

s☆h draft of May 20

TOWN OF HILLSBOROUGH, NORTH CAROLINA

and

JPMORGAN CHASE BANK, N.A.

INSTALLMENT FINANCING CONTRACT

Dated as of June 24, 2025

Installment Financing Contract

THIS INSTALLMENT FINANCING CONTRACT (the "Contract") is dated as of June 24, 2025, and is between the **TOWN OF HILLSBOROUGH, NORTH CAROLINA**, a municipal corporation of the State of North Carolina (the "Town"), and **JPMORGAN CHASE BANK, N.A.** (the "Lender").

RECITALS:

The Town has previously determined to carry out a plan (the "Project") to renovate and improve the Town's 86 North Facility, and to finance the Project Costs. The Lender has agreed to advance funds to the Town for this purpose.

This Contract provides for the Lender's advance of funds, and the Town's obligation to repay the funds with interest. In accordance with the Town's authority under Section 160A-20 of the North Carolina General Statutes, the Town will secure its obligations under this Contract by granting to the Lender a security interest in the Pledged Facilities and the Pledged Site.

Unless the context clearly requires otherwise, capitalized terms used in this Contract and not otherwise defined have the meanings set forth in Exhibit A.

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

ARTICLE I **ADVANCE**

The Lender advances [\$3,600,000] (the "Amount Advanced") to the Town, and the Town accepts the Amount Advanced. The Lender is making the advance by paying the full Amount Advanced to the Town on the Closing Date.

ARTICLE II

CONTRACT PAYMENTS

2.1. Installment Payments. The Town will repay the Amount Advanced by making Installment Payments at the times and in the amounts set forth in Exhibit B. As indicated in Exhibit B, the Installment Payments include designated interest components. The Town will make its payments by Federal Reserve wire transfer, or other transfer of immediately available United States funds acceptable to the Lender, in any case sent on the payable date directly to the Lender to any address or bank account in the United States as the Lender may designate from time to time.

2.2. Additional Payments. The Town will pay all Additional Payments on a timely basis directly to the person or entity to which it owes the payment. If the Town fails to pay any Additional Payment when due, the Lender may (but is not required to) pay the Additional Payment. The Town then agrees to reimburse the Lender for any Additional Payment paid by the Lender, together with interest at an annual rate of 4.00%. All Installment Payments and Additional Payments will be made in lawful money of the United States.

2.3. Late Charges. Should the Town fail to pay any Installment Payment, or any other sum required to be paid to the Lender, within 10 days after the due date, the Town shall pay a late payment charge equal to 4.00% of the delinquent payment. The acceptance or assessment of a late charge shall not constitute a waiver of a default or of an Event of Default, or impair any other Lender rights or remedies.

2.3. Prepayment. (a) The outstanding principal of the Amount Advanced is not subject to prepayment before August 1, 2030.

(b) After August 1, 2030, the Town may prepay the outstanding principal in whole or in part at the Town's option on any on any Payment Date. Any amounts prepaid will be applied first to interest accrued to the payment date and then to principal components of the Installment Payments in inverse order of their maturities. No prepayment affects the Town's obligation to pay any other Installment Payments. The Town must give the Lender at least 45 days' advance notice of any prepayment.

2.4. Interest Rate and Payment Adjustment. (a) "Rate Adjustment Event" means any action by the Internal Revenue Service (including the delivery of a

deficiency notice) or any other federal court or administrative body determining that the interest component of Installment Payments, or any portion thereof, is includable in any counterparty's gross income for federal income tax purposes, in any case as a result of any misrepresentation by the Town or as a result of any action the Town takes or fails to take.

(b) Upon any Rate Adjustment Event, (i) the unpaid principal portion of the Amount Advanced shall continue to be payable on dates and in amounts as set forth in Exhibit B, but (ii) the interest component of the Installment Payments relating to the Amount Advanced shall be adjusted to the Taxable Rate.

(c) The Town shall pay interest at such adjusted rates (subject to credit for interest previously paid) to each affected counterparty, notwithstanding the fact that any particular counterparty may not be the counterparty under this Contract on the date of a Rate Adjustment Event. The Town shall additionally pay to all affected counterparties any interest, penalties or other charges assessed against or payable by such counterparty and attributable to a Rate Adjustment Event notwithstanding the prior repayment of the entire Amount Advanced or any transfer to another counterparty.

(d) The Town represents that (i) it is a governmental unit with general taxing powers, (ii) the obligations represented by this Contract do not constitute private activity bonds within the meaning of the Code, (iii) 95% or more of the net proceeds advanced to the Town under this Contract are to be used for local governmental activities of the Town and (iv) the aggregate face amount of all tax-exempt obligations (not counting private-activity bonds except for qualified 501(c)(3) bonds, as defined in the Code) issued by the Town (and all subordinate entities thereof) during calendar year 2025 has not, and is not expected to (in the absence of circumstances currently unforeseen) exceed \$10,000,000. The Town also represents that it has designated its obligations to make Installment Payments under this Contract as a "qualified tax-exempt obligations" for the purposes of the Code. If the Town breaches either of these representations, the interest rate used to calculate the interest component of Installment Payments under this Contract shall be adjusted to preserve the Lender's after-tax economic yield with respect to the interest component of the Installment Payments, taking into account any interest expense deductions lost by the Lender as a direct or indirect result of the Town's actions. In addition, the Town shall pay to the Lender (i) an amount necessary to reimburse the Lender for any interest, penalties, or other charges assessed by the Internal Revenue

Service and the Department of Revenue by reason of such loss of bank qualification, and (ii) upon request of the Lender, additional interest as a result of the increase in the interest rate on all previous Installment Payments made by the Town since the effective date of the loss of such interest expense deductions. In such event, the Lender shall provide the Town with a new Installment Payment Schedule which reflects the new interest rate which will replace the Installment Payment Schedules set forth in Exhibit B.

(f) After the occurrence of an Event of Default, and so long as such Event of Default is continuing, the interest component of all Installment Payments will be calculated based on the Default Rate.

2.5. No Reduction or Abatement. The Town remains liable for full performance of all its covenants under this Contract and the Deed of Trust (subject to the limitations described in Article ____), notwithstanding the occurrence of any event or circumstances whatsoever, including any of the following:

(a) Any act or omission by the Lender, or the Lender'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 Contract or the 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 the Contract or this Deed of Trust.

There will be no abatement or reduction of the Installment Payments or Additional Payments by the Town for any reason, including, but not limited to, any defense, recoupment, setoff, counterclaim, or any claim arising out of or related to the Pledged Sites or the Pledged Facilities. The Town assumes and will bear the entire risk of completion, loss and damage to the Mortgaged Property from any cause whatsoever, it being the parties' intention that the Installment Payments will be made in all events unless the Town's obligation to make Installment Payments is terminated as provided in this Contract.

2.6. Appropriations.

(a) The Town will cause the officer who prepares the draft Town budget initially submitted for Town Board consideration to include in the initial proposal each year the amount of all Installment Payments and estimated Additional Payments coming due during the Fiscal Year to which the budget applies. Notwithstanding that the initial proposed budget includes an appropriation for Contract Payments, the Town Board may determine not to include the appropriation (in whole or in part) in the final Town budget for any Fiscal Year, or may amend an adopted budget to reduce or delete an approved appropriation.

(b) (i) If for any Fiscal Year the Town adopts an annual budget that does not appropriate (for that purpose) an amount equal to the Installment Payments and estimated Additional Payments coming due during that Fiscal Year, then the Town will send notice of this failure to the Lender and the LGC within ten days after the adoption of that budget.

(ii) If for any Fiscal Year the Town has not adopted an annual budget that appropriates (for that purpose) an amount equal to the Installment Payments and estimated Additional Payments coming due during that Fiscal Year within 15 days after the beginning of any Fiscal Year, then the Town will send notice of this failure to the Lender and the LGC within an additional ten days.

(iii) Similarly, if at any time the Town amends the annual budget to reduce the amounts appropriated for Contract Payments below the amounts expected to be required for the remainder of that Fiscal Year, then the Town will send notice of this amendment to the Lender and the LGC within ten days.

(iv) The Town shall send notices intended for the LGC to the attention of its Secretary, at 3200 Atlantic Avenue, Longleaf Building, Raleigh NC 27604.

ARTICLE III

TOWN'S RESPONSIBILITIES

3.1. Care and Use. The Town will use and care for the Mortgaged Property in a careful and proper manner. The Town must keep the Mortgaged Property in good condition, repair, appearance and working order for the purposes intended.

3.2. Utilities. The Town will pay all charges for utility services furnished to or used on or in connection with the Pledged Site and the Pledged Facilities.

3.3. Risk of Loss. The Town bears all risk of loss to and condemnation of the Mortgaged Property.

3.4. Lender's Performance of Town's Responsibilities. The Lender may, but is in no event required to, (a) undertake any performance required of the Town or (b) make any payments required to be made by the Town, in either case for the insurance, maintenance or preservation of the Mortgaged Property that the Town fails to make or pay. The Town will then reimburse the Lender for any payments and for any associated costs and expenses, legal or otherwise, together with interest at the annual rate of 4.00%.

3.5. Compliance with Requirements. The Town will promptly and faithfully comply with all requirements of governmental authorities relating to the use or condition of the Mortgaged Property (or be diligently and in good faith contesting the requirements), if the violation of the requirement would adversely affect the use, value or condition of the Mortgaged Property. This compliance (or contest) is required of the Town whether or not any requirement necessitates structural changes or improvements or interferes with the Town's use or enjoyment of the Mortgaged Property.

The Town will in no event use the Mortgaged Property, or any portion, nor allow it to be used, (a) for any unlawful purpose, (b) in violation of any certificate of occupancy or other permit or certificate, or (c) in violation of any law, ordinance or regulation.

3.6. Use and Operation of Pledged Facilities. The Town will use and operate the Pledged Facilities for their intended public purposes. The Town will be solely responsible for the operation of the Pledged Facilities, and will not contract with any other person or entity for that operation. Unless required by applicable law or unless the Lender has otherwise agreed in writing, the Town will not use the Mortgaged Property for any purposes other than those for which the property was intended as of the Closing Date.

3.7. Modification of Pledged Facilities; Installation of Equipment and Machinery. The Town has the right to remodel the Pledged Facilities or make substitutions, additions, modifications and improvements to the Pledged Facilities, at its own cost and expense. These changes, however, must not damage the Pledged Facilities or result in the use of the Pledged Facilities for purposes substantially different from those contemplated on the Closing Date. Further, the Pledged Facilities, upon completion of the changes, must be of a value not less than the value of the Pledged Facilities immediately prior to making the changes. All additions, modifications and improvements within the boundaries of the Pledged Site become a part of the Mortgaged Property and subject to the lien of the Deed of Trust.

The Town may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the Pledged Facilities. Neither the Lender nor any assignee will have any interest in any property that is not a "Fixture" as defined in Section ____ of the Deed of Trust.

3.8. Taxes and Other Governmental Charges. If the Mortgaged Property (or any portion) is, for any reason, deemed subject to taxation, assessments or charges lawfully made by any government, the Town will, during the Contract term, pay the amount of all those taxes, assessments and governmental charges as Additional Payments. With respect to special assessments or other charges which may be lawfully paid in installments over a period of years, the Town is obligated under this Contract only to provide for the installments that are required to be paid during the Contract term. The Town must not allow any liens for taxes, assessments or governmental charges with respect to the Mortgaged Property (or any portion) to become delinquent, including any taxes levied upon the Lender's interest in the Mortgaged Property, or on any rentals or other revenues derived from the Mortgaged Property.

The Town may, at its own expense and in its own name, in good faith contest any taxes, assessments and other charges. In the event of a contest, the Town may permit the charges to remain unpaid during the period of the contest and any appeal. If, however, the Lender notifies the Town that, in the opinion of independent counsel selected by the Lender, the security afforded pursuant to this Contract or the Deed of Trust will be materially endangered by nonpayment of any items, then the Town must promptly pay those items (but the payment will not in itself constitute a waiver of the right to continue to contest the charges).

3.9. Town's Insurance.

(a) Property Damage Insurance – The Town shall, at its own expense, acquire, carry and maintain broad-form extended coverage property damage insurance with respect to the Pledged Facilities in an amount equal to the estimated replacement cost. This insurance must include standard mortgagee coverage in favor of the Lender. Any Net Proceeds of the insurance required by this subsection (a) shall be payable as provided in Section ____.

(b) General Liability Insurance – To the extent permitted by law, the Town agrees that it will, at its own expense, acquire, carry and maintain comprehensive general liability insurance in an amount not less than \$2,000,000 for personal injury or death and \$2,000,000 for property damage, and that it will include the Lender as an additional insured with respect to occurrences related to the Facilities.

(c) Worker's Compensation Insurance – The Town will, at its own expense, acquire, carry and maintain worker's compensation insurance in the manner required by law.

(d) Additional Provisions --

(i) The Town must maintain the insurance required by this Section with generally recognized responsible insurers. The insurance may carry reasonable deductible or risk-retention amounts. The Town must provide copies of all such policies to the Lender upon request.

(ii) In the alternative, the Town may maintain the insurance required by subsections (a) and (b) above (A) by one or more blanket or umbrella insurance policies or (B) by means of an adequate self-insurance fund or risk-retention program, or by participation in a group risk pool or similar program.

(iii) If the Town obtains blanket or umbrella coverage, the Town must provide to the Lender, upon the Lender's request, a certificate or certificates of the respective insurers evidencing the coverage and, with respect to property insurance, stating the amount of coverage provided with respect to the Pledged Facilities (or any covered portion). If the Town provides for any alternative risk management programs, the Town's risk manager or an independent insurance consultant must review the pro-

grams annually for sufficiency. The Town must provide to the Lender evidence as to the sufficiency of any alternative program as the Lender may reasonably request.

(iv) The Town may settle or adjust insurance claims in its discretion, except that no Town agent or employee will have the power to adjust or settle any property damage loss greater than \$100,000 with respect to the Mortgaged Property, whether or not covered by insurance, without the Lender's prior written consent. The Lender and the Town will cooperate fully with each other in filing any claim or proof of loss with respect to any insurance policy described in this Contract.

(v) The Lender will not be responsible for the sufficiency or adequacy of any required insurance.

ARTICLE IV **CONSTRUCTION**

4.1. Construction; Changes. (a) The Town will comply with the provisions of the North Carolina General Statutes and enter into the Construction Contracts. The Town will cause the construction of the Pledged Facilities to be carried on continuously in accordance with the Construction Contracts and all applicable State and local laws and regulations.

(b) The Town will provide for the Pledged Facilities to be constructed on the Pledged Site and will insure (i) that no portion of the Pledged Facilities encroaches upon nor overhangs any easement or right-of-way, (ii) that the Pledged Facilities will be wholly within any applicable building restriction lines, however established, and (iii) that the Pledged Facilities will not violate applicable use or other restrictions, whether imposed by law or rule or by prior conveyances.

(c) The Town may approve changes to the Construction Contracts in its discretion except that the Town may not, without the Lender's consent, approve any changes which (i) increase total estimated Project Costs above the amounts previously identified and designated therefor, or (ii) result in the use of the Mortgaged Property for purposes substantially different from the use intended as of the Closing Date.

4.2. Contractors' Performance and Payment Bonds. The Town shall require each contractor entering into a Construction Contract to furnish a performance bond and a separate labor and material payment bond as required by State law. The Town shall provide copies of all such bonds to the Lender at the Lender's request.

Upon any material default by a contractor under any Construction Contract, or upon any material breach of warranty with respect to any materials, workmanship or performance, the Town shall promptly proceed, either separately or in conjunction with others, to pursue diligently its remedies against the contractor or against the surety of any bond securing the performance of the applicable Construction Contract.

4.3. Contractors' General Public Liability and Property Damage Insurance. The Town shall require each contractor entering into a Construction Agreement to procure and maintain standard form (a) comprehensive general public liability and property damage insurance, at such contractor's own cost and expense, during the duration of such contractor's construction contract, in the amount of at least \$2,000,000, and (b) comprehensive automobile liability insurance on owned, hired and non-owned vehicles for not less than \$2,000,000. Such policies shall include the Lender as an additional named insured. The Town shall provide to the Lender a certificate of insurance in a form acceptable to the Lender with respect to each contractor. Such insurance shall provide protection from all claims for bodily injury, including death, property damage and contractual liability, products/completed operations, broad form property damage and XCU (explosive, collapse and underground damage), where applicable.

4.4. Contractors' Builder's Risk Completed Value Insurance. The Town shall require each contractor entering into a Construction Agreement to purchase and maintain property insurance (builder's risk) upon all construction, acquisition, installation and equipping of the Pledged Facilities (excluding contractor's tools and equipment) at the Pledged Site thereof at the full insurable value thereof. This insurance shall include a lender's loss payable endorsement in favor of the Lender, and shall insure against "all risk" subject to standard policy conditions and exclusions. The contractor shall purchase and maintain similar property insurance for portions of the work stored off the Pledged Site or in transit when such portions of the work are to be included in an application for payment. The contractor shall be

responsible for the payment of any deductible amounts associated with this insurance.

4.5. Contractors' Workers' Compensation Insurance. The Town shall require each contractor entering into a Construction Agreement to procure and maintain workers' compensation insurance during the term of such Construction Agreement, covering his or her employees working thereunder. A certificate of insurance evidencing such coverage, in form acceptable to the Lender, shall be provided to the Town with respect to each contractor entering into a Construction Agreement. Each Construction Agreement shall also provide that each subcontractor of any contractor who is a party to such Construction Agreement shall be required to furnish similar workers' compensation insurance.

4.6. Right of Entry and Inspection. The Lender and its representatives and agents, upon reasonable notice to the Town, have the right to enter upon the Pledged Site and inspect the Pledged Facilities from time to time during construction and at any other time during the Contract term. The Town will cause any contractor or subcontractor to cooperate with any of those parties and agents during any inspection. Any inspection under this Section is made only for the Lender's benefit.

4.7. Completion of Construction. When the construction of the Pledged Facilities has been substantially completed to the Town's satisfaction, the Town will promptly prepare and deliver a certificate to that effect to the Lender. The Town may then use any remaining portion of the Amount Advanced not needed to pay remaining Project Costs for any lawful purpose not in conflict with the Town's obligations under Section ____.

4.8. Cooperation. The Lender and the Town will cooperate fully with each other in filing any claim or proof of loss with respect to any bond or insurance policy described in this Contract. So long as no Event of Default has occurred and is continuing under this Contract, neither the Lender nor the Town may voluntarily settle, or consent to the settlement of, any proceeding arising out of any claim with respect to the Project or the Pledged Facilities without the other's written consent.

ARTICLE V
TITLE: LIENS

5.1. Title. Title to the Mortgaged Property and any and all additions, repairs, replacements or modifications thereto will at all times be in the Town, subject to the lien of the Deed of Trust and to the Permitted Encumbrances. Simultaneously with the execution and delivery of this Contract, the Town will deliver to the Lender the Deed of Trust in form mutually satisfactory to the Lender and the Town, and will cause the Deed of Trust to be recorded in the Office of the Register of Deeds of Orange County, North Carolina.

5.2. Encumbrance, Mortgage or Pledge of Mortgaged Property.

(a) The Town will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Mortgaged Property (or any portion), except Permitted Encumbrances. The Town will promptly, at its own expense, take such action as may be appropriate to discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it has created, incurred or suffered to exist.

(b) The Town may, at its own expense and in its own name, in good faith contest any lien or claim as described in (a) above. In the event of a contest, the Town may permit the lien or claim to remain unpaid during the period of the contest and any appeal. If, however, the Lender notifies the Town that, in the opinion of independent counsel selected by the Lender, the security afforded pursuant to this Contract or the Deed of Trust will be materially endangered by nonpayment of the lien or claim, then the Town must promptly pay those items (but the payment will not in itself constitute a waiver of the right to continue to contest the charges). The Lender will cooperate fully with the Town in any contest, upon the request and at the expense of the Town.

(c) The Town will reimburse the Lender for any expense incurred by it in order to discharge or remove any lien or claim, together with interest thereon at the annual rate of 4.00%.

ARTICLE VI
CONDEMNATION OR LOSS OF TITLE;
USE OF NET PROCEEDS

6.1. Damage, Destruction or Condemnation. The Town will promptly notify the Lender if

(a) the Mortgaged Property (or any portion) is destroyed or damaged by fire or other casualty;

(b) any governmental authority takes, or notifies the Town of any intent to take, title to, or the temporary or permanent use of the Mortgaged Property (or any portion), or the estate of the Town or the Lender in the Mortgaged Property (or any portion), under the power of eminent domain;

(c) a material defect in the construction of the Pledged Facility becomes apparent; or

(d) title to or the use of all or any portion of the Mortgaged Property is lost by reason of a defect in title;

and if the Town estimates that any loss or casualty as described in this Section will either cost \$100,000 or more to remedy or will result in a remedial payment to the Town of \$100,000 or more, as the case may be.

Each notice must describe generally the nature and extent of such damage, destruction or taking. The Town will provide any additional information concerning such matter as the Lender may reasonably request.

The Town will file its claims under insurance coverages and claims for awards or payments in the nature of condemnation awards resulting from any such damage, destruction or taking. The Town will prosecute all such claims for such awards or payments in good faith and with due diligence. Any Net Proceeds received by the Town will be used as provided in Section 6.2.

6.2. Security Interest in Net Proceeds; Deposit and Disbursement.

(a) If the Net Proceeds arising from any single event, or any single series of related events, is not more than \$100,000, then the Town has no obligation to account to the Lender or any other person or entity with respect to the use of those Net Proceeds. The Town, however, acknowledges that its use of such funds may be

constrained by the requirements of the Code and the Town's obligations under Section 7.1(i).

(b) If the amount of Net Proceeds received by the Town from any single event or any single series of related events is more than \$100,000, then the Town grants a security interest in the Net Proceeds to the Lender to secure the Town's obligations under this Contract, subject to the further provisions of this Section. This Contract is intended as and constitutes a security agreement with respect to this security interest. All Net Proceeds remain subject to the security interest provided for in this subsection until expended in compliance with this Contract.

(c) If the amount of Net Proceeds received by the Town from any single event or any single series of related events is more than \$100,000 but less than \$1,000,000, the Town will retain the Net Proceeds and promptly apply those amounts to repair or restore the Mortgaged Property, to the extent that can be accomplished with those amounts.

(d) If the amount of Net Proceeds received by the Town from any single event or any single series of related events is at least \$1,000,000, the Town will, at the Lender's request, cause those Net Proceeds to be paid to an escrow agent (which must be a bank, trust company or similar entity exercising fiduciary responsibilities and reasonably acceptable to the Lender) for deposit in a special escrow fund to be held by the escrow agent and disbursed by the escrow agent pursuant to requisitions in form and substance reasonably acceptable to the Lender. The Town will then promptly apply those amounts to repair or restore the Mortgaged Property, to the extent that can be accomplished with those amounts.

(e) In the case of any use of Net Proceeds for repair or restoration, the Town must act with due diligence and in a commercially reasonable manner to provide for the repair and restoration. After the Town has finished applying Net Proceeds to repair or restoration, the Town will promptly report to the Lender regarding the use of those Net Proceeds.

(f) In any event, the Town may apply any Net Proceeds toward the prepayment of the Amount Advanced subject to the terms of Section ____.

(g) The Town is not entitled to any reimbursement of any supplemental funds it provides under this subsection, nor is the Town entitled to any postpone-

ment or diminution of its obligation to make Contract Payments as a result of any contribution. Any repair or replacement paid for in whole or in part out of Net Proceeds will be the Town's property and will be part of the Mortgaged Property.

ARTICLE VII

TOWN'S WARRANTIES, REPRESENTATIONS AND COVENANTS

7.1. By the Town, Generally. The Town makes the following statements of fact, with the understanding and intent that the Lender will rely on these statements in making its decision to enter into this Contract:

(a) The Town is a duly organized and validly existing municipal corporation of the State. The Town has all powers necessary to enter into the transactions contemplated by this Contract and the Deed of Trust, and to carry out its obligations under those instruments.

(b) The Town will take no action that would adversely affect its existence as a municipal corporation in good standing in the State.

(c) The Town has duly and validly authorized, executed and delivered this Contract and the Deed of Trust. Assuming due authorization, execution and delivery thereof by the other parties, this Contract and the Deed of Trust constitute valid, legal and binding obligations of the Town, enforceable (in the case of the Deed of Trust, by the Deed of Trust Trustee and the Lender) in accordance with their respective terms, subject to bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and such principals of equity as a court having jurisdiction may impose.

(d) The Town requires no further approval or consent from any governmental authority with respect to the Town's entering into or performing under this Contract or the Deed of Trust.

(e) No Town representation, covenant or warranty in this Contract is false or misleading in any material respect.

(f) The Town Board resolutions relating to the Town's authorization and performance of this Contract, the Deed of Trust, and the transactions contemplated

in those documents have been duly adopted, are in full force and effect, and have not been in any material respect modified, revoked or rescinded.

(g) The Town reasonably expects that the Project can be completed for a total price within the total amount of funds to be available from the Amount Advanced, income anticipated to be derived from the investment of those funds, and other funds expected to be available for the intended purpose. The Town will pay any excess costs, with no resulting reduction or offset in the amounts otherwise payable by the Town.

(h) The Town reasonably believes funds will be available to satisfy all its obligations under this Contract.

(i) The Pledged Facilities have been designed and constructed so as to comply with all applicable subdivision, building and zoning ordinances and regulations, if any, and any and all applicable federal and State standards and requirements relating to the Pledged Facilities. The Town has complied with all required public bidding and related procedures regarding the acquisition and construction of the Pledged Facilities.

(j) The Pledged Facilities have not been and will not be used in any private business or put to any private business use.

(k) The Town will not take or permit, or omit to take or cause to be taken, any action that would cause its obligations under this Contract to be "arbitrage bonds" or "private activity bonds" within the meaning of the Code, or otherwise adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Installment Payments to which those components would otherwise be entitled and, if it should take or permit, or omit to take or cause to be taken, any such action, the Town will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

(l) The Town has determined to undertake the Project after extensive consideration of the Town's needs and responsibilities, and consideration of alternative means of carrying out those responsibilities.

(m) The Lender has not acted as a financial adviser to the Town, and the Town has not relied on the Lender for any financial advice. The Town acknowledges and agrees that (i) the transaction contemplated under this Contract is an arm's length commercial transaction between the Town and the Lender and its affiliates, (ii) in connection with such transaction, the Lender and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Town, (iii) the Lender and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) the Lender and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Town with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Lender, or any affiliate of the Lender, has provided other services or advised, or is currently providing other services or advising the Town on other matters), (v) the Lender and its affiliates have financial and other interests that differ from those of the Town, and (vi) the Town has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

(n) The Town will furnish to the Lender, or post to the Electronic Municipal Market Access ("EMMA") website, its audited financial statements prepared by an independent Certified Public Accountant, within 270 days after the end of each Fiscal Year. Additionally, the Town will provide the Lender with a copy of its annual budget, as adopted, within 30 days of adoption. The Town agrees that the Lender may provide any information or knowledge the Lender may have about the Town or about any matter relating to this Contract or the Pledged Facilities to the Lender or any of its subsidiaries or affiliates or their successors, or to any one or more participants or assignees of this Contract.

7.2. Town's Undertakings as to Environmental Matters.

(a) The Town makes the following statements of fact, with the understanding and intent that the Lender will rely on these statements in making its decision to enter into this Contract.

(i) The Town has no knowledge (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 clas-

sified 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 environmental laws, rules, and regulations. The Town will, in a timely manner, take all lawful action necessary to maintain such compliance or to remedy any lack of compliance.

(iii) The Town will use and maintain hazardous materials or substances on the Mortgaged Property only for the routine maintenance and operation of the Mortgaged Property. The Town will maintain these materials or substances only in appropriate quantities for these purposes, and will use them only in substantial compliance with label instructions and all State and federal environmental laws, rules and regulations. The Town will not use the Mortgaged Property (A) for the manufacture, transport, process, 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, or (B) for any industrial, manufacturing or landfilling use or for any chemical production.

(iii) The Town will promptly notify the Lender 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. The Town will promptly send to the Lender 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 Lender and the Deed of Trust Trustee harmless from and against (i) any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including cleanup costs), judgments and expenses (including attorneys', consultants' or experts' fees and expenses) of every kind and nature suffered by or asserted against the Lender 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 Lender, the Town or any transferee or assignee of the Town or the Lender.

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

ARTICLE VIII

INDEMNIFICATION

To the extent permitted by law, the Town will indemnify, protect and save

- (a) the Deed of Trust Trustee,
- (b) the Lender and its officers, employees, and directors, and
- (c) the LGC's members and employees,

in all cases harmless from all liability and losses, including expenses and legal fees, expenses and costs, arising out of, connected with, or resulting directly or indirectly

(A) from or relating to the Mortgaged Property or the transactions contemplated by this Agreement, including without limitation the possession, condition, installation, construction or use of the Mortgaged Property.

(B) as a result of any warranty or representation made by the Town in Section ____ [*environmental*] being false or untrue in any material respect, or 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 Lender, the Town or any transferee or assignee of the Town or the Lender.

The Town has no obligation to indemnify any indemnified party for the gross negligence or intentional misconduct of the indemnified party or any of its employees or representatives. The Town's obligation to provide indemnification under this Ar-

ticle continues even after there is no longer any outstanding principal balance of the Amount Advanced and extends to any successor to the Lender. The parties intend that the LGC is a third-party beneficiary of the Town's obligations under this Article ____.

ARTICLE IX

DISCLAIMER OF WARRANTIES

The Town acknowledges as follows:

- (a) that the Lender has not designed the Pledged Facilities;
- (b) that the Lender has not supplied any plans or specifications with respect to the Pledged Facilities;
- (c) that the Lender is not a manufacturer of, nor a dealer in, any of the component parts of the Pledged Facilities or similar facilities;
- (d) that the Lender has not made any recommendation, given any advice nor taken any other action with respect to (i) the choice of any supplier, vendor or designer of, or any other contractor with respect to, the Pledged Facilities or any component part thereof or any property or rights relating thereto, or (ii) any action taken or to be taken with respect to the Pledged Facilities or any component part thereof or any property or rights relating thereto at any stage of the construction thereof;
- (e) that the Lender has not at any time had physical possession of the Pledged Facilities or any component part thereof or made any inspection thereof or any property or rights relating thereto;
- (f) that the Lender has not made any warranty or other representation, express or implied, that the Pledged Facilities or any component part thereof or any property or rights relating thereto (i) will not result in or cause injury or damage to persons or property, (ii) has been or will be properly designed, or will accomplish the results which the Town intends therefor, or (iii) is safe in any manner or respect.

THE LENDER MAKES NO EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION OF ANY KIND WHATSOEVER WITH RESPECT TO THE MORTGAGED PROPERTY OR THE PLEDGED FACILITIES OR ANY COMPONENT PART THEREOF, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OR REPRESENTATION WITH RESPECT TO THE MERCHANTABILITY OR THE FITNESS OR SUITABILITY THEREOF FOR ANY PURPOSE, and further including the design or condition thereof; the safety, workmanship, quality or capacity thereof; compliance thereof with the requirements of any law, rule, specification or contract pertaining thereto; any latent defect; the ability of the Pledged Facilities to perform any function; that the Amount Advanced will be sufficient to pay all Project Costs; or any other characteristic of the Pledged Facilities; it being agreed that the Town is to bear all risks relating to the Pledged Facilities, the completion thereof or the transactions contemplated by this Contract or by the Deed of Trust, and the Town waives the benefits of any and all implied warranties and representations of the Lender.

The provisions of this Article will survive the Contract's termination.

ARTICLE X

DEFAULT AND REMEDIES

10.1. Events of Default. An "Event of Default" is any of the following:

- (a) The Town fails to make any Installment Payment when due.
- (b) The occurrence of an Event of Nonappropriation.

(c) The Town breaches or fails to perform or observe any term, condition or covenant of this Contract or the Deed of Trust on its part to be observed or performed, other than as referred to in subsections (a) or (b) above, including payment of any Additional Payment, for a period of 90 days after written notice specifying such failure and requesting that it be remedied has been given to the Town (by any person or entity), unless the Lender agrees in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot reasonably be corrected within the applicable period and the Town institutes corrective action within the applicable period, no Event of Default will be deemed to have occurred so long as the Town diligently pursues the corrective action.

(d) Proceedings under any bankruptcy, insolvency, reorganization or similar law are instituted by or against the Town as a debtor, or a receiver, custodian or similar officer is appointed for the Town or any of its property.

(e) Any lien, charge or encumbrance (other than Permitted Encumbrances) prior to or affecting the validity of the Deed of Trust is found to exist, or proceedings are instituted to enforce any lien, charge or encumbrance against the Mortgaged Property and such lien, charge or encumbrance would be prior to the lien of the Deed of Trust.

10.2. Remedies on Default. Upon the occurrence and during the continuation of any Event of Default, the Lender may, without any further demand or notice, exercise any one or more of the following remedies:

(a) Declare the unpaid principal components of the Installment Payments, and the accrued interest thereon, immediately due and payable;

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

(c) Avail itself of all available remedies under the Deed of Trust, including foreclosure on the Mortgaged Property and recovery of legal fees and other expenses, and of all other remedies available at law or in equity.

The Lender's exercise of remedies is subject to the limitations set forth in Article X.

10.3. No Remedy Exclusive; Delay Not Waiver. All remedies under this Contract are cumulative and may be exercised concurrently or separately. The exercise of any one remedy will not be deemed an election of such remedy or preclude the exercise of any other remedy. If any Event of Default occurs and is thereafter waived, that waiver will be limited to the particular breach so waived and will not be deemed a waiver of any other breach under this Contract.

ARTICLE XI

ASSIGNMENTS

11.1. Town's Assignments. The Town may not sell or assign any interest in this Contract without the Lender's prior written consent.

11.2. Lender's Assignment. The Lender may, at any time and from time to time, assign all or any part of its interest in the Mortgaged Property or this Contract, including, without limitation, the Lender's rights to receive Installment Payments. Any assignment made by the Lender or any subsequent assignee must not purport to convey any greater interest or rights than those held by the Lender pursuant to this Contract.

The Town agrees that this Contract may become part of a pool of obligations at the Lender's or its assignee's option. The Lender or its assignees may assign or reassign all or any part of this Contract, including the assignment or reassignment of any partial interest through the use of certificates evidencing participation interests in this Contract. Any assignment by the Lender may be only to a Lender, insurance company, or similar financial institution or any other entity approved by the LGC. Notwithstanding the foregoing, no assignment or reassignment of the Lender's interest in the Mortgaged Property or this Contract will be effective unless and until the Town receives a duplicate original counterpart of the document by which such assignment or reassignment is made disclosing the name and address of each such assignee.

The Town further agrees that the Lender's interest in this Contract may be assigned in whole or in part upon terms which provide in effect that the assignor or assignee will act as a collection and paying agent for any holders of certificates of participation in this Contract, provided (a) the Town receives a copy of the agency contract, and (b) the collection and paying agent agrees to maintain for the full remaining term of this Contract a written record of each assignment and reassignment of the certificates of participation.

The Lender covenants that any disclosure document circulated by it or an assignee in connection with the sale of the Lender's rights under this Contract will contain a statement to the effect that the Town has not reviewed and is not responsible for the disclosure document. The Lender covenants to defend, indemnify and hold harmless the Town and its officers, employees and agents against any losses, claims, damages or liabilities, joint or several, including fees and expenses incurred in connection therewith, to which such indemnified party may become subject on account of any statement included in a disclosure document, or that fails to be in-

cluded in a disclosure document, unless the Town has expressly approved the use of such disclosure document.

The Town agrees to execute any document reasonably required in connection with any assignment. Any assignor must provide notice of any assignment to the Town, and the Town will keep a complete and accurate record of all assignments as required by the Code. After the giving of any notice, the Town will thereafter make all payments in accordance with the notice to the assignee named therein and will, if so requested, acknowledge the assignment in writing, but the acknowledgment will in no way be deemed necessary to make the assignment effective.

Notwithstanding any of the foregoing, in no event will the Town ever be required to make Installment Payments to more than one person or entity on any payment date.

ARTICLE XII

TOWN'S LIMITED OBLIGATION

Notwithstanding any other provision of this Contract, 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 Contract should 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 Contract should be construed or interpreted as an illegal delegation of governmental powers or 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 or contingently to secure any moneys due under this Contract.

No provision of this Contract will be construed to pledge or to create a lien on any class or source of the Town's moneys (other than the Amount Advanced and any Net Proceeds), nor will any provision of this Contract restrict 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 this Contract and the Deed of Trust restrict the incurrence of additional obligations secured by the Mortgaged Property).

To the extent of any conflict between this Article and any other provision of this Contract, this Article takes priority. Nothing in this Article is intended to impair or prohibit foreclosure of the Deed of Trust upon occurrence of an Event of Default under this Contract or the Deed of Trust.

ARTICLE XIII

ADDITIONAL PROVISIONS

13.1. Notices.

(a) Any communication provided for in this Contract must be in English and must be in writing. "Writing" includes electronic mail, but does not include facsimile transmission.

(b) For the purposes of this Contract, any communication sent by electronic mail will be deemed to have been given on the date the communication is similarly acknowledged by a Town Representative (in the case of the Town) or other authorized representative (in the case of any other party). No such communication will be deemed given or effective without such an acknowledgment.

(c) Any other communication under this Contract will be deemed given on the delivery date shown on a United States Postal Service certified mail receipt, or a delivery receipt (or similar evidence) from a national commercial package delivery service, if addressed as follows:

(i) if to the Town, to Town Manager, Town of Hillsborough, Attention: Notice under 2025 86 North Financing Contract, Town Hall, 101 East Orange Street, Hillsborough, NC 27278

(ii) if to the Lender, to _____

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

(e) Whenever this Contract requires the giving of a notice, the person entitled to receive the notice may waive the notice, in writing. The giving or receipt of

the notice will then not be a condition to the validity of any action taken in reliance upon the waiver.

13.2. 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. For this Contract and the Deed of Trust, a “Business Day” is any day on which banks in the State are not by law authorized or required to remain closed.

13.3. Governing Law. The parties intend that North Carolina law will govern this Contract and all matters of its interpretation. To the extent permitted by law, the parties agree that any action brought with respect to this Deed of Trust must be brought (a) in the North Carolina General Court of Justice in Orange County, North Carolina, or (b) if an action by law may be brought only in the United States federal courts, the action must be brought in the United States District Court for the Middle District of North Carolina.

13.4. Severability. If any provision of this Contract is determined to be unenforceable, that will not affect any other provision of this Contract.

13.5. Amendments. This Contract may not be modified or amended unless the amendment is in writing and signed by the Town and the Lender and approved by the LGC.

13.6. Binding Effect. Subject to the specific provisions of this Contract, this Contract will be binding upon and inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

13.7. Third-Party Beneficiaries. The Deed of Trust Trustee and the LGC are the only parties intended as third-party beneficiaries of this Contract.

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

13.9. Limitation on Liability of Officers and Agents. No officer, agent or employee of the Town, of the LGC or the Lender will be subject to any personal liability or accountability because of the execution of this Contract or any other docu-

ments related to the transactions contemplated by this Contract. Such officers, agents or employees will be deemed to execute such documents in their official capacities only, and not in their individual capacities. This Section will not relieve any officer, agent or employee from the performance of any official duty provided by law.

13.10. Counterparts. This Contract may be executed in several counterparts, including separate counterparts. Each will be an original, but all of them together constitute the same instrument.

13.11. Definitions. Unless the context clearly requires otherwise, capitalized terms used in this Contract and not otherwise defined have the meanings set forth in Exhibit A.

13.12. Entire Agreement. This Contract, together with the Deed of Trust, constitutes the Town's entire agreement with the Lender with respect to its general subject matter.

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

IN WITNESS WHEREOF, the Town and the Lender have caused this instrument to be executed as of the day and year first above written by duly authorized officers.

ATTEST: (SEAL)

**TOWN OF HILLSBOROUGH,
NORTH CAROLINA**

Sarah Kimrey
Town Clerk

By: _____
Eric Peterson
Town Manager

JPMORGAN CHASE BANK, N.A.

By: _____
[name/title]

This contract has been approved under the provisions of Article 8, Chapter 159 of the General Statutes of North Carolina.

Jennifer Wimmer
Assistant Secretary, North Carolina
Local Government Commission

By _____
[Jennifer Wimmer
or Designated Assistant]

[Installment Financing Contract dated as of June 24, 2025]

Exhibits –

- A - Definitions
- B - Payment schedule

EXHIBIT A – Definitions

For all purposes of this Contract, unless the context requires otherwise, the following terms have the following meanings:

“Additional Payments” means any amounts payable by the Town as a result of its obligations under this Contract or the Deed of Trust (other than the Town’s obligation to pay Installment Payments). This includes any of the Lender’s expenses (including attorneys’ fees) in prosecuting or defending any action or proceeding in connection with this Contract and any taxes or any other expenses, including, but not limited to, the Lender’s administrative or legal costs, licenses, permits, state and local sales and use or ownership taxes or property taxes that the Lender is required to pay as a result of this Contract (together with interest that may accrue on any of the above if the Town fails to pay the same, as set forth in this Contract).

"Amount Advanced" has the meaning assigned in Article I.

"Closing Date" means the date on which this Contract is first executed and delivered by the parties, which the parties expect to be on or about June ____, 2025.

"Code" means the Internal Revenue Code of 1986, as amended, including regulations, rulings and revenue procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended, as applicable to the Town's obligations under this Contract. Reference to any specific Code provision will be deemed to include any successor provisions thereto.

“Construction Agreement” means any agreement between the Town and any other person or entity related to any part of the construction of the Pledged Facilities, including contracts for site preparation and related work.

"Contract Payments" means Installment Payments and Additional Payments.

"Deed of Trust" means the Deed of Trust and Security Agreement, dated as of June 24, 2025, from the Town to a deed of trust trustee for the benefit of the Lender and its assigns, as it may be duly amended or supplemented.

"Default Rate" means, at any time, the interest rate then payable on the Obligations plus 3.00% (300 basis points).

"Event of Default" means one or more events of default as defined in Section 9.1.

"Event of Nonappropriation" means a failure or refusal by the Town Board to include funds for Contract Payments in the Town's budget for any Fiscal Year, or any reduction or elimination of an appropriation for Contract Payments, all as further described in Section ____.

"Fiscal Year" means the Town's fiscal year beginning July 1, or such other fiscal year as the Town may later lawfully establish, and also includes the period between the Closing Date and June 30, 2025.

"Installment Payments" means the payments payable by the Town pursuant to Section ____.

"LGC" means the North Carolina Local Government Commission, or any successor to its functions.

"Mortgaged Property" has the meaning assigned in the Deed of Trust, and generally includes the Pledged Site and the Pledged Facilities.

"Net Proceeds" means all payments and proceeds derived from claims made on account of insurance coverages required under this Agreement, any condemnation award arising out of the condemnation of all or any portion of the Mortgaged Property, payments on any bonds required by Section ____, any amounts recovered from any contractor on an action for default or breach, as described in Section ____, proceeds of title insurance related to the Mortgaged Property, or any sale of the Facilities, or any amounts received in lieu or in settlement of any of the foregoing, in any case reduced by the sum of all amounts expended by the Town, the Company or the Trustee (including legal fees and costs) (i) to collect the gross proceeds or (ii) to remedy the event giving rise to the proceeds, all of which amounts will be paid or reimbursed from the gross proceeds.

"Permitted Encumbrances" means, as of any particular time, (a) the encumbrances on the Town's title to the Mortgaged Property that are stated on Exhibit B to

the Deed of Trust, (b) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to Sections ____ or ____, (c) the Deed of Trust, (d) any lien or encumbrance which is made by its terms expressly subordinate to the lien of the Deed of Trust, and (e) easements and rights-of-way granted by the Town pursuant to Section ____ of the Deed of Trust.

"Pledged Facilities" has the meaning ascribed to that term in the Deed of Trust, and generally includes the Town's 86 North Facility, located at 890 NC Hwy 86 North, Hillsborough.

"Pledged Site" has the meaning ascribed to that term in the Deed of Trust, and generally includes the real property upon which the Pledged Facilities are located.

"Project" has the meaning ascribed to that term in the recitals to this Contract.

"Project Costs" means all capital costs of the Project as determined in accordance with generally accepted accounting principles and that will not adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Installment Payments payable under this Contract, including (a) sums required to reimburse the Town or its agents for advances made for any such costs, and (b) all costs related to the financing of the Project through this Contract and all related transactions.

"State" means the State of North Carolina.

"Taxable Rate," at any time, means the interest rate then payable with respect to the Obligations divided by the difference between 1 and "HMR," as defined below (that is, 1-HMR). "HMR" means the highest marginal tax rate that could be applied to a calendar year corporate taxpayer at the time of a given interest payment, adding together both the highest federal and, for any corporate taxpayer (or that taxpayer's amounts) subject to income taxation by the State, the highest State marginal corporate tax rates.

"Town Board" means the Town's Board of Commissioners, or any successor to its functions, as from time to time constituted.

"Town Representative" means the Town Manager, Town finance officer or any other person or persons at the time designated, by a written certificate fur-

nished to the Lender and signed on the Town's behalf by the Town Manager or the Town's Mayor, to act on the Town's behalf for the purpose of performing any act (or any specified act) under this Contract.

All references in this Contract to designated "Sections" and other subdivisions are to the designated sections and other subdivisions of this Contract. The words "hereof" and "hereunder" and other words of similar import refer to this Contract as a whole and not to any particular Section or other subdivision unless the context indicates otherwise. Words importing the singular number will include the plural number and vice versa. The use of the term "including" should be understood to mean "including, but not limited to." For any referenced interest rate for which a convention is not otherwise prescribed, that interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

EXHIBIT B – Schedule of Installment Payments

Principal is payable in the amounts and on the dates as shown below, subject to prepayment as provided in this Contract. Interest is payable on each June 1 and December 1, beginning December 1, 2025. The scheduled final payment date on the financing is June 1, 2040.

Each portion of the Amount Advanced will bear interest from the Closing Date until paid. Interest is calculated at the annual rate of 4.12%, subject to adjustment as provided in this Contract. Interest will be calculated based on a 360-day year consisting of twelve 30-day months. The schedule below shows the expected interest payment amounts.

[To come.]