

**PROMISSORY NOTE**

For value received, the Town of Pittsboro herein referred to as the "Unit," hereby promises to pay the State of North Carolina the principal sum of Four Hundred Ninety Four Thousand Five Hundred Dollars (\$494,500) for a loan made to the Unit by the Department of Environmental Quality for a Sanitary Sewer Project, herein referred to as the "Project," until said principal sum shall be paid.

Interest will accrue at the rate of 0% percent per annum on the unpaid principal sum from the Water Pollution Control Revolving Fund. The first payment is due not earlier than six months nor later than twelve months after the scheduled date of completion of the Project by The Department of Environmental Quality - Division of Water Infrastructure. All payments will be made semi-annually, payable on or before May 1 and November 1. (see attached maturity schedule).

The first payment is due not earlier than six months after the scheduled date of completion of the Project by The Department of Environmental Quality- Division of Water Infrastructure. All payments will be made annually, payable on or before May 1. (see attached maturity schedule).

The principal sum shall be repaid in not more than 20 annual installments on May 1, the first principal payment is due not earlier than six months after the scheduled date of completion of the Project. The scheduled date of completion for the project is March 14, 2017.

The Unit may be required by the North Carolina Department of Environmental Quality to prepay this note in whole and any further commitment of funds may be withdrawn if the Unit fails to: (i) adopt on or before completion of Project, place into effect, and agree to maintain until the principal sum is paid, a schedule of fees, charges, and other available funds, that will adequately provide for proper operation, maintenance, and administration of the project and for repayment of all principal of and interest on loans; (ii) arrange for necessary financing of the Project within one year of the date of acceptance of a revolving loan; (iii) award a contract for construction of the Project within one year of the date of acceptance of a revolving loan.

The principal sum will be used entirely within the intent of Water Pollution Control Revolving Fund for the purpose of acquiring, constructing and equipping the Project.

The Unit shall keep the Project continuously insured against such risks as are customarily insured against. In case of material damage to the Project, prompt notice shall be given to Department of Environmental Quality. Proceeds from any insurance settlement shall either be used to reduce the unpaid principal amount or replace, repair, rebuild or restore the Project, in the discretion of the unit.

The Project will be made accessible for inspection by any duly authorized representative of the State.

This note is not secured by a pledge of the faith and credit of the State of North Carolina or of the Unit, but is payable solely from the revenues of the Project or benefited systems, or other available funds.

Payments of principal on this Note shall be made directly to Department of Environmental Quality. All obligations of the Unit hereunder shall terminate when all sums due and to become due pursuant to this Note have been paid. This Note shall be governed by, and construed in accordance with, the laws of the State of North Carolina.

The Unit agrees that any other monies due to the unit of local government from the State may be withheld by the State and applied to the payment of this obligation whenever the unit fails to pay any payment of principal or interest on this note when due.

The obligation of the Unit to make payments on this Note and observe all conditions herein stated shall be absolute and unconditional. The Unit shall not suspend or discontinue any such payment on this Note for any cause including, without limitation, failure to complete the Project, failure of title to all or any part of the Project, destruction or condemnation of all or any part of the Project.

In Witness Whereof, the Town of Pittsboro caused this Note to be executed as of this date.

By \_\_\_\_\_  
Authorized Representative

**ACKNOWLEDGMENT OF EXECUTION**

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

This \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, personally came before me \_\_\_\_\_ who, being by me duly sworn, says that he is the authorized representative of Town of Pittsboro and that the said writing was signed by him, in behalf of said governmental unit by its authority duly given. And the said authorized representative acknowledged the said writing to be the act and deed of the said governmental unit.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_  
(NOTARIAL SEAL)