

AMENDMENT TO ARENA LEASE, OPERATING, MANAGEMENT, USE AND ASSURANCES AGREEMENT

This AMENDMENT TO ARENA LEASE, OPERATING, MANAGEMENT, USE AND ASSURANCES AGREEMENT and BASKETBALL PLAYING AGREEMENT (hereafter, "Amendment") is effective as of the 1st day of June, 2006 by and among the Minneapolis Community Development Agency, a public body corporate and politic under Minnesota law ("MCDA"), Midwest Entertainment Group, LLC, a Minnesota limited liability company ("Midwest") and Minnesota Timberwolves Basketball Limited Partnership, a limited partnership under the law of Minnesota ("TW Partnership").

WHEREAS, MCDA and Midwest are parties to that certain Arena Lease, Operating, Management, Use and Assurances Agreement, dated as of March 1, 1995 (the "Operating Agreement") regarding the use, management and operation of the arena portion of that certain public event facility known as the Target Center and more particularly described in the Operating Agreement (the "Arena");

WHEREAS, Midwest is a party to the Operating Agreement pursuant to that certain Agreement Regarding Assignment and Assumption of Certain Arena Agreements dated as of April 30, 2004 (the "2004 Assignment Agreement"), by and among MCDA, SFX Target Center Arena Management LLC, a Delaware limited liability company ("SFX") and TW Partnership, which assigned the Operating Agreement from SFX to Midwest and also amended certain provisions of the Operating Agreement;

WHEREAS, All references to the Operating Agreement shall include all amendments thereto pursuant to the 2004 Assignment Agreement;

WHEREAS, Midwest and TW Partnership are parties to that certain Arena Use Agreement dated as of September 21, 2000, as supplemented and amended by that certain Supplement No. 1 to Arena Use Agreement, also dated as of September 21, 2000 (herein called the "Arena Use Agreement"), which agreements replaced that certain Arena Use Agreement, dated as of March 17, 1995 in its entirety;

WHEREAS, Midwest is a party to the Arena Use Agreement pursuant to the 2004 Assignment Agreement;

WHEREAS, Midwest is wholly-owned by TC Arena Group, LLC;

WHEREAS, MCDA and TW Partnership are parties to that certain Basketball Playing Agreement, dated as of March 1, 1995 (the "Basketball Playing Agreement"), which was amended by the 2004 Assignment Agreement;

WHEREAS, MCDA and Midwest wish to affirm their commitment to maintaining the Target Center as a first-class arena in order to ensure that the public will continue to benefit from the investments made to acquire and operate the Arena;

WHEREAS, MCDA and Midwest have agreed to certain amendments to the Operating Agreement;

WHEREAS, the capitalized terms used in this Amendment which are not defined herein will have the meanings assigned thereto pursuant to the provisions of the Operating Agreement;

WHEREAS, during the term of this Amendment, TW Partnership has agreed to waive certain conditions regarding its right to assume the Operating Agreement pursuant to Section 4.09 of the Basketball Playing Agreement;

NOW, THEREFORE, in consideration of the covenants and obligations of the parties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Amendment to Article IV. Article IV of the Operating Agreement is hereby amended by adding the following at the end of Section 4.1:
 - 4.1.1. MCDA Operating Support. Subject to the terms and conditions of this Amendment, MCDA agrees to reimburse Midwest for a portion of the operating expenses which have been incurred and paid by Midwest associated with the Target Center (“MCDA Operating Support”).
 - 4.1.2. Terms and Conditions of Payment of MCDA Operating Support. On a monthly basis, Midwest will submit an operational summary in the form attached as Exhibit 1 to this Amendment. If, during any month of operations at the Target Center, “Monthly Arena Operating Expenses” exceed “Monthly Arena Revenue,” Midwest may, following the close of such month, submit a request for reimbursement to MCDA for the lesser of Two Hundred Thousand Dollars (\$200,000) or fifty percent (50%) of the difference between Monthly Arena Revenue and Monthly Arena Operating Expenses. Such request shall include a calculation in the form attached as Exhibit 1 to this Amendment. Notwithstanding the foregoing, in no event will the total amount of MCDA Operating Support to Midwest exceed One Million Two Hundred Thousand Dollars (\$1,200,000). MCDA agrees to provide Midwest written notice when the balance remaining for MCDA Operating Support is less than Four Hundred Thousand Dollars (\$400,000).
 - 4.1.3. Payment by MCDA. Within ten (10) business days after receipt of a request for reimbursement from Midwest in the form attached as Exhibit 1, MCDA will remit reimbursement to Midwest. Midwest acknowledges and agrees that except as specifically set forth herein, MCDA has no obligation to fund additional requests for reimbursement of the MCDA Operating Support and Midwest shall be solely responsible for all Arena Operating Expenses (as defined in the Operating Agreement).
 - 4.1.4. Allocation of Revenue. For any month where Monthly Arena Revenue exceeds Monthly Arena Operating Expenses, the difference between Monthly Arena Revenue and Monthly Arena Operating Expenses shall first be allocated to offset

contributions by Midwest during the term of this Amendment that exceed fifty percent (50%) of the Monthly Arena Operating Expenses. The remaining Monthly Arena Revenue will be prorated between Midwest and MCDA based on their relative contributions to the Monthly Arena Operating Expenses to date made after the effective date of this Amendment. MCDA's share of such excess Monthly Arena Revenue will be a credit against future requests by Midwest for MCDA Operating Support.

- 4.1.5 MCDA Access to Financial and Operational Information. Midwest agrees to provide MCDA with the opportunity to review all information regarding the operations of Target Center. The parties agree that at a minimum, MCDA has the right to (a) review the annual budget; (b) review monthly projections, including expenses and revenue for any events booked during that month; (c) attend monthly meetings with Midwest management personnel to discuss the operations of Target Center; (d) receive the information set forth in Exhibit 1 on a monthly basis and be able to examine any supporting information. Midwest further agrees to promptly inform MCDA of any information that may have a material impact on the monthly projections for, or the operation of, the Target Center.
- 4.1.6 Use of MCDA Operating Support. In no event shall any of the MCDA Operating Support be used by Midwest to reimburse itself for any expenses other than Monthly Arena Operating Expenses incurred and paid by Midwest after the effective date of this Amendment.
- 4.1.7 Discussion Regarding Additional Operating Support. On or before April 1, 2007 or within 15 business days after the date MCDA provides notice that the balance available for MCDA Operating Support is less than Four Hundred Thousand Dollars (\$400,000), whichever date is earlier, the parties agree to meet and discuss whether and under what conditions MCDA will continue to assist Midwest regarding Target Center.
- 4.1.8 Midwest Agreements. Midwest agrees to fully cooperate in providing MCDA with information set forth in this Section and any other reasonable request for information regarding the operations of Target Center.
- 4.1.9 Definition of Monthly Arena Revenue and Monthly Arena Operating Expenses. As used in Sections 4.1.1 to 4.1.9, "Monthly Arena Revenue" shall mean Arena Revenue (as defined in the Operating Agreement) **plus** (i) revenue received in a prior month (including a month prior to the effective date of this Amendment) which is attributable to the present month (i.e., prepaid revenue), and (ii) any credits to MCDA pursuant to Section 4.1.4, **less** (a) adjustments for non-recognized revenue (such as money received by Midwest and held for a future event at the Arena), and (b) any non-cash activity.

As used in Sections 4.1.1 to 4.1.9, "Monthly Arena Operating Expenses" shall mean Arena Operating Expenses (as defined in the Operating Agreement) **less** (i) adjustments for reimbursements and credits against Arena Operating Expenses incurred after the effective date of this Amendment (such as credits or reimbursements for event labor or tenant utilities), and (ii) expenses incurred in a prior month (including a month prior to the effective date of this Amendment) which are paid the present month (i.e., prior obligations).

4.1.10 No Third Party Beneficiaries. The provisions of Sections 4.1.1 to 4.1.9 are intended solely for the benefit of MCDA and Midwest and shall not benefit or create any right or cause of action in or on behalf of, and may not be enforced by, any other party, including, TW Partnership.

2. Amendment to Article XVIII, Section 18.1. Article XVIII of the Operating Agreement is hereby amended by adding the following at the end of Section 18.1:

- (e) If, after August 1, 2006, Midwest has sent written notice to MCDA informing MCDA of its intention to discontinue as operator of the Target Center.
- (f) If, subject to the terms and conditions of this Amendment, MCDA has failed to timely remit payment to Midwest for the MCDA Operating Support pursuant to Article IV.

3. Amendment to Article XVIII, Section 18.2. Article XVIII is hereby amended by adding the following at the end of Section 18.2:

18.2.3 Upon Written Notice by Midwest. If Midwest's right to terminate arises under Section 18.1(e), the effective date of such termination shall be as follows:

- (a) For notice received after August 1, 2006 and before June 1, 2007, not less than ninety (90) days' following MCDA's receipt of Midwest's written notice;
- (b) For notice received between June 2, 2007 and December 31, 2007, at least 120 days' following MCDA's receipt of Midwest's written notice;
- (c) For notice received between January 1, 2008 and July 1, 2008, at least 150 days' notice following MCDA's receipt of Midwest's written notice;
- (d) For notice received from July 2, 2008 through the end of the term of the Operating Agreement, at least 180 days' following MCDA's receipt of Midwest's written notice.

Termination by Midwest pursuant to this Section 18.2.3 shall not entitle Midwest to any payment by MCDA, other than MCDA's agreement to provide MCDA Operating Support as set forth in this Amendment, specifically including, without limitation, any payment under Section 18.3 of the Operating Agreement, or create any liability on behalf of MCDA to Midwest. Termination by Midwest pursuant to this paragraph shall require Midwest to provide MCDA with written confirmation that, as of the effective date of termination, all liabilities, costs or expenses associated with Midwest's operation of the Arena have been paid or will be paid by Midwest.

18.2.4 Upon failure of MCDA to remit payment for the MCDA Operating Support. If MCDA fails to timely remit payment after a proper request for reimbursement by Midwest, Midwest shall send MCDA written notice of its intention to terminate the Operating Agreement in thirty (30) days. If MCDA remits payment within

eight (8) business days of receipt of Midwest's written notice of intention to terminate, Midwest's notice shall be deemed withdrawn. Termination by Midwest pursuant to this Section 18.2.4 shall not entitle Midwest to any payment by MCDA, other than MCDA's agreement to provide MCDA Operating Support as set forth in this Amendment, specifically including, without limitation, any payment under Section 18.3 of the Operating Agreement, or create any liability on behalf of MCDA to Midwest. Midwest's only remedy for failure of MCDA to provide the MCDA Operating Support shall be termination of the Operating Agreement pursuant to this Section 18.2.4.

4. Waiver of Section 4.09 of the Basketball Playing Agreement. In the event of any termination by Midwest pursuant to the Operating Agreement or this Amendment, TW Partnership agrees to and does hereby waive its right to assume the rights and obligations of Midwest under the Operating Agreement pursuant to Section 4.09 of the Basketball Playing Agreement. This limited waiver is not intended to and does not act as an amendment to the Basketball Playing Agreement and shall not apply if Midwest is no longer a party to the Operating Agreement.
5. Representations and Warranties by Midwest. Midwest represents and warrants to MCDA that:
 - a. Midwest is wholly owned by TC Arena Group, LLC.
 - b. No litigation is pending, threatened or likely with respect to Midwest, TC Arena Group, LLC's interest in Midwest, or involving Midwest's performance under the Lease or its operation of the Arena pursuant thereto.
 - c. Within 30 days after the effective date of this Amendment, Midwest will be in compliance with all obligations in the Operating Agreement and Arena Use Agreement
6. Default by Midwest. If Midwest is in default of any of its obligations under the Operating Agreement, Arena Use Agreement or any other agreement to which Midwest is a party, MCDA may immediately terminate this Amendment upon written notice thereof to Midwest and TW Partnership without further action of Midwest or TW Partnership.
7. No Third Party Beneficiaries. Except as specifically set forth herein, the provisions of this Amendment are intended solely for the benefit of the parties and shall not benefit or create any right or cause of action in or on behalf of, and may not be enforced by, any other party. Nothing in this Amendment shall create or impose any liability on MCDA for the acts or inaction by Midwest or TW Partnership.
8. Assignability. This Amendment shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. This Amendment may not be assigned by any party without the consent of the other parties.

9. Notices. Any notice required or permitted to be given to any party by this Amendment or the Operating Agreement shall be in writing and shall be delivered the following addresses by United States certified mail, by recognized, traceable, national “overnight” delivery services or by facsimile, to the following addresses or such other addresses designated by the parties given in accordance with notice given in accordance with this Amendment:

If to MCDA:

Minneapolis Community Development Agency
Crown Roller Mill
105 Fifth Avenue South
Minneapolis, Minnesota 55401-2534
Attention: Executive Director and Finance Officer
Fax No. (612)673-5113

If to Midwest:

Midwest Entertainment Group, LLC
1725 Roe Crest Drive
North Mankato, MN 56002
Attention: Suzanne M. Spellacy
Fax. No. (507) 625-5895

With a required copy to:

TC Arena Group, LLC
c/o Minnesota Timberwolves
Target Center
600 First Avenue
Minneapolis, MN 55403-1416
Attention: Robert Moor, President
Fax No. (612) 673-8367

10. Effect of Amendment; Entire Agreement. This Amendment, together with the Operating Agreement, shall constitute the complete and comprehensive agreement between the parties hereto with respect to the subject matter hereof, shall supercede all prior agreements or understandings, oral or written, and may not be amended except only in a writing duly designated as an amendment to this Amendment and/or the Operating Agreement and properly executed by the parties hereto. In the event of inconsistency between the terms and conditions of this Amendment and those of the Operating Agreement, the terms and conditions of this Amendment shall control.
11. Waiver. The failure of a party to enforce at any time any of the provisions of this Amendment or to require at any time performance by the other parties of any of the provisions hereof, shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Amendment or any part thereof, or the right of the party to thereafter enforce each and every provision.

[Signature pages of the Amendment to Arena Lease, Operating, Management, Use and Assurances Agreement and the Basketball Playing Agreement follow]

IN WITNESS WHEREOF, the parties have executed this Amendment, effective as of the date first above written.

MINNEAPOLIS COMMUNITY
DEVELOPMENT AGENCY

By _____
Executive Director

Approved:

Finance Officer

Approved as to form:

By _____
Assistant City Attorney

[Signature page of the Amendment to Arena Lease, Operating, Management, Use and Assurances Agreement and the Basketball Playing Agreement]

MIDWEST ENTERTAINMENT GROUP, LLC

By _____
Name: _____
Title: _____

MINNESOTA TIMBERWOLVES LIMITED
PARTNERSHIP

By _____
Taylor Sports Group, Inc., General Partner
Name: _____
Title: _____

[Signature page of the Amendment to Arena Lease, Operating, Management, Use and
Assurances Agreement and the Basketball Playing Agreement]