

GRANT AGREEMENT

This Grant Agreement (the "Agreement") is made and entered into as of the 8th day of September, 2006, by and between **RBC CENTURA BANKS, INC.**, a North Carolina corporation (hereinafter referred to as the "Corporation"), whose principal address is 3201 Beechleaf Court, Raleigh, North Carolina 27604, **HIGHWOODS 301 FAYETTEVILLE ST., LLC**, a Delaware limited liability company ("Developer"), **WAKE COUNTY, NORTH CAROLINA**, a body politic and corporate and political subdivision of the State of North Carolina (the "County") and the **CITY OF RALEIGH**, a North Carolina municipality (hereinafter referred to as the "City"). The County, City and the Corporation may from time to time hereinafter be referred to individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the "Local Development Act of 1925", as amended, (Article 1, Chapter 158 of North Carolina General Statutes) grants cities and counties the authority to make appropriations for the purposes of aiding and encouraging the location/expansion of certain business enterprises in the city and/or county or for other purposes which the governing body finds, in its discretion, will increase the population, taxable property base and business prospects of the city and/or county; and

WHEREAS, N.C.G.S. 158-7.1(b) lists specific economic development activities which a city and/or county may undertake, which list is not exclusive; and

WHEREAS, the Corporation is relocating its United States headquarters operations to a facility to be constructed at 301 Fayetteville Street, Raleigh, Wake County, North Carolina; and

WHEREAS, the Corporation will enter into a Lease requiring Developer to make or cause to be made real property improvements at said location which will require site improvements, construction of buildings, and installation of additional machinery and equipment, collectively referred to herein as "Facilities" to accommodate the Corporation's operations and for other uses; and

WHEREAS, the Board of Commissioners of the County has determined, following all required process, that the proposed activity by Developer and the Corporation will tend to increase the population, taxable property base and business prospects of the County, and will encourage the Corporation to relocate in the area, and that it is in the public interest to provide assistance, as authorized by N.C.G.S. 158-7.1; and

WHEREAS, the City Council of the City has determined, following all required process, that the proposed activity by Developer and the Corporation will tend to increase the population, taxable property base and business prospects of the City, and will encourage the Corporation to relocate in the area, and that it is in the public interest to provide assistance, as authorized by N.C.G.S. 158-7.1; and

WHEREAS, the grant payments by the County will be combined with other economic incentives being offered by the City; and

WHEREAS, the County Board of Commissioners and the City Council finds that the consideration the County and City will receive, based on prospective tax revenues to be generated over the term of this agreement will exceed the amount of the grant offered herein; and

WHEREAS, N.C.G.S. §153A-449 authorizes the County to contract with and appropriate money to any person, association, or corporation in order to carry out the public purpose that the County is authorized by law to engage in; and

WHEREAS, N.C.G.S. §160A-21 authorizes the City to contract with and appropriate money to any person, association, or corporation in order to carry out the public purpose that the City is authorized by law to engage in.

NOW, THEREFORE, in consideration of the promises and other considerations, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Real Estate Purchase, Construction/Renovation, and Machinery and Equipment Acquisition: The Corporation shall cause Developer to construct the Facilities in which the Company's United States headquarters will be located, and shall produce deed, title and/or other legal instruments showing proof of ownership of the Facilities by Developer; documentation for improvements which have been made to the real estate; and, receipts showing proof of acquisitions of machinery and equipment for the Facilities by the Company and/or Developer, for the purpose of operating the Corporation's United States headquarters. Such premises to be improved in accordance with the following:
 - a. All improvements shall have been designed, constructed, and completed in accordance with applicable standards established by federal, state, City, and County regulations and laws; and
 - b. The City and County shall not be responsible for any aspect of the design or construction of the premises.
2. Performance By Corporation: This Agreement and the expenditure of City and County funds is expressly contingent upon Developer and the Corporation achieving certain performance requirements and within the time period set forth herein. These requirements are set out below.
3. Investment in Real Estate Improvements and Equipment: It is estimated that the improvements to the property and installation of machinery and equipment shall be in excess of Forty Million and No/100 Dollars (\$40,000,000.00) and shall have occurred on or before January 1, 2009. Calculations in this agreement are based upon a Forty Million and No/100 Dollars investment (\$40,000,000.00) and are subject to change based on the final total investment, depreciation and valuations performed by the Wake County Tax Assessor. Developer makes no representation or covenant as to the ultimate value of the investment.

- a. Use: The improvements shall be made to accommodate the intended purpose as follows: United States headquarters for the Corporation. The Corporation shall have executed a lease, in a form reasonably satisfactory to the City and County, to occupy at least thirty-three percent (33%) of the leasable portion of the office space component of the Facilities for a period of not less than ten (10) years, and shall actually have occupied said space.
 - b. Payment of Taxes: The City and County must receive confirmation from the Wake County Tax Assessor's Office that the all taxes due and payable on the assessed value of the Facilities have been paid
4. Documentation from the Corporation: In connection with each request for reimbursement, the Corporation shall deliver, or cause the Developer to deliver, to the City and County's Finance Director a performance letter certifying that (1) Developer or the Corporation has undertaken the acts to meet the goals enumerated in Section 2 for the applicable phase; (2) Developer or the Corporation has completed the improvements in accordance with the deadlines described in Section 2 for the applicable phase; and (3) that at the date of the letter, the Facilities have been substantially completed in accordance with the established timeline, a Certificate of Compliance has been issued therefore, and the Corporation has occupied the space. If the Corporation, itself or through the Developer, does not meet all of the conditions required to be certified in the performance letter, it shall qualify for no reimbursement for that year. Upon the request of the City and/or County's Finance Director, the Corporation shall present to the City and/or County such evidence as may be reasonably requested to confirm the facts in the performance letter. To the full extent allowed by law, such requested evidence shall not be considered a public record, shall be kept confidential and shall remain the property of Developer or the Corporation, as applicable, to be returned after the City and County's review.

It is agreed that the City and County, through their auditors, shall have the right upon reasonable notice and during normal business hours, to inspect, audit, examine and copy corporate records pertaining to capital expenditures made in respect of the Facilities. To the full extent allowed by law all records revealed by Developer or the Corporation to the City and/or County's internal or external auditors shall not be treated as public records and shall remain confidential and may be used by the City and/or County only for audit purposes.

The City and County acknowledge that some or all of the information made available by Developer or the Corporation to the City and/or County pursuant to this section may be considered "Trade Secrets" pursuant to North Carolina General Statutes §132-1.2 and that any such information is proprietary. All information made available to the City and/or County pursuant to this section and designated by Developer or the Corporation as a trade secret shall, to the extent allowed by State law, be held as confidential. The City and/or County shall, if it receives a request for disclosure of any such information, notify Developer or the

Corporation, as applicable, of such request so that Developer or the Corporation, as applicable, may defend any claims or disputes arising from efforts of others to cause such trade secrets to be disclosed as a public record.

Developer and the Corporation acknowledge that they have been informed by the City and County that the City and County are required by law, upon request, to disclose "Public Records" as the term is defined by North Carolina General Statutes §132-1. All information disclosed to the City and/or County by Developer or the Corporation which is subject to that definition and whose disclosure is not otherwise protected by law will be released by the City and/or County upon request as provided by North Carolina General Statutes §132-6. The City and County may withhold from disclosure confidential records as defined by North Carolina General Statutes §132-1.2. Developer and the Corporation acknowledge that they have read and are familiar with the City and County's obligations of public disclosure of documents and the definitions of confidential documents as contained in Chapter 132 of the North Carolina General Statutes. In order to prevent the disclosure of the confidentiality of information identified by Developer or the Corporation as a trade secret or confidential pursuant to North Carolina General Statute §132.1.2 the City and County shall, if either receives a request for disclosure of such information, notify the Developer or Corporation, as applicable, of such request so that Developer or the Corporation, as applicable, may defend any claims or disputes arising from efforts of others to cause such trade secrets to be disclosed as a public record. Developer and the Corporation acknowledge that this disclosure of the City and County's public records requirements is given pursuant to North Carolina General Statutes §132-1.8(b) and agree that such disclosure is full and sufficient to the satisfaction of Developer and the Corporation.

5. Payment of Grant:

- a. The City and County agree to partially reimburse the Corporation for the costs of these improvements and capital expenditures and provide an incentive to the Corporation for causing capital investments to be made within the City and County. A cash grant will be paid to the Corporation for the above-described as more specifically set forth in Section 5.c.
- b. Once the Corporation, itself or through Developer, has met the performance requirements set forth in Section 2 and has submitted the required documentation under Section 4, the Corporation shall be eligible to receive the grant payments described herein. The grant payments shall begin in 2010 provided that the taxable property base of the personal property and improvements to real property of the Facilities as determined by the Wake County Tax Assessor is at least Forty Million and No/100 Dollars (\$40,000,000.00) as of January 1, 2009. (Otherwise the grant payments shall begin the year after the taxable property base of the personal property and improvement to real property of the Facilities as determined by the Wake County Tax Assessor first exceeds Forty Million

and No/100 Dollars (\$40,000,000.00). The exact date of payment during the year shall be at the discretion of the City and County but shall be made during the period of January 1 through March 31 each year of the grant. It is understood by all parties that Developer has submitted an application with the State of North Carolina for a brownsfield agreement on the land on which the Facilities will be located, and a brownsfield designation on such land may result in a delay in the collection of taxes based upon the contemplated tax base and a delay in the receipt of the grant payments.

The obligation of the City and County to reimburse the Corporation for the sums provided herein shall not be limited or restricted to any particular source of funds but such reimbursement may be paid from any funds lawfully available to the City and/or County for such purpose.

- c. The amount of the grant payment to be paid by the City and County to the Corporation shall be Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000.00), payable in equal annual installments over a period of three years, with the City and County each paying One Hundred Twenty-Five Thousand and No/100 Dollars (\$125,000.00) per year, subject to the following limitation: in no event shall the grant amount paid by the City and/or County in any calendar year exceed the amount of ad valorem taxes paid to either on the assessed value of the Facilities in that calendar year.
- d. Grant payments are to be made payable to the Corporation and mailed directly to RBC Centura Bank, 3600 Sunset Avenue, 2nd Floor, Rocky Mount, North Carolina 27804 Attention: Corporate Real Estate; or at such other address as shall be provided to the City and County in writing.

- 6. Amendments to Agreement: This Agreement can be modified or amended only with the mutual written consent of both parties.
- 7. Parties. This Agreement shall be binding upon and shall inure to the benefit of the parties and their heirs and successors and assigns. As used herein, words in the singular include the plural and the masculine includes the feminine and neuter genders, as appropriate.
- 8. Entire Agreement: This Agreement contains the entire agreement of the parties and there are no other representations, inducements, or other provisions other than those expressed in this writing. All changes, additions, or deletions hereto must be in writing and signed by all parties.

It is specifically understood and agreed that the Corporation will be subject to applicable City and County ordinances, policies, procedures, and other regulations.

- 9. Laws of North Carolina to Control This Agreement: The parties agree that this Agreement is to be controlled by the laws of the State of North Carolina. The provisions of this agreement will be upheld by the City and County to the extent

allowed by North Carolina law. The City and County will be held harmless to any provisions of this agreement deemed illegal in a North Carolina court of law.

10. Jurisdiction: Any controversy or claim arising out of this Agreement shall be settled by an action initiated in the appropriate division of the General Court of Justice in Wake County, North Carolina.
11. Assignment: The Corporation may assign all or part of its rights and/or obligations under this Agreement to one or more affiliates designated by the Corporation.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be fully executed as of the date and year first above written.

WITNESS:

Natasha T. King

RBC CENTURA BANKS, INC.,
a North Carolina corporation

By:

Ron Day
Name: Ron Day
Title: Chief Operating Officer

HIGHWOODS 301 FAYETTEVILLE ST., LLC,
a Delaware limited liability company

By: HIGHWOODS PROPERTIES LIMITED
PARTNERSHIP, a North Carolina limited
partnership, its sole member

WITNESS

Scotty Buchanan

By: HIGHWOODS PROPERTIES, INC.
Its Manager, a Maryland corporation

By:

Michael E. Warren
Name: Michael E. Warren
Title: EVP-COO

WAKE COUNTY

ATTEST:

Susan J Banks
Clerk

By: Tony C. Gurley
Tony C. Gurley
Chairman

CITY OF RALEIGH

ATTEST:

Baird Smith
Clerk

By: Charles C. Meeker
Charles C. Meeker
Mayor



THIS INSTRUMENT APPROVED AS TO FORM
Theresa McLean
CITY ATTORNEY

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

Susan McCuller
FINANCE DIRECTOR

THIS INSTRUMENT APPROVED AS TO FORM

Michael R. Jones
WAKE COUNTY ATTORNEY

9-1-06
DATE

PROVISIONS FOR THE PAYMENT OF THE MONEYS TO FALL DUE UNDER THIS AGREEMENT HAS BEEN MADE BY AN APPROPRIATION DULY MADE, OR BY BONDS OR NOTES DULY AUTHORIZED, AS REQUIRED BY THE LOCAL GOVERNMENT ACT.

Jessie Capelad 9-1-06
CITY ACCOUNTANT DATE

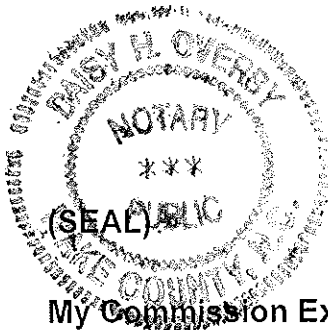
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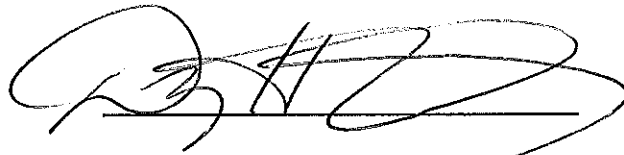
NORTH CAROLINA

COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that Charles C. Meeker, and Gail G. Smith personally appeared before me this day and acknowledge that he is the Mayor and she is said City Clerk of the City of Raleigh, the foregoing instrument was signed as the act of the City of Raleigh and the act of the City of Raleigh in its name by its Mayor, sealed with its municipal seal and attested by Gail G. Smith as its City Clerk.

WITNESS my hand and official stamp or seal this 1st day of September, 2006.




Notary Public

My Commission Expires: 10-13-2006