
CITY OF ROANOKE RAPIDS, NORTH CAROLINA

AMENDED AND RESTATED ORDER FOR THE ISSUANCE OF PROJECT
DEVELOPMENT FINANCING DEBT INSTRUMENTS

Adopted February 27, 2007

Authorizing and Securing
Project Development Financing Debt Instruments
for the Development of the Carolina Crossroads
Music and Entertainment District

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**AN AMENDED AND RESTATED ORDER AUTHORIZING THE
ISSUANCE OF PROJECT DEVELOPMENT FINANCING DEBT
INSTRUMENTS BY THE CITY OF ROANOKE RAPIDS, NORTH
CAROLINA, TO PROVIDE FUNDS FOR THE DEVELOPMENT OF THE
CAROLINA CROSSROADS MUSIC AND ENTERTAINMENT
DISTRICT; PROVIDING FOR THE ISSUANCE OF SERIES 2007 BONDS
TO FINANCE THE ACQUISITION OF A THEATER FACILITY;
PROVIDING FOR THE ISSUANCE OF BOND ANTICIPATION NOTES
TO BE ISSUED IN ANTICIPATION OF THE ISSUANCE OF THE
SERIES 2007 BONDS; AND PROVIDING CERTAIN TERMS AND
CONDITIONS IN CONNECTION THEREWITH; AND PROVIDING FOR
THE ISSUANCE OF ADDITIONAL BONDS**

WHEREAS, in order to increase net employment opportunities in the City of Roanoke Rapids (the "City") and to increase the City's tax base, the City has created a development financing district known as the "Carolina Crossroads Music and Entertainment District" (the "District"), pursuant to Section 158-7.3 of the General Statutes of North Carolina (the "District Act"), said District to be developed as an entertainment and tourism oriented area, with the central feature of the District to be one or more theater facilities to be constructed in the District to be operated as venues for live entertainment performances; and

WHEREAS, pursuant to the North Carolina Project Development Financing Act, the City is authorized to issue project development financing debt instruments to finance projects that enable, facilitate, or benefit private development within a development financing district, and the City has determined to issue such debt instruments to finance the start-up expenses and construction of a new 45,000 square foot, 1,500 seat theater to be located in the District and to be known as the "Randy Parton Theater" said theater to be leased to a private party for operation; and

WHEREAS, on February 28, 2006, the City adopted an order entitled "AN ORDER AUTHORIZING THE ISSUANCE OF PROJECT DEVELOPMENT FINANCING DEBT INSTRUMENTS BY THE CITY OF ROANOKE RAPIDS, NORTH CAROLINA, TO PROVIDE FUNDS FOR THE DEVELOPMENT OF THE CAROLINA CROSSROADS MUSIC AND ENTERTAINMENT DISTRICT; PROVIDING FOR THE ISSUANCE OF SERIES 2007 BONDS TO FINANCE THE ACQUISITION OF A THEATER FACILITY; PROVIDING FOR THE ISSUANCE OF BOND ANTICIPATION NOTES TO BE ISSUED IN ANTICIPATION OF THE ISSUANCE OF THE SERIES 2007 BONDS; AND PROVIDING CERTAIN TERMS AND CONDITIONS IN CONNECTION THEREWITH; AND PROVIDING FOR THE ISSUANCE OF ADDITIONAL BONDS" (the "Original Bond Order") providing, among other things, for the issuance of City of Roanoke Rapids Music and Entertainment District Special Revenue Bonds and, in anticipation of the issuance of the Series 2007 Bonds (hereinafter defined), its City of Roanoke Rapids Music and Entertainment District Special Revenue Bond Anticipation Notes, Series 2006 (the "Series 2006 Notes");

WHEREAS, on August 29, 2006, the City adopted a First Amendment to Bond Order for the purpose of making certain amendments to the Original Bond Order that related to the treatment of derivative agreements and payments thereunder;

WHEREAS, pursuant to the Original Bond Order, the City has heretofore issued the Series 2006 Notes in the principal amount of \$3,785,000, which is the only indebtedness now Outstanding under the Bond Order (as defined below);

WHEREAS, in connection with the issuance of the Series 2007 Bonds (hereinafter defined), the City has determined to amend and restate the Original Bond Order in accordance with Article IX thereof;

WHEREAS, the City is empowered under the Constitution and laws of the State of North Carolina, particularly the North Carolina Project Development Financing Act, Article 6 of Chapter 159 of the General Statutes of North Carolina, as amended, to undertake the obligations and commitments on its part herein set forth.

NOW, THEREFORE, BE IT ORDERED by the City Council for the City of Roanoke Rapids (the "City Council") that the Original Bond Order is hereby amended and restated to read as follows:

ARTICLE I

DEFINITIONS

Section 101. Meaning of Words and Terms. In addition to words and terms elsewhere defined in this Bond Order, the following words and terms as used in this Bond Order shall have the following meanings, unless some other meaning is plainly intended:

“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 this Bond Order.

“Annual Budget” means the annual budget adopted by the City Council for any Fiscal Year of determination, as the same may be amended from time to time.

“Bond Fund” means the special fund created and so designated pursuant to Section 501 hereof.

“Bond Order” means this Amended and Restated Bond Order together with all orders supplemental hereto as herein permitted.

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

“Business Day” means any day on which banks in the State are open for commercial banking purposes.

“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 shall 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 Section 403.

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

“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 hereunder, 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.

“Debt Service Reserve Fund” means the special fund created and so designated pursuant to Section 501 hereof.

“Debt Service Reserve Fund Requirement” means, as of any time of calculation, the Maximum Annual Debt Service; provided, however, that the Debt Service Reserve Fund Requirement shall not be in effect prior to the issuance of the Series 2007 Bonds.

“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 this 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 this 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 Section 158-7.3 of the General Statutes of North Carolina 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 Default” means each of those events set forth in Section 801.

“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.

“Holder” means a person in whose name any Bond is registered in the registration books provided for in Section 205.

“Interest Payment Date” means, with respect to the Series 2007 Bonds or 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.

“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 shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency,

“Moody’s” shall 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 this Trust Agreement, 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 shall 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 Section 1101.

“Owner” means a person in whose name a Bond is registered in the registration books provided for in Section 204.

“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 this 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.

"Project Fund" means the special fund created and so designated pursuant to Section 401.

"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 this Bond Order.

"Registrar" means, for any Bonds issued hereunder, the person designated as Registrar therefor in any supplement to this Order authorizing such Bonds.

"Regular Record Date" means the regular record date, with respect to the Series 2007 Bonds or any other Bonds, the interest payment dates provided for in the supplemental order relating to such Series.

"Revenue Fund" means the special fund created and so designated pursuant to Section 501 hereof.

"Revenue Increment Fund" means the fund created pursuant to Section 159-107(c) of the Act, to which the City shall 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 Derivative Agreement” means the Interest Rate Swap Agreement, dated September 12, 2006, between the City and Bank of America, N.A.

“Series 2007 Bonds” means the Bonds authorized to be issued pursuant to Section 205 to finance the costs of the Theater Facility.

“Special Record Date” for the payment of any Defaulted Interest on Bonds means a date fixed by the Trustee pursuant to Section 202.

“State” means the State of North Carolina.

“Surplus Fund” means the special fund created and so designated pursuant to Section 501 hereof.

“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 this 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.

Section 102. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. The word “person” shall include corporations, firms, associations, partnerships, joint ventures, joint stock companies, trusts, unincorporated organizations, and public bodies, as well as natural persons.

All reference herein to particular articles or sections are references to articles or sections of this Bond Order unless some other reference is indicated. All references herein to particular acts, sections or chapters of the General Statutes of North Carolina are intended to be references to such acts, sections or chapters, as amended and as they may be amended from time to time.

ARTICLE II

AUTHORIZATION, FORM AND TERMS OF THE BONDS AND NOTES

Section 201. Authorization of Bonds. For the purpose of providing funds for paying, together with any other available funds, the Cost of the Theater Facility, the costs of funding the reserves required hereunder and paying certain expenses incidental thereto, including costs of issuance, pursuant to the Constitution and laws of the State, including the Act, there may be issued from time to time under and secured by this Bond Order, project development financing debt instruments of the City designated "City of Roanoke Rapids Music and Entertainment District Special Revenue Bonds." The Bonds may be issued in such aggregate principal amounts, have such maturity dates, bear interest at such rates or rates, including variable interest rates, be subject to optional and mandatory redemption and shall contain such other details as shall be set forth in a supplemental bond order adopted by the City Council in accordance with the terms of this Bond Order.

Section 202. Details of the Bonds. The Bonds shall be executed by the manual or facsimile signatures of the Mayor and the Clerk, and the corporate seal or a facsimile of the corporate seal of the City shall be impressed or printed on the Bonds. The certificate of the Local Government Commission to be endorsed on the Bonds shall bear the manual or facsimile signature of the Secretary or other designated assistant of the Local Government Commission. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery, and also the Bonds may be signed by such persons as at the actual time of the execution of the Bonds shall be the proper officers to sign the Bonds although at the date of such Bonds such persons may not have been such officers.

The Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bond may be listed or any usage or requirement of law with respect thereto. The form of such Bonds shall be as set forth in the supplemental order authorizing the issuance thereof.

Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated upon an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) authenticated prior to the first Interest Payment Date, in which event it shall bear interest from its date or such later date as is specified in the supplemental order providing for its issuance; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

Unless provided to the contrary in a supplemental order and as permitted by law, both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. The payment of interest on each Bond shall be made (a) by the Registrar on each Interest Payment Date to the person appearing on the registration books of

the Registrar as the Owner thereof by check mailed to the Owner at his address as it appears on such registration books, or (b) by such additional or alternative means as is provided in any supplemental order for the issuance of such Bond. Unless otherwise provided in a supplemental order, payment of the principal of all Bonds shall be made upon the presentation and surrender of such Bonds at the corporate trust office of the Registrar as the same become due and payable (whether at maturity or by redemption, acceleration, or otherwise).

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner; and such Defaulted Interest may be paid by the City, at its election in each case, as provided in Subsection A or B below:

A. The City may elect to make payment of any Defaulted Interest on the Bonds to the persons in whose names such Bonds are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The City shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the City shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Subsection provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, such expense to be paid solely from Receipts, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner at his address as it appears in the registration books not less than 10 days prior to such Special Record Date. The Trustee may, in its discretion, in the name and at the expense of the City, such expense to be paid solely from Theater Facility Receipts, cause a similar notice to be published at least once in (i) a financial journal distributed in the Borough of Manhattan, City and State of New York, and (ii) a newspaper of general circulation in the County of Halifax, North Carolina, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection B.

B. The City may make payment of any Defaulted Interest on the Bonds in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the City to the Trustee of the proposed payment pursuant to this Subsection, such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Bond delivered under this Order upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 203. Authentication of the Bonds. The supplemental order authorizing the issuance of any series of Bonds shall designate the Registrar for such Bonds. The Registrar shall evidence acceptance of the duties, responsibilities and obligations of the Registrar under this Bond Order by the execution of the certificate of authentication on such Bonds.

The Bonds issued hereunder shall not be valid or obligatory for any purpose unless and until such a certificate of authentication on the Bonds shall have been duly executed and dated by the Registrar therefor as provided herein, and such certificate, duly executed, upon the Bonds shall be conclusive evidence that the Bonds have been duly authenticated and delivered under this Bond Order. Upon execution of the certificate of authentication substantially in the following form, the Bonds shall be entitled to the benefit and security under this Bond Order:

CERTIFICATE OF AUTHENTICATION

This bond [note] is issued under the provisions of the within mentioned Bond Order.

_____, as Registrar

Section 204. Negotiability and Registration of Transfer of Bonds. The Registrar for any series of Bonds shall keep books for the registration and registration of transfers thereof as provided in this Bond Order. Said registration books shall be available at all reasonable times for the inspection of the City and any Holder and may be copied by any of the foregoing and their agents or representatives.

Any Bond delivered under this Bond Order upon registration of transfer of or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond, and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 205. Terms and Conditions for Issuance of the Series 2007 Bonds. For the purpose of (i) paying the Cost of acquisition of the Theater Facility upon the completion of construction thereof, (ii) funding the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement therefor, (iii) paying the principal of, and interest on, the Series 2006 Notes from their date of issuance until maturity thereof, which were issued to finance certain start-up costs relating to the Theater Facility and a reserve held by the City required by the Operating Agreement and the Reimbursement Agreement; (iv) paying all or a portion of the interest to accrue on the Series 2007 Bonds from the date of issuance thereof through May 1, 2008, and (v) paying costs of issuance with respect to the Series 2007 Bonds, a Series of Bonds in an amount of \$21,500,000 shall be issued pursuant to this Bond Order.

The Series 2007 Bonds shall be issued upon the adoption by the City Council of a supplement to this Bond Order setting forth the terms and details of the Series 2007 Bonds. The Series 2007 Bonds shall be executed substantially in the form and in the manner hereinabove set forth and shall be deposited with the Registrar for authentication, but before the Series 2007 Bonds shall be authenticated and delivered to the State Treasurer for redelivery to the purchaser thereof, there shall be filed with the Trustee and Registrar for the Series 2007 Bonds the following:

(a) a copy, certified by the Clerk, of this Bond Order and the supplemental bond order authorizing the issuance of the Series 2007 Bonds;

(b) a copy, certified by the Secretary or any Deputy Secretary of the Local Government Commission, of the resolution of the Local Government Commission approving the issuance of and awarding or providing for the award of the Series 2007 Bonds;

(c) an opinion of the City Attorney substantially to the effect that (1) this Bond Order and the supplemental bond order authorizing the issuance of the Series 2007 Bonds has been duly adopted by the City Council and has not been amended, rescinded or repealed and is in full force and effect, (2) the adoption of the Bond Order and the supplemental bond order authorizing the issuance of the Series 2007 Bonds and the compliance with the provisions thereof will not violate any provision of any resolution or ordinance of the City or, to the best of his knowledge, result in or constitute a default under any agreement, indenture or other instrument to which the City is a party or by which the City or any of its property may be bound, (3) the adoption of the Bond Order and the supplemental bond order authorizing the issuance of the Series 2007 Bonds and the issuance of the Series 2007 Bonds are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not theretofore obtained or effected, and (4) there is no litigation or proceeding of any nature pending or, to the best of his knowledge, threatened challenging the validity of this Bond Order or the issuance of the Series 2007 Bonds;

(d) evidence that arrangements are in place for the delivery of a deed from the developer of the Theater Facility, as grantor, to the City, as grantee, conveying ownership of the Theater Facility and the real property upon which it is located to the City in fee simple, free from all liens, encumbrances and defects of title except liens, encumbrances or defects of title which do not have a materially adverse effect upon the City's right to use such lands or properties for the purposes intended, or lands, including public streets and highways, the right to use and occupy which for such purposes shall be vested in the City by law or by valid rights of way, easements, encroachments, franchises or licenses; and

(e) such other documents or opinions as bond counsel to the City may require in connection with the delivery of the Series 2007 Bonds or that may be set forth in the supplemental bond order authorizing the issuance of the Series 2007 Bonds.

When the items mentioned in paragraphs (a) to (e), inclusive, of this Section shall have been filed with the Trustee and Registrar for the Series 2007 Bonds and when the Series 2007 Bonds shall have been executed and authenticated as required by this Bond Order, the City shall deliver the Series 2007 Bonds to the State Treasurer for redelivery to or upon the order of the purchaser or as otherwise directed by the State Treasurer, but only upon payment to the City or as otherwise directed by the City of the purchase price of the Series 2007 Bonds and the accrued interest, if any, thereon.

The proceeds of the Series 2007 Bonds shall be applied by the Trustee as provided in the supplemental bond order authorizing the issuance of the Series 2007 Bonds.

Section 206. Authorization and Issuance of Series 2006 Notes. In anticipation of the issuance of the Series 2007 Bonds, an issue of project development financing debt instrument anticipation notes is hereby authorized to be issued in an amount of \$3,785,000. Such notes shall be designated "City of Roanoke Rapids Music and Entertainment District Special Revenue Bond Anticipation Notes, Series 2006." Such notes are herein referred to as the "Series 2006 Notes." The Series 2006 Notes are being issued by the City to provide funds to the City for (i) funding certain start-up costs with respect to the Theater Facility during the period prior to the Completion Date thereof and a related reserve, (ii) reimbursing the City for certain costs incurred to date in connection with the creation of the District and the development of the Theater Facility, and (iii) paying costs of issuance with respect to the Series 2006 Notes.

The Series 2006 Notes shall be treated for all purposes of this Bond Order as Bonds and the owners thereof shall be entitled to all rights and privileges granted hereby to the Owners of Bonds. All references herein to Bonds and the rights of the owners thereof shall be interpreted to include the Series 2006 Notes.

The Series 2006 Notes shall be secured by the Obligated Revenues to the same extent and in the same manner as the Bonds issued hereunder. In addition, the Series 2006 Notes shall be secured by and payable from the proceeds of the issuance of the Series 2007 Bonds upon the issuance thereof as provided herein.

The Series 2006 Note shall be substantially in the form attached hereto as Exhibit A. The Series 2006 Notes shall be registered securities without coupons initially registered in the name of the purchaser thereof, shall be dated the date of delivery, shall be numbered R-1 and upward, shall bear interest from their date, computed on the basis of a 365-day year for actual days elapsed, and shall be stated to mature on April 1, 2007, or any earlier date that may be mutually agreed upon the City, the Local Government Commission and the purchaser of the Series 2006 Notes at the time of sale thereof. The Series 2006 Notes shall bear interest at a rate of interest not to exceed 6.5% per annum, such rate to be determined by the Local Government Commission, with the approval of the City. Interest on the Series 2006 Notes shall be payable at the maturity thereof.

The Finance Director for the City shall be the Registrar for the Series 2006 Notes.

The proceeds of the Series 2006 Notes issued under the provisions of this Section shall be deposited with a Trustee to the credit of the 2006 Project Account of the Project Fund and

applied to the payment of the costs for which the Series 2006 Notes are issued. All of the provisions of Article IV, shall apply to the proceeds of the Series 2006 Notes insofar as such provisions may be applicable.

Section 207. Additional Bonds. In addition to the Series 2007 Bonds, Bonds may be issued under and secured by this Order, subject to the conditions hereinafter provided in this Section, at any time or times for the purpose of paying all or any part of the cost of capital improvements to the Theater Facility ("Improvements").

Before any additional Bonds shall be issued under the provisions of this Section, the City Council shall adopt a supplemental order hereto authorizing the issuance of such Bonds, fixing the amount and the details thereof, and describing in brief and general terms the Improvements to be acquired, constructed or provided. The Bonds issued under the provisions of this Section shall be designated, shall be dated, shall be numbered, shall be in such denomination, shall bear interest at a rate or rates not exceeding the maximum rate permitted by law, payable on such dates, shall be stated to mature, shall have such Trustee and Registrar, and shall be redeemable, all as may be provided by the supplemental order authorizing the issuance of such additional Bonds and provided hereby. Except as to any difference in the maturities thereof or in the rate or rates of interest or the provisions for redemption, such additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Bond Order as all other Bonds issued under the provisions of this Bond Order.

Before any Bonds issued pursuant to this Section shall be delivered by the City Council, there shall be filed with the Trustee and the Registrar the following:

- (a) a copy, certified by the Clerk, of the supplemental order mentioned above and any resolutions of the City Council adopted in connection therewith;
- (b) a statement signed by the City Representative to the effect that based upon reasonable assumptions, the City expects that sufficient Obligated Revenues will be available to the City pay the principal of and interest on all Bonds previously Outstanding and the Bonds proposed to be issued as the same shall become due;
- (c) a copy, certified by the Secretary or any Deputy Secretary of the Local Government Commission, of the resolution of the Local Government Commission approving the issuance of and awarding the Bonds; and
- (d) an opinion of counsel to the City, which may be bond counsel to the City or the City Attorney, to the effect that (1) this Bond Order and the supplemental order have been duly adopted by the City Council and have not been amended, rescinded or repealed and are in full force and effect, (2) compliance with the provisions of each will not violate any provision of any resolution or ordinance of the City or, to the best of his knowledge, result in or constitute a default under any agreement, indenture or other instrument to which the City is a party or by which the City or any of its property may be bound, (3) the adoption of this Bond Order and the supplemental order and the issuance of the additional Bonds are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not theretofore obtained

or effected, and (4) there is no litigation or proceeding of any nature pending or, to the best of his knowledge, threatened challenging the validity of this Bond Order and the supplemental order or the issuance of the additional Bonds.

When the documents mentioned above shall have been delivered to the Trustee and the Registrar and when the additional Bonds described in the supplemental order and resolutions mentioned in clause (a) of this Section shall have been adopted as required, the City Representative shall deliver such Bonds to the Registrar for such Bonds for authentication as required by this Bond Order, and upon such authentication such Registrar shall deliver the additional Bonds to the State Treasurer for redelivery to or upon the order of the purchaser thereof or as otherwise directed by the State Treasurer, but only upon payment to the City or as otherwise directed by the City of the purchase price of the additional Bonds and the accrued interest, if any, thereon.

The proceeds (excluding accrued interest but including any premium) of all Bonds issued under the provisions of this Section shall be deposited with the Trustee to the credit of a special account of the Project Fund to be created under a supplemental order appropriately designated and applied to the payment of the Cost of such Improvements. All of the provisions of Article IV, including those which relate to the Theater Facility and the Project Fund, shall apply to such Improvements (as defined herein) and such account in so far as such provisions may be applicable.

ARTICLE III

REDEMPTION PROVISIONS

Section 301. Redemption of Bonds. The Series 2006 Notes shall not be subject to redemption or other early prepayment prior to maturity.

The Series 2007 Bonds and any additional Bonds issued hereunder shall be subject to redemption at such times and amounts, at such Redemption Prices, and under such terms and conditions as shall be specified in the supplemental order authorizing the issuance thereof.

ARTICLE IV

THE PROJECT FUND

Section 401. Project Fund. A special fund is hereby established hereunder 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 hereby 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 shall be created and appropriately designated additional special accounts for the deposit of the proceeds of such Bonds. There shall be deposited to the Series 2007 Project Account and the Series 2007 Capitalized Interest Account the amounts set forth in the supplemental order authorizing the issuance of the Series 2007 Bonds.

The money in the Project Fund shall be held by the Trustee in trust and, pending application to the payment of the Cost of the Theater Facility, or transfer as provided herein, shall, 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 this Bond Order and shall be held for the security of such Holders.

Section 402. Payments from Project Fund. Payment of the Cost of the Theater Facility to be funded with proceeds of the Series 2007 Bonds shall be made from the Series 2007 Project Account and payment of the Costs to be funded from proceeds of any additional Bonds shall be paid from the corresponding Project Fund Account. All payments from the Project Fund shall be subject to the provisions and restrictions set forth in this Article, and the City shall not cause or agree to permit to be paid from the Project Fund any sums except in accordance with such provisions and restrictions.

The City shall cause the Trustee to pay out of the Project Fund, from time to time, amounts required to pay the Cost of the Theater Facility, upon the filing with the Trustee by a City Representative of a requisition and attached certificate (substantially in the form of the first paragraph of the "Requisition and Certificate" attached hereto as Exhibit B), signed by the City Representative stating to whom the payment described therein is to be made and the purpose, in reasonable detail, for which the obligation to make such payment was incurred and including, if such requisition and certificate comprises an item for payment for labor or to contractors, builders or materialmen, a paragraph in the form of the last paragraph of the attached form of the "Requisition and Certificate," appropriately completed. The Trustee shall not have any responsibility to make any inspection to confirm the information set forth in any such requisition and certificate or to inquire as to the application of Bond proceeds.

Notwithstanding the foregoing requirement for a requisition, on or before each date that interest with respect to the Series 2007 Bonds shall be due and payable, the City Representative shall direct the Trustee to withdraw from the Series 2007 Capitalized Interest Account and transfer to the Bond Fund, without further requisition, the amount needed to pay the interest on the Series 2007 Bonds, or to make a Derivative Agreement Scheduled Payment under the Series 2007 Derivative Agreement corresponding to interest on the Series 2007 Bonds on that interest payment date.

Section 403. Cost of Theater Facility. The Cost of the Theater Facility shall embrace such costs as are eligible costs within the purview of the Act and, without intending thereby to limit or restrict any proper definition of such Cost, shall include the following:

(a) obligations incurred for labor, materials and services provided by contractors, builders and others in connection with the construction of the Theater Facility or any Additional Project, as the case may be, machinery and equipment, necessary water and sewer lines and connections, utilities and landscaping, the restoration or relocation of any property damaged or destroyed in connection with such construction, the removal or relocation of any structures, and the clearing of lands;

(b) the cost of acquiring such land, rights of way, easements, franchises, other interests or rights in land as may be deemed necessary or convenient for the construction of the Theater Facility or any Additional Project and the operation, repair and maintenance of the Theater Facility or any Additional Project, the cost of demolishing or removing or relocating any buildings or structures on land so acquired, including the amount of any damages incident to or consequent upon the construction and operation of the Theater Facility or any Additional Project;

(c) interest on the Bonds issued prior to the commencement and during the construction of the Theater Facility or any Additional Project, and for such period after completion of construction as may be permitted by the Act, and premiums on insurance, if any, in connection with the Theater Facility or any Additional Project;

(d) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the Theater Facility or any Additional Project, fees and expenses of engineers, architects, management consultants for making studies, surveys, estimates of costs and of revenues and other estimates, and fees and expenses of engineers and architects for preparing plans and specifications and supervising construction as well as for the performance of all other duties of engineers and architects set forth herein in relation to the acquisition and construction of the Theater Facility or any Additional Project, and the issuance of the Bonds therefor;

(e) legal expenses and fees, financing charges, operating reserves, expenses of recordation of legal instruments, cost of preparation of any feasibility study or report, cost of audits and of preparing and issuing the Bond, and all other items of expense not elsewhere in this Section specified incident to the acquisition, construction and equipping of the Theater Facility or any Additional Project, and the financing thereof, including moving expenses, title insurance, cost of surveys, and expenses of administration, all properly chargeable, in the opinion of the City Representative, to the acquisition, construction and equipping of the Theater Facility;

(e) the purchase price to be paid for the purchase of the Theater Facility upon the completion of construction thereof; and

(f) start-up costs being incurred by the City and the Operator prior to the commencement of operations of the Theater, including, without limitation, fees for marketing, advertising, ticket sales, promotions, booking fees, production development, salaries, legal expense, office expenses and similar costs reasonably necessary to assure and permit a smooth commencement of operation of the theater facility upon completion of construction and the conveyance thereof to the City; and

(g) reimbursement to the City for any expense heretofore or hereafter incurred or paid by the City for any of the foregoing purposes, and funds to permit the City to reimburse other units of local government for amounts advanced by them for such purposes prior to the issuance of the Series 2006 Notes.

ARTICLE V
REVENUES AND FUNDS

Section 501. Establishment of Funds. In addition to the Project Fund, there are hereby established the following funds hereunder:

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

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

Section 502. Deposit of Funds Received; Application of Funds.

(a) The City covenants that all Theater Facility Receipts shall be collected as provided in the Lease and upon such collection shall 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.

(b) 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 shall be held by the City and shall not be required to be deposited with the Trustee except as provided in this Section 502. 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 hereunder, 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 shall 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 Section 502(c) below.

(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 shall be paid from the Revenue Increment Fund in the manner and to the extent provided by G.S. 159-107(f).

(c) For so long as payments of principal and interest on the Bonds issued hereunder 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 shall 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, shall 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 shall be applied as provided in Section 502(d).

(d) Moneys in the Revenue Fund shall be expended and used by the Trustee on the City's behalf only in the manner and order herein specified. 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 hereinafter referenced 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 hereinafter referenced 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.

(e) Moneys held for the credit of the Bond Fund shall 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 shall 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.

(f) Moneys held for the credit of the Debt Service Reserve Fund shall 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 shall be insufficient for such purpose. If at any time the moneys held for the credit of the Debt Service Reserve Fund shall exceed the Debt Service Reserve Fund Requirement, such excess shall 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.

(g) 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 shall 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 shall 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 hereunder. Upon such a transfer from the Surplus Fund, the amount transferred shall be free and clear of the lien of this Order.

Section 503. Annual Budget. The City covenants that it will prepare or cause to be prepared by no later than July 1 of each Fiscal Year an Annual Budget for the ensuing Fiscal Year setting forth the estimated Theater Facility Receipts for such Fiscal Year, the debt service on obligations payable from the Theater Facility Receipts during the ensuing Fiscal Year, projected capital outlays for and equipment dispositions of the Theater Facility during the ensuing Fiscal Year, and the projected District Tax Increment Fund Proceeds in the ensuing Fiscal Year. The City may at any time during the Fiscal Year amend or supplement the Annual Budget, and the Annual Budget, as so amended or supplemented, shall supersede any prior budget. The City shall cause copies of the proposed Annual Budget and the adopted Annual Budget, bearing the signature of the City Representative attesting that the adopted Annual Budget was approved by the City Council, and any amendment or supplement thereto to be mailed to the Local Government Commission to any person who has requested a copy of the same as soon as the same become available.

Section 504. Use of Available Funds. Nothing contained in this Bond Order shall be construed as prohibiting the City from paying the principal of, premium, if any, and interest on the Bonds from any funds available to the City for such purpose.

Section 505. Security for the Bond. Subject to the provisions of this Bond Order, the City hereby pledges the Obligated Revenues to the payment of the Bonds and the payment of its obligations under any Derivative Agreement. The Obligated Revenues, as herein specified, shall immediately be subject to the lien of this 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.

ARTICLE VI

SECURITY FOR DEPOSITS, INVESTMENT OF MONEY AND TAX COVENANTS

Section 601. Security for Deposits. Any and all money deposited with the Trustee as provided in this Bond Order shall be trust funds under the terms hereof and, to the extent permitted by law, shall not be subject to any lien or attachment by any creditor of the City. Such money shall be held in trust and applied in accordance with the provisions of this Bond Order.

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

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

Section 602. Investment of Money. Money held for the credit of all funds established under this Bond Order shall 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 shall 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 Section, 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 this Bond Order shall 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 shall be credited to or charged against such fund, unless otherwise directed herein. The City Representative shall reduce to cash a sufficient amount of such Investment Obligations whenever it shall be necessary so to do in order to provide money to make any payment required hereunder. The City Representative and the City Council shall not be liable or responsible for any loss resulting from any such investment.

ARTICLE VII

GENERAL COVENANTS AND REPRESENTATIONS

Section 701. Payment of Principal, Interest and Premium. The City shall 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 herein 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 hereunder. The Bonds shall be secured as provided in Section 505. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest of the Bonds issued hereunder, and no holder of Bonds issued hereunder 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 Obligated Revenues.

Section 702. Acquisition of Theater Facility and Security Therefor. The City covenants that it will cause the Theater Facility to be acquired and equipped in conformity with law and all requirements of all governmental authorities having jurisdiction, and that it will complete such acquisition, construction and equipping with all expedition practicable. The City covenants that it shall take all actions required of the City to assure that the City obtains from applicable State and federal authorities as soon as practicable all permits and licenses necessary for the operation of the Theater Facility in the manner contemplated.

Section 703. Use and Operation of the Theater Facility. The City will cause the Operator to operate the Theater in accordance with the terms of the Operating Agreement and the Lease.

Section 704. Covenants Against Encumbrances; Payment of Lawful Charges. The City covenants that, except as provided in this Bond Order, it will not create, assume or suffer to be created any mortgage, pledge, lien or charge upon the Theater Facility or any part thereof or upon the Obligated Revenues or any other asset or property pledged under this Bond Order, except for Permitted Encumbrances. The City also covenants that from the revenues generated by the Theater Facility Receipts or other available funds, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Theater Facility or any part thereof or any of the Obligated Revenues; provided, however, that nothing in this Section contained shall require the City to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Section 705. 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 shall be

carried by a responsible insurance company or companies authorized and qualified to assume the risks thereof.

Section 706. Repair or Replacement of Damaged or Destroyed Property. All policies of insurance shall name the Trustee, on behalf of the City, as a beneficiary thereunder and all payments under such policy shall be made payable to the Trustee, on behalf of the City, and shall remain with the Trustee, on behalf of the City, and the City shall have the sole right to receive the proceeds of such insurance and to collect and receive for claims thereunder. The proceeds of such insurance shall be available for and may be applied to the repair, replacement or reconstruction of the damaged or destroyed property.

Section 707. No Inconsistent Action. The City covenants that no contract or contracts will be entered into or any action taken by it which shall be inconsistent with the provisions of this Bond Order.

Section 708. Further Instruments and Actions. The City covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Bond Order.

Section 709. Reports and Audits. The City covenants that it will keep accurate records and accounts of the funds relating to this Bond Order and all items of Cost and of all expenditures relating to the Theater Facility and of the Obligated Revenues collected and the application of the Obligated Revenues to the extent applied to pay operating expenses or the principal or interest on the Bonds. Such records and accounts shall be open at all reasonable times to the inspection of any Holder and the Local Government Commission and their agents and representatives.

The City further covenants that it will cause an audit to be made of its books and accounts for each Fiscal Year by an independent certified public accountant to be chosen by the City in accordance with G.S. 159-34. The audit for each Fiscal Year must be completed by the January 31 following the end of such Fiscal Year. Immediately upon the receipt of each such audit report, bearing the unqualified approving opinion of such independent public accountant, copies thereof shall be filed with the Local Government Commission and the Trustee.

The City further covenants that it will cause any additional reports or audits relating to the Theater Facility and this Bond Order to be made as required by law and that, as often as may be requested, it will furnish to the Local Government Commission and to the Trustee such other information concerning the Theater Facility or the operation thereof and the Obligated Revenues as any of them may reasonably request.

Section 710. Accounts and Records. The City covenants that all the accounts and records of the City relating to the Theater Facility and this Bond Order will be maintained in accordance with generally accepted accounting principles.

Section 711. Covenant against Sale and Exceptions Thereto. The City covenants that, except as otherwise permitted in this Section or Section 713, 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 shall 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 Section 713) 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 shall be deposited to the credit of the City's general fund.

Section 712. Additional Indebtedness. Except as provided herein, the City shall not hereafter issue any additional obligations or incur any additional indebtedness which is secured by a charge or lien upon the Obligated Revenues.

Section 713. 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 shall remain fully obligated and responsible under this 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 shall not impair the performance of the City's obligations under this Bond Order.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 801. Events of Default. Each of the following events is hereby declared an Event of Default:

- (a) payment of any installment of interest on any Bond shall not be made when the same shall become due and payable;
- (b) payment of any installment of principal of or the redemption premium, if any, on any Bond shall not be made when the same shall become 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 shall 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 shall (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 shall 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 this 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 Section 502 and Section 713, 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" shall 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.

Section 802. Acceleration of Maturities. Upon the happening and continuance of any Event of Default specified in Section 801, the Trustee may, and upon the written direction of the Holders of a majority in Outstanding principal amount of the Bonds shall, 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 shall become and be immediately due and payable, anything contained in the Bonds or in this Bond Order to the contrary notwithstanding; provided, however, that if at any time after the installments of principal of the Bonds shall 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 this Bond Order, the City shall 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 hereunder shall have been paid, and every other default in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this 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 Section) shall 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 shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 803. Enforcement of Remedies. Upon the happening and continuance of any Event of Default specified in Section 801, 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 this 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 herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Bond Order, the Trustee shall 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 this 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 hereunder, 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 herein, 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.

Section 804. Pro-Rata Application of Funds. Anything in this Bond Order to the contrary notwithstanding, if at any time the money in the funds and accounts created under this

Bond Order shall not be sufficient to pay installments of the interest on and the installments of principal of the Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities of installments under the provisions of Section 802), 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 this Article or otherwise, shall be applied as provided in this Section.

(a) if the principal or installments of principal of the Bonds shall not have become or shall not have been declared due and payable, all such money shall 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 shall 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 this Bond Order), in the order of their due dates; and

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 this Bond Order.

(b) If the installments of principal of the Bonds shall have become or shall have been declared due and payable, all such money shall 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; and

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 shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 802, then, subject to the provisions of paragraph (b) of this Section, in the event that the installments of principal of the Bonds shall later become due and payable or be declared due and payable, the money shall be applied in accordance with the provisions of paragraph (a) of this Section.

Section 805. Effect of Discontinuance of Proceedings. If any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case, the City and the Trustee shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceeding had been taken.

Section 806. No Remedy Exclusive. No remedy herein conferred upon the Trustee is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 807. Delay Not a Waiver. No delay or omission by the Trustee in the exercise of any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any, acquiescence therein; and every power or remedy given by this Bond Order to the Trustee may be exercised from time to time and as often as may be deemed expedient.

The Trustee may waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any, suit, action or proceeding instituted by them under the provisions of this Bond Order or before the completion of the enforcement of any other remedy under this Bond Order, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 808. Notice to Local Government Commission. The City shall promptly give to the Trustee and the Local Government Commission notice of any Event of Default of the City under Section 801.

ARTICLE IX

THE TRUSTEE AND THE REGISTRAR

Section 901. Acceptance of Trusts. First-Citizens Bank & Trust Company, Raleigh, North Carolina, is hereby appointed as Trustee under this bond order and, upon its acceptance of such appointment, shall be vested with all rights and responsible for all duties of the Trustee as provided in this Bond Order. The Trustee shall signify its acceptance of the duties and obligations and agree to execute the trusts imposed upon it by this Bond Order by delivery to the City of its written acceptance thereof, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Bond Order, to all of which the City, the Trustee and the respective Owners of the Bonds agree. 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 shall perform such duties and only such duties of the Trustee as are specifically set forth in this Bond Order. Upon the occurrence and continuation of any Event of Default, the Trustee shall 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.

No provision of this Bond Order shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any such Event of Default hereunder, and after the curing of any other Events of Default that may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Bond Order and the Trustee shall not be liable except for the performance of such duties and obligations of the Trustee as are specifically set forth in this Bond Order, and no implied covenants or obligations shall be read into this Bond Order against the Trustee and no permissive right of the Trustee under this Bond Order shall impose any duty on the Trustee to take such action, and

(ii) in the absence of willful misconduct on its part, the Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it conforming to the requirements of this Bond Order, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Bond Order; and

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(i) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, and

(ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners and Holders of

not less than twenty-five percent (25%) or a majority, as this Bond Order shall require, in aggregate principal amount of indebtedness then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any power conferred upon the Trustee under this Bond Order.

None of the provisions contained in this Bond Order shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 902. Indemnification of Trustee as Condition for Remedial Action. The Trustee shall be under no obligation to institute any suit or to take any remedial proceeding (including, but not limited to, the appointment of a receiver or the acceleration of the maturity date of any or all Bonds under this Bond Order) or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the City, at the request of the Trustee, shall reimburse the Trustee from Obligated Revenues for all costs, expenses, outlays and reasonable counsel fees and other reasonable disbursements properly incurred in connection therewith. If the City shall fail to make such reimbursement, the Trustee may reimburse itself from any money in its possession under the provisions of this Bond Order and shall be entitled to a preference therefor over any indebtedness Outstanding.

Section 903. Limitations on Obligations and Responsibilities of Trustee. The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the City, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts under this Bond Order, the Trustee shall have no responsibility in respect of the validity or sufficiency of this Bond Order, or in respect of the validity of Bonds or the due execution or issuance thereof. The Trustee shall be under no obligation to see that any duties herein imposed upon the City, any Registrar, any consultant, any Depositary (other than any Depositary in which the Trustee shall have deposited funds), or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

Section 904. Trustee Not Liable for Failure of City to Act. The Trustee shall not be liable or responsible because of the failure of the City or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the City or because of the loss of any money arising through the insolvency or the act or default or omission of any Depositary (other than any Depositary in which the Trustee shall have deposited funds) in which such money shall have been deposited under the provisions of this Bond Order. The Trustee shall not be responsible for the application of any of the proceeds of Bonds or any other money

deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Bond Order. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officer, employees and agents.

Section 905. Compensation and Indemnification of Trustee and Registrar. Subject to the provisions of any contract between the City and the Trustee or any Registrar relating to the compensation of the Trustee or such Registrar, the City shall pay to the Trustee and each Registrar from Obligated Revenues reasonable compensation for all services performed by them hereunder and also all their reasonable expenses, charges and other disbursements and those of their attorneys, agents and employees incurred in and about the administration and the performance of their powers and duties hereunder and shall, to the extent permitted by law, indemnify and save the Trustee and each Registrar harmless against any liabilities that they may incur in the proper exercise and performance of their powers and duties hereunder. If the City shall fail to cause any payment required by this Section to be made, the Trustee and each Registrar may make such payment from any money in their possession under the provisions of this Bond Order and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The City covenants that it shall promptly deposit or cause to be deposited to the credit of the respective fund, account or subaccount the amount withdrawn therefrom by the Trustee or any Registrar to make any such payment.

Section 906. Monthly Statements from Trustee. It shall be the duty of the Trustee, on or before the 10th day of each month, to file with the City a statement setting forth in respect of the preceding calendar month:

(a) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund, account or subaccount held by it under the provisions of this Bond Order or any supplemental order,

(b) the amount on deposit with it at the end of such month in each such fund, account or subaccount,

(c) a brief description of all obligations held by it as an investment of money in each such fund, account or subaccount,

(d) the amount applied to the payment, purchase or redemption of Bonds and a description of the Bonds or portions thereof so paid, purchased or redeemed, and

(e) any other information that the City may reasonably request.

All records and files pertaining to Bonds in the custody of the Trustee not otherwise restricted or excluded from disclosure by the terms of this Bond Order, shall be open at all reasonable times to the inspection of the City, the Local Government Commission and their agents and representatives.

Section 907. Trustee May Rely on Certificates. If at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which

this Bond Order provides for permitting or taking any action, the Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Bond Order, and any such certificate shall be evidence of such fact or protect the Trustee in any action that it may or may not take or in respect of anything it may or may not do, in absence of willful misconduct, by reason of the supposed existence of such fact. Except as otherwise provided in this Bond Order, any request, notice, certificate or other instrument from the City to the Trustee shall be deemed to have been signed by the proper party or parties if signed by any City Representative, and the Trustee may accept and rely upon a certificate signed by any City Representative as to any action taken by the City.

Section 908. Notice of Default. Except upon the happening of any Event of Default specified in clauses (a) or (b) of Section 802 or the report of an Event of Default pursuant to Section 709, the Trustee shall not be obliged to take notice or be deemed to have notice of any Event of Default under this 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.

Section 909. Trustee Not Responsible for Recitals. The recitals, statements and representations contained herein and in the Bonds shall be taken and construed as made by and on the part of the City and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same.

Section 910. Trustee Protected in Relying on Certain Documents. The Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in according with the terms of this Bond Order, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Bond Order, or upon the written opinion of any attorney, engineer or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Trustee shall not be under any obligation to see to the recording or filing of this Bond Order or otherwise to the giving to any person of notice of the provisions hereof.

Section 911. Trustee May Pay Taxes and Assessments. In case the City shall fail to pay or cause to be paid any lawful tax, assessment or governmental charge or other charge upon any part of the City to the extent, if any, that the City may be deemed by the Trustee liable for same, the Trustee shall pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the Owners or Holders of Bonds arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Trustee by the City, but the Trustee shall be under no obligation to make any such payment from sources provided in this Bond Order unless it shall have available or be provided with adequate funds for the purpose of such payment.

Section 912. Resignation and Removal of Trustee Subject to Appointment of Successor. No resignation or removal of the Trustee and no appointment of a successor Trustee

pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 915.

Section 913. Resignation of Trustee. Subject to the provisions of Section 912, the Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the City, and mailed, postage prepaid, at the Trustee's expense, to each Owner and Holder of Bonds not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a successor Trustee hereunder if such successor Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

Section 914. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, (i) executed by the Owners and Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding and filed with the City, or (ii) so long as no Event of Default shall have occurred and be continuing, executed by a City Representative, not less than sixty (60) days before such removal is to take effect as stated in said instrument of instruments. A photographic copy of any instrument or instruments filed with the City under the provisions of this Section, duly certified by the City Clerk of the City as having been received by the City, shall be delivered promptly by the City Clerk of the City to the Trustee.

The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Bond Order with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners and Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding.

Section 915. Appointment of Successor Trustee. If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the positions of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any reason, the City shall appoint a Trustee to fill such vacancy. No vacancy shall occur and a successor Trustee shall not be required if the Trustee shall merge into another entity or shall sell or assign substantially all of its trust business and the merged entity, vendee or assignee shall continue in the trust business, or if a transfer of the trust department of the Trustee is required by operation of law, provided that such merged entity, vendee, assignee or transferee is (i) a bank or trust company which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing, and (iii) having a combined capital, surplus and undivided profits aggregating not less than One Hundred Million Dollars (\$100,000,000); provided, however, that such merged entity, vendee, assignee or transferee may have a combined capital, surplus and undivided profits aggregating less than One Hundred Million Dollars (\$100,000,000) if such merged entity, vendee, assignee or transferee shall be, or shall have previously been, approved by the Local Government Commission to serve as a trustee under documents similar to this Bond Order. The City shall mail notice of any such appointment made by it, postage prepaid, to all Owners and Holders of Bonds.

At any time within sixty (60) days after any such vacancy shall have occurred, the Owners and Holders of not less than twenty-five percent (25%) in principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing, executed by such Owners and Holders and filed with the City, may nominate a successor Trustee, which the City shall appoint and which shall supersede any Trustee theretofore appointed by the City. Photographic copies, duly certified by the City Clerk of the City as having been received by the City, of each such instrument shall be delivered promptly by the City to the predecessor Trustee and to the Trustee so appointed by the Owners.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, any Owner or Holder of Bonds or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any successor Trustee hereafter appointed shall be (i) a bank or trust company which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing and (iii) having a combined capital, surplus and undivided profits aggregating not less than One Hundred Million Dollars (\$100,000,000); provided, however, that such successor Trustee may have a combined capital, surplus and undivided profits aggregating less than One Hundred Million Dollars (\$100,000,000) if such successor Trustee shall be, or shall have previously been, approved by the Local Government Commission to serve as a trustee under documents similar to this Bond Order.

Section 916. Vesting of Duties in Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the City, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the City and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 905, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the City.

Section 917. Removal and Resignation of Registrar. A Registrar may be removed at anytime, with or without cause, by the City, with the prior written consent of the Local Government Commission, upon forty-five (45) days' written notice by the City to such Registrar. A copy of such written notice shall be delivered promptly by the City to the Trustee and the Local Government Commission. Upon receipt of such notice, the Trustee shall cause notice of such removal to be mailed, postage prepaid, to the Owners not less than thirty (30) days before such removal is to take effect. All costs in connection with such notice shall be borne by the City.

A Registrar may resign and thereby become discharged from the duties, obligations and responsibilities of Registrar under this Bond Order and the applicable supplemental order, by written notice delivered to the City and the Trustee. Upon receipt of such notice the Trustee shall cause notice of such resignation to be mailed, postage prepaid, at such Registrar's expense, to the Owners not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Registrar hereunder if such new Registrar shall be appointed before the time limited by such notice and shall then accept the duties, obligations and responsibilities of Registrar under this Bond Order and the applicable supplemental order. If at any time thereafter a Registrar shall resign, be removed, be dissolved or otherwise become incapable of acting, or the entity acting as Registrar shall be taken over by any governmental official, agency, department or board, the position of Registrar shall thereupon become vacant. If the position of Registrar shall become vacant for any reason, the City shall appoint, subject to the prior written consent of the Local Government Commission, a Registrar to fill such vacancy. No vacancy shall occur and a successor Registrar shall not be required if a Registrar shall merge into another entity or shall sell or assign substantially all of its business and the merged entity, vendee or assignee shall be qualified in the sole judgment of the City to carry out the duties, obligations and responsibilities of Registrar under this Bond Order. The City shall promptly deliver written notice of any such appointment by it to the Trustee and mail such notice, postage prepaid, to all Owners of Bonds of the applicable Series.

ARTICLE X

SUPPLEMENTAL BOND ORDERS

Section 1001. Supplemental Order Without Consent. The City, from time to time and at any time, may adopt such orders supplemental hereto (which supplemental orders shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Order and shall 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 herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Order, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this 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 this Order other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the City in this Order other covenants and agreements thereafter to be observed by the City or to surrender any right or power herein reserved to or conferred upon the City, or

(e) to permit the qualification of this 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 this 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.

At least thirty (30) days prior to the adoption of any supplemental order for any of the purposes of this Section, the City shall cause a notice of the proposed adoption of such supplemental order to be mailed, postage prepaid, to the Local Government Commission and the City shall cause notice of the proposed adoption of such supplemental order to be mailed to the Trustee. Upon receipt of such notice, the Trustee shall 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 shall briefly set forth the nature of the proposed supplemental order and shall 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 Section or any defect therein shall not affect the validity of such supplement to this order.

Section 1002. Supplemental Order with Consent. Subject to the terms and provisions contained in this Section, 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 shall have the right, from time to time, anything contained in this Order to the contrary notwithstanding, to consent to and approve the adoption of such order or orders supplemental hereto 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 this Order or in any supplemental order, provided that nothing herein contained shall 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 this 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 herein contained, however, shall be construed as making necessary the approval by Holders of the adoption of any supplemental order as authorized in Section 1001.

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 Section, the City shall 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 shall 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 shall briefly set forth the nature of the proposed supplemental order and shall 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 Section or any defect therein shall not affect the validity of such supplement to this 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 shall refer to the proposed supplemental order described in such notice and shall 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 shall 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 Section 1003, by a proposed supplemental order have consented to and approved the adoption thereof as herein provided, to the extent permitted by law, no Holder shall 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.

Section 1003. Bonds Affected. For purposes of this Order, Bonds shall be deemed to be “affected” by a supplemental order if the same adversely affects or diminishes the rights of Holders against the City or the rights of the Holders in the security for such Bonds.

Section 1004. Supplemental Orders Part of Order. Any supplemental order adopted in accordance with the provisions of this Article shall thereafter form a part of this Order, and this Order shall be and be deemed to be modified and amended in accordance therewith. Thereafter the respective rights, duties and obligations under the Order of the City and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Order as so modified and amended. If any supplemental order is adopted and approved Bonds issued thereafter may contain an express reference to such supplemental order, if deemed necessary or desirable by the City.

Section 1005. Not a Supplemental Order. For purpose of this Article IX, a supplemental order that relates only to a particular series of Bonds issued hereunder and that does not purport to alter or amend the rights or security of any Holder of any other series of Bonds issued hereunder of any other series incurred hereunder shall not be deemed or considered to be a supplemental order.

ARTICLE XI

DEFEASANCE

Section 1101. Repeal of Bond Order. When (a) the installments of principal of the Bonds shall have become due and payable in accordance with their terms or otherwise as provided in this Bond Order, and (b) the whole amount of the principal and the interest and premium, if any, so due and payable upon the Bonds shall be paid, or if the Trustee shall 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 shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the City Council to the City Representative, and sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the City, then and in that case the right, title and interest of the Holders secured hereby in the Obligated Revenues or in the funds mentioned in this Bond Order shall thereupon cease, determine and become void, this Bond Order shall be deemed repealed and canceled, and the City shall repeal and cancel this Bond Order and the Trustee shall 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, this Bond Order shall be, continue and remain in full force and effect; provided, that, in the event Defeasance Obligations shall be deposited with and held by a Trustee as hereinabove provided, (i) in addition to the requirements set forth in Article III, the City Representative, within thirty (30) days after such Defeasance Obligations shall have been deposited with the Trustee, shall 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 this Bond Order has been deemed repealed and canceled in accordance with the provisions of this Section, and (ii) the Registrar shall retain such rights, powers and privileges under this 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 this Section shall be held in trust and applied to the payment, when due, of the obligations payable therewith.

ARTICLE XII

MISCELLANEOUS

Section 1201. Execution of Instruments by the Holder. Any request, direction, consent or other instrument in writing required or permitted by this Bond Order to be signed or executed by the Holders may be signed or executed by the Holder or its attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Bond Order and shall be conclusive in favor of the City with regard to any action taken by either under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) The ownership of the Bonds shall be proved by the registration books kept under the provisions of Section 205.

Nothing contained in this Section shall be construed as limiting the City to such proof, it being intended that the City may accept any other evidence of the matters herein stated which it may deem sufficient. Any request for consent of the Holder shall bind every future Holder in respect of anything done by the City in pursuance of such request or consent.

Section 1202. Manner of Giving Notice. All notices, demands and requests to be given to or made hereunder by the City or any officer thereof or the Local Government Commission shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered or certified mail, return receipt requested (and restricted signature with respect to the Mayor), addressed as follows:

(a) As to the City:

City of Roanoke Rapids
1040 Roanoke Avenue
Post Office Box 38
Roanoke Rapids, North Carolina 27870
Attention: City Manager

(b) As to the Local Government Commission

Local Government Commission of North Carolina
325 North Salisbury Street
Raleigh, North Carolina 27603-1388
Attention: Secretary

(c) As to the Trustee

First-Citizens Bank & Trust Company
Mailcode DAC61
100 East Tryon Road
Raleigh, NC 27603
Attention: Institutional Trust Services

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram, telephone or facsimile transmission and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

Section 1203. Substitute Mailing. If, because of the temporary or permanent suspension of postal service, the City shall be unable to mail any notice required to be given by the provisions of this Bond Order, the City or the Trustee shall give notice in such other manner as in the judgment of the City or the Trustee, as the case may be, shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Bond Order be deemed to be in compliance with the requirement for the mailing thereof.

Section 1204. Parties, Bond Registrar and Holders Alone Have Rights under this Bond Order. Except as herein otherwise expressly provided, nothing in this Bond Order, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Trustee, the Bond Registrar, the City and the Holders, any right, remedy or claim, legal or equitable, under or by reason of this Bond Order or any provision hereof, this Bond Order and all its provisions being intended to be and being for the sole and exclusive benefit of the City and the Holder.

Section 1205. Effect of Partial Invalidity. In case any one or more of the provisions of this Bond Order or the Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Bond Order or the Bonds, but this Bond Order and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or this Bond Order shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the City to the full extent permitted by law.

Section 1206. State Law Governs. This Bond Order is adopted with the intent that the laws of the State shall govern this construction.

Section 1207. City Not to Limit Rights of Holders. The City does pledge to and agree with the Holders that the City will not limit or alter the rights hereby vested to establish and collect the Theater Facility Receipts and to pledge the same, and to apply the other Obligated

Revenues as herein provided, as may be convenient or necessary to produce sufficient revenues to meet the expense of maintenance and operation of the Theater Facility and to fulfill the terms of this Bond Order or in any way to impair the rights and remedies of the Holders, until the payment of the principal of and premium, if any, on the Bonds, together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of the Holders are fully met and discharged.

Section 1208. No Recourse Against Officers or Employees of City or Local Government Commission. No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Bond Order, or in the Bond hereby secured, or in any document or certification whatsoever; or under any judgment obtained against the City or the Local Government Commission or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any officer or employee, as such, of the City or the Local Government Commission, either directly or through the City or the Local Government Commission, or otherwise, for the payment for or to, the City or for, or to, the Holders or otherwise, of any sum that may be due and unpaid by the City upon the Bonds. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the City, or for, or to, the Holders or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the adoption of this Bond Order and the issuance of the Bonds.

Section 1209. Expenses Payable Under Bond Order. All expenses incurred in carrying out this Bond Order shall be payable solely from funds provided under the authority of this Bond Order. Anything in this Bond Order to the contrary notwithstanding, the performance by the City of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and the liability of the City for all warranties and other covenants herein shall be limited solely to moneys provided under this Bond Order, including moneys attributable to the proceeds of the Bonds, or the income from the temporary investment thereof, and the proceeds of insurance; and the City shall not be required to effectuate any of its duties, obligations, powers or covenants except from and to the extent of, such moneys, revenues, proceeds, and payments.

Section 1210. Headings. Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Bond Order, nor shall they affect its meaning, construction or effect.

Section 1211. Further Authority. The officers of the City, attorneys, engineers and other agents or employees of the City are hereby authorized to do all acts and things required of them by this Bond Order for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bond and this Bond Order.

Section 1212. City of Officers and Employees of City. The officers of the City, the members of the City Council and any agent and employee of the City are hereby authorized and

directed to do all acts and things required of them by the provisions of the Bonds and this Bond Order for the full, punctual and complete performance of the terms, covenants, provisions and agreements of the same.

Section 1213. Days Not a Business Day. Any event that is required to occur hereunder on a day that is a Saturday, Sunday or other day when banks located in the City or in Charlotte, North Carolina are not open for business shall be taken on the next day when banks are so open with the same force and effect as if taken on the date when such action was to have been so taken. Any event other than payments to be made on the Bonds that is required to occur hereunder on a day that is a Saturday, Sunday or other day when the principal offices of the City are not open for business shall be taken on the next day when such offices are so open with the same force and effect as if taken on the date when such action was to have been so taken.

Section 1214. Local Government Commission Exempt From Liability. The Local Government Commission shall be under no obligation to the Holder of the Bonds for any action that it may or may not take or in respect of anything that it may or may not do by reason by any information contained in any reports or other documents received by it under the provisions of this Bond Order. The immunities and exemptions from liability of the Local Government Commission hereunder shall extend to the officers, successors, employees and agents of the same.

Section 1215. Bond Order Effective. This Bond Order shall take effect immediately upon its adoption.

FORM OF BOND ANTICIPATION NOTE

No. R-1

\$ _____

United States of America
State of North Carolina

CITY OF ROANOKE RAPIDS, NORTH CAROLINA
MUSIC AND ENTERTAINMENT DISTRICT SPECIAL REVENUE BOND ANTICIPATION
NOTE, SERIES 2006

The City of Roanoke Rapids (the "City") in the State of North Carolina, for value received, hereby promises to pay, solely from the sources and in the manner hereinafter provided, to _____ or registered assigns or legal representative, the principal sum of Three Million Seven Hundred Eighty-Five Thousand Dollars (\$3,785,000) on [April 1, 2007], and to pay, solely from said sources, interest from the date hereof on the unpaid portion of said principal sum until payment of said principal sum, computed on the basis of a 365 day year for actual days elapsed, at the rate of _____ percent (____%) per annum, such interest being payable on the maturity date hereof.

The principal of and interest on this Note will be paid to the person in whose name this Note is registered in such registration books on the maturity date by check mailed or hand delivered by the Registrar to the registered owner as its address as it appears in such registration books without presentation or surrender hereof. Both the principal of and the interest of this Note shall be payable in any coin or currency of the United States of America which on the respective dates of payment is legal tender for the payment of public and private debts.

This Note is issued pursuant to Article V, Section 14 of the constitution of the State of North Carolina, the North Carolina Project Development Financing Act, being Article 6 of Chapter 159 of the North Carolina General Statutes, as amended (the "Act"), and an Amended and Restated Bond Order (the "Bond Order") duly adopted by the City Council of the City on February 28, 2006. This note is issued in anticipation of the issuance of a like amount of Bonds to be issued to finance certain improvements to the Carolina Crossroads Music and Entertainment District, a special development district created by the City pursuant to the Act.

This Note is a Project Development Financing Debt Instrument of the City within the meaning of the Act. This Note is secured by the Obligated Revenues, as defined in the Bond Order, which consist generally of (a) the lease payments to be received by the City from the leasing of the facilities being financed, (b) amounts derived from the levy of City *ad valorem* taxation upon the incremental valuation of the District, determined as provided in the Act and (c) the revenues received by the City from sales taxes levied by certain governmental entities and distributed to the City. The principal of and the premium, if any, and the interest on this Note are

payable solely from such Obligated Revenues and, under certain circumstances as provided in the Bond Order, money attributable to the proceeds of this Note and the income from the temporary investment thereof, and from the proceeds of the Bonds in anticipation of which this Note is issued.

EXCEPT WITH RESPECT TO THE AMOUNTS RECEIVED BY THE CITY FROM THE LEVY OF *AD VALOREM* TAXES UPON THE INCREMENTAL VALUATION IN THE DISTRICT, NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OR INTEREST OF THIS NOTE, AND NO HOLDER OF THIS NOTE 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 THIS NOTE.

The Bond Order shall be available for inspection by the registered owner of this Note at all reasonable times at the office of the City Clerk.

The transfer of this Note may be registered by the registered owner hereof only upon execution of an assignment hereof duly executed by such registered owner or his attorney or legal representative. Notice of such transfer shall be given promptly by the transferor to the Registrar, such notice to be in such form as shall be satisfactory to the Registrar, and upon receipt of such notice, this Note shall be registered as to both principal and interest on the registration books maintained pursuant to the Bond Order. Upon any registration of transfer of this Note, the City shall, if necessary, execute and the Registrar shall authenticate and deliver in exchange for this Note a new Note, registered in the name of the transferee, in a principal amount equal to the Outstanding principal amount of this Note, with installments of principal maturing on the same dates as the Outstanding installments of principal of this Note, and bearing interest at the same rate and payable on the same dates.

This Note shall not be subject to redemption prior to maturity.

The registered owner of this Note shall have the right to enforce the provisions of the Bond Order or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default (as defined in the Bond Order), or to institute, appear in or defend any suit or other proceeding with respect thereof, all as provided in the Bond Order.

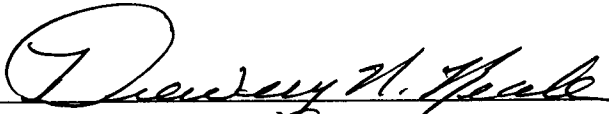
Modifications or alterations of the Bond Order for issuance of this Note or any order or resolution supplemental thereto may be made only to the extent and in the circumstances permitted by the Bond Order.

This Note is issued with the intent that the laws of the State of North Carolina shall govern its construction.

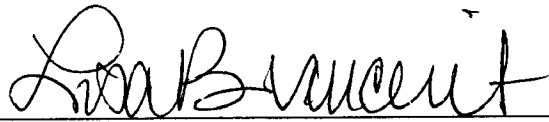
All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Note have happened, exist and have been performed as so required.

This Note shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Order until it shall have been authenticated by the execution by the Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the City of Roanoke Rapids, North Carolina, by order adopted by its City Council, has caused this Note to be signed by its Mayor and City Clerk and the corporate seal of the City to be impressed hereon, all as of the ____ day of March, 2006.



Mayor



City Clerk

[SEAL]

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within Note has been approved under the provisions of the North Carolina Project Development Financing Act.

Timothy L. Romocki
Acting-Secretary, Local Government Commission

By: _____
Designated Assistant

CERTIFICATE OF AUTHENTICATION

This Note is issued under the provisions of the within mentioned Bond Order.

Finance Officer of the City of Roanoke Rapids,
North Carolina, as Registrar

Date of authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered owner thereof hereby sells, assigns and transfers unto

the within Note and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to register the books the transfer of said Notes on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the date of the within Note in every particular, without alteration or enlargement or any change whatever.

[Form of Requisition]

REQUISITION AND CERTIFICATE

First-Citizens Bank & Trust Company
Raleigh, North Carolina

Sirs:

On behalf of the City of Roanoke Rapids, North Carolina, (the "City"), I hereby requisition, from the funds representing the proceeds of the sale of the Music and Entertainment District Special Revenue Bonds Notes issued by the City, which funds are held by you in the Project Fund in accordance with the Amended and Restated Bond Order adopted by the City on February 27, 2007 (the "Bond Order"), the sum of \$_____ to be paid to _____ for _____.

I hereby certify that (a) the obligation to make such payment was incurred by the City in connection with the Theater Facility (referred to in the Bond Order), is a Cost of the Project (as defined in the Bond Order), and has not been the basis for any prior requisition which has been paid; (b) the City has not received notice of any lien, right to lien or attachment upon, or claim affecting the right of such payee to receive payment of, any of the money payable under this requisition to any of the persons, firms or corporations named herein, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of this requisition; (c) this requisition contains no items representing payment on account of any percentages which the City is entitled to retain at this date; and (d) the payment of this requisition will not result in any breach by the City of any covenant made by the City in the Bond Order.

[The following paragraph is to be completed when any requisition and certificate includes any item for payment for labor or to contractors, builders or materialmen.]

I hereby certify that insofar as the amount covered by the above requisition includes payments to be made for labor or to contractors, builders or materialmen, including [description of materials or supplies], in connection with the Theater Facility, (i) all obligations to make such payments have been properly incurred, (ii) any such labor was actually performed and any such materials or supplies were actually furnished or installed in or about the Theater Facility and are a proper charge against the Cost of the Project and (iii) such materials or supplies either are not subject to any lien or security interest or, if the same are so subject, such lien or security interest will be released or discharged upon payment of this requisition.

I hereby certify on behalf of the City that no Event of Default (as defined in the Bond Order) and no event which with notice or lapse of time or both would become an Event of Default, has occurred and is continuing on the date hereof.

City Representative