

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

PUBLIC HEARING

MEETING DATE: April 3, 2017

SUBJECT: Public Hearing to Consider Final Approval of the Financing Contract for the Emergency Services Headquarters Project

PRESENTERS: J. Carey McLelland, Finance Director
Russ Burrell, County Attorney

ATTACHMENTS: Proposed Resolution (contained in the form of proposed Board minute extract)
Draft Financing Documents

SUMMARY:

A public hearing has been scheduled on April 3, 2017 in the above matter.

At the conclusion of the public hearing, the Board may choose to take action, delay action to a subsequent meeting, or take no action.

Notice of this public hearing was published on March 19, 2017, stating that the Board would hold a public hearing at 5:30 p.m. on April 3, 2017 to receive public comments on the proposed execution and delivery by the County of (1) an installment financing contract in a principal amount not to exceed \$14,500,000 (the "Contract"), the proceeds of which would be used to finance the acquisition, construction and equipping of an emergency services headquarters facility for the County (the "Project"), and (2) a deed of trust, security agreement and fixture filing (the "Deed of Trust") under which the County would grant a lien on the County's fee simple interest in the real property on which the Project will be located, together with the improvements thereon, as may be required for the benefit of the entity providing the funds to the County under the Contract.

BOARD ACTION REQUESTED:

After the close of the public hearing, staff requests that the Board consider adopting the proposed resolution which approves an installment financing contract and provides for certain other related matters.

Suggested Motion:

The Board of Commissioners adopts the proposed resolution which approves an installment financing contract and provides for certain other related matters.

EXTRACTS FROM MINUTES OF THE BOARD OF COMMISSIONERS

A regular meeting of the Board of Commissioners of the County of Henderson, North Carolina, was duly held on April 3, 2017 at 5:30 p.m. in the Commissioners' Meeting Room, Henderson County Historic Courthouse, 1 Historic Courthouse Square, Hendersonville, North Carolina. Chairman J. Michael Edney presiding.

The following members were present:

The following members were absent:

* * * * *

The County Manager of the County of Henderson, North Carolina (the "*County*") reported to the Board of Commissioners of the County (the "*Board*") that notice of a public hearing was published on March __, 2017, stating that the Board would hold a public hearing at 5:30 p.m. on April 3, 2017 to receive public comments on the proposed execution and delivery by the County of (1) an installment financing contract in a principal amount not to exceed \$14,500,000 (the "*Contract*"), the proceeds of which would be used to finance the acquisition, construction and equipping of an emergency services headquarters facility for the County (the "*Project*"), and (2) a deed of trust, security agreement and fixture filing (the "*Deed of Trust*") under which the County would grant a lien on the County's fee simple interest in the real property on which the Project will be located, together with the improvements thereon, as may be required for the benefit of the entity providing the funds to the County under the Contract.

The Chairman of the Board then announced that the Board would hear anyone who wished to be heard on the questions of the proposed Contract, the Deed of Trust and the Project to be financed thereby.

[No one spoke at the public hearing.]

Commissioner _____ moved that the public hearing be closed. The motion was unanimously adopted.

After the closing of the public hearing, Commissioner _____ moved that the following resolution, copies of which having been made available to the Board of Commissioners, be adopted, by reading the title thereof (further reading waived without objection):

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON,
NORTH CAROLINA, APPROVING AN INSTALLMENT FINANCING CONTRACT AND
PROVIDING FOR CERTAIN OTHER RELATED MATTERS**

WHEREAS, the County of Henderson, North Carolina (the “*County*”) is a political subdivision validly existing under the Constitution, statutes and laws of the State of North Carolina (the “*State*”);

WHEREAS, the County has the power, pursuant to the General Statutes of North Carolina, to (1) purchase real and personal property, (2) enter into installment purchase contracts to finance the purchase or improvement of real and personal property used, or to be used, for public purposes, and (3) grant a security interest in some or all of the property purchased or improved to secure repayment of the purchase price;

WHEREAS, the Board of Commissioners of the County (the “*Board*”) has previously determined that it is in the best interest of the County to enter into an Installment Financing Contract dated as of June 1, 2017 (the “*Contract*”) with the Henderson County Governmental Financing Corporation (the “*Corporation*”) in order to (1) finance the acquisition, construction and equipping of an emergency services headquarters facility for the County (the “*Project*”), and (2) pay certain costs incurred in connection with the execution and delivery of the Project;

WHEREAS, to secure its obligations under the Contract, the County will execute and deliver a Deed of Trust, Security Agreement and Fixture Filing dated as of June 1, 2017 (the “*Deed of Trust*”), granting a lien on the County’s fee simple interest in the real property on which the Project will be located, together with the improvements thereon;

WHEREAS, the Corporation will execute and deliver an aggregate principal amount not to exceed \$14,500,000 of its Limited Obligation Bonds (collectively, the “*Bonds*”), each evidencing proportionate undivided interests in rights to receive certain Revenues (as defined in the Contract) pursuant to the Contract;

WHEREAS, in connection with the sale of the Bonds to PNC Capital Markets LLC (the “*Underwriter*”), the Corporation will enter into a Contract of Purchase to be dated on or about June 15, 2017 (the “*Purchase Contract*”) between the Corporation and the Underwriter relating to the Bonds, and the County will execute a Letter of Representation to the Underwriter (the “*Letter of Representation*”);

WHEREAS, there have been described to the Board the forms of the following documents (collectively, the “*Instruments*”), copies of which have been made available to the Board, which the Board proposes to approve, enter into and deliver, as applicable, to effectuate the proposed installment financing:

- (1) the Contract;
- (2) the Deed of Trust;

(3) an Indenture of Trust dated as of June 1, 2017 (the “*Indenture*”) between the Corporation and U.S. Bank National Association, as trustee; and

(3) the Letter of Representation.

WHEREAS, to make an offering and sale of the Bonds, there will be prepared a Preliminary Official Statement with respect to the Bonds (the “*Preliminary Official Statement*”), a draft thereof having been presented to the Board, and a final Official Statement relating to the Preliminary Official Statement (together with the Preliminary Official Statement, the “*Official Statement*”), which Official Statement will contain certain information regarding the County;

WHEREAS, it appears that each of the Instruments and the Preliminary Official Statement is in an appropriate form and is an appropriate instrument for the purposes intended;

WHEREAS, the Board has conducted a public hearing on this date to receive public comment on the proposed Contract and the transactions contemplated thereby; and

WHEREAS, the County has filed an application to the LGC for approval of the Contract;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON, NORTH CAROLINA, AS FOLLOWS:

Section 1. ***Ratification of Instruments.*** All actions of the County, the Chairman of the Board (the “*Chairman*”), the Clerk to the Board (the “*Clerk*”), the County Manager, the Finance Director, the County Attorney and their respective designees, whether previously or hereinafter taken, in effectuating the proposed financing are hereby approved, ratified and authorized pursuant to and in accordance with the transactions contemplated by the Instruments.

Section 2. ***Authorization of the Official Statement.*** The form, terms and content of the Preliminary Official Statement are in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement and of the final Official Statement by the Underwriter in connection with the sale of the Bonds is hereby in all respects authorized, approved and confirmed. The Chairman, the County Manager and the Finance Director are each hereby authorized and directed, individually and collectively, to deliver, on behalf of the County, the Official Statement in substantially such form, with such changes, insertions and omissions as each may approve.

Section 3. ***Authorization to Execute the Contract.*** The County approves the financing of the Project in accordance with the terms of the Contract, which will be a valid, legal and binding obligation of the County in accordance with its terms. The form and content of the Contract are hereby in all respects authorized, approved and confirmed, and the Chairman, the Clerk, the County Manager and the Finance Director and their respective designees are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Contract, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as they may deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the County’s approval of any and all changes, modifications, additions or deletions therein from the form and content of the Contract presented to the Board. From and after the execution and delivery of the Contract, the Chairman, the Clerk, the County Manager and the Finance Director are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Contract as executed.

Section 4. **Authorization to Execute the Deed of Trust.** The County approves the form and content of the Deed of Trust, and the Deed of Trust is in all respects authorized, approved and confirmed. The Chairman, the Clerk, the County Manager, the Finance Director and their respective designees are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Deed of Trust, including necessary counterparts, in substantially the form and content of the Deed of Trust presented to the Board, but with such changes, modifications, additions or deletions therein as they may deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the County's approval of any and all changes, modifications, additions or deletions therein from the form and content of the Deed of Trust presented to the Board. From and after the execution and delivery of the Deed of Trust, the Chairman, the Clerk, the County Manager and the Finance Director are hereby authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Deed of Trust as executed.

Section 5. **Letter of Representation.** The form and content of the Purchase Contract are hereby approved in all respects, and the County Manager or the Finance Director is authorized to execute the Letter of Representation for the purposes stated therein.

Section 6. **County Representative.** The Chairman, the County Manager and the Finance Director are hereby designated as the County's Representative to act on behalf of the County in connection with the transactions contemplated by the Instruments and the Preliminary Official Statement, and the Chairman, the County Manager and the Finance Director are authorized, individually and collectively, to proceed with the transactions contemplated by the Contract in accordance with the Instruments and to seek opinions as a matter of law from the County Attorney, which the County Attorney is authorized to furnish on behalf of the County, and opinions of law from such other attorneys for all documents contemplated by this Resolution as required by law. The County's representatives or designees are in all respects authorized on behalf of the County to supply all information pertaining to the County for use in the Official Statement and the transactions contemplated by the Instruments or the Preliminary Official Statement. The County's representatives or their respective designees are hereby authorized, empowered and directed, individually and collectively, to do any and all other acts and to execute any and all other documents which they, in their discretion, deem necessary or appropriate to consummate the transactions contemplated by the Instruments or the Preliminary Official Statement or as they deem necessary or appropriate to implement and carry out the intent and purposes of this Resolution. Without limiting the foregoing, the Finance Director is hereby authorized and directed to select one or more financial institutions to serve as an additional Underwriter for the Bonds if the Finance Director determines, in his discretion, that such an appointment is necessary or appropriate to implement and carry out the intent and purposes of this Resolution.

Section 7. **Severability.** If any section, phrase or provision of this Resolution is for any reason declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions of this Resolution.

Section 8. **Repealer.** All motions, orders, resolutions and parts thereof, in conflict herewith are hereby repealed.

Section 9. **Effective Date.** This Resolution is effective on the date of its adoption.

On motion of Commissioner _____, the foregoing resolution entitled "RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON, NORTH CAROLINA, APPROVING AN INSTALLMENT FINANCING CONTRACT AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS" was duly adopted by the following vote:

AYES:

NAYS:

STATE OF NORTH CAROLINA)
)
COUNTY OF HENDERSON) SS:

I, TERESA WILSON, Clerk to the Board of Commissioners of the County of Henderson, North Carolina, *DO HEREBY CERTIFY* that the foregoing is a true and exact copy of a resolution entitled **“RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON, NORTH CAROLINA, APPROVING AN INSTALLMENT FINANCING CONTRACT AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS”** adopted by the Board of Commissioners of the County of Henderson, North Carolina at a meeting held on the 3rd day of April, 2017.

WITNESS my hand and the corporate seal of the County of Henderson, North Carolina, this the _____ day of April, 2017.

(SEAL)

Teresa Wilson
Clerk to the Board of Commissioners
County of Henderson, North Carolina



INSTALLMENT FINANCING CONTRACT

between

HENDERSON COUNTY GOVERNMENTAL FINANCING CORPORATION

and

COUNTY OF HENDERSON, NORTH CAROLINA

Dated as of
June 1, 2017

INSTALLMENT FINANCING CONTRACT

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INSTALLMENT PAYMENT SCHEDULE – 2017A BONDS PS-1

EXHIBIT A FORM OF REQUISITION..... A-1

INSTALLMENT FINANCING CONTRACT

THIS INSTALLMENT FINANCING CONTRACT, dated as of June 1, 2017 (this "Contract"), is between **HENDERSON COUNTY GOVERNMENTAL FINANCING CORPORATION** (the "Corporation"), a nonprofit corporation duly created, existing and in good standing under the laws of the State of North Carolina (the "State"), and the **COUNTY OF HENDERSON, NORTH CAROLINA** (the "County"), a political subdivision validly existing under the Constitution, statutes and laws of the State.

WITNESSETH:

WHEREAS, the County is a duly created and validly existing political subdivision, organized under and by virtue of the Constitution and laws of the State;

WHEREAS, the County has the power, pursuant to Section 160A-20 of the General Statutes of North Carolina, to enter into installment contracts to finance the purchase of real or personal property;

WHEREAS, the Board of Commissioners of the County (the "Board") has determined that it is in the best interest of the County (1) to finance the acquisition, construction and equipping of the Project (as defined below) and (2) to pay the costs related to the execution and delivery of this Contract;

WHEREAS, to obtain funds to finance the Project, the County has entered into this Contract with the Corporation under which it will make Installment Payments and Additional Payments (as each such term is defined below) in consideration thereof;

WHEREAS, pursuant to an Indenture of Trust dated as of June 1, 2017 (the "Indenture") between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), there will be executed and delivered Limited Obligation Bonds (County of Henderson, North Carolina), Series 2017A (the "2017A Bonds"), evidencing proportionate undivided interests in rights to receive certain Revenues (as defined below) under this Contract;

WHEREAS, pursuant to the Indenture, the Corporation has assigned the Trust Estate (as defined in the Indenture) to the Trustee;

WHEREAS, the 2017A Bonds evidence proportionate undivided interests in the rights to receive certain Revenues and shall be payable solely from the sources provided in the Indenture;

WHEREAS, the Board duly adopted a resolution on April 3, 2017 authorizing, approving and directing the County's execution, delivery and performance of this Contract;

WHEREAS, the Corporation has taken all necessary and appropriate action to authorize, approve and direct the Corporation's execution, delivery and performance of this Contract and its assignment to the Trustee, pursuant to the Indenture, of the Trust Estate;

WHEREAS, the County's obligation to make Installment Payments and Additional Payments shall not constitute a general obligation or other indebtedness of the County within the meaning of the Constitution of the State 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;

WHEREAS, to secure further its obligation hereunder, the County has executed and delivered a Deed of Trust, Security Agreement and Fixture Filing dated as of June 1, 2017 (the "Deed of Trust") to the deed of trust trustee named therein for the benefit of the Corporation and its assignee; and

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

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS**

All words and phrases defined in Article I of the Indenture have the same meaning in this Contract. In addition, 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 Trustee and the Corporation, any expenses of the Corporation in defending an action or proceeding in connection with this Contract or the Indenture and any taxes or any other expenses, including, but not limited to, licenses, permits, state and local income, sales and use or ownership taxes or property taxes which the County or the Corporation is expressly required to pay as a result of this Contract (together with interest that may accrue thereon if the County fails to pay the same).

“Code” means the Internal Revenue Code of 1986, as amended, including regulations promulgated thereunder.

“Corporation” means Henderson County Governmental Financing Corporation or any successor thereto.

“County” means the County of Henderson, North Carolina or any successor to its functions.

“County Representative” means (1) the Finance Director or the person or persons at the time designated to act on behalf of the County for the purpose of performing any act under this Contract by a written certificate furnished to the Trustee and the Corporation containing the specimen signatures of such person or persons and signed on behalf of the County by the County Manager and the Finance Director of the County, or (2) if any or all of the County’s rights and obligations are assigned hereunder, 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.

“Deed of Trust” means the Deed of Trust, Security Agreement and Fixture Filing dated as of June 1, 2017 from the County to the deed of trust trustee named therein for the benefit of the Corporation or its assignees, all of the terms, definitions, conditions and covenants of which are incorporated herein by reference and are made a part of this Contract as if fully set forth herein.

“Fiscal Year” means a twelve-month period commencing on the first day of July of any year and ending on the 30th day of June of the succeeding year, or such other twelve-month period which may subsequently be adopted as the Fiscal Year of the County.

“Indenture” means an Indenture of Trust dated as of June 1, 2017 between the Corporation and the Trustee, as amended or supplemented from time to time, pursuant to which the Bonds are executed and delivered.

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

“Mortgaged Property” means any property subject to the lien and security interest created by the Deed of Trust, as more particularly described therein, which includes, initially, the real property on which the Project is located and any improvements thereon.

“Net Proceeds” means, when used with respect to any (1) proceeds from policies of insurance which are payable to the Corporation or the Trustee, (2) proceeds from any payment and performance bond maintained pursuant to Section 4.11, (3) proceeds of any condemnation award arising out of the condemnation of all or any portion of the Mortgaged Property or (4) proceeds from any sale or lease of the Mortgaged Property pursuant to the Deed of Trust or otherwise subsequent to an Event of Default, 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.

“Payment Schedule” means the document attached hereto and incorporated herein by reference, which sets forth the County’s Installment Payments.

“Project” means (1) initially, the acquisition, construction and equipping of an emergency services headquarters facility in the County, or (2) subsequently, as such term may be amended in connection with the execution and delivery of Additional Bonds.

“Purchase Price” means the amount of \$_____ advanced by the Corporation to enable the County to finance the Project, as such price may be adjusted in connection with the execution and delivery of Additional Bonds under Section 2.11 of the Indenture.

“Revenues” means (1) all Net Proceeds not applied to the replacement of the Project; (2) all Installment Payments; and (3) all investment income on all funds and accounts created under the Indenture (other than the Rebate Fund).

“State” means the State of North Carolina.

[END OF ARTICLE I]

**ARTICLE II
ADVANCE OF PURCHASE PRICE**

The Corporation hereby makes an advance to the County of the Purchase Price, and the County hereby accepts from the Corporation the Purchase Price to be applied in accordance with the terms and conditions of this Contract. The County will use the proceeds of the Purchase Price to finance the Project and to pay certain costs incurred in connection with the execution and delivery of the 2017A Bonds.

[END OF ARTICLE II]

**ARTICLE III
INSTALLMENT PAYMENTS; ADDITIONAL
PAYMENTS; SECURITY**

Section 3.1 *Amounts and Times of Installment Payments and Additional Payments.* As consideration for the Corporation's advance of the Purchase Price to the County, the County shall repay to the Trustee, as assignee of the Corporation under the Indenture, the Purchase Price in installments with interest as provided in this Contract and the Payment Schedule attached hereto (each an "*Installment Payment*"). Each installment shall be deemed to be an Installment Payment and shall be paid in the amounts and at the times set forth on the Payment Schedule except as provided herein. There shall be credited against the amount of Installment Payments otherwise payable hereunder amounts equal to (1) earnings derived from the investment of the Bond Fund and the Prepayment Fund and (2) any other money not constituting Installment Payments required to be deposited in the Bond Fund. Installment Payments shall be sufficient in the aggregate to repay the Purchase Price together with interest thereon. As further consideration for the Corporation's advance of the Purchase Price to the County, the County shall also pay the Additional Payments, as required herein, on a timely basis directly to the person or entity to which such Additional Payments are owed.

Section 3.2 *Place of Payments.* The County shall make all payments required to be made to the Corporation hereunder to the Trustee at its designated office in immediately available funds or as may be otherwise directed in writing by the Trustee.

Section 3.3 *Late Charges.* To the extent permitted by law, if the County fails to pay any Installment Payment or any other sum required to be paid to the Trustee following the due date thereof, the County shall pay a late payment charge equal to the amount of the delinquency times a per diem rate calculated at the rate(s) borne by each respective Bond.

Section 3.4 *No Abatement.* Subject to Article XIV, 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 said Installment Payments or Additional Payments, any defense, recoupment, setoff, counterclaims or any claim (real or imaginary) arising out of or related to 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 that the Installment Payments shall be made in all events unless the obligation to make such Installment Payments is terminated as otherwise provided herein.

Section 3.5 *Prepayment of Purchase Price.* If the County has performed all of its obligations under this Contract, then it shall have the option to prepay the Purchase Price on or after _____, 20__ or provide for prepayment of the Purchase Price on any date, in full or in part in the amount of \$5,000 or any integral multiple thereof on 45 days' notice to the Trustee, at a prepayment price equal to the then applicable prepayment price of the 2017A Bonds, including any required

prepayment premium under Section 4.1 of the Indenture, plus accrued interest to the prepayment date. If the Purchase Price is partially prepaid, then the Trustee shall recalculate the Payment Schedule as necessary in the manner required by Section 3.7 of the Indenture.

[END OF ARTICLE III]

ARTICLE IV ACQUISITION AND CONSTRUCTION

Section 4.1 Acquisition and Construction Fund. As provided in Section 3.1 of the Indenture, the Corporation has caused \$_____ to be deposited in the Acquisition and Construction Fund.

Section 4.2 Disbursements. The Trustee shall disburse money held to the credit of the Acquisition and Construction Fund in payment of the Cost of Acquisition and Construction on receipt of written requisition from the County Representative substantially in the form set forth in Exhibit A, attached hereto. The Trustee has no duty or obligation that such requested disbursements constitute a permissible Cost of Acquisition and Construction.

Section 4.3 Termination. The Trustee shall terminate the Acquisition and Construction Fund at the earlier of (a) the final distribution of money held in the Acquisition and Construction Fund or (b) the termination of this Contract.

Section 4.4 Reliance of Trustee on Documents. The Trustee may act in reliance on any writing or instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. The Trustee is not liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument nor as to the identity, authority, or right of any person executing the same; and its duties hereunder are limited to the receipt of such money, instruments or other documents received by it as the Trustee, and for the disposition of the same in accordance herewith.

Section 4.5 Discretion of the Trustee to File Civil Action in the Event of Dispute. If the County and the Trustee disagree about the interpretation of this Contract, or about the rights and obligations, or the propriety of any action contemplated by the Trustee hereunder, the Trustee may, but is not required to, file an appropriate civil action in the State to resolve the disagreement. The Trustee will be indemnified, to the extent permitted by applicable law and subject to Article XIV, for all costs, including reasonable attorneys' fees, in connection with such civil action and shall be fully protected in suspending all or part of its activities under this Contract until a final judgment in such action is received.

Section 4.6 Consultation with Counsel. The Trustee may consult with qualified counsel of its own choice and has full and complete authorization and protection to rely on the opinion of such counsel. The Trustee is otherwise not liable for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its negligence or misconduct.

Section 4.7 Compensation of Trustee. The County shall pay to the Trustee reasonable compensation for all services performed by the Trustee hereunder and under the Indenture and also for all reasonable expenses, charges and other disbursements and those of the Trustee's attorneys, agents and employees incurred in and about the administration and execution of the Indenture and the performance of the Trustee's powers and duties hereunder and under the Indenture, as an Additional Payment.

Section 4.8 Construction. The County shall comply with the provisions of Article 8 of Chapter 143 of the General Statutes of North Carolina and enter into construction contracts in accordance with Section 143-128.1 of the General Statutes of North Carolina. The County shall cause the Project to be carried on expeditiously in accordance with the plans and specifications therefor, all applicable ordinances and statutes, and in accordance with the requirements of all regularly constituted authorities having jurisdiction over same. The County shall ensure that (a) the Project does not encroach on nor overhang any easement or right of way and (b) the portions of the Project, when erected, will be wholly within the site of the Project and building restriction lines, however established, and will not violate applicable use or other restrictions contained in prior conveyances or applicable protective covenants or restrictions. The County shall cause all utility lines, septic systems and streets serving the Project to be completed in accordance with health department standards and other applicable regulations of any governmental agency having jurisdiction. The County will promptly correct or cause to be corrected any structural defect in the improvements or any departure from the plans and specifications.

Section 4.9 Right of Entry and Inspection. The Corporation, the Trustee and their representatives and agents have the right to enter on the property on which the Project is located and inspect the Project from time to time, during and after acquisition, construction and equipping, and the County shall cause the construction manager at risk or any first-tier subcontractor to cooperate with the Corporation, the Trustee and their representatives and agents during such inspections. No right of inspection or approval contained herein imposes on the Corporation or the Trustee any duty or obligation whatsoever to undertake any inspection or to give any approval.

Section 4.10 Completion of Construction. The County shall proceed with reasonable diligence to complete the Project in a timely manner. On completion of the acquisition, construction and equipping of the Project, a County Representative shall deliver to the Trustee (a) a certificate of a County Representative stating the fact and date of such completion and stating that all of the Cost of Acquisition and Construction has been determined and paid (or that all of such Cost has been paid less specified claims which are subject to dispute and for which a retention in the Acquisition and Construction Fund is to be maintained in the full amount of such claims until such dispute is resolved) (the “*Completion Certificate*”), and (b) a certificate of a County Representative that the insurance requirement under Section 5.10 hereof have been met. If, on the basis of the Completion Certificate, the accounting of the Acquisition and Construction Fund by the Trustee shows that money in the Acquisition and Construction Fund will remain unexpended for the Cost of Acquisition and Construction, then the County shall direct the Trustee in writing either (1) to move such unexpended funds to another account within the Acquisition and Construction Fund or (2) to transfer such unexpended funds to the Bond Fund to be applied in accordance with Section 3.5 of the Indenture as a credit against the Installment Payments in the order in which they are due.

Section 4.11 Payment and Performance Bonds. Each contractor, or the construction manager at risk or any first-tier subcontractor entering into a construction contract with the construction manager at risk, related to the Project is required to furnish to the County a performance bond and a separate labor and material payment bond as required by North Carolina General Statutes, Article 3, Chapter 44A. In lieu of furnishing a performance bond and a separate labor and material payment bond, each contractor, or the construction manager at risk or any first-tier subcontractor entering into a construction contract with the construction manager at risk, may furnish to the County collateral in an amount of its construction contract securing the County. The Trustee has no duty or obligation to determine the sufficiency of any such insurance or collateral.

In the event of any material default by a contractor, or the construction manager at risk or any first-tier subcontractor entering into a construction contract with the construction manager at risk, under any construction contract, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the County shall promptly proceed, either separately or in conjunction with

others, to pursue diligently its remedies against such contractor and/or against each surety of any bond securing the performance of the construction contract. The Net Proceeds of any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, remaining after deduction of expenses incurred in such recovery (including, without limitation, attorneys' fees and costs), and after reimbursement to the County of any amounts theretofore paid by the County and not previously reimbursed to the County for correcting or remedying the default or breach of warranty which gave rise to the proceedings against the contractor or surety, shall be paid to the Trustee for deposit into the Acquisition and Construction Fund if received before the Completion Date therefor or if received thereafter, shall be deposited as otherwise provided in Section 7.2 or otherwise applied as provided in Section 7.3. The Net Proceeds of any performance or payment bond or insurance policy required by this Section shall likewise be paid into the Acquisition and Construction Fund, if received before the Completion Date, or, if received thereafter, shall either be deposited as provided in Section 7.2 or otherwise applied as provided in Section 7.3.

Section 4.12 Contractor's General Public Liability and Property Damage Insurance. Each contractor, or the construction manager at risk or any first-tier subcontractor entering into a construction contract with the construction manager at risk, entering into a construction contract related to the Project is required by the County to procure and maintain standard form (a) comprehensive general public liability and property damage insurance, at its own cost and expense, during the duration of such contractor's construction contract, in the amount of at least \$1,000,000 bodily injury and property damage liability combined single limit each occurrence/annual aggregate, and (b) comprehensive automobile liability insurance on owned, hired and non-owned vehicles for limits not less than \$1,000,000 each accident bodily injury and property damage liability. Such policies must include the County, the Corporation and the Trustee as additional named insureds, and shall include a provision prohibiting cancellation or termination without 30 days' prior notice by certified mail to the County and the Trustee. A certificate evidencing such coverage shall be provided to the County or, if such insurance is provided by a private carrier, a completed certificate of insurance, in form acceptable to the County shall be provided to the County with respect to each contractor entering into a construction contract or, in the case of a construction manager at risk, the construction manager at risk or any first-tier subcontractor entering into a construction contract with the construction manager at risk. Such insurance shall provide protection from all claims for bodily injury, including death, property damage and contractual liability, products/completed operations, broad form property damage and XCU (explosion, collapse and underground property damage), where applicable. The Trustee has no duty or obligation to monitor ongoing compliance with the requirements of this Section 4.12.

Section 4.13 Contractor's Builder's Risk Completed Value Insurance. The County will procure and maintain, or will require each contractor, or the construction manager at risk or any first-tier subcontractor entering into a construction contract with the construction manager at risk, entering into a construction contract related to the Project to procure and maintain property insurance (builder's risk) on all acquisition, construction and equipping related to the Project (excluding contractor's tools and equipment) at the Project at the full and insurable value thereof. This insurance will include the interest of the County, the Trustee and the contractor as additional insureds; and shall insure against "all risk" subject to standard policy conditions and exclusions. Each contractor, or the construction manager at risk or any first-tier subcontractor entering into a construction contract with the construction manager at risk, shall purchase and maintain similar property insurance for portions of the work stored off the site on which the Project is located or in transit when such portions of the work are to be included in an application for payment. Each contractor, or the construction manager at risk or any first-tier subcontractor entering into a construction contract with the construction manager at risk, is responsible for the payment of any deductible amounts associated with this insurance. The Trustee has no duty or obligation to monitor ongoing compliance with the requirements of this Section 4.13.

Section 4.14 Contractor's Worker's Compensation Insurance. Each contractor, or the construction manager at risk or any first-tier subcontractor entering into a construction contract with the construction manager at risk, entering into a construction contract related to the Project is required to procure and maintain, at its own cost and expense, worker's compensation insurance during the term of its construction contract, covering its employees working thereunder. Such insurance, if issued by a private carrier, must contain a provision prohibiting cancellation or termination without 30 days' prior notice by certified mail to the County, the Corporation and the Trustee. A certificate evidencing such coverage shall be provided to the County and the Corporation or, if such insurance is provided by a private carrier, then a completed certificate of insurance, in form acceptable to the County and the Corporation shall be provided to the County and the Corporation with respect to each contractor entering into a construction contract or, in the case of a construction manager at risk, to the construction manager at risk or any first-tier subcontractor entering into a construction contract with the construction manager at risk. The Trustee has no duty or obligation to monitor ongoing compliance with the requirements of this Section 4.14.

[END OF ARTICLE IV]

ARTICLE V RESPONSIBILITIES OF THE COUNTY

Section 5.1 Care and Use. Subject to the provisions of applicable law and Article XIV, the County shall use the Mortgaged Property 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 Mortgaged Property so as to keep the Mortgaged Property in good condition, repair, appearance and working order for the purposes intended, ordinary wear and tear excepted. The County shall replace any part of the Mortgaged Property as may from time to time become worn out, unfit for use, lost, stolen, destroyed or damaged. Any and all additions to or replacements of the Mortgaged Property and all parts thereof shall constitute accessions to the Mortgaged Property and shall be subject to all the terms and conditions of this Contract and included in the term "*Mortgaged Property*" and as used in this Contract.

Section 5.2 Inspection. The Trustee, or its agent or representative, has the right on reasonable prior notice to the County, and subject to the reasonable direction and supervision of the County, to enter into and inspect the Mortgaged Property and observe their use during normal business hours.

Section 5.3 Utilities. The County shall pay all charges for gas, water, steam, electricity, light, heat or power, telephone or other utility services furnished to or used on or in connection with the Mortgaged Property. There shall be no abatement of the Installment Payments on account of interruption of any such services.

Section 5.4 Taxes.

(a) The County shall pay when due any and all taxes relating to the Mortgaged Property and the County's obligations hereunder 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 utility charges of any type imposed on the ownership, possession or use of the Mortgaged Property by any governmental body or agency, together with any interest and penalties, other than taxes on or measured by the net income of the Corporation; *provided*, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County is obligated to pay only such installments as are required to be paid as and when the same become due.

(b) The County may, at its expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom; *provided* that before such nonpayment it furnishes the Trustee with an opinion of counsel to the effect that, by nonpayment of any such items, the security interest held by the Trustee in the Mortgaged Property will not be materially endangered and the Mortgaged Property will not be subject to loss or forfeiture. Otherwise, the County shall promptly pay such taxes, assessments or charges or make provisions for the payment thereof.

Section 5.5 Title Insurance. The County agrees to obtain, at its own cost and expense, a policy of title insurance, in form satisfactory to the Corporation, at the time of and dated as of the date of execution and delivery of this Contract, payable to the Trustee, as its interest may appear, insuring fee title of the County to the Mortgaged Property.

Section 5.6 Survey. The County shall provide a foundation survey covering the Mortgaged Property such that the policy of title insurance delivered under Section 5.5 will insure matters of survey to and including the date of such survey.

Section 5.7 Risk of Loss. The County shall bear all risk (a) of loss or damage to the Mortgaged Property and (b) of the condemnation of any of the Mortgaged Property or any portion thereof.

Section 5.8 Performance by the Trustee of the County's Responsibilities. Any performance required of the County or any payments required to be made by the County may, but are not required to, if not timely performed or paid, be performed or paid by the Trustee, and, in that event, the Trustee shall be immediately reimbursed by the County for these payments or other performance by the Trustee, with interest thereon at a rate equal to the prime rate of the Trustee at the time the payment is made and as adjusted from time to time thereafter until so reimbursed.

Section 5.9 Financial Statements. If such information is not otherwise publicly available, the County agrees that it will furnish to the Trustee, upon request, current financial statements (including, without limitation, the County's annual budget as submitted or approved) and further agrees that it will permit the Trustee or its respective agent and representative to inspect the County's books and records and make extracts therefrom. The County represents and warrants to the Trustee that (a) all financial statements which have been or may be delivered or otherwise made available to the Trustee do and will fairly and accurately reflect the County's financial condition and (b) there has been no material adverse change, as of the date of execution of this Agreement, in the County's financial condition from the condition as reflected in the financial statements for the Fiscal Year ended June 30, 2016. The Trustee will hold any such financial statement it receives pursuant to this Section solely as a repository on behalf of the holders of the Bonds. The County further agrees that it will furnish a copy of its most recent audited financial statements to any Owner of the Bonds on written request therefor.

Section 5.10 Property Insurance. The County shall continually maintain or cause to be maintained insurance to the full insurable value of the Mortgaged Property against loss by fire, wind damage, hazards customarily included in the term "extended coverage" with responsible and reputable insurance companies and shall promptly pay all premiums therefor when due. All insurance policies and renewals thereof shall name the Corporation and the Trustee as parties insured thereunder, as the respective interests of each of such parties may appear, and have attached thereto a mortgagee long form loss payable clause in favor of the Trustee, and provide that no such policy can lapse or be canceled, substantially modified or terminated without at least 30 days prior notice to the Trustee and that any loss payable thereunder shall be made payable and shall be applied as provided in Article VII. In the event of loss, the County shall give immediate notice by mail to the Trustee, who may, but shall not be obligated

to, make proof of loss. In the event of a foreclosure of the Deed of Trust or other transfer of title to the Mortgaged Property, all right, title and interest of the County in any insurance policies then in force shall pass to the Trustee. Additionally, during the term of this Contract, the County shall continually maintain standard liability insurance as is customarily maintained by like entities with respect to facilities similar to the Mortgaged Property.

The County may provide for and maintain the insurance required under this Contract partially or wholly by means of an adequate risk retention fund. Reserves for a risk retention fund shall be determined by using actuarial principles. Any risk retention fund shall be reviewed annually by the County's risk manager or an independent insurance consultant or actuarial consultant. The Trustee has no duty or obligation to determine adequacy of any risk retention fund.

[END OF ARTICLE V]

ARTICLE VI TITLE; LIENS

Section 6.1 Title. Title to the Mortgaged Property and any and all additions, repairs, replacements or modifications thereto shall be in the County from and after the date of execution and delivery of this Contract. The County shall own the Mortgaged Property free and clear of any lien or security interest created by this Contract and the Deed of Trust, as applicable, on the repayment in full of the Purchase Price and the payment of all other amounts due hereunder. The County shall deliver to the Trustee the Deed of Trust simultaneously with the execution and delivery of this Contract and shall cause the Deed of Trust to be recorded in the Henderson County Registry. On payment in full of all of the County's obligations hereunder, including the Purchase Price and all other payments due hereunder, the Corporation or its assignee, at the County's expense and request, shall discharge the Indenture and release the lien on the Deed of Trust, at which time this Contract will terminate.

Section 6.2 Liens. The County shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, security interest, encumbrance or claim on or with respect to Mortgaged Property or any interest therein, except for (1) the lien and security interest of the Corporation and the Trustee therein; (2) utility, access and other easements and rights of way, restrictions and exceptions which do not interfere with or impair the intended use of the Mortgaged Property; (3) any lease permitted by Section 13.1 of this Contract; and (4) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Mortgaged Property and as do not materially impair title to the Mortgaged Property. The County shall promptly, at its own expense, take such action as may be necessary duly to 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 Corporation for any expense incurred by it to discharge or remove any such mortgage, pledge, lien, security interest, charge, encumbrance or claim.

[END OF ARTICLE VI]

ARTICLE VII DAMAGE, DESTRUCTION AND LOSS OR THEFT OF MORTGAGED PROPERTY; NET PROCEEDS

Section 7.1 Damage, Destruction or Condemnation. If, during the term hereof, (1) any portion of the Mortgaged Property is destroyed or damaged by fire or other casualty; (2) title to or the

temporary or permanent use of any portion of the Mortgaged Property or the estate of the County or the Corporation or its assignee in any portion of the Mortgaged Property is taken under the power of eminent domain by any governmental authority; (3) a material defect in construction of any portion of the Mortgaged Property becomes apparent; or (4) title to or the use of any portion of the Mortgaged Property is lost by reason of a defect in title thereto, then the County continues to be obligated, subject to the provisions of Section 7.2, to pay the amounts specified in Section 3.1 at the respective times required.

Section 7.2 Obligation of the County to Repair and Replace the Mortgaged Property.

Subject to the provisions of Section 7.3, the Trustee shall cause the Net Proceeds of any insurance policies, performance or payment bonds, if any, condemnation awards or Net Proceeds made available by reason of any occurrence described in Section 7.1, to be deposited in a separate fund held by the Trustee. Except as set forth in Section 7.3, all Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Mortgaged Property on receipt of requisitions approved by a County Representative stating with respect to each payment to be made: (a) the requisition number; (b) the name and address of the person, firm or corporation to whom payment is due; (c) the amount to be paid; and (d) that each obligation mentioned therein has been properly incurred, is a proper charge against such separate fund, and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee shall cooperate with the County in the administration of such separate fund. If the Net Proceeds (plus any amount withheld therefrom by reason of any deductible clause) are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Mortgaged Property, the County may complete the work and pay any cost in excess of the amount of the Net Proceeds, and the County agrees that, if by reason of any such insufficiency of the Net Proceeds, the County shall make any payments pursuant to the provisions of this Section 7.2, the County is not entitled to any reimbursement therefor from the Corporation, the Trustee or the Owners nor is the County entitled to any diminution of the amounts payable under Section 3.1. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds shall be the property of the County, subject to the Deed of Trust to the extent it relates to the Mortgaged Property, and shall be included as part of the Mortgaged Property under this Contract.

Section 7.3 Discharge of the Obligation of the County to Repair the Mortgaged Property.

On the occurrence of an event described in Section 7.1 with respect to the Mortgaged Property, the County may elect not to repair, restore, improve or replace the affected portion of the Mortgaged Property if (1) the Net Proceeds are less than \$500,000 and (2) a County Representative certifies to the Corporation that such Net Proceeds are not necessary to restore the affected portion of the Mortgaged Property to its intended use. In such event, the County shall direct the Trustee to deposit such Net Proceeds in the Bond Fund to be applied toward the next payment of principal and interest with respect to the Bonds.

Within 90 days of the occurrence of an event specified in Section 7.1, the County shall commence the repair, restoration, modification, improvement or replacement of the Mortgaged Property, or shall elect, by written notice to the Trustee, to proceed under the provisions of the immediately preceding paragraph. For purposes of this Section, "commence" shall include the retention of an architect or engineer in anticipation of repair, restoration, modification, improvement or replacement of the Mortgaged Property.

Section 7.4 Cooperation of the Corporation. The Corporation shall cooperate fully with the County and the Trustee in filing any proof of loss with respect to any insurance policy covering the events described in Section 7.1, and hereby assigns to the Trustee any interest it may have in such policies or rights of action for such purposes. In no event shall the Corporation or the County voluntarily settle, or consent to the settlement of, any proceeding arising out of any such insurance claim with respect to the Mortgaged Property without the written consent of the other.

[END OF ARTICLE VII]

**ARTICLE VIII
REPRESENTATIONS, WARRANTIES AND COVENANTS OF
THE COUNTY AND THE CORPORATION**

Section 8.1 Representations, Warranties and Covenants of the County. The County warrants and represents to the Corporation and to the Trustee for the benefit of the Owners (all such representations and warranties being continuing) that:

(a) The County is a duly organized and validly existing political subdivision of the State and has all powers necessary to enter into the transactions contemplated by this Contract and the Deed of Trust and to carry out its obligations hereunder;

(b) The County agrees that during the term of this Contract it will take no action that would adversely affect its existence as a political subdivision in good standing in the State, cause the County to be consolidated with or merge into another political subdivision of the State or permit one or more other political subdivisions of the State to consolidate with or merge into it, unless the political subdivision of the State created thereby expressly assumes in writing the County's obligations hereunder;

(c) This Contract, the Deed of Trust and all other documents relating hereto and the performance of the County's obligations hereunder and thereunder have been or will be duly and validly authorized, executed and delivered by the County and approved under all laws, regulations and procedures applicable to the County and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid, legal and binding obligations of the County, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and such principles of equity as a court having jurisdiction may impose;

(d) No approval or consent is required from any governmental authority with respect to the entering into or performance by the County of this Contract, the Deed of Trust and all other documents related thereto and the transactions contemplated hereby and thereby or if such approvals are required, they will be duly obtained;

(e) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or, to the best of the County's knowledge, threatened, against or affecting the County challenging the validity or enforceability of this Contract, the Deed of Trust or any other documents relating hereto and the performance of the County's obligations hereunder and thereunder, and compliance with the provisions hereof or thereof, under the circumstances contemplated hereby or thereby, does not and will not in any material respect conflict with, constitute on the part of the County a breach of or default under, or result in the creation of a lien or

other encumbrance on any property of the County (except as contemplated herein or therein) pursuant to any agreement or other instrument to which the County is a party, or any existing law, regulation, court order or consent decree to which the County is subject;

(f) Neither the execution and delivery of this Contract or the Deed of Trust or the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions hereof or thereof conflicts with or results in a breach of the terms, conditions, or provisions of any 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, nor conflicts with or results in a violation of any provision of applicable law or regulation governing the County and no representation, covenant and warranty herein is false, misleading or erroneous in any material respect;

(g) The County vested with fee simple title to the Mortgaged Property free and clear of any liens or encumbrances other than the lien created by the Deed of Trust and the other liens permitted hereby and thereby;

(h) The resolutions relating to the performance by the County of this Contract, the Deed of Trust and the transactions contemplated hereby and thereby, have been duly adopted, are in full force and effect, and have not been in any respect modified, revoked or rescinded;

(i) The Project is essential to the proper, efficient and economical operation of the County and the delivery of its services, and the Project provides an essential use and permits the County to carry out public functions that it is authorized by law to perform;

(j) The County reasonably believes funds will be available to satisfy all of its obligations hereunder;

(k) The County shall (1) cause its Budget Officer, as statutorily defined, to include the Installment Payments and the reasonably estimated Additional Payments coming due in each Fiscal Year in the corresponding annual budget request, (2) require that the deletion of such funds from the County's final budget or any amended budget be made only pursuant to an express resolution of the Board which explains the reason for such action and (3) deliver notice to the Trustee, S&P, Moody's and the LGC within five days after the adoption by the Board of the resolution described in clause (2) above. Nothing contained in this paragraph (k) obligates the County to appropriate money contained in the proposed budget for the payment of Installment Payments and reasonably estimated Additional Payments coming due under this Contract;

(l) Money appropriated by the County to make Installment Payments in any Fiscal Year shall be used for no other purpose;

(m) The County agrees, in accordance with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(1) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2017, the audited financial statements of the County for the preceding Fiscal Year, if available, prepared in

accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the County for such Fiscal Year to be replaced subsequently by audited financial statements of the County to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2017, (a) the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the captions “**THE COUNTY - Debt Information**” and “**- Tax Information**” (including subheadings thereunder) in Appendix A to the Official Statement dated June 15, 2017 with respect to the 2017A Bonds (excluding, in each case, any information on overlapping or underlying units) and (b) the combined budget of the County for the current Fiscal Year, to the extent such items are not included in the audited financial statements referred to in paragraph (1) above;

(3) in a timely manner not in excess of 10 Business Days after the occurrence of the event, notice of any of the following events with respect to the 2017A Bonds:

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults, if material;
- (C) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (E) substitution of any credit or liquidity providers, or their failure to perform;
- (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2017A Bonds or other material events affecting the tax status of the 2017A Bonds;
- (G) modification of the rights of the Beneficial Owners of the 2017A Bonds, if material;
- (H) call of any of the 2017A Bonds, if material, and tender offers;
- (I) defeasance of any of the 2017A Bonds;
- (J) release, substitution or sale of any property securing repayment of the 2017A Bonds, if material;

(K) rating changes;

(L) bankruptcy, insolvency, receivership or similar event of the County;

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

(N) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(4) in a timely manner, notice of a failure of the County to provide required annual financial information described in (1) or (2) above on or before the date specified.

The County agrees that its undertaking under this paragraph is intended to be for the benefit of the Owners and the beneficial owners of the 2017A Bonds and is enforceable by the Trustee or by any of them, including an action for specific performance of the County's obligations under this paragraph, but a failure to comply will not be an Event of Default under Section 12.1 of this Contract and will not result in acceleration of the principal component of Installment Payments. An action must be instituted, had and maintained in the manner provided in this paragraph for the benefit of all of the Owners and beneficial owners of the 2017A Bonds.

The County may modify from time to time, consistent with the Rule, the information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County, but:

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

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

(3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by nationally recognized bond counsel or by the approving vote of the Owners of a majority in principal amount of the 2017A Bonds pursuant to Section 9.5 of the Indenture as may be amended from time to time.

Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the

modification and the impact of the change in the type of operating data or financial information being provided.

All documents provided to the MSRB as described above are to be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The County may discharge its undertaking described above by transmitting those documents or notices in a manner subsequently required by the SEC in lieu of the manner described above.

The provisions of this paragraph terminate on payment, or provision having been made for payment in a manner consistent with the Rule, in full of the principal of and interest with respect to the 2017A Bonds.

Section 8.2 Warranties and Representations of the Corporation. The Corporation warrants and represents to the County (all such warranties and representations continuing) that:

(a) The Corporation is a nonprofit corporation duly organized, existing and in good standing under and by virtue of the laws of the State, has the power to enter into this Contract and the Indenture, and has duly authorized the execution and delivery of this Contract and the Indenture;

(b) The Corporation has duly authorized this Contract and the Indenture and has caused each to be executed on its behalf in accordance with the laws of the State;

(c) Neither the execution and delivery of this Contract or the Indenture, 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 charter or bylaws of the Corporation or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing; and

(d) To the best of the Corporation's knowledge after due and reasonable investigation, 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 Corporation challenging the validity or enforceability of this Contract, the Indenture or any other documents relating hereto and the performance of the Corporation's obligations hereunder and thereunder.

[END OF ARTICLE VIII]

ARTICLE IX TAX COVENANTS AND REPRESENTATIONS

The County covenants that 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 of the interest portion of the Installment Payments created by this Contract under Section 103 of the Code and allocable to the 2017A Bonds.

The County will not directly or indirectly use or permit the use of any proceeds of any fund created under the Indenture allocable to the 2017A Bonds, or take or omit to take any action that would

cause the obligation created by this Contract and allocable to the 2017A Bonds to be an “arbitrage bond” within the meaning of Section 148(a) of the Code. To that end, the County and the Corporation have executed the Arbitrage and Tax Regulatory Agreement and will comply with all requirements of Section 148 of the Code to the extent applicable. The County further represents and covenants that the Installment Payments created by this Contract and allocable to the 2017A Bonds are not and will not constitute a “private activity bond” as defined in Section 141 of the Code.

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 created by this Contract and allocable to the 2017A Bonds from time to time. This covenant shall survive the payment in full of all Installment Payments under this Contract.

Notwithstanding any provision of this Article, if the County shall provide to the Trustee an opinion of nationally recognized bond counsel selected by the County to the effect that any action required under this Section or the Arbitrage and Tax Regulatory Agreement is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the obligations created by this Contract and allocable to the 2017A Bonds pursuant to Section 103 of the Code, the County, the Corporation and the Trustee may rely conclusively on such opinion in complying with the provisions hereof.

[END OF ARTICLE IX]

ARTICLE X INDEMNIFICATION

To the extent permitted by applicable law and Article XIV, the County hereby agrees to indemnify, protect and save the Corporation, the LGC, the Trustee and any member, director, officer, agent or employee of the foregoing harmless from all liability, obligations, losses, claims, damages, actions, suits, proceedings, costs and expenses, including attorneys’ fees, arising out of, connected with, or resulting, directly or indirectly, from the Project, or from the Indenture, the Deed of Trust and this Contract or from the County’s performance under each of said documents, including, without limitation, the possession, condition or use of the Project. The indemnification arising under this Article shall continue in full force and effect notwithstanding the payment in full of all obligations under this Contract.

[END OF ARTICLE X]

ARTICLE XI DISCLAIMER OF WARRANTIES

THE CORPORATION AND THE TRUSTEE MAKE NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO THE CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROJECT OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT.

[END OF ARTICLE XI]

ARTICLE XII
DEFAULT AND REMEDIES

Section 12.1 *Definition of Event of Default.* The County shall be deemed to be in default hereunder 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 on the date such Installment Payment is due hereunder;

(b) The County fails to budget and appropriate money sufficient to pay all Installment Payments and the reasonably estimated Additional Payments coming due in any Fiscal Year;

(c) The County fails to perform or observe any term, condition or covenant of this Contract on its part to be observed or performed, other than as referred to in (a) or (b) above, or of the Deed of Trust on its part to be observed or performed, or breaches any warranty by the County herein or therein contained, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Trustee unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure cannot be corrected within the stated period, Trustee will not unreasonably withhold consent for an extension not longer than 180 days;

(d) Any bankruptcy, insolvency or reorganization proceedings or similar litigation, is instituted by 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 90 days after the institution or occurrence thereof; or

(e) Any representation or statement made by the County herein, in the Deed of Trust or in any other document executed or delivered in connection herewith is found to be incorrect or misleading in any material respect on the date made.

Section 12.2 *Remedies on Default.* On the occurrence of any Event of Default, the Trustee may, and if required by a majority in aggregate principal amount of the Owners of the Bonds, the Trustee shall, to the extent permitted by applicable law and Article XIV, exercise any one or more of the following remedies as the Trustee shall elect or as shall be directed by a majority in aggregate principal amount of the Owners of the Bonds:

(a) Declare the unpaid portion of the principal and interest components of Installment Payments immediately due and payable without notice or demand to the County;

(b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of this Contract or to recover for the breach thereof; or

(c) Exercise or direct the Deed of Trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under this Contract and the Deed of Trust including, without limitation, to the extent permitted by law, re-enter and take possession of the Mortgaged

Property 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 and other sale, lease, sublease or other disposition, toward the balance due under this Contract and, thereafter, shall pay any remaining proceeds to the County.

Notwithstanding any other provisions herein, it is the intent of the parties hereto to comply with General Statutes of North Carolina Section 160A-20. No deficiency judgment may be rendered against the County in violation of Section 160A-20 including, without limitation, any deficiency judgment for amounts that may be owed hereunder when the sale of all or any portion of the Mortgaged Property is insufficient to produce enough money to pay in full all remaining obligations under this Contract. To the extent of any conflict between this paragraph and any other provision of this Article XII, this paragraph shall take priority. This Section 12.2 in no way limits the provisions of Article XIV.

Section 12.3 Further Remedies. Notwithstanding the occurrence of an Event of Default hereunder and the exercise of any or all of the remedies listed in Section 12.2, this Contract shall remain in full force and effect and the County, to the extent permitted by applicable law and subject to Article XIV, shall be and remain liable for the full performance of all its obligations hereunder. All remedies of the Trustee 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.

[END OF ARTICLE XII]

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 Contract or the Mortgaged Property (except for Permitted Encumbrances under Section 6.2) without the prior written consent of the Trustee. Notwithstanding the foregoing, the County may lease all or a portion of the Mortgaged Property subject to the following conditions:

- (a) the obligation of the County to make Installment Payments and Additional Payments under this Contract will remain obligations of the County;
- (b) the County will furnish or cause to be furnished to the Trustee a true and complete copy of such lease at least 30 days before the execution and delivery of any such lease;
- (c) no lease will cause the interest component of Installment Payments relating to any Bonds intended to be excludable from gross income of the recipient thereof for federal income tax purposes to become includable in gross income for federal income tax purposes; and
- (d) the Trustee may request to receive an opinion of Counsel to the County to the effect that such lease is subordinate in all respects to the lien of the Deed of Trust and that such lease is subject to immediate termination at the direction of the Trustee following an Event of Default by the County under this Contract.

Section 13.2 Assignment by the Corporation. The Corporation has assigned all of its interest in the Mortgaged Property and this Contract (other than its rights under Article X, certain notice rights

and those Additional Payments payable to the Corporation under this Contract), including without limitation, the Corporation's rights to receive the Installment Payments, to the Trustee.

[END OF ARTICLE XIII]

**ARTICLE XIV
LIMITED OBLIGATION OF THE COUNTY**

Notwithstanding any provision of this Contract, the Indenture or the Deed of Trust which may be to the contrary, no provision of this Contract, the Indenture or the Deed of Trust shall be construed or interpreted as creating a pledge of the faith and credit of the County within the meaning of the constitution of the State. No provision of this Contract, the Indenture or the Deed of Trust 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 Contract, the Indenture and the Deed of Trust 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 Contract is in effect; provided, however, any failure or refusal by the County to appropriate funds which results in the failure by the County to make any payment coming due hereunder 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 Contract, 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 Contract. No provision of this Contract or the Indenture shall be construed to pledge or to create a lien on any class or source of the County's money, nor shall any provision of this Contract, the Indenture or the Deed of Trust 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 XIV and any other provision of this Contract, the Indenture or the Deed of Trust, this Article shall take priority.

[END OF ARTICLE XIV]

**ARTICLE XV
JOINDER BY THE TRUSTEE**

The Trustee hereby executes this Contract to signify its agreement to be bound by the terms of this Contract applicable to it. The County and the Corporation acknowledge and agree that the Trustee shall be entitled to enforce and to benefit from the terms and conditions of this Contract.

[END OF ARTICLE XV]

**ARTICLE XVI
MISCELLANEOUS**

Section 16.1 Waiver. No covenant or condition of this Contract can be waived except by the written consent of the Corporation and the Trustee. Any failure of the Corporation or the Trustee to require strict performance by the County or any waiver by the Corporation or the Trustee of any terms, covenants or contracts herein shall not be construed as a waiver of any other breach of the same or any other term, covenant or contract herein.

Section 16.2 County's Acceptance of Rights and Responsibilities Under the Indenture. The County accepts all responsibilities assigned to it under and pursuant to the Indenture.

Section 16.3 Severability. If any portion of this Contract other than Article XIV is determined to be invalid under any applicable law, such provision shall be deemed void and the remainder of this Contract shall continue in full force and effect.

Section 16.4 Governing Law. This Contract is to be construed, interpreted and enforced in accordance with the laws of the State.

Section 16.5 Notices. Any and all notices, requests, demands, and other communications given under or in connection with this Contract 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 Henderson, North Carolina
Historic Courthouse Annex
113 North Main Street
Hendersonville, North Carolina 28792
Attention: Finance Director

If to the Corporation: Henderson County Governmental Financing Corporation
1 Historic Courthouse Square
Hendersonville, North Carolina 28792
Attention: President

If to the Trustee: U.S. Bank National Association
214 N. Tryon Street, 27th Floor
Charlotte, NC 28202
Attention: Corporate Trust

The Corporation, the County and the Trustee may, by written notice to the others, designate any further or different addresses to which subsequent notices, certificates or other communications are to be sent.

Section 16.6 Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Contract.

Section 16.7 Entire Contract. This Contract, together with the schedules and Exhibits hereto, constitutes the entire contract between the parties and this Contract may not be modified, amended, altered or changed except by written contract signed by the parties.

Section 16.8 Binding Effect. Subject to the specific provisions of this Contract, this Contract is binding on and inures to the benefit of the parties and their respective successors and assigns (including expressly any successor of the Trustee).

Section 16.9 Time. Time is of the essence of this Contract and each and all of its provisions.

Section 16.10 Payments. 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 Contract, 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 Contract, and no interest shall accrue for the period after such nominal date.

Section 16.11 Covenants of County, Corporation or LGC not Covenants of Officials Individually. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, director, agent, officer or employee of the County, the Corporation or the LGC in his individual capacity, and neither the members of the Board, the Board of Directors of the Corporation, the members of the LGC nor any other member, director, agent, officer or employee of the Board, the County, the Corporation or the LGC shall be subject to any personal liability or accountability by reason of the execution and delivery of the Bonds. No member of the Board, the Board of Directors of the Corporation, the LGC nor any agent, officer or employee of the County, the Corporation or the LGC shall incur any personal liability under this Contract.

Section 16.12 Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Bond Fund, the Acquisition and Construction Fund, the Prepayment Fund or any other fund or account created under the Indenture other than the Rebate Fund, on termination of this Contract and the Indenture, and after payment in full of the Bonds (or provision for payment thereof having been duly made in accordance with the provisions of this Contract or the Indenture) and fees and expenses of the Trustee in accordance with this Contract and the Indenture, shall be paid to the County by the Trustee as an overpayment of Installment Payments in accordance with the terms of the Indenture.

Section 16.13 Amendments to this Contract. This Contract may not be amended by the parties hereto except in accordance with Article IX of the Indenture. In addition, no amendment to this Contract which would increase the amount or maturity of Bonds Outstanding or the interest rate with respect thereto is effective until it is approved by the LGC.

Section 16.14 Execution in Counterparts. This Contract may be executed in any number of counterparts, each of which is an original and all of which constitute but one and the same instrument.

[END OF ARTICLE XVI]

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed as of the day and year first above written.

HENDERSON COUNTY GOVERNMENTAL FINANCING CORPORATION

[SEAL]

By: _____
Thomas H. Thompson
President

ATTEST:

Steven D. Wyatt
Secretary

[SIGNATURES CONTINUED ON FOLLOWING PAGES]

[COUNTERPART SIGNATURE PAGE TO THE INSTALLMENT FINANCING CONTRACT
DATED AS OF JUNE 1, 2017, BETWEEN
HENDERSON COUNTY GOVERNMENTAL FINANCING CORPORATION
AND THE COUNTY OF HENDERSON, NORTH CAROLINA]

COUNTY OF HENDERSON, NORTH CAROLINA

[SEAL]

By _____
Steven D. Wyatt
County Manager

ATTEST:

Teresa Wilson
Clerk to the Board of Commissioners

[SIGNATURES CONTINUED ON FOLLOWING PAGES]

[COUNTERPART SIGNATURE PAGE TO THE INSTALLMENT FINANCING CONTRACT
DATED AS OF JUNE 1, 2017, BETWEEN
HENDERSON COUNTY GOVERNMENTAL FINANCING CORPORATION
AND THE COUNTY OF HENDERSON, NORTH CAROLINA]

Consented to and Accepted:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Lisa Moorehead
Assistant Vice President

[SIGNATURES CONTINUED ON FOLLOWING PAGES]

[COUNTERPART SIGNATURE PAGE TO THE INSTALLMENT FINANCING CONTRACT
DATED AS OF JUNE 1, 2017, BETWEEN
HENDERSON COUNTY GOVERNMENTAL FINANCING CORPORATION
AND THE COUNTY OF HENDERSON, NORTH CAROLINA]

THIS CONTRACT HAS BEEN
APPROVED UNDER THE PROVISIONS
OF THE NORTH CAROLINA GENERAL
STATUTES, § 159-152.

Greg C. Gaskins
Secretary of the Local Government Commission

INSTALLMENT PAYMENT SCHEDULE – 2017A BONDS

DATE	PRINCIPAL COMPONENT	INTEREST COMPONENT	TOTAL PAYMENT
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EXHIBIT A
FORM OF REQUISITION
ACQUISITION AND CONSTRUCTION FUND

U.S. Bank National Association
214 N. Tryon Street, 27th Floor
Charlotte, NC 28202
Attention: Corporate Trust

Re: Direction to Make Disbursements from the Acquisition and Construction Fund

Ladies and Gentlemen:

Pursuant to Section 3.11 of the Indenture of Trust dated as of June 1, 2017 (the "*Indenture*") between Henderson County Governmental Financing Corporation (the "*Corporation*") and U.S. Bank National Association, as trustee (the "*Trustee*"), and Section 4.2 of the Installment Financing Contract dated as of June 1, 2017 (the "*Contract*") between the Corporation and the County of Henderson, North Carolina (the "*County*"), you are hereby directed to disburse from the Acquisition and Construction Fund referred to in the Indenture (the "*Acquisition and Construction Fund*") the amount indicated below.

The undersigned hereby certifies:

1. This is requisition number _____ from the Acquisition and Construction Fund.
2. The name and address of the person, firm or corporation to whom the disbursement is due is as follows:

3. The amount to be disbursed is \$_____.
4. The purpose of the disbursement is to _____.
5. The disbursement herein requested is for an obligation properly incurred, is a proper charge against the Acquisition and Construction Fund and has not been the basis of any previous disbursement.

Dated this ____ day of _____, 20__.

COUNTY OF HENDERSON, NORTH CAROLINA

By: _____
County Representative



Drafted by and
Return to: Rebecca B. Joyner, Esq.
Parker Poe Adams & Bernstein LLP
401 South Tryon Street, Suite 3000
Charlotte, North Carolina 28202

NORTH CAROLINA

HENDERSON COUNTY

COLLATERAL IS OR INCLUDES FIXTURES

**DEED OF TRUST,
SECURITY AGREEMENT
AND FIXTURE FILING**

THIS DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING is made and entered into as of the 1st day of June, 2017 (the "*Deed of Trust*"), from the **COUNTY OF HENDERSON, NORTH CAROLINA**, a political subdivision regularly created and validly existing under the laws of the State of North Carolina, whose address is 100 North King Street, Hendersonville, North Carolina 28792 (hereinafter called the "*Grantor*"), to **REBECCA B. JOYNER**, as trustee (hereinafter referred to as the "*Trustee*"), for the benefit of **HENDERSON COUNTY GOVERNMENTAL FINANCING CORPORATION**, a nonprofit corporation duly created, existing and in good standing under the laws of the State of North Carolina, whose address is 100 North King Street, Hendersonville, North Carolina 28792, as grantee (the "*Corporation*") (the Corporation and its successors and assigns are hereinafter referred to as the "*Beneficiary*").

RECITALS:

The Grantor and the Corporation have entered into an Installment Financing Contract dated as of June 1, 2017 (the "*Contract*"), pursuant to which (1) the Corporation has agreed to advance certain funds to enable the Grantor (a) to finance the acquisition, construction and equipping of an emergency services headquarters facility (the "*Project*"), and (b) to pay certain costs incurred in connection with the execution and delivery of the Contract; and (2) the Grantor has agreed to make the Installment Payments (as defined in the Contract) to the Corporation. The Contract is incorporated herein by this reference.

The Corporation has assigned substantially all of its rights under the Contract to U.S. Bank National Association pursuant to an Indenture of Trust dated as of June 1, 2017 (the "*Indenture*") between the Corporation and U.S. Bank National Association, as bond trustee, under which Limited Obligation Bonds, Series 2017A (the "*2017A Bonds*"), evidencing proportionate undivided interests in rights to

receive certain Revenues (as defined in the Contract) under the Contract will be executed, delivered and sold. U.S. Bank National Association is unwilling to enter into the Indenture and the Corporation is unwilling to enter into the Contract unless the Grantor secures the obligations under the Contract and this Deed of Trust by the conveyance of the Mortgaged Property (as defined below), and the improvements and fixtures thereon, and as more fully described in this Deed of Trust.

This Deed of Trust has been executed and delivered to secure (1) the obligations of the Grantor to make the Installment Payments and (2) the payment and performance of all of the other liabilities and obligations, whether now existing or hereafter arising, of the Grantor to the Corporation under the Contract and this Deed of Trust, all such obligations and liabilities described in (1) or (2) above hereinafter collectively called the “*Indebtedness*.”

It is intended that this Deed of Trust comply with the provisions of Sections 45-67 *et seq.* of the North Carolina General Statutes. For purposes of complying with such provisions, the Grantor hereby represents as follows:

(a) This Deed of Trust has been executed and delivered by the Grantor to secure future Indebtedness which may be incurred from time to time under the Contract;

(b) The maximum principal amount, including present and future Indebtedness, which may be secured by this Deed of Trust at any one time is \$50,000,000 (exclusive of advances that may be made under the terms of the Contract or this Deed of Trust for fire and extended coverage insurance, taxes, assessment or other necessary expenditures for the preservation of the real property), subject to the limitation that at no time shall the total principal amount of Indebtedness secured hereby exceed said maximum principal sum of \$50,000,000 together with accrued interest and the payment for fire and extended coverage insurance, taxes, assessments or other necessary expenditures for the preservation of the real property; *provided that* the foregoing limitation shall apply only to the lien upon real property located in the State of North Carolina created by this Deed of Trust and shall not in any manner limit, affect or impair any grant of a security interest in or lien on any other real property or any personal property in favor of the Beneficiary;

(c) The period within which such future Indebtedness may be incurred is the period between the date hereof and the date 30 years from the date hereof; and

(d) It shall not be a requirement for any such future Indebtedness to be secured hereby that the Grantor sign an instrument or other notation stipulating that such Indebtedness is secured by this Deed of Trust, as no such future Indebtedness is required, under the Contract or otherwise, to be evidenced by a written instrument or notation.

The Grantor desires to secure (a) the payment of the Indebtedness and any renewals, modifications or extensions thereof, in whole or in part, and (b) the additional payments hereinafter agreed to be made by or on behalf of the Grantor, by a conveyance of the lands and security interests hereinafter described.

NOW, THEREFORE, in consideration of the premises and for the purposes aforesaid, and in further consideration of the sum of \$10.00 paid to the Grantor by the Trustee and other valuable considerations, receipt of which is hereby acknowledged, the Grantor has given, granted, bargained and sold, and by these presents does give, grant, bargain, sell and convey unto the Trustee, its heirs, successors and assigns, the following property (hereinafter collectively referred to as the “*Mortgaged Property*”):

(a) The real property lying and being in Henderson County, North Carolina and described below in the legal description attached as an exhibit hereto (hereinafter referred to as the "*Land*"):

SEE EXHIBIT "A" ATTACHED HERETO FOR LAND DESCRIPTION, WHICH EXHIBIT "A" IS INCORPORATED HEREIN BY REFERENCE.

(b) All buildings, structures, additions and improvements of every nature whatsoever now or hereafter situated on or about the Land (the "*Improvements*").

(c) Notwithstanding Section 1.16 hereof, all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, elevators and motors, plumbing and heating fixtures, carpeting and other floor coverings, fire extinguishers and any other safety equipment required by governmental regulation or law, washers, dryers, water heaters, mirrors, mantels, air conditioning apparatus, refrigerating plants, refrigerators, cooking apparatus and appurtenances, window screens, awnings and storm sashes and other machinery, equipment or other tangible personal property, which are or shall be so attached to the Improvements, including all extensions, additions, improvements, betterments, renewals, replacements and substitutions, or proceeds from a permitted sale of any of the foregoing, as to be deemed to be fixtures under North Carolina law (collectively, the "*Fixtures*") and accessions to the Land and a part of the Mortgaged Property as between the parties hereto and all persons claiming by, through or under them, and which shall be deemed to be a portion of the security for the Indebtedness. The location of the collateral described in this paragraph is also the location of the Land, and the record owner of the Land is the Grantor.

(d) Notwithstanding Section 1.15 hereof, all easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, minerals, flowers, shrubs, crops, trees, timber and other emblements now or hereafter located on the Land or under or above the same or any part or parcel thereof, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances, reversion and reversions, remainder and remainders, whatsoever, in any way belonging, relating or appertaining to the Mortgaged Property or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Grantor.

(e) All leases affecting the Mortgaged Property or any part thereof and all income, rents and issues of the Mortgaged Property and the Improvements now or hereafter located thereon from time to time accruing (including without limitation all payments under leases or tenancies, proceeds of insurance, condemnation payments, tenant security deposits whether held by the Grantor or in a trust account, and escrow funds), and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of the Grantor of, in and to the same; reserving only the right to the Grantor to collect and apply the same (other than insurance proceeds and condemnation payments) so long as the Grantor is not in Default hereunder.

TO HAVE AND TO HOLD, the Mortgaged Property unto the Trustee, its heirs, successors and assigns, in fee simple forever, upon the trusts, terms and conditions and for the uses and purposes hereinafter set out;

And the Grantor covenants with the Trustee that the Grantor is lawfully seized of the Mortgaged Property in fee simple and has the right to convey the same in fee simple; that, except for Permitted

Encumbrances (as defined in Exhibit "B" attached hereto and incorporated herein by reference), the same are free and clear of all encumbrances, and that the Grantor will warrant and defend the title to the same against the claims of all persons whomsoever arising by, under or through the Grantor.

THIS CONVEYANCE IS MADE UPON THIS SPECIAL TRUST, that if the Grantor shall pay the Indebtedness in accordance with the terms of the Contract, together with interest thereon, and any renewals or extensions thereof in whole or in part, and shall comply with all the covenants, terms and conditions of this Deed of Trust, then this conveyance shall be null and void and may be canceled of record at the request and at the cost of the Grantor.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, the Grantor hereby further covenants and agrees as follows:

ARTICLE I

1.01 *Payment of Indebtedness.* The Grantor will pay the Indebtedness and all other sums now or hereafter secured hereby promptly as the same shall become due.

1.02 *Taxes, Liens and Other Charges.* The Grantor will comply with the terms of the Contract in all matters relating to Taxes, Liens and other charges.

1.03 *Insurance.* The Grantor shall comply with the terms of the Contract in all matters relating to insurance.

1.04 *Condemnation.* The Grantor shall comply with the terms of the Contract in all matters relating to condemnation.

1.05 *Care of Mortgaged Property.* The Grantor shall comply with the Contract in all matters relating to the care of Mortgaged Property.

1.06 *Leases and Other Agreements Affecting Property.* The Grantor will duly and punctually perform all terms, covenants, conditions and agreements binding upon it under any lease or any other agreement of any nature whatsoever which involves or affects the Mortgaged Property or any part thereof. The Grantor will, at the request of Beneficiary, furnish Beneficiary with executed copies of all leases now or hereafter created upon the Mortgaged Property or any part thereof, and all leases now or hereafter entered into will be in form and substance subject to the prior written approval of Beneficiary (which approval will not be unreasonably withheld or delayed). The Grantor will not, without the express written approval of Beneficiary (which approval will not be unreasonably withheld or delayed), modify, surrender or terminate, either orally or in writing, any lease now existing or hereafter created upon the Mortgaged Property or any part thereof, nor will the Grantor permit an assignment or a subletting by any tenant without the prior express written approval of Beneficiary (which approval will not be unreasonably withheld or delayed). The Grantor will not accept payment of rent more than one month in advance without the prior express written approval of Beneficiary.

1.07 *Security Agreement and Fixture Filing.* With respect to the Fixtures, this Deed of Trust is hereby made and declared to be a security agreement in favor of Beneficiary encumbering each and every item of such property included herein as a part of the Mortgaged Property, in compliance with the provisions of the Uniform Commercial Code as enacted in the State of North Carolina, and the Grantor hereby grants a security interest to Beneficiary in and to all of such Fixtures. This Deed of Trust shall constitute a financing statement filed as a fixture filing in accordance with N.C. Gen. Stat. §25-9-502 (or any amendment thereto). For purposes of complying with the requirements of N.C. Gen. Stat. §25-9-502, the name of Grantor, as Debtor, and Beneficiary, as Secured Party, and the respective addresses of

Grantor, as Debtor, and Beneficiary, as Secured Party, are set forth on the first page of this Deed of Trust. Grantor authorizes Beneficiary to effect any filing or recording of any additional financing statements relating to the Fixtures or amendments thereto where appropriate to perfect and continue the security interest in, and to protect and preserve, the Fixtures. Subject to Article XIV of the Contract and the limitations on the remedies in Article XII of the Contract, the remedies for any violation of the covenants, terms and conditions of the security agreement contained in this Deed of Trust shall be (1) as prescribed herein, or (2) as prescribed by general law, or (3) as prescribed by the specific statutory consequences now or hereafter enacted and specified in said Uniform Commercial Code, all at Beneficiary's sole election. The mention in any such financing statement or statements of the rights in and to (1) the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for loss of value, or (3) the Grantor's interest as lessor in any present or future lease or rights to rents, issues or awards growing out of the use and/or occupancy of the Mortgaged Property, whether pursuant to lease or otherwise, shall not in any way alter any of the rights of Beneficiary as determined by this Deed of Trust or affect the priority of Beneficiary's security interest granted hereby or by any other recorded document, it being understood and agreed that such mention in such financing statement or statements is solely for the protection of Beneficiary in the event any court shall at any time hold with respect to the foregoing clauses (1), (2) or (3) of this sentence, that notice of Beneficiary's priority of interest, to be effective against a particular class of persons, must be filed in the Uniform Commercial Code records.

1.08 Further Assurances; After Acquired Property. At any time, and from time to time, upon request by Beneficiary, the Grantor will make, execute and deliver or cause to be made, executed and delivered, to Beneficiary and/or Trustee and, where appropriate and on request of the Trustee or the Beneficiary, cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or refiled at such time and in such offices and places as shall be deemed desirable by Beneficiary, any and all such other and further deeds of trust, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the opinion of Beneficiary, be necessary or desirable to effectuate, complete, or perfect, or to continue and preserve (a) the obligations of the Grantor under the Contract or this Deed of Trust and (b) the lien of this Deed of Trust as a first and prior lien, subject to Permitted Encumbrances, upon and security title in and to all of the Mortgaged Property, whether now owned or hereafter acquired by Grantor. Upon any failure by the Grantor so to do, Beneficiary may make, execute, record, file, re-record and/or refile any and all such deeds of trust, security agreements, financing statements, continuation statements, instruments, certificates, and documents for and in the name of the Grantor and the Grantor hereby irrevocably appoints Beneficiary as its agent and attorney-in-fact to do so.

1.09 Expenses. To the extent permitted by applicable law and Article XIV of the Contract, the Grantor will pay or reimburse Beneficiary and Trustee, upon demand therefor, for all reasonable attorneys' fees, costs and expenses actually incurred by Beneficiary and the Trustee in any suit, action, legal proceeding or dispute of any kind in which Beneficiary and/or Trustee is made a party or appears as party plaintiff or defendant, affecting the Indebtedness secured hereby, this Deed of Trust or the interest created herein, or the Mortgaged Property, including, but not limited to, the exercise of the power of sale contained in this Deed of Trust, any condemnation action involving the Mortgaged Property or any action to protect the security hereof, but excepting therefrom any negligence or misconduct by Beneficiary or any breach of this Deed of Trust by Beneficiary; and all such amounts paid by Beneficiary shall be added to the Indebtedness.

1.10 Limit of Validity. If from any circumstances whatsoever fulfillment of any provision of this Deed of Trust or the Contract at the time performance of such provision shall be due, shall involve transcending the limit of validity presently prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then *ipso facto* the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible

under this Deed of Trust or the Contract that is in excess of the current limit of such validity, but such obligation shall be fulfilled to the limit of such validity.

1.11 Use and Management of the Mortgaged Property. Unless required by applicable law, the Grantor shall not materially alter or change the use of the Mortgaged Property or abandon the Mortgaged Property without the prior written consent of Beneficiary which shall not be unreasonably withheld; provided, however, that nothing contained in this Section 1.11 or elsewhere in the Deed of Trust shall be deemed or construed so as to in any way estop, limit or impair the Grantor from exercising or performing any regulatory, policing, legislative, governmental or other powers or functions of a municipal corporation pursuant to applicable law.

1.12 Acquisition of Collateral. The Grantor shall not acquire any portion of the personal property, if any, covered by this Deed of Trust, subject to any security interest, conditional sales contract, title retention arrangement or other charge or lien taking precedence over the security title and lien of this Deed of Trust without the prior written consent of the Beneficiary (which consent will not be unreasonably withheld or delayed).

1.13 Hazardous Material.

(a) The Grantor represents, warrants and agrees that, except as previously disclosed to the Corporation in writing, (1) the Grantor has not used or installed any Hazardous Material (as hereinafter defined) in violation of applicable Environmental Laws on, from or in the Mortgaged Property and to the Grantor's actual knowledge no other person has used or installed any Hazardous Material on, from or in the Mortgaged Property; (2) to the Grantor's knowledge, no other person has violated any applicable Environmental Laws (as hereinafter defined) relating to or affecting the Mortgaged Property or any other property owned by the Grantor except as previously disclosed to the Corporation; (3) to the best of the Grantor's knowledge the Mortgaged Property is presently in compliance with all applicable Environmental Laws, and there are no facts or circumstances presently existing upon or under the Mortgaged Property, or relating to the Mortgaged Property, which may violate any applicable Environmental Laws, and there is not now pending or, to the best knowledge of the Grantor, threatened any action, suit, investigation or proceeding against the Grantor or the Mortgaged Property (or against any other party relating to the Mortgaged Property) seeking to enforce any right or remedy against the Grantor or the Mortgaged Property under any of the Environmental Laws; (4) the Mortgaged Property shall be kept free of Hazardous Materials to the extent required by applicable Environmental Laws, and shall not be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce, or process Hazardous Materials other than the processing of materials in the ordinary course of the Grantor's business as of the date hereof; (5) the Grantor shall not cause or permit the installation of Hazardous Materials in, on, over or under the Mortgaged Property or a Release (as hereinafter defined) of Hazardous Materials unto or from the Mortgaged Property or suffer the presence of Hazardous Materials in, on, over or under the Mortgaged Property in violation of applicable Environmental Laws; (6) the Grantor shall comply with Environmental Laws applicable to the Mortgaged Property, all at no cost or expense to Beneficiary or Trustee; (7) the Grantor has obtained and will at all times continue to obtain and/or maintain all licenses, permits and/or other governmental or regulatory actions necessary for the Mortgaged Property to comply with applicable Environmental Laws (the "Permits") and the Grantor will be and at all times remain in full compliance with the terms and provisions of the Permits; (8) to the best of the Grantor's knowledge there has been no Release of any Hazardous Materials on or from the Mortgaged Property in violation of applicable Environmental Laws, whether or not such Release emanated from the Mortgaged Property or any contiguous real estate which has not been abated and any resulting violation of applicable Environmental Laws abates; and (9) the Grantor shall immediately give the Beneficiary oral and written notice in the event that the Grantor receives any notice from any governmental agency, entity, or any other party with regard to Hazardous Materials on, from or affecting the Mortgaged Property and the Grantor shall conduct and complete all investigations, studies, sampling

and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials on, from or affecting the Mortgaged Property in accordance with all applicable Environmental Laws.

(b) To the extent permitted by applicable law and Article XIV of the Contract, the Grantor hereby agrees to indemnify Beneficiary and Trustee and hold Beneficiary and Trustee harmless from and against any and all liens, demands, defenses, suits, proceedings, disbursements, liabilities, losses, litigation, damages, judgments, obligations, penalties, injuries, costs, expenses (including, without limitation, attorneys' and experts' fees) and claims of any and every kind whatsoever paid, incurred, suffered by or asserted against Beneficiary, Trustee and/or the Mortgaged Property for, with respect to, or as a direct or indirect result of: (1) the presence of Hazardous Materials in, on or under the Mortgaged Property, or the escape, seepage, leakage, spillage, discharge, emission or Release on or from the Mortgaged Property of any Hazardous Materials; (2) the violation of any Environmental Laws applicable to the Mortgaged Property or the Grantor; (3) the failure by the Grantor to comply fully with the terms and provisions of this Section 1.13; (4) the violation of any of the Environmental Laws in connection with any other property owned by the Grantor, which violation gives or may give rise to any rights whatsoever in any party with respect to the Mortgaged Property by virtue of any of the Environmental Laws; or (5) any warranty or representation made by the Grantor in paragraph (a) of Section 1.13 being false or untrue in any material respect.

(c) In the event Beneficiary has a reasonable basis to suspect that the Grantor has violated any of the covenants, warranties or representations contained in this Section 1.13, or that the Mortgaged Property is not in compliance with the applicable Environmental Laws for any reason, the Grantor shall take such steps as Beneficiary reasonably requires by written notice to the Grantor to confirm or deny such occurrences, including, without limitation, the preparation of environmental studies, surveys or reports. In the event that the Grantor fails to take such action, Beneficiary may take such action as Beneficiary reasonably believes necessary to protect its interest, and the cost and expenses of all such actions taken by Beneficiary, including, without limitation, Beneficiary's reasonable attorneys' fees, shall be added to the Indebtedness.

(d) For purposes of this Deed of Trust: (1) "*Hazardous Material*" or "*Hazardous Materials*" means and includes, without limitation, (a) hazardous waste, as defined in the Resource Conservation and Recovery Act of 1980, or in any applicable state or local law or regulation, (b) hazardous substances, as defined in CERCLA (as defined below), or in any applicable state or local law or regulation, (c) toxic substances, as defined in the Toxic Substances Control Act of 1976, or in any applicable state or local law or regulation or (d) insecticides, fungicides or rodenticides, as defined in the Federal Insecticide, Fungicide, and Rodenticide Act of 1975, or in any applicable state or local law or regulation, as each such Act, statute or regulation may be amended from time to time; (2) "*Release*" has the meaning given such term, in the Environmental Laws, including, without limitation, Section 101(22) of CERCLA; and (3) "*Environmental Law*" or "*Environmental Laws*" means any "*Super Fund*" or "*Super Lien*" law, or any other federal, state or local statute, law, ordinance or code, regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Materials as may now or at any time hereafter be legally in effect, including, without limitation, the following, as same may be amended or replaced from time to time, and all regulations promulgated and officially adopted thereunder or in connection therewith: the Super Fund Amendments and Reauthorization Act of 1986 ("*SARA*"); the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("*CERCLA*"); the Clean Air Act ("*CAA*"); the Clean Water Act ("*CWA*"); the Toxic Substance Control Act ("*TSCA*"); the Solid Waste Disposal Act ("*SWDA*"), as amended by the Resource Conservation and Recovery Act ("*RCRA*"); the Hazardous Waste Management System; and the Occupational Safety and Health Act of 1970 ("*OSHA*"). To the extent permitted by applicable law and subject to Article XIV of the Contract, the obligations and liabilities of the Grantor under this Section 1.13 which arise out of events or actions occurring prior to the satisfaction of this Deed of Trust shall survive the exercise of the power of sale under or foreclosure of this Deed of

Trust, the delivery of a deed in lieu of foreclosure of this Deed of Trust, the cancellation or release of record of this Deed of Trust and/or the payment in full of the Indebtedness.

(e) The parties expressly agree that an event under the provisions of this Section 1.13 which may be deemed to be a default under this Deed of Trust shall not be a default until the Grantor has received notice of such event and such grace period as specified in the Contract for the cure of such default. Further, in terms of compliance with future governmental laws, regulations or rulings applicable to environmental conditions, the Grantor shall be permitted to afford itself of any defense or other protection against the application or enforcement of any such law, regulation or ruling.

1.14 Release of Mortgaged Property. Notwithstanding any other provisions of this Deed of Trust, at any time so long as there is no Event of Default, the Trustee must release the Mortgaged Property or any part thereof from the lien and security interest of this Deed of Trust when and if the following requirements have been fulfilled:

(a) In connection with any release of the Mortgaged Property, or any part thereof, there shall be filed with the Beneficiary a certified copy of the resolution of the Board of Commissioners for the Grantor stating the purpose for which the Grantor desires such release of the Mortgaged Property, giving an adequate legal description of the part of the Mortgaged Property to be released, requesting such release and providing for the payment by the Grantor of all expenses in connection with such release.

(b) In connection with the release of any part of the Mortgaged Property constituting less than the entire Mortgaged Property, either (1) the tax, insured or appraised value of the Mortgaged Property remaining after the proposed release is not less than 50% of the aggregate principal component of the Installment Payments then Outstanding under the Indenture or (2) the Grantor (i) provides for the substitution of other real property therefor and the tax, insured or appraised value of the Mortgaged Property remaining after the proposed substitution is not less than the replacement value of the Mortgaged Property (as determined above) immediately before the proposed substitution, (ii) delivers to the Trustee and the Corporation an opinion of Bond Counsel to the effect that the substitution (A) is permitted by law and under this Deed of Trust and (B) will not adversely affect the tax treatment of the 2017A Bonds, and (iii) records a modification to this Deed of Trust reflecting such substitution of the Mortgaged Property.

(c) In connection with the release of any part of the Mortgaged Property constituting less than the entire Mortgaged Property, such release shall not prohibit Grantor's ingress, egress and regress to and from the remainder of the Mortgaged Property not being released, or materially interfere with the use of the remainder of the Mortgaged Property not being released.

(d) In connection with the release of all property constituting the entire Mortgaged Property, there is paid to the Beneficiary an amount sufficient to provide for the payment in full of all Outstanding Bonds in accordance with Article VI of the Indenture.

1.15 Grant and Release of Easements. Notwithstanding any other provisions of this Deed of Trust, at any time so long as there is no Event of Default, with the consent of the Trustee, the Grantor may at any time or times grant easements, licenses, rights of way and other rights and privileges in the nature of easements with respect to any part of the Mortgaged Property and the Grantor may release existing interests, easements, licenses, rights of way and other rights or privileges with or without consideration. The Beneficiary agrees that it shall execute and deliver and will cause, request or direct the Trustee to

execute and deliver any instrument reasonably necessary or appropriate to grant or release any such interest, easement, license, right of way or other right or privilege but only upon receipt of (a) a copy of the instrument of grant or release, (b) a written request of the Grantor requesting such instrument and (c) a certificate executed by the Grantor that the grant or release is not detrimental to the proper conduct of the operations of the Grantor at the Mortgaged Property and will not impair the effective use, nor decrease the value, of the Mortgaged Property.

1.16 Release of Fixtures. Notwithstanding any other provisions of this Deed of Trust, at any time so long as there is no Event of Default, with the consent of the Trustee, the Grantor may at any time or times release Fixtures to be added to the Mortgaged Property from the security interest created hereby with or without consideration. The Beneficiary agrees that it shall execute and deliver and will cause, request or direct the Trustee to execute and deliver any instrument reasonably necessary or appropriate to release any such Fixture but only upon receipt of (a) a copy of the instrument of release, (b) a written request of the Grantor requesting such instrument and (c) a certificate executed by the Grantor that the release is not detrimental to the proper conduct of the operations of the Grantor at the Mortgaged Property and will not impair the effective use, nor decrease the value, of the Mortgaged Property.

ARTICLE II

2.01 Events of Default. The terms “*Default*”, “*Event of Default*” or “*Events of Default*”, wherever used in this Deed of Trust, shall mean any one or more of the following events:

(a) The occurrence of any “*Event of Default*” under the Contract; or

(b) Failure by the Grantor to perform or observe any term, condition or covenant of this Deed of Trust on its part to be observed or performed, other than as referred to in (a) above, or breach of any warranty by the Grantor herein contained, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Grantor by the Trustee or the Beneficiary unless the Trustee or the Beneficiary agrees in writing to an extension of such time before its expiration.

2.02 Acceleration upon Default; Additional Remedies. In the event an Event of Default shall have occurred and is continuing, Beneficiary shall, at the direction of a majority in aggregate principal amount of the Owners of the Outstanding Bonds, declare all Indebtedness to be due and payable and the same shall thereupon become due and payable in accordance with the Contract and this Deed of Trust without any presentment, demand, protest or notice of any kind. Thereafter, Beneficiary may, to the extent permitted by applicable law and subject to Article XIV of the Contract:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Mortgaged Property, or any part thereof, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Mortgaged Property, or part thereof or interest therein, increase the income therefrom or protect the security hereof, and, with or without taking possession of the Mortgaged Property, sue for or otherwise collect the rents and issues thereof, including those rents and issues past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorney’s fees, upon any Indebtedness, all in such order as Beneficiary may determine. The entering upon and taking possession of the Mortgaged Property, the collection of such rents and issues and the application thereof as aforesaid shall not cure or waive any Event of Default or notice of Event of Default hereunder or invalidate any

act done in response to such Default or pursuant to such notice of Default, and, notwithstanding the continuance in possession of the Mortgaged Property or the collection, receipt and application of rents and issues, the Trustee or Beneficiary, to the extent permitted by applicable law and subject to Article XIV of the Contract, shall be entitled to exercise every right provided for in any instrument securing or relating to the Indebtedness or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, specially enforce any of the covenants hereof, or cause the Trustee to foreclose this Deed of Trust by power of sale; and

(c) To the extent permitted by applicable law and subject to Article XIV of the Contract, exercise any or all of the remedies available to a secured party under the Uniform Commercial Code of North Carolina or under any other applicable laws.

NOTWITHSTANDING ANY PROVISIONS HEREIN, IT IS THE INTENT OF THE PARTIES TO COMPLY WITH THE PROVISIONS OF NORTH CAROLINA GENERAL STATUTES SECTION 160A-20. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE GRANTOR IN FAVOR OF THE BENEFICIARY IN VIOLATION OF SECTION 160A-20, INCLUDING, WITHOUT LIMITATION, ANY DEFICIENCY JUDGMENT FOR AMOUNTS THAT MAY BE OWED UNDER THE CONTRACT OR THIS DEED OF TRUST WHEN THE SALE OF ALL OR ANY PORTION OF THE MORTGAGED PROPERTY IS INSUFFICIENT TO PRODUCE ENOUGH MONEY TO PAY IN FULL ALL REMAINING OBLIGATIONS UNDER THE CONTRACT OR THIS DEED OF TRUST. TO THE EXTENT OF ANY CONFLICT BETWEEN THIS PARAGRAPH AND ANY OTHER PROVISION OF THIS DEED OF TRUST, THIS PARAGRAPH SHALL TAKE PRIORITY AND SHALL INCORPORATE HEREIN BY REFERENCE ARTICLE XIV OF THE CONTRACT. NOTWITHSTANDING ANY PROVISION TO THE CONTRARY IN THIS DEED OF TRUST, NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE GRANTOR IN ANY ACTION TO COLLECT ANY OF THE INDEBTEDNESS SECURED BY THIS DEED OF TRUST AND THE TAXING POWER OF THE GRANTOR IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONIES DUE OR SECURED UNDER THIS DEED OF TRUST.

2.03 Foreclosure by Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

Upon application of Beneficiary, it shall be lawful for and the duty of Trustee, and Trustee is hereby authorized and empowered, to expose to sale and to sell the Mortgaged Property at public auction for cash, after having first complied with all applicable requirements of North Carolina law with respect to the exercise of powers of sale contained in deeds of trust, and, upon such sale, Trustee shall convey title to the purchaser in fee simple. After retaining from the proceeds of such sale just compensation for Trustee's services and all expenses incurred by Trustee, including a reasonable trustee's commission not exceeding 0.5% of the bid and reasonable attorneys' fees for legal services actually performed, Trustee shall apply the residue of the proceeds, first, to the payment of all sums expended by Beneficiary under the terms of this Deed of Trust, second, to the payment of the Indebtedness and interest thereon secured hereby, and the balance, if any, shall be paid to the Grantor. The Grantor agrees that in the event of sale hereunder, Beneficiary shall have the right to bid thereat. Trustee may require the successful bidder at any sale to deposit immediately with Trustee cash or certified check in an amount not to exceed 25% of the bid, provided notice of such requirement is contained in the advertisement of the sale. The bid may be rejected if the deposit is not immediately made and thereupon the Trustee shall at the same time and place again offer the Mortgaged Property for sale. Such deposit shall be refunded in case a resale is had; otherwise, it shall be applied to the purchase price.

2.04 Performance by Beneficiary on Defaults by the Grantor. If the Grantor shall Default in the payment, performance or observance of any term, covenant or condition of this Deed of Trust, Beneficiary may, at its option, pay, perform or observe the same, and all payments made or costs or expenses incurred by Beneficiary in connection therewith shall be secured hereby and shall be, without demand, immediately repaid by the Grantor to Beneficiary with interest thereon at the rate provided in the Contract. Beneficiary shall be the sole judge of the necessity for any such actions and of the amounts to be paid. Beneficiary is hereby empowered to enter and to authorize others to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to the Grantor or any person in possession holding under the Grantor.

2.05 Waiver of Appraisal, Valuation, Stay, Extension and Redemption Laws. The Grantor agrees to the full extent permitted by law, that in case of a Default hereunder, neither the Grantor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisal, valuation, stay, extension, exemption or redemption laws now or hereafter in force, to prevent or hinder the enforcement or foreclosure of this Deed of Trust, or the absolute sale of the Mortgaged Property, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and the Grantor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws and any and all right to have the assets comprised in the security intended to be created hereby marshaled upon any foreclosure of the lien hereof.

2.06 Leases. Beneficiary and Trustee, or either of them, at their option and to the extent permitted by law, are authorized to foreclose this Deed of Trust subject to the rights of any tenants of the Mortgaged Property, and the failure to make any such tenants parties to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by Grantor, a defense to any proceedings instituted by Beneficiary and Trustee to collect the sums secured hereby.

2.07 Discontinuance of Proceedings and Restoration of the Parties. In case Beneficiary and Trustee, or either of them, shall have proceeded to enforce any right, power or remedy under this Deed of Trust by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to Beneficiary and Trustee, or either of them, then and in every such case the Grantor and Beneficiary and Trustee, and each of them, shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Beneficiary and Trustee, and each of them, shall continue as if no such proceeding had been taken.

2.08 Remedies Not Exclusive. To the extent permitted by applicable law and subject to Article XIV of the Contract, Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any Indebtedness or obligations secured hereby and to exercise all rights and powers under this Deed of Trust or any other agreement securing or relating to the Indebtedness secured hereby or any laws now or hereafter in force, notwithstanding some of the Indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or preclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any

instrument securing or relating to the Indebtedness secured hereby to Trustee or Beneficiary, or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and either of them may pursue inconsistent remedies.

2.09 Waiver. No delay or omission of Beneficiary or the Trustee to exercise any right, power or remedy accruing upon any Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such Default, or acquiescence therein; and every right, power and remedy given by this Deed of Trust to Beneficiary and Trustee, and each of them, may be exercised from time to time and as often as may be deemed expedient by Beneficiary and Trustee, and each of them. No consent or waiver, expressed or implied, by Beneficiary to or of any breach or Default by the Grantor in the performance of the obligations thereof hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or Default in the performance of the same or any other obligations of the Grantor hereunder. Failure on the part of Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Beneficiary of its rights hereunder or impair any rights, powers or remedies consequent on any breach or Default by the Grantor.

2.10 Suits to Protect the Mortgaged Property. Beneficiary and Trustee, and each of them, shall have power (a) to institute and maintain such suits and proceedings as they may deem expedient to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or in violation of this Deed of Trust, with notice of commencement of such suits and proceedings to be given to the Grantor, (b) to preserve or protect their interest in the Mortgaged Property and in the rents and issues arising therefrom and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interest of Beneficiary.

2.11 Beneficiary May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Grantor, its creditors or its property, Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable to have the claims of Beneficiary allowed in such proceedings for the entire amount due and payable by the Grantor under this Deed of Trust at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Grantor hereunder after such date.

ARTICLE III

3.01 Successors and Assigns. This Deed of Trust shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, legal representatives, successors and assigns. Whenever a reference is made in this Deed of Trust to Grantor, Trustee or Beneficiary such reference shall be deemed to include a reference to the heirs, executors, legal representatives, successors and assigns of Grantor, Trustee or Beneficiary, respectively.

3.02 Terminology. All personal pronouns used in this Deed of Trust whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles and Articles are for convenience only and neither limit nor amplify the provisions of this Deed of Trust itself, and all references herein to Articles, Sections or subsections thereof, shall refer to the corresponding Articles, Sections or subsections thereof, of this Deed of Trust unless specific reference is made to such Articles, Sections or subsections thereof of another document or instrument.

3.03 Severability. If any provision of this Deed of Trust or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, then, subject to applicable law and Article XIV of the Contract, the remainder of this Deed of Trust and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

3.04 Applicable Law and Jurisdiction. This Deed of Trust shall be interpreted, construed and enforced according to the laws of the State of North Carolina. The exclusive forum and venue for all actions arising out of this Deed of Trust are with the North Carolina General Court of Justice in Henderson County, North Carolina or the U.S. District Court for the Western District of North Carolina. Any attempt to contravene this Section shall be an express violation of this Deed of Trust.

3.05 Notices, Demands and Request. All notices, demands or requests provided for or permitted to be given pursuant to this Deed of Trust must be in writing and shall be deemed to have been properly given or served by personal delivery or by depositing in the United States Mail, prepaid and registered or certified, return receipt requested, and addressed to the addresses set forth in the Contract. All notices, demands and requests shall be effective upon personal delivery or upon being deposited in the United States Mail. However, the time period in which a response to any notice, demand or request must be given, if any, shall commence to run from the date of receipt of the notice, demand or request by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice, demand or request sent. By giving at least 30 days written notice thereof, the Grantor, the Trustee or Beneficiary shall have the right from time to time and at any time during the term of this Deed of Trust to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

3.06 Appointment of Successor Trustee. Beneficiary shall at any time have the irrevocable right to remove Trustee herein named without notice to such Trustee for cause and to appoint a successor thereto by an instrument in writing, duly acknowledged, in such form as to entitle such written instrument to be recorded in this state, and in the event of the death or resignation of Trustee named herein, Beneficiary shall have the right to appoint a successor thereto by such written instrument, and any Trustee so appointed shall be vested with the title to the Mortgaged Property and shall possess all the powers, duties and obligations herein conferred on Trustee in the same manner and to the same extent as though such were named herein as Trustee. In the event of such substitution of Trustee, Beneficiary shall furnish notice thereof to the Grantor.

3.07 Trustee's Powers. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and Grantor and presentation of this Deed of Trust, and without affecting the liability for payment of the Indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of said Mortgaged Property, Trustee may (1) reconvey any part of said Mortgaged Property, (2) consent in writing to the making of any map or plat thereof, (3) join in granting any easement therein or (4) join in any extension agreement or any agreement subordinating the lien or charge hereof. This provision shall not limit the powers of Trustee under applicable law or Section 2.03 hereof.

3.08 Beneficiary's Powers. Without affecting the liability for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Mortgaged Property not then or theretofore released as security for the full amount of all unpaid obligations, Beneficiary may, from time to time and without notice, (1) release any person so liable, (2) extend the maturity or alter any of the terms of any such obligation, (3) grant other indulgences, (4) cause to be released or reconveyed at any time at Beneficiary's option, any parcel, portion or all of the Mortgaged Property, (5) take or release any other or additional security for any obligation herein

mentioned or (6) make compositions or other arrangements in relation thereto. The provisions of N.C. Gen. Stat. Section 45-45.1 or any similar statute hereafter enacted in replacement or in substitution thereof shall be inapplicable to this Deed of Trust.

3.09 *Acceptance by Trustee.* Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made of public record as provided by law.

3.10 *Miscellaneous.* The covenants, terms and conditions herein contained shall bind, and the benefits and powers shall inure to, the respective heirs, executors, administrators, successors and assigns of the parties hereto. Whenever used herein, the singular number shall include the plural, the plural the singular, and the term "*Beneficiary*" shall include any payee of the Indebtedness hereby secured and any transferee or assignee thereof, whether by operation of law or otherwise.

3.11 *E-Verify.* The Trustee and the Beneficiary understand that "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 in accordance with Section 64-25(5) of the General Statutes of North Carolina, as amended. The Trustee and the Beneficiary use E-Verify to verify the work authorization of its respective employees in accordance with Section 64-26(a) of the General Statutes of North Carolina, as amended. The Trustee and the Beneficiary will not use any subcontractors in connection with this Deed of Trust; however, if they do use subcontractors, each will require that any subcontractor that used in connection with the transactions contemplated by this Deed of Trust certify to such subcontractor's compliance with E-Verify.

3.12. *Iran Divestment Act Certification.* As of the date of this Deed of Trust, the Trustee and the Beneficiary are not on any list created and maintained by the North Carolina Department of State Treasurer pursuant to the Iran Divestment Act of 2015, Article 6E of Chapter 147 of the General Statutes of North Carolina.

IN WITNESS WHEREOF, the Grantor has caused this Deed of Trust to be executed under seal the day and year first above written.

COUNTY OF HENDERSON, NORTH CAROLINA

By: _____
Steven D. Wyatt
County Manager

ATTEST:

Teresa Wilson
Clerk to the Board of Commissioners

EXHIBIT A
REAL PROPERTY DESCRIPTION

[Text to come]

EXHIBIT B

PERMITTED ENCUMBRANCES

“*Permitted Encumbrances*” means, as of any particular time: (a) this Deed of Trust; (b) the Contract, as it may be amended from time to time; (c) the Indenture; (d) utility, access and other easements and rights of way, restrictions and exceptions which exist of record as of the closing date and date which do not interfere with or impair the intended use of the Mortgaged Property; (e) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Mortgaged Property and as do not materially impair title to the Mortgaged Property; and (f) any other encumbrances described in Schedule B to the title insurance commitment Number _____ issued by _____, which commitment is incorporated herein by this reference, pursuant to which _____ will issue the title insurance policy as required by Section 5.5 of the Contract.



HENDERSON COUNTY GOVERNMENTAL FINANCING CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

INDENTURE OF TRUST

Dated as of
June 1, 2017

This instrument has been entered into by the within-described parties to secure certain Limited Obligation Bonds evidencing proportionate undivided interests in rights to receive certain revenues pursuant to an Installment Financing Contract between Henderson County Governmental Financing Corporation and the County of Henderson, North Carolina, as more fully described herein.

INDENTURE OF TRUST

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of June 1, 2017 (this "*Indenture*"), by and between HENDERSON COUNTY GOVERNMENTAL FINANCING CORPORATION (the "*Corporation*") and U.S. BANK NATIONAL ASSOCIATION, as trustee (the "*Trustee*"), a national banking association duly organized and validly existing under the laws of the United States, having an office and place of business in Charlotte, North Carolina, being authorized to accept and execute trusts of the character herein set out.

WITNESSETH:

WHEREAS, the County of Henderson, North Carolina (the "*County*") is a duly and regularly created, organized and existing political subdivision validly existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (the "*State*");

WHEREAS, the County has, under Section 160A-20 of the General Statutes of North Carolina, entered into an Installment Financing Contract dated as of June 1, 2017 (the "*Contract*") with the Corporation under which it will make Installment Payments and Additional Payments in consideration thereof, in order to (1) finance the acquisition, construction and equipping of an emergency services headquarters facility (the "*Project*") and (2) pay the costs related to the execution and delivery of the Contract;

WHEREAS, pursuant to this Indenture, the Corporation has assigned all of its right, title and interest in and to the Trust Estate to the Trustee;

WHEREAS, the Bonds evidence proportionate undivided interests in the rights to receive certain Revenues payable by the County under and pursuant to the Contract and shall be payable solely from the sources provided for in this Indenture;

WHEREAS, pursuant to the Contract, the County will pay certain Installment Payments in consideration for the advancement by the Corporation of the Purchase Price under the Contract, which Installment Payments will be deposited by the Trustee in the funds and accounts established hereunder in accordance with the terms hereof and of the Contract;

WHEREAS, the execution, delivery and performance of the Contract by the Corporation, and the assignment by the Corporation to the Trustee, pursuant to this Indenture, of the Trust Estate have been authorized, approved and directed by all necessary and appropriate action of the Corporation;

WHEREAS, the Trustee has entered into this Indenture for and on behalf of the Owners, and will hold its rights hereunder, except as otherwise specifically provided herein, for the equal and proportionate benefit of the Owners, and will disburse money received by the Trustee in accordance with this Indenture;

WHEREAS, the obligation of the County to make Installment Payments and Additional Payments under and pursuant to the Contract shall not constitute a pledge of the faith and credit of the County within the meaning of the Constitution of the State;

WHEREAS, to further secure the obligations of the County under the Contract, the County will deliver a Deed of Trust, Security Agreement and Fixture Filing dated as of June 1, 2017 (the "*Deed of Trust*") to the deed of trust trustee named therein for the benefit of the Corporation and its assignee;

WHEREAS, no deficiency judgment may be rendered against the County in any action for its breach of the Contract, and the taxing power of the County is not and may not be pledged in any way directly or indirectly or contingently to secure any money due under the Contract; and

WHEREAS, all things necessary to make the Bonds, when executed and delivered by the Corporation and authenticated by the Trustee as provided in this Indenture, legal, valid and binding proportionate interests in rights to receive certain Revenues pursuant to the Contract, as herein provided, and to constitute this Indenture a valid, binding and legal instrument for the security of the Bonds in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Corporation, in consideration of the premises and the mutual covenants herein contained and for the benefit of the Owners and the sum of \$1.00 to it duly paid by the Trustee at or before the execution of these presents, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, to secure the payment of the principal, premium, if any, and interest with respect to all Bonds at any time outstanding under this Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Bonds and herein contained, and to declare the terms and conditions on and subject to which the Bonds are executed and delivered and secured, has executed and delivered this Indenture and has granted, warranted, aliened, remised, released, conveyed, assigned, pledged, set over and confirmed, and by these presents does grant, warrant, alien, remise, release, convey, assign, sell, set over and confirm unto U.S. Bank National Association, as the Trustee, and to its successors and assigns forever, all and singular the following described property, franchises and income (collectively, the "*Trust Estate*"):

(a) All rights, title and interest of the Corporation in the Contract, except its rights under Article X thereof, its rights to receive notices and those Additional Payments payable to the Corporation under the Contract;

(b) All rights, title and interest of the Corporation in the Deed of Trust and the Mortgaged Property (as defined in the Contract); and

(c) All money and securities from time to time held by the Trustee under this Indenture in any fund or account (except the Rebate Fund) and any and all other personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specially, pledged or hypothecated, as and for additional security hereunder, by the Corporation, or by anyone on its behalf, in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, on the terms herein set forth for itself and for the equal and proportionate benefit, security and protection of all Owners, without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any other of the Bonds;

PROVIDED, HOWEVER, that if the principal with respect to the Bonds and the premium, if any, and the interest due or to become due with respect thereto, shall be paid at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and if there are paid to the Trustee all sums of money due or to become due to the Trustee in accordance with the terms and

provisions hereof, then on such final payment this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect; and

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that all Bonds executed and delivered and secured hereunder are to be executed, authenticated and delivered and all said property, rights, interests, revenues and receipts hereby pledged, assigned and mortgaged are to be dealt with and disposed of under, on and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Corporation has agreed and covenanted, and does hereby agree and covenant, with the Trustee for the benefit of the Owners, as follows:

ARTICLE I DEFINITIONS AND INTERPRETATIONS

Section 1.1 Definitions. All words and phrases defined in Article I of the Contract have the same meaning in this Indenture and are incorporated herein by reference. In addition, the following terms, except where the context indicates otherwise, have the respective meanings set forth below.

“Acquisition and Construction Fund” means the special fund created under Section 3.11.

“Additional Bonds” means Bonds or other obligations executed and delivered in accordance with Section 2.11.

“Arbitrage and Tax Regulatory Agreement” means the Arbitrage and Tax Regulatory Agreement dated June 28, 2017, executed by and among the County, the Corporation and the Trustee to signify the acceptance of certain covenants and obligations necessary for the exclusion of interest with respect to the 2017A Bonds from the gross income of the owners thereof under the Code.

“Bond Fund” means the special fund created under Section 3.2 of this Indenture.

“Bonds” means the 2017A Bonds and any Additional Bonds.

“Business Day” means a day on which the Trustee or the County is not required or authorized by law to remain closed.

“Cede & Co.” means Cede & Co., the nominee of DTC or any successor nominee of DTC with respect to the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder, or any successor statute thereto.

“Contract” means an Installment Financing Contract dated as of June 1, 2017 between the Corporation and the County and any amendments or supplements thereto, including the Exhibits attached thereto.

“Corporation Representative” means any person or persons at the time designated to act on behalf of the Corporation for purposes of performing any act on behalf of the Corporation under the Contract and this Indenture by a written certificate furnished to the County and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President.

“*Cost of Acquisition and Construction*” includes payment of or reimbursement for the following items:

- (a) the Costs of Issuance;
- (b) obligations incurred or assumed for the Project in connection with the construction, renovation, equipping and financing thereof, including, without limitation, costs of obtaining title insurance and a survey of the Mortgaged Property; and
- (c) all other costs which are considered to be a part of the cost of construction, renovation, equipping and financing of the Project in accordance with generally accepted accounting principles and which will not affect the exclusion from gross income for federal income tax purposes of the designated interest component of Installment Payments or other Bonds executed and delivered with the expectation that interest with respect to them will be excludable from gross income of the owners thereof under the Code, all payable by the County, including sums required to reimburse the County for advances made by the County that are properly chargeable to the construction, renovation, equipping and financing of the Project.

“*Costs of Issuance*” means the costs incurred in connection with the initial execution and delivery of the Bonds, including, without limitation, all printing expenses in connection with this Indenture, the Contract, and the documents and certificates contemplated hereby, the Preliminary Official Statement and the Official Statement for the Bonds, and the Bonds, legal fees and expenses of counsel to the Corporation, special counsel, counsel to the County, other counsel, counsel to the purchaser or purchasers of the Bonds, rating agency fees, any accounting expenses incurred in connection with determining that the Bonds are not “arbitrage bonds” within the meaning of the Code, the Trustee’s initial fees and expenses (including attorney’s fees), and state license fees, on the submission of requisitions by the County signed by a County Representative stating the amount to be paid, to whom it is to be paid and the reason for such payment, and that the amount of such requisition is justly due and owing and has not been the subject of another requisition which was paid and is a proper expense of executing and delivering the Bonds.

“*DTC*” means The Depository Trust Company, a limited purpose company organized under the law of the State of New York, and its successors and assigns.

“*DTC Participant*” or “*DTC Participants*” means securities brokers and dealers, banks, trust companies, clearing corporations and certain other corporations which have access to the DTC system.

“*Event of Default*” means those events specified as such in Section 7.1 of this Indenture.

“*Federal Securities*” means, to the extent such investments qualify under Section 159-30 of the General Statutes of North Carolina as amended from time to time, (a) direct obligations of the United States of America, obligations the principal of and interest on which are guaranteed by the United States of America, or obligations of any agency or instrumentality of the United States of America, in each case for the payment of which the full faith and credit of the United States of America are pledged (including any securities issued or held in the name of the Trustee in book entry form on the books of the Department of the Treasury of the United States of America) which obligations are held by the Trustee and are not subject to prepayment or purchase before maturity at the option of anyone other than the holder; (b) any bonds or other obligations of any state or territory of the United States of America or of any agency, instrumentality or local governmental unit of any such state or territory which are (1) not callable before maturity or (2) as to which irrevocable instructions have been given to the trustee or

escrow agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified, and which are rated by Moody's and S&P within its highest rating category and which are secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) of this definition which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment date or dates pursuant to such irrevocable instructions, as appropriate; or (c) evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in clause (a) or (b) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in clause (a) or (b), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

"Interest Payment Date" means each June 1 and December 1, beginning December 1, 2017.

"LGC" means the Local Government Commission of North Carolina.

"Moody's" means Moody's Investors Service, its successors and their assigns, and, if such entity for any reason no longer performs the function of a securities rating agency, *"Moody's"* will be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

"Opinion of Counsel" means an opinion in writing of legal counsel, who may be counsel to the Trustee, the County or the Corporation.

"Outstanding" or *"Bonds Outstanding"* means all Bonds which have been executed and delivered, except:

- (a) Bonds canceled or which have been surrendered to the Trustee for cancellation;
- (b) Bonds in lieu of which other Bonds have been authenticated under Sections 2.8 or 2.9;
- (c) Bonds which have been prepaid as provided in Article IV (including Bonds prepaid on a partial payment as provided in Section 4.1); and
- (d) Bonds which are deemed to have been paid under Article VI.

"Owner" or *"Owners"* means, initially, Cede & Co., as nominee for DTC, and if the book entry system of evidence and transfer of ownership in the Bonds is discontinued pursuant to Section 2.2, the registered owner or owners of any Bond fully registered as shown in the registration books of the Trustee.

"Permitted Investments" means Federal Securities and any other investments which are qualified under Section 159-30 of the General Statutes of North Carolina, as amended from time to time.

"Person" or *"person"* means natural persons, firms, associations, corporations and public bodies.

"Prepayment Fund" means the special fund created under Section 3.7.

"Rebate Fund" means the special fund created under Section 3.9.

“*Record Date*” means the 15th day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

“*S&P*” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, its successors and their assigns, and, if such entity for any reason no longer performs the function of a securities rating agency, “*S&P*” will be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

“*Trust Estate*” means the property pledged and assigned to the Trustee pursuant to and defined as such in the granting clauses hereof.

“*Trustee*” means U.S. Bank National Association, acting in the capacity of trustee for the Owners pursuant to the Indenture, and any successor thereto appointed under this Indenture.

“*Trustee Representative*” means the person or persons at the time designated to act on behalf of the Trustee for purposes of performing any act on behalf of the Trustee under this Indenture by a written certificate furnished to the County and the Corporation containing the specimen signature of such person or persons and signed on behalf of the Trustee by any duly authorized officer of the Trustee.

“*2017A Bonds*” means the \$_____ Limited Obligation Bonds (County of Henderson, North Carolina), Series 2017A evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract.

“*Underwriter*” means, PNC Capital Markets LLC.

Section 1.2 Interpretations. For purposes of this Indenture:

(a) **Successors.** References to specific persons, positions or officers include those who or which succeed to or perform their respective functions, duties or responsibilities.

(b) **Laws.** References to the Code, or to the laws or Constitution of the State, or rules or regulations thereunder, or to a section, division, paragraph or other provision thereof, include those laws and rules and regulations, and that section, division, paragraph or other provision thereof as from time to time amended, modified, supplemented, revised or superseded, provided that no such amendment, modification, supplement, revision or supersession shall be applied to alter the obligation to pay the principal, premium, if any, or interest due and owing with respect to the Bonds Outstanding in the amount and manner, at the times, and from the sources provided in this Indenture, except as otherwise herein permitted.

(c) **Singular/Plural.** Unless the context otherwise indicates, words importing the singular number include the plural number and words importing the plural number include the singular number.

(d) **Computations.** Unless otherwise provided in this Indenture or the facts are then otherwise, all computations required for the purposes of this Indenture shall be made on the assumptions that: (1) all Installment Payments are paid as and when the same become due; and (2) all credits required by this Indenture to be made to any fund or account are made in the amounts and at the times required.

(e) **Exclusion of Bonds Held by or for the County and the Corporation.** In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the County and the Corporation shall be disregarded and deemed not to be Outstanding, except that, in determining

whether the Trustee is protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee actually knows to be so owned shall be disregarded.

(f) ***Counsel Opinions.*** Any opinion of counsel may be qualified by reference to the constitutional powers of the United States of America and the State, the police and sovereign powers of the State, judicial discretion, and bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights and similar matters.

(g) ***Consolidated Certifications, Opinions and Instruments.*** When several matters are required to be certified by, or covered by an opinion of, any specified person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such person, or that they are so certified or covered by only one document, but one such person may certify or give an opinion with respect to some matters and one or more other such persons as to other matters, and any such person may certify or give an opinion as to such matters in one or several documents. When any person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, such instruments may, but need not, be consolidated and form one instrument.

(h) ***Opinions and Certifications of County and Corporation.*** Any certificate or opinion of an officer of the County or Corporation may be based, insofar as it relates to legal matters, on a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters on which his or her certificate or opinion is based are erroneous. Any such certificate or opinion may be based, insofar as it relates to factual matters, on a certificate or opinion of, or representations by, an officer or officers of the Corporation or the County stating that the information with respect to such factual matters is in the possession of the County or the Corporation, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such factual matters are erroneous.

(i) ***References to Indenture.*** The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Indenture as a whole and not to any particular article, section or subdivision hereof; and the term "heretofore" means before the date of execution of this Indenture, the term "now" means at the date of execution of this Indenture, and the term "hereafter" means after the date of execution of this Indenture.

(j) ***Section and Article References.*** References in this Indenture to Section or Article numbers, without added references to other documents, are to the indicated Sections or Articles in this Indenture.

(k) ***Gender.*** Words of the masculine gender include correlative words of the feminine and neuter genders.

(l) ***Remedies.*** Nothing expressed or implied in this Indenture is intended or shall be construed to confer on or to give any Person, other than the County, the Trustee, the Corporation and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, agreement, condition or stipulation hereof.

(m) ***References to Fees and Expenses.*** Whenever this Indenture contains a reference to fees or expenses, such reference is deemed to include the word "reasonable" as an antecedent thereto.

[END OF ARTICLE I]

**ARTICLE II
AUTHORIZATION, TERMS, ISSUANCE OF BONDS**

Section 2.1 Authorized Amount of Bonds. No Bonds may be executed and delivered under this Indenture except in accordance with this Article II. The aggregate principal amount of 2017A Bonds that may be executed and delivered under Section 2.7 is \$_____. Additional Bonds may be delivered as provided in Section 2.11.

Section 2.2 Issuance of Bonds. To provide funds for the payment of the Cost of Acquisition and Construction, the Bonds shall be executed, sold and delivered under this Indenture. The Bonds shall constitute proportionate undivided interests in the rights to receive Revenues under the Contract.

The 2017A Bonds shall mature on June 1 of the years and in the amounts set forth below, and shall bear interest (computed on the basis of a 360-day year of twelve 30-day months and payable on each Interest Payment Date) from the dates as determined by reference to the paragraphs below until the principal with respect to the 2017A Bonds has been paid in full or duly provided for in accordance with the provisions hereof, as follows:

DATE	PRINCIPAL AMOUNT	INTEREST RATE	DATE	PRINCIPAL AMOUNT	INTEREST RATE
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The 2017A Bonds shall be dated as of the date of their delivery, if executed and delivered before the first Interest Payment Date, or if executed and delivered on any later date, as of the Interest Payment Date next preceding their date of execution and delivery, or if executed and delivered on an Interest Payment Date, as of such date; provided, however, that if the interest with respect to the 2017A Bonds has not been paid in full and is in default, 2017A Bonds executed and delivered in exchange for 2017A Bonds surrendered for transfer or exchange will be dated as of the date to which interest has been paid in full on the 2017A Bonds so surrendered.

The 2017A Bonds will be executed and delivered by means of a book-entry system with no physical distribution of 2017A Bonds made to the public. One 2017A Bond for each maturity of the 2017A Bonds will be delivered to DTC and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2017A Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant will be credited in the records of DTC with the amount of such DTC Participant's interest in the 2017A Bonds. Beneficial ownership interests in the 2017A Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "*Beneficial Owners*." The Beneficial Owners will not receive 2017A Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner will be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its

Bonds. Transfers of ownership interests in the 2017A Bonds will be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE 2017A BONDS, THE TRUSTEE SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE 2017A BONDS FOR ALL PURPOSES UNDER THE INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL, PREMIUM, IF ANY, AND INTEREST WITH RESPECT TO THE 2017A BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS INDENTURE.

Payments of principal, interest and prepayment premium, if any, with respect to the 2017A Bonds, so long as DTC is the only Owner of the 2017A Bonds, will be paid by the Trustee directly to DTC or its nominee, Cede & Co., as provided in the Blanket Letter of Representation dated May 21, 2010 from the County to DTC (the "*Letter of Representation*"). DTC will remit such payments to DTC Participants, and such payments thereafter will be paid by DTC Participants to the Beneficial Owners. The County and the Trustee shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

If (a) DTC determines not to continue to act as securities depository for the 2017A Bonds or (b) the County determines that the continuation of the book entry system of evidence and transfer of ownership of the 2017A Bonds would adversely affect the interests of the County or the Beneficial Owners of the 2017A Bonds, the County shall discontinue the book entry system with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County will cause the Trustee to authenticate and deliver replacement Bonds in the form of fully registered 2017A Bonds in accordance with DTC's rules and procedures.

THE COUNTY, THE CORPORATION AND THE TRUSTEE DO NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (a) THE 2017A BONDS; (b) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (c) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AND PREMIUM, IF ANY, AND INTEREST WITH RESPECT TO THE 2017A BONDS; (d) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO OWNERS; (e) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL PREPAYMENT OF THE 2017A BONDS; OR (f) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

If a book-entry system of evidence and transfer of ownership of the 2017A Bonds is discontinued pursuant to the provisions of this Section, the 2017A Bonds shall be delivered, in accordance with DTC's rules and procedures, as fully registered Bonds without coupons in the denominations of \$5,000 and any integral multiple thereof, shall be lettered "R" and numbered separately from 1 upward, and shall be payable, executed, authenticated, registered, exchanged and canceled pursuant to the provisions of Article II.

The Bonds and any premiums on the prepayment thereof before maturity will be payable in lawful money of the United States of America and at the designated corporate trust office of the Trustee on presentation and surrender. Interest with respect to the Bonds will be paid by the Trustee by check mailed on the Interest Payment Date to each Owner as its name and address appear on the register kept by the Trustee at the close of business on the Record Date.

Section 2.3 Limited Obligation. Each Bond shall evidence a proportionate undivided interest in the right to receive certain Revenues. The Bonds are payable solely from Revenues as, when and if the

same are received by the Trustee, which Revenues are to be held in trust by the Trustee for such purposes in the manner and to the extent provided herein. The Owner of each Bond is not entitled to receive more than the amount of principal, premium, if any, and interest represented by such Bond. The Bonds do not constitute a debt of the County or any assignee of the County under the Contract.

NOTWITHSTANDING ANY PROVISION OF THIS INDENTURE, THE CONTRACT OR THE DEED OF TRUST WHICH MAY BE TO THE CONTRARY, NO PROVISION OF THIS INDENTURE, THE CONTRACT OR THE DEED OF TRUST SHALL BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE. NO PROVISION OF THIS INDENTURE, THE CONTRACT OR THE DEED OF TRUST 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 INDENTURE, THE CONTRACT OR THE DEED OF TRUST 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 THE CONTRACT IS IN EFFECT; PROVIDED, HOWEVER, 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 THE CONTRACT WILL IN NO WAY OBLIATE THE OCCURRENCE OF THE EVENT OF DEFAULT RESULTING FROM SUCH NONPAYMENT. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR ANY BREACH OF THE CONTRACT, THIS INDENTURE OR THE DEED OF TRUST, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEY DUE UNDER THIS INDENTURE, THE CONTRACT OR THE DEED OF TRUST. TO THE EXTENT OF ANY CONFLICT BETWEEN THIS PARAGRAPH AND ANY OTHER PROVISION OF THIS INDENTURE, THIS PARAGRAPH SHALL TAKE PRIORITY AND SHALL INCORPORATE HEREIN BY REFERENCE ARTICLE XIV OF THE CONTRACT.

Section 2.4 Execution of the Bonds. The Bonds will be executed on behalf of the Corporation with the manual or facsimile signature of its President or Vice President and have impressed or imprinted thereon, by facsimile or otherwise, the official seal of the Corporation. If any officer of the Corporation whose signature or whose facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds, such signature or the facsimile thereof shall nevertheless be valid and sufficient for all purposes as if he had remained in office until authentication; and any Bond may be signed on behalf of the Corporation by such persons as are at the time of execution of such Bond proper officers of the Corporation, even though at the date of this Indenture, such person was not such officer.

Section 2.5 Authentication. No Bond is valid or becomes obligatory for any purpose or is entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond substantially in the form included in Exhibit A hereto has been duly executed by the Trustee and such executed certificate of the Trustee on any such Bond is conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond is deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it is not necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds executed and delivered under this Indenture.

Section 2.6 Form of 2017A Bonds. The 2017A Bonds will be substantially in the form set forth in Exhibit A to this Indenture, with such appropriate variations, omissions and insertions as may be permitted or required hereby.

Section 2.7 Delivery of the 2017A Bonds. On the execution and delivery of this Indenture, the Corporation shall initially execute and deliver to the Trustee the 2017A Bonds in the aggregate

principal amount of \$_____ and the Trustee shall authenticate the 2017A Bonds and shall deliver them to the Underwriter as directed by the Corporation as hereinafter in this Section provided.

(a) Before the delivery of any of the 2017A Bonds, the Trustee must receive:

(1) an originally executed counterpart of the Contract, this Indenture and the Deed of Trust and a certified copy of the resolution adopted by the Board approving the Contract;

(2) a request and authorization to the Trustee on behalf of the Corporation and signed by a Corporation Representative to authenticate and deliver the 2017A Bonds;

(3) the approval of the LGC; and

(4) an executed opinion of nationally recognized bond counsel selected by the County.

(b) Then, the Trustee shall deliver the 2017A Bonds, on payment to the Trustee of a sum specified in a bond purchase agreement between the Corporation and the Underwriter. Such sum is to be applied as provided in Article III.

Section 2.8 Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost stolen or destroyed, a new Bond may be executed on behalf of the Corporation, of like date, maturity, denomination and series as that mutilated, lost, stolen or destroyed; provided that the Trustee has received indemnity of the County, the Corporation and the Trustee from the Owner of the Bond satisfactory to the Trustee and provided further, in case of any mutilated Bond, that such mutilated Bond is first surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, that there is first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee. If any such Bond has matured, instead of delivering a duplicate Bond, the Trustee may pay the same without surrender thereof. The Trustee may charge the Owner of the Bond with its reasonable fees and expenses in this connection.

Section 2.9 Registration of Bonds; Persons Treated as Owners; Transfer of Bonds. Books for the registration and for the transfer of Bonds shall be kept by the Trustee which is hereby appointed the registrar. On surrender for transfer of a Bond at the designated corporate trust office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his attorney duly authorized in writing, the Trustee shall deliver in the name of the transferee or transferees a new authenticated and fully registered Bond or Bonds of the same series.

The Trustee is not required to register the transfer of any Bonds during the period of 15 days next preceding the mailing of notice calling such Bond for prepayment as herein provided, or after any Bond has been selected for prepayment.

As to any Bond, the person in whose name the same is registered is deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal or interest with respect to such Bond shall be made only to or on the written order of the Owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge such Bond to the extent of the sum or sums paid.

The Trustee shall require the payment, by any Owner requesting transfer of Bonds, of any tax, trustee fee, fee or other governmental charge required to be paid with respect to such transfer. If any

transfer requires that more than one Bond be executed and delivered, the principal amounts of which equal the principal amount of the Bonds surrendered for transfer, an additional fee (including the cost of printing the Bonds, if necessary) will be required.

Section 2.10 Cancellation of Bonds. Whenever any Outstanding Bonds are delivered to the Trustee for cancellation pursuant to this Indenture, on payment thereof or for or after replacement pursuant to Section 2.8 or 2.9 of this Indenture, such Bonds shall be promptly canceled in accordance with the Trustee's procedures for the cancellation and destruction of instruments.

Section 2.11 Additional Bonds. So long as the Contract remains in effect and no Event of Default has occurred and is continuing, additional Bonds or other obligations (the "Additional Bonds") may be executed and delivered on the terms and conditions provided herein.

Additional Bonds may be delivered by the Trustee at the direction of the Corporation to provide funds to pay: (1) the cost of expanding the Project, acquiring, constructing, renovating and equipping other facilities or acquiring equipment and other capital assets for utilization by the County for public purposes; (2) the cost of refunding of all or any portion of the Bonds then Outstanding or any other financing obligations of the County; and (3) the Costs of Issuance relating to the execution, delivery and sale of the Additional Bonds.

Additional Bonds may be executed and delivered only on there being filed with the Trustee:

(a) Originally executed counterparts of a supplemental indenture and an amendment to the Contract adopted in accordance with the requirements of Article IX and approved by the LGC, if so required by law, including requirements regarding approval of the Owners, if applicable, expressly providing that the Additional Bonds being executed and delivered as well as any Bonds and Additional Bonds theretofore executed and delivered shall be secured on a parity as hereinafter provided, except that the date or dates of the Additional Bonds, the rate or rates of interest with respect to the Additional Bonds, the time or times of payment of the interest with respect thereto and the principal amount thereof, and provisions for the prepayment thereof, if any, all shall be as provided in the supplemental indenture and amendment to the Contract, and further providing for an increase in the Purchase Price and the Installment Payments required or authorized to be paid to the Trustee under the Contract in such amount as shall be necessary to pay (assuming that no Event of Default shall occur), the principal, premium, if any, and interest with respect to the Additional Bonds.

(b) A written opinion or opinions of nationally recognized bond counsel and mutually acceptable to the County and the Corporation, to the effect that the amendment to the Contract and the authentication of the Additional Bonds have been duly authorized, that the amendment to the Contract is valid and enforceable against the County and that the exclusion from gross income for federal income tax purposes of the interest component of the Installment Payments related to a series of Outstanding Bonds executed and delivered with the expectation that interest with respect to them will be excludable from the gross income of the owners thereof under the Code, will not be adversely affected by the execution and delivery of the Additional Bonds, and that the sale and delivery of the Additional Bonds will not constitute a default under the Contract or this Indenture or cause any violation of the covenants, agreements or representations therein or herein.

(c) A written order to the Trustee to deliver the Additional Bonds to the purchaser or purchasers therein identified on payment to the Trustee of a specified sum plus accrued interest, if any.

Each of the Additional Bonds executed and delivered under this Section 2.11 shall evidence a proportionate undivided interest in rights to receive certain Revenues under the Contract, as amended, proportionately and ratably secured with the 2017A Bonds originally executed and delivered and all Additional Bonds, if any, executed and delivered under this Section 2.11, without preference, priority or distinction of any 2017A Bond or Additional Bond over any other.

[END OF ARTICLE II]

**ARTICLE III
REVENUES AND FUNDS**

Section 3.1 *Source of Payment of Bonds; Deposit of Bond Proceeds.* The Bonds evidence proportionate undivided interests in rights to receive certain Revenues under the Contract. Installment Payments, when, as and if received by the Trustee, are to be held hereunder for payment of the principal, premium, if any, and interest with respect to the Bonds as provided in this Indenture. From the proceeds from the sale of the 2017A Bonds, the Trustee shall deposit \$ _____ in the Acquisition and Construction Fund.

The proceeds of any Additional Bonds, executed and delivered under Section 2.11, are to be applied by the Trustee as directed in a certificate signed by a County Representative.

Section 3.2 *Creation of the Bond Fund.* A special fund is hereby created and established with the Trustee, to be designated "Henderson County, NC 2017A Installment Financing Contract Bond Fund" (the "*Bond Fund*"), the money in which is to be used to pay the principal, premium, if any, and interest with respect to the Bonds. Within the Bond Fund, there are hereby created and ordered established an Interest Account and a Principal Account, the money in each of which is to be used as set forth in Section 3.5.

Section 3.3 *Payments Into the Interest Account of the Bond Fund.* The Trustee shall deposit into the Interest Account of the Bond Fund (1) that portion of each payment of Installment Payments which is designated and paid as interest under the Contract; (2) investment earnings on the Bond Fund and the Prepayment Fund, as provided in Section 3.5 and Section 3.7, respectively; (3) Net Proceeds from any lease of the Mortgaged Property, including after an Event of Default to the extent required to pay the next installment of interest or any previous installment of interest not paid; (4) all money required to be deposited therein in accordance with this Indenture; and (5) all other money received by the Trustee under this Indenture accompanied by written directions from the County that such money is to be deposited into the Interest Account of the Bond Fund. The Trustee shall credit all amounts deposited into the Interest Account of the Bond Fund, including particularly the amounts set forth in Section 3.1 of the Contract, toward the interest component of the Installment Payment then due and payable under the Contract. The Trustee shall notify the County of all amounts credited toward such Installment Payments within 30 days of such credit.

Section 3.4 *Payments Into the Principal Account of the Bond Fund.* The Trustee shall deposit into the Principal Account of the Bond Fund (a) that portion of each payment of Installment Payments which is designated and paid as principal with respect to the 2017A Bonds under the Contract; (b) Net Proceeds from any lease of the Mortgaged Property, including after an Event of Default after the deposit required by Section 3.3; (c) all money required to be deposited therein in accordance with this Indenture; and (d) all other money received by the Trustee under this Indenture accompanied by written directions from the County that such money is to be deposited into the Principal Account of the Bond Fund.

Section 3.5 *Use of Money in the Bond Fund.* Money in the Interest Account of the Bond Fund is to be used for the payment of the interest with respect to the Bonds as the same becomes due and payable. Money in the Principal Account of the Bond Fund is to be used for the payment of the principal with respect to the Bonds. Investment earnings on money on deposit in the Interest Account and Principal Account of the Bond Fund is to be applied to the next payment of Installment Payments with respect to the Bonds. If the Bonds are to be prepaid in whole pursuant to Section 4.1(a), any money

remaining in the Interest Account and Principal Account of the Bond Fund is to be applied to such prepayment along with other money held by the Trustee for such purpose.

Section 3.6 Custody of the Bond Fund. The Bond Fund is in the custody of the Trustee. The Trustee shall withdraw sufficient funds from the Bond Fund to pay the principal and interest with respect to the Bonds as the same become due and payable.

Section 3.7 Creation of the Prepayment Fund. There is hereby created and established with the Trustee the "Henderson County, NC 2017A Installment Financing Contract Prepayment Fund" (the "*Prepayment Fund*"). The Trustee shall deposit into the Prepayment Fund any money provided by the County as a prepayment of Installment Payments. Money on deposit in the Prepayment Fund is to be disbursed for prepayment of the Bonds as provided in Section 4.1(a) of this Indenture. Any income from investment of money in the Prepayment Fund is to be deposited into the Interest Account of the Bond Fund and applied to the interest component of the next payment of the Installment Payments. Whenever any money on deposit in the Prepayment Fund is disbursed for prepayment of less than all of the Outstanding Bonds, the Trustee shall recalculate the Installment Payments set forth in the Contract to reflect the reduction in the outstanding principal amount of the Bonds after such prepayment.

Section 3.8 Nonpresentment of Bonds. If any Bond is not presented for payment when due, if funds sufficient to pay such Bond have been made available to the Trustee for the benefit of the Owner thereof, it is the duty of the Trustee to hold such funds without liability for interest with respect thereto, for the benefit of the Owner of such Bond, who is restricted exclusively to such funds for any claim of whatever nature on his or her part under the Contract or this Indenture or on or with respect to such Bond.

Any money that is so set aside or transferred and that remains unclaimed by the Owners for a period of three years after the date on which such Bonds have become payable will be treated as abandoned property under N.C.G.S. § 116B et seq., and the Trustee shall report and remit this property to the State Treasurer according to the requirements of N.C.G.S. § 116B. Thereafter, the Owners may look to the State Treasurer for payment and then only to the extent of the amounts so received without any interest with respect thereto, and the Trustee, the Corporation and the County shall have no responsibility with respect to such money.

Section 3.9 Rebate Fund. If the County informs the Trustee, in writing, that funds are to be set aside in a separate account of the Trustee to be held for the payment of rebate payments to the Federal Government pursuant to the terms of either of the Arbitrage and Tax Regulatory Agreement, the Trustee shall create and establish the "Henderson County, NC 2017A Installment Financing Contract Rebate Fund" (the "*Rebate Fund*"). The Trustee shall deposit in the Rebate Fund the amounts as so directed by the County. The County shall make or cause to be made the calculation or calculations required by the Arbitrage and Tax Regulatory Agreement and shall direct the Trustee, in writing, to make deposits and disbursements from the Rebate Fund in accordance therewith. The Trustee shall invest the Rebate Fund as so directed by the County.

Section 3.10 Rebate Disbursements. Not later than 30 days after the end of the fifth anniversary of the execution and delivery of the 2017A Bonds and every five years thereafter, the Trustee shall pay to the United States the amount required to be on deposit in the Rebate Fund as of such payment date as determined by the County. The County shall provide such amounts required to be on deposit in the Rebate Fund to the Trustee, and the Trustee is not required to risk or expend any of its own money for this purpose. Not later than 30 days after the final retirement of the 2017A Bonds, the Trustee shall pay to the United States such amount from the Rebate Fund as directed by the County. Each payment required to be paid to the United States pursuant to this Section shall be filed with the Internal Revenue Service Center, 1160 West 1200 Street, Ogden, Utah 84201 or such other place as the County may direct.

The Trustee has no liability for the calculation or payment of rebate except as provided in Section 3.9 and this section and written instructions provided to the Trustee by the County. Each payment is to be accompanied by a statement, prepared or caused to be prepared by the County, summarizing the determination of the amount to be paid to the United States.

Section 3.11 Creation of the Acquisition and Construction Fund. A special fund is hereby created and established with the Trustee to be designated to be designated “Henderson County, NC 2017A Installment Financing Contract Acquisition and Construction Fund” (the “*Acquisition and Construction Fund*”) The Trustee shall deposit in the Acquisition and Construction Fund the amounts as set forth in Section 3.1. In addition, the Trustee shall deposit into the Acquisition and Construction Fund such amounts as the County may designate in a certificate signed by a County Representative in connection with the execution and delivery of Additional Bonds under Section 2.11. The Trustee shall invest and reinvest remaining money held in the Acquisition and Construction Fund in accordance with this Indenture and retain the income therefrom in the Acquisition and Construction Fund or any account thereof and use such money (together with all other money held in the Acquisition and Construction Fund) to pay the Cost of Acquisition and Construction attributable to the Project, as directed by the County in accordance with Section 4.2 of the Contract. The Trustee shall create additional accounts within the Acquisition and Construction Fund on the County’s written direction.

Money in the Acquisition and Construction Fund will be applied to the Cost of Acquisition and Construction of the Project. On completion of the acquisition, construction, renovation and equipping of the Project, as certified in writing to the Trustee by a County Representative, the balance, if any, remaining in the Acquisition and Construction Fund (1) will be applied by the Trustee for any purpose permitted by applicable law which, in the opinion of nationally recognized bond counsel selected by the County and addressed to the Trustee, will not cause interest with respect to a series of Outstanding Bonds executed and delivered with the expectation that interest with respect to them will be excludable from the gross income of the owners thereof under the Code to become includable in the gross income of the owners thereof for federal income tax purposes or (2) absent the delivery of such an opinion to the Trustee, will be deposited first to the credit of the Interest Account and next to the Principal Account of the Bond Fund and applied to the future Installment Payments coming due under the Contract with respect to the applicable series of Outstanding Bonds in the order of their due date.

Section 3.12 Money To Be Held in Trust; Reports to County. The ownership of the Bond Fund, the Prepayment Fund, the Acquisition and Construction Fund and any other fund or account, except for the Rebate Fund, created hereunder or under the Contract shall be in the Trustee, for the benefit of the Owners as specified in this Indenture. Not less than once during each calendar year, the Trustee shall provide the County with an accounting for all receipts to and disbursements from each fund or account.

Section 3.13 Repayment to the County from the Trustee. After payment in full of the Bonds, the interest with respect thereto, any premium with respect thereto, the fees, charges and expenses of the Trustee and all other amounts required to be paid hereunder, any amounts remaining in the Bond Fund, the Prepayment Fund, the Acquisition and Construction Fund or otherwise held by the Trustee pursuant hereto other than the Rebate Fund shall be paid to the County on the expiration or sooner termination of the Contract as a return of an overpayment of Installment Payments.

Section 3.14 Custody of Separate Trust Fund. The Trustee is authorized and directed to hold all Net Proceeds from any insurance proceeds or condemnation awards and disburse such proceeds in accordance with Article VII of the Contract.

[END OF ARTICLE III]

**ARTICLE IV
PREPAYMENT OF 2017A BONDS**

Section 4.1 *Prepayment Dates and Prices.* The 2017A Bonds are subject to prepayment, in whole or in part, as set forth below:

(a) **Optional Prepayment.** The 2017A Bonds maturing on or before June 1, 20__ are not subject to optional prepayment before their maturities. The 2017A Bonds maturing after June 1, 20__ are subject to optional prepayment in whole or in part on any date on or after June 1, 20__, at the option of the County, at the prepayment price equal to 100% of the principal amount of such 2017A Bonds to be prepaid, together with accrued interest to the date fixed for prepayment.

(b) **[Mandatory Sinking Fund Prepayment.** The 2017A Bonds maturing on June 1, 20__ are subject to prepayment before maturity in part on June 1, 20__ in the principal amount of \$_____ at the prepayment price of 100% of the principal amount thereof, without premium, with the balance of \$_____ payable at maturity on June 1, 20__.]

(c) **Selection.** If called for prepayment in part, the 2017A Bonds to be prepaid shall be prepaid in such order as the County shall select and within the same maturity as selected by DTC pursuant to its rules and procedures or, if the book-entry system with respect to the 2017A Bonds is discontinued as provided in Section 2.2, by lot within a maturity in such manner as the Trustee in its discretion may determine.

When 2017A Bonds are to be prepaid in part, the schedule of Installment Payments set forth in the Contract shall be recalculated as necessary by the Trustee in the manner required by Section 3.7.

The Trustee shall pay to the Owners of 2017A Bonds so prepaid the amounts due on their respective 2017A Bonds at the designated corporate trust office of the Trustee on presentation and surrender of the 2017A Bonds; *provided, however,* that, if prepaid in part, the 2017A Bonds may be prepaid only in multiples of \$5,000. Prepayments shall be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the 2017A Bond immediately before the payment, the portion of the payment representing interest, and the remaining portion, if any, which shall be designated and paid as a prepayment premium.

Section 4.2 *Notice of Prepayment.* Notice of prepayment identifying the 2017A Bonds or portions thereof to be prepaid shall be given by the Trustee in writing not less than 30 days nor more than 60 days before the date fixed for prepayment by first class mail, postage prepaid (or, in the case of notice to DTC, by registered or certified mail or otherwise in accordance with DTC's then-existing rules and procedures) (1) to DTC or its nominee or to the then-existing securities depositories, or (2) if DTC or its nominee or another securities depository is no longer the Owner of the 2017A Bonds, to the then-registered Owners of the 2017A Bonds to be prepaid at their addresses appearing on the registration books maintained by the Trustee, (3) to the LGC, and (4) to the Municipal Securities Rule Making Board (the "MSRB") in an electronic format as prescribed by the MSRB.

Notwithstanding the foregoing, (1) if notice is given, the failure to receive an appropriate notice shall not affect the validity of the proceedings for such prepayment, (2) the failure to give any such notice or any defect therein shall not affect the validity of the proceedings for the prepayment of the 2017A Bonds or portions thereof with respect to which notice was correctly given, and (3) the failure to give any such notice to the parties described in clauses (3) and (4) in the preceding paragraph, or any defect therein, shall not affect the validity of any proceedings for the prepayment of the 2017A Bonds.

Notice of prepayment shall specify, as applicable, (1) that the 2017A Bonds or a designated portion thereof are to be prepaid, (2) the CUSIP numbers of the 2017A Bond or 2017A Bonds to be prepaid (unless all the 2017A Bonds are being prepaid), (3) the prepayment date, (4) the prepayment price, (5) the prepayment agent's name and address, (6) the date of original execution and delivery of the 2017A Bonds, (7) the interest rate with respect to the 2017A Bond, (8) the maturity date of the 2017A Bond and (9) if a prepayment in part, called amounts for prepaid 2017A Bonds.

Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives the notice.

In the case of an optional prepayment of the 2017A Bonds, the prepayment notice may state that it is conditioned on the deposit of money with the Trustee not later than the opening of business on the prepayment date in an amount equal to the amount necessary to effect the prepayment and such notice will be of no effect unless such money is so deposited.

Section 4.3 Prepayments. Before the date fixed for prepayment, the County shall deposit funds with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the 2017A Bonds or portions thereof called, together with accrued interest with respect thereto to the prepayment date, and any required premium. On the giving of notice and the deposit of such funds for prepayment pursuant to this Indenture, interest with respect to the 2017A Bonds or portions thereof thus called shall no longer accrue after the date fixed for prepayment.

The 2017A Bonds or portions thereof called for prepayment shall be due and payable on the prepayment date at the prepayment price, together with accrued interest with respect thereto to the prepayment date and any applicable prepayment premium. If any required notice of prepayment has been given and money sufficient to pay the prepayment price, together with accrued interest with respect thereto to the prepayment date and any required prepayment premium, have been deposited with the Trustee, the 2017A Bonds or portions thereof so called for prepayment shall cease to be entitled to any benefit or security under this Indenture and the Owners of such 2017A Bonds shall have no rights with respect to such 2017A Bonds or portions thereof so called for prepayment except to receive payment of the prepayment price and accrued interest to the prepayment date from such funds held by the Trustee.

Anything in this Indenture to the contrary notwithstanding, if an Event of Default occurs and is continuing, there will be no prepayment of less than all of the 2017A Bonds Outstanding.

Section 4.4 Cancellation. All 2017A Bonds which have been prepaid shall not be redelivered but shall be canceled and destroyed by the Trustee in accordance with Section 2.10.

Section 4.5 Delivery of New 2017A Bonds On Partial Prepayment of 2017A Bonds. On surrender and cancellation of the 2017A Bonds called for prepayment in part only, a new 2017A Bond or 2017A Bonds of the same maturity and interest rate and of authorized denominations, in an aggregate principal amount equal to the unprepaid portion thereof, shall be executed on behalf of the Corporation and authenticated and delivered by the Trustee. The expenses of such execution, authentication, delivery and exchange shall be paid by the County as Additional Payments under the Contract.

[END OF ARTICLE IV]

ARTICLE V INVESTMENTS

All money held as part of the Bond Fund, the Prepayment Fund, the Acquisition and Construction Fund or any other fund or account created hereunder or under the Contract except the Rebate Fund shall be deposited or invested and reinvested from time to time by the Trustee, at the written direction of the County as agent of the Corporation, in deposits or investments, which are certified by the County to be Permitted Investments subject to the following restrictions:

(a) Money in the Acquisition and Construction Fund shall be invested only in obligations which will by their terms mature not later than the date the County estimates, in a writing provided to the Trustee, the money represented by the particular investment will be needed for withdrawal from the Acquisition and Construction Fund; and

(b) Money in the Bond Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that on the date of each interest and principal payment, there will be in the Bond Fund from matured obligations and other money already in the Bond Fund, cash to pay the interest and principal payable on such payment date; and

(c) Money in the Prepayment Fund shall be invested in obligations which will by their terms mature, or will be subject to prepayment at the option of the owner thereof, on or before the date funds are expected to be required for expenditure or withdrawal.

The Rebate Fund shall be invested and reinvested by the Trustee, at the written direction of the County. The County acknowledges that such written direction must comply with the Arbitrage and Tax Regulatory Agreement.

If the County fails to provide the Trustee with written investment direction for any funds held by the Trustee under this Indenture, then the Trustee will hold such amounts uninvested in cash and without liability for interest. Any and all such deposits or investments shall be held by or under the control of the Trustee. The Trustee may make any and all such deposits or investments through its own investment department or the investment department of any bank or trust company under common control with the Trustee. The Trustee is specifically authorized to enter into agreements with itself or any other person, which agreements guarantee the repurchase of specific Permitted Investments at specific prices. Except as expressly provided in Article III of this Indenture, deposits or investments shall at all times be a part of the fund or account from which the money used to acquire such deposits or investments shall have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account. In computing the amount in any fund or account held under the provisions of this Indenture, obligations purchased as a deposit or investment of money therein shall be valued at the market price thereof, exclusive of accrued interest. The Trustee shall sell and reduce to cash a sufficient amount of such deposits or investments whenever the cash balance in any fund or account created hereunder is insufficient to satisfy the purposes of such fund or account.

The County and the Corporation each acknowledge that regulations of the Comptroller of the Currency grant then the right to receive brokerage confirmations of the security transactions as they occur. To the extent permitted by law, each of the Corporation and the County specifically waives such notification and acknowledges that it will be provided with periodic cash transaction statements in

accordance with Section 3.12 of this Indenture and at such other times as the County may reasonably request, which statements will detail all investment transactions.

[END OF ARTICLE V]

ARTICLE VI DISCHARGE OF INDENTURE

If, when the Bonds secured hereby become due and payable in accordance with their terms or otherwise as provided in this Indenture, the whole amount of the principal, premium, if any, and interest due and payable with respect to all of the Bonds shall be paid or provision has been made for the payment of the same, together with all other sums payable hereunder, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Corporation to the Trustee and the Owners shall then cease, terminate and become void and be discharged and satisfied. In such event, on the request of the County, the Trustee shall transfer and convey to the County all property assigned or pledged to the Trustee by the Corporation then held by the Trustee pursuant to this Indenture, and the Trustee shall execute such documents as may be reasonably required by the County and shall turn over to the County any surplus in any fund created under this Indenture other than the Rebate Fund.

Outstanding Bonds shall, before the maturity or prepayment date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Article VI if (a) in case said Bonds are to be prepaid on any date before their maturity, the County has given to the Trustee in form satisfactory to the Trustee irrevocable instructions to give on a date in accordance with the provisions of Section 4.2 notice of prepayment of such Bonds on said prepayment date, (b) there has been deposited with the Trustee either money in an amount which shall be sufficient, or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide money which, together with the money, if any, deposited with or held by the Trustee at the same time, sufficient to pay when due the principal, premium, if any, and interest due and to become due with respect to said Bonds on and before the prepayment date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to prepayment within the next 60 days, the County has given the Trustee in form satisfactory to it (1) irrevocable instructions to give, as soon as practicable in the same manner as the notice of prepayment is given pursuant to Section 4.2, a notice to the Owners of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or prepayment date on which money is to be available for the payment of the principal, premium, if any, and interest with respect to said Bonds, (2) verification from an independent accountant or other nationally recognized expert selected by the County that the money or Federal Securities deposited with the Trustee will be sufficient to pay when due the principal, premium, if any, and interest due and to become due with respect to the Bonds on and before the prepayment date or maturity date thereof and (3) an opinion of nationally recognized bond counsel selected by the County that such deposit of money or Federal Securities will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds. Neither the Federal Securities nor money deposited with the Trustee pursuant to this Article VI or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and such Federal Securities or money shall be held in trust for, the payment of the principal, premium, if any, and interest with respect to said Bonds; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Federal Securities of the type described in clause (b) of this paragraph maturing at the times and in amounts sufficient (together with any other money or Federal Securities then held by the Trustee as described above) to pay when due the principal, premium, if any, and interest to become due with respect to said Bonds on or before such prepayment date or maturity date thereof, as the case may be. At such time as any Bonds shall be deemed paid as aforesaid, such Bonds shall no longer be secured by or entitled to the benefits of this Indenture and the Contract, except for the purpose of exchange and transfer and any payment from such money or Federal Securities deposited with the Trustee.

The release of the obligations of the Corporation under this Section is without prejudice to the rights of the Trustee to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements incurred with respect to the administration of the trust hereby created and the performance of its powers and duties hereunder.

[END OF ARTICLE VI]

**ARTICLE VII
DEFAULTS AND REMEDIES**

Section 7.1 *Events of Default.* If any of the following events occur it is hereby defined as and shall be deemed an “*Event of Default*” under this Indenture:

(a) Default in the payment of the principal or premium, if any, with respect to any Bond when the same becomes due and payable, whether at the stated maturity thereof or on proceedings for prepayment.

(b) Default in the payment of any installment of interest with respect to any Bond when the same becomes due and payable.

(c) The occurrence of an “*Event of Default*” as provided in Section 12.1 of the Contract.

Section 7.2 *Remedies on Default.*

(a) On the occurrence and continuance of an Event of Default, the Trustee shall, if requested by a majority in aggregate principal amount of the Owners of the Bonds, by written notice to the County, declare the obligations of the County as to the principal and interest components of Installment Payments and the aggregate principal amount of Bonds and the accrued interest with respect thereto to be immediately due and payable, whereupon they will, without further action, become due and payable.

(b) The provisions of the preceding paragraph are subject to the condition that if, after the principal with respect to any of the Installment Payments and the Bonds has been so declared to be due and payable, and before the earlier of (1) the exercise of rights granted under the Deed of Trust or (2) to the extent permitted by applicable law and Section 2.3, any judgment or decree for the payment of the money due has been obtained or entered as hereinafter provided, the defaulting party (the “*Defaulting Party*”) shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of the principal and interest with respect to all Bonds which have become due otherwise than by reason of such declaration (with interest on such overdue installments of principal and interest, to the extent permitted by law, at the rate or rates per annum borne by the Bonds) and such amount as is sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default hereunder other than nonpayment of the principal or interest with respect to the Bonds which have become due by said declaration have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Defaulting Party and shall give notice thereof by first class mail to all Owners; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

The provisions of paragraph (a) are further subject to the condition that any waiver of any event of default under the Contract and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under this Indenture and a rescission and annulment of the consequences thereof. If notice of such event of default under the Contract has been given as provided herein, the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Defaulting Party and shall give notice thereof by first class mail to all Owners; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) On the occurrence and continuance of any Event of Default and on the written direction of Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding and receipt of indemnity to the Trustee's satisfaction, the Trustee shall, to the extent permitted by Section 2.3 and applicable law, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, and require the Defaulting Party to carry out any agreements with or for the benefit of the Owners and to perform its or their duties under the Contract and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Contract or this Indenture, as the case may be;

(2) take whatever action at law or in equity is permissible and may appear necessary or desirable to enforce its rights against the Defaulting Party or the Mortgaged Property held as security therefor.

No right or remedy is intended to be exclusive of any other rights or remedies, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. If any Event of Default has occurred and if requested by the Owners of a majority in aggregate principal amount of Bonds then Outstanding and indemnified as provided in Section 8.1(m), the Trustee is obligated to exercise, to the extent permitted by applicable law and subject to Section 2.3, such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners.

Section 7.3 Majority of Owners May Control Proceedings. The Owners of a majority in aggregate principal amount of the Bonds then Outstanding have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof. The Trustee is not required to act on any direction given to it pursuant to this Section until the indemnity described in Section 8.1(m) of this Indenture is furnished to it by such Owners.

Section 7.4 Rights and Remedies of Owners. No Owner has any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (1) a default has occurred of which the Trustee has been notified as provided in Section 8.1(h), or of which by said Section it is deemed to have notice, (2) such default has become an Event of Default as defined in Section 7.1, and the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee, have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceedings in its own name and have offered to the Trustee indemnity as provided in Section 8.1(m) and (3) the Trustee thereafter fails or refuses to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Owners have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein

provided and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing contained in this Indenture shall, however, affect or impair the right of any Owner to enforce the payment of the principal, premium, if any, and interest with respect to any Bond at and after the maturity thereof to the extent permitted by Section 2.3 and applicable law.

Section 7.5 *Trustee May Enforce Rights Without Bonds.* All rights of action and claims under this Indenture or any of the Bonds Outstanding hereunder may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment is for the ratable benefit of the Owners of the Bonds, subject to the provisions of this Indenture.

Section 7.6 *Delay or Omission No Waiver.* No delay or omission of the Trustee or of any Owner to exercise any right or power accruing on any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Indenture, to the extent permitted by applicable law and subject to Section 2.3, may be exercised from time to time and as often as may be deemed expedient.

Section 7.7 *No Waiver of One Default to Affect Another.* No waiver of any default hereunder, whether by the Trustee or the Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon.

Section 7.8 *Discontinuance of Proceedings on Default; Position of Parties Restored.* If the Trustee has proceeded to enforce any right under this Indenture and such proceedings have been discontinued or abandoned for any reason, or have been determined adversely to the Trustee, then and in every such case the Corporation, the County, the Trustee and the Owners shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 7.9 *Waivers of Events of Default.* The Trustee may in its discretion waive any Event of Default hereunder and its consequences, and notwithstanding anything else to the contrary contained in this Indenture shall do so on the written request of the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding; provided, however, that there shall not be waived without the consent of the Owners of 100% of the Bonds then Outstanding as to which the Event of Default exists (a) any Event of Default in the payment of the principal or premium with respect to any Outstanding Bonds at the date of maturity specified therein or (b) any default in the payment when due of the interest with respect to any such Bonds, unless before such waiver or rescission, all arrears of interest and all arrears of payments of principal and premium, if any, then due, as the case may be (both with interest on all overdue installments at the rate or rates borne by the Bonds), and all expenses of the Trustee in connection with such default have been paid or provided for. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Corporation, the County, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 7.10 Application of Money. All money received by the Trustee pursuant to any right given or action taken under the provisions of this Article VII shall, after payment of the costs and expenses of the proceedings resulting in the collection of such money and of the costs, expenses, liabilities and advances incurred or made by the Trustee, including the reasonable fees and expense of its counsel and agents, be deposited in the Bond Fund and applied as follows:

(a) Unless the principal with respect to all of the Bonds have become or have been declared due and payable, all such money shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due with respect to the Bonds, in the order of the maturity of the installments of such interest beginning with the earliest such maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal and premium, if any, with respect to any of the Bonds which have become due (other than Bonds matured or called for prepayment for the payment of which money is held pursuant to the provisions of this Indenture), in the order of their due dates and beginning with the earliest due date and, if the amount available is not sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD: To the payment to the persons entitled thereto of interest on overdue installments of principal, premium, if any, and interest, to the extent permitted by law, and if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such particular installment, to the persons entitled thereto, without any discrimination or privilege; and

FOURTH: To be held for the payment to the persons entitled thereto, as the same become due, of the principal, premium, if any, and interest with respect to the Bonds which may thereafter become due in accordance with the terms of this Indenture.

(b) If the principal with respect to all of the Bonds has become due or has been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid with respect to the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or privilege, with interest on overdue installments of interest or principal, to the extent permitted by law.

Whenever money is to be applied pursuant to the provisions of this Section 7.10, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to

the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) on which such application is to be made and on such date interest with respect to the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever the principal, premium, if any, and interest with respect to all of the Bonds have been paid under the provisions of this Section 7.10 and all expenses and charges of the Trustee have been paid, any balance remaining in the Bond Fund shall be paid to the County.

[END OF ARTICLE VII]

**ARTICLE VIII
CONCERNING THE TRUSTEE**

Section 8.1 Duties of the Trustee. The Trustee hereby accepts the trusts imposed on it by this Indenture and agrees to perform said trusts (including, without limitation, all duties delegated and all rights assigned to the Trustee by the Corporation under the Contract), but only on and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise as a reasonable and prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act on an Opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act on an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance on such Opinion of Counsel.

(c) The Trustee is not responsible for any recital herein or in the Bonds (except in respect to the execution of the certificate of authentication on behalf of the Trustee), or for the recording or rerecording, filing or refiling of the Contract or this Indenture or of any supplements thereto or hereto or instruments of further assurance, or insuring the security for the Bonds or the Mortgaged Property, or collecting any insurance money or for the validity of the execution by the Corporation of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds executed and delivered hereunder or intended to be secured hereby, or for the value of or title to the Mortgaged Property, or for the maintenance of the security for the Bonds, and the Trustee is not bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Corporation or the County, except as provided herein; but the Trustee may require of the Corporation or the County full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee has no obligation to perform any of the duties of the County under the Contract; and the Trustee is not responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article V.

(d) The Trustee may become the Owner of Bonds with the same rights which it would have if not the Trustee.

(e) The Trustee shall be protected in acting on any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be

genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee under this Indenture on the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond is conclusive and binding on all future Owners of the same Bond and on any Bonds executed and delivered in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee is entitled to rely on a certificate signed on behalf of the Corporation by a Corporation Representative, or on behalf of the County by a County Representative or such other person as may be designated for such purpose by a certified resolution, as sufficient evidence of the facts therein contained, and, before the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section or of which by said subsection it is deemed to have notice, is also at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but in no case is bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee is not answerable for other than its negligence or default.

(h) The Trustee is not required to take notice or be deemed to have notice of any default hereunder except failure by the County or the Corporation to cause to be made any of the payments to the Trustee required to be made by Article III hereof, unless the Trustee is specifically notified in writing of such default by the Corporation or the County or by the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, to be effective, be delivered at the corporate trust office of the Trustee identified in Section 10.9, and in the absence of such notice so delivered or express knowledge to the contrary, the Trustee may conclusively assume there is no default except as aforesaid.

(i) All money received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. The Trustee is not under any liability for interest on any money received hereunder except such as may be agreed on.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, have the right, but are not required, to inspect any and all of the property pledged herein, including all books, papers and records of the Corporation or the County pertaining to the Mortgaged Property.

(k) The Trustee is not required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything in this Indenture contained, the Trustee has the right, but is not required, to demand in respect of the execution and delivery of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or

corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Corporation or the County to the execution and delivery of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Before taking any action hereunder (except for the acceleration of the Bonds under Section 7.2(a)) the Trustee may require that satisfactory indemnity be furnished to it by the Owners for the reimbursement of all expenses which it may incur and to protect it against all liability, except liability which may result from its negligence or default, by reason of any action so taken.

(n) The Trustee may use the services of an agent to carry out the duties, responsibilities and obligations required of the Trustee hereunder and where the Trustee is required to act, the agent of the Trustee may act in the place and stead of the Trustee; provided, however, that the use of any agent does not relieve the Trustee of any of its obligations under the Indenture. Where any act is to be performed or any event is to occur under the Indenture at the designated corporate trust office of the Trustee, such act or event may be performed or occur, as the case may be, at the office of the agent of the Trustee.

(o) The Trustee may serve as the provider of any financial guaranty instrument under this Indenture or any subsequent supplemental indenture, but only to the extent permitted by law and subject to the prior written approval of the LGC.

(p) The Trustee is not liable to the Corporation or the County for any loss suffered as a result of or in connection with any investment of funds made by the Trustee in good faith as instructed by or approved by the County, nor shall the Trustee have any duty or responsibility with respect to, or liability for, the determination of the legality or suitability of any such directed investment.

(q) The Trustee is not accountable for the use by the Corporation or the County of the proceeds of the Bonds.

(r) The Trustee has no duty or responsibility to examine or review, and has no liability for the contents of, any documents submitted or delivered to any Owner in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document.

(s) The Trustee is not liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts, relating to the Mortgaged Property. The Trustee has no duty to inspect the Mortgaged Property or to verify the truthfulness or accuracy of the certifications made by the Corporation with respect to the Trustee's disbursements for Acquisition and Construction in accordance with this Indenture and the Contract.

Section 8.2 Fees and Expenses of Trustee. The Trustee is entitled to payment and reimbursement for its reasonable fees for its services rendered hereunder as and when the same become due and all expenses reasonably and necessarily made or incurred by the Trustee in connection with such services as and when the same become due as provided in Section 4.7 of the Contract.

Section 8.3 Resignation or Replacement of Trustee. The Trustee may resign by giving written notice to the County, the Corporation and the LGC not less than 60 days before such resignation is to take effect. Such resignation shall take effect only on the appointment of a successor qualified as provided in the third paragraph of this Section 8.3. If no successor trustee has been appointed at the conclusion of 60 days, the resigning trustee may petition a court for replacement. The Trustee may be removed upon receipt of 30 days' prior notice (1) by the Corporation, at the direction of the County or (2) by an instrument in writing, executed by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding. The Corporation may not, however, remove the Trustee if an Event of Default under this Indenture has occurred and is continuing. No removal will be effective until a successor Trustee qualified as provided in the third paragraph of this Section 8.3 has been appointed and until such appointment has been accepted.

If the Trustee resigns or is removed or otherwise becomes incapable of acting, a successor may be appointed by the County, or if there is an "*Event of Default*" by the County as provided in Section 12.1 of the Contract, by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding by an instrument or concurrent instruments signed by such Owners, or their attorneys-in-fact duly appointed; provided that the Corporation may, by an instrument executed by it, appoint a successor until a new successor is appointed by the Owners as herein authorized. The County, on making such appointment, shall forthwith give notice thereof to each Owner, the LGC and to the Corporation, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the County shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Owners of a majority in aggregate principal amount of the Bonds Outstanding.

Every successor shall be approved by the LGC and shall always be a bank or trust company in good standing, qualified to act hereunder, and having a capital and surplus of not less than \$100,000,000. Any successor appointed hereunder shall execute, acknowledge and deliver to the County and to the Corporation an instrument accepting such appointment hereunder, and thereon such successor shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein; but the Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, on the trusts herein expressed, all the estates, properties, rights, powers and trusts of the predecessor, which shall duly assign, transfer and deliver to the successor all properties and money held by it under this Indenture. Should any instrument in writing from the County or the Corporation be required by any successor for more fully vesting in and confirming to it, the said deeds, conveyances and instruments in writing shall be made, executed, acknowledged and delivered by the County or the Corporation on request of such successor.

The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section shall be filed and/or recorded by the successor Trustee in each recording office, if any, where this Indenture has been filed or recorded.

Section 8.4 Conversion, Consolidation or Merger of Trustee. Any bank or trust company into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its municipal trust business as a whole shall be the successor of the Trustee under this Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto or thereto, anything herein or therein to the contrary notwithstanding; provided, however, that such merged or successor entity meets the qualifications of a successor Trustee under Section 8.3. If any of the Bonds to be executed and

delivered hereunder have been authenticated, but not delivered, any successor Trustee may adopt the certificate of any predecessor Trustee, and deliver the same as authenticated; and, if any of such Bonds have not been authenticated, the Corporation may authenticate the Bond and any successor Trustee may deliver the same in the manner provided in Article II of this Indenture.

Section 8.5 *Intervention by Trustee.* In any judicial proceeding to which the Corporation or the County is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Owners of the Bonds, the Trustee may intervene on behalf of Owners of the Bonds, and shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount in Bonds then Outstanding, so long as they have provided satisfactory indemnity pursuant to Section 8.1(m).

[END OF ARTICLE VIII]

**ARTICLE IX
SUPPLEMENTAL INDENTURES AND AMENDMENTS OF THE CONTRACT**

Section 9.1 *Supplemental Indentures Not Requiring Consent of Owners.* The Trustee and the Corporation may, with the written consent of the County, but without the consent of, or notice to, the Owners, enter into such indentures supplemental hereto for any one or more or all of the following purposes, as long as such supplemental indenture does not adversely affect the interests of the Owners:

(a) To add to the covenants and agreements of the Corporation contained in this Indenture other covenants and agreements to be thereafter observed by the Corporation;

(b) To cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in this Indenture, or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and do not adversely affect the interests of the Owners; or

(c) To execute and deliver Additional Bonds as provided in Section 2.11.

Section 9.2 *Supplemental Indentures Requiring Consent of Owners.* Exclusive of supplemental indentures covered by Section 9.1, the written consent of the County, the LGC and the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding is required for the execution by the Corporation and the Trustee of any indenture or indentures supplemental hereto; provided, however, that without the consent of the LGC and the Owners of all the Bonds at the time Outstanding affected thereby nothing herein contained shall permit, or be construed as permitting:

(a) A change in the terms of prepayment or maturity of the principal amount of or the interest with respect to any Outstanding Bond, or a reduction in the principal amount of or premium payable on any prepayment of any Outstanding Bond or the rate of interest with respect thereto;

(b) The deprivation of the Owner of any Bond then Outstanding of the lien created by this Indenture (other than as originally permitted hereby);

(c) A privilege or priority of any Bond or Bonds over any other Bond or Bonds; or

(d) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture.

(e) If at any time the County or the Corporation requests the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, on being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by first class mail to the Owners of the Bonds then Outstanding at the address shown on the registration books maintained by the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners. If, within 60 days or

such longer period as is prescribed by the County following the giving of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as herein provided, no Owner has any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Corporation from executing the same or from taking any action pursuant to the provisions thereof.

The written consent by the purchaser of a series of Additional Bonds constitutes the consent of the Owners of that series of Additional Bonds.

Any consent or request by the Owners of any Bond is conclusive and binding on such Owner and on all future Owners of the Bonds and of any Bonds executed and delivered on the transfer of any Bond, whether or not notation of such consent or request is made on the Bond.

Section 9.3 Execution of Supplemental Indenture. The Trustee is authorized to join with the Corporation in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein, but the Trustee is not obligated to enter into any such supplemental indenture which affects its rights, duties or immunities under this Indenture. Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be deemed to be part of this Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the Bonds executed and delivered thereafter, if any, if deemed necessary or desirable by the Trustee.

Section 9.4 Amendments of the Contract or the Deed of Trust Not Requiring Consent of Owners. The Corporation and the Trustee may, with the written consent of the County, but without the consent of or notice to the Owners, consent to any amendment, change or modification of the Contract or the Deed of Trust that does not materially adversely affect the interests of the existing Owners as may be required (a) by the provisions of the Contract, the Deed of Trust or this Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission in the Contract or the Deed of Trust; (c) to more precisely identify the Mortgaged Property or to add or substitute improvements acquired in accordance with the Contract, the Deed of Trust and this Indenture; (d) to execute and deliver Additional Bonds as provided in Section 2.11; (e) to amend the County's continuing disclosure obligation as provided in Article VIII of the Contract; or (f) in connection with any other change therein which does not materially adversely affect the interests of the existing Owners.

Section 9.5 Amendments of the Contract of the Deed of Trust Requiring Consent of Owners. Except for the amendments, changes or modifications permitted by Section 9.4, neither the Corporation nor the Trustee shall consent to any other amendment, change or modification of the Contract or the Deed of Trust without the giving of notice thereof to the LGC and to the Owners and receipt of consent by the LGC and the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as provided in Section 9.2. If the County and the Corporation requests the consent of the Trustee to any such proposed amendment, change or modification of the Contract or the Deed of Trust, the Trustee shall, on being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 9.2. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated corporate trust office of the Trustee for inspection by all Owners.

The written consent by the purchaser of a series of Additional Bonds constitutes the consent of the Owners of that series of Additional Bonds.

Section 9.6 Notice to Moody's and S&P. Notice of any amendment, change or modification to this Indenture or the Contract shall be given by the Trustee, on the written request and at the expense of the County, within ten days before the effective date thereof to Moody's and to S&P at the address set forth in Section 10.9.

Section 9.7 Consent of Initial Purchaser, Underwriter or Remarketing Agent. Notwithstanding anything in this Indenture to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental indenture as required by this Section, including any amendment or supplemental indenture that adversely affects the interests of other Owners and (2) any such holder providing its consent under this Section shall not be entitled to receive, nor shall the County be required to provide, any prior notice or other documentation regarding such amendment or supplemental indenture.

[END OF ARTICLE IX]

**ARTICLE X
MISCELLANEOUS**

Section 10.1 Evidence of Signature of Owners and Ownership of Bonds. Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of Bonds is sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Owner or his or her attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he or she purports to act that the person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The ownership of the Bonds shall be proved by the registration books kept under the provisions of Section 2.9.

Any request or consent of the Owner of any Bond binds all future Owners of such Bond in respect of anything done or suffered to be done by the County or the Trustee in accordance therewith.

Section 10.2 Covenants of Corporation. The Corporation agrees that the Trustee as assignee of the Corporation under the Contract may enforce, in its name or in the name of the Corporation, all rights of the Corporation and all obligations of the County under the Contract, for and on behalf of the Owners, whether or not the Corporation is in default under this Indenture. The Trustee and the Corporation hereby agree that the Corporation is not obligated to make any payments or to take any other action with respect to the Mortgaged Property under the Contract.

Section 10.3 Inspection of the Mortgaged Property. The Trustee and its duly authorized agents have the right, on reasonable notice to the County, at all reasonable times, to examine and inspect the Mortgaged Property. The Trustee and its duly authorized agents shall also be permitted, at all reasonable times, to examine the books, records, reports and other papers of the County with respect to the Mortgaged Property.

Section 10.4 Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer on, or to give to any person other than the County, the Corporation, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Corporation or the Trustee shall be for the sole and exclusive benefit of the County, the Corporation, the Trustee and the Owners.

Section 10.5 Titles, Headings and Captions. The titles, captions and headings of the articles, sections and subdivisions of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 10.6 Severability. If any provision of this Indenture, other than Section 2.3, is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or

render unenforceable any other provision hereof. If any one or more of the provisions provided in this Indenture shall be construed to be held invalid or unenforceable, the parties hereto shall, in the alternative, agree to replace such provision with a lawful provision which most nearly approximates the provision held to be invalid or unenforceable.

Section 10.7 Governing Law. This Indenture shall be construed, interpreted, governed and enforced in accordance with the laws and Constitution of the State.

Section 10.8 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

Section 10.9 Notices. All notices, certificates or other communications are sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid (or, with respect to notices delivered to the County, the Corporation or the Trustee, by electronic mail with confirmation of delivery receipt), as follows:

If to the County: County of Henderson, North Carolina
Historic Courthouse Annex
113 North Main Street
Hendersonville, North Carolina 28792
Attention: Finance Director

If to the Corporation: Henderson County Governmental Financing Corporation
1 Historic Courthouse Square
Hendersonville, North Carolina 28792
Attention: President

If to the Trustee: U.S. Bank National Association
214 N. Tryon Street, 27th Floor
Charlotte, NC 28202
Attention: Corporate Trust

If to Moody's: Moody's Investors Service
250 Greenwich Street
7 World Trade Center
New York, NY 10007
Attention: Public Finance Department Rating Desk

If to S&P: S&P Global Ratings,
a business unit of Standard & Poor's Financial Services LLC
55 Water Street, 38th Floor
New York, NY 10041
Attention: Public Finance Department

The County, the Corporation, the Trustee, Moody's and S&P may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.10 Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, 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 Indenture.

Section 10.11 Corporation, County, and Trustee Representatives. Whenever under the provisions hereof the approval of the Corporation, the County or the Trustee is required, or the County, the Corporation or the Trustee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Corporation by a Corporation Representative, for the County by a County Representative and for the Trustee by a Trustee Representative, and the Corporation, the County and the Trustee shall be authorized to act on any such approval or request.

Section 10.12 E-Verify. The Trustee understands that “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 in accordance with Section 64-25(5) of the General Statutes of North Carolina, as amended. The Trustee uses E-Verify to verify the work authorization of its employees in accordance with Section 64-26(a) of the General Statutes of North Carolina, as amended. The Trustee will not use any subcontractors in connection with this Indenture; however, if it does use subcontractors, the Trustee will require that any subcontractor that it uses in connection with the transactions contemplated by this Indenture certify to such subcontractor's compliance with E-Verify.

Section 10.13 Iran Divestment Act Certification. As of the date of this Indenture, the Trustee is not on any list created and maintained by the North Carolina Department of State Treasurer pursuant to the Iran Divestment Act of 2015, Article 6E of Chapter 147 of the General Statutes of North Carolina.

[END OF ARTICLE X]

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the Corporation and the Trustee have caused this Indenture to be executed in their respective corporate names as of the date first above written.

HENDERSON COUNTY GOVERNMENTAL FINANCING CORPORATION

[SEAL]

By: _____
Thomas H. Thompson
President

ATTEST:

Steven D. Wyatt
Secretary

[SIGNATURES CONTINUED ON FOLLOWING PAGES]

[COUNTERPART SIGNATURE PAGE TO THE INDENTURE]

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Lisa Moorehead
Assistant Vice President

**EXHIBIT A
FORM OF 2017A BOND**

RA-__

\$_____

**UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA**

**LIMITED OBLIGATION BOND
(COUNTY OF HENDERSON, NORTH CAROLINA),
SERIES 2017A**

**EVIDENCING A PROPORTIONATE UNDIVIDED
INTEREST IN RIGHTS TO RECEIVE
CERTAIN REVENUES PURSUANT TO AN
INSTALLMENT FINANCING CONTRACT
BETWEEN HENDERSON COUNTY GOVERNMENTAL FINANCING CORPORATION
AND THE COUNTY OF HENDERSON, NORTH CAROLINA**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
	June 1, 20__	June 28, 2017	
REGISTERED OWNER:	CEDE & CO.		
PRINCIPAL SUM:	DOLLARS		

THIS CERTIFIES THAT THE REGISTERED OWNER (named above), or registered assigns, has a proportionate undivided interest in rights to receive certain revenues, as described below, pursuant to a certain Installment Financing Contract dated as of June 1, 2017 (which agreement as from time to time amended is referred to herein as the “*Contract*”), between **HENDERSON COUNTY GOVERNMENTAL FINANCING CORPORATION** (the “*Corporation*”) and the **COUNTY OF HENDERSON, NORTH CAROLINA**, a North Carolina political subdivision (the “*County*”). The interest of the Owner of this Bond (this “*2017A Bond*”) is secured as provided in an Indenture of Trust dated as of June 1, 2017 (the “*Indenture*”) between the Corporation and **U.S. BANK NATIONAL ASSOCIATION**, as trustee (the “*Trustee*”), for the registered owners of the 2017A Bonds (the “*Owners*”), by which the rights (with certain exceptions) of the Corporation, under the Contract, have been assigned by the Corporation to the Trustee for the benefit of the Owners. Pursuant to the Contract and the Indenture, the Owner hereof is entitled to receive, solely out of and to the extent available from the sources hereinafter identified, on the Maturity Date stated above (or earlier as hereinafter provided), the Principal Sum stated above, and interest with respect thereto from the Dated Date (shown above) at the interest rate per annum stated above, payable commencing on December 1, 2017, and semiannually thereafter on June 1 and December 1 in each year until payment in full of such Principal Sum. Principal with respect to this 2017A Bond is payable in lawful money of the United States of America at the designated corporate trust office of the Trustee located in Raleigh, North Carolina, or that of its successor; and interest with respect to this 2017A Bond is payable to the Owner hereof by check or draft of the Trustee, or its successor, to be mailed to such Owner at his or her address as it last appears in the registration books kept by the Trustee or its successor, at the close of business on the 15th day (whether or not a Business Day) of the month next preceding an Interest Payment Date (the “*Record Date*”). Notwithstanding the foregoing, so long as Cede & Co. is the

registered Owner of this 2017A Bond, the principal and interest with respect to this 2017A Bond shall be paid by wire transfer in immediately available funds on each principal payment date and interest payment date

The 2017A Bonds will be delivered by means of a book-entry system with no physical distribution of 2017A Bonds made to the public. One 2017A Bond for each maturity will be executed and delivered to The Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2017A Bonds in principal amounts in the denomination of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. While DTC or its nominee is the registered owner of this 2017A Bond, payments of principal and interest will be made to DTC or its nominee in accordance with existing arrangements by wire transfer in immediately available funds. The County and the Trustee will not be responsible or liable for maintaining, supervising, or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If (a) DTC determines not to continue to act as securities depository for the 2017A Bonds or (b) the County determines that the continuation of the book entry system of evidence and transfer of ownership of the 2017A Bonds would adversely affect the interests of the County or the Beneficial Owners of the 2017A Bonds, the County will discontinue the book entry system with DTC. If the County fails to identify another qualified securities depository to replace DTC, the Trustee will authenticate and deliver replacement 2017A Bonds in the form of fully registered 2017A Bonds in accordance with DTC rules and procedures.

The County, the Corporation, and the Trustee do not have any responsibility or obligations with respect to (a) the accuracy of any records maintained by DTC; (b) the payment by DTC of any amount due to any Beneficial Owners in respect of the principal and interest with respect to the 2017A Bonds; (c) the delivery or timeliness of delivery by DTC of any notice which is required or permitted under the terms of the Contract or Indenture to be given to Owners; (d) the selection of Owners to receive payments in the event of any partial prepayment of the 2017A Bonds; or (e) any consent given or other action taken by DTC, or its nominee.

EACH 2017A BOND EVIDENCES A PROPORTIONATE UNDIVIDED INTEREST IN THE RIGHT TO RECEIVE CERTAIN REVENUES UNDER THE CONTRACT. THE OBLIGATION OF THE COUNTY TO MAKE INSTALLMENT PAYMENTS AND ADDITIONAL PAYMENTS IS A LIMITED OBLIGATION OF THE COUNTY, PAYABLE SOLELY FROM CURRENTLY BUDGETED APPROPRIATIONS OF THE COUNTY; DOES NOT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF NORTH CAROLINA; AND DOES 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 OF NORTH CAROLINA.

Each capitalized, undefined term used herein has the meaning ascribed thereto in the Contract and the Indenture.

This 2017A Bond is one of the Bonds evidencing proportionate undivided interests in rights to receive certain revenues (the “Revenues”) pursuant to the Contract and the Indenture, in an aggregate principal amount of \$_____ executed and delivered under the Indenture in order to finance the acquisition, construction and equipping of an emergency services headquarters facility in the County and to pay a portion of the costs related to the execution and delivery of the Contract. The 2017A Bonds and any Additional Bonds that may be executed and delivered under the Indenture will be parity obligations.

Under the Contract, the Corporation has agreed to advance to the County the Purchase Price, the proceeds from which will be used to pay the capital costs of the Project, and the County has agreed to pay directly to the Trustee semiannual payments (the "*Installment Payments*") in repayment of the Purchase Price, the proceeds of which are required by the Indenture to be distributed by the Trustee to the payment of the principal, premium, if any, and interest with respect to the Bonds. In addition to the Installment Payments, the County has agreed to make certain other payments (the "*Additional Payments*") sufficient to pay the fees and expenses of the Trustee and the Corporation and other expenses required to be paid by the County under the Contract. The County has covenanted in the Contract to pay the Installment Payments and the Additional Payments as they become due and has executed and delivered as security for that payment obligation a Deed of Trust, Security Agreement and Fixing Filing dated as of June 1, 2017 (the "*Deed of Trust*") from the County to the Deed of Trust trustee named therein for the benefit of the Corporation with respect to the Mortgaged Property. If the Contract is terminated by reason of an Event of Default, the principal amount of this 2017A Bond and the interest with respect thereto will be payable from such money, if any, as may be available for such purpose, including any money received by the Trustee from the sale, lease, sublease or other disposition of the Mortgaged Property pursuant to the Deed of Trust. The Contract may also be terminated if the County exercises its option to prepay in full the Purchase Price. If the County prepays the Purchase Price in full, the proceeds thereof are required to be used to pay the principal, premium, if any, and interest with respect to the Bonds. Reference is hereby made to the Contract and the Indenture for a description of the rights, duties and obligations of the County, the Corporation, the Trustee and the Owners, the terms on which the 2017A Bonds are secured, the terms and conditions on which the 2017A Bonds will be deemed to be paid at or before maturity or prepayment of the 2017A Bonds on the making of provision for the full or partial payment thereof, and the rights of the Owners on the occurrence of an Event of Default or circumstances under which Additional Bonds can be executed and delivered.

Subject to the execution and delivery of any Additional Bonds in accordance with the Indenture, if the County pays all Installment Payments due under the Contract through June 1, 20__ and otherwise complies with its obligations under the Contract through such date, the Indenture and the Contract provide that the Trustee shall release the lien of the Indenture on June 1, 20__.

The 2017A Bonds are executed and delivered solely as fully registered Bonds without coupons in denominations of \$5,000 and any integral multiple thereof.

This 2017A Bond is transferable by the Owner hereof in person or by his or her attorney duly authorized in writing on the registration books kept at the designated corporate trust office of the Trustee on surrender of this 2017A Bond together with a duly executed written instrument of transfer satisfactory to the Trustee. On such transfer, a new fully registered 2017A Bond or Bonds without coupons of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be executed and delivered to the transferee in exchange herefor, all on payment of the charges and subject to the terms and conditions set forth in the Indenture. The Trustee shall deem the person in whose name this 2017A Bond is registered as the absolute owner hereof, whether or not this 2017A Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the County nor the Trustee shall be affected by any notice to the contrary.

The 2017A Bonds maturing on or before June 1, 20__ are not subject to optional prepayment before their maturities. The 2017A Bonds maturing after June 1, 20__ are subject to optional prepayment in whole or in part on any date on or after June 1, 20__, at the option of the County, at the prepayment price equal to 100% of the principal amount of such 2017A Bonds to be prepaid, together with accrued interest to the date fixed for prepayment.

[The 2017A Bonds maturing on June 1, 20__ are subject to prepayment before maturity in part on June 1, 20__ in the principal amount of \$_____ at the prepayment price of 100% of the principal amount thereof, without premium, with the balance of \$_____ payable at maturity on June 1, 20__.]

In the case of any partial prepayment, the 2017A Bonds to be prepaid shall be prepaid in such order as the County shall select and within the same maturity as selected by DTC pursuant to its rules and procedures or, if the book-entry system with respect to the 2017A Bonds is discontinued as provided in the Indenture, by lot within a maturity in such manner as the Trustee in its discretion may determine.

If a 2017A Bond subject to prepayment is in a denomination larger than the minimum authorized denomination, a portion of such 2017A Bond may be prepaid, but only in a principal amount such that the unprepaid portion of such 2017A Bond is equal to an authorized denomination. For any 2017A Bond in a denomination of more than the minimum authorized denomination, the Trustee shall treat each such 2017A Bond as representing a single 2017A Bond in the minimum authorized denomination plus that number of 2017A Bonds that is obtained by dividing the remaining principal amount of such 2017A Bond by the minimum authorized denomination.

If it is determined that one or more, but not all, of the authorized denominations of principal amount represented by any 2017A Bond is to be called for prepayment, then, on notice of intention to prepay such authorized denominations of principal amount with respect to such 2017A Bond, the Owner of such 2017A Bond, on surrender of such 2017A Bond to the Trustee for payment of the principal amount with respect to such 2017A Bond, will be entitled to receive new 2017A Bonds in the aggregate principal amount of the unprepaid balance of the principal amount with respect to such 2017A Bond. New 2017A Bonds representing the unprepaid balance of the principal amount with respect to such 2017A Bonds will be executed and delivered to the Owner thereof without charge therefor.

If the Owner of any 2017A Bond of a denomination greater than the amount being prepaid fails to present such 2017A Bond to the Trustee for payment and exchange as aforesaid, such 2017A Bond will, nevertheless, become due and payable on the date fixed for prepayment to the extent of the denomination being prepaid and to that extent only.

The Indenture permits amendments thereto and to the Contract and the Deed of Trust on the agreement of the Corporation and the Trustee and with the approval of the Owners of not less than a majority or, in certain instances, 100% in aggregate principal amount of the Bonds at the time Outstanding. The Indenture also contains provisions permitting the Corporation and the Trustee to enter into amendments to the Indenture and the Contract without the consent of the Owners of the Bonds for certain purposes.

Any consent or request by the Owner of this 2017A Bond is conclusive and binding on such Owner and on all future Owners of this 2017A Bond and of any Bond executed and delivered on the transfer of this 2017A Bond, whether or not notation of such consent or request is made on this 2017A Bond.

This 2017A Bond is executed and delivered with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

This 2017A Bond is not entitled to any right or benefit under the Indenture, or valid or obligatory for any purposes until this 2017A Bond has been authenticated by the execution by the Trustee, or its successors as Trustee, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the Henderson County Governmental Financing Corporation has caused this 2017A Bond to be executed with the manual or facsimile signature of its President and its corporate seal or a facsimile thereof to be impressed or imprinted hereon as of the Dated Date set forth above.

**HENDERSON COUNTY GOVERNMENTAL
FINANCING CORPORATION**

[SEAL]

By: _____
Thomas H. Thompson
President

Attest:

Steven D. Wyatt
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Limited Obligation Bonds (County of Henderson, North Carolina), Series 2017A evidencing a proportionate undivided interest in rights to receive within-mentioned Revenues pursuant to the within-mentioned Contract.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Lisa Moorehead
Assistant Vice President

Dated: June 28, 2017

[FORM OF ASSIGNMENT]

ASSIGNMENT

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

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

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

Attorney to register the transfer of the within 2017A Bond on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a Participant in the Securities Transfer Agent Medallion Program (“*Stamp*”) or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration, enlargement or any change whatever.