

MASTER TRUST AGREEMENT

Dated as of January 1, 2018

between

MONTGOMERY COUNTY PUBLIC FACILITIES CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee

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## MASTER TRUST AGREEMENT

This MASTER TRUST AGREEMENT, dated as of January 1, 2018 (**the “Master Trust Agreement”**), between the Montgomery County Public Facilities Corporation, a nonprofit corporation organized and existing under the laws of the State of North Carolina (**the “Corporation”**) and U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as trustee (**the “Trustee”**);

WITNESSETH:

WHEREAS, the County of Montgomery, North Carolina (**the “County”**) is a political subdivision of the State of North Carolina;

WHEREAS, pursuant to Section 160A-20 of the General Statutes of North Carolina, the County may finance (a) the purchase of real or personal property or (b) the construction of fixtures or improvements on real property by contracts that create in the property so acquired or in the fixtures or improvements, or in all or some portion of the property upon which the fixtures or improvements are located, or in both, a security interest to secure repayment of the moneys advanced or made available for such purchase or construction;

WHEREAS, the County desires to acquire, construct and equip certain capital projects and to establish a program for financing the same;

WHEREAS, the Corporation is willing to advance moneys to the County from time-to-time to pay, together with any other available funds, the costs of designing, acquiring, constructing and equipping of such capital projects, and the County is willing to repay the moneys so advanced by the Corporation in installments as more fully provided in the Agreement (hereinafter defined);

WHEREAS, in order to secure such repayment and the performance by the County of its other obligations under the Agreement, the County will execute and deliver to a deed of trust trustee, the Deed of Trust (hereinafter defined) for the benefit of the Corporation, granting a lien on the certain sites and real property where such capital projects will be located and, where applicable, all improvements and fixtures located and to be located thereon, excluding data processing or telecommunications equipment and mobile or modular classrooms located on any of the Sites (**the “Mortgaged Property”**);

WHEREAS, pursuant to Section 160A-20(c) of the North Carolina General Statutes, the County may use escrow accounts in connection with the advance funding of construction, whereby the proceeds of such advance funding are invested pending disbursement;

WHEREAS, for the purpose of obtaining the moneys required to be deposited by the Corporation with the Trustee for financing of Advancements (hereinafter defined), and for providing for the investment of the Advancement pending disbursement, the Corporation proposes to unconditionally assign and transfer substantially all of its rights under the Agreement and the Deed of Trust to the Trustee, and in consideration of such assignment and the execution of this Master Trust Agreement, the Trustee has agreed to authenticate and deliver the Notes which will be sold to investors;

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

**ARTICLE I  
DEFINITIONS; RULES OF CONSTRUCTION**

SECTION 1.01 Definitions.

Unless the context clearly indicates otherwise, capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Master Agreement. In addition to the capitalized terms defined elsewhere in this Master Trust Agreement, the following capitalized terms shall have the following meanings unless some other meaning is plainly intended:

“Additional Notes” means any Notes executed and delivered pursuant to Section 2.13.

“Agreement” means, collectively, the Master Agreement and all Supplemental Agreements.

“Authorized Denominations” means any denominations authorized for a particular Series of Notes under a Supplemental Trust Agreement.

“Business Day” means, except as may be modified for a particular Series of Notes pursuant to a Supplemental Trust Agreement, any day other than (i) a Saturday, a Sunday or any other day on which banks located in the city in which the designated corporate trust office of the Trustee is located are authorized or required to remain closed or (ii) a day on which the New York Stock Exchange is closed.

“Bond Counsel” means Sands Anderson PC or any other an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the tax-exempt status of interest on, obligations issued by states and their political subdivisions and acceptable to the County and the Trustee.

“Certificate of Completion” means the certificate of a County Representative stating that the School Project or any Completion Project (or any component thereof financed with a particular Series of Notes) has been completed as required by Section 3.4 of the Master Agreement.

“Code” means the Internal Revenue Code of 1986, as amended.

“Corporation Representative” means any person designated by the filing by the Corporation of a certificate with the Trustee designating such person to act on behalf of the Corporation under the Agreement and the Trust Agreement.

“Costs of Issuance” means and further includes all items of expense directly or indirectly payable by or reimbursable to the County or the Corporation relating to the financing of the School Project or any Completion Project or the refunding of any Notes from the proceeds of the Notes,

including, but not limited to, filing and recording costs, settlement costs, printing costs, word processing costs, the cost of funding any debt service reserve account requirements, reproduction and binding costs, initial fees and expenses of the Trustee, Note insurance premiums, initial credit or liquidity facility fees, Trustee, remarketing and tender agent fees, legal fees and expenses, financial adviser and other professional consultant fees, costs of rating agencies and costs of providing information to such rating agencies, fees for execution, transportation and safekeeping of the Notes and charges, fees and expenses in connection with the foregoing.

“County Representative” means the County Manager, the County Finance Officer or any other person designated by the filing by the County of a certificate with the Trustee designating such person to act on behalf of the County under the Agreement and this Master Trust Agreement.

“Defeasance Obligations” means noncallable (a) Government Obligations, (b) evidences of ownership of, or fractional undivided interest in, future interest and principal payments on Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (c) to the extent permitted by law, obligations of state and local government municipal bond issuers, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of obligations described in (a) or (b) above, the maturing principal of and interest on which, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations and which obligations are rated in the highest investment grade category of each Rating Agency then rating any of the Notes.

“Event of Default” means any event of default described in Section 12.01.

“First Supplemental Trust Agreement” means the First Supplemental Trust Agreement, dated as of January 1, 2018, between the Corporation and the Trustee, setting forth the terms and provisions with respect to the Series 2018 Notes, including any amendments or supplements thereto.

“Government Obligations” means direct obligations of, or obligations the timely payment of principal and interest on which are fully guaranteed by, the United States of America.

“Installment Payment Fund” means the fund by that name established and held by the Trustee pursuant to Article V.

“Master Agreement” means the Master Installment Financing Agreement, dated as of January 1, 2018, between the County and the Corporation, and any amendments or supplements thereto.

“Master Trust Agreement” means this Master Trust Agreement, dated as of January 1, 2018, between the Corporation and the Trustee, and any amendments or supplements hereto.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and if such corporation



shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall refer to any other nationally recognized securities rating agency designated by the County.

“Net Proceeds” means any proceeds of insurance or taking by eminent domain or condemnation paid with respect to the Mortgaged Property remaining after payment therefrom of any expenses (including attorneys’ fees) incurred in the collection thereof.

“Net Proceeds Fund” means the fund by that name established and held by the Trustee pursuant to Article VI.

“Note” or “Notes” means all Series of Notes executed and delivered pursuant to this Master Trust Agreement.

“Note Payment Date” means, with respect to each Series of Notes, the principal and interest payment dates specified in the Supplemental Trust Agreement authorizing such Series of Notes.

“Outstanding,” when used as of any particular time with respect to Notes, means (subject to the provisions of Section 9.04) all Notes theretofore authenticated and delivered by the Trustee under this Master Trust Agreement except:

(a) Notes theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Notes for the payment or prepayment of which cash or Defeasance Obligations have been deposited with the Trustee in an amount sufficient, together with interest earned thereon, to make such payment or prepayment; provided, however, that if such Notes are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in Section 4.04 or provision reasonably satisfactory to the Trustee shall have been made for the giving of such notice; and provided further that if Defeasance Obligations have been deposited with the Trustee for the purpose of paying or prepaying such Notes and the principal of and interest earnings on such Defeasance Obligations are required to make such payment or prepayment, there shall be filed with the Trustee a written report of a verification agent acceptable to the Trustee that the maturing principal of, and interest earnings on, the Defeasance Obligations will be sufficient, together with any cash on deposit with the Trustee for such purpose, to pay when due the principal, premium, if any, and interest with respect to such Notes on the date fixed for payment or prepayment thereof; and

(c) Notes in lieu of or in exchange for which other Notes shall have been executed and delivered by the Trustee pursuant to Section 2.08 or Section 2.09.

“Owner” or “Registered Owner,” when used with respect to a Note, means the person or entity in whose name such Note is registered on the registration books maintained by the Trustee.

“Parity Reserve Account” means the account created and so designated by Section 5.06 of this Master Trust Agreement.

“Parity Reserve Account Requirement” means the lesser of (i) the maximum annual Installment Payments payable under the Agreement with respect to all Notes secured by the Parity Reserve Account, (ii) 125% of the average annual Installment Payments payable under the Agreement with respect to all Notes secured by the Parity Reserve Account in the current or any subsequent Fiscal Year and (iii) 10% of the stated principal amount of all Notes secured by the Parity Reserve Account; provided, however, that if any Series of Notes secured by the Parity Reserve Account has original issue discount or premium that exceeds 2% of the stated redemption price at maturity plus any original issue premium attributable exclusively to underwriter’s compensation, the initial offering prices to the public shall be used in lieu of the stated principal amount for purposes of the 10% limitation. The Parity Reserve Account Requirement may be composed of cash, Permitted Investments or Reserve Alternative Instruments.

“Permitted Investments” means any investments which at the time of investment are authorized by Section 159-30 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, except as may otherwise be modified in a Supplemental Trust Agreement.

“Prepayment Fund” means the fund by that name established and held by the Trustee pursuant to Article IV.

“Project Fund” means the fund by that name established and held by the Trustee pursuant to Article III.

“Rating Agency” means Moody’s and S&P.

“Record Date” means the close of business on the fifteenth day of the month preceding each Note Payment Date, whether or not such fifteenth day is a Business Day.

“Requisition” means the form of written requisition substantially in the form attached hereto as Exhibit A.

“Reserve Alternative Instrument” means an unconditional insurance policy or surety bond or irrevocable letter of credit or guaranty deposited in the Parity Reserve Account or a Special Reserve Account in lieu of or in partial substitution for the deposit of cash and Permitted Investments in satisfaction of the Parity Reserve Account Requirement or a Special Reserve Account Requirement. The Reserve Alternative Instrument shall be payable (upon the giving of notice as required thereunder) to remedy any deficiency in order to provide for the timely payment of interest and principal. Subject to the provisions of any Supplemental Trust Agreement, the provider of a Reserve Alternative Instrument shall be (a) an insurer that has been assigned either

(A) one of the two highest policyholder ratings accorded insurers by A. M. Best & Co. or any comparable service or (B) for bonds insured by the provider of the Reserve Alternative Instrument, a rating by Moody's or S&P in one of the two highest rating categories (without regard to gradations within such categories) or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have been assigned a rating by either Moody's or S&P in one of the two highest rating categories (without regard to gradations within such categories).

“Reserved Rights” means the right of the Corporation to (a) access to, and inspection of, the Mortgaged Property as provided in Section 7.3 of the Master Agreement, (b) receive indemnification pursuant to Section 7.6 of the Master Agreement, (c) consent to any amendments or supplements to the Agreement, (d) receive notices pursuant to the Agreement and (e) receive payment of fees and expenses of the Corporation pursuant to the Agreement.

“S&P” means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall refer to any other nationally recognized securities rating agency designated by the County.

“School Project Costs” means, with respect to any item or portion of the School Project or any Completion Project, the contract price paid or to be paid therefor upon construction, acquisition, remodeling, improvement or equipping thereof, in accordance with a purchase order or contract therefor. School Project Costs include payment or the reimbursement of the County for the payment of the administrative, engineering, legal, financial and other costs incurred by the County or the Corporation in connection with the construction, acquisition, remodeling, improvement or equipping of the School Project or any Completion Project, Costs of Issuance, all costs incurred for the payment of the interest component of the Installment Payments relating to a particular Series of Notes during the period of acquisition, construction or equipping of the School Project or any Completion Project, and include all applicable sales taxes and other charges resulting from such construction, acquisition, remodeling, improvement or improvement of the School Project or any Completion Project.

“Securities Depository” means The Depository Trust Company, New York, New York, or any other recognized securities depository selected by the County which maintains a book-entry system in respect of any Series of Notes, and shall include any substitute for or successor to such securities depository.

“Securities Depository Nominee” means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books for the Notes maintained by the Trustee the Notes to be delivered and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

“Series” means all Notes designated by descriptive title or otherwise as a series and prepared, executed, authenticated and delivered in a simultaneous transaction, and any Notes

thereafter prepared, executed, authenticated and delivered in lieu of or in substitution for such Notes, pursuant to the provisions of this Master Trust Agreement, regardless of variations in maturity, interest rate, prepayment or other provisions.

“Series 2018 Notes” means the \$\_\_\_\_\_ Limited Obligation Bond Anticipation Notes (School Project), Series 2018, each of which is executed and delivered pursuant to this Master Trust Agreement and the First Supplemental Trust Agreement

“Special Reserve Account” means a special debt service reserve account, if any, created by a Supplemental Trust Agreement as a debt service reserve account only for the particular Series of Notes authorized thereby.

“Special Reserve Account Requirement” means the amount required to be placed or maintained in a Special Reserve Account as may be required by the Supplement Trust Agreement creating such Account. The Special Reserve Account Requirement may be composed of cash, Permitted Investments or Reserve Alternative Instruments or any combination of the foregoing.

“Supplemental Trust Agreement” means the First Supplemental Trust Agreement and each other supplement to this Master Trust Agreement setting forth the terms and provisions with respect to a particular Series of Notes.

“Trust Agreement” means, collectively, this Master Trust Agreement and all Supplemental Trust Agreements.

“Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America and having its designated (sometimes referred to herein as “principal”) corporate trust office in Charlotte, North Carolina, and any successor trustee duly appointed hereunder.

#### SECTION 1.02 Rules of Construction.

Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The words “hereby,” “herein,” “hereof,” “hereto,” “hereunder” and other words of similar import refer to this Master Trust Agreement as a whole and not to any particular Article, Section or subsection hereof. All references herein to “Articles,” “Sections” and other subsections are to the corresponding Articles, Sections or subsections of this Master Trust Agreement unless some other reference is indicated. All references herein to specific sections or chapters of the General Statutes of North Carolina or to specific legislative acts are intended to be references to such section, chapters and acts as amended and as they may be amended from time to time by the General Assembly of North Carolina, or any successor statute.

**ARTICLE II**  
**FORM, EXECUTION, AUTHENTICATION, DELIVERY AND**  
**REGISTRATION OF NOTES**

SECTION 2.01 Delivery of Notes.

For the purpose of providing funds to be advanced to the County to be used, together with any other available funds, (a) to pay the School Project Costs for the School Project or any component thereof and any Completion Project or component thereof, (b) to refund all or any part of the Notes of any Series delivered under the provisions of this Master Trust Agreement and (c) to pay Costs of Issuance associated therewith, the Corporation may execute and deliver Notes from time to time in one or more Series under and secured by this Master Trust Agreement. The principal, premium, if any, and interest with respect to the Notes shall be payable solely from the money and assets pledged by this Master Trust Agreement for their payment, and all of the covenants, agreements and conditions of this Master Trust Agreement shall be for the equal and proportionate benefit, security and protection of all and each individual present and future Owners of the Notes executed and delivered under this Master Trust Agreement, without preference, priority or distinction as to lien or otherwise, except as may otherwise be provided for herein, of any one Note over any other Note by reason of priority in the execution and delivery, sale or negotiation thereof or otherwise.

SECTION 2.02 Forms of Notes.

The definitive Notes executed and delivered pursuant to the provisions of this Article shall be delivered as fully registered notes (unless otherwise provided for in a Supplemental Trust Agreement) and shall be substantially in the form or forms set forth in the Supplemental Trust Agreement providing for the delivery of such Notes. All Notes may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority, any securities exchange on which the Notes may be listed or traded or of any Securities Depository with whom the Notes will be held pursuant to a book-entry system or any usage or requirement of law with respect thereto or as may be authorized by the Corporation and approved by the Trustee.

SECTION 2.03 Details of Notes.

The Corporation and the Trustee shall enter into a Supplemental Trust Agreement authorizing each particular Series of Notes. Such Supplemental Trust Agreement shall specify, to the extent appropriate, (a) the authorized principal amount of such Series, (b) the School Project or Completion Project (or component thereof) to be financed from the Notes or the Notes to be refunded or refinanced with the proceeds thereof, (c) the creation of any Reserve Accounts for such Series, (d) the dates and terms of maturity or maturities of the Notes of such Series, or the dates of payment of the Notes on the demand of the Owner, (e) the interest rate or rates of the Notes of such Series, which may include variable, adjustable, convertible or other rates, original issue discount, capital appreciation certificates, municipal multiplier or other deferred interest arrangements and zero interest rate Notes, provided that the interest cost of such Series shall never exceed for such Series the maximum interest rate, if any, permitted by law in effect at the time

such Series is delivered, (f) the Note Payment Dates for such Series of Notes, (g) the denominations, numbering, lettering and series designation of such Series of Notes, (h) the paying agents, tender agents or remarketing agents, if any, and the place or places of payment of such Series of Notes, (i) the prepayment dates and prices for such Series of Notes and any terms of prepayment not inconsistent with the provisions of this Master Trust Agreement, (j) the terms of optional or mandatory tender for purchase, if any, for such Series of Notes, (k) the use to be made of proceeds of such Series of Notes, including deposits required to be made into the appropriate account or subaccount of the Project Fund, the Installment Payment Fund and any Reserve Account, (l) the provisions relating to the procurement of municipal bond insurance or surety policies with respect to a particular Series of Notes and (m) any other terms or provisions applicable to the Series of Notes not inconsistent with the provisions of this Master Trust Agreement or the Act.

The Supplemental Trust Agreement may determine to use the Parity Reserve Account or to establish a Special Reserve Account for such Series of Notes and fix the provisions with respect thereto or not to establish any debt service reserve account. If a Series of Notes is secured by a Special Reserve Account or is not secured by any debt service Reserve Account, such Series of Notes shall have no claim on the Parity Reserve Account or any other Special Reserve Account.

The Notes shall be signed by, or bear the facsimile signature of, the President, Vice-President, Secretary/Treasurer or any other designated officer of the Corporation, and the corporate seal of the Corporation shall be imprinted or impressed on the Notes and attested by the manual or facsimile signature of the Secretary or any Assistant Secretary of the Corporation.

In case any officer whose signature or a facsimile of whose signature appears on any Notes shall cease to be such officer before the delivery of such Notes, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. Any Note may bear the facsimile signature of or may be signed by such persons as at the actual time of the execution of such Note shall be the proper officers to sign such Note although at the date of such Note such persons may not have been such officers.

Unless otherwise provided for in a Supplemental Trust Agreement, both the principal and interest with respect to the Notes shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Unless otherwise provided for in a Supplemental Trust Agreement, the principal with respect to all Notes shall be payable only to the registered owner thereof or his legal representative at the designated corporate trust office of the Trustee upon the presentation and surrender of such Notes to the Trustee as the same shall become due and payable. Unless otherwise provided for in a Supplemental Trust Agreement, payment of the interest with respect to each Note shall be made by the Trustee on each Note Payment Date to the person appearing on the registration books of the Trustee hereinafter provided for as the registered owner thereof as of the close of business on the Record Date, by check mailed to such registered owner at his address as it appears on such registration books; provided, however, that if records of ownership of the Notes is being maintained pursuant to a book-entry only system, interest shall be paid on each Note Payment Date in the manner prescribed by the rules of the Securities Depository.

Subject to the foregoing provisions of this Section, each Note delivered under this Master Trust Agreement upon transfer of or in exchange for or in substitution of any other Note shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note and each such Note shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

SECTION 2.04 Certificate of Authentication.

The certificate of authentication by the Trustee to be endorsed on all Notes secured hereunder shall be substantially in the following form, with such variations, omissions and insertions as are required or permitted by the Supplemental Trust Agreement with respect to such Notes.

CERTIFICATE OF AUTHENTICATION

This Note is a Note of the Series designated therein and delivered under the provisions of the within-mentioned Trust Agreement.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_

Authorized Officer

Date of authentication: \_\_\_\_\_

Upon receipt of all the documents required to be filed with the Trustee pursuant to this Master Trust Agreement and the applicable Supplemental Trust Agreement, the Trustee shall execute the certificate of authentication on each Note of such Series. Only such Notes as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth, duly executed by the Trustee, shall be entitled to any benefit or security under this Master Trust Agreement. No Note shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Note shall be conclusive evidence that such Note has been duly authenticated and delivered under this Master Trust Agreement. The Trustee's certificate of authentication on any Note shall be deemed to have been duly executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Notes that may be delivered hereunder at any one time.

SECTION 2.05 Exchange of Notes.

Unless otherwise provided in the Supplemental Trust Agreement for a particular Series of Notes, Notes, upon surrender thereof at the designated corporate trust office of the Trustee, together with an assignment duly executed by the Owner or his attorney or legal representative in such form as shall be reasonably satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount or compounded amount, as the case

may be, of Notes of the same Series and maturity, of any denomination or denominations authorized by this Master Trust Agreement and bearing interest at the same rate.

The Corporation shall make provision for the exchange of Notes at the designated corporate trust office of the Trustee.

#### SECTION 2.06 Registration and Transfer of Notes.

Unless otherwise provided in the Supplemental Trust Agreement for a particular Series of Notes, the Trustee shall keep books for the registration of and for the registration of transfers of Notes as provided in this Master Trust Agreement. The transfer of any Note may be registered only upon the books kept for the registration of and registration of transfers of Notes upon surrender thereof to the Trustee together with an assignment duly executed by the Owner thereof or his attorney or legal representative in such form as shall be reasonably satisfactory to the Trustee. Upon any such registration of transfer, the Corporation shall execute and the Trustee shall authenticate and deliver in exchange for such Note a new Note or Notes registered in the name of the transferee, of any denomination or denominations authorized by this Master Trust Agreement in the aggregate principal amount equal to the principal amount or compounded amount, as the case may be, of such Note surrendered or exchanged of the same Series and maturity and bearing interest at the same rate.

In all cases in which Notes shall be exchanged, the Corporation shall execute and the Trustee shall authenticate and deliver at the earliest practicable time Notes in accordance with the provisions of this Master Trust Agreement. All Notes surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Trustee. The Corporation or the Trustee may make a charge for every such registration of transfer of Notes sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any Owner for the privilege of exchanging or registering the transfer of Notes under the provisions of this Master Trust Agreement. Neither the Corporation nor the Trustee shall be required to make any such exchange or registration of transfer of Notes after a Record Date and before the following Note Payment Date, or after notice of prepayment has been given as provided in Article IV.

Any Supplemental Trust Agreement may provide for the maintenance of records of ownership for all or some portion of the Notes authorized thereby by a person other than the Trustee. In such event, such Supplemental Trust Agreement shall contain such provisions as shall be necessary to conform the maintenance of records by such other person to the provisions of this Master Trust Agreement.

#### SECTION 2.07 Ownership of Notes.

As to any Note, the person in whose name the same shall be registered shall be deemed and regarded as the absolute Owner thereof for all purposes, and the interest with respect to any such Note shall be paid only to or upon the order of the Owner thereof as of the relevant Record Date, as more fully provided in Section 2.03, or his legal representative. All such payments shall



be valid and effectual to satisfy and discharge the liability upon such Note including the premium, if any, and interest with respect thereto to the extent of the sum or sums so paid.

#### SECTION 2.08 Temporary Notes.

Until definitive Notes of any Series are ready for delivery, there may be executed, and upon request of a Corporation Representative, the Trustee shall authenticate and deliver, in lieu of definitive Notes and subject to the same limitations and conditions, temporary printed, typewritten, engraved or lithographed Notes in the form of registered Notes in such denominations as such Corporation Representative shall designate or in the form of a single registered Note in a denomination equal to the aggregate principal amount of such definitive Notes and payable in installments corresponding to the maturities of such definitive Notes, with payment record attached for the notation of payments of such installments of principal and interest, without presentation and surrender of any such single registered Note, as the Corporation may provide, substantially of the tenor hereinabove set forth and with such appropriate omissions, insertions and variations as may be required.

Until definitive Notes of any Series are ready for delivery, any temporary Note of such Series may, if so provided by the Corporation, be exchanged at the designated corporate trust office of the Trustee, without charge to the Owner thereof, for an equal aggregate principal amount of registered Notes, of like tenor, of the same Series and maturity and bearing interest at the same rate.

If temporary Notes shall be delivered, the Corporation shall cause the definitive Notes to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it at its designated corporate trust office of any temporary Note, shall cancel the same and authenticate and deliver in exchange therefor at the place designated by the owner thereof, without charge to the owner thereof, a definitive Note or Notes of an equal aggregate principal amount, of the same Series and maturity and bearing interest at the same rate as the temporary Note surrendered. Until so exchanged the temporary Notes shall in all respects be entitled to the same benefit and security of this Master Trust Agreement as the definitive Notes to be delivered and authenticated hereunder. No charge for taxes or governmental charges shall be made against the Owner upon an exchange of a temporary Note for a definitive Note.

#### SECTION 2.09 Mutilated, Destroyed, Stolen or Lost Notes.

Unless otherwise provided in the Supplemental Trust Agreement for a particular Series of Notes, in case any Note secured hereby shall become mutilated or be destroyed, stolen or lost, the Corporation shall cause to be executed, and the Trustee shall authenticate and deliver, a new Note of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Note or in lieu of and in substitution for such Note destroyed, stolen or lost, upon payment by the Owner of the reasonable expenses and charges of the Corporation and the Trustee in connection therewith and, in the case of a Note destroyed, stolen or lost, the filing by such Owner with the Trustee of evidence reasonably satisfactory to it and the Corporation that such Note was destroyed or lost and that such Owner owned such Note, and furnishing the Corporation and the Trustee with indemnity reasonably satisfactory to them.

#### SECTION 2.10 Execution of Documents and Proof of Ownership.

Any request, direction, consent, revocation of consent or other instrument in writing required or permitted by this Master Trust Agreement to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Notes. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Notes shall be sufficient for any purpose of this Master Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any commercial bank or trust company located within the United States of America or member of the New York Stock Exchange, or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of Notes by any person, the amount and numbers of such Notes and the date of execution shall be proved by the registration books maintained pursuant to Section 2.06.

Nothing contained in this Section shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Note shall bind every future Owner of the same Note in respect of anything done or to be done by the Trustee in pursuance of such request or consent.

#### SECTION 2.11 Destruction of Canceled Notes.

Whenever in this Master Trust Agreement or any Supplemental Trust Agreement provision is made for the surrender or cancellation by the Trustee and the delivery to the Corporation of any Notes, the Trustee shall cancel such Notes and may, in lieu of such delivery, destroy such Notes and deliver a certificate of such destruction to the Corporation.

SECTION 2.12 Conditions for Delivery of Series 2018 Notes.

Prior to or simultaneously with the authentication and delivery of the Series 2018 Notes by the Trustee to or upon the order of the original purchasers thereof, there shall be filed with the Trustee the following:

(a) executed counterparts of this Master Trust Agreement, the First Supplemental Trust Agreement, the Master Agreement and the First Supplemental Agreement;

(b) executed copy of the Deed of Trust and evidence satisfactory to the Trustee that the Deed of Trust has been recorded in the office of the Register of Deeds of Montgomery County, North Carolina;

(c) a copy, certified by the Secretary or any Assistant Secretary of the Board of Directors of the Corporation, of the resolution of said Board authorizing the execution and delivery of the Master Agreement, the First Supplemental Agreement, this Master Trust Agreement and the First Supplemental Trust Agreement, approving the sale of the Series 2018 Notes and directing the authentication and delivery of the Series 2018 Notes to or upon the order of the purchasers mentioned therein upon payment of the purchase price therein set forth and the accrued interest, if any, with respect to the Series 2018 Notes;

(d) a copy, certified by the County Clerk or any assistant or deputy County Clerk of the County, of the resolution of the County Board of Commissioners of the County approving the delivery of the Series 2018 Notes by the Corporation and authorizing the execution and delivery of the Master Agreement, the First Supplemental Agreement and the Deed of Trust;

(e) a copy, certified by the Secretary of the Local Government Commission, of the resolution or order of the Local Government Commission approving the Master Agreement and the First Supplemental Agreement;

(f) an opinion of Bond Counsel in form and substance reasonably satisfactory to the Trustee;

(g) evidence satisfactory to the Trustee that any financial guaranty insurance policy or debt service reserve insurance policy related to a particular Series of Notes has been issued to the Trustee, including an opinion of counsel of the provider of such policy to the effect that the policy has been duly issued and constitutes a valid and binding obligation of such provider enforceable in accordance with its terms; and

(h) such other documents or evidence as may be specified in the First Supplemental Trust Agreement or as the Trustee may reasonably request.

When the documents mentioned above in this Section shall have been filed with the Trustee and when the Series 2018 Notes shall have been executed and authenticated as required by this Master Trust Agreement and the First Supplemental Trust Agreement, the Trustee shall

deliver the Series 2018 Notes at one time to or upon the order of the purchasers specified in the resolution mentioned in subsection (c) above, but only upon payment to, or upon the order of, the Trustee of the purchase price of the Series 2018 Notes and any interest accrued thereon. The Trustee shall be entitled to rely upon the above-mentioned documents as to all matters stated therein.

The proceeds (including accrued interest and any premium) of the Series 2018 Notes shall be applied by the Trustee simultaneously with the delivery of the Series 2018 Notes, to the funds and accounts created hereunder or under the First Supplemental Trust Agreement as shall be directed in the First Supplemental Trust Agreement.

#### SECTION 2.13 Conditions for Delivery of Additional Notes.

Subsequent to the execution and delivery of the Series 2018 Notes, the Corporation may execute and, upon the written request of a Corporation Representative, the Trustee shall authenticate and deliver from time to time one or more Series of Additional Notes in such aggregate principal amount as may be set forth in the Supplemental Trust Agreement providing for such Series of Additional Notes for the purpose of providing funds for additional Advancements under the Master Agreement; provided, however, that there shall have been compliance with all of the following conditions, which are hereby made conditions precedent to the preparation, execution and delivery of such Additional Notes:

(a) the Corporation and the Trustee shall have executed and delivered a Supplemental Trust Agreement setting forth the terms and provisions of such Series of Additional Notes;

(b) the County and the Corporation shall have executed and delivered a Supplemental Agreement supplementing or amending the Master Agreement to (i) increase or adjust the Installment Payments due and payable to an amount sufficient to timely pay the principal and interest with respect to such Additional Notes, (ii) include a description of the School Project or Completion Project (or component thereof) to be provided from the proceeds of the Additional Notes or the Notes to be refunded with the proceeds of such Additional Notes and (iii) make such other supplements and amendments to the Master Agreement as are necessitated by the execution and delivery of such Additional Notes; provided, however, that such supplements and amendments shall not prejudice the rights of the Owners of the Outstanding Notes as granted them under the terms of the Trust Agreement;

(c) the County shall have provided for, amended, supplemented or otherwise modified the Deed of Trust as required by the terms of the Deed of Trust or by the provisions of Section 3.2 of the Master Agreement or any Supplemental Agreement or Supplemental Trust Agreement relating to such Series of Additional Notes;

(d) there shall be filed with the Trustee a copy, certified by the Secretary or any Assistant Secretary of the Board of Directors of the Corporation, of the resolution of said Board authorizing the execution and delivery of the Supplemental Agreement and the Supplemental Trust Agreement relating to such Series of Additional Notes, approving the sale of such Additional Notes and directing the authentication and delivery of such

Additional Notes to or upon the order of the purchasers mentioned therein upon payment of the purchase price therein set forth and the accrued interest, if any, with respect to such Additional Notes;

(e) there shall be filed with the Trustee a copy, certified by the County Clerk or any assistant or deputy County Clerk of the County, of the resolution of the County Board of Commissioners of the County approving the delivery of such Additional Notes by the Corporation and authorizing the execution and delivery of the Supplemental Agreement relating to such Series of Additional Notes;

(f) there shall be filed with the Trustee a copy, certified by the Secretary of the Local Government Commission, of the resolution or order of the Local Government Commission approving the Supplemental Agreement relating to such Series of Additional Notes, if so required by the Act;

(g) there shall be filed with the Trustee a certificate of a County Representative that there exists on the part of the County no event of default under the Agreement or the Deed of Trust;

(h) there shall be filed with the Trustee an opinion of Bond Counsel in form and substance reasonably satisfactory to the Trustee; and

(g) there shall be filed with the Trustee such other documents or evidence as may be specified in the Supplemental Trust Agreement for such Series of Additional Notes or as the Trustee may reasonably request.

Upon delivery to the Trustee of the foregoing documents and upon the Trustee's being satisfied that all applicable provisions of this Master Trust Agreement have been complied with so as to permit the delivery of Additional Notes in accordance with the Supplemental Trust Agreement, the Trustee shall cause to be authenticated and delivered Additional Notes representing the aggregate principal amount specified in such Supplemental Trust Agreement, and such Additional Notes shall be equally and ratably secured with all Notes, including the Series 2018 Notes and any Additional Notes theretofore prepared, executed and delivered, all without preference, priority or distinction (other than with respect to maturity, payment, prepayment or sinking fund payment, if any, of any one Note, including Additional Notes, over any other).

The proceeds (including accrued interest and any premium) of such Additional Notes shall be applied by the Trustee simultaneously with the delivery of such Additional Notes in the manner specified in the Supplemental Trust Agreement for such Series of Additional Notes.

### **ARTICLE III PROJECT FUND**

#### SECTION 3.01 Establishment of Project Fund.

The Trustee shall establish a special fund designated as the “Montgomery County Public Facilities Corporation 2018 Master Trust Agreement Project Fund,” shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as herein provided. When a Series of Notes is delivered under this Master Trust Agreement, the Trustee may establish separate accounts and subaccounts within the Project Fund to account for the proceeds of such Series of Notes and any other funds. The moneys deposited in the Project Fund shall be held and applied by the Trustee in accordance with the provisions of this Article.

#### SECTION 3.02 Purpose.

Moneys in the Project Fund shall be expended for School Project Costs and Costs of Issuance.

SECTION 3.03 Deposit of Moneys; Payment of School Project Costs and Costs of Issuance.

There shall be credited to the applicable account or subaccount of the Project Fund the proceeds of the sale of a Series of Notes as required to be deposited therein pursuant to the applicable Supplement Trust Agreement. There shall also be credited to the applicable account or subaccount of the Project Fund the proceeds of performance and labor and materials payment bonds paid to the Trustee pursuant to Section 3.2 of the Master Agreement, all investment earnings on moneys held in the Project Fund and any other funds from time to time deposited with the Trustee for such purposes. The Trustee shall disburse moneys in the Project Fund from time to time to pay Costs of Issuance or School Project Costs upon receipt by the Trustee of a Requisition signed by a County Representative or as otherwise provided in a Supplemental Trust Agreement. Upon receipt of a properly signed Requisition, the Trustee is authorized to act thereon without further inquiry and shall have no duty or responsibility to verify any matters therein and, except for the gross negligence or willful misconduct of the Trustee, shall not be liable to any party for any actions so taken. The Trustee shall have no duty to inspect or oversee the construction or completion of the School Project or any Completion Project or to ensure that the proceeds of the Series of Notes are actually applied in the manner specified in the Requisition.

#### SECTION 3.04 Transfers of Unexpended Proceeds.

Subject to the provisions of any Supplemental Trust Agreement, upon the filing of the Certificate of Completion pursuant to Section 3.4 of the Master Agreement, the Trustee shall withdraw all remaining moneys in the applicable account or subaccount of the Project Fund (other than any moneys retained therein to pay School Project Costs and Costs of Issuance not then due and payable) and deposit such moneys in the Installment Payment Fund to be applied to the payment of principal and interest with respect to the Series of Notes from which excess moneys are derived as prescribed by Section 5.04; provided, however, that if the Trustee receives a

certificate of a County Representative directing that the proceeds of such Notes be applied to pay the cost of other components of the School Project or any Completion Project, accompanied by an opinion of Bond Counsel to the effect that such application will not violate the laws of the State, including the Act, and will not cause the interest component of the Installment Payments to be includable in the gross income of the owners thereof for purposes of federal income taxation (to the extent so intended), then the Trustee shall apply the remaining moneys in the such account or subaccount of the School Project Fund to the purposes so directed. In the event that following completion of the School Project or any Completion Project (or any component thereof), the Trustee shall not have received a Certificate of Completion, the Trustee may request the same in writing from the County and, if such Certificate is not delivered to the Trustee within forty-five (45) days, and if during such forty-five (45) day period the Trustee receives no notice from the County to the effect that the School Project or Completion Project (or such component thereof) is not complete, then the Trustee may treat the 45th day following the Trustee's transmittal of the request for a Certificate of Completion as the day such certificate is received by the Trustee.

## **ARTICLE IV PREPAYMENT OF NOTES**

### **SECTION 4.01 Establishment of Prepayment Fund.**

The Trustee shall establish a special fund designated as the “Montgomery County Public Facilities Corporation 2018 Master Trust Agreement Prepayment Fund,” shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Article. Moneys to be used for prepayment of the Notes shall be deposited into the Prepayment Fund and used solely for the purpose of prepaying the Notes in advance of their maturity on the date designated for prepayment and upon presentation and surrender of such Notes.

### **SECTION 4.02 Prepayment Provisions.**

(a) Each Series of Notes shall be subject to optional and mandatory prepayment in the manner and to the extent set forth in the Supplemental Trust Agreement authorizing such Series of Notes.

### **SECTION 4.03 Selection of Notes for Prepayment.**

(a) Unless otherwise provided in a Supplemental Trust Agreement for a particular Series of Notes, whenever provision is made in this Master Trust Agreement for the prepayment of any Series of Notes and fewer than all of the Notes of such Series are called for prepayment, the maturities of such Notes to be prepaid shall be as directed by a County Representative.

(c) Unless otherwise provided in a Supplemental Trust Agreement for a particular Series of Notes, if less than all of the Notes of a particular maturity of any Series of Notes shall be called for prepayment, the Trustee shall select by lot the Notes within such maturity to be prepaid, taking into account to the extent necessary the Authorized Denominations of such Series of Notes; provided, however, that so long as the sole Owner of a particular Series of Notes is a Securities Depository Nominee, such selection shall be made by the Securities Depository.

### **SECTION 4.04 Notice of Prepayment.**

(a) When prepayment is authorized pursuant to this Article or any Supplemental Agreement, the Trustee shall give notice of the prepayment of the Notes as provided in this Section or as provided for in the Supplemental Agreement relating to the particular Series of Notes to be prepaid. Unless otherwise provided in a Supplemental Trust Agreement for a particular Series of Notes, such notice shall specify (a) the Notes or a designated portion thereof are to be prepaid, (b) the CUSIP numbers of the Notes to be prepaid and if less than all of the Notes of any particular maturity of a Series of Notes are to be prepaid, the certificate numbers of such Notes, if any, (c) the prepayment price, (d) the date of such notice and the date of prepayment, (e) the place or places where the prepayment will be made and (f) descriptive information regarding the Notes to be prepaid, including the dated date, interest rates and stated maturity date. Such notice shall further state that on the date specified for prepayment, there shall become due and payable upon each Note or portion thereof to be prepaid the portion of the principal amount represented by such Note to be prepaid, together with interest accrued to said date, and that from and after such date,



provided that moneys therefor have been deposited with the Trustee, interest with respect thereto shall cease to accrue and be payable.

(b) Unless otherwise provided in a Supplemental Trust Agreement for a particular Series of Notes, notice of such prepayment shall be sent by first-class mail, postage prepaid, to (i) the Owners at their addresses appearing on the Note registration books and (ii) the Local Government Commission, at least thirty (30) days, but not more than sixty (60) days, prior to the date fixed for prepayment; provided, however, that any such notice to the Securities Depository shall be sent by electronic delivery or other means authorized by the Securities Depository's rules and procedures, and provided further that any such notice shall be sent by electronic delivery or other authorized means to the Municipal Securities Rulemaking Board for posting on the "EMMA" continuing disclosure system or to any successor system, and provided further that failure to provide any such notice to any Owner or any defect therein shall not affect the validity of the proceedings for such prepayment as to the Notes of any Owner who received proper notice. The failure to give any such notice to the Local Government Commission or to the Municipal Securities Rulemaking Board, or any defect therein, shall not affect the validity of any proceedings for the prepayment of the Notes.

(c) Any notice of prepayment may state that the prepayment to be effected is conditioned upon the receipt by the Trustee on or prior to the prepayment date of moneys sufficient to pay the principal and premium, if any, and interest with respect to the Notes to be prepaid and that if such moneys are not so received, such notice shall be of no force or effect and such Notes shall not be required to be prepaid. In the event that such notice contains such a condition and moneys sufficient to pay the principal and premium, if any, and interest with respect to such Notes are not received by the Trustee on or prior to the prepayment date, the prepayment shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of prepayment was given, that such moneys were not so received.

#### SECTION 4.05 Effect of Notice of Prepayment.

On or before the date upon which Notes are to be prepaid, the County shall deposit with the Trustee cash or Defeasance Obligations, or a combination of both, that will be sufficient to pay on the prepayment date the principal and premium, if any, and interest with respect to the Notes to be prepaid to such prepayment date.

On the date fixed for prepayment, notice having been given in the manner and under the conditions hereinabove provided or as provided in the applicable Supplemental Trust Agreement, the Notes or portions thereof called for prepayment shall be due and payable at the prepayment price provided therefor, plus accrued interest to such prepayment date, and if moneys sufficient to pay the prepayment price of the Notes or portions thereof to be prepaid plus accrued interest with respect thereto to the date of prepayment are held by the Trustee in trust for the Owners of Notes or portions thereof to be prepaid, interest with respect to the Notes or portions thereof called for prepayment shall cease to accrue; such Notes or portions thereof shall cease to be entitled to any benefits or security under this Master Trust Agreement or to be deemed Outstanding; and the Owners of such Notes or portions thereof shall have no rights in respect thereof except to receive payment of the prepayment price thereof, plus accrued interest to the date of prepayment.

Notes or portions of Notes for which irrevocable instructions to pay on one or more specified dates or to call for prepayment on any one or more dates as determined by the County have been given to the Trustee in form reasonably satisfactory to it shall not thereafter be deemed to be Outstanding under this Master Trust Agreement and shall cease to be entitled to the security of or any rights under this Master Trust Agreement, and the Owners shall have no rights in respect of the same other than to receive payment of the principal or prepayment price thereof and accrued interest with respect thereto, to be given notice of prepayment in the manner provided in Section 4.04, and to the extent hereinafter provided, to receive Notes for any unprepaid portions of Notes if cash or Defeasance Obligations (that have maturity dates or prepayment dates which, at the option of the holder of such Defeasance Obligations, shall not be later than the date or dates on which moneys will be required to effect such payment or prepayment), or a combination of both, sufficient to pay the principal or prepayment price of such Notes or portions thereof, together with accrued interest with respect thereto to the date upon which such Notes are to be paid or prepaid, are held in separate accounts by the Trustee in trust for the Owners of such Notes.

All Notes paid at maturity or prepaid prior to maturity pursuant to the provisions of this Article shall be canceled upon surrender thereof and, upon the request of the Corporation, delivered to or upon the order of the Corporation.

#### SECTION 4.06 Partial Prepayment of Notes.

Upon surrender by the Owner of a Note for partial prepayment at the designated corporate trust office of the Trustee, payment of such partial prepayment of the principal amount represented by a Note will be paid to such Owner. Upon surrender of any Note prepaid in part only, the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the County, a new Note or Notes which shall be of Authorized Denominations equal in aggregate principal amount to the portion of the Note surrendered and not prepaid and of the same Series, interest rate and maturity. Such partial prepayment shall be valid upon payment of the amount thereby required to be paid to such Owner, and the County, the Corporation and the Trustee shall be released and discharged from all liability to the extent of such payment.

#### SECTION 4.07 Surplus.

Any funds remaining in the Prepayment Fund after prepayment and payment of all Notes Outstanding, including accrued interest and payment of any applicable fees and expenses to the Trustee pursuant to Section 8.06, or provision made therefor reasonably satisfactory to the Trustee, shall be withdrawn by the Trustee and remitted to the County.

**ARTICLE V**  
**INSTALLMENT PAYMENTS; INSTALLMENT PAYMENT FUND; RESERVE**  
**ACCOUNTS**

SECTION 5.01 Assignment Provision.

(a) The Corporation hereby transfers, assigns and unconditionally grants to the Trustee for the benefit of the Owners (i) all of its rights, title and interest in and to the Agreement (except for the Reserved Rights), including, but not limited to, all of the Corporation's rights to receive and collect all of the Installment Payments and all other amounts required to be deposited in the Installment Payment Fund, the Prepayment Fund, the Project Fund and the Net Proceeds Fund pursuant to the Agreement or pursuant hereto and (ii) all of its rights, title and interest in and to the Deed of Trust (except for any rights it may have to receive notices or to be indemnified). All Installment Payments and such other amounts to which the Corporation may at any time be entitled shall be paid directly to the Trustee, and all of the Installment Payments and other amounts collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof, and all such Installment Payments and such other amounts shall be forthwith deposited by the Trustee as required by this Master Trust Agreement.

(b) The Corporation hereby grants to the Trustee for the benefit of the Owners a lien on and security interest in all moneys and securities in the funds and accounts held by the Trustee under this Master Trust Agreement, including without limitation, the Installment Payment Fund, the Prepayment Fund, the Project Fund and the Net Proceeds Fund, and all such moneys shall be held by the Trustee in trust and applied to the respective purposes specified herein and in the Agreement.

(c) The Installment Payments are hereby irrevocably pledged to and shall be used for the punctual payment of the interest and principal represented by the Notes and shall not be used for any other purpose while any of the Notes remain Outstanding, except as provided in Section 12.05. This pledge shall constitute a first and exclusive lien on the Installment Payments in accordance with the terms hereof, subject to provisions of Section 8.06 and Section 12.05.

SECTION 5.02 Installment Payment Fund.

The Trustee shall establish a special fund designated as the "Montgomery County Public Facilities Corporation 2018 Master Trust Agreement Installment Payment Fund." All moneys at any time deposited by the Trustee in the Installment Payment Fund shall be held by the Trustee in trust for the benefit of the Owners. So long as any Notes are Outstanding, neither the County nor the Corporation shall have any beneficial right or interest in the Installment Payment Fund or the moneys deposited therein, except only as provided in this Master Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

#### SECTION 5.03 Deposits.

There shall be deposited in the Installment Payment Fund (a) all Installment Payments received by the Trustee, (b) all investment earnings on moneys held in the Installment Payment Fund, (c) all amounts transferred from the Project Fund pursuant to Section 3.04 (regarding unexpended Note proceeds) and (d) any other moneys required to be deposited therein pursuant to the Agreement or the Master Trust Agreement, which moneys shall be applied as a credit towards any Installment Payment then due.

#### SECTION 5.04 Application of Moneys.

Subject to the provisions of Section 12.05, all amounts deposited in the Installment Payment Fund shall be withdrawn and used by the Trustee solely for the purpose of paying the principal and interest with respect to the Notes as the same shall become due and payable.

In the event that there are insufficient funds in the Installment Payment Fund (and any reserve account as provided in Section 5.05) on any Note Payment Date, maturity date or mandatory sinking fund prepayment date to pay all of the principal and interest with respect to the Notes due and payable on such date, payment of such principal and interest shall be made in the manner provided in Section 12.05.

#### SECTION 5.05 Surplus.

Any funds remaining in the Installment Payment Fund after payment or prepayment of all Notes Outstanding, including accrued interest and payment of any applicable fees and expenses to the Trustee pursuant to Section 8.06 or provision made therefor reasonably satisfactory to the Trustee, shall be withdrawn by the Trustee and remitted to the County.

#### SECTION 5.06 Payment from Reserve Accounts.

(a) The Trustee hereby establishes a special fund designated as the Parity Reserve Account. At such time or times as provided in the Supplemental Trust Agreements, if the amount in the Parity Reserve Account is less than the Parity Reserve Account Requirement or the amount in any Special Reserve Account is less than the applicable Special Reserve Account Requirement, the Corporation shall deliver (1) to the Trustee the amounts to make up any deficiency in the Parity Reserve Account for deposit in the Parity Reserve Account and (2) to the entity entitled thereto, the amounts required by any Supplemental Trust Agreement to make up any deficiencies in any Special Reserve Account for deposit in such Special Reserve Accounts.

(b) A Supplemental Trust Agreement may provide for the creation of a Special Reserve Account for such Series of Notes authorized by such Supplemental Trust Agreement and for the deposit of moneys to and withdrawal of moneys from such Account. A Special Reserve Account created for any Series of Note shall be held and maintained by the Trustee.

(c) If a Supplemental Trust Agreement provides that the Notes issued thereunder are to be secured by the Parity Reserve Account, the Corporation must fund, from the proceeds of such Notes or from any other available sources, concurrently with the delivery of and payment for such Notes, the Parity Reserve Account in an amount equal to the Parity Reserve Account Requirement.

If a Supplemental Trust Agreement provides that the Notes issued thereunder is to be secured by a Special Reserve Account, the Corporation must fund, from the proceeds of such Notes or from any other available sources, at the time or times and in the manner specified in the applicable Supplemental Trust Agreement, such Special Reserve Account in an amount equal to the Special Reserve Account Requirement for such Notes.

(d) The Trustee shall use amounts in the Parity Reserve Account to make transfers, or use moneys provided under a Reserve Alternative Instrument to make deposits, in respect of all Notes secured by the Parity Reserve Account, to remedy any deficiency as of any Note Payment Date, principal payment date or sinking fund payment date (or any earlier date as set forth in a Supplemental Trust Agreement), whenever and to the extent the money on deposit for such purposes is insufficient.

(e) The Trustee shall use amounts in any Special Reserve Account held by it to make transfers or use moneys provided under a Reserve Alternative Instrument to make deposits, in respect of the particular Notes secured by such Special Reserve Account, to remedy any deficiency as of any Note Payment Date, principal payment date or sinking fund payment date (or any earlier date as set forth in a Supplement Trust Agreement), whenever and to the extent the money on deposit for such purposes is insufficient.

(f) Any deficiency in the Parity Reserve Account resulting from the withdrawal of moneys therein shall be made up over the twelve-month period immediately following the month in which such withdrawal is made by monthly deposits of one-twelfth (1/12) of the amount of such deficiency. Any deficiency in the Parity Reserve Account resulting from a draw on a Reserve Alternative Instrument shall be made up as provided in such Reserve Alternative Instrument or documentation relating thereto, but any such deficiency must be made up by not later than the final date when such deficiency would have been required to be made up if there had been a withdrawal of moneys from the Parity Reserve Account rather than a draw on a Reserve Alternative Instrument. Deficiencies, whether resulting from withdrawals or draws, may be satisfied through the deposit of additional moneys or the providing of an additional, or increase in a, Reserve Alternative Instrument. Cash or Permitted Investments on deposit in the Parity Reserve Account shall be used to satisfy deficiencies, prior to any draw on a Reserve Alternative Instrument.

(g) Unless a Reserve Alternative Instrument shall be in effect, if on any date of valuation pursuant to Section 7.07, the amount on deposit in the Parity Reserve Account is less than 90% of the Parity Reserve Account Requirement, the Corporation shall deposit into the Parity Reserve Account monthly one-twelfth (1/12) of the amount required as of such date to bring the amount then on deposit in the Parity Reserve Account up to the Parity Reserve Account Requirement. Any such deficiency may be satisfied through the deposit of additional moneys or the providing of an additional, or increase in a, Reserve Alternative Instrument.

(h) Any deficiency in a Special Reserve Account resulting from the withdrawal of moneys therein or a draw on a Reserve Alternative Instrument or resulting from a valuation of the Permitted Investments therein pursuant to Section 7.07 shall be made up as provided in the relevant Supplemental Trust Agreement.

#### SECTION 5.07 Reserve Alternative Instruments.

The Corporation may, at the direction of the County and subject to the provisions of this Section and the provisions of any Supplemental Trust Agreement relating to delivery of a Reserve Alternative Instrument, arrange for the delivery to the Trustee of a Reserve Alternative Instrument, to satisfy all or any portion of the Parity Reserve Requirement or Special Reserve Requirement, if any. The following requirements shall be fulfilled for a Reserve Alternative Instrument:

(a) If the Reserve Alternative Instrument is a letter of credit, the letter of credit shall be payable in one or more draws upon presentation by the Trustee of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest with respect to a Series of Notes. The draws shall be payable within one Business Day of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify the County and the Trustee not later than thirty (30) months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(b) Prior to the acceptance by the Trustee of a Reserve Alternative Instrument, there shall be delivered to the County, the Trustee and any applicable insurer of such Notes an opinion of counsel acceptable to the County, the Trustee and such insurer and in form and substance satisfactory to the County, the Trustee and such insurer as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally.

(c) The obligation to reimburse the issuer of a Reserve Alternative Instrument for any fees, expenses, claims or draws upon such Reserve Alternative Instrument shall be subordinate to the payment of the Notes. The right of the issuer of a Reserve Alternative Instrument to payment or reimbursement of its fees and expenses (including interest payments relating to draws on such Reserve Alternative Instrument) shall be subordinated to the cash replenishment of such Reserve Account and the reimbursement for draws on such Reserve Alternative Instrument, and, subject to the second succeeding sentence, its right to reimbursement for claims or draws on such Reserve Alternative Instrument shall be on a parity with the cash replenishment of such Reserve Account.

(d) The Trustee shall ascertain the necessity for a claim or draw upon the Reserve Alternative Instrument and provide notice to the issuer of the Reserve Alternative Instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Reserve Alternative Instrument) prior to each Instrument Payment Date, principal payment date or sinking fund payment date (or any earlier date as set forth in a Supplement Trust Agreement).

SECTION 6.01 Establishment of Net Proceeds Fund; Deposits.

The Trustee hereby establishes a special fund designated as the “Montgomery County Public Facilities Corporation 2018 Master Trust Agreement Net Proceeds Fund” to be maintained and held in trust for the benefit of the Owners as provided herein. The Trustee shall deposit Net Proceeds in the Net Proceeds Fund as provided in Section 6.1 of the Master Agreement.

SECTION 6.02 Disbursements.

The Trustee shall disburse Net Proceeds for replacement or repair of the Mortgaged Property as provided in Section 6.2(a) or (c) of the Master Agreement. Any balance of Net Proceeds remaining after receipt by the Trustee of a certificate of a County Representative stating that any such replacement or repair has been completed shall be placed into the Installment Payment Fund and applied to the next payment of principal and interest with respect to the Notes as provided in Section 5.04. Any funds remaining in the Net Proceeds Fund after prepayment of all Notes Outstanding, including accrued interest and payment of any applicable fees to the Trustee pursuant to Section 8.06 or provision made therefor reasonably satisfactory to the Trustee, shall be withdrawn by the Trustee and remitted to the County.

SECTION 6.03 Cooperation.

The Trustee shall cooperate fully with the County, at the expense of the County, in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Master Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Mortgaged Property or any item or portion thereof.

**ARTICLE VII  
MONEYS IN FUNDS; INVESTMENT**

SECTION 7.01 Held in Trust.

The moneys and investments held by the Trustee under this Master Trust Agreement are irrevocably held in trust for the benefit of the Owners and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Master Trust Agreement, and shall not be subject to levy or attachment and except as provided herein or lien by or for the benefit of any creditor of the County, the Corporation or the Trustee.

SECTION 7.02 Investments Authorized.

All moneys held in the funds and accounts created hereunder or under any Supplemental Trust Agreement, shall, upon the written direction, or a telephonic direction confirmed in writing, of the County, constantly be invested, subject to Section 7.06, in Permitted Investments that mature at the times and in the amounts so that amounts will be available at the times and in the amounts necessary to make the payments required hereunder. The County may, from time to time, designate in writing to the Trustee one or more depositories to hold any funds and accounts on behalf of the Trustee hereunder or under any Supplemental Trust Agreement. The Trustee shall not be liable to the County, the Corporation, any Owner or any other person or entity for any loss suffered, or for any tax consequences resulting from, any investment made in connection with any investment of funds made by it in accordance with this Section.

SECTION 7.03 Disposition of Investments.

Any income, profit or loss on the investment of moneys held by the Trustee hereunder shall be credited to the respective fund, account or subaccount for which it is held, except as otherwise expressly provided herein or in any Supplemental Trust Agreement.

SECTION 7.04 Accounting.

The Trustee shall furnish to the County not less than monthly an accounting of all investments made by the Trustee and all funds held by the Trustee under this Master Trust Agreement or any Supplemental Trust Agreement. The Trustee shall keep accurate records of all funds administered by it and of all Notes paid and discharged.

SECTION 7.05 Commingling of Moneys in Funds.

The Trustee may, and upon the written request of a County Representative shall, commingle any of the funds held by it pursuant to this Master Trust Agreement or any Supplemental Trust Agreement into a separate fund or funds for investment purposes only; provided, however, that all funds, accounts or subaccounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee.



#### SECTION 7.06 Arbitrage Covenant.

The Corporation hereby covenants that, notwithstanding any other provision of this Master Trust Agreement, it will make no use, nor will it direct the Trustee to make any use, of the proceeds of the Notes which would cause any Notes the interest with respect thereto which is intended to not be includable in gross income for federal income tax purposes to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code. The Trustee hereby covenants with the Corporation, for the benefit of the Owners, that it will comply with the provisions of this Master Trust Agreement and will follow the written directions of a County Representative with respect to the use of proceeds of the Notes consistent with the provisions hereof.

#### SECTION 7.07 Valuation and Disposition of Investments.

(a) All investments in all funds, accounts and subaccounts created hereunder or under any Supplemental Trust Agreement shall be valued by the Trustee as of the last day of each Fiscal Year. For the purpose of determining the amount in any other such fund or account, the Trustee shall value all Permitted Investments credited to such fund (i) at face value if such Permitted Investments mature within six months from the date of valuation thereof and (ii) if such Permitted Investments mature more than six months after the date of valuation thereof, at the price at which such Permitted Investments are redeemable by the holder at his option if so redeemable, or, if not so redeemable, at the lesser of (A) the cost of such Permitted Investments minus the amortization of any premium or plus the amortization of any discount thereon and (B) the market value of such Permitted Investments. The Trustee shall report the result of such valuations within thirty (30) days after the end of such valuation period to the County.

(b) The Trustee shall sell at the best price obtainable, or present for payment or prepayment, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited. The Trustee shall not be liable for any loss resulting from such action.

(c) Whenever, following a valuation on the last day of each Fiscal Year as described above, the value of the cash and Permitted Investments in the Parity Reserve Account or a Special Reserve Account held by the Trustee, plus accrued interest to the date of valuation, is less than 90% of the Parity Reserve Account Requirement or the Special Reserve Account Requirement (except as may otherwise be provided in a Supplemental Trust Agreement in the case of a Special Reserve Account), as the case may be, the Trustee shall compute the amount by which the Parity Reserve Account Requirement or the Special Reserve Account Requirement exceeds the balance in the Parity Reserve Account or such Special Reserve Account, as the case may be, and shall immediately give the Corporation notice of such deficiency and the amount necessary to cure the same in accordance with Section 5.05. Whenever the value of the cash and Permitted Investments in the Parity Reserve Account or a Special Reserve Account held by the Trustee, plus accrued interest to the date of valuation, is greater than the Parity Reserve Account Requirement or the Special Reserve Account Requirement, the Trustee shall compute the amount by which the balance in the Parity Reserve Account or such Special Reserve Account, as the case may be, exceeds the Parity Reserve Account Requirement or the Special Reserve Account Requirement, as the case

may be, and shall transfer the excess to the Installment Payment Fund unless otherwise provided in a Supplemental Trust Agreement.

## **ARTICLE VIII THE TRUSTEE**

### SECTION 8.01 Acceptance of Duties by Trustee; Successor Trustee.

(a) By execution and delivery of this Master Trust Agreement, U.S. Bank National Association hereby accepts the duties and obligations of the Trustee under this Master Trust Agreement.

(b) There shall at all times be a Trustee capable of exercising trust powers in the State, which must be a bank or trust company with a combined capital (exclusive of borrowed capital) and surplus in the case of all successor Trustees to the initial Trustee of at least \$100,000,000, and subject to supervision or examination by federal or state authority, so long as any Notes are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(c) So long as there is no Event of Default, the Corporation, at the direction of the County, may remove the Trustee initially appointed, or any successor thereto, and may appoint a successor or successors thereto upon sixty (60) days' written notice to the Trustee; provided, however, that no such removal shall become effective until a successor has been appointed and shall have qualified and accepted its duties as successor Trustee.

(d) The Trustee may, upon sixty (60) days' written notice to the County and the Corporation, resign; provided, however, that such resignation shall not take effect until the successor Trustee is appointed and shall have qualified and accepted its duties as successor Trustee. Upon receiving such notice of resignation, the Corporation, at the direction of the County, shall promptly appoint a successor Trustee. If the Corporation does not name a successor Trustee within sixty (60) days of receipt of notice of the Trustee's resignation, the Trustee may petition a court of suitable jurisdiction to seek the immediate appointment of a successor Trustee, and the Trustee shall continue to serve until a successor is appointed.

(e) Any successor Trustee shall be a bank or trust company meeting the qualifications set forth in subsection (b) of this Section and shall have been approved by the Local Government Commission of North Carolina as qualified to serve as a trustee prior to such appointment or obtains such approval in connection with such appointment. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the successor Trustee shall mail notice thereof to the Owners at their respective addresses set forth on the Note registration books maintained pursuant to Section 2.06.

SECTION 8.02 Merger or Consolidation.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 8.01, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 8.03 Protection of the Trustee.

(a) The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Master Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may, in the absence of bad faith on its part, accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

(b) The Trustee may consult with counsel with regard to legal questions, and any opinion rendered by such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith. Before being required to take any action, the Trustee may require an opinion of counsel acceptable to the Trustee or a verified certificate of any party, or both, concerning the proposed action, which opinion or certificate shall be made available to the other party hereto upon request. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

(c) Whenever in the administration of its duties under this Master Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed), in the absence of bad faith on its part, shall be deemed to be conclusively proved and established by the certificate of a County Representative or a Corporation Representative or the written direction of any Owners of Notes and such certificate or direction shall be full warranty to the Trustee, in the absence of bad faith on its part, for any action taken or suffered under the provisions of this Master Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(d) The Trustee shall not be responsible for any recital herein, for maintaining or insuring the Mortgaged Property or collecting any insurance moneys relating thereto, or for the sufficiency of any security for the Notes executed and delivered hereunder or the value of or title to the Mortgaged Property.

(e) The Trustee shall have no obligation to perform any of the duties of the Corporation under the Agreement or this Master Trust Agreement except as expressly set forth therein and herein.

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

(g) Before taking any action hereunder (except for the acceleration of the principal component of the Notes in accordance with Section 12.02 and payments to Owners of Notes from amounts held by the Trustee for such purpose), 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, willful misconduct or default, by reason of any action so taken.

(h) The permissive right of the Trustee to do things enumerated in this Master Trust Agreement or the Agreement shall not be construed as duties of the Trustee.

(i) The Trustee shall not be personally liable for any debt contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the School Project, any Completion Project or the Mortgaged Property.

(j) The Trustee shall not be required to give any bond or surety in order to serve as Trustee under this Master Trust Agreement.

(k) The Trustee shall not be bound to ascertain or inquire as to the performance of the obligations of the Corporation or the County under the Agreement or the Trust Agreement, and shall not be deemed to have or be required to take notice of an Event of Default under this Master Trust Agreement (other than a default under Section 12.01(a) or (b)) unless the Trustee receives written notification of such default by the County, the Corporation or one or more Owners with combined holdings of not less than twenty-five percent (25%) of the principal amount of the Notes Outstanding, and in the absence of such notice the Trustee may conclusively presume there is no Event of Default except as aforesaid. The Trustee may nevertheless require the Corporation and the County to furnish information regarding performance of their obligations under the Agreement and the Trust Agreement, but is not obligated to do so except as expressly set forth herein.

(l) Notwithstanding any provision of this Master Trust Agreement to the contrary, the Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any applicable Treasury regulations, including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of Section 148 of the Code and the applicable Treasury regulations, the maximum amount which may be invested in "non-purpose obligations" as defined in the Code and the fair market value of any investments made hereunder, and the sole obligation of the Trustee with respect to investment of funds hereunder shall be to invest the monies received by the Trustee in accordance with Article VII pursuant to instructions from an

authorized representative of the County and to maintain appropriate records relating to the investments so made.

#### SECTION 8.04 Rights of the Trustee.

(a) The Trustee may become an Owner with the same rights it would have if it were not Trustee; may acquire and dispose of bonds or evidences of indebtedness of the County with the same rights it would have if it were not the Trustee; and may act as a depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in principal amount of the Notes then Outstanding.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder; provided, however, that the Trustee shall not assign any of its trust responsibilities without the prior written consent of the County.

#### SECTION 8.05 Standard of Care.

So long as there is no Event of Default existing and continuing hereunder, the Trustee undertakes to perform only such duties as are specifically set forth in this Master Trust Agreement and shall not be liable in connection with the performance of its duties hereunder, except for its own gross negligence or willful misconduct. Upon the occurrence and continuance of an Event of Default, the Trustee shall exercise such care in performing its duties hereunder as a prudent person would exercise in the conduct of his affairs. No implied covenants or obligation shall be read into the Trust Agreement against the Trustee.

#### SECTION 8.06 Compensation of the Trustee.

As Additional Payments under Section 4.6 of the Master Agreement, the County has agreed with the Corporation that the County, subject to the limitations set forth in the Agreement, shall from time to time on demand reimburse the Trustee for all reasonable out-of-pocket expenses incurred by the Trustee in exercising its duties and enforcing its rights hereunder and pay to the Trustee reasonable compensation for its services and the services of any accountants, consultants, attorneys and other experts as may be engaged by the Trustee to provide services under the Trust Agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it under the Master Trust Agreement or any Supplemental Agreement (except as may be expressly provided for otherwise herein or therein), which lien shall be prior and superior to the lien of the Owners. The County's obligation under the Agreement and hereunder shall remain valid and binding notwithstanding maturity and payment of the Notes. Pursuant to Section 7.6 of the Master Agreement, the County has agreed to indemnify the Trustee and its directors, officers and employees to the extent provided therein.

SECTION 8.07. Compliance with Environmental Laws.

The Trustee and its agents and attorneys shall have the power to (but shall not be obligated to):

(a) whenever the Trustee has reasonable cause to believe that any violation of any Environmental Law exists or is threatened, inspect the Mortgaged Property for the purpose of determining whether the Mortgaged Property either is contaminated by any Hazardous Material or is being used or has been used for any activity directly or indirectly involving a Hazardous Material which could result in liability to the trust created by this Master Trust Agreement or to the Trustee;

(b) refuse to accept property in trust if the Trustee determines, based upon a report of an environmental science engineering firm acceptable to the Trustee, that such property either is contaminated by any Hazardous Material or is being used or has been used for any activity directly or indirectly involving a Hazardous Material which could result in liability to the trust created by this Master Trust Agreement or to the Trustee;

(c) settle or compromise at any time any and all claims against the trust created by this Master Trust Agreement or the Trustee (either in its corporate capacity, or in the personal capacity of the individuals serving as trust officers on behalf of the Trustee), which may be asserted by any governmental body or private party involving the alleged violation of any Environmental Law affecting the Mortgaged Property or any other property held in trust with respect to or in connection with the School Project or the Mortgaged Property; provided, however, that the Trustee shall not settle or compromise any claim described in this subsection so long as the County is performing its obligations with respect to environmental matters under the Deed of Trust and is providing indemnity with respect to such claims to the Trustee as required under the Agreement and the Deed of Trust;

(d) disclaim any power granted by this Master Trust Agreement, the Agreement, the Deed of Trust or any other document, statute or rule of law which, in the sole discretion of the Trustee, as advised by its counsel, may cause the Trustee to incur corporate or personal liability under any Environmental Law; and

(e) resign as Trustee, if the Trustee reasonably believes that there is or may be a conflict of interest between the Trustee in its capacity as Trustee and in its corporate or individual capacity because of potential claims or liabilities which may be asserted against the Trustee on behalf of the trust created by this Master Trust Agreement because of the type or condition of the Mortgaged Property or other property held in trust with respect to or in connection with the Mortgaged Property.

For purposes of this Section, the term "Hazardous Material" means any substance defined as hazardous or toxic by any Environmental Law. For purposes of this Section, the term "Environmental Law" means all federal, State and local environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), Public Law No. 96-510, 94 Stat. 2767, 42 USC 9601 et seq.,

and the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), Public Law No. 99-499, 100 Stat. 1613.

The cost of any inspection, environmental audit, review, abatement, response, cleanup or remedial action (including reasonable attorney's fees) authorized by this Section shall be an Additional Payment under Section 4.6 of the Master Agreement. The Trustee shall not be personally liable to the County or the Owners or any other person for any decrease in value of the Mortgaged Property by reason of the Trustee's compliance with any Environmental Law, specifically including any reporting requirement under such law. Neither the acceptance by the Trustee of Mortgaged Property or a failure by the Trustee to inspect the Mortgaged Property shall be deemed to create any inference as to whether or not there is or may be any liability by the Trustee under any Environmental Law with respect to such property.



**ARTICLE IX  
AMENDMENT OR SUPPLEMENT OF AGREEMENTS**

**SECTION 9.01 Amendments Permitted With Consent of Owners.**

The Trust Agreement, the Agreement and the Deed of Trust, and the rights and obligations of the parties thereto, may be amended or supplemented at any time by an amendment or supplement thereto which shall become effective when the written consent of the Owners of a majority in aggregate principal amount of the Notes then Outstanding, exclusive of Notes disqualified as provided in Section 9.04, and of the Local Government Commission of North Carolina, shall have been filed with the Trustee (except that any amendment or supplement to a Supplemental Trust Agreement or Supplemental Agreement relating solely to that particular Series of Notes shall only require the written consent of the Owners of a majority in aggregate principal amount of such Series of Notes then Outstanding, exclusive of Notes of such Series disqualified as provided in Section 9.04) and of the Local Government Commission of North Carolina; provided, however, that no such amendment or supplement shall:

(a) extend or have the effect of extending the stated maturity of any Note or reducing the interest rate represented thereby or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express written consent of the Owner of such Note;

(b) reduce or have the effect of reducing the percentage of Notes required for the affirmative vote or written consent to an amendment or supplement to this Master Trust Agreement, the Agreement and the Deed of Trust; or

(c) modify any of the rights or obligations of the Trustee without the Trustee's written assent thereto.

Any such amendment or supplement shall become effective as provided in Section 9.03. Each Rating Agency then rating any of the Notes shall receive notice of any such amendment or supplement and a copy thereof at least fifteen (15) days in advance of its execution and delivery.

**SECTION 9.02 Amendments Permitted Without Consent of Owners.**

The Trust Agreement, the Agreement and the Deed of Trust, and the rights and obligations of the parties thereto, may be amended or supplemented at any time by an amendment or supplement thereto without the consent of any Owners, provided that, in the opinion of the Trustee, such amendment or supplement shall not materially adversely affect the interest of the Owners:

(a) to cure, correct or supplement any ambiguous or defective provision contained herein or therein;

(b) to make any changes necessary in connection with the execution and delivery of any Series of Notes; or

(c) in regard to any other matters arising hereunder or thereunder, to make any other changes as the parties hereto or thereto may deem necessary or desirable.

No such amendment or supplement, however, shall modify any of the rights or obligations of the Trustee without its written assent thereto. Any such amendment or supplement to the Trust Agreement, the Agreement or the Deed of Trust shall become effective upon execution and delivery by the parties hereto or thereto, as the case may be. In determining whether such amendment or supplement materially adversely affects the interests of the Owners, the Trustee shall not take into account any insurance policy insuring the payment of principal or interest with respect to any Notes.

Each Rating Agency then rating any of the Notes shall receive notice of any such amendment or supplement and a copy thereof at least fifteen (15) days in advance of its execution and delivery.

#### SECTION 9.03 Procedure for Amendment with Written Consent of the Owners.

In the event that the Trust Agreement, the Agreement or the Deed of Trust is to be amended or supplemented with the consent of the Owners as required by Section 9.01, a copy of such amendment or supplement, together with a request to the Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Note at his address as set forth in the Note registration books maintained pursuant to Section 2.06, but failure to receive copies of such amendment or supplement and request so mailed shall not affect the validity of such amendment or supplement when consented to as provided in this Section.

Such amendment or supplement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of at least a majority in aggregate principal amount of the Notes (or Notes of a particular Series, as the case may be) then Outstanding (exclusive of Notes disqualified as provided in Section 9.04) within one year after the mailing of such notices, and notices shall have been mailed as hereinafter provided in this Section. Any such consent shall be binding upon the Owner giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter provided for in this Section has been mailed.

After the Owners of the required percentage of Notes shall have filed their consent to such amendment or supplement, the Trustee shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of such amendment or supplement stating in substance that such amendment or supplement has been consented to by the Owners of the required percentage of Notes and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such amendment or supplement or the consents thereto).

A record, consisting of the papers required by this Section to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Trustee may obtain and conclusively rely on an opinion of counsel with regard to such matters.

#### SECTION 9.04 Disqualified Notes.

Notes owned or held by or for the account of the County or the Corporation or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the County or the Corporation (except any Notes held in any pension or retirement fund), shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Notes provided for in the Master Trust Agreement, and shall not be entitled to vote upon, consent to or take any other action provided for in the Trust Agreement.

The County or the Trustee may adopt appropriate regulations to require each Owner, before his consent provided for in this Article shall be deemed effective, to reveal if the Notes as to which such consent is given are disqualified as provided in this Section. The County and the Corporation shall, upon request of the Trustee, certify to the Trustee any Notes of which they or either of them have knowledge that are disqualified under this Section.

#### SECTION 9.05 Effect of Amendment or Supplement.

From and after the time any amendment or supplement to the Trust Agreement, the Agreement or the Deed of Trust becomes effective pursuant to this Article, (a) the Trust Agreement, the Agreement or the Deed of Trust, as the case may be, shall be deemed to be amended and supplemented in accordance therewith; (b) the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Notes, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such amendment or supplement; and (c) all the terms and conditions of any amendment or supplement shall be deemed to be part of the terms and conditions of the Trust Agreement, the Agreement or the Deed of Trust, as the case may be, for any and all purposes.

#### SECTION 9.06 Endorsement or Replacement of Notes Delivered After Amendments.

The Trustee may determine that Notes delivered after the effective date of any action taken as provided in this Article shall bear a notation, by endorsement, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Outstanding Note at such effective date and presentation of his Note for such purpose at the designated corporate trust office of the Trustee, a suitable notation shall be made on such Note. The Trustee may determine that new Notes, so modified as in the opinion of the Trustee is necessary to conform to such Owner's action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Note then Outstanding, such new Note shall be exchanged at the designated corporate trust office of the Trustee without cost to such Owner, for a Note of the same character then Outstanding, upon surrender of such Note.

SECTION 9.07 Amendments of Particular Notes.

Subject to Section 9.01, the provisions of this Article shall not prevent an Owner from accepting any amendment or supplement as to the particular Notes held by him; provided, however, that due notification thereof is made on such Notes.

**ARTICLE X  
COVENANTS; NOTICES**

SECTION 10.01 Compliance With and Enforcement of the Agreement.

The Corporation covenants and agrees with the Trustee, for the benefit of the Owners, to perform all obligations and duties imposed on it under the Agreement.

The Corporation will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Agreement by the County thereunder except as provided by the Agreement. The Corporation immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting the Agreement will deliver the same, or a copy thereof, to the Trustee.

SECTION 10.02 Observance of Laws and Regulations.

The Corporation will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Corporation, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired, all with respect to the transactions contemplated by the Trust Agreement.

SECTION 10.03 Further Assurances.

The Corporation will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Trust Agreement, and for the better assuring and confirming unto the Owners the rights and benefits provided herein.

**ARTICLE XI  
LIMITATION OF LIABILITY**

SECTION 11.01 No Liability of the Corporation for Trustee Performance.

Except as expressly provided herein or in a Supplemental Trust Agreement, the Corporation shall have no obligation or liability to any other party to the Trust Agreement, the Agreement or the Deed of Trust or any Owner with respect to the performance by the Trustee of any duty imposed upon it under the Trust Agreement.

SECTION 11.02 Limited Liability of Trustee.

(a) The Trustee shall have no obligation or responsibility for providing information to the Owners concerning the investment character of the Notes.

(b) The Trustee makes no representations as to the validity or sufficiency of the Notes, shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Notes assigned to or imposed upon it. The Trustee shall not be responsible for the sufficiency of the Agreement or the Deed of Trust. The Trustee shall not be liable for the sufficiency or collection of any Installment Payments or other moneys required to be paid to it under the Agreement (except as provided in the Trust Agreement), its right to receive moneys pursuant to the Agreement or the value of or title to the Mortgaged Property.

(c) The Trustee shall have no obligation or liability to any other party to the Trust Agreement, the Agreement or the Deed of Trust or the Owners with respect to the Trust Agreement for failure or refusal of any other party to perform any covenant or agreement made by any of them under the Trust Agreement, the Agreement or the Deed of Trust, but shall be responsible solely for the performance of the duties and obligations expressly imposed upon it hereunder as provided in Section 8.05. The Trustee shall have no responsibility for assuring that the County is providing the insurance coverage required by the Agreement.

(d) The recitals of facts, covenants and agreements herein and in the Notes contained shall be taken as statements, covenants and agreements of the Corporation, and the Trustee assumes no responsibility for the correctness of the same.

SECTION 11.03 Limitation of Rights to Parties and Owners.

Nothing in the Trust Agreement or in the Notes expressed or implied is intended or shall be construed to give any person other than the County, the Corporation, the Trustee and the Owners any legal or equitable right, remedy or claim under or in respect of the Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, the Corporation, the Trustee and the Owners.

**ARTICLE XII**  
**EVENTS OF DEFAULT AND REMEDIES OF OWNERS**

SECTION 12.01 Events of Default.

Each of the following is hereby declared to be an Event of Default under this Master Trust Agreement:

(a) default in the payment of the principal with respect to any Note when the same shall become due and payable (whether at the stated maturity thereof or upon proceedings for prepayment);

(b) default in the payment of any installment of interest with respect to any Note when the same shall become due and payable; or

(c) the occurrence of an event of default as provided in the Agreement or the Deed of Trust.

SECTION 12.02 Acceleration of Maturities.

Upon the happening and continuance of any Event of Default specified in Section 12.01, the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of Notes then Outstanding shall, by notice in writing to the Corporation and the County, declare the principal with respect to all Notes then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Notes or in the Trust Agreement to the contrary notwithstanding; provided, however, that if at any time after the principal with respect to Notes shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Master Trust Agreement, the Agreement or the Deed of Trust, money shall have accumulated in the Installment Payment Fund sufficient to pay the principal with respect to all matured Notes and all arrears of interest, if any, with respect to all Notes then Outstanding (except the principal with respect to any Notes not then due and payable by their terms and the interest accrued with respect to such Notes since the last Note Payment Date), and the charges, compensations, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Corporation or the County under the Trust Agreement, the Agreement and the Deed of Trust shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Notes or in the Trust Agreement, the Agreement or the Deed of Trust (other than a default in the payment of the principal with respect to such Notes then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the Owners of not less than a majority

in aggregate principal amount of Notes not then due and payable by their terms (Notes then due and payable only because of a declaration under this Section shall not be deemed to be due and payable by their terms) and then Outstanding shall, by written notice to the Corporation and County, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

#### SECTION 12.03 Remedies.

If an Event of Default shall happen, then, and in each and every such case during the continuance of such Event of Default, the Trustee may exercise any and all remedies available pursuant to law or granted pursuant to this Master Trust Agreement, the Agreement and the Deed of Trust.

#### SECTION 12.04 Actual Knowledge.

Except for the Events of Default specified in Section 12.01(a) or (b), the Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof pursuant to Section 8.03(k), or shall have received written notice thereof at its designated corporate trust office pursuant to Section 8.03(k).

#### SECTION 12.05 Application of Funds.

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article or of Article IX of the Master Agreement shall be deposited to the Installment Payment Fund. If an Event of Default shall have occurred and is continuing, amounts held in the Installment Payment Fund shall be applied by the Trustee, after payment of all amounts due and payable under Section 8.06 and the costs and expenses of the Trustee and the Deed of Trust Trustee, and after satisfaction of all costs and expenses of the Trustee and the Deed of Trust Trustee, of the Owners in declaring such Event of Default, including, to the extent permitted by law, reasonable compensation to its or their agents, attorneys and counsel, in the following order, and upon presentation of the several Notes and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid, as applicable:

(a) If the principal with respect to all Notes shall not have become or shall not have been declared due and payable, all such moneys in the Installment Payment Fund shall be applied:

First, to the payment of persons entitled thereto of all installments of interest with respect to the Notes then due in the order of the due date of such installment or payment, and, if the amount available shall not be sufficient to pay in full any installment or payment due on the same date, then to the payment thereof ratably according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second, to the payment of persons entitled thereto of the unpaid principal which shall have become due, whether at maturity or by call for prepayment, in the order of their due dates, with interest due with respect to overdue principal at a rate equal to the rate paid with respect to the Notes and, if the amount available shall not be sufficient to pay in full all the amounts due with



respect to the Notes on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal and interest due on such date to the persons entitled thereto, without any discrimination or preference.

(b) If the principal with respect to all Notes shall have become or shall have been declared due and payable, all such money shall be applied to the payment of principal and interest then due with respect to the Notes, without preference or priority of principal or interest, or of any installment of interest over any other installment of interest, or of any Note over any other Note, ratably according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; and

(c) If the principal with respect to all Notes shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 12.02, then, subject to the provisions of subsection (b) of this Section in the event that the principal with respect to all Notes shall later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the Installment Payment Fund shall be applied in accordance with the provisions of subsection (a) of this Section.

#### SECTION 12.06 Institution of Legal Proceedings.

If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Notes then Outstanding and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Trust Agreement, the Agreement or the Deed of Trust, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder; provided, however, that such written request shall not be otherwise than in accordance with provisions of law and the Trust Agreement and that the Trustee shall have the right to decline to follow any such written request if the Trustee shall be advised by counsel that the action or proceeding so requested may not be taken lawfully or if the Trustee in good faith shall determine that the action or proceeding so requested would be unjustly prejudicial to the Owners not a party to such written request.

#### SECTION 12.07 Non-Waiver.

To the extent permitted by law, no delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article to the Trustee or to the Owners may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners.

SECTION 12.08 Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy, and every such remedy 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 or otherwise.

SECTION 12.09 Power of Trustee to Control Proceedings.

In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Notes then Outstanding, it shall have full power in the exercise of its discretion for the best interest of the Owners, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Outstanding Notes opposing such continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

SECTION 12.10 Limitation on Owners' Right to Sue.

No Owner of any Note shall have the right to institute any suit, action or proceeding at law or in equity for any remedy under or upon the Trust Agreement unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Notes then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder, it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal benefit of all Owners.

The right of any Owner to receive payment of said Owner's proportionate interest in the Installment Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of the Trust Agreement.

SECTION 12.11 Notice of Event of Default.

The Trustee shall mail, first class, postage prepaid, to the County, the Corporation, the Local Government Commission and all Owners at their addresses as they appear on the registration books maintained by the Trustee written notice of the occurrence of any Event of Default set forth in Section 12.01 within thirty (30) days after the Note Trustee shall have notice of the same pursuant to the provisions of Section 8.03(k) that any such Event of Default shall have occurred; provided that, except upon the happening of an Event of Default specified in clause (a), (b) or (c) of Section 9.1 of the Agreement or clause (a) or (b) of Section 8.01, the Trustee may withhold such notice to the Owners if in its opinion such withholding is in the interest of the Owners; and provided further that the Trustee shall not be subject to any liability to any Owner by reason of its failure to mail, or delay in mailing, any such notice.

**ARTICLE XIII  
MISCELLANEOUS**

SECTION 13.01 Defeasance.

When:

(a) (i) the Notes secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in the Trust Agreement, and the whole amount of the principal and the interest and premium, if any, so due and payable with respect to all Notes shall be paid, or (ii) if the Notes shall not have become due and payable in accordance with their terms, the Trustee shall hold, sufficient cash or Defeasance Obligations, or a combination of both, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest and premium, if any, with respect to all Notes then Outstanding to the maturity date or dates of such Notes or to the date or dates specified for the prepayment thereof; and

(b) if Notes are to be called for prepayment, irrevocable instructions to call such Notes for prepayment shall have been given by the County to the Trustee; and

(c) sufficient funds shall also have been provided or provision made for paying all other obligations payable under the Trust Agreement, the Agreement or the Deed of Trust by the County or the Corporation;

then and in such case the right, title and interest of the Trustee in the funds and accounts held by the Trustee under the Trust Agreement shall thereupon cease, determine and become void and, upon being furnished with an opinion, in form and substance reasonably satisfactory to the Trustee, of counsel approved by the Trustee, to the effect that all conditions precedent to the release of the Trust Agreement have been satisfied, the Trustee shall release the Trust Agreement and shall execute such documents to evidence such release as may be required by such counsel, and the Trustee shall turn over to the County any surplus in, and all balances remaining in, all funds, accounts and subaccounts held under the Trust Agreement, other than money held for the or payment or prepayment of the Notes. Otherwise, the Trust Agreement shall be, continue and remain in full force and effect; provided, however, that the Trustee shall nevertheless retain such rights, powers and privileges under the Trust Agreement as may be necessary and convenient in respect of the Notes for the payment of the principal, interest, and any purchase price or premium with respect to such Notes for which such cash or Defeasance Obligations have been deposited and shall retain such rights, powers and privileges under the Trust Agreement as may be necessary and convenient for the registration, transfer and exchange of the Notes; and provided further that the Notes shall continue to represent proportionate and undivided interests in the right to receive Installment Payments made by the County under the Agreement.

All cash and Defeasance Obligations held by the Trustee pursuant to this Section shall be held in trust and applied to the payment, when due, of the Notes payable therewith.

In the event that any of the Notes are advance refunded, the County shall cause to be delivered a verification report of a verification agent acceptable to the Trustee. If a forward supply contract is employed in connection with the advance refunding, (i) the verification report shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement and the Trust Agreement, the terms of the escrow agreement and the Trust Agreement shall be controlling.

#### SECTION 13.02 Non-Presentment of Notes.

All money that the Trustee shall have withdrawn from the Installment Payment Fund or Prepayment Fund or shall have received from any other source and set aside for the purpose of paying the principal or interest with respect to any Note shall be held in trust for the respective Owners. Any money that is so set aside and that remains unclaimed by the Owners for a period of five (5) years after the date on which such payment was due shall be treated as abandoned property pursuant to the provisions of Section 116B-18 of the General Statutes of North Carolina, and the Trustee shall report and remit this property to the Escheat Fund according to the requirements of Chapter 116B of the General Statutes of North Carolina, and thereafter the Owners shall look only to the State Treasurer of North Carolina for payment and then only to the extent of the amount so received, without any interest thereon, and the Trustee, the County and the Corporation shall have no responsibility with respect to such money.

#### SECTION 13.03 Records.

The Trustee shall keep complete and accurate records of all moneys received and disbursed under the Trust Agreement, which shall be available for inspection by the County, the Corporation and any Owner, or the agent of any of them, at any time during regular business hours.

#### SECTION 13.04 Notices.

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received upon the earlier of actual receipt or three days after deposit in first class mail, postage prepaid (unless otherwise provided herein) at the following addresses:

If to the County:

County of Montgomery

Post Office Box 425

102 East Spring Street, 3<sup>rd</sup> Floor

Troy, North Carolina 27371

If to the Corporation: Attention: County Manager  
Montgomery County Public Facilities Corporation  
c/o County of Montgomery  
Post Office Box 425  
102 East Spring Street, 3<sup>rd</sup> Floor  
Troy, North Carolina 27371  
Attention: County Manager

If to the Trustee: U.S. Bank National Association  
214 North Tryon Street  
27<sup>th</sup> floor, Hearst Tower  
Charlotte, North Carolina 28202  
Attention: Corporate Trust Department

If to Moody's: Moody's Investors Service  
99 Church Street  
New York, New York 10007  
Attention: Public Finance Department

If to S&P: Standard & Poor's Ratings Services  
55 Water Street  
New York, New York 10004  
Attention: Public Finance Department

The parties listed above, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

SECTION 13.05 Governing Law.

This Master Trust Agreement shall be construed and governed in accordance with the laws of the State.

SECTION 13.06 Binding Effect; Successors.

This Master Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Master Trust Agreement either the Corporation, the County or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof and all the covenants and agreements in this Master Trust Agreement contained by or on behalf of the Corporation, the County or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 13.07 Execution in Counterparts.

This Master Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

SECTION 13.08 Headings.

The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Master Trust Agreement.

SECTION 13.09 Waiver of Notice.

Whenever in this Master Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 13.10 Severability of Invalid Provisions.

In case any one or more of the provisions contained in this Master Trust Agreement or in the Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Master Trust Agreement, and this Master Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Master Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Notes pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Master Trust Agreement may be held illegal, invalid or unenforceable.

SECTION 13.11 Day not a Business Day.

Any action required to be taken hereunder on a day that is not a Business Day may be taken on the next succeeding Business Day and be of the same force and effect as if taken on the day action was so required.

IN WITNESS WHEREOF, the parties have executed this Master Trust Agreement as of the date and year first above written.

MONTGOMERY COUNTY  
PUBLIC FACILITIES CORPORATION

[SEAL]

By: \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary/Treasurer

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_  
Vice President

Attest:

\_\_\_\_\_  
Assistant Secretary



EXHIBIT A

FORM OF REQUISITION

U.S. Bank National Association  
214 North Tryon Street  
27<sup>th</sup> floor, Hearst Tower  
Charlotte, North Carolina 28202  
Attention: Corporate Trust Department

Disbursement from the Project Fund pursuant to Section 3.03 of the Master Trust Agreement, dated as of January 1, 2018 (the “Master Trust Agreement”), between the Montgomery County Public Facilities Corporation (the “Corporation”) and U.S. Bank National Association (the “Trustee”)

REQUISITION NO. \_\_\_\_\_

1. Amount; Payee. You are hereby instructed to pay to [the County of Montgomery, North Carolina] [ \_\_\_\_\_ ] at \_\_\_\_\_, \$ \_\_\_\_\_ as a [School Project Cost/Cost of Issuance] from the \_\_\_\_\_ Account of the Project Fund as provided in Section 3.03 of the Master Trust Agreement [by wire transfer] [by check]. This [School Project Cost/Cost of Issuance] has been properly incurred, is a proper charge against the Project Fund and has not been the basis of any previous disbursements.

Wiring instructions for wire transfer is as follows:

\_\_\_\_\_  
\_\_\_\_\_

2. Sufficiency of Remaining Moneys. The amount remaining in the Project Fund, together with interest earnings on the Project Fund plus investment earnings on other funds that will be transferred into the Project Fund and any other available money, will, after payment of the amount set forth in this requisition, be sufficient to pay all remaining School Project Costs and Costs of Issuance as presently estimated.

COUNTY OF MONTGOMERY,  
NORTH CAROLINA

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
County Representative