

s☆h draft of May 16

TRUST AGREEMENT

by and between

Town of Chapel Hill, North Carolina

and

U.S. Bank National Association, as Trustee

Relating to the execution and delivery of

\$ _____

Limited Obligation Bonds, Series 2021A

and

\$ _____

**Taxable Limited Obligation Bonds
Series 2021B**

Dated as of August 1, 2021

THIS AGREEMENT (this "Agreement") is dated as of August 1, 2021, is between the **TOWN OF CHAPEL HILL, NORTH CAROLINA**, a North Carolina municipal corporation (the "Town"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association having an office in _____, North Carolina, as trustee (the "Trustee"), and relates to the issuance of [\$50,000,000] aggregate amount Limited Obligation Bonds (the "2021 Bonds").

Introduction

The Town is issuing bonds pursuant to this Agreement to provide funds to be used, together with other available funds, on a project (the "Project") (a) to acquire, construct, and equip various public facilities, assets and improvements, (b) to refinance existing Town obligations, and (c) to pay financing costs, all as described in Exhibit A. In accordance with the Town's authority under Section 160A-20 of the North Carolina General Statutes, the, the

Town will secure its obligations under this Agreement and the Bonds by a security interest in the Pledged Facilities and the Pledged Sites (each as defined in Exhibit B).

This Agreement provides for the issuance of the bonds, the Town's obligation to pay the bonds, the security for the bonds, the Town's obligation to care for the collateral and other related matters.

Unless the context clearly requires otherwise, capitalized terms used in this Agreement and not otherwise defined have the meanings set forth in Exhibit B.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

ARTICLE I

THE BONDS

Section 1.01. Provision for 2021 Bonds; Advance. (a) The Town will issue, and the Trustee will authenticate and deliver, 2021 Bonds in an aggregate principal amount of [\$45,000,000], consisting of two separate series as follows:

* \$_____ Limited Obligation Bonds, Series 2021A (the "Series A Bonds"); and

* \$_____ Taxable Limited Obligation Bonds, Series 2021B (the "Series B Bonds").

(b) The Town is receiving a total of \$_____ (the "Amount Advanced") from the sale of the 2021 Bonds. The Town will use the Amount Advanced as provided in this Agreement to pay Project Costs.

Section 1.02. Bonds Constitute Installment Contracts. Each of the Bonds, together with the Town's corresponding obligations under this Agreement and the Deed of Trust, constitutes a separate "installment contract" within the meaning of Section 160A-20 between the Town and the owner of that Bond. The Town's payment obligations, and its other obligations under this Agreement and with respect to the Bonds, are secured by the lien on the Mortgaged Property created under the Deed of Trust and by the other security provided for in this Agreement. The security for each Bond ranks on parity with the security for every other Bond.

Section 1.03. Form and Details; Payments. The Series A Bonds will be numbered RA-1 upward for identification, will be designated "Limited Obligation Bonds, Series 2021A," and will be in substantially the form of Exhibit B, with any changes as this Agreement permits or requires. The Series B Bonds will be numbered RB-1 upward for identification, will be designated "Taxable Limited Obligation Bonds, Series 2021B," and will be in substantially the same form as the Series A Bonds. The 2021 Bonds are payable as to interest semiannually until payment on each Payment Date at the following rates (calculated

based on a 360-day year consisting of twelve 30-day months), and are payable as to principal on December 1 in the following years and amounts:

Series A Bonds

<u>Maturity Date (December 1)</u>	<u>Principal Amount (\$)</u>	<u>Rate (%)</u>
[To come.]		

Series B Bonds

<u>Maturity Date (December 1)</u>	<u>Principal Amount (\$)</u>	<u>Rate (%)</u>
[To come.]		

Exhibit D shows a schedule of payments due on the 2021 Bonds for each Payment Date. Upon any redemption of any 2021 Bonds, the Town will recalculate the schedule of payments to reflect the redemption and will then deliver a substitute Exhibit D to the Trustee reflecting the recalculated payment schedule. The Trustee has no responsibility to confirm any recalculated payment schedule.

Section 1.04. Redemption Dates and Prices. The Bonds are subject to redemption as described in Section 2.01.

Section 1.05. Delivery of 2021 Bonds. The Trustee will authenticate and deliver the 2021 Bonds when the Town has filed with or delivered to the Trustee all the following items:

- (a) Original executed counterparts of this Agreement and the Deed of Trust
- (b) Certified copies of Town Council resolutions approving substantially final forms of this Agreement and the Deed of Trust, authorizing their execution and delivery, and approving the issuance of the 2021 Bonds
- (c) Executed 2021 Bonds in the aggregate principal amounts, bearing interest at the rates, and payable as to principal and interest at the times and in the amounts as are provided in this Agreement

(d) A Town Certificate directing the Trustee to authenticate and then deliver the 2021 Bonds to the person or persons named therein upon payment to the Trustee of a specified sum, and directing the Trustee as to the application of the Amount Advanced

(e) An Opinion of Bond Counsel to the effect that the issuance of the 2021 Bonds has been duly authorized by all necessary authorities

(f) Evidence that the LGC has approved the issuance of the 2021 Bonds

Section 1.06. Additional Bonds. The Town may provide for Additional Bonds to be issued under this Agreement to provide funds (a) to expand or improve the Pledged Facilities, (b) to construct further improvements to the Pledged Sites, (c) to refund any Outstanding Bonds, (d) to pay financing costs or establish reserves in connection with the issuance of Additional Bonds, (e) for any other purpose that may be allowed by law from time to time, including the acquisition and construction of additional public facilities, whether or not any additional facility is related to the Pledged Facilities or the Pledged Sites, or (f) for any combination of these purposes.

The Trustee will authenticate and deliver Additional Bonds when the Town has filed with or delivered to it all the following items:

(i) Certified copies of Town Council resolutions approving the terms and conditions under which the Additional Bonds are to be issued and authorizing the execution of amendments or supplements to the Deed of Trust (if necessary) and this Agreement providing for the issuance of the Additional Bonds

(ii) Evidence that the LGC has approved the issuance of the Bonds and the related transactions (if that approval is then required by law)

(iii) An executed copy of an amendment or supplement to this Agreement providing for the issuance of the Additional Bonds, which must set forth the payment and redemption terms of the Additional Bonds, together with other appropriate terms

(iv) An executed copy of an appropriate amendment or supplement to the Deed of Trust, if necessary to extend the security of the Deed of Trust to the Town's obligations (A) under the Trust Agreement as amended or supplemented or (B) with respect to the Additional Bonds

(v) A Town Certificate directing the Trustee to authenticate and then deliver the Additional Bonds to the person or persons named therein upon payment to the Trustee of a specified sum, and directing the Trustee as to the application of proceeds from the sale of the Additional Bonds

(vi) An Opinion of Bond Counsel to the effect (A) that the issuance of the Additional Bonds is permitted under the terms of this Agreement and has been duly authorized, and (B) that the issuance of the Additional Bonds in itself will have no adverse effect on the exemption from Federal income tax with respect to any Outstanding Bonds with respect to which any such interest is intended to be exempt

(vii) Evidence of the issuance or proposed issuance of one or more lender's title insurance policies (or an appropriate endorsement to an existing policy) in favor of the Trustee and including any amendment or supplement to the Deed of Trust referenced in (iv) above as an insured instrument, if necessary to increase the aggregate face amount of insurance to equal to the total amount of Outstanding Bonds plus the principal amount of the Additional Bonds then to be issued

The Trustee is not required to authenticate and deliver any Additional Bonds if any Event of Default under this Agreement is continuing.

Simultaneously with the delivery of the Additional Bonds, the proceeds (including any accrued interest) of the Additional Bonds will be applied as provided in the certificate described in (v) above.

After the execution and delivery of any Additional Bonds, they will be "Bonds" under this Agreement and subject to all its terms and conditions, except as may be provided in the supplement to this Agreement provided for in (iii) above.

ARTICLE II

REDEMPTION

Section 2.01. Redemption Dates and Prices. The 2021 Bonds are subject to redemption only as provided in this Section.

(a) *Optional Redemption* – The 2021 Bonds maturing on or after December 1, 2032, are subject to redemption at the Town's option, in whole or in part on any date on or after December 1, 2031, upon payment of the principal amount to be redeemed plus interest accrued to the redemption date, without any prepayment penalty or premium.

(b) *Mandatory Sinking Fund Redemption* -- The 2021 Bonds maturing on _____ are required to be redeemed in part prior to maturity pursuant to the terms of the sinking fund requirements of Section 2.05 at a redemption price equal to the principal amount to be redeemed plus interest accrued to the redemption date, without any prepayment penalty or premium.

The supplement to this Agreement providing for the issuance of any Additional Bonds will set out the terms and conditions for their redemption.

Section 2.02. Selection of 2021 Bonds for Redemption.

(a) If less than all the 2021 Bonds are to be redeemed pursuant to the provisions of subsection 2.01(a), they will be redeemed among maturities in any manner the Town chooses. The Town is not required to redeem Series A Bonds in preference to Series B Bonds, or vice versa, or to redeem Bonds ratably among Series.

(b) If less than all of the 2021 Bonds of any maturity are to be redeemed, the Trustee must select the 2021 Bonds to be redeemed by lot; provided, however, that so long as a book-entry system with DTC is used for determining beneficial ownership of 2021

Bonds, if less than all of the 2021 Bonds within a maturity are to be redeemed, the parties agree that DTC may determine which of the 2021 Bonds within the maturity are to be redeemed in accordance with DTC's then-current rules and procedures.

(c) In any case, (i) the portion of any 2021 Bond to be redeemed must be in the principal amount of \$5,000 or some integral multiple thereof, and (ii) in selecting 2021 Bonds for redemption, each 2021 Bond will be considered as representing that number of 2021 Bonds which is obtained by dividing the principal amount of that 2021 Bond by \$5,000. If a portion of a 2021 Bond is called for redemption, the Town will prepare, and the Trustee will deliver, a new 2021 Bond of the same series in principal amount equal to the unpaid portion to the registered owner upon the surrender of the 2021 Bond.

Section 2.03. Redemption Notices. (a) The Trustee, at the Town's direction, upon being satisfactorily indemnified with respect to expenses, and with at least two Business Days' notice, will send notice of redemption no less than 30 nor more than 60 days prior to the redemption date, as follows:

(i) With respect to any 2021 Bonds being called for redemption for which DTC or its nominee is the registered owner, to DTC, in whatever manner may be provided for under DTC's standard operating rules as then in effect (and if the Trustee is unable to determine those rules, by registered or certified mail, return receipt requested);

(ii) With respect to any 2021 Bonds for which no book-entry-only system of registration is in effect, to each of the registered owners of those 2021 Bonds at their addresses as shown on the Trustee's registration books, by registered or certified mail; and

(iii) In any case, both (A) to the MSRB for posting on the EMMA System and (B) to the LGC.

Notwithstanding anything to the contrary in this Agreement, the Town acknowledges and agrees that the Trustee is not acting as the disclosure or dissemination agent for purposes of Rule 15c2-12 in connection with any notice to be posted with the MSRB via the EMMA System.

Failure to give any notice specified in (i) or (ii), as applicable, or any defect in that notice, will not affect the validity of any proceedings for the redemption of any 2021 Bonds with respect to which no failure has occurred. Failure to give any notice specified in (iii), or any defect in that notice, will not affect the validity of any proceedings for the redemption of any 2021 Bonds with respect to which the notice specified in (i) or (ii) is correctly given. Any notice mailed as provided in this Agreement will conclusively be presumed to have been given regardless of whether received by any Owner.

(b) Any redemption notice, except a notice given in respect of a mandatory sinking fund redemption, may state that the redemption to be effected is conditioned upon -

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(i) the Trustee's receipt on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the 2021 Bonds to be prepaid; or

(ii) any other condition not unacceptable to the Trustee.

If a notice contains a condition and the Trustee either (A) does not receive moneys sufficient to pay the principal of and premium, if any, and interest on the 2021 Bonds on or prior to the redemption date, or (B) the stated condition is not fulfilled, as evidenced to the Trustee by a Town Certificate,

in either case on or prior to the redemption date,

then redemption will not be made, and the Trustee must, within a reasonable time, give notice the same way the redemption notice was given that the moneys were not so received (or condition was not fulfilled) and the redemption was not made.

(c) Each redemption notice must specify (i) the complete designation of the 2021 Bonds to be redeemed, (ii) the CUSIP numbers of the 2021 Bonds to be redeemed, (iii) the dated dates, maturity dates and interest rates of the 2021 Bonds to be redeemed, (iv) the date fixed for redemption, (v) any conditions to the redemption, as contemplated by subsection (b) above, (vi) the principal amount of 2021 Bonds or portions of Bonds to be redeemed, (vii) the applicable redemption price, (viii) the address of the place or places of payment, (ix) the Trustee's name and telephone number, and the name of a contact person, (x) that interest accrued to the date fixed for redemption will be paid as specified in the notice, and (xi) that on and after the established redemption date interest on 2021 Bonds which have been redeemed will cease to accrue. The Trustee must also include in any redemption notice any additional information provided by the Town for use in the notice.

Section 2.04. 2021 Bonds Payable on Redemption Date; Interest Ceases To Accrue. If on or before the date fixed for redemption funds are deposited with the Trustee to pay the principal of and interest accrued to the redemption date on 2021 Bonds called for redemption, the 2021 Bonds (or portions of 2021 Bonds) called for redemption cease to accrue interest from and after the redemption date. Thereafter, those 2021 Bonds (a) are no longer entitled to the benefits provided by this Agreement and (b) are not deemed to be Outstanding under this Agreement.

Section 2.05. Mandatory Sinking Fund Redemption. (a) The Trustee, from amounts received from or on behalf of the Town, will redeem 2021 Bonds maturing on December 1, 20_____, on December 1 in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount (\$)</u>
[To come.]	

*Final maturity

(b) In addition, [provisions for a second term bond if necessary]

The Trustee shall take all appropriate action to withdraw funds from the Principal Account and make timely payment to the Owners of the Term Bonds subject to sinking fund redemption.

(b) Notwithstanding the foregoing, on or before the 70th day next preceding any sinking fund payment date, the Town may do either of the following:

(i) deliver to the Trustee for cancellation Term Bonds required to be redeemed on that sinking fund payment date in any aggregate principal amount desired; or

(ii) instruct the Trustee to apply a credit against the Town's sinking fund payment obligation for any Term Bonds that previously have been redeemed (other than through the operation of the sinking fund requirements) and canceled by the Trustee but not previously applied as a credit against any sinking fund payment obligation.

The Trustee will credit against the Town's sinking fund payment obligation on each sinking fund payment date the amount of 2021 Bonds so purchased, delivered or previously redeemed as described in paragraphs (i) or (ii) above.

(c) Within seven days of receipt of the funds, Term Bonds or instruction to apply a credit (as described in subsection (b) above), any amounts remaining in the Principal Account in excess of the amount required to fulfill the remaining required principal and sinking fund redemption obligations on the next sinking fund payment date will, as specified in a Town Certificate, either be (i) transferred to the Interest Account or (ii) used to redeem 2021 Bonds as soon as practicable. In the absence of any written direction from the Town, the Trustee will deposit those amounts to the Interest Account.

ARTICLE III

FUNDS AND ACCOUNTS

Section 3.01. Creation and Use of Project Fund. The Trustee will establish a special fund designated as the "Town of Chapel Hill 2021 Project Fund." The Trustee will keep this Fund separate and apart from all other funds and moneys held by it, and the Trustee will hold and administer this Fund as provided in this Agreement. Moneys in the Project Fund will be expended only as described in Sections 3.02 and 3.03. The Trustee is not required to disburse any moneys from the Project Fund during the continuation of any Event of Default.

Section 3.02. Deposits to Project Fund; Payment of Project Costs.

(a) The Trustee will deposit into the Project Fund the amount specified in the certificate referenced in Section 1.05(d) and all other amounts paid to it for deposit in the Project Fund. This certificate may also direct the Trustee as to the further application of amounts in the Project Fund without any requirement for additional direction or requisition.

(b) In addition, the Trustee will disburse moneys in the Project Fund from time to time, either to pay Project Costs directly to the Town or the person indicated in the requisition to pay Project Costs or to reimburse the Town for previous expenditures on

Project Costs, upon the Trustee's receipt of a requisition substantially in the form of Exhibit E. The Town need not submit any additional information other than the requisition. The Trustee may rely conclusively on requisitions as authorization for payments, and the Trustee has no duty or responsibility to verify any matters in the requisitions.

(c) Unless otherwise directed by the Town, the Trustee will disburse moneys from the Project Fund that are due to the Town by wire transfer to any bank account in the United States as a Town Certificate may designate from time to time. Any electronic notice to the Trustee is subject to the provisions of Section 9.02.

Section 3.03. Transfer of Unexpended Proceeds. Upon its receipt of a Town Certificate stating that there are no more Project Costs to be paid from the Project Fund, the Trustee will withdraw all remaining moneys in the Project Fund and deposit those moneys in the Payment Fund. The Trustee will then apply those moneys to Bond payments as directed by a Town Representative. In the absence of any direction from the Town, the Trustee will deposit those moneys in the Interest Account and use them to pay interest on the 2021 Bonds as the same becomes due.

Section 3.04. Other Funds and Accounts. The Trustee will establish the following special funds and accounts, must keep the same separate and apart from all other funds and moneys held by it, and must hold and administer the same as provided in this Agreement:

(a) Town of Chapel Hill 2021 Bond Payment Fund, and therein an Interest Account, a Principal Account and a Redemption Account; and

(b) Town of Chapel Hill 2021 Net Proceeds Fund.

Any amendment or supplement to this Agreement providing for the issuance of Additional Bonds may create additional funds or accounts related to those Bonds.

Section 3.05. Payment Fund. (a) The Trustee must deposit in the proper account in the Payment Fund all amounts paid to it for deposit in the Payment Fund, including all amounts paid to it by the Town for payments on the Bonds.

(b) The Town will make payments to the Trustee sufficient in times and amounts to allow the Trustee to make full and timely payment of all Bond Payments as the same become due. The Town will make the payments to the Trustee not later than the 25th day of the month preceding a Payment Date. The Town will make the payments in lawful money of the United States, by wire transfer or other transfer of immediately available funds to any account in the United States as the Trustee may designate to the Town from time to time.

(c) Not less than 15 days prior to each Payment Date, the Trustee must determine the amounts on deposit and available to make the payments due on that Payment Date with respect to the 2021 Bonds, whether in (i) the Interest Account or the Principal Account of the Payment Fund, or (ii) any special trust fund established pursuant to Section 11.01. The Trustee must notify the Town of the available amounts not less than 10 days prior to the applicable Payment Date. The Town's obligation to make payments with respect to any Payment Date is reduced by the available amounts the Trustee determines.

(d) The Trustee must pay the principal of the Bonds from the Principal Account and the interest on the Bonds from the Interest Account, as the same become due. On or before each Payment Date, the Trustee must first determine if it has on hand amounts sufficient to pay the principal and interest coming due on the Bonds on the Payment Date. Then, the Trustee must set aside an amount sufficient to pay the interest on the Bonds becoming due and payable on that Payment Date, and then an amount sufficient to pay the principal on the Bonds becoming due and payable on that Payment Date. The Trustee must then transfer on the Payment Date the amounts due to DTC as registered owner of the Bonds.

(e) If the amount on deposit in the Principal Account or the Interest Account is insufficient for its purposes two Business Days before any Payment Date, the Trustee must notify the Town of the amount of the insufficiency. The Trustee must then transfer the required amounts to those Accounts from any amounts as may be available in the Redemption Account.

If the amount on deposit in the Interest Account on any Payment Date exceeds the amount payable on account of interest on the Bonds on that date, the Trustee must, as directed by a Town Certificate, retain the excess in the Interest Account or transfer the excess to the Principal Account to be credited against subsequent required deposits to the Principal Account. In the absence of any direction from the Town, the Trustee will retain the excess in the Interest Account.

If the amount on deposit in the Principal Account on any December 1 exceeds the amount required on that date to pay principal of Bonds coming due on that date (whether by reason of maturity or mandatory redemption), then the Trustee must, as directed by a Town Certificate, retain the excess in the Principal Account or transfer the excess to the Interest Account to be credited against subsequent required deposits to the Interest Account. In the absence of any direction from the Town, the Trustee will transfer the excess to the Interest Account.

(f) The Trustee must deposit in the Redemption Account of the Payment Fund all amounts paid to it for deposit in that Account, and must use those amounts within 12 months of their deposit to pay Bonds called for redemption on their redemption dates.

(g) The Trustee must apply Net Proceeds deposited in the Redemption Account pursuant to Section 5.16 to the redemption of Bonds pursuant to Section 2.01(a).

The Trustee must transfer any amounts not so used within 12 months of their deposit in the Redemption Account to the Interest Account for use on the next Payment Date to pay interest on the Bonds, and pending that use or in the absence of direction must invest those funds in Legal Investments having a yield not in excess of the Restricted Yield.

Subject to retaining moneys necessary to pay Bonds that have been called for redemption but not yet presented for payment, the Trustee must use amounts in the Redemption Account as directed by a Town Certificate to make transfers to the Interest Account or the Principal Account to the extent the balances in those Accounts may be insufficient.

Section 3.06. Net Proceeds Fund. The Trustee must deposit in the Net Proceeds Fund (a) Net Proceeds as provided in Section 5.16 and (b) any other amounts paid to it for deposit in that fund. The Town must direct the investment and reinvestment of all amounts on deposit in the Net Proceeds Fund only in Legal Investments having a yield not in excess of the Restricted Yield, to the extent those amounts are on deposit on any date following the later of (i) the third anniversary of the Closing Date or (ii) 30 days from the payment of those Net Proceeds to the Town or the Trustee. The Trustee must disburse Net Proceeds for replacement or repair as provided in Section 5.16.

ARTICLE IV

SECURITY; APPROPRIATIONS; LIMITED OBLIGATION

Section 4.01. Payments on the Bonds; Additional Payments. (a) The Town will make full and timely payment of all Bond Payments and Additional Payments due from the Town under this Agreement, subject to the limitations of Section 160A-20 and the terms of this Agreement, and in particular the terms of Section 4.02 and Section 4.05.

(b) The Town must pay all Additional Payments on a timely basis directly to the person or entity to which the Additional Payments are owed in lawful money of the United States. If the Town fails to pay any Additional Payment when due, the Trustee may (but is under no obligation to) pay the Additional Payment for the Town's account. The Town agrees to reimburse the Trustee for any Additional Payment made by the Trustee, together with interest on the amount paid at the annual rate of 4.00%.

(c) The Town is not entitled to any abatement or reduction of the Bond Payments or Additional Payments for any reason, including, but not limited to, any defense, recoupment, setoff, counterclaim, or any claim arising out of or related to the Pledged Sites or the Pledged Facilities. The Town assumes and bears the entire risk of loss and damage to the Pledged Sites and the Pledged Facilities from any cause whatsoever. The parties intend that the Town must make all payments provided for in this Agreement, unless the Town's obligation to make the payments has been terminated as provided in this Agreement.

Section 4.02. Appropriations. (a) The Town will cause the officer who prepares the draft Town budget initially submitted for Town Council consideration to include in the initial proposal each year the amount of all Bond Payments and estimated Additional Payments coming due during the Fiscal Year to which the budget applies. Notwithstanding that the initial proposed budget includes an appropriation for these payments, the Town Council may determine not to include the appropriation (in whole or in part) in the final Town budget for any Fiscal Year, or may amend an adopted budget to reduce or delete an approved appropriation.

(b) (i) If for any Fiscal Year the Town adopts an annual budget that does not appropriate (for that purpose) an amount equal to the Bond Payments and estimated Additional Payments coming due during that Fiscal Year, then the Town will send notice of this failure to the Trustee and the LGC within ten days after the adoption of that budget.

(ii) If for any Fiscal Year the Town has not adopted an annual budget that appropriates (for that purpose) an amount equal to the Bond Payments and estimated

Additional Payments coming due during that Fiscal Year within 15 days after the beginning of any Fiscal Year, then the Town will send notice of this failure to the Trustee and the LGC within an additional ten days.

(iii) If at any time the Town amends the annual budget to reduce the amounts appropriated for Bond Payments and Additional Payments below the amounts expected to be required for the remainder of that Fiscal Year, then the Town will send notice of this amendment to the Trustee and the LGC within ten days after the amendment.

(iv) The Town must also post a copy of any notice sent to the LGC under this Section with respect to the Bonds on the EMMA System as an event described in Section 6.03(c)(2).

Section 4.03. Deed of Trust. Coincidentally with the execution and delivery of this Agreement, the Town is executing and delivering the Deed of Trust. The Deed of Trust secures the Town's obligations to each of the Owners, on parity with one another.

Section 4.04. Money in funds and accounts. The Town grants a security interest, to the Trustee for the benefit of the Owners, in all the funds and accounts held under this Agreement to secure the Town's obligations under the Bonds and otherwise under this Agreement. This security interest secures the Town's obligations to each of the Owners, on parity with one another.

Section 4.05. Limited obligation. The Bonds are payable solely from the amounts paid by the Town to the Trustee for the Bond Payments, as, when and if received by the Trustee, except to the extent payable from the proceeds of the Bonds, income from investments, Net Proceeds and other funds and property pledged as provided in this Agreement, which funds are pledged as provided in this Agreement to secure payment of the Bonds.

Notwithstanding any other provision of this Agreement, the parties intend that this transaction comply with the provisions of Section 160A-20. No deficiency judgment may be entered against the Town in violation of Section 160A-20.

No provision of this Agreement should be interpreted as creating a pledge of the Town's faith and credit within the meaning of any constitutional debt limitation. No provision of this Agreement should be construed or interpreted as an illegal delegation of governmental powers or as an improper donation or lending of the Town's credit within the meaning of the North Carolina constitution. The Town's taxing power is not and may not be pledged directly or indirectly or contingently to secure any moneys due under this Agreement.

No provision of this Agreement should be interpreted as pledging or creating a lien on any class or source of the Town's moneys (other than Net Proceeds and the funds and accounts established pursuant to this Agreement as may be provided in this Agreement). No provision of this Agreement restricts the Town's future issuance of any of its bonds or other obligations payable from any class or source of the Town's moneys (except to the extent

this Agreement, the Deed of Trust and the Bonds restrict the incurrence of additional obligations secured by the Mortgaged Property).

To the extent of any conflict between this Section and any other provision of this Agreement, this Section takes priority.

ARTICLE V

CONSTRUCTION, MAINTENANCE AND OTHER PROVISIONS RELATED TO THE PLEDGED FACILITIES

Section 5.01. Construction Contracts; Changes. (a) The Town will comply with the provisions of the North Carolina General Statutes and enter into the Construction Contracts. The Town will cause the construction of the Pledged Facilities to be carried on continuously in accordance with the Construction Contracts and all applicable State and local laws and regulations.

(b) The Town will provide for the Pledged Facilities to be constructed on the Pledged Sites and will insure (i) that no portion of the Pledged Facilities encroaches upon nor overhangs any easement or right-of-way, (ii) that the Pledged Facilities will be wholly within any applicable building restriction lines, however established, and (iii) that the Pledged Facilities will not violate applicable use or other restrictions, whether imposed by law or rule or by prior conveyances.

(c) The Town may approve changes to the Construction Contracts in its discretion except that the Town may not approve any changes that (i) increase total estimated Project Costs above the amounts previously identified and designated for the payment of those costs, or (ii) result in the use of the Mortgaged Property for purposes substantially different from the use intended as of the Closing Date.

Section 5.02. Contractors' Performance and Payment Bonds. The Town shall require each contractor entering into a Construction Contract to furnish a performance bond and a separate labor and material payment bond as required by State law. The Town shall provide copies of all bonds to the Trustee at the Trustee's request.

Section 5.03. Cooperation. The Trustee and the Town will cooperate fully with each other in filing any claim or proof of loss with respect to any bond or insurance policy described in this Agreement.

Section 5.04. Care and Use. The Town must use the Pledged Sites and the Pledged Facilities in a careful and proper manner. The Town must keep the Mortgaged Property in good condition, repair, appearance and working order for the purposes intended.

Section 5.05. Utilities. The Town must pay all charges for utility services furnished to or used on or in connection with the Pledged Sites and the Pledged Facilities.

Section 5.06. Risk of Loss. The Town bears all risk of loss to and condemnation of the Pledged Facilities and the Pledged Sites. Upon loss, damage or

condemnation of the Mortgaged Property, the Town must proceed as provided in Sections 5.15 and 5.16.

Section 5.07. Trustee's Performance of Town's Responsibilities. The Trustee may (but is not required to) undertake any payment or performance required of the Town for the insurance, maintenance or preservation of the Mortgaged Property that is not timely paid or performed by the Town. The Town must then reimburse the Trustee for any payments and for any associated costs and expenses, legal or otherwise, together with interest at annual rate of 4.00%, all as Additional Payments under this Agreement.

Section 5.08. Compliance with Requirements. The Town must promptly and faithfully comply with all requirements of governmental authorities relating to the use or condition of the Mortgaged Property, the violation of which would adversely affect the use, value or condition of the Mortgaged Property, whether or not any requirement necessitates structural changes or improvements or interferes with the use or enjoyment of the Mortgaged Property (or be diligently and in good faith contesting such requirements). Unless required by applicable law or unless the Trustee has otherwise agreed in writing, the Town must not use the Mortgaged Property for any purposes other than that for which the same were intended as of the Closing Date. In no event may the Town use the Mortgaged Property or any part thereof, nor allow the same to be used for, any unlawful purpose or in violation of any certificate of occupancy or other permit or certificate, or any law, ordinance or regulation.

Section 5.09. Use and Operation. (a) The Town represents that the acquisition and construction of the improvements to the Pledged Facilities will be useful to the Town in carrying out its required public functions. The Town has an immediate need for the Pledged Facilities, and the Town expects to use the Pledged Facilities throughout the Contract Term.

(b) The Town will be solely responsible for the operation of the Pledged Facilities and will not contract with any other person or entity for that operation. The Pledged Facilities will not be used in any private business or put to any private business use, except for such minor and occasional uses as may be consistent with their use as local government facilities and that will not cause the Town to be in violation of its covenant as set forth in Section 6.01(k). The Town will use and operate the Financed Facilities for their intended public purposes, and for no other purpose unless required by law.

Section 5.10. Modification of Pledged Facilities; Installation of Equipment and Machinery. The Town has the right to repair, maintain and remodel the Pledged Facilities or make substitutions, additions, modifications and improvements to the Pledged Facilities, at its own cost and expense; provided, however, that any substitutions, additions, modifications and improvements must not in any way damage the Pledged Facilities or result in the use of the Pledged Facilities for purposes substantially different from those initially proposed; and provided further that the Pledged Facilities, as improved or altered, upon completion of these substitutions, additions, modifications and improvements, will be of a value not materially less than the value of the Pledged Facilities immediately prior to making those substitutions, additions, modifications and improvements.

The Town may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the Pledged Facilities. All that property will remain the Town's sole property in which neither the Trustee nor any Bondholder will have any interest; provided, however, that any property which becomes permanently affixed to the Pledged Facilities will be subject to this Agreement and the lien and security interest arising under the Deed of Trust if the Trustee determines that the Pledged Facilities would be damaged or impaired by the removal of that machinery, equipment or other tangible property.

Section 5.11. Property Damage Insurance. (a) The Town must, at its own expense, acquire, carry and maintain broad form extended coverage property damage insurance with respect to the Pledged Facilities in an amount equal to the replacement cost. This insurance must include standard mortgagee coverage in favor of the Trustee.

(b) (i) The Town must maintain the insurance required by this Section with generally recognized responsible insurers and may carry reasonable deductible or risk-retention amounts. The Town must provide copies of all policies to the Trustee upon request.

(ii) In the alternative, the Town may maintain the insurance required by subsection (a) above (A) by one or more blanket or umbrella insurance policies or (B) by means of an adequate self-insurance fund or risk-retention program, or by participation in a group risk pool or similar program.

(iii) If the Town obtains blanket or umbrella coverage, the Town must provide to the Trustee, upon the Trustee's request, a certificate or certificates of the respective insurers evidencing the coverage and, with respect to property insurance, stating the amount of coverage provided with respect to the Pledged Facilities (or any covered portion thereof). The Town must provide to the Trustee such evidence as to the sufficiency of any such alternative program as the Trustee may reasonably request.

(c) Before the Town adjusts or settles any property damage loss greater than \$1,000,000 with respect to the Pledged Facilities, whether or not covered by insurance, the Town must first notify the Trustee of the planned adjustment or settlement and the Town's planned use of insurance proceeds.

(d) The Trustee is not responsible for the sufficiency or adequacy of any required insurance. The Trustee shall have no liability in accepting payment on account of any insurance or with respect to any adjustment, compromise or settlement of any loss agreed to by the Town.

Section 5.12. Right of Entry and Inspection. The Trustee and its representatives and agents have the right to enter upon the Pledged Sites and inspect the Pledged Facilities at any time while any Bonds are Outstanding.

No right of inspection or approval granted in this Section imposes upon any party any duty or obligation whatsoever to undertake any inspection or to make any approval. No inspection or approval by any party imposes upon any party any duty or obligation whatsoever to identify or correct any defects in the Pledged Facilities or to notify any person

with respect thereto. No inspection constitutes a warranty (either express or implied) by the Trustee as to the quality or fitness of any improvement. Any such inspection is solely for the benefit of the Trustee and the Bondholders, and not for the Town's benefit.

Section 5.13. Title. Title to the Pledged Sites and the Pledged Facilities and all additions, repairs, replacements or modifications thereto will always be in the Town, subject to the lien of the Deed of Trust and to the other Permitted Encumbrances.

Section 5.14. Taxes and Encumbrances. (a) If the Mortgaged Property (or any portion) is, for any reason, deemed subject to taxation, assessments or other lawful governmental charges the Town will, during the Contract Term, pay (as Additional Payments) the amount of all those taxes, assessments and governmental charges. With respect to special assessments or other charges which may be lawfully paid in installments over a period of years, the Town is obligated under this Agreement only to provide for the installments that are required to be paid during the Contract Term. The Town must not allow any liens for taxes, assessments or governmental charges with respect to the Mortgaged Property (or any portion) to become delinquent, including any taxes levied upon the Trustee's interest in the Mortgaged Property, or on any rentals or other revenues derived from the Mortgaged Property.

(b) The Town will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Mortgaged Property (or any portion), except Permitted Encumbrances. The Town will promptly, at its own expense, take such action as may be appropriate to discharge any such mortgage, pledge, lien, charge, encumbrance or claim.

(c) The Town may, at its own expense and in its own name, in good faith contest any taxes or other charges and encumbrances described in this section. In the event of a contest, the Town may permit the charges to remain unpaid during the period of the contest and any appeal. If, however, the Trustee notifies the Town that, in the opinion of independent counsel selected by the Trustee, the security afforded pursuant to this Agreement or the Deed of Trust will be materially endangered by nonpayment of any items, then the Town must promptly pay those items (but the payment will not in itself constitute a waiver of the right to continue to contest the charges).

Section 5.15. Damage, Destruction or Condemnation. The Town must promptly notify the Trustee if (a) the Mortgaged Property or any portion thereof is destroyed or damaged by fire or other casualty, (b) any governmental authority takes, or notifies the Town of any intent to take, title to, or the temporary or permanent use of the Mortgaged Property or any portion thereof, or the estate of the Town or the Trustee in the Pledged Facilities, the Pledged Sites or any portion thereof, under the power of eminent domain, (c) a material defect in the construction of the Pledged Facilities becomes apparent, or (d) title to or the use of all or any portion of the Mortgaged Property is lost by reason of a defect in title.

Each notice must describe generally the nature and extent of the damage, destruction or taking. The Town must provide any additional information concerning the matter as the Trustee may reasonably request.

The Town must file its claims under insurance coverages and claims for awards or payments in the nature of condemnation awards resulting from any damage, destruction or taking. The Town must prosecute all its claims for awards or payments in good faith and with due diligence. Any Net Proceeds received by the Town because of those claims will be used as provided in Section 5.16.

Section 5.16. Deposit and Use of Net Proceeds.

(a) If the amount of Net Proceeds received by the Town from any single event or any single series of related events is less than \$1,000,000, then the Town has no obligation to account to the Trustee or any other person or entity with respect to the use of such Net Proceeds. The Town, however, acknowledges that its use of funds may be constrained by the requirements of the Code and the Town's covenants and representations in Section 6.01(k).

(b) If the amount of Net Proceeds received by the Town from any single event or any single series of related events is at least \$1,000,000, the Town must cause the Net Proceeds to be paid to the Trustee for deposit and application as provided in this Section.

(c) The Town may elect to proceed under either part (i), (ii) or (iii) of this subsection with respect to Net Proceeds deposited with the Trustee pursuant to subsection (b). The Town must notify the Trustee of its election within 60 days after the date of the deposit.

(i) The Town may direct the Trustee to deposit the Net Proceeds into the Redemption Account in the Bond Fund and use the Net Proceeds, together with any other available funds the Town may provide in its discretion, to redeem or defease the Bonds in whole (but not in part), pursuant to Section 2.01 and Article XI, as appropriate, and as directed in a Town Certificate.

(ii) If the Town determines that the Net Proceeds, together with any other available funds the Town may provide in its discretion, will be sufficient to repair or restore that portion of the Pledged Facilities regarding which the Net Proceeds arose, then the Town may direct the deposit of the Net Proceeds to the Net Proceeds Fund and then may apply those proceeds to repair or restoration. The Town must act with due diligence and in a commercially reasonable manner to provide for the repair and restoration.

The Trustee will disburse Net Proceeds for the payment of such costs upon receipt of requisitions provided by the Town and substantially in the form of Exhibit E. The Trustee may rely conclusively on requisitions as authorization for payments, and the Trustee has no duty or responsibility to verify any matters in the requisitions. The Trustee must not honor any requisition if an Event of Default is continuing.

The Town will not be entitled to any reimbursement of any funds paid pursuant to this subsection, nor will the Town be entitled to any postponement or diminution of its obligation to make Bond Payments because of any contribution. Any repair or replacement paid for in whole or in part out of Net Proceeds will be the Town's property and will be part of the Mortgaged Property.

(iii) If the Town determines that the Net Proceeds and other funds will not be sufficient for the purposes described in (i) or (ii), then the Town must direct the Trustee to deposit the Net Proceeds into the Redemption Account in the Bond Fund and use the Net Proceeds to prepay or defease the Bonds in whole or in part pursuant to Section 2.01 and Article XI and as directed by a Town Representative.

(d) Nothing in this Section creates an option in the Town or any other party to provide for the early payment of Bonds not provided for in Article II.

ARTICLE VI

TOWN'S WARRANTIES, REPRESENTATIONS AND COVENANTS

Section 6.01. In General. The Town makes the following statements of fact, with the intent and understanding that the Trustee and the Bondholders will rely on these statements in deciding to enter into this Agreement and to purchase and hold Bonds.

(a) The Town is a duly organized and validly existing municipal corporation of the State. The Town has all powers necessary to enter into the transactions contemplated by this Agreement and the Deed of Trust and to carry out its obligations under this Agreement.

(b) The Town has duly and validly authorized, issued, executed and delivered this Agreement, the 2021 Bonds and the Deed of Trust. Assuming due authorization, execution and delivery by the other parties, this Agreement, the 2021 Bonds and the Deed of Trust constitute valid, legal and binding obligations of the Town, enforceable (in the case of the Deed of Trust, by the Deed of Trust Trustee and the Trustee) in accordance with their respective terms, subject to bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and applicable principles of equity.

(c) The Town requires no further approval or consent from any governmental authority with respect to the Town's entering into or performing under this Agreement or the Deed of Trust.

(d) There is no action, suit or proceeding at law or in equity before or by any court, public board or body pending or, to the best of the Town's knowledge, threatened, against or affecting the Town (or any official thereof in an official capacity) (i) challenging the validity or enforceability of the Trust Agreement or the 2021 Bonds, or seeking to restrain or enjoin the issuance or delivery of the Bonds, or (ii) challenging (A) the Town's organization or existence, (B) the Town's issuance of the Bonds, or (C) the title to office of any Town Council member or other Town officer, or (iii) that otherwise would be likely (if decided adversely to the Town) to have a material adverse effect on the Town's ability to provide for timely payment of the Bonds.

(e) The Town's performance of its obligations under the Bonds, this Agreement and the Deed of Trust, and compliance with their respective provisions, under the contemplated circumstances, does not and will not in any material respect constitute on the Town's part a breach of or default under, or result in the creation of any material lien or other encumbrance on any Town property (except as contemplated in such instruments)

pursuant to, any agreement or other instrument to which the Town is a party, or any existing law, regulation, court order or consent decree to which the Town is subject.

(f) No Town representation, covenant or warranty in this Agreement is false or misleading in any material respect.

(g) The Town is vested with fee simple title to the Pledged Sites. There are no liens or encumbrances on the Pledged Facilities or the Pledged Sites other than the existing encumbrances, as shown on Exhibit C to the Deed of Trust.

(h) The Town Council resolutions relating to the Town's execution and delivery of this Agreement, the 2021 Bonds, the Deed of Trust and the transactions contemplated by those instruments have been duly adopted, are in full force and effect, and have not been in any respect modified, revoked or rescinded.

(i) The Town believes funds will be available to satisfy all its obligations under this Agreement.

(j) The Pledged Facilities have been designed and will be constructed to comply with all applicable subdivision, building and zoning ordinances and regulations, and all applicable federal and State standards and requirements relating to the Pledged Facilities.

(k) The Town will not take or permit, or omit to take or cause to be taken, any action that would cause the Series A Bonds to be "arbitrage bonds" or "private activity bonds" within the meaning of the Code. If the Town does take or permit, or take or cause to be taken, any such action, or omit to take or cause to be taken, the Town must take (or cause to be taken) all lawful actions within its power reasonably necessary to rescind or correct such actions or omissions promptly upon having knowledge of the effect of such actions.

Section 6.02. Town's Undertakings as to Environmental Matters. The Town makes the following statements of fact, with the intent and understanding that the Trustee and the Bondholders will rely on these statements in deciding to enter into this Agreement and to purchase and own Bonds.

(a) The Town has no knowledge (i) that any industrial use has been made of the Mortgaged Property, (ii) that the Mortgaged Property has been used for the storage, treatment or disposal of chemicals or any Hazardous Materials, (iii) that any manufacturing, landfilling or chemical production has occurred on the Mortgaged Property, or (iv) that there is any asbestos or other contaminant on, in or under the Mortgaged Property.

(b) To the Town's knowledge, the Mortgaged Property complies with all federal, State and local environmental laws and regulations. The Town will keep the Mortgaged Property, and the activities at the Mortgaged Property, in compliance with all environmental laws, rules, and regulations. The Town will, in a timely manner, take all lawful action necessary to maintain compliance or to remedy any lack of compliance.

(c) The Town will use and maintain Hazardous Materials on the Mortgaged Property only for the routine maintenance and operation of the Mortgaged Property. The

Town will maintain these Hazardous Materials only in appropriate quantities for these purposes, and will use them only in substantial compliance with label instructions and all State and federal environmental laws, rules and regulations. The Town will not use the Mortgaged Property (A) for the manufacture, transport, process, storage, treatment or disposal of any Hazardous Materials or (B) for any industrial, manufacturing or landfilling use or for any chemical production.

(d) The Town will promptly send to the Trustee, upon the Trustee's request, copies of any citations, orders, notices or other material governmental or other communication received with respect to any Hazardous Materials.

For the purposes of this Section, "Hazardous Materials" means any chemicals, materials, substances, wastes or other substances that are classified and regulated by any by federal, State or local laws as hazardous or toxic substances that exist on or affect the Mortgaged Property.

Section 6.03. Town's Undertaking for Continuing Disclosure. The Town undertakes, for the benefit of the beneficial owners of the Bonds, to provide the following items and information to the MSRB:

(a) by not later than seven months from the end of each of the Town's Fiscal Years, beginning with the Fiscal Year that ends June 30, 2021, audited Town financial statements for such fiscal year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements are not available by seven months from the end of any fiscal year, unaudited Town financial statements for such fiscal year, to be replaced subsequently by audited Town financial statements to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each of the Town's Fiscal Years, beginning with the Fiscal Year that ends June 30, 2021, the financial and statistical data as of a date not earlier than the end of the preceding fiscal year (which data will be prepared at least annually, will specify the date as to which such information was prepared and will be delivered with any subsequent material events notices specified in subparagraph (c) below) for the type of information included in Appendix A to the final Official Statement relating to the 2021 Bonds under the captions _____ (excluding any information on overlapping or underlying debt) to the extent such items are not included in the audited financial statements referred to in (a) above;

(c) in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the 2021 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on any credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2021 Bonds, or other material events affecting the tax status of the 2021 Bonds;

(7) modifications to rights of the beneficial owners of the 2021 Bonds, if material;

(8) calls for redemption of 2021 Bonds (other than calls pursuant to sinking fund redemption), if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of any property securing repayment of the 2021 Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar proceedings related to the Town, the Trustee or any other person or entity that may at any time become legally obligated to make Bond Payments (collectively, the "Obligated Persons");

(13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a financial obligation (as defined below) of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect Bondholders, if material; and

(16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties; and

(d) in a timely manner, not in excess of ten Business Days after the occurrence of the failure, notice of a failure of the Town to provide required annual financial information described in (a) or (b) above on or before the date specified.

“Financial obligation” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of an obligation described in either clause (a) or (b). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended.

As used above, the “final Official Statement” means the Official Statement dated July _____, 2021, that the Town has approved and authorized for use in connection with the offering and sale of the 2021 Bonds.

For the purposes of the events identified in subparagraph (c)(12) above, the event is considered to occur when any of the following occurs: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

If the Town fails to comply with the undertaking described above, the Trustee may take action to protect and enforce the rights of all the beneficial owners of the 2021 Bonds with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking will not be an Event of Default and will not result in any acceleration of payment of the 2021 Bonds. All actions will be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the 2021 Bonds.

The Town must provide the documents and other information referred to above to the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The Town may discharge its undertaking as set forth in this Section by providing such information in any manner that the United States Securities and Exchange Commission subsequently authorizes in lieu of the manner described above.

The Town reserves the right to modify from time to time the information to be provided, or the presentation of the information to be provided, to the extent necessary or appropriate in the Town’s judgment, provided that:

(A) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Town;

(B) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of the final Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(C) any such modification does not materially impair the interests of the beneficial owners, as determined by the Trustee, by Bond Counsel, or by the approving vote of the Majority Owners pursuant to the terms of this Agreement, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section will terminate upon payment, or provision having been made for payment, in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all the Bonds.

ARTICLE VII

INDEMNIFICATION

To the extent permitted by law, the Town will indemnify, protect and save

- (a) the LGC and its members and employees, and
- (b) the Trustee and its officers, directors, agents and employees,

in all cases harmless from all liability and losses, including expenses and legal fees, expenses and costs, arising out of, connected with, or resulting directly or indirectly

(A) from the condition or use of the Mortgaged Property or the transactions contemplated by this Agreement; or

(B) as a result of any warranty or representation made by the Town in Section 6.02 being false or untrue in any material respect, or any requirement under any law or regulation which requires the elimination or removal of any hazardous materials, substances, wastes or other environmentally regulated substances by the Trustee, the Town or any transferee or assignee of the Town or the Trustee.

The Town has no obligation to indemnify any indemnified party for the gross negligence or intentional misconduct of the indemnified party or any of its employees or representatives. The Town's obligation to provide indemnification under this Article continues even after the payment in full of all the Town's obligations under this Agreement. The Town's obligation extends to any Trustee even after the removal or resignation of that Trustee. The parties intend that the LGC is a third-party beneficiary of the Town's obligations under this Article VII.

ARTICLE VIII

DISCLAIMER OF WARRANTIES

The Town acknowledges that the Trustee has not designed the Pledged Facilities, that the Trustee has not supplied any plans or specifications with respect thereto and that the Trustee

(a) is not a manufacturer of, nor a dealer in, any of the component parts of the Financed Facilities or similar facilities,

(b) has not made any recommendation, given any advice nor taken any other action with respect to (i) the choice of any supplier, vendor or designer of, or any other contractor with respect to, the Financed Facilities or any component part thereof or any property or rights relating thereto, or (ii) any action taken or to be taken with respect to the Financed Facilities or any component part thereof or any property or rights relating thereto at any stage of the construction thereof,

(c) has not at any time had physical possession of the Financed Facilities, the sites on which those facilities are or will be established, or any component part thereof or made any inspection thereof or any property or rights relating thereto, and

(d) has not made any warranty or other representation, express or implied, that the Financed Facilities or any component part thereof or any property or rights relating thereto (i) will not result in or cause injury or damage to persons or property, (ii) has been or will be properly designed or will accomplish the results which the Town intends therefor, or (iii) is safe in any manner or respect.

THE TRUSTEE MAKES NO EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION OF ANY KIND WHATSOEVER WITH RESPECT TO THE FINANCED FACILITIES OR ANY COMPONENT PART THEREOF, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OR REPRESENTATION WITH RESPECT TO THE MERCHANTABILITY OR THE FITNESS OR SUITABILITY THEREOF FOR ANY PURPOSE, and further including the design or condition thereof; the safety, workmanship, quality or capacity thereof; compliance thereof with the requirements of any law, rule, specification or contract pertaining thereto; any latent defect; the ability of the Financed Facilities to perform any function; or any other characteristic of the Financed Facilities. The Town bears all risks relating to the Financed Facilities or the transactions contemplated by this Agreement or by the Deed of Trust, and the Town waives the benefits of all implied warranties and representations of the Trustee.

The provisions of this Article continue in effect even if the Contract Term has expired, and continue to apply with respect to any particular Trustee even after the removal or resignation of that Trustee.

ARTICLE IX

THE TRUSTEE

Section 9.01. Rights and Duties. (a) If an Event of Default is continuing, the Trustee must exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of that person's own affairs.

(b) Except during the continuation of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in this Agreement and no other, and no implied covenants or obligations shall be read into this Agreement against the Trustee;

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates, opinions or other writings furnished to the Trustee and conforming to the requirements of this Agreement which the Trustee actually and in good faith believes to be genuine and to have been signed or presented by the proper person.

(c) The Trustee is not relieved from liability for its own negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of subsection (a) above;

(ii) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 10.05; and

(iii) the Trustee will not be liable with respect to any information contained in any offering documents (except to the extent of information about the Trustee provided by the Trustee specifically for inclusion in that offering document). The Trustee has no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(d) Every provision of this Agreement that in any way relates to the Trustee is subject to all the provisions of this Section 9.01.

(e) Not later than August 1 of each year, the Trustee will notify the LGC and the Town of the principal amount of Bonds Outstanding as of the preceding June 30, with a breakdown of Bonds by series.

(f) No provision of this Agreement requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, unless it receives indemnity satisfactory to it against any loss, liability or expense, except that the Trustee may not require indemnity as a condition to declaring the principal and interest with respect to the Bonds to be due

immediately under Section 10.02. No permissive right of the Trustee should be construed as a duty.

(g) The Trustee is not liable for interest on any cash held by it except as the Trustee may agree with the Town in writing.

(h) If a Default is continuing and is known to the Trustee, then the Trustee must notify the Owners and the LGC within 15 days after the Default becomes known to the Trustee. The Trustee, however, will only be deemed to have knowledge of (i) defaults in payment as described in Sections 10.01(a) and (b) and (ii) defaults with respect to which the Trustee has received written notice, describing the default, from any interested party.

(i) The Trustee may consult with counsel and is not liable for any action it takes or omits to take in good faith in reliance on advice from counsel as to legal matters, including but not limited to interpretation of this Agreement.

(j) Notwithstanding anything in this Agreement to the contrary, the Trustee and its agents have the right to require additional evidence, certificates or opinions of counsel as to legal matters as the Trustee may deem appropriate to establish the Town's right to the withdrawal of any funds held under this Agreement or to require the Trustee's taking of any other action under this Agreement.

(k) The Trustee must keep complete and accurate records of all moneys received and disbursed by it under this Agreement. These records must be available for inspection by the Town and any Owner, or any of their agents, at any time during regular business hours upon reasonable prior notice to the Trustee.

(l) In any judicial proceeding to which the Town is a party and which in the Trustee's opinion has a substantial bearing on the interests of Owners, the Trustee may intervene on the Owners' behalf, and must do so if requested in writing by the Majority Owners, provided that the Trustee has received the indemnity provided for in subsection (f) above.

(m) The Trustee may act through agents or co-trustees.

(n) The Trustee has no duty to inspect or oversee the construction or completion of any property to be acquired, constructed or improved using Bond proceeds.

(o) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; falling space debris; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services, in all cases not specific to the Trustee; accidents; acts of civil or military authority or governmental action; it being understood that the Trustee shall in all cases use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(p) The Trustee may rely on, and need only rely on, notices and instructions provided by the Town in the form of a Town Certificate.

Section 9.02. Communication with the Trustee. The Trustee may accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means. If the Town elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon those Instructions, the Trustee's understanding of the Instructions controls.

The Town understands and agrees that the Trustee cannot determine the identity of the actual sender of Instructions and that the Trustee may conclusively presume that Instructions that purport to have been sent by a Town Representative have in fact been sent by that Town Representative. The Town is responsible for ensuring that only Town Representatives transmit Instructions to the Trustee, and the Town is solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys. The Trustee is not liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with Instructions that purport to have been sent by a Town Representative, notwithstanding that an Instruction may conflict with or be inconsistent with another Instruction received after the Trustee's action.

The Town agrees: (a) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee's acting on unauthorized Instructions that purport to be sent by an Town Representative, and the risk of interception and misuse by third parties; (b) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Town; (c) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (d) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

In this Agreement, "Electronic Means" means electronic mail, facsimile transmission or similar methods. Voice communication and delivery of signed paper documents are not "Electronic Means."

Section 9.03. Trustee's Individual Rights. The Trustee in its individual or any other capacity may become the Owner or pledgee of Bonds and may otherwise deal with the Town or its affiliates with the same rights it would have if it were not Trustee.

Section 9.04. Disclaimer. The Trustee makes no representation as to the validity or adequacy of this Agreement or the Bonds, and the Trustee is not accountable for the Town's use of the proceeds of the Bonds.

Section 9.05. Eligibility. The Town must maintain a trustee for this Agreement. No corporation may be appointed or serve as Trustee unless (a) it is approved by the LGC for service as Trustee under this Agreement, (b) it is a corporation organized and doing

business under the laws of the United States or any state or the District of Columbia, is authorized under such laws and the laws of the State to exercise corporate trust powers, and is subject to supervision or examination by the United States, any state or the District of Columbia, and (c) it has a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition.

Section 9.06. Resignation; Removal; Replacement. The Trustee may resign at any time by delivering notice of its resignation to the Town at least 30 days prior to the effective date of the resignation. The Town may remove the Trustee at any time by delivering notice of the removal to the removed Trustee at least 30 days prior to the effective date of the removal, but the Town may remove the Trustee only if no Event of Default is continuing at the time the Town sends the notice. The Majority Owners may remove the Trustee at any time by delivering notice of the removal to the Town and the removed Trustee at least 30 days prior to the effective date of the removal and may at the same time (or at any time during the 30-day notice period) appoint a new Trustee by notice to the Town and the removed Trustee.

If the Trustee resigns or is removed or if a vacancy otherwise exists in the office of Trustee for any reason, the Town must promptly appoint a successor Trustee (except when that right is exercised by the Majority Owners as described in the preceding paragraph).

A successor Trustee must deliver a written acceptance of its appointment to the retiring Trustee and to the Town. Immediately upon receipt of the acceptance, the retiring Trustee must transfer all property held by it as trustee to the successor Trustee; only then will the resignation or removal of the retiring Trustee become effective. The successor Trustee has all the rights, powers and duties of the Trustee under this Agreement.

If the Trustee fails to meet the requirements of Section 9.05, any Owner may petition any court for the removal of the Trustee and the appointment of a successor Trustee.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, then the retiring Trustee, the Town or the Majority Owners may petition any court for the appointment of a successor Trustee.

Section 9.07. Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to another corporation, then the resulting, surviving or transferee corporation without any further act will be the successor Trustee.

Section 9.08. Consent to Jurisdiction and Venue. The Trustee consents to jurisdiction in the State of North Carolina and venue in Orange County for any lawsuit arising from the Trust Agreement or the Bonds, or from the related transactions contemplated by the Trust Agreement or the Bonds.

ARTICLE X

DEFAULTS; REMEDIES

Section 10.01. Events of Default. An "Event of Default" is any of the following:

(a) Default in the payment of the principal of any Bond when the same becomes due and payable, whether at the stated maturity of the Bond or upon proceedings for mandatory (but not optional) redemption.

(b) Default in the payment of any interest on any Bond when the same becomes due and payable.

(c) The occurrence of an Event of Nonappropriation.

(d) The Town breaches or fails to perform or observe any term, condition or covenant of this Agreement, the Bonds or the Deed of Trust on its part to be observed or performed, other than as referred to in the preceding subsections, including payment of any Additional Payment, for a period of 90 days after written notice specifying the failure and requesting that it be remedied has been given to the Town by any person or entity, unless the Trustee agrees in writing to an extension of the 90-day period prior to its expiration; provided, however, that if the failure stated in the notice cannot reasonably be corrected within the notice period and the Town institutes corrective action within the notice period, no Event of Default will be deemed to have occurred so long as the Town diligently pursues remedial action.

(e) Any warranty, representation or statement made by the Town in this Agreement, the Bonds or in the Deed of Trust is found to be incorrect or misleading in any material respect as of the Closing Date.

(f) Any lien, charge or encumbrance (other than Permitted Encumbrances) prior to or affecting the validity of the Deed of Trust is found to exist, or proceedings are instituted to enforce any lien, charge or encumbrance against the Mortgaged Property and such lien, charge or encumbrance would be prior to the lien of the Deed of Trust.

Section 10.02. Acceleration. If any Event of Default is continuing, then (a) the Trustee, by notice to the Town, or (b) the Majority Owners, by notice to the Town and the Trustee, may declare the principal of and accrued interest with respect to the Bonds to be due and payable immediately, and such principal and interest will thereupon become and be immediately due and payable. The Trustee must immediately give notice of any acceleration to all Owners. The Trustee may rescind an acceleration and its consequences if all existing Events of Default have been cured or waived, if the rescission would not conflict with any judgment or decree.

Section 10.03. Other Remedies. If an Event of Default is continuing, the Trustee may pursue any remedy at law or in equity to collect the principal or interest with respect to the Bonds or to enforce the performance of any provision of this Agreement, the Bonds, or the Deed of Trust, including by foreclosure on the Mortgaged Property.

The Trustee may maintain a proceeding even if it does not possess any of the Bonds or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Owner in exercising any right or remedy accruing upon an Event of Default does not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 10.04. Waiver of Past Defaults. The Majority Owners, by notice to the Trustee, may waive an existing Event of Default and its consequences. When an Event of Default is waived, it is cured and stops continuing, but no waiver extends to any subsequent or other Event of Default or impairs any right consequent to it.

Section 10.05. Majority's Control. The Majority Owners, upon satisfactory indemnification of the Trustee, may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on it. The Trustee, however, may refuse to follow any direction that it reasonably believes conflicts with law or this Agreement or, subject to Section 9.01, that the Trustee determines is unduly prejudicial to the rights of other Owners or would involve the Trustee in personal liability.

Section 10.06. Limitation on Suits. An Owner may not pursue any remedy with respect to this Agreement or the Bonds (except as provided in Section 10.07) unless (a) the Owner gives the Trustee notice stating that an Event of Default is continuing, (b) the Majority Owners make a written request to the Trustee to pursue the remedy, (c) that Owner or Owners offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense, and (d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity.

An Owner may not use this Agreement to prejudice the rights of another Owner or to obtain a preference or priority over the other Owners.

Section 10.07. Rights To Receive Payment. This Agreement preserves the right of any Owner to receive payment of principal, premium, if any, and interest on a Bond, on or after the due dates expressed in the Bond, or to sue for the enforcement of any such payment on or after such dates. These rights of an Owner may not be impaired or affected without that Owner's consent.

Section 10.08. Collection Suit by Trustee. If an Event of Default occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Town for the whole amount remaining unpaid.

Section 10.09. Trustee May File Proofs of Claim. (a) The Trustee may file proofs of claim and other papers or documents as may be necessary or advisable to have the claims of the Trustee and the Owners allowed in any judicial proceedings relative to the Town, its creditors or its property. Unless prohibited by law or applicable regulations, may vote on behalf of the Owners in any election of a trustee in bankruptcy or other person performing similar functions.

(b) If the Trustee incurs expenses or renders services in any proceedings resulting from any Default or Event of Default, the parties intend that the expenses incurred and

compensation for services rendered will constitute expenses of administration under the United States Bankruptcy Code or any similar state or federal law.

Section 10.10. Priorities. If the Trustee collects any money pursuant to this Article, it must deposit that money in a special account in the Payment Fund and pay out that money in the following order:

(a) If the principal of all Bonds has not become or will not be declared due and payable, all the moneys in the Payment Fund will be applied as follows and in the following order:

First, Costs and Expenses: to the payment of the costs and expenses of the Trustee and of the Owners in declaring the Event of Default and pursuing remedies under this Agreement, including reasonable compensation to its or their agents, attorneys and counsel.

Second, Interest: to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of the installments, beginning with the earliest unpaid installment. If the amount available is not sufficient to pay in full any installment or installments coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference.

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal on any Bonds which have become due, whether at maturity or by call for redemption, in the order of their due dates, beginning with the earliest unpaid installment, with interest on the overdue principal at a rate equal to the rate paid on the Bonds. If the amount available is not sufficient to pay in full all the amounts due on the Bonds on any date, together with the required interest, then to the payment thereof ratably, according to the amounts of principal due on that date to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all Bonds has become or has been declared due and payable, all the money will be applied (i) first to pay the fees and expenses as described in subsection (a), and then (ii) to pay the principal and interest then due on the Bonds, without preference or priority of principal or interest, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably according to the amounts due respectively for principal and interest, in each of these cases to the persons entitled thereto without any discrimination or privilege.

The Trustee may fix the date for any payment to Owners under this Section.

Section 10.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Agreement or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable legal fees, against any party, having due regard to the merits and good faith of the claims or defenses made by the party. This Section does not apply to a suit by the Trustee or any authorized suit by any Owner.

ARTICLE XI

DISCHARGE OF TRUST AGREEMENT

Section 11.01. Bonds Deemed Paid; Discharge of Trust Agreement. Any Bond will be deemed paid for all purposes of this Agreement when (a) payment of the principal, premium, if any, and interest on that Bond to the due date of those amounts (whether at maturity, upon redemption or otherwise) either (i) has been made in accordance with the terms of the Bonds or (ii) has been provided for by irrevocably depositing with the Trustee or other fiduciary in escrow (A) cash sufficient to make the payments or (B) Federal Securities maturing as to principal and interest in such amounts and at such times as will ensure, without reinvestment, the availability of sufficient moneys to make those payments and which are not subject to redemption or purchase prior to maturity at the option of anyone other than the holder, and (b) all compensation and expenses of the Trustee have been paid or provided for to the Trustee's satisfaction.

The sufficiency of the deposit referenced above must be evidenced or verified by a certificate or other writing, in form and substance satisfactory to the Trustee, of a person or entity experienced in making these calculations as the Town may select.

When a Bond is deemed paid as a result of a deposit as provided under (ii) above, it is no longer secured by or entitled to the benefits of this Agreement, and all rights to payment of those Bonds are limited to payment from the moneys or Federal Securities that have been deposited. Those Bonds, however, may still be transferred, exchanged, registered or replaced as provided in Article XIV, and still represent installment contracts and obligations of the Town payable from that special fund.

Notwithstanding the foregoing, the Town may make no deposit under clause (a)(ii) above until the Town has furnished the Trustee an Opinion of Bond Counsel to the effect that the deposit of cash or Federal Securities will not cause the Bonds to become "arbitrage bonds" within the meaning of the Code if the interest on those Bonds is intended to be not included in gross income for federal income tax purposes. Also, if a Bond is to be prepaid prior to maturity, notice of redemption of the Bond must be given in accordance with this Agreement or any supplement or amendment for the deposit to be deemed a payment of that Bond. If the Bond, however, is not to be paid or prepaid within the next 60 days following the deposit date, the Town must give the Trustee, in form satisfactory to the Trustee, irrevocable written instructions as follows:

(A) to provide notice to the Bondholders, as soon as practicable, that the Town has made the deposit required by (a)(ii) above and that the Bond is deemed to be paid under this Article, and further stating the maturity or redemption date upon which moneys are to be available for the payment of the principal with respect to the Bond, and

(B) to give notice of redemption not less than 30 nor more than 60 days prior to the redemption date for that Bond as provided in this Agreement or any supplement or amendment.

When all Outstanding Bonds are deemed paid under this Section, the Trustee must, upon the Town's request, acknowledge the discharge of the lien of this Agreement and

repay any excess amounts remaining on deposit in the Funds established under this Agreement to the Town.

The Town agrees that no deposit must be made or accepted, and no use made of any deposit, that would cause any Bonds to be treated as "arbitrage bonds" within the meaning of the Code if the interest on that Bond is intended to be not included in gross income for federal income tax purposes.

Section 11.02. Application of Trust Money. The Trustee must hold in trust money or Federal Securities deposited with it pursuant to Section 11.01 and must apply the deposited money and the money paid with respect to the Federal Securities in accordance with this Agreement only to the payment of principal, interest and any applicable redemption premium with respect to the affected Bonds.

ARTICLE XII

INVESTMENT OF MONEYS IN FUNDS

Section 12.01. Investments Authorized.

(a) Subject to the further provisions of this Article XII, the Trustee must invest and reinvest moneys held by it under this Agreement upon the Town's written direction in Investment Obligations that are Legal Investments. All investments, if registrable, must be registered in the name of the Trustee or its assignee for the benefit of the Owners and held by the Trustee. If the Town does not provide the Trustee with written direction as to any investment or reinvestment of moneys held under this Agreement, the Trustee will invest or reinvest those moneys in the North Carolina Capital Management Trust (or its successor).

(b) The Trustee may purchase or sell, to itself or to any affiliate, as principal or agent, any investments of funds held under this Agreement. The Trustee may act as purchaser or agent in the making or disposing of any investment, may make any investment through its bond or investment department or those of its affiliates, and may charge its ordinary and customary fees for those transactions.

(c) The Trustee is not responsible or liable for any loss suffered in connection with any investment of funds made in accordance with this Section. The Trustee may conclusively rely on the Town's investment directions as to both the suitability and legality of any investment made at the Town's direction, and therefore the Trustee has no obligation or responsibility with respect to whether any particular investment is a Legal Investment or an Investment Obligation within the meaning of this Agreement.

(d) The Town must direct the investment and reinvestment of all moneys in Investment Obligations having maturities not extending beyond the date on which the Town estimates those moneys are to be needed for their intended purposes. Investments will be considered as maturing on the date on which they are redeemable without penalty at the holder's option or the date on which the Trustee may require their repurchase without penalty pursuant to a repurchase agreement.

Section 12.02. Held in Trust. The moneys and investments held by the Trustee under this Agreement are irrevocably held in trust for the benefit of the Owners, and those moneys, and any income or interest earned thereon, must be expended only as provided in this Agreement. To the extent permitted by law, those moneys and investments will not be subject to levy or attachment or lien by or for the benefit of any creditor of the Trustee or the Town, other than the Owners.

Section 12.03. Investments Part of Fund. Any income, profit or loss on the investment of moneys held by the Trustee under this Agreement must be credited to the respective fund to which those moneys are credited, except as otherwise provided in this Agreement.

Section 12.04. Accounting. The Trustee must furnish to the Town, not less frequently than monthly, an accounting of all investments made by the Trustee in all funds and accounts held by the Trustee. These accountings may be supplied in the form of the Trustee's customary statements. The Trustee must keep accurate records of all funds administered by it and of all Bonds paid and discharged. Although the Town recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Town agrees that the Trustee is not required to issue broker confirmations of investments for any month for which the Trustee delivers a monthly statement.

Section 12.05. Valuation. To determine the amount on deposit in any Fund or Account held under this Agreement, the Trustee must value any investment credited to a Fund or Account at its market value. The Trustee must make these valuations annually as of each June 30, beginning June 30, 2021, and at such additional times as this Agreement may require or as the Town may request. The Town may not make more than one request in a calendar month.

Section 12.06. Disposition. The Trustee must sell, or present for redemption, and reduce to cash any investment in a Fund or Account whenever the cash balance in the Fund or Account is insufficient for its purposes.

Section 12.07. Commingling of Moneys in Funds. The Trustee must separately account for all Funds and Accounts held by it under this Agreement. With the Town's approval, however, the Trustee may commingle for investment purposes any funds held under this Agreement with any other funds.

Section 12.08. Information Concerning Investments. The Trustee must establish and maintain written records regarding investments made under this Article XII and must supply the information to the Town at its request. The Trustee's records must show for each investment obligation information as to: (a) purchase date; (b) purchase price; (c) any accrued interest paid; (d) face amount; (e) coupon rate; (f) periodicity of interest payments; (g) disposition price; (h) any accrued interest received; and (i) disposition date.

Section 12.09. Restricted Yield Investments. The Town may direct the investment of any funds held under this Agreement without regard to yield, despite any provision in this Agreement directing investment with regard to the Restricted Yield, but

only if the Town provides the Trustee with an Opinion of Bond Counsel, in form and substance reasonably acceptable to the Trustee, to the effect that such an investment would not adversely affect any exclusion from gross income that would otherwise be applicable to interest payments on the Bonds.

ARTICLE XIII

AMENDMENTS OF AND SUPPLEMENTS TO TRUST AGREEMENT, BONDS OR DEED OF TRUST

Section 13.01. Without Owners' Consent. The Town and the Trustee may amend or supplement this Agreement, any Bonds or the Deed of Trust without notice to or consent of any Owner for any of the following purposes, or for any combination of the following purposes:

- (a) to cure any ambiguity, inconsistency or formal defect or omission
- (b) to grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority
- (c) to subject to this Agreement additional collateral or to add other agreements of the Town, including the addition of real estate or other collateral to be subject to the lien of this Agreement or the Deed of Trust
- (d) to permit the qualification of this Agreement under any federal or state statute, whenever enacted, and, in that connection, to add to this Agreement or any other supplemental trust agreement any other terms, conditions and provisions as may be permitted or required by the federal or state statute
- (e) to provide for the issuance of Additional Bonds as otherwise permitted by this Agreement
- (f) to provide for Bonds to be issued or exchanged for Bonds in any other form or format at that time permitted by law
- (g) to evidence the succession of a new Trustee, or to provide for the appointment and operation of a Bond registrar separate from the Trustee
- (h) to make any other change that does not materially adversely affect the rights of any Owner

The Trustee may conclusively rely on a Town Certificate to the effect that a proffered amendment or supplement is within the scope of this Section 13.01.

At least five Business Days prior to its execution and delivery of any supplemental agreement or instrument for any of the purposes described in this Section, the Trustee shall provide for a notice of the proposed agreement or instrument to be mailed first-class, postage prepaid, to the LGC and to all Owners of Bonds at the addresses shown in the

register maintained pursuant to Section 14.05. The notice must briefly set forth the nature of the proposed agreement or instrument, or include a copy, and state that copies of the proposed agreement or instrument are available to all Owners of Bonds upon written request to the Town or the Trustee at addresses stated in the notice.

The Town must pay the expenses of any mailing and copies required under this Section. A failure on the Trustee's part to mail the notice required by this Section will not affect the validity of any supplemental agreement or instrument.

Section 13.02. With Owners' Consent. (a) If Section 13.01 does not permit an amendment of or supplement to this Agreement, any Bonds or the Deed of Trust without any consent of Owners, the Town and the Trustee may enter into that amendment or supplement only with the consent of the Majority Owners.

(b) Without the consent of each Owner affected, however, no amendment or supplement to this Agreement, the Deed of Trust or any Bonds may (i) extend the maturity of the principal or interest on any Bond; (ii) reduce the principal amount of, or rate of interest on, any Bond; (iii) effect a privilege or priority of any Bond or Bonds over any other Bond or Bonds; (iv) reduce the percentage of the principal amount of the Bonds required for consent to any amendment or supplement, (v) intentionally impair any exclusion of interest on the Bonds from the federal gross income of the Owner of any Bond to which that interest was intended to be entitled; (vi) change any redemption terms of those Bonds; (vii) create a lien ranking prior to or on a parity with the lien of this Agreement on the property pledged under this Agreement (except with respect to a parity pledge for the benefit of the Owners of Additional Bonds); or (viii) deprive any Owner of the lien created by this Agreement on any property.

In addition, if moneys or Federal Securities have been deposited or set aside with the Trustee pursuant to Article XI for the payment of Bonds and those Bonds have not in fact been paid in full, the parties may make no amendment to the provisions of that Article without the consent of each Owner affected.

Section 13.03. Procedure for Amendment with Owners' Consent.

(a) If a proposed amendment requires the consent of Owners, the Trustee must establish a record date, and Owners as of that record date will be the Owners with the right to consent to the proposed amendment or supplement. This record date must be a date not less than five nor more than 45 Business Days after the date the Trustee receives notice or direction from the Town to solicit consents.

(b) The Trustee shall provide for there to be mailed to the LGC and to all Owners of Bonds a copy of the proposed supplement or amendment, together with a request to the Owners for their consent. The Trustee shall send this notice by first-class mail, postage prepaid, to the Owners of Bonds at the addresses shown in the register maintained pursuant to Section 14.05, but failure to send or receive copies of the supplement or amendment and request does not affect the validity of the supplement or amendment when assented to as provided in this Section. The request mailed by the Trustee must also designate a date not more than 180 nor less than 30 days following the mailing date, as designated by the Town,

by which consent must be returned to be effective. The Town must pay the expenses of any mailing and copies required under this Section.

(c) The proposed supplement or amendment will not become effective unless and until there are filed with the Trustee the written consent of the Owners (as of the record date) of not less than a majority in aggregate principal amount of the Bonds Outstanding as of the established record date (exclusive of Bonds disregarded from the calculation as provided in Section 13.04) and the Trustee has mailed the notices required by Section 13.09. Each consent will be effective only if accompanied by proof of ownership of the Bonds for which the consent is given as provided in Section 13.05 and given within the time designated as provided in subsection (b) above.

Section 13.04. Bonds Excluded from Calculation. Bonds owned or held by or for the account of the Town or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Town (except any Bonds held in any pension or retirement fund), are not deemed Outstanding for any action or any calculation of Outstanding Bonds provided for in this Agreement. Similarly, Owners of those Bonds are not entitled to take any action provided for in this Agreement. If, however, all Outstanding Bonds are owned by the Town or other Owners described in this paragraph, then none of the Outstanding Bonds are excluded from calculation under this paragraph.

For purposes of this Section, the Trustee may assume that no Bonds are excluded from any calculation of Outstanding Bonds provided for in this Agreement except for Bonds (i) that are registered in the Town's name or (ii) for which the Trustee has received written notice that the Bonds are owned or held by or for the account of the Town or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Town.

The Town and the Trustee intend, however, that the Town's ownership or holding of Bonds will not, by itself, give rise to an extinguishment of the Bonds or of any obligation arising under this Agreement.

The Trustee may (but is not required to) provide for each Owner, before an Owner's consent is deemed effective, to certify or otherwise provide evidence to establish whether the Bonds as to which the consent is given are excluded as provided in this Section.

Section 13.05. Owners' Consents. Any consent or other instrument required to be signed by Owners may be in any number of concurrent documents and may be signed by an Owner or by the Owner's agent appointed in writing. Proof of the execution of the instrument, or of the instrument appointing an agent, and of the ownership of Bonds, if made in the following manner, will be conclusive for any purposes of this Agreement regarding any action taken by the Trustee.

(a) The fact and date of a person's signing an instrument may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within that jurisdiction that the person signing the writing acknowledged before the officer the execution of the writing, or by an affidavit of any witness to the signing.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of such Bonds and the date of holding will be proved by the registration books kept pursuant to this Agreement.

Section 13.06. Effect of Consents. After an amendment or supplement becomes effective, it binds every Owner. Any consent is binding upon and irrevocable by the Owner of the Bond giving the consent and on any subsequent Owner (whether or not any subsequent Owner has notice of the consent), unless the consent is revoked in writing by the Owner giving the consent, or a subsequent Owner of the same Bonds, by filing a revocation with the Trustee prior to the time when the Trustee has mailed the notice provided for in Section 13.09.

Section 13.07. Trustee's Execution of Amendments and Supplements. The Trustee must execute and deliver any amendment or supplement to the Trust Agreement or the Bonds authorized by this Article if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee, as the Trustee may determine in its reasonable discretion. If the amendment or supplement has such an adverse effect, the Trustee may, but need not, execute and deliver it. In determining to execute and deliver an amendment or supplement, the Trustee is entitled to receive and may conclusively rely on an Opinion of Counsel to the effect (a) that the amendment or supplement is authorized by this Agreement and (b) that upon execution it will be valid and binding upon the party or parties executing it in accordance with its terms.

Section 13.08. LGC's Consent Required. No amendment or supplement to this Agreement, the Deed of Trust or the Bonds will become effective unless the LGC delivers to the Town and the Trustee its prior written consent to the amendment or supplement.

Section 13.09. Notice of Amendments and Supplements. The Trustee must cause notice of the execution of any supplement or amendment to this Agreement or the Bonds to be mailed to the Owners. The notice will, at the Trustee's option, either (a) briefly state the nature of the amendment or supplement and that copies of it are on file with the Trustee for inspection by Owners, or (b) enclose a copy of the amendment or supplement. The Town must pay the expenses of any mailing and copies required under this Section. Any failure on the Trustee's part to mail the notice required by this Section will not affect the validity of any supplemental agreement.

Section 13.10. Notation on or Exchange of Bonds. If an amendment or supplement changes the terms of a Bond, the Trustee may require the Owner of that Bond to deliver it to the Trustee. The Trustee may place an appropriate notation on the Bond about the changed terms and return it to the Owner. Alternatively, if the Trustee and the Town agree, in exchange for the Bond the Town will execute, and the Trustee will authenticate and deliver, a new Bond that reflects the changed terms.

ARTICLE XIV

PROVISIONS FOR THE FORM, REGISTRATION AND EXCHANGE OF BONDS

Section 14.01. Form and Details of Bonds. Each Series of Bonds will be dated the date of the initial delivery of those Bonds to their initial purchaser. The Bonds will be issuable only as fully registered Bonds in a minimum denomination of \$5,000 and integral multiples of \$5,000 above the minimum. Each Bond will be payable as to interest (a) from its date, if that Bond is authenticated prior to the Record Date preceding its first Payment Date, (b) from the succeeding Payment Date, if that Bond is authenticated between a Record Date and the succeeding Payment Date, or (c) otherwise from the Payment Date that is, or immediately precedes, the date on which that Bond is authenticated; provided, however, that if at the time of authentication of a Bond any payment of interest on that Bond is in default, then that Bond is payable as to interest from the date to which interest has been paid. Principal, interest and any redemption premium for all Bonds are payable in lawful money of the United States of America.

Section 14.02. Book-Entry-Only Form. (a) All Bonds will be issued by means of a book-entry system, with one certificate for each maturity of each series of Bonds immobilized at DTC and not available for distribution to the public. Bonds registered in the name of DTC or its nominee may be held in custody by the Trustee in lieu of immobilization at DTC if permitted under DTC's rules and procedures.

The parties agree that transfer of beneficial ownership interests in the Bonds in the principal amounts of \$5,000 and integral multiples of \$5,000 above the minimum will be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal, interest and any redemption premium on the Bonds are payable to DTC or its nominee as registered owner of the Bonds. The parties agree that transfer of principal, interest and any redemption premium to DTC participants will be DTC's responsibility, and that transfer of principal, interest and any redemption premium on the Bonds to beneficial owners of the Bonds by DTC participants will be the responsibility of those participants and other nominees of beneficial owners. Neither the Trustee nor the Town will be responsible or liable for transfer of payments beyond DTC or for maintaining, supervising or reviewing the records maintained by DTC, its participants, or persons acting through those participants.

(b) If (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) the Town directs, the Town and the Trustee will arrange to discontinue the book-entry system with DTC. If the Town designates an alternate qualified securities depository to replace DTC, that depository will replace DTC and all references to DTC in this Agreement will be deemed references to the alternate depository. If the Town does not designate another depository to replace DTC, the Town must deliver fully registered Bonds as replacements for Bonds in book-entry form for the Trustee's authentication and delivery.

(c) In connection with any delivery of certificated Bonds, the Town or the Owner shall provide, or cause to be provided, to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Internal Revenue Code. The

Trustee may rely on the information provided to it, and the Trustee has no responsibility to verify or ensure the accuracy of the information provided.

Section 14.03. Execution. The Bonds must be signed on the Town's behalf by the manual or facsimile signature of the presiding officer of the Town Council or the Town Manager, and the Town's seal must be impressed or imprinted on the Bonds by facsimile or otherwise and attested by the manual or facsimile signature of the Town Clerk or any Deputy or Assistant Clerk. If any Town officer whose signature is on a Bond no longer holds that office at the time the Trustee authenticates the Bond, that Bond is nevertheless valid. If a person signing a Bond is the proper officer on the actual date of execution, the Bond is valid even if that person is not the proper officer on the nominal date of action.

Section 14.04. Authentication. Each Bond must bear a certificate of authentication from the Trustee. No Bond will be valid until the Trustee has duly executed the certificate of authentication and inserted the authentication date on that Bond. The Trustee must authenticate each Bond with the signature of an authorized representative or employee, but it is not necessary for the same person to authenticate all the Bonds. Only Bonds authenticated as provided in this Section are entitled to any right or benefit under this Agreement.

Section 14.05. Registration and Exchange of Bonds; Persons Treated as Owners. The Trustee will establish and maintain a register as to the ownership of Bonds. An Owner may exchange and transfer Bonds only through the register. Upon surrender for transfer to the Trustee of any Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or the Owner's duly authorized attorney, the Trustee will authenticate a new Bond or Bonds in an equal total principal amount and registered in the name of the transferee.

Bonds may be exchanged for an equal total principal amount of Bonds of different but authorized denominations. The Trustee must authenticate and deliver Bonds that the Owner making the exchange is entitled to receive, bearing numbers not then Outstanding.

The Trustee is not required to exchange or register the transfer of any Bond after the giving of notice calling such Bond for redemption. If it does, the Trustee must deliver to the transferee any applicable redemption notice when it effects a transfer or exchange of any Bond after the mailing of notice calling the Bond or any portion of the Bond for redemption.

The Owner is the absolute owner of the Bond for all purposes, and payment of principal and interest will be made only to or upon the written order of the Owner or the Owner's legal representative, except that payments will be made to the persons shown as the owners as of the applicable Record Date.

The Trustee must require the payment by an Owner requesting exchange or transfer of any tax or other governmental charge required to be paid in respect of the exchange or transfer but must not impose any other charge.

Section 14.06. Mutilated, Lost, Stolen or Destroyed Bonds.

(a) If any Outstanding Bond is damaged, mutilated, lost, stolen or destroyed, the Town must execute, and the Trustee must authenticate and deliver, a replacement Bond, of the same tenor as the damaged, mutilated, lost, stolen or destroyed Bond, in the manner provided below.

(b) (i) The Owner must apply to the Trustee for exchange and substitution of damaged, mutilated, lost, stolen or destroyed Bonds. In every case, the applicant for a replacement Bond must furnish to the Town and the Trustee such security or indemnity as each may reasonably require. In every case of loss, theft or destruction of a Bond, the applicant must also furnish to the Town and the Trustee evidence to their reasonable satisfaction of the loss, theft or destruction. In the case of damage or mutilation of a Bond, the applicant must surrender the damaged or mutilated Bond.

(ii) Notwithstanding the foregoing, if any such Bond has matured, and no default is then continuing in the payment of the principal or interest on that Bond, the Town may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a substitute Bond, provided security or indemnity is furnished as provided above in the case of a lost, stolen or destroyed Bond.

(d) The requirements for indemnity in this Section are in addition to any requirements imposed by law, including any requirements of General Statutes Section 159-137.

(d) The Trustee shall charge the Owner of such Bond with all expenses in connection with the issuance of any substitute Bond. Every substitute Bond issued pursuant to the provisions of this Section because any Bond is lost, stolen or destroyed, whether or not the lost, stolen or destroyed Bond may be found at any time, or may be enforceable by anyone, is entitled to all the benefits of this Agreement equally and proportionally with all other Bonds duly issued under this Agreement.

Section 14.07. Cancellation. Whenever a Bond is delivered to the Trustee for cancellation (upon payment, redemption or otherwise) or for transfer, exchange or replacement, the Trustee must promptly destroy the Bond and deliver a written certificate of that destruction to the Town.

Section 14.08. Temporary Bonds. Prior to the preparation of Bonds in definitive form the Town may execute, and the Trustee must then authenticate and deliver, temporary Bonds in any denominations as the Town may determine, but otherwise in substantially the form set out in this Agreement. The Town must promptly prepare, execute and deliver to the Trustee, before the first Payment Date for those Bonds, permanent Bonds in definitive form, and thereupon, upon surrender of Bonds in temporary form, the Trustee will authenticate and deliver in exchange therefor Bonds in definitive form of the same maturity and having an equal aggregate principal amount. Until exchanged for Bonds in definitive form, Bonds in temporary form are entitled to the lien and benefit of this Agreement.

Section 14.09. Non-Presentation of Bonds. (a) If any Bond is not presented for payment when the principal of that Bond becomes due (whether at maturity, upon acceleration or call for redemption or otherwise), all liability to the Owner for the payment of that Bond will be completely discharged if funds sufficient to pay the Bond and the premium, if any, and interest due on that Bond are held by the Trustee for that Owner's benefit. It is then the Trustee's duty to hold these funds subject to subsection (b) below, without liability for interest, for the benefit of the Owner. The Owner will thereafter be restricted exclusively to those funds for any claim of whatever nature under this Agreement with respect to that Bond.

(b) Notwithstanding any provision of this Agreement to the contrary, the Trustee must dispose of moneys held by it for the payment of principal, premium, or interest on Bonds left unclaimed for five years after the date the principal on those Bonds becomes due in accordance with N.C. Gen. Stat. Sec. 116B-51 or any successor provision. After the disposition, the Owners of those Bonds are thereafter entitled to look only to their remedies under N.C. Gen. Stat. Chapter 116B or any successor provision. The Trustee and the Town have no further responsibility with respect to that money or for that payment.

Section 14.10. Supplemental Agreements May Vary Terms. Any supplement or amendment to this Agreement may, by its express terms only, vary any of the terms and provisions of this Article with respect to any Series of Bonds.

ARTICLE XV

ADDITIONAL PROVISIONS

Section 15.01. Notices.

(a) Any communication provided for in this Agreement must be in English and must be in writing. "Writing" includes facsimile transmission and electronic mail.

(b) For the purposes of this Agreement, any communication sent by facsimile transmission or electronic mail will be deemed to have been given on the date the communication is similarly acknowledged by a Town Representative (in the case of the Town) or other authorized representative (in the case of any other party). No such communication will be deemed given or effective without such an acknowledgment. Any such electronic communication to the Trustee is subject to the provisions of Section 9.02.

(c) Any other communication under this Deed of Trust will be deemed given on the delivery date shown on a United States Postal Service certified mail receipt, or a delivery receipt (or similar evidence) from a national commercial package delivery service, if addressed as follows:

(i) if to the Town, to the Town of Chapel Hill Manager, Re: Notice under 2021 LOBs Deed of Trust, 405 Martin Luther King Jr. Blvd., Chapel Hill, NC 27514

(ii) if to the Trustee, to U.S. Bank National Association, Re: Notice for 2021 Financing for Town of Chapel Hill (NC), 214 North Tryon Street, 27th Floor, Charlotte, NC 28202

(iii) if to the LGC, to North Carolina Local Government Commission, Attention: Secretary, Re: Re: Notice for 2021 Town of Chapel Hill LOBs Financing, 3200 Atlantic Avenue, Longleaf Building, Raleigh NC 27604

(e) Any addressee may designate additional or different addresses for communications by notice given under this Section to each of the others.

(f) Whenever this Agreement requires the giving of a notice, the person entitled to receive the notice may waive the notice, in writing. The giving or receipt of the notice will then not be a condition to the validity of any action taken in reliance upon the waiver.

Section 15.02. Limitation of Rights. Nothing expressed or implied in this Agreement or the Bonds gives any person other than the Trustee, the Town and the Owners any right, remedy or claim under or with respect to this Agreement.

Section 15.03. Severability. If any provision of this Agreement is determined to be unenforceable, that does not affect any other provision of this Agreement.

Section 15.04. Non-Business Days. If a Payment Date is not a Business Day, then payment may be made on the next Business Day, and no interest will accrue for the intervening period. When any other action is provided in this Agreement to be done on a day or within a time period named, and the day or the last day of the period is not a Business Day, the action may be done on the next ensuing Business Day.

Section 15.05. Governing Law; Forum. The parties intend that North Carolina law will govern this Agreement, the Bonds, and all matters of their interpretation. To the extent permitted by law, the parties agree that any action brought with respect to this Agreement must be brought in the North Carolina General Court of Justice in Orange County, North Carolina.

Section 15.06. Limitation on Liability of Officers and Agents. No officer, agent or employee of the Town, the Trustee or the LGC is subject to any personal liability or accountability by reason of that officer's execution of this Agreement, the Bonds or any other documents related to the transactions contemplated by this Agreement. These officers or agents are deemed to execute such documents in their official capacities only, and not in their individual capacities. This Section does not relieve any person from the performance of any official duty provided by law or by this Agreement.

Section 15.07. Binding Effect. This Agreement is binding upon, inures to the benefit of and is enforceable by the parties and their respective successors and assigns.

Section 15.08. Waiver of Notice. Whenever in this Agreement the giving of notice is required, the giving of such notice may be waived in writing by the person entitled to receive such notice, and the giving or receipt of such notice will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 15.09. Counterparts. This Agreement may be signed in several counterparts, including separate counterparts. Each will be an original, but all of them together constitute the same instrument.

Section 15.10. Definitions; Rules of Interpretation. Unless the context clearly requires otherwise, capitalized terms used in this Agreement and not otherwise defined have the meanings set forth in Exhibit B, and this Agreement will be interpreted in accordance with the rules set forth in Exhibit B.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed, sealed and delivered in their corporate names by their duly authorized representatives, all as of August 1, 2021.

(SEAL)

ATTEST:

**TOWN OF CHAPEL HILL,
NORTH CAROLINA**

Sabrina Oliver
Town Clerk

By: _____
Maurice Jones
Town Manager

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____

Printed name: _____

Title: _____

Exhibits:

- A Project description
- B Definitions; Rules of Interpretation
- C Form of the Bonds
- D Schedule of principal and interest payments
- E Form of requisition

[Trust Agreement dated as of August 1, 2021]

Exhibit A – Project Description

Projects To Be Financed

Component	Estimated Cost
New Town parking deck on Rosemary St.	\$32,300,000
Blue Hill District road improvements	6,480,000
Total	\$38,780,000

Obligations To Be Refinanced

Component	Estimated Cost
2012 Limited Obligation Bonds – refinanced original Operations Center financing, and financed Town’s contribution to 140 West parking deck	\$8,500,000
2015 Pinnacle Bank installment financing – financed Hargrave Center improvements	1,500,000
Total Loan Amounts Refinanced	\$10,000 000

The amounts stated above are estimates only. The Town may use any portion of the Amount Advanced for any Project Costs, subject to the Town’s obligation to undertake and complete those components of the project related to the Pledged Facilities and the limitation on the use of funds only for Project Costs.

Components of the Project related to the Mortgaged Property include the New Parking Deck construction and the refinancing of 2012 Limited Obligation Bonds.

Exhibit B -- Definitions; Rules of Interpretation

Definitions. For all purposes of this Agreement, unless the context requires otherwise, the following terms have the following meanings.

"2021 Bonds" means the [\$45,000,000] original aggregate principal amount Limited Obligation Bonds, Series 2021, issued pursuant to this Agreement. The Series A Bonds and the Series B Bonds together constitute all the 2021 Bonds.

"Additional Bonds" means any Bonds delivered pursuant to Section 1.06.

"Additional Payments" means the Trustee's reasonable and customary fees and expenses, any of the Trustee's expenses (including legal fees, costs and expenses) in prosecuting or defending any action or proceeding in connection with this Agreement, or any other amounts payable by the Town as a result of its covenants under this Agreement, the Bonds or the Deed of Trust (together with interest that may accrue on any of the above if the Town fails to pay the same, as set forth in this Agreement or in the Deed of Trust).

"Amount Advanced" has the meaning assigned in Section 1.01.

"Bond Counsel" means any attorney or firm of attorneys nationally recognized on the subject of municipal obligations as the Town may select from time to time.

"Bond Payments" means all the amounts due for payment of principal, interest and redemption premium (as applicable) on Bonds.

"Bondholder," means the person in whose name a Bond is registered on the registration books maintained by the Trustee.

"Bonds" means, together, the 2021 Bonds and all Additional Bonds.

"Business Day" means any day (a) other than a day on which banks in New York, New York, or the city to which notices to the Trustee under this Agreement are to be sent, are required or authorized to close, and (b) on which the New York Stock Exchange is not closed.

"Closing Date" means the date on which this Agreement is first executed and delivered by the parties and the 2021 Bonds are delivered to their initial purchaser, which the parties expect to be on or about August _____, 2021.

"Code" means the Internal Revenue Code of 1986, as amended, including regulations, rulings and revenue procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended, as applicable to the Bonds.

"Construction Contract" means any agreement between the Town and any other person or entity related to any part of the construction of the Pledged Facilities, including contracts for site preparation and related work.

"Contract Payments" means all Bond Payments and Additional Payments.

"Contract Term" means the time beginning with the Closing Date and continuing until no Bonds are Outstanding under this Agreement.

"Deed of Trust" means the Deed of Trust and Security Agreement dated as of August 1, 2021, from the Town to a deed of trust trustee for the Trustee's benefit, as it may be duly amended or supplemented.

"Deed of Trust Trustee" means the person or entity serving in that capacity from time to time under the Deed of Trust.

"Default" means an event or condition that, with notice or the passage of time or both, would become an Event of Default.

"DTC" means The Depository Trust Company, New York, New York, or its successors as the securities depository maintaining a book-entry system for recording beneficial ownership interests in the Bonds

"EMMA System" means the "EMMA" continuing disclosure system maintained by the MSRB, or any successor to its functions.

"Event of Default" has the meaning set forth in Section 10.01.

"Event of Nonappropriation" means a failure or refusal by the Town Council to include funds for Contract Payments in the Town's budget for any Fiscal Year, or any reduction or elimination of an appropriation for Contract Payments, all as further described in Section 4.02.

"Federal Securities" means, to the extent the same are Legal Investments, (a) direct obligations of the United States of America for which its full faith and credit are pledged, or (b) securities or obligations evidencing direct ownership interests in specified portions (principal or interest) of obligations described in (a), and expressly includes obligations stripped by the United States Treasury itself.

"Financed Facilities" means any facilities, equipment or other assets or undertakings paid for or refinanced in whole or in part from the proceeds of Bonds, including the Pledged Facilities but also including those assets and undertakings paid for from the proceeds of loans refinanced through the issuance of the existing Town obligations referenced in Exhibit A.

"Financing Costs" means all professional and administrative costs related to the authorization, execution and delivery of Bonds, including printing and publication costs and legal, accounting, advisory and other fees and expenses. Financing Costs are a subset of Project Costs.

"Fiscal Year" means the Town's fiscal year beginning July 1, or such other fiscal year as the Town may later lawfully establish, and also includes the period between the Closing Date and June 30, 2022.

"Interest Account" means the account of that name in the Payment Fund established in Section 3.04.

"Legal Investments" means all investments as are legal investments for the Town's funds, as determined at the time of investment, and "Investment Obligations" means the securities purchased as Legal Investments and held under this Agreement.

"LGC" means the North Carolina Local Government Commission, or any successor to its functions.

"Majority Owners" means, as of any date, the Owners of at least a majority in principal amount of the Bonds then Outstanding.

"Mortgaged Property" has the meaning assigned to that term in the Deed of Trust, and generally includes the Pledged Facilities and the Pledged Sites.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor to its functions.

"Net Proceeds" means all payments and proceeds derived from (a) claims made on account of insurance coverages required under this Agreement, (b) any exercise of condemnation or eminent domain authority related to all or any portion of the Mortgaged Property, (c) proceeds of title insurance related to the Mortgaged Property, or (d) any sale of the Pledged Facilities, as well as all judgments, settlements or other payments in lieu of any of the foregoing, but in any case reduced by the sum of all amounts (including legal fees, costs and expenses) expended by the Town or the Trustee (i) to collect those gross proceeds or (ii) to remedy the event giving rise to the proceeds, all of which amounts will be paid or reimbursed from the gross proceeds.

"Net Proceeds Fund" means the Town of Chapel Hill 2021 Net Proceeds Fund established in Section 3.04.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel.

"Outstanding," when used with reference to Bonds, or "Bonds Outstanding," means all Bonds which have been authenticated and delivered by the Trustee under this Agreement and not yet paid, except the following:

- (a) Bonds canceled or purchased by or delivered to the Trustee for cancellation;
- (b) Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment, including interest accrued to the due date, of which the Trustee holds sufficient moneys;
- (c) Bonds deemed paid in accordance with Article XI; and
- (d) Bonds in lieu of which others have been authenticated under Section 14.05 (relating to registration and exchange of Bonds) or Section 14.06 (relating to mutilated, lost, stolen, destroyed or undelivered Bonds).

"Owner," when used with reference to a Bond, means the person in whose name that Bond is registered on the registration books maintained by the Trustee.

"Payment Date" means, with respect to the 2021 Bonds, each June 1 and December 1 beginning December 1, 2021, and with respect to any Additional Bonds means the dates specified for principal and interest payments with respect to those Additional Bonds.

"Payment Fund" means the Town of Chapel Hill 2021 Bond Payment Fund established in Section 3.04.

"Permitted Encumbrances" means, as of any particular time, (a) the encumbrances shown on Exhibit C to the Deed of Trust, (b) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to Section 5.14, (c) the Deed of Trust, (d) any lien or encumbrance made by its terms expressly subordinate to the lien of the Deed of Trust, and (e) easements and rights-of-way granted by the Town pursuant to Section 1-6 of the Deed of Trust.

"Pledged Facilities" has the meaning ascribed to that term in the Deed of Trust, and generally includes the planned new Town parking deck on Rosemary Street and the Town Operations Center on Millhouse Road.

"Pledged Sites" has the meaning ascribed to that term in the Deed of Trust, and generally includes the real property upon which the Pledged Facilities are located (or are to be constructed) and associated property.

"Redemption Account" means the account of that name in the Payment Fund established in Section 3.04.

"Principal Account" means the account of that name in the Payment Fund established in Section 3.04.

"Project" has the meaning ascribed to that term in the recitals to this Agreement.

"Project Costs" means all costs of carrying-out of the Project, including the costs of the design, planning, constructing, acquiring, installing, equipping of improvements to the Pledged Facilities, all as determined in accordance with generally accepted accounting principles and that will not adversely affect the exclusion from gross income for federal income tax purposes of interest on Bonds to which it is intended that interest will be entitled. "Project Costs" include (a) sums required to reimburse the Town or its agents for advances made for any costs otherwise described in this definition, (b) interest during the period of acquisition and construction of improvements and for up to six months thereafter, and (c) all Financing Costs and Refinancing Costs.

"Project Fund" means the Town of Chapel Hill 2021 Project Fund established in Section 3.01.

"Record Date" means the end of the calendar day on the 15th day of the month (whether or not a Business Day) preceding a Payment Date.

"Refinancing Costs" means all costs related to the payment in full of the Town obligations to pay principal and interest under the Town obligations described in Exhibit A. Refinancing Costs are a subset of Project Costs.

"Restricted Yield" means an annual "yield," within the meaning of Treas. Regs. Secs. 1.103-13(c), -13(d), 1.148-9T(a), not in excess of an annual "yield" equal to _____%.

"Rule 15c2-12" means Rule 15c2-12 promulgated by the United States Securities Exchange Commission under the Securities Act of 1934.

Section 160A-20" means Section 160A-20 of the North Carolina General Statutes.

"State" means the State of North Carolina.

"Term Bonds" means the 2021 Bonds maturing in the years _____, which are subject to sinking fund redemption as provided in Section 2.01(b) and 2.05.

"Town" means the Town of Chapel Hill, North Carolina, or its successors.

"Town Council" means the Town's governing board as from time to time constituted.

"Town Certificate" means any written document (in whatever form, however designated) executed and delivered by a Town Representative.

"Town Representative" means the Town Manager, the Town's statutory finance officer, or any other person or persons at the time designated, by a written certificate furnished to the Trustee that (a) is signed on the Town's behalf by its Mayor or the Town Manager to act on the Town's behalf (or to perform any specified act) under this Agreement, and (b) contains the specimen signature of the designated person.

"Trust Agreement" or "Agreement" means this Agreement, as it may be duly amended or supplemented.

"Trustee" means the bank or trust company from time to time serving as trustee under this Agreement, whether the original or a successor Trustee.

Rules of Interpretation. Unless the context otherwise requires,

(a) An accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles, and any accounting term should be understood to include any successor term or other new term with a substantially equivalent function.

(b) Unless otherwise indicated, references to Articles, Sections and Exhibits are to the Articles, Sections and Exhibits of this Agreement.

(c) Words importing the singular will include the plural and vice versa, and words importing the masculine gender will include the feminine and neuter genders as well, and vice versa.

(d) The headings on sections and articles are solely for convenience of reference. They do not constitute a part of this Agreement nor should they affect its meanings, construction or effect.

(e) Words importing the redemption or calling for redemption of Bonds should not be deemed to refer to or connote the payment of Bonds at their stated maturity.

(f) Reference to any statute or regulation should be understood to include any successor provision.

(g) All references to the payment of Bonds are references to payment of principal of and premium, if any, and interest with respect to the Bonds.

(h) The use of the term "including" should in all cases be understood to mean "including, without limitation."

(i) For any interest rate for which a basis of calculation is not specified, that interest should be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Exhibit C – Form of Series A Bond

REGISTERED

Number R-X

REGISTERED

TOWN OF CHAPEL HILL, NORTH CAROLINA

Limited Obligation Bond, Series 2021

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	_____, 20XX	August _____, 2021	XXXXXX XXX

REGISTERED OWNER: ***CEDE & CO.*******

PRINCIPAL AMOUNT: ** _____ THOUSAND DOLLARS****
****(\$_____,000)*****

THE TOWN OF CHAPEL HILL, NORTH CAROLINA (the "Town"), for value received, promises to pay, but solely from the sources and in the manner provided, to the registered owner hereof, or registered assigns or legal representative, the principal amount stated above on the maturity date stated above, and to pay interest on this Bond semiannually on each June 1 and December 1, beginning December 1, 2021, at the annual rate stated above.

Interest is payable (a) from the Dated Date stated above, if this Bond is authenticated prior to June 1, 2021, or (b) otherwise from the August 1 or December 1 that is, or immediately precedes, the date on which this Bond is authenticated (unless payment of interest on this Bond is in default, in which case this Bond will bear interest from the date to which interest has been paid). Principal and interest are payable in lawful money of the United States of America.

This Bond is one of an issue of [\$23,000,000] Limited Obligation Bonds, Series 2021A (the "Bonds"), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity. The Bonds are issued under, and are equally and ratably secured by, a Trust Agreement dated as of August 1, 2021 (the "Trust Agreement"), between the Town and U.S. Bank National Association, as trustee (the "Trustee").

This Bond constitutes an installment contract within the meaning of Section 160A-20 of the North Carolina General Statutes, as the same may be in effect from time to time ("Section 160A-20"), between the Town and the owner (from time to time) of this Bond.

The Bonds are payable solely from funds appropriated on an annual basis by the Town's governing Board of Commissioners, and other funds available for the purpose of payment pursuant to the Trust Agreement, such as certain net insurance and condemnation awards and the proceeds of remedial action, which revenues and other moneys have been pledged as described in the Trust Agreement to secure payment of the Bonds. Neither the Town's faith and credit nor its taxing power is pledged to the payment of any amounts due under the Bonds. As provided for under Section 160A-20, no deficiency judgment may be rendered against the Town in any action for breach of a contractual obligation under the Bonds or the Trust Agreement.

To further secure its obligations under the Trust Agreement, the Town has granted, for the benefit of the Trustee on behalf of the owners of the Bonds, a security interest in certain public facilities, including the underlying real property, and certain other property pursuant to the Trust Agreement and a Deed of Trust and Security Agreement dated as of August 1, 2021.

Reference is made to the Trust Agreement, the Deed of Trust referenced above and all amendments and supplements for the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Town and the Trustee, the rights of the Owners of the Bonds and the terms upon which the Bonds are executed, delivered and secured, to all of which provisions the owner of this Bond, by the acceptance of this Bond, agrees.

The Town's \$_____ Taxable Limited Obligation Refunding Bonds, Series 2021B, are secured by a parity interest in the property securing the Bonds. Additional Bonds secured by a parity interest in the property securing the Bonds may be issued under the terms and conditions set forth in the Trust Agreement.

The Bonds are issued by means of a book-entry system, with one certificate for each maturity immobilized at The Depository Trust Company, New York, New York ("DTC"), and not available for distribution to the public. Transfer of beneficial ownership interests in the Bonds in the principal amount of \$5,000 or any integral multiple thereof will be effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal and interest on the Bonds are payable to DTC or its nominee as registered owner of the Bonds. Neither the Trustee nor the Town is responsible or liable for the transfer of ownership or payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Town so elects, the Town and the Trustee will discontinue the book-entry system with DTC. If the Town does not identify another qualified securities depository to replace DTC, the Town will prepare and execute, and the Trustee will authenticate and deliver in exchange, replacement Bonds in the form of fully registered Bonds.

The Bonds may not be redeemed prior to maturity except as provided in this Bond and in the Trust Agreement.

The Bonds maturing on or December 1, 2032, are subject to redemption at the Town's option in whole or in part on any date on or after December 1, 2031, upon payment

of the principal amount to be prepaid plus interest accrued to the redemption date, without premium. If less than all the Bonds are to be redeemed pursuant to this provision, they will be redeemed among maturities in any manner the Town chooses.

The Trustee will redeem Bonds maturing on December 1, 20____, upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, on December 1 in years and amounts as follows:

<u>Year</u>	<u>Amount (\$)</u>
[To come.]	

*Final maturity

In addition, [second term bond, to come.]

The amount of Bonds to be redeemed on any sinking fund payment date may be reduced in accordance with the provisions of the Trust Agreement.

If less than all the Bonds of any maturity are called for redemption, the Trustee will select the Bonds to be redeemed by lot; provided, however, that so long as a book-entry system with DTC is used for recording beneficial ownership of Bonds, if less than all of the Bonds within a maturity are to be redeemed, DTC and its participants will determine which of the Bonds within any such maturity are to be redeemed.

In any case, (1) the portion of any Bond to be prepaid will be in the principal amount of \$5,000 or some integral multiple thereof, and (2) in selecting Bonds for redemption, each Bond will be considered as representing that number of Bonds which is obtained by dividing the principal amount of that Bond by \$5,000. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unpaid portion will be issued to the registered owner upon the surrender of the Bond.

The Trustee will send notice of redemption to DTC or its nominee as the Owner of the Bonds as provided in the Trust Agreement. The Trustee will send the notice not more than 60 days nor less than 30 days prior to the date fixed for redemption. Neither the Trustee nor the Town is responsible for sending notices of redemption to anyone other than DTC or its nominee, so long as all the Bonds to be redeemed are held in a book-entry-only form with DTC.

If on or before the date fixed for redemption funds have been deposited with the Trustee to pay the principal and interest accrued to the redemption date with respect to the Bonds called for redemption, the Bonds or portions thereof thus called for redemption will cease to accrue interest from and after the redemption date, will no longer be entitled to the benefits provided by the Trust Agreement, and will not be deemed to be Outstanding under the Trust Agreement.

The Owner of this Bond has no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement. Changes to or supplements of the Trust Agreement may be made to the extent and in the circumstances permitted by the Trust Agreement.

Ownership of this Bond will be registered on the Bond register (as provided for in the Trust Agreement) to be kept for that purpose by the Trustee, which will act as Bond registrar for the Bonds. This Bond may be exchanged, and its transfer may be effected, only by the Owner hereof in person or by attorney duly authorized in writing at the designated office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement, and upon surrender and cancellation of this Bond. Upon exchange or registration of such transfer a new registered Bond or Bonds of the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued in exchange therefor.

The Town and the Trustee may deem and treat the person in whose name this Bond will be registered on the Bond register as the absolute owner of this Bond for the purpose of receiving payment of or on account of principal of and interest due on this Bond and for all other purposes, and neither the Town nor the Trustee will be affected by any notice to the contrary, except that interest payments will be made to the persons shown as Owners on the Trustee's registration books on the **Record Date**, which is the end of the calendar day on the 15th day of the month (whether or not a business day) preceding each Payment Date.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina to happen, exist or be performed precedent to and in the execution and delivery of this Bond have happened, exist and have been performed.

This Bond and the issue of which it is a part are issued with the intent that North Carolina law will govern this Bond and all matters of its interpretation.

This Bond will not be entitled to any benefit under the Trust Agreement or be valid or obligatory for any purpose until the Trustee has executed the Certificate of Authentication appearing on this Bond.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the Town has caused this instrument to be signed, sealed and delivered by duly Town Representatives, as of the day and year first above written.

(SEAL)

ATTEST:

**TOWN OF CHAPEL HILL,
NORTH CAROLINA**

Sabrina Oliver
Town Clerk

By: _____
Maurice Jones
Town Manager

**[Town of Chapel Hill, North Carolina
\$ _____ Limited Obligation Bond, Series 2021A]**

This Bond has been approved under the provisions of Section 160A-20 and Article 8, Chapter 159 of the General Statutes of North Carolina.

Sharon G. Edmundson
Secretary, North Carolina
Local Government Commission

By _____
[Sharon G. Edmundson
or Designated Assistant]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds referred to in the Trust Agreement dated as of August 1, 2021 (the "Trust Agreement"), between Town of Chapel Hill, North Carolina, and U.S. Bank National Association, as trustee (the "Trustee").

Date of Authentication: _____

**U.S. Bank National Association, as
Trustee**

By: _____
Authorized Representative

**[Town of Chapel Hill, North Carolina
\$_____ Limited Obligation Bond, Series 2021A]**

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please print or type transferee's name and address, including zip code)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE:

the within bond and all rights thereunder, hereby irrevocably constituting and appointing _____, Attorney, to transfer said certificate on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

(Signature of Owner)

NOTICE: Signature(s) must be guaranteed by a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program

NOTICE: The signature above must correspond with the name the Owner as it appears on the front of this certificate in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT D – Schedule of Payments on 2021 Bonds

Principal is payable in the amounts and on the dates as shown below, subject to redemption of Bonds as provided in this Agreement. Interest is payable on the dates shown below.

Each portion of the Amount Advanced will bear interest from the Closing Date until paid. Interest is calculated at the rates shown in Section 1.03. The schedule below shows the expected interest payment amounts. The Town’s obligation on each Payment Date is the amount shown above as the “total payment” for that date, subject to adjustment as provided in Section 3.05(c).

Payment Date	2021A Principal	2021 Interest	2021B Principal	2021B Interest	Total Payment (\$)
[To come.]					

Exhibit E – Form of Requisition

[Date] _____

U.S. Bank National Association, as Trustee
Attention: Corporate Trust
Regarding: Requisition under 2021
Trust Agreement for Town of Chapel Hill, North Carolina

To the Trustee:

Pursuant to the terms and conditions of the above-referenced Trust Agreement, the Town authorizes and requests the disbursement of funds from the "Town of Chapel Hill 2021 Project Fund" (the "Project Fund") established under that Trust Agreement for the costs described below. Capitalized terms used in this requisition and not otherwise defined have the meanings ascribed in the Trust Agreement.

This is requisition number ____ from the Project Fund.

Total Amount for Disbursement	
Payee	
Payee's address or wiring instructions	

The Town makes this requisition pursuant to the following representations:

1. The Town has appropriated in its current fiscal year funds sufficient to pay the Bond Payments and estimated Additional Payments due in the current fiscal year.
2. The purpose of this disbursement is for payment of Project Costs as provided for in the Trust Agreement.
3. The requested disbursement has not been subject to any previous requisition.
4. No notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable herein to any of the persons, firms or corporations named herein has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of this requisition.
5. This requisition contains no items representing payment on account of any percentage entitled to be retained on the date of this requisition.

6. No Event of Default is continuing, and no event or condition is existing which, with notice or lapse of time or both, would become an Event of Default.
7. The Town has insurance in place that complies with the insurance requirements of the Trust Agreement.
8. No portion of the amounts set forth in this requisition represents amounts paid or payable as North Carolina state sales taxes.

**TOWN OF CHAPEL HILL,
NORTH CAROLINA**

By: **[Exhibit Form Only – Do Not Sign]**

Title: _____
Town Representative