



Gaston County

Gaston County
Board of Commissioners
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Financial and Management Services - Finance Board Action

File # 26-043

Commissioner Hovis - Financial and Management Services - Finance - To Award Bid for Financing and Cost of Issuance up to \$6,606,000 00 for Rolling Stock and Equipment to PNC Bank, National Association, to Approve the Attached Budget Change Request, and Installment Financing Agreement with Financing Terms and Debt Payment Obligations Through June 1, 2028

STAFF CONTACT

Kyle Sutherland - Finance - 704-866-3130

BUDGET IMPACT

Community Investment Fund Recognize financing proceeds of \$6,606,000 00, return \$6,495,578.00 to fund balance, and transfer \$40,000 00 to the Debt Service fund and \$70,422.00 to the General Fund.

Debt Service Fund. Increase Transfers In and Expenditures by \$40,000.00

General Fund Increase Transfers In and return to fund balance an amount of \$70,422.00

The County is obligated to make payments on this debt through June 1, 2028

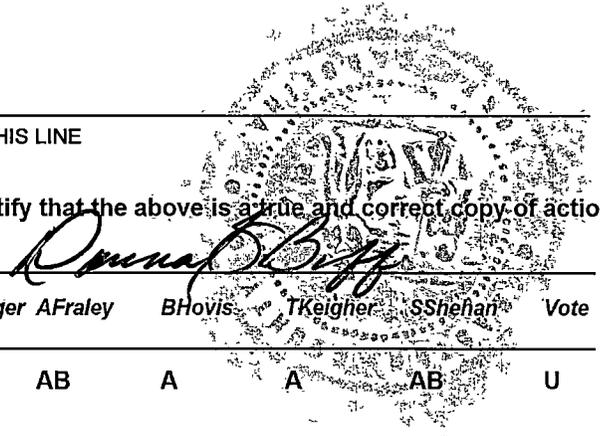
BACKGROUND

By approval of this action, the Gaston County Board of Commissioners finds that the financing of the acquisition of the vehicles (rolling stock and ambulances), equipment (Jail Video Storage), and cost of issuance totaling up to \$6,606,000 00 pursuant to the terms of the installment financing agreement with PNC Bank, National Association is in the best interest of Gaston County and hereby authorizes the execution of such contract and delivery of documents in connection therewith, and approves the County's debt obligation through June 1, 2028 per the attached Installment Financing Agreement.

(Continued on Page 2)

DO NOT TYPE BELOW THIS LINE

I, Donna S. Buff, Clerk to the County Commission, do hereby certify that the above is a true and correct copy of action taken by the Board of Commissioners as follows.



NO.	DATE	M1	M2	JBailey	CBrown	CCloninger	AFraley	BHovis	TKeigher	SShehan	Vote
2026-061	02/26/2026	JB	CC	A	A	A	AB	A	A	AB	U

DISTRIBUTION

Laserfiche Users

Commissioner Hovis - Financial and Management Services - Finance - To Award Bid for Financing and Cost of Issuance up to \$6,606,000.00 for Rolling Stock and Equipment to PNC Bank, National Association, to Approve the Attached Budget Change Request, and Installment Financing Agreement with Financing Terms and Debt Payment Obligations Through June 1, 2028

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The County staff received eleven bids for the financing and recommends PNC Bank, National Association, as the lowest responsible bidder at a rate of 3.24% for the 36 months' term. The Board designates the obligations of the County to make payment under the proposed installment financing agreement as "non-bank qualified" obligations in accordance with the provisions of Section 265 (b)(3)(ii) of the Tax Reform Act of 1986, as amended. If any of the equipment or other items on the list are received before the financing documents are fully executed, the County staff is authorized, if necessary, to make payment directly to the appropriate vendor and to obtain subsequent reimbursement from the financial institution providing financing.

On July 22, 2025, the Board approved Resolution 2025-246 which contained an appropriation (\$7,250,690 14) from Community Investment Fund fund balance for the purchase of vehicles due to the volatile vehicle market and manufacturers implementing early cutoff dates. The Resolution also appropriated \$539,047 65 from General Fund fund balance for the Sheriff's Jail Video Storage project. The attached Budget Change Request returns the \$6,495,578 00 back to the Community Investment Fund fund balance and \$70,422.00 back to General Fund fund balance from the financing proceeds. The attached Budget Change Request also appropriates \$40,000 to the Debt Service Fund to be used for cost of issuance associated with the vehicle financing.

The original appropriation from Community Investment Fund fund balance of \$7,250,690 14 was based on estimates and contained contingency funds. Due to market volatility, the quotes came back approximately \$224,198 14 less - these funds will be returned to fund balance. The \$530,914 00 of contingency funds was not financed. The original appropriation from General Fund fund balance of \$539,047 65 contained \$74,022.00 which was eligible to be included in the financing and this amount is being returned to General Fund fund balance.

POLICY IMPACT

N/A

ATTACHMENTS

Installment Financing Agreement; Budget Change Request (BCR), Schedule of Vehicles

INSTALLMENT FINANCING AGREEMENT
BETWEEN
PNC BANK, NATIONAL ASSOCIATION
AND
COUNTY OF GASTON, NORTH CAROLINA
DATED MARCH 5, 2026

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

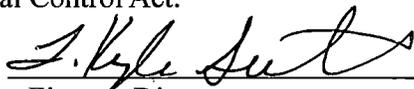
By: 
Finance Director
Gaston County, North Carolina

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INSTALLMENT FINANCING AGREEMENT

This **INSTALLMENT FINANCING AGREEMENT**, dated March 5, 2026 (this “Agreement”), is between **PNC BANK, NATIONAL ASSOCIATION**, a national banking association (together with its successors and assigns, the “Lender”), and the **COUNTY OF GASTON, NORTH CAROLINA**, a body corporate and politic and a political subdivision of the State of North Carolina (the “County”), under the Constitution and laws of the State of North Carolina (the “State”)

PREAMBLE

WHEREAS, the County has the power, pursuant to Section 160A-20 of the General Statutes of North Carolina, as amended, to (i) finance or refinance the purchase of real and personal property by installment contracts that create in some or all of the property purchased a security interest to secure payment of the purchase price to the entity advancing moneys or supplying financing for the purchase transaction and (ii) finance or refinance the construction or repair of fixtures or improvements on real property by contracts that create in some or all of the fixtures or improvements or in all or some portion of the property on which the fixtures or improvements are located a security interest to secure repayment of moneys advanced or made available for the construction or repair; and

WHEREAS, the County has determined to finance a portion of the cost of acquiring various motor vehicles and associated equipment, as well as the cost of acquiring a video storage system for its jail facilities (collectively, the “Project”), and

WHEREAS, in order to finance a portion of the cost of the Project, the Board of Commissioners for the County (the “Board of Commissioners”) has determined that it is in the best interests of the County to enter into this Agreement with the Lender under which the Lender will advance funds for such purpose and the County will make Installment Payments and Additional Payments (as each such term is hereinafter defined) in consideration thereof; and

WHEREAS, the Lender desires to advance funds pursuant to this Agreement to enable the County to finance the cost of the Project; and

WHEREAS, the obligation of the County to make Installment Payments and Additional Payments under this Agreement shall constitute a limited obligation of the County, payable solely from then currently budgeted appropriations of the County, and shall not constitute a direct or indirect pledge of the faith and credit or taxing power of the County within the meaning of the Constitution of the State; and

WHEREAS, in order to secure the obligations of the County under this Agreement, the County will grant to the Lender a security interest in all of the County’s Pledged Assets (as defined herein) purchased with funds advanced by the Lender pursuant to this Agreement; and

WHEREAS, no deficiency judgment may be rendered against the County in any action for breach of a contractual obligation under this Agreement, and the taxing power of the County is not and may not be pledged in any way directly, indirectly or contingently to secure any moneys due under this Agreement; and

WHEREAS, the execution, delivery and performance of this Agreement have been authorized, approved and directed by the Board of Commissioners by a resolution passed by the Board of Commissioners, and

WHEREAS, the execution, delivery and performance of this Agreement by the Lender have been authorized, approved and directed by all necessary and appropriate action of the Lender;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants in this Agreement contained, the parties hereto agree as follows.

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined in the recitals above, the following terms have the meanings specified below unless the context clearly requires otherwise

“Additional Payments” means the reasonable and customary expenses and fees of the Lender related to the transactions contemplated by this Agreement, any expenses (including attorneys’ fees) of the Lender in prosecuting or defending any action or proceeding in connection with this Agreement and any taxes or any other expenses, including, but not limited to, license and permit fees, state and local income, sales and use or ownership taxes, property taxes and other expenses in connection with the transactions contemplated by this Agreement or the maintenance of the Pledged Assets that the Lender is expressly required to pay as a result of this Agreement (together with interest that may accrue thereon at the Default Rate in the event that the County shall fail to pay the same, as set forth in this Agreement)

“Amount Advanced” means the aggregate principal amount of \$6,606,000 advanced by the Lender on the date hereof.

“Board of Commissioners” means the duly elected governing Board of Commissioners for the County or any successor to its functions.

“Business Day” means a day on which banks in the State are not by law required or authorized to remain closed.

“Closing Date” means the date on which this Agreement is executed and delivered in consideration of the advance by the Lender to the County of the Amount Advanced as provided herein.

“Code” means the Internal Revenue Code of 1986, as amended, including any temporary, proposed or final Treasury Regulations promulgated thereunder

“Cost of the Project” shall be deemed to include payment of or reimbursement for the following items.

- (a) obligations incurred or assumed in connection with the acquisition of the Equipment;

(b) the cost of the acquisition of the Equipment, including, without limitation, the Lender's fees and expenses (including the fees and expenses of its counsel) incurred in connection with the advance of the Amount Advanced to the County, fees and expenses of Robinson Bradshaw & Hinson, P.A., special counsel to the County, and Chapman and Cutler LLP counsel to the Lender and any other legal and fiscal agency fees and expenses, taxes, inspection costs, the cost of permit fees and any filing and recording costs relating to the Project, but excluding any related State sales or use tax for which the County will be entitled to a refund, and

(c) all other costs which are considered to be a part of the cost of the acquisition of the Equipment in accordance with generally accepted accounting principles, including sums required to reimburse the County for advances made by the County that are properly chargeable to the acquisition of the Equipment.

"County" means the County of Gaston, North Carolina or any successor to its functions.

"County Representative" means (i) the Chair of the Board of Commissioners, the Clerk to the Board of Commissioners, the County Manager, the Financial & Management Services Director for the County, the Finance Director of the County or such other person or persons at the time designated to act on behalf of the County for the purpose of performing any act under this Agreement by a written certificate furnished to the Lender containing the specimen signatures of such person or persons and signed on behalf of the County by the County Manager of the County, or (ii) if any or all of the County's rights and obligations are assigned under this Agreement, the person or persons at the time designated to act on behalf of the County and the assignee by a written certificate similarly furnished and of the same tenor

"Default" means the occurrence of any event or the existence of any condition which constitutes an Event of Default or the occurrence of any event or the existence of any condition which with the giving of notice, the passage of time, or both, would constitute an Event of Default.

"Default Rate" means the greatest of (i) the Prime Rate plus 3 0% per annum, (ii) the Overnight Bank Funding Rate plus 3.5% per annum, and (iii) 9 0%.

"Determination of Taxability" means and is deemed to have occurred on the date when (a) the County shall receive notice from the Lender that the Internal Revenue Service has assessed as includable in the gross income of the Lender for federal income tax purposes the interest components of the Installment Payments made by the County under this Agreement due to the occurrence of an Event of Taxability or (b) the County or the Lender receives notice from the Commissioner or any District Director of the Internal Revenue Service that the interest components of the Installment Payments made by the County under this Agreement are includable in the gross income of the Lender for federal income tax purposes due to the occurrence of an Event of Taxability

"Equipment" means all equipment (as defined in the Uniform Commercial Code enacted in the State) acquired as part of the Project, including, without limitation, the equipment described in Appendix A hereto

"Event of Default" means one or more events of default as defined in Section 12.1

“Event of Taxability” means the occurrence or existence of any fact, event or circumstance caused by either the action or inaction of the County which has the effect of causing the interest components of the Installment Payments made by the County under this Agreement to be includable in the gross income of the Lender for federal income tax purposes.

“Inclusion Date” means the effective date that the interest components of the Installment Payments made by the County under this Agreement are includable in the gross income of the Lender for federal income tax purposes as a result of a Determination of Taxability

“Installment Payment Dates” means the dates on which Installment Payments are due and payable as set forth in the Payment Schedule attached hereto

“Installment Payments” means those payments to be made by the County to the Lender as described in Article III and in the Payment Schedule attached hereto

“Interest Rate” means 3.24% per annum calculated on the basis of a 360-day year of twelve 30-day months, provided, however, that from and after an Event of Default or a Determination of Taxability, the Interest Rate shall be adjusted as described in Section 3 1(a) or Section 3.2, respectively

“Lender” means PNC Bank, National Association, or its successors and assigns.

“Lender Representative” means any vice president of the Lender or such other person or persons at the time designated to act on behalf of the Lender for purposes of performing any act on behalf of the Lender under this Agreement by a written certificate furnished to the County containing the specimen signatures of such person or persons and signed on behalf of the Lender by any vice president.

“Maturity Date” means June 1, 2028

“Net Proceeds,” when used with respect to any proceeds of insurance policies made available by reason of any occurrence described in Section 5.5 or Section 7 1, means the amount remaining after deducting from the gross proceeds thereof all expenses (including, without limitation, attorneys’ fees and costs) incurred in the collection of such proceeds.

“Overnight Bank Funding Rate” means for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U S -managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York (“NYFRB”), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Lender for the purpose of displaying such rate), provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Lender at such time (which determination shall be conclusive absent manifest error) If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero The rate of interest charged shall be adjusted

as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the County

“Payment Schedule” means the document entitled “Payment Schedule” attached hereto and incorporated herein by reference which sets forth the Installment Payments to be made by the County hereunder, as the same may be revised from time to time in accordance with this Agreement.

“Person” means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity

“Pledged Assets” means all of the County’s Equipment purchased with the Amount Advanced pursuant to this Agreement, all other personal property acquired by the County with the Amount Advanced by Lender pursuant to this Agreement, all additions, attachments, accessions, substitutions and replacements thereof or thereto, any rental payments due or to become due thereunder and any and all proceeds thereof, including without limitation, the proceeds of insurance thereon.

“Prime Rate” means the interest rate so denominated and set by the Lender (whether or not such bank, or any affiliate thereof, is at any time the beneficiary under this Agreement) as its “Prime Rate,” as in effect from time to time.

“Project” has the meaning set forth in the preambles hereto

“State” means the State of North Carolina.

ARTICLE II

AMOUNT ADVANCED

Section 2.1 Advance of Amount Advanced. On the Closing Date, upon satisfaction of the terms and conditions of this Agreement, the Lender shall deliver to the County the entire Amount Advanced. The County will use the Amount Advanced to pay the Cost of the Project in accordance with the terms and conditions of this Agreement. Upon the acquisition thereof, the County shall promptly provide to the Lender an updated Appendix A detailing each item of Equipment so acquired, all of which shall be subject to the security interest hereby granted by the County to the Lender

ARTICLE III

INSTALLMENT PAYMENTS, ADDITIONAL PAYMENTS

Section 3.1 Amounts and Times of Installment Payments and Additional Payments.

(a) The County shall repay the Amount Advanced in installments, together with interest thereon at the Interest Rate, as provided in this Agreement, including the Payment

Schedule, with the final installment due and payable on the Maturity Date. Each installment shall be deemed an Installment Payment and shall be paid in the amount and at the time set forth in the Payment Schedule, except as otherwise provided in this Agreement. Each amount received by the Lender as an Installment Payment shall be deemed to be applied first to the payment of the interest component and then to the payment of the principal component of such Installment Payment.

Notwithstanding the foregoing, upon the occurrence and during the continuation of an Event of Default, all amounts payable under this Agreement shall bear interest at the Default Rate until paid.

(b) The County shall pay Additional Payments on a timely basis directly to each person or entity to which any Additional Payments are owed.

Section 3.2 Rate Adjustment. In the event of a Determination of Taxability, the Interest Rate payable under this Agreement, from and after the Inclusion Date, shall be adjusted to the rate which will provide to the Lender the effective yield which it would have received if there had not been a Determination of Taxability. In addition, the County shall pay to the Lender, to the fullest extent permitted by applicable law, (i) an amount necessary to reimburse the Lender for any interest, penalties, or other charges assessed by the Internal Revenue Service and the Department of Revenue by reason of the Lender's failure to include the interest components of the Installment Payments in its gross income for federal income tax purposes, and (ii) upon request of the Lender, additional interest as a result of such increase in the Interest Rate with respect to all previous Installment Payments made by the County after the Inclusion Date, provided that the County has not already paid or will not otherwise pay such additional interest as a consequence of such increase in the Interest Rate. In the event of a Determination of Taxability, the Lender shall provide the County with a new Payment Schedule which reflects the new Interest Rate which will replace the Payment Schedule attached hereto.

Section 3.3 Place of Payments. All payments required to be made to the Lender under this Agreement shall be made to the Lender pursuant to payment instructions as directed in writing by the Lender.

Section 3.4 No Abatement. There will be no abatement or reduction of the Installment Payments or Additional Payments by the County for any reason, including but not limited to, any failure by the County to appropriate funds to the payment of the Installment Payments or Additional Payments, any defense, recoupment, setoff, counterclaim or any claim (real or imaginary) arising out of or related to the acquisition, equipping and installation of the Project. The County assumes and shall bear the entire risk of loss and damage to the Project from any cause whatsoever, it being the intention of the parties hereto that the Installment Payments shall be made in all events unless the obligation to make the Installment Payments is terminated as otherwise provided in this Agreement.

Section 3.5 Prepayment of Amount Advanced. Upon at least fifteen Business Days' prior written notice to the Lender, the County has the right to prepay, in whole or in part, the outstanding principal components of the Installment Payments at any time at a prepayment price equal to 100% of the outstanding principal components of the Installment Payments to be prepaid,

plus accrued interest thereon to the date of such prepayment, plus the Cost of Prepayment (as defined below) if any

Notwithstanding anything contained herein to the contrary, upon any prepayment by or on behalf of the County (whether voluntary, on default or otherwise) except for prepayment within 30 days of the Maturity Date, the Lender may require, if it so elects, the County to pay the Lender as compensation for the costs of being prepaid an amount equal to the Cost of Prepayment. The "Cost of Prepayment" means an amount equal to the present value, if positive, of the product of (a) the difference between the (1) yield, on the beginning date of the applicable interest period, of a U S Treasury obligation with a maturity similar to the applicable interest period, minus (2) the yield on the prepayment date, of a U.S Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of the applicable interest period. The yield on any U S Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15 (519) "Selected Interest Rates." For purposes of making present value calculations, the yield to maturity of a similar maturity U S Treasury obligation on the prepayment date shall be deemed the discount rate. The Costs of Prepayment shall also apply to any payments made after acceleration of the maturity of this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.1 Conditions Precedent. The obligation of the Lender to advance the Amount Advanced hereunder is subject to satisfaction of the following conditions precedent on or before the Closing Date

(a) On the Closing Date (i) the representations and warranties of the County set forth in this Agreement shall be true, complete and correct, (ii) this Agreement shall be in full force and effect and (iii) the County shall have duly adopted and there shall be in full force and effect such orders and resolutions as shall be necessary in connection with the transactions contemplated hereby, and such orders and resolutions shall not have been amended, modified or supplemented, except as may have been agreed to by the Lender in writing.

(b) On or prior to the Closing Date the Lender shall receive the following:

(1) A copy of the resolution of the County approving the execution and delivery of any of this Agreement and the transactions contemplated herein,

(2) A certificate by the County certifying the names and signatures of the persons authorized to sign this Agreement on behalf of the County and all of the other documents executed by the County on the Closing Date,

(3) An executed original of this Agreement;

(4) From counsel to the County, a legal opinion addressing such matters as may be reasonably requested by the Lender which is in form and substance satisfactory to the Lender;

(5) From Robinson, Bradshaw and Hinson, P.A., as special counsel to the County, a legal opinion addressing such matters as may be reasonably requested by the Lender which are in form and substance satisfactory to the Lender;

(6) A certificate signed by the authorized representative of the County, stating that on and as of the Closing Date (1) the County is in compliance with all of the terms, provisions and conditions of each covenant and any other material provision of this Agreement; (2) all requirements and preconditions to the execution, delivery and performance of this Agreement shall have been satisfied, (3) each representation and warranty on the part of the County contained herein is true and correct as though made on and as of the Closing Date; and (4) no Default or Event of Default has occurred and is continuing or would result from the execution or performance of this Agreement; and

(7) Such other instruments, documents and opinions as the Lender shall reasonably require to evidence and secure the obligations of the County under this Agreement and to comply with the provisions of this Agreement and the requirements of any governmental authority to which the Lender or the County is subject.

ARTICLE V

RESPONSIBILITIES OF THE COUNTY

Section 5.1 Care and Use The County shall use the Pledged Assets, or cause the Pledged Assets to be used, in a careful and proper manner, in compliance with all applicable laws and regulations, and, at its sole cost and expense, shall service, repair and maintain the Pledged Assets, or cause the Pledged Assets to be serviced, repaired and maintained, so as to keep the Pledged Assets in good condition, repair, appearance and working order for the purposes intended, ordinary wear and tear excepted, and shall replace or restore, or cause to be replaced or restored, any part of the Pledged Assets as may from time to time become worn out, unfit for use, destroyed or damaged. Any and all repairs or replacements of the Pledged Assets shall constitute accessions to the Pledged Assets and shall be subject to all the terms and conditions of this Agreement and included in the term "Pledged Assets" as used in this Agreement.

Section 5.2 Inspection. The Lender has the right on reasonable prior notice to the County to enter upon the real property upon which the Pledged Assets are located to inspect the Pledged Assets and observe their use during normal business hours.

Section 5.3 Taxes The County shall pay, or cause to be paid, when due any and all taxes relating to the Project and the Pledged Assets and the County's obligations under this Agreement including, but not limited to, all license or registration fees, gross receipts tax, sales and use tax, if applicable, license fees, documentary stamp taxes, rental taxes, assessments, charges, ad valorem taxes, excise taxes, and all other taxes, licenses and charges imposed on the ownership, possession or use of the Pledged Assets by any governmental body or agency, together with any interest and penalties.

Section 5.4 Insurance. The County shall maintain, or cause to be maintained, except as hereinafter provided, insurance with respect to its property and business against such casualties and contingencies in amounts not less than is customary in similar activities and similarly situated

governmental units. For purposes of this Agreement, self-insurance with adequate reserves, satisfies the requirements of this Section. Without limiting the foregoing, the County shall maintain, or cause to be maintained, except as hereinafter provided, insurance against loss and/or damage, casualty, fire, general liability, property damage and theft. The Pledged Assets shall be insured in an amount not less than full replacement value with an insurance company that is satisfactory to the Lender. If requested in writing by the Lender, the County will furnish to the Lender, within 30 days after such request, evidence of such insurance or self-insurance coverage during the term of this Agreement. The County will not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of the Lender without first giving written notice thereof to the Lender at least 30 days in advance of such cancellation or modification.

The County shall have the right to receive the proceeds from any insurance maintained pursuant to this Section, subject, however, to the provisions of this Article V

Section 5.5 Risk of Loss. The County shall bear all risk of loss or damage to the Project. In the event of loss or damage to the Project resulting in Net Proceeds of any insurance policies, such Net Proceeds shall be applied in accordance with the provisions of Section 7.2.

Section 5.6 Performance by the Lender of the County's Responsibilities. Any performance required of the County or any payments other than Installment Payments required to be made by the County may, if not timely performed or paid, be performed or paid by the Lender, and, in that event, the Lender shall be immediately reimbursed by the County for such payments or other performance by the Lender with interest thereon at the Default Rate.

Section 5.7 Financial Statements. The County shall keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the County in accordance with applicable generally accepted accounting principles. The County shall provide the Lender a copy of the County's audited financial statements for each fiscal year within two hundred ten (210) days after the end of such fiscal year. Notwithstanding the foregoing, the County may satisfy the requirements of this Section by making such audited financial statements available on its website.

The County shall furnish to the Lender, at such reasonable times as the Lender shall request, all other financial information (including, without limitation, the County's annual budget as submitted or approved) as the Lender may reasonably request. The County shall permit the Lender or its agents and representatives to inspect the County's books and records and make extracts therefrom.

The County represents and warrants to and covenants with the Lender that all financial statements which have been or may be delivered to the Lender reflect or will reflect fairly and accurately the County's financial condition and that, except as the County may notify the Lender otherwise, there has been and will be no material adverse change in the County's financial condition as reflected in the financial statements since the respective dates thereof.

Section 5 8 Counsel Fees. The County shall pay from the Amount Advanced, the fees of Chapman and Cutler LLP in the amount of \$7,500 00 promptly following the receipt of an invoice therefor

ARTICLE VI

LIENS, SECURITY INTEREST

Section 6 1 Liens. The County shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, security interest, charge, encumbrance or claim on or with respect to the Pledged Assets or any interest therein except for (i) the lien and security interest of the Lender therein and (ii) such minor defects, irregularities and encumbrances as normally exist with respect to property of the general character of the Pledged Assets. The County shall promptly, at its own expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, security interest, charge, encumbrance or claim if the same shall arise at any time. The County shall reimburse the Lender for any expense incurred by it (including reasonable attorneys' fees and reasonable expenses), after prior notice to the County, in order to discharge or remove any such mortgage, pledge, lien, security interest, charge, encumbrance or claim. Upon payment in full of all of the County's obligations hereunder, including the Amount Advanced, interest accrued thereon and all other payments due hereunder, the Lender, at the County's request, shall release and cancel its security interest in the Pledged Assets.

Section 6.2 Security Interest. In order to secure (i) the obligations of the County to make Installment Payments and (ii) the payment and performance of all of the other liabilities and obligations, whether now existing or hereafter arising, of the County to the Lender under this Agreement, this Agreement is hereby made and declared to be a security agreement in favor of the Lender encumbering the Pledged Assets, which such items of property are intended to be personal property by the County and the Lender and the County hereby grants to the Lender a lien upon and a security interest in and to all of the County's right, title and interest in the Pledged Assets. On the Closing Date and from time to time thereafter (including any required continuation statements), the County shall cause to be filed a financing statement or statements describing such security interest of the Lender in accordance with the provisions of the Uniform Commercial Code enacted in the State applicable to the perfection of security interests by filing financing statements thereunder. The remedies for any violation of the covenants, terms and conditions of the security agreement contained in this Agreement shall be (i) as prescribed herein or (ii) as prescribed by general law, at the Lender's sole election.

ARTICLE VII

DAMAGE OR DESTRUCTION, USE OF NET PROCEEDS

Section 7 1 Damage or Destruction. If, during the term hereof, (i) the Project or any portion thereof is destroyed or is damaged or (ii) a material defect in the Pledged Assets becomes apparent, then the County shall continue to be obligated to pay the amounts specified in Section 3 1 at the respective times required.

Except as otherwise provided in this Agreement, if any part of the Pledged Assets is destroyed or damaged, then the County will promptly cause the Pledged Assets to be restored to the equivalent of its condition immediately prior to such casualty

Section 7.2 Use of Net Proceeds to Repair or Replace the Pledged Assets. The County shall cause the Net Proceeds of any insurance policies or moneys received or otherwise made available by reason of any occurrence described in Section 5.5 or Section 7.1 relating to the Pledged Assets to be applied to the prompt repair, restoration, modification, improvement or replacement of the Pledged Assets and shall promptly report to the Lender regarding the use of such Net Proceeds. Any repair, restoration, modification, improvement or replacement of the Pledged Assets paid for in whole or in part out of such Net Proceeds shall be the property of the County and shall be included as part of the Pledged Assets under this Agreement. The County shall provide prompt notice to the Lender of any replacement of Pledged Assets and Appendix A will be updated to reflect such replacement.

Section 7.3 Discharge of Obligation to Repair or Replace the Pledged Assets. In the event of any loss or damage to a Pledged Asset results in a total loss of such Pledged Asset's value, the obligation of the County to repair or replace such Pledged Assets under Section 7.1 and Section 7.2 may, at the option of the County, be discharged by causing the resulting Net Proceeds described in Section 7.2, to be applied to the payment of the Installment Payments coming due on each next succeeding Installment Payment Date, until such proceeds are expended. If such Net Proceeds and any other available funds exceed the then outstanding principal components of the Installment Payments, such excess shall be paid to or retained by the County

Section 7.4 Cooperation of Lender The Lender shall cooperate fully with the County in filing any proof of loss with respect to any insurance policy covering the events described in Section 7.1. In no event shall the Lender or the County voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim with respect to the Pledged Assets without the written consent of the other

ARTICLE VIII

REPRESENTATIONS OF THE COUNTY AND LENDER

Section 8.1 Representations, Covenants and Warranties of the County The County represents, covenants and warrants to the Lender as follows.

(a) The County is a body corporate and politic and a political subdivision of the State organized and existing under the Constitution and laws of the State.

(b) The Constitution and laws of the State authorize the County to (i) execute and deliver this Agreement, (ii) enter into the transactions contemplated hereby and thereby and (iii) carry out its obligations hereunder or thereunder

(c) The County has duly authorized the execution and delivery of this Agreement in accordance with the Constitution and laws of the State. This Agreement has been duly executed and delivered by the duly authorized officers of the County, and this Agreement constitutes the legal, valid and binding obligation of the County enforceable in accordance with its

terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) Neither the execution and delivery of this Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions or any charter provision or restriction or any agreement or instrument to which the County is now a party or by which the County is bound, or constitutes a default under any of the foregoing.

(e) No approval or consent is required from any governmental authority with respect to the entering into or performance by the County of this Agreement or any other documents related hereto or thereto and the transactions contemplated hereby and thereby, or if such approval is required, it has been duly obtained.

(f) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the County challenging the validity or enforceability of this Agreement or any other documents relating hereto or thereto and the performance of the County's obligations hereunder and thereunder or which, if adversely determined, may have a material adverse effect on the financial condition of the County or the ability of the County to perform its obligations hereunder. The County will provide prompt written notice to the Lender in the event that any action, suit, proceeding or investigation described in this paragraph (f) is filed or instituted against the County.

(g) The County Manager or the Finance Director of the County shall include the Installment Payments and reasonably estimated Additional Payments coming due in each fiscal year in the corresponding annual budget request and exercise due diligence to have the Board of Commissioners include funds for the payment thereof in the corresponding final budget of the County. Any deletion of such funds from the County's final budget shall be made only pursuant to an express resolution of the Board of Commissioners which explains the reason for such action. Subject to applicable law, the actions required of the County and its officers and of the Board of Commissioners pursuant to this paragraph shall be deemed to be and shall be construed to impose ministerial duties and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such official to enable the County to carry out and perform the actions required pursuant to this paragraph and its other agreements in this Agreement. Nothing contained in this paragraph obligates the County to appropriate the moneys so budgeted or is to be construed to conflict with the provisions of Article XIV.

If within fifteen (15) days after the beginning of any fiscal year the County has not appropriated funds for the payment of the Installment Payments and reasonably estimated Additional Payments coming due in such fiscal year in the annual budget for such fiscal year or if at any time the County amends an annual budget to reduce such funds, then the County shall send a notice to such effect to the Lender at its address indicated in Section 15.4.

(h) There has not been any material change in the County's financial condition since the date of the last annual financial statement of the County provided to the Lender

Section 8.2 Representations, Covenants and Warranties of the Lender The Lender represents, covenants and warrants to the County as follows

(a) The Lender is a national association duly organized, existing and in good standing under and by virtue of the laws of the United States of America and has the power and authority to enter into this Agreement.

(b) Neither the execution and delivery of this Agreement nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of the organizational documents of the Lender or any restriction or any agreement or instrument to which the Lender is now a party or by which the Lender is bound.

ARTICLE IX

TAX COVENANTS

Section 9.1 Tax Covenants. The County covenants that, to the extent permitted by law, it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income for federal income tax purposes of the interest components of the Installment Payments under Section 103 of the Code. The County will not directly or indirectly use or permit the use of the Amount Advanced or any other funds of the County, or take or omit to take any action, that would cause the obligation of the County to make Installment Payments created by this Agreement to be an "arbitrage bond" within the meaning of Section 148(a) of the Code. To that end, the County has executed the Tax Certificate, dated as of the Closing Date (the "Tax Certificate"), and will comply with all requirements of Section 148 of the Code to the extent applicable. The County further covenants that this Agreement is not a "private activity bond" as defined in Section 141 of the Code

The County will maintain books on which will be recorded (i) the Lender or (ii) any assignee of the Installment Payments due under this Agreement as the registered owner of the Installment Payments.

Without limiting the generality of the foregoing, the County agrees that there shall be paid from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the obligation of the County to make Installment Payments created by this Agreement from time to time. This covenant shall survive the termination of this Agreement.

Notwithstanding any provision of this Article, if the County shall provide to the Lender an opinion of nationally recognized bond counsel to the effect that any action required under this Section or the Tax Certificate is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest components of the Installment Payments pursuant to Section 103 of the Code, the County and the Lender may rely conclusively on such opinion in complying with the provisions of this Article.

ARTICLE X

INDEMNIFICATION

Section 10 1 Indemnification. To the fullest extent permitted by law and subject to the provisions of Section 160A-20 of the North Carolina General Statutes, as amended, the County hereby agrees to indemnify, protect and save the Lender and its officers, employees, directors, members and agents (collectively the "Indemnitees") harmless from all liabilities, obligations, losses, claims, damages, actions, suits, proceedings, costs and expenses, including reasonable attorneys' fees, that (i) arise in tort, in contract, under 42 U S Code §1983 or under the public bidding laws of the State or (ii) arise out of, are connected with, or result, directly or indirectly, from the Project or any portion thereof, including, without limitation, selection, acquisition, delivery, possession, condition, lease, use, operation or return of the Project or any portion thereof, or the transactions contemplated by this Agreement; provided, however, that the right to indemnification shall not apply to losses arising from (i) any action taken by any other Indemnitee and (ii) the exercise of the right of the County not to appropriate moneys for the payment of Installment Payments. The indemnification arising under this Article shall continue in full force and effect notwithstanding the payment in full of all obligations under this Agreement, subject only to the remedies allowable under Section 160A-20 of the North Carolina General Statutes, as amended.

ARTICLE XI

DISCLAIMER OF WARRANTIES

Section 11 1 No Representations by the Lender The County acknowledges and agrees that it has selected or will select the Pledged Assets and the components of the Project, the vendors of any equipment acquired based on its own judgment and disclaims any reliance on any statements or representations by the Lender with respect thereto

Section 11.2 Disclaimer by the Lender THE LENDER makes no express or implied warranty or representation of any kind whatsoever with respect to the project or any component part thereof to the County or in regard to any other circumstance whatsoever with respect thereto, including but not limited to any warranty or representation with respect to the merchantability or the fitness or suitability thereof for any purpose, the value, design or condition thereof; the safety, workmanship or quality thereof; compliance thereof with the requirements of any law, rule, specification or contract pertaining thereto, any latent defect; the title to or interest of the LENDER therein, the ability thereof to perform any function, that the proceeds of this agreement will be sufficient (together with any other available funds of the County) to pay the cost of acquiring or installing the project; or any other characteristics of the project, it being agreed that all risks relating to the project, the installation and operation thereof or the transactions contemplated hereby are to be borne by the County, and the benefits of any and all implied warranties and representations of LENDER are waived by the County

ARTICLE XII

DEFAULT AND REMEDIES

Section 12.1 Definition of Event of Default. The County shall be deemed to be in default under this Agreement upon the happening of any of the following events of default (each, an "Event of Default")

(a) The County fails to make any Installment Payment or pay any other amount hereunder when due.

(b) (i) The County fails to budget and appropriate moneys sufficient to pay all Installment Payments and the reasonably estimated Additional Payments coming due in any fiscal year of the County; or (ii) the County deletes from its duly adopted budget any appropriation for the purposes specified in clause (i) above.

(c) The County fails to perform or observe any term, condition or covenant of this Agreement on its part to be observed or performed, other than as referred to in subparagraph (a) or (b) above, or breaches any warranty by the County herein contained, other than as referred to in subparagraph (e) of this Section, for a period of thirty (30) days after written notice specifying such failure or breach and requesting that it be remedied has been given to the County by the Lender; provided, however, that if such failure or breach cannot with due diligence be cured within such thirty (30)-day period and the County has promptly commenced and diligently worked to cure such failure or breach within such thirty (30)-day period, the County will have an additional period of ninety (90) days to cure such failure or breach and, further, that if such failure or breach cannot with due diligence be cured within such ninety (90)-day period and the County has diligently continued to work to cure such failure or breach within such ninety (90)-day period, then, upon consultation with the Lender as to such matter, the County will have an additional reasonable period of time to cure such failure or breach as long as the County diligently continues to work to cure such failure or breach.

(d) Any bankruptcy, insolvency or reorganization proceedings or similar litigation is instituted by or against the County, or a receiver, custodian or similar officer is appointed for the County or any of its property, and such proceedings or appointments are not vacated or fully stayed within ninety (90) days after the institution or occurrence thereof.

(e) Any warranty, representation or statement made by the County in this Agreement or any other document executed or delivered in connection herewith or therewith is found to be incorrect or misleading in any material respect on the date made

(f) An attachment, levy or execution of a security interest or lien is levied on or against any portion of the Pledged Assets.

(g) Any provision of this Agreement shall cease to be valid and binding on the County or shall be declared null and void by a court of competent jurisdiction, or the County or any governmental authority shall contest any such provision, or the County or any agent or trustee on behalf of the County shall deny that the County has any further liability under any provision of this Agreement; or the County shall (A) claim that this Agreement is not valid or binding on it, (B)

repudiate its obligations under this Agreement, and/or (C) initiate any legal proceedings to seek an adjudication that this Agreement or the County's obligations hereunder are not valid or binding on it.

The County shall provide written notice to the Lender within five Business Days of any Event of Default or any event with which the passage of time or giving of notice would constitute an Event of Default hereunder

Section 12.2 Remedies on Default.

(a) From and after an Event of Default, all amounts payable under this Agreement shall bear interest at the Default Rate until paid. Additionally, on the occurrence of any Event of Default, the Lender may exercise any one or more of the following remedies as the Lender, in its sole discretion, shall elect:

(b) Declare the entire outstanding principal components of the Installment Payments plus the interest component of the next due Installment Payment accrued to the date of such declaration plus the Cost of Prepayment (as defined in Section 3.5 hereof) to be immediately due and payable without notice to or demand on the County

(c) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of this Agreement or to recover for the breach thereof (other than a failure to pay Installment Payments or any other payment hereunder).

(d) Subject to the provisions of Article XIV, exercise all the rights and remedies of a secured party or creditor under the general laws of the State with respect to the enforcement of the security interest granted under this Agreement including, without limitation, to the extent permitted by law, reenter and take possession of the Pledged Assets without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage, sale, lease, sublease or other disposition of the Pledged Assets, toward the obligations due under this Agreement and, thereafter, pay any remaining proceeds to the County

(e) Enforce its security interest.

(f) Pursue any other remedy available at law or equity to the Lender

NOTWITHSTANDING ANY OTHER PROVISIONS IN THIS AGREEMENT, IT IS THE INTENT OF THE PARTIES HERETO TO COMPLY WITH SECTION 160A-20 OF THE GENERAL STATUTES OF NORTH CAROLINA, AS AMENDED NO DEFICIENCY JUDGMENT MAY BE ENTERED AGAINST THE COUNTY IN FAVOR OF THE LENDER IN VIOLATION OF SECTION 160A-20 OF THE GENERAL STATUTES OF NORTH CAROLINA, AS AMENDED, INCLUDING, WITHOUT LIMITATION, ANY DEFICIENCY JUDGMENT FOR AMOUNTS THAT MAY BE OWED UNDER THIS AGREEMENT WHEN THE SALE OF ALL OR ANY PORTION OF THE PLEDGED ASSETS IS INSUFFICIENT TO

PRODUCE ENOUGH MONEY TO PAY IN FULL ALL OUTSTANDING OBLIGATIONS UNDER THIS AGREEMENT

Section 12.3 Further Remedies. Subject to the provisions of Article XIV, this Agreement shall remain in full force and effect and the County shall be and remain liable for the full performance of all its obligations under this Agreement. All remedies of the Lender are cumulative and may be exercised concurrently or separately. The exercise of any one remedy shall not be deemed an election of such remedy or preclude the exercise of any other remedy.

ARTICLE XIII

ASSIGNMENT

Section 13.1 Assignment by the County. The County may not sell, assign, lease, sublease, pledge or otherwise encumber or suffer a lien or encumbrance on or against any interest in this Agreement or the Pledged Assets (except for any permitted encumbrances under Section 6.1 and as provided in Section 5.1) without the prior written consent of the Lender.

Section 13.2 Assignment by the Lender. The Lender may, at any time and from time to time, assign to any bank, insurance company or similar financial institution, or to a trust created to hold a pool of such obligations, all or any part of its interest in the Pledged Assets or this Agreement, including, without limitation, the Lender's rights to receive the Installment Payments and any Additional Payments due and to become due hereunder. Reassignment by any assignee may also only be to a bank, insurance company or similar financial institution. The County agrees that this Agreement may become part of a pool of obligations at the Lender's or its assignee's option. The Lender or its assignees may assign or reassign either the entire pool or any partial interest herein. Notwithstanding the foregoing, no assignment or reassignment of the Lender's interest in the Pledged Assets or this Agreement shall be effective unless and until the County shall receive a duplicate original counterpart of the document by which such assignment or reassignment is made disclosing the name and address of each assignee. The County covenants and agrees with the Lender and each subsequent assignee of the Lender to maintain for the full term of this Agreement a written record of each such assignment or reassignment. The County hereby appoints the Lender as its agent for the purpose of maintaining any written record in connection with an assignment under this Section, and the Lender hereby accepts such appointment. The County agrees to execute any document reasonably required by the Lender in connection with any assignment. Notwithstanding any assignment by the Lender of its interest in this Agreement, the County shall not be obligated to provide any financial or other information to any assignee of the Lender except as set forth in Section 5.7.

After the giving of notice described above to the County, the County shall thereafter make all payments in accordance with the notice to the assignee named therein and shall, if so requested, acknowledge such assignment in writing, but such acknowledgement shall in no way be deemed to make the assignment effective.

The Lender covenants that any disclosure document, apart from items delivered in connection with the execution and delivery of this Agreement, circulated by it or an assignee in

connection with the sale of the Lender's rights in this Agreement will contain a statement to the effect that the County has not reviewed and is not responsible for the disclosure document.

ARTICLE XIV

LIMITED OBLIGATION OF THE COUNTY

Section 14.1 Limited Obligation of the County NO PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION NO PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED OR INTERPRETED AS CREATING A DELEGATION OF GOVERNMENTAL POWERS NOR AS A DONATION BY OR A LENDING OF THE CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE. THIS AGREEMENT SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE COUNTY FOR ANY FISCAL YEAR IN WHICH THIS AGREEMENT IS IN EFFECT, PROVIDED, HOWEVER, THAT ANY FAILURE OR REFUSAL BY THE COUNTY TO APPROPRIATE FUNDS WHICH RESULTS IN THE FAILURE BY THE COUNTY TO MAKE ANY PAYMENT COMING DUE UNDER THIS AGREEMENT WILL IN NO WAY OBVIATE THE OCCURRENCE OF THE EVENT OF DEFAULT RESULTING FROM SUCH NONPAYMENT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR BREACH OF A CONTRACTUAL OBLIGATION UNDER THIS AGREEMENT, AND THE TAXING POWER OF THE COUNTY 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 SHALL BE CONSTRUED TO PLEDGE OR TO CREATE A LIEN ON ANY CLASS OR SOURCE OF THE COUNTY'S MONEYS, NOR SHALL ANY PROVISION OF THIS AGREEMENT RESTRICT THE FUTURE ISSUANCE OF ANY OF THE COUNTY'S BONDS OR OBLIGATIONS PAYABLE FROM ANY CLASS OR SOURCE OF THE COUNTY'S MONEYS TO THE EXTENT OF ANY CONFLICT BETWEEN THIS ARTICLE AND ANY OTHER PROVISION OF THIS AGREEMENT, THIS ARTICLE SHALL TAKE PRIORITY

ARTICLE XV

MISCELLANEOUS

Section 15.1 Amendment and Waiver No amendment or waiver of any provision of this Agreement or consent to any departure by the County from any such provision shall in any event be effective unless the same shall be in writing and signed by the Lender No covenant or condition of this Agreement can be waived except by the written consent of the Lender Any failure of the Lender to require strict performance by the County or any waiver by the Lender of any terms, covenants or contracts in this Agreement shall not be construed as a waiver of any other breach of the same or any other term, covenant or contract in this Agreement.

Section 15.2 Severability If any portion of this Agreement is determined to be invalid under any applicable law, such provision shall be deemed void and the remainder of this Agreement shall continue in full force and effect.

Section 15.3 Governing Law This Agreement shall be construed and governed in accordance with the laws of the State.

Section 15.4 Notices. Except as provided otherwise in this Agreement, any and all notices, requests, demands and other communications given under or in connection with this Agreement are effective only if in writing and either personally delivered or mailed by registered or certified mail, postage prepaid, return receipt requested, addressed as follows

If to the County:

County of Gaston, North Carolina
128 W Main Avenue
Gastonia, North Carolina 28053
Attention. Finance Director

If to the Lender:

PNC Bank, National Association
301 Fayetteville St., Suite 2100
Raleigh, North Carolina 27601
Attention. Kyle Huber, Senior Vice President

The County and the Lender may, by written notice to the other, designate any further or different addresses to which subsequent notices, requests, demands and other communications shall be sent.

Section 15.5 Section Headings. All section headings contained in this Agreement are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

Section 15.6 Entire Agreement. This Agreement, together with the schedules and exhibits hereto, constitutes the entire agreement between the parties and this Agreement shall not be modified, amended, altered or changed except as the County and the Lender may subsequently agree in writing.

Section 15.7 Binding Effect. Subject to the specific provisions of this Agreement, this Agreement is binding on and inures to the benefit of the parties and their respective successors and assigns (including expressly any successor of the Lender)

Section 15.8 Time Time is of the essence of this Agreement and each and all of its provisions.

Section 15.9 If Payment or Performance Date Not a Business Day If the date for making payment, or the last date for performance of any act or the exercising of any right, as provided in

this Agreement, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period after such nominal date

Section 15 10 Covenants of County not Covenants of Officials Individually No covenant, stipulation, obligation or agreement contained in this Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Board of Commissioners or the County in his individual capacity, and neither the members of the Board of Commissioners nor any other officer of the Board of Commissioners or the County shall be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement. No member of the Board of Commissioners or any agent or employee of the County shall incur any personal liability in acting or proceeding or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement.

Section 15 11 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15 12 Term Sheet. The terms of this Agreement shall supersede the terms of the term sheet from the Lender to the County dated January 27, 2026, including any amendments thereto To the extent of any conflict between this Agreement and such term sheet, this Agreement will take priority

Section 15 13 E-Verify Covenant. The Lender understands that (1) "E-Verify" is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law and (2) Article 2 of Chapter 64 of the General Statutes of North Carolina, as amended (the "E-Verify Statute"), requires employers (as defined in the E-Verify Statute) to verify the work authorization of an employee (as defined in the E-Verify Statute) hired to work in the United States through E-Verify The Lender will comply with the requirements of the E-Verify Statute The Lender will not use any subcontractors in connection with this Agreement.

Section 15 14 Companies that Boycott Israel Act Certification. The Lender hereby certifies that it is not on any list created and maintained by the North Carolina Department of State Treasurer pursuant to the Divestment from Companies that Boycott Israel Act, Article 6G, as amended, of Chapter 147 of the General Statutes of North Carolina.

Section 15 15 Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts", if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original

business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually signed original signature that is then transmitted by electronic means, “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Section 15 16 EMMA Posting. In the event the County files with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA”), this Agreement or any description of the material terms hereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms, either voluntarily or as required pursuant to a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the “Rule”) (each such posting, an “EMMA Posting”), the County shall (i) provide the Lender with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes confidential information. The County acknowledges and agrees that although the Lender may request review, edits or redactions of such materials prior to filing, the Lender is not responsible for the County’s or any other entity’s compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule.

Section 15 17 Payment Set Aside. To the extent that the Lender receives any payment from or on behalf of the County which payment or any part thereof is subsequently invalidated, declared to constitute a fraudulent conveyance or preferential transfer, set aside, or required to be repaid (including pursuant to any settlement entered into by the Lender in its discretion) to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause (collectively, “Set Aside”); then, to the extent of any such Set Aside, the obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment had not been received by the Lender

Section 15 18 Patriot Act. The Lender hereby notifies the County that pursuant to the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub L. 107 56 (signed into law October 26, 2001) (the “Patriot Act”) it is required to obtain, verify and record information that identifies the County, which information includes the name and address of the County and other information that will allow the Lender to identify the County in accordance with the Patriot Act. The County hereby agrees that it shall promptly provide such information upon request by the Lender

Section 15 19 Role of Lender The Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated

persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to the this Agreement or any documents or instruments related thereto (the “Related Documents”) and any other information, materials or communications provided by the Lender (a) the Lender and its representatives are not recommending an action to any municipal entity or obligated person, (b) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to the Related Documents or information, materials or communications, (c) the Lender and its representatives are acting for their own interests, and (d) the County has been informed that the County should discuss this Agreement, or the Related Documents, and any such other information, materials or communications with any and all internal and external advisors and experts that the County deems appropriate before acting on this Agreement, any Related Document or any such other information, materials or communications.

[Signatures to follow]

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

COUNTY OF GASTON, NORTH CAROLINA

[SEAL]

By: _____
Chair of the Board of Commissioners

ATTEST

Clerk to the Board of Commissioners

[Signatures continued on the following page]

[Counterpart Signature Page to the Installment Financing Agreement
between PNC Bank, National Association and the County of Gaston, North Carolina]

**PNC BANK, NATIONAL ASSOCIATION, as
Lender**

By _____
Kyle Huber Senior Vice President

PAYMENT SCHEDULE

<u>Installment Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Installment Payment</u>
6/1/2026	\$2,239,000 00	\$ 51,130 44	\$2,290,130 44
6/1/2027	2,149,000 00	141,490 80	2,290,490 80
6/1/2028	<u>2,218,000.00</u>	<u>71,863.20</u>	<u>2,289,863.20</u>
Total	\$ <u>6,606,000.00</u>	<u>\$264,484.44</u>	<u>\$6,870,484.44</u>

APPENDIX A*

<u>Equipment</u>	<u>Quantity</u>	<u>Unit Cost</u>	<u>Total Cost</u>
2025 Tahoe 4WD for K9	2	\$ 53,006.98	\$ 106,013.96
2025 Tahoe PPV 4WD	2	53,006.98	106,013.96
2026 F150 Crew Cab 4x4	1	45,161.50	45,161.50
2026 F150 Super Cab 4x4	2	43,956.50	87,913 00
2026 F250 Crew Cab 4x4 Short Bed w/ Bed Cover	2	64,511 40	129,022.80
2026 F250 Supercab 4x4 Short Bed for SWAB Body	1	86,091 60	86,091 60
2026 F450 SuperCab 4x4 Chassis Cab w/ Flatbed Dump	1	94,574.20	94,574.20
2026 Interceptor SUV	16	50,471.58	807,545.28
2026 Ram Promaster 1500	1	44,557 00	44,557 00
2026 Silverado 1500 Crew Cab 4DR 4WD	2	49,104 60	98,209.20
2026 Silverado 1500 Crew Cab 4WD	1	43,129 70	43,129 70
2026 Transit Van 350 Low Roof w/ Transport Cell	1	72,386 49	72,386 49
4 Door Sedan	4	29,056 10	116,224 40
Hybrid Sedan	2	29,056 10	58,112.20
Minivan	3	40,440 10	121,320.30
2026 F550 Regular Cab 4x4	1	87,689 10	87,689 10
ALS Truck (Ambulance)	3	611,701 00	1,835,103 00
BLS Truck (Ambulance)	4	286,330.25	1,145,321 00
SHF Jail Video Storage	N/A	N/A	1,481,061.38

*To be updated as Equipment is purchased to detail all amounts spent to acquire the Project and detailing each item of Equipment so acquired.

FY 2026 IFA Project List

Project List	Quantity	Unit Cost	Total Cost
2025 Tahoe 4WD for K9	2	\$ 53,006.98	\$ 106,013.96
2025 Tahoe PPV 4WD	2	\$ 53,006.98	\$ 106,013.96
2026 F150 Crew Cab 4x4	1	\$ 45,161.50	\$ 45,161.50
2026 F150 Super Cab 4x4	2	\$ 43,956.50	\$ 87,913.00
2026 F250 Crew Cab 4x4 Short Bed w/ Bed Cover	2	\$ 64,511.40	\$ 129,022.80
2026 F250 Supercab 4x4 Short Bed for SWAB Body	1	\$ 86,091.60	\$ 86,091.60
2026 F450 SuperCab 4x4 Chassis Cab w/ Flatbed Dump	1	\$ 94,574.20	\$ 94,574.20
2026 Interceptor SUV	16	\$ 50,471.58	\$ 807,545.28
2026 Ram Promaster 1500	1	\$ 44,557 00	\$ 44,557 00
2026 Silverado 1500 Crew Cab 4DR 4WD	2	\$ 49,104 60	\$ 98,209.20
2026 Silverado 1500 Crew Cab 4WD	1	\$ 43,129 70	\$ 43,129 70
2026 Transit Van 350 Low Roof w/ Transport Cell	1	\$ 72,386.49	\$ 72,386 49
4 Door Sedan	4	\$ 29,056.10	\$ 116,224 40
Hybrid Sedan	2	\$ 29,056.10	\$ 58,112.20
Minivan	3	\$ 40,440 10	\$ 121,320.30
2026 F550 Regular Cab 4x4	1	\$ 87,689 10	\$ 87,689 10
ALS Truck	3	\$ 611,701.00	\$ 1,835,103.00
BLS Truck	4	\$ 286,330.25	\$ 1,145,321.00
SHF Jail Video Storage	N/A	N/A	\$ 1,481,061.38
Project Total			\$ 6,565,450 07