

SHLF draft of March 17, 2005

Prepared by and return after recording to:

Robert M. Jessup Jr.
Sanford Holshouser LLP
Post Office Box 2447
Raleigh, NC 27602

STATE OF NORTH CAROLINA)
)
ORANGE COUNTY)

**The collateral is or includes fixtures.
This deed of trust secures future advances.**

THIS DEED OF TRUST AND SECURITY AGREEMENT (this "Deed of Trust") is dated as of May 1, 2005, and is granted by the **TOWN OF CHAPEL HILL, NORTH CAROLINA**, a municipal corporation of the State of North Carolina (the "Town"), to **[Deed of Trust Trustee name/address]** (the "Deed of Trust Trustee"), for the benefit of **TOWN OF CHAPEL HILL PUBLIC FACILITIES CORPORATION**, a North Carolina nonprofit corporation (the "Corporation").

RECITALS:

Pursuant to an Installment Financing Contract dated as of May 1, 2005 (the "Financing Contract"), between the Town and the Corporation, the Corporation is providing for an advance of \$25,000,000 to the Town. The Town will use these funds, together with other available funds, to provide for, among other purposes, the acquisition, construction and improvement of certain public facilities.

As a condition to entering into the Financing Contract, the Corporation has required the Town to secure its obligations under the Financing Contract by this conveyance of certain public facilities that are to be constructed (the “Facilities,” as

more particularly defined below), the real property associated with those facilities and the other "Mortgaged Property," as defined below.

The Town is financing the construction of the Facilities with the proceeds of the advance. The Town will construct the Facilities on the real property described in Exhibit A. The Town is the record owner of that real property.

This Deed of Trust is given to secure current advances under the Financing Contract of \$25,000,000, as well as potential future advances in the total maximum principal amount of \$100,000,000. The time during which such future advances may be made is 15 years from May 1, 2005. The current scheduled date for final repayment is on or about June 1, ____.

NOW, THEREFORE,

(1) in consideration of the execution and delivery of the Financing Contract and other good and valuable consideration, the receipt and sufficiency of which are acknowledged,

(2) to secure the Town's performance of all its covenants under this Deed of Trust and under the Financing Contract, including the repayment of amounts advanced pursuant to the Financing Contract, and

(3) to charge the Mortgaged Property, as defined below, with such payment and performance,

the Town sells, grants and conveys to the Deed of Trust Trustee, ____ successors and assigns forever, in trust, with power of sale, the following (collectively, the "Mortgaged Property"):

(a) the property described in Exhibit A, and all real property hereafter acquired by the Town in replacement of, or in substitution for, all or any part of such premises, together with all easements, rights, rights-of-way and appurtenances belonging to any such property (the "Sites"); and

(b) the improvements described in Exhibit B and all other improvements and fixtures now or hereafter attached to or used in or on those improvements or the Sites, including (i) all renewals and replacements thereof and all additions thereto, (ii) all

articles in substitution thereof, and (iii) all building materials for construction or repair of such improvements upon their delivery to the Sites (collectively, the "Facilities");

TO HAVE AND TO HOLD the Mortgaged Property with all privileges and appurtenances thereunto belonging, to the Deed of Trust Trustee, _____ successors and assigns forever, upon the trusts, terms and conditions and for the purposes set out below, in fee simple in trust;

SUBJECT, HOWEVER, to the encumbrances described in Exhibit C (the "Existing Encumbrances");

BUT THIS CONVEYANCE IS MADE UPON THIS SPECIAL TRUST: if the Town pays its "Obligations," as defined below, in full in accordance with the Financing Contract and this Deed of Trust, and the Town complies with all of the terms, covenants and conditions of the Financing Contract and this Deed of Trust, this conveyance will be null and void and will be canceled of record at the Town's request and cost, and title will revert as provided by law;

BUT IF, HOWEVER, THERE OCCURS AN EVENT OF DEFAULT UNDER THE FINANCING CONTRACT, then the Corporation will have the remedies provided for in this Deed of Trust, including directing the Deed of Trust Trustee to sell the Mortgaged Property under power of sale.

THE TOWN COVENANTS AND AGREES with the Deed of Trust Trustee and the Corporation (and their respective heirs, successors and assigns), in consideration of the foregoing, as follows:

1. Security Provided By This Deed of Trust

1-1 Security for Payment and Performance. This Deed of Trust secures the Town's payment, as and when the same become due and payable, of all amounts payable by the Town under the Financing Contract and this Deed of Trust (the "Obligations") and the Town's timely compliance with all terms, covenants and conditions of (a) the Financing Contract, (b) this Deed of Trust, (c) the Trust Agreement dated as of May 1, 2005 (the "Trust Agreement"), between the Corporation and First-Citizens Bank & Trust Company, as Trustee (the "Trustee"), (d) the \$25,000,000 Certificates of Participation (Town of Chapel Hill Operations Center), Series 2005, executed and delivered pursuant to the Trust Agreement, and (e)

any Additional Certificates, as defined in the Trust Agreement, as may be executed and delivered pursuant to the Trust Agreement.

1-2 Present and Future Advances. This Deed of Trust is executed to secure all the Town's present and future obligations to the Corporation related to the Mortgaged Property. The making of future advances is subject to the terms and conditions of the Financing Contract, the Trust Agreement and this Deed of Trust. The amount of the present obligations secured by this Agreement is Twenty-Five Million Dollars (\$25,000,000) and the total amount, including present and future obligations, that may be secured by this Agreement at any one time is One Hundred Million Dollars (\$100,000,000). The period within which future obligations may be incurred is 15 years from May 1, 2005.

1-3 Security Interest in Fixtures. This Deed of Trust is intended to be a security agreement pursuant to the North Carolina Uniform Commercial Code for the "Fixtures," as defined below. The Town grants to the Corporation and the Deed of Trust Trustee a security interest in the Fixtures. The Town agrees that the security interest in the Fixtures granted in this Section 1-3 is in addition to, and not in lieu of, any security interest in the Fixtures acquired by real property law.

The Town agrees to execute, deliver and file, or cause to be filed, in such place or places as may be required by law, financing statements (including any continuation statements required by the North Carolina Uniform Commercial Code) in such form as the Corporation may require to evidence the security interest in the Fixtures. Upon the occurrence of an Event of Default under this Deed of Trust, the Corporation or Deed of Trust Trustee is entitled to exercise all rights and remedies of a secured party under the North Carolina Uniform Commercial Code and may proceed as to the Fixtures in the same manner as provided herein for the real property.

The "Fixtures" are all articles of personal property attached or affixed to the Facilities, including but not limited to all apparatus, machinery, motors, elevators, fittings and all plumbing, heating, lighting, electrical, laundry, ventilating, refrigerating, incinerating, air-conditioning, fire and theft protection and sprinkler equipment, including all renewals and replacements thereof and all additions thereto, and all articles in substitution thereof, and all proceeds of all the foregoing in whatever form.

The Town is not obliged to renew, repair or replace any inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary Fixture. If the Town determines that any Fixture has become inadequate, obsolete, worn-out, unsuitable, undesirable or

unnecessary, the Town may remove such Fixture from the Facilities and sell, trade-in, exchange or otherwise dispose of it (as a whole or in part), with an amount equivalent to the fair market value of the Fixture as removed deemed to be Net Proceeds and subject to the provisions of Section 6.2 of the Financing Contract.

1-4 Town's Obligation Limited. Notwithstanding any other provision of this Deed of Trust, the parties intend that this transaction comply with North Carolina General Statutes Section 160A-20. No deficiency judgment may be entered against the Town in violation of such Section 160A-20.

No provision of this Deed of Trust shall be construed or interpreted as creating a pledge of the Town's faith and credit within the meaning of any constitutional debt limitation. No provision of this Deed of Trust should be construed or interpreted as an illegal delegation of governmental powers, nor as an improper donation or lending of the Town's credit within the meaning of the North Carolina constitution. The Town's taxing power is not and may not be pledged, directly or indirectly contingently, to secure any moneys due under this Deed of Trust.

No provision of this Deed of Trust restricts the Town's future issuance of any of its bonds or other obligations payable from any class or source of the Town's moneys (except to the extent the "Documents," as defined in Section 2-1, restrict the incurrence of additional obligations secured by the Mortgaged Property).

To the extent of any conflict between this Section and any other provision of this Deed of Trust, this Section takes priority.

1-5 Town's Continuing Obligations. The Town remains liable for full performance of all its covenants under this Deed of Trust (subject to the limitations described in Section 1-4), notwithstanding the occurrence of any event or circumstances whatsoever, including any of the following:

- (a) Any act or omission by the Corporation, or the Corporation's waiver of any right granted or remedy available to it;
- (b) The forbearance or extension of time for payment or performance of any obligation under this Deed of Trust, whether granted to the Town or any other person;
- (c) The sale or release of all or part of the Mortgaged Property or the release of any party who assumes all or any part of such performance; or

(d) Another party's assumption of any of the Town's obligations under this Deed of Trust.

1-6 Releases; Grants of Easements.

(a) So long as no Event of Default is continuing, the Corporation and the Deed of Trust Trustee will, upon the Town's request and at any time, execute and deliver all documents necessary to effect the release of Mortgaged Property from the lien of this Deed of Trust upon the Town's compliance with the requirements of this Section.

(b) In connection with the release of a portion (but less than all) of the Mortgaged Property, the Town must file with the Corporation and the Deed of Trust Trustee an appraisal prepared by an Appropriate Consultant showing that the appraised value of that portion of the Mortgaged Property that is proposed as the portion that is to remain subject to the lien of this Deed of Trust is not less than 85% of the aggregate outstanding principal component of the Installment Payments.

(c) In the case of a proposed release of all the Mortgaged Property, the Town must pay to the Trustee (or other fiduciary) an amount (i) which is sufficient to provide for the payment in full of all Outstanding Certificates in accordance with Article III and Article VII (if applicable) of the Trust Agreement and (ii) which is required to be used for such payment.

(d) In any event, the Town must file with the Corporation and the Deed of Trust Trustee (i) a certified copy of a Town Council resolution stating the purpose for which the Town desires such release, giving an adequate legal description of the portion of the Mortgaged Property to be released and requesting such release, (ii) a copy of the proposed instrument of grant or release, (iii) a written application signed by a Town Representative requesting such instrument, and (iv) a certificate executed by a Town Representative that no Event of Default is continuing and that the grant or release is not detrimental to the proper conduct of the Facilities' intended operations.

(e) In addition to the provisions for release described above,

(i) The Town may from time to time grant easements, licenses, rights-of-way and other similar rights with respect to any part of the Mortgaged Property, and the Town may release such interests, with or without

consideration. The Town must send notice of any such grant or release to the Corporation, along with a certificate that such grant or release will not materially impair the intended use of the Facilities.

(ii) The Town may dispose of any inadequate, obsolete, worn-out, undesirable or unnecessary Fixture in accordance with Section 1-3.

2. Town's Payment Obligation; Corporation's Advances

2-1 Payment of Obligations; Compliance with Covenants. The Town must pay the Obligations as and when the same become due and payable in the manner set forth in this Deed of Trust and in the Financing Contract, and must comply in all respects with all of the terms, covenants, and conditions contained in this Deed of Trust, in the Financing Contract, in the Trust Agreement and in the Certificates (together, the "Documents").

2-2 Taxes and Other Governmental Charges. The Town must pay, or cause to be paid, all taxes, assessments and other governmental charges related to the Facilities as provided in the Financing Contract.

2-3 Insurance. The Town must obtain and continually maintain the insurance coverages (or alternative risk coverages) required by the Financing Contract.

2-4 Net Proceeds. The Net Proceeds (a) of any payments on insurance policies arising from any damage to any portion of the Mortgaged Property or (b) of any action or proceeding in condemnation or related to condemnation of any portion of the Mortgaged Property, as provided for in the Financing Contract, in any case will be payable and applied as provided in the Financing Contract.

2-5 Payment of Costs and Attorney's Fees. If the Deed of Trust Trustee or the Corporation employs an attorney to assist in the enforcement or collection of any Obligations, or if the Deed of Trust Trustee or the Corporation voluntarily or otherwise becomes a party or parties to any suit or legal proceeding (including a proceeding conducted under any state or federal bankruptcy or insolvency statute) to protect the Mortgaged Property, to protect the lien of this Deed of Trust, to enforce collection of the Obligations or to enforce compliance by the Town with any of the provisions of the Documents, the Town will pay reasonable attorneys' fees and all of the costs that may reasonably be incurred (whether or not any suit or proceeding is commenced), and such fees and costs (together with interest at the rate of 8.00% per

year) will be secured as Obligations under this Deed of Trust (but if any such proceeding is adverse to the Town, then only if the Deed of Trust Trustee or the Corporation, as the case may be, is a prevailing party in such action).

2-6 Advances for Performance of Town's Obligations. If the Town fails to perform any of its obligations under the Documents, the Deed of Trust Trustee and the Corporation are authorized, but not obligated, to perform or cause to be performed such obligation. All such expenditures, together with interest thereon at the rate of 8.00% per year, shall be secured as Obligations under this Deed of Trust.

3. Town's Other Covenants

3-1 Title Covenants. The Town covenants with the Deed of Trust Trustee and the Corporation that the Town is seized of and has the right to convey the Mortgaged Property in fee simple, that the Mortgaged Property is free and clear of all liens and encumbrances other than Existing Encumbrances, that title to the Mortgaged Property is marketable, and that the Town will forever warrant and defend title to the Mortgaged Property (subject to the Permitted Encumbrances, as defined in the Financing Contract) against the claims of all persons.

3-2 Maintenance and Repairs; Additions and Demolition.

(a) The Town will keep the Mortgaged Property in good order and repair (reasonable wear and tear excepted) and in good operating condition, will not commit or permit any waste or any other thing to occur whereby the value or usefulness of the Mortgaged Property might be impaired, and will make from time to time all necessary or appropriate repairs.

(b) The Town from time to time may make any additions, modifications or improvements to the Mortgaged Property that it may deem desirable and that do not materially decrease the value of the Mortgaged Property. All such additions, modifications and improvements within the boundaries of the Sites will become a part of the Mortgaged Property. The Town will do, or cause to be done, all such things as may be required by law in order fully to protect the Corporation's security.

3-3 Environmental Representations, Warranties, Covenants and Indemnification.

(a) The Town warrants and represents as follows:

(i) The Town has no knowledge and, after reasonable inquiry, no reason to believe (A) that any industrial use has been made of the Mortgaged Property, (B) that the Mortgaged Property has been used for the storage, treatment or disposal of chemicals or any wastes or materials that are classified by federal, State or local laws as hazardous or toxic substances, (C) that any manufacturing, landfilling or chemical production has occurred on the Mortgaged Property, or (D) that there is any asbestos or other contaminant on, in or under the Mortgaged Property.

(ii) To the Town's knowledge, the Mortgaged Property is in compliance with all federal, State and local environmental laws and regulations. The Town will keep the Mortgaged Property, and the activities at the Mortgaged Property, in compliance with all such environmental laws and regulations. The Town will, in a timely manner, take all lawful action necessary to maintain such compliance or to remedy any lack of such compliance. Any hazardous materials or substances kept on the Mortgaged Property will be used in the routine maintenance and operation of the Facilities and the Sites and will be used in accordance with label instructions.

(iii) The Town will promptly notify the Corporation of any change in the nature or extent of any hazardous materials, substances or wastes maintained on, in or under the Mortgaged Property or used in connection therewith, and will promptly send to the Corporation copies of any citations, orders, notices or other material governmental or other communication received with respect to any other hazardous materials, substances, wastes or other environmentally regulated substances affecting the Mortgaged Property.

(b) To the extent permitted by law, the Town will indemnify and hold the Corporation and the Deed of Trust Trustee harmless from and against (i) any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs), judgments and expenses (including attorneys', consultants' or experts' fees and expenses) of every kind and nature suffered by or asserted against the Corporation or the Deed of Trust Trustee as a direct or indirect result of any warranty or representation made by the Town in subsection (a) being false or untrue in any material respect, or (ii) any requirement under any law or regulation which requires the elimination or removal of any hazardous materials, substances, wastes or other

environmentally regulated substances by the Corporation, the Town or any transferee or assignee of the Town of the Corporation.

(c) The Town's obligations under this Section will continue in effect notwithstanding satisfaction of the Obligations or foreclosure under this Deed of Trust or delivery of a deed in lieu of foreclosure.

4. The Deed of Trust Trustee

4-1 Deed of Trust Trustee's Liability. The Deed of Trust Trustee will suffer no liability by virtue of ____ acceptance of this trust except such as may be incurred as a result of the Deed of Trust Trustee's failure to account for the proceeds of any sale under this Deed of Trust.

4-2 Substitute Trustees. If the Deed of Trust Trustee dies, becomes incapable of acting or renounces ____ trust, or if for any reason the Corporation desires to replace the Deed of Trust Trustee, then the Corporation has the unqualified right to appoint one or more substitute or successor Deed of Trust Trustees by instruments filed for registration in the office of the Register of Deeds where this Deed of Trust is recorded. Any such removal or appointment may be made at any time without notice, without specifying any reason therefor and without any court approval. Any such appointee becomes vested with title to the Mortgaged Property and with all rights, powers and duties conferred upon the Deed of Trust Trustee by this Deed of Trust in the same manner and to the same effect as though such Deed of Trust Trustee were named as the original Deed of Trust Trustee.

5. Defaults and Remedies; Foreclosure

5-1 Defaults and Remedies. Upon the occurrence and continuation of an Event of Default, the Corporation may pursue its rights and remedies as provided under the Financing Contract and this Deed of Trust.

5-2 Foreclosure; Sale under Power of Sale.

(a) *Right to foreclosure or sale.* Upon the continuation of an Event of Default, at the Corporation's request, the Deed of Trust Trustee must foreclose this Deed of Trust by judicial proceedings or, at the Corporation's option, the Deed of Trust Trustee must sell (and is empowered to sell) all or any part of the Mortgaged

Property (and if in part, any such sale in no way adversely affects the lien created by this Deed of Trust against the remainder) at public sale to the last and highest bidder for cash (free of any equity of redemption, homestead, dower, curtesy or other exemption, all of which the Town expressly waives to the extent permitted by law) after compliance with applicable State laws relating to foreclosure sales under power of sale. The Deed of Trust Trustee will execute and deliver a proper deed or deeds to the successful purchaser at such sale.

(b) *Corporation's Bid.* The Corporation may bid and become the purchaser at any sale under this Deed of Trust. In lieu of paying cash therefor, the Corporation may make settlement for the purchase price by crediting against the Obligations the proceeds of sale net of sale expenses, including the Deed of Trust Trustee's commission, and after payment of such taxes and assessments as may be a lien on the Mortgaged Property superior to the lien of this Deed of Trust (unless the Mortgaged Property is sold subject to such liens and assessments, as provided by law).

(c) *Town's Bid.* The Town may bid for all or any part or parts of the Mortgaged Property at any foreclosure sale, but the Town may not bid less than an amount sufficient to provide for full payment of the Obligations unless the Corporation otherwise consents in writing.

(d) *Successful bidder's deposit.* At any sale the Deed of Trust Trustee may, at its option, require any successful bidder (other than the Corporation) immediately to make a deposit with the Deed of Trust Trustee against the successful bid in the form of cash or a certified check in an amount of up to 5% of the sale price. Notice of any such requirement need not be included in the advertisement of the notice of such sale.

(e) *Application of sale proceeds.* The Deed of Trust Trustee will apply the proceeds of any foreclosure sale in the manner and in the order prescribed by State law, it being agreed (i) that the expenses of any such sale will include a commission to the Deed of Trust Trustee equal to one-half of one percent of the gross sales price (but not exceeding a total of \$25,000) for all services performed by the Deed of Trust Trustee under this Deed of Trust, and (ii) that any proceeds of any such sale remaining after the payment of all Obligations and the prior application thereof in accordance with State law will be paid to the Town.

5-3 Possession of Mortgaged Property. Upon the continuation of any Event of Default, the Corporation, to the extent permitted by law, is authorized to (a) take possession of the Mortgaged Property, with or without legal action, (b) lease the Mortgaged Property, (c) collect all rents and profits therefrom, with or without taking possession of the Mortgaged Property, and (d) after deducting all costs of collection and administration expenses, apply the net rents and profits to the payment of necessary maintenance and insurance costs, and then apply such amounts to the Town's account and in reduction of the Obligations in accordance with the provisions of Section 8.10 of the Trust Agreement. The Corporation will be liable to account only for rents and profits it actually receives.

6. Miscellaneous

6-1 Notices.

- (a) Any communication provided for in this Deed of Trust must be in writing.
- (b) Any communication under this Deed of Trust will be sufficiently given and deemed given when delivered by hand or on the date shown as the date of delivery on a United States Postal Service return receipt, if addressed as follows:
 - (i) if to the Town, to Town of Chapel Hill, Attention: Town Manager, Regarding: Notice under 2005 COPs Financing Deed of Trust, Town Hall, 405 Martin Luther King Jr. Blvd., Chapel Hill, NC 27514;
 - (ii) if to the Deed of Trust Trustee, to _____, Regarding: Notice under 2005 Financing Deed of Trust for Chapel Hill, North Carolina _____;
 - (iii) if to the Corporation, to Town of Chapel Hill Public Facilities Corporation, c/o Ralph D. Karpinos, Registered Agent, Regarding: Notice under 2005 COPs Financing Deed of Trust, Chapel Hill Town Hall, 405 Martin Luther King Jr. Blvd., Chapel Hill, NC 27514; and
 - (iv) if to the Trustee, to First-Citizens Bank & Trust Company, Corporate Trust Services Division, Regarding: Notice under Financing Deed of Trust for 2005 Town of Chapel Hill (North Carolina) COPs Project, Mailcode DAC61, 100 East Tryon Road, Raleigh, NC 27603.

(c) Any communication sent under this Deed of Trust must be sent to the Town and the Trustee along with any other parties to which the communication may be addressed.

(d) Any addressee may designate additional or different addresses for communications by notice given under this Section to each of the others.

6-2 Successors; Assignments.

(a) This Deed of Trust is binding upon, will inure to the benefit of, and is enforceable by the Town, the Deed of Trust Trustee, the Corporation and any registered owner of Certificates, and their respective successors and assigns.

(b) Except as otherwise provided in this Deed of Trust or in the Financing Contract, the Town may not sell, lease, transfer or otherwise dispose of all or any part of the Mortgaged Property or any interest therein without the Corporation's prior written consent. The Corporation must not unreasonably withhold its consent.

(c) **The Corporation is assigning substantially all of its rights under this Deed of Trust and under the Financing Contract to the Trustee pursuant to the Trust Agreement, without recourse against the Corporation. The Trustee is entitled to all the rights provided to the Corporation under this Deed of Trust, except for those rights not assigned to the Trustee under the Trust Agreement.**

6-3 No Marshalling. The Town waives any and all rights to require marshalling of assets in connection with the exercise of any remedies provided in this Deed of Trust or as permitted by law.

6-4 Definitions. All capitalized terms used in this Deed of Trust and not otherwise defined have the meanings ascribed to them in the Financing Contract or the Trust Agreement.

6-5 Governing Law; Forum. The Town, the Corporation and the Deed of Trust Trustee intend that North Carolina law will govern this Deed of Trust. To the extent permitted by law, the Town, the Corporation and the Deed of Trust Trustee agree that any action brought with respect to this Deed of Trust must be brought in the North Carolina General Court of Justice in Orange County, North Carolina.

6-6 Limitation of Liability of Officers and Agents. No officer, agent or employee of the Town will be subject to any personal liability or accountability by reason of the execution of this Deed of Trust or any other documents related to the transactions contemplated by this Deed of Trust. Such officers or agents are deemed to execute such documents in their official capacities only, and not in their individual capacities. This Section does not relieve an officer, agent or employee of the Town from the performance of any official duty provided by law.

6-7 Covenants Running with the Land. All covenants contained in this Deed of Trust run with the real estate encumbered by this Deed of Trust.

6-8 Severability. If any provision of this Deed of Trust is determined to be unenforceable, that will not affect any other provision of this Deed of Trust.

6-9 Non-Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right is not a Business Day, such payment may be made or act performed or right exercised on or before the next succeeding Business Day.

6-10 Entire Agreement; Amendments. This Deed of Trust, together with the other Documents, constitutes the Town's entire agreement with the Corporation, the Trustee and the Deed of Trust Trustee with respect to its general subject matter. This Deed of Trust may not be changed except in accordance with Article X of the Trust Agreement.

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

IN WITNESS WHEREOF, the Town has caused this instrument to be signed, sealed and delivered as of the day and year first above written by duly authorized officers.

ATTEST: (SEAL)

**TOWN OF CHAPEL HILL,
NORTH CAROLINA**

Sabrina Oliver
Town Clerk

Kevin C. Foy
Mayor

* * * * *

**STATE OF NORTH CAROLINA;
ORANGE COUNTY**

I, a Notary Public of such Town and State, certify that Kevin C. Foy and Sabrina Oliver personally came before me this day and acknowledged that they are the Mayor and Clerk, respectively, of the Town of Chapel Hill, North Carolina, and that by authority duly given and as the act of such Town, the foregoing instrument was signed in the Town's name by such Mayor, sealed with its corporate seal and attested by such Clerk.

WITNESS my hand and official stamp or seal, this ____ day of May, 2005.

[SEAL]

Notary Public

My commission expires: _____

[Deed of Trust and Security Agreement
for the benefit of Town of Chapel Hill Public
Facilities Corporation, dated as of May 1, 2005]

EXHIBIT A -- Real Property Description

[to come]

EXHIBIT B -- Facilities Description

[to come]

EXHIBIT C -- Existing Encumbrances

[to come]