Account, the Principal Account, or the Redemption Account to pay principal of, premium, if any, or interest on the Bonds, when due, the Trustee shall immediately, without further direction, proceed under and in accordance with the Guaranty or the Security Agreement against the Company or the rights of the Company under the Interline Agreement assigned to the Trustee by the Security Agreement in order to obtain amounts then required to be on deposit in the Interest Account, the Principal Account, or the Redemption Account, as the case may be. The Trustee shall also proceed under and in accordance with the Guaranty or the Security Agreement upon the failure of the Company timely to make any payment required to be made under Section 4.03(b)(iv) of the Fuel System Lease.

ARTICLE VI

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 6.01. Security for Deposits. All moneys held hereunder by the Trustee shall be continuously and fully secured for the benefit of the Commission and the Holders of the Bonds in the same manner as is provided by law for other trust funds; provided, however, that it shall not be necessary for the Trustee to give security for the deposit of any moneys with it held in trust for the payment of the principal or redemption price of or interest on any Bonds issued hereunder, or for the Trustee to give security for any moneys deposited in banks under the provisions of this Trust Agreement.

Section 6.02. Investments. Subject to the Tax Certificate described in Covenant 19 of Section 7.01 hereof, any moneys in the Bond Fund, the Construction Fund, the Rebate Fund and the Company Operation Fund shall be invested by the Trustee in Permitted Investments upon the Written Request of the Company or upon telephonic instructions from a Company Representative, which instructions shall be confirmed in writing by Company within three days thereafter; provided that not more than twenty-five percent of the amount on deposit in the Reserve Account shall at any time be invested in Permitted Investments with maturities in excess of ten years and at least twenty-five percent of the Reserve Account Requirement shall at all times be invested in Permitted Investments with maturities of three years or less. In the absence of investment instructions from Company, the Trustee shall invest all funds solely in the Permitted Investments set forth in clause (m) of the definition thereof. Investments and earnings thereon shall be deemed at all times a part of the fund or account for which they were made and shall be held in that fund or account. Investments shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such funds and accounts. The Trustee shall sell and reduce to cash a sufficient amount of such investments of each fund or account established hereunder whenever the cash balance in such fund or account is insufficient to pay when due any amount payable from such fund or account. The Trustee shall not be responsible or liable for any loss resulting from any investment made in accordance with this Section 6.03.

The Trustee shall advise the Commission and Company in writing, monthly of the details of all investments or deposits held for the credit of any such funds in the custody of the Trustee under the provisions of this Trust Agreement as of the end of the preceding month. In computing the amount in any fund created under the provisions of this Trust Agreement for any purpose provided in this Trust Agreement, obligations purchased as an investment of moneys therein shall be valued at fair market value.

Notwithstanding any other provision contained herein relating to the deposit of investment earnings on amounts on deposit in any fund or account hereunder, if and as specified in a Written Request of the Company or the Commission, any earnings which are subject to a federal tax or rebate requirement, as set forth in the Tax Certificate described in Covenant 19 of Section 7.01 hereof shall be deposited in the Rebate Fund for that purpose.

ARTICLE VII

PARTICULAR COVENANTS AND PROVISIONS

Section 7.01. Covenants of the Commission and the Duration Thereof. As part of the terms and conditions of the Bonds, the Commission makes the covenants with the Trustee and the Bondholders which are set forth in the following subdivisions of this Section 7.01. Each of such covenants shall remain in full force and effect so long as any of the Bonds shall be Outstanding and unpaid, or so long as provision has not been made for the full payment and discharge of all such Outstanding Bonds, upon maturity, or upon redemption prior to maturity, through the irrevocable setting apart in the appropriate fund or funds established in or pursuant to this Trust Agreement, or through the irrevocable setting apart in some other special trust fund of money sufficient for that purpose or through other irrevocable allocation to that purpose of money sufficient therefor.

Covenant 1. Payment of Principal and Interest. The Commission will punctually pay or cause to be paid, but only from Revenues, the principal and the interest (and premium, if any) to become due in respect of every Bond issued hereunder at the times and places and in the manner provided herein and in the Bonds according to the true intent and meaning thereof.

Covenant 2. Construction of Facilities. Pursuant to the Fuel System Lease, the Commission shall use its best efforts to cause the Company to construct forthwith that portion of the Facilities to be constructed, in conformity with the Fuel System Lease and with law and all requirements of all governmental authorities having jurisdiction thereover.

Covenant 3. Trustee, Paying Agents. The Commission covenants and agrees that whenever necessary to avoid or fill a vacancy in the office of Trustee, the Commission will, in the manner provided in Section 9.06, appoint a successor trustee.

The Commission, with the written approval of the Company, shall appoint and at all times have a Paying Agent in California for the payment of the principal of, and the interest (and premium, if any) on, the Bonds.

(a) Any Paying Agent appointed by the Commission, other than the Trustee, shall be a bank or trust company approved by the Trustee, which approval shall not be unreasonably withheld, and the Commission covenants and agrees to cause such Paying Agent to execute

and deliver to the Trustee an instrument in which it shall agree with the Trustee, subject to the provisions of this Covenant, that such Paying Agent shall hold in trust for the benefit of the Bondholders all sums held by such Paying Agent for the payment of the principal of, or premium, if any, or interest on any of the Bonds.

(b) Anything in this Covenant to the contrary notwithstanding, the Commission may at any time, for the purpose of obtaining the satisfaction and discharge of this Trust Agreement or for any other purpose, pay or cause to be paid to the Trustee all sums held in trust by it or any Paying Agent as required by this Covenant, such sums to be held by the Trustee upon the trusts herein contained.

(c) Anything in this Covenant to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Covenant is subject to the provisions of Sections 12.01 and 12.02 hereof.

Covenant 4. Use of Rental Revenue for Proper Purpose. None of the Revenues shall be used for any purpose other than as provided in this Trust Agreement, and no contract or contracts shall be entered into or any action taken by which the rights of the Trustee or of the Bondholders will be impaired or diminished.

Covenant 5. Further Assurance; Protection of Funds. Whenever and so often as requested so to do by the Trustee, the Commission will promptly execute and deliver or cause the Company to execute and deliver all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further an more fully vest in the Trustee and the Bondholders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Trust Agreement. The Commission shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and the other moneys, securities and funds pledged under this Trust Agreement and all the rights of the Bondholders under this Trust Agreement against all claims and demands.

Covenant 6. Maintenance of Revenues. The Commission will at all times maintain and vigorously enforce all of its rights under the Fuel System Lease.

Covenant 7. Accounting Records and Reports. The Commission shall cause the Company to keep proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee and by any Holder of Bonds, or its agent or representative, at reasonable hours and under reasonable conditions. The Commission shall cause the Company not more than 120 days after the close of each fiscal year of the Company to furnish to the Trustee, the Commission and to any Bondholder who shall request the same, the financial statements required to be prepared by the Company in accordance with Section 4.05 of the Fuel System Lease.

Covenant 8. Compliance with Trust Agreement. The Commission will faithfully observe and perform all the covenants, conditions and requirements hereof and comply with the terms, covenants and provisions, express or implied, of all contracts for the use of the Trust Estate by the Commission, and all other contracts and agreements affecting or involving the Trust Estate.

Covenant 9. Trust Estate. The Commission has good right, full power and lawful authority to grant, bargain, sell, assign, transfer in trust, convey and pledge the Trust Estate in the manner and form herein provided; and the Commission will forever warrant and defend the title to the same to the Trustee against the claims of all persons. Except as permitted by Section 2.01 of the Fuel System Lease, the Commission shall not, without obtaining the prior written consent of the Trustee, alter, modify or terminate or agree or consent to alter, modify or terminate, the Fuel System Lease. The Trustee shall give such written consent if, but only if, such consent is required or permitted to be given by Article XIII, and (i) in the opinion of the Trustee, such alterations or modifications will not result in any material impairment of the Trust Estate or of the security hereby given or intended to be given for the payment of the Bonds, or (ii) if, in the opinion of the Trustee, such alterations or modifications will result in a material impairment of the Trust Estate or of the security hereby given or intended to be given for the payment of the Bonds, the Trustee first obtains the written consent of the Holders of at least 60% in principal amount of the Bonds then Outstanding to such alterations or modification.

The Commission will pay or cause to be paid all taxes, assessments and other charges if any, that may be levied, assessed or charged upon the Trust Estate, or any part thereof, promptly as and when the same shall become due and payable; and the Commission will, upon request of the Trustee, from time to time keep the Trustee advised of such payments, and deliver such evidence thereof as the Trustee may reasonably require. The Commission will not suffer the Trust Estate, or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor; nor do or permit to be done in, upon or about the Trust Estate, or any part thereof, anything that might in any way weaken, diminish or impair the security intended to be given by this Trust Agreement.

Covenant 10. Observance of Laws and Regulations. The Commission will continuously operate the Airport so that all lawful orders of the Federal Aviation Administration and any other governmental agency or authority having jurisdiction in the premises shall be complied with, but the Commission shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

Covenant 11. The Fuel System. The Commission covenants that the Fuel System is the only Jet Fuel receipt, storage, transmission and delivery system at the Airport. The Commission further covenants that so long as any Bonds are Outstanding, the Fuel System shall be the sole and exclusive facility for the receipt, storage and distribution of Jet Fuel at the Airport.

Covenant 12. Against Liens and Encumbrances. The Commission shall not sell, lease or otherwise dispose of or encumber its interest in the Fuel System Lease or any part thereof and shall not create or permit to be created any charge or lien on the Revenues or on any other portion of the Trust Estate; provided, however, that nothing in this Covenant shall prevent or be deemed to prohibit:

(a) the Commission from entering into this Trust Agreement and issuing the Bonds pursuant hereto; or

(b) the Commission from depositing with or giving any form of security to any governmental agency or other body created or approved by law or governmental regulation in order to entitle the Commission to maintain self-insurance, or to participate in any fund in connection with workers' compensation, unemployment insurance, old age pensions, or other social security, or to share in any privileges or benefits available to corporations participating

in any such arrangement, or for any other purpose at any time required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license or from depositing assets of the Commission with any surety company, a clerk of any court, or an escrow, as collateral in connection with or in lieu of any bond on appeal by the Commission, from any judgment or decree against it or in connection with any proceedings in actions at law or in equity by or against the Commission; or

(c) the Commission from the incurring or suffering to be incurred or to exist upon any of its property or assets (i) the lien of any taxes or assessments or governmental charges or levies, if such taxes or assessments or charges or levies shall not at the time be due and payable or if the Commission shall currently be contesting the validity thereof in good faith by appropriate proceedings and shall have set aside on its books (or if the Trustee shall have set aside) adequate reserves with respect thereto, (ii) the liens of any judgments, if such judgments shall not have remained undischarged or unstayed on appeal or otherwise for more than six (6) months, (iii) undetermined liens or charges incident to construction, (iv) any other claims for labor, material and supplies, which if unpaid, might by law become a lien or charge upon its property if the Commission shall currently be contesting the validity thereof in good faith by appropriate proceedings and shall have set aside on its book (or if the Trustee shall have set aside) adequate reserves with respect thereto, (v) any encumbrances consisting of zoning restrictions, easements and restrictions on the use of real property and minor defects and irregularities in title thereto, which do not, in the opinion of the Commission, materially impair the use of such property by the Company in the operation of its business or the value of such property for the purpose of such business, or (vi) any lien created by law for banks on property in their possession for amounts owing to them that such property was furnished to the bank in the ordinary course of the business of the Commission and not as security for such indebtedness; or

(d) The execution, delivery and maintenance in effect of the Fuel System Lease or any substituted lease.

Covenant 13. Against Debt. The Commission shall not issue any obligations payable from the Revenues or any other payments received or to be received from the ownership, use or operation of the Trust Estate, nor voluntarily create or cause to be created nor suffer to continue to exist, any lien, pledge, assignment, encumbrance, or any other charge on the Trust Estate which (except as specifically authorized in Clause (i) of Covenant 12(c)) has any priority in payment of principal, interest and premium, if any, out of the Revenues or otherwise over Bonds authorized by this Trust Agreement, and the Commission shall not create, assume, incur or suffer to exist any current or funded debt, except:

(a) The Bonds issued and permitted to be issued under, and upon the terms and conditions specified in this Trust Agreement;

(b) Bonds or obligations which are not payable from, or secured by, the Revenues and which are not secured by any lien upon the Trust Estate;

(c) Current liabilities for accounts payable and expense accruals incurred or assumed in the ordinary course of business, including therein obligations for taxes, insurance, rents and interest, labor, wages, materials and equipment, incurred in connection with the

Facilities as contemplated by this Trust Agreement and by the Fuel System Lease or incurred in connection with a project or projects other than the Facilities; and

(d) Unsecured loans or debt for money borrowed for the express purpose of, and used for, the payment of taxes, insurance or other current liabilities of the Commission for which it is entitled to be reimbursed by Company under the Fuel System Lease or for which it is entitled to be reimbursed under other agreements to which the Commission is a party.

Nothing in this Trust Agreement or in any supplemental trust agreement shall preclude the Commission from providing by subsequent indenture for the issuance, sale or exchange of refunding bonds or any other evidences of indebtedness for the purpose of redeeming or retiring prior to maturity Bonds issued under this Trust Agreement.

Covenant 14. To Maintain Insurance. The Commission shall at all times cause to be maintained by the Company such insurance as is required pursuant to Section 7.03 of the Fuel System Lease.

All policies or certificates issued by the respective insurers for insurance shall provide that such policies or certificates shall not be canceled or materially changed without at least 30 days prior written notice to the Trustee, and shall carry loss payable endorsements in favor of the Trustee where applicable as otherwise provided herein. The Commission shall cause evidence of such policies required by this Covenant 14 to be deposited with the Trustee by the Company. Certificates of public liability and workers' compensation insurance shall be furnished by applicable insurers and, at least ten days prior to the expiration dates of such policies, evidence of renewals shall be deposited with the Trustee; *provided, however*, that to the extent permitted by Section 7.03 of the Fuel System Lease, the Company may self-insure for Worker's Compensation insurance and in the event the Company so self-insures, the Commission shall cause the Company to deposit its current State self-insurance certificate with the Trustee.

All proceeds of insurance with respect to loss or damage to the Facilities payable to the Trustee in accordance with Section 8.03 of the Fuel System Lease shall be paid to the Trustee. Such insurance proceeds payable to the Trustee shall be applied and disbursed by the Trustee, at the direction of Company, subject to the provisions of Section 7.02 hereof, to the redemption of Bonds prior to maturity.

Covenant 15. Maintenance of Powers; Retention of Assets. The Commission covenants that it will use its best efforts to keep the Airport open for landings and takeoffs of commercial aircraft using facilities similar to those at the Airport, and to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or any other obligation secured hereby or the performance or observance of any of the covenants herein contained.

Covenant 16. Preservation of Lien. The Commission shall do whatever else may be necessary or be reasonably required by the Trustee in order to perfect and continue the lien of this Trust Agreement and each supplemental trust agreement.

Covenant 17. Prosecution and Defense of Suits. The Commission shall promptly, upon request of the Trustee, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Trust Estate or any part thereof, whether now existing or hereafter developing, shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall cause the Company to indemnify and save the Trustee harmless from all loss, cost, damage and expense, including attorney's fees, which it may incur by reason of any such defect, cloud, suit, action or proceeding.

The Commission shall cause the Company to defend against every suit, action or proceeding at any time brought against the Trustee upon any claim arising out of the receipt, application or disbursement of any of the Revenues or involving the rights and duties of the Trustee under this Trust Agreement; provided, that the Trustee at its election may appear in and defend any such suit, action or proceeding; and provided, further that no obligation to defend shall arise in the event of gross negligence or willful misconduct of the Trustee. The Commission shall cause the Company to indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement or such rights and duties except to the extent of the gross negligence or willful misconduct of the Trustee.

Covenant 18. Eminent Domain. If all or any part of the Site or the Facilities shall be taken by eminent domain proceedings (or sold to a governmental entity threatening to exercise the power of eminent domain), any proceeds therefrom (including severance damages, if any) deposited with the Trustee in accordance with Section 8.03 of the Fuel System Lease shall, forthwith upon receipt, be deposited with the Trustee in a special fund in trust and shall be applied and disbursed by the Trustee in accordance with the provision of Section 7.02 hereof.

Covenant 19. Tax Covenants. Except as otherwise provided herein or in any supplemental trust agreement with respect to a Series of Bonds, the Commission covenants as follows:

(a) The Commission will make no use of the proceeds of any Series of Bonds or take any other action or permit any other action to be taken that would affect adversely the exclusion from gross income of, interest on such Series of Bonds for federal income tax purposes or, if applicable, the non-preference status of such interest for federal alternative minimum income tax purposes.

(b) The Commission shall comply with covenants with respect to the use of proceeds of Bonds as provided herein or in any applicable supplemental trust agreement.

(c) The Commission shall not use or knowingly permit the use of any proceeds of the 1997 Bonds or any other funds of the Commission, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the 1997 Bonds being treated as an obligation not described in Section 103(a) of the Code. Without limiting the generality of the foregoing, the Commission will comply with all the requirements and covenants contained in the Tax Certificate with respect to the 1997 Bonds. This covenant shall survive the payment in full or defeasance of the 1997 Bonds.

(d) Subsections (a) through (c) of this Covenant 19 shall not apply to any Bonds designated as taxable Bonds pursuant to a Certificate of the Airport Director.

Covenant 20. Continuing Disclosure. The Commission agrees to comply with and to cause the Company to comply with and carry out all of the provisions of each continuing disclosure certificate executed and delivered in connection with the issuance of a Series of Bonds, as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Trust Agreement, failure of the Commission to comply with any Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee may (and at the written request of the Holders of at least 25% of the aggregate principal amount of the related Series of Bonds Outstanding, and if such Holders shall have furnished to the Trustee indemnity satisfactory to it, shall) or any Holder or beneficial owner of such Series of Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Commission or the Company to comply with their obligations under this Covenant 20.

Section 7.02. Application of Proceeds of Insurance and Condemnation. In the event the Trustee receives notice from the Commission or the Company of any condemnation proceedings with respect to the Site or the Facilities or the occurrence of any material damage to or destruction of the Site or the Facilities, and the Trustee receives payment of any insurance proceeds or condemnation award, the Trustee shall deposit such amounts in the Bond Fund. Any amounts deposited in the Bond Fund pursuant to this Section 7.02 shall be used for the redemption of Bonds in the manner and at the price set forth in Section 4.01(a) (i) hereof. After all of the Bonds have been (or, upon the application of the award or sale proceeds, will be) fully paid (or provision for such payment duly made), and all of the Trustee's fees and expenses have been paid, the Trustee shall pay the remainder of such proceeds to the City.

Notwithstanding the above, if no Event of Default has occurred and is continuing and Company makes the election set forth in Section 8.03(e) of the Fuel System Lease within the time period specified therein to continue to operate or to rebuild, repair or restore all or a portion of the Site or the Facilities, the Trustee shall receive and review the Certificate of the Company and Architects' Certificate delivered by Company in accordance therewith. In addition, the Trustee shall receive from Company such additional documents, including Opinions of Counsel to Company and Bond Counsel and reports or certificates covering such matters and in such form as the Trustee shall request, but, in any event, sufficient to confirm to the Trustee that either (i) the property forming a part of the Site or the Facilities that was damaged or injured or taken by condemnation proceedings is not essential to Company's use or occupancy of the Facilities and the continued operation of the remaining portion of the Site and the Facilities will not adversely affect the security of the Bonds and the timely payment with respect thereof, taking into account the Reserve Fund and all other available Revenues; or (ii) that the Site and the Facilities can be restored to a condition satisfactory to Company and that continued operation of the Site and Facilities will not adversely affect the security of the Bonds and the timely payment in respect thereof, taking into account the Reserve Account and all other available revenues.

If the Trustee shall be satisfied as to the existence of either (i) or (ii) above, then it shall deposit the insurance proceeds or condemnation awards as the case may be, (i) in the Bond Fund, if Company does not elect to rebuild, repair or restore the Site and the Facilities, or (ii) in the Construction Fund, and apply such proceeds or awards to the Costs of restoring, repairing or rebuilding the Facilities; provided, however, that if any Event of Default has occurred and is continuing, the Trustee may apply such proceeds or awards to the repair or restoration of the Site and the Facilities as aforesaid, or to the payment of the principal or redemption price of, and interest on the Bonds then Outstanding. As used herein the term "condemnation award" shall mean any award or

payment which may be made with respect to the Site or the Facilities as a result of (i) the taking of all or a portion of the Site or the Facilities by the exercise of the right of eminent domain by any governmental body, or by any person, (ii) any other injury to or decrease in the value of the Site or the Facilities resulting from governmental action.

Section 7.03. Commission to Obtain Insurance. In the event the Commission fails to cause the Company to deposit the evidence of such policies of insurance as are required by Covenant 14 of Section 7.01 hereof, together with appropriate evidence of payment of the premiums therefor, the Commission shall use its best efforts to obtain such insurance as is required by said Covenant 14 in such minimum amounts as specified therein or shall pay such premiums, as the case may be, at Company's expense as provided in Section 7.03 of the Fuel System Lease.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events is hereby declared an "Event of Default" under this Trust Agreement:

(a) Failure to pay interest due on any Bond when the same shall have become due and payable; or

(b) Failure to pay the principal of or premium, if any, on the Bonds when the same shall become due and payable whether at maturity, upon redemption, by declaration or otherwise; or

(c) The occurrence and continuation of an Event of Default as set forth in Section 10.01(a)(i) of the Fuel System Lease or in the Guaranty or in the Security Agreement; or

(d) The Commission shall fail to observe or perform any other covenant or agreement on its part under this Trust Agreement, for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Commission by the Trustee, or to the Commission and the Trustee by the Owners of at least 25% in aggregate principal amount of Bonds of such Series then Outstanding; provided, however, that if the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given, it shall not be an Event of Default with respect to such Series as long as the Commission has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy; or

(e) If either the Commission or the City shall institute proceedings to be adjudicated a bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Commission or filed against it under the federal Bankruptcy Code, or shall consent to entry of an order for relief under the federal Bankruptcy Code, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

Section 8.02. Action Upon Default. The Trustee hereby covenants to notify any Credit Provider promptly upon its becoming aware in accordance with Section 9.10 of the occurrence of an Event of Default under this Trust Agreement. Upon the happening and continuance of any Event of Default specified in Section 8.01 hereof, then and in every such case the Trustee may, and upon the written request of the Holders of not less than a majority in principal amount of the Bonds then Outstanding hereunder shall, subject to the provisions of Section 8.05 hereof:

- (a) Commence an action to recover money or damages due and owing;
- (b) Commence an action to appoint a receiver, or specifically enforce any of the covenants hereof, to appear and participate in any action or proceeding affecting or which may affect the security of this Trust Agreement or the rights and powers of the Trustee, and to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which, in the judgment of the Trustee, affects or may affect the security of this Trust Agreement;
- (c) Exercise all other rights and remedies provided for in this Trust Agreement, the Fuel System Lease, the Security Agreement or the Guaranty and pursue any other available remedy at law or in equity by suit, action, mandamus or other proceeding.

In the enforcement of any remedy under this Trust Agreement, the Trustee shall be entitled to sue for, recover judgment in its own name and, as trustee of an express trust, enforce payment on and receive any or all amounts then or during any default becoming, and at any time remaining due and unpaid, from the Commission for principal, redemption price, interest or otherwise under any of the provisions of this Trust Agreement or the Bonds, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Commission for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Upon the happening and continuance of any Event of Default specified in Section 8.01 hereof, then and in any such case the Trustee or the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding hereunder, may with the written consent of the Credit Provider, if any, by notice in writing to the Commission, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration the said principal shall become and be due and payable immediately, anything in this Trust Agreement, or in the Bonds, to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared and become due and payable the Commission shall pay or shall deposit with the Trustee a sum sufficient to pay all arrears of interest upon all of the Bonds (with interest upon any overdue installments of interest at the rates expressed in the Bonds to the date of such payment or deposit), and all other sums payable under this Trust Agreement shall have been duly paid, and every other default in the performance of any covenant or provision of the Bonds or of this Trust Agreement shall have been made good or secured to the satisfaction of the Trustee or arrangements deemed by the Trustee to be adequate shall be made therefor, and the consent of any Credit Provider to such waiver having been obtained, then and in every such case the Trustee shall waive, and the Bondholders shall be deemed to have waived, the default and the Trustee shall rescind and annul, and the Bondholders shall be deemed to have rescinded and annulled, such declaration and its consequences; but no such waiver,

rescission or annulment shall extend to or affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Commission or the City under the Federal Bankruptcy Code or any other applicable law relative to the Commission, its creditors or its property, or in case a receiver or trustee shall have been appointed for its property, the Trustee, irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 8.02, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Bonds, and, in case of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the bondholders allowed in such judicial proceedings relative to the Commission, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on such claims, and with the consent of the Credit Provider, if any, to distribute the same after the deduction of its charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Bondholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due it for compensation and expenses, including counsel fees incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses and counsel fees out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, moneys, securities and other property which the Holders of the Bonds may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Section 8.03. Application of Moneys Upon Default. If at any time the moneys in the Bond Fund shall not be sufficient to pay or make provision for payment of the principal of and the premium, if any, and the interest on the Bonds as the same become due and payable, such moneys, together with any moneys available or thereafter becoming available for such purpose whether through the exercise of the remedies provided for in this Article VIII or otherwise, shall be applied by the Trustee as follows:

(a) To the payment of costs, expenses and fees, a reasonable compensation of the Trustee, its agents and attorneys, and all expenses and liabilities incurred and advances made by the Trustee.

(b) Unless the principal of all of the Bonds shall have become due and payable, the moneys shall then be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due, in order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

Second: To the payment of the principal of the respective Bonds as they become due in accordance with the provisions of this Trust Agreement and, if the amount available shall not be

sufficient to pay in full all Bonds due, then to the payment ratably, according to the amounts due on such Bonds, to the persons entitled thereto, without any discrimination or preference.

(c) If the principal of all of the Bonds shall have become due and payable, the moneys shall then be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably according to the amount due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(d) The moneys remaining, if any, shall be deposited in the Bond Fund.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section 8.03, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; setting aside such moneys in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Commission, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Trust Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any unpaid Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.04. Discontinuance of Any Proceeding. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, then in every such case the Commission, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 8.05. Action of Trustee Directed by Majority of Bondholders. Anything in this Trust Agreement to the contrary notwithstanding, the Holders of a majority in principal amount of the Bonds then Outstanding hereunder, with the consent of the Credit Provider, if any, shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Trust Agreement, that the Trustee shall have been indemnified to its satisfaction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Section 8.06. Notice to Trustee Before Legal Action. No Holder of any of the Outstanding Bonds shall have any right to institute any suit, action, mandamus or other proceeding in equity or at

law for the execution of any trust hereunder, or the protection or enforcement of any right under this Trust Agreement or any right under law unless the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, shall have offered the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name, and the Trustee shall have refused or neglected to comply with such request within a reasonable time not exceeding thirty (30) days. It is understood and intended: (1) that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security and lien of this Trust Agreement, or to enforce any right hereunder or under law with respect to the Bonds or this Trust Agreement or to take any other action which, under applicable law, would result in the surrender, impairment, waiver or loss of the lien of this Trust Agreement or any property subject to such lien, except in the manner herein provided, and (2) that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders of the Outstanding Bonds.

Anything in this Trust Agreement to the contrary notwithstanding, the right of any Holder of any Bond to receive payment of the principal of and interest on such Bond, on or after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates (subject to the first clause of the foregoing sentence) shall not be impaired or affected without the consent of such Holder.

Section 8.07. Action by Trustee in its Name for the Benefit of Bondholders. All rights of action under this Trust Agreement or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Bonds, and subject to the provisions of this Trust Agreement.

Section 8.08. Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 8.09. No Waiver of Default. Other than as provided in Section 8.02 hereof, unless a written waiver shall have been given, no delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence in respect thereof; and every power and remedy given by this Trust Agreement to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Holders of not less than a majority in principal amount of the Bonds then Outstanding shall waive, in writing, any default which in its opinion shall have been remedied before the completion of the enforcement of any remedy under this Trust Agreement but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 8.10. Limitation on Commission's Obligation. The Owners of the Bonds issued hereunder expressly understand and agree by their acceptance of the Bonds, that as of the date of this Trust Agreement the Commission has no taxing power whatsoever, and nothing herein contained shall be deemed to require the Commission to advance any moneys derived from the levy or collection of taxes by the City for the payment of the principal of, purchase price, if any, premium, if any, or interest on the Bonds. Neither the credit nor the taxing power of the City is pledged for the payment of the principal of, premium, if any, purchase price, if any, or interest on the Bonds, and the general fund of the City is not liable for the payment of the Bonds or the interest thereon. The Owners of the Bonds cannot compel the exercise of the taxing power by the City or the forfeiture of its property or the property of the Commission.

The principal of and interest on the Bonds and any premiums upon the redemption of any thereof are not a debt of the Commission nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or on any of its income, receipts or revenues except the Revenues and other funds that may be legally applied, pledged or otherwise made available to their payment as in this Trust Agreement provided.

Neither the Commission nor any officer thereof shall be liable or obligated for the payment of the principal, premium, if any, purchase price, if any, of or interest on the Bonds or for any payment agreed to be made or contemplated to be made pursuant to any of the terms of this Trust Agreement, save and except solely and exclusively from Revenues and the Trust Estate. Nothing herein contained shall prevent the Commission from making advances of its funds howsoever derived to any of the uses and purposes in this Trust Agreement mentioned, provided such funds are derived from any source legally available for such purpose and may be used by the Commission for such purpose without incurring indebtedness. No property or rights of the Commission shall ever be subject to forfeiture by reason of any default on the part of the Commission hereunder, provided, however, that nothing herein contained shall operate to excuse the Commission from making payments herein required to be made for the benefit of the Owners of the Bonds.

ARTICLE IX

CONCERNING THE TRUSTEE

Section 9.01. Acceptance of Trust: General. The Trustee hereby accepts the powers, duties and obligations of the Trustee as are specifically set forth in this Trust Agreement. The Trustee shall have no duty, responsibility or obligation for the issuance of Bonds or for the validity or exactness hereof, or of any other document relating to such issuance. The Trustee shall have no duty, responsibility or obligation for the payment of Bonds except for payment in accordance with the terms and provisions hereof from, and to the extent of, funds which are held in trust by the Trustee for the purpose of such payment.

Prior to an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. The Trustee shall have no liability for any act or omission to act hereunder, or under any other instrument or document executed pursuant hereto except for the Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Trustee shall be determined solely by the express provisions hereof, and no implied powers, duties or obligations of the Trustee shall be read into this Trust Agreement.

During an Event of Default, the Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

Notwithstanding any other provision hereof, the Trustee shall have no liability for any (a) error of judgment made in good faith by an officer or officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, or (b) action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority of the aggregate principal amount of Bonds Outstanding, then existing relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee hereunder.

Section 9.02. Trustee Not Required to Take Action Unless Indemnified. Except as expressly required herein, the Trustee neither shall be required to institute any suit or action or other proceeding in which it may be a defendant, nor to take any steps to enforce its rights and expose it to liability, nor shall the Trustee be deemed liable for failure to take any such action, unless and until it shall have been indemnified, to its satisfaction, against any and all reasonable costs, expenses, outlays, counsel and other fees, other disbursements including its own reasonable fees and against all liability and damages. The Trustee nevertheless, may begin suit, or appear in and defend suit, or do anything else which in its judgment is proper to be done by it as the Trustee, including actions taken in accordance with Section 8.05 hereof, without prior assurance of indemnity, and in such case the Commission shall cause the Company to reimburse the Trustee for all reasonable costs, expenses, outlays, counsel and other fees, and other reasonable disbursements including its own fees, and for all liability and damages suffered by the Trustee in connection therewith, except for the Trustee's own negligent action, its own negligent failure to act, its own willful misconduct or self-dealing constituting a breach of trust under applicable law; provided that the Trustee shall not be deemed to have waived its right to indemnity hereunder in connection with any action so taken. Without limiting the generality of the foregoing, the Trustee shall be under no obligation to exercise any right or remedy or to take any other action hereunder or under the Fuel System Lease if the Trustee determines, in its sole discretion, that any such action would expose the Trustee to any liability, loss, cost or expense under any environmental, land use or health and safety law or regulation, unless the Trustee has been furnished with indemnification satisfactory to it. If the Trustee begins, appears in or defends such a suit, the Trustee shall give prompt notice of such action to the Commission and the Company and shall give such notice prior to taking such action if possible. If the Company shall fail to make such reimbursement, the Trustee may reimburse itself for any costs and expenses in accordance with Section 8.03.

Section 9.03. Employment of Experts. The Trustee is hereby authorized to employ as its agents such attorneys at law, and other qualified independent consultants (who are not employees of the Trustee), as it may deem necessary to carry out any of its obligations hereunder. The Trustee shall be reimbursed by the Company in accordance with Section 4.03(b) of the Fuel System Lease for all reasonable expenses and charges in so doing. The Trustee shall not be responsible for any misconduct or negligence of any such agent appointed with due care by the Trustee. The written advice of such

counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

Section 9.04. Enforcement of Performance by Others. It shall not be the duty of the Trustee, except as herein specifically provided, to seek the enforcement of any duties and obligations herein imposed upon the Commission.

Section 9.05. Right to Deal in Bonds and Take Other Actions. The Trustee may in good faith buy, sell or hold and deal in any Bonds with like effect as if it were not such Trustee and may commence or join in any action which a Holder is entitled to take with like effect as if the Trustee were not the Trustee. It is understood and agreed that the Trustee may engage in a general banking business and no provision hereof is to be construed to limit or restrict the right of the Trustee to engage in such business with the Commission or any Holder. So engaging in such business shall not, in and of itself, and so long as the Trustee duly performs all of its duties as required hereby, constitute a breach of trust on the part of the Trustee. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law.

Section 9.06. Removal and Resignation of Trustee. The Trustee may resign at any time. Written notice of such resignation shall be given to the Commission and such resignation shall take effect upon the later of the date 90 days after receipt of such notice by the Commission and the date of the appointment and qualification of a successor Trustee. In the event a successor Trustee has not been appointed and qualified within 60 days after the date notice of resignation is given, the Trustee or the Commission may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

In addition, the Trustee may be removed at any time by the Commission so long as (a) no Event of Default shall have occurred and be continuing and (b) the Commission determines, that the removal of the Trustee shall not have an adverse effect upon the rights or interests of the Bondholders. Subject to clause (b) of the preceding sentence, in the event the Trustee becomes insolvent, the Commission may remove the Trustee by written notice effective immediately upon the appointment and qualification of a successor Trustee.

In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved, becomes Insolvent or otherwise becomes incapable to act as the Trustee, the Commission shall be entitled to appoint a successor Trustee. In such event, the successor Trustee shall cause notice to be mailed to the Holders of all Bonds then Outstanding in such manner deemed appropriate by the Commission. If the Trustee resigns, the resigning Trustee shall pay for such notice. If the Trustee is removed, is dissolved, becomes Insolvent or otherwise becomes incapable of acting as Trustee, the Commission shall pay for such notice.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business within the State of California and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least \$50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Every successor Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Commission an instrument in writing, accepting such appointment hereunder, and thereupon such successor Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of such predecessor. The predecessor Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee promptly shall deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee.

Each successor Trustee, not later than 10 days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Holder of a registered Bond and shall publish notice of such assumption in a Financial Newspaper of general circulation in New York, New York, and a Financial Newspaper of general circulation in San Francisco, California..

Section 9.07. Proof of Claim. The Trustee shall have the right and power to act in its name or in the name and place of the Commission or Holders to make proof of claim in any proceeding, bankruptcy, reorganization or otherwise where proof of claim may be required, including proofs of claim against Credit Providers, if any. Any amount recovered by the Trustee as a result of any such claim, after payment of all fees (including reasonable attorneys' fees), costs, expenses and advances paid or incurred by the Trustee or its agents in pursuing such claim, shall be for the equal benefit of all holders of Outstanding Bonds of the affected Series.

Section 9.08. Trustee's Fees and Expenses. The Commission hereby agrees to pay or cause to be paid the fees to and expenses of the Trustee for its services hereunder as agreed to by the Commission and the Trustee pursuant to the terms of a separate agreement.

Section 9.09. Reliance Upon Documents. In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon and shall be protected in acting or refraining from acting in reliance upon any document, including but not limited to any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper officials of the Commission, the Treasurer, the City, the Company, the Holders or agents or attorneys of the Holders; provided, in the case of any such document specifically required to be furnished to the Trustee hereby, the Trustee shall be under a duty to examine the same to determine whether it conforms to the requirements hereof. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document submitted to the Trustee; provided, however, the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may deem prudent. Whenever in the administration hereof, the Trustee shall deem it desirable that a matter be provided or established prior to taking or not taking any action hereunder, the Trustee (unless other evidence be specifically prescribed herein) may request and rely upon any document provided for in this Trust Agreement.

Except where other evidence is required hereby, any request or direction of the Commission mentioned herein shall be sufficiently evidenced by such request executed by a Authorized Commission Representative.

Section 9.10. Recitals and Representations. The recitals, statements and representations contained herein or in any Bond shall be taken and construed as made by and on the part of the Commission and not by the Trustee, and the Trustee neither assumes nor shall be under any responsibility for the correctness of the same other than the Trustee's certification of authentication of the Bonds.

The Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof or of the Fuel System Lease or, except as herein required, the filing or recording or registering of any document. The Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or as to the validity or sufficiency of, or priority of such document. The Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. The Trustee shall not be responsible or liable for any loss suffered in connection with the investment of any funds made by it in accordance with the provisions hereof.

Except with respect to Events of Default described in Section 8.01(a), (b) and (c) hereof, the Trustee shall have no duty of inquiry with respect to any default which constitutes or with notice or lapse of time or both would constitute an Event of Default without actual knowledge of a Responsible Officer of the Trustee or receipt by the Trustee of written notice of a default which constitutes or with notice or lapse of time or both would constitute an Event of Default from the Commission or any Holder.

The Trustee shall be deemed to have knowledge of the existence of an Event of Default only in the following circumstances: (i) in the case of an Event of Default referred to in paragraphs (a), (b) and (c) of Section 8.01 of this Trust Agreement, upon the occurrence of such Event of Default, and (ii) in the case of an Event of Default referred to in paragraphs (d) and (e) of Section 8.01 of this Trust Agreement, when any Responsible Officer of the Trustee obtains actual knowledge of the occurrence of such Event of Default or when the Trustee receives written notice thereof from the Commission, the Company or from any Holder.

Section 9.11. Reports and Records. (a) The Trustee shall at all times keep or cause to be kept proper records in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established and maintained by the Trustee pursuant to this Trust Agreement. Such records shall be available for inspection by the Commission or the Company on each Business Day during reasonable business hours and by any Owner or its agent or representative duly authorized in writing at reasonable hours and under reasonable circumstances.

(b) The Trustee shall provide to the Commission and the Company each month a report of the amounts deposited in each fund and account held by it under this Trust Agreement and the amount disbursed from such funds and accounts, the earnings thereon, the ending balance in each of such funds and accounts, the investments in each such fund and account and the yield on each investment calculated in accordance with the directions of an Authorized Commission Representative.

(c) The Trustee shall annually, within a reasonable period after the end of the Fiscal Year, provide to the Commission, the Company and to each Owner who shall have filed its name and address with the Trustee for such purpose (at such Owner's cost) a statement, which need not be audited, covering receipts, disbursements, allocation and application of Bond proceeds, Revenues and

any of the moneys in any of the funds and accounts established pursuant to this Trust Agreement for the proceeding year.

Section 9.12. Paying Agent and Registrar. The Commission may appoint a Paying Agent and a Registrar with respect to a Series of Bonds in the supplemental trust agreement pursuant to which such Series is issued. Each Paying Agent and Registrar shall (i) designate to the Trustee its principal office and (ii) signify its acceptance of the duties and obligations imposed upon it hereunder and under such supplemental trust agreement by written instrument of acceptance delivered to the Commission and the Trustee.

Each Paying Agent or Registrar shall exercise its duties in accordance with the terms of and shall have the protection provided to the Trustee in this Trust Agreement.

If any Paying Agent or Registrar shall resign or be removed, the Commission shall designate a successor. If the Commission shall designate a successor, then, upon the Trustee's receipt of the written designation and the written acceptance of such designated successor, such entity shall thereupon, without further action by the Commission, be appointed as successor Paying Agent or Registrar, as the case may be.

In the event that any Paying Agent or Registrar shall resign or be removed, or be dissolved, or if the property or affairs of any Paying Agent or Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and no successor shall have been appointed, the Trustee shall, *ipso facto* be deemed to be Paying Agent or Registrar, until the appointment of a successor. In each case in which the Trustee is acting as Paying Agent or Registrar for any Series of Bonds, the Trustee in such capacities shall be entitled to all of the immunities and protections from liability that are provided in this Article IX.

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

Section 9.13. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

Section 9.14. Other Agents. The Commission or the Trustee with the consent of the Commission may from time to time appoint other agents as may be appropriate at the time to perform duties and obligations under this Trust Agreement or under a supplemental trust agreement as provided by supplemental trust agreement or resolution of the Commission.

ARTICLE X

EXECUTION OF INSTRUMENTS BY BONDHOLDERS
AND PROOF OF OWNERSHIP OF BONDS

Section 10.01. Method of Execution of Instruments by Bondholders. Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument shall be sufficient for any purpose of this Trust Agreement, and shall be conclusive, in favor of the Trustee with regard to any action taken under such instrument, if made in the following manner: the fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution.

The ownership of Bonds and the amount, numbers and identification, and the date of owning the same shall be provided by bond registration books maintained by the Trustee.

Nothing contained in this Article X shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done by the Trustee in pursuance of such request or consent.

Section 10.02. Certain Bonds Disregarded. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any direction or consent under this Trust Agreement, Bonds which are owned by the Commission, Company or any other obligor under the Fuel System Lease or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Commission or Company or any other obligor under the Fuel System Lease shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Trustee shall be protected in relying on any such direction or consent only Bonds which the Trustee actually knows are so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 10.02, if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Commission or Company or any other obligor under the Fuel System Lease. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

ARTICLE XI

SUPPLEMENTAL TRUST AGREEMENTS

Section 11.01. Without Consent of Bondholders. The Commission and the Trustee may, without notice to or the consent of any of the Bondholders, but with the consent of Company and the Credit Provider, if any, from time to time and at any time, enter into such indentures or agreements supplemental hereto as shall not be substantially inconsistent with any of the principal terms and

provisions hereof (which supplemental trust agreements or agreements shall thereafter form a part hereof):

(a) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Trust Agreement or in any supplemental trust agreement or agreement, provided that such action shall not materially adversely affect the interests of the Holders of the Bonds, or

(b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or

(c) to issue Additional Bonds as permitted by Sections 3.05 and 3.06 hereof; or

(d) to make any changes required to obtain a rating by a nationally recognized rating agency;

(e) to preserve the exclusion of interest on the Bonds from gross income from federal income tax purposes;

(f) to amend this Trust Agreement to qualify under the Trust Indenture Act of 1939, as amended; or

(g) to make any other change which will not materially adversely affect the security of the Bondholders.

Upon the execution of any supplemental trust agreement or agreement pursuant to the provisions of this Section 11.01, this Trust Agreement shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the Commission and the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 11.02. With Consent of Bondholders. Subject to the terms and provisions contained in this Section 11.02, and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Trust Agreement to the contrary notwithstanding, to consent to and approve the execution by the Commission and the Trustee of such trust agreements or agreements supplemental hereto as shall be deemed necessary or desirable by the Commission for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement or in any supplemental trust agreement or agreement; provided, however, that nothing herein contained shall (i) extend the stated maturity of any Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, or change the currency for any payment of principal thereof of redemption premium or interest thereon, without the consent of the holder of each Bond so affected, or (ii) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification or permit the creation of a lien upon the Revenues prior to or on a

parity with the lien of the Trust Agreement, without the consent of the holders of all of the Bonds then outstanding, or (iii) except as expressly permitted by this Trust Agreement, prefer or give priority to any Bond without the consent of the registered owner of each Bond not receiving such preference or priority. Nothing herein contained, however, shall be construed as making necessary the approval by any Bondholder of the execution of any supplemental trust agreements or agreements pursuant to Section 11.01.

If at any time the Commission shall request the Trustee to enter into any supplemental trust agreement or agreement for any of the purposes of this Section 11.02, the Trustee shall, at the expense of the Commission, cause notice of the proposed execution of such supplemental trust agreement or agreement to be mailed, postage prepaid, to all Holders of Bonds then Outstanding at their addresses as they appear on the registration books hereinabove provided for. Such notice shall briefly set forth the nature of the proposed supplemental trust agreement or agreement and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail the notice required by this Section 11.02, and any such failure shall not affect the validity of such supplemental trust agreement or agreement when consented to and approved as in this Section 11.02 provided. Whenever at any time within one year after the date of the first publication of such notice, the Commission shall deliver to the Trustee an instrument or instruments purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental trust agreement or agreement described in such notice, and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee may execute such supplemental trust agreement or agreement in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of such supplemental trust agreement or agreement shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to the execution of such supplemental trust agreement or agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Commission from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any supplemental trust agreement or agreement pursuant to the provisions of this Section 11.02, this Trust Agreement shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the Commission and the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 11.03. Opinion of Counsel. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel as conclusive evidence that any such proposed supplemental trust agreement or agreement complies with the provisions of this Trust Agreement, and that it is proper for the Trustee, under the provisions of this Article XI, to join in the execution of such supplemental trust agreement or agreement.

Section 11.04. Approval by the Commission and Bondholders. Notwithstanding anything contained in the foregoing provisions of this Trust Agreement, the rights and obligations of the Commission and of the Holders of the Bonds, and the terms and provisions of the Bonds, and this Trust Agreement or any supplemental trust agreement or agreement, may be modified or altered in any respect with the consent of the Commission, the Trustee and the consent of the Holders of all of the Bonds then Outstanding.

ARTICLE XII

DEFEASANCE

Section 12.01. Payment of Bonds and Discharge of Trust Agreement. If the Commission shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Outstanding Bonds the principal, premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Trust Agreement, this Trust Agreement shall cease to be of further effect, except as to any surviving rights of transfer or exchange of Bonds herein expressly provided for, except as to Covenant 19. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Commission to be prepared and filed with the Commission and, upon the request and at the expense of the Commission, shall execute and deliver to the Commission (with copies to Company) all such instruments as may be desirable to evidence the satisfaction and discharge of this Trust Agreement, and the Trustee and Paying Agent shall pay over or deliver to the Company all moneys or securities held by them pursuant to this Trust Agreement which are not required for the payment of amounts due on Bonds not theretofore surrendered for payment or redemption (other than Bonds in lieu of or in substitution for which other Bonds have been authenticated and delivered pursuant to Section 2.08) or for the payment of expenses of the Commission or the Trustee.

Section 12.02. Bonds and Redemption Price Deemed to be Repaid. Bonds shall prior to the maturity or redemption date or dates thereof be deemed to have been paid within the meaning and with the effect expressed in Section 12.01 if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Commission shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to publish notice of redemption of such Bonds on said date, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, noncallable Government Obligations (including any Government Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, premium, if any, and interest due and to become due on said Bonds prior to the redemption date or maturity date or dates thereof, as the case may be, together with all fees and expenses of the Trustee, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding one hundred eighty (180) days, the Commission shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail a notice to Holders of such Bonds that the deposit required by (b) above has been with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 12.02 and stating such maturity or redemption date or dates upon which moneys are to be available for the payment of the principal of and the interest to the date of maturity or redemption and premium, if any, on said Bonds.

Neither Government Obligations nor moneys deposited with the Trustee pursuant to this Section 12.02 nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment, either directly or through any Paying Agent, as the Trustee may determine, to the Holders of the Bonds for whose payment or redemption such money or Government Obligations have been deposited with the Trustee, of all sums due thereon for principal, premium, if any, and interest; provided, however, that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in non-callable Government Obligations to mature or be withdrawable, as the case may be, not later than the time needed for such payment or redemption.

ARTICLE XIII

AMENDMENT OF FUEL SYSTEM LEASE, SECURITY AGREEMENT, GUARANTY, AND INTERLINE AGREEMENT

Section 13.01. Amendments Not Requiring Consent of Bondholders. The Commission, with the consent of the Trustee, may without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Fuel System Lease, the Interline Agreement, the Security Agreement or the Guaranty as may be permitted or required (i) by the provisions of the Fuel System Lease or this Trust Agreement, including amendments, changes or modifications to permit the issuance of Additional Bonds, (ii) to cure any ambiguity or to correct or supplement any provision in the Fuel System Lease, the Guaranty, or the Interline Agreement which may be inconsistent with any other provision contained therein, or (iii) in connection with any other change therein unless, in the judgment of the Trustee, such other change would materially adversely affect the interests of the Holders of the Bonds. Notwithstanding the preceding sentence, the Company and the Contracting Airlines may amend the Interline Agreement as and to the extent permitted by Section 4.06 of the Fuel System Lease without the consent of the Commission, the Trustee or the Bondholders.

Section 13.02. Amendments Requiring Consent of Bondholders. Except for the amendments, changes, or modifications referred to in Section 13.01, the Commission and the Trustee shall not consent to any amendment, change or modification of the Fuel System Lease, the Interline Agreement, the Security Agreement or the Guaranty which would permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond or (b) a reduction in the principal amount or redemption price of any Bond, or the rate of interest thereon, or (c) the creating of a lien upon or a pledge of the Trust Estate (including, without limitation, the Revenues) herein pledged ranking prior to or on a parity with the lien and pledge created by this Trust Agreement, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to any other changes in this Trust Agreement, without the consent of the Holders of all Bonds of the issue affected then Outstanding. Any other amendment, change or modification to the Fuel System Lease, the Interline Agreement, the Security Agreement or the Guaranty except one referred to in Section 13.01, shall not be made without the written approval or consent of the Holders of not less than a majority in aggregate principal amount of the Bonds of the issue affected then Outstanding given and procured as provided in Section 11.02. If at any time the Commission and Company shall request the consent of the Trustee to any proposed amendment, change or modification of the Fuel System Lease, the Interline Agreement, or the Guaranty other than one referred to in Section 13.01, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change

or modification to be mailed in the same manner as provided in Section 11.02. Such notice shall briefly set forth (i) the nature of such proposed amendment, change or modification and (ii) the requisite percentage in aggregate principal amount of the Bonds required for approval or consent and shall state that copies of the instrument embodying the same are on file at the office of the Trustee for inspection by all Bondholders.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

Section 14.01. Successor to the Commission. All of the covenants, stipulations, obligations and agreements contained in this Trust Agreement or by or in behalf of or for the benefit of the Commission shall bind or inure to the benefit of the successor or successors of the Commission from time to time, and any officer, board, corporation, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Section 14.02. Notice. Any notice, demand, direction, request or other instrument authorized or required by this Trust Agreement to be given to or filed with the Commission, Company or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Trust Agreement, if any, when sent prepaid by registered or certified mail, return receipt requested (or, in the case of notices to persons outside the United States, if sent by teletype and confirmed in writing):

If to the Commission, to:

If to the Trustee, to:

If to the Company, to:

If to the Credit Provider, to:

With copies to:

or to such other address or addresses as such party may designate to the others by notice given in accordance with the provisions of this Section 14.02.

All documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession, subject at all reasonable times to the inspection of the Commission, Company, any Bondholder, and the agents and representatives thereof.

Section 14.03. Trust Agreement for Sole Benefit of Parties and Bondholders. Except as expressly provided with respect to the Company, nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto, the Credit Provider, if any, and the Holders of the Bonds any right, remedy or claim, legal or equitable, under or by reason of this Trust Agreement or any provision hereof, this Trust Agreement and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto, the Credit Provider, if any, and the Holders from time to time of the Bonds.

Section 14.04. Severability. If any provision of this Trust Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases, because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses, Sections or subsections in this Trust Agreement contained shall not affect the remaining portions of this Trust Agreement or any part thereof.

Section 14.05. Waiver of Personal Liability. All covenants, stipulations, obligations and agreements of the Commission contained in this Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the Commission to the full extent authorized and permitted by the Constitution and laws of the State of California. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any past, present or future incorporator, member, director, officer, agent or employee of the Commission in his individual capacity, and any officer of the Commission executing the Bonds shall not be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No recourse under or upon any obligation, covenant or agreement contained in this Trust Agreement, or in any Bond, or under any judgment obtained against the Commission, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise, or under any circumstances, under or independent of this Trust Agreement, shall be had against any member, director, officer, agent or employee, as such, past, present or future, of the Commission, either directly or through the Commission, or otherwise for the payment for or to the Commission or any receiver thereof, or for or to the Holder of any Bond or otherwise, of any sum that may be due and unpaid by the Commission upon any such Bond, and any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such member, director, officer, agent or employee as such, to respond by reason of omission on his part or otherwise, for the payment for or to the Commission or any receiver thereof, or for or to the Holder of any Bond, or otherwise, of any sum that may remain due and unpaid upon such Bonds or any of them, is hereby expressly waived and released as a condition of and for the execution of this Trust Agreement and the issuance of such Bonds.

Section 14.06. The Commission's Actions. It shall be sufficient under this Trust Agreement if the Commission causes any action required to be taken by it to be taken on its behalf, or if such action is taken on its behalf, whether or not the Commission has caused the same to be taken.

Section 14.07. The Credit Provider. Any and all rights of a Credit Provider hereunder to direct or consent to actions hereunder shall be suspended during any period in which the Credit Provider is in default in its payment obligations under its Credit Facility.

Section 14.08. Execution in Counterpart. This Trust Agreement may be executed in counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

Section 14.09. Headings. Any headings preceding the texts of the several Articles hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

Section 14.10. Governing Law. This Trust Agreement shall be governed by and construed and interpreted under the laws of the State of California applicable to contracts made and performed within such state.

IN WITNESS WHEREOF, the Commission has caused this Trust Agreement to be executed by its President and Secretary and its seal affixed, and the Trustee has caused this Trust Agreement to be executed by its Vice President, and its corporate seal affixed, all as of the day and year first above written.

By _____
President

Attest _____
Secretary

(Seal)

By _____
Vice President

EXHIBIT A

(Form of Bond)

\$

No. _-

STATE OF CALIFORNIA
 CITY AND COUNTY OF SAN FRANCISCO
 AIRPORT COMMISSION OF THE CITY AND
 COUNTY OF SAN FRANCISCO
 SAN FRANCISCO INTERNATIONAL AIRPORT
 SPECIAL FACILITIES REVENUE BONDS (SFO FUEL COMPANY LLC)
 SERIES 1997 _

Dated DateInterest RateMaturity DateCUSIP No.

____ 1, 199_

Registered Owner: CEDE & CO.

Principal Sum: DOLLARS

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 Revenues hereinafter referred to) to the registered owner hereinabove named or registered assigns, on the maturity date hereinabove stated (subject to any right of prior redemption hereinafter mentioned) the principal sum hereinabove stated together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered on an interest payment date, in which event it shall bear interest from the date of registration, or unless this Bond is registered prior to the first interest payment date, in which event it shall bear interest from its date) until the principal hereof shall have been paid, at the interest rate per annum hereinabove stated, payable on ____ 1, ____ and semiannually thereafter on [May 1] and [November 1] in each year. Both the principal hereof and interest hereon are payable at the principal office of BNY Western Trust Company, the Trustee (hereinafter called the "Trustee"), in San Francisco, California, in lawful money of the United States of America.

This Bond is one of a duly authorized issue of San Francisco International Airport Special Facilities Revenue Bonds (SFO FUEL COMPANY LLC) of the Commission (hereinafter called the "Bonds" of the series and designation indicated on the face hereof. Said authorized issue of Bonds is not limited in aggregate principal amount, and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in the Trust Agreement 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 or by ordinance of the City and County of San Francisco (hereinafter called the "Act"). This Bond is issued pursuant to a trust agreement, dated as of May 1, 1997, by and between the Commission and the Trustee (hereinafter called the "Trust Agreement"). Reference is hereby made to the Trust Agreement and to the Act for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Revenues, as that term is defined in the Trust Agreement, and the rights of the registered owners of the Bonds; and all the terms of the Trust Agreement and the Act are hereby incorporated herein and constituted a contract between the Commission and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees. Additional series of Bonds may be issued on a parity with the Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Trust Agreement.

This Bond, including the interest hereon, together with all other Bonds, and the interest thereon, issued under the Trust Agreement (and to the extent set forth in the Trust Agreement), is payable from, and is secured by a charge and lien on, the Revenues (as that is defined in the Trust Agreement).

The Bonds are special obligations of the Commission, and are payable, both as to principal and interest, and as to any premiums upon the redemption thereof, out of the Revenues pertaining to a Fuel System Lease, dated as of May 1, 1997 (hereinafter called the "Fuel System Lease"), by and between the Commission, as lessor and SFO FUEL COMPANY LLC, as lessee (hereinafter called the "Company"), a Guaranty, a Security Agreement, and amounts in the funds and accounts established under the Trust Agreement (excluding the Rebate Account) and not out of any other fund or moneys of the Commission. No holder of this Bond shall ever have the right to compel any exercise of the taxing power of the City and County of San Francisco to pay this Bond or the interest hereon.

The Series 1997_ Bonds are subject to mandatory redemption, as a whole or in part, and unless the Company elects to continue to operate or to repair or replace the damaged, destroyed or condemned Facilities in accordance with the Fuel System Lease, in the event of loss of or damage to or condemnation or sale under threat of condemnation of the Site or the Facilities (as such terms are defined in the Fuel System Lease) from the funds as may be available in accordance with insurance proceeds or condemnation proceeds; and as a whole on the earliest date for which notice of redemption can be given following the receipt by the Trustee of notice from the Company that the Interline Agreement (as defined in the Trust Agreement) is to be terminated.

The Series 1997_ Bonds are subject to extraordinary redemption from unexpended proceeds thereof upon the written request of the Commission at the election of the Company in accordance with the Fuel System Lease, in whole or in part, on any interest payment date, at a redemption price equal to the principal amount of the 1997 Bonds called for redemption, plus accrued interest to the redemption date.

The Series 1997_ Bonds maturing on or before [May 1,] ____, are not subject to optional redemption prior to their respective stated maturity dates. The Series 1997_ Bonds maturing on or after May 1, 200_, are subject to optional redemption prior to their respective stated maturity dates, at the option of the Commission, from any source of available funds, in whole or in part on any date, and by lot within a maturity, on or after May 1, 200_, at the following redemption prices (expressed

as a percentage of the principal amount of Series 1997 _ Bonds called for redemption), together with accrued interest to the date fixed for redemption:

[The term Series 1997 _ Bonds maturing May 1, 20__, are subject to mandatory redemption prior to maturity, in part, by lot, from mandatory sinking fund payments, at the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, on each May 1, from May 1, 20__, to and including May 1, 20__.

The term Series 1997 _ Bonds maturing May 1, 20__, are subject to mandatory redemption prior to maturity, in part, by lot, from mandatory sinking fund payments, at the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, on each May 1, from May 1, 20__, to and including May 1, 20__.]

The Series 1997 _ Bonds are issuable only as fully registered Bonds without coupons in denominations of \$5,000 and any multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Trust Agreement, fully registered Series 1997 _ Bonds without coupons may be exchanged for a like aggregate principal amount of fully registered Series 1997 _ Bonds without coupons of other authorized denominations and of the same series and maturity.

This Bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at the principal office of the Trustee in San Francisco, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Series 1997 _ Bond or Series 1997 _ Bonds without coupons, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Commission, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Commission, the Trustee and any paying agent shall not be affected by any notice to the contrary.

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

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time,

form and manner, as required by the Constitution and statutes of the State of California and the Charter of the City and County of San Francisco, and that this Bond, together with all other indebtedness of the Commission pertaining to the Airport, is within every debt and other limit prescribed by the Constitution and statutes of the State of California and said Charter, and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

This Bond shall not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

IN WITNESS WHEREOF, the AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO has caused this Bond to be executed in its name and on its behalf by its President and countersigned by its Secretary, and the seal of said City and County to be imprinted or reproduced by facsimile hereon, and this Bond to be dated as of the ____ day of _____, 199_.

AIRPORT COMMISSION OF THE CITY
AND COUNTY OF SAN FRANCISCO

By _____
President

Countersigned:

Secretary of the Commission

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Trust Agreement and registered this ____ day of _____, _____.

as Trustee

By _____
Authorized Officer

ASSIGNMENT

For value received _____ hereby sell, assign and transfer unto
_____ the within Bond and hereby irrevocably constitute and appoint
_____ attorney, to transfer the same on the books of the Commission at the office
of the Trustee, with full power of substitution in the premises.

Dated: _____

Witness: _____ Tax I.D. No. _____

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within registered Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B

Form of Requisition

Requisition No. __

Item No.	Amount	Payee	Subaccount	Purpose

The undersigned Authorized Company Representative (as defined in the Trust Agreement dated as of May 1, 1997, by and between the Airport Commission of the City and County of San Francisco and BNY Western Trust Company) hereby certifies with respect to the items listed above:

1. Obligations in the stated amounts have been incurred by the Company and that each item thereof is a proper charge against the subaccount of the 1997 Construction Fund indicated and has not previously been paid with amounts from the 1997 Construction Fund; and
2. There has not been filed with or served upon the Company notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in this Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than material men's or mechanics' liens accruing by operation of law.

SFO FUEL COMPANY LLC

By _____
 Name:
 Title: