

amount payable by the Borrower hereunder that is not paid when due shall bear interest at the Default Rate and shall be payable upon demand of the Bank.

**Section 2.11. Collateral.** To provide security to the Bank for the payment by the Borrower of the Obligations, the Borrower hereby pledges to the Bank a first priority security interest in and over the Collateral.

**Section 2.12. Limited Obligations.** The obligations of the Borrower under this Agreement and the Note are limited obligations of the Borrower payable solely from the Collateral. The obligations of the Borrower under this Agreement and the Note are not general obligations of the Borrower and the revenues, funds and assets, real or personal of the Borrower (other than the Collateral) are not pledged for or required for the payment of any amounts due under this Agreement and the Note. The obligations of the Borrower under this Agreement and the Note are not, and shall not be or become, a debt, liability or obligation of the State or any political subdivision of the State (other than the Borrower, to the limited extent set forth herein) or a pledge of the faith and credit of the State or of a political subdivision of the State. The Borrower has no taxing power. The obligations of the Borrower under this Agreement and the Note are subject to continued Authorization, appropriation by the United States Congress of funds for programs authorized under 49 U.S.C. §5307 or 49 U.S.C. §5337 in each Federal Fiscal Year and apportionment by the FTA of such funds so appropriated by the United States Congress in each Federal Fiscal Year.

### **ARTICLE III TAXES, YIELD PROTECTION AND ILLEGALITY**

#### **Section 3.1. Taxes.**

(a) *Payments Free of Taxes.* Any and all payments by or on account of any obligation of the Borrower hereunder or under the Note shall be made free and clear of and without deduction for any and all present or future Reimbursed Taxes or Other Taxes; *provided* that if the Borrower shall be required by Applicable Law to deduct any Reimbursed Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.1) the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) *Other Taxes; Reimbursement by the Borrower.* Without limiting the provisions of paragraph (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law and shall also, to the fullest extent permitted by law, reimburse the Bank, within ninety (90) days after demand therefor, for the full amount of any Reimbursed Taxes or Other Taxes (including Reimbursed Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 3.1) paid by the Bank and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Reimbursed Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; *provided* that the Borrower shall not be obligated to reimburse the Bank for any penalties, interest or expenses relating to Reimbursed Taxes or Other Taxes arising from the Bank's gross negligence or willful misconduct. The Bank agrees to give notice to

the Borrower of the assertion of any claim against it relating to Reimbursed Taxes and Other Taxes as promptly as reasonably practicable after being notified of such claim; *provided, however*, that the failure by the Bank to provide prompt notice shall not affect the Bank's rights under this Section 3.1. In addition, the Borrower shall reimburse the Bank, within thirty (30) days after demand therefor, for any incremental Taxes that may become payable by the Bank as a result of any failure of the Borrower to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Bank pursuant to clause (c) of this Section 3.1, documentation evidencing the payment of Taxes, *provided* that, if there are not sufficient funds to satisfy any amounts due under this Section 3.1, the Borrower hereby covenants to promptly request MTC to reprogram, to the extent permitted by law, Apportioned Section 5307 Formula Funds and Apportioned Section 5337 Formula Funds in an amount sufficient to pay all such amounts due under this Section 3.1. In each case, any demand made by the Bank pursuant to this Section 3.1(b) shall be accompanied by a certificate stating in reasonable detail the basis for and the amount of such payment or liability demanded, which certificate shall be conclusive absent manifest error.

(c) *Evidence of Payments.* As soon as practicable after any payment of Reimbursed Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Bank the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Bank, as applicable.

**Section 3.2. Illegality.** If the Bank determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Bank to make, maintain or fund or charge interest with respect to any Daily SOFR Rate Loan, or to determine or charge interest rates based upon SOFR, or to purchase or sell, or to take deposits of, Dollars in the applicable interbank market, then, upon notice thereof by the Bank to the Borrower, any obligation of the Bank to make, maintain, fund or charge interest with respect to any such Daily SOFR Rate Loan shall, in each case, be suspended until the Bank notifies the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, all Daily SOFR Rate Loans shall automatically convert to, and become, Base Rate Loans until such time as the Borrower is advised in writing by the Bank that it is no longer illegal for the Bank to determine or charge interest rates based upon SOFR whereupon all outstanding Base Rate Loans shall automatically convert to, and become, Daily SOFR Rate Loans without further action.

### **Section 3.3. Inability to Determine Rates.**

(a) *Inability to Determine Rates.* If in connection with any request for a Daily SOFR Rate Loan, (i) the Bank determines (which determination shall be conclusive absent manifest error) that (A) no SOFR Successor Rate for SOFR has been determined in accordance with Section 3.3(b) and the circumstances under clause (i) of Section 3.3(b) or the SOFR Scheduled Unavailability Date (as applicable) has occurred with respect to SOFR, or (y) adequate and reasonable means do not otherwise exist for determining SOFR for any determination date(s) or requested payment period, as applicable, with respect to a proposed Daily SOFR Rate Loan, or (ii) the Bank determines that for any reason that the Daily SOFR Rate with respect to a proposed Loan for any requested determination date(s) does not adequately and fairly reflect the cost of funding such Daily SOFR Rate Loan, the Bank will promptly so notify the Borrower. Thereafter, the obligation of the Bank to make or maintain Daily SOFR Rate Loans shall be suspended in each case until the Bank revokes such notice. Upon receipt of such notice, (1) the Borrower may revoke any pending request for a borrowing of a Daily SOFR Rate Loan, or failing that, will be deemed to have

converted such request into a request for a borrowing of Base Rate Loans of the amount specified therein, and (2) any outstanding Daily SOFR Rate Loans shall be deemed to have been converted to Base Rate Loans immediately.

(b) *Replacement of SOFR or SOFR Successor Rates.* Notwithstanding anything to the contrary in this Agreement, if the Bank determines (which determination shall be conclusive absent manifest error), or the Borrower notifies the Bank that the Borrower has determined, that:

(i) adequate and reasonable means do not exist for ascertaining SOFR because SOFR is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) the Applicable Authority has made a public statement identifying a specific date after which SOFR shall or will no longer be made available, or permitted to be used for determining the interest rate of loans denominated in Dollars, or shall or will otherwise cease, provided that, in each case, at the time of such statement, there is no successor administrator that is satisfactory to the Bank that will continue to provide SOFR (the date on which SOFR is no longer available permanently or indefinitely, the “SOFR Scheduled Unavailability Date”);

or if the events or circumstances of the type described in clauses (i) or (ii) above have occurred with respect to the SOFR Successor Rate then in effect, then, the Bank and the Borrower may jointly amend this Agreement and the other Related Documents solely for the purpose of replacing SOFR or any then current SOFR Successor Rate in accordance with this Section 3.3 with an alternative benchmark rate giving due consideration to any evolving or then existing convention for similar credit facilities in the U.S. and denominated in Dollars for such alternative benchmarks, and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar credit facilities in the U.S. and denominated in Dollars for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Bank from time to time in its reasonable discretion and may be periodically updated (and any such proposed rate, including for the avoidance of doubt, any adjustment thereto, a “SOFR Successor Rate”), and any such amendment shall become effective at 2:00 p.m. on the fifth Business Day after the Bank shall have delivered such proposed amendment to the Borrower.

(c) *Successor Rate.* The Bank will promptly (in one or more notices) notify the Borrower of the implementation of any SOFR Successor Rate. Such SOFR Successor Rate shall be applied in a manner consistent with market practice; *provided* that to the extent such market practice is not administratively feasible for the Bank, such SOFR Successor Rate shall be applied in a manner as otherwise reasonably determined by the Bank with notice to the Borrower. Notwithstanding anything else herein, if at any time any SOFR Successor Rate as so determined would otherwise be less than zero percent (0.00%), the SOFR Successor Rate will be deemed to be zero percent (0.00%) for the purposes of this Agreement and the Note.

(d) *Conforming Changes.* In connection with the implementation of a SOFR Successor Rate, the Bank will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in the Note, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement; *provided* that, with respect to any such amendment effected, the

Bank shall deliver each such amendment implementing such Conforming Changes to the Borrower reasonably promptly after such amendment becomes effective.

#### **Section 3.4. Increased Costs; Capital Adequacy.**

(a) *Increased Costs Generally.* If any Change in Law shall: (i) impose, modify or deem applicable any reserve, liquidity, special deposit compulsory loan, insurance charge or similar requirement against funding or maintaining any Loan, or complying with any term of this Agreement, or against assets held by, or deposits with or for the account of, the Bank; (ii) subject the Bank to any taxes on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or (iii) impose on the Bank or any applicable interbank market any other condition, cost or expense affecting this Agreement or Daily SOFR Rate Loans made by the Bank hereunder, and the result of any event referred to in clause (i), (ii) or (iii) above shall be to increase the cost to the Bank of making, converting to, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by the Bank hereunder, then, upon demand by the Bank and in accordance with Section 3.4(c), the Borrower shall pay to the Bank for its own account, such additional amount or amounts as will compensate the Bank for such additional costs incurred or reduction suffered.

(b) *Capital Requirements.* If the Bank shall have determined that any Change in Law affecting the Bank or the Bank's Office or the Bank's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on the Bank's capital or on the capital of the Bank's holding company, if any, as a consequence of this Agreement, the Commitment or the Loans made by the Bank, to a level below that which the Bank or the Bank's holding company could have achieved but for such Change in Law (taking into consideration the Bank's policies and the policies of the Bank's holding company with respect to capital adequacy), then, upon demand by the Bank and in accordance with Section 3.4(c), the Borrower will pay to the Bank such additional amount or amounts as will compensate the Bank or the Bank's holding company for any such reduction suffered in the rate of return on the capital or liquidity of the Bank or the Bank's holding company, if any.

(c) *Certificates for Reimbursement.* The Bank shall use commercially reasonable efforts to notify the Borrower within ninety (90) days after it incurs any such increased cost, increased capital or liquidity, or reduction in return incurred by the Bank as a result of any event mentioned in clause (a) or (b) for which it has actual knowledge; *provided, however*, that a failure by the Bank to deliver the foregoing notice to the Borrower shall in no event relieve the Borrower of any obligation under clauses (a) and (b), except as provided in paragraph (d) of this Section 3.4. All payments of amounts referred to in clause (a) and (b) above shall be paid by the Borrower to the Bank within thirty (30) days of such demand, *provided* that, if there are not sufficient funds to satisfy any amounts due under Section 3.4(a) or Section 3.4(b), the Borrower hereby covenants to promptly request MTC to reprogram, to the extent permitted by law, Apportioned Section 5307 Formula Funds and Apportioned Section 5337 Formula Funds in an amount sufficient to pay all such amounts due under this Section 3.3. A certificate as to such increased cost, increased capital or liquidity, or reduction in return incurred by the Bank as a result of any event mentioned in clause (a) or (b) of this subsection setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank to the Borrower simultaneously with such demand for payment and shall be conclusive as to the amount thereof absent manifest error. In making the determinations contemplated by the above-referenced certificate, the Bank may

make such reasonable estimates, assumptions, allocations and the like that it in good faith determines to be appropriate.

(d) *Delays in Requests.* Failure or delay on the part of the Bank to demand compensation pursuant to the foregoing provisions of this Section 3.4 will not constitute a waiver of the Bank's right to demand such compensation; *provided, however*, that the Borrower will not be required to compensate the Bank pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than one hundred eighty (180) days prior to the date that the Bank notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Bank's intention to claim compensation therefor; *provided further that*, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the one hundred eighty (180) day period referred to above will be extended to include the period of retroactive effect thereof.

### **Section 3.5. Tax Event.**

(a) In the event a Tax Event occurs, in addition to the amounts required to be paid with respect to any affected Loans by the Borrower under this Agreement and the Note, the Borrower hereby agrees to pay to the Bank and each of its successors, assigns and Participants (each, a "Beneficial Owner") with respect to the affected Loans of the Borrower pursuant to this Agreement and the other Related Documents, on demand therefor (i) an amount equal to the difference between (A) the amount of interest that would have been paid to such Beneficial Owner with respect to the affected Loans during the period for which interest on the affected Loans is includable in the gross income of such Beneficial Owner if the affected Loans had borne interest at the Taxable Rate, beginning on the Taxable Date (the "Taxable Period"), and (B) the amount of interest actually paid to the Beneficial Owner during the Taxable Period, and (ii) an amount equal to any interest, penalties or charges owed by such Beneficial Owner as a result of interest on the affected Loans becoming includable in the gross income of such Beneficial Owner, together with any and all attorneys' fees, court costs, or other out-of-pocket costs incurred by such Beneficial Owner in connection therewith.

(b) Subject to the provisions of clauses (c) and (d) below, such Beneficial Owner shall afford the Borrower the opportunity, at the Borrower's sole cost and expense, to contest (i) the validity of any amendment to the Code which causes the interest on the affected Loans (or any one of them) to be includable in the gross income of such Beneficial Owner or (ii) any challenge to the validity of the tax exemption with respect to the interest on the affected Loans (or any one of them), including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals).

(c) The following shall constitute conditions precedent to the exercise by the Borrower of its right to contest set forth in subsection (b) above: the Borrower shall, on demand, immediately reimburse such Beneficial Owner for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by such Beneficial Owner in its sole discretion) that may be incurred by such Beneficial Owner in connection with any such contest, and shall, on demand, immediately reimburse such Beneficial Owner for any and all penalties or other charges payable by such Beneficial Owner for failure to include such interest in its gross income.

**Section 3.6. Survival.** All of the obligations of the Borrower contained in this Article III shall survive the termination of the Available Commitment, the repayment of all Obligations and the Maturity Date.

## **ARTICLE IV CONDITIONS PRECEDENT**

**Section 4.1. Conditions to Effectiveness.** This Agreement will become binding on the parties hereto upon the fulfillment of the following conditions precedent on or before the Effective Date in form and substance and in a manner satisfactory to the Bank:

(a) The Bank shall have received:

(i) The original Note executed by an Authorized Officer;

(ii) A complete copy (including attachments, appendices, schedules and exhibits) of each of the Related Documents (other than this Agreement and the Note) certified by an Authorized Officer as being true and complete and in full force and effect on the Effective Date;

(iii) A copy of the Authorizing Resolution approving this Agreement, the other Related Documents to which the Borrower is a party and the transactions contemplated hereby and thereby certified by the Secretary of the Borrower as being true and complete and in full force and effect on the Effective Date;

(iv) A copy of the joint exercise of powers agreement of the Borrower certified by the Secretary of the Borrower as being true and complete and in full force and effect on the Effective Date (the “Joint Powers Agreement”);

(v) A certificate of Secretary of the Borrower stating the names and certifying the true signatures of the Authorized Officers authorized to sign this Agreement, the other Related Documents to which the Borrower is a party and the other documents to be delivered by the Borrower hereunder or thereunder;

(vi) A certificate or certificates of the Borrower stating that on or as of the Effective Date: (A) no event has occurred and is continuing, or would result from the execution and delivery of this Agreement and the Notice, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both; (B) no “event of default” has occurred and is continuing, and no event has occurred that with the giving of notice or lapse of time or both would constitute an “event of default”, under any Related Document (other than this Agreement or the Note); (C) after giving effect to the execution and delivery of this Agreement and the other Related Documents, all representations and warranties of the Borrower contained herein and in the other Related Documents shall be true and correct with the same force and effect as though such representations and warranties had been made on and as of the Effective Date; and (D) since June 30, 2022, no change has occurred in the financial position, results of operations or prospects of the Borrower which in the reasonable opinion of the Borrower would have a Material Adverse Effect;

(vii) A copy of the authorizing resolution of MTC approving the Related Documents to which MTC is a party and the transactions contemplated thereby certified by the Secretary of MTC as being true and complete and in full force and effect on the Effective Date;

(viii) The following opinions:

(A) An opinion of Nixon Peabody LLP, counsel to the Borrower, dated the Effective Date and addressed to the Bank, in form and substance satisfactory to the Bank and its counsel and addressing, such matters as the Bank may reasonably request;

(B) An opinion of counsel to MTC, dated the Effective Date and addressed to the Bank, opining that (1) MTC has the power and authority to enter into the Related Documents to which it is a party (the “MTC Documents”), (2) MTC has exercised such power, (3) the MTC Documents have been executed and delivered by MTC, (4) the MTC Documents are valid binding obligations of MTC enforceable in accordance with their terms (subject to customary exceptions), (5) no authorization, consent or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required in connection with the due execution, delivery and performance by MTC of any MTC Document, other than those that have been obtained or made and remain in full force and effect, and (6) the execution, delivery and performance by MTC of each MTC Document do not contravene any applicable Law or any contractual restriction binding on or affecting it or any of its Property;

(C) An opinion of counsel to BART, dated the Effective Date and addressed to the Bank, opining that (1) BART has the power and authority to enter into the Related Documents to which it is a party and the Railcar Agreement (the “BART Documents”), (2) BART has exercised such power, (3) the BART Documents have been executed and delivered by BART, (4) the BART Documents are valid binding obligations of BART enforceable in accordance with their terms (subject to customary exceptions), (5) no authorization, consent or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required in connection with the due execution, delivery and performance by BART of any BART Document, other than those that have been obtained or made and remain in full force and effect, and (6) the execution, delivery and performance by BART of each BART Document do not contravene any applicable Law or any contractual restriction binding on or affecting it or any of its Property; and

(D) An opinion of Orrick, Herrington & Sutcliffe, LLP, special tax counsel, addressed to the Borrower and dated the Effective Date, to the effect that the interest on the Loans evidenced by the Note is excludable from gross income for federal income tax purposes, together with a reliance letter, addressed to the Bank and dated the Effective Date, stating that the Bank may rely upon such opinion to the same extent as if such opinion were addressed to the Bank;

(ix) A certificate of an Authorized Officer certifying that there is no litigation pending or, to the knowledge of the Borrower's General Counsel, threatened against the Borrower contesting or adversely affecting the execution and delivery of this Agreement or any Related Document to which the Borrower is a party, the proceedings of the Borrower taken with respect to the execution and delivery of this Agreement and the Related Documents or the pledge of the Collateral; and

(x) Such other documents, certificates, opinions, approvals and filings with respect to the Related Documents and this Agreement as the Bank may reasonably request.

(b) All other legal matters pertaining to the execution and delivery of this Agreement and the other Related Documents shall be reasonably satisfactory to the Bank and its counsel.

(c) The Borrower shall have provided to the Bank, and the Bank shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act.

(d) The Bank shall have received from the Borrower an initial Request for Loan in an amount equal to (i) the upfront fee payable to the Bank on the Effective Date of \$450,000 and (ii) the fees and expenses of counsel to Bank, which Request for Loan shall include instructions to pay such amounts to the Bank and its counsel.

**Section 4.2. Conditions Precedent to Each Loan.** The obligation of the Bank to make a Loan on any borrowing date is subject to satisfaction of the following conditions precedent:

(a) The Commitment has not terminated or been suspended;

(b) Except for Loans that are Repayment Loans, the Bank shall have received a completed Request for Loan signed by an Authorized Officer;

(c) No Event of Insolvency has occurred and is continuing with respect to BART;

(d) No Default or Event of Default shall have occurred and be continuing or would result from the making of such Loan or from the application of the proceeds thereof;

(e) Each of the representations and warranties of the Borrower set forth herein and in the other Related Documents to which it is a party shall be and remain true and correct in all material respects as of said borrowing date as if made on such borrowing date, except for any such representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be and remain true and correct in all respects as of said borrowing date as if made on such borrowing date (except for any representation or warranty that by its terms expressly relates to an earlier date, in which case such representation and warranty shall be and remain true and correct in all material respects as of such earlier date, except for any such representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be and remain true and correct in all respects as of said earlier date); and



(f) The amount of the Loan requested (or, in the case of a Repayment Loan, deemed requested) shall not exceed the Available Commitment.

Unless the Borrower shall have otherwise previously advised the Bank in writing, delivery to the Bank of a Request for Loan shall be deemed to constitute a representation and warranty by the Borrower that on the date of such Request for Loan and on the date of the proposed Loan that each of the above conditions precedent have been satisfied; *provided, however*, that with respect to the condition set forth in clause (c) of this Section 4.2, the representation and warranty by the Borrower is qualified by the knowledge of the Borrower. The making of a Repayment Loan shall be deemed to constitute a representation and warranty by the Borrower that on the date of such Loan each of the above conditions precedent have been satisfied.

## **ARTICLE V REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants that as of the Effective Date:

**Section 5.1. Existence.** The Borrower is a joint exercise of powers agency duly organized, validly existing and in good standing under the Laws of the State and has the power and authority to own its properties and to carry on its businesses as now being conducted and as currently contemplated to be conducted hereafter and is duly qualified to do business in each jurisdiction in which the character of the properties owned or leased by it or in which the transactions of any material portion of its business (as now conducted and as currently contemplated to be conducted) makes such qualification necessary.

### **Section 5.2. Power and Authority.**

(a) The Borrower has the right, power and authority, and has taken all action necessary to authorize the Related Documents to which it is a party, and to execute, deliver and perform its obligations under this Agreement and each of the other Related Documents to which it is a party in accordance with their respective terms, including the pledge of the Collateral contained herein. The Borrower has approved the form of the Related Documents to which it is not a party.

(b) The Borrower is duly authorized and licensed to own its Property and to operate its business under the laws, rulings, regulations and ordinances of all Governmental Authorities having the jurisdiction to license or regulate such Property or business activity and the departments, agencies and political subdivisions thereof, and the Borrower has obtained all requisite approvals of all such governing bodies required to be obtained for such purposes. All Governmental Approvals necessary for the Borrower to enter into this Agreement and the other Related Documents and to perform the transactions contemplated hereby and thereby and to conduct its business activities and own its Property have been obtained and remain in full force and effect and are subject to no further administrative or judicial review. No other Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Borrower of this Agreement or the due execution, delivery or performance by the Borrower of the Related Documents.

**Section 5.3. Compliance with Laws.** The Borrower is in compliance with all Laws, except for such noncompliance that, singly or in the aggregate, has not caused or is not reasonably expected to cause a Material Adverse Effect.

**Section 5.4. Binding Obligation.** This Agreement has been duly executed and delivered by one or more duly authorized officers of the Borrower, and each of the other Related Documents to which the Borrower is a party, when executed and delivered by the Borrower will be, a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, except as such enforceability may be limited by (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

**Section 5.5. No Conflict.** The execution, delivery and performance of this Agreement and each of the other Related Documents to which it is a party in accordance with their respective terms do not and will not (a) contravene the Borrower's joint powers agreement or the Joint Exercise of Powers Act (California Government Code Sections 6500 et seq.) or the Authorizing Resolution, (b) require any consent or approval of any creditor of the Borrower (other than those that have been obtained), (c) violate any Laws (including, without limitation, Regulations T, U or X of the FRB, or any successor regulations), (d) conflict with, result in a breach of or constitute a default under any contract to which the Borrower is a party or by which it or any of its Property may be bound or (e) result in or require the creation or imposition of any Lien upon or with respect to any Property now owned or hereafter acquired by the Borrower or any Affiliate thereof except such Liens, if any, expressly created by a Related Document.

**Section 5.6. No Litigation.** There is no action, suit or proceeding pending in any court, any other Governmental Authority with jurisdiction over the Borrower or any arbitration in which service of process has been completed against the Borrower or, to the knowledge of the Borrower, any other action, suit or proceeding pending or threatened in any court, any other Governmental Authority with jurisdiction over the Borrower or any arbitrator, in either case against the Borrower or with respect to validity or enforceability of the Authorizing Resolution, this Agreement or any of the other Related Documents, which if determined adversely to the Borrower could reasonably be expected to adversely affect in any material aspect the legality, validity or enforceability of the Authorizing Resolution, this Agreement or any of the other Related Documents or the rights and remedies of the Bank under this Agreement or any of the other Related Documents or which could reasonably be expected to have a Material Adverse Effect.

**Section 5.7. Approvals and Consents.** The Borrower is duly authorized and licensed to own its Property and to operate its business under the laws, rulings, regulations and ordinances of all Governmental Authorities having the jurisdiction to license or regulate such Property or business activity and the departments, agencies and political subdivisions thereof, and the Borrower has obtained all requisite approvals of all such governing bodies required to be obtained for such purposes. All Governmental Approvals necessary for the Borrower to enter into this Agreement and the other Related Documents and to perform the transactions contemplated hereby and thereby and to conduct its business activities and own its Property have been obtained and remain in full force and effect and are subject to no further administrative or judicial review. No other Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Borrower of this Agreement or the due execution, delivery or performance by the Borrower of the Related Documents.

**Section 5.8. Financial Statements.** The Audited Financial Statements for the fiscal year of the Borrower ended June 30, 2022, heretofore furnished to the Bank, fairly present the financial