



City of Roanoke Rapids

Office of the Mayor

P. O. Box 38 1040 Roanoke Avenue
Roanoke Rapids, N. C. 27870
(252) 533-2840 (252) 533-2809 Fax
E-mail: drewery_b@charter.net

August 2, 2005

Mr. Randy H. Parton, Manager/Member
Moonlight Bandit Productions, LLC
c/o Mr. Earnest Pearson
Sanford Holshouser, LLP
P. O. Box 2447
Raleigh, N.C. 27602

Re: Sublease Agreement for Theater Property

Dear Randy:

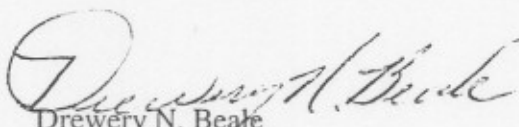
This letter is intended to confirm that the Sublease Agreement which is attached to this letter (and which is or will be attached to the Economic Development Agreement as Exhibit D) is complete except for the final legal description of the Theater Property.

It was our understanding that you prefer not to execute the Sublease Agreement until the final legal description is in hand. Therefore, this will also confirm our mutual understanding and agreement that the Sublease Agreement in its current form will be executed by Moonlight Bandit and the City at such time as the legal description for the Theater Property is available.

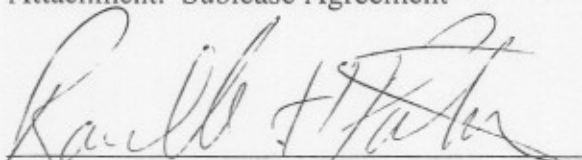
If you are in agreement with the representations set forth above, please sign a copy of this letter and return it to the City Manager.

We look forward to working with you further on this project.

Sincerely,


Drewery N. Beale
Mayor

Attachment: Sublease Agreement


Randy H. Parton, Manager/Member
Moonlight Bandit Productions, LLC

8-9-05
Date

SUBLEASE AGREEMENT

This Sublease Agreement ("Sublease") is dated as of Jun 30, 2005, and is entered into by and between the CITY OF ROANOKE RAPIDS, North Carolina, a public body politic and political subdivision of the State of North Carolina (the "Sublessor"); and MOONLIGHT BANDIT PRODUCTIONS, LLC, a North Carolina limited liability company (the "Sublessee") (each a "Party" and collectively, the "Parties").

PREAMBLES

WHEREAS, the Parties have previously determined to cooperate in a plan for the development of certain entertainment facilities in and around the City of Roanoke Rapids and Halifax County, North Carolina, for the purpose of promoting economic development, tourism and the creation of jobs; and

WHEREAS, as a part of such plan, Sublessor, Sublessee, B&C Roanoke, LLC (the "Developer") and Roanoke Rapids Entertainment One, LLC ("Entertainment One") have entered into an agreement dated as of Jun 30, 2005 (the "Agreement"), providing for the development and construction of the Theater described in the Agreement; and

WHEREAS, pursuant to the Agreement, the Developer has leased the Leased Property to the Sublessor under the terms of a Lease-Purchase Agreement, and the Sublessor is subleasing the Leased Property to the Sublessee.

NOW, THEREFORE, for and in consideration of the premises, and the mutual promises, covenants and agreements herein contained, the Sublessor and Sublessee hereby agree as follows:

ARTICLE I

Definitions; Rule of Construction

Section 1.1. Definitions. All capitalized terms used in this Sublease and not otherwise defined have the meanings assigned to them in the Agreement, unless the context clearly requires otherwise. In addition, the following terms have the meanings specified below, unless the context clearly requires otherwise:

a. "Agreement" shall mean the Economic Development Agreement dated as of Jun 30, 2005 entered into by and among Sublessor, Sublessee, Developer and Entertainment One relating to the development and construction of the Theater.

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b. "Basic Rent" shall have the meaning described in Article V.
c. "Business Day" shall have the meaning described in Section 11.6.
d. "Commencement Date" shall have the meaning set forth in Section 4.1.

e. "Developer" shall mean B&C Roanoke, LLC, a North Carolina limited liability company.

f. "Financial Statements" shall have the meaning set forth in Article X.

g. "Lease" shall mean the Lease-Purchase Agreement dated as of Jun 30, 2005 between Developer, as Lessor-Seller and Sublessor, as Lessee-Buyer, relating to the Leased Property.

h. "Leased Property" shall mean the Theater Land which is described on Exhibit A attached hereto and incorporated herein by reference.

i. "Operating Profits" shall have the meaning described in Article V.

j. "Option to Purchase" shall mean the option to purchase granted by Developer to Sublessee pursuant to an Option to Purchase Agreement dated as of Jun 30, 2005.

k. "Rent" shall mean Rent as defined in the Lease.

l. "Supplemental Rent" shall have the meaning described in Article V.

m. "Sublease Term" shall have the meaning set forth in Section 4.1.

n. "Sublessor" shall have the meaning set forth in Section 11.12.

Section 1.2. References. All references to Articles or Sections are references to Articles or Sections to this Sublease, unless the context clearly indicates otherwise.

ARTICLE II

Representations, Covenants and Warranties

Section 2.1. Representations, Covenants and Warranties. The Sublessor and Sublessee each represent, covenant and warrant for the other's benefit as follows:

(a) Neither the execution and delivery of this Sublease, nor the fulfillment of or compliance with its terms and conditions, nor the consummation of the transactions contemplated hereby, results in a breach of the terms, conditions or provisions of any

agreement or instrument to which either of the Parties is now a party or by which either is bound, or constitutes a default under any of the foregoing.

(b) To the knowledge of each of the Parties, there is no litigation or proceeding pending or threatened against such Party (or against any other person) affecting the rights of such Party to execute or deliver this Sublease or to comply with its obligations under this Sublease. To the best knowledge of each of the Parties, neither the execution and delivery of this Sublease by such Party, nor compliance by such Party with its obligations under this Sublease, requires the approval of any regulatory body or any other entity the approval of which has not been applied for or obtained.

(c) Sublessor is a municipal corporation existing under the laws of the State of North Carolina with full power and authority to enter into and perform all of Sublessor's obligations under this Sublease. This Sublease has been, and all instruments executed by Sublessor to perform Sublessor's obligations under this Sublease will be duly authorized by all appropriate Sublessor action and will be enforceable against Sublessor in accordance with their terms.

(d) Sublessee is duly organized, validly existing and in good standing under the laws of the State of North Carolina and has full power and authority to enter into and perform all obligations under this Sublease. This Sublease, and all instruments executed by Sublessee to perform Sublessee's obligations under this Sublease are and will be duly authorized by all appropriate Sublessee action and will be enforceable against Sublessee in accordance with their terms.

ARTICLE III

DEMISE

Section 3.1. Demise. Sublessor hereby subleases the Leased Property to Sublessee, and Sublessee hereby accepts and subleases the Leased Property from Sublessor, upon the terms and provisions hereinafter set forth and subject to the conditions hereinafter set forth. Sublessee has inspected the Leased Property and accepts said Leased Property in its current condition.

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ARTICLE IV

Sublease Term

Section 4.1. Term. The term of this Sublease shall commence on the "Commencement Date", which shall be the date following complete execution and delivery of the Lease and Sublease when the Theater on the Leased Property has become Fully Operational as described in the Development Agreement and has been accepted in writing by Sublessee, and will terminate on March 15, 2010. The Sublease shall automatically renew from year to year, unless the Sublease is earlier terminated in accordance with the provisions of this Sublease. The Term and any renewals thereof shall be referred to as the "Sublease Term".

Section 4.2. Termination. Notwithstanding the foregoing, the Sublease Term shall terminate on the earliest to occur of the following:

- (a) Mutual written agreement of the Parties;
- (b) Upon notice from Sublessor following the date on which all Real Property Debt is satisfied in full;
- (c) The date of termination of the Agreement; or

Section 4.3. Termination of Obligations. Termination of the Sublease Term shall terminate any and all obligations of Sublessor under this Sublease, and shall terminate Sublessee's rights of possession under this Sublease; *provided, however*, that all other provisions and obligations under this Sublease shall be continuing until discharged.

Section 4.4. Continuation of Sublease if Sublessor Becomes Owner of the Leased Property. The Parties acknowledge that the Sublessor has entered into a Lease-Purchase Agreement with respect to the Leased Property. It is agreed that at such time as the Sublessor becomes the owner of the Leased Property, this Sublease Agreement will remain in full force and effect, except that the Sublessee will not be required to pay the Lease Management Fee or the ad valorem taxes on the Leased Property (so long as these fees and taxes are not incurred by the Sublessor at such time as the Sublessor becomes the owner of the Leased Property).

ARTICLE V

Rent

Beginning on the Commencement Date and throughout the Sublease Term, Sublessee shall pay to Sublessor the following:

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(a) "Basic Rent" in the amount of \$1.00 plus all Rent and other Obligations due and owing by Sublessor under the Lease. Provided, however, that once the Sublessor purchases the Leased Property from the Lessor-Seller, the Basic Rent will be adjusted to reflect the monthly obligation due under the Real Property Debt then owed by the Sublessor incurred upon its purchase of the Leased Property. Upon the purchase of Leased Property by the Sublessor, "Basic Rent" shall then be in an amount equal to the monthly installments due on the Real Property Debt owed by the Sublessor, which shall be based upon a monthly amortization of the Real Property Debt at the then applicable rate of interest for the Real Property Debt, but in no event shall the monthly Basic Rent be more than the amount of the payment actually due on the Real Property Debt for such period, provided, however, the obligation to pay additional amounts equal to monthly installments due on the Real Property Debt is subject to the priority of payments as set forth in the Agreement, Section 2.2.6.1 and any shortfall in said payments will not represent a default in the sublease. It is recognized that interest rates may fluctuate from time to time resulting in an adjustment to the Basic Rent. The Basic Rent shall be due and payable on or before the 5th day of each month.

(b) "Supplemental Rent" consisting of all "Operating Profits" as defined in Section 1.1 of the Agreement, until the date on which all Real Property Debt is paid in full. The Supplemental Rent shall be due and payable annually 30 days following receipt by the Sublessee of account reports from its accounting firm.

ARTICLE VI ASSIGNMENT AND SUBLETTING; INDEMNIFICATION

Section 6.1. Assignment and Subletting. Sublessee may not sublease the Leased Property, in whole or in part, or assign any of its rights or obligations under this Sublease without the prior written consent of Sublessor and the Lessor under the Lease. The transfer by sale, assignment, bequest, inheritance, operation of law, or other disposition of an interest in Sublessee so as to result in a change of control or majority ownership of Sublessee shall be deemed to be an assignment of this Sublease.

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Section 6.2. Indemnification. To the extent permitted by law, each Party shall and hereby agrees to indemnify and save the other harmless against and from all claims, actions, suits, damages, liability, costs and expenses (including attorneys' fees) by or on behalf of any person, firm, corporation or other legal entity, arising from the operation or use of the Leased Property during the Sublease Term by such Party, including but not limited to any arising from any act of negligence, or intentional action, or any violation of law by the indemnifying Party or any of its agents, contractors, employees, invitees or licensees, or breach of any covenant or warranty by the indemnifying party hereunder.

ARTICLE VII

USE

During the Sublease Term, the Leased Property shall be used only for a theater for the production of musical and entertainment shows and productions, corporate meetings, revivals, gospel gatherings, dance and performance competitions, and other uses not inconsistent with the scheduled performances, and for no other use without the prior written consent of Sublessor. The Leased Property is leased subject to restrictive covenants and easements of record, if any, and Sublessee hereby agrees to abide by any and all such restrictive covenants and easements.

ARTICLE VIII

ENVIRONMENTAL

Sublessee shall not permit, allow or cause any hazardous waste, hazardous substance, hazardous material, toxic substance, hazardous air pollutant or toxic pollutant within the meaning of any such term as used in the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Superfund Amendment and Reauthorization Act of 1986, the Hazardous Materials Transportation Control Act, the Toxic Substances Control Act, the Clean Air Act, the Clean Water Act, the North Carolina Oil Pollution and Hazardous Substances Control Act of 1978, the North Carolina Inactive Hazardous Sites Act or the North Carolina Water and Air Resources Act, any amendment thereof or regulations promulgated pursuant thereto, or in any other federal, state or local law, regulation or ordinance, to be used on or about the Leased Property without the express written consent of Sublessor. In the event of such use, Sublessee represents and warrants that Sublessee shall, with respect to the Leased Property and Sublessee's operation

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conducted thereon, obtain and maintain in full force and effect, at all times, any and all permits and licenses required by the aforementioned acts and/or regulations, or any similar acts or regulations, and agrees to, and hereby does indemnify and hold harmless Sublessor, its successors and assigns, against all claims, losses, damages, fines, penalties and costs, including attorney fees, arising or assessed on account of the aforementioned substances or the failure of Sublessee to comply with the aforementioned acts or regulations, or any similar acts or regulations, or on account of the manufacture, use or storing of any substances controlled by said acts or regulations on the Leased Property by Sublessee, or on account of any spill or release of such substances on the Leased Property from any cause whatsoever. Provided, however, nothing contained herein shall prohibit the use of common office cleaners and solvents relating to the general cleaning and maintenance of the Leased Property. This covenant shall survive the termination of this Lease. It is provided, however, that Sublessor understands that Sublessee plans to use the Leased Property for a theater and entertainment facility. Sublessor consents to the possession and use on the Leased Property of any of the foregoing substances if used in the ordinary course of such business and used in compliance with the law.

ARTICLE IX
INCORPORATION OF LEASE TERMS

All of the remaining terms and provisions of the Lease are incorporated herein by reference as fully as if the same were set forth in this Sublease, and Sublessee agrees to assume, perform, and be bound by all of the obligations, responsibilities and duties that Sublessor has to the Lessor under the Lease, including, but not limited to, the obligation to pay taxes, utilities, insurance, fees and to maintain the Leased Property, all as more particularly described in the Lease. Provided however, that the Sublessee shall not be obligated to pay rents or supplemental rents in excess of what is stated in this Sublease Agreement, and shall not be obligated to pay the Lease Management Fee referred to in Section 12.5 of the Lease-Purchase Agreement.

ARTICLE X
FINANCIAL INFORMATION

On or before the fifteenth (15th) day of the month following the end of each fiscal quarter of the Sublessee, during the Sublease Term, Sublessee shall submit to Sublessor Financial Statements prepared in accordance with generally accepted accounting principals,

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which shall bear the certification of the managing member, or an authorized and designated officer, of Sublessee showing all Revenues, Operating Costs, and all other expenses and expenditures of Sublessee related to the Leased Property and Theater (the "Financial Statements"). Such Financial Statements shall also be provided on an annual basis at the end of each fiscal year of the Sublessee. In the event Sublessor shall elect to audit the operation of Sublessee, including any licensees or contractors, Sublessor may do so at its sole expense, subject to the condition that in the event such audit shall reveal a discrepancy of more than two percent (2%) of the amount of the Operating Profits reported to Sublessor in Sublessee's Financial Statements provided to Sublessor, the cost of the audit shall be born by Sublessee, but shall not be included as a part of the Operating Costs. Sublessor shall be entitled to audit only those Financial Statements received within two (2) years of the audit request; *provided, however*, such two-year limitation shall not apply to items not disclosed on the Financial Statements. Submission by Sublessee of more than two (2) materially incorrect Financial Statements within one fiscal year period shall, at the election of the Sublessor, be an Event of Default. For purposes of this Sublease, "materially incorrect" Financial Statements shall mean a difference greater than five percent (5%) of reported vs. actual Operating Profits for the period reported. Sublessee may, in its discretion, make agreements with third-party management companies to operate the Theater, which may include the responsibility to be primarily responsible for the production of Financial Statements. In such event, Sublessee shall require the third party management company, by contract, to maintain records, relative to the operations on the Leased Property, in such detail and in such form as will permit the preparation of appropriate Financial Statements and performance of an appropriate audit, and to require the third party management company, by contract, to submit to an audit of the Financial Statements by or on behalf of the Sublessor and to make available such reports to Sublessor or its designated agents upon reasonable request.

ARTICLE XI
MISCELLANEOUS

Section 11.1. Governing Law. The Parties intend that this Sublease shall be governed by and construed in accordance with the laws of the State of North Carolina. Further, any action relating to this Sublease shall be instituted and prosecuted in the courts of Halifax



County, North Carolina. Each of the Parties hereto consents to the jurisdiction of said courts and waives any right or defense relating to such jurisdiction and venue.

Section 11.2. Notice. Any notice or communication required or permitted by this Sublease must be in writing except as otherwise specifically provided, and such notice or communication shall be sufficiently given and deemed given when delivered by hand or five (5) days after being mailed by certified or registered United State mail, postage prepaid, or sent by national overnight courier service with confirmation of receipt, and addressed as follows:

If to Sublessor: City of Roanoke Rapids
 1040 Roanoke Avenue
 PO Box 38
 Roanoke Rapids, NC 27870
 Attention: City Manager
 Telephone: 252-533-2840

If to Sublessee: Moonlight Bandit Productions, LLC
 c/o Sanford Holshouser, LLP
 P.O. Box 2447
 Raleigh, NC 27602
 ATTN: Ernest C. Pearson

Any addressee may designate additional or different address by giving notice to the other Party in the manner provided herein.

Section 11.3. Binding Effect. This Sublease shall inure to the benefit of and shall be binding upon the Sublessor and Sublessee, and their respective successors and assigns, subject, however, to the limitation on assignment described in Article VI of this Sublease.

Section 11.4. Amendments, Changes and Modifications. This Sublease may not be amended, modified or supplemented without the prior written consent of all Parties.

Section 11.5. Net Sublease. This Sublease shall be deemed and construed to be a "Net Sublease", and Sublessee shall pay absolutely net during the Sublease Term all payments required hereunder, free of any deductions, and without abatement or setoff. It is recognized that Sublessee shall have the right to contract with a third-party management company to manage the operation and maintenance of the Leased Property, and such third-party company shall have full

right and authority to occupy the Leased Property to perform such management services on behalf of Sublessee.

Section 11.6. Non-Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Sublease, shall not be a Business Day, such payment shall be made or act performed or right exercised on the next succeeding day that is a Business Day. Business Day shall mean a day on which banks and public offices are opening and functioning in the normal course of business, and which is not a Saturday, Sunday, federal or North Carolina holiday, or a day upon which a substantial portion of banks and public offices in the area in which the Leased Property is located are closed due to extraordinary events, such as hurricanes, snow storms, tornadoes or other similar events.

Section 11.7. Execution in Counterparts. This Sublease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Section 11.8. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Sublease.

Section 11.9. Memorandum of Sublease. At the request of either party, the other party shall execute a memorandum of this Sublease legally sufficient to comply with the relevant provisions of the North Carolina General Statutes.

Section 11.10. No Joint Venture. Neither the execution of this Sublease nor the performance of any act pursuant to the provisions hereof shall be deemed or construed to have the effect of creating between Sublessor and Sublessee the relationship of principal and agent, partnership, or joint venture.

Section 11.11. Entire Agreement. Sublessor and Sublessee agree that no representations or inducements have been made other than those expressed herein and that this Sublease contains the entire agreement between the Parties hereto with respect to the matters described herein.

Section 11.12. Transfer of Sublessor's Interest. The term "Sublessor" as used in this Sublease means only the sublessor at such time of the Leased Property so that in the event of any assignment by Sublessor, the Sublessor shall be and hereby is entirely freed and relieved from all covenants and obligations of Sublessor hereunder and it shall be deemed and construed

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without further agreement between the Parties and the assignee of this Sublease, that the assignee has assumed and agreed to carry out any and all covenants and obligations of Sublessor hereunder, and that the current Sublessor is thereby discharged from any further obligation.

[Signature Page Follows]



IN TESTIMONY WHEREOF, Sublessor and Sublessee have caused this Sublease to be executed in such form as to be binding, as their duly authorized acts, all as of the day and year first above written.

SUBLESSOR:

CITY OF ROANOKE RAPIDS,
NORTH CAROLINA

By: Drewery N. Beale
Drewery N. Beale, Mayor

Attest:

Lisa B. Vincent
Lisa B. Vincent, City Clerk

SUBLEESSEE:

PRODUCTIONS *RT*
MOONLIGHT BANDIT ENTERTAINMENT,
LLC

By: Randy N. Parton
Name: Randy N. Parton
Title: Member/Manager

LEGAL DESCRIPTION FOR THE RANDY PARTON THEATER SITE

That certain tract or parcel of land lying and being situate in the City of Roanoke Rapids, Weldon Township, Halifax County, North Carolina, being more particularly described as follows: beginning at a point located on the northeastern edge of the right of way for N. C. Hwy. 125 which is common with the southwest corner of property now or formerly owned by Thomas Earl Ferguson (Ref. Deed Book 1182, Page 103, and Lot 14, P.B. 10, Pg. 33, Halifax Public Registry), thence from said beginning point the following courses and distances: along the northeastern edge of the right of way for N. C. Hwy. 125 a curve having a chord direction of N 38-58-41 W. and a chord length of 451.71 feet, with a radius of 3134.96 feet for a distance (arc length) of 452.11 feet to a point; thence turning N. 46-36-19 E. 20.00 feet to a point; thence turning N. 43-23-41 W. 162.02 feet to a point; thence turning N. 01-16-47 E. 60.02 feet; thence along the eastern edge of the right of way for S. R. 1692 a curve to the left having a radius of 250.00 feet a distance of 275.90 feet to a point; thence continuing along S.R. 1692 N. 25-01-41 W. 187.51 feet to a point; thence continuing along S.R. 1692 a curve to the right having a radius of 768.51 feet a distance of 196.71 feet to a point; thence continuing along S.R. 1692 N. 10-21-41 W. 1047.25 feet to a point; thence continuing along S.R. 1692 N. 17-17-12 W. 50.69 feet to a point; thence turning from the eastern edge of S.R. 1692 N. 30-42-46 E. 848.47 feet to a point; thence continuing N. 30-44-29 E. 121.92 feet to a point; thence continuing N. 38-15-20 E. 262.98 feet to **a point which is the POINT OF BEGINNING** for the property described herein; thence from said point of beginning S. 60-53-33 E. 536.05 feet to a point; thence continuing S. 68-08-18 E. 367.88 feet to a corner; thence turning S. 50-09-17 27.67 feet to a point, thence continuing along a curve to the left having a radius of 588.00 feet a distance of 404.54 feet; thence continuing S. 10-41-51 W. 156.83 feet; thence turning along a curve to the left having a radius of 629.00 feet a distance of 258.69 feet to a point; thence continuing S. 78-16-28 W. 59.89 feet to a corner; thence turning N. 11-43-32 W. 55.16 feet to a point; thence continuing along a curve to the right having a radius of 600.00 feet a distance of 385.03 feet to a corner; thence turning N. 60-53-33 W. 484.00 feet to a corner on the eastern edge of Crossroads Parkway (proposed); thence turning along the eastern edge of Crossroads Parkway (proposed), a curve to the right having a radius of 819.00 feet a distance of 298.78 feet to the point of beginning, containing 8.822 acres, more or less, and being shown and designated as LOT 1 on that certain plat entitled "Plat Showing Revision of Lot # 1, Carolina Crossroads Music and Entertainment District, Phase One", done by Jonathan C. Waters, P.L.S., dated April 26, 2006, and recorded in Plat Cabinet 6, Slide 143-O, Halifax Public Registry. Reference to said recorded plat is hereby made for greater certainty of description of the property described herein.