

**INTERLOCAL IMPLEMENTATION AGREEMENT
FOR
ORANGE COUNTY BUS AND RAIL INVESTMENT PLAN**

This Interlocal Agreement ("Agreement") dated Oct. 24, 2012 is entered into by and among **Orange County**, a political subdivision of the State of North Carolina ("Orange"), the **Durham-Chapel Hill-Carrboro Metropolitan Planning Organization**, the regional transportation planning agency for the Durham-Chapel Hill-Carrboro urban area pursuant to US DOT regulation CFR Part 450 and 49 Part 613 ("DCHC"), and the **Research Triangle Regional Public Transportation Authority**, d/b/a Triangle Transit, a regional public transportation authority under NCGS 160A ("TTA"). Orange, DCHC, 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.

The Parties each desire to provide for the future transportation needs of Orange County and the surrounding region, understanding that enhanced mobility options will support a high quality of life, strengthen economic development, strengthen human services transportation, support air quality goals, and enhance sustainability; and

In accord with NCGS 105-508 et seq. ("Intermodal Act"), TTA developed a financial plan denoted as the Orange County Bus and Rail Investment Plan ("Plan") to set forth certain transit investments over the next twenty-three years. This Plan has been reviewed and approved by the Orange County Board of County Commissioners ("BOCC") subject to the approval by the BOCC of a satisfactory Interlocal Implementation Agreement, approved in a similar fashion by the TTA Board of Trustees, and approved in concept subject to a satisfactory Implementation Agreement by the Durham Chapel Hill Carrboro Metropolitan Planning Organization ("DCHC"). In order to provide for effective implementation of the Plan, the Parties hereby agree to the following provisions and procedures:

1. The Orange County Bus and Rail Investment Plan is incorporated into this Agreement in full and as it may be amended from time to time by reference. Except as otherwise provided in this Agreement the Plan shall govern the allocation of funding, cost parameters and timetables for delivery of projects and transit services, and the respective roles of the Parties and transit agencies in provision of the projects and services called for therein.
2. Pursuant to the Levy of Transit Sales Tax Agreement between Orange and TTA dated May 29, 2012, TTA reaffirms its commitment not to levy the ½ cent transit sales tax until the Orange BOCC adopts a resolution requesting TTA to take such action.
3. Orange, Durham County ("Durham"), and TTA have previously executed an

agreement dated May 15, 2012 which allocates the shares of capital and operating expenses for the LRT rail project set forth in the Plan, and that Cost Sharing agreement is incorporated into this Agreement in full and as it may be amended from time to time by reference.

4. TTA agrees to provide reports to Orange and DCHC on the progress achieved toward implementation of the Plan and any substantial developments in revenues received, project or service cost experienced, or other pertinent factors under the Plan on an annual basis on or before November 1st of each year and as otherwise reasonably requested.

5. TTA shall work with the Chapel Hill Transit (CHT), Orange Public Transit ("OPT"), and any other Orange County bus transit service provider named in the Plan to develop the process for distribution of funds for bus services each year on a quarterly basis or as otherwise agreed. For purposes of this Agreement the term "bus services" shall include both fixed route and demand response services. As is consistent with the revenues received and the other transit priorities under the Plan, TTA will provide estimated quarterly payments to the bus service providers for service provided with a reconciliation based upon actual expenses incurred by each provider on a subsequent quarterly basis or as otherwise agreed to.

6. All bus service providers receiving funding under the Plan will provide an annual financial report on existing bus services, their recommendations for new or continuing service priorities, their actual or expected costs and ridership information as reasonably requested to TTA on an annual basis or as otherwise agreed to. It shall be the responsibility of TTA to provide oversight of the new, enhanced or sustained bus services under the Plan to insure compliance with the Intermodal Act requirements. All other legal requirements under federal and state law shall be the responsibility of the respective bus service provider. TTA shall include a full descriptive report on bus services delivered under the Plan as a part of its annual reports to Orange and DCHC.

7. The Plan provides that all funding for bus services will be appropriated on the basis of the following percentages: 64% of such funds to CHT, 24% of such funds to TTA, and 12% of such funds to OPT. The use of these bus service funds shall be limited to support of new bus services above and beyond the existing transit system services in place at the time of the adoption of the local option ½ cent sales tax in November, 2012. However, CHT and OPT may use a portion of the bus service funds provided in the Plan to pay for the increased cost of existing bus services during the duration of this Agreement in the manner described below.

The "CHT Share" shall be a percentage derived by dividing the CHT local expenditures for bus services each year by the total of local expenditures for bus services by both CHT and OPT in that year. The "OPT Share" shall be a percentage derived by dividing the OPT local expenditures for bus services each year by the total of local expenditures for bus services by both CHT and OPT in that year. The respective CHT and OPT local expenditures for bus services in any year shall be based initially upon the audited financial statements for the fiscal year ending June 30, 2011. Local bus services expenditures shall include assigned overhead without any consideration of federal or state financial assistance. The determination of the CHT Share

and OPT Share will be made each year thereafter based upon the most recent audited annual local expenditures for bus service by both.

CHT may use a portion of the bus services funds provided in the Plan up to a maximum amount that equals the CHT Share percentage of the prior year total receipts from the Orange County local vehicle registration fee of \$7.00 permitted by Article 52 of NCGS 105. OPT may use a portion of the bus services funds provided in the Plan up to a maximum amount that equals the OPT Share percentage of the prior year total receipts from the Orange County local vehicle registration fee of \$7.00 permitted by Article 52 of NCGS 105.

8. Any change in use of bus service funds in the Plan from support of new services to support of existing services may be made on a temporary or permanent basis and must be agreed to by all the Parties and comply with state law.

9. Every four years in a manner that coordinates with DCHC's preparation of a new Metropolitan Transportation Plan, and more frequently as reasonably requested by a Party, the full Plan shall be reviewed in detail and assessed for any significant changes to the estimated revenues, to the estimated project or service delivery costs, to project or service priorities therein, to state or federal transit programs or regulations, to success in securing state and federal financial support for the rail and bus projects in the Plan, or any other significant change of circumstance impacting the Plan. This review which shall be conducted as set forth below, and recommended changes to the Plan may be advanced as deemed necessary.

10. The Parties agree to develop appropriate benchmarks and timeline to evaluate progress in gaining federal and state financial support for the LRT project in the Plan during the four years following execution of this Agreement and to incorporate these benchmarks and timeline into the Plan during the first four year review and to use these benchmarks and timeline in the reviews set out in paragraph 9 above and in paragraph 13 below.

11. In preparation for the full Plan review set out in paragraph 9 above, TTA will convene a Staff Working Group ("SWG") made up of a voting member and an alternate member from each of the three Parties. The Orange County Manager shall designate the member and alternate from Orange, the Planning Manager of DCHC shall designate the member and alternate from DCHC, and the TTA General Manager shall designate the member and alternate from TTA. These SWG members and alternates shall work collaboratively in developing and preparing the respective report to the Parties. The SWG may also meet from time to time as they deem useful to discuss developments and status of the various transit projects and services under the Plan and to give TTA comments and feedback on the draft annual reports referenced in paragraph 4 above.

12. If any meeting of the SWG has local urban, rural or regional bus service in Orange County as a part of its agenda, then representatives from CHT, OPT, other bus transit providers in Orange County, and from the towns of Hillsborough and Mebane shall be invited to participate in the meeting. The SWG members shall work openly and collaboratively with these

other parties in considering the status and impacts of possible bus service changes to the Plan. The SWG members and the other parties shall strive to reach consensus recommendations for any changes in bus services provided under the Plan in light of their shared interest in maximizing the effective use of scarce transit funding

13. Eight years after the date of execution of this Agreement, the Parties agree to assess if the New Starts application for the LRT project in the Plan is still in the federal pipeline for New Starts rail projects and making reasonable progress to receive federal funding and whether the LRT project remains under consideration for state funding. If either funding opportunity is no longer available the Parties agree to work collaboratively to develop an Alternative Bus and Rail Investment Plan which reflects this fact and sets out revised funding for transit projects and services.

14. Recommendations for change to the Plan may be made by a Party to this Agreement or by any Orange County resident, group or organization. Recommendations for a change or revision shall be submitted to the General Manager of TTA, who shall forward the recommendation to the SWG for its review, consideration and advice. The SWG shall fully consider any recommendation for change in the Plan and report back to the Parties. The report of the SWG shall include its opinion on the recommended change along with the recommendation itself. In the event that the three SWG voting members cannot agree on a shared opinion of any recommended change, then both majority and minority perspectives on the recommended change may be provided to the Parties. Additionally, any citizen or group may submit its opinion on the recommended change to the Parties as well.

15. Any proposed material change to the Plan shall be effective only upon its approval by each and every Party to this Agreement, namely the Orange BOCC, the DCHC, and TTA.

16. Any proposed change to the Plan shall be deemed non-material unless it involves one of the following:

- (A) An annual increase or decrease in total revenues from the Plan revenues (sales tax revenues, vehicle registration fee revenues, and rental vehicle tax revenues) of 5% or more; or
- (B) An annual increase or decrease in the project capital cost (including financing) of the LRT project in the Plan of 10% or more prior to entering final design and 5% or more thereafter; or
- (C) An annual increase or decrease in the overall project operating costs of the LRT project in the Plan of over 5% or more; or
- (D) An annual increase or decrease in the overall funds provided for bus service in the Plan of 5% or more; or
- (E) An annual increase or decrease in the funds provided to Orange, the Chapel Hill/Carrboro/UNC Partnership, or TTA for bus service of more than 5% of the amount provided in the Plan or more than \$300,000, whichever is greater.

A proposed elimination or addition of any fixed guideway capital project shall be considered a material change to the Plan.

17. Any proposed change to the Plan that is deemed non-material shall be effective only upon its approval by the Orange County Manager, the Planning Manager of DCHC, and the General Manager of TTA. Any change whether material or non-material must be evidenced by a written document signed by all Parties.

18. 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. The Agreement may be modified as needed upon mutual agreement of the Parties and may be terminated upon mutual agreement of the Parties or by either of the Parties upon a material breach by the other Party. Any modification must be in the form of a written agreement signed by all Parties.

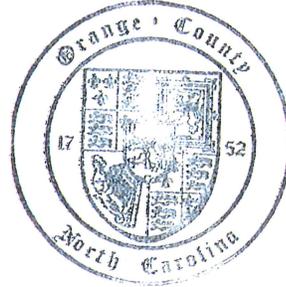
[SIGNATURE PAGE TO FOLLOW]

Understood and agreed to and effective as of the date written above, by:

Orange County

By: Bernadette Palmer
Chair, Board of Commissioners

Attest: [Signature]



Durham-Chapel Hill-Carrboro Metropolitan Planning Organization

By: [Signature]
Chair

Attest: [Signature]

Research Triangle Regional Public Transportation Authority,

By: [Signature]
David King, General Manager

Attest: [Signature]



Approved as to legal form:

[Signature]
Wib Gulley, General Council