

MASTER FACILITATOR AGREEMENT

THIS MASTER FACILITATOR AGREEMENT (this “Agreement”), dated as of December 14, 2016, is by and between the **NORTH CAROLINA STATE BOARD OF EDUCATION** (the “Board”), and Banc of America Public Capital Corp, 555 California Street, 4th Floor, San Francisco CA 94104, hereinafter known as CONTRACTOR.

WITNESSETH:

WHEREAS, pursuant to G.S. 115C-240(e), the Board is authorized to fund public school transportation operations and, pursuant to G.S. 115C-249, the replacement of school buses and other vehicles; and

WHEREAS, the Board has promulgated criteria by which buses in the statewide fleet are to be replaced in a given year; and

WHEREAS, the Board, through the Department of Public Instruction (“DPI”) has identified buses (the “Buses”) for replacement for use by the local boards of education (each, a “LEA”) at an estimated aggregate cost of \$ 74 million; and

WHEREAS, pursuant to G.S. 115C-528, an LEA may purchase or finance the purchase of school buses; and

WHEREAS, of the funds appropriated to the Board for the 2016-2017 fiscal year, the North Carolina General Assembly has authorized the Board to use funds for allotments to the LEAs to pay the cost of Bus financing for the first year; and

WHEREAS, pursuant to a solicitation for third party financing (DPI 40-SchoolBusFinancing2016), DPI has selected CONTRACTOR to provide financing for the replacement Buses; and

WHEREAS, each LEA will enter into a Master Replacement Bus Financing Agreement (each, a “Financing Agreement”) with CONTRACTOR pursuant to which the LEAs will finance the purchase of the Buses through CONTRACTOR, on the terms and conditions as provided therein; and

WHEREAS, as buses are accepted, each LEA will submit an Appendix (each, an “Appendix”) to CONTRACTOR to facilitate the acquisition of one or more Buses; and

WHEREAS, for purposes of financing, the Buses will be considered to be accepted at the time that the Buses are accepted by DPI and the respective LEA; and

NOW, THEREFORE, the Board and CONTRACTOR agree:

1. The Board agrees to allocate to the LEAs all necessary funds appropriated by the General Assembly to the LEAs for the acquisition of the Buses acquired pursuant to the Financing Agreements. The Board agrees to direct those funds to CONTRACTOR for Installment Payments on behalf of the LEAs pursuant to the Financing Agreements.

2. The Board will collect the Installments Payments from the LEA and will cause the Installment Payments to be paid to CONTRACTOR, on the dates and in the amounts set forth "Part 2-- Payment Schedule" in the applicable Appendix to each Financing Agreement.

3. In the event that during fiscal years **2017-2018, 2018-2019, or 2019-2020** sufficient funds are not appropriated for the payment of the total of all Installment Payments required to be paid pursuant to the Financing Agreements, then any LEA under the terms of its respective Financing Agreement, may terminate its Financing Agreement together with each and every one of the Appendices.

4. The State Board further intends and hereby covenants that it will (i) include in its proposed budgets for fiscal years **2017-2018, 2018-2019 and 2019-2020** an appropriation in an amount sufficient to provide for all Installment Payment due and owing for such fiscal years on behalf of the LEAs; (ii) include in such proposed budget and accompanying material submitted for each such fiscal year adequate information and recommendations regarding the purchase of the Buses, the public purposes served, and the Installment Payments required therefor; (iii) do all things lawfully within its power to request the appropriation of all funds anticipated by this Agreement; and (iv) use its best efforts to secure the timely approval and appropriation in the budget for each of the fiscal years of any and all such amounts as may become due under this Agreement.

5. If the Board shall take any official action, or if any other fact or circumstance shall occur, regarding the Board's proposed budget with respect to the total amount of the Installment Payments collected by the Board on behalf of each of the LEAs, or any amended or supplemental appropriation that may be proposed with respect to the Installment Payment that adversely affects the securing of timely approval and appropriation of funds therefor, the Board shall promptly notify CONTRACTOR thereof.

6. Pursuant to G.S. 115C-249(f), if any Bus is damaged or destroyed by fire, collision or otherwise, the LEA may apply to the Board for funds with which to replace it. If the Board finds that the Accepted Bus has been destroyed or damaged to the extent that it cannot be made suitable for further use, and if the Board finds that the replacement of the Bus is necessary in order to enable the LEA to operate properly its transportation system, the Board shall allot the LEA from the funds held by it for the replacement of school buses, or from funds hereafter appropriated by the General Assembly of the State of North Carolina for that purpose, a sum sufficient to purchase free and clear a new bus to be used as a replacement for the damaged or destroyed Bus and upon such allocation, such sum shall be paid over to or for the account of the LEA for such purpose. The replacement Bus will be substituted as a security interest for the financing of the damaged or destroyed Bus. Alternatively, the Board may allot to the LEA sufficient funds to fulfill remaining payments due.

7. The State recognizes that CONTRACTOR may assign its right to receive payment under this contract only with written permission of the State. In no event does the recognition of assignment of CONTRACTOR's right to receive payments obligate the State to anyone except CONTRACTOR. The State merely recognizes financial assignment as a convenience to CONTRACTOR and will hold CONTRACTOR responsible for fulfillment of all contract obligations.

8. The DPI agrees to coordinate the inspection and acceptance of the Buses by the respective LEAs at the school bus manufacturer vendor's facilities in the state of North Carolina. To the extent possible, Buses will be inspected by the DPI and accepted by one or more LEAs in lots of at least fifty (50). Each LEA will inspect the Buses ordered by it. Upon satisfactory inspection of one or more Buses by the LEA, and approval by the DPI, the respective LEA and the DPI may complete and execute the Form of Acceptance Certificate attached to this Agreement as Exhibit "A". An identical form of the Acceptance Certificate is attached to the Disbursement Request, which is Part 3 of each Financing

Agreement. Execution of the Acceptance Certificate constitutes acceptance of the buses for any Master Replacement Bus Financing Agreement. The DPI agrees to transmit any Acceptance Certificate by facsimile or email transfer to CONTRACTOR within 72 hours of execution of such Acceptance Certificate. CONTRACTOR agrees to transmit by facsimile or email transfer any Payment Schedule within 72 hours of receipt of such Acceptance Certificate.

9. This Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute one and the same instrument. The Board agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Agreement.

10. No waiver by the Board of any term or condition of this Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Agreement.

11. CONTRACTOR, not being a "seller" of the Accepted Buses, as such term is used in the Uniform Commercial Code nor a seller's agent, hereby expressly disclaim, and make no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of the Accepted Buses, or any other warranty with respect thereto and, as to CONTRACTOR, the Accepted Buses will be purchased AS IS. In no event shall CONTRACTOR be liable for any loss or damage, including incidental, indirect, special or consequential damage, in connection with or arising out of the existence, furnishing, functioning, or the use of the Accepted Buses by the LEAs.

12. This Agreement may only be revised with the prior written consent of the Board and CONTRACTOR, as the third-party financier under each of Financing Agreements.

IN WITNESSETH WHEREOF, we have set our hands unto this Agreement as of the date above written

NORTH CAROLINA STATE BOARD OF EDUCATION

By: June Atkinson
June Atkinson, State Superintendent

By: Philip Price 12/13/16
Philip Price, Chief Financial Officer

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BANC OF AMERICA PUBLIC CAPITAL CORP

By: Bridgett Arnold Date: 12/21/16

Print Name, Title: Bridgett T. Arnold
Authorized Agent