

NEW ISSUE; FULL BOOK ENTRY

Interest on the Bonds will be includable in the gross income of the owners thereof for federal income tax purposes. See "TAX TREATMENT" herein.

\$21,500,000
CITY OF ROANOKE RAPIDS, NORTH CAROLINA
Music and Entertainment District Special Revenue Bonds
Series 2007

Dated: Date of Issuance

Price: 100%

Due: July 1, 2027

The bonds offered hereby (the "Bonds") being issued by the City of Roanoke Rapids, a body corporate and politic and a political subdivision of the State of North Carolina (the "City") are special obligations of the City payable solely, except as otherwise described herein, from and secured by a pledge of the Obligated Revenues (as defined herein). The Bonds are being issued to provide funds, together with other available funds to (i) pay the acquisition and equipping costs of the Project (as defined herein), (ii) fund a debt service reserve fund for the Bonds in an amount equal to the Reserve Fund Requirement, (iii) pay the outstanding principal balance of the City's Music and Entertainment District Special Revenue Bond Anticipation Notes, Series 2006 (the "Series 2006 Notes") plus all interest accruing on the Series 2006 Notes from the date of issuance, the proceeds of which were used to fund certain start-up costs with respect to the Project and to fund a reserve required in connection with the financing documents, (iv) pay all or a portion of the interest to accrue on the Bonds from the date of issuance thereof through May 1, 2008, and (v) pay certain costs and expenses incurred in connection with the issuance and sale of the Bonds.

NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OF NORTH CAROLINA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NO OWNER OF THE BONDS HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER BY THE CITY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT OF THE BONDS, OTHER THAN OBLIGATED REVENUES.

The payment of the principal and purchase price of, and the interest on, the Bonds will be secured by an irrevocable, direct-pay letter of credit (the "Letter of Credit") issued by

BANK OF AMERICA, N.A.

(the "Bank") pursuant to which the Trustee will be permitted to draw up to (a) an amount equal to the aggregate principal amount of the Bonds then outstanding to pay principal of the Bonds, or the portion of the purchase price of Bonds to be purchased attributable to the principal of such Bonds, plus (b) an amount equal to 35 days' interest on the Bonds at an assumed rate of twelve percent (12%) per annum to pay accrued interest on the Bonds or the portion of the purchase price of Bonds to be purchased attributable to accrued interest on such Bonds, all as further described herein. The Letter of Credit will expire on March 15, 2010, unless extended or earlier terminated as described herein.

The Bonds will be delivered as fully registered bonds in book-entry-only form, and when delivered will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases of Bonds by beneficial owners will be made in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. So long as Cede & Co. is the registered owner of the Bonds, references herein to registered owners or Owners shall mean Cede & Co., and shall not mean the beneficial owners of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds are payable by the Trustee to Cede & Co., which will in turn remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners.

The Bonds will bear interest at a Weekly Interest Rate as described herein. Banc of America Securities LLC will serve as the initial Remarketing Agent for the Bonds. The Bonds will be subject to redemption prior to maturity and will also be subject to optional and mandatory tender for purchase as described herein.

This cover page contains certain information for quick reference only. It is not a summary of the Bonds or their security. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if delivered, subject to the approval of Womble Carlyle Sandridge & Rice, PLLC, Raleigh, North Carolina, Bond Counsel, and certain other conditions. Banc of America Securities LLC, Charlotte, North Carolina is underwriting the Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Kilpatrick Stockton LLP, Raleigh, North Carolina, for the Bank by its counsel, Helms Mulliss & Wicker, PLLC, Charlotte, North Carolina, and for the City by M. Glynn Rollins, Jr. Esq., Roanoke Rapids, North Carolina. Delivery of the Bonds is expected through the facilities of DTC on or about March 7, 2007.

Banc of America Securities LLC

The date of this Official Statement is February 27, 2007

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any date subsequent to the date thereof.

The information contained herein has been obtained from the City, Bank of America, N.A. and other sources believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the accuracy or completeness of such information is not guaranteed by the Underwriter. The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

Other than with respect to information concerning Bank of America, N.A. (the "Bank") contained under the caption "THE LETTER OF CREDIT" and Appendices B and D hereto, none of the information in this Official Statement has been supplied or verified by the Bank and the Bank makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; or (ii) the validity of the Bonds.

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OFFICIAL STATEMENT

\$21,500,000

**CITY OF ROANOKE RAPIDS, NORTH CAROLINA
Music and Entertainment District Special Revenue Bonds
Series 2007**

INTRODUCTION

This Official Statement, which includes the cover and the appendices, provides certain information in connection with the issuance of \$21,500,000 Music and Entertainment District Special Revenue Bonds (the “Bonds”) by the City of Roanoke Rapids, North Carolina (the “City”), pursuant to the laws of the State, including the North Carolina Project Development Financing Act, Article 6 of Chapter 159, as amended, of the General Statutes of North Carolina (the “Act”), an Amended and Restated Bond Order (the “Amended and Restated Bond Order”) to be adopted by the City Council on February 27, 2007, and a Series Resolution to be adopted by the City Council on February 27, 2007 (the “Series Resolution”). (The Series Resolution and the Amended and Restated Bond Order are hereinafter referred to collectively as the “Bond Order”). First-Citizens Bank & Trust Company (the “Trustee”) has been appointed as trustee, registrar and tender agent under the Bond Order.

This introduction provides certain limited information to serve as a guide to this Official Statement, and is expressly qualified by this Official Statement as a whole. Prospective investors should make a full review of the entire Official Statement and of the documents summarized or described herein. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Neither the delivery of this Official Statement nor of the Bonds shall under any circumstances create any implication that there has been no change in the City’s affairs since the date hereof.

Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Bond Order. See “DEFINITIONS” in Appendix A.

Purpose. In 2005, the City created the Carolina Crossroads Music and Entertainment District (the “District”) to facilitate the development of the area of the City located within the District as a tourist destination. The first project undertaken within the District is the acquisition and equipping of the Randy Parton Theater (the “Project”). The City is issuing the Bonds to provide funds to (i) pay the acquisition and equipping costs of the Project; (ii) fund a debt service reserve fund for the Bonds in an amount equal to the Reserve Fund Requirement; (iii) pay the outstanding principal balance of the City’s Music and Entertainment District Special Revenue Bond Anticipation Notes, Series 2006 (the “Series 2006 Notes”) plus all interest accruing on the Series 2006 Notes from the date of issuance, the proceeds of which were used to fund certain start-up costs with respect to the Project and to fund a reserve required in connection with the financing documents; (iv) pay all or a portion of the interest to accrue on the Bonds from the date of issuance thereof through May 1, 2008; and (v) pay certain costs and expenses incurred in

connection with the issuance and sale of the Bonds. See "THE PROJECT AND THE DISTRICT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Payment of the Bonds. The Bonds will be special obligations of the City, payable from, and secured by a lien on, the Obligated Revenues. Obligated Revenues means, collectively, (a) lease payments received by the City from the Operator (as defined herein) of the Project pursuant to a lease agreement between the City and the Operator ("Theater Facility Receipts"), (b) District Tax Increment Fund Proceeds (See "SECURITY – Obligated Revenues) and (c) certain sales tax revenues distributed to the City by the County of Halifax, North Carolina and the State of North Carolina ("Sales Tax Revenues"). **NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OF NORTH CAROLINA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NO OWNER OF THE BONDS HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER BY THE CITY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT OF THE BONDS OTHER THAN THE OBLIGATED REVENUES.**

The Bonds will initially bear interest at a Weekly Interest Rate as described herein. See "THE BONDS" herein.

Letter of Credit. In addition to the security for the payment of the Bonds described above, the payment of the Bonds will be secured by the Letter of Credit in effect from time to time with respect to the Bonds. Simultaneously with the issuance of the Bonds, Bank of America, N.A. (initially, the "Bank"), will issue in favor of the Trustee its irrevocable letter of credit (the "Letter of Credit") at the request of and for the account of the City, under which the Trustee is entitled to draw an amount up to (a) an amount equal to the aggregate principal amount of the Bonds then outstanding to pay principal of the Bonds, or the portion of the purchase price of Bonds required to be purchased under the Bond Order attributable to the principal of such Bonds, plus (b) an amount equal to 35 days' interest on the Bonds at an assumed rate of twelve percent (12%) per annum to pay accrued interest on the Bonds or the portion of the purchase price of the Bonds attributable to accrued interest. The Letter of Credit expires by its terms on March 15, 2010 unless extended as provided therein, and may otherwise expire or be terminated, reduced or modified prior to such date in accordance with the terms thereof. Prior to the initial and each subsequent termination date for the Letter of Credit, the City may request the Bank to extend the then stated termination date for an additional one year period which extension shall be at the Bank's discretion and may be based on additional or different conditions. The City may replace the Letter of Credit with an Alternate Credit Facility as described in the Bond Order (the Letter of Credit or any such Alternate Credit Facility, the "Credit Facility") in which event, subject to certain exceptions, the Bonds shall be subject to mandatory purchase. See "THE LETTER OF CREDIT" and "SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT" herein and Appendices B and D hereto.

NO REPRESENTATION IS MADE CONCERNING THE FINANCIAL STATUS OF THE CITY. PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO RELY SOLELY UPON THE LETTER OF CREDIT FOR PAYMENT OF THE PRINCIPAL AND PURCHASE PRICE OF AND INTEREST ON THE BONDS.

Book-Entry Form. The Bonds will be delivered in book-entry-only form without physical delivery of certificates. Payments to beneficial owners of the Bonds will be made by the Trustee through The Depository Trust Company (“DTC”), New York, New York, and its participants. See Appendix E hereto.

Tax Status. See “TAX TREATMENT” herein.

Professionals. Banc of America Securities LLC, Charlotte, North Carolina (in such capacity, the “Underwriter”), is underwriting the Bonds. Banc of America Securities LLC, Charlotte, North Carolina (in such capacity, the “Remarketing Agent”) is also serving as the initial remarketing agent for the Bonds. Bank of America, N.A., Charlotte, North Carolina (initially, the “Bank”), is serving as the provider of the Letter of Credit. Womble Carlyle Sandridge & Rice, PLLC, Raleigh, North Carolina, is serving as Bond Counsel. Kilpatrick Stockton LLP, Raleigh, North Carolina, is serving as counsel to the Underwriter. M. Glynn Rollins, Jr., Esq., Roanoke Rapids, North Carolina, is serving as counsel to the City. Helms Mulliss & Wicker, PLLC, Charlotte, North Carolina, is serving as counsel to the Bank. First-Citizens Bank & Trust Company is serving as the Trustee, Registrar and the Tender Agent.

Additional Information. Additional information and copies in reasonable quantity of the principal financing documents may be obtained during the offering period from Banc of America Securities LLC, 121 West Trade Street, 12th Floor, Charlotte, North Carolina 28255, Attention: Public Finance, Telephone: (704) 387-2791. After the offering period, copies of such documents can be obtained from First-Citizens Bank & Trust Company, 100 East Tryon Road, MCDAC-61, Raleigh, North Carolina 27603, Attention: Corporate Trust Division.

THE BONDS

Authorization

The Bonds will be issued pursuant to the Bond Order. The City’s issuance of the Bonds is authorized by the Act. The City’s issuance of the Bonds has received the required approval of the North Carolina Local Government Commission, a department of the State Treasurer’s Office.

General Terms

The Bonds will be dated as of the date of their issuance and will mature, subject to prior redemption as described below, on July 1, 2027. The Bonds will be delivered as fully registered certificates in book-entry-only form and will be subject to the provisions of the book-entry system described in Appendix E. Individual purchases of Bonds by beneficial owners will be made in denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

Each Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated on an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date or (b) authenticated prior to April 1, 2007, in which event it shall bear interest from its date of issue.

The Bonds will bear interest at a Weekly Interest Rate. The principal of and any premium on the Bonds will be payable upon surrender thereof at the principal corporate office of the Registrar. Interest on the Bonds will be paid by the Registrar on the first Business Day of each calendar month. Interest with respect to the Bonds will be paid by check mailed on the date on which interest is due to the Owners of the Bonds at the close of business on the Regular Record Date at the addresses of Owners as they appear on the registration books maintained pursuant to the Bond Order. In the case of any Owner of Bonds in an aggregate principal amount in excess of \$1,000,000 as shown on the registration books kept by the Registrar who, prior to the Regular Record Date next preceding any Interest Payment Date, shall have provided, or cause to be provided, to the Trustee wire transfer instructions, interest payable on such Bonds will be paid in accordance with the wire transfer instructions provided. Notwithstanding the foregoing, so long as the Bonds are held pursuant to the book-entry-only system described in Appendix E, principal of and interest on the Bonds will be paid in accordance with procedures of DTC in effect from time to time.

The Bonds are subject to redemption prior to maturity and are subject to optional and mandatory tender for purchase under certain circumstances described below.

Interest Rates

Interest on the Bonds will be computed on the basis of a 365- or 366-day year, as appropriate, for the actual number of days elapsed.

The term of the Bonds will be divided into consecutive Weekly Interest Rate Periods during each of which the Bonds will bear interest at a Weekly Interest Rate. At no time will any Bond (other than Bank Bonds) bear interest at a rate in excess of 12% per annum (the "Maximum Rate"). Interest will accrue from the first Business Day of each calendar month through the day immediately preceding the next succeeding Interest Payment Date (or from the issue date with respect to the first interest payment).

The Weekly Interest Rate will be determined by the Remarketing Agent on Wednesday of each week or on the next succeeding Business Day if such Wednesday is not a Business Day. The first Weekly Interest Rate will be determined on or prior to the first day of such Weekly Interest Rate Period and will apply to the period commencing on the issue date and ending on the next succeeding Wednesday. Thereafter, each Weekly Interest Rate will apply to the period commencing on Thursday and ending on the next succeeding Wednesday, unless such Weekly Interest Rate Period ends on a day other than Wednesday, in which event the last Weekly Interest Rate will apply to the period commencing on the Thursday preceding the last day of such Weekly Interest Rate Period and ending on the last day of such Weekly Interest Rate Period.

The Weekly Interest Rate will be the rate of interest per annum determined by the Remarketing Agent (based on the examination of obligations comparable in the judgment of the Remarketing Agent to the Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date of determination at a price (without regard to accrued interest) equal to the principal amount thereof.

If the Remarketing Agent fails to establish a Weekly Interest Rate, the Weekly Interest Rate for such week will be the same as the Weekly Interest Rate for the immediately preceding week, if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. If for any reason the Remarketing Agent did not determine the Weekly Interest Rate for the immediately preceding week, or if a Weekly Interest Rate determined by the Remarketing Agent for any week is held to be invalid or unenforceable by a court of law, the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal on the day the Weekly Interest Rate would otherwise be determined as provided in the Bond Order for such Weekly Interest Rate Period.

Tender Provisions

THE BOND ORDER PROVIDES THAT SO LONG AS CEDE & CO. IS THE SOLE REGISTERED OWNER OF THE BONDS, ALL TENDERS FOR PURCHASE AND DELIVERIES OF BONDS TENDERED FOR PURCHASE OR SUBJECT TO MANDATORY TENDER UNDER THE PROVISIONS OF THE BOND ORDER SHALL BE MADE PURSUANT TO DTC'S PROCEDURES AS IN EFFECT FROM TIME TO TIME, AND NEITHER THE CITY, THE TRUSTEE, THE REGISTRAR, THE TENDER AGENT NOR THE REMARKETING AGENT SHALL HAVE ANY RESPONSIBILITY FOR OR LIABILITY WITH RESPECT TO THE IMPLEMENTATION OF SUCH PROCEDURES.

Tender for Purchase Upon Election of Owner. Any Bond will be purchased in whole (or in part if both the amount purchased and the amount remaining unpurchased will consist of Authorized Denominations) from the Owner thereof at the option of such Owner on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, upon delivery by such Owner to the Tender Agent at its Principal Office of an irrevocable written notice which states the principal amount of such Bond and the date on which such Bond is to be purchased, which date must be a Business Day at least seven days after the date of delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m. New York City time will be deemed to have been received by the Tender Agent on the next succeeding Business Day.

Irrevocable Notice Deemed to be Tender of Bonds. The giving of notice by an Owner of its election to have its Bond purchased will constitute the irrevocable tender for purchase of such Bond regardless of whether such Bond is delivered to the Tender Agent for purchase on the relevant purchase date.

Mandatory Tender for Purchase Upon Termination, Expiration, Reduction, Modification or Replacement of the Credit Facility or Upon Occurrence of an Event of

Default Under the Reimbursement Agreement. If at any time the Trustee gives notice in accordance with the Bond Order that the Bonds will on the date specified in such notice cease to be payable from the Credit Facility as a result of (a) the termination or expiration of the term of such Credit Facility, or (b) such Credit Facility being reduced, replaced or modified with the effect that such Bonds are no longer payable from such Credit Facility (in each case, whether or not any Alternate Credit Facility has been obtained), then on the fifth day preceding any such termination, expiration, reduction, replacement or modification of the Credit Facility, each Bond shall be purchased or deemed purchased as provided in the Bond Order at a purchase price equal to the principal amount thereof, plus accrued interest (if any). In addition, if at any time the Trustee has received notice that an event of default has occurred under the Reimbursement Agreement and directing the Trustee to purchase all of the Bonds, then the Trustee must effect a mandatory purchase of the Bonds on the fifth day following receipt of such notice by the Trustee at a purchase price equal to the principal amount thereof, plus accrued interest (if any).

Notwithstanding the foregoing, in the event that in connection with any such termination, expiration, reduction or modification of an existing Credit Facility and replacement thereof by an Alternate Credit Facility, the City delivers to the Trustee, the Registrar, the Tender Agent and the Remarketing Agent, prior to the date that notice of such termination, expiration, reduction or modification and replacement is given by the Trustee, written evidence from each Rating Agency then rating the Bonds to the effect that such termination, expiration, reduction or modification and replacement in and of itself will not result in the withdrawal or reduction of any rating then applicable to the Bonds, then the Bonds will not be subject to mandatory tender for purchase as provided above solely as a result of such termination, expiration, reduction or modification and replacement. See "THE LETTER OF CREDIT" herein.

Mandatory Tender for Purchase at the Direction of the City. The Bonds are subject to mandatory tender for purchase on any Business Day designated by the City, with the consent of the applicable Remarketing Agent and the Credit Provider at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase. The Trustee will give notice of such mandatory tender to the Owners of the Bonds in accordance with the Bond Order.

Undelivered Bonds. If funds in the amount of the purchase price of any Bond which has not been delivered to the Tender Agent, in the case of a Bond purchased at the option of the Owner on the date specified for the purchase thereof or, in the case of a Bond subject to mandatory tender for purchase, on the date specified in the Bond Order, are available for payment to the Owner of such Bond on such date, from and after the date and time of that required delivery, (a) such Bond will be deemed to be purchased and will no longer be deemed to be Outstanding under the Bond Order; (b) interest will no longer accrue with respect to such Bond; and (c) funds in the amount of the purchase price of such Bond will be held by the Tender Agent for the benefit of the Owner thereof (provided that such Owner will have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such Bond to the Tender Agent at its Principal Office for delivery of Bonds. The Tender Agent may refuse to accept delivery of any Bond for which a proper instrument of transfer has not been provided, but such refusal will not affect the validity of the purchase of such Bond.

Delivery Address For Tender Notices and Tendered Bonds. Notices in respect of tenders for purchase at the election of Owners and Bonds subject to optional or mandatory purchase as described above must be delivered to the Tender Agent. The initial address of the Tender Agent to which such notices and Bonds should be delivered is First-Citizens Bank & Trust Company, 100 East Tryon Road, DAC-61, Raleigh, North Carolina 27603, Attention: Corporate Trust Division.

Delivery of Bonds to be Purchased. For payment of the purchase price of any Bond required to be purchased pursuant to the Bond Order, such Bond must be delivered at or prior to 10:00 a.m., New York City time, on the date specified in the notice relating to such purchase, to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof or the Owner's duly authorized attorney, with such signature guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program. In the event any such Bond is delivered after 10:00 a.m., New York City time, on such specified date, payment of the purchase price need not be made until the Business Day following the date of delivery of such Bond, but such Bond will nonetheless be deemed to have been purchased on the date specified in such notice, and no interest will accrue thereon after such date.

Remarketing Tendered Bonds

Banc of America Securities LLC, Charlotte, North Carolina, has been appointed by the City to serve as the initial Remarketing Agent for the Bonds. The Remarketing Agent will carry out the duties and obligations provided for the Remarketing Agent in accordance with the provisions of the Bond Order and the Remarketing Agreement, dated as of March 1, 2007 between the City and the Remarketing Agent, including using its best efforts to remarket Bonds that are tendered as described above. The Remarketing Agent's principal office for the purpose of carrying out the responsibilities of the Remarketing Agent for the Bonds is NC1-027-14-01, 214 N. Tryon Street, 14th Floor, Charlotte, North Carolina 28255: Attention Municipal Finance Short-Term Desk.

Redemption Provisions

Optional Redemption. The Bonds will be subject to optional redemption by the City, in whole on any date or in part on any Interest Payment Date, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest, if any, to the redemption date.

Pursuant to the terms of the Letter of Credit and Reimbursement Agreement dated March 1, 2007 (the "Reimbursement Agreement"), between the City and the Bank, the City has agreed to cause the optional redemption of the Bonds based on the following redemption schedule, which schedule may be revised at any time subject to the terms of the Reimbursement Agreement. The City has initially agreed to redeem the Bonds, in part, on July 1, 2008, and on each July 1 thereafter, in the principal amounts set forth below from moneys deposited to the credit of the Bond Fund, at a Redemption Price equal to 100% of the principal amount of such Bonds to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2008	\$250,000	2018	\$1,060,000
2009	500,000	2019	1,130,000
2010	630,000	2020	1,200,000
2011	680,000	2021	1,280,000
2012	725,000	2022	1,365,000
2013	770,000	2023	1,455,000
2014	820,000	2024	1,550,000
2015	875,000	2025	1,650,000
2016	930,000	2026	1,760,000
2017	995,000	2027*	1,875,000

* Maturity

General Redemption Provisions. At least 30 days, but not more than 60 days, prior to the redemption date for the Bonds, whether such redemption be in whole or in part, the Registrar will cause a notice of redemption to be mailed first-class, postage prepaid, to all Owners of the Bonds to be redeemed in whole or in part; provided, however, that notices to DTC will be sent by registered or certified mail. Failure to mail any such notice to any Owner or any defect in such notice will not affect the validity of any proceedings for such redemption as to any other Owner to whom such notice is properly given. The Registrar will also cause such notice of redemption to be mailed, by registered or certified mail, to at least one securities depository and at least two national information services that disseminate redemption information; provided however, that failure to give such notice or any defect therein will not affect the validity of any proceedings for such redemption.

The Bonds will be redeemed only in Authorized Denominations. If less than all the Bonds are called for redemption, the Registrar will select the Bonds or portions thereof by lot or in such other manner as it deems fair and equitable; provided however, that the remaining Bonds that have not been so called for redemption will be in Authorized Denominations; and provided further that so long as the only Owner of the Bonds is the Securities Depository Nominee, such selection will be made by the Securities Depository. If a portion of a Bond is called for redemption, a new Bond in the principal amount equal to the unredeemed portion thereof will be issued to the Owner upon surrender thereof.

Upon giving notice and depositing funds or securities with the Trustee or the Registrar as provided in the Bond Order, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date; interest on such Bonds or portions thereof shall cease to accrue from and after such date; such Bonds will cease to be entitled to any benefits or security under the Bond Order or to be deemed Outstanding; and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption.

Any notice of redemption shall state that the redemption to be effected is conditioned upon the receipt by the Trustee or the Registrar on or prior to the redemption date of moneys sufficient to pay the principal of, premium, if any, and interest on the Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Bonds shall not be required to be redeemed. In the event that moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds are not received by the Trustee or Registrar on or prior to the redemption date, the redemption shall not be made, and the Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Security

The Letter of Credit. Payment of the Bonds is secured by amounts drawn under the Letter of Credit. (See the “**THE LETTER OF CREDIT**” described herein.)

Obligated Revenues. In addition, the Bonds (and any other additional Bonds hereafter issued pursuant to the Bond Order) will be secured by a pledge of Obligated Revenues of the City and the funds and accounts held by the Trustee created under the Bond Order, including the Debt Service Reserve Fund. Obligated Revenues means, collectively, (a) the lease payments (the “Theater Facility Receipts”) received by the City from the Operator (as defined herein) of the Theater Facility pursuant to the a lease agreement by and between the Operator and the City dated June 30, 2005 (the “Lease”), (b) the amount on deposit in the Revenue Increment Fund which are the amounts derived from the levy of the City ad valorem taxation of the incremental valuation of the District determined as provided in Section 159-107 of the Act which Revenue Increment Fund is held and maintained by the City pursuant to the Act (the “District Tax Increment Fund Proceeds”) and (c) the revenues received by the City from sales taxes levied by the County and the State and distributed to the City pursuant to the provisions of applicable law (the “Sales Tax Revenues”).

Theater Facility Receipts. The City has entered into an agreement with Moonlight Bandit Productions, LLC, a North Carolina limited liability company (the “Operator”), to lease the theater to the Operator for management and operation of the Project. Under agreements with the City, the Operator has agreed to pay the City lease payments, to be derived from the available operating revenues of the Project, that include an amount sufficient to pay debt service on the Bonds.

District Tax Increment Fund Proceeds. When the District was established, the tax assessor for Halifax County determined the base value of the District which is the assessed value

of all taxable property within the District as of the prior January 1. The property in the District will be reassessed annually to establish a current value. The taxes levied on the difference between the current value and the base value (i.e. the incremental value) will be deposited in to the statutorily created Revenue Increment Fund and will be available for debt service on the Bonds to the extent Theater Facility Receipts are not sufficient. However, there can be no assurances that amounts on deposit in the Revenue Increment Fund will be sufficient to pay debt service. Except as provided herein, amounts in the Revenue Increment Fund shall be held by the City and shall not be required to be deposited with the Trustee except as provided for under the Bond Order.

Sales Tax Revenues. For so long as payments of principal and interest on the Bonds are being made in accordance with their terms, all Sales Tax Revenues received by the City will be held in the general funds of the City and the City shall be entitled to collect and use the Sales Tax Revenues for any purpose authorized by law. In the event principal and interest on the Bonds is not being made as due, then the City shall immediately transfer Sales Tax Revenues to the Trustee for deposit into the Revenue Fund to be applied pursuant to the terms of the Bond Order.

Debt Service Reserve Fund. At the time of delivery of the Bonds, the Debt Service Reserve Fund will be funded in the amount required under the Bond Order which is the Maximum Annual Debt Service (as defined in the Bond Order) of the Bonds for the current and any succeeding fiscal year. The Debt Service Reserve Fund will be funded with proceeds from the sale of the Bonds in the amount of \$1,978,312.56.

THE PROJECT AND THE DISTRICT

The District

In 2005, the City created the Carolina Crossroads Music and Entertainment District to facilitate the development of the area of the City located within the District as a tourist destination. The District, which is located immediately adjacent to I-95 in Roanoke Rapids, Halifax County, North Carolina, is approximately 123 acres and is intended to eventually be the site of numerous entertainment and amusement attractions, as well as related facilities such as restaurant and lodging facilities that will service the patrons of the attractions.

The Project

The first project being undertaken in the District includes the acquisition and equipping of a 45,000 square feet, approximately 1,500 seat facility located on approximately 8.8 acres that will be a venue for live concert and theatrical performances to be known as the Randy Parton Theater (the "Project"). The Project has been constructed by a private developer under an agreement which provides that the completed facility will be purchased by the City upon completion of construction.

Series 2006 Notes

In order to provide a source of funds sufficient to fund certain start-up costs of the Project, the City issued the Series 2006 Notes in the principal amount of \$3,875,000 pursuant to a bond order dated February 28, 2006. As of the date of issuance of the Bonds, approximately \$1,010,006 of the proceeds from the Series 2006 Notes have been used to pay start-up costs. The balance of the proceeds, \$2,864,994, are in an account held by the City and will be used to fund a reserve required pursuant to the terms of the Reimbursement Agreement and the Economic Development Agreement, dated June 30, 2005, between the Operator, the City, B&C Roanoke, LLC and Roanoke Rapids Entertainment One, LLC, as supplemented by the Supplement to Economic Development Agreement dated September 1, 2006 and the Second Supplement to the Economic Development Agreement to be dated March 1, 2007. Proceeds from the issuance of the Bonds will be used to pay the principal and any interest accrued thereon on the Series 2006 Notes.

ESTIMATED SOURCES AND USES OF FUNDS

The following table presents estimated sources and uses of the Bond proceeds:

Sources of Funds:

Principal Amount of Bonds	<u>\$21,500,000</u>
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Uses of Funds:

Cost of Acquisition of the Project	13,685,771
Principal and Interest on Series 2006 Notes	3,967,775
Interest on the Bonds through May 1, 2008	1,543,141
Issuance Expenses ¹	325,000
Debt Service Reserve Fund	<u>1,978,313</u>
Total	<u>\$21,500,000</u>

¹ Includes Underwriter's discount, legal and printing costs and rating agency, initial Letter of Credit and other fees and expenses.

THE LETTER OF CREDIT

General

The Bonds will be secured by an irrevocable, direct-pay letter of credit (the "Letter of Credit") to be issued by the Bank on the date of issuance of the Bonds pursuant to the terms of a Letter of Credit and Reimbursement Agreement dated March 1, 2007 between the City and the Bank (the "Reimbursement Agreement"). The Reimbursement Agreement provides that the Letter of Credit will initially expire on March 15, 2010. Prior to the initial and each subsequent termination date for the Letter of Credit, the City may request the Bank to extend the then stated termination date for an additional one year period which extension shall be at the Bank's discretion and may be based on additional or different conditions. In addition, the Letter of Credit will terminate or expire (1) on the making by the Trustee and the honoring by the Bank of the final drawing available to be made under the Letter of Credit, (2) on receipt by the Bank of written notice from the Trustee stating that the Trustee has accepted an Alternate Credit Facility, (3) on receipt by the Bank of a certificate signed by the Trustee stating that no Bond remains outstanding, or (4) presentation of and honoring of a drawing certificate under the Credit Facility as a result of a mandatory tender described under the caption "THE 2007 BONDS — Tender Provisions - Mandatory Tender for Purchase upon Termination, Expiration, Reduction, Modification or Replacement of the Credit Facility or Upon Occurrence of an Event of Default Under the Reimbursement Agreement" herein.

The Letter of Credit entitles the Trustee to draw on the Letter of Credit to pay the principal and up to 35 days' interest at the rate of 12% per annum on the Bonds. The Trustee will draw on the Letter of Credit to pay the principal of and interest on the Bonds (whether at maturity, upon redemption or acceleration or otherwise) and to pay the purchase price of the Bonds upon mandatory or optional tender thereof if remarketing proceeds are not sufficient for such purpose.

See Appendix B, "CERTAIN INFORMATION CONCERNING BANK OF AMERICA, N.A." for further information concerning the Bank.

Drawings Under the Letter of Credit

The Trustee is authorized and directed to draw moneys under the Letter of Credit to the extent available in accordance with the terms thereof to make timely payments of principal and interest on the Bonds. The Trustee is authorized and directed to draw, in accordance with the provisions of the Bond Order, moneys under the Letter of Credit to the extent available in accordance with the terms thereof in order to effect the purchase of Bonds (or portions thereof) upon mandatory or optional tender for purchase by an Owner if proceeds from the remarketing of such Bonds (or portion thereof) have not been provided by the Remarketing Agent. Upon declaration of acceleration of the Bonds following an Event of Default under the Bond Order, the Trustee is authorized and directed to draw on the Letter of Credit to the extent available in an amount equal to the full unpaid principal of and accrued interest on the Bonds.

Reduction and Reinstatement of the Letter of Credit

The Bank's obligation under the Letter of Credit will be reduced immediately following the Bank's honoring any draft drawn under the Letter of Credit by an amount equal to the amount of such draft. Amounts drawn under the Letter of Credit to pay a scheduled payment of interest on the Bonds will be automatically reinstated by the amount of such draw. Amounts drawn under the Letter of Credit to pay the purchase price of the Bonds will be reinstated at such time as the Bank receives written notice from the Trustee that any Bonds purchased with the proceeds of a draw on the Letter of Credit have been remarketed or sold. Drawings made under the Letter of Credit to pay the principal and interest of the Bonds in connection with a partial redemption will not be reinstated.

Alternate Credit Facility

If at any time there shall be delivered to the Trustee (i) an Alternate Credit Facility covering the Bonds, (ii) either (A) written evidence from each Rating Agency then rating the Bonds, in each case to the effect that such rating agency has reviewed the proposed Alternate Credit Facility and the ratings of the Bonds after substitution of such Alternate Credit Facility or (B) a statement of the City that no ratings have been obtained, (iii) if such Alternate Credit Facility is other than a letter of credit issued by a domestic commercial bank, an opinion of counsel that no registration of the Bonds or such Alternate Credit Facility is required under the Securities Act of 1933, as amended, (iv) an opinion of counsel satisfactory to the Trustee to the effect that such Alternate Credit Facility is a valid and enforceable obligation of the issuer or provider thereof, (v) all information required to give the notice of mandatory tender for purchase of the Bonds if required by the Bond Order and (vi) if the Credit Facility then in effect with respect to the Bonds does not cover premiums due on the Bonds, and the Bonds would be subject to mandatory tender for purchase at a purchase price in excess of the principal amount thereof pursuant to the Bond Order, Available Moneys in an amount sufficient to pay the premium due on the Bonds pursuant to the Bond Order, then the Trustee shall accept such Alternate Credit Facility and, after the Trustee shall have drawn under the Credit Facility and received sufficient funds to pay the purchase price of the Bonds on the date of the mandatory tender for purchase established pursuant to the Bond Order if a mandatory tender of the Bonds is required by the Bond Order, promptly surrender the Credit Facility then in effect to the Bank which issued such Credit Facility in accordance with its terms for cancellation or deliver any document necessary to reduce the coverage of such Credit Facility.

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

The Reimbursement Agreement provides that all Bonds (or portions thereof) the purchase price of which was provided pursuant to a drawing on the Letter of Credit will be delivered to and pledged to the Bank to secure the City's obligations under the Reimbursement Agreement, and no such Bond will be released, pledged or otherwise transferred or disposed of until the Trustee receives written notice from the Bank of reimbursement of the amounts due pursuant to

the Reimbursement Agreement and that the amount available to be drawn under the Letter of Credit has been, or upon such release, will be, correspondingly and fully reinstated.

The Reimbursement Agreement sets forth a number of events of default, including but not limited to the failure of the City to reimburse the Bank for any drawing under the Letter of Credit when due. The Bank may waive any event of default under the Reimbursement Agreement and the City and the Bank may alter or amend the events of default set forth in the Reimbursement Agreement without notice to or the consent of Owners of the Bonds.

If an event of default under the Reimbursement Agreement occurs and is continuing, the Bank may, in its sole discretion, notify the Trustee in writing that an event of default under the Reimbursement Agreement has occurred and is continuing and request that the Bonds be accelerated pursuant to the Bond Order resulting in the Trustee drawing on the Letter of Credit for the payment in full of the Bonds.

Amendments to the Reimbursement Agreement do not require the consent of any person other than the City and the Bank.

LEGAL MATTERS

Litigation

Except as described below, no litigation is now pending or, to the best of the City's knowledge, threatened, against or affecting the City seeking to restrain or enjoin the adoption, authorization, execution or delivery of the Bonds or contesting the validity or the authority or proceedings for the adoption, authorization, execution or delivery of the Bonds or the City's creation, organization or corporate existence, or the title of any of the City's present officers to their respective offices or the authority or proceedings for the City's adoption, authorization, execution and delivery of the Bonds or the City's authority to carry out its obligations thereunder, or which would have a material adverse impact on the City's condition, financial or otherwise.

In November 2006, a lawsuit was brought by several interested citizens in Federal District Court for the Eastern District of North Carolina challenging the constitutionality of certain actions taken by the State of North Carolina and state officials in connection with the amendments of North Carolina's constitution to facilitate implementation of the Act. The lawsuit, which was filed against a number of State officials, requests the court to declare the amendment to the North Carolina constitution null and void on the grounds that (i) the State's procedures in amending the North Carolina constitution violated the requirements imposed on such procedures by the federal and state constitutions, and (ii) the State, in amending the State constitution, failed to comply with the "preclearance" requirements of the Voting Rights Act of 1964, which provide that changes to voting procedures in certain areas of the State be "precleared" with the United States Department of Justice before the changes become effective. Subsequent to the filing of the lawsuit, the State of North Carolina filed a request with the United States Attorney General that the State believes would satisfy the preclearance filing requirement, and the United States Attorney General has responded that the United States Department of

Justice does not object to the fairness of the changes to election procedures arising from the constitutional amendment. The North Carolina Attorney General has undertaken the defense of the action on behalf of the parties named as defendants in the lawsuit, and in December 2006 filed a motion that the action be dismissed on the grounds that (i) the preclearance filing and the response thereto of the United States Attorney General renders the Voting Rights claim moot and (ii) the constitutional claim fails to state a claim upon which relief may be granted. At present, the Federal District Court has not acted on the motion to dismiss.

Bond Counsel to the City has advised the City that it has reviewed the complaint filed and the Plaintiff's and State's subsequent filings in response thereto and bond counsel is of the opinion that (i) without passing on the validity of whether there was a Voting Rights Act claim, any Voting Rights Act claim has been rendered moot for the reasons described above and (ii) the allegation that the actions by the State in amending the State constitution violated the State and federal constitutions is without merit. Bond Counsel has further advised that it is prepared to deliver the opinion attached hereto as Appendix C in light of the lawsuit.

Opinions of Counsel

Certain legal matters relating to the validity of the Bonds are subject to the approving opinion of Womble Carlyle Sandridge & Rice, PLLC, Raleigh, North Carolina, Bond Counsel. The proposed form of Bond Counsel's opinion is included as Appendix C. Certain legal opinions will be rendered for the City by M. Glynn Rollins, Jr., Esq., for the Bank by Helms Mulliss & Wicker, PLLC, Charlotte, North Carolina and for the Underwriter by Kilpatrick Stockton LLP, Raleigh, North Carolina.

TAX TREATMENT

General

Set forth below is a general discussion of the anticipated material Federal income tax consequences of the purchase, ownership and disposition of the Bonds. This discussion does not address every aspect of the Federal income tax laws that may be relevant to Owners of Bonds in light of their personal investment circumstances or to certain types of Owners subject to special treatment under the Federal income tax laws (for example, banks and life insurance companies) and is generally limited to investors who will hold Bonds as capital assets. Accordingly, investors should consult their own tax advisors regarding the Federal, state, local, foreign and any other tax consequences to them of the purchase, ownership and disposition of the Bonds in their own particular circumstances. This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury Regulations thereunder, and published rulings and court decisions in effect as of the date hereof, all of which are subject to change, possibly retroactively. Investors should consult their own tax advisors regarding state, local, foreign and other tax consequences.

In the opinion of Bond Counsel, interest on the Bonds is included in the gross income of the owners thereof for purposes of federal income taxation. Such interest may be deducted from

taxable income in computing North Carolina taxable income for purposes of North Carolina income taxation.

Foreign Investors

Generally, payments of interest on the Bonds to an Owner who is a nonresident alien individual, foreign corporation or other non-United States person ("foreign person") not engaged in a trade or business within the United States will not be subject to Federal income or withholding tax if such Owner complies with certain identification requirements (including delivery of a statement, signed by the Owner under penalty of perjury, certifying that such Beneficial Owner is a foreign person and providing the name and address of such Owner). Foreign investors should consult their tax advisors regarding the potential imposition of the 30% withholding tax.

Backup Withholding

Payments made on Bonds and proceeds from the sale of the Bonds may, under certain circumstances, be subject to "backup withholding" as defined in the Code of 31%. Except in the case of certain "exempt payees" as defined in the Code, this withholding generally applies if the Owner (i) fails to furnish such Owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code or (iv) under certain circumstances, fails to provide a certified statement signed under penalty of perjury that the TIN provided to the Trustee is correct and that such Owner is not subject to backup withholding.

MISCELLANEOUS

Ratings

As shown on the cover, the Bonds have been assigned ratings of "Aa1/VMIG 1 by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of such rating may be obtained from Moody's. The ratings are not a recommendation to buy, sell or hold the Bonds and should be evaluated independently. There is no assurance that such ratings will not be withdrawn or revised downward by Moody's. Such action may have an adverse effect on the market price of the Bonds. Neither the City nor the Underwriter has undertaken any responsibility after the issuance of the Bonds to assure maintenance of the ratings or to oppose any such revision or withdrawal.

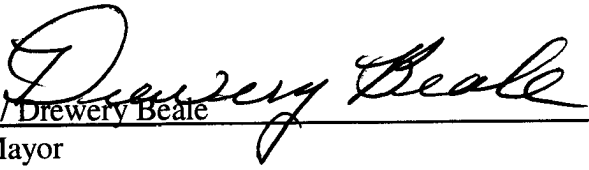
Underwriting

The Underwriter is offering the Bonds pursuant to a firm-underwriting contract. The Underwriter's contract sets forth its obligation to purchase all the Bonds at a purchase price equal to the par amount of the Bonds, less an underwriter's discount of \$110,000 and is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

Approval

The City has duly authorized the execution and delivery of this Official Statement.

CITY OF ROANOKE RAPIDS, NORTH CAROLINA

By:  /s/ Drewery Beale
Mayor

APPENDIX A
DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL
DOCUMENTS

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DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

Set forth in this Appendix A is a summary of certain provisions of the Amended and Restated Bond Order and the Series Resolution. This summary does not purport to be a complete summary of the Amended and Restated Bond Order and the Series Resolution and is qualified in its entirety by express reference to the complete Amended and Restated Bond Order and Series Resolution (together, the “Bond Order”) copies of which are on file at the principal corporate trust office of the Trustee.

DEFINITIONS

The following is a summary of certain definitions set forth in the Amended and Restated Bond Order and the Series Resolution and used in this Appendix A. Capitalized terms used in this Appendix A and not otherwise defined will have the same meaning as in the Amended and Restated Bond Order and the Series Resolution unless the context indicates otherwise.

“Act” means the North Carolina Project Development Financing Act, Article 6 of Chapter 159 of the General Statutes of North Carolina.

“Additional Derivative Agreement Payments” means payments required to be paid by the City under a Derivative Agreement other than Derivative Agreement Scheduled Payments, including termination payments required to be paid in connection with the termination of a Derivative Agreement, whether voluntarily or upon the occurrence of an event of default, termination event or similar event thereunder.

“Additional Project” means any addition, acquisition, improvement, betterment or extension of or relating to the Theater Facility financed with the proceeds of the Bonds issued under the Bond Order.

“Alternate Credit Facility” means an irrevocable, direct-pay letter of credit delivered in substitution for the Letter of Credit or any other Alternate Credit Facility pursuant to the Series Resolution.

“Available Moneys” means (i) moneys which have been paid to the Trustee by the City and have been on deposit with the Trustee and held separately from any other funds held by the Trustee for at least 124 days during and prior to which no Event of Bankruptcy will have occurred, (ii) proceeds on deposit with the Tender Agent from the remarketing by the Remarketing Agent of the Series 2007 Bonds purchased as described in the Series Resolution, which were at all times since their receipt by the Tender Agent held in a separate and segregated account or accounts or subaccount or subaccounts in which no moneys which were not Available Moneys were at any time held, (iii) moneys drawn under the Credit Facility which at all times since their receipt by the Trustee or the Tender Agent were held in a separate segregated account or accounts or subaccount or subaccounts in which no moneys (other than those drawn under such Credit Facility) were at any time held, (iv) the proceeds of the sale of refunding obligations, if, in the opinion of nationally recognized counsel experienced in bankruptcy matters (which opinion will be acceptable to each Rating Agency then rating the Series 2007 Bonds), the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Event of Bankruptcy, and (v) investment earnings on any of the moneys described in clauses (i), (ii), (iii) or (iv) of this definition.

“Bank” means Bank of America, N.A., or its successors and assigns, in its capacity as issuer of the Letter of Credit.

“Bank Bonds” means any Series 2007 Bonds purchased with moneys received from draws on the Credit Facility until such Series 2007 Bonds are remarketed, as provided in the Tender Agreement.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended (Title 11 of the United States Code, as amended).

“Bond Fund” means the special fund created and so designated pursuant to the Bond Order.

“Bond Order” means the Amended and Restated Bond Order, adopted by the City Council of the City on February 27, 2007, together with all orders supplemental thereto as permitted therein.

“Bond Purchase Fund” means the fund so designated which is established with the Tender Agent pursuant to the Tender Agreement and the Series Resolution.

“Bonds” means Series 2007 Bonds and any additional project development bonds issued under the Bond Order.

“Business Day” means, with respect to the Series Resolution, any day other than (i) a Saturday, a Sunday or any other day on which banks located in the cities in which the Principal Offices of the Trustee, the Tender Agent, the Remarketing Agent, or in which the office of the Credit Provider from which payments are made pursuant to the Credit Facility is located, are authorized or required to remain closed or (ii) a day on which the New York Stock Exchange is closed.

“City” means the City of Roanoke Rapids, North Carolina.

“City Council” means the City Council of the City, or any successor board or body in which the power to govern the City will be vested.

“City Representative” means the City Manager, the Finance Director, the Economic Development Director or any other person authorized by resolution of the City to perform the duties of City Representative.

“Clerk” means the person designated to act as Clerk to the City Council.

“Cost” as applied to the Theater Facility means, without intending thereby to limit or restrict any proper definition of such term under the Act, all items of cost set forth in the Bond Order.

“County” means the County of Halifax, North Carolina.

“Credit Facility” means the Letter of Credit and, upon the effectiveness of any Alternate Credit Facility, means such Alternate Credit Facility.

“Credit Provider”, initially means the Bank, and, upon the effectiveness of an Alternate Credit Facility, means the bank or banks or other financial institution or financial institutions which are then parties to the Credit Facility.

“Credit Provider Account” means the account of the Bond Purchase Fund bearing such name which is created pursuant to the Tender Agreement.

“Debt Service Reserve Fund” means the special fund created and so designated pursuant to the Bond Order.

“Debt Service Reserve Fund Requirement” means, as of any time of calculation, the Maximum Annual Debt Service.

“Debt Service Requirement” means, for any Fiscal Year for which such determination is made, the aggregate payments to be made in respect of principal of and interest on the Bonds during such Fiscal Year. In the event that the City enters into an interest rate swap agreement with respect to any Bonds issued under the Bond Order, in determining the payments to be made in respect of principal of and interest on the Bonds the City may take into account the terms of the hedge in order to accurately reflect the effective interest cost to the City on the Bond in light of the hedge agreement.

“Deed of Trust” means the Deed of Trust and Security Agreement, dated as of March 1, 2007, from the City to the Deed of Trust Trustee named therein, granting a deed of trust and security interest in the Theater Facility to secure payments to Bank of America, N.A. described therein in connection with the letter of credit issued by Bank of America, N.A. in connection with the Series 2007 Bonds and in connection with the Series 2007 Derivative Agreement.

“Default” means any Event of Default and any event that, after notice or lapse of time or both, would become an Event of Default.

“Defeasance Obligations” means (i) Government Obligations which are not subject to redemption prior to maturity at the option of the issuer or issuers and (ii) to the extent permitted by law, evidences of ownership of, or fractional undivided interests in, future interest and principal payments on such Government Obligations.

“Depository” means any bank or trust company, including the Trustee, duly authorized by law to engage in the banking business and selected by the City as a Depository of money under the Bond Order. The State Treasurer may also serve as a Depository.

“Derivative Agreement” means an interest rate swap, cap, collar, floor, forward, option, put, call or other agreement, arrangement or security however denominated, entered into in order to hedge interest rate fluctuations on all or a portion of any Bonds or to provide debt management by changing payments to be made by the City with respect to all or a portion of any Bonds or notes. A Derivative Agreement may be entered into at the same time as, after the issuance of, or in anticipation of issuance of, Bonds or notes. The Series 2007 Derivative Agreement constitutes a “Derivative Agreement” for purposes of the Bond Order.

“Derivative Agreement Scheduled Payments” means scheduled payments required to be paid by the City under a Derivative Agreement that are based upon a fixed or variable imputed rate on a notional amount set forth in the Derivative Agreement and which are intended by the City to correspond to interest payments on the underlying Derivative Indebtedness.

“District” means the Carolina Crossroads Music and Entertainment District located in the City and established pursuant to the District Act and a resolution adopted by the City Council on February 28, 2006.

“District Act” means Section 158-7.3 of the General Statutes of North Carolina.

“District Tax Increment Fund Proceeds” means the amounts derived from the levy of City ad valorem taxation of the incremental valuation of the District, determined as provided in Section 159-107 of the Act and deposited to the Revenue Increment Fund pursuant to said Section held and maintained by the City pursuant to the Act.

“Event of Bankruptcy” means the commencement of a case by the City under the Bankruptcy Code or under any other domestic bankruptcy act or any similar act which hereafter may be enacted (other than such proceedings initiated by the City against third parties other than the City), unless such case will have been dismissed and such dismissal will be final and not subject to appeal.

“Event of Default” means, with respect to the Bond Order, each of those events set forth in “THE BOND ORDER – Events of Default” below.

“Fiscal Year” means the period commencing on the first day of July of any year and ending on the last day of June of the following year.

“Government Obligations” means direct obligations of, or obligations the payment of principal of and interest on which is fully and unconditionally guaranteed by, the United States of America.

“Interest Payment Date” means, with respect to the Series 2007 Bonds, the first Business Day of each calendar month, commencing April 2, 2007 and with respect to any other Bonds, the interest payment dates provided for in the supplemental order relating to such Series.

“Investment Obligations” means any deposit, investment or reinvestment permitted under Section 159-30 of the North Carolina General Statutes.

“Lease” means the Sublease Agreement, dated as of June 30, 2005, by and between the City and the Operator, providing for the lease of the Theater Facility by the City to the Operator, as the same may be amended from time to time.

“Letter of Credit” means the irrevocable letter of credit originally issued to the Trustee by the Bank on the date of issuance of the Series 2007 Bonds, as the same may be amended, supplemented or extended. The Letter of Credit is a Credit Facility within the meaning of the Series Resolution with respect to the Series 2007 Bonds.

“Local Government Commission” means the Local Government Commission of North Carolina, a division of the Department of State Treasurer, and any successor or successors thereto.

“Maximum Annual Debt Service” means the highest Debt Service Requirement for the current and any succeeding Fiscal Year.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, “Moody’s” will be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

“Obligated Revenues” means, collectively, (a) the Theater Facility Receipts, (b) the District Tax Increment Fund Proceeds and (c) the Sales Tax Revenues.

“Operating Agreement” means the Economic Development Agreement, dated as of June 30, 2005, by and among the City, the Operator, B&C Roanoke, LLC and Roanoke Rapids Entertainment One, LLC, relating to, among other matters, the operation of the Theater Facility by the Operator, as supplemented by the Supplement to Economic Development Agreement, dated as of September 1, 2006, between the City and the Operator and the Second Supplement to Economic Development Agreement, dated as of March 1, 2007, between the City and the Operator.

“Operator” means Moonlight Bandit Productions, LLC, a North Carolina limited liability company.

“Outstanding” when used with reference to Bonds means, as of a particular date, all Bonds theretofore issued under the Bond Order, except:

(a) Bonds theretofore cancelled by the Trustee or Registrar or delivered to the Trustee or Registrar for cancellation;

(b) Bonds for the payment of which money, Defeasance Obligations, or a combination of both, sufficient to pay, on the date when such Bonds are to be paid or redeemed, the principal amount or the Redemption Price (as appropriate) of, and the interest accruing to such date on, the Bonds to be paid or redeemed, has been deposited with the Trustee in trust for the Holders of such Bonds; Defeasance Obligations will be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance obligations, when due, will be sufficient to pay on such date the principal amount or the Redemption Price (as appropriate) of, and the interest accruing on, such Bonds to such date;

(c) Bonds in exchange for or in lieu of which other Bonds have been issued; and

(d) Bonds deemed to have been paid in accordance with the Bond Order and described in “THE BOND ORDER – Defeasance” below.

“Owner” or “Holder” means a person in whose name a Bond is registered in the registration books provided for in the Bond Order.

“Permitted Encumbrances” means, with respect to the Theater Facility:

(a) the lien on the Obligated Revenues and the moneys in certain funds and accounts created by the Bond Order;

(b) liens for taxes or other governmental charges or levies not delinquent or that are being contested in good faith by the City;

(c) any judgment lien so long as such judgment is being contested in good faith by the City and execution thereon is stayed;

(d) covenants, easements, encumbrances, defects of title, reservations, restrictions and conditions existing at the time of delivery of the Series 2007 Bonds, none of which in the aggregate materially impairs the use by the City of the Theater Facility for its intended purposes;

(e) defects, irregularities, encumbrances, easements, including easements for roads and public utilities and similar easements, rights of way, mineral conveyances, mineral reservations and clouds on title, none of which in the aggregate materially impairs the use by the City of the Theater Facility for its intended purposes;

(f) mechanics’, workers’, repairmen’s, architects’, engineers’, surveyors’ or carriers’ liens, or other similar liens with respect to the Theater Facility, provided that the same are discharged by the City in the ordinary course of business and without undue delay or the validity of the same is contested in good faith with any pending execution thereof appropriately stayed;

(g) the liens created pursuant to the Deed of Trust, the Lease and the Operating Agreement; and

(h) other liens, charges and encumbrances (other than a lien, charge or encumbrance against the Obligated Revenues) that do not prevent or materially impair the City's use of the Theater Facility for its intended purposes.

"Principal Office" means, with respect to the Trustee, the Registrar, the Tender Agent or the Remarketing Agent, the address for such party set forth in the Series Resolution.

"Project Fund" means the special fund created and so designated pursuant to the Bond Order.

"Rating Agency" means Moody's.

"Redemption Price" means, with respect to any Bond or a portion thereof, the principal amount of such Bond or portion thereof plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms and the terms of the Bond Order.

"Registrar" means, with respect to the Series 2007 Bonds, First-Citizens Bank & Trust Company, a state banking corporation having its principal corporate trust office in Raleigh, North Carolina, and its successors and assigns.

"Registrar" means, for any Bonds issued under the Bond Order, the person designated as Registrar therefor in any supplement to the Bond Order authorizing such Bonds. The Registrar with respect to the Series 2007 Bonds is First-Citizens Bank & Trust Company, a state banking corporation having its principal corporate trust office in Raleigh, North Carolina, and its successors and assigns.

"Reimbursement Agreement" means the Letter of Credit and Reimbursement Agreement, dated as of March 1, 2007, between the City and the Bank, including all amendments or supplements thereto as therein permitted, or any similar type reimbursement agreement entered into in connection with an Alternate Credit Facility for the Series 2007 Bonds.

"Remarketing Account" means the account bearing such name which is created pursuant to the Tender Agreement.

"Remarketing Agent" means, initially, Banc of America Securities LLC, and any successor remarketing agent appointed in accordance with the Series Resolution.

"Remarketing Agreement" means the Remarketing Agreement, dated as of March 1, 2007, between the City and the Remarketing Agent, as the same may be amended or supplemented from time to time, or any remarketing agreement entered into with a successor Remarketing Agent.

"Revenue Fund" means the special fund created and so designated pursuant to the Bond Order.

"Revenue Increment Fund" means the fund created pursuant to Section 159-107(c) of the Act, to which the City will account for proceeds paid to it from taxes levied on the incremental valuation of the District.

"Sales Tax Revenues" means the revenues received by the City from sales taxes levied by the County and the State and distributed to the City pursuant to the provisions of applicable law.

“Series 2007 Bonds” means the City of Roanoke Rapids Music and Entertainment District Special Revenue Bonds, Series 2007 issued pursuant to the Bond Order and the Series Resolution.

“Series 2007 Capitalized Interest Account” means the account created and so designated by the Bond Order.

“Series 2007 Derivative Agreement” means the Interest Rate Swap Agreement, dated September 12, 2006, between the City and Bank of America, N.A., pursuant to which the City is to pay fixed rate payments, and said bank is to pay variable rate payments, in amounts relating to a notional amount corresponding to the principal amount of a portion of the Series 2007 Bonds.

“Series 2007 Interest Account” means the account so created in the Bond Fund by the Bond Order and the Series Resolution.

“Series 2007 Principal Account” means the account so created in the Bond Fund by the Bond Order and the Series Resolution.

“Series 2007 Project” or “Project” means the acquisition of the Theater Facility as described in the front part of this Official Statement in “THE PROJECT AND THE DISTRICT – The Project.”

“Series 2007 Project Account” means the account created and so designated by the Bond Order.

“Special Record Date” for the payment of any Defaulted Interest (as defined in the Bond Order) on Bonds means a date fixed by the Trustee pursuant to the Bond Order.

“State” means the State of North Carolina.

“Surplus Fund” means the special fund created and so designated pursuant to the Bond Order.

“Tender Agent” means, initially First-Citizens Bank & Trust Company, and any successor tender agent appointed in accordance with the Series Resolution.

“Tender Agreement” means the Tender Agent Agreement, dated as of March 1, 2007, among the Trustee, the City, the Tender Agent and the Remarketing Agent, as supplemented or amended.

“Theater Facility” means the entertainment theater known as the “Randy Parton Theater” located in the District, including any improvements thereto (whether or not such improvements constitute Additional Projects under the Bond Order).

“Theater Facility Receipts” means the lease payments received by the City from the Operator in connection with the Theater Facility pursuant to the Lease.

“Trustee” means First-Citizens Bank & Trust Company, or any successor thereto.

“Weekly Interest Rate” means a variable interest rate on the Series 2007 Bonds established in accordance with the terms of the Series Resolution.

“Weekly Interest Rate Period” means each weekly period during which a Weekly Interest Rate is in effect.

THE BOND ORDER

Project Fund

A special fund is established with the Trustee at its Principal Office and designated the "City of Roanoke Rapids Theater Facility Project Fund" and within said Project Fund there is established two special accounts designated the "Series 2007 Project Account" and the "Series 2007 Capitalized Interest Account." In connection with the issuance of any additional Bonds pursuant to a supplemental order, there will be created and appropriately designated additional special accounts for the deposit of the proceeds of such Bonds.

The money in the Project Fund will be held by the Trustee in trust and, pending application to the payment of the Cost of the Theater Facility, or transfer as provided in the Bond Order, will, to the extent permitted by law, be subject to a lien and charge in favor of the Holders of Bonds issued with respect to the Theater Facility or Additional Project and Outstanding under the Bond Order and will be held for the security of such Holders.

Establishment of Other Funds

In addition to the Project Fund, there are established under the Bond Order the following funds:

- (a) City of Roanoke Rapids Theater Facility Revenue Fund;
- (b) City of Roanoke Rapids Theater Facility Bond Fund;
- (c) City of Roanoke Rapids Theater Facility Debt Service Reserve Fund;
- (d) City of Roanoke Rapids Theater Facility Surplus Fund.

The money in the Revenue Fund, the Bond Fund, the Debt Service Reserve Fund and the Surplus Fund will be held by the Trustee in trust and, pending application to the payment of the Bonds as provided in the Bond Order, or other transfer as provided therein, will be subject to a lien and charge in favor of the Holders of Bonds issued under the Bond Order and will be held for the security of such Holders.

All Theater Facility Receipts will be collected as provided in the Lease and upon such collection will be deposited as received with the Trustee to the credit of the Revenue Fund and held in the name of the City, separate and apart from all other funds of the City.

Revenue Increment Fund

Pursuant to Section 159-107(c) of the Act, the Revenue Increment Fund has been established to account for the proceeds paid to the City from the taxes levied on the incremental valuation of the District, all as provided in Section 159-107(d) of the Act. Amounts in the Revenue Increment Fund will be held by the City and will not be required to be deposited with the Trustee except as provided in this clause. Amounts deposited to the Revenue Increment Fund may be applied as follows:

- (1) If at any time the Trustee notifies the City that there are not sufficient amounts in the Revenue Fund and the Bond Fund (after taking into account any amounts available from a capitalized interest fund) to pay principal and interest on the Bonds and notes issued under the Bond Order, and all payments due under any Derivative Agreement, the City will transfer

amounts in the Revenue Increment Fund as necessary to the Trustee so that the amounts will be available in the Revenue Fund and Bond Fund to meet principal and interest requirements on the Bonds and notes issued for the District and to make any such payments due under a Derivative Agreement.

(2) To finance capital expenditures (including the funding of capital reserves) by the City in the District pursuant to the development financing plan, provided that prior to any such use, the City Representative will certify that such amounts are not expected to be needed for the purpose described in item (1) above during the ensuing twelve month period.

(3) To repay the City for any moneys actually expended on debt service on Bonds or for payments made under a Derivative Agreement pursuant to a pledge made pursuant to G.S. 159-111(b) of the Act and the Bond Order.

(4) To establish and maintain debt service reserves for future principal and interest requirements on Bonds or notes issued for the District.

If at the end of any Fiscal Year there is any money remaining in the Revenue Increment Fund after these purposes set forth in (1) through (4) above have been satisfied, such money will be paid from the Revenue Increment Fund in the manner and to the extent provided by G.S. 159-107(f).

Sales Tax Revenues

For so long as payments of principal and interest on the Bonds issued under the Bond Order and all Derivative Agreements are being made in accordance with their terms, all Sales Tax Revenues received by the City may be held in any general funds of the City and the City will be entitled to collect and use the Sales Tax Revenues for any purpose authorized by law. In the event that the Trustee notifies the City that payments of principal or interest on any Bonds or under any Derivative Agreements are not being made as due, then the City, without further direction from the Trustee, counterparty under a Derivative Agreement or any other person, will transfer to the Trustee from Sales Tax Revenues an amount necessary to remedy such deficiency to the Trustee for credit of the Revenue Fund and therein will be applied as provided in the paragraph below.

Application of Funds

Moneys in the Revenue Fund will be expended and used by the Trustee on the City's behalf only in the manner and order specified in the Bond Order. The City covenants that on or before the first Business Day of each month, commencing on the first month following the issuance of the Series 2007 Bonds, the Trustee, on the City's behalf, will withdraw from the Revenue Fund all moneys held for the credit of the Revenue Fund on the day of such withdrawal and deposit the sum so withdrawn in the following order:

(i) to the credit of the Bond Fund (and any accounts thereof as designated in a Series Resolution), the amount required by any Series Resolution to pay interest on Bonds and all Derivative Agreement Scheduled Payments;

(ii) to the credit of the Bond Fund (and any accounts thereof as designated in a Series Resolution), the amount required by any Series Resolution to pay principal of Bonds and any Additional Derivative Agreement Payments under any Derivative Agreement;

(iv) to the credit of the Debt Service Reserve Fund, such amount, if any, of any balance remaining after making the deposit under clause (i), (ii) and (iii) above (or the entire balance if less than the required amount) as may be required to make the amount then to the credit of the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement on account of all Bonds then Outstanding; and

(v) the balance, if any, to the credit of the Surplus Fund

provided, however, that the amounts to be deposited to the credit of the Bond Fund pursuant to (i), (ii) and (iii) above may be reduced by (A) any amounts available to be transferred to the Bond Fund from the Project Fund as capitalized interest, (B) any amounts received from the counterparty under a Derivative Agreement, and (C) to the extent of any earnings on amounts previously deposited to the Bond Fund or Debt Service Reserve Fund and to be available to pay principal of and interest on the Bonds on the ensuing payment date.

Bond Fund

Moneys held for the credit of the Bond Fund will be applied for paying the principal of and interest on the Bonds as the same becomes due and payable and for paying payments under any Derivative Agreement as the same will become due and payable. Notwithstanding the foregoing, if any Bonds are issued under an arrangement under which principal and interest is to be or may be paid under a letter of credit or similar credit enhancement instrument, moneys in the Bond Fund may be used to reimburse the issuer of the letter of credit or similar credit enhancement instrument for payments thereunder (and related expenses) that were applied to pay principal and interest on the Bonds. In addition, if the City enters into any type of interest rate swap agreement or similar hedging agreement with respect to any Bonds, amounts may be transferred from the Bond Fund to make payments under the swap agreement or similar hedging agreement at the times and in amounts necessary to the same extent as if transfers were to be made from the Bond Fund to pay interest on the Bonds.

Debt Service Reserve Fund

Moneys held for the credit of the Debt Service Reserve Fund will be used for the purpose of paying principal of and interest on the Bonds as the same becomes due and payable whenever and to the extent that the moneys held in the Bond Fund will be insufficient for such purpose. If at any time the moneys held for the credit of the Debt Service Reserve Fund will exceed the Debt Service Reserve Fund Requirement, such excess will be transferred to the Bond Fund to satisfy any deficiency therein or to be applied as a credit against future deposits required to be deposited therein.

Surplus Fund

Moneys held for the credit of the Surplus Fund may be used for any of the following purposes:

(i) to the extent that the moneys held for the Bond Fund will be insufficient for paying principal of and interest on the Bonds or payments under any Derivative Agreement as the same becomes due and payable, moneys may be transferred from the Surplus Fund to the Bond Fund for such payment, either prior to or after any transfer from the Debt Service Reserve Fund for such purpose;

(ii) moneys in the Surplus Fund may be transferred at any time to the Operator to make additional capital improvements or repairs to the Theater Facility or to pay current or extraordinary operating expenses arising from the operating thereof;

(iii) moneys in the Surplus Fund may be transferred at any time to the General Fund of the City and thereupon may be used for any lawful purpose, but prior to any such transfer there will be filed by the City Representative with the City Clerk and the Trustee a certificate to the effect that the amounts so transferred are not expected to be needed in the next twelve months to pay principal or interest with respect to the Bonds Outstanding under the Bond Order. Upon such a transfer from the Surplus Fund, the amount transferred will be free and clear of the lien of the Bond Order.

Investment of Money

Money held for the credit of all funds established under the Bond Order will be continuously invested and reinvested by the Trustee as directed by the City Representative in Investment Obligations to the extent practicable. Any such Investment Obligations will mature not later than the respective dates when the money held for the credit of such funds will be required for the purposes intended, provided that amounts held for the credit of the Debt Service Reserve Fund may be invested in obligations having a maturity up to the final maturity of the Bonds. No Investment Obligations in any fund may mature beyond the latest maturity date of a principal installment of the Bonds at the time such Investment Obligations are deposited. For the purposes of this clause, the maturity date of repurchase agreements for Government Obligations or other obligations is the maturity date of such repurchase agreements and not the maturity date of the underlying Government Obligations or other obligations.

Investment Obligations acquired with money and credited to any fund established under the Bond Order will be deemed at all times to be part of such fund in which such money was originally held, and the interest accruing thereon and any profit or loss realized upon the disposition or maturity of such investment will be credited to or charged against such fund, unless otherwise directed therein. The City Representative will reduce to cash a sufficient amount of such Investment Obligations whenever it will be necessary so to do in order to provide money to make any payment required under the Bond Order. The City Representative and the City Council will not be liable or responsible for any loss resulting from any such investment.

Security for Deposits

Any and all money deposited with the Trustee as provided in the Bond Order will be trust funds under the terms thereof and, to the extent permitted by law, will not be subject to any lien or attachment by any creditor of the City. Such money will be held in trust and applied in accordance with the provisions of the Bond Order.

Except as otherwise provided in the Bond Order, all money deposited with the Trustee under the Bond Order in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency will be continuously secured as required by law.

All money deposited with the Trustee will be credited to the particular fund to which such money belongs.

Payment of Principal, Interest and Premium

The City will cause to be paid, when due, the principal of and interest on the Bonds and any notes at the place, on the dates and in the manner provided in the Bond Order and in the Bonds, and any premium required for the retirement of the Bonds by purchase or redemption, according to the true intent and meaning thereof. The Bonds are not a general obligation of the City but are special obligations and are payable solely from Obligated Revenues and other moneys made available therefor under the Bond

Order. The Bonds will be secured as provided in "THE BOND ORDER – Security for the Bond" below. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest of the Bonds issued under the Bond Order, and no holder of Bonds issued under the Bond Order has the right to compel the exercise of the taxing power by the City or the forfeiture of any of its property in connection with any default with respect to the Bonds other than the Obligated Revenues.

Security for the Bond

Subject to the provisions of the Bond Order, the City pledges the Obligated Revenues to the payment of the Bonds and the payment of its obligations under any Derivative Agreement. The Obligated Revenues, as specified therein, shall immediately be subject to the lien of the Bond Order without any physical delivery thereof or further act, and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof. It is the intent of the City that this lien shall be effective and operate immediately and continue until the Bonds and all obligations under a Derivative Agreement are fully paid and discharged.

Insurance

The City covenants that it will maintain or cause to be maintained a practical insurance program, with reasonable terms, conditions, provisions and costs, which the City determines (i) will afford adequate protection against loss caused by damage to or destruction of the Theater Facility or any part thereof and (ii) will include reasonable liability insurance on the entire Theater Facility for bodily injury and property damage resulting from the operation of the Theater Facility. All such insurance policies will be carried by a responsible insurance company or companies authorized and qualified to assume the risks thereof.

All policies of insurance will name the Trustee, on behalf of the City, as a beneficiary thereunder and all payments under such policy will be made payable to the Trustee, on behalf of the City, and will remain with the Trustee, on behalf of the City, and the City will have the sole right to receive the proceeds of such insurance and to collect and receive for claims thereunder. The proceeds of such insurance will be available for and may be applied to the repair, replacement or reconstruction of the damaged or destroyed property.

Covenant Against Sale and Exceptions Thereto

The City covenants that, except as otherwise permitted in this clause or in "THE BOND ORDER – Contracts, Leases and Other Agreements" below, it will not sell, exchange, lease or otherwise dispose of the Theater Facility or any part thereof.

The City may from time to time sell, exchange, lease or otherwise dispose of any equipment, motor vehicles, machinery, fixtures, apparatus, tools, instruments or other movable property if it determines that such articles are no longer useful in connection with the Theater Facility, and the proceeds thereof may be used for any lawful purpose as determined by the City.

The City may, with the prior written consent of a majority of the owners of the Bonds, which consent will not be unreasonably withheld, from time to time sell, exchange, or otherwise dispose of (but not lease, contract, or agree for the use thereof except as permitted under this clause) any other property of the Theater Facility if it determines by resolution of the City Council that such property is no longer needed in connection with the Theater Facility, and that the sale, exchange, lease or other disposition thereof would not adversely affect the operating efficiency of, or materially reduce the Theater Facility

Receipts to be derived from the operation and ownership of, the Theater Facility, and the proceeds, if any, thereof will be deposited to the credit of the City's general fund.

Contracts, Leases and Other Agreements

The City may lease, as lessor, all or any part of the Theater Facility, or contract or agree for performance by others, of operations or services on or in connection with the Theater Facility or any part thereof, for any lawful purpose, provided, that:

(a) the City will remain fully obligated and responsible under the Bond Order to the same extent as if such lease, contract, or agreement, or any amendment or rescission thereof, had not been executed, and

(b) the obligation of the City under such lease, contract or agreement will not impair the performance of the City's obligations under the Bond Order.

Events of Default

Each of the following events is declared an Event of Default under the Bond Order:

(a) payment of any installment of interest on any Bond is not made when the same becomes due and payable;

(b) payment of any installment of principal of or the redemption premium, if any, on any Bond is not made when the same becomes due and payable, whether at maturity or by proceedings for redemption or otherwise;

(c) final judgment for the payment of money in excess of \$1,000,000 is rendered against the City as a result of the ownership, control or operation of the Theater Facility, and any such judgment is not discharged within one hundred twenty (120) days from the entry thereof or an appeal is not taken therefrom or from the order, decree or process upon which or pursuant to which such judgment will have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process of the enforcement thereof;

(d) the City will (i) become insolvent or the subject of insolvency proceedings; or (ii) be unable, or admit in writing its inability, to pay its debts as they mature; or (iii) make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property; or (iv) file a petition or other pleading seeking reorganization, composition, readjustment or liquidation of assets, or requesting similar relief; or (v) apply to a court for the appointment of a receiver for any of its assets; or (vi) have a receiver or liquidator appointed for any of its assets (with or without the consent of the City) and such receiver will not be discharged within ninety (90) consecutive days after his appointment; or (vii) become the subject of an "order for relief" within the meaning of the United States Bankruptcy Code; or (viii) file an answer to a creditor's petition admitting the material allegations thereof for liquidation, reorganization, readjustment or composition or to effect a plan or other arrangement with creditors or fail to have such petition dismissed within sixty (60) consecutive days after the same is filed against the City;

(e) a court of competent jurisdiction assumes custody or control of the City or of the whole or any substantial part of its property under the provisions of any other law for the relief or aid of debtors, and such custody or control is not terminated within ninety (90) days from the date of assumption of such custody or control; and

(f) the City defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or the Bond Order, including any supplemental agreement, and such default continues for thirty (30) days after receipt by the City of a written notice from the Holder specifying such default and requesting that it be corrected, provided, however, that, except for the performance by the City of the requirements set forth in the Bond Order, if prior to the expiration of such thirty (30) day period, the City institutes action reasonably designed to cure such default, no "Event of Default" will be deemed to have occurred upon the expiration of such thirty (30) day period for so long as the City pursues such curative action with reasonable diligence and provided that such curative action can be completed within a reasonable time.

Acceleration of Maturities

Upon the happening and continuance of any Event of Default specified in "THE BOND ORDER – Events of Default" above, the Trustee may, and upon the written direction of the Holders of a majority in Outstanding principal amount of the Bonds will, by notice in writing to the City, declare all the installments of principal of the Bonds (if not then due and payable) to be due and payable immediately, and upon such declaration the same will become and be immediately due and payable, anything contained in the Bonds or in the Bond Order to the contrary notwithstanding; provided, however, that if at any time after the installments of principal of the Bonds will have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Bond Order, the City will pay the matured installments of principal of the Bonds and all arrears of interest, if any, upon the Bonds (except the principal installments of the Bonds not then due and payable by their terms and the interest accrued on such since the last Interest Payment Date), and the charges, compensations, expenses, disbursements, advances and all amounts then payable by the City under the Bond Order will have been paid, and every other default in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Bond Order (other than a default in the payment of the principal installments of the Bonds then due only because of a declaration under this clause) will have been remedied, then and in every such case the Trustee may, by written notice to the City, rescind and annul such declaration and its consequences, but no such rescission or annulment will extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Enforcement of Remedies

Upon the happening and continuance of any Event of Default specified in "THE BOND ORDER – Events of Default" above, then and in every such case the Trustee may proceed to protect and enforce the rights of the Holders of the Bonds under the laws of the State or under the Bond Order by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Bond Order or in aid or execution of any power granted therein or for the enforcement of any proper legal or equitable remedy as the Trustee will deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Bond Order, the Trustee will be entitled to sue for, enforce payment of and receive any and all amounts then or during any Event of Default becoming and remaining due from the City for principal, interest or otherwise under any of the provisions of the Bond Order or of the Bonds, together with interest on overdue payments of principal at the rate or rates of interest payable on the Bonds and all costs and expenses of collection and of all proceedings under the Bond Order, without prejudice to any other right or remedy of the Holders, and to recover and enforce any judgment or decree against the City, but solely as provided in the Bond Order, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely

from money available for such purposes), in any manner provided by law, the money adjudged or decreed to be payable.,

Pro-Rata Application of Funds

Anything in the Bond Order to the contrary notwithstanding, if at any time the money in the funds and accounts created under the Bond Order will not be sufficient to pay installments of the interest on and the installments of principal of the Bonds as the same will become due and payable (either by their terms or by acceleration of maturities of installments under the provisions of described in "THE BOND ORDER – Acceleration of Maturities" above), such money, together with any money then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in the Bond Order or otherwise, will be applied as provided in this clause.

(a) if the principal or installments of principal of the Bonds will not have become or will not have been declared due and payable, all such money will be applied:

first: to the payment of all installments of interest on the Bonds and all Derivative Agreement Scheduled Payments then due and payable in the order in which such installments became due and payable;

second: to the payment of the unpaid installments of the principal on Bonds that have become due and payable (other than installments of principal of the Bonds called for redemption for the payment of which money is held pursuant to the provisions of the Bond Order), in the order of their due dates;

third: to the payment of all Additional Derivative Agreement Payments then due and payable in the order in which such payments became due and payable; and

fourth: to the payment of the installments of interest on and the installments of principal of the Bonds, to the purchase and retirement of the Bonds, and to the redemption of the installments of principal of Bond, all in accordance with the provisions of the Bond Order.

(b) If the installments of principal of the Bonds will have become or will have been declared due and payable, all such money will be applied:

first: to the payment of all installments of interest on the Bonds due and payable on or prior to maturity, if any, in the order in which such installments became due and payable, and all Derivative Agreement Scheduled Payments then due and then to the payment of any interest due and payable on the Bonds after maturity of the installments of principal of the Bonds, ratably;

second: to the payment of the installments of principal of the Bonds, ratably; and

third: to the payment of all Additional Derivative Agreement Payments.

(c) If the installments of principal of the Bonds will have been declared due and payable and if such declaration will thereafter have been rescinded and annulled under the provisions described in "THE BOND ORDER – Acceleration of Maturities" above, then, subject to the provisions of paragraph (b) of this clause, in the event that the installments of principal of the Bonds will later become due and payable or be declared due and payable, the money will be applied in accordance with the provisions of paragraph (a) of this clause.

Concerning the Trustee

Prior to the occurrence of any Event of Default and after the curing of all such Events of Default that may have occurred, the Trustee will perform such duties and only such duties of the Trustee as are specifically set forth in the Bond Order. Upon the occurrence and continuation of any Event of Default, the Trustee will use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Except upon the happening of any Event of Default specified in clauses (a) or (b) of "THE BOND ORDER – Acceleration of Maturities" above or the report of an Event of Default pursuant to the Bond Order, the Trustee will not be obliged to take notice or be deemed to have notice of any Event of Default under the Bond Order unless specifically notified in writing of such Event of Default by the City or the Owners and Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding.

Supplemental Bond Orders

The City, from time to time and at any time, may adopt such orders supplemental to the Bond Order (which supplemental orders will thereafter form a part thereof) as will be substantially consistent with the terms and provisions of the Bond Order and will not materially and adversely affect the interest of the Holders:

- (a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision in the Bond Order that may be inconsistent with any other provision therein, to make any other provisions with respect to matters or questions arising under the Bond Order, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Bond Order, or
- (b) to grant or to confer upon the Holders, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders, or
- (c) to add to the provisions of the Bond Order other conditions, limitations and restrictions thereafter to be observed, or
- (d) to add to the covenants and agreements of the City in the Bond Order other covenants and agreements thereafter to be observed by the City or to surrender any right or power therein reserved to or conferred upon the City, or
- (e) to permit the qualification of the Bond Order under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the City so determines, to add to the Bond Order or any supplemental order such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law, or
- (f) to provide for the issuance of Bonds in bearer form, or
- (g) to provide for the issuance of Bonds under a book entry system.

Supplemental Order with Consent

Subject to the terms and provisions contained in this clause, and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding that will be affected by a proposed supplemental order will have the right, from time to time, anything contained in the Bond Order to the contrary notwithstanding, to consent to and approve the adoption of such order or orders supplemental thereto as are deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Order or in any supplemental order, provided that nothing contained therein will permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of the Obligated Revenues other than the lien and pledge created by the Bond Order, or (d) a preference or priority of any Bond over any other Bond or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental order. Nothing contained in the Bond Order, however, will be construed as making necessary the approval by Holders of the adoption of any supplemental order as authorized in the Bond Order.

If at any time the City determines that it is necessary or desirable to adopt any supplemental order for any of the purposes of this clause, the City will cause notice of the proposed adoption of such supplemental order to be mailed to the Local Government Commission and to the Trustee. Upon receipt of such notice, the Trustee will cause notice of the proposed adoption of such supplemental order to be mailed, postage prepaid all Holders at their addresses as they appear on the registration books. Such notice will briefly set forth the nature of the proposed supplemental order and will state that copies thereof are on file at the office of the Trustee for inspection by all Holders. A failure on the part of the Trustee to mail the notice required by this clause or any defect therein will not affect the validity of such supplement to the Bond Order.

Whenever, at any time within three years after the date of the mailing of such notice, the Trustee receives an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding that are affected by a proposed supplemental order, which instrument or instruments will refer to the proposed supplemental order described in such notice and will specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such supplemental order in substantially such form, without liability or responsibility to any Holder whether or not such Holder will have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such supplemental order and that are affected, as defined in the Bond Order, by a proposed supplemental order have consented to and approved the adoption thereof as provided therein, to the extent permitted by law, no Holder will have any right to object to the adoption of such supplemental order, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

Not a Supplemental Order

For purpose of the Bond Order, a supplemental order that relates only to a particular series of Bonds issued thereunder and that does not purport to alter or amend the rights or security of any Holder of any other series of Bonds issued thereunder or any other series incurred thereunder shall not be deemed or considered to be a supplemental order.

Defeasance

When (a) the installments of principal of the Bonds will have become due and payable in accordance with their terms or otherwise as provided in the Bond Order, and (b) the whole amount of the principal and the interest and premium, if any, so due and payable upon the Bonds will be paid, or if the Trustee will hold sufficient money or Defeasance Obligations the principal of and the interest on which, when due and payable, will provide sufficient money to pay the installments of principal of, and the interest and redemption premium, if any, on the Bonds to the maturity date or dates of the installments of principal of the Bonds or to the date or dates specified for the redemption thereof, and (c) if the installments of principal of the Bonds are due and payable by reason of a call for redemption, the installments of principal of the Bonds will have been duly called for redemption or irrevocable instructions to call the Bonds for redemption will have been given by the City Council to the City Representative, and sufficient funds will also have been provided or provision made for paying all other obligations payable under the Bond Order by the City, then and in that case the right, title and interest of the Holders secured by the Bond Order in the Obligated Revenues or in the funds mentioned in the Bond Order will thereupon cease, determine and become void, the Bond Order will be deemed repealed and canceled, and the City will repeal and cancel the Bond Order and the Trustee will distribute any surplus, and all balances remaining in all funds, other than money held for the redemption or payment of the Bonds, to any lawful purpose as directed by the City Representative. Otherwise, the Bond Order will be, continue and remain in full force and effect; provided, that, in the event Defeasance Obligations will be deposited with and held by a Trustee as provided above, (i) in addition to the requirements set forth in the Bond Order, the City Representative, within thirty (30) days after such Defeasance Obligations will have been deposited with the Trustee, will cause a notice signed by the City Representative to be mailed, postage prepaid, to the Holders setting forth (a) the date or dates, if any, designated for the redemption of the installments of principal of the Bonds, (b) a description of the Defeasance Obligations so held by the Trustee, and (c) that the Bond Order has been deemed repealed and canceled in accordance with the provisions of this clause, and (ii) the Registrar will retain such rights, powers and privileges under the Bond Order as may be necessary and convenient for the registration and transfer of the Bonds.

All money and Defeasance Obligations held by the Trustee pursuant to the Bond Order will be held in trust and applied to the payment, when due, of the obligations payable therewith.

THE SERIES RESOLUTION

Establishment of Accounts and Subaccounts

The following accounts are established under the Bond Fund:

- (a) Series 2007 Interest Account; and
- (b) Series 2007 Principal Account.

All such accounts will be established with and held by the Trustee pursuant to the Bond Order and the Series Resolution.

Deposit of Theater Facility Receipts by the City

The City will, subject to the provisions of the Bond Order, deposit or cause to be deposited with the Trustee from Theater Facility Receipts and other funds described in the Bond Order in the Revenue Fund the following amounts at the following times, and the Trustee will apply such amounts to the various funds specified in the Series Resolution in the following order:

(i) into the Series 2007 Interest Account of the Bond Fund, on or before the first Business Day of each month immediately preceding each Interest Payment Date, the interest payable on the Series 2007 Bonds on such Interest Payment Date, and to make any Derivative Agreement Scheduled Payments under the Series 2007 Derivative Agreement; and

(ii) beginning July 1 2007, into the Series 2007 Principal Account of the Bond Fund, on or before the first Business Day of each month, one-twelfth of the amount required to retire the Series 2007 Bonds to be called for optional redemption in accordance with the redemption schedule set forth in the Reimbursement Agreement, as amended from time to time, on the next ensuing July 1 and any Derivative Agreement Additional Payments under the Series 2007 Derivative Agreement.

Notwithstanding the foregoing, so long as the City is not in default in its obligations under the Series Resolution and the Trustee has not received notice from the counterparty under the Series 2007 Derivative Agreement that a default has occurred and continuing thereunder, the City will be permitted to withhold from the deposit required by (i) and (ii) the amounts required to be paid to the counterparty under the Series 2007 Derivative Agreement, and may pay those amounts directly to the counterparty under the Series 2007 Derivative Agreement.

In addition, the Trustee will deposit to the Principal Account of the Bond Fund all amounts for redemption as will be delivered to the Trustee by the City from time to time with instructions that such amounts be so deposited.

Each deposit into the Bond Fund not constituting Available Moneys will be placed in a separate account within the Bond Fund and will not be commingled with other money in the Bond Fund until such money becomes Available Moneys.

Unless amounts on deposit in the Bond Fund are Available Moneys, the Trustee will not use such funds to pay principal and interest on the Bonds, but will instead draw upon the Credit Facility to make such payment, then reimburse the Credit Provider for the amount of such draw with funds deposited to the Bond Fund. The City authorizes and directs the Trustee, and the Trustee agrees, to withdraw from the Bond Fund, as applicable, and transfer to the Registrar sufficient funds (to the extent available) to pay the redemption price of, principal price of, premium, if any, and interest on the Series 2007 Bonds as the same become due and payable, whether due by maturity, acceleration, redemption or otherwise, so that the Series 2007 Bonds will be paid only in the following order of priority:

FIRST: from amounts drawn by the Trustee under the Credit Facility;

SECOND: from Available Moneys on deposit in the Bond Fund, other than amounts received by the Trustee in respect of drawings under such Credit Facility; and

THIRD: from any other amounts held in such accounts.

After provision is made for the payment or redemption of any Series 2007 Bonds on a given payment date, the Trustee will pay money in the Bond Fund to the Bank to the extent necessary to reimburse the Bank for amounts owed to it under the Credit Facility.

Application of Money in the Series 2007 Project Account

Money deposited in the Series 2007 Project Account will be applied to pay the costs and expenses incurred in connection with the issuance of the Series 2007 Bonds and the Costs of the Theater Facility, all in accordance with the Bond Order.

Application of Money in the Series 2007 Capitalized Interest Account

The amount of capitalized interest specified in the City Representative's closing certificate to the Trustee pursuant to the Series Resolution will be deposited to the credit of the Series 2007 Capitalized Interest Account to pay interest on the Series 2007 Bonds or payments to the Bank as swap counterparty under the Series 2007 Derivative Agreement. On or before each date interest with respect to the Series 2007 Bonds will be due and payable, a City Representative will instruct the Trustee to (a) apply such funds in the Series 2007 Capitalized Interest Account for payment of interest due on the Series 2007 Bonds on the Interest Payment Date or (b) apply such funds to pay (or reimburse the City for the payment) of amounts due as Derivative Agreement Scheduled Payments under the Series 2007 Derivative Agreement; provided, however, that the aggregate amounts in any month retained to pay interest on the Series 2007 Bonds or transferred to the City will not exceed the Derivate Agreement Scheduled Payments due to the Bank as swap counterparty for such month.

Application of Money in the Bond Fund for Redemption

The Trustee will apply money in the Bond Fund for the redemption of Series 2007 Bonds in each Fiscal Year to the purchase or the redemption of Series 2007 Bonds then Outstanding in accordance with the latest Officer's Certificate filed with the Trustee designating the Series 2007 Bonds to be redeemed.

Application of Money in the Debt Service Reserve Fund

The amount specified in the City Representative's closing certificate to the Trustee pursuant to the Series Resolution to satisfy the Debt Service Reserve Fund Requirement for the Series 2007 Bonds will be deposited to the credit of the Debt Service Reserve Fund and applied as provided in the Bond Order. The funds held in the Debt Service Reserve Fund secure the payment of the Series 2007 Bonds and the obligations of the City under the Reimbursement Agreement; provided, however, that the City's obligations to the Bank under the Series 2007 Derivate Agreement are not secured by the Debt Service Reserve Fund.

Investment of Money

Money held for the credit of all accounts and subaccounts established under the Series Resolution on deposit with the Trustee will be continuously invested and reinvested by the Trustee in Investment Obligations to the extent practicable. Any such Investment Obligations will mature not later than the respective dates when the money held for the credit of such subaccounts will be required for the purposes intended. No Investment Obligations in any such account or subaccount may mature beyond the latest maturity date of any Series 2007 Bonds Outstanding at the time such Investment Obligations are deposited.

Investment Obligations acquired with money in or credited to any account or subaccount established under the Series Resolution will be deemed at all times to be part of such account or subaccount. Any loss realized upon the disposition or maturity of such Investment Obligations will be charged against such account or subaccount. The interest accruing on any such Investment Obligations and any profit realized upon the disposition or maturity of such Investment Obligations will be credited to such Accounts or subaccounts as follows:

<u>Fund, account or subaccount</u>	<u>Credited to</u>
Series 2007 Project Account	Series 2007 Project Account
Series 2007 Capitalized Interest Account	Series 2007 Capitalized Interest Account
Debt Service Reserve Fund	Bond Fund
All other funds, accounts and subaccounts	Revenue Fund

Any such interest accruing and any such profit realized will be transferred upon the receipt thereof by the City or the Trustee, as the case may be, pursuant to the provisions of the Bond Order and the Series Resolution.

A City Representative will give to the Trustee written directions respecting the investment of any money required to be invested under the Series Resolution, subject, however, to the provisions of this clause, and the Trustee will then invest such money as so directed. The Trustee may request in writing additional direction or authorization from the City Representative with respect to the proposed investment of money. Upon receipt of such directions, the Trustee will invest, subject to the provisions of this clause, such money in accordance with such directions.

The Trustee will sell or reduce to cash in a commercially reasonable manner a sufficient amount of such Investment Obligations whenever it is necessary to do so in order to provide money to make any payment from any such subaccount. The Trustee will not be liable or responsible for any loss resulting from any such investment.

Whenever a transfer of money between two or more of the subaccounts is permitted or required, such transfer may be made as a whole or in part by transfer of one or more Investment Obligations at a value determined at the time of such transfer in accordance with the Bond Order, provided that the Investment Obligations transferred are those in which money of the receiving subaccount could be invested at the date of such transfer.

Payment of Principal, Interest and Premium and Pledge of Obligated Revenues

The City covenants that it will promptly pay or cause to be paid, but solely from the funds pledged and other security pledged therefor, the principal of and the interest on every Series 2007 Bond issued under the provisions of the Series Resolution at the places, on the dates and in the manner provided therein, in the Bond Order and in said Series 2007 Bonds, and any premium required for the retirement of said Series 2007 Bonds by purchase or redemption, according to the true intent and meaning thereof. The City further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in the Series Resolution and the Bond Order, or in any Series 2007 Bond executed, authenticated and delivered under the Series Resolution or in any proceedings of the City pertaining thereto. The City represents and covenants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Series 2007 Bonds authorized by the Series Resolution and to pledge the Obligated Revenues in the manner and to the extent set forth in the Series Resolution and in the Bond Order; that all action on its part for the issuance of the Series 2007 Bonds has been duly and effectively taken; and that such Series 2007 Bonds in the hands of the Owners thereof are and will be valid and binding special obligations of the City payable according to their terms.

Supplemental Series Resolutions Without Consent of Owners

The City may, from time to time and at any time, adopt such resolutions supplemental to the Series Resolution (which supplemental resolutions will thereafter form a part thereof) as will be substantially consistent with the terms and provisions of the Series Resolution and, in the opinion of the Trustee, who may rely upon a written opinion of counsel nationally recognized on the subject of the legality of obligations of States and political subdivisions thereof and the federal income tax treatment of interest thereon, will not materially and adversely affect the interest of the Owners:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision in the Series Resolution that may be inconsistent with any other provision therein, to make any other provisions with respect to matters or questions arising under the Series Resolution or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Series Resolution, or

(b) to grant or to confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, or

(c) to add to the covenants and agreements of the City in the Series Resolution other covenants and agreements thereafter to be observed by the City or to surrender any right or power therein reserved to or conferred upon the City, or

(d) to permit the qualification of the Series Resolution under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the City so determines, to add to the Series Resolution or any supplemental series resolution such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law, or

(e) to provide for the issuance of Series 2007 Bonds in bearer form.

Modification of Series Resolution With Consent of Owners

Subject to the terms and provisions contained in this clause, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Series 2007 Bonds then Outstanding that will be affected, as defined in the Series Resolution, by a proposed supplemental series resolution will have the right, from time to time, anything contained in the Series Resolution to the contrary notwithstanding, to consent to and approve the adoption by the City and the acceptance by the Trustee of such series resolution supplemental to the Series Resolution as will be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Series Resolution or in any supplemental series resolution; provided, however, that nothing therein contained will permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Series 2007 Bond without the consent of the Owner of such Series 2007 Bond, (b) a reduction in the principal amount of any Series 2007 Bond or the redemption premium or the rate of interest thereon without the consent of the Owner of such Series 2007 Bond, (c) the creation of a pledge, charge and lien upon the Theater Facility Receipts other than the pledge, charge and lien created by the Bond Order without the consent of all Owners of the Series 2007 Bonds then Outstanding, (d) a preference or priority of any Series 2007 Bond over any other Series 2007 Bond without the consent of all Owners of the Series 2007 Bonds then Outstanding, or (e) a reduction in the aggregate principal amount of Series 2007 Bonds required for consent to such supplemental series resolution without the consent of all Owners of the Series 2007 Bonds then Outstanding. Nothing

contained in the Series Resolution, however, will be construed as making necessary the approval by the Owners of the adoption and acceptance of any supplemental series resolution as authorized in the Series Resolution.

The Trustee will, at the expense of the City, such expense to be paid from the Revenue Fund or from any other available moneys, cause notice of the proposed adoption of such supplemental series resolution to be mailed, postage prepaid, to the Local Government Commission and all Owners. Such notice will briefly set forth the nature of the proposed supplemental series resolution and will state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. The Trustee will not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by this clause, and any such failure will not affect the validity of such supplemental series resolution when approved and consented to as provided in this clause.

Whenever, at any time within three years after the date of the mailing of such notice, the City will deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of Series 2007 Bonds then Outstanding that are affected (as defined in the Series Resolution) by a proposed supplemental series resolution, which instrument or instruments will refer to the proposed supplemental series resolution described in such notice and will specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such supplemental series resolution in substantially such form, without liability or responsibility to any Owner, whether or not such Owner will have consented thereto.

If the Owners of not less than a majority in aggregate principal amount of the Series 2007 Bonds Outstanding at the time of the adoption of such supplemental series resolution and that are affected (as defined in the Series Resolution) by a proposed supplemental series resolution have consented to and approved the adoption thereof as provided in the Series Resolution, to the extent permitted by law, no Owner will have any right to object to the adoption of such supplemental series resolution, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the adoption thereof, or enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental series resolution pursuant to the provisions of this clause or in "THE SERIES RESOLUTION – Supplemental Series Resolutions Without the Consent of Owners" above, the Series Resolution will be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Series Resolution of the City, the Trustee and all Owners will thereafter be determined, exercised and enforced in all respects pursuant to the provisions of the Series Resolution as so modified and amended.

Credit Facility for Series 2007 Bonds

A Credit Facility will be in effect at all times under the Series Resolution. The Trustee is directed, on or prior to each Interest Payment Date, to make a drawing under such Credit Facility no later than the time provided in the Letter of Credit or other Credit Facility for presentations of drafts in order to receive payment in immediately available funds by 1:30 p.m. New York City time on such date, equal to the interest on Series 2007 Bonds then payable from the Credit Facility due on such Interest Payment Date (other than such interest representing a portion of the purchase price of any Series 2007 Bonds required to be purchased on such date) and to use such drawing to pay such interest due on the Series 2007 Bonds on such Interest Payment Date. The proceeds of such drawing will be deposited in the Bond Fund in a separate account or subaccount separate and apart from any moneys not received pursuant to a draw on a Credit Facility and held uninvested pending application to the payment of interest on such

Series 2007 Bonds. In determining the amount of any such interest then due, the Trustee will not take into consideration any interest due on any Bank Bonds or Series 2007 Bonds owned by the City, and no drawings under the Credit Facility will be made, or be used, to pay interest on any Bank Bonds or Series 2007 Bonds owned by the City.

On or prior to each date on which a payment of principal or redemption premium (if any) on any Series 2007 Bonds then payable from the Credit Facility is due either by maturity or as a result of any mandatory or optional redemption of such Series 2007 Bonds or any acceleration of the maturity of such Series 2007 Bonds or otherwise (in each case, other than an amount representing the principal portion of the purchase price of any such Series 2007 Bonds required to be purchased on such date), the Trustee is directed to make a drawing under the Credit Facility no later than the time provided in the Credit Facility for presentations of drafts in order to receive payment in immediately available funds by 1:30 p.m., New York City time on the date such principal or redemption premium (if covered by such Credit Facility) is payable, equal to the amount of such principal payment and, if covered by the Credit Facility then in effect, redemption premium, and accrued interest, and to use such drawing to make such payment. The proceeds of such drawing will be deposited in the Bond Fund, as appropriate, in a separate account or subaccount separate and apart from any moneys not received pursuant to a draw on a Credit Facility and held uninvested pending application to the payment of the principal and premium (if applicable) of such Series 2007 Bonds. In determining the amount of such principal and premium (if applicable) then due, the Trustee will not take into consideration any principal or redemption premium required for any Bank Bonds or Series 2007 Bonds owned by the City, and no drawings under the Credit Facility will be made or be used to pay any principal or redemption premium for any Bank Bonds or Series 2007 Bonds owned by the City.

If at any time there will have been delivered to the Trustee an Alternate Credit Facility pursuant to "THE SERIES RESOLUTION – Alternate Credit Facility for the Series 2007 Bonds" below, and the documents required by such clause, then the Trustee will accept such new Credit Facility and surrender the previously held Credit Facility for cancellation in accordance with the terms of such Credit Facility, provided that no such surrender will occur until after the Trustee will have drawn under the Credit Facility and received sufficient funds to pay the purchase price of the Series 2007 Bonds on the date on which the Series 2007 Bonds are subject to mandatory purchase in accordance with the Series Resolution if a mandatory tender of the Series 2007 Bonds is required by the Series Resolution. The Trustee will comply with the procedure set forth in the then existing Credit Facility relating to the termination thereof and is authorized to deliver certificates reducing the stated amount of the Credit Facility in accordance with the provisions thereof.

In connection with the replacement, termination, expiration, reduction or modification of the Credit Facility requiring mandatory purchase of Series 2007 Bonds as provided in the Series Resolution, the Trustee is directed to give the notice of mandatory tender for purchase of the Series 2007 Bonds as provided in "THE SERIES RESOLUTION – Notice of Termination or Other Change in Credit Facility for Series 2007 Bonds" below.

Rights and Duties under Credit Facility Relating to Series 2007 Bonds

The Letter of Credit has been delivered to the Trustee by the Bank, and the Trustee is instructed, without further direction, to draw amounts under the Letter of Credit or any Alternate Credit Facility in accordance with the terms and conditions set forth therein at the times, in the manner and for the purposes set forth in the Series Resolution. If the Trustee makes a drawing under the Credit Facility after the principal of the Series 2007 Bonds will have been declared immediately due and payable following the occurrence of an Event of Default with respect to the Series 2007 Bonds, the proceeds of such drawing will be applied by the Trustee to the payment of the Series 2007 Bonds entitled to be paid therefrom as

provided in "THE SERIES RESOLUTION – Acceleration" below. So long as the Credit Facility remains in effect with respect to any Series 2007 Bonds, the Trustee may not waive any Event of Default with respect to the Series 2007 Bonds if a drawing has been made under the Credit Facility, all or any portion of which is subject to reinstatement as provided in the Credit Facility relating thereto, and such reinstatement has not yet occurred. Furthermore, if moneys have been drawn under the Credit Facility, an Event of Default may not be waived by the Trustee under the Series Resolution unless and until the Trustee receives notice from the Credit Provider that (a) the Credit Facility has been reinstated and is in full force and effect and (b) there is no ongoing event of default under the Reimbursement Agreement or it has been otherwise waived by the Credit Provider. Notwithstanding the foregoing, so long as the Bank has not defaulted in any of its obligations under the Reimbursement Agreement, the Trustee shall not accelerate the payment of the principal of the Series 2007 Bonds without the consent of the Bank.

The City agrees that the Trustee in its name or in the name of the City may enforce all rights of the Trustee and of the City and all obligations of the Bank (including the obligation of the Bank to honor drafts duly presented in accordance with the terms and conditions of the Credit Facility) under and pursuant to the Credit Facility, for the benefit of the Owners of the Series 2007 Bonds. The Trustee agrees to assume and perform the duties and obligations contemplated under the Credit Facility to be assumed and performed by the Trustee.

Notice of Termination or Other Change in Credit Facility for Series 2007 Bonds

The Trustee will give notice by mail to the Owners of the Series 2007 Bonds then payable from the Credit Facility (a) on or before the 15th day preceding the expiration of any Credit Facility in accordance with its terms, or any termination, reduction, replacement or modification of the terms of the Credit Facility which will cause the Series 2007 Bonds to cease to be payable from the Credit Facility, or (b) in the case of receipt by the Trustee of notice from the Bank that an event of default has occurred under the Reimbursement Agreement relating thereto and requesting the Series 2007 Bonds be mandatorily purchased, within one Business Day following receipt by the Trustee of such notice of an event of default under the Reimbursement Agreement, which notice will, to the extent applicable, (1) describe generally the Credit Facility in effect prior to such replacement, termination, expiration, reduction or modification and the Alternate Credit Facility to be in effect upon such replacement, termination, expiration, reduction or modification, (2) state the date of such replacement, termination, reduction, modification, expiration or proposed substitution of the Alternate Credit Facility, (3) describe any reduction, termination or modification of the Credit Facility and the effective date thereof, (4) specify the rating, if any, to be applicable to such Series 2007 Bonds after such replacement, termination, expiration, reduction or modification of the Credit Facility or state that no ratings have been obtained with respect to such Series 2007 Bonds for the period subsequent to such replacement, termination, expiration, reduction or modification of the Credit Facility, and (5) unless the Credit Facility has been replaced by an Alternate Credit Facility in respect of such Series 2007 Bonds as described in the Series Resolution, state that the Series 2007 Bonds will be purchased pursuant to the Series Resolution on the date specified for such purchase. The City will give the Trustee and the Tender Agent written notification of any modification, reduction, termination, expiration or replacement of the Credit Facility as soon as practicable after receiving knowledge thereof. The City will provide the Trustee and the Tender Agent with written notice of any information required to enable the Trustee to give the foregoing notice and will provide the Trustee with the form of such notice; provided, however, that in the event the City fails to provide such notice, the Tender Agent will provide such notice to the Trustee.

Alternate Credit Facility for Series 2007 Bonds

If at any time there will be delivered to the Trustee (i) an Alternate Credit Facility covering the Series 2007 Bonds, (ii) either (A) written evidence from each Rating Agency then rating the Series 2007

Bonds, in each case to the effect that such Rating Agency has reviewed the proposed Alternate Credit Facility and the ratings of the Series 2007 Bonds after substitution of such Alternate Credit Facility or (B) a statement of the City that no ratings have been obtained, (iii) if such Alternate Credit Facility is other than a letter of credit issued by a domestic commercial bank, an opinion of counsel that no registration of the Series 2007 Bonds or such Alternate Credit Facility is required under the Securities Act of 1933, as amended, (iv) an opinion of counsel satisfactory to the Trustee to the effect that such Alternate Credit Facility is a valid and enforceable obligation of the issuer or provider thereof, (v) all information required to give the notice of mandatory tender for purchase of the Series 2007 Bonds if required by the Series Resolution, and (vi) if the Credit Facility then in effect with respect to the Series 2007 Bonds does not cover premiums due on the Series 2007 Bonds, and the Series 2007 Bonds would be subject to mandatory tender for purchase at a purchase price in excess of the principal amount thereof pursuant to the Series Resolution, Available Moneys in an amount sufficient to pay the premium due on the Series 2007 Bonds pursuant to the Series Resolution, then the Trustee shall accept such Alternate Credit Facility and, after the Trustee shall have drawn under the Credit Facility and received sufficient funds to pay the purchase price of the Series 2007 Bonds on the date of the mandatory tender for purchase established pursuant to the Series Resolution if a mandatory tender of the Series 2007 Bonds is required by the Series Resolution, promptly surrender the Credit Facility then in effect to the Bank which issued such Credit Facility in accordance with its terms for cancellation or deliver any document necessary to reduce the coverage of such Credit Facility.

Notice by Trustee to Reduce Credit Facility

In the event that the Series 2007 Bonds will be redeemed in whole or in part, the Trustee will give notice to the Bank in the manner required by the Credit Facility to reflect such reduction in the principal amount of the Series 2007 Bonds as a result of such redemption.

Additional Events of Default

The "Events of Default" and the remedies with respect thereto as set forth in the Bond Order as described in "THE BOND ORDER – Events of Default" above are intended to govern and apply to the agreements, covenants, duties and obligations of the parties hereto as set forth in the Series Resolution. Additionally, the following will constitute Events of Default: (a) payment of the purchase price of any Series 2007 Bond is not made when the same is due and payable, either upon tender for purchase as described in the Series Resolution or upon mandatory tender for purchase as described in the Series Resolution or otherwise; and (b) receipt by the Trustee of a written notice from the Credit Provider that an event of default has occurred and is continuing under the Reimbursement Agreement together with instructions from the Credit Provider to accelerate the maturity of the Bonds.

Acceleration

Upon the acceleration of the payment of principal of the Series 2007 Bonds, by declaration or otherwise, the Trustee will, without requirement of the indemnification described in the Bond Order, immediately draw on the Credit Facility for the aggregate unpaid principal amount of the Series 2007 Bonds and all interest accrued thereon, and all amounts drawn on the Credit Facility by the Trustee in accordance with this clause will be deposited in the Bond Fund and applied on the date of such acceleration to the payment of principal of and interest accrued on the Series 2007 Bonds; provided, however, that if prior to or with the proceeds of the draw on the Credit Facility, the Trustee receives written instructions from the Credit Provider to use such proceeds to purchase all Series 2007 Bonds in lieu of acceleration, amounts drawn on the Credit Facility will be used to purchase all Series 2007 Bonds in accordance with the Series Resolution.

In the event that payment of the principal of all of the Bonds, including the Series 2007 Bonds, is not accelerated following the occurrence of an Event of Default as provided "THE BOND ORDER – Acceleration of Maturities" above, whether because a sufficient percentage of the Owners of the Bonds do not request an acceleration or otherwise, then if an event of default has occurred under the Reimbursement Agreement and the Bank directs the Trustee to cause a mandatory tender for purchase of the Series 2007 Bonds, the Series 2007 Bonds will become subject to mandatory tender for purchase as provided in the Series Resolution.

If instructions are received by the Trustee to cause a mandatory tender for purchase of the Series 2007 Bonds pursuant to the Series Resolution as provided above, the proceeds drawn under the Credit Facility will be applied to the purchase of the Series 2007 Bonds pursuant to the Series Resolution, any acceleration of the Series 2007 Bonds will be canceled, the Series 2007 Bonds will become Bank Bonds and will be registered in the name of the City and pledged under the Reimbursement Agreement as additional security for repayment of the City's obligations under the Reimbursement Agreement. Thereafter, such Series 2007 Bonds will not be remarketed by the Remarketing Agent unless the Tender Agent has received written notice from the Trustee that the Credit Facility has been reinstated or an Alternate Credit Facility has been delivered pursuant to the Series Resolution in an amount sufficient to cover payment of principal or purchase price of and interest on the Series 2007 Bonds, including such Bank Bonds to be so remarketed.

Defeasance

In addition to the requirements set forth in "THE BOND ORDER – Defeasance" above, prior to the repeal and discharge of the Bond Order in accordance with the provisions thereof, the City will deliver to the Trustee written evidence from each Rating Agency then rating the Series 2007 Bonds to the effect that such release in and of itself will not result in the withdrawal or reduction of the rating(s) then applicable to the Series 2007 Bonds.

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APPENDIX B
CERTAIN INFORMATION CONCERNING BANK OF
AMERICA, N.A.

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APPENDIX B

CERTAIN INFORMATION CONCERNING THE BANK

Bank of America, N.A. (the “*Bank*”) is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the “*Corporation*”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of September 30, 2006, the Bank had consolidated assets of \$1,186 billion, consolidated deposits of \$721 billion and stockholder’s equity of \$110 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2005, together with any subsequent documents it filed with the Securities and Exchange Commission (the “*SEC*”) pursuant to the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”).

Recent Developments: On January 1, 2006, the Corporation completed its merger with MBNA Corporation.

Additional information regarding the foregoing is available from the filings made by the Corporation with the SEC, which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation, the Bank and the foregoing mergers contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letter of Credit has been issued by the Bank. Moody’s Investors Service, Inc. (“*Moody’s*”) currently rates the Bank’s long-term debt as “Aa1” and short-term debt as “P-1.” The Outlook is Stable. Standard & Poor’s rates the Bank’s long-term debt as “AA” and its short-term debt as “A-1+.” Ratings are on CreditWatch Positive. Fitch Ratings, Inc. (“*Fitch*”) rates long-term debt of the Bank as “AA-” and short-term debt as “F1+.” The outlook is Positive. Further information with respect to such ratings may be obtained from Moody’s, Standard & Poor’s and Fitch, respectively. No assurances can be given that the current ratings of the Bank’s instruments will be maintained.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form

10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the Commission pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications

100 North Tryon Street, 18th Floor

Charlotte, North Carolina 28255

Attention: Corporate Communications

PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery hereof shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date hereof, or that the information contained or referred to in this Appendix C is correct as of any time subsequent to its date.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL'S OPINION

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APPENDIX C

[Proposed Form of Bond Counsel's Opinion]

March __, 2007

City Council of the
City of Roanoke Rapids, North Carolina

We have examined (i) the Constitution and laws of the State of North Carolina, including the North Carolina Project Development Financing Act, as amended (the "Finance Act"), (ii) certified copies of the proceedings of the City Council of the City of Roanoke Rapids, North Carolina (the "City") evidencing the creation by the City of a development financing district known as the Carolina Crossroads Music and Entertainment District (the "District") and authorizing the issuance of its \$21,500,000 Music and Entertainment District Special Revenue Bonds, Series 2007 (the "Bonds") to finance certain costs incurred in connection with a project being undertaken by the City in the District, and (iii) other proofs submitted relative to the issuance, sale and delivery of the Bonds.

The Bonds bear interest as provided in the Series Resolution and mature, subject to redemption prior to their maturity, on July 1, 2027.

The City created the District pursuant to G.S. 158-7.3, as amended, of the North Carolina General Statutes (the "District Act"). Pursuant to the Finance Act, the City Council of the City on February 27, 2007 adopted (a) an Amended and Restated Bond Order (the "Amended and Restated Bond Order") and (b) a Series Resolution, authorizing the issuance of Bonds to finance certain improvements in the District. As security for payment of the Bonds issued under the Bond Order, the City has pledged the "Obligated Revenues," as defined in the Bond Order, in the manner and to the extent provided in the Bond Order.

As to matters of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on such examination we are of the opinion, as of the date hereof and under existing law, that:

1. The District has been duly and validly created pursuant to the procedures set forth in the District Act.
2. City has the legal right, power and authority to adopt, and has duly adopted, the Bond Order and the Series Resolution, and the Bond Order and the Series Resolution are legal, valid and enforceable in accordance with their terms.

3. The Bonds have been duly authorized, executed and delivered by the City pursuant to the terms of the Finance Act, the Bond Order and the Series Resolution and are legal, valid and binding special obligations of the City payable from and secured by a charge and lien upon the Obligated Revenues in the manner and to the extent provided in the Bond Order. The Bond Order creates a valid pledge of, and lien on, the Obligated Revenues to the extent provided therein.

4. Neither the credit nor the taxing power of the City is pledged for the payment of the principal of or interest on the Bonds, and no holder of the Bonds has the right to compel the exercise of the taxing power by the City or the forfeiture of any of its property in connection with any default with respect to the Bonds, other than the Obligated Revenues.

5. Interest on the Bonds is not excluded from the gross income of the owners of the Bonds for purposes of federal income taxation.

6. Interest on the Bonds is exempt from State of North Carolina taxes.

Except as set forth above, we render no opinion herein regarding the tax treatment of payments received with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof and of the Bond Order and the Series Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. This opinion is rendered solely to the addressees hereof and may not be relied upon by any other person without our express written consent.

APPENDIX D
FORM OF CREDIT FACILITY

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IRREVOCABLE LETTER OF CREDIT

BANK OF AMERICA, N.A.

<u>Letter of Credit No.</u>	<u>Issue Date</u>	<u>Stated Expiration Date</u>	<u>Initial Stated Amount</u>
3086497	March __, 2007	March 15, 2010	\$21,747,398

First Citizens Bank & Trust Company, as Trustee
100 East Tryon Road
Raleigh, North Carolina 27603
Attn: Corporate Trust Services Division, MC DAC61

Ladies and Gentlemen:

At the request and on the instructions of our customer, the City of Roanoke Rapids, a municipal corporation duly created and existing under the Constitution and laws of the State of North Carolina (the "**Borrower**"), we hereby establish this Irrevocable Letter of Credit (the "**Letter of Credit**") in the amount of \$21,747,398 (the "**Initial Stated Amount**;" and, as the same may from time to time be reduced and thereafter reinstated as hereinafter provided, the "**Stated Amount**"), consisting of (i) the amount of \$21,500,000 (as reduced and thereafter reinstated from time to time as hereinafter provided, the "**Principal Component**"), which may be drawn upon with respect to payment of the unpaid principal amount of, or portion of, the purchase price corresponding to the principal of, the Bonds (as hereinafter defined), as certified to us and (ii) the amount of \$247,398 (as reduced and thereafter reinstated from time to time as hereinafter provided, the "**Interest Component**"), which may be drawn upon with respect to the payment of up to 35 days' accrued interest on the Bonds or portion of the purchase price representing accrued interest on the Bonds, in each case assuming a maximum interest rate of 12% per annum and computed on the basis of the actual number of days elapsed over a year of 365/366 days (the "**Maximum Rate**"), as certified to us, in your favor, as Trustee under that certain Amended and Restated Order for the Issuance of Music and Entertainment District Special Financing Debt Instruments, adopted by the City Council of the Borrower and dated as of February 27, 2007 and the Series Resolution adopted by the City Council of the Borrower and dated as of February 27, 2007 (collectively, the "**Resolution**"), pursuant to which the Borrower has issued \$21,500,000 in aggregate principal amount of its City of Roanoke Rapids Music and Entertainment District Special Revenue Bonds, Series 2007 (the "**Bonds**"). This Letter of Credit is effective immediately and expires on the expiration date described below.

Subject to the other provisions of this Letter of Credit, you or your transferee may obtain the funds available under this Letter of Credit by presentment to us of your sight draft or drafts drawn on Bank of America, N.A., Los Angeles, California. Each draft presented to us must be accompanied by your certification substantially in the form of one or more of the Annexes described below, as may be applicable to the type of drawing you are making (each such demand and presentation, a "**Drawing**"). You must comply with all of the instructions in brackets in preparing each such certification.

1. Annex A (Periodic Interest Demand With Reinstatement Request). If you are demanding funds with respect to a scheduled interest payment on the Bonds in accordance with the Resolution, and such amount is to be reinstated immediately following the Drawing, your draft or drafts should be accompanied by your Annex A certification.

2. Annex B (Principal and Interest Demand Without Reinstatement Request). If you are demanding funds with respect to the payment of principal and interest on the Bonds in connection with a partial redemption of Bonds in accordance with the Resolution, which amount is not to be reinstated following the Drawing, your draft or drafts should be accompanied by your Annex B certification.

3. Annex C (Principal and Interest Demand). If you are demanding funds with respect to the payment of principal and interest on the Bonds in connection with a purchase of the Bonds in accordance with the Resolution, your draft or drafts should be accompanied by your Annex C certification and on the date payment is to be made (a “**Liquidity Drawing**”).

4. Annex D (Final Drawing). Any draft constituting your final Drawing under this Letter of Credit must be accompanied by your Annex D certification. Only one draft accompanied by an Annex D certification may be presented for payment against this Letter of Credit; upon any such presentation, no further draft may be drawn and presented hereunder.

In each case other than a Liquidity Drawing where we have received a draft as described above, your remittance instructions and one or more of the certificates described above at or before 9:00 a.m., New York City time (hereinafter referred to as “**Local Time**”), on a Business Day (as defined below), we will make payment by 1:30 p.m., Local Time, on the same Business Day. In each case other than a Liquidity Drawing where we have received a draft as described above, your remittance instructions and one or more of the certificates described above after 9:00 a.m., Local Time, on a Business Day, we will make payment by 1:30 p.m., Local Time, on the following Business Day. In the case of a Liquidity Drawing, where we have received a draft as described above, your remittance instructions and the Annex C certification at or before 11:30 a.m., Local Time, on a Business Day, we will make payment by 1:30 p.m., Local Time, on the same Business Day. In the case of a Liquidity Drawing, where we have received a draft as described above, your remittance instructions and the Annex C certification after 11:30 a.m., Local Time, on a Business Day, we will make payment by 1:30 p.m., Local Time, on the following Business Day.

Demands for payment hereunder honored by the Bank shall not, in the aggregate, exceed the Stated Amount, as the Stated Amount may have been reinstated by us as provided herein. Subject to the preceding sentence, each Drawing honored by the Bank hereunder shall pro tanto reduce the Stated Amount hereof, it being understood that after the effectiveness of any such reduction you shall no longer have any right to make a Drawing hereunder in respect of the amount of such principal and/or interest on the Bonds causing or corresponding to such reduction.

Upon receipt by the Bank of a certificate substantially in the form of Annex G attached hereto from you, the principal and/or interest components of the Stated Amount shall be

automatically reinstated in the amounts shown on such Annex G which have been paid to the Bank.

Drafts honored by us under this Letter of Credit shall not exceed the Stated Amount available to you under this Letter of Credit, as such amount may vary from time to time. Each draft honored by us will reduce the Stated Amount available under this Letter of Credit. However, in the case of a draft or drafts accompanied by your certification substantially in the form of Annex A and presented in full compliance with the terms and conditions of this Letter of Credit, the Stated Amount of this Letter of Credit shall, on the date each draft is honored by us, automatically be reinstated by us, by an amount equal to the amount of that Drawing; after such reinstatement, the Stated Amount of this Letter of Credit shall be the same as it was immediately prior to such Drawing.

Notwithstanding anything contained herein to the contrary, this Letter of Credit shall not apply to the payment of principal and interest payable with respect to any Bonds which are held in the name of the Borrower or held by you for the account of the Borrower or to the payment of principal with respect to any Bonds which are held in the name of the Bank.

Each draft presented for payment against this Letter of Credit and each accompanying certification must be dated the date of its presentation to us, and may be presented only on a Business Day. As used in this Letter of Credit, "Business Day" shall mean any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in California are authorized or required to close. Drafts must be marked conspicuously "Drawn under Bank of America, N.A. Irrevocable Direct Draw Letter of Credit No. 3086497." The certifications you are required to submit to us along with your draft or drafts should be prepared either (i) in the form of a letter on your letterhead signed by your officer or (ii) in the form of a facsimile copy of such a letter sent by one of your officers to: (213) 240-6989.

Other than the foregoing provisions for communication by facsimile copy, communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at Bank of America, N.A., Trade Operation Center, Mail Code CA9 705-07-05, 1000 West Temple Street, 7th Floor, Standby Letter of Credit Department, Los Angeles, California 90012-1514, specifically referring to the number and date of this Letter of Credit.

If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice that the purported demand was not effected in accordance with this Letter of Credit, stating the reasons therefor and that we are holding any documents at your disposal or are returning them to you, as we may elect. Upon being notified that the purported demand was not effected in conformity with this Letter of Credit, you may attempt to correct any such nonconforming demand for payment if, and to the extent that, you as Trustee are entitled (without regard to the provisions of this sentence) and able to do so.

By paying you an amount demanded in accordance with this Letter of Credit, we make no representation as to the correctness of the amount demanded or your calculations and representations on the certificates required of you by this Letter of Credit.

This Letter of Credit shall expire on the earliest of (i) March 15, 2010, (ii) when any draft accompanied by your certification substantially in the form of Annex D to this Letter of Credit is honored and paid by us, (iii) the day on which this Letter of Credit is surrendered by the Trustee to the Bank, accompanied by a certificate substantially in the form of Annex F to this Letter of Credit, or (iv) thirty (30) days after you receive our Annex H certification or, if such day is not a Business Day, on the next succeeding Business Day. Any Annex H certification will be delivered to you at the address indicated above or, if we have received a Transfer Demand in the form of Annex E, to your transferee at the address set forth in such Annex E.

This Letter of Credit is transferable only in its entirety to any transferee whom you certify to us has succeeded you as Trustee under the Resolution, and may be successively transferred. Transfer of the Stated Amount under this Letter of Credit to such transferee shall be effected by the presentation to us of this Letter of Credit accompanied by a certificate in the form of Annex E attached hereto and payment of the transfer commission referred to therein. Upon such presentation we shall forthwith transfer the same to your transferee.

Payments of Drawings under this Letter of Credit shall be made from funds of the Bank and not from any moneys provided to the Bank by the Borrower, the Issuer or any party related to the Borrower or the Issuer.

This Letter of Credit shall be subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (the "ISP"), which is incorporated into the text of this Letter of Credit by this reference. This Letter of Credit shall be deemed to be issued under the laws of the State of North Carolina and shall be governed by and construed in accordance with the laws of the State of North Carolina with respect to matters not governed by the ISP and matters on which the ISP and the laws of the State of North Carolina are inconsistent.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds), except only the Annexes and drafts referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such Annexes and drafts.

Very truly yours,

BANK OF AMERICA, N.A.

By: _____

Name: Sandra Leon

Title: Vice President

Annex A
(Periodic Interest Demand With Reinstatement Request)

Bank of America, N.A.

Irrevocable Letter of Credit No. 3086497

Bank of America, N.A.
Trade Operation Center
Mail Code CA9 705-07-05
1000 West Temple Street, 7th Floor
Standby Letter of Credit Department
Los Angeles, California 90017-1514

Re: Drawing for Interest Due on Scheduled Interest Payment Date

Ladies and Gentlemen:

We refer to your Letter of Credit No. 3086497 (the "Letter of Credit"). Any term which is defined in the Letter of Credit shall have the same meaning when used herein. The undersigned, a duly authorized officer of _____ [Insert name of Trustee] (the "Trustee" or "we"), hereby certifies to you that:

1. We are the Trustee or a successor Trustee under the Resolution for the holders of \$21,500,000 City of Roanoke Rapids Music and Entertainment District Special Revenue Bonds, Series 2007 (the "Bonds"), issued by the City of Roanoke Rapids, North Carolina.

2. We hereby make demand under the Letter of Credit, by our presentment of the sight draft accompanying this Certificate, for payment of \$_____ representing accrued and unpaid interest on the Bonds with respect to a scheduled interest payment.

3. The amount of the draft accompanying this Certificate does not exceed the amount available on the date hereof to be drawn under the Letter of Credit in respect of interest accrued on the Bonds. This amount was computed in accordance with the terms and conditions of the Bonds and the Resolution. The date specified in paragraph 4 below is not earlier than the date upon which the payment hereby demanded is required to be made under the terms and conditions of the Bonds and the Resolution. The Letter of Credit has not terminated prior to the time of the delivery of this Certificate and the accompanying draft.

4. We request that the payment hereby demanded be made no later than 1:30 p.m., New York City time ("Local Time"), on _____ [if this certificate and an accompanying draft are delivered at or before 9:00 a.m., Local Time, then insert a date which is the same Business Day; if this certificate and an accompanying draft are delivered after 9:00 a.m., Local Time, insert a date which is the next Business Day]. Unless otherwise agreed to in a writing signed by you and us, please [deposit/wire transfer] the amount hereby demanded to our account number _____ [insert account number] with _____ [insert name and address of banking institution to receive funds].

5. Please reinstate the Letter of Credit by the amount specified in paragraph 2 of this Certificate in accordance with the terms set forth in the Letter of Credit; following such reinstatement, the Stated Amount shall be the same as it was immediately prior to this Drawing.

6. The amount demanded hereby is not being made in respect of any Bonds currently registered in the name of or held by the Tender Agent for the account of the Bank or held of record or, to the knowledge of the Trustee, beneficially by the Borrower or by the Tender Agent for the account of the Borrower.

IN WITNESS WHEREOF, we have executed and delivered this Certificate as Trustee as of the ____ day of _____, ____.

Very truly yours,

[Insert Name of Trustee]
as Trustee

By: _____
Name: _____
Title: _____

Annex B
(Principal and Interest Demand Without Reinstatement Request)

Bank of America, N.A.

Irrevocable Letter of Credit No. 3086497

Bank of America, N.A.
Trade Operation Center
Mail Code CA9 705-07-05
1000 West Temple Street, 7th Floor
Standby Letter of Credit Department
Los Angeles, California 90017-1514

Re: Drawing for Partial Redemption of the Bonds

Ladies and Gentlemen:

We refer to your Letter of Credit No. 3086497 (the "Letter of Credit"). Any term which is defined in the Letter of Credit shall have the same meaning when used herein. The undersigned, a duly authorized officer of _____ [insert name of Trustee] (the "Trustee" or "we"), hereby certifies to you that:

1. We are the Trustee or a successor Trustee under the Resolution for the holders of \$21,500,000 City of Roanoke Rapids Music and Entertainment District Special Revenue Bonds, Series 2007 (the "Bonds"), issued by the City of Roanoke Rapids, North Carolina.

2. We hereby make demand under the Letter of Credit for payment of \$_____, of which \$_____ shall be with respect to the principal of certain of the Bonds, and \$_____ shall be with respect to interest to be paid on the Bonds, which total amount is due with respect to a partial redemption of Bonds pursuant to the Resolution.

3. The amount of the draft accompanying this Certificate does not exceed the amount available on the date hereof to be drawn under the Letter of Credit and was computed in accordance with the terms and conditions of the Bonds and the Resolution. The date specified in paragraph 4 below is not earlier than the date upon which the payment hereby demanded is required to be made under the terms and conditions of the Bonds and the Resolution. The Letter of Credit has not terminated prior to the time of the delivery of this Certificate and the accompanying draft.

4. We request that the payment hereby demanded be made no later than 1:30 p.m., New York City time ("Local Time"), on _____ [if this certificate and an accompanying draft are delivered at or before 9:00 a.m., Local Time, insert a date which is the same Business Day; if this certificate and an accompanying draft are delivered after 9:00 a.m., Local Time, insert a date which is the next Business Day]. Unless otherwise agreed to in a writing signed by you and us, please [deposit/wire transfer] the amount hereby demanded to our account number _____ [insert account number] with _____ [insert name and address of banking institution to receive funds].

5. Upon application of the amount with respect to principal of the Bonds set forth in paragraph 2 of this Certificate, there shall be outstanding \$_____ principal amount of the Bonds and the Stated Amount of the Letter of Credit shall be \$_____.

6. The amount demanded hereby is not being made in respect of any Bonds currently registered in the name of or held by the Tender Agent for the account of the Bank or held of record or, to the knowledge of the Trustee, beneficially by the Borrower or by the Tender Agent for the account of the Borrower.

IN WITNESS WHEREOF, we have executed and delivered this Certificate as Trustee as of the ____ day of _____, ____.

Very truly yours,

[Insert Name of Trustee]
as Trustee

By: _____
Name: _____
Title: _____

Annex C
(Principal and Interest Demand)

Bank of America, N.A.

Irrevocable Letter of Credit No. 3086497

Bank of America, N.A.
Trade Operation Center
Mail Code CA9 705-07-05
1000 West Temple Street, 7th Floor
Standby Letter of Credit Department
Los Angeles, California 90017-1514

Re: Drawing for Purchase of Bonds
Ladies and Gentlemen:

We refer to your Letter of Credit No. 3086497 (the "Letter of Credit"). Any term which is defined in the Letter of Credit shall have the same meaning when used herein. The undersigned, a duly authorized officer of _____ [Insert name of Trustee] (the "Trustee" or "we"), hereby certifies to you that:

1. We are the Trustee or a successor Trustee under the Resolution for the holders of \$21,500,000 City of Roanoke Rapids Music and Entertainment District Special Revenue Bonds, Series 2007 (the "Bonds"), issued by the City of Roanoke Rapids, North Carolina.

2. We hereby make demand under the Letter of Credit for payment of \$_____, of which \$_____ shall be with respect to the principal of certain of the Bonds, and \$_____ shall be with respect to interest to be paid on the Bonds, which total amount is due with respect to the payment of all or a portion of the purchase price of Bonds pursuant to the Resolution.

3. The amount of the draft accompanying this Certificate does not exceed the amount available on the date hereof to be drawn under the Letter of Credit and was computed in accordance with the terms and conditions of the Bonds and the Resolution. The date specified in paragraph 4 below is not earlier than the date upon which the payment hereby demanded is required to be made under the terms and conditions of the Bonds and the Resolution. The Letter of Credit has not terminated prior to the time of the delivery of this Certificate and the accompanying draft.

4. The executed original of this certificate and the accompanying draft is delivered to you on or before 11:30 a.m., New York City time ("Local Time") of a Business Day and we request that the payment hereby demanded be made no later than 1:30 p.m., Local Time, on the same Business Day. Unless otherwise agreed to in a writing signed by you and us, please [deposit/wire transfer] the amount hereby demanded to our account number

_____ [insert account number] with _____ [insert name and address of banking institution to receive funds].

5. The amount demanded hereby is not being made in respect of any Bonds currently registered in the name of or held by the Tender Agent for the account of the Bank or held of record or, to the knowledge of the Trustee, beneficially by the Borrower or by the Tender Agent for the account of the Borrower.

IN WITNESS WHEREOF, we have executed and delivered this Certificate as Trustee as of the _____ day of _____, ____.

Very truly yours,

[Insert Name of Trustee]
as Trustee

By: _____
Name: _____
Title: _____

Annex D
(Final Drawing)

Bank of America, N.A.

Irrevocable Letter of Credit No. 3086497

Bank of America, N.A.
Trade Operation Center
Mail Code CA9 705-07-05
1000 West Temple Street, 7th Floor
Standby Letter of Credit Department
Los Angeles, California 90017-1514

Re: Final Drawing and Termination

Ladies and Gentlemen:

We refer to your Letter of Credit No. 3086497 (the "Letter of Credit"). Any term which is defined in the Letter of Credit shall have the same meaning when used herein. The undersigned, a duly authorized officer of _____ [Insert name of Trustee] (the "Trustee" or "we"), hereby certifies to you that:

1. We are the Trustee or a successor Trustee under the Resolution for the holders of \$21,500,000 City of Roanoke Rapids Music and Entertainment District Special Revenue Bonds, Series 2007 (the "Bonds"), issued by the City of Roanoke Rapids, North Carolina.

2. We hereby make demand for payment of \$_____ of which \$_____ shall be with respect to the principal of the Bonds, and \$_____ shall be with respect to interest, if any, on the Bonds.

3. This Drawing is being made as a result of the maturity, acceleration, or redemption of all outstanding Bonds in accordance with the terms and conditions of the Bonds and the Resolution.

4. The amount of the draft accompanying this Certificate does not exceed the amount available on the date hereof to be drawn under the Letter of Credit. This amount was computed in accordance with the terms and conditions of the Bonds and the Resolution. The date specified in paragraph 5 below is not earlier than the date upon which the payment hereby demanded is required to be made under the terms and conditions of the Bonds and the Resolution. The Letter of Credit has not terminated prior to the delivery of this Certificate and the accompanying draft.

5. The sight draft accompanying this Certificate constitutes the final Drawing under the Letter of Credit and upon payment of such draft, the Letter of Credit is canceled. We request that the payment hereby demanded be made no later than 1:30 p.m., New York City time ("Local Time"), on _____ [if this certificate and an accompanying draft

are delivered at or before 9:00 a.m., Local Time, insert a date which is the same Business Day; if this certificate and an accompanying draft are delivered after 9:00 a.m., Local Time, insert a date which is the next Business Day]. Please [deposit/wire transfer] the amount hereby demanded to our account _____ number [insert account number] with _____ [insert name and address of banking institution to receive funds].

6. The amount demanded hereby is not being made in respect of any Bonds currently registered in the name of or held by the Tender Agent for the account of the Bank or held of record or, to the knowledge of the Trustee, beneficially by the Borrower or by the Tender Agent for the account of the Borrower.

IN WITNESS WHEREOF, we have executed and delivered this Certificate as Trustee as of the _____ day of _____, _____.

Very truly yours,

[Insert Name of Trustee]
as Trustee

By: _____
Name: _____
Title: _____

Annex E
(Transfer Demand)

Bank of America, N.A.

Irrevocable Letter of Credit No. 3086497

Bank of America, N.A.
Trade Operation Center
Mail Code CA9 705-07-05
1000 West Temple Street, 7th Floor
Standby Letter of Credit Department
Los Angeles, California 90017-1514

Re: Instruction to Transfer
Letter of Credit No. 3086497

Ladies and Gentlemen:

For value received, the undersigned beneficiary (the "Transferor") hereby irrevocably transfers to:

(Name of Transferee and Address)

(the "Transferee") all rights of the Transferor with respect to the above-referenced Letter of Credit, including the right to draw under said Letter of Credit in the amount of the full unutilized balance thereof. Said Transferee has succeeded the Transferor as Trustee under that certain Amended and Restated Order for the Issuance of Music and Entertainment District Special Financing Debt Instruments, adopted by the City Council of the Borrower and dated as of February 27, 2007 and the Series Resolution adopted by the City Council of the Borrower and dated as of February 27, 2007 (collectively, the "**Resolution**"), with respect to the \$21,500,000 City of Roanoke Rapids Music and Entertainment District Special Revenue Bonds, Series 2007 issued by the City of Roanoke Rapids, North Carolina.

By virtue of this transfer, the Transferee shall have the sole rights as beneficiary of said Letter of Credit, including sole rights relating to any past or future amendments thereof, whether increases or extensions or otherwise. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the Transferor.

By its signature below, the Transferee acknowledges that it has duly succeeded the Transferor as Trustee under the Resolution, and agrees to be bound by the terms of the Resolution as if it were the original Trustee thereunder.

The Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof and to forward it directly to the Transferee with your customary notice of transfer. Also, please find enclosed our payment of \$1,000 paid by the Borrower as a transfer fee in accordance with the Letter of Credit.

Very truly yours,

[Insert Name of Trustee]
as Trustee

By: _____
[Insert name and title of authorized officer]

SIGNATURE OF THE ABOVE PARTY,
DULY AUTHORIZED TO ACT ON
BEHALF OF [insert name of
Trustee], AUTHENTICATED BY:

By: _____
Name: _____
Title: _____

Acknowledged by
[insert name of Transferee]
as Transferee and successor Trustee

By: _____
Name: _____
Title: _____

Annex F
(Surrender Certificate)

Bank of America, N.A.

Irrevocable Letter of Credit No. 3086497

Bank of America, N.A.
Trade Operation Center
Mail Code CA9 705-07-05
1000 West Temple Street, 7th Floor
Standby Letter of Credit Department
Los Angeles, California 90017-1514

Ladies and Gentlemen:

We refer to your Letter of Credit No.3086497 (the "Letter of Credit"). Any term which is defined in the Letter of Credit shall have the same meaning when used herein. The undersigned, a duly authorized officer of _____ [insert name of Trustee] (the "Trustee" of "we"), hereby certifies to you that:

1. We are the Trustee or a successor Trustee under the Resolution for the holders of \$21,500,000 City of Roanoke Rapids Music and Entertainment District Special Revenue Bonds, Series 2007 (the "Bonds"), issued by the City of Roanoke Rapids, North Carolina.
2. We hereby surrender the attached Letter of Credit to you.
3. The Letter of Credit is hereby terminated in accordance with its terms.
4. No payment is demanded of you in connection with this surrender of the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this certificate as Trustee as of the ____ day of _____, ____.

Very truly yours,

[Insert Name of Trustee]
as Trustee

By: _____
Name: _____
Title: _____

Annex G
(Trustee Certificate)

Bank of America, N.A.

Irrevocable Letter of Credit No. 3086497

Bank of America, N.A.
Trade Operation Center
Mail Code CA9 705-07-05
1000 West Temple Street, 7th Floor
Standby Letter of Credit Department
Los Angeles, California 90017-1514

Re: Irrevocable Letter of Credit No. 3086497

Ladies and Gentlemen:

The undersigned, a duly authorized officer of _____ [insert name of Trustee] (the "Trustee"), hereby notifies Bank of America, N.A. (the "Bank"), with reference to Irrevocable Direct Draw Letter of Credit No. 3086497 (the "Letter of Credit", the terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit) issued by the Bank in favor of the Trustee as follows:

(1) _____ is the Remarketing Agent under the Resolution for the holders of the Bonds.

(2) The Trustee has been advised by the Borrower or Remarketing Agent that the amount of \$_____ paid to the Bank today by the Borrower or the Remarketing Agent on behalf of the Borrower is a payment made to reimburse the Bank, pursuant to the Letter of Credit and Reimbursement Agreement dated as of March 1, 2007 (the "Reimbursement Agreement"), by and between the Borrower and the Bank, for amounts drawn under the Letter of Credit pursuant to a Liquidity Drawing.

(3) Of the amount referred to in paragraph (2), \$_____ represents the aggregate principal amount of Bank Bonds resold or to be resold on behalf of the Borrower.

(4) Of the amount referred to in paragraph (2), \$_____ represents accrued and unpaid interest on such Bank Bonds.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of this _____ day of _____, _____.

As Trustee

By: _____
Title: _____

Annex H
(Notice of Event of Default under Reimbursement Agreement)

Bank of America, N. A.

Irrevocable Letter of Credit No. 3086497

To: Beneficiary under our Letter of Credit No. 3086497
(the "Letter of Credit")

Re: Event of Default under Reimbursement Agreement

Ladies and Gentlemen:

We hereby certify to you that:

1. An Event of Default has occurred under the Letter of Credit and Reimbursement Agreement dated as of March 1, 2007, between Bank of America, N. A. and the City of Roanoke Rapids (the "Reimbursement Agreement").

2. Pursuant to Article IX of the Series Resolution (as such term and all other capitalized terms are used in the Reimbursement Agreement), the Bonds are to be accelerated upon receipt of notice of the occurrence of an Event of Default under the Reimbursement Agreement and request to accelerate from the Bank.

3. The Bank hereby requests you accelerate payment of the Bonds immediately and, in connection therewith, to draw on the Letter of Credit to pay for such acceleration.

4. Unless it expires earlier in accordance with its terms, the Letter of Credit will expire on _____, ____ [insert date that is 30 days from beneficiary's receipt of this notice or, if such day is not a Business Day, the next succeeding Business Day].

IN WITNESS WHEREOF, we have executed and delivered this certificate as of this _____ day of _____, ____.

Very truly yours,

BANK OF AMERICA, N. A.

By: _____
Name: _____
Title: _____

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

Beneficial ownership interests in the Bonds will be available only in book-entry form. Beneficial owners of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, references in this Official Statement to the Owners of the Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners. The Bond Order contains provisions applicable to periods when DTC or its nominee is not the registered owner.

The following description of DTC, of procedures and record keeping on beneficial ownership interests in the Bonds, payment of interest and other payments with respect to the Bonds to DTC Participants or to Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and of other transactions by and between DTC, DTC Participants and Beneficial Owners is based on information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds will be registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate in the aggregate principal amount of the Bonds and registered in the name of Cede & Co., as nominee of DTC, will be issued and held by the Trustee on behalf DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of certificated Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants” and collectively with the Direct Participants, the “Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC rules applicable to its Participants are on file

with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of beneficial ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, unless the use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Prepayment notices shall be sent to DTC. If less than all of the Bonds are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be prepaid.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to the Trustee as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date.

BECAUSE DTC IS TREATED AS THE OWNER OF THE BONDS FOR SUBSTANTIALLY ALL PURPOSES UNDER THE BOND ORDER, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OF REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE CITY, TO DTC OR

TO THE TRUSTEE, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

Payments of principal, interest and any prepayment premiums with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Trustee's responsibility, disbursement of such payments to Direct Participants is DTC's responsibility, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants. THE CITY CAN GIVE NO ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in such Bonds on DTC's records to the Tender Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or mandatory purchase of the Bonds will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Tender Agent's DTC account.

If (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Trustee determines to discontinue the book-entry system in accordance with DTC's rules and the Trustee fails to identify another qualified securities depository to replace DTC, the Trustee will deliver fully registered definitive Bonds in accordance with DTC's rules and procedures.

THE CITY AND THE TRUSTEE HAVE NO RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, OR THE MAINTENANCE OF ANY RECORDS; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE BONDS, OR THE SENDING OF ANY TRANSACTION STATEMENTS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER

THE BOND ORDER TO BE GIVEN TO OWNERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS UPON ANY PARTIAL PREPAYMENT OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE BONDS, INCLUDING ANY ACTION TAKEN PURSUANT TO AN OMNIBUS PROXY.

The information in this Official Statement concerning DTC and DTC's book-entry system has been obtained from sources the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.