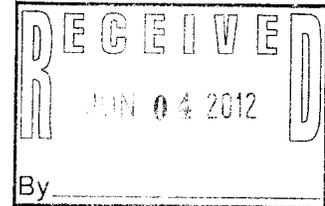


May 30, 2012



Mr. John Roberts  
Orange County Attorney  
200 South Cameron Street  
Post Office Box 8181  
Hillsborough, NC 27278

RE: Cost Sharing Agreement

Dear John,

Enclosed are three originals of the Cost Sharing agreement among Orange County, Durham County and TTA with executions by Durham and TTA. When you have Orange County signatures, please return one original to Carol and one to me. Thanks again for your assistance in getting this one done.

Regards,



Wib Gulley  
General Counsel

cc: Carol Hammett

Enclosures

**ORANGE COUNTY, DURHAM COUNTY and RESEARCH TRIANGLE REGIONAL  
PUBLIC TRANSPORTATION AUTHORITY  
INTERLOCAL AGREEMENT FOR  
COST SHARING FOR LRT RAIL PROJECT**

This Interlocal Agreement ("Agreement") dated May 15, 2012 is entered into by and between Orange County ("Orange"), a political subdivision of the State of North Carolina, Durham County ("Durham"), a political subdivision of the State of North Carolina, and Research Triangle Regional Public Transportation Authority, d/b/a Triangle Transit ("TTA"). Durham, Orange, and TTA may be referred to individually as "Party" and collectively as "Parties". This Agreement is made pursuant to Article 20 of Chapter 160A of the North Carolina General Statutes.

Whereas, the Parties each desire to provide for the future transportation needs of Durham and Orange, understanding that enhanced mobility options will support a high quality of life, strengthen economic development, and enhance sustainability; and

Whereas, Durham and Orange mutually desire to support and share the costs for the planning, construction, operation, and maintenance (collectively "Costs") of a 17.3 mile passenger rail service running from Durham to Orange along a corridor as outlined in Attachment One, containing 17 stations, four of which are located in Orange County, and utilizing light rail vehicles ("LRT Project") as an important element in meeting their future transportation needs and supporting efficient, sustainable development patterns; and

Whereas, the Parties acknowledge that the LRT Project will be managed, planned, constructed, maintained and operated by the TTA according to each jurisdiction's Bus and Rail Investment Plans ("BRI Plans") as respectively adopted or subsequently modified by the Parties, which plans, once adopted shall be incorporated herein by reference; and

Whereas, pursuant to NCGS §105-508.2 (Article 43) and Chapter 105 Articles 50 and 51, revenues will be collected by the Secretary of the North Carolina Department of Revenue and distributed to TTA to fund public transportation in TTA's jurisdiction including the construction, maintenance and operation of the LRT Project; and

Whereas, the Parties have bargained to agreement on an equitable division of responsibility to pay for the Costs of the LRT Project.

Now therefore, in light of the mutual covenants contained herein and provided that the LRT Project moves through planning and construction as set forth in the BRI Plans as may be modified from time to time, the Parties hereby agree as follows:

1. The total capital cost for the LRT Project through 2035 is estimated to be \$1.378 billion dollars as of the date of this Agreement. For purposes of this

Agreement capital costs include only planning and construction of the LRT Project ("Capital Costs") which is estimated at 13 years and are a portion of the total Costs. Over the coming years the Parties acknowledge that the LRT Project will move from preliminary to final design, which will result in a more precise project description and more accurate Capital Costs. As a result of this and as with any major capital project planned and constructed over a number of years, the Parties understand that the estimated Costs of the LRT Project may be subject to change and adjustment.

2. Subject to Section 5 herein and based upon a total Capital Cost estimate of \$1.378 billion for the LRT Project, it being anticipated the LRT project will be funded 50% by the federal government and 25% by the state government, Durham's share (including federal, state and local transit tax proceeds) of this total shall be \$1.061.8 billion and Orange's share (including federal, state and local transit tax proceeds) of this total shall be \$316.2 million. This division of responsibility for Capital Costs reflects percentage shares of 77.05% for Durham and 22.95% for Orange.
3. Subject to Section 5 herein, and due to the change in costs following planning and construction, the Parties agree that the division of responsibility for operations and maintenance costs of the LRT Project in percentage shares 76.05% for Durham and 23.95% for Orange.
4. The Parties agree that the funds used to pay for the Costs of the LRT Project shall come from the ½ cent transit sales tax revenues received pursuant to NCGS 105-508.2 and other transit revenues which may be used for this purpose, including but not limited to rental car taxes and vehicle registration fees levied and received pursuant to Chapter 105 Articles 50 and 51 by TTA. TTA shall allocate and pay for the respective shares of planning, construction, operations, and maintenance Costs from the revenues received in accordance with this Agreement and the BRI Plans.
5. The Parties agree that should the revenues discussed in Section 4 generated in Orange and Durham counties be insufficient to meet each jurisdiction's share of Costs, then neither Orange nor Durham shall be obligated to use other revenues to pay its share of Costs.
6. In the event Capital Costs exceed the current estimated total of \$1.378 billion, the Parties agree to discuss a response to this situation. Such response may include but not be limited to a schedule delay in one or more aspects of the LRT Project, a reduction in the scope of the LRT Project, a combination of these measures, discontinuation of the LRT Project, or other reasonable steps to mutually address the increased Capital Costs of the LRT Project.

7. TTA shall provide an annual report on the collection, allocation, and expenditure of those funds to the governing boards of Durham and Orange. TTA shall provide to the governing boards of Durham and Orange copies of its annual audit reports as those reports are related to the collection of transit revenues in Durham County and Orange County, including funds collected pursuant to NCGS Chapter 105 Article 43.
8. Further, all of the Parties and any transit provider receiving funds pursuant to this Agreement shall use the net proceeds to supplement and not to supplant or replace existing funds or other resources for public transportation systems. The Parties shall address this supplantation issue in each Party's Implementation Agreement.
9. The Parties agree that Durham and TTA shall enter into an agreement pursuant to NCGS 105-508.1(2) ("Durham Implementation Agreement").
10. The Parties agree that Orange and TTA shall enter into an agreement pursuant to NCGS 105-508.1(2) ("Orange Implementation Agreement").
11. If, during the term of this Agreement, state and/or federal funds to be used for the LRT Project are cancelled, terminated, withdrawn, or otherwise become unavailable for the LRT Project, the Parties agree the funds generated by the sales tax levied pursuant to NCGS 105-509 and any other funds collected for the LRT Project shall be re-allocated through the process set forth in each Party's Implementation Agreement and the reallocation of funds shall be incorporated into the BRI Plans.
12. The term of this Agreement shall be from the date first above recorded to and including June 30, 2035. Upon its expiration the Agreement may be renewed upon mutual agreement of the Parties for successive three-year terms.
13. The Parties agree to review this Agreement and to make any needed modifications to its terms not more than once every three years.
14. The Agreement may be terminated upon mutual agreement of the Parties or by one or more of the Parties upon a material breach by any of the Parties. In the event of termination prior to the expiration of the original term, or any agreed upon extension thereto, the Parties shall determine what obligations remain and how to equitably distribute such obligations as they relate to the LRT Project.  
  
Any amendment, renewal, or termination of this Agreement must be in the form of a written instrument approved by the governing Boards of the Parties.
15. This Agreement shall be governed by and in accordance with the laws of the State of North Carolina. All actions relating in any way to this Agreement

shall be brought in the General Court of Justice in the County of Durham and the State of North Carolina.

16. Except to the extent provided otherwise in this Agreement, it is agreed that the Orange County Manager shall designate persons to carry out Orange County's obligations under this Agreement, the Durham County Manager shall designate persons to carry out Durham County's obligations under this Agreement, and the General Manager of TTA shall designate persons to carry out TTA's obligations under this Agreement.
17. Ownership of Improvement. All equipment acquired under this Interlocal Agreement shall be the property of TTA or another entity under separate agreement and shall be subject to disposition as required under applicable law.

IN WITNESS WHEREOF, the Parties have approved this Agreement and have caused it to be signed by the Chair of the Orange County Board of County Commissioners, attested to by the Clerk of the Orange County Board, and by the Chair of the Durham County Board of County Commissioners, attested to by the Clerk of the Durham County Board, and by the General Manager of TTA and it is effective as of the year and day first written above.

**Orange County**

By: Bernadette Pelissier  
Bernadette Pelissier, Chair  
Board of County Commissioners

Attest: [Signature]  
Clerk

**Durham County**

By: Michael D. Page  
Michael D. Page, Chair  
Board of County Commissioners

Attest: [Signature]  
Clerk

**Research Triangle Regional Public Transportation Authority**

By: David King  
David King, General Manager

Approved as to legal form:

Wib Gulley  
Wib Gulley, General Counsel