

NEW DURHAM CORPORATION

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

as Trustee

SUPPLEMENTAL INDENTURE, NUMBER 2

Dated as of
October 1, 2013

SUPPLEMENTAL INDENTURE, NUMBER 2
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SUPPLEMENTAL INDENTURE, NUMBER 2

THIS SUPPLEMENTAL INDENTURE, NUMBER 2 dated as of October 1, 2013 (together with any supplements and amendments hereto made in accordance herewith, this “*Second Supplement*”), is between **NEW DURHAM CORPORATION** (the “*Corporation*”), a nonprofit corporation duly created and existing under the laws of the State of North Carolina, and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, as trustee (the “*Trustee*”), pursuant to an Indenture of Trust dated as of July 1, 2001 among the Corporation and **THE BANK OF NEW YORK**, the successor to which is the Trustee and **CENTRAL CAROLINA BANK AND TRUST**, as co-trustee (the “*2001 Indenture*”), being authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the State of North Carolina (the “*State*”).

WITNESSETH :

WHEREAS, the Corporation proposes to amend the 2001 Contract in order to (1) pay the capital costs of (a) acquiring land for City projects (b) constructing, renovating or improving parks and other facilities, (c) improving streets, sidewalks and other transportation projects, (d) acquiring governmental equipment, (e) completing energy management projects, (f) renovating the Durham Bulls Athletic Park and (g) other public improvements as outlined in the City’s Capital Improvement Plan (collectively, the “*2013 Project*”); and (2) refinance the City’s payment obligations under its Taxable Variable Rate Housing Bonds, Series 2000.

NOW THEREFORE, in addition to the rights, titles and interests granted by the Corporation to the Trustee in the 2001 Indenture, the Corporation, in consideration of the mutual covenants and agreements contained in the 2001 Indenture and in this Second Supplement and for the benefit of the Owners, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, in order to further secure the payment of the principal, premium, if any, and interest with respect to all Certificates at any time outstanding under the Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Certificates and contained in the Indenture, and to declare the terms and conditions on and subject to which the Certificates are executed and delivered and secured, has executed and delivered the Indenture and has granted, warranted, aliened, remised, released, conveyed, assigned, pledged, set over and confirmed, and by these presents does grant, warrant, alien, remise, release, convey, assign, sell, set over and confirm unto the Trustee, and to its successors and assigns forever, all rights, title and interest of the Corporation in the Amendment Number Two to the Installment Purchase Contract dated as of October 1, 2013 between the Corporation and the City;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein it is agreed as follows:

ARTICLE I
DEFINITIONS

Except as provided herein, all defined terms contained in Section 1.01 of the 2001 Indenture, Article I of the First Supplement, Section 1 of the First Contract Amendment and Section 1 of the Second Contract Amendment have the same meanings in this Second Supplement. In addition, the following words and terms, unless the context otherwise requires, have the following meanings:

“First Contract Amendment” means Amendment One to the Installment Purchase Contract dated as of August 1, 2010 between the Corporation and the City.

“First Supplement” means Supplemental Indenture, Number 1 dated as of August 1, 2010 between the Corporation and the Trustee and any amendments or supplements adopted in accordance with the terms of the 2001 Indenture and the First Supplement.

“Indenture” means, collectively, the 2001 Indenture, the First Supplement and the Second Supplement.

“Interest Payment Date” means April 1 and October 1, beginning April 1, 2014.

“Second Contract Amendment” means Amendment Two to the Installment Purchase Contract dated as of October 1, 2013 between the Corporation and the City.

“Second Supplement” means this Supplemental Indenture, Number 2 dated as of October 1, 2013 between the Corporation and the Trustee and any amendments or supplements adopted in accordance with the terms of the 2001 Indenture and this Second Supplement.

“2001 Contract” means the Installment Financing Contract dated as of July 1, 2001 between the City and the Corporation executed and delivered under the 2001 Indenture.

“2001 Indenture” means the Indenture of Trust dated as of July 1, 2001 between the Corporation and The Bank of New York, the successor to which is The Bank of New York Mellon Trust Company, N.A., as trustee, and Central Carolina Bank and Trust Company, as co-trustee, and any amendments and supplements thereto.

“2013 Bonds” means, collectively, the 2013A Bonds and the 2013B Bonds.

“2013A Bonds” means the Limited Obligation Bonds, Series 2013A, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues pursuant to the Contract, to be executed and delivered under this Second Supplement and the 2001 Indenture, the details of which are described in Section 2.4(a).

“2013B Bonds” means the Taxable Limited Obligation Bonds, Series 2013B, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues pursuant to the Contract, to be executed and delivered under this Second Supplement and the 2001 Indenture, the details of which are described in Section 2.4(a).

“2013A Bonds Account of the Construction Fund” means the account by that name created in the Construction Fund under this Second Supplement.

“2013B Bonds Account of the Construction Fund” means the account by that name created in the Construction Fund under this Second Supplement.

[End of Article I]

ARTICLE II
THE 2013 BONDS

Section 2.1 Authorized Amount of 2013 Bonds. No 2013 Bonds may be executed and delivered under the provisions of this Second Supplement and the 2001 Indenture except in accordance with this Article. The total principal amount of 2013A Bonds that may be executed and delivered is hereby expressly limited to \$[A Amount] and the total principal amount of 2013B Bonds that may be executed and delivered is hereby expressly limited to \$[B Amount], except as provided in the 2001 Indenture.

Section 2.2 General Terms of 2013 Bonds. The 2013A Bonds will be designated “*Limited Obligation Bonds, Series 2013A, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues pursuant to the Installment Purchase Contract between New Durham Corporation and the City of Durham, North Carolina.*” The 2013A Bonds will be numbered from RA-1 upwards and will be substantially in the form set forth in Exhibit A with such appropriate variations, omissions and insertions as are permitted or required by this Second Supplement. The 2013B Bonds will be designated “*Taxable Limited Obligation Bonds, Series 2013B, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues pursuant to the Installment Purchase Contract between New Durham Corporation and the City of Durham, North Carolina.*” The 2013B Bonds will be numbered from RB-1 upwards and will be substantially in the form set forth in Exhibit B with such appropriate variations, omissions and insertions as are permitted or required by this Second Supplement. The 2013 Bonds will be executed and delivered as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Section 2.3 Delivery of 2013 Bonds. Before the delivery by the Trustee of any of the 2013 Bonds, the items required under Section 2.11 of the 2001 Indenture must be filed with the Trustee.

Section 2.4 Details of 2013 Bonds; Payment.

(a) The 2013A Bonds will mature on October 1 of the years and in the amounts and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) as follows:

<u>YEAR OF</u> <u>MATURITY</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>YEAR OF</u> <u>MATURITY</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
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The 2013B Bonds will mature on October 1 of the years and in the amounts and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) as follows:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
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(b) Both the principal and the interest with respect to the 2013 Bonds and any premiums on the prepayment thereof prior to maturity are payable in any lawful coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Each 2013 Bond shall bear interest until its principal sum has been paid, but if such 2013 Bond has matured or has been called for prepayment and the prepayment date has occurred and funds are available for the payment thereof in full in accordance with the terms of the 2001 Indenture, such 2013 Bond shall then cease to bear interest as of the maturity date or prepayment date. The 2013 Bonds will be dated as of October 10, 2013, except that 2013 Bonds executed and delivered in exchange for or on the registration of transfer of 2013 Bonds will be dated as of the Record Date preceding the day of authentication thereof, unless (1) the date of such authentication precedes the first Interest Payment Date for such 2013 Bonds, in which case they will be dated as of October 10, 2013, (2) it is authenticated after a Record Date and before the following Interest Payment Date for such 2013 Bonds, in which event interest with respect thereto will be payable from such following Interest Payment Date for such 2013 Bonds or (3) the date of such authentication is an Interest Payment Date to which interest with respect to the 2013 Bonds has been paid in full or duly provided for in accordance with the terms of this Second Supplement and the 2001 Indenture, in which case they will be dated as of such Interest Payment Date; except that if, as shown by the records of the Trustee, interest with respect to the 2013 Bonds is in default, 2013 Bonds executed and delivered in exchange for or on registration of transfer of 2013 Bonds will be dated as of the date to which interest on the 2013 Bonds has been paid in full. If no interest has been paid on the 2013 Bonds, 2013 Bonds executed and delivered in exchange for or on the registration of transfer of 2013 Bonds will be dated as of October 10, 2013.

(c) The 2013 Bonds will be delivered by means of a book-entry system with no physical distribution of definitive 2013 Bonds made to the public. One definitive 2013 Bond for each maturity of each series is to be delivered to The Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2013 Bonds in the denomination of \$5,000 or integral multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants (the “DTC Participants”) pursuant to rules and procedures established by DTC.

Each DTC Participant will be credited in the records of DTC with the amount of such DTC Participant’s interest in the 2013 Bonds. Beneficial ownership interests in the 2013 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the “Beneficial Owners.” The Beneficial Owners will not receive definitive 2013 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner will be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its 2013 Bonds. Transfers of ownership interests in the 2013 Bonds will be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE 2013 BONDS, THE

TRUSTEE SHALL TREAT CEDE & CO. AS THE ONLY OWNER OF THE 2013 BONDS FOR ALL PURPOSES UNDER THE 2001 INDENTURE AND THIS SECOND SUPPLEMENT, INCLUDING RECEIPT OF ALL PRINCIPAL AND PREMIUM, IF ANY, AND INTEREST ON THE 2013 BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE 2001 INDENTURE OR THIS SECOND SUPPLEMENT.

Notwithstanding the provisions of paragraph (d) below, payments of principal, interest and premium, if any, with respect to the 2013 Bonds, so long as DTC is the only Owner of the 2013 Bonds, will be paid by the Trustee directly to DTC or its nominee, as provided in the Blanket Letter of Representation dated July 15, 1995 from the Corporation to DTC (the "*Letter of Representation*"). DTC will remit such payments to DTC Participants, and such payments thereafter will be paid by DTC Participants to the Beneficial Owners. The Trustee and the City are not and will not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

If DTC determines not to continue to act as securities depository for the 2013 Bonds and a successor securities depository is not identified to replace DTC, the City will cause fully registered definitive 2013 Bonds to be delivered to DTC. The City may decide to discontinue use of the system of book-entry only transfers through DTC in accordance with DTC's rules and, in that event, the City will cause fully registered definitive 2013 Bonds to be delivered in accordance with DTC's rules and procedures.

THE CITY, THE CORPORATION AND THE TRUSTEE HAVE NO RESPONSIBILITY OR OBLIGATION WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE 2013 BONDS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE CONTRACT, THE 2001 INDENTURE OR THIS SECOND SUPPLEMENT TO BE GIVEN TO OWNERS; (4) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL PREPAYMENT OF THE 2013 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE, AS OWNER.

(e) The 2013 Bonds and any premiums on the prepayment thereof prior to maturity are payable at the principal corporate trust office of the Trustee on presentation and surrender. Interest with respect to the 2013 Bonds will be paid by the Trustee by check or draft mailed on the Interest Payment Date to each Owner as its name and address appear on the register kept by the Trustee at the close of business on the Record Date. At the written request of any Owner of at least \$1,000,000 in aggregate principal amount of the 2013 Bonds, principal and interest may be payable by wire transfer at the address specified in writing by the Owner by the Record Date. As long as Cede & Co. or another DTC nominee is the registered owner of the 2013 Bonds, the Trustee shall make all payments with respect to the 2013 Bonds by wire transfer in immediately available funds. CUSIP number identification with appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, premium, if any, and interest on any 2013 Bonds, whether by check or by wire transfer.

Section 2.5. Arbitrage and Tax Covenants. The Corporation covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from federal income taxation of the interest with respect to the 2013A Bonds, and if it should take or permit, or omit to take or cause to be taken, any such action, the Corporation will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly on having knowledge thereof. The Corporation acknowledges that the continued exclusion of interest with respect

to the 2013A Bonds from an Owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. The Corporation covenants that it will comply, or cause the City to comply, with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the 2013A Bonds or other funds under their control be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the 2013A Bonds to be "*arbitrage bonds*" for purposes of Section 148 of the Code.

[End of Article II]

ARTICLE III
PREPAYMENT OF 2013 BONDS

Section 3.1. Prepayment Dates and Prices; 2013A Bonds. 2013A Bonds maturing on or before October 1, 20__ are not subject to optional call and prepayment before maturity. The 2013A Bonds maturing after October 1, 20__ may be prepaid before their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any date on or after October 1, 20__ at a prepayment price equal to 100% of the principal amount of 2013A Bonds to be so prepaid together with accrued interest to the date fixed for prepayment, if any, without premium.

When 2013A Bonds are to be prepaid in part as set forth herein, the schedule of Installment Payments set forth in the Contract is to be recalculated as necessary by the Trustee in the manner required by Section 3.07 of the 2001 Indenture.

The Trustee shall pay to the Owners of 2013A Bonds so prepaid the amounts due on their respective 2013A Bonds at the principal corporate trust office of the Trustee on presentation and surrender of the 2013A Bonds; provided, however, that, if prepaid in part, the 2013A Bonds may be prepaid only in multiples of \$5,000. Prepayments are to be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the 2013A Bond immediately before the payment, the portion of the payment representing interest, and the remaining portion, if any, which shall be designated and paid as a prepayment premium.

Section 3.2. Prepayment Dates and Prices; 2013B Bonds. 2013B Bonds are subject to prepayment, in whole or in part, as set forth below:

(a) *Optional Prepayment.* The 2013B Bonds maturing on or before October 1, 2020 are not subject to optional call and prepayment before maturity. The 2013B Bonds maturing after October 1, 20__ may be prepaid before their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any date on or after October 1, 20__ at a prepayment price equal to 100% of the principal amount of 2013B Bonds to be so prepaid together with accrued interest to the date fixed for prepayment, if any, without premium.

(b) *Mandatory Sinking Fund Prepayment.* The 2013B Bonds maturing on October 1, 20__ are subject to mandatory sinking fund prepayment on October 1 of each year by lot from the principal components of the Installment Payments required to be paid by the City under the Contract with respect to each such prepayment date, at a prepayment price equal to 100% of the principal amount thereof to be prepaid, together with accrued interest thereon to the prepayment date, without premium as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>
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*Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory prepayment date, the City may (1) deliver to the Trustee for cancellation 2013B Bonds or portions thereof in any aggregate principal amount desired, or (2) receive a credit in respect of its mandatory prepayment obligation for any 2013B Bonds which before said date have been purchased or prepaid (otherwise than through mandatory prepayment under this Section 3.2(d)) and canceled by the Trustee and not theretofore applied as a credit against any mandatory prepayment obligation. Each such 2013B Bond or portion thereof so delivered or previously purchased or prepaid and canceled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof against the Installment Payment obligation corresponding to such mandatory prepayment date and the principal amount of the 2013B Bond to be prepaid on such date shall be reduced accordingly. To the extent that the aggregate principal amount of such 2013B Bonds or portions thereof exceeds the Installment Payment obligation on such mandatory prepayment date, any excess over such amount shall be credited against future Installment Payment obligations, as directed by the City, and the principal amount of the 2013B Bonds to be prepaid shall be accordingly reduced.

The City must on or before the 45th day next preceding each such mandatory prepayment date furnish the Trustee with its certificate indicating to what extent the provisions of (1) and (2) of the preceding paragraph are to be availed of with respect to such mandatory prepayment payment.

When 2013B Bonds are to be prepaid in part pursuant to Section 3.2(a), (b) or (c), the schedule of Installment Payments set forth in the Contract is to be recalculated as necessary by the Trustee in the manner required by Section 3.07 of the 2001 Indenture.

The Trustee shall pay to the Owners of 2013B Bonds so prepaid the amounts due on their respective 2013B Bonds at the principal corporate trust office of the Trustee on presentation and surrender of the 2013B Bonds; provided, however, that, if prepaid in part, the 2013B Bonds may be prepaid only in multiples of \$5,000. Prepayments are to be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the 2013B Bond immediately before the payment, the portion of the payment representing interest, and the remaining portion, if any, which shall be designated and paid as a prepayment premium.

Section 3.3. Notice of Prepayment; Selection. The Trustee shall give notice of prepayment identifying the 2013 Bonds or portions thereof to be prepaid in writing not less than 30 days nor more than 60 days before the date fixed for prepayment (1) by electronic delivery or other means authorized by DTC's rules and procedures if DTC is the Owner of the 2013 Bonds, (2) by first-class mail, postage prepaid, (a) if DTC or its nominee is no longer the Owner of the 2013 Bonds, to the then-registered Owners of the 2013 Bonds to be prepaid at their addresses appearing on the registration books maintained by the Trustee, and (b) to the Local Government Commission and (3) by electronic delivery or other authorized means to the Municipal Securities Rulemaking Board for posting on the "EMMA" continuing disclosure system or to any successor system.

Notwithstanding the foregoing, (1) if notice is properly given, the failure to receive an appropriate notice shall not affect the validity of the proceedings for such prepayment, (2) the failure to give any such notice or any defect therein shall not affect the validity of the proceedings for the prepayment of the 2013 Bonds or portions thereof with respect to which notice was correctly given, and (3) the failure to give any such notice to the parties described in clauses (2) and (3) in the preceding paragraph, or any defect therein, shall not affect the validity of any proceedings for the prepayment of the 2013 Bonds.

Notice of prepayment shall specify, as applicable, (1) that the 2013 Bonds or a designated portion thereof are to be prepaid, (2) the CUSIP numbers of the 2013 Bond or 2013 Bonds to be prepaid (unless all 2013 Bonds are being prepaid), (3) the prepayment date, (4) the prepayment price, (5) the prepayment agent's name and address, (6) the date of original execution and delivery date of the 2013 Bonds, (7) the interest rate with respect to the 2013 Bond, (8) the maturity date of the 2013 Bond and (9) if a prepayment in part, called amounts for prepaid 2013 Bonds.

Any notice mailed as provided in this Section is conclusively presumed to have been duly given, whether or not the Owner receives the notice.

If at the time of mailing of notice of prepayment there has not been deposited with the Trustee money sufficient to prepay all the 2013 Bonds or portions thereof called for prepayment, which money is or will be available for prepayment of 2013 Bonds, such notice will state that it is conditional on the deposit of the prepayment money with the Trustee not later than the opening of business on the prepayment date, and such notice is of no effect unless such money is so deposited.

If called for prepayment in part, the 2013 Bonds to be prepaid shall be prepaid from the series and in such order as the City shall select, except for a prepayment pursuant to Section 3.2(b), and within the same maturity of each series as selected by DTC pursuant to its rules and procedures or, if the book-entry system with respect to the 2013 Bonds is discontinued, the Trustee will select 2013 Bonds to be prepaid by lot within each maturity of each series in such manner as the Trustee in its discretion may determine; provided, however, that, if prepaid in part, the 2013 Bonds will be prepaid only in multiples of \$5,000.

Section 3.4. Prepayments. Before the date fixed for prepayment, funds shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the 2013 Bonds or portions thereof called, together with accrued interest thereon to the prepayment date and any required premium. On the giving of notice and the deposit of such funds for prepayment pursuant to this Indenture (which, in the case of prepayment under Sections 3.1, 3.2(a) and 3.2(b) above, may be less than the full principal amount of the Outstanding 2013 Bonds and accrued interest thereon to the prepayment date), interest with respect to the 2013 Bonds or portions thereof thus called shall no longer accrue after the date fixed for prepayment.

The 2013 Bonds or portions thereof called for prepayment are due and payable on the prepayment date at the prepayment price, together with accrued interest thereon to the prepayment date and any applicable prepayment premium. If any required notice of prepayment has been given and money sufficient to pay the prepayment price, together with accrued interest thereon to the prepayment date and any required prepayment premium, has been deposited with the Trustee, the 2013 Bonds or portions thereof so called for prepayment cease to be entitled to any benefit or security under this Indenture and the Owners of such 2013 Bonds have no rights in respect of such 2013 Bonds or portions thereof so called for prepayment except to receive payment of the prepayment price and accrued interest to the prepayment date from such funds held by the Trustee.

Anything in this Indenture to the contrary notwithstanding, if an Event of Default occurs and is continuing, there will be no prepayment of less than all of the 2013 Bonds Outstanding.

Section 3.5. Cancellation. All 2013 Bonds which have been prepaid are not to be redelivered but are to be canceled and burned or otherwise destroyed by the Trustee in accordance with Section 2.10 of the 2001 Indenture.

Section 3.6. Delivery of New 2013 Bonds On Partial Prepayment of 2013 Bonds. On surrender and cancellation of the 2013 Bonds called for prepayment in part only, a new 2013 Bond or

2013 Bonds of the maturity and interest rate and of authorized denominations of the applicable series, in an aggregate principal amount equal to the unrepaid portion thereof, is to be executed on behalf of the Corporation and authenticated and delivered by the Trustee. The City shall pay the expenses of such execution, authentication, delivery and exchange as Additional Payments under the Contract.

[End of Article III]

ARTICLE IV
CREATION OF ACCOUNTS; APPLICATION OF 2013 BOND PROCEEDS

Section 4.1 *Creation of Accounts.* Two accounts within the Construction Fund are created and established by the Trustee, one to be designated the “*2013A Bonds Account*” and the other to be designated the “*2013B Bonds Account.*”

Section 4.2. *Application of Proceeds.* From the proceeds of the 2013A Bonds, the Corporation will cause \$, , . to be deposited in the 2013A Bonds Account of the Construction Fund. From the proceeds of the 2013B Bonds, the Corporation will cause \$, , . to be deposited in the 2013B Bonds Account of the Construction Fund. On receipt of the funds in the 2013B Bonds Account and without requisition therefor, the Trustee will transfer \$[4,000,000.00] directly to Branch Banking and Trust Company, as paying agent for the 2000 Bonds on [Date], which, along with funds transferred directly from the City, will discharge the 2000 Bonds. Money in the 2013A Bonds Account and remaining money in the 2013B Bonds Account will be expended in accordance with Sections 3.10 and 3.11 of the 2001 Indenture.

[End of Article IV]

ARTICLE V
MISCELLANEOUS

Section 5.1. Parties Interested Herein. Nothing in this Second Supplement expressed or implied is intended or will be construed to confer on, or to give to any person other than the City, the Trustee, the Corporation and the Owners, any right, remedy or claim under or by reason of this Second Supplement or any covenant, condition or stipulation hereof and all the covenants, stipulations, promises and agreements in this Second Supplement contained by and on behalf of the Corporation or the Trustee will be for the sole and exclusive benefit of the City, the Trustee, the Corporation and the Owners.

Section 5.2. Titles, Headings, Captions, Etc. The titles, captions and headings of the articles, sections and subdivisions of this Second Supplement have been inserted for convenience of reference only and will in no way modify or restrict any of the terms or provisions hereof

Section 5.3. Severability. If any provision of this Second Supplement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof. If any one or more of the provisions provided in this Second Supplement is construed to be invalid or unenforceable, the parties hereto shall, in the alternative, agree to replace such provision with a lawful provision which most nearly approximates the provision held to be invalid or unenforceable.

Section 5.4. Governing Law. This Second Supplement is governed by and to be construed in accordance with the laws and constitution of the State.

Section 5.5. Execution in Counterparts. This Second Supplement may be executed in several counterparts, each of which is an original and all of which constitute but one and the same instrument.

Section 5.6. Full Force and Effect. Except as supplemented or amended by the First Supplement, all provisions of the 2001 Indenture, as amended, remain in full force and effect.

[End of Article V]

IN WITNESS WHEREOF, the Corporation and the Trustee have caused this Second Supplement to be executed in their respective names and, with respect to the Corporation, their seal to be hereto affixed and attested by their duly authorized officials or offices, all as of the date first above written.

NEW DURHAM CORPORATION

[SEAL]

Attest:

By: _____
[Nicholas J. Tennyson]
President

Pamela D. Parker
Secretary/Treasurer

[COUNTERPART SIGNATURE PAGE TO THE SECOND SUPPLEMENT]

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By: _____
[M. Russell Smith, Jr.]
Vice President

EXHIBIT A

FORM OF 2013A BOND

RA-

\$

United States of America
State of North Carolina

LIMITED OBLIGATION BOND, SERIES 2013A
Evidencing A Proportionate Undivided
Interest in Rights to Receive Certain
Revenues Pursuant to an Installment Purchase Contract
Between New Durham Corporation and the
City of Durham, North Carolina

INTEREST RATE

MATURITY DATE

DATED DATE

CUSIP

October 1, ____

October 10, 2013

266678 ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

THIS CERTIFIES THAT THE REGISTERED OWNER (named above), or registered assigns, has a proportionate undivided interest in rights to receive certain revenues, as described below, pursuant to a certain Installment Purchase Contract dated as of July 1, 2001 (the "2001 Contract"), as amended by Amendment Number One to the Installment Purchase Contract dated as of August 1, 2010 and as further amended by Amendment Number Two to the Installment Purchase Contract dated as of October 1, 2013 (collectively, the "Contract"), between NEW DURHAM CORPORATION (the "Corporation") and the CITY OF DURHAM, NORTH CAROLINA, a North Carolina municipal corporation (the "City"). The interest of the Owner of this Limited Obligation Bond (this "2013A Bond") is secured as provided in the Indenture of Trust dated as of July 1, 2001 (the "2001 Indenture"), between the Corporation and The Bank of New York, the successor to which is The Bank of New York Mellon Trust Company, N.A., and Central Carolina Bank and Trust Company, as co-trustee, as supplemented by Supplemental Indenture, Number 1 dated as of August 1, 2010 (the "First Supplement") and as further supplemented by Supplemental Indenture, Number 2 dated as of October 1, 2013 (the "Second Supplement" and collectively with the 2001 Indenture and all supplements thereto, the "Indenture") between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), for the registered owners of the 2013A Bonds (the "Owners"), by which the rights (with certain exceptions) of the Corporation, under the Contract, have been assigned by the Corporation to the Trustee for the benefit of the Owners. Pursuant to the Contract and the Indenture, the Owner hereof is entitled to receive, solely out of and to the extent available from the sources hereinafter identified, on the Maturity Date stated above (or earlier as hereinafter provided), the Principal Sum stated above, and interest thereon from the Dated Date (shown above) at the interest rate per annum stated above, payable commencing on April 1, 2014 and semiannually thereafter on April 1 and October 1 in each year until payment in full of such Principal Sum. Principal with respect to this 2013A Bond is payable in lawful money of the United States of America at the corporate trust office of the Trustee located in Jacksonville, Florida, or that of its successor; and interest with respect to this 2013A Bond is payable to the Owner hereof by wire transfer (if requested), check or draft of the Trustee, or its successor, to be mailed to such Owner at his or her address as it last appears in the registration books kept by the Trustee. Notwithstanding the foregoing, so long as

Cede & Co. is the registered Owner of this 2013A Bond, the principal and interest with respect to this 2013A Bond is to be paid by wire transfer in immediately available funds on each principal payment date and interest payment date.

The 2013A Bonds will be delivered by means of a book-entry system with no physical distribution of 2013A Bonds made to the public. One 2013A Bond for each maturity will be executed and delivered to The Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2013A Bonds in principal amounts in the denomination of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. While DTC or its nominee is the registered owner of this 2013A Bond, payments of principal and interest will be made to DTC or its nominee in accordance with existing arrangements by wire transfer in immediately available funds. The City and the Trustee will not be responsible or liable for maintaining, supervising, or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If DTC determines not to continue to act as securities depository for the 2013A Bonds and a successor securities depository is not identified to replace DTC, the City will cause fully registered definitive 2013A Bonds to be delivered to DTC. The City may decide to discontinue use of the system of book-entry only transfers through DTC in accordance with DTC’s rules and, in that event, the City will cause fully registered definitive 2013A Bonds to be delivered to DTC in accordance with its rules and procedures.

The City, the Corporation, and the Trustee do not have any responsibility or obligations with respect to (a) the accuracy of any records maintained by DTC; (b) the payment by DTC of any amount due to any beneficial owners in respect of the principal and interest with respect to the 2013A Bonds; (c) the delivery or timeliness of delivery by DTC of any notice which is required or permitted under the terms of the Contract or Indenture to be given to Owners; (d) the selection of Owners to receive payments in the event of any partial prepayment of the 2013A Bonds; or (e) any consent given or other action taken by DTC, or its nominee.

EACH 2013A BOND EVIDENCES A PROPORTIONATE UNDIVIDED INTEREST IN THE RIGHT TO RECEIVE CERTAIN REVENUES UNDER THE CONTRACT. THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT PAYMENTS AND ADDITIONAL PAYMENTS IS A LIMITED OBLIGATION OF THE CITY, PAYABLE SOLELY FROM CURRENTLY BUDGETED APPROPRIATIONS OF THE CITY; DOES NOT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF NORTH CAROLINA; AND DOES NOT CONSTITUTE A DIRECT OR INDIRECT PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE CITY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF NORTH CAROLINA.

This 2013A Bond is one of the limited obligation bonds evidencing proportionate undivided interests in rights to receive certain revenues (the “Revenues”) pursuant to the Contract and the Indenture, in an aggregate principal amount of \$[A Amount] executed and delivered pursuant to the Indenture for the purpose, among others, of providing funds to finance the capital costs of (a) acquiring land for City projects (b) constructing, renovating or improving parks and other facilities, (c) improving streets, sidewalks and other transportation projects, (d) acquiring governmental equipment, (e) completing energy management projects, and (f) other public improvements as outlined in the City’s Capital Improvement Plan. Simultaneously with the initial execution and delivery of the 2013A Bonds, the Corporation will execute and deliver Taxable Limited Obligation Bonds, Series 2013B (the “2013B Bonds”) pursuant to the Contract and the Indenture, in an aggregate principal amount of \$[B Amount] to finance the capital costs of renovating the Durham Bulls Athletic Park; and refinance the City’s payment obligations under

its Taxable Variable Rate Housing Bonds, Series 2000. The Corporation has previously executed and delivered Limited Obligation Bonds, Series 2010A (the “2010A Bonds”) in the aggregate principal amount of \$39,145,000, of which \$27,835,000 is currently outstanding, and Taxable Limited Obligation Bonds, Series 2010B (the “2010B Bonds”) in the aggregate principal amount of \$17,885,000, all of which are currently outstanding. The 2010A Bonds, the 2010B Bonds, the 2013A Bonds and the 2013B Bonds are parity obligations under the Indenture. Under the Contract, the Corporation has agreed to advance to the City the Purchase Price (as defined in the Contract), the proceeds from which will be used to finance or refinance the Projects, and the City has agreed to pay directly to the Trustee semiannual payments (the “*Installment Payments*”) in repayment of the Purchase Price, the proceeds of which are required by the Indenture to be distributed by the Trustee to the payment of the principal, premium, if any, and interest with respect to the 2013A Bonds, the 2013B Bonds, 2010A Bonds, the 2010B Bonds, and any Additional Certificates (collectively, the “*Certificates*”). In addition to the Installment Payments, the City has agreed to make certain other payments (the “*Additional Payments*”) sufficient to pay the fees and expenses of the Trustee and the Corporation and other expenses required to be paid by the City under the Contract. The City has covenanted in the Contract to pay the Installment Payments and the Additional Payments as they become due and, as security for that payment obligation, the City has executed and delivered the Deed of Trust and Security Agreement dated as of July 1, 2001 (the “*2001 Deed of Trust*”) from the City to the deed of trust trustee named therein for the benefit of the Corporation, as extended by the Notice of Extension to the Deed of Trust dated as of August 1, 2010 (the “*First Notice of Extension*”) from the City to the deed of trust trustee named therein for the benefit of the Corporation (the “*First Notice of Extension*” and, together with the 2001 Deed of Trust and the First Notice of Extension, the “*Deed of Trust*”), with respect to the Premises and the Additional Premises. If the Contract is terminated by reason of an Event of Default (as defined in the Contract), the principal amount of this 2013A Bond and the interest hereon will be payable from such money, if any, as may be available for such purpose, including any money received by the Trustee from the sale, lease, sublease or other disposition (1) the Equipment pursuant to the Contract and (2) the Premises or the Additional Premises pursuant to the Deed of Trust. The Contract may also be terminated if the City exercises its option to prepay in full the Purchase Price. If the City prepays the Purchase Price in full, the proceeds thereof are required to be used to pay the principal, premium, if any, and interest with respect to the Certificates. Reference is hereby made to the Contract and the Indenture for a description of the rights, duties and obligations of the City, the Corporation, the Trustee and the Owners, the terms on which the Certificates are secured, the terms and conditions on which the Certificates will be deemed to be paid at or before maturity or prepayment of the Certificates on the making of provision for the full or partial payment thereof, and the rights of the Owners on the occurrence of an Event of Default. All capitalized, undefined terms used herein have the meanings ascribed thereto in the Contract and the Indenture.

Subject to the execution and delivery of any Additional Certificates in accordance with the Indenture, if the City pays all Installment Payments due under the Contract through final maturity and otherwise complies with its obligations under the Contract through such date, the Indenture and the Contract provide that the Trustee shall release the lien of the Indenture on final maturity.

The 2013A Bonds are executed and delivered solely as fully registered certificates without coupons in denominations of \$5,000 and any integral multiple thereof.

This 2013A Bond is transferable by the Owner hereof in person or by his or her attorney duly authorized in writing on the registration books kept at the principal corporate trust office of the Trustee on surrender of this 2013A Bond together with a duly executed written instrument of transfer satisfactory to the Trustee. On such transfer, a new fully registered 2013A Bond or Bonds without coupons of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be executed and delivered to the transferee in exchange herefor, all on payment of the charges and subject to the terms and conditions set forth in the Indenture. The Trustee shall deem the person in whose name this

2013A Bond is registered as the absolute owner hereof, whether or not this 2013A Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the City nor the Trustee shall be affected by any notice to the contrary.

If this 2013A Bond is called for prepayment in part only, on surrender and cancellation of this 2013A Bond, a new fully registered 2013A Bond or Bonds of the same maturity, of authorized denominations, in an aggregate principal amount equal to the unrepaid portion hereof, shall be executed and delivered by the Trustee to the Owner hereof.

The 2013A Bonds maturing on or before October 1, 20__ are not subject to optional call and prepayment before maturity. The 2013A Bonds maturing after October 1, 20__ may be prepaid before their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any date on or after October 1, 20__ at a prepayment price equal to 100% of the principal amount of 2013A Bonds to be so prepaid together with accrued interest to the date fixed for prepayment, if any, without premium.

If called for prepayment in part, the 2013A Bonds to be prepaid shall be prepaid in such order as the City shall select and within the same maturity as selected by DTC pursuant to its rules and procedures or, if the book-entry system with respect to the 2013A Bonds is discontinued, the Trustee will select 2013A Bonds to be prepaid by lot within each maturity in such manner as the Trustee in its discretion may determine; provided, however, that, if prepaid in part, the 2013A Bonds will be prepaid only in multiples of \$5,000.

If a 2013A Bond subject to prepayment is in a denomination larger than the minimum authorized denomination, a portion of such 2013A Bond may be prepaid, but only in a principal amount such that the unrepaid portion of such 2013A Bond is equal to an authorized denomination. For any 2013A Bond in a denomination of more than the minimum authorized denomination, the Trustee shall treat each such 2013A Bond as representing a single 2013A Bond in the minimum authorized denomination plus that number of 2013A Bonds that is obtained by dividing the remaining principal amount of such 2013A Bond by the minimum authorized denomination.

If it is determined that one or more, but not all, of the authorized denominations of principal amount represented by any 2013A Bond is to be called for prepayment, then, on notice of intention to prepay such authorized denominations of principal amount with respect to such 2013A Bond, the Owner of such 2013A Bond, on surrender of such 2013A Bond to the Trustee for payment of the principal amount with respect to such 2013A Bond, will be entitled to receive new 2013A Bonds in the aggregate principal amount of the unrepaid balance of the principal amount with respect to such 2013A Bond. New 2013A Bonds representing the unrepaid balance of the principal amount with respect to such 2013A Bonds will be executed and delivered to the Owner thereof without charge therefor.

If the Owner of any 2013A Bond of a denomination greater than the amount being prepaid fails to present such 2013A Bond to the Trustee for payment and exchange as aforesaid, such 2013A Bond will, nevertheless, become due and payable on the date fixed for prepayment to the extent of the denomination being prepaid and to that extent only.

Anything in the Indenture to the contrary notwithstanding, if an Event of Default occurs and is continuing, there will be no prepayment of less than all of the 2013A Bonds Outstanding.

The Indenture permits amendments thereto and to the Contract and the Deed of Trust on the agreement of the Corporation and the Trustee and with the approval of the Owners of not less than a majority or, in certain instances, 100% in aggregate principal amount of the 2013A Bonds at the time

Outstanding. The Indenture also contains provisions permitting the Corporation and the Trustee to enter into amendments to the Indenture and the Contract without the consent of the Owners for certain purposes.

Any consent or request by the Owner of this 2013A Bond is conclusive and binding on such Owner and on all future Owners of this 2013A Bond and of any certificate executed and delivered on the transfer of this 2013A Bond, whether or not notation of such consent or request is made on this 2013A Bond.

This 2013A Bond is executed and delivered with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

This 2013A Bond is not entitled to any right or benefit under the Indenture, or valid or obligatory for any purposes until this 2013A Bond has been authenticated by the execution by the Trustee, or its successors as Trustee, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, NEW DURHAM CORPORATION has caused this 2013A Bond to be executed with the manual or facsimile signature of its President and its corporate seal or a facsimile thereof to be impressed or imprinted hereon and attested with the manual or facsimile signature of its Secretary, all as of the Dated Date set forth above.

NEW DURHAM CORPORATION

[SEAL]

By: _____
[Nicholas J. Tennyson]
President

Attest:

Pamela D. Parker
Secretary/Treasurer

CERTIFICATE OF AUTHENTICATION

This is the one of the Limited Obligation Bonds, Series 2013A evidencing a proportionate undivided interest in rights to receive certain Revenues pursuant to the within-mentioned Contract and Indenture.

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

Dated: October 10, 2013

By: _____
[M. Russell Smith, Jr.]
Vice President

ASSIGNMENT

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

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Bond on the books kept for registration thereof, with full
power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a Participant in the Securities Transfer Agent Medallion Program (“Stamp”) or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

TRANSFER FEE MAY BE REQUIRED

EXHIBIT B

FORM OF 2013B BOND

RB-

\$

**United States of America
State of North Carolina**

**TAXABLE LIMITED OBLIGATION BOND, SERIES 2013B
Evidencing A Proportionate Undivided
Interest in Rights to Receive Certain
Revenues Pursuant to an Installment Purchase Contract
Between New Durham Corporation and the
City of Durham, North Carolina**

INTEREST RATE

MATURITY DATE

DATED DATE

CUSIP

October 1, ____

October 10, 2013

266678 ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

THIS CERTIFIES THAT THE REGISTERED OWNER (named above), or registered assigns, has a proportionate undivided interest in rights to receive certain revenues, as described below, pursuant to a certain Installment Purchase Contract dated as of July 1, 2001 (the "2001 Contract"), as amended by Amendment Number One to the Installment Purchase Contract dated as of August 1, 2010 and as further amended by Amendment Number Two to the Installment Purchase Contract dated as of October 1, 2013 (collectively, the "Contract"), between NEW DURHAM CORPORATION (the "Corporation") and the CITY OF DURHAM, NORTH CAROLINA, a North Carolina municipal corporation (the "City"). The interest of the Owner of this Taxable Limited Obligation Bond (this "2013B Bond") is secured as provided in the Indenture of Trust dated as of July 1, 2001 (the "2001 Indenture"), between the Corporation and The Bank of New York, the successor to which is The Bank of New York Mellon Trust Company, N.A., and Central Carolina Bank and Trust Company, as co-trustee, as supplemented by Supplemental Indenture, Number 1 dated as of August 1, 2010 (the "First Supplement") and as further supplemented by Supplemental Indenture, Number 2 dated as of October 1, 2013 (the "Second Supplement" and collectively with the 2001 Indenture and all supplements thereto, the "Indenture") between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), for the registered owners of the 2013B Bonds (the "Owners"), by which the rights (with certain exceptions) of the Corporation, under the Contract, have been assigned by the Corporation to the Trustee for the benefit of the Owners. Pursuant to the Contract and the Indenture, the Owner hereof is entitled to receive, solely out of and to the extent available from the sources hereinafter identified, on the Maturity Date stated above (or earlier as hereinafter provided), the Principal Sum stated above, and interest thereon from the Dated Date (shown above) at the interest rate per annum stated above, payable commencing on April 1, 2014 and semiannually thereafter on April 1 and October 1 in each year until payment in full of such Principal Sum. Principal with respect to this 2013B Bond is payable in lawful money of the United States of America at the corporate trust office of the Trustee located in Jacksonville, Florida, or that of its successor; and interest with respect to this 2013B Bond is payable to the Owner hereof by wire transfer (if requested), check or draft of the Trustee, or its successor, to be mailed to such Owner at his or her address as it last appears in the registration books kept by the Trustee. Notwithstanding the foregoing, so long as

Cede & Co. is the registered Owner of this 2013B Bond, the principal and interest with respect to this 2013B Bond is to be paid by wire transfer in immediately available funds on each principal payment date and interest payment date.

The 2013B Bonds will be delivered by means of a book-entry system with no physical distribution of 2013B Bonds made to the public. One 2013B Bond for each maturity will be executed and delivered to The Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2013B Bonds in principal amounts in the denomination of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. While DTC or its nominee is the registered owner of this 2013B Bond, payments of principal and interest will be made to DTC or its nominee in accordance with existing arrangements by wire transfer in immediately available funds. The City and the Trustee will not be responsible or liable for maintaining, supervising, or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If DTC determines not to continue to act as securities depository for the 2013B Bonds and a successor securities depository is not identified to replace DTC, the City will cause fully registered definitive 2013B Bonds to be delivered to DTC. The City may decide to discontinue use of the system of book-entry only transfers through DTC in accordance with DTC’s rules and, in that event, the City will cause fully registered definitive 2013B Bonds to be delivered to DTC in accordance with its rules and procedures.

The City, the Corporation, and the Trustee do not have any responsibility or obligations with respect to (a) the accuracy of any records maintained by DTC; (b) the payment by DTC of any amount due to any beneficial owners in respect of the principal and interest with respect to the 2013B Bonds; (c) the delivery or timeliness of delivery by DTC of any notice which is required or permitted under the terms of the Contract or Indenture to be given to Owners; (d) the selection of Owners to receive payments in the event of any partial prepayment of the 2013B Bonds; or (e) any consent given or other action taken by DTC, or its nominee.

EACH 2013B BOND EVIDENCES A PROPORTIONATE UNDIVIDED INTEREST IN THE RIGHT TO RECEIVE CERTAIN REVENUES UNDER THE CONTRACT. THE OBLIGATION OF THE CITY TO MAKE INSTALLMENT PAYMENTS AND ADDITIONAL PAYMENTS IS A LIMITED OBLIGATION OF THE CITY, PAYABLE SOLELY FROM CURRENTLY BUDGETED APPROPRIATIONS OF THE CITY; DOES NOT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF NORTH CAROLINA; AND DOES NOT CONSTITUTE A DIRECT OR INDIRECT PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE CITY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF NORTH CAROLINA.

This 2013B Bond is one of the limited obligation bonds evidencing proportionate undivided interests in rights to receive certain revenues (the “Revenues”) pursuant to the Contract and the Indenture, in an aggregate principal amount of \$[B Amount] executed and delivered pursuant to the Indenture for the purpose, among others, of providing funds to finance the capital costs of renovating the Durham Bulls Athletic Park; and refinance the City’s payment obligations under its Taxable Variable Rate Housing Bonds, Series 2000. Simultaneously with the initial execution and delivery of the 2013B Bonds, the Corporation will execute and deliver Limited Obligation Bonds, Series 2013A (the “2013A Bonds”) pursuant to the Contract and the Indenture, in an aggregate principal amount of \$[A Amount] to finance the capital costs of (a) acquiring land for City projects (b) constructing, renovating or improving parks and other facilities, (c) improving streets, sidewalks and other transportation projects, (d) acquiring governmental equipment, (e) completing energy management projects, and (f) other public improvements

as outlined in the City's Capital Improvement Plan. The Corporation has previously executed and delivered Limited Obligation Bonds, Series 2010A (the "2010A Bonds") in the aggregate principal amount of \$39,145,000, of which \$27,835,000 is currently outstanding, and Taxable Limited Obligation Bonds, Series 2010B (the "2010B Bonds") in the aggregate principal amount of \$17,885,000, all of which are currently outstanding. The 2010A Bonds, the 2010B Bonds, the 2013A Bonds and the 2013B Bonds are parity obligations under the Indenture. Under the Contract, the Corporation has agreed to advance to the City the Purchase Price (as defined in the Contract), the proceeds from which will be used to finance or refinance the Projects, and the City has agreed to pay directly to the Trustee semiannual payments (the "Installment Payments") in repayment of the Purchase Price, the proceeds of which are required by the Indenture to be distributed by the Trustee to the payment of the principal, premium, if any, and interest with respect to the 2013A Bonds, the 2013B Bonds, 2010A Bonds, the 2010B Bonds, and any Additional Certificates (collectively, the "Certificates"). In addition to the Installment Payments, the City has agreed to make certain other payments (the "Additional Payments") sufficient to pay the fees and expenses of the Trustee and the Corporation and other expenses required to be paid by the City under the Contract. The City has covenanted in the Contract to pay the Installment Payments and the Additional Payments as they become due and, as security for that payment obligation, the City has executed and delivered the Deed of Trust and Security Agreement dated as of June 1, 2001 (the "2001 Deed of Trust") from the City to the deed of trust trustee named therein for the benefit of the Corporation, as extended by the Notice of Extension to the Deed of Trust dated as of August 1, 2010 (the "First Notice of Extension" and, together with the 2001 Deed of Trust, the "Deed of Trust"), with respect to the Premises and the Additional Premises. If the Contract is terminated by reason of an Event of Default (as defined in the Contract), the principal amount of this 2013B Bond and the interest hereon will be payable from such money, if any, as may be available for such purpose, including any money received by the Trustee from the sale, lease, sublease or other disposition (1) the Equipment pursuant to the Contract and (2) the Premises or the additional Premises pursuant to the Deed of Trust. The Contract may also be terminated if the City exercises its option to prepay in full the Purchase Price. If the City prepays the Purchase Price in full, the proceeds thereof are required to be used to pay the principal, premium, if any, and interest with respect to the Certificates. Reference is hereby made to the Contract and the Indenture for a description of the rights, duties and obligations of the City, the Corporation, the Trustee and the Owners, the terms on which the Certificates are secured, the terms and conditions on which the Certificates will be deemed to be paid at or before maturity or prepayment of the Certificates on the making of provision for the full or partial payment thereof, and the rights of the Owners on the occurrence of an Event of Default. All capitalized, undefined terms used herein have the meanings ascribed thereto in the Contract and the Indenture.

Subject to the execution and delivery of any Additional Certificates in accordance with the Indenture, if the City pays all Installment Payments due under the Contract through final maturity and otherwise complies with its obligations under the Contract through such date, the Indenture and the Contract provide that the Trustee shall release the lien of the Indenture on final maturity.

The 2013B Bonds are executed and delivered solely as fully registered certificates without coupons in denominations of \$5,000 and any integral multiple thereof.

This 2013B Bond is transferable by the Owner hereof in person or by his or her attorney duly authorized in writing on the registration books kept at the principal corporate trust office of the Trustee on surrender of this 2013B Bond together with a duly executed written instrument of transfer satisfactory to the Trustee. On such transfer, a new fully registered 2013B Bond or Bonds without coupons of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be executed and delivered to the transferee in exchange herefor, all on payment of the charges and subject to the terms and conditions set forth in the Indenture. The Trustee shall deem the person in whose name this 2013B Bond is registered as the absolute owner hereof, whether or not this 2013B Bond shall be overdue,

for the purpose of receiving payment and for all other purposes, and neither the City nor the Trustee shall be affected by any notice to the contrary.

If this 2013B Bond is called for prepayment in part only, on surrender and cancellation of this 2013B Bond, a new fully registered 2013B Bond or Bonds of the same maturity, of authorized denominations, in an aggregate principal amount equal to the unrepaid portion hereof, shall be executed and delivered by the Trustee to the Owner hereof.

The 2013B Bonds are subject to prepayment, in whole or in part, as follows:

(a) *Optional Prepayment.* The 2013B Bonds maturing on or before October 1, 20__ are not subject to optional call and prepayment before maturity. The 2013B Bonds maturing after October 1, 20__ may be prepaid before their maturities, at the option of the City, either in whole or in part on any date on or after October 1, 20__ at a prepayment price equal to 100% of the principal amount of 2013B Bonds to be prepaid together with accrued interest to the date fixed for prepayment, if any, without premium.

(b) *Mandatory Sinking Fund Prepayment.* The 2013B Bonds maturing on October 1, 20__ are subject to mandatory sinking fund prepayment on October 1 of each year by lot from the principal components of the Installment Payments required to be paid by the City under the Contract with respect to each such prepayment date, at a prepayment price equal to 100% of the principal amount thereof to be prepaid, together with accrued interest thereon to the prepayment date, without premium as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>
-------------	------------------

*Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory prepayment date, the City may (1) deliver to the Trustee for cancellation 2013B Bonds or portions thereof in any aggregate principal amount desired, or (2) receive a credit in respect of its mandatory prepayment obligation for any 2013B Bonds which before said date have been purchased or prepaid (otherwise than through mandatory prepayment pursuant to this section (c)) and canceled by the Trustee and not theretofore applied as a credit against any mandatory prepayment obligation. Each such 2013B Bond or portion thereof so delivered or previously purchased or prepaid and canceled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof against the Installment Payment obligation corresponding to such mandatory prepayment date. To the extent that the aggregate principal amount of such 2013B Bonds or portions thereof exceeds the Installment Payment obligation on such mandatory prepayment date, any excess over such amount shall be credited against future Installment Payment obligations, as directed by the City, and the principal amount of 2013B Bonds to be prepaid shall be accordingly reduced.

The City must on or before the 45th day next preceding each such mandatory prepayment date furnish the Trustee with its certificate indicating to what extent the provisions of (1) and (2) of the preceding paragraph are to be availed of with respect to such mandatory prepayment payment.

If called for prepayment in part, the 2013B Bonds to be prepaid shall be prepaid in such order as the City shall select, except for a prepayment under paragraph (b) above, and within the same maturity as selected by DTC pursuant to its rules and procedures or, if the book-entry system with respect to the 2013B Bonds is discontinued, the Trustee will select 2013B Bonds to be prepaid by lot within each maturity in such manner as the Trustee in its discretion may determine; provided, however, that, if prepaid in part, the 2013B Bonds will be prepaid only in multiples of \$5,000.

If a 2013B Bond subject to prepayment is in a denomination larger than the minimum authorized denomination, a portion of such 2013B Bond may be prepaid, but only in a principal amount such that the unprepaid portion of such 2013B Bond is equal to an authorized denomination. For any 2013B Bond in a denomination of more than the minimum authorized denomination, the Trustee shall treat each such 2013B Bond as representing a single 2013B Bond in the minimum authorized denomination plus that number of 2013B Bonds that is obtained by dividing the remaining principal amount of such 2013B Bond by the minimum authorized denomination.

If it is determined that one or more, but not all, of the authorized denominations of principal amount represented by any 2013B Bond is to be called for prepayment, then, on notice of intention to prepay such authorized denominations of principal amount with respect to such 2013B Bond, the Owner of such 2013B Bond, on surrender of such 2013B Bond to the Trustee for payment of the principal amount with respect to such 2013B Bond, will be entitled to receive new 2013B Bonds in the aggregate principal amount of the unprepaid balance of the principal amount with respect to such 2013B Bond. New 2013B Bonds representing the unprepaid balance of the principal amount with respect to such 2013B Bonds will be executed and delivered to the Owner thereof without charge therefor.

If the Owner of any 2013B Bond of a denomination greater than the amount being prepaid fails to present such 2013B Bond to the Trustee for payment and exchange as aforesaid, such 2013B Bond will, nevertheless, become due and payable on the date fixed for prepayment to the extent of the denomination being prepaid and to that extent only.

Anything in the Indenture to the contrary notwithstanding, if an Event of Default occurs and is continuing, there will be no prepayment of less than all of the 2013B Bonds Outstanding.

The Indenture permits amendments thereto and to the Contract and the Deed of Trust on the agreement of the Corporation and the Trustee and with the approval of the Owners of not less than a majority or, in certain instances, 100% in aggregate principal amount of the 2013B Bonds at the time Outstanding. The Indenture also contains provisions permitting the Corporation and the Trustee to enter into amendments to the Indenture and the Contract without the consent of the Owners for certain purposes.

Any consent or request by the Owner of this 2013B Bond is conclusive and binding on such Owner and on all future Owners of this 2013B Bond and of any certificate executed and delivered on the transfer of this 2013B Bond, whether or not notation of such consent or request is made on this 2013B Bond.

This 2013B Bond is executed and delivered with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

This 2013B Bond is not entitled to any right or benefit under the Indenture, or valid or obligatory for any purposes until this 2013B Bond has been authenticated by the execution by the Trustee, or its successors as Trustee, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, NEW DURHAM CORPORATION has caused this 2013B Bond to be executed with the manual or facsimile signature of its President and its corporate seal or a facsimile thereof to be impressed or imprinted hereon and attested with the manual or facsimile signature of its Secretary, all as of the Dated Date set forth above.

NEW DURHAM CORPORATION

[SEAL]

By: _____
[Nicholas J. Tennyson]
President

Attest:

Pamela D. Parker
Secretary/Treasurer

CERTIFICATE OF AUTHENTICATION

This is the one of the Taxable Limited Obligation Bonds, Series 2013B evidencing a proportionate undivided interest in rights to receive certain Revenues pursuant to the within-mentioned Contract and Indenture.

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

Dated: October 10, 2013

By: _____
[M. Russell Smith, Jr.]
Vice President

ASSIGNMENT

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

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Bond on the books kept for registration thereof, with full
power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a Participant in the Securities Transfer Agent Medallion Program (“Stamp”) or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

TRANSFER FEE MAY BE REQUIRED