

## SUPPLEMENT TO ECONOMIC DEVELOPMENT AGREEMENT

This Agreement is hereby entered into as of the 1st day of September, 2006, by and between MOONLIGHT BANDIT PRODUCTIONS, LLC, a North Carolina limited liability company (the "Company") and the CITY OF ROANOKE RAPIDS, a public body and a political subdivision of the State of North Carolina (the "City").

Section 1. Background. (a) The Company, the City, B&C Roanoke, LLC, a North Carolina limited liability company (the "Developer") and Roanoke Rapids Entertainment One, LLC, a North Carolina limited liability company ("Entertainment One") have heretofore entered into the Economic Development Agreement, dated as of June 30, 2005 (the "EDA"). Capitalized terms used herein and not otherwise defined shall have the meaning set forth in Section 1.1 of the EDA.

(b) The EDA sets forth the agreements reached by the parties thereto to develop, maintain and operate entertainment facilities in and around the City. Specifically, pursuant to Section 2.2.1 of the EDA, the Developer has agreed to develop and construct the Theater on the Theater Land. Pursuant to Section 2.2.2 of the EDA, the Developer is responsible for securing and servicing the Real Property Debt required for financing the development and construction of the Theater and Theater Land. Pursuant to Section 2.2.3 of the EDA and the Lease Purchase Agreement, the City is entitled to purchase the Theater upon completion of construction thereof, and thereafter to lease the Theater to the Company pursuant to the terms of the EDA, the Lease Purchase Agreement and the Sub-Lease. The City intends to exercise this option upon completion of construction and become the lessor, with the Company being the lessee.

(c) Since the time the EDA was initially executed and delivered, the City has worked towards making arrangements to secure the financing necessary for the City to purchase the Theater, such actions including the creation of the Carolina Crossroads Music and Entertainment District (the "District") and the issuance of a Bond Anticipation Note to provide funding for certain "start-up" costs in connection with the operation of the Theater as contemplated by the EDA. Plans are now being made for the issuance of Bonds of the City to fund the cost of the purchase of the Theater by the City.

(d) The City and the Company desire to enter into this Agreement at this time to set forth the understandings between the City and the Company with respect to the payments and commitments being made with respect to such Bonds and the responsibilities thereof between the City on the one hand and the Company on the other hand.

Section 2. Plan of Finance for Acquisition of Theater Facility. In connection with the financing of the Theater, the City has developed the following plan of finance.

(a) The City, pursuant to the North Carolina Project Development Financing Act, Article 6 of Chapter 159 of the North Carolina General Statutes, as amended (the "Act"), will issue its Bonds in an amount not to exceed \$21,500,000 (the "Bonds"). The Bonds will be issued under the Bond Order adopted by the City Council of the City on February 28, 2006, as the same may be amended from time to time (the "Bond Order"). The Bonds shall be issued in an amount sufficient to (i) pay the costs of acquisition of the Theater upon completion of construction, (ii)

fund the Reserve Fund created under the Bond Order in an amount equal to the Reserve Fund Requirement (as such terms are defined in the Bond Order), (iii) pay interest to accrue on the Bonds from date of issuance thereof through two years after the date of issuance of the Bonds, (iv) fund certain start up costs with respect to the Theater, and (v) pay costs of issuance with respect to the issuance of the Bonds. The Bond Anticipation Notes referenced above have been issued in anticipation of the issuance of the Bonds.

(b) The Bonds shall be issued as "Variable Rate Demand Obligations," under the terms of which the Owners thereof may tender their Bonds for purchase at any time on seven (7) days notice. The interest rate on the Bonds will be determined on a weekly basis by Banc of America Securities, LLC, as Remarketing Agent (the "Remarketing Agent"), such rate to be based upon the amount necessary to remarket Bonds at the principal amount thereof as of the date of determination. The terms and conditions for remarketing the Bonds will be set forth in the Bond Order and in a Remarketing Agreement to be entered into between the City and the Remarketing Agent (the "Remarketing Agreement").

(c) In connection with the issuance of the Bonds, Bank of America, N.A. (the "Bank") will deliver the Letter of Credit, providing for drawings thereunder in amounts sufficient to pay principal, interest and purchase price of the Bonds when due. In connection with the issuance of the Letter of Credit, the Bank and the City will enter into an agreement pursuant to the terms of which the City will agree to make payments to the Bank to reimburse the Bank for drawings under the Letter of Credit made from time to time to make payments with respect to the Bonds (the "Reimbursement Agreement").

(d) In order to reduce its exposure to variable interest rates, the City will enter into an Interest Rate Swap Agreement (the "Swap Agreement") with the Bank, pursuant to which the City will make fixed rate payments, and the Bank will make variable rate payments, on notional amounts corresponding to the scheduled principal amounts from time to time of the Bonds.

(e) In order to secure the Bonds, the obligations of the City under the Reimbursement Agreement and the obligations of the City under the Swap Agreement, the City will execute a deed of trust, granting a lien on the Theater and the Theater Land (the "Deed of Trust").

(f) Pursuant to Section 5.1 of the Sublease Agreement, the Company is required to pay "Basic Rent" to the City as the tenant under the Sublease (but only as an "Operating Cost" to be paid from the "Revenue" of the Theater, as such terms are defined in, and as more fully provided for, in the EDA, including, without limitation, in accordance with the priorities set forth in Section 2.2.6.1 of the EDA), with the understanding that once the City purchases the Theater from the Developer, the "Basic Rent will be adjusted to reflect the monthly obligation due under the Real Property Debt, then owned by the [City] incurred upon [the City's] purchase of the [Theater]." Pursuant to the EDA, the "Real Property Debt" means "any facility or debt instrument incurred in connection with or on behalf of the acquisition, construction or development of the Theater and the Theater Land, however secured, whether such debt is incurred by the Developer during the initial acquisition, construction or development of the Theater and the Theater Land, or incurred by the City resulting from its acquisition of the Theater and the Theater Land." The parties hereto desire to supplement the EDA to clarify that payments required to be paid by the City under the financial arrangements described above

constitute payments with respect to the Real Property Debt under the terms of the EDA and the Sublease Agreement.

Section 3. Payments with Respect to Real Property Debt. (a) The parties hereto agree that payments with respect to the "Real Property Debt," which amounts constitute Basic Rent under the Sublease Agreement, include all payments required to be paid by the City under the financing arrangement described above, subject to adjustment as hereinafter provided. Specifically, payments with respect to the Real Property Debt shall include all payments of principal and interest required to be paid by the City with respect to the Bonds and all scheduled fixed rate payments required to be paid by the City under the Swap Agreement, less all variable rate payments received by the City under the Swap Agreement.

(b) In addition, payments with respect to the Real Property Debt shall include all payments required to be paid by the City under the Bond Order, Remarketing Agreement and Reimbursement Agreement in connection with administering such documents. Such amounts include, but are not limited to, Trustee fees, Paying Agent, Registrar and Tender Agent fees, Remarketing Agent fees, fees to the Bank required to maintain the Letter of Credit, drawing fees charged to the City in connection with drawings under the Letter of Credit, rating agency fees, if any, reasonable counsel fees required to be paid by the City pursuant to any of such agreements and other costs incurred by the City in connection with the administration of the foregoing instruments.

(c) Pursuant to the Bond Order, the City has created and will fund a Debt Service Reserve Fund to provide additional security for the payment of principal and interest on the Bonds. Initially, the Reserve Fund is anticipated to be funded in an amount equal to one year's debt service on the Bonds. In any event, pending expenditure for payments of principal and interest on the Bonds, amounts held in the Reserve Fund are expected to be invested in investments permitted for investment of City funds until such funds are needed to pay debt service with respect to the Bonds. All investment earnings from the investment of the Reserve Fund, to the extent not required to be used to pay debt service with respect to the Bonds or to fund any deficiency within the Reserve Fund shall be credited towards payment of debt service with respect to the Bonds. To the extent payments are made on the Bonds from drawings on the Reserve Fund, future payments by the Company of Basic Rent shall include amounts necessary to replenish the Reserve Fund to the Reserve Fund requirement set forth in the Bond Order.

In addition, if at any time amounts in the Reserve Fund shall be sufficient to retire all further obligations of the City under the Bonds, Reimbursement Agreement, Remarketing Agreement and Swap Agreement, such amounts shall be so applied to such purpose as a credit against the payment of the Bonds.

(d) Pursuant to the Bond Order, the City has pledged to the payment of the Bonds, in addition to the Revenues of the Theater, other sources available to the City that are designated as the "Obligated Resources" under the Bond Order. Such amounts consist of the taxes levied on the incremental value of the District pursuant to the Act and the City's share of sales taxes levied by the County of Halifax and the State of North Carolina, as more fully provided in the Bond Order. The parties have entered into the transactions covered by the EDA with the expectation that Revenues of the Theater will be sufficient to pay all net payments with respect to the Real

Property Debt (as herein described) after taking into account amounts intended to be paid from the proceeds of the Bonds as capitalized interest during the start-up period and that such additional sources shall not be required for such payment. To the extent payment is made by the City from such sources, or by the City from any other source other than the Revenues of the Theater, payments for the Real Property Debt in future years shall be increased until such amounts have been repaid to the City, with interest computed at the rate of interest at which fixed rate payments are computed under the Swap Agreement.

(e) Pursuant to the Swap Agreement, the City may have the option, and may be required, to terminate all or a portion of its obligations under the Swap Agreement. The parties hereto agree that payments with respect to the Real Property Debt shall be adjusted such that (i) termination received by the City shall be a credit against payments of the Real Property Debt and (ii) payments with respect to the Real Property Debt shall be increased by the amount of any termination payments required to be paid by the City.

Section 4. Successors to Parties. In the event that at any time the Bonds are outstanding the City enters into agreements with other financial institutions to perform the duties of the Bank in any of the capacities described above, or the duties of the Remarketing Agent, Trustee, Tender Agent or other parties, then the foregoing provisions shall apply to such new agreements with new parties to the same extent as if set forth herein. The City shall not voluntarily enter into new arrangements with financial institutions without the prior written consent of the Company, which consent shall not be unreasonably withheld.

Section 5. Agreement to Purchase Theater. Pursuant to the Option to Purchase Agreement, dated June 30, 2005, the Company may exercise an option to purchase the Theater and the Theater Land for a purchase price of \$1, plus the balance of the Real Property Debt, including prepayment penalties, if any, and other costs associated with the early retirement of the Real Property Debt. The parties hereto expressly agree that the payments required to be paid with respect to the purchase price in connection with the exercise of an option to purchase shall include all payments necessary to be made under the Bonds, Swap Agreement, Remarketing Agreement, Tender Agent Agreement, Bond Order or similar financing arrangement described herein.

Section 6. Deed of Trust. In connection with the financing arrangements described above, the City will execute and deliver the Deed of Trust. The Company hereby consents to the lien to be created upon the Theater by the Deed of Trust and hereby agrees to deliver such instruments as shall be deemed necessary in order to subordinate the option to purchase to the rights of the Bank under the Deed of Trust.

Section 7. Adjustment to Real Property Debt for City Portion of Debt Service. In addition to the amount of Bonds to be issued to acquire the Theater and the Theater Land and to fund reserves as required by the EDA, as more fully set forth above, the City has also borrowed an additional \$690,000 to finance certain of the costs to be incurred by the City in connection with the development of the Theater and the Theater Land. The parties concur that repayment of such \$690,000 was not intended to be paid from the Revenues of the Theater. The parties hereto agree that the Bond payment and Swap Agreement payment components of Basic Rent shall be reduced by a fraction, the numerator of which shall be \$690,000, and the denominator of which

shall be the principal amount of the Bonds, when issued. For instance, if \$21,500,000 of Bonds are issued, each computation of Basic Rent that includes the components for debt service on the Bonds and payments under the Swap Agreement shall be reduced by 3.20%. The City covenants with the Company that it shall cause the amount of the adjustment to be paid on the Bonds or under the Swap Agreements from Obligated Resources.

IN WITNESS WHEREOF, the Company and the City have caused this Supplement to the Economic Development Agreement to be executed and delivered by authorized officers thereof, all as of the 1st day of September, 2006.

MOONLIGHT BANDIT PRODUCTIONS, LLC

By: 

CITY OF ROANOKE RAPIDS

By: 