



**ROWAN COUNTY COMMISSION AGENDA
SPECIAL MEETING
July 17, 2017 - 10:00 AM
J. Newton Cohen, Sr. Room
J. Newton Cohen, Sr. Rowan County Administration Building
130 West Innes Street, Salisbury, NC 28144**

Call to Order

Invocation

- Provided By: Chaplain Taylor

Pledge of Allegiance

Consider Approval of the Agenda

Board members are asked to voluntarily inform the Board if any matter on the agenda might present a conflict of interest or might require the member to be excused from voting.

- 1 Public Hearing for the West Area Elementary School
- 2 Adjournment

Citizens with disabilities requiring special needs to access the services or public meetings of Rowan County Government should contact the County Manager's Office three days prior to the meeting by calling (704) 216-8180.

ROWAN COUNTY
A COUNTY COMMITTED TO EXCELLENCE



130 West Innes Street - Salisbury, NC 28144
TELEPHONE: 704-216-8180 * FAX: 704-216-8195

MEMO TO COMMISSIONERS:

FROM: Finance Department
DATE: July 14, 2017
SUBJECT: Public Hearing for the West Area Elementary School

During regular session on July 5, 2017 the Board of Commissioners voted to schedule a public hearing on July 17, 2017 to consider financing proposals for the planning, design, construction and other related costs of a New West Area Elementary School for the Rowan Salisbury School System, as well as all related land transactions.

The Board also established the following rules for the public hearing:

1. The length of comment for each speaker would be limited to 3 minutes to address the Board.
2. The comments shall be restricted to the subject of the hearing as advertised.
3. All speakers should address the Board in a civil and courteous manner.

The Finance Department requests that the public hearing be held, the associated Resolutions and all related transactions with the Board of Education be approved and authorization be granted to the Assistant County Manager/Finance Director to establish an escrow account for the loan proceeds.

ATTACHMENTS:

Description	Upload Date	Type
Financing Proposals	7/14/2017	Cover Memo
Resolution - LGC Findings	7/14/2017	Cover Memo
Resoluton - IFC	7/14/2017	Cover Memo
Warranty Deed - From BOE for West Elementary	7/14/2017	Cover Memo
Memorandum of Lease - West Elementary	7/14/2017	Cover Memo

Lease Agreement to BOE - West
Elementary

7/14/2017

Cover Memo

Agency Agreement

7/14/2017

Cover Memo

Assignment Contracts

7/14/2017

Cover Memo

Leslie E. Heidrick, CPA
Assistant County Manager/
Finance Department



Harley L. Will, CPA
Assistant Finance Director

Rowan County Finance Department

130 West Innes Street • Salisbury, NC 28144-4326

Telephone 704-216-8170 • FAX 704-216-8110

MEMORANDUM

TO: Rowan County Board of Commissioners
Aaron Church, County Manager

FROM: Leslie E. Heidrick, Assistant County Manager/Finance Director *LEH*

RE: Public Hearing to Consider Financing Proposals for RSSS West Area Elementary Project

DATE: July 14, 2017

The Finance Department recently requested and received installment financing proposals for the acquisition, construction and equipping of a new West Area Elementary School for the Rowan-Salisbury School System (RSSS). The amount to be financed is \$27,500,000. We received four bids, which are summarized on the attached sheet. The Finance Department recommends the County accept the low bid received from STI Institutional & Government, Inc. with an interest rate of 2.21% and a term of 12 years, resulting in interest costs of approximately \$4,301,521.

A public hearing has been scheduled by the Board for July 17, 2017 for consideration of this financing.

Staff Recommendation: The Finance Department requests that the public hearing be held, the associated Resolutions be approved and authorization be granted to the Assistant County Manager/Finance Director to establish an escrow account for the loan proceeds.



ROWAN COUNTY
INSTALLMENT FINANCING PROPOSALS
RSSS NEW WEST AREA ELEMENTARY SCHOOL
SUMMARY OF COMPETITIVE BIDS
JULY 12, 2017

	Interest Rates	
	12-Year Term	15-Year Term
STI Institutional & Government, Inc.	2.21% - Prepayment Option 1	*
	2.29% - Prepayment Option 2	*
Raymond James Capital Funding, Inc.	N/A	2.41%
Capital One Public Funding, LLC	N/A	2.99%
Sterling National Bank	N/A	3.17%

* STI Institutional & Government structured its bid to include different rates depending on which prepayment option is chosen by the County. Prepayment Option 1 contains a "make whole" provision that is based on future conditions, making a potential penalty difficult to estimate. Prepayment Option 2 is structured, with declining penalty rates over the life of the loan.

**RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION FOR
APPROVAL OF AN INSTALLMENT FINANCING CONTRACT
AUTHORIZED BY NORTH CAROLINA GENERAL STATUTES §160A-
20 AND MAKING CERTAIN FINDINGS REQUIRED BY NORTH
CAROLINA GENERAL STATUTES §159-151**

WHEREAS, the Board of Commissioners (the “Board of Commissioners”) of Rowan County, North Carolina (the “County”) desires to pursue the financing of the acquisition, construction and equipping of a new elementary school in the western part of Rowan County (the “Project”) pursuant to an installment financing contract, as permitted under N.C.G.S. §160A-20; and

WHEREAS, it is anticipated that the cost of financing the Project and the payment of issuance expenses in connection with the financing will not exceed \$27,500,000; and

WHEREAS, the installment financing contract for the financing of the Project pursuant to N.C.G.S. §160A-20 must be approved by the North Carolina Local Government Commission (the “LGC”) and will only be approved if the findings of N.C.G.S. §159-151(b) have been made;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the County, as follows:

1. After consideration, the Board of Commissioners has determined that the most advantageous manner of financing the Project is by an installment financing contract pursuant to Section 160A-20 of the General Statutes of North Carolina, as amended.
2. Pursuant to Section 160A-20, the County is authorized to finance the Project by entering into an installment financing contract and a deed of trust that creates a security interest in some or all of the property financed to secure repayment of such financing.
3. The proposed financing is necessary or expedient because it will provide needed improvements for the County.
4. The proposed financing is preferable to a bond issue for the same purpose because of low fixed costs and favorable interest rates offered through an installment contract financing compared to a bond issue.
5. The cost of the proposed undertaking exceeds the amount of funds that can be prudently raised from currently available appropriations, unappropriated fund balances, and nonvoted general obligation bonds that could be issued by the County in the fiscal year pursuant to Article V, Section 4, of the North Carolina Constitution.

6. The sums proposed to be provided under the financing are adequate and not excessive for the stated purpose of financing the Project.

7. The County's debt management procedures and policies are good and have been carried out in strict compliance with law and will henceforth be so carried out.

8. The County is not in default in any of its debt service obligations.

9. There will be no increase in taxes necessary to meet the sums to fall due under the proposed financings.

10. The attorney for the County will render an opinion that the proposed financing is authorized by law and is a purpose for which public funds may be expended pursuant to the Constitution and laws of North Carolina.

11. Each of the County Manager, the Assistant County Manager/Finance Director, and other appropriate officers of the County is hereby authorized and directed to proceed with the financing of the Project and the filing of an application with the LGC for its approval of such financing as described above for the financing of the Project in an amount not to exceed \$27,500,000, and the actions of any of the Chairman, the County Manager, the Assistant County Manager/Finance Officer, and other officers of the County in connection therewith are hereby approved and confirmed.

12. All other acts of the Board of Commissioners and the officers of the County, which are in conformity with the purposes and intent of this Resolution and in furtherance of the financing of the Project, are hereby ratified, approved and confirmed.

This Resolution is effective upon its adoption this 17th day of July, 2017.

The motion to adopt this Resolution was made by Commissioner _____,

seconded by Commissioner _____ and passed by a vote of _____ to _____.

Gregory C. Edds
Chairman, Board of Commissioners

ATTEST:

This is to certify that this is a true and accurate copy of this Resolution adopted by the Rowan County Board of Commissioners on the 17th day of July, 2017.

Carolyn Barger, MMC, NCMCC
Clerk to the Board/Assistant to the County Manager

Date

(S E A L)

**RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF
AN INSTALLMENT FINANCING CONTRACT TO FINANCE THE
ACQUISITION, CONSTRUCTION AND EQUIPPING OF A NEW
ELEMENTARY SCHOOL**

WHEREAS, Rowan County, North Carolina (the "County") desires to finance the acquisition, construction and equipping of a new elementary school in the western part of the County (the "Project"); and

WHEREAS, the County desires to finance the Project by executing and delivering an installment financing contract, as authorized under Section 160A-20 of the General Statutes of North Carolina; and

WHEREAS, the County sent out a request for proposals to a number of banks relating to the financing; and

WHEREAS, STI Institutional & Government, Inc. (the "Bank") submitted a proposal dated July 12, 2017 (the "Proposal"), pursuant to which the Bank (or its affiliated governmental lender) will enter into an installment financing contract with the County in the amount of up to \$27,500,000 (the "Agreement") to finance the Project and to pay certain costs associated with the financing, to be secured by a deed of trust and security agreement that creates a lien on the Project for the benefit of the Bank (the "Deed of Trust"); and

WHEREAS, the County has today held a public hearing regarding financing of the Project through the execution and delivery of the Agreement;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the County (the "Board of Commissioners"), as follows:

1. The Board of Commissioners hereby accepts the Proposal, and authorizes and directs the Chairman, the County Manager, and the Assistant County Manager/Finance Director, or any of them, to execute, acknowledge and deliver the Agreement and the Deed of Trust on behalf of the County, with such changes and modifications as the person executing and delivering such instruments on behalf of the County shall find acceptable. The Clerk is hereby authorized to affix the official seal of the County to the Agreement and the Deed of Trust and to attest the same.

2. Each of the County Manager, the Assistant County Manager/Finance Director and other appropriate officers of the County is hereby authorized and directed to execute and deliver any and all papers, instruments, agreements, tax certificates, opinions, certificates, affidavits and other documents, and to do or cause to be done any and all other acts and things necessary or proper for carrying out this Resolution, the Agreement, the Deed of Trust and the financing of the Project.

3. All other acts of the Board of Commissioners and the officers of the County, which are in conformity with the purposes and intent of this Resolution and in furtherance of the financing of the Project, are hereby ratified, approved and confirmed.

4. This Resolution shall take effect immediately.

This Resolution is effective upon its adoption this 17th day of July, 2017.

The motion to adopt this Resolution was made by Commissioner _____,
seconded by Commissioner _____ and passed by a vote of _____ to _____.

Gregory C. Edds
Chairman, Board of Commissioners

ATTEST:

This is to certify that this is a true and accurate copy of this Resolution adopted by the Rowan County Board of Commissioners on the 17th day of July, 2017.

Carolyn Barger, MMC, NCMCC
Clerk to the Board/Assistant to the County Manager

Date

(S E A L)

NORTH CAROLINA SPECIAL WARRANTY DEED

Excise Tax: **No Tax Consideration**

Parcel Identifier No. **272-128 & 030; 252-042** Verified by _____ County on the ____ day of _____, 20__
By: _____

Mail/Box to: _____

This instrument was prepared by: **John W. Dees, II, Attorney at Law, P.O. Box 1308, Salisbury, NC 28145-1308**

Brief description for the Index: 3 tracts 30.550 acres Cleveland Township

THIS DEED made this _____ day of August, 2017, by and between

GRANTOR

**ROWAN-SALISBURY BOARD OF EDUCATION,
a public body politic**

**Mailing Address:
P.O. Box 2349
Salisbury, NC 28145-2349**

GRANTEE

**ROWAN COUNTY, North Carolina,
a body politic**

**Mailing Address:
130 West Innes Street
Salisbury, NC 28144**

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Cleveland Township, Rowan County, North Carolina and more particularly described as follows:

See Exhibit A attached hereto and incorporated herein by reference for a complete description of the property.

All or a portion of the property herein conveyed does not include the primary residence of the Grantor.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 1281, page 983 and Book 1282, page 46.

A map showing the above described property is recorded in Plat Book -- page --.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, other than the following exceptions:

Subject to any and all easements, rights of way, reservations and restrictions of record.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

ROWAN-SALISBURY BOARD OF EDUCATION

(Entity Name)

By: _____

Title: Chair, Board of Education

ATTEST:

By: _____

Title: Secretary

(SEAL)

State of North Carolina - County of Rowan

I, _____, the undersigned Notary Public of the County and State aforesaid, certify that _____ personally came before me this day and acknowledged that he/she is the Secretary to the Rowan-Salisbury Board of Education, , a public body politic, and that by authority duly given and as the act of the Rowan-Salisbury Board of Education, the foregoing instrument was signed in its name by its Chair, sealed with its official seal, and attested by him/her as the Secretary to the Board.

Witness my hand and Notarial stamp or seal, this ____ day of _____, 2017.

My Commission Expires: _____

Notary Public

EXHIBIT A

TRACT 1: 272 128 7.951 ACRES

Beginning at a new iron (#5 rebar) set in the northerly margin of the right of way of Statesville Boulevard (U.S. Highway 70), being a common corner with Leonard M. West; thence a line along the margin of Statesville Boulevard North 71 deg. 14 min. 22 sec. West 429.15 feet to a new iron (#5 rebar) set in the northerly margin of Statesville Boulevard, common corner with the Cleveland Community VFD; thence a line North 0 deg. 23 min. 32 sec. West 580.61 feet to a ½ in square bolt in the common corner of Cleveland Community VFD, Joe Padgett and the Rowan Salisbury Board of Education; thence a line South 88 deg 45 min. 05 sec. East 197.00 feet to a point; thence with the line of Joe Padgett, North 1 deg. 03 min 30 sec. West 60.00 feet to a point in the common corner with Joe Padgett; thence a line South 68 deg. 41 min. 57 sec. East 652.51 feet to an existing #5 rebar in the westerly margin of the right of way for Mimosa Street; thence a line South 24 deg. 01 min. 40 sec. West 59.95 feet to an existing #5 rebar in the southerly margin of the right of way for Mimosa Street; thence a line North 70 deg. 39 min. 44 sec. West 199.32 feet to a point in a 16 inch Elm Tree, the common corner with John H. Smith, Jr.; thence a line South 21 deg. 50 min. 18 sec. West 127.95 feet to a 1" iron pipe; thence a line South 21 deg. 53 min. 40 sec. West 83.82 feet to a #5 rebar in the common line of Leonard M. West; thence a line South 16 deg. 10 min. 38 sec. West 366.51 feet to the place and point of BEGINNING containing 7.951 acres, more or less according to survey for Rowan-Salisbury School System by Shulenburg Surveying Company, P.A. dated 10/4/2016

TRACT 2: 272 030 20.339 ACRES

Beginning at a new iron (#5 rebar) set in the westerly margin of the right of way for Mimosa Street (said point being South 24 deg. 01 min. 40 sec. West 59.95 feet from the common corner of John H. Smith and the 7.951 acre tract owned by Joe Allen Corriher, Jr.) and with the common line of the 7.951 acre tract owned by Joe Allen Corriher, a line North 68 deg. 41 min. 57 sec. West 652.51 feet to a point in the line of Joe Padgett; thence a line North 1 deg. 00 min. 54 sec. West 439.91 feet to a #5 rebar in the terminus of the margin of the right of way for Paris Street; thence a line North 1. Deg 03 min. 47 sec. West 33.16 feet to a #5 rebar in the northerly terminus of the right of way for Paris Street; thence a line with James H. Padgett, North 01 deg. 11 min. 31 sec. West 542.43 feet to a point; thence a line North 01 deg. 11 min. 31 sec. West 24.47 feet to a #5 iron rod in the center of the branch; thence the boundary runs with the centerline of the branch with the following 17 bearings and distances provided for calculation purposes: 1) North 79 deg. 55 min. 35 sec. East 43.75 feet; thence 2) South 84 deg. 01 min 29 sec. East 29.69 feet; thence 3) South 77 deg. 43 min. 55 sec. East 27.05 feet; thence 4) South 85 deg. 56 min. 32 sec. East 60.01 feet; thence 5) South 45 deg. 06 min. 16 sec. East 26.38 feet; thence 6) South 83 deg. 35 min. 06 sec. East 65.39 feet; thence 7) North 46 deg. 57 min. 47 sec. East 31.65 feet; thence 8) South 59 deg. 22 min. 30 sec. East 59.72 feet; thence 9) South 48 deg. 41 min. 17 sec. East 35.13 feet; thence 10) South 47 deg. 00 min. 04 sec. East 33.48 feet; thence 11) South 44 deg. 38 min. 19 sec. East 14.25 feet; thence 12) South 32 deg. 23 min 42 sec. East 15.49 feet; thence 13) South 37 deg. 48 min. 20 sec. East 41.62 feet; thence 14) South 41 deg. 07 min. 35 sec. East 21.31 feet; thence 15) South 46 deg. 20 min. 21 sec. East 39.66 feet; thence 16) South 46 deg. 39 min. 45 sec. East 36.72 feet; thence 17) South 44 deg. 24 min. 36 sec. East 50.92 feet to a new iron pin (#5 rebar) set in the westerly margin of the right of way for Mimosa Street, in the common

corner with Piedmont Agri-Systems, Inc.; thence a line with the margin of the right of way for Mimosa Street, South 35 deg. 00 min. 53 sec. West 15.66 feet to a point; thence a line South 35 deg. 00 min. 53 sec. West 84.64 feet to a new iron pin (#5 rebar); thence a curved line along the right of way for Mimosa Street having a bearing of South 29 deg. 27 min. 10 sec. West 221.76 feet and an arc length of 222.11 and having a radius of 1144.00 feet to a new iron pin (#5 rebar); thence with the margin of the right of way for Mimosa Street, South 24 deg. 13 min. 26 sec. West 495.43 feet to the place and point of BEGINNING containing 20.339 acres, more or less according to survey for Rowan-Salisbury School System by Shulenburger Surveying Company, P.A. dated 10/4/2016.

TRACT 3: 252-042

2.262 ACRES

Beginning at a bent #5 rebar in the southerly margin of the right of way of Paris Street, said point being the common corner with the Rowan Salisbury Board of Education and runs thence a line along the common line with Rowan Salisbury Board of Education South 1 deg. 02 min. 25 sec. East 500 feet to a ½ inch square bolt, being the common corner with Rowan Salisbury Board of Education, Cleveland Community VFD and Joe Allen Corriher, Jr.; thence a line South 88 deg. 45 min. 05 sec. East 197.00 feet to a point in the common corner with Joe Allen Corriher, Jr.; thence a line North 1 deg. 03 min. 30 sec. West 60.00 feet to a point along the common line of Joe Allen Corriher, Jr.; thence a line North 1 deg. 00 min. 54 sec. West 439.91 feet to a #5 rebar in the southerly margin of Paris Street; thence with the southerly margin of Paris Street, North 88 deg. 43 min. 42 sec. West 197.18 feet to the place and point of BEGINNING containing 2.260 acres, more or less according to survey for Rowan-Salisbury School System by Shulenburger Surveying Company, P.A. dated 10/4/2016.

STATE OF NORTH CAROLINA

MEMORANDUM OF LEASE

COUNTY OF ROWAN

THIS MEMORANDUM OF LEASE, made and entered into this the 2d day of August, 2017, by and between Rowan County, a political subdivision of the State of North Carolina, hereinafter called LANDLORD, and the Rowan-Salisbury Board of Education, hereinafter called TENANT,

WITNESSETH:

Landlord, in consideration of the rents reserved that are hereinafter referred to, and of the terms, covenants and conditions on the part of Tenant that are hereinafter mentioned, does hereby demise and lease unto Tenant, and Tenant does hereby take and hire from Landlord the premises more particularly described in Exhibit A attached hereto and incorporated herein by reference, together with the non-exclusive right to use access, parking and/or common areas as more specifically set forth in the Lease Agreement between the parties hereto dated the 2d day of August, 2017, the provisions of said Lease being incorporated herein by reference.

TO HAVE AND TO HOLD the demised premises, together with the privileges and appurtenances thereunto pertaining for a term of ____ (__) consecutive years commencing upon the 2 day of August, 2017, upon the rents, terms, covenants and conditions contained in said Lease Agreement.

IN TESTIMONY WHEREOF, this Memorandum of Lease Agreement is executed in quadruple originals, in the manner and form provided by law, as of the day and year first above written.

[SEAL]
ATTEST

ROWAN COUNTY, NORTH CAROLINA

Clerk, Board of Commissioners

Chairman, Board of Commissioners

[SEAL]
ATTEST

**ROWAN-SALISBURY BOARD OF
EDUCATION**

Secretary

Chairman

STATE OF NORTH CAROLINA

ROWAN COUNTY

I, _____, a Notary Public of said State and County, do hereby certify that Gregory C. Edds and Carolyn Barger personally came before me this day and acknowledged that they are the Chairman and Clerk, respectively, of the Board of County Commissioners of Rowan County, North Carolina, and that by authority duly given and as the act of Rowan County, North Carolina, the foregoing instrument was signed in the County's name by the Chairman of its Board of Commissioners, sealed with its corporate seal and attested by such Clerk.

Witness my hand and official seal this _____ day of August, 2017.

Notary Public

My commission expires: _____

STATE OF NORTH CAROLINA

ROWAN COUNTY

I, _____, a Notary Public of said State and County, do hereby certify that _____, with whom I am personally acquainted, who, being by me duly sworn, says that (s)he is the Secretary of the Rowan-Salisbury Board of Education and that _____ is the Chairman of such Board of Education, the Board described in and which executed the foregoing instrument; that (s)he knows the common seal of said Board; that the seal affixed to the foregoing instrument is said common seal, and the name of the Board was subscribed thereto by the said Chairman, and that said Chairman and Secretary subscribed their names thereto, and said common seal was affixed, all by order of the Board and that the said instrument is the act and deed of said Board.

Witness my hand and official seal this _____ day of August, 2017.

Notary Public

My commission expires: _____

EXHIBIT A

LEASED PROPERTY LEGAL DESCRIPTION

TRACT 1: 272 128
7.951 ACRES

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purposes: 1) North 79 deg. 55 min. 35 sec. East 43.75 feet; thence 2) South 84 deg. 01 min 29 sec. East 29.69 feet; thence 3) South 77 deg. 43 min. 55 sec. East 27.05 feet; thence 4) South 85 deg. 56 min. 32 sec. East 60.01 feet; thence 5) South 45 deg. 06 min. 16 sec. East 26.38 feet; thence 6) South 83 deg. 35 min. 06 sec. East 65.39 feet; thence 7) North 46 deg. 57 min. 47 sec. East 31.65 feet; thence 8) South 59 deg. 22 min. 30 sec. East 59.72 feet; thence 9) South 48 deg. 41 min. 17 sec. East 35.13 feet; thence 10) South 47 deg. 00 min. 04 sec. East 33.48 feet; thence 11) South 44 deg. 38 min. 19 sec. East 14.25 feet; thence 12) South 32 deg. 23 min 42 sec. East 15.49 feet; thence 13) South 37 deg. 48 min. 20 sec. East 41.62 feet; thence 14) South 41 deg. 07 min. 35 sec. East 21.31 feet; thence 15) South 46 deg. 20 min. 21 sec. East 39.66 feet; thence 16) South 46 deg. 39 min. 45 sec. East 36.72 feet; thence 17) South 44 deg. 24 min. 36 sec. East 50.92 feet to a new iron pin (#5 rebar) set in the westerly margin of the right of way for Mimosa Street, in the common corner with Piedmont Agri-Systems, Inc.; thence a line with the margin of the right of way for Mimosa Street, South 35 deg. 00 min. 53 sec. West 15.66 feet to a point; thence a line South 35 deg. 00 min. 53 sec. West 84.64 feet to a new iron pin (#5 rebar); thence a curved line along the right of way for Mimosa Street having a bearing of South 29 deg. 27 min. 10 sec. West 221.76 feet and an arc length of 222.11 and having a radius of 1144.00 feet to a new iron pin (#5 rebar); thence with the margin of the right of way for Mimosa Street, South 24 deg. 13 min. 26 sec. West 495.43 feet to the place and point of BEGINNING containing 20.339 acres, more or less according to survey for Rowan-Salisbury School System by Shulenburger Surveying Company, P.A. dated 10/4/2016.

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Return after recording to:

Tharrington Smith, LLP
Rowan-Salisbury School System Attorney
Post Office Box 2349
Salisbury, NC 28145

STATE OF NORTH CAROLINA)
)
ROWAN COUNTY)

LEASE

THIS LEASE is dated the ___ day of August, 2017, and is entered into by and between **ROWAN COUNTY, NORTH CAROLINA**, a political subdivision of the State of North Carolina, as lessor (the “County”), and the **ROWAN-SALISBURY BOARD OF EDUCATION**, as lessee (the “School Board”).

WITNESSETH:

The County and the School Board have previously agreed to cooperate in a plan for certain school improvements, including but not limited to the construction of a new West Rowan Elementary School for the Rowan-Salisbury School System (RSSS), including land acquisition, school construction and furnishings (the “Project”), as more particularly described on Exhibit A. The County shall finance such improvements and pledge as collateral the real property together with all improvements thereon more particularly described on Exhibit B (the “Leased Property”).

As part of such plan of financing, the County has entered into (1) an Installment Financing Agreement for \$27,500,000.00 (the “Financing Agreement”) with _____ (the “Bank”), dated of even date hereof, providing for the financing of the Project and (2) a Deed of Trust, Security Agreement and Absolute Assignment of Leases (the “Deed of Trust”), from the County to a deed of trust trustee for the benefit of the Bank.

The County proposes to lease the Leased Property to the School Board, and the School Board has determined to accept such lease.

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

ARTICLE I

DEFINITIONS; RULE OF CONSTRUCTION

All capitalized terms used in this Lease and not otherwise defined shall have the meanings assigned to them in the Financing Agreement, unless the context clearly requires otherwise. In addition, the following terms shall have the meanings specified below, unless the context clearly requires otherwise:

“Event of Default” means one or more events of default as defined in Section 11.1.

“Lease” means this Lease, as it may be duly amended.

“Lease Term” means the term of this Lease as determined pursuant to Article IV.

“Lease Year” means, initially, from the Closing Date through December 31, 2017, and thereafter, means each 12-month period commencing on January 1 and ending on the next December 31, or any partial Lease Year during which the Financing terminates.

“Leased Property” means the Real Property described in Exhibit B, together with any and all improvements located thereon.

“School Board Representative” means the School Board’s Superintendent or chief financial officer or any other person or persons at the time designated, by a written certificate furnished to the County Manager and signed on the School Board’s behalf by its Chairman, to act on the School Board’s behalf for the purpose of performing any act (or any specified act) under this Lease.

All references to articles or sections are references to articles or sections of this Lease, unless the context clearly indicates otherwise.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

The County and the School Board each represent, covenant and warrant for the other’s benefit as follows:

(a) Neither the execution and delivery of this Lease, nor the fulfillment of or compliance with its terms and conditions, nor the consummation of the transactions contemplated by this Lease, results in a breach of the terms, conditions and provisions of any

agreement or instrument to which either is now a party or by which either is bound, or constitutes a default under any of the foregoing.

(b) To the knowledge of each party, there is no litigation or other court or administrative proceeding pending or threatened against such party (or against any other person) affecting such party's rights to execute or deliver this Lease or to comply with its obligations under this Lease. Neither party's execution and delivery of this Lease, nor its compliance with its obligations under this Lease, requires the approval of any regulatory body or any other entity the approval of which has not been obtained.

ARTICLE III

DEMISE; PRIORITY OF FINANCING AGREEMENT

3.1 Demise. The County hereby leases the Leased Property to the School Board, and the School Board hereby leases the Leased Property from the County, in accordance with the provisions of this Lease, to have and to hold for the Lease Term, subject to the provisions of Sections 3.2.

3.2 Priority of Financing Agreement. Notwithstanding anything in this Lease to the contrary, the School Board's rights to possession of the Leased Property, its rights to purchase the Leased Property under Section 5.2 hereof and all its other rights under this Lease are subordinate to the rights of the Bank (and its assigns) as beneficiary under the Financing Agreement. Any judicial sale of, or foreclosure on, the Leased Property pursuant to the Financing Agreement shall terminate all the School Board's rights under this Lease.

ARTICLE IV

LEASE TERM

4.1 Commencement. The Lease Term shall commence on the closing date for the financing of the Project, on or about the 2d day of August, 2017.

4.2 Termination. The Lease Term shall terminate upon the earliest of the following:

(a) Judicial sale of or foreclosure on the Leased Property under the Financing Agreement, as described in Section 3.2 hereof;

(b) The occurrence of an Event of Default under this Lease and subsequent termination by the County pursuant to Article XII; or

(c) The date that is 30 days after termination of the Financing Agreement, except that the Lease Term shall end immediately upon the termination of the Financing Agreement if the Financing Agreement is terminated following an event of default by the County under the Financing Agreement.

Termination of the Lease Term shall terminate all the County's obligations under this Lease, and shall terminate the School Board's rights of possession under this Lease; but all other provisions of this Lease, including the receipt and disbursement of funds, shall continue until the Financing Agreement is discharged as provided therein.

ARTICLE V

QUIET ENJOYMENT; PURCHASE OPTION

5.1 Quiet Enjoyment. The County hereby covenants that the School Board shall, during the Lease Term and subject to Section 5.2 hereof, peaceably and quietly have and hold and enjoy the Leased Property without suit, trouble or hindrance from the County, except as expressly required or permitted by this Lease. The County shall not interfere with the School Board's quiet use and enjoyment of the Leased Property during the Lease Term. The County shall, at the School Board's request and the County's cost, join and cooperate fully in any legal action in which the School Board asserts its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the Leased Property. In addition, the School Board may at its own expense join in any legal action affecting its possession and enjoyment of the Leased Property and shall be joined (to the extent legally possible, and at the School Board's expense) in any action affecting its liabilities under this Lease.

The provisions of this Article shall be subject to rights to inspect the Leased Property granted to parties under the Financing Agreement.

5.2 Purchase Option.

(a) Subject to the provisions of subsection (b), the School Board shall have the option to purchase the Leased Property, in whole but not in part, at any time during the two-year period beginning upon the date the Financing Agreement terminates (other than a termination following an Event of Default under the Financing Agreement or a termination in connection with the County's refinancing its obligations under the Financing Agreement) upon payment to the County of a purchase option price of Ten Dollars. The School Board shall notify the County of its exercising of this option during such option period, and within 45 days of the receipt of such notice the County shall execute and deliver all necessary documents conveying to the School Board good and marketable title to the Leased Property, subject only to (i) Permitted Encumbrances and (ii) any encumbrance or imperfection caused by or attributable to the School Board.

(b) The School Board's purchase option is subordinate to the rights of the beneficiary under the Financing Agreement, as described in Section 3.2 hereof.

ARTICLE VI

CONSIDERATION FOR LEASE

6.1 Use for School Board's Purposes; Assumption of Obligations. In partial consideration for its acquisition of rights to use the Leased Property during the Lease Term, the

School Board hereby agrees to use the Leased Property for administration of public education in fulfillment of its obligation, shared by the County, to provide for educational services in the County. In addition, in consideration of its rights under this Lease, the School Board undertakes the obligations imposed on it under this Lease, including those imposed by Section 7.1 hereof.

6.2 Payments. In partial consideration for its acquisition of rights to use the Leased Property during the Lease Term and its option to purchase the Leased Property, the School Board hereby agrees to pay to the County total rent for the Lease Term in the amount of \$100, payable in advance on the Closing Date, receipt of which the County hereby acknowledges. The County and the School Board acknowledge their understanding that although the County's financing of the Leased Property, and providing it to the School Board for use, is of substantial value to the School Board, any payment by the School Board of a market value rent would represent simply an accounting transaction, because the School Board's funding is primarily provided through the County.

ARTICLE VII

SCHOOL BOARD'S ASSUMPTION OF COUNTY'S OBLIGATIONS

7.1 Assumption of Obligations. The School Board hereby assumes the County's obligations under Financing Agreement Sections 3.2 (Acquisition, Construction and Equipping of Project), 5.5 (General Insurance Provisions), 6.1 (Obligation to Repair and Replace the Mortgaged Property), and 7.3 (Maintenance, Utilities, Taxes and Assessments); provided, however, that the County hereby undertakes to make the Net Proceeds contemplated by Section 3.1 of the Financing Agreement available to the School Board for use in carrying out this obligation, and further provided that the County retains its rights under Section 3.4 of the Financing Agreement to direct the use of Net Proceeds to prepayment of the County's obligations under the Financing Agreement.

7.2 Reserved.

7.3 School Board's General Tax Covenant. The School Board covenants that it will not take any action, or fail to take any action if any such action or failure to take action would adversely affect the exclusion from gross income for federal income tax purposes of the interest component of the payment obligations created by the Financing Agreement under Section 103 of the Internal Revenue Code (the "Code"). The School Board will not directly or indirectly use or permit the use of any proceeds of any fund created under the Financing Agreement or any funds of the County, or take or omit to take any action that would cause the obligation created by the Financing Agreement to be an "arbitrage bond" within the meaning of Section 148(a) of the Code. The School Board further covenants that it will not take any action or fail to take any action that would cause the Financing Agreement to be a "private activity bond" as defined in Section 141 of the Code.

7.4 County's Cooperation. The County shall cooperate fully with the School Board in filing any proof of loss or taking any other action under this Lease. In no event shall the County or the School Board voluntarily settle, or consent to the settlement of, any proceeding

arising out of any insurance claim with respect to the Leased Property without the other's written consent.

7.5 Advances; Performance of Obligations. If the School Board shall fail to pay any amount required to be paid by it under this Lease, or fails to take any other action required of it under this Lease, the County may (but shall be under no obligation to) pay such amounts or perform such other obligations. The School Board agrees to reimburse the County for any such payments or for its costs incurred in connection with performing such other obligations, together with interest thereon at the Prime Rate.

ARTICLE VIII

DISCLAIMER OF WARRANTIES; OTHER COVENANTS

8.1 Disclaimer of Warranties. **THE COUNTY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR A PARTICULAR USE OF THE LEASED PROPERTY OR ANY PART THEREOF OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PART THEREOF.** In no event shall the County be liable for any direct or indirect, incidental, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or use by any of them of any item, product or service provided for herein.

8.2 Further Assurances; Corrective Instruments. The School Board and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased, or intended so to be, or for otherwise carrying out the intention of this Lease.

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

8.4 Compliance with Requirements. During the Lease Term, the School Board and the County shall observe and comply promptly with all current and future orders of all courts having jurisdiction over the Leased Property or any portion thereof (or be diligently and in good faith contesting such orders), and all current and future requirements of all insurance companies writing policies covering the Leased Property or any portion thereof.

8.5 Contents Insurance. The School Board acknowledges that it is solely responsible for insuring the personal property owned by the School Board that may at any time or from time to time be located at the Leased Property.

ARTICLE IX

TITLE TO LEASED PROPERTY

Except for personal property purchased by the School Board at its own expense, title to the Leased Property and any and all additions and modifications to or replacements of any portion of the Leased Property shall be held in the County's name, subject only to Permitted Encumbrances, until foreclosed upon or conveyed as provided in the Financing Agreement or the termination of the Financing Agreement, notwithstanding (a) the occurrence of one or more events of default as defined in the Financing Agreement; (b) the occurrence of any event of damage, destruction, condemnation or construction or title defect; or (c) the County's violation of any provision of this Lease.

The School Board shall have no right, title or interest in the Leased Property or any additions and modifications to or replacements of any portion of the Leased Property, except as expressly set forth in this Lease.

ARTICLE X

SUBLEASING, ASSIGNMENT, AND INDEMNIFICATION

10.1 School Board's Subleasing and Assignment. The School Board may not sublease the Leased Property, in whole or in part, or assign any of its rights or obligations under this Lease, without the prior written consent of the County and the Bank. This provision, however, shall not preclude the School Board's entering into agreements for the temporary use of portions of the Leased Property (including, for example, for use by community groups and federal agencies for the administration of programs such as Head Start).

10.2 Indemnification. To the extent permitted by law, the School Board shall and hereby agrees to indemnify and save the County and the Bank harmless against and from all claims, by or on behalf of any person, firm, corporation or other legal entity, arising from the operation or management of the Leased Property during the Lease Term, including any arising from: (a) any condition of the Leased Property; or (b) any negligent act of the School Board or of any of its agents, contractors or employees or any violation of law by the School Board or breach of any covenant or warranty by the School Board under this Lease. The School Board shall, upon notice from the County or the Bank, defend or pay the cost of defending the County or the Bank, as the case may be, in any action or proceeding brought in connection with any claims arising out of circumstances described in (a) or (b) above.

ARTICLE XI

EVENTS OF DEFAULT

11.1 Events of Default. The following shall be "Events of Default" under this Lease and the term "Default" shall mean, whenever it is used in this Lease, any one or more of the following events:

(a) The School Board's failure to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of 30 days after written notice specifying such failure and requesting that it be remedied shall have been given to the School Board by the County or the Bank, unless the County and the Bank shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, neither the County nor the Bank shall unreasonably withhold its consent to an extension of such time if corrective action is instituted by the School Board within the applicable period and diligently pursued until such failure is corrected; and further provided, that if by reason of Force Majeure the School Board is unable in whole or in part to carry out any of its agreements contained herein (other than its obligations contained in Sections 6.2 or 7.1 hereof), the School Board shall not be deemed in default during the continuance of such event or occurrence.

(b) The dissolution or liquidation of the School Board or the voluntary initiation by the School Board of any proceeding under any federal or State law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the School Board of any such proceeding which shall remain undismissed for 60 days, or the entry by the School Board into an agreement of composition with creditors or the School Board's failure generally to pay its debts as they become due.

11.2 Remedies on Default. Whenever any Event of Default shall be continuing, the County may take one or any combination of the following remedial steps:

(a) Have reasonable access to and inspect, examine and make copies of the School Board's books and records and accounts during the School Board's regular business hours, if reasonably necessary in the County's opinion; or

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the School Board under this Lease.

Any amount collected pursuant to action taken under this Section shall be applied in accordance with the Financing Agreement.

11.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the County is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, and any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved in this Article XI, it shall not be necessary to give any notice, other than such notice as may be required in this Article XI.

11.4 Waivers. If any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under this Lease. The County, however, shall have no right to waive any Event of Default without the Bank's consent. A

waiver of an event of default under the Financing Agreement shall constitute a waiver of any corresponding Event of Default under this Lease; provided that no such waiver shall extend to or affect any subsequent or other Event of Default under this Lease or otherwise impair any right consequent thereon.

11.5 Agreement To Pay Attorneys' Fees and Expenses. If the School Board shall default under any Lease provision and the County or the Bank shall employ attorneys or incur other expenses for the collection of any payments due under this Lease, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained in this Lease, the School Board agrees that, to the extent permitted by law, it shall pay on demand therefor to the County or the Bank, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

11.6 Waiver of Appraisement, Valuation, Stay, Extension, and Redemption Laws. The School Board and the County agree, to the extent permitted by law, that upon a termination of the Lease Term by reason of an Event of Default, neither the School Board nor the County nor any one claiming through or under either of them shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of the Financing Agreement or of any remedy provided under this Lease or under the Financing Agreement; and the School Board and the County, for themselves and all who may at any time claim through or under either of them, each hereby waives, to the full extent that it may lawfully do so, the benefit of such laws.

ARTICLE XII

MISCELLANEOUS

12.1 Notices. All notices, certificates or other communications under this Lease shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed as follows:

- (a) If intended for the County, addressed as follows:

Rowan County Manager
Attn: Notice under School Lease
130 W. Innes Street
Salisbury, North Carolina 28144

- (b) If intended for the School Board, addressed as follows:

Superintendent of Rowan-Salisbury School System
Attention: Notice under School Lease
Post Office Box 2349
Salisbury, North Carolina 28145

12.2 Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the School Board and the County, and their respective successors and assigns, subject, however, to the limitations contained in Article X.

12.3 Amendments, Changes and Modifications. This Lease may not be amended without the Bank's written consent.

12.4 Net Lease. This Lease shall be deemed and construed to be a "net lease," and the School Board shall pay absolutely net during the Lease Term all other payments required under this Lease, free of any deductions, and without abatement or set-off.

12.5 Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall not be a Business Day, such payment shall be made or act performed or right exercised on the next preceding day that is a Business Day.

12.6 Severability. If any provision of this Lease, other than the requirement of the County to provide quiet enjoyment of the Leased Property, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

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

12.8 Applicable Law. The parties intend that this Lease shall be governed by and construed in accordance with State law.

12.9 Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

12.10 Memorandum of Lease. At the request of either party, the County and the School Board shall at any time execute a memorandum of this lease legally sufficient to comply with the relevant provisions of the North Carolina General Statutes.

12.11 Third-Party Beneficiary. The Bank and its successors or assigns as beneficiary under the Financing Agreement are intended by the County and the School Board to be third-party beneficiaries of this Lease.

12.12 Other Covenants of the School Board. The School Board covenants and represents to the County that the School Board has obtained all permits, consents, approvals or authorizations of all governmental entities and regulatory bodies required as a condition to the School Board's entering into this Lease. The School Board further covenants and warrants that prior to the use of the Building for Board of Education purposes, the School Board will obtain, and will thereafter maintain through the duration of this Lease, all further permits, consents, approval or authorizations of all governmental entities and regulatory bodies necessary to operate the Building.

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

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed in their corporate names by their duly authorized officers, all as of the date first above written.

**[SEAL]
ATTEST**

ROWAN COUNTY, NORTH CAROLINA

Clerk, Board of Commissioners

Chairman, Board of Commissioners

**[SEAL]
ATTEST**

ROWAN-SALISBURY BOARD OF EDUCATION

Secretary

Chairman

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act.

Finance Officer
Rowan County, North Carolina

This instrument has been preaudited in the manner required by the Fiscal Control Act

Finance Officer
Rowan-Salisbury Board of Education

[Lease dated August 2,, 2017]

STATE OF NORTH CAROLINA

ROWAN COUNTY

I, _____, a Notary Public of said State and County, do hereby certify that Gregory C. Edds and Carolyn Barger personally came before me this day and acknowledged that they are the Chairman and Clerk, respectively, of the Board of County Commissioners of Bertie County, North Carolina, and that by authority duly given and as the act of Bertie County, North Carolina, the foregoing instrument was signed in the County's name by the Chairman of its Board of Commissioners, sealed with its corporate seal and attested by such Clerk.

Witness my hand and official seal this _____ day of August, 2017.

Notary Public

My commission expires: _____

STATE OF NORTH CAROLINA

ROWAN COUNTY

I, _____, a Notary Public of said State and County, do hereby certify that _____, with whom I am personally acquainted, who, being by me duly sworn, says that (s)he is the Secretary of the Rowan-Salisbury Board of Education and that _____ is the Chairman of such Board of Education, the Board described in and which executed the foregoing instrument; that (s)he knows the common seal of said Board; that the seal affixed to the foregoing instrument is said common seal, and the name of the Board was subscribed thereto by the said Chairman, and that said Chairman and Secretary subscribed their names thereto, and said common seal was affixed, all by order of the Board and that the said instrument is the act and deed of said Board.

Witness my hand and official seal this _____ day of August, 2017.

Notary Public

My commission expires: _____

The foregoing certificate of _____, a Notary Public for Rowan County, NC is certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

_____, Register of Deeds of Rowan County, North Carolina

By: _____
Deputy/Assistant-Register of Deeds

EXHIBIT A

PROJECT DESCRIPTION

EXHIBIT B

LEASED PROPERTY LEGAL DESCRIPTION

TRACT 1: 272 128 7.951 ACRES

Beginning at a new iron (#5 rebar) set in the northerly margin of the right of way of Statesville Boulevard (U.S. Highway 70), being a common corner with Leonard M. West; thence a line along the margin of Statesville Boulevard North 71 deg. 14 min. 22 sec. West 429.15 feet to a new iron (#5 rebar) set in the northerly margin of Statesville Boulevard, common corner with the Cleveland Community VFD; thence a line North 0 deg. 23 min. 32 sec. West 580.61 feet to a ½ in square bolt in the common corner of Cleveland Community VFD, Joe Padgett and the Rowan Salisbury Board of Education; thence a line South 88 deg 45 min. 05 sec. East 197.00 feet to a point; thence with the line of Joe Padgett, North 1 deg. 03 min 30 sec. West 60.00 feet to a point in the common corner with Joe Padgett; thence a line South 68 deg. 41 min. 57 sec. East 652.51 feet to an existing #5 rebar in the westerly margin of the right of way for Mimosa Street; thence a line South 24 deg. 01 min. 40 sec. West 59.95 feet to an existing #5 rebar in the southerly margin of the right of way for Mimosa Street; thence a line North 70 deg. 39 min. 44 sec. West 199.32 feet to a point in a 16 inch Elm Tree, the common corner with John H. Smith, Jr.; thence a line South 21 deg. 50 min. 18 sec. West 127.95 feet to a 1" iron pipe; thence a line South 21 deg. 53 min. 40 sec. West 83.82 feet to a #5 rebar in the common line of Leonard M. West; thence a line South 16 deg. 10 min. 38 sec. West 366.51 feet to the place and point of BEGINNING containing 7.951 acres, more or less according to survey for Rowan-Salisbury School System by Shulenburger Surveying Company, P.A. dated 10/4/2016

TRACT 2: 272 030 20.339 ACRES

Beginning at a new iron (#5 rebar) set in the westerly margin of the right of way for Mimosa Street (said point being South 24 deg. 01 min. 40 sec. West 59.95 feet from the common corner of John H. Smith and the 7.951 acre tract owned by Joe Allen Corriher, Jr.) and with the common line of the 7.951 acre tract owned by Joe Allen Corriher, a line North 68 deg. 41 min. 57 sec. West 652.51 feet to a point in the line of Joe Padgett; thence a line North 1 deg. 00 min. 54 sec. West 439.91 feet to a #5 rebar in the terminus of the margin of the right of way for Paris Street; thence a line North 1. Deg 03 min. 47 sec. West 33.16 feet to a #5 rebar in the northerly terminus of the right of way for Paris Street; thence a line with James H. Padgett , North 01 deg. 11 min. 31 sec. West 542.43 feet to a point; thence a line North 01 deg. 11 min. 31 sec. West 24.47 feet to a #5 iron rod in the center of the branch; thence the boundary runs with the centerline of the branch with the following 17 bearings and distances provided for calculation purposes: 1) North 79 deg. 55 min. 35 sec. East 43.75 feet; thence 2) South 84 deg. 01 min 29 sec. East 29.69 feet; thence 3) South 77 deg. 43 min. 55 sec. East 27.05 feet; thence 4) South 85 deg. 56 min. 32 sec. East 60.01 feet; thence 5) South 45 deg. 06

min. 16 sec. East 26.38 feet; thence 6) South 83 deg. 35 min. 06 sec. East 65.39 feet; thence 7) North 46 deg. 57 min. 47 sec. East 31.65 feet; thence 8) South 59 deg. 22 min. 30 sec. East 59.72 feet; thence 9) South 48 deg. 41 min. 17 sec. East 35.13 feet; thence 10) South 47 deg. 00 min. 04 sec. East 33.48 feet; thence 11) South 44 deg. 38 min. 19 sec. East 14.25 feet; thence 12) South 32 deg. 23 min 42 sec. East 15.49 feet; thence 13) South 37 deg. 48 min. 20 sec. East 41.62 feet; thence 14) South 41 deg. 07 min. 35 sec. East 21.31 feet; thence 15) South 46 deg. 20 min. 21 sec. East 39.66 feet; thence 16) South 46 deg. 39 min. 45 sec. East 36.72 feet; thence 17) South 44 deg. 24 min. 36 sec. East 50.92 feet to a new iron pin (#5 rebar) set in the westerly margin of the right of way for Mimosa Street, in the common corner with Piedmont Agri-Systems, Inc.; thence a line with the margin of the right of way for Mimosa Street, South 35 deg. 00 min. 53 sec. West 15.66 feet to a point; thence a line South 35 deg. 00 min. 53 sec. West 84.64 feet to a new iron pin (#5 rebar); thence a curved line along the right of way for Mimosa Street having a bearing of South 29 deg. 27 min. 10 sec. West 221.76 feet and an arc length of 222.11 and having a radius of 1144.00 feet to a new iron pin (#5 rebar); thence with the margin of the right of way for Mimosa Street, South 24 deg. 13 min. 26 sec. West 495.43 feet to the place and point of BEGINNING containing 20.339 acres, more or less according to survey for Rowan-Salisbury School System by Shulenburger Surveying Company, P.A. dated 10/4/2016.

TRACT 3: 252-042

2.262 ACRES

Beginning at a bent #5 rebar in the southerly margin of the right of way of Paris Street, said point being the common corner with the Rowan Salisbury Board of Education and runs thence a line along the common line with Rowan Salisbury Board of Education South 1 deg. 02 min. 25 sec. East 500 feet to a ½ inch square bolt, being the common corner with Rowan Salisbury Board of Education, Cleveland Community VFD and Joe Allen Corriher, Jr.; thence a line South 88 deg. 45 min. 05 sec. East 197.00 feet to a point in the common corner with Joe Allen Corriher, Jr.; thence a line North 1 deg. 03 min. 30 sec. West 60.00 feet to a point along the common line of Joe Allen Corriher, Jr.; thence a line North 1 deg. 00 min. 54 sec. West 439.91 feet to a #5 rebar in the southerly margin of Paris Street; thence with the southerly margin of Paris Street, North 88 deg. 43 min. 42 sec. West 197.18 feet to the place and point of BEGINNING containing 2.260 acres, more or less according to survey for Rowan-Salisbury School System by Shulenburger Surveying Company, P.A. dated 10/4/2016.

Tharrington Smith, LLP
Rowan-Salisbury Board of Education Attorney
Post Office Box 2349
Salisbury, NC 28145

STATE OF NORTH CAROLINA)
)
ROWAN COUNTY)

THIS AGENCY AGREEMENT is dated August __, 2017, and is entered into by and between **ROWAN COUNTY, NORTH CAROLINA**, a political subdivision of the State of North Carolina, as principal (the “County”), and the **ROWAN-SALISBURY BOARD OF EDUCATION**, as agent (the “School Board”).

The County and the School Board have previously agreed to cooperate in a plan for certain school improvements, including but not limited the construction of a new West Rowan Elementary School for the Rowan-Salisbury School System (RSSS), including land acquisition, school construction and furnishings (the “Project”), as more particularly described on Exhibit A. The County shall finance such improvements and pledge as collateral the real property, together with all improvements thereon, more particularly described on Exhibit B (the “Pledged Property”). As part of such plan of financing, the County has entered into (1) an Installment Financing Agreement for \$27,500,000.00 (the “Financing Agreement”) with _____ (the “Bank”), dated of even date hereof, providing the financing for the Project and (2) a Deed of Trust, Security Agreement and Absolute Assignment of Leases (the “Deed of Trust”), from the County to a deed of trust trustee for the benefit of the Bank, dated of even date hereto.

The County desires to designate the School Board as its agent to carry out the Project and the School Board is willing to accept such an appointment pursuant to the terms of this Agency Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises herein contained and for other valuable consideration, the parties agree as follows:

1. DEFINITIONS.

Capitalized terms used in this Agency Agreement and not otherwise defined shall have the meanings assigned in the Financing Agreement. In addition, "School Board Representative" means the School Board's Superintendent or chief financial officer or any other person or persons at the time designated, by a written certificate furnished to the County and signed on the School Board's behalf by its Chairman, to act on the School Board's behalf for the purpose of performing any act (or any specified act) under this Agency Agreement.

2. APPOINTMENT; ACCEPTANCE.

The County appoints the School Board as its agent to carry out all phases of the Project. The School Board, as the County's agent, assumes all the County's rights, duties and responsibilities regarding such matters, except as limited herein. The School Board, as the agent of the County, shall have sole and exclusive authority to negotiate and execute on behalf of the County all contracts for the construction of the Project undertaken pursuant to this Agreement, as long as the funds to be expended pursuant to those contracts are within the Project budget established by the School Board and approved by the Board of County Commissioners. Pursuant to N.C. Gen. Stat. §159-28, the County hereby authorizes the Finance Officer of the School Board to act as the Finance Officer of the County for the limited purpose of pre-auditing the contracts and change orders executed pursuant to this Agreement as required by the Local Government Budget and Fiscal Control Act, on behalf of the County. The School Board shall appoint no further agent to assume such rights or carry out such duties and responsibilities without the prior written consent of the County and the Bank.

3. CONTRACTS.

Subject to the provisions of the Financing Agreement, the School Board, with the County's approval, may enter into any purchase order or contract with respect to the Project in the School Board's name. As of the date hereof, the School Board has entered into _____ Alternatively, the County may require that any such purchase orders or contracts be entered into by the County in its own name or be entered into by the County and the School Board jointly.

The School Board shall provide that contractors provide bonds, insurance coverages and contract assignments that comply with the requirements of Article V of the Financing Agreement. Included in this obligation is the obligation to provide that the Bank, the County and the School Board be named as co-obligees, loss payees or additional insureds, as applicable.

All contracts shall comply with the public procurement laws and any other State laws applicable to either the School Board or the County, as appropriate, with regard to entering into such contracts.

4. RIGHTS AND RESPONSIBILITIES FOR FINANCED PROJECT.

The School Board, as the County's agent, shall be responsible for carrying out and maintaining the Project in accordance with the requirements of the Financing Agreement, and the School Board shall have all rights to supervise the Project.

The School Board shall be required to monitor the maintenance of contractors' insurance coverages described in Sections 5.1 and 5.2 of the Financing Agreement.

The School Board covenants and represents to the County that the School Board has obtained all permits, consents, approvals or authorizations of all governmental entities and regulatory bodies required as a condition to the School Board's entering into the Financing Agreement. The School Board further covenants and warrants that prior to the use of the Building for the School Board's administrative purposes, the School Board will obtain, and will thereafter maintain through the duration of this Lease, all further permits, consents, approval or authorizations of all governmental entities and regulatory bodies necessary to operate the Building.

The County and its representatives and agents shall have the right to enter upon the Project Sites and inspect the Project from time to time during construction and after the completion of construction, and the School Board shall cause any vendor, contractor or subcontractor to cooperate with the County and its representatives and agents during such inspections. No right of inspection or approval granted in this Section shall be deemed to impose upon the County any duty or obligation whatsoever to undertake any inspection or to make any approval. No inspection made or approval given by the County shall be deemed to impose upon the County any duty or obligation whatsoever to identify or correct any defects in the Building or to notify any person with respect thereto, and no liability shall be imposed upon the County, and no warranties (either express or implied) are made by the County as to the quality or fitness of any improvement, any such inspection and approval being made solely for the County's benefit.

5. SCHOOL BOARD'S RIGHT TO ENFORCE CONTRACTS.

For so long as the School Board is not in default of any of the provisions of this Agency Agreement and the Lease Agreement, the School Board shall have the right to enforce in its own name or in the County's name such purchase orders or contracts at law or in equity entered in the County's name or the School Board's name for the Project; provided however, that if the School Board shall be in default of any provisions of this Agency Agreement or the Lease Agreement for a period of 30 days after being notified by the County of such default without cure, then in such event the County shall have the right to terminate this Agency Agreement and assume any and all responsibilities of the School Board pursuant to the Project. In such event of default without cure, the School Board shall assign any and all right, title and interest to any and all contracts relating to the Project, including but not limited to any architect agreement(s), any and all engineering agreements, any and all construction agreements, and any and all plans, specifications and other drawings or documents prepared or to be prepared for the Project. The School Board agrees to reimburse to the County any and all costs, expenses, and damages incurred by the County in the assumption of the rights and responsibilities of the School Board due to such event of default without cure, and to indemnify and hold the County harmless for any

and all claims for damages by others related to such event of default without cure. Any assignment by the County of any of its rights under the Financing Agreement shall not prevent the County from asserting such rights and powers in its own behalf.

6. DISBURSEMENTS FROM PROJECT FUND.

Article III of the Financing Agreement provides that amounts will be disbursed to the County for Project Costs only upon the Account Agent's receipt of a requisition, signed by a County Representative, in the form prescribed by the Financing Agreement which makes certain representations, designates the payee and provides evidence that payment is due (such as an architect's payment certification). The School Board shall prepare such requisitions in the first instance and forward the same to the County for review, approval and forwarding to the Bank for payment, all in accordance with Article III of the Financing Agreement. The County shall have the right to obtain such additional evidence as it deems appropriate to determine the accuracy of the representations set forth in the form of requisition and the propriety of payment. The School Board shall provide the County with such information in the School Board's possession as the County may request.

7. APPLICATION OF CASUALTY INSURANCE PROCEEDS.

Notwithstanding any provision of this Agency Agreement, the County shall retain the sole power to control and direct the application and distribution of proceeds of casualty insurance applicable to the Building.

8. RESERVATION OF RIGHTS.

This Agency Agreement is not to be construed in any way as delegating or limiting the County's rights hereunder or under the Financing Agreement, except as expressly provided herein.

9. CONSIDERATION.

The County and the School Board are undertaking their mutual obligations hereunder in partial consideration for, and in partial fulfillment of, their agreement to carry out the Project.

10. PROPERTY AFFECTED/PLEDGED AS COLLATERAL.

The Pledged Property is described in Exhibit B attached hereto and is subject to the Lease between the County and the School Board of even date, a Memorandum of which is recorded at Book ___, Page ___, Rowan County Registry.

[Page has been left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have caused this Agency Agreement to be executed in their corporate names by their duly authorized officers, all as of the date first above written.

[SEAL]
ATTEST:

ROWAN COUNTY, NORTH CAROLINA

Clerk Board of Commissioners

By: _____
Chairman, Board of Commissioners

[SEAL]
ATTEST:

ROWAN-SALISBURY BOARD OF EDUCATION

Secretary

By: _____
Chairman

This instrument has been preaudited in the manner
required by The Local Government Budget and Fiscal
Control Act.

Finance Director
Rowan County, North Carolina

This instrument has been preaudited in the manner
required by the School Budget and Fiscal Control Act.

Finance Director
Rowan-Salisbury Board of Education

[Agency Agreement dated as of _____]

**STATE OF NORTH CAROLINA
ROWAN COUNTY**

I, _____, a Notary Public of Said State and County, do hereby certify that Gregory C. Edds and Carolyn Barger personally came before me this day and acknowledged that they are the Chairman and Clerk, respectively, of the Board of County Commissioners of Rowan County, North Carolina, and that by authority duly given and as the act of Rowan County, North Carolina, the foregoing instrument was signed in the County's name by the Chairman of its Board of Commissioners, sealed with its corporate seal and attested by such Clerk.

Witness my hand and official seal this _____ day of August, 2017.

Notary Public

My Commission expires: _____

**STATE OF NORTH CAROLINA
ROWAN COUNTY**

I, _____, a Notary Public of said State and County, do hereby certify that _____, with whom I am personally acquainted, who, being by me duly sworn, says that (s)he is the Secretary of the Rowan-Salisbury Board of Education and that _____ is the Chairman of such Board of Education, the Board described in and which executed the foregoing instrument; that (s)he knows the common seal of said Board; that the seal affixed to the foregoing instrument is said common seal, and the name of the Board was subscribed thereto by the said Chairman; and that said Chairman and Secretary subscribed their names thereto, and said common seal was affixed, all by order of the Board and that the said instrument is the act and deed of said Board.

Witness my hand and official seal this _____ day of August, 2017.

Notary Public

My Commission expires: _____

EXHIBIT A

PROJECT DESCRIPTION

EXHIBIT B

PLEDGED PROPERTY LEGAL DESCRIPTION

TRACT 1: 272 128 7.951 ACRES

Beginning at a new iron (#5 rebar) set in the northerly margin of the right of way of Statesville Boulevard (U.S. Highway 70), being a common corner with Leonard M. West; thence a line along the margin of Statesville Boulevard North 71 deg. 14 min. 22 sec. West 429.15 feet to a new iron (#5 rebar) set in the northerly margin of Statesville Boulevard, common corner with the Cleveland Community VFD; thence a line North 0 deg. 23 min. 32 sec. West 580.61 feet to a ½ in square bolt in the common corner of Cleveland Community VFD, Joe Padgett and the Rowan Salisbury Board of Education; thence a line South 88 deg 45 min. 05 sec. East 197.00 feet to a point; thence with the line of Joe Padgett, North 1 deg. 03 min 30 sec. West 60.00 feet to a point in the common corner with Joe Padgett; thence a line South 68 deg. 41 min. 57 sec. East 652.51 feet to an existing #5 rebar in the westerly margin of the right of way for Mimosa Street; thence a line South 24 deg. 01 min. 40 sec. West 59.95 feet to an existing #5 rebar in the southerly margin of the right of way for Mimosa Street; thence a line North 70 deg. 39 min. 44 sec. West 199.32 feet to a point in a 16 inch Elm Tree, the common corner with John H. Smith, Jr.; thence a line South 21 deg. 50 min. 18 sec. West 127.95 feet to a 1" iron pipe; thence a line South 21 deg. 53 min. 40 sec. West 83.82 feet to a #5 rebar in the common line of Leonard M. West; thence a line South 16 deg. 10 min. 38 sec. West 366.51 feet to the place and point of BEGINNING containing 7.951 acres, more or less according to survey for Rowan-Salisbury School System by Shulenburger Surveying Company, P.A. dated 10/4/2016

TRACT 2: 272 030 20.339 ACRES

Beginning at a new iron (#5 rebar) set in the westerly margin of the right of way for Mimosa Street (said point being South 24 deg. 01 min. 40 sec. West 59.95 feet from the common corner of John H. Smith and the 7.951 acre tract owned by Joe Allen Corriher, Jr.) and with the common line of the 7.951 acre tract owned by Joe Allen Corriher, a line North 68 deg. 41 min. 57 sec. West 652.51 feet to a point in the line of Joe Padgett; thence a line North 1 deg. 00 min. 54 sec. West 439.91 feet to a #5 rebar in the terminus of the margin of the right of way for Paris Street; thence a line North 1. Deg 03 min. 47 sec. West 33.16 feet to a #5 rebar in the northerly terminus of the right of way for Paris Street; thence a line with James H. Padgett , North 01 deg. 11 min. 31 sec. West 542.43 feet to a point; thence a line North 01 deg. 11 min. 31 sec. West 24.47 feet to a #5 iron rod in the center of the branch; thence the boundary runs with the centerline of the branch with the following 17 bearings and distances provided for calculation purposes: 1) North 79 deg. 55 min. 35 sec. East 43.75 feet; thence 2) South 84 deg. 01

min 29 sec. East 29.69 feet; thence 3) South 77 deg. 43 min. 55 sec. East 27.05 feet; thence 4) South 85 deg. 56 min. 32 sec. East 60.01 feet; thence 5) South 45 deg. 06 min. 16 sec. East 26.38 feet; thence 6) South 83 deg. 35 min. 06 sec. East 65.39 feet; thence 7) North 46 deg. 57 min. 47 sec. East 31.65 feet; thence 8) South 59 deg. 22 min. 30 sec. East 59.72 feet; thence 9) South 48 deg. 41 min. 17 sec. East 35.13 feet; thence 10) South 47 deg. 00 min. 04 sec. East 33.48 feet; thence 11) South 44 deg. 38 min. 19 sec. East 14.25 feet; thence 12) South 32 deg. 23 min 42 sec. East 15.49 feet; thence 13) South 37 deg. 48 min. 20 sec. East 41.62 feet; thence 14) South 41 deg. 07 min. 35 sec. East 21.31 feet; thence 15) South 46 deg. 20 min. 21 sec. East 39.66 feet; thence 16) South 46 deg. 39 min. 45 sec. East 36.72 feet; thence 17) South 44 deg. 24 min. 36 sec. East 50.92 feet to a new iron pin (#5 rebar) set in the westerly margin of the right of way for Mimosa Street, in the common corner with Piedmont Agri-Systems, Inc.; thence a line with the margin of the right of way for Mimosa Street, South 35 deg. 00 min. 53 sec. West 15.66 feet to a point; thence a line South 35 deg. 00 min. 53 sec. West 84.64 feet to a new iron pin (#5 rebar); thence a curved line along the right of way for Mimosa Street having a bearing of South 29 deg. 27 min. 10 sec. West 221.76 feet and an arc length of 222.11 and having a radius of 1144.00 feet to a new iron pin (#5 rebar); thence with the margin of the right of way for Mimosa Street, South 24 deg. 13 min. 26 sec. West 495.43 feet to the place and point of BEGINNING containing 20.339 acres, more or less according to survey for Rowan-Salisbury School System by Shulenburger Surveying Company, P.A. dated 10/4/2016.

TRACT 3: 252-042

2.262 ACRES

Beginning at a bent #5 rebar in the southerly margin of the right of way of Paris Street, said point being the common corner with the Rowan Salisbury Board of Education and runs thence a line along the common line with Rowan Salisbury Board of Education South 1 deg. 02 min. 25 sec. East 500 feet to a ½ inch square bolt, being the common corner with Rowan Salisbury Board of Education, Cleveland Community VFD and Joe Allen Corriher, Jr.; thence a line South 88 deg. 45 min. 05 sec. East 197.00 feet to a point in the common corner with Joe Allen Corriher, Jr.; thence a line North 1 deg. 03 min. 30 sec. West 60.00 feet to a point along the common line of Joe Allen Corriher, Jr.; thence a line North 1 deg. 00 min. 54 sec. West 439.91 feet to a #5 rebar in the southerly margin of Paris Street; thence with the southerly margin of Paris Street, North 88 deg. 43 min. 42 sec. West 197.18 feet to the place and point of BEGINNING containing 2.260 acres, more or less according to survey for Rowan-Salisbury School System by Shulenburger Surveying Company, P.A. dated 10/4/2016.

ASSIGNMENT AND ASSUMPTION OF CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS dated the __ day of August, 2017 is made by and between Rowan-Salisbury Board of Education (hereinafter referred to as "Assignor") and Rowan County, North Carolina (hereinafter referred to as "Assignee")

WITNESSETH:

WHEREAS, Assignor has entered into certain Contract(s) prior to the date hereof for construction of a new West Rowan Elementary School (the "Project") on behalf of Assignee, such contracts listed on Exhibit A attached hereto and incorporated herein by reference; and

WHEREAS, Assignor, Assignee and the Contractors desire to have Assignor's obligations pursuant to the Agreement performed by Assignee; and

WHEREAS, the Contractor(s), by execution of this instrument, provide(s) its/their written consent to this Assignment and Assumption of the Contract.

NOW, THEREFORE, the parties hereto agree as follows:

1. Assignment. Assignor hereby assigns, transfers, and delivers to Assignee all of its right, title and interest under the Agreement. Assignor and Assignee agree that the owner for the purposes of the Contract shall be "Rowan County, by and through its authorized agent the Rowan-Salisbury Board of Education."
2. Assumption. Assignee hereby accepts the assignment of the Agreement and all of Assignor's rights, title and interest thereunder, and assumes and agrees to be bound by all of Assignor's duties and obligations thereunder and to be subject to all of the conditions therein, with the same force and effect as if Assignee had been the original party to the Agreement. Assignee agrees to accept all benefits, rights and privileges under the Agreement. Assignee further agrees to perform, fulfill, and discharge all such duties and obligations under the Agreement.
3. Further Assurances. Each party hereby promises to deliver upon request of the other party all such additional assignments, assumptions, and other documents which may be reasonably necessary and convenient to accomplish the intent of this Assignment and Assumption of the Contract. Assignor and Assignee agree to ensure that all insurance and bonds required to be provided by Contractor(s) or others performing work on the Project shall list Assignor and Assignee as additional insureds or be issued in the name "Rowan County, by and through its authorized agent the Rowan-Salisbury Board of Education."
4. Counterparts. This Assignment and Assumption of Contract may be executed in any number of counterparts. Each of said counterparts shall be deemed to be

an original, but all of such counterparts together shall constitute but one and the same instrument.

{Signature Page Follows}

IN WITNESS WHEREOF, the parties have caused this Assignment and Assumption of Contract to be executed and delivered as of the date first set forth above.

ROWAN-SALISBURY BOARD OF EDUCATION

Joshua Wagner, Chair

[corporate seal]

Attest:

Dr. Lynn Moody, Superintendent/Secretary

COUNTY OF ROWAN, NORTH CAROLINA

Gregory C. Edds
Chairman, Board of Commissioners

[corporate seal]

Attest:

Carolyn Barger
Clerk to the Board of Commissioners

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act to the extent of Rowan County's financial obligation of \$27,500,000.00.

Finance Officer (Date)
Rowan County

EXHIBIT A
LIST OF CONTRACTS
AND
CONTRACTOR CONSENT

1. _____;
2. _____;
3. _____;

Consented to by Contractor(s) this _____ day of August, 2017.

Contractor: _____

Its: ___ President

Contractor: _____

Its: ___ President

Contractor: _____

Its: ___ President