

STATE OF NORTH CAROLINA
COUNTY OF WAKE

FIRST AMENDMENT TO
TRI-PARTY AGREEMENT

THIS FIRST AMENDMENT TO THE TRI-PARTY AGREEMENT, effective this 1st day of February, 1999 ("Amended Agreement"), between the COUNTY OF WAKE, a political subdivision of the State of North Carolina (the "County"), acting by and through its Board of County Commissioners (the "County Board"); the CITY OF RALEIGH, a municipal corporation of the State of North Carolina (the "City"), acting by and through its City Council (the "City Council"); and the CENTENNIAL AUTHORITY, a public agency of the State of North Carolina created pursuant to North Carolina General Statute 160A-480.1, et seq., (the "Authority"), acting by and through its appointed membership.

WITNESSETH:

WHEREAS, the Authority intends to construct and operate a multi-purpose regional sports, entertainment and convocation arena complex ("Arena Project") in Wake County, North Carolina, pursuant to authority and direction of the North Carolina General Assembly; and

WHEREAS, the County has levied room occupancy and prepared food and beverage taxes as allowed by law; and

WHEREAS, the County and the City provide, through an interlocal agreement, for the use of the funds collected; and

WHEREAS, the Authority has requested that the County and the City allocate, beginning in fiscal year 2001-01, sufficient funds to provide debt service required for construction of the Arena Project; and

WHEREAS, the County and the City consented to the Authority request upon conditions set forth in the Arena Project Tri-Party Agreement dated June 20, 1997 (the "Tri-Party Agreement"); and

WHEREAS, the Authority has now asked that the Tri-Party Agreement be amended to allow the substitution of a surety bond for the "debt service reserve" and, once this substitution occurs, for the reserve cash to be utilized as hereinafter set forth; and

WHEREAS, the County and the City have agreed to the Authority request conditioned upon the Tri-Party Agreement being amended as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the County, the City, and the Authority agree that Tri-Party Agreement dated June 20, 1997, be and is hereby amended as hereinafter set forth:

SECTION 1. Transfer of Debt Service Reserve. The Authority shall be allowed to substitute one or more surety bonds for the approximately \$5.2 million "debt service reserve" now being held to secure final payment of the bond debt incurred for the Arena. Once the initial surety bond substitution occurs, \$1,300,720 of the funds shall be available for deposit with other construction funds and used to complete the Arena. Upon each substitution of a surety bond or bonds for another portion for or the balance of the \$5.2 million, the equivalent amount of said funds shall be deposited into a Special Reserve Account to be used as provided in this Agreement.

- (a) The Authority has currently identified \$22,800,720 in required additional project funding for construction of the Arena. Funding to pay said increased costs shall come from the following sources:

Authority investment earnings to date	\$4,000,000
Projected Authority investment earnings	\$2,000,000
Authority sales tax refunds	\$1,500,000
North Carolina State University	\$6,000,000
Gale Force Limited Partnership	\$8,000,000
Transfer from "debt service reserve"	\$1,300,720

- (b) The transfer of "debt service reserve" funds authorized hereunder shall be contingent upon the Authority receiving concurrent commitments, the terms of which are satisfactory to the Authority Finance Director, for the additional project funding from North Carolina State University and Gale Force Limited Partnership in amounts not less than that stated in Section 1(a) herein.

- (c) The transfer of funds authorized hereunder shall be contingent upon the modification of the existing agreement between the Authority and Gale Force Limited Partnership (Carolina Hurricanes) to provide that 38% of the net revenues derived from naming the building, after satisfying commitments (not to exceed \$10.0 million) to North Carolina State University, shall be paid to the Authority. The definition of expenses which shall be deductible when determining net revenues shall be negotiated in good faith by the Gale Force Limited Partnership and the parties to this agreement. All calculations of the value of any agreement for the purchase of naming rights shall be based upon a present value analysis of the transaction, although funds shall be paid to the Authority as received by Gale Force. All revenues derived by the Authority for naming the building and elements of the arena complex shall initially be applied toward debt service payments for the financing authorized under Section 11.1 of the "Revised Interlocal Agreement between Wake County and the City of Raleigh Relating to Room Occupancy and Prepared Food and Beverage Tax Revenue" dated September 3, 1995, as amended in December of 1996, May 1, 1997, and October 9,

1998("the Bonds"). Except as provided herein the Authority shall not authorize the payment of any additional debt service from such funds.

SECTION 2. Revenues. After payment of debt service required by the Bond documents, the Authority shall apply net operating revenue first to make the payments in lieu of taxes to the City and County required by the Tri-Party Agreement. Funds for the payments in lieu of taxes shall be considered restricted funds. For so long as the Authority is required to return "excess operating funds" to the City and County under the terms of the Tri-Party Agreement, the Authority shall second apply any unrestricted funds available to it to retire the Bonds as soon as possible. It is the intent of the City and County parties to this agreement that all revenues received by the County and the City from the Authority will be classified as General Fund Revenue.

SECTION 3. Special Reserve Account. The Authority shall maintain a special reserve account into which shall be deposited any amounts released from the "debt service reserve." This account shall bear interest, and all interest earned thereon shall become a part of the account. The Authority may use funds in said account only for construction expenses and only after the funds listed in Section 1 (a) have been exhausted. Any unused funds in this account upon the completion of the arena construction shall be applied to debt service on the Bonds. Notwithstanding anything else herein, if it is determined by the Authority Finance Officer that retention of such unused funds in accordance with this section will have an adverse effect on the rebate obligation of the Authority with respect to the Bonds, such amounts will be used for construction costs and an equivalent amount of funds from other sources will be deposited into the special reserve account. Any such funds from other sources not used for construction expenses shall be applied to debt service on the Bonds unless all the parties hereto agree to a different use of such funds.

SECTION 4. Definition of Excess Operating Funds. The words "construction" and "associated debt service for" shall be deleted from the first sentence of Section 2(b) of the Tri-Party Agreement. A new sentence, reading as follows, shall be inserted as the second sentence of Section 2(b), and the existing second sentence shall be deleted.

Expenses shall specifically include costs associated with Authority staffing and operations, facility and grounds repair, and maintenance of the Arena Project, and the promotion and management costs related to the eight events which can be held by the Authority pursuant to its use agreement with Gale Force.

SECTION 5. Rent Advancement. For purposes of calculating excess operating funds, Advance Rent Payments, as defined in the Arena Lease Agreement dated as of November 7, 1997, shall not be taken in account as arising when paid but only as arising on the quarterly payment dates during the period to which such Advance Rent Payments relate.

SECTION 6. Use of 7% Funds. The Authority agrees to utilize the transfers to it under Section 14(b) of the Enabling Acts, as defined in the Interlocal Agreement, insofar as is practical, first for expenses, including deposits to the capital reserve and payments in lieu of taxes.

SECTION 7. Conflicts with Prior Agreement. Except where in conflict herewith, the Arena Project Tri-Party Agreement of June 20, 1997 shall remain in full force and effect.

IN WITNESS WHEREOF, the Agreement is executed the day and year first above written pursuant to resolutions adopting by the governing boards of the County, the City and the Authority.

CITY OF RALEIGH

By: [Signature]
Mayor

Attest: [Signature]
Clerk

Approval as to Form:
[Signature]
City Attorney

COUNTY OF WAKE

By: [Signature]
Chairman

Attest: [Signature]
Clerk

Approval as to Form:
[Signature]
County Attorney

CENTENNIAL AUTHORITY

By: [Signature]
Chairman

Attest: [Signature]
Secretary

Approval as to Form:
[Signature]
Authority General Counsel