ADDENDUM TO THE SETTLEMENT AGREEMENT
DATED JANUARY 1, 1990, WHICH WAS EXECUTED ON DECEMBER 14, 1990
BY THE NEW JERSEY SPORTS & EXPOSITION AUTHORITY,
AND EXECUTED BY THE BOROUGH OF EAST RUTHERFORD
ON DECEMBER 7, 1990 (HEREAFTER THE SETTLEMENT
AGREEMENT OF JANUARY 1, 1990)

WHEREAS, the Borough of East Rutherford on August 16, 1993 commenced a lawsuit entitled Borough of East Rutherford v. The New Jersey Sports & Exposition Authority, Superior Court of New Jersey, Law Division, Bergen County, Docket No. BER-L-8236-93, by which the Borough petitioned the Court to interpret the Settlement Agreement of January 1, 1990 which was entered into between the parties and which was the culmination of the 1989 litigation; and

WHEREAS, during the pendency of the 1993 litigation, the parties hereto have engaged in settlement negotiations and wish by the execution of this Addendum to the Settlement Agreement dated January 1, 1990 to resolve all outstanding issues involved in the 1993 litigation, and to further resolve any and all further disputes in regard to the language of the Settlement Agreement of January 1, 1990.

NOW, THEREFORE, in consideration of mutual promises and covenants, it is expressly understood and Agreed by and between the parties as follows:

I. The Borough and the Sports Authority hereby approve, confirm, ratify and adopt by reference the terms of the Settlement Agreement dated January 1, 1990, except as hereinafter addressed and considered.

II. "Article III(a)(2)(old" of the Settlement Agreement of January 1, 1990, set forth hereafter at length is declared null and void and replaced and substituted with "Article III(A)(2)(new)" also set forth at length hereafter. The Borough and the Sports Authority hereby approve, confirm, ratify and adopt by reference "Article III(A)(2)(new)" and further hereby approve, confirm, ratify, adopt and acknowledge that "Article III(A)(2)(old)" of the Settlement Agreement dated January 1, 1990 is hereby declared null and void.

"Article III(A)(2)(old)"

The Sports Authority's Payment In Lieu Of Taxes will, for calendar 1991 and for each calendar year thereafter, either increase or decrease by the percentage by which the Borough's total tax levy for each successive year (including calendar 1991) is greater than or less than the Borough's total tax levy for the previous calendar year. The Sports Authority's Payment In Lieu Of Taxes shall not be included in the Borough's total tax levy for purposes of any calculations made pursuant hereto. (For example, if the Borough's total tax levy for 1991 is $9,450,000.00, and if the Borough's total tax levy for 1990 is $9.0 million, the Borough's 1991 total tax levy would represent a $450,000.00 or 5% increase over the Borough's $9.0 million tax levy for 1990 and, as a consequence of that increase, the Sports Authority's Payment In Lieu Of Taxes for 1990 would for 1991 be increased by 5% to $1,890,000.00.) For each calendar year beginning with 1991, the Sports Authority will, on account of the Sports Authority's Payment In Lieu Of Taxes, make payments on February 1, May 1, August 1 and November 1 of each such year; it being understood that, until the Borough's total tax levy for the calendar year in question has been finally determined, the Sports Authority's quarterly payments on account of its Payment In Lieu Of Taxes for the calendar year in question shall each be equal to one-fourth of the Sports Authority's Payment In Lieu Of Taxes for the preceding calendar year; and that, after the Borough's total tax levy for the calendar year in question has been finally determined, the Sports Authority's quarterly payments on account of its Payment In Lieu Of Taxes for the calendar year in question shall be adjusted so as to pro-rate over the remaining quarters the balance due on account of the Sports Authority's Payment In Lieu Of Taxes for the calendar year in question. In the event that any quarterly payment is not hereafter made in a timely manner, interest calculated at the then prevailing statutory rate and in the manner calculated for delinquent taxpayers of the Borough shall be added to the payment from its due date until the date it is paid."

"Article III(A)(2)(new)"

The Sports Authority's Payment In Lieu of Taxes will, for the calendar year beginning January 1, 1997 and for each calendar year thereafter, shall be a flat 21% of the "total tax levy for the Borough." The Borough and the Sports Authority hereby approve, confirm, ratify, adopt and acknowledge that this payment fulfills the Sports Authority's entire obligation to the Borough in accordance with the terms of NJSA 5:10-18B which states:

> NJSA 5:10-18B
>
> To the end that there does not occur an undue loss of future tax revenues by reason of the acquisition of real property by the authority for the meadowlands complex, the authority annually shall make payments in-lieu-of-taxes to the municipality in which such property is located in an amount computed in each year with respect to each such municipality by multiplying the total amount to be raised by real property taxation in each such year by a fraction, the numerator of which is the amount of real property taxes assessed against the property acquired by the authority in the tax year in which this act becomes effective and the denominator of which is the total amount to be raised by real property taxation in such municipality in the tax year in which this act becomes effective. Such payments shall be made in each year commencing with the first year subsequent to the year in which such real property shall have been converted from a taxable to an exempt status by reason of acquisition thereof by the authority.

In addition to the flat 21% payment effective January 1, 1997, described aforesaid, the Sports authority agrees to and will pay to the Borough the total sum of $135,985.00 to be paid in four equal payments of $33,996.25 on February 1, 1997, May 1, 1997, August 1, 1997, and November 1, 1997. This $135,985.00 payment represents the total settlement amount due and owing by the Sports Authority to the Borough as an inducement to conclude all past disputes regarding the Payment In Lieu Of Taxes. The Borough hereby approves, confirms, ratifies, adopts and acknowledges that there are no monies due and owing to the Borough for Payment In Lieu Of Taxes prior to January 1, 1997.

For purposes of calculation of the Sports Authority's Payment In Lieu Of Taxes, in accordance with this "Addendum", the term "total tax levy for the Borough" aforesaid is defined as follows:

> "The total tax levy for the Borough" for purpose of calculation of the Sports Authority's Payment In Lieu Of Taxes in accordance with this "Addendum" is that figure which appears in the Abstract of Ratables in the County of Bergen on a yearly basis under Section D entitled Total Tax Levy On Which Tax Rate Is Computed. For example, in the Abstract of Ratables in the County of Bergen for the year 1990, the figure is $9,010,797.17. In the Abstract of Ratables in the County of Bergen for the year of 1991, the figure is $8,878,885.14. In the Abstract of Ratables in the County of Bergen for the year 1992, the figure is $11,243,005.75. In the Abstract of Ratables of the County of Bergen for the year 1993, the figure is $11,145,203.12. In the Abstract of Ratables in the County of Bergen for the year 1994, the figure is $13,025,921.61. In the Abstract of Ratables in the County of Bergen for the year

1995, the figure is $12,760,192.83. For 1996, and all years thereafter in perpetuity, the "total tax levy for the Borough", for purposes of calculation of the Sports Authority's Payment In Lieu Of Taxes is that figure published into the future and described aforesaid.

The Sports Authority's Payment In Lieu Of Taxes will, for calendar 1991 and for each calendar year thereafter, either increase or decrease by the percentage by which the Borough's total tax levy for each successive year (including calendar 1991) is greater than or less than the Borough's total tax levy for the previous calendar year. (For example, the Borough's total tax levy for 1991 was $8,878,885.14, and the Borough's total tax levy for 1990 was $9.010,797.17, the Borough's 1991 total tax levy would represent a $131,245.36 or 1.46% decrease under the Borough's $9,010,797.17 tax levy for 1990 and, as a consequence of that decrease, the Sports Authority's Payment In Lieu Of Taxes for 1990 would for 1991 be decreased 1.46% to $1,773,649.00) For each calendar year beginning with 1991, the Sports Authority will, on account of the Sports Authority's Payment In Lieu Of Taxes, make payments on February 1, May 1, August 1 and November 1 of each such year; it being understood that, until the Borough's total tax levy for the calendar year in question has been finally determined, the Sports Authority's quarterly payments on account of its Payment In Lieu Of Taxes for the calendar year in question shall each be equal to one-fourth of the Sports

Authority's Payment In Lieu Of Taxes for the preceding calendar year; and that, after the Borough's total tax levy for the calendar year in question has been finally determined, the Sports Authority's quarterly payments on account of its Payment In Lieu Of Taxes for the calendar year in question shall be adjusted so as to pro-rate over the remaining quarters the balance due on account of the Sports Authority's Payment In Lieu Of Taxes for the calendar year in question. In the event that any quarterly payment is not hereafter made in a timely manner, interest calculated at the then prevailing statutory rate and in the manner calculated for delinquent taxpayers of the Borough shall be added to the payment from its due date until the date it is paid.

End of "New paragraph III(a)(2)."

On Page 9, Subsection 6, of the Settlement Agreement of January 1, 1990 the term "New Major Post-Settlement Sports Authority Operated Facility" is set forth and used.

The term "New Major Post-Settlement Sports Authority Operated Facility" is hereby defined to <u>exclude</u> any improvements, appendages, changes, alterations, additions, renovations, modernization, enhancement, remodeling, supplements, attachments, corrections, repairs, refinement, annexations, augmentations, complements, enlargements, and extensions to any building and/or facility currently being used by the New Jersey Sports Authority and/or its tenants. Further <u>excluded</u> is any building of complementary use to a current facility, used by both Sports Authority and/or its tenants. This exclusion applies to any of the aforesaid defined terms set forth in this paragraph which are currently existing and/or to be constructed in the future by either the Sports Authority and/or its tenants. It is recognized by the parties that, currently, there are no "new major post-settlement Sports Authority Operated Facilities" in existence.

The Borough hereby confirms, ratifies, adopts and acknowledges that no monies are due and owing by the Sports Authority to the Borough, for Payment In Lieu Of Taxes for all periods in time prior to January 1, 1997, and that no monies are due and owing to the Borough by the Sports Authority as alleged in the Complaint dated August 16, 1993, Docket No. BER-L-8236-93, and the parties agree that, immediately after full execution of this addendum to the Settlement Agreement of January 1, 1990, that the parties will take such steps as are necessary to execute, deliver and file a Stipulation of Dismissal with prejudice with respect to the 1993 Litigation.

The Borough acknowledges and states that the East Rutherford Sewage Authority created by the Borough by Ordinance adopted on June 3, 1968 was dissolved by Ordinance No. 93-18, published on June 24, 1993. Accordingly, the Borough reiterates its position in regard thereto as stated in Article II Section D of the Settlement Agreement of January 1, 1990 which states:

> "D. It is expressly understood that the Borough agrees to fulfill ERSA's obligations under this Settlement Agreement if for any reason (including but not limited to a dissolution by the Borough of ERSA pursuant to the provisions of N.J.S.A.

40:14A-4(h) or any other applicable legislation) ERSA shall no longer be in existence, or if ERSA shall be otherwise unable to discharge its obligations hereunder."

The Sports Authority does hereby Agree and Stipulate that the Plaintiff Borough of East Rutherford has the ability and may in its discretion impose a real estate assessment and tax, as allowed by law, collect any and all sewerage services charges, as allowed by law, including hook-up fees, directly to any private enterprise or developer of any new private facility on the Sports complex site, including but not limited to the present proposal of Kajima International, Inc. or any other company.

Attached hereto, and made a part hereof, is a copy of the Settlement Agreement of January 1, 1990.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals and caused the same to be executed by their proper officers, the day and year first written above.

ATTEST:

Joseph Consolazio
Joseph Consolazio
General Manager of
Finance and Chief Financial
Officer

NEW JERSEY SPORTS AND EXPOSITION
AUTHORITY

By Robert E. Mulcahy III
Robert E. Mulcahy III
President

Dated 1/28/97

ATTEST:

Darlene A. Sawicki
Darlene Sawicki,
Borough Clerk

BOROUGH OF EAST RUTHERFORD

By James L. Cassella
James Cassella, Mayor

Dated 1/21/97