

AGREEMENT
Between
CITY OF WINSTON-SALEM
and PTRP DEVELOPMENT CORPORATION
for CONSTRUCTION OF BATH CREEK AND SALEM CREEK RESTORATION AND
STORM WATER MANAGEMENT PLAN

THIS AGREEMENT ("Agreement") is made and entered into this 23rd day of December, 2009 (the "Effective Date"), by and between the CITY OF WINSTON-SALEM, a North Carolina municipal corporation (hereinafter, the "City"), having an address at P.O. Box 2511, Winston-Salem, North Carolina 27102, and PTRP Development Corporation, a North Carolina nonprofit corporation (hereinafter "PTRP"), having an address at 101 N. Chestnut Street, Albert Hall, Suite 111, Winston-Salem, North Carolina 27101.

WITNESSETH:

WHEREAS, PTRP is developing numerous parcels of land in downtown Winston-Salem, North Carolina for a research park and related businesses (the "Park"); and

WHEREAS, in order to complete the required infrastructure to develop the Park, PTRP was required to complete a stormwater engineering design; and

WHEREAS, the City is mandated to reduce the pollutants in Salem Creek, which runs through downtown Winston-Salem, and it is anticipated that the City will need to design and construct stormwater projects which are in the same drainage basin as the area being developed by PTRP; and

WHEREAS, the City and PTRP have determined that it will be in their best interests to cooperate to complete an engineering design plan (the "EDP") that addresses stormwater issues for an approximate 600 acre water basin as shown on attached Exhibit A for which PTRP's planned development incorporates approximately 200 acres; and

WHEREAS, the EDP has been submitted to the North Carolina Division of Land Resources, Division of Water Quality, and the Corps of Engineers for approval; and

WHEREAS, both the City and PTRP will receive benefits (both direct and indirect) from the construction of the infrastructure pursuant to the EDP which is estimated to occur in a series of three (3) separate locational phases as an ongoing capital project spanning multiple fiscal years (the "Comprehensive Stormwater Plan") and each of the parties intend to contribute towards the implementation of the Comprehensive Stormwater Plan in accordance with the terms of this Agreement; and

WHEREAS, a general depiction of the area to be affected within the Park by the Comprehensive Stormwater Plan is attached hereto as Exhibit B.

NOW THEREFORE, in consideration of the premises and of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the City and PTRP agree as set forth below.

1. With respect to each Phase (as defined in Section 2 below), the City shall select and enter into a contract with a construction firm experienced in constructing stormwater retention and treatment facilities as well as engaging in creek restoration (each such contract, a "Construction Contract" and each such construction firm, a "Firm"). PTRP shall have the right to participate in the construction bidding process and interviews. Both parties understand and acknowledge that the Construction Contracts shall be subject to state bidding requirements. The Firm selected shall be familiar with all applicable laws, regulations and standard practices regarding the construction as detailed in the Comprehensive Stormwater Plan and shall perform the same in a good and workmanlike manner. Any change to the Comprehensive Stormwater Plan throughout the construction process in excess of One Hundred Thousand and no/100s Dollars (\$100,000.00) shall require the prior written approval of PTRP, which shall not be unreasonably withheld, conditioned, or delayed.

2. Construction pursuant to the Comprehensive Stormwater Plan is estimated to be completed in a series of three (3) distinct locational phases (commonly referred to as the Phase 1-Central District, Phase 2-Southern District, and Phase 3-Southern District) all as more particularly described and defined in the Comprehensive Stormwater Plan (each a "Phase" and collectively the "Phases"). Thirty (30) days prior to the submittal of a Construction Contract to the City Council for approval (but in no event prior to the expiration of the Feasibility Period as defined in Section 6 below), PTRP shall convey or cause to be conveyed property owned by PTRP or owned by an affiliate (either, an "Owner") located within the Phase to be constructed as more particularly shown and depicted as the area located within the "Conservation Easement" on Exhibit D attached hereto and incorporated herein by reference (the "PTRP Property") to the City for no monetary consideration via special warranty deed (each such deed, a "Special Warranty Deed"). The estimated values of the PTRP Property are indicated on Exhibit C attached hereto and incorporated herein by reference. The City shall submit the Construction Contract for Phase 1 to the City Council for approval on or before June 1, 2010. Each Special Warranty Deed shall be in the format attached hereto as Exhibit G, and shall contain provisions: (i) reserving to PTRP and/or Owner such perpetual access, utility, landscaping, and stormwater easements as PTRP shall reasonably require over the PTRP Property for the development of the Park provided that the exercise of the rights set forth in such reservations shall not be inconsistent with the Comprehensive Stormwater Plan (provided, however, that the City shall use its best efforts to obtain amendment to the Comprehensive Stormwater Plan within ninety (90) days of the Effective Date that will allow PTRP to plant any of the vegetation set forth on the list attached hereto as Exhibit H); (ii) granting the City an access easement to the PTRP Property over such roads, drives, and ways that are intended for vehicular access to the PTRP Property that are located on property retained by Owner; (iii) encumbering the PTRP Property with a restrictive covenant running with the land providing that the use of the PTRP Property shall be restricted to stormwater management and stream restoration purposes only; and (iv)

providing for an automatic reversion of the PTRP Property to the Owner, in any of the following circumstances: (a) substantial completion of the Phase does not occur within twenty-four (24) months from PTRP's delivery of the Special Warranty Deed to the City; and/or (b) substantial completion of construction does not occur substantially in accordance with the construction specifications contained in the Comprehensive Stormwater Plan, as then amended, as determined by the Engineering Firm defined in paragraph 3 of this Agreement. "Substantial completion", as used in this Agreement, shall mean the date on which construction is sufficiently complete, such that it can be used for its intended purpose, as determined by the Engineering Firm. PTRP and the City shall conduct a joint investigation within thirty (30) days of the Engineering Firm's certification that substantial completion has occurred for a particular Phase, and PTRP shall provide to the City, within this time period, a document in recordable format, that acknowledges substantial completion of the Phase. In no event shall an Owner be obligated to convey PTRP Property to the City for a specific Phase prior to the City's completion of construction with respect to a prior Phase for which the City has previously received a Special Warranty Deed from an Owner. The approximate location of the PTRP Property with respect to each Phase is set forth and labeled as "Conservation Easement" on the map(s) attached hereto as Exhibit D. The exact boundaries of the PTRP Property will be defined by subsequent survey. In no event shall an Owner be required to convey more acreage, in each Phase, than the acreage set forth within the area labeled as "Conservation Easement" on the map(s) attached hereto as Exhibit D. Notwithstanding anything to the contrary contained herein, PTRP shall have no further obligations under this Agreement and no Owner shall be obligated to convey the PTRP Property after January 1, 2020. The parties acknowledge and agree that the surveyor's labeling of the PTRP Property within the area designated "Conservation Easement" shall not be deemed to suggest that the PTRP Property is a conservation easement as such term is defined by the North Carolina General Statutes, applicable case law, or otherwise.

3. The conveyances of the PTRP Property for no monetary consideration shall constitute the total of PTRP's contribution associated with the Comprehensive Stormwater Plan and PTRP shall have no further obligation with respect to any costs and expenses associated therewith except that PTRP and the City shall share on a one third (1/3), two thirds (2/3) basis, respectively, the cost for each pre-construction item more particularly described on Exhibit E attached hereto and incorporated herein by reference. To the extent the total cost for each item exceeds the amount listed opposite the item on Exhibit E (as to each item, the "Original Cost Estimate"), the City shall be responsible for all costs exceeding one third (1/3) of the Original Cost Estimate. For example, if the Original Cost Estimate for an item, such as "grading," is shown on Exhibit E as \$100,000.00, and the total (final) cost is \$200,000.00, the City's responsibility for the grading item will be \$167,000.00 (\$67,000.00 of Original Cost Estimate plus \$100,000.00 for the excess). Notwithstanding any of the foregoing, the City's total obligation to pay its two thirds (2/3) share with respect to the pre-construction items listed on Exhibit E shall not exceed five hundred seventy thousand dollars (\$570,000) and the City's overall contribution for the construction of all three (3) Phases of the Comprehensive Stormwater Plan shall not exceed fifteen million six hundred thousand dollars (\$15,600,000). The City acknowledges and agrees that except as otherwise provided in this paragraph 3, it shall be responsible for

all costs and expenses associated with the Comprehensive Stormwater Plan, including, but not limited to, any and all closing costs associated with the transfer of the PTRP Property from an Owner to the City (including, but not limited to, any and all costs associated with required subdivisions of property to effect the transfer), hard construction costs, and soft construction costs. The City acknowledges and agrees that as part of the soft construction costs, it (or the Firm hired for construction by the City) will hire an engineering firm to (i) review documentation associated with the Comprehensive Stormwater Plan, (ii) supervise and orchestrate the construction bidding process, and (iii) manage the construction process for all 3 Phases through to completion (the "Engineering Firm").

4. Nothing contained herein will be construed as establishing an employment relationship, partnership, joint venture, or agency agreement between the parties.

5. The City and PTRP and their respective successors, assigns, and legal representatives are hereby bound in respect of all covenants, agreements, and obligations of this Agreement. Neither party shall be permitted to assign its rights hereunder without the prior written consent of the other party, such consent not to be unreasonably withheld, conditioned, or delayed. This Agreement cannot be amended or modified except by another written document duly signed and executed by the City and PTRP. The provisions of this Agreement shall be construed, interpreted, and governed in accordance with the laws of the State of North Carolina. The forum for any litigation arising out of this Agreement shall be brought in the courts of Forsyth County, North Carolina.

6. The City shall have a one-hundred (100) day feasibility period, commencing on the Effective Date of this Agreement, to conduct such inspections as the City deems necessary (including, but not limited to, environmental assessments) (the "Feasibility Period"). During the Feasibility Period, PTRP shall grant the City a right of access to the PTRP Property in the format attached hereto as Exhibit F. At any time prior to the expiration of the Feasibility Period, the City may terminate this Agreement for any reason or no reason without penalty, except that it shall remain obligated to pay the cost of its two thirds (2/3) share for each pre-construction item (as more particularly described on Exhibit E) commenced prior to the expiration of the Feasibility Period. Following the expiration of the Feasibility Period, the City shall not be entitled to terminate this Agreement except in the event of a material breach of this Agreement by PTRP following fifteen (15) days' written notice and opportunity to cure given by the City to PTRP. PTRP shall be entitled to terminate this Agreement in the event of a material breach of this Agreement by the City, including, but not limited to, the City's failure to adhere to the time limits provided herein, following fifteen (15) days' written notice and opportunity to cure given by PTRP to the City (provided, however, that PTRP shall not be required to give the City notice and opportunity to cure in the event of a reversionary event pursuant to Section 2 of this Agreement, such reversion to be automatic). Any PTRP Property previously conveyed to the City, which does not revert pursuant to Section 2 of this Agreement, shall remain with the City in the event of a termination. Upon termination by the City or PTRP, as the case may be, the ongoing rights and obligations of the parties shall cease and terminate effective as of the date of termination, except with respect to the provisions of this Agreement which by their terms and nature survive termination. In the event of such termination, the parties shall be

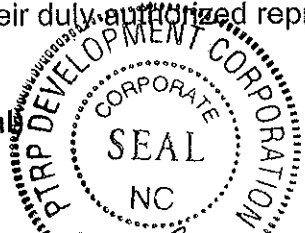
entitled to exercise such rights and pursue such remedies as may be available at law or equity. Notwithstanding anything in the preceding two (2) sentences, neither the City nor PTRP shall have any further liability, obligation, or responsibility with respect to, arising from, or in any way connected with, this Agreement following a termination by the City during the Feasibility Period, except for (i) the City's obligations (including, but not limited to indemnification obligations) pursuant to the Right of Access Agreement attached hereto as Exhibit F and (ii) the City's obligation to pay the cost of its two thirds (2/3) share for each pre-construction item (as more particularly described on Exhibit E) commenced prior to the expiration of the Feasibility Period, both of which shall survive any such termination. Time is of the essence with respect to this Agreement.

7. The following exhibits are attached and incorporated into this Agreement:
- Exhibit A – 600-Acre Water Basin
 - Exhibit B – Depiction of Area affected by Comprehensive Stormwater Plan
 - Exhibit C – PTRP Estimate of Costs Attributable to Storm Water Project
 - Exhibit D -- Map(s) Depicting PTRP Property
 - Exhibit E – Cost Sharing Items
 - Exhibit F – Right of Access Agreement
 - Exhibit G – Form of Special Warranty Deed
 - Exhibit H – List of Permitted Vegetation

Signature page follows

IN WITNESS WHEREOF, the City and PTRP have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

ATTEST: (Seal)

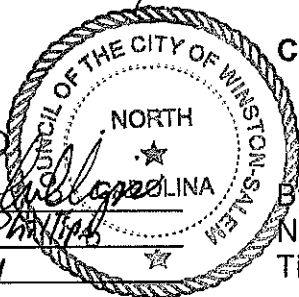


PTRP DEVELOPMENT CORPORATION

By: Anita M. Conrad
Name: Anita M. Conrad
Title: Assistant Secretary

By: Douglas L. Edgerton
Name: Douglas L. Edgerton
Title: President

ATTEST: (Seal)



CITY OF WINSTON-SALEM

By: Kendé L. Phillips
Name: Kendé L. Phillips
Title: City Secretary

By: Lee Gerrits
Name: Lee Gerrits
Title: City Manager

This document has been pre-audited in Accordance with the N.C. Local Government Budget and Fiscal Control Act.

This the 23 day of December , 20 09 .

By: Clark G. Case
Name: Clark G. Case
Title: Assistant Financial Officer/Treasurer

Approved as to form and legality.
This the 23 day of December , 20 09 .

By: Alan A. Andrews
Name: Alan A. Andrews
Title: Acting City Attorney