

AGREEMENT FOR ACQUISITION OF NEW BUSES FOR PUBLIC TRANSPORTATION SERVICES
AMONG
THE TOWN OF CHAPEL HILL AND THE TOWN OF CARRBORO AND
THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

WITNESSETH:

WHEREAS, the Town of Chapel Hill, the Town of Carrboro and The University of North Carolina at Chapel Hill have worked together to provide public transportation services since the 1970s and desire to continue to work together to provide these services; and

WHEREAS, the Town of Chapel Hill has operated the public transit system, Chapel Hill Transit, serving the Town of Carrboro, the Town of Chapel Hill and The University of North Carolina at Chapel Hill the since 1974 and has shared the costs with the Town of Carrboro and The University of North Carolina at Chapel Hill; and

WHEREAS, the Town of Chapel Hill, the Town of Carrboro and The University of North Carolina at Chapel Hill acknowledge that funding for public transportation systems from federal and state sources has continued to decline and that there is a growing need to use local revenue sources to update the existing fleet of buses; and

WHEREAS, the Town of Chapel Hill has asked The University of North Carolina at Chapel Hill and the Town of Carrboro to provide some assurances of long term financial support prior to making future capital expenditures needed to update the existing fleet of buses operated by Chapel Hill Transit; and

WHEREAS, the Town of Chapel Hill, the Town of Carrboro and The University of North Carolina at Chapel Hill desire to establish this agreement ("Agreement") to provide such assurances concerning the acquisition of new buses for public transportation services;

NOW THEREFORE, the following Agreement is hereby entered into by the Town of Chapel Hill, the Town of Carrboro, and The University of North Carolina at Chapel Hill concerning the acquisition of new buses.

Section I. It is hereby agreed that the Town of Chapel Hill, hereinafter referred to as "Chapel Hill", and the Town of Carrboro, hereinafter referred to as "Carrboro", and The University of North Carolina at Chapel Hill, hereinafter referred to as the "University", will participate in the following funding agreement for the acquisition of new buses. Collectively all parties to this Agreement will be referred to as the "Local Partners". The Local Partners acknowledge that Chapel Hill has the fiduciary responsibility for operation of the public transit system, including, but not limited to, issuing any debt necessary to finance the purchase of the new buses as well as repayment of that debt.

Section II. During the fiscal year ending June 30, 2017, Chapel Hill will acquire new buses by the following methods;

- a. Approximately 5 buses will be purchased outright using Orange County Bus and Rail funds, contingent on approval by Go Triangle;
- b. Approximately 4 buses will be purchased outright using around \$2.0 million of Chapel Hill unallocated fund balance;
- c. Approximately 3 buses will be purchased outright using STP-DA funding; and
- d. Fourteen (14) buses (the "Debt-Financed Buses") will be purchased using Chapel Hill debt financing requiring a maximum of \$760,000 in annual debt service over no more than 10 years (note: final term set by lender).

Section III. In addition to the University's annual support of its share of the operating costs of the transit system, the University agrees to assist with acquiring the Debt-Financed Buses by making the following payments to Chapel Hill: 58% of debt service payment shown in Exhibit A, annually on July 1 beginning July 1, 2017 until the expiration of the financing contracts for the Debt-Financed Buses but in any event no later than June 30, 2027. This amount will not increase without prior written consent of the University which shall be obtained at least 180 days before the effective date of any proposed increase.

Section IV. In addition to Carrboro's annual support of its share of the operating costs of the transit system, Carrboro agrees to assist with acquiring the Debt-Financed Buses by making the following payments to Chapel Hill: 11% of debt service payment shown in Exhibit A, annually on July 1 beginning July 1, 2017 until the expiration of the financing contracts for the buses described in Section II d. but in any event no later than June 30, 2027. This amount will not increase without prior written consent of Carrboro which shall be obtained at least 180 days before the effective date of any proposed increase.

Section V. The buses acquired pursuant to this Agreement shall be used solely in the operation of the Chapel Hill Transit system. Chapel Hill agrees to keep the buses in good running order and to comply with any requirements of the financing contracts. In addition to Chapel Hill's annual support of its share of the operating costs of the transit system, Chapel Hill agrees to assist with acquiring the Debt-Financed Buses by making the following payments: 31% of debt service payment shown in Exhibit A, annually on July 1 beginning July 1, 2017 until the expiration of the financing contracts for the buses described in Section II d.

Section VI. The University may terminate its participation in this Agreement upon the occurrence of any of the following events:

- a. Failure of Chapel Hill to remain current on debt service payments for the Debt-Financed Buses;
- b. Chapel Hill's violation of any terms of the financing contracts for the Debt-Financed Buses;
- c. By giving 180 days written notice to Chapel Hill;

Section VII. In the event of termination of its participation in this Agreement pursuant to Section VI.a. or VI.b., the University, at its option and subject to obtaining any necessary approvals, may elect to assume or pay off the debt on the number of the Debt-Financed Buses equal to eight (8) buses (the "University Buses"). If the financing contracts for the University Buses do not permit assumption by the University, the University and Chapel Hill agree to negotiate in good faith to enter into an arrangement pursuant to which: (i) the University pays an amount equal to the debt service for the University Buses into an account managed by a third-party custodian that, in turn, will apply those funds to the related debt; (ii) the University gains the sole right to operate the University Buses during the remainder of the term of the

related debt; and (iii) title for the University Buses transfers to the University upon repayment of the related debt.

The Parties acknowledge that commitments by the University to continue to make the payments called for by this agreement are necessary in order for Chapel Hill to meet its obligation to the lender and/or vendor from whom these Debt-Financed Buses have been acquired. Accordingly, the University accepts and agrees that, notwithstanding the provisions of the annual Agreement for Public Transportation Services between the University and Chapel Hill, in the event of termination of this Agreement pursuant to Section VI. c. or Section X (due to the University's non-payment), Chapel Hill may at its option reduce or eliminate those routes solely or primarily serving the University in order to reduce the demands on its rolling stock and compensate for loss of revenue to support said equipment.

Section VIII. Carrboro may terminate its participation in this Agreement upon the occurrence of any of the following events:

- a. Failure of Chapel Hill to remain current on debt service payments for the Debt-Financed Buses;
- b. Chapel Hill's violation of any terms of the financing contracts for the Debt-Financed Buses;
- c. By giving 180 days written notice to Chapel Hill;

Section IX. In the event of termination of its participation in this Agreement pursuant to Section VIII.a. or VIII.b., Carrboro, at its option and subject to obtaining any necessary approvals, may elect to assume or pay off the debt on the number of the Debt-Financed Buses equal to one (1) bus (the "Carrboro Buses"). If the financing contracts for the Carrboro Buses do not permit assumption by Carrboro, Carrboro and Chapel Hill agree to negotiate in good faith to enter into an arrangement pursuant to which: (i) Carrboro pays an amount equal to the debt service for the Carrboro Buses into an account managed by a third-party custodian that, in turn, will apply those funds to the related debt; (ii) Carrboro gains the sole right to operate the Carrboro Buses during the remainder of the term of the related debt; and (iii) title for the Carrboro Buses transfers to Carrboro upon repayment of the related debt.

The Parties acknowledge that commitments by Carrboro to continue to make the payments called for by this agreement are necessary in order for Chapel Hill to meet its obligation to the lender and/or vendor from whom these Debt-Financed Buses have been acquired. Accordingly, Carrboro accepts and agrees that, notwithstanding the provisions of the annual Agreement for Public Transportation Services between Carrboro and Chapel Hill, in the event of termination of this Agreement pursuant to Section VIII. c. or Section X (due to Carrboro's non-payment), Chapel Hill may at its option reduce or eliminate those routes through Carrboro in order to reduce the demands on its rolling stock and compensate for loss of revenue to support said equipment.

Section X. Chapel Hill may terminate this Agreement with respect to the University in the event the University fails to make the payments required by Section III. Chapel Hill may terminate this Agreement with respect to Carrboro in the event Carrboro fails to make the payments required by Section IV.

The termination of this Agreement as between Chapel Hill and either the University or Carrboro shall not impact the status of this Agreement with respect to the remaining parties; the benefits to and obligations of the University and Carrboro shall not be affected by such partial termination of the Agreement.

Section XII. Any future federal, state or other non-local assistance received by the Local Partners for the transit system which may be used for repayment of the debt incurred to purchase the Debt-Financed Buses

described in Section II d shall be provided to Chapel Hill and shall be used to first offset the cost of acquiring these Debt-Financed Buses, subject to the necessary approvals.

Section XIII. The Parties further agree to negotiate in good faith to have a Memorandum of Understanding (MOU) concerning the general operation of Chapel Hill Transit by June 30, 2018.

Section XIV. Payments specified in this Agreement beyond the current fiscal year, and any continuation or renewal of this Agreement, are dependent upon and subject to the availability of funds to each of the Local Partners for the purpose set forth in this Agreement.

Section XV. This Agreement may not be amended orally or by performance. Any amendment, in order to be effective, must be made in written form and signed by duly authorized representatives of the Local Partners.

Section XVI. The North Carolina State Auditor and the University's internal auditor shall have access to persons and records as a result of all contracts or grants entered into by the University in accordance with N.C. Gen. Stat. §147-64.7 and Session Law 2010-194, Section 21.

Section XVII. This Agreement is made under and shall be governed and construed in accordance with the laws of the State of North Carolina. In the event the parties are unable to resolve any dispute relating to this Agreement, the exclusive venue for any judicial action or proceeding arising out of or relating to this Agreement shall be the state or federal courts located in the State of North Carolina.

Section XVIII. This Agreement and any amendments may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one and the same document, and binding on all parties notwithstanding that each of the parties may have signed different counterparts. Facsimiles or scanned copies of signatures or electronic images of signatures shall be considered original signatures unless prohibited by applicable law.

Section XIX. This Agreement constitutes the entire agreement of the parties on the specific subject matter hereof and supersedes all prior representations, understandings and agreements between the parties with respect to such subject matter. Any invalidity, in whole or in part, of any provision of this Agreement shall not affect the validity of any other of its provisions. No term or provision hereof shall be deemed waived and no breach excused unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented.

TOWN OF CARRBORO

David Andrews

ASSISTANT/DEPUTY/TOWN MANAGER

ATTEST BY TOWN CLERK:

Julie Eckenrode
Acting
TOWN CLERK



Town Clerk attests date this 11 day of December, 2017.

Approved as to Form and Authorization

[Signature]

TOWN ATTORNEY

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

[Signature]

FINANCE OFFICER, Town of Carrboro

12/8/2017

DATE

IN WITNESS WHEREOF, the parties to this Agreement have been authorized to sign the same, Chapel Hill and Carrboro by their Town Managers, and The University of North Carolina at Chapel Hill by its Vice Chancellor for Finance and Administration.

This the 20th day of November, 2017.

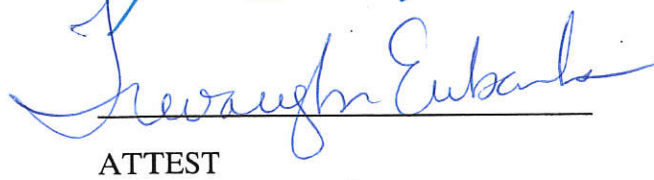
UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL




SIGNATURE

Matthew M. Fajack
Vice Chancellor for Finance and Administration

PRINTED NAME & TITLE



ATTEST



PRINTED NAME & TITLE *Exec Asst*

TOWN OF CHAPEL HILL

Florentine Miller, Deputy

DEPARTMENT HEAD OR DEPUTY/TOWN MANAGER

Florentine Miller - Town Manager's Office

PRINTED NAME & DEPARTMENT

ATTEST BY TOWN CLERK:

[Signature]

TOWN CLERK

TOWN SEAL



Town Clerk attests date this the 2nd day of JAN., 2018.

Approved as to Form and Authorization

Ralph D. Karpinos

TOWN LEGAL STAFF

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

[Signature]

12/21/17

FINANCE OFFICER

DATE

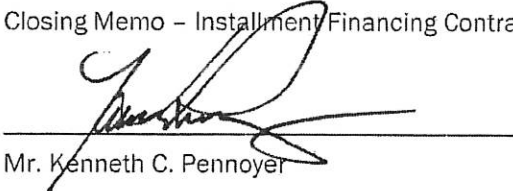
EXHIBIT A

To: Working Group
Town of Chapel Hill, NC Ken Pennoyer
Amy Oland
Ralph Karpinos
Sanford Holshouser LLP Bob Jessup
Bank of North Carolina Doug Ford
Kristen Vest
Bridget Gwaltney
McGuireWoods LLP Mary Nash Rusher
Kristen Kirby

From: Davenport & Company LLC ("Davenport") Ted Cole, Mitch Brigulio, Chazzo Habliston,
Andrew Pope

Date: February 23, 2017

Subject: Closing Memo – Installment Financing Contract, Series 2017

Acknowledged and Agreed to By:  Date: 2/21/17

Name: Mr. Kenneth C. Pennoyer

Title: Business Management Director, Town of Chapel Hill, NC

1. Closing

Sanford Holshouser LLP has prepared Closing Documents to be delivered in connection with the Installment Financing Contract, Series 2017 (the "2017 Contract"). Closing will occur on the morning of Thursday, February 23, 2017.

2. Sources and Uses of Funds

Sources of Funds	
Par Amount	\$ 6,408,000.00
Total Sources of Funds	\$ 6,408,000.00

Uses of Funds	
14 Buses at \$454,851	\$ 6,367,914.00
Cost of Issuance / Rounding	40,086.00
Total Uses of Funds	\$ 6,408,000.00

3. Prepayment Provisions

The Town may prepay the outstanding principal component of the Amount Advanced, in whole or in part at any time, at the Town's option without penalty or premium. Any partial prepayment, however, must be for at least \$5,000, and the Town may not make a prepayment more than once in a calendar month.

All amounts prepaid will be applied (a) first to all Additional Payments then due and payable to the Lender, (b) then to all interest accrued and unpaid to the prepayment date, and (c) then to the outstanding principal installments of the Amount Advanced, in the inverse order of the due dates.

In any event, the unpaid principal components of the Installment Payments will continue to be payable on the dates and in the amounts shown.

4. Security

The 2017 Contract is secured by the buses purchased as part of the financing.

5. Transfer of Funds

On Thursday, February 23, 2017, the following deposit will occur to facilitate the closing of the 2017 Contract.

- A. Bank of North Carolina will deposit \$6,408,000.00 into an account established at Bank of North Carolina in the name of the Town designated to be applied to pay the Closing Costs and costs of the Projects. The funds will be invested for the benefit of the Town of Chapel Hill. Bank of North Carolina will notify the working group when the funds have been deposited into the Town's account.
- B. The Town will requisition funds from Bank of North Carolina as necessary to pay issuance costs associated with this transaction and to pay the purchase price for the buses. Professionals should submit invoices to the Town for approval and payment.

DAVENPORT & COMPANY

6. 2017 Contract Debt Service

Date	Principal	Coupon	Interest	Total Debt Service	Fiscal Year Debt Service
11/1/2017	\$ 279,000.00	2.09%	\$ 92,260.96	\$ 371,260.96	
5/1/2018	281,000.00	2.09%	64,048.05	345,048.05	716,309.01
11/1/2018	298,000.00	2.09%	61,111.60	359,111.60	
5/1/2019	299,000.00	2.09%	57,997.50	356,997.50	716,109.10
11/1/2019	305,000.00	2.09%	54,872.95	359,872.95	
5/1/2020	305,000.00	2.09%	51,685.70	356,685.70	716,558.65
11/1/2020	311,000.00	2.09%	48,498.45	359,498.45	
5/1/2021	311,000.00	2.09%	45,248.50	356,248.50	715,746.95
11/1/2021	318,000.00	2.09%	41,998.55	359,998.55	
5/1/2022	318,000.00	2.09%	38,675.45	356,675.45	716,674.00
11/1/2022	325,000.00	2.09%	35,352.35	360,352.35	
5/1/2023	324,000.00	2.09%	31,956.10	355,956.10	716,308.45
11/1/2023	331,000.00	2.09%	28,570.30	359,570.30	
5/1/2024	331,000.00	2.09%	25,111.35	356,111.35	715,681.65
11/1/2024	338,000.00	2.09%	21,652.40	359,652.40	
5/1/2025	338,000.00	2.09%	18,120.30	356,120.30	715,772.70
11/1/2025	346,000.00	2.09%	14,588.20	360,588.20	
5/1/2026	345,000.00	2.09%	10,972.50	355,972.50	716,560.70
11/1/2026	352,000.00	2.09%	7,367.25	359,367.25	
5/1/2027	353,000.00	2.09%	3,688.85	356,688.85	716,056.10
Total	\$ 6,408,000.00		\$ 753,777.31	\$ 7,161,777.31	\$ 7,161,777.31

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

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