

LOAN AGREEMENT

Dated as of September 1, 2020

Between

SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY

and

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

US-101 Express Lanes Project

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EXHIBIT A – FORM OF NOTE

EXHIBIT B – PRO FORMA BOND LOAN PRINCIPAL SCHEDULE

LOAN AGREEMENT

This **LOAN AGREEMENT** (as amended and supplemented hereafter, this “Agreement”), dated as of September 1, 2020, is between **SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY** (together with its successors and assigns, the “Borrower”), and **SAN MATEO COUNTY TRANSPORTATION AUTHORITY** (together with its successors and assigns, the “Lender”).

RECITALS

WHEREAS, the Borrower is duly organized and existing under the Joint Exercise of Powers Act (California Government Code, section 6500 et seq.) (the “JPA Act”) and a First Amended and Restated Joint Exercise of Powers Agreement dated June 13, 2019 (the “JPA Agreement”), between the Lender and City/County Association of Governments of San Mateo County;

WHEREAS, the Lender is duly organized and existing under California Public Utilities Code section 131240 and Ordinance No. 03135, titled the San Mateo County Transportation Authority Ordinance, which was later approved by majority vote of the electors of the County of San Mateo on June 7, 1988, through a ballot measure known as “Measure A;”

WHEREAS, under the Bay Area County Traffic and Transportation Funding Act (California Public Utilities Code section 131000 et seq.) the Lender is authorized to issue limited tax bonds secured by and payable from the revenues of certain retail transactions and use taxes applicable in the incorporated and unincorporated territory of the County of San Mateo;

WHEREAS, the Lender and the City/County Association of Governments of San Mateo County (the “C/CAG”) created the Borrower under the JPA Act to oversee the operations and administration of the “US-101 Express Lanes Project” (approximately 22 miles of managed lanes in both directions on U.S. Highway 101 between the San Mateo/Santa Clara County line (to the south) and U.S. Interstate 380 (to the north)) (the “101 Project”) and to jointly exercise ownership rights over the 101 Project, which is expected to cost approximately \$581,000,000;

WHEREAS, the Lender and the C/CAG are the project sponsors for the construction of the 101 Project;

WHEREAS, approximately \$485,000,000 of 101 Project construction funding is expected to come from a variety of sources, including state, regional, local and private funds;

WHEREAS, the Lender and C/CAG entered into a cooperative agreement with Caltrans that identified up to \$86,500,000 of the construction capital funds expected to come from toll revenues;

WHEREAS, proceeds of the Lender’s limited tax bonds designated “San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series A” and “San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series B” will fund a

portion of 101 Project construction designated to be financed from toll revenues and certain other programs;

WHEREAS, the Lender agrees to make a non-revolving advance of funds to fund a portion of 101 Project construction designated to be financed from toll revenues and certain other programs, as well as \$1,000,000 for Equity Programs (as defined herein);

WHEREAS, in consideration of the funding by the Lender, the Borrower, as the agency responsible to oversee the operations of the 101 Project, agrees to apply future toll revenues to repay the Lender in accordance with the terms and provisions hereof; and

WHEREAS, as the entity responsible for receiving future toll revenues from the 101 Project, the Borrower is defined as the borrower under this Agreement to fulfill the duty of applying future toll revenues to repay the Lender as set forth herein.

NOW, THEREFORE, the premises being as stated above, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged to be adequate, and intending to be legally bound hereby, it is hereby mutually agreed by and between the Borrower and the Lender as follows:

SECTION 1. Definitions. Unless the context otherwise requires, capitalized terms used in this Agreement shall have the meanings set forth below in this Section 1 or as otherwise defined in this Agreement. Any term used in this Agreement which is defined by reference to any other agreement shall continue to have the meaning specified in such agreement on the date hereof whether or not such agreement remains in effect.

“Account” means any or each account established hereunder, as the context requires.

“Adjusted Outstanding Lender Bond Principal Amount” means, from time to time, the principal amount of Lender Bonds outstanding under the terms of the Bond Indenture, less the principal amount of Lender Bonds that would have been redeemed or retired from funds deposited to the Bond Loan Retirement Account but for the Lender choosing not to redeem or retire corresponding Lender Bonds from such funds.

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

“Agreement” has the meaning provided in the preamble hereto.

“Base Rate” means the rate of interest borne from time to time by the Lender Bonds calculated as provided in the Lender Bonds.

“Board” means the Board of Directors of the Borrower.

“**Bond Indenture**” means the Indenture, dated as of September 1, 2020, as supplemented by the First Supplemental Indenture, dated as of September 1, 2020, each between the Lender and The Bank of New York Mellon Trust Company, N.A., as trustee, under which the Lender Bonds were issued, as it may be amended from time to time.

“**Bond Loan**” means the non-revolving loan made by the Lender to the Borrower hereunder through deposit of Lender Bond proceeds into the funds and accounts under the Bond Indenture as described in Sections 3 and 4, in order to finance construction of the 101 Project.

“**Bond Loan Balance**” has the meaning set forth in Section 7.

“**Bond Loan Interest and Costs Account**” means the Account by that name created under Section 8(a)(vi).

“**Bond Loan Interest Rate**” has the meaning set forth in Section 6.

“**Bond Loan Prepayment Date**” means, for each funding of a prepayment under Section 10(a) or (b), (1) the day on which the Lender Bonds are redeemed from such amounts in accordance with the Bond Indenture, or (2) if Lender does not deliver to the trustee for the Lender Bonds under the Bond Indenture notice of redemption of corresponding Lender Bonds by the Business Day immediately following the date the Borrower funds the prepayment, the date the Borrower funds the prepayment.

“**Bond Loan Principal Schedule**” means the Pro Forma Bond Loan Principal Schedule attached hereto as Exhibit B.

“**Bond Loan Retirement Account**” means the Account by that name created pursuant to Section 8(a)(xi).

“**Borrower**” has the meaning provided in the Preamble hereto.

“**Borrower’s Authorized Representative**” means any Person designated as such under Section 23.

“**Business Day**” means any day other than a Saturday, a Sunday or other day on which the Lender’s offices are authorized or obligated by law or executive order to be closed in the State of California but includes any “Business Day” as defined in the Bond Indenture.

“**C/CAG**” means the City/County Association of Governments of San Mateo County.

“**Caltrans Agreement**” means the Cooperative Agreement dated November 12, 2019, among the California Department of Transportation, the Lender and C/CAG, and designated Cooperative Agreement 04-2726.

“**Code**” means the Internal Revenue Code of 1986.

“**Collateral**” means all rights, title, interest and privileges of the Borrower in, to and under (i) the Net Revenue, (ii) all amounts in the Bond Loan Interest and Costs Account, the Operating

Reserve Fund, the Revenue Stabilization Reserve Fund, the Repair and Rehabilitation Reserve Fund, the Equipment Replacement Reserve Fund, and the Bond Loan Retirement Account established hereunder, and (iii) all interest or other income from investment of money in the Bond Loan Interest and Costs Account, the Operating Reserve Fund, the Revenue Stabilization Reserve Fund, the Repair and Rehabilitation Reserve Fund, the Equipment Replacement Reserve Fund, and the Bond Loan Retirement Account established hereunder.

“Debt Carry Expenses” means, collectively, (i) the interest on (but not principal of) the Bond Loan and the Operating Loans, (ii) the Enhancement Cost Component, and (iii) the Lender Bonds Cost Component.

“Default Rate” means an interest rate equal to the Bond Loan Interest Rate plus 3.0%.

“Defeasance Obligations” means cash or “government securities,” as such term is used in Treasury Regulations 1.1001-3(e)(5)(ii)(B)(I).

“Effective Date” means September 10, 2020.

“Enhancement Adjustment” has the meaning set forth in Section 7(b).

“Enhancement Cost Component” means an amount accruing on and after the second anniversary of the Lender Bonds issuance date based on the Adjusted Outstanding Lender Bond Principal Amount at a rate equal to the Enhancement Rate.

“Enhancement Rate” means, for any period, 0.40% per annum, calculated based on a year of 365/366 days and actual days elapsed.

“Environmental Laws” means any and all federal, state and local statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or to the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“Equipment Replacement Reserve Fund” means the Fund by that name created pursuant to Section 8(a)(x).

“Equipment Replacement Reserve Fund Requirement” means 100% of budgeted equipment replacement expenditures for the Express Lanes for the then-current Fiscal Year, as set forth in the Operating Budget for the Fiscal Year.

“Equity Programs” means programs implemented by the Borrower under section 2.2(g) of the JPA Agreement.

“Equity Programs Fund” means the Fund by that name created pursuant to Section 8(a)(iii).

“Event of Default” has the meaning set forth in Section 17.

“Express Lanes” means the tolled express lanes developed as part of the 101 Project and any extensions and improvements thereto as determined by the Borrower.

“Express Lanes Operator” means Bay Area Infrastructure Financing Authority, or any successor thereto, responsible for the collection of tolls with respect to the Express Lanes.

“Express Lanes Revenue Fund” means the Fund by that name created pursuant to Section 8(a)(i).

“Express Lanes Revenues” means (a) toll revenues, user fees, fines, rents or other similar charges payable for use of the Express Lanes, as well as fines and penalties and interest thereon collected as a result of a failure to pay any such amounts, (b) proceeds of insurance payable to or received by the Borrower with respect to the Express Lanes (whether by way of claims, return of premiums, ex gratia settlements or otherwise), including proceeds from business interruption insurance and loss of advance profits insurance, except for proceeds of fire and other casualty insurance that are actually applied or reserved for application to the repair, restoration or replacement of the Express Lanes, (c) proceeds of any condemnation awards with respect to the Express Lanes, except to the extent actually applied or reserved for application to the replacement of the Express Lanes, (d) liquidated damages, if applicable, for delayed completion of the 101 Project payable to or on behalf of the Borrower under any construction contract relating to the 101 Project or a portion thereof, (e) amounts transferred from the Revenue Stabilization Reserve Fund to the Express Lanes Revenue Fund under Section 8(b) and (f) any other incidental or related fees or charges, but excluding therefrom cash advances representing deposits against future toll payments from users or potential users of the Express Lanes.

“Final Maturity Date” means June 1, 2049.

“Fiscal Year” means the period of twelve months terminating on June 30 of each year or any such other annual period selected and designated by the Borrower as its Fiscal Year in accordance with applicable law.

“Fund” means each fund established in accordance with the terms hereof.

“GAAP” means generally accepted accounting principles for state and local governments, which are the minimum standards of and guidelines for financial accounting and reporting.

“Governmental Approval” means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions and declarations of or with any Governmental Authority.

“Governmental Authority” means any federal, state, provincial, county, city, town, village, municipal or other government or governmental department, commission, council, court, board, bureau, agency, authority or instrumentality (whether executive, legislative, judicial, administrative or regulatory), of or within the United States of America or its territories or possessions, including, without limitation, the State and its counties and municipalities, and their respective courts, agencies, instrumentalities and regulatory bodies, or any entity that acts “on behalf of” any of the foregoing, whether as an agency or authority of such body.

“Insurance and Condemnation Proceeds Account” means the Account by that name created pursuant to Section 8(a)(xii).

“Interest Payment Date” means the first day of each calendar month, or, if such day is not a Business Day, the immediately following Business Day, and the Final Maturity Date.

“JPA Agreement” has the meaning given such term in the Recitals.

“Lender” means the San Mateo County Transportation Authority, and its successors and assigns.

“Lender Bonds” means the San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series A and the San Mateo County Transportation Authority Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), 2020 Series B.

“Lender Bonds Cost Component” means letter of credit facility fees, letter of credit draw fees, remarketing agent fees, trustee fees, rating surveillance costs and all other direct administrative fees and charges accrued or incurred in any period by the Lender in connection with the Loan Documents and the Lender Bonds.

“Lender’s Authorized Representative” means any Person who shall be designated as such by the Lender pursuant to Section 24.

“Lien” means any mortgage, pledge, hypothecation, assignment, mandatory deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement of any kind or nature whatsoever, including, without limitation, any sale-leaseback arrangement, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, and the filing of any financing statement or similar instrument under applicable law.

“Loan Documents” means this Agreement and the Note.

“Material Adverse Effect” means a material adverse change in (a) the ability of the Borrower to perform or comply with any of its material obligations under any Loan Document, (b) the validity or priority of the Lien on the Collateral in favor of the Lender or (c) the Lender’s rights or benefits available under this Agreement.

“Monthly Funding Date” means the first day of each calendar month or, if such day is not a Business Day, the immediately following Business Day.

“Nationally Recognized Rating Agency” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, Moody’s Investors Services, Inc., Fitch Ratings or another nationally recognized statistical rating organization, identified by the U.S. Securities and Exchange Commission.

“Net Revenue” means, for any Fiscal Year, Revenue less Operation and Maintenance Expenses for that Fiscal Year (excluding, in such calculations, (i) any extraordinary or one-time

revenues from Revenue for such Fiscal Year and (ii) any extraordinary or one-time expenses from Operation and Maintenance Expenses for such Fiscal Year, but only if and to the extent such extraordinary or one-time expenses are paid or payable from extraordinary or one-time revenues being excluded from Revenue for such Fiscal Year), as set forth in (a) the audited financial statements of the Borrower for Fiscal Years for which audited financial statements are available, or (b) to the extent that audited financial statements are not available, the unaudited financial statements of the Borrower for Fiscal Years for which unaudited financial statements are available.

“**Note**” means the Note evidencing the Bond Loan in substantially the form attached hereto as Exhibit A, and any amendments thereto.

“**Obligations**” means the Borrower’s obligation hereunder and under the Note to pay principal and interest on the Bond Loan and the Borrower’s obligation to pay principal and interest under the Operating Loan Agreement (Lender).

“**Operating Budget**” means the fiscal year operating budget for the Express Lanes, adopted by the Board.

“**Operating Loans**” means the Operating Loan (Lender) and the Operating Loan (C/CAG).

“**Operating Loan (C/CAG)**” means the loan to the Borrower from C/CAG under the Operating Loan Agreement (C/CAG).

“**Operating Loan (C/CAG) Interest Account**” means the Account by that name created pursuant to Section 8(a)(v).

“**Operating Loan (C/CAG) Principal Schedule**” means the loan principal schedule under Section 2.F. of the Operating Loan Agreement (C/CAG), as modified from time to time under its terms.

“**Operating Loan (C/CAG) Retirement Account**” means the Account by that name created pursuant to Section 8(a)(xi).

“**Operating Loan (Lender)**” means the loan to the Borrower from the Lender under the Operating Loan Agreement (Lender).

“**Operating Loan (Lender) Interest Account**” means the Account by that name created pursuant to Section 8(a)(v).

“**Operating Loan (Lender) Principal Schedule**” means the loan principal schedule under Section 2.F. of the Operating Loan Agreement (Lender), as modified from time to time under its terms.

“**Operating Loan (Lender) Retirement Account**” means the Account by that name created pursuant to Section 8(a)(xi).

“**Operating Loan Agreement (C/CAG)**” means the Cooperative Funding Agreement dated November 14, 2019, as amended by the First Amendment to Cooperative Funding

Agreement dated September 10, 2020, each between C/CAG and the Borrower, and as further amended from time to time.

“Operating Loan Agreement (Lender)” means the Cooperative Funding Agreement dated December 18, 2019, as amended by the First Amendment to Cooperative Funding Agreement dated September 10, 2020, each between the Lender and the Borrower, and as further amended from time to time.

“Operating Loan Interest Fund” means the Fund by that name created pursuant to Section 8(a)(v).

“Operating Loan Prepayment Date” means, for each deposit to the Operating Loan (C/CAG) Retirement Account or the Operating Loan (Lender) Retirement Account, the Business Day immediately following the date of such deposit and written notice of such deposit to the Lender.

“Operating Reserve Fund” means the Fund by that name created pursuant to Section 8(a)(vii).

“Operating Reserve Fund Requirement” means one sixth (1/6) of the budgeted Operation and Maintenance Expenses for the then-current Operating Budget.

“Operation and Maintenance Expenses” means all reasonable current expenses incurred and paid or payable by the Borrower for the administration of the Borrower and for the operation and maintenance of the Express Lanes payable from Revenue, determined in accordance with GAAP, including, without limitation, all amounts paid or payable under an operating agreement, a police services agreement and similar agreements, costs for operation, maintenance and repair, consumables, payments under any lease or rental payments properly considered to be operating expenses, payments pursuant to agreements for the management of the Express Lanes, taxes, premiums paid or payable on any insurance, payments for oversight services, all administrative, engineering and policing costs, costs for any security, toll collection and enforcement expenses, fees and expenses of a traffic consultant, any fiscal agent, paying agent, rating agency, credit, liquidity or remarketing fees relating to Obligations (for the avoidance of doubt, such fees, administrative costs and expenses do not include any commitment fees, termination fees, fines or other penalties or any payments to be made to swap providers), any insurance consultant, legal and accounting expenses, and any other reasonable and necessary expense paid or payable for the operation and maintenance of the Express Lanes, but excluding expenses paid or scheduled to be paid from proceeds of Obligations, capital expenditures, expenditures for rehabilitation and operational improvement projects on the Express Lanes, depreciation or obsolescence charges or reserves therefore, debt service for Obligations and any non-cash charges, such as depreciation, amortization of intangibles and other bookkeeping entries of a similar nature.

“Operation and Maintenance Fund” means the Fund by that name created pursuant to Section 8(a)(ii).

“Outstanding” means all Obligations, except such Obligations: (i) canceled or delivered for cancellation; (ii) deemed to be paid; and (iii) Obligations held by or for the account of the Borrower.

“Outstanding Bond Loan Balance” means the Bond Loan Balance as of a given time.

“Payment Date” means each Interest Payment Date and the Final Maturity Date.

“Payment Default” has the meaning set forth in Section 17(a)(i).

“Permitted Debt” means the Bond Loan and the Operating Loans.

“Permitted Investments” means with respect to the investment of amounts on deposit in Funds and Accounts and subaccounts referred to in Section 8 of this Agreement:

(a) Defeasance Obligations; or Direct obligations of any agency or instrumentality of the United States of America;

(b) certificates of deposit where the certificates are collaterally secured by securities of the type described in clause (a) of this definition and held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest, but this collateral is not required to the extent the certificates of deposit are insured by an agency of the Government;

(c) money market accounts held by the Lender or its Affiliates; or made with any bank (including a third party as fiscal agent or custodian);

(d) repurchase agreements when collateralized by securities of the type described in clause (a) of this definition and held by a third party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so collateralized, including interest;

(e) money market funds that invest solely in obligations of the United States of America, its agencies and instrumentalities, and having a rating by a Nationally Recognized Rating Agency at least equivalent to, or higher than, the rating of the Government; and

(f) collateralized investment agreements or other contractual agreements with corporations, financial institutions or national associations within the United States of America, provided that the senior long-term debt of such corporations, institutions or associations is rated “AA” or its equivalent by a Nationally Recognized Rating Agency.

(g) commercial paper (having maturities of not more than 270 days) rated A-1 or better by S& P and P-1 by Moody’s.

(h) any investment approved by the Board.

“Permitted Liens” on the Project means:

(a) Liens imposed by law for taxes that are not yet due or are being contested;

(b) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, and other social security laws or regulations;

(c) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(d) judgment liens in respect of judgments that do not constitute an Event of Default;

(e) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower;

(f) any Lien on any property or asset of the Borrower existing on the Effective Date hereof; provided that (i) such Lien shall not apply to any other property or asset of the Borrower and (ii) such Lien shall secure only those obligations that it secures on the Effective Date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(g) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, (ii) such Lien shall not apply to any other property or assets of the Borrower and (iii) such Lien shall secure only those obligations that it secures on the date of such acquisition, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof; and

(h) purchase money security interests in equipment acquired on or after the Effective Date hereof by the Borrower, provided that (i) such security interests secure indebtedness for borrowed money permitted by Section 15(a), (ii) such security interests are incurred, and the indebtedness secured thereby is created, within ninety (90) days after such acquisition, (iii) the indebtedness secured thereby does not exceed the fair market value of such real property, improvements or equipment at the time of such acquisition and (iv) such security interests do not apply to any other property or assets (other than accessions to such equipment) of the Borrower.

“Person” means any natural person, firm, partnership, association, corporation, or public body.

“Rating Category” means one of the generic rating categories of a Nationally Recognized Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“Rebate Fund” means the Fund by that name created pursuant to Section 8(a)(iv).

“Repair and Rehabilitation Reserve Fund” means the Fund by that name created pursuant to Section 8(a)(ix).

“Repair and Rehabilitation Reserve Fund Requirement” means the ending balance in the Repair and Rehabilitation Reserve Fund for the prior Fiscal Year, plus 100% of budgeted capital expenditures for the Express Lanes for the current Fiscal Year, as set forth in the Operating Budget for the current Fiscal Year.

“Revenue” means: (a) Express Lanes Revenues, (b) all interest or other income from investment of money in the Funds and Accounts established hereunder (excluding the Operation and Maintenance Fund, the Equity Programs Fund, and the Rebate Fund).

“Revenue Sharing Fund” means the Fund by that name created pursuant to Section 8(a)(xi).

“Revenue Stabilization Reserve Fund” means the Fund by that name created pursuant to Section 8(a)(viii).

“Revenue Stabilization Reserve Fund Cap” means, as of any date, the sum of (i) the total Operation and Maintenance Expenses budgeted in the Borrower’s annual budget for the then-current Fiscal Year; (ii) the total Debt Carry Expenses budgeted in the Borrower’s annual budget for the then-current Fiscal Year; and (iii) \$600,000.

“Revenue Stabilization Reserve Fund Requirement” means, as of any date, 25% of the budgeted Express Lanes Revenues in the Operating Budget for the then-current Fiscal Year.

“Servicer” means such entity or entities as the Lender shall designate under Section 25 from time-to-time to perform, or assist the Lender in performing, certain duties hereunder.

“State” means the State of California.

“Tax Certificate” means the Tax Certificate dated the date of issuance of the Lender Bonds, executed by the Lender and the Borrower.

“101 Project” has the meaning given such term in the Recitals.

SECTION 2. Interpretation. Unless the context shall otherwise require, the words “hereto,” “herein,” “hereof” and other words of similar import refer to this Agreement as a whole. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and vice versa. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise require. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” Unless the context shall otherwise require, references to any Person shall be deemed to include such Person’s successors and permitted assigns. Unless the context shall otherwise require, references to sections, subsections, and provisions are to the applicable sections, subsections and provisions of this Agreement. The headings or titles of this Agreement and its sections, schedules or exhibits, as well as any table of contents, are for convenience of reference only and shall not define or limit its provisions. Unless the context shall otherwise require, all references to any resolution, contract, agreement, lease or other document shall be deemed to include any amendments or supplements to, or modifications or restatements or replacements of, such documents that are approved from time-to-time in accordance with the terms thereof and hereof.

Every request, order, demand, application, appointment, notice, statement, certificate, consent or similar communication or action hereunder by any party shall, unless otherwise specifically provided, be delivered in writing in accordance with Section 19 and signed by a duly authorized representative of such party.

SECTION 3. Bond Loan; Initial Bond Loan Balance; Note.

(a) The Lender hereby loans to the Borrower, and the Borrower hereby borrows from the Lender, the Bond Loan, by causing the net proceeds (after underwriter's discount) from the sale of the Lender Bonds to be deposited as provided under the Bond Indenture to the funds and accounts thereunder. The Borrower will not receive the proceeds except by requisition from the funds and accounts under the Bond Indenture of \$1,000,000 for Equity Programs. The initial Bond Loan Balance shall be \$100,000,000 (calculated as the amount of Lender Bond proceeds deposited to the funds and accounts under the Bond Indenture plus the underwriters' discount upon initial sale of the Lender Bonds to the underwriters thereof). Thereafter, the principal amount of the Bond Loan at any time shall be the Bond Loan Balance as determined in Section 7.

(b) On or before the Effective Date, the Borrower shall execute and deliver the Note. The Note shall evidence the Borrower's obligation to repay to the Lender the Bond Loan with interest as herein provided. The Note shall not be rated by a credit rating agency, shall not have a CUSIP number and shall not be issued or sold pursuant to an offering document. The Note shall be registered in the name of the Lender, and shall be in substantially the form set forth in Exhibit A hereto.

SECTION 4. Disbursement of Bond Loan. The Lender shall cause such Lender Bond proceeds to be disbursed on the Effective Date and from time to time thereafter in accordance with the Bond Indenture and the Tax Certificate, including without limitation to pay directly, or to reimburse prior payments of, costs in connection with the 101 Project, it being understood and acknowledged that the Borrower shall also be a signatory on requisitions of Lender Bond proceeds required under the Bond Indenture and that a requisition on the date of issuance of the Lender Bonds shall include \$1,000,000 to the Borrower for Equity Programs.

SECTION 5. Term. The term of the Bond Loan and the Note shall extend from the Effective Date to the Final Maturity Date or to such earlier or later date as all amounts due or to become due to the Lender hereunder have been paid.

SECTION 6. Bond Loan Interest Rate; Enhancement Cost Component; Lender Bonds Cost Component.

(a) Interest shall accrue on the Bond Loan at a rate (the "Bond Loan Interest Rate") equal to the Base Rate. Interest shall accrue only on the Outstanding Bond Loan Balance. Upon the occurrence and during the continuance of an Event of Default, the Bond Loan Interest Rate shall be the Default Rate and the Outstanding Bond Loan Balance shall continue to bear interest at such rate until such Event of Default is cured or the Bond Loan has been paid in full. Interest on Lender Bonds paid from Lender Bond proceeds or investment earnings on deposit in the Interest Fund under the Bond Indenture shall be deemed to pay an equivalent amount of interest accrued on the Bond Loan.

(b) On each Payment Date, the Borrower shall pay to the Lender an amount equal to the then incurred or accrued and unpaid Enhancement Cost Component, except the Enhancement Cost Component or portion thereof added to the Bond Loan Balance under Section 7.

(c) On each Payment Date, the Borrower shall pay to the Lender an amount equal to the then incurred or accrued and unpaid Lender Bonds Cost Component, except the Lender Bonds Cost Component or portion thereof added to the Bond Loan Balance under Section 7. The amount of Lender Bonds Cost Component paid from Lender Bond proceeds or investment earnings on deposit in the Interest Fund under the Bond Indenture shall be deemed to pay an equivalent amount of Lender Bonds Cost Component payable hereunder.

SECTION 7. Outstanding Bond Loan Balance and Revisions Thereof.

(a) As of any date, the “Bond Loan Balance” shall be the initial Bond Loan Balance under Section 3:

(i) plus accrued interest on the Outstanding Bond Loan Balance as of each Monthly Funding Date that is not deemed paid under Section 6(a) nor funded by a corresponding deposit to the Bond Loan Interest and Costs Account or the Bond Loan Retirement Account;

(ii) plus the Enhancement Cost Component accrued on and after the second anniversary of the Lender Bonds issuance date as of each Monthly Funding Date that is not funded by a corresponding deposit to the Bond Loan Interest and Costs Account;

(iii) plus the accrued Lender Bonds Cost Component as of each Monthly Funding Date that is not deemed paid under Section 6(c) nor funded by a corresponding deposit to the Bond Loan Interest and Costs Account;

(iv) less repayments of Bond Loan principal from amounts deposited to the Bond Loan Retirement Account; and

(v) less the amount of any Enhancement Adjustment required under subsection (b) of this Section.

(b) In each Fiscal Year in which \$5,000,000 or more of Net Revenue is deposited to the Bond Loan Retirement Account under clause Tenth of Section 8(b), the Lender shall reduce (effective the next June 1) the Bond Loan Balance by an amount equal to the Adjusted Outstanding Lender Bond Principal Amount as of the first day of the then-current Fiscal Year times 0.15% (each an “Enhancement Adjustment”).

(c) The Lender shall make applicable revisions to the Bond Loan Balance upon any optional or mandatory prepayment of the Bond Loan, which shall reflect, to the extent reasonably practicable, proportionate adjustments, if necessary. Upon any such revision the Lender shall provide the Borrower with the revised Bond Loan Balance. No failure to provide or delay in providing the Borrower with such schedule shall affect any of the obligations of the Borrower under this Agreement or the other Loan Documents. The Bond Loan Balance shall be calculated

without considering whether Lender Bonds are or are not redeemed from amounts paid to the Lender under this Agreement or otherwise. The Borrower shall bear no responsibility for the Lender's choice not to redeem Lender Bonds from amounts paid to the Lender under this Agreement.

SECTION 8. Security and Priority; Funds and Accounts; Flow of Funds. As security for repayment of the Bond Loan, the Operating Loan (Lender), the Operating Loan (C/CAG) and its respective other obligations thereunder, the Borrower hereby pledges, assigns and grants a security interest in and lien on the Collateral. All Express Lanes Revenues received and receivable by the Borrower are to be deposited by the Borrower in the Funds and Accounts described herein and held for the purposes set forth herein, and except as otherwise provided herein, shall not be subject to any lien, levy, garnishment or attachment by any creditor of the Borrower nor shall they be subject to any assignment or hypothecation by the Borrower. Subject only to the provisions hereof permitting the application thereof for or to the purposes and on the terms and conditions set forth herein, the Borrower shall receive all of the Express Lanes Revenues. Moneys on deposit in the Funds and Accounts described in this Section 8 shall be held by the Borrower pending application in accordance with the provisions of this Section 8. Collateral shall be invested only in Permitted Investments. Notwithstanding the foregoing, all investment earnings on amounts on deposit in any of the funds and accounts hereunder (other than the Rebate Fund) shall be transferred to the Revenue Sharing Fund.

(a) The following Funds and Accounts are hereby established and created hereunder and shall at all times be held and maintained by the Borrower:

- (i) the Express Lanes Revenue Fund;
- (ii) the Operation and Maintenance Fund;
- (iii) the Equity Program Fund;
- (iv) the Rebate Fund;
- (v) the Operating Loan Interest Fund, and within the Operating Loan Interest Fund, the Operating Loan (Lender) Interest Account, and the Operating Loan (C/CAG) Interest Account;
- (vi) the Bond Loan Interest and Costs Account;
- (vii) the Operating Reserve Fund;
- (viii) the Revenue Stabilization Reserve Fund;
- (ix) the Repair and Rehabilitation Reserve Fund;
- (x) the Equipment Replacement Reserve Fund;

(xi) the Revenue Sharing Fund, and within the Revenue Sharing Fund, the Operating Loan (C/CAG) Retirement Account, the Operating Loan (Lender) Retirement Account, and the Bond Loan Retirement Account; and

(xii) the Insurance and Condemnation Proceeds Account.

The Borrower may establish and maintain additional temporary Funds or Accounts or sub-accounts for the purposes specified herein or for the convenience of the Borrower.

The funds or accounts established hereunder to be held and maintained by the Borrower shall be held and maintained on behalf of the Borrower by a bank, trust company or other financial institution selected by the Borrower serving as the Borrower's fiscal agent under a fiscal agent agreement to be negotiated between the Borrower and such fiscal agent and entered into within twelve months following the Effective Date. Such fiscal agent agreement shall obligate the fiscal agent to hold all of the funds and accounts contemplated by this Agreement and to administer amounts described in this Agreement consistent with the restrictions and requirements set forth herein. Before entering into any such fiscal agent agreement or amendment thereof, the Borrower shall submit the final form thereof to the Lender for its review and approval.

(b) So long as any obligations under the Loan Documents or under the Operating Loan Agreement (C/CAG) or under the Operating Loan Agreement (Lender) remain unpaid, the Borrower shall deposit all Revenue following receipt in the Express Lanes Revenue Fund. On each Monthly Funding Date, before the deposits required by the remainder of this subsection (b), the Borrower or the Fiscal Agent, as applicable, shall calculate the Revenue Stabilization Reserve Cap. If the amount then on deposit in the Revenue Stabilization Reserve Fund exceeds the Revenue Stabilization Reserve Cap, the difference shall be transferred from the Revenue Stabilization Reserve Fund (to the extent of amounts therein) to the Express Lanes Revenue Fund. After any such transfer, amounts on deposit in the Express Lanes Revenue Fund shall be set aside and shall be applied in the following order of priority, at the times and in the amounts set forth below to the extent that Revenue is available to make such deposits.

First, on each Monthly Funding Date, to the Operation and Maintenance Fund, the amount necessary to increase the balance of the Operation and Maintenance Fund to an amount equal to the Operation and Maintenance Expenses then due and payable and not previously paid;

Second, on each Monthly Funding Date, to the Rebate Fund, the amount required to satisfy any applicable rebate requirement payable and not previously paid to the United States Treasury in respect of the Lender Bonds, in such amount as is indicated in writing to the Borrower by the Lender, which shall be conclusive in the absence of manifest error;

Third, on each Monthly Funding Date, to the Equity Programs Fund, the amount of \$50,000, plus the amount of any unsatisfied deficiency on any prior Monthly Funding Date during the current Fiscal Year;

Fourth, on each Interest Payment Date and on the maturity date of the Operating Loan (C/CAG) and the maturity date of the Operating Loan (Lender), to the Operating Loan Interest Fund, an amount estimated to equal the sum of (1) Operating Loan (C/CAG) interest accrued or to accrue on the Operating Loan (C/CAG) to that Interest Payment Date or its maturity

date, as applicable (calculated as set forth in the Operating Loan Agreement (C/CAG)), as evidenced in a written notice by C/CAG to the Borrower (which notice shall be conclusive absent manifest error and provided at least three days before the funding date)) plus (2) Operating Loan (Lender) interest accrued or to accrue on the Operating Loan (Lender) to that Interest Payment Date or its maturity date, as applicable (calculated as set forth in the Operating Loan Agreement (Lender)), as evidenced in a written notice by the Lender to the Borrower (which notice shall be conclusive absent manifest error and provided at least three days before the funding date);

Fifth, on each Interest Payment Date and on the Final Maturity Date, to the Bond Loan Interest and Costs Account, an amount estimated to equal Bond Loan unpaid interest accrued or to accrue to the Interest Payment Date or the Final Maturity Date, as applicable, plus the unpaid Enhancement Cost Component accrued or to accrue to the Interest Payment Date, plus the unpaid Lender Bonds Cost Component accrued or to accrue to the Interest Payment Date (calculated by the Lender, with any period for which the Bond Loan Interest Rate has not yet been established assumed to be at the maximum and after adjusting correspondingly for any portion of a prior Monthly Funding Date that did not reflect the actual Bond Loan Interest Rate), as evidenced in a written notice by the Lender to the Borrower (which notice shall be conclusive absent manifest error and provided at least three days before the funding date);

Sixth, on each May 1 (or if such day is not a Business Day, the next Business Day), to the Operating Reserve Fund, such amount as will result in the total amount on deposit in the Operating Reserve Fund equating to the Operating Reserve Fund Requirement;

Seventh, on each May 1 (or if such day is not a Business Day, the next Business Day), to the Revenue Stabilization Reserve Fund, such amount as will result in the total amount on deposit in the Revenue Stabilization Reserve Fund equating to the Revenue Stabilization Reserve Fund Requirement but no more than would result in the amount then on deposit in the Revenue Stabilization Reserve Fund equaling the Revenue Stabilization Reserve Cap, but if any amount is required to be transferred on such date from the Revenue Stabilization Reserve Fund to the Express Lanes Revenue Fund under this subsection (b) or if the amount then on deposit in the Revenue Stabilization Reserve Fund equals the Revenue Stabilization Reserve Cap, then no deposit shall be made on such date to the Revenue Stabilization Reserve Fund;

Eighth, on each May 1 (or if such day is not a Business Day, the next Business Day), to the Repair and Rehabilitation Reserve Fund, such amount as will result in the total amount on deposit in the Repair and Rehabilitation Reserve Fund equating to the Repair and Rehabilitation Reserve Fund Requirement;

Ninth, on each May 1 (or if such day is not a Business Day, the next Business Day), to the Equipment Replacement Reserve Fund, such amount as will result in the total amount on deposit in the Equipment Replacement Reserve Fund equating to the Equipment Replacement Reserve Fund Requirement;

Tenth, on each May 1 (or if such day is not a Business Day, the next Business Day), (i) to the Revenue Sharing Fund 85% of amounts remaining after all other deposits required under this section (rounded to the nearest cent) and (ii) to the Borrower the remainder of amounts in the Express Lanes Revenue Fund for any lawful purpose, including without limitation for Equity

Programs. But if the amount calculated in the preceding clause (i) is greater than the amount required to fully discharge payment of all principal and interest on the Bond Loan on the next Bond Loan Prepayment Date or the Final Maturity Date (whichever occurs next) plus the amount required to fully discharge all principal and interest on the Operating Loans on the next Operating Loan Prepayment Date or the maturity date of the Operating Loans, then the transfer under the preceding clause (i) shall be in such amounts instead.

(c) Reserved.

(d) Equity Programs Fund. The Borrower shall pay only costs of the Equity Program from amounts deposited to the Equity Programs Fund. The Borrower shall keep and maintain accurate records of all expenditures from such account within the Equity Programs Fund and shall provide such records to the Lender upon reasonable request in writing and shall make available the appropriate officers of the Borrower to answer questions regarding such expenditures upon reasonable notice.

The Lender and Borrower acknowledge that the deposits to the Equity Program Fund required under clause Third of subsection (b) of this Section provide for the direct funding of the Equity Programs. The Lender and Borrower agree that Equity Programs that are not directly funded, but are instead implemented through measures that reduce Express Lanes Revenue (e.g., Equity Programs that implement means-based toll rate discounts), will require amendments to this Agreement before implementation by the Borrower. The Lender and Borrower agree to meet, confer, and negotiate such amendments in good faith upon presentation by the Borrower to the Lender of such a proposed Equity Program, including such programs that are required by a third governmental entity (either as a binding mandate or as a condition to funding). Notwithstanding the prior sentence, the Borrower shall have the right to implement an Equity Program that provides a means-based toll rate discount without the prior approval of the Lender, if the Borrower first certifies (including supporting calculations) in writing to the Lender that: (1) in the most recent prior Fiscal Year, the Borrower made payments from Revenue that reduced the Outstanding Bond Loan Balance by \$5 million or more, (2) implementation of the means-based toll rate discount is not projected to reduce Express Lanes Revenue by more than 10% in any Fiscal Year compared to Express Lanes Revenue projected for the corresponding Fiscal Year absent the discount, and (3) implementation of the means-based toll rate discount will not reduce below \$5 million in any year the projected reduction of the Outstanding Bond Loan Balance from Revenue as provided under clause Tenth of subsection (b) of this Section and subsection (m) of this Section.

(e) Operation and Maintenance Fund. The Borrower shall apply the funds in the Operation and Maintenance Fund to pay Operation and Maintenance Expenses due and payable and not previously paid.

(f) Rebate Fund. Money at any time deposited in the Rebate Fund shall be transferred by the Borrower to the trustee under the Bond Indenture as the Lender shall instruct. Amounts in the Rebate Fund shall be held uninvested.

(g) Operating Loan Interest Fund. Money at any time deposited in the Operating Loan Interest Fund shall be transferred by the Borrower on the date of such deposit to the Operating Loan (Lender) Interest Account and the Operating Loan (C/CAG) Interest Account

in the respective amounts set forth in subclauses (1) and (2) of clause Fourth of subsection (b) of this Section, and if insufficient to make such transfers in full, then in proportion to the amounts described in subclauses (1) and (2). Money at any time deposited in the Operating Loan (C/CAG) Interest Account shall be transferred by the Borrower on the date of such deposit as C/CAG shall instruct to discharge the obligation to pay interest due on the Operating Loan (C/CAG). Money at any time deposited in the Operating Loan (Lender) Interest Account shall be transferred by the Borrower on the date of such deposit as the Lender shall instruct to discharge the obligation to pay interest due on the Operating Loan (Lender).

(h) Bond Loan Interest and Costs Account. Money at any time deposited in the Bond Loan Interest and Costs Account shall be transferred by the Borrower on the date of such deposit as the Lender shall instruct to discharge the obligation to pay interest due on the Bond Loan and to pay the Enhancement Costs Component and the Lender Bonds Cost Component.

(i) Revenue Stabilization Reserve Fund. The Revenue Stabilization Reserve Fund shall be funded from amounts transferred pursuant to clause Seventh of subsection (b) of this Section and may be funded by the Borrower from any other legally available source of funds. Amounts in the Revenue Stabilization Reserve Fund may be withdrawn by the Borrower and transferred to the Operation and Maintenance Fund to the extent the amounts in the Operation and Maintenance Fund are insufficient to pay Operation and Maintenance Expenses due and payable and not previously paid.

(j) Operating Reserve Fund. The Operating Reserve Fund shall be funded from amounts transferred pursuant to clause Sixth of subsection (b) of this Section and may be funded by the Borrower from any other legally available source of funds. Amounts in the Operating Reserve Fund may be withdrawn by the Borrower and transferred to the Operation and Maintenance Fund to the extent the amounts in the Operation and Maintenance Fund and amounts available for transfer from the Revenue Stabilization Reserve Fund under subsection (i) of this Section are, together, insufficient to pay Operation and Maintenance Expenses due and payable and not previously paid.

(k) Repair and Rehabilitation Reserve Fund. The Repair and Rehabilitation Reserve Fund shall be funded from any lawful source of funds of the Borrower and amounts transferred pursuant to clause Eighth of subsection (b) of this Section. On any date on which capital expenditures required under the Caltrans Agreement are due and payable or reasonably expected to become due and payable, monies on deposit in the Repair and Rehabilitation Reserve Fund shall be applied by the Borrower to pay such expenditures.

(l) Equipment Replacement Reserve Fund. The Equipment Replacement Reserve Fund shall be funded from any lawful source of funds of the Borrower and amounts transferred pursuant to clause Ninth of subsection (b) of this Section. On any date on which expenditures for equipment replacement are due and payable or reasonably expected to become due and payable, monies on deposit in the Equipment Replacement Reserve Fund shall be applied by the Borrower to pay such expenditures.

(m) Revenue Sharing Fund. The Revenue Sharing Fund shall be funded from amounts transferred pursuant to clause Tenth of subsection (b) and subsection (n) of this Section

and from investment earnings transferred under the first paragraph of this Section. Upon each deposit to the Revenue Sharing Fund pursuant to clause Tenth of subsection (b) and subsection (n) of this Section, the Borrower will allocate and deposit moneys so transferred to the Revenue Sharing Fund plus investment earnings transferred into the Revenue Sharing Fund to the Operating Loan (C/CAG) Retirement Account, the Operating Loan (C/CAG) Retirement Account and the Bond Loan Retirement Account in proportions reflecting the applicable assumed principal amounts of (i) the Operating Loan (C/CAG) appearing on the Operating Loan (C/CAG) Principal Schedule, (ii) the Operating Loan (Lender) appearing on the Operating Loan (Lender) Principal Schedule and (iii) the Bond Loan appearing on the Bond Loan Principal Schedule. The Borrower shall transfer to C/CAG all amounts deposited to the Operating Loan (C/CAG) Retirement Account to prepay on the applicable Operating Loan Prepayment Date principal of the Operating Loan (C/CAG) and the corresponding interest accrued or to accrue to the Operating Loan Prepayment Date so as to exhaust the deposit. The Borrower shall transfer to the Lender all amounts deposited to the Operating Loan (Lender) Retirement Account to prepay on the applicable Operating Loan Prepayment Date principal of the Operating Loan (Lender) and the corresponding interest accrued or to accrue to the Operating Loan Prepayment Date so as to exhaust the deposit. The Borrower shall transfer to, or as instructed by, the Lender all amounts deposited to the Bond Loan Retirement Account to prepay on the next Bond Loan Prepayment Date principal of the Bond Loan and the corresponding interest accrued or to accrue to the Bond Loan Prepayment Date so as to exhaust the deposit. The Operating Loan (C/CAG) Retirement Account, Operating Loan (Lender) Retirement Account and the Bond Loan Retirement Account shall be held uninvested.

(n) Insurance and Condemnation Proceeds Account. Proceeds of fire and other casualty insurance payable to or received by the Borrower with respect to the 101 Project or the Express Lanes (whether by way of claims, return of premiums, ex gratia settlements or otherwise), and proceeds of any condemnation awards payable to or received by the Borrower with respect to the Express Lanes shall be transferred by the Borrower to and deposited in the Insurance and Condemnation Proceeds Account. Amounts on deposit in the Insurance and Condemnation Proceeds Account may be used by the Borrower to pay the costs of restoration, repair or rehabilitation of the Express Lanes or portion thereof to which such insurance or condemnation proceeds relate; provided, however, that any portion of such amounts that the Borrower elects not to use for such restoration, repair or rehabilitation of the Express Lanes or that are in excess of the amount needed for such restoration, repair or rehabilitation of the Express Lanes shall be deposited in the Revenue Sharing Fund.

SECTION 9. Payment of Principal and Interest.

(a) The Borrower agrees to pay the interest on the Bond Loan by making payments for accrued interest on each Interest Payment Date and on such other dates as payment thereof is required to be made hereunder, from Net Revenue and such other amounts as provided herein. Any interest that is deemed paid under Section 6(a) or increases the Bond Loan Balance due to lack of sufficient funding from Net Revenue as contemplated by Section 7(a)(i) shall not be deemed a required payment of interest under this Agreement or a breach of this Agreement. The Borrower agrees to pay the principal of the Bond Loan by paying the Bond Loan Balance in full on the Final Maturity Date and on such other dates as payment thereof is required to be made hereunder, from Net Revenue and such other amounts as provided herein.

(b) Payments to the Lender under this Agreement shall be made by wire transfer on or before each Interest Payment Date or Final Maturity Date, as the case may be, in immediately available funds in accordance with payment instructions provided by a Lender's Authorized Representative pursuant to Section 24, as modified in writing from time to time by a Lender's Authorized Representative.

SECTION 10. Prepayment.

(a) Optional Prepayment. The Borrower may optionally prepay the Bond Loan in whole or in part on any Bond Loan Prepayment Date on or after the Effective Date, without penalty or premium, by depositing in advance as instructed by the Lender such principal amount of the Bond Loan to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment so as to exhaust the deposit and providing written notice of such deposit to the Lender.

Each optional prepayment of the Bond Loan shall be deemed made on the related Bond Loan Prepayment Date, and the Lender shall notify the Borrower of the amount of the Bond Loan Balance that was reduced due to such prepayment.

(b) Mandatory Prepayment. The Borrower shall prepay the Bond Loan on the Bond Loan Prepayment Date next following each deposit into the Bond Loan Retirement Account, by paying a principal amount of the Bond Loan, together with the unpaid interest accrued on the amount of principal to be prepaid to the date of such prepayment so as to exhaust the deposit made to the Bond Loan Retirement Account. The Borrower shall provide the Lender written notice of each mandatory prepayment made pursuant to this Section 10(b) on the date of the corresponding deposit to the Bond Loan Retirement Account. Each mandatory prepayment of the Bond Loan shall be deemed made on the related Bond Loan Prepayment Date, and the Lender shall notify the Borrower of the amount of the Bond Loan Balance that was reduced due to such prepayment.

SECTION 11. Compliance with Laws. The Borrower covenants to require its contractors and subcontractors to abide by all applicable federal and State laws.

SECTION 12. Conditions Precedent. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not become effective until each of the following conditions precedent shall have been satisfied:

(a) The Borrower shall have duly executed and delivered to the Lender this Agreement and the Note, in each case in form and substance satisfactory to the Lender.

(b) Counsel to the Borrower shall have rendered to the Lender a legal opinion letter(s) in form and substance satisfactory to the Lender.

(c) The Borrower shall have delivered to the Lender a certificate designating the Borrower's Authorized Representative and such person's position and incumbency.

(d) The Borrower shall certify in writing that as of the Effective Date: (i) no Event of Default currently exists (or with the passage of time, will exist) of the Agreement; and

(ii) the representations and warranties of the Borrower set forth in the Agreement are true and correct in all material respects on such date, as if made on such date.

(e) The Borrower shall have delivered copies of the Operating Loan Agreement (C/CAG) and Operating Loan Agreement (Lender), certified to be true and correct copies by a Borrower officer.

(f) The Borrower shall also have delivered such other agreements, documents, instruments, opinions and other items required by the Lender, all in form and substance satisfactory to the Lender.

SECTION 13. Representations and Warranties of Borrower. The Borrower hereby represents and warrants as of the Effective Date as follows:

(a) The Borrower is a joint powers authority existing under the laws of the State, duly organized, validly existing and in good standing under the laws of the State, has full legal right, power and authority to enter into the Loan Documents and to carry out and consummate all transactions contemplated by hereby and thereby and has duly authorized the execution, delivery and performance of such Loan Documents.

(b) As of the Effective Date, the officers of the Borrower executing the Loan Documents currently in existence to which the Borrower is a party, are duly and properly in office and fully authorized to execute the same.

(c) Each of the Loan Documents has been duly authorized, executed and delivered by the Borrower and constitutes the legal, valid and binding agreement of the Borrower enforceable in accordance with its terms, except as such enforceability (A) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (B) is subject to general principles of equity (regardless of whether enforceability is considered in equity or at law), judicial discretion and limitations on remedies against transportation commissions in the State.

(d) The execution and delivery of the Loan Documents, the consummation of the transactions contemplated in the Loan Documents and the fulfillment of or compliance with the terms and conditions of the Loan Documents will not, in any material respect, conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) by the Borrower of any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited Lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower.

(e) No consent or approval of any holder of any indebtedness of the Borrower or any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority required as of the date hereof is necessary in connection with the execution and delivery by the Borrower of the Loan Documents, the consummation of any transaction contemplated by the Loan Documents, or the fulfillment of or

compliance with the Borrower of the terms and conditions of the Loan Documents, except as have been obtained or made and as are in full force and effect.

(f) There is no action, suit, proceeding, inquiry or investigation before or by any court or other Governmental Authority, pending, or to the knowledge of the Borrower after reasonable inquiry and investigation, threatened against or affecting the Borrower or the assets, properties or operations of the Borrower that is likely to have a Material Adverse Effect. The Borrower is not in default (and no event has occurred and is continuing that with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any other Governmental Authority, which default would be reasonably likely to have a Material Adverse Effect.

(g) The Lien is in full force and effect and is not subordinate or junior to any other Liens in respect of the Collateral, and the Borrower is not in breach of any covenants set forth in Section 15(b) of this Agreement with respect thereto. This Agreement creates a valid pledge in favor of the Lender of the Net Revenue and, as of the Effective Date, all necessary actions on the part of the Borrower and the Lender have been taken as required to pledge the Net Revenue in favor of the Lender. As of the Effective Date, the Borrower has not pledged or granted a lien, security interest or other encumbrance of any kind on the Net Revenue on a parity with the Note.

(h) The representations, warranties and certifications of the Borrower set forth in this Agreement are true and accurate.

(i) Upon execution and delivery of this Agreement, the Borrower is not in default in any material respect under the terms hereof or thereof and no event has occurred or condition exists that, with due notice or lapse of time or both, would constitute an Event of Default.

(j) The Borrower has adopted local debt policies described under California Government Code section 8855, subdivision (i), paragraph (1), subparagraphs (C), (D), and (E).

(k) As of the Effective Date, the Borrower has no knowledge that it has made any material investment, or entered into any agreement for the purpose of effecting any such investment, that is not permitted to be made pursuant to applicable law or this Agreement.

(l) No representation, warranty or other statement made by the Borrower with respect to the Net Revenue in or pursuant to this Agreement or any Loan Document or any other document or financial statement with respect to the Express Lanes Revenues provided by the Borrower to the Lender in connection with this Agreement or any other Loan Document, except as disclosed to the Lender in writing, contains any untrue statement of a material fact. All information, reports and other papers and data with respect to the Net Revenue furnished to the Lender were, at the time the same were so furnished, accurate in all material respects or were replaced with accurate information. Any financial statements and cash flows furnished to the Lender with respect to the Net Revenue were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of the delivery of such financial statements and cash flows. No fact is known to the Borrower that in the future may (so far as it can reasonably foresee) materially and adversely affect the

security for the Note, or the Borrower's ability to repay when due its obligations under this Agreement or the Note.

(m) The Borrower is not entitled to immunity from legal proceedings to enforce this Agreement or any other Loan Document (including, without limitation, immunity from service of process or immunity from jurisdiction of any court otherwise having jurisdiction) and is subject to claims and suits for damages in connection with its obligations under the Agreement pursuant to and in accordance with the laws of the State applicable to public entities such as the Borrower.

(n) To the best knowledge of the Borrower, there is no amendment, or proposed amendment certified for placement on a statewide ballot, to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the State legislature, the effect of which (a) would be materially adversely affect the ability of the Borrower to perform its obligations under this Agreement or any of the other Loan Documents or (b) would invalidate, eliminate or reduce the Express Lanes Revenues.

SECTION 14. Representations, Warranties, and Covenants of Lender. The Lender represents and warrants that:

(a) The Lender has all requisite power and authority to make the Bond Loan and to perform all transactions contemplated by the Loan Documents to which it is a party.

(b) The Loan Documents to which the Lender is a party have been duly authorized, executed and delivered by Lender, and are legally valid and binding agreements of the Lender, enforceable in accordance with their terms.

(c) The officers of the Lender executing each of the Loan Documents to which the Lender is a party is duly and properly in office and fully authorized to execute the same on behalf of the Lender.

SECTION 15. Borrower Covenants. The Borrower hereby covenants and agrees that:

(a) Permitted Indebtedness. Except for Permitted Debt, the Borrower shall not issue or incur indebtedness of any kind payable from the Collateral, unless upon such issuance or incurrence the obligations of the Borrower under the Bond Loan and the Operating Loan (Lender) are discharged in full.

(b) Securing the Lien. The Borrower shall at any and all times, so far as it may be authorized by law, adopt, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, securing and confirming the Lien on the Collateral granted for the benefit of the Lender under this Agreement. The Borrower shall at all times, to the extent permitted by law, defend, preserve and protect the Lien granted pursuant to this Agreement to the Lender against all claims and demands of all Persons whomsoever.

(c) Copies of Documents. The Borrower shall furnish to the Lender a copy of any offering document and cash flow projections prepared in connection with the incurrence of any Permitted Debt, as well as copies of any continuing disclosure documents pertaining to obligations, prepared or filed in connection with the applicable rules of the U.S. Securities and Exchange Commission, in each case promptly following the preparation or filing thereof.

(d) Other Sources Permitted. Notwithstanding any provision to the contrary in this Agreement, the Borrower may, in accordance with applicable laws, construct, reconstruct, rehabilitate, improve, acquire, lease, operate, or maintain, or any combination of these, both tolled and non-tolled facilities, structures, onramps, connector roads, bridges, and roadways that are on, necessary for, or related to the construction or operation of the 101 Project and the Express Lanes using any funds legally available therefore, including, without limitation and as applicable, proceeds of federal, State and local grants, loans and matching funds. Notwithstanding any other provision of this Agreement, the United States of America, the State or any of their respective agencies, departments or political subdivisions may construct, reconstruct, rehabilitate, improve, acquire, lease, operate, maintain, or any combination of these, both tolled and non-tolled facilities, structures, onramps, connector roads, bridges, and roadways related to or competing with the Express Lanes or to pay for all or any part of the cost thereof. The Borrower has no power or authority to grant, permit, prohibit, prevent or interfere with any such actions.

(e) Reserved.

(f) Operations and Maintenance. Borrower shall operate and maintain the Express Lanes in a reasonable and prudent manner and shall maintain the Express Lanes in good repair, working order and condition and shall from time-to-time make or cause to be made all necessary and proper replacements, repairs, renewals and improvements so that the Express Lanes shall not be materially impaired. The Borrower shall at all times do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises and authorizations material to the conduct of its business, and comply in all material respects with all applicable laws, rules, regulations, orders, decrees, judgments or administrative decisions, whether now in effect or hereafter enacted, of any Governmental Authority having jurisdiction over the Borrower or its assets or operations and all other federal, state and local laws, rules, regulations, orders, decrees, judgments and administrative decisions relating to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any hazardous material or to health and safety matters).

(g) Insurance. Following the commencement of toll collection on the Express Lanes, the Borrower shall at all times maintain, or cause to be maintained, insurance, which may include self-insurance, with respect to the Express Lanes, against accident to, loss of or damage to the Express Lanes, with responsible insurance and/or reinsurance companies authorized and qualified to do business in the State and to assume the risks thereof, with the Lender listed as an additional insured, as applicable.

(h) Notice. The Borrower shall, within five (5) Business Days after the Borrower learns of the occurrence of an Event of Default or any event that, given notice or the passage of time or both, would constitute an Event of Default, give the Lender written notice of such event.

(i) Remedied Action. Within thirty (30) calendar days after the Borrower learns of the occurrence of an Event of Default or any event that, given notice or the passage of time or both, would constitute an Event of Default, the Borrower's Authorized Representative shall provide a statement setting forth the actions the Borrower proposes to take with respect thereto.

(j) No Lien Extinguishment or Adverse Amendments. Borrower shall not, without the prior written consent of the Lender, extinguish the lien on the Collateral.

(k) Maintenance of Existence and Powers. To the fullest extent permitted by law, the Borrower shall maintain its legal existence. The Borrower covenants that it will at all times use its best efforts to maintain the powers, rights, functions, duties and obligations now reposed on it pursuant to all laws 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 Obligations or the performance or observance of any of the covenants contained in this Agreement.

(l) Express Lanes Operator. The Borrower shall at all times use its best efforts to maintain an Express Lanes Operator. The Borrower shall provide timely written notice of any successor Express Lanes Operator to the Lender.

(m) Annual Operating Budget. The Borrower hereby covenants to provide to the Lender, on or prior to June 30 of each year, an annual operating budget for the Express Lanes for the coming Fiscal Year, specifying budgeted operating revenues, operation and maintenance expenses, renewals and replacements and other capital expenses and extraordinary expenses for such Fiscal Year.

(n) No Prohibited Sale or Assignment. The Borrower shall not sell or assign all or substantially all of its rights in and to the Express Lanes without the written consent of the Lender and shall not sell or assign its rights and obligations under this Agreement unless such sale or assignment is not expected to result in a Material Adverse Effect and is upon terms and conditions approved in writing by the Lender in its sole discretion.

(o) Material Obligations. The Borrower will pay its material obligations promptly and in accordance with their terms and pay and discharge promptly all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful and material claims for labor, materials and supplies or other claims that, if unpaid, might give rise to a Lien upon such properties or any part thereof, except Permitted Liens; provided, however, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested by the Borrower in good faith by appropriate proceedings and so long as the Borrower shall, to the extent required GAAP on a consistent basis, set aside on its books adequate reserves with respect thereto.

(p) Fiscal Year. The Borrower will not at any time adopt any Fiscal Year other than the Fiscal Year, except upon written notice to the Lender.

(q) No Prohibited Business. The Borrower will not at any time engage in any business or activity other than as is authorized or not prohibited by the laws of the State.

(r) No Swaps. The Borrower shall not enter into any interest rate swap agreements that are to be paid from Revenue without the prior written consent of the Lender.

(s) Reserved.

(t) Compliance With Law. The Borrower shall comply with all laws, rules and regulations (including all Environmental Laws), and with all final orders, writs, judgments, injunctions, decrees or awards to which it may be subject; provided, however, that the Borrower may contest the validity or application thereof and appeal or otherwise seek relief therefrom, and exercise any and all of the rights and remedies which it may have with regard thereto, so long as such acts do not affect the Borrower's power and authority to execute and deliver this Agreement or any other Loan Documents to which it is a party, to perform its obligations and to pay all amounts payable by it hereunder, under the Note and under the other Loan Documents.

(u) Accounting Method. The Borrower shall not materially change its method of accounting relating to Revenue, or the times of commencement or termination of Fiscal Years or other accounting periods relating to Revenue without first disclosing in writing such change to the Lender.

(v) Tax Covenants. The Borrower shall comply with all of its obligations under the Tax Certificate.

(w) Reporting Requirements. The Borrower shall provide the Lender:

(1) Within nine (9) months after the Borrower's Fiscal Year (1) a copy of the Borrower's audited financial statements, (2) an update of the Revenue and Net Revenue for the immediately prior Fiscal Year, and (3) an updated forecast of Revenue and Net Revenue for next succeeding Fiscal Year.

(2) Within fifteen (15) days after each calendar quarter, the unaudited operating results for the Express Lanes for the immediately preceding calendar quarter.

(3) The Borrower shall submit (A) no later than fifteen (15) calendar days prior to the commencement of each biennial period for which an Operating Budget will be adopted, an operating plan and a proposed budget and (B) as soon as possible, the adopted Operating Budget and any amendments thereto.

(4) Such additional information as the Lender may from time to time reasonably request.

SECTION 16. Indemnification. To the extent authorized by law, the Borrower shall indemnify the Lender and any official, employee, agent or representative of the Lender (each such Person being herein referred to as an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, fines, penalties, costs and expenses (including, without limitation, the fees, charges and disbursements of any counsel for any Indemnitee and the costs of environmental remediation), whether known, unknown, contingent or otherwise, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution, delivery and performance of this Agreement or any of the Loan

Documents, (ii) the Bond Loan or the use of the proceeds thereof, or (iii) the violation of any law, rule, regulation, order, decree, judgment or administrative decision relating to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any hazardous material or to health and safety matters; in each case arising out of or in direct relation to the 101 Project or any other project funded with Lender Bond proceeds or Express Lanes Revenues; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee. In case any action or proceeding is brought against an Indemnatee by reason of any claim with respect to which such Indemnatee is entitled to indemnification hereunder, the Borrower upon notice from such Indemnatee shall defend the same and such Indemnatee shall cooperate with the Borrower at the expense of the Borrower in connection therewith. Nothing herein shall be construed as a waiver of any legal immunity that may be available to any Indemnatee. All amounts due to any Indemnatee under this Section shall be payable promptly upon demand therefor. The obligations of the Borrower under this Section shall survive the payment or prepayment in full or transfer of the Bond Loan, the enforcement of any provision of the Loan Documents, any amendments, waivers (other than amendments or waivers in writing with respect to this Section) or consents in respect hereof or thereof, any Event of Default, and any workout, restructuring or similar arrangement of the obligations of the Borrower hereunder.

SECTION 17. Events of Default and Remedies.

(a) An Event of Default shall exist under this Agreement if:

(i) Payment Default. The Borrower shall fail to pay when due (A) upon mandatory prepayment (from available funds contemplated hereby) or at maturity, any principal of the Bond Loan; (B) any required payment of interest on the Bond Loan (subject to Section 9(a)); (C) any required payment of the Enhancement Cost Component (subject to Section 6(b)); (D) any required payment of the Lender Bonds Cost Component (subject to Section 6(c)); (E) principal of or interest on either Operating Loan when due thereunder and subject to the terms thereof (each such failure a "Payment Default");

(ii) Covenant Default. The Borrower shall fail to observe or perform any covenant, agreement or obligation of the Borrower under this Agreement (other than a Payment Default), and such failure shall not be cured sixty (60) days after receipt by the Borrower from the Lender of written notice thereof; provided, however, that if such failure is capable of cure but cannot reasonably be cured within such 60-day period, then no Event of Default shall be deemed to have occurred or be continuing under this clause (ii) if and so long as within such 60-day period the Borrower shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions; provided, however, that no such extension shall be for a period in excess of 90 days;

(iii) Bankruptcy. The Borrower files a petition in voluntary bankruptcy for the composition of its affairs or for its reorganization under any State or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its

insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(iv) Insolvency. If a court of competent jurisdiction shall enter an order, judgment or decree declaring the Borrower insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Borrower, or approving a petition filed against the Borrower seeking reorganization of the Borrower under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty days from the date of the entry thereof;

(v) Involuntary Control. If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Borrower or of the Revenue, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control;

(vi) Judgments. One or more final, unappealable judgment(s) against the Borrower for the payment of money, which judgment(s) is payable from or enforceable pursuant to a lien upon, or an attachment against, any or all of the Revenue, the operation or result of which judgment(s), individually or in the aggregate, equal or exceed \$1,000,000 and which judgment(s) shall remain unpaid, undischarged, unbonded or undismissed for a period of sixty (60) days;

(vii) (A) The Borrower, pursuant to official action on the part of its governing body, contests in an administrative or judicial proceeding, repudiates or otherwise denies (including, without limitation, authorizing the filing of a claim to such effect in an administrative or judicial proceeding) that it has any further liability or obligation under or with respect to any provision of this Agreement or the Note relating to (1) the ability or the obligation of the Borrower to pay, when due, the principal of or interest on the Note or (2) the Revenue securing the Note; or (B) the Borrower, pursuant to official action on the part of its governing body, contests in an administrative or judicial proceeding, repudiates or otherwise denies (including, without limitation, authorizing the filing of a claim to such effect in an administrative or judicial proceeding) the legality, validity or enforceability of any provision of this Agreement, the Note relating to (1) the ability or the obligation of the Borrower to pay, when due, the principal of or interest on the Note or (2) the Revenue securing the Note; or (C) any provision of this Agreement, or the Note relating to (1) the ability or the obligation of the Borrower to pay, when due, the principal of or interest due hereunder or (2) the Revenue securing the Note shall, at any time, and for any reason, cease to be valid and binding on the Borrower, or shall be declared to be null and void, invalid or unenforceable, in each case, as the result of a final nonappealable judgment by any federal or state court or as a result of any legislative or administrative action by any Governmental Authority having jurisdiction over the Borrower; or (D) a debt moratorium or comparable extraordinary restriction by any Governmental Authority having jurisdiction over the Borrower on repayment of principal or interest on any debt shall have been declared or imposed (whether or not in writing) with respect to the Note;

(b) Subject to subsection (c) of this Section, whenever any Event of Default hereunder shall have occurred and be continuing, the Lender shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid hereunder, and may prosecute any such judgment or final decree against the Borrower

including confession of judgment by the Borrower against the Borrower and collect in the manner provided by law the moneys adjudged or decreed to be payable from the Collateral, and the Lender may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by Borrower under this Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement or the other Loan Documents. No action taken pursuant to this Section shall relieve Borrower from its obligations pursuant to this Agreement or the other Loan Documents, all of which shall survive any such action.

If an Event of Default shall occur and be continuing under this Agreement, the Bond Loan Interest Rate shall be the Default Rate. Upon the occurrence of any Event of Default, the Lender may declare all amounts payable to it under the Loan Documents to be immediately due and payable, and the Lender shall have all remedies provided at law or equity, including, without limitation, specific performance, and the Collateral shall be applied as follows and in the following order:

(1) first, to the payment of all fees, costs and other expenses, (including the reasonable fees, costs and expenses of counsel and actual fees, costs and expenses due and payable by the Borrower), and then to the pro rata payment of all costs and other expenses (including the reasonable fees, costs and expenses of counsel) owed to the Lender under this Agreement, to the Lender under the Operating Loan Agreement (Lender), and to C/CAG under the Operating Loan Agreement (C/CAG) (in each case to the extent not previously satisfied);

(2) second, to the payment of Operation and Maintenance Expenses;

(3) third, to the payment pro rata of (1) all accrued and unpaid interest and principal under the Operating Loan Agreement (C/CAG), in the order of the accrual thereof, and (2) all accrued and unpaid interest and principal under the Operating Loan Agreement (Lender), in the order of the accrual thereof; and

(4) fourth, to payment of all accrued and unpaid interest and principal under the Loan Documents, in the order of the accrual thereof.

(c) Amounts in the Operating Reserve Fund, the Revenue Stabilization Reserve Fund, the Repair and Rehabilitation Reserve Fund and the Equipment Replacement Reserve Fund shall remain available to the Borrower for the respective uses permitted under Section 8 and shall not be available to the Lender unless toll collection on the Express Lanes ceases with no reasonably foreseeable resumption of normal toll collection.

SECTION 18. Remedies Not Exclusive. No remedy conferred herein or reserved to the Lender is intended to be exclusive of any other available remedy or remedies, but each and 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.

SECTION 19. Delay or Omission Not Waiver. No delay or omission of the Lender to exercise any right or remedy provided hereunder upon a default of the Borrower (except a delay or omission pursuant to a written waiver) shall impair any such right or remedy or constitute a waiver of any such default or acquiescence therein. Every right and remedy given by this

Agreement or by law to the Lender may be exercised from time-to-time, and as often as may be deemed expedient by the Lender.

SECTION 20. Defeasance. The Borrower may cause the defeasance of the Bond Loan at any time; provided, there is delivered to the Lender (i) an escrow deposit agreement or instructions in connection with the deposit of sufficient Defeasance Obligations for such defeasance and (ii) an opinion of nationally recognized bond counsel to the effect that the Bond Loan will no longer be Outstanding under the terms of this Agreement.

SECTION 21. No Personal Recourse. No official, employee or agent of the Lender or the Borrower or any Person executing this Agreement or any of the other Loan Documents shall be personally liable on this Agreement or such other Loan Documents by reason of the issuance, delivery or execution hereof or thereof, provided that nothing in this Section shall be construed to relieve the Borrower from any liability it may incur under this Agreement or any of the other Loan Document.

SECTION 22. No Third Party Rights. The parties hereby agree that this Agreement creates no third party rights against the Lender, solely by virtue of the Bond Loan, and that no third party creditor or creditors of the Borrower shall have any right against the Lender with respect to the Bond Loan made pursuant to this Agreement.

SECTION 23. Borrower's Authorized Representative. The Borrower shall at all times have appointed a Borrower's Authorized Representative by designating such Person or Persons from time-to-time to act on the Borrower's behalf pursuant to a written certificate furnished to the Lender.

SECTION 24. Lender's Authorized Representative. The Lender shall at all times have appointed a Lender's Authorized Representative by designating such Person or Persons from time-to-time to act on the Lender's behalf pursuant to a written certificate furnished to the Borrower, containing the specimen signature or signatures of such Person or Persons and signed by the Lender.

SECTION 25. Servicer. The Lender may from time-to-time designate an entity or entities to perform, or assist the Lender in performing, specified duties of the Lender under this Agreement. The Lender shall give the Borrower written notice of the appointment of any Servicer and shall enumerate the duties or any change in duties to be performed by any Servicer. Any references in this Agreement to the Lender shall be deemed to be a reference to the Servicer with respect to any duties which the Lender shall have delegated to such Servicer. The Lender may at any time assume the duties of any Servicer under this Agreement.

SECTION 26. Fees and Expenses.

(a) The Lender and Borrower acknowledge that certain expenses related to this Agreement shall be paid by requisitions from the 2020 Project Fund under the Bond Indenture.

(b) The Borrower agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse the Lender on demand from time-to-time on and after the date hereof for any and all fees, costs, charges and expenses incurred by it (including the reasonable fees, costs and expenses of counsel and other advisors) in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the other Loan

Documents and the transactions hereby and thereby contemplated, including without limitation, reasonable attorneys', engineers', and planning fees and professional costs, including all such fees, costs and expenses incurred as a result of or in connection with:

(i) the enforcement of or attempt to enforce any provision of this Agreement or any of the other Loan Documents;

(ii) any amendment or requested amendment of, or waiver or consent or requested waiver or consent under or with respect to, this Agreement or any of the other Loan Documents, or advice in connection with the administration of this Agreement or any of the other Loan Documents or the rights of the Lender thereunder; and

(iii) any work-out, restructuring or similar arrangement of the obligations of the Borrower under this Agreement or the other Loan Documents during the pendency of one or more Events of Default.

(c) The obligations of the Borrower under this Section shall survive the payment or prepayment in full or transfer of the Bond Loan, the enforcement of any provision of this Agreement or the other Loan Documents, any such amendments, waivers or consents, any Event of Default, and any such workout, restructuring or similar arrangement.

SECTION 27. Amendments and Waivers. No amendment, modification, termination or waiver of any provision of this Agreement shall in any event be effective without the written consent of each of the parties hereto.

SECTION 28. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 29. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 30. Successors and Assigns; Third-Party Beneficiary. This Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns and shall inure to the benefit of the parties hereto and their permitted successors and assigns, except that C/CAG shall be a third party beneficiary of Section 8 and Section 17(b) hereof. Neither the Borrower's rights or obligations hereunder nor any interest therein may be assigned or delegated by the Borrower without the prior written consent of the Lender.

SECTION 31. Lender Pledges and Assignments. The Lender may at any time pledge or grant a security interest in all or any portion of its rights or interests hereunder and under the, this Agreement and/or the Loan Documents to secure obligations of the Lender or an Affiliate of the Lender; provided that no such pledge or assignment shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

SECTION 32. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts

and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

SECTION 33. Notices; Payment Instructions. Notices hereunder shall be effective upon receipt and shall be given by certified mail, return receipt requested, or by other delivery service providing evidence of receipt to:

If to the Lender: San Mateo County Transportation Authority
1250 San Carlos Avenue
San Carlos, California 94070-1306
Attention: Derek Hansel
Telephone: (650) 508-6466
E-mail: hanseld@samtrans.com

For Payment –

Currency: USD
Receiving Bank: JP Morgan Chase Bank
ABA #: 322271627
Acct. Name: San Mateo County Transportation Authority
Acct. #: 522885935
Beneficiary Info: SMCTA
Attention: Treasury

If to the Borrower: San Mateo County Express Lanes Joint Powers Authority
County Office Building
555 County Center
Fifth Floor
Redwood City, California 94063
Attention: Sean Charpentier or April Chan
Telephone: (650) 599-1462 (Sean Charpentier) or (650) 508-6228
(April Chan)
E-mail: scharpentier@smcgov.org or chana@samtrans.com

Notices required to be provided herein shall be provided to such different addresses or to such further parties as may be designated from time-to-time by a Borrower's Authorized Representative with respect to notices to the Borrower or by a Lender's Authorized Representative with respect to notices to the Lender or the Servicer. The Borrower shall make any payments hereunder in accordance with the payment instructions hereafter provided by a Lender's Authorized Representative, as modified from time-to-time by a Lender's Authorized Representative.

SECTION 34. Effectiveness. This Agreement shall be effective on the Effective Date.

SECTION 35. Termination. This Agreement shall terminate upon payment in full by the Borrower of the Bond Loan, except such provisions that expressly provide for survival of termination.

SECTION 36. Survival of Representations and Warranties. All representations and warranties made hereunder and in any other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Lender, regardless of any investigation made by the Lender or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Event of Default at the time of entering into this Agreement, and shall continue in full force and effect as long as any obligation hereunder shall remain unpaid or unsatisfied.

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

SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY

By: Don Horsley
Name: Don Horsley
Title: Chair

Approved as to form:

By: _____
Name: Timothy Fox
Attorney for San Mateo County
Express Lanes Joint Powers Authority

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

By: _____
Name: Jim Hartnett
Title: Executive Director

Approved as to form:

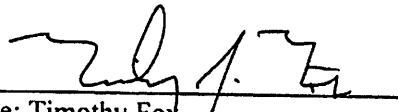
By: _____
Name: Shayna M. van Hoften
Attorney for San Mateo County
Transportation Authority

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

SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY

By: _____
Name: Don Horsley
Title: Chair

Approved as to form:

By: 
Name: Timothy Fox
Attorney for San Mateo County
Express Lanes Joint Powers Authority

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

By: _____
Name: Jim Hartnett
Title: Executive Director

Approved as to form:

By: _____
Name: Shayna M. van Hoften
Attorney for San Mateo County
Transportation Authority

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SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY

By: _____
Name: Don Horsley
Title: Chair

Approved as to form:

By: _____
Name: Timothy Fox
Attorney for San Mateo County
Express Lanes Joint Powers Authority

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

By: _____
Name: Jim Hartnett
Title: Executive Director

Approved as to form:

By: _____
Name: Shayna M. van Hoften
Attorney for San Mateo County
Transportation Authority

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

SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY

By: _____
Name: Don Horsley
Title: Chair

Approved as to form:

By: _____
Name: Timothy Fox
Attorney for San Mateo County
Express Lanes Joint Powers Authority

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

By: _____
Name: Jim Hartnett
Title: Executive Director

Approved as to form:

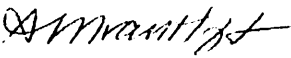
By:  _____
Name: Shayna M. van Hoften
Attorney for San Mateo County
Transportation Authority

EXHIBIT A
FORM OF NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION.

SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY
NONREVOLVING NOTE

DATED DATE: September 10, 2020

For value received, the SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY (with its successors, the “*Borrower*”) hereby promises to pay to the order of San Mateo County Transportation Authority, and its successors and assigns, as their respective interests may appear (the “*Lender*”) located at 1250 San Carlos Avenue, San Carlos, California 94070-1306, the aggregate unpaid principal amount of the Bond Loan made by the Lender pursuant to the Loan Agreement, dated as of September 1, 2020 (together with any amendments or supplements thereto, the “*Agreement*”), by and between the Borrower and the Lender, plus interest thereon, on the dates, in the amounts and in the manner provided for in the Agreement.

The unpaid principal amount of the Bond Loan from time to time outstanding shall bear interest at the rate or rates and be payable as provided in and calculated in the manner set forth in the Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America.

This Note evidences indebtedness and is subject to the terms and provisions of, the Agreement to which reference is hereby made for a statement of said terms and provisions, including those under which this Note may be paid or become due prior to its due date. This Note is the Note referred to in the Agreement and is entitled to the benefits thereof and of the Loan Documents referred to therein. This Note is subject to prepayment, in whole or in part, in accordance with the terms of the Agreement. Reference is hereby made to the Agreement for a description of the terms on which this Note is issued, all of which are hereby incorporated herein and constitute a contract between the Borrower and the holder of this Note, and by acceptance hereof the holder of this Note assents to said terms and conditions.

This Note is secured by the Collateral as set forth in the Agreement. No other revenues or property of the Borrower, except as specified in the Agreement, is pledged as security or available to pay principal of or interest on this Note.

Neither the full faith and credit nor the taxing power of the State of California or any political subdivision thereof is pledged to the payment of principal of, or the interest on, this Note.

This Note is made under the laws of the State of California, and for all purposes shall be governed by and construed in accordance with the laws of said State, without regard to principles of conflicts of law. Capitalized terms not otherwise defined herein have the meaning set forth in this Agreement.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Agreement precedent to and in the issuance of this Note, exist, have happened and have been performed.

The Borrower hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all other notices and demands whatsoever.

IN WITNESS WHEREOF, the SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY has caused this Note to be signed by its duly authorized officer as of the Dated Date specified above.

**SAN MATEO COUNTY EXPRESS LANES JOINT
POWERS AUTHORITY**

By: _____
Name: Don Horsley
Title: Chair

ASSIGNMENT

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

Please insert Social Security or
Taxpayer Identification Number of Transferee

/ _____ /

(Please print or typewrite name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or change

EXHIBIT B

PRO FORMA BOND LOAN PRINCIPAL SCHEDULE

	<u>Principal Amount</u>
Effective Date through April 30, 2024	\$ 0
May 1, 2024 and thereafter	5,000,000