

FIRST AMENDMENT TO RACETRACK GROUND LEASE AGREEMENT

This First Amendment to Racetrack Ground Lease Agreement (this "Amendment") effective as of the 3rd day of June, 2012 is made by and between the NEW JERSEY SPORTS AND EXPOSITION AUTHORITY, a public body corporate and politic with corporate succession, having an address at Meadowlands Sports Complex, 50 State Route 120, East Rutherford, New Jersey 07073 (the "Authority"), and the NEW JERSEY THOROUGHBRED HORSEMEN'S ASSOCIATION, INC., a not for profit corporation organized and existing under the laws of the State of New Jersey, having an address at 232A Norwood Avenue, West Long Branch, New Jersey 07764 (the "Tenant").

WHEREAS, the Authority and the Tenant entered into that certain Racetrack Ground lease Agreement, dated as of February 29, 2012 (the "Lease"; capitalized terms used and not defined herein shall have the meanings given them in the Lease) for the thoroughbred racetrack commonly known as "Monmouth Park"; and

WHEREAS, in 2009, the Authority entered into arrangements with the Borough of Oceanport (the "Borough") to finance stormwater improvements relating to a Concentrated Animal Feeding Operations area of the Racetrack (the "CAFO Project") as required by NJDEP (otherwise known as the "Environmental Infrastructure System" as defined in (i) the Loan Agreement dated as of December 1, 2009, by and among the New Jersey Environmental Infrastructure Trust, the Authority and the Borough and (ii) the Loan Agreement dated as of December 1, 2009, by and between The State of New Jersey, Acting by and Through the NJDEP, the Authority and the Borough (the "Bond Documents"). Pursuant to the CAFO Project financing arrangements, the Borough issued a tax-exempt bond (the "Bond"). The CAFO Project is included within the Premises demised to the Tenant in the Lease; and

WHEREAS, the Tenant and the Authority have agreed, pursuant to the terms of a letter agreement (the "Letter Agreement") by and between them dated as of May 3, 2012, that the Authority may amend the Ground Lease from time to time to the extent the Authority in its sole discretion deems necessary to protect the tax-exempt status of the Bond or to comply with the borrower's obligations under the Bond Documents; and

WHEREAS, the Authority deems it necessary to amend certain of the terms of the Lease to protect the tax-exempt status of the Bond or to comply with the borrower's obligations under the Bond Documents;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Authority and the Tenant do hereby agree as follows:

1. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.
2. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.
3. Sections 2.03(a)(ii) and 2.03(a)(iii) of the Lease shall be amended and restated in their entirety as follows:

(ii) thereafter, should there be a renewal of the Initial Term, for the next ten (10) years of the Term, i.e. the first Tenant Renewal Term, the Ground Rent shall be an annual amount equal to the greater of (i) ONE HUNDRED SEVENTY NINE THOUSAND DOLLARS (\$179,000.00) and (ii) 5% of Tenant's Net Operating Profits for such Calendar Year (determined in accordance with clause (b) below); with \$179,000.00 payable in advance on the thirty-first (31st) day of each December (commencing December 31, 2016 for the 2017 Calendar Year) during the first Tenant Renewal Term and with any Ground Rent due in excess of \$179,000.00 payable in arrears no later than the thirty-first (31st) day of each May (commencing May 31, 2018 in respect of the 2017 Calendar Year) during the first Tenant Renewal Term; and

(iii) thereafter, for the remainder of the Term, i.e. the second and third Tenant Renewal Terms and the Mutual Renewal Term, the Ground Rent shall be an annual amount equal to the greater of (i) FOUR HUNDRED TWENTY NINE THOUSAND DOLLARS (\$429,000.00) and (ii) 5% of Tenant's Net Operating Profits for such year (determined in accordance with clause (b) below); with \$429,000.00 payable in advance on the thirty-first (31st) day of each December (commencing December 31, 2026 for the 2027 Calendar Year) during the remaining Renewal Terms and with any Ground Rent due in excess of \$429,000.00 payable in arrears no later than the thirty-first (31st) day of each May (commencing May 31, 2028 in respect of the 2027 Calendar Year) during the remaining Renewal Terms.

4. Section 12.02(a) of the Lease shall be amended and restate in its entirety as follows:

(a) Payment of Operating and Maintenance Expenses. Subject to the provisions of Section 2.04 hereof and Closing occurring, Tenant shall be solely responsible for the payment of all Operating and Maintenance Expenses beginning on the Closing Date, provided that (i) for the Initial Term, Tenant shall not be responsible for the payment of the annual NJRC cost allocated to the Racetrack, the OTWs or the Account Wagering Operation (other than license and application fees) which annual cost allocation during the Initial Term shall be payable by the Authority, and (ii) following the Initial Term, Tenant shall be responsible for the first seventy one thousand dollars (\$71,000.00) of the annual NJRC cost allocated to the Racetrack, the OTWs or the Account Wagering Operation (other than license and application fees), any annual cost allocation in excess of \$71,000.00 shall be payable by the Authority.

5. Tenant acknowledges and agrees that, in accordance with the terms of the Letter Agreement, the Authority may further amend the Ground Lease after the date hereof to the extent the Authority in its sole discretion deems necessary to protect the tax-exempt status of the Bond or to comply with the borrower's obligations under the Bond Documents.

6. Each signatory of this Amendment represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

7. This Amendment may be executed in counterparts and shall constitute an agreement binding on all parties notwithstanding that all parties are not signatories to the original or the same counterpart provided that all parties are furnished a copy or copies thereof reflecting the signature of all parties.

IN WITNESS WHEREOF, the Authority and the Tenant have duly caused this Amendment to be executed this 28 day of September, 2012, but the Authority and the Tenant agree that this Amendment shall for all purposes be effective as of June 3, 2012.

AUTHORITY:
NEW JERSEY SPORTS AND EXPOSITION
AUTHORITY

TENANT:
NEW JERSEY THOROUGHBRED
HORSEMEN'S ASSOCIATION, INC.

By: _____
Name:
Title:


By: John H. Forbeck
Name: JOHN H. FORBECK
Title: PRESIDENT


This Amendment may be executed in counterparts and shall constitute an agreement binding on all parties notwithstanding that all parties are not signatories to the original or the same counterpart provided that all parties are furnished a copy or copies thereof reflecting the signature of all parties.

IN WITNESS WHEREOF, the Authority and the Tenant have duly caused this Amendment to be executed on 28 day of September, 2012, but the Authority and the Tenant agree that this Amendment shall be all purposes be effective as of June 3, 2012.

AUTHORITY:
NEW JERSEY SPORTS AND EXPOSITION
AUTHORITY

TENANT:
NEW JERSEY THOROUGHBRED
HORSEMEN'S ASSOCIATION, INC.

By: 
Name: Robert J. Patale
Title: Sr. VP Legal

By: 
Name: JOHN W. POREK
Title: PRESIDENT