

LOAN AGREEMENT

by and between the

METROPOLITAN TRANSPORTATION COMMISSION,
as Borrower

and the

CALIFORNIA STATE TRANSPORTATION AGENCY,
as Lender

Dated as of [DATE - TKTK]

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into as of [DATE] (the "**Agreement**"), by and between the Metropolitan Transportation Commission, a public agency of the State of California duly organized and existing under the Metropolitan Transportation Commission Act (California Government Code Section 66500 et seq.), as borrower (the "**Borrower**" or "**MTC**"), and the California State Transportation Agency, a California State Agency, as lender (the "**Lender**" or "**CalSTA**"). Lender and Borrower are hereinafter at times collectively referred to as the "**Parties**" and individually as a "**Party**."

WITNESSETH:

WHEREAS, pursuant to the authority granted under Section 75227 of the Public Resources Code of the State of California (as the same may be amended or modified, the "Transit Law"), the State

of California has authorized CalSTA to make a loan to MTC for the purpose of providing emergency transit operating assistance to certain Bay Area transit operators (the “Loan”);

WHEREAS, the Borrower is the designated regional transportation planning agency for the San Francisco Bay Area and is authorized under applicable law, including the Transit Law, to receive and distribute State Transit Assistance funds and to enter into loan and financing agreements on behalf of, and for the benefit of, regional transit operators;

WHEREAS, the transit operators identified in this Agreement—the San Francisco Bay Area Rapid Transit District ("BART"), the San Francisco Municipal Transportation Agency ("SFMTA"), the Alameda-Contra Costa Transit District ("AC Transit"), and the Peninsula Corridor Joint Powers Board ("Caltrain") (each an "Operator" and collectively the "Operators")—face near-term operating funding shortfalls that threaten continuity of transit service in the Bay Area;

WHEREAS, the Borrower intends to distribute Loan proceeds to each Operator pursuant to separate sub-loan agreements to be entered into between MTC and each Operator, the terms of which shall be consistent with this Agreement;

WHEREAS, Lender wishes to provide such financing to MTC for the benefit of the Operators, and MTC wishes to borrow such funds from Lender, all on the terms and conditions set forth herein;

WHEREAS, the Parties intend that each tranche of this Loan shall be secured on a several and not joint basis by the respective Operator's revenue-based portion of State Transit Assistance funds; and

WHEREAS, the Parties intend this Agreement to constitute a legally binding obligation of both Parties, consistent with the requirements and intent of the Transit Law.

NOW, THEREFORE, in consideration of these premises and of the promises and mutual agreements herein contained, the Parties do hereby agree as follows:

ARTICLE I DEFINITIONS

SECTION 1.01. Definitions.

Unless defined above or within this Agreement, or the context clearly otherwise requires, the capitalized terms in this Agreement shall have the respective meanings set forth below.

"AC Transit" means the Alameda-Contra Costa Transit District, a transit district duly established by voters in 1956 pursuant to Part 1 of Division 10 of the Public Utilities Code of the State of California (Section 24501 *et seq.*), and designated a rapid transit district.

"Agreement" means this Loan Agreement, between Lender and the Borrower, together with all Exhibits hereto, as originally entered into and as amended from time to time pursuant to the provisions hereof.

"Amortization Period" means the approximately ten (10) year period commencing on July 1, 2028 and ending on the Maturity Date.

"Amortization Schedule" means the quarterly principal amortization schedule for each Tranche, to be determined by Lender and Borrower on or before March 1, 2028, in accordance with Section 2.05, setting forth the quarterly principal payment amounts during the Amortization Period.

"BART" means the San Francisco Bay Area Rapid Transit District, a transit district organized and existing under the laws of the State.

"Borrower Representative" shall have the meaning set forth in Section 8.08 hereto.

"Business Day" means any day, Monday through Friday, which is not a legal holiday of the State or a date on which banks are required or authorized by law to close.

"CalSTA" or "Lender" means the California State Transportation Agency, a State Agency, acting as lender hereunder.

"Caltrain" means the Peninsula Corridor Joint Powers Board, a joint powers authority organized and existing under the laws of the State.

"Certificate of the Borrower" means a request or certificate, in writing, signed by a duly authorized representative of the Borrower.

"Effective Date" means [DATE - TKTK], the date on which this Agreement becomes effective and binding on the Parties.

"Event of Default" means any of the events described in Section 7.01.

"Fiscal Year" means the twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive.

"Interest-Only Period" means the two (2) year period, commencing on the Loan Issue Date and extending to but not including July 1, 2028, in connection with which only interest payments (and no principal payments) are due on the Loan.

"Loan" means the loan from Lender to the Borrower in an aggregate principal amount equal to the Loan Amount made on the terms and conditions set forth herein.

"Loan Amount" means the aggregate principal amount of Five Hundred Ninety Million Dollars (\$590,000,000), comprised of the four Tranches set forth in Section 2.01.

"Loan Issue Date" means the date on which Loan proceeds are received by the Borrower.

"Maturity Date" means June 3, 2038.

"MTC" or "Borrower" means the Metropolitan Transportation Commission, acting as Borrower hereunder.

"Operators" means BART, SFMTA, AC Transit, and Caltrain, collectively, and "Operator" means any one of them individually.

"Payment Date" means the third (3rd) Business Day of each September, December, March, and June, commencing on September 3, 2026, and continuing until the Maturity Date.

“Public Transit Operating Purposes,” as defined in Section 75227(b)(1) of the Public Resources Code, includes, but is not limited to, costs necessary to avoid or mitigate service reductions and costs to maintain or restore existing transit service levels for bus, rail, and other public transportation services. “Public Transit Operating Purposes” does not include capital construction costs or any other capital expenses.

"Quarterly SMIF Rate" means the State Controller's most recently published quarterly interest rate for the Surplus Money Investment Fund (SMIF).

“Responsible Officer” means any of the Executive Director, Chief Deputy Executive Director, Chief Financial Officer or General Counsel of MTC.

"SFMTA" means the San Francisco Municipal Transportation Agency, an agency of the City and County of San Francisco duly constituted and established under Article VIII A of the Charter of the City and County of San Francisco.

"SMIF" means the Surplus Money Investment Fund maintained by the State of California Pooled Money Investment Account, as administered by the State Controller's Office.

"State" means the State of California.

"State Transit Assistance" or "STA" means funds apportioned to transit operators pursuant to the State Transit Assistance Program under California Public Utilities Code Sections 99314 et seq.

"STA Revenue-Based Funds" means the portion of State Transit Assistance revenues received by the specified Operator based on operator revenues that would otherwise be administered by the Metropolitan Transportation Commission pursuant to Section 99314 of the Public Utilities Code, as distinct from the population-based allocation and calculated in accordance with applicable law.

"Sub-Loan Agreement" means each separate loan agreement entered into between MTC and an Operator for the sub-lending of the applicable Tranche proceeds to that Operator, as contemplated by Section 2.03, as each may be amended from time to time.

"Tranche" means each of the four separately-tracked portions of the Loan Amount, as allocated to a specific Operator pursuant to Section 2.01, together with all accrued interest thereon.

"Transit Law" means Section 75227 of the Public Resources Code of the State of California, as the same may be amended or modified, the statutory authority under which this Agreement is made.

SECTION 1.02. Rules of Construction.

Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, and pronouns inferring the masculine gender shall include the feminine gender and vice versa. All references herein to particular articles or sections are references to articles or sections of this Agreement. The headings and subheadings herein are solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

SECTION 1.03. Conditions Precedent.

As conditions precedent to the Lender's obligations hereunder, each Party shall have signed this Agreement and delivered its signature to the other Party on or before the Effective Date. Additionally, Borrower shall provide to the Lender executed copies of the Sub-Loan Agreements that are substantially in the form attached hereto as Exhibit B. If these conditions precedent are not satisfied, neither Party shall have any obligations under this Agreement. Signatures received in portable document format, with original signatures to follow within a mutually agreeable reasonable time thereafter, are deemed to satisfy this condition.

ARTICLE II TERMS OF LOAN

SECTION 2.01. Loan to the Borrower; Tranches.

Lender hereby agrees to loan to the Borrower, and the Borrower hereby agrees to borrow from Lender, the Loan Amount under and subject to the terms of this Agreement. The Loan is comprised of four (4) Tranches, each associated with a specific Operator and Sub-Loan securing a separate, several obligation of the Borrower as described in Article IV hereof:

Tranche 1 (BART): \$285,000,000

Tranche 2 (SFMTA): \$200,000,000

Tranche 3 (AC Transit): \$55,000,000

Tranche 4 (Caltrain): \$50,000,000

This Agreement constitutes a continuing agreement between the Borrower and Lender governing the Loan and to secure the full and final payment of the Loan, subject to the covenants, agreements, provisions and conditions herein contained. The Loan is non-revolving; amounts may not be borrowed, repaid, and re-borrowed. The maximum amount of the Loan shall be five hundred ninety million dollars (\$590,000,000).

SECTION 2.02. Loan Administration.

Lender shall administer and service the Loan directly. Lender shall designate a contact person pursuant to Section 8.08 who shall be responsible for day-to-day administration of this Agreement. All disbursements, notices, approvals, and other administrative actions required under this Agreement shall be performed by Lender directly, without the involvement of any third-party servicer. MTC shall direct all communications, disbursement requests, and certifications to Lender's designated contact person.

SECTION 2.03. Sub-Loan Agreements; Use of Proceeds.

(a) **Sub-Loan Agreements.** MTC shall enter into a Sub-Loan Agreement with each Operator prior to the disbursement of any Tranche proceeds to such Operator. Each Sub-Loan Agreement shall be consistent with the terms of this Agreement with respect to the applicable Tranche. The Sub-Loan Agreement shall be provided to CalSTA by PDF scan or other electronic means prior to disbursement of funds to Borrower.

(b) **Use of Proceeds; Public Transit Operating Purposes Restriction.** MTC shall use Loan proceeds solely to sub-lend funds to the Operators for Public Transit Operating Purposes. MTC shall include a corresponding use-of-proceeds restriction in each Sub-Loan Agreement.

(c) **MTC Distribution Discretion.** Subject to the restrictions set forth in subsection (b) above, the allocation of Loan proceeds within each Tranche to specific Public Transit Operating Purposes categories shall be at the discretion of MTC and the applicable Operator, consistent with the Sub-Loan Agreement for that Tranche. MTC shall have final authority over the distribution of Loan proceeds to the Operators, subject to the consultation and review process described in Section 2.04(b).

SECTION 2.04. Disbursements; January 1, 2027 Review.

(a) **Disbursement Schedule.** Subject to the conditions set forth herein, Lender shall disburse the Loan Amount to Borrower in a single installment on or prior to July 1, 2026. MTC shall disburse each Tranche to the applicable Operator in two equal installments pursuant to the respective Sub-Loans. MTC shall in turn disburse: (i) the first installment to each Operator for its respective Tranche within ten (10) Business Days of MTC's receipt of funds from Lender, and (ii) the second installment to each Operator for its respective Tranche on the first Business Day of calendar year 2027.

(b) **January 1, 2027 Review.** By January 1, 2027, MTC shall review, in consultation with Lender, the planned Loan distributions to the applicable Operators and make any necessary adjustments to the remaining Sub-Loan disbursements pursuant to the Transit Law.

(c) **Disbursement Conditions.** Lender shall not be required to disburse any amount relating to a particular Tranche of the Loan unless the applicable Sub-Loan Agreement is in full force and effect and a fully executed copy of it has been provided to Lender by PDF scan or other electronic means.

SECTION 2.05. Interest Rate; Amortization Method; Payment Dates.

(a) **Interest-Only Period.** During the Interest-Only Period (from the Effective Date to but not including July 1, 2028), each Tranche of the Loan shall accrue simple interest on the average outstanding principal balance of such Tranche for each quarter at the Quarterly SMIF Rate most recently published by the State Controller prior to the commencement of such quarter. No principal payments shall be due during the Interest-Only Period. Interest shall be due and payable on each Payment Date commencing September 3, 2026.

(b) **Amortization Period Interest.** During the Amortization Period (commencing July 1, 2028), each Tranche shall accrue simple interest for each one-year period commencing from July 1 of such year at the average of the four (4) published Quarterly SMIF Rates for the prior calendar year. Interest shall be calculated on the actual average outstanding principal balance of the applicable Tranche.

(c) **Amortization Schedule Determination.** On or before March 31, 2028, the Parties shall jointly determine and memorialize the principal Amortization Schedule for each Tranche. The quarterly principal amortization payments for each Tranche shall be calculated using the average Quarterly SMIF Rate for calendar year 2027, so as to create a level quarterly debt service schedule as if such average rate were to apply throughout the Amortization Period. The actual interest accruing on each Payment Date during the Amortization Period shall be calculated in accordance with subsection (b) above on the actual average outstanding principal balance for such period, and the

total quarterly debt service payment shall be the sum of the scheduled principal amortization payment and the interest accrued for such quarter and, for purposes of the first Payment Date during the Amortization Period, shall include interest accrued from the final Payment Date of the Interest Only Period to but not including July 1, 2028.

(d) **Payment Dates.** Payments of interest and, during the Amortization Period, principal and interest, shall be due and payable on each Payment Date. The first Payment Date during the Amortization Period shall be September 3, 2028, and payments shall continue on each Payment Date thereafter until the Maturity Date, on which date all outstanding principal and accrued interest shall be due and payable in full.

(e) **Application of Payments.** All payments by MTC shall be applied first to accrued and unpaid interest, and then to outstanding principal. Prepayments made on any Payment Date, in excess of the principal and interest then due and payable, shall be applied as set forth in Section 2.06.

(f) **Business Day Adjustment.** Whenever any payment is required to be made on a day that is not a Business Day, such payment shall be required to be made on the next succeeding Business Day with the same effect as if it had been paid on the date required, and no further interest shall accrue on such payment for the intervening period.

(g) **Unconditional Obligation.** The obligation of the Borrower to repay the Loan as set forth herein is absolute and unconditional; provided that, notwithstanding anything to the contrary herein, such obligation shall be a special, limited obligation of MTC, payable solely from payments received by MTC from each Operator pursuant to the applicable Sub-Loan Agreement, and the Borrower shall not be obligated to expend any of its other funds to satisfy such obligation or make any payment or satisfy any obligation hereunder. The Borrower shall not discontinue or suspend any payments of principal or interest required to be paid under this Agreement when due, and such payments shall not be subject to reduction by offset or otherwise, nor conditional upon the performance or nonperformance by any other party for any cause whatsoever; provided that, notwithstanding anything to the contrary herein, such obligation shall be a special, limited obligation of MTC, payable solely from payments received by MTC from each Operator pursuant to the applicable Sub-Loan Agreement, and the Borrower shall not be obligated to expend any of its other funds to satisfy such obligation or make any payment or satisfy any obligation hereunder. The 'notwithstanding anything to the contrary' language in this section is not intended to conflict with Section 4.01(a), and if a conflict is found between these sections, the provisions of 4.01(a) take precedence and govern.

SECTION 2.06. Prepayment.

MTC, at the request of any Operator, shall have the right to prepay any or all of the scheduled principal amortization payments for the applicable Tranche, in whole or in part, in any order and on any scheduled Payment Date, at no premium or penalty. Any such prepayment shall be applied to the Tranche associated with the requesting Operator, in the order of priority set forth in Section 2.05(e). Conditional notice of any prepayment shall be provided to Lender no later than ten (10) Business Days prior to the intended prepayment date. MTC shall have sole discretion, subject to the preceding sentence, to determine the order and priority of any prepayments across Tranches at the request of the applicable Operator; provided that no prepayment shall be applied to a Tranche other than the Tranche associated with the Operator making the prepayment request without the prior written consent of Lender.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents that each of the following are true and correct as of the Effective Date.

SECTION 3.01. Organization; Authority.

The Borrower is a public agency duly organized and existing under California Government Code Section 66500 et seq., and has all necessary power and authority to enter into and perform its duties under this Agreement. The Borrower's execution, delivery, and performance of this Agreement has been duly authorized by all necessary action under applicable law, including any required approval by the Borrower's governing board.

SECTION 3.02. Transit Law Authority.

This Agreement is made under, and consistent with, the authority granted to the Borrower by the Transit Law. The Borrower acknowledges that the Loan is authorized under the Transit Law and shall be administered consistent with the requirements and intent of that statute.

SECTION 3.03. Agreement Valid and Binding.

This Agreement has been duly authorized, executed, and delivered by the Borrower and constitutes the legal, valid, and binding obligation of the Borrower, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or limiting creditors' rights generally.

SECTION 3.04. No Conflict in Execution of Agreement.

The execution and delivery by the Borrower of this Agreement and compliance with the provisions hereof will not conflict with or constitute a breach of or default by the Borrower under any law, administrative regulation, court decree, resolution, charter, bylaw, or any agreement or instrument to which the Borrower is subject or by which it is bound or by which its properties may be affected.

SECTION 3.05. No Litigation.

There is no action, suit, proceeding, or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the Borrower to restrain or enjoin the execution or delivery of this Agreement, or in any way contesting or affecting the validity of this Agreement, or contesting the powers of the Borrower to enter into or perform its obligations under this Agreement.

SECTION 3.06. No Breach or Default.

The Borrower is not in breach of or in default under any applicable law or administrative regulation of the State or the United States, the Constitution of the State, any applicable judgment or decree, or any agreement, indenture, bond, note, resolution, or other instrument to which the Borrower is a party or is otherwise subject, which, if not resolved in favor of the Borrower, would have a material adverse impact on the Borrower's ability to perform its obligations under this Agreement.

SECTION 3.07. No Consent Required.

No consent, permission, authorization, order, or license of, or filing or registration with, any governmental authority (other than those already obtained) is necessary in connection with the execution and delivery of this Agreement or the consummation of any transaction contemplated herein.

SECTION 3.08. Accuracy and Completeness of Information.

The information relating to the Borrower submitted by or on behalf of the Borrower to Lender at any time in connection with this Agreement was true and correct at the time submitted and, as of the Effective Date, remains true and correct in all material respects. Such information did not at the time submitted, and does not as of the Effective Date (provided that any such information shall be deemed to speak only as of the date thereof), contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made.

SECTION 3.09. Eligibility of Operators for STA Funds.

To the knowledge of the Borrower, each Operator is, as of the Effective Date, an eligible recipient of State Transit Assistance funds pursuant to California Public Utilities Code Sections 99310 et seq., and is in compliance in all material respects with the requirements for receipt of STA Revenue-Based Funds.

ARTICLE IV SECURITY; PLEDGE OF STA REVENUE-BASED FUNDS

SECTION 4.01. Pledge of STA Revenue-Based Funds; Several Obligation.

(a) **Security.** As security for the Loan, MTC hereby pledges and assigns to Lender, with respect to each Tranche, MTC's interest in and right to receive the STA Revenue-Based Funds allocable to the applicable Operator that would otherwise be administered by MTC pursuant to Section 99314 of the Public Utilities Code of the State of California including, without limitation, MTC's rights to receive payment thereof from each Operator pursuant to, and all authority therefor conferred under, the respective Sub-Loan Agreements for each such Tranche. Such pledge is made on a several and not joint basis — the applicable STA Revenue-Based Funds of one Operator shall not be available to secure or satisfy obligations under any other Tranche. Lender's security for any given Tranche shall not include any portion of STA Revenue-Based Funds or any other funds allocable to any other Operator.

(b) **Several Nature of Obligation.** Each Tranche is a separately secured, several obligation of MTC with respect to the applicable Operator's STA Revenue-Based Funds. A default or deficiency under one Tranche does not create cross-default rights with respect to any other Tranche, except as expressly set forth in Section 7.01.

(c) **Offset; Limitation.** Lender shall have no right of offset of payments due under this Loan other than against the STA Revenue-Based Funds of the applicable Operator associated with the Tranche for which a payment is delinquent pursuant to Section 7.06(a)(2) or 7.06(b). Lender shall not offset or withhold STA Revenue-Based Funds allocable to any Operator or MTC on account of a payment default attributable to a different Operator's Tranche.

SECTION 4.02. MTC Sub-Loan Agreement Amendments.

MTC shall not amend, waive, or terminate any Sub-Loan Agreement in any manner that would materially impair Lender's security interest therein without the prior written consent of Lender.

SECTION 4.03. Maintenance of STA Eligibility.

MTC shall take all actions reasonably within its control to maintain, and to assist each Operator in maintaining, the Operator's eligibility to receive STA Revenue-Based Funds throughout the term of this Agreement, provided that MTC shall not be obligated to expend any of its own funds in providing such assistance. MTC shall promptly notify Lender in writing if it becomes aware of any event, action, or proceeding that could reasonably result in the suspension, reduction, or termination of any Operator's receipt of STA Revenue-Based Funds.

ARTICLE V AFFIRMATIVE COVENANTS OF THE BORROWER

SECTION 5.01. Punctual Payment.

The Borrower hereby covenants to punctually pay, or cause to be paid, all payments required hereunder when due and in all other respects in strict conformity with the terms of this Agreement, and to faithfully observe and perform all of the conditions, covenants, and requirements of this Agreement, *provided that*, notwithstanding anything to the contrary herein, such obligations shall be special, limited obligations of MTC, payable solely from payments received by MTC from each Operator pursuant to the applicable Sub-Loan Agreement to the extent provided herein, and the Borrower shall not be obligated to expend any of its other funds to satisfy such obligations or make any payment hereunder. MTC shall hold all payments it receives from each Operator pursuant to the applicable Sub-Loan Agreement on behalf of the applicable Operator and shall be required to remit such payments to CalSTA in accordance with this Agreement. The 'notwithstanding anything to the contrary' language in this section is not intended to conflict with Section 4.01(a), and if a conflict is found between these sections, the provisions of 4.01(a) take precedence and govern.

SECTION 5.02. Books, Accounts, and Financial Statements.

(a) The Borrower hereby covenants that it will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions related to this Agreement and the Loan, including all disbursements to Operators and repayments received from Operators. Such books shall at all times during business hours be subject to the inspection of CalSTA or its designee.

(b) The Borrower shall prepare and file with CalSTA annually, as soon as practicable through commercially reasonable efforts, but in no event later than two hundred seventy (270) calendar days after the close of each Fiscal Year, so long as the Loan has not been repaid in full, its annual financial statements, together with any independent audit reports required by applicable law.

(c) Simultaneously with the delivery of annual financial statements, the Borrower shall deliver to CalSTA a Certificate of the Borrower stating: (1) that, to its knowledge, no Event of Default has occurred or is continuing, and, to its knowledge, no event has occurred which, with the passage of time or the giving of notice, or both, would constitute an Event of Default; (2) a summary of the status of each Sub-Loan Agreement, including payments received from Operators; and (3) such other information as may be reasonably requested by Lender.

SECTION 5.03. Reporting and Compliance.

(a) Each Sub-Loan Agreement shall require that, simultaneously with the delivery of other required documentation, but in no event more than two hundred seventy (270) calendar days after the close of each fiscal year, the applicable Operator file a written certificate with MTC certifying that all Sub-Loan proceeds have been used in accordance with Section 2.03(b).

(b) MTC shall provide Lender with copies of any material notices, default notices, or other significant communications received from or sent to any Operator under a Sub-Loan Agreement within ten (10) Business Days of receipt or transmission.

(c) MTC shall promptly notify Lender of any event or circumstance that would materially affect MTC's ability to repay the Loan or, to its knowledge, any Operator's ability to repay its Sub-Loan.

SECTION 5.04. Transit Law Compliance.

MTC shall comply with all requirements, conditions, and restrictions imposed by the Transit Law in connection with the Loan and the distribution of Loan proceeds to the Operators. MTC shall cooperate with any audit or review conducted by Lender, the State Controller, or any other State agency with oversight authority over the Loan or the use of Loan proceeds.

SECTION 5.05. Further Assurances.

The Borrower will adopt, make, execute, and deliver, or will cause to be made, executed, and delivered, any and all such further resolutions, instruments, and assurances as may be agreed upon by the parties as necessary or proper to carry out the intention or to facilitate the performance of this Agreement and for the better assuring and confirming unto Lender the rights, remedies, and benefits provided in this Agreement.

SECTION 5.06. Notice of Default.

The Borrower covenants that it will deliver to Lender, immediately upon a Responsible Officer of the Borrower obtaining actual knowledge of the occurrence of an Event of Default or an event that, in such Responsible Officer's reasonable determination would, with the passage of time or the giving of notice, constitute an Event of Default, a written statement setting forth the details of such event and the action which the Borrower proposes to take with respect thereto.

ARTICLE VI NEGATIVE COVENANTS OF THE BORROWER

SECTION 6.01. Limitation on Use of Proceeds.

The Borrower shall not use, or authorize any Operator to use, any Loan proceeds for any purpose other than Public Transit Operating Purposes in accordance with the Transit Law, as described in Section 2.03(b). MTC shall not re-allocate Loan proceeds from one Operator's Tranche to another Operator without the prior written consent of such Operators and the Lender.

SECTION 6.02. No Amendment of Sub-Loan Agreements Without Consent.

MTC shall not amend, waive, or otherwise modify any material term of any Sub-Loan Agreement—including but not limited to repayment terms, use-of-proceeds restrictions, or security provisions—without the prior written consent of Lender, which consent shall not be unreasonably withheld or delayed.

SECTION 6.03. No Impairment of Security.

MTC shall take no action, and shall not authorize any action, that would materially impair Lender's security interest in the STA Revenue-Based Funds pledged under Article IV, or that would cause any Operator to become ineligible to receive STA Revenue-Based Funds.

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. Events of Default and Acceleration.

(a) Each of the following events shall constitute an Event of Default hereunder:

- (1) Failure by the Borrower to pay principal and interest due on any Tranche of the Loan when and as the same shall become due and payable, provided that the Borrower has received sufficient monies therefor from the applicable Operator;

(2) Failure by the Borrower to observe and perform any of the covenants, agreements, or conditions on its part contained in this Agreement, other than as referred to in subsection (1) above, for a period of sixty (60) calendar days after written notice has been given to the Borrower by Lender specifying such failure and requesting that such failure be remedied; provided, however, that if the failure stated in such notice can be corrected, but not within such sixty (60) calendar day period, Lender may, in its reasonable discretion, consent to an extension of such time if corrective action is instituted by the Borrower within such sixty (60) calendar day period and diligently pursued until such failure is corrected;

(3) The filing by the Borrower of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Borrower seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Borrower or of any substantial part of its properties; and

(4) Any representation, warranty, or other written statement made by the Borrower contained in this Agreement, or in any instrument furnished in compliance with or in reference thereto, shall prove to have been incorrect in any material respect at the time made in a manner that would reasonably result in an impairment of the ability of the Borrower to perform its obligations hereunder, including repayment of the Loan, or otherwise impair the security of Lender with respect to repayment of the Loan.

(b) If an Event of Default has occurred and is continuing, Lender may seek to enforce its rights hereunder and compel performance by pursuing any remedies available at law or in equity, including through writ of mandamus or a suit for damages. Immediately upon becoming aware of the occurrence of an Event of Default, Lender shall give written notice of such Event of Default to the Borrower and the applicable Operator.

SECTION 7.02. [Reserved].

SECTION 7.03. No Waiver.

Nothing in this Article VII or in any other provision of this Agreement shall affect or impair the obligation of the Borrower, which is absolute and unconditional, to pay all payments due

hereunder, provided that, notwithstanding anything to the contrary herein, such obligations shall be special, limited obligations of MTC, payable solely from payments received by MTC from each Operator pursuant to the applicable Sub-Loan Agreement to the extent provided herein, and the Borrower shall not be obligated to expend any of its other funds to satisfy such obligations or make any payment hereunder. A waiver of any default by Lender shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of Lender 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 therein, and every power and remedy conferred by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by Lender. The ‘notwithstanding anything to the contrary’ language in this section is not intended to conflict with Section 4.01(a), and if a conflict is found between these sections, the provisions of 4.01(a) take precedence and govern.

SECTION 7.04. Remedies Not Exclusive.

No remedy herein conferred is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute or otherwise.

Section 7.05 Operator Non-Payment Events.

- (a) If an Operator fails to make any payment due to MTC under the applicable Sub-Loan Agreement, which failure continues unremedied for a period of thirty (30) calendar days after written notice of such failure has been delivered to MTC and the Operator, Lender shall have the right to pursue the remedies set forth in Section 7.06(a) with respect to the applicable Tranche, including the rights set out in Section 4.01.
- (b) If an Operator shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Operator seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Operator or of any substantial part of its properties, Lender shall have the right to pursue the remedies set forth in Section 7.06(b) with respect to the applicable Tranche, including the rights set out in Section 4.01.

Section 7.06. Remedies: Operator Non-Payment Events.

- (a) If an event specified in Section 7.05(a) has occurred and is continuing, the Lender may:

- (1) with respect to the Tranche affected by such event, enforce all remedies available under applicable law and in equity with respect to any past due principal or interest; and
 - (2) after giving 10-day written notice thereof to the Borrower and the applicable Operator, exercise any offset rights against the STA Revenue-Based Funds of the applicable Operator as to the applicable late payment, including taking the applicable STA Revenue-Based Funds before disbursement to the applicable Operator and intervening with State Controller's Office before disbursement of such funds, as set out in Section 4.01.
- (b) If an event specified in Section 7.05(b) has occurred and is continuing, Lender may, with respect to the Tranche affected by such event, declare the principal of such Tranche, together with all accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable; and (ii) exercise any offset rights against the STA Revenue-Based Funds of the applicable Operator, including taking the applicable STA Revenue-Based Funds before disbursement to the applicable Operator and intervening with State Controller's Office before disbursement of such funds, as set out in Section 4.01.

ARTICLE VIII MISCELLANEOUS

SECTION 8.01. California Law; Venue.

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of California. Any action or proceeding arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California.

SECTION 8.02. Assignment of Rights.

Borrower may not assign its rights and obligations hereunder unless required by law. Lender may assign its rights and duties under this Agreement to a successor State agency created by law. In the event of any assignment as provided in this Section 8.02, each Party agrees to execute all documents as the other Party may reasonably require in connection with such assignment.

SECTION 8.03. Third Party Beneficiaries.

Nothing in this Agreement, expressed or implied, is intended to give to any person other than Lender and Borrower any right, remedy, or claim under or by reason of this Agreement. All covenants, stipulations, promises, or agreements contained in this Agreement by and on behalf of the Borrower shall be for the sole and exclusive benefit of Lender and its permitted assigns.

SECTION 8.04. Successor Entities.

Whenever in this Agreement either the Borrower or Lender is named or referred to, such reference shall be deemed to include the permitted successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the Borrower or Lender shall bind and inure to the benefit of the respective permitted successors and assigns thereof, whether so expressed or not.

SECTION 8.05. Amendment.

No term or provision of this Agreement may be waived or otherwise modified except by a written agreement signed by both Parties. The Parties acknowledge and agree that the previous sentence shall be interpreted, enforced, and adhered to strictly, notwithstanding any legal doctrine, rule, statute, or case law that may permit oral modification of this Agreement. To the greatest extent permissible under the law, the Parties hereby agree to waive any legal doctrine, rule, statute, or case law that permits, or could be construed to permit, modification of this Agreement by means other than a writing signed by both Parties.

SECTION 8.06. Arm's Length Transaction.

The Borrower acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm's-length transaction between governmental entities; (ii) CalSTA is acting solely as Lender and is not acting as agent, advisor, or fiduciary of MTC; (iii) CalSTA has not assumed any advisory or fiduciary responsibility in favor of MTC with respect to the Loan; and (iv) MTC has consulted its own legal, financial, and other advisors to the extent it has deemed appropriate.

SECTION 8.07. Notices.

All written notices to be given under this Agreement shall be transmitted by a nationally recognized overnight mail carrier, or by electronic mail with confirmation of receipt, at the addresses set forth below, or at such other addresses as may be provided in writing from time to time. Notice shall be effective upon actual receipt.

If to Lender (CalSTA):

California State Transportation Agency

Attn: Carlos Quant, Deputy Secretary of Budget and Administration

400 Capitol Mall Suite 2340

Sacramento, CA 95814

If to Borrower (MTC):

Metropolitan Transportation Commission

Attn: Chief Financial Officer

375 Beale Street, Suite 800

San Francisco, California 94105

Telephone: (415) 778-6730

Fax: (415) 536-9815

SECTION 8.08. Contact Persons.

(a) The Secretary of Transportation of CalSTA, or such other person as designated in writing by CalSTA, shall manage this Agreement for Lender and shall have authority to make determinations and findings with respect to matters arising under or in connection with the interpretation, performance, or payment under this Agreement.

(b) The Executive Director of MTC, or his or her permitted assignee, shall manage this Agreement for Borrower and shall have authority to act on behalf of MTC in connection with this Agreement (the "**Borrower Representative**"). All communications given to the Borrower Representative shall be as binding as if given to the Borrower.

SECTION 8.09. Partial Invalidity.

The illegality, unenforceability, or invalidity of any provision of this Agreement shall not render that provision illegal, unenforceable, or invalid with regard to any other provision or circumstance. All provisions of this Agreement, in all other respects, shall remain legal, enforceable, and valid to the fullest extent permitted by law. If any provision of this Agreement is held to be illegal, unenforceable, or invalid by a court of competent jurisdiction, then such provision shall be deemed severed from this Agreement, and this Agreement shall be construed and enforced as if such provision had never been part hereof.

SECTION 8.10. Entire Agreement.

Except as expressly stated herein, this Agreement, together with the exhibits and attachments hereto, constitutes the entire agreement between the Parties with respect to the Loan. There are no understandings, agreements, representations, or warranties, express or implied, not specified herein regarding this Agreement.

SECTION 8.12. Waiver of Consequential Damages.

To the fullest extent permitted by law, the Borrower shall not assert, and hereby waives, any claim against CalSTA on any theory of liability for special, indirect, consequential, or punitive damages (as opposed to direct actual damages) arising from, or in connection with, this Agreement.

SECTION 8.13. Section Headings.

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision hereof.

SECTION 8.14. Time of the Essence.

Time is of the essence with respect to this Agreement, the conditions of this Agreement, and the performance of each obligation contained herein. Whenever the last day for performance of any obligation falls on a Saturday, Sunday, or legal holiday in the State, the time for performance shall be extended to the next Business Day. The first day shall be excluded and the last day shall be included when computing time periods under this Agreement. Unless otherwise provided herein, all time periods shall end at 5:00 p.m. California time.

SECTION 8.15. Execution in Counterparts.

This Agreement shall become enforceable upon its execution and delivery. This Agreement may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. Signatures hereto may be provided in portable document format, with original signatures to follow within a mutually agreeable reasonable time thereafter.

SECTION 8.16. Usury Savings.

Nothing herein shall be construed as entitling Lender to charge, receive, or collect interest in a sum greater than the maximum interest rate permitted to be charged under applicable law. The Parties intend that this Agreement shall comply with applicable law and that the rate of interest charged hereunder shall not exceed such maximum rate. If any circumstance, event, or contingency should cause such interest to exceed the maximum rate, any such excess amount shall be applied to the reduction of the unpaid principal balance of the Loan.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective authorized officers, all as of the Effective Date.

CALIFORNIA STATE TRANSPORTATION AGENCY, as Lender

By: _____

[NAME]

Secretary of Transportation

California State Transportation Agency

METROPOLITAN TRANSPORTATION COMMISSION, as Borrower

By: _____

[NAME]

Executive Director

Metropolitan Transportation Commission

EXHIBIT A

FORM OF AMORTIZATION SCHEDULE CERTIFICATE

*[TO BE DETERMINED ON OR BEFORE MARCH 1, 2028, IN ACCORDANCE WITH
SECTION 2.05(c) OF THE LOAN AGREEMENT]*

The Amortization Schedule shall set forth, for each Tranche, the scheduled quarterly principal amortization payments for the Amortization Period (July 1, 2028 through June 3, 2038), calculated using the average Quarterly SMIF Rate for calendar year 2027 to produce a level quarterly debt service schedule and, for purposes of the first Payment Date of the Amortization Period on September 6, 2028, including interest accrued from the final Payment Date of the Interest Only Period to but not including July 1, 2028. The Amortization Schedule shall be executed by both Parties and attached hereto upon determination, and shall thereupon constitute a part of this Agreement.

Payment Date

Wednesday, September 6, 2028

Tuesday, December 5, 2028

Monday, March 5, 2029

Tuesday, June 5, 2029

Wednesday, September 5, 2029

Wednesday, December 5, 2029

Tuesday, March 5, 2030

Wednesday, June 5, 2030

Wednesday, September 4, 2030

Wednesday, December 4, 2030

Wednesday, March 5, 2031

Wednesday, June 4, 2031

Wednesday, September 3, 2031

Wednesday, December 3, 2031

Wednesday, March 3, 2032

Thursday, June 3, 2032

Friday, September 3, 2032

Friday, December 3, 2032

Thursday, March 3, 2033

Friday, June 3, 2033

Monday, September 5, 2033

Monday, December 5, 2033

Friday, March 3, 2034

Monday, June 5, 2034

Tuesday, September 5, 2034

Tuesday, December 5, 2034

Monday, March 5, 2035

Tuesday, June 5, 2035

Wednesday, September 5, 2035

Wednesday, December 5, 2035

Wednesday, March 5, 2036

Wednesday, June 4, 2036

Wednesday, September 3, 2036

Wednesday, December 3, 2036

Wednesday, March 4, 2037

Wednesday, June 3, 2037

Thursday, September 3, 2037

Thursday, December 3, 2037

Wednesday, March 3, 2038

Thursday, June 3, 2038

EXHIBIT B
FORM OF SUB-LOAN AGREEMENT