



MONTGOMERY COUNTY DEPARTMENT OF PARKS
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

MCPB Agenda Items 6B and 7
June 21, 2007

MEMORANDUM

Date: June 15, 2007

TO: Montgomery County Planning Board

VIA: Mary Bradford, Director of Parks *MB*
Jerry Bush, Acting Chief, Enterprise Division *MB*

FROM: David Tobin, Equine Resources Coordinator, Director of Parks
Office

SUBJECT: Recommendation for Approval
Potomac Horse Center Manure Recycling Program
Lease Extension
Development Agreement
MACS agreement

Staff Recommendation

1. Planning Board approval of a 10-year extension of the existing lease between Potomac Horse Center (PHC) and M-NCPPC (attached).
2. Planning Board discussion of Cost-Share Agreement between Maryland Department of Agriculture, the Soil Conservation District, and Potomac Horse Center requiring M-NCPPC signature as Landowner (see page 7 of MACS Agreement).
3. Planning Board discussion of the Development Agreement (attached).

Background

Since 1993 Potomac Horse Center Inc. has functioned as the operator/lessee of a M-NCPPC equestrian facility situated on 41 acres on Quince Orchard Road in North Potomac. The property was acquired in 1980. Potomac Horse Center (PHC) is perhaps our most active equestrian facility and an exemplary lessee, housing over 80 horses, offering riding lessons year round using 3 indoor arenas and other facilities, sponsoring summer camps and horse shows, family programs, and therapeutic riding. PHC has funded extensive capital improvements and enjoyed good relations with their neighbors. PHC has been an exemplary lessee, funding extensive capital improvements, and expanding their programs. PHC generates approximately \$95,000 per annum in revenues to the Enterprise Fund and in capital improvements.

PHC has committed to functioning as an exemplary equestrian operation by composting and recycling much of its horse-related waste (manure plus sawdust used in horse stalls). PHC, in collaboration with the Soil Conservation District, has designed a program that will enable them to function as a fully-self-sufficient facility, recycling 100% of their horse-related waste and reducing their dependence on chemical fertilizer (in addition to eliminating their dependence on waste haulers that contribute to fuel use, truck traffic, and related costs). \$100,000 of the total estimated cost of \$160,000 will be paid through the Maryland Department of Agriculture Water Quality Cost-Share Program. The balance will be paid by PHC as part of their obligation, under their lease with M-NCPPC, to pay \$40,000 per annum toward capital improvements.

PHC has partnered with Soil Conservation District and Maryland Agriculture Cost-Share (MACS) program and completed design and engineering for the project.

Through the Development Agreement, PPD will assign a project manager to assure compliance with the agreement during the design and construction of the project. One year estimated construction period.

The details of the program, and the opportunity for public comment at the June 21 Planning Board hearing, have been communicated to the public through the Gazette newspapers (see attached June 6, 2007 article) and by an M-NCPPC presentation at the May 30, 2007 Town Hall Meeting of the North Potomac Citizens Association. No verbal or written comments of concern about the project have been submitted.

Composting at the Potomac Horse Center

Past, Present & Future

By Richard M. Terselic



Prior to 18 months ago, the standard at PHC was the use of straw as the primary bedding material in stalls. Approximately 80% of the horses used straw and the remainder were on sawdust. Sawdust was used only for the horses that appeared to be allergic to straw, which was considered to be a more luxurious bedding but was also volatile in price and supply. After the bedding was soiled, it was separated into piles of sawdust mix and straw mix and eventually trucked off the farm by separate haulers.



In February, 2005, we decided to try using sawdust as the only bedding material. The advantages appeared to be numerous so we began the experiment. At first, the intention was to truck the soiled material, a mixture of sawdust, hay, urine and manure off the farm as usual. But, as necessity is often the Mother of Invention, a temporary failure on the part of the hauler to remove the ever growing mountain of material inspired me to enlist the help of our friends with Nutrient Management &

Soil Conservation. With their encouragement and guidance, I laid out a course to learn the compost business and implement it successfully at PHC.

In brief, converting the mixture into a soil improvement material requires little more than time, moisture, air and patience. As simple as this seems, there have been many problems along the way which could only be identified and solved through experience. With very little room to work the pile and subsequently little time to achieve spreadable compost, I decided to employ a process known as nitrogen enrichment. Nitrogen enrichment involves the addition of ammonium sulfate fertilizer to the compost pile in order to accelerate the composting process.

At this time, we are composting our sixth pile. From the beginning, there have been many seemingly insurmountable obstacles in the way. Our storage area is not only extremely small, it was never intended as a storage area. It is a collection of gravel, concrete, asphalt and unpaved surfaces which at one time supported numerous silos used by Mr. Harting in the



process of farming the surrounding lands for the production of horse feed. Our loader tractor is way too small to handle the task. The manure spreader, which was the least expensive one we could find, has undergone numerous modifications following each spread to improve it's capacity and functionality. Despite these issues, we have achieved an encouraging level of success that serves to propel us towards making this process a permanent part of the farm operation. Self-sufficiency clearly is better than reliance on outside haulers and the addition of this



rich, loamy material will surely result in an improvement to pastures which have been lacking the ability to absorb and hold moisture and nutrients. A solid years worth of hands on experience has convinced me that this is a course for the future worth embracing.

Consider the following reasons for continuing this practice and building a containment area:

- **Safety**

1. Sawdust use greatly reduces the amount of highly flammable material stored in the barn lofts.
2. Much lower risk of an uncontrollable fire at the storage area. Sawdust smolders when ignited, straw burns intensely and spreads quickly.

- **Reduced complaints from neighbors**

1. Composting eliminates heavy truck traffic on the unpaved gravel driveway which in turn reduces airborne dust.
2. Straw based waste was loaded and hauled at the convenience of the trucker, often in the dead of night which resulted in complaints.
3. Our plan includes shielding the neighbors from view with evergreens

- **Property Damage**

1. Hauling trucks regularly damaged fencing and unpaved areas from the driveway entrance to the storage area
2. Strong wind regularly blew waste straw all over the area including into neighboring communities.

- **Reliability**

1. Straw is volatile in price and availability, sawdust appears to be constant.

- **Barn Conditions**

1. Sawdust absorbs urine better than straw.
2. Sawdust is cleaner and smells better than straw bedding.

- **Environment**

1. Less trucking equals less fuel consumption and road congestion. Being dependent on a hauling service is not in the best interests of the farm with rising fuel costs, fees and regulations.

2. The application of the sawdust based compost has yielded great results in increasing the organic matter in the soil profile. The pastures were in very poor condition when we took possession of the farm, and despite substantial expenditures under the maintenance portion of our expense accounts they still need the addition of organic matter to help absorb moisture and nutrients instead of allowing them to runoff or leach into Muddy Branch Stream. The Organic matter also allows the root systems to flourish resulting in a greener, healthier looking pasture and a softer surface for horses to run on.

3. Composting is an environmentally friendly process which feeds the pasture grasses reducing the need for commercial fertilizer, which of course is a product of the petroleum industry.

4. The agricultural laws have changed substantially since lease signing in 1993. At that time it was agreed: "During the term of this lease, a Soil and Water Conservation Plan (SWCP) will be cooperatively prepared by the Tenant, Landlord, and Montgomery Soil Conservation Service. This SWCP will include, but not be limited to, waste management, pasture stocking rates, sediment control and establishment of critical area buffers. The Tenant will be obliged to implement the provisions of the SWCP." Since that time, environmental programs designed to reduce the destruction of the Chesapeake Bay have multiplied dramatically. Nutrient Management, for example, is front and center today but virtually non-existent in 1993. This project is a natural result of our commitment to fulfil the terms of our lease.

5. As a large, possibly the largest with the exception of the Prince Georges Equestrian Center, equestrian operation in an ever increasing portfolio of such operations under the control of M-NCPPC, we wish to excel as Cooperators with environmental and agricultural agencies such as MSCD, NRCS, MCEC, MDA, MCDED, etc. Our cooperation and success will hopefully serve to inspire other equestrian operations, both public and private, to become Cooperators themselves and collectively work to save the bay.

6. We are currently struggling to achieve acceptable results with our finished compost product. With the completion of the new storage area, our finished product will be much higher in quality and will be even more beneficial to the property.

- **Financial**

1. Through this project, we can deliver an extraordinary Capital Improvement to the property owner that will surely last longer than the year in which it was installed (abbreviated lease definition of a CI) without depriving the many other areas of the facility needing capital infusion.

2. The current project plan does require the dismantling of an existing agricultural storage barn but there need be no net loss of agricultural storage space as we have a plan for it's use.

3. The MACS program, which makes this project possible, requires a 15 year commitment to the care and proper use of the waste storage structure. As we see it, in order for us to completely turn-key the project requiring no effort, investment or commitment on M-NCPPC's part, we would need to obtain a lease extension. With just over 7 years left on the current lease, we would like to make that extension and start planning for the continuation of our successful ongoing restoration and operation of the riding center. We take great pride in our track record with M-NCPPC and would gladly extend the relationship as a part of succeeding in this important environmental project, as well as the possibility of future ones.



WE'RE NOT JUST HORSEING AROUND...

Potomac Horse Center

is introducing a new, self-sufficient model for recycling its manure.

What it means:

This innovative manure-recycling program:

- ☀ Composts the manure produced by our stables;
- ☀ Utilizes the composted manure instead of commercial fertilizer to make our pastures greener and healthier;
- ☀ Eliminates the need for heavy trucks to cart out manure, decreasing traffic in the neighborhood and saving fuel;
- ☀ Replaces straw bedding with sawdust, which reduces the flammability of the facility and eliminates straw waste blowing into neighboring communities;
- ☀ Reduces odors in the barnyard.

What happens next:

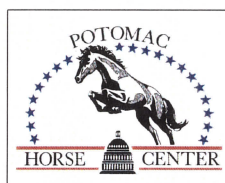
The Montgomery County Planning Board will review our request for a 10-year lease extension and approval of related facility construction to support this program on Thursday, June 21, 2007, at 00:00AM/PM and render a decision.

What you can do:

If you're interested in testifying for or against this project, you can sign up to do so at www.mcparkandplanning.org or by calling 301-495-4600.

For more information:

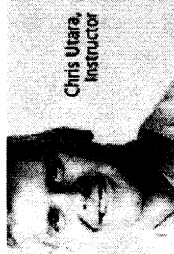
To learn more, contact David Tobin, Equine Resources Coordinator for the Department of Parks at 301-495-2478 or david.tobin@mncppc-mc.org.



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Wednesday, June 6, 2007

Horse center plans for greener fields

by Christina Marmik | Staff Writer

[E-mail this article](#) | [Print this article](#)

A desire for greener pastures and less pollution is behind a Potomac Horse Center proposal to expand its horse manure- recycling program.

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The Quince Orchard Road center wants to turn the approximately 4,500 pounds of horse manure produced daily by more than 90 horses into organic top soil to fertilize their own fields.

“This is a very new way of thinking for the equine world,” said Rick Terselic, horse center administrator, adding that currently the waste is trucked away. “We’re happy to be poster boys for creative, innovative, new-age thinking.”

The center hopes to build a 120-foot-wide by 120-foot-long concrete slab to store and compost the manure.

But since the center leases its nearly 60 acres from Montgomery County, it must first obtain an

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extension of the lease before investing in the project.

It will present the proposal to the Montgomery County Planning Board on June 21 and ask for a 10-year extension of its lease. That lease currently has only six years left.

If the extension is approved, the center can take advantage of the Maryland Agricultural Cost-Share program. That program provides assistance to farmers investing in facilities that reduce soil and nutrient runoff, but requires a project life of at least 15 years.

Under the program, the state would reimburse nearly 90 percent of the cost of the slab, with the center covering the rest of the costs, including site preparation.

The estimated cost of the entire project is \$160,000, with the horse center paying approximately \$60,000.

If all goes well, Terselic would like to see the project completed within the next year.

And since the center already recycles some manure on its fields but has never received a complaint from neighbors about the smell, he does not predict any objections at the hearing. Mixing sawdust in reduces the odor, he said.

“I don’t expect any problems,” he said. “I believe the project stands on its own merits.”

The recycling would benefit the environment in several ways, said Eddie Franceschi, equine resource conservationist with the Montgomery Soil District.

The manure is mixed with sawdust and straw and forms a rich topsoil-like substance in about 26 weeks. The thicker mix not only prevents water runoff and stream erosion, it also negates the need for chemical fertilizers that eventually end up in the Chesapeake Bay, he said.

“They’re producing their own waste, [now] they will be able to process it and put it on their

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own fields. This is a full recycling process," he said.

Five other horse centers lease land from the county: Meadowbrook Stable in Chevy Chase, Wheaton Regional Park Stables, Callithea Farm Park in Potomac, Rickman Farm Horse Park in Boyds and Woodstock Equestrian Park in Beallsville.

None of the other centers are taking the steps to become fully self-sustainable with fertilizer, although Callithea Farm Park does recycle some waste, said David Tobin, equine resource coordinator for Montgomery County Parks and Recreation.

"This is really a pioneering thing and the [center] is making a tremendous contribution to the public by stepping forward as a model to other horse centers around the country," Tobin said. "They're really standing out as an example to environmental stewardship."



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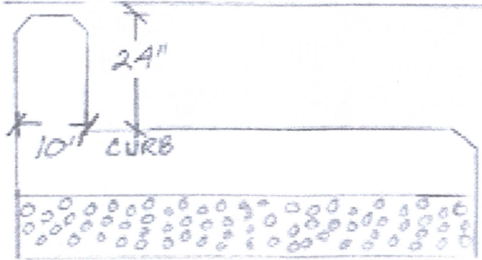
POTOMAC HORSE CENTER
RECYCLING PROGRAM COSTS (Estimated)
Jun-07

Compost Pad 125"x125' with 190' x 2' curb

Slab	\$65,120
Gravel CR-6	9,855
Concrete formed	3,500
Rebar	36,926
Seeding	375
Straw	225
Excavation and Earthfill	2,700
Building Demolition	9,000
Site Prep	6,000
Move Waterline	5,000
Move electric	5,000
Landscaping	1,000
Interest on borrowed funds	<u>16,000</u>
	\$160,701
MACS	<u>\$100,000</u>
PHC	\$60,701



POTOMAC HORSE CENTER
PRELIMINARY SLAB DETAILS

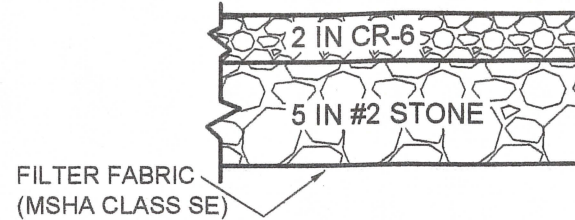


- 45 degree chamfered edge
- 6" 4000psi reinforced concrete
- compacted #57 stone base or existing concrete slab

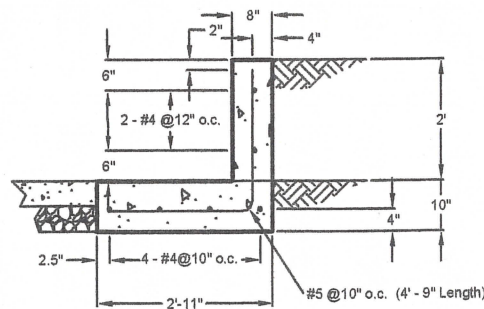
CURB SECTION (NOT TO SCALE)

ACCESS ROAD NOTES

1. Grade topsoil down 6 inches or less as needed or directed.
2. Place filter fabric on cut grade making sure to straighten out wrinkles. Overlap all joints between fabric sheets at least 2 feet.
3. The filter fabric manufacturer must submit certification and test data to NRCS for approval showing:
 - (a) EOS between 70 and 100,
 - (b) Woven or non-woven fabric material
 - (c) Tensile strength of 100 lbs. Minimum
 - (d) Puncture strength of 40 lbs. Minimum
 - (e) Abrasion resistance of 25 lbs. Minimum in any principle direction.
4. Place 5 inches of #2 stone on top of filter fabric and compact as firmly as possible.
5. Place 2 inches of CR-6 on the #2 stone layer.

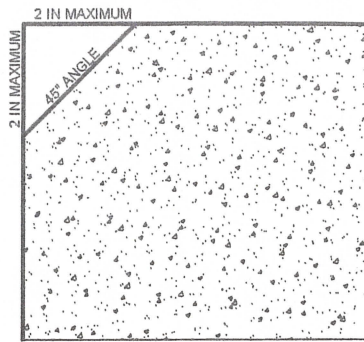


ACCESS ROAD DETAIL
N.T.S.



2' RETAINING WALL
CW-2.2.0L
N.T.S.

- Notes:
- 1) 4000 psi concrete
 - 2) Grade 60 steel
 - 3) Maximum backfill top of wall (2)
 - 4) Minimum backfill to top of floor
 - 5) Concrete slab must be placed before wall is backfilled
 - 6) Maximum surcharge 100 PSF

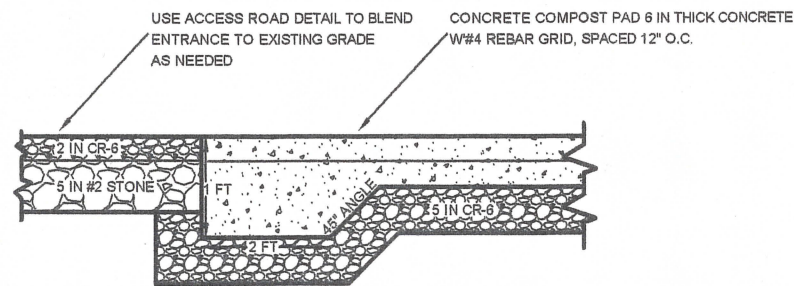


CONCRETE CHAMFERED EDGE DETAIL
N.T.S.

TO BE USED AS NEEDED ON
EDGE OF CONCRETE

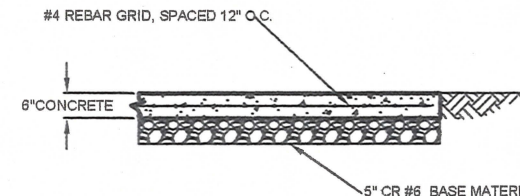
CONCRETE CONSTRUCTION SPECIFICATIONS
Formed Concrete
Revised 8/04

1. All materials and construction shall be in accordance with applicable NRCS Practice Standards and ACI-318.
2. Any changes in the plans or specifications must be approved by the design approver prior to being made. Changes are to be reviewed by the landowner for concurrence.
3. Concrete shall have Type IA or IIA cement, 28-day compressive strength of 4,000 psi, 5% air entrainment and a slump of 3 to 5 inches. Air entrainment admixtures shall conform to ASTM C-360.
4. Reinforcing steel shall conform to ASTM-A-615, Grade 60 steel. All reinforcing material shall be free of dirt, loose rust, scale, oil, paint or other coatings. The steel shall be accurately placed into position, and securely restrained and blocked into position prior to placement of concrete. Insertion of steel into fresh concrete is not permitted. Reinforcement steel shall have a minimum of 2 inches of concrete cover against all forms and 5 inches against soil, unless otherwise shown on the plans. Ring steel shall have a minimum overlap of 24 inches. All other reinforcement steel splices shall overlap a minimum of 18 inches. Welded wire fabric shall conform to ASTM-A-185 and overlap a minimum of 6 inches. The welding of reinforcing steel is not permitted.
5. Waterstop will be used as shown on the plans and at all cold and construction joints???
6. Plasticizing or plasticizing and retarding admixtures may be used and shall conform to ASTM C-1017.
7. Concrete forms shall have sufficient strength and rigidity to hold the concrete to withstand the necessary pressure, tamping and vibration without deflection from the prescribed lines. They shall be mortar-tight and constructed so that they can be removed without hammering or prying against the concrete. The inside of the forms shall be oiled with a non-staining mineral oil or thoroughly wet before concrete is placed. Forms may be removed 24 hours after the placement of concrete.
8. Metal ties or anchorages shall be full dimension. Nominal size wall ties are not permitted. Wall tie ends must be broken off and patched with a concrete epoxy or polymer cement. Patching is required on both the inside and outside of concrete structures.
9. Concrete shall be delivered to the site and discharged completely into the forms within 90 minutes after the truck leaves the plant. This time shall be reduced to 45 minutes when the atmospheric temperature is over 90° F. The concrete shall be maintained at a temperature below 90° F during mixing, conveying and placement. Set retarding admixtures may be used to increase mixing time. Water reducing and/or retarding admixtures shall conform to ASTM C-494 Types A, B, D, F or G.
10. All concrete for walls shall be consolidated with internal type mechanical vibrators or by rodding. Concrete shall be placed in horizontal lifts not greater than 2 feet. Concrete shall not have a vertical drop greater than 5 feet. An elephant trunk, chute, or similar means shall be used when applicable to minimize the vertical drop. Vibration shall be supplemented by spacing and hand tamping as necessary to insure smooth and dense concrete along form surfaces, in corners, and around embedded items.
11. Concrete shall not be placed when the daily minimum atmospheric temperature is less than 40° F unless facilities are provided to prevent the concrete from freezing. The concrete shall be protected from freezing for a minimum of 7 days or the concrete shall be kept at a temperature of 50° F for a minimum of 9 days. The use of accelerators or antifreeze compounds will not be allowed.
12. Concrete shall be protected from drying for the curing period after the placement of the concrete. Moisture may be applied by spraying or sprinkling as necessary to prevent the concrete from drying. Concrete shall not be exposed to freezing during the curing period. Curing compounds may be used in lieu of the application of moisture. Curing compounds shall conform to ASTM C-309, type 2.
13. Defective concrete, honeycombed areas, voids left by the removal of tie rods, ridges on all concrete surfaces permanently exposed to view or exposed to water, shall be repaired immediately after the removal of forms. All voids shall be reamed and completely filled with quickset, non-shrink hydraulic cement, concrete epoxy or polymer cement. Voids left by wall ties shall be patched with a concrete epoxy or polymer cement.
14. Concrete top surfaces shall be screeded, troweled and broom finished unless otherwise approved.
15. Walls may be backfilled 7 days after the placement of concrete???
16. Fill material under concrete shall be accomplished by placing maximum 9-inch lifts (before compaction). The lifts shall be compacted by the traversing of the entire surface by not less than one track of the equipment or by a minimum of four complete passes with a sheepfoot, vibratory, or rubber tire roller.
17. The backfill behind walls shall conform to the grades shown on the plans. When placing uncompacted fill provide an additional foot of fill to allow for settlement.
18. Subsurface drainage must be provided as shown on the plans. Drain tubing must meet the requirements of ASTM F405 Heavy Duty???



SLAB FOOTER DETAIL
N.T.S.

TO BE USED AT ALL POINTS OF
ENTRANCE / EXIT TO COMPOST PAD



CONCRETE COMPOST PAD DETAIL
CF-5
N.T.S.

- Notes:
- 1) 4000 psi concrete
 - 2) Grade 60 steel
 - 3) 2 1/2 in. bricks or concrete chairs @ 4 ft. O.C.

CONSTRUCTION NOTES AND SEQUENCE

1. Before construction begins contact the local District Office for a preconstruction meeting, contact Miss Utility to mark the utilities in the area and obtain all county, state and federal permits that may be needed. It is the landowner's responsibility to obtain all necessary permits and to maintain the structure in accordance to those regulations.
2. All materials and construction shall be in accordance with applicable NRCS standards and construction specifications.
3. All components of the completed system shall conform to the lines, grades, elevations, dimensions and materials shown on the plans.
4. Any changes in the plans or specifications must be approved by the original plan approver prior to being made. Changes are to be reviewed by the landowner for concurrence.
5. Prevent any sediment from leaving the construction site by installing a silt fence where appropriate.
6. Salvage topsoil and fill material and stockpile to use for final grading of the site.
7. Clear and grub all areas necessary for the construction of the structure.
8. Construct pad for structure. Fill material under the structure shall be placed in maximum 9-inch lifts (before compaction). The lifts shall be compacted by traversing of the entire surface by not less than one track of the equipment or by a minimum of four complete passes with a sheepfoot, vibratory, or rubber tire roller.
9. Construct access road in accordance to drawings.
10. Perform final grading of the site. Place fill material around structure in maximum 4-inch lifts (before compaction). Compaction shall be performed at the optimum moisture content with hand tampers or other manually directed compaction equipment. Backfill shall be kept approximately level around all parts of the structure.
11. Topsoil on disturbed areas and filter strips using onsite-salvaged topsoil. Apply lime and fertilizer according to specifications. Seed and mulch the filter strip and all disturbed areas as specified. All disturbed areas to be stabilized within 14 days of completion.

All disturbed areas to be stabilized within 14 days of completion, using the following recommendations:

Seeding Recommendations	
Turf Type Tall Fescue	150 lb./ac.
Perennial Rye Grass	40 lb./ac.
Cereal Rye Grain	25 lb./ac.
20-20-20 Fertilizer	1000 lb./ac.
Ground Lime 50% Oxides	2 ton/ac.
Straw Mulch	2 ton/ac.

Seeding Dates
March 1 thru May 15
August 1 thru October 15

PERMANENT SEEDING NOTES

1. Soil Amendments:
 - A) Fertilizer (20-20-20) shall be applied at 1000 lb/ac or 10 lb x 1000 sq ft.
 - B) Lime shall be applied at 2 tons/ac or 100 lbs / 1000 sq ft.
 - C) Incorporate lime and fertilizer in the top 1 to 3 inches of soil by disking or other suitable means.
2. Seeding Preparation:
 - A) Soil shall be loosened to a depth of up to 3 inches by raking, disking, or other acceptable means prior to seeding.
 - B) Apply seed uniformly with a cyclone seeder, drill, cultipacker seeder or hydroseeder (slurry includes seed and fertilizer on a firm, moist seedbed). Maximum seeding depth should be 1/4" on clay soil and 1/2" on sandy soil, when using other than hydroseeder method of application. Note: If hydroseeding is used and the seed and fertilizer is mixed, they will be mixed on site and the seeding shall be immediate without interruption.
3. Mulching:
 - A) Remaining disturbed areas shall be mulched with one of the following:
 - a) Straw or hay mulch applied at a rate of 2 tons per acre (90 lbs/1000sq ft) and anchored immediately after placement.
 - b) Wood fiber or paper fiber mulch applied at a rate of 2000 lb. per acre or as recommended by the manufacturer.
 - c) Pelletized mulch applied at 10-15 lb. per 1000 sq ft, in accordance with the manufacturer's recommendations.
 - d) Shredded bark mulch applied to a depth of 2-3 inches with a minimum ground cover of 95%.

MISS UTILITY



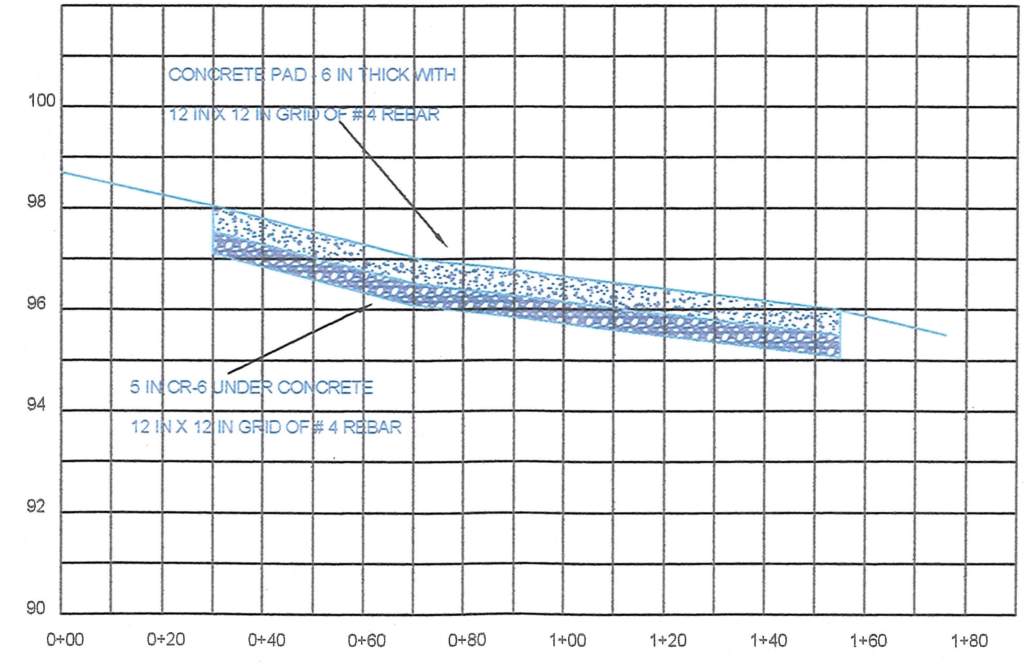
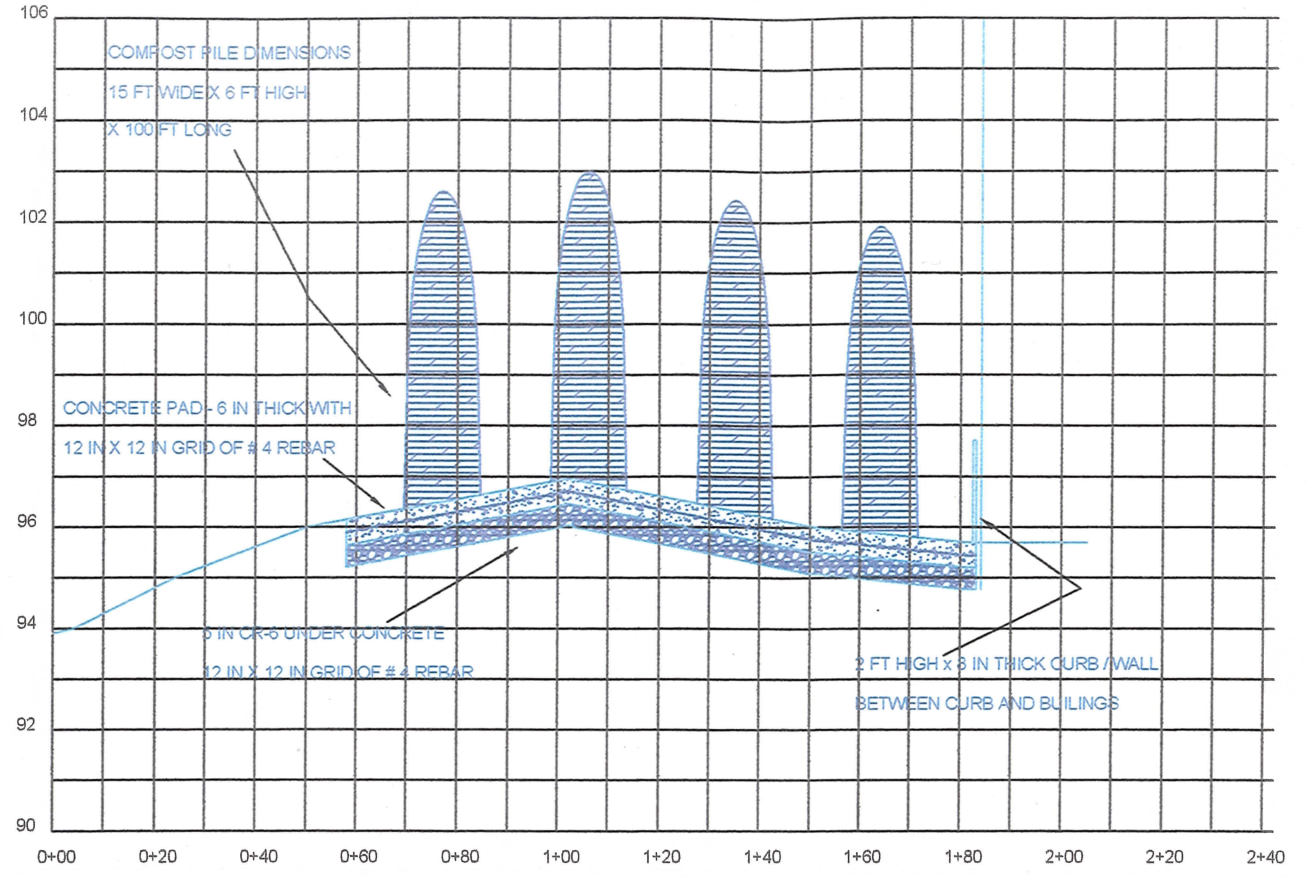
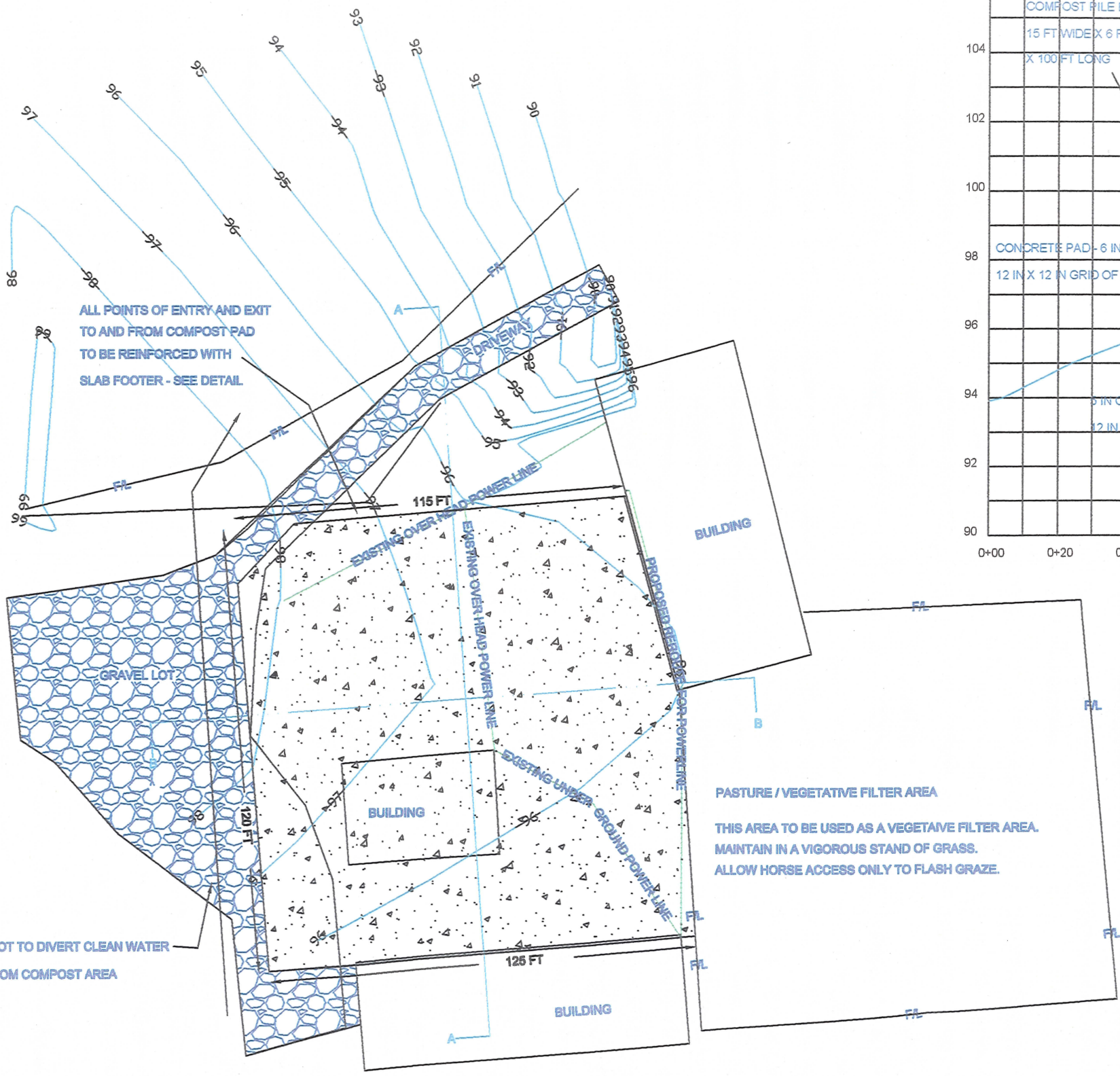
BEFORE YOU DIG CALL
1-800-257-7777
PROTECT YOURSELF, GIVE THREE
WORKING DAYS NOTICE

"The Soil Conservation District makes no representation as to the existence or Non-existence of any utilities at the construction site. Shown on these construction drawings are those utilities which have been identified. It is the responsibility of the landowners or operators and contractors to assure themselves that no hazard exists or damage will occur to utilities."

POTOMAC HORSE CENTER
MONTGOMERY COUNTY, MD
ANIMAL WASTE COMPOST FACILITY
SPECIFICATIONS

NRCS Natural Resources Conservation Service

DESIGNED	P.M.	DATE	10/06	APPROVED BY	DATE
DRAWN	P.M.	DATE	10/06	CONS. APPROVAL	
CHECKED		SHEET NO.	2	DRAWING NO.	
		OF	2		



STANDARD DWG. NO. _____
DATE _____ SHEET _____ OF _____

REVISIONS		
DATE	APPROVED	TITLE

Date 10 / 2006
Designed PM
Drawn pm
Checked
Approved

Potomac Horse Center
Animal Waste Composting Pad
Montgomery County, Maryland



File No. _____
Drawing No. _____
Sheet 1 of 2

Potomac Horse Center
Animal Waste Composting Pad
Montgomery County, Maryland



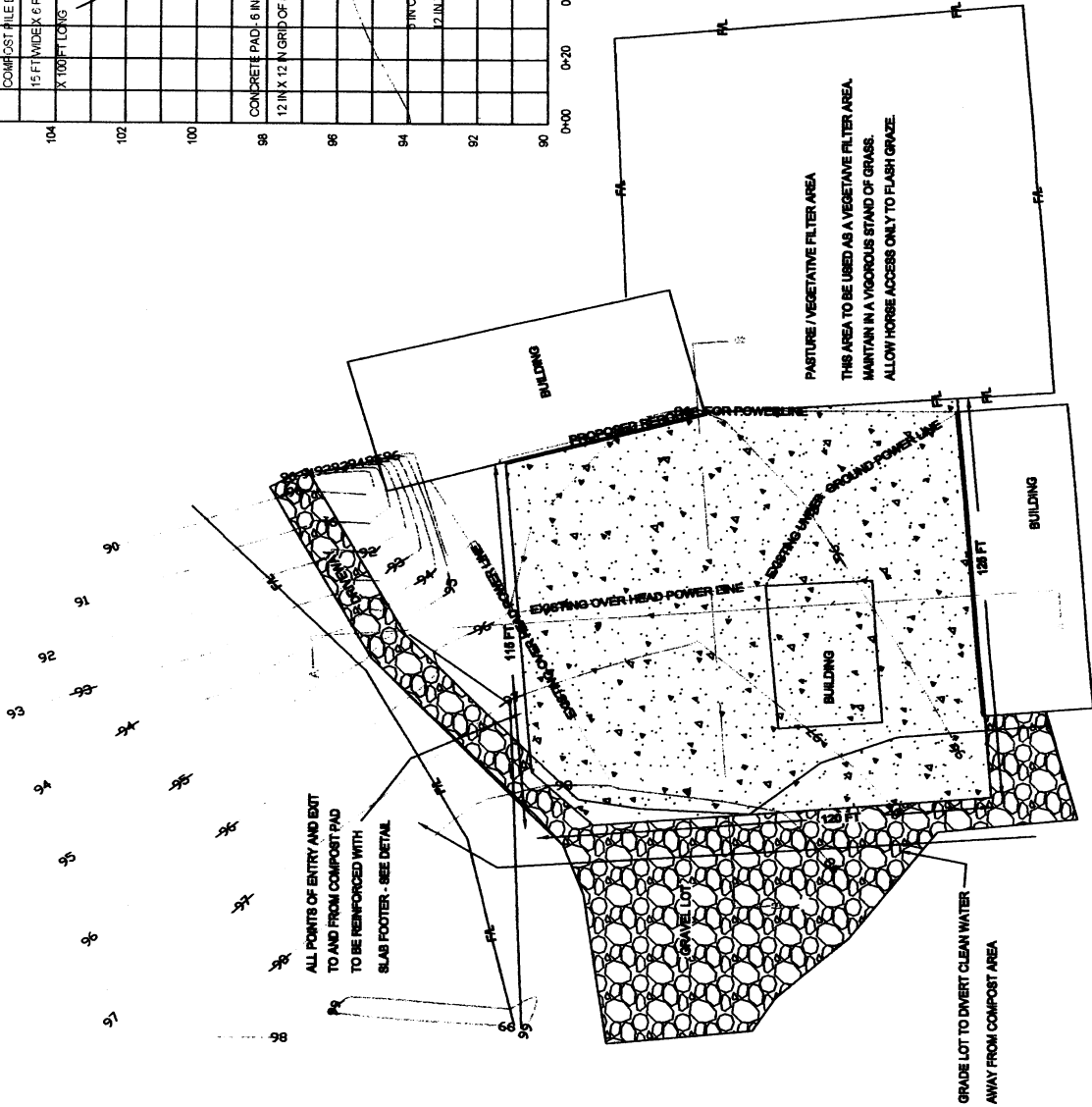
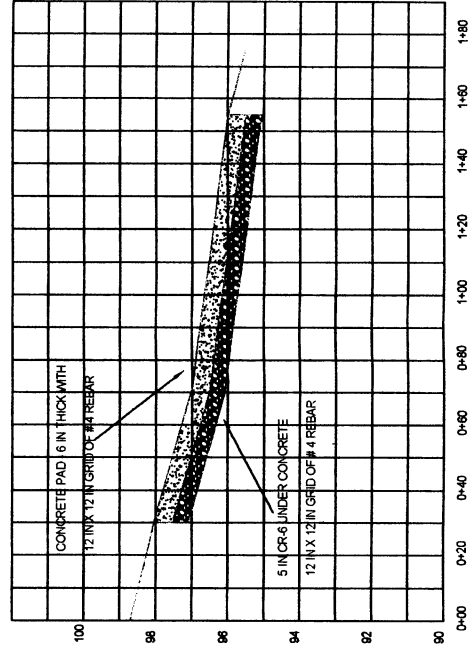
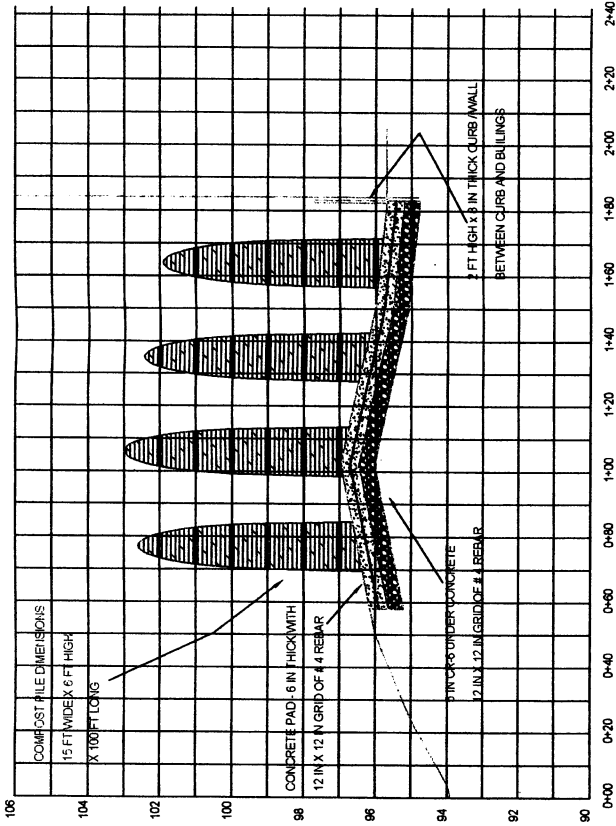
File No.

Drawing No.

Sheet 1 of 2

Designed: PM
Drawn: pm
Checked: _____
Approved: _____
Date: 10 / 2006

DATE	APPROVED	TITLE



ALL POINTS OF ENTRY AND EXIT
TO AND FROM COMPOST PAD
TO BE REINFORCED WITH
SLAB FOOTER - SEE DETAIL

STANDARD DWG. NO.

DATE

SHEET

OF

**DRAFT EXTENSION OF RENEWAL TERMS OF LEASE
POTOMAC HORSE CENTER, INC.**

This Extension of Renewal Terms of this Lease is made this ____ day of _____ 2007, by and between the Maryland-National Capital Park and Planning Commission, an agency of the State of Maryland (“Commission”), and the Potomac Horse Center, Inc. (“Tenant”), a corporation, operating as Potomac Horse Center.

WHEREAS, the Commission and the Lessee entered into a Lease on July 21, 1993, for a parcel of land known as the Maryland Horse Center, which is defined in Paragraph 1 of the Lease;

WHEREAS, paragraph 35 of the Lease provides the Tenant with an option to renew this Lease for three renewal terms of five (5) years subject to such terms and conditions as are at the time mutually agreed upon between the parties;

WHEREAS, Tenant has exercised the options to renew the term of the lease twice and has one final option to renew which would end the lease if exercised on July 20, 2013;

WHEREAS, the Commission and Tenant desire to apply to the Maryland Agricultural Water Quality Cost-Share Program (MACS); to fund a portion of the construction of a manure recycling facility on the Leased Premises;

Whereas Tenant plans to amortize their capital improvement cost for the recycling operation; and have requested two (2) additional options to renew this lease for 5 year terms to accomplish that;

Now, Therefore, for and in consideration of the respective covenants, promises and agreements provided herein, the Commission and Tenant agree as follows:

1. Renewal Options – paragraph 35(c) is amended to reflect that the third option is not final. Tenant has two (2) additional options to renew the Lease for five (5) year terms for a total of five (5) options to renew.
2. These additional extensions are conditioned on the Commission and Tenant’s joint application, and approval of the MACS agreement to construct and maintain a manure recycling program.
3. Except as modified herein, all terms and conditions of the Lease remain in full force and effect for the term of this Lease

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Commission and Tenant have set their hands and seals this _____ day of _____, 2007.

POTOMAC HORSE CENTER, INC.

By: _____

(Signature)

Typed Name:

Title: _____

WITNESS

By: _____

(Signature)

Typed Name:

Title: _____

**THE MARYLAND-NATIONAL
CAPITAL
PARK AND PLANNING COMMISSION**

By: _____

Bruce Crawford
Executive Director

ATTEST

By: _____

Patricia Colihan-Barney
Secretary-Treasurer

SECOND RENEWAL OF TERM OF LEASE

POTOMAC HORSE CENTER, INC.

This Second Renewal of the Term of this Lease is made this 12th day of August, 2003, by and between The Maryland-National Capital Park and Planning Commission, a public body corporate (hereinafter "Landlord") and the Potomac Horse Center, Inc, a Maryland corporation (hereinafter "Tenant").

WHEREAS, the Landlord and the Tenant entered into a Lease on July 21, 1993, for a parcel of land known as the Maryland Horse Center, which is described and defined in paragraph 1 of the Lease;

WHEREAS, paragraph 3 of the Lease provides that the original term is five years terminating on September 30, 1998;

WHEREAS, paragraph 35(a) of the Lease provides that the Tenant has the option to renew the Lease for the first renewal term of five years;

WHEREAS, the Tenant exercised the option, and the Tenant and the Landlord renewed the Lease for the first renewal term extending the term of the lease from October 1, 1998 through September 30, 2003;

WHEREAS, paragraph 35(b) of the Lease provides that the Tenant has the option to renew the Lease for the second renewal term of five years;

WHEREAS, the Tenant has notified the Landlord that the Tenant desires to exercise the option for the second renewal term;

WHEREAS, the Landlord and the Tenant desire to renew the Lease for the second renewal term extending the term of the Lease from October 1, 2003 through September 30, 2008, pursuant to the terms and conditions set forth in the Lease.

NOW, THEREFORE, for and in consideration of the respective covenants, promises and agreements provided herein the Landlord and Tenant agree as follows:

1. Pursuant to Section 35(b), the term of the Lease is renewed for a term of five years and is extended from October 1, 2003 through September 30, 2008.
2. Pursuant to Section 35(b), during the second renewal term the: (a) annual base rent each and every Lease year is \$10,000.00 payable in equal monthly installments of \$833.33, (b) the Gross Percentage Factor each Lease Year is 1.5%, and (c) the Net Income Percentage Rent Factor each Lease Year is 10%.
3. Except as modified herein, all terms and conditions of the Lease remain in full force and effect for the term of this Lease.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Landlord and Tenant have set their hands and seals this _____ day of _____, 2003.

POTOMAC HORSE CENTER, INC.

By: Paul Novograd
(Signature)

Typed Name: Paul Novograd

Title: Pres

WITNESS

By: Renée T. Terzelic
(Signature)

Typed: RENÉE T. TERSELIC

Title: Gen. Mgr.

**THE MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION**

By: Trudye Morgan Johnson
Trudye Morgan Johnson
Executive Director

ATTEST

By: Patricia Colhan-Barney
Patricia Colhan-Barney
Secretary-Treasurer

LEASE

THIS LEASE is made this 21ST day of July, 1993, by and between THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION, a public body corporate ("Landlord") and POTOMAC HORSE CENTER, INC., a Maryland corporation ("Tenant").

RECITALS

WHEREAS, Montgomery County, Maryland (the "County") is the fee simple owner of approximately 49.2089 acres of land (the "Property") situated on Quince Orchard Road in the County, part of which is known as the Maryland Horse Center, Inc. (the "Center"). The County acquired the Property from Frederick G. Harting, Jr., and Claire M. Harting (collectively, the "Hartings"), by deed dated November 10, 1980, and recorded in Liber 5609, at Folio 265, among the Land Records of the County; and

WHEREAS, forty-eight (48) moderately-priced housing units have been developed on approximately 7.5 acres of the Property (the "Housing Tract"), and the balance of the Property, which consists of approximately 41.7089 acres, as generally shown on Exhibit A, which is attached hereto and is specifically made a part hereof, remains for continued use as an equestrian center; and

WHEREAS, the Center facilities include, inter alia, the rings, grazing areas, stables, dormitory buildings, mess hall, exercise areas, barns, and other auxiliary structures, as more generally shown on Exhibit B, which is attached hereto and is specifically made a part hereof; and

WHEREAS, Landlord is authorized pursuant to an intergovernmental agreement dated May 24, 1972, between Landlord and the County, to act as agent for the County in maintaining, operating, regulating, and controlling park land acquired by the County and the Property is considered "park land" for these purposes; and

WHEREAS, the Landlord previously hereto executed a certain Amended and Restated Lease Agreement effective January 1, 1990 ("Prior Lease") with Maryland Horse Center ("MHC") which, in accordance with its terms and as amended pursuant to a certain Extension of Amended and Restated Lease Agreement, will expire on the 30th day of September, 1993; and

WHEREAS, the Landlord in response to its public announcement offering the Property for use as an equestrian facility, solicited competitive proposals from any interested persons to operate the Property as such pursuant to the Terms of Offering and the Standards and Controls as more particularly set forth herein (the "Terms of Offering"); and

WHEREAS, included in the package of documents making up the Terms of Offering is an Architecture and Engineering Survey prepared by Smith, Blackburn & Stauffer, Architects and Planners (the "Survey"); and

WHEREAS, the Terms of Offering is referred to in the Survey as the "RFP" and, therefore, for purposes of this Lease any reference to or use of the term "RFP" shall mean the Terms of Offering; and

WHEREAS, the County and Landlord are fully authorized and empowered to enter into this Lease and have directed and authorized the Executive Director of Landlord to execute this Lease and to bind Landlord to its terms; and

WHEREAS, Paul Novograd, the principal stockholder of the Tenant submitted to the Landlord his Concessionaire's Proposal dated April 20, 1993 (the "Proposal") which provided among other things that if he were selected as the concessionaire, the Lease would be titled in the name of the Tenant; and

WHEREAS, the Landlord, (a) after reviewing the Montgomery County Equestrian Center Evaluation Committee's written recommendation; (b) reviewing the proposals submitted by all responding parties; and (c) holding a public hearing on the 24th day of May, 1993, selected the Proposal submitted by Paul Novograd; and

WHEREAS, the execution of this Lease is pursuant to and in accordance with the procedures as clearly set forth in the Terms of Offering.

NOW, THEREFORE, WITNESSETH: in consideration of the mutual covenants herein contained and in further consideration of the payments and undertakings herein mentioned, made and to be made, Landlord and Tenant have respectively promised unto and agree with each other as follows:

1. Demise. Upon the terms and conditions hereinafter stated, Landlord does hereby lease, let and demise unto the Tenant, the real property with the improvements thereon (as more

particularly shown in Exhibits A and B, attached hereto and specifically made a part hereof, and as additionally described in the Survey), and the rights, privileges and appurtenances thereto belonging or in anywise appertaining, if any there exists, collectively hereinafter referred to as the "Leased Premises". The address of the Leased Premises shall be 14211 Quince Orchard Road, Gaithersburg, Maryland 20878.

2. Acceptance. Tenant, in consideration of the Lease of the aforesaid Leased Premises and for the further considerations hereinafter set forth does hereby rent, lease and hire the said Leased Premises from Landlord on the terms and conditions hereinafter set forth.

3. Original Term. The original term of this Lease shall be for five (5) years commencing on the 1st day of October, 1993, and terminating without notice or demand on the 30th day of September, 1998, unless sooner terminated pursuant to the terms and conditions of this Lease. The term of this Lease may be extended pursuant to paragraph 35 hereof. Notwithstanding anything to the contrary herein contained, the obligation of the Landlord to deliver to the Tenant exclusive possession of the Leased Premises is dependent upon the vacating of the Leased Premises by MHC and its subtenants on or before September 30, 1993 pursuant to and in accordance with the Prior Lease as amended pursuant to the Extension of Amended and Restated Lease Agreement previously referred to herein.

In the event, for whatever reason, the Landlord is unable to deliver such exclusive possession of the Leased Premises to Tenant by the first day of October, 1993, then the commencement of the original five (5) year term of this Lease shall automatically be extended until the first day of the first full calendar month following the date of such delivery. Landlord shall use its best efforts, including the obligation to sue to regain possession, to deliver by the first day of October, 1993 the Leased Premises free and clear of all tenants, licensees, contractors, contracts, and any occupants, whether or not same have a legal right or claim to occupancy. If the Tenant takes possession of the Leased Premises either in whole or in part prior to the commencement date of the original term, such occupancy by the Tenant shall be subject to all of the terms and conditions of this Lease except that the obligation to pay rent and additional rent (excluding payment of utilities, insurance premiums and any repairs, replacements and maintenance expenses) shall not commence until the commencement date of the original term. Nothing herein contained shall be construed to create a liability on the part of Landlord for its failure to deliver exclusive possession of the Leased Premises. If the commencement date shall not have occurred on or before the 1st day of December, 1993 for any reason except failure on the part of the Tenant to perform any of its obligations hereunder, Tenant may give Landlord a thirty (30) day written notice of termination. Promptly after commencement of this Lease, Landlord and Tenant shall execute an agreement stating the

commencement and termination dates of the original term of this Lease.

4. Base Rent. For purposes of this Lease, the term "First Lease Year" shall mean the first full twelve calendar months beginning from the commencement date. Thereafter the phrase "Lease Year" shall mean each succeeding twelve full calendar months after the First Lease Year. The Tenant covenants and agrees to pay to Landlord during each and every Lease Year of the original term of the Lease, annual base rent in the amount of Six Thousand Dollars (\$6,000.00) payable in equal monthly installments of Five Hundred Dollars (\$500.00), in advance, without notice or demand, on the first day of each and every calendar month during each and every Lease Year of the original term. Tenant may adopt a fiscal year which may not correspond to a Lease Year. In that event, Gross Percentage Rent and Net Income Percentage Rent shall be calculated and reports shall be filed on revenues derived during a fiscal year. In the event Tenant's adoption of a fiscal year corresponds with that of the Lease Year then any reference in this Lease to Lease Year shall also mean Tenant's fiscal year.

5. Gross Percentage Rent

(a) In addition to the payment of the base rent as set forth in Paragraph 4 of this Lease, Tenant shall pay to Landlord for each Lease Year during any term of this Lease, as Gross Percentage Rent, an amount equal to the Gross Percentage Factor, multiplied by all Gross Revenues resulting from business

conducted in, on, or from the Leased Premises during such Lease Year.

(b) The Gross Percentage Factor during each of Lease Years One through Five shall be one-half of one percent ($\frac{1}{2}$ of 1%) and during each of Lease Years Six through Ten if Tenant exercises its first option to renew, the Gross Percentage Factor shall be one percent (1%).

(c) Gross Percentage Rent shall be paid in semi-annual installments involving calendar months computed on all Gross Revenues during each six calendar month period during any term of this Lease. The second semi-annual payment shall be the annual payment following receipt of the annual statement of Gross Revenues. Such six month installment of Gross Percentage Rent shall be payable within thirty (30) days after the expiration of the six month calendar period.

(d) The term "Gross Revenues" as used herein shall be deemed to include the actual gross charges of Tenant, whether for cash or otherwise, of all sales of merchandise (including gift and merchandise certificates), services performed by Tenant and other receipts whatsoever of all business conducted, in or from the Leased Premises, including mail or telephone orders received or transacted at the Leased Premises, sales to employees, Tenant's commission on sales made through vending machines or other devices on the Leased Premises, and including without limitation any payments made by any subtenant, concessionaire, or licensee in the Leased Premises to the Tenant. Gross Revenues shall not include,

however, (i) any sums collected and paid out for any sales tax, amusement, entertainment, value added tax or direct excise tax imposed by any duly constituted governmental authority; (ii) the amount of any cash or credit refund made upon any sale where the merchandise sold, or some part thereof, is thereafter returned by purchaser and accepted by Tenant; (iii) sales of Tenant's fixtures; (iv) uncollected or uncollectible credit accounts; nor (v) any rent received by Tenant from an employee as rent for use of the main house on the Leased Premises.

(e) Within thirty (30) days after the expiration of the first six calendar month period following the commencement of a fiscal year, Tenant shall prepare and deliver to Landlord at the place designated by Landlord a statement, signed by an officer of Tenant, of Gross Revenues during the preceding six month period. Tenant shall, if specifically requested by Landlord, furnish similar statements for its subtenants, licensees, and concessionaires, if any, for that same period of time. If any such statement discloses error in the calculation of the Gross Percentage Rent for any such period, appropriate adjustment of the Gross Percentage Rent shall be made and Tenant shall promptly pay to Landlord any deficiency, or Landlord shall promptly refund any overpayment, as the case may be, subject, however, to Landlord's rights hereunder.

(f) In addition to the foregoing, within sixty (60) days after the expiration of each Lease Year or any fiscal year if different than the Lease Year and within sixty (60) days after

termination of this Lease, if this Lease should not terminate at the end of a Lease Year, Tenant shall prepare and deliver to the Landlord at the place designated by the Landlord a Statement of Gross Revenues during the preceding Lease Year (or partial Lease Year), reviewed by an independent certified public accountant. Tenant shall, if specifically requested by Landlord, furnish similar statements for its subtenants, licensees, and concessionaires, if any. If any such statement discloses error in the calculations of the Gross Percentage Rent for any period encompassed by said statement, appropriate adjustment of the Gross Percentage Rent shall be made, and Tenant shall promptly pay to Landlord any deficiency or Landlord shall promptly refund any overpayment as the case may be, subject, however, to Landlord's rights hereunder. Should any refund to which Tenant may be entitled not be paid within thirty (30) days following Landlord's receipt of Tenant's annual statement, Tenant may deduct the amount of refund from future rent payments.

(g) Tenant shall keep an accurate set of books and records of all sales of merchandise, services, and revenue derived from business conducted in the Leased Premises, and all supporting records such as tax reports, tax returns, State and Federal, banking records, cash register tapes, sales slips, and other sales records. All such books and records shall be retained and preserved for at least thirty-six (36) months after the end of the Lease Year to which they relate, and shall be subject to inspection

and audit by Landlord and its agents at the Leased Premises upon reasonable advance notice to Tenant.

(h) In the event Landlord is not satisfied that any annual statement of Gross Revenues submitted by Tenant and/or the computation of Net Income and/or Net Income Percentage Rent accurately reflects Gross Revenues or Net Income, Landlord shall have the right to have its auditors make a special audit of all books and records, wherever located, pertaining to sales made in or from the Leased Premises during the period in question. If such statements are found to be incorrect to an extent that Landlord is entitled to percentage rent (whether gross or net) in an amount of more than two percent (2%) over the figures submitted by Tenant, Tenant shall pay for Landlord's reasonable audit costs. Tenant shall promptly pay to Landlord any deficiency or Landlord shall promptly refund to Tenant any overpayment, as the case may be, which is established by such audit.

6. Net Income Percentage Rent.

(a) In addition to the payment of the base rent as set forth in Paragraph 4 of this Lease, and the Gross Percentage Rent as set forth in Paragraph 5 of this Lease, Tenant shall pay to Landlord for each Lease Year of any term of this Lease, a Net Income Percentage Rent in an amount equal to the Net Income Percentage Rent Factor multiplied by the net income of the Tenant before taxes, resulting from the business conducted in, on, or from the Leased Premises during such Lease Year.

(b) The Net Income Percentage Rent Factor during each of Lease Years One through Five shall be five percent (5%) and during each of Lease Years Six through Ten if Tenant exercises its first option to renew, the Net Income Percentage Rent Factor shall be ten percent (10%).

(c) Net income of the Tenant shall be defined for purposes of this Lease as the Gross Revenues of the Tenant, as that term is defined in Paragraph 5(d) of this Lease, less the costs of any such merchandise sold and any selling expenses associated therewith and less general office and administrative expenses (excluding however from any such computations, salaries and other forms of compensation paid to the stockholder(s); members of the Board of Directors and officers, of the Tenant, and to any members of their respective immediate families), before federal, state and any local income taxes.

(d) Within sixty (60) days after the termination of any Lease Year or any fiscal year if different than the Lease Year, and within sixty (60) days after termination of this Lease, if this Lease should not terminate at the end of a Lease Year, Tenant shall prepare and deliver to the Landlord at the place designated by the Landlord an Income and Expense Statement for the preceding Lease Year (or Partial Lease Year), such statement to be prepared using generally accepted accounting principles and methods and reviewed by an independent certified public accountant. Tenant shall, if specifically requested by Landlord, furnish similar statements for its subtenants, licensees and concessionaires, if any, for that

same period of time. The Tenant shall pay to the Landlord simultaneously with the delivery to the Landlord of the aforesaid statement for each Lease Year the Net Income Percentage Rent due and payable for that particular Lease Year.

(e) Tenant shall keep an accurate set of books and records of sales, income and expenses derived and expended from business conducted in the Lease Premises and all supporting records and documents such as tax reports, tax returns, Federal and State, banking records, sales records and cash receipt journals. All such books and records shall be retained and preserved for at least thirty-six (36) months after the end of the Lease Year to which they relate and shall be subject to inspection and audit by Landlord and its agents at the Leased Premises upon reasonable advance notice to Tenant.

7. Definition of Rent. Unless otherwise stated in this Lease, the phrases, base rent, Gross Percentage Rent, Net Income Percentage Rent, and all payment of monies required to be paid by Tenant to Landlord pursuant to the terms of this Lease shall be collectively hereinafter referred to in this Lease as "rent".

8. Payment of Rent to Landlord. All payments of rent shall be made and paid by Tenant to Landlord, without notice or demand, to Landlord, c/o Enterprise Unit, 9500 Brunett Avenue, Silver Spring, Maryland 20901 or at such other place as Landlord may, from time to time, designate. All rents shall be payable in legal tender of the United States of America. The extension of any time or times for the payment of any installment or installments of

rent shall not be a waiver or release of the rights of Landlord to insist on having any or all of said payments of said rent made in the manner and at the time herein specified. Except as set forth in this Lease to the contrary, the rent due hereunder and all other sums payable by Tenant hereunder shall be absolutely net to Landlord, and shall be payable without set-off, deduction, counter-claim or defense, and without abatement, suspension, deferment, diminution or reduction. The liabilities and obligations of Tenant hereunder shall in no way be released or discharged or otherwise affected except as expressly provided in this Lease.

9. Utilities. The Landlord shall not be required to furnish to the Leased Premises, heat, electricity, gas, power, water, sewer and telephone service, but shall cooperate with Tenant in its efforts to obtain such utility service. Landlord is unaware of any moratorium, refusal or inability to supply utility services affecting the Leased Premises. Landlord shall not be liable except if caused by its own gross negligence and then only for consequential damages, for any failure of water supply or electrical current or of any service by any utility; for injury to person (including death) or damage to property resulting from steam, gas, electricity, water, rain or snow which may flow or leak from any part of the Leased Premises or from any pipes, appliances or plumbing works from the street or subsurface or from any other place, either inside or outside of the Leased Premises, or for interference with light or other easements, however caused. The

Tenant shall pay all charges for gas, water, sewer, electricity, light, heat, air-conditioning, power, telephone or other communications services used, rendered or relied upon or in connection with the Leased Premises.

10. Use of Leased Premises and Operations Thereon.

Tenant covenants and agrees that it shall use the Leased Premises solely and exclusively for the purposes of providing an equestrian facility for the public, which shall include but not be limited to providing to the public, group and individual instruction, boarding, horse shows and other programs consistent with or complimentary to an equestrian facility, and any uses that may be incidental to the operation of an equestrian facility for the public, including but not limited to those types of special events as set forth in the Proposal, which shall be deemed to be acceptable incidental uses of the Leased Premises. The Tenant will be expected to comply with all rules and regulations which may exist as of the commencement date of this Lease, or may be promulgated by the Landlord at any time hereafter during the term of this Lease, provided any such subsequently enacted rule and regulation does not alter or modify any of the economic terms of this Lease. The Tenant shall, during any term of the Lease, comply with all laws, orders, rules, regulations and ordinances of federal, state and local authorities and with any direction of any public officer pursuant to law, which shall impose any duty upon the Tenant with respect to its use of the Leased Premises, including but not limited to the environmental laws hereinafter set

forth in this Lease, wetland laws and the Americans With Disabilities Act as amended from time to time. In addition to the foregoing and not in limitation thereof, Tenant shall be obligated to comply with and immediately execute and obey all orders and requirements of all insurance companies writing insurance policies covering the Leased Premises and the operations thereon. During the term of this Lease, a Soil and Water Conservation Plan (SWCP) will be cooperatively prepared by the Tenant, Landlord and Montgomery County Soil Conversation Service. This SWCP will include, but not be limited to, waste management, pasture stocking rates, sediment control and establishment of critical area buffers. The Tenant will be obligated to implement the provisions of the SWCP.

In addition to the foregoing, and not in limitation thereof, the Tenant's use of the Leased Premises as an equestrian facility shall incorporate therein the following programs and operations thereon:

(a) All of the programs as set forth and described in the Proposal in the section titled, "Proposed Operations" which shall, to the extent practicable, be generally comparable with, but not necessarily identical to, the types of programs that have been provided to the public from the Leased Premises prior to the commencement of the Lease.

(b) Conduct training and instruction in horsemanship on the Leased Premises subject to the duties and obligations of Tenant provided for by this Lease.

(c) All stable manure shall be the property of Tenant and shall be the responsibility of the Tenant for removal at regular intervals in a manner so as to minimize any leaching into ground water, streams and odors. Despite the foregoing, Tenant shall be required to remove from the Leased Premises, at its sole cost and expense, stable manure, within two weeks after its receipt of written notice for its removal from Landlord.

(d) Tenant shall (i) conduct all of its operations hereunder in a thoroughly workmanlike, safe, and careful manner; (ii) observe such reasonable safety precautions and rules in its operations in accordance with established practices and principles of good horsemanship; (iii) include therein a continuous program for rodent and pest control on the Leased Premises; and (iv) not use or permit to be used any animal that is known or reasonably suspected to be of a vicious, unruly, or dangerous nature or in any manner likely to cause injury to any person or property. Tenant is responsible to promote and assure safe riding practices and conditions.

(e) Tenant shall not permit any rider to hire a horse or to use a horse upon the bridle trails located on or adjacent to the Leased Premises unless Tenant is satisfied that the rider is competent to handle the particular mount that the rider proposes to ride. Tenant may permit young or inexperienced riders to ride on such trails, but only when such riders are accompanied by an instructor or another thoroughly-experienced and capable horseman. Tenant shall have the right and duty to refuse to rent

a mount to any person who in the judgment of Tenant rides in a dangerous or reckless manner or lacks the skill necessary to control the mount.

(f) Subject to customer's demand justifying such hours, Tenant shall keep the riding facilities of the Leased Premises open to the public during those hours of the day specified in the Proposal (the "Schedule"), except when weather conditions or unanticipated or dangerous conditions would render horse riding unsafe. Tenant shall post copies of the approved Schedule in conspicuous places upon the Leased Premises. Any material change in the Schedule, which may from time-to-time be requested by Tenant, shall be made only upon the prior written approval of the Landlord or its designated official, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary herein contained, copies of all changes in the Schedule, material as well as immaterial, shall be delivered to Landlord on or before the date the changes are to become effective.

(g) Rates to be charged to the public by Tenant for any of the activities or operations of Tenant under this Lease shall be in accordance with the Schedule of Charges (the "Schedule of Charges") set forth in Exhibit C, attached hereto and specifically made a part hereto, which shall be applicable as of the commencement date of the First Lease Year. Tenant shall post copies of the approved Schedule of Charges in conspicuous places upon the Leased Premises throughout the term of this Lease. Any change in the Schedule of Charges, which may from time-to-time be

requested by Tenant, shall be made only upon the prior written approval of the Landlord or its designated official, which approval shall not be unreasonably withheld, conditioned or delayed. The principal objectives of the requirement of approval by the Landlord of changes in the Schedule of Charges and the Schedule is to assure to the public a satisfactory service at a reasonable market rate, in the best interests of public service, while allowing for economic flexibility of Tenant's business including taking into account Tenant's obligations under this Lease. Provided the principal objectives hereinabove identified are satisfied, any annual cumulative increase for any items included in the Schedule of Charges within any Lease Year that is six percent (6%) or less than the charge set for that item during the previous Lease Year shall be regarded by the Landlord as reasonable. Each time throughout the term of this Lease a charge for any item is decreased or increased, or a new service or use is provided by the Tenant on the Leased Premises, the Tenant shall prepare and supply to the Landlord a new Schedule of Charges which shall be posted in conspicuous places upon the Leased Premises.

(h) Tenant may employ (i) such persons as may be required in the operation, management, and maintenance of the Leased Premises and Tenant's operations and activities thereupon, and (ii) training instructors competent and qualified to teach and instruct in horsemanship and riding.

(i) Tenant shall comply with all applicable requirements of all Federal, State, and local laws, rules,

ordinances, and regulations relating to minimum wages, social security, eligibility to work in the United States, background investigation provisions of Part VI of the Family Law Article of the Annotated Code of Maryland, as amended from time to time, unemployment insurance, and workers' compensation and will not discriminate against any employee or applicant for employment because of age, sex, race, creed, color, national origin, marital status, handicap or disability. Tenant will take affirmative steps to ensure that applicants are employed and that employees are treated during employment without regard to their age, sex, race, creed, color, national origin, marital status, handicap or disability. If the Tenant is determined by the final order of an appropriate agency or court of final jurisdiction (in the case of a bona fide appeal filed with good and adequate legal basis and in good faith by a party to the proceedings) to be in violation of any non-discrimination provision of Federal, State, or local laws, rules, ordinances, and regulations and that action represents Tenant's customary method of conducting its affairs as opposed to an isolated situation and that action occurs on more than one occasion, Landlord may cancel, terminate, or suspend this Lease in accordance with the provisions of this Lease in whole or in part and Tenant may be declared ineligible for future contracts with Landlord. Tenant shall observe and follow, and require that all its employees observe and follow all regulations of the Landlord and that all employees exercise courtesy and consideration in their relations to the public.

(j) Tenant shall not permit fewer than twenty (20) horses to be stabled and maintained as available to the public for riding, including trail instruction. Tenant agrees to maintain a reasonable number of horses for trail lessons and for pleasure riding sufficient to reasonably accommodate public demand.

(k) Tenant shall not, nor permit, any of its employees nor permit any riders, in any manner, to abuse or mistreat any horse in any way that is inconsistent with the established practices and principles of good horsemanship. The Tenant's turnout policy to be practiced at the Leased Premises shall be such that each school horse shall be given one day per week, for turnout, either singularly or in groups depending on the personalities of each of the school horses.

(l) Tenant shall use due care and diligence in permitting the public use of the Leased Premises and of the horses maintained thereon. Tenant shall make a concerted effort to publicize the Leased Premises as a public facility owned by Landlord. Tenant shall identify Landlord as owner of the Leased Premises in all advertisements, brochures, signage and program information, and that copies of same shall be delivered by Tenant to Landlord before their distribution to the public.

(m) Tenant shall not discriminate, on the basis of age, race, sex, creed, color, national origin, marital status, physical or mental handicap against any member of the public desiring to use the Leased Premises or purchase any of the services or products provided by Tenant.

(n) Tenant shall cooperate fully and promptly with the University of Maryland Extension Program to develop suitable pasture management, soil and water conservation guidelines and shall implement and adhere strictly to these guidelines.

(o) No intoxicating beverages of any kind shall be kept, stored, sold, given away, or used by Tenant or employees of Tenant as part of Tenant's business upon the Leased Premises. The foregoing shall not prohibit the personal consumption of alcoholic beverages in compliance with all applicable laws, ordinances, rules and regulations in personal residences on the Leased Premises and alcoholic beverages shall be allowed at special events in accordance with the foregoing, provided the applicable alcoholic beverage license, if any required, is obtained by Tenant, or by the sponsor of any special event, at no out-of-pocket expense or monetary cost to Landlord.

(p) The Tenant shall establish and post rules which prohibit any employee, patron, guests or clients from smoking in any public areas in or on the Leased Premises.

(q) The Tenant or a responsible member of Tenant's staff, including employees or training instructors, shall be a bona fide on-site resident(s) in the Brick House situated on the grounds of the Leased Premises during the term of this Lease.

(r) Notwithstanding anything to the contrary contained in this Lease, the word "horse" shall be defined to include ponies and any other livestock that is permitted to be used or boarded on the Leased Premises.

(s) Tenant shall, at its sole cost and expense, obtain and keep in effect all licenses or permits that may be required by law to operate Tenant's business on the Leased Premises. Landlord shall cooperate (at no monetary cost or expense to Landlord) with Tenant in obtaining such licenses or permits.

11. Assignment or Subletting. The Tenant covenants and agrees that the Leased Premises shall not be used by any other person other than the Tenant, its officers, directors, employees and customers, and that this Lease shall not be assigned, in whole or in part, or the Leased Premises sublet, in whole or in part, without the prior written consent of the Landlord, which consent may be withheld for any reason whatsoever. In the event of a lawful assignment or sublease, the Tenant shall remain liable along with the assignee or subtenant for the performance of all the terms, covenants and conditions of the Lease or any renewal thereof. If the Tenant shall be a Maryland corporation, then within the meaning of Paragraph 11 of this Lease, an assignment, includes, without limitation, one or more sales or transfers of any kind whatsoever, whether by operation of law or otherwise by which an aggregate of more than fifty percent (50%) of the shares of stock in the corporation shall be vested in a party or parties who are not shareholders as of the date of the execution of this Lease. Tenant may assign this Lease to another corporation or entity provided Paul Novograd individually owns more than fifty-one percent (51%) of the ownership and voting control of such corporation or entity.

12. Acceptance of Leased Premises.

(a) Subject to the provisions hereinafter contained in this Paragraph 12, upon taking possession and occupancy of the Leased Premises, Tenant shall thereby be deemed to have accepted the same and acknowledged that the Leased Premises are in the condition called for hereunder.

(b) Notwithstanding acceptance by Tenant of the Leased Premises pursuant to subparagraph (a) above, Landlord represents and warrants that the Leased Premises as of the date Tenant takes exclusive possession thereof, shall be in the same condition as existed as of the date of the Proposal, namely, April 20, 1993, ordinary wear and tear excepted. If Tenant believes that the condition of the Leased Premises is not as warranted by Landlord pursuant to this subparagraph (b) then Tenant shall deliver to Landlord within sixty (60) days from the date it takes exclusive possession of the Leased Premises, a written report specifically identifying those conditions of the Leased Premises that constitute a failure of the warranty set forth in this subparagraph (b) and including therein the estimated costs to correct any such conditions. Any failure on the part of the Tenant to either timely deliver the aforementioned written report or submit a written report that satisfies the requirements of this subparagraph (b) shall be conclusively deemed to mean that Tenant accepts the condition of the Leased Premises pursuant to Paragraph 12(a) of the Lease.

(c) In the event the condition of the Leased Premises is not as warranted in Paragraph 12(b) of the Lease and the Tenant complies with the requirements set forth therein, if within a commercially reasonable time, the Landlord fails to make any or all of the repairs or replacements as set forth in the written report that may constitute failure of the warranty as set forth in Paragraph 12(b) of the Lease, then the Tenant's sole and exclusive remedy against the Landlord shall be limited to applying as a credit against required CI Payments, as hereinafter defined in this Lease, any expenses that it has actually incurred in repairing or replacing any such conditions that qualify as a Capital Improvement Expenditure as hereinafter defined in this Lease.

(d) Notwithstanding anything to the contrary herein contained, if all or substantially all of the Leased Premises shall be damaged or destroyed by fire or other casualty prior to the earlier to occur of either (i) MHC vacating the Leased Premises or (ii) Tenant taking exclusive possession of the Leased Premises, then Tenant shall have the option within twenty (20) days thereafter to terminate this Lease by delivery to Landlord within the aforesaid twenty (20) day period written notice of its election to terminate.

13. Capital Improvement and Maintenance Programs.

Tenant shall be required to implement and carry out a program for capital improvements and maintenance, as those terms are hereinafter defined, to the Leased Premises utilizing as a guide in establishing the timing of capital improvements, the priorities as

set forth in the Survey under the section titled "Recommendations and Schedule for Repair." The foregoing does not impose an obligation on Tenant to make all the capital improvements set forth in the Survey. The Tenant agrees to focus its Capital Improvement Expenditures (as hereinafter defined) in those areas of the Leased Premises which are available for use by the public. The Tenant shall be required to submit to the Landlord on a quarterly basis during each and every Lease Year during any term of this Lease a written statement identifying what capital improvements, as hereinafter defined, have been completed and the cost associated therewith and what capital improvements have been commenced but not yet completed for the quarterly period identified in the statement. The Tenant shall be obligated to deliver such statements within thirty (30) days following the expiration of the applicable quarterly period.

14. Capital Improvement Expenditures. During each Lease Year in each and every term of this Lease, the Tenant shall be required to expend for capital improvements, hereinafter defined, to the Leased Premises the minimum sum of Forty Thousand Dollars (\$40,000.00) (hereinafter referred to as the "CI Payment"). For purposes of this Lease the phrase, "Capital Improvement", shall be defined as those repairs and replacements to the Leased Premises that will have a useful life beyond the tax year in which the repair and replacement occurs or will prolong the life of the Leased Premises and which, using generally accepted accounting principles and methods, the Tenant would generally be allowed to

depreciate, and the phrase "Capital Improvement Expenditures" shall be defined as those expenditures incurred by the Tenant for Capital Improvements. All other ordinary and customary maintenance expenditures not within the definition of a Capital Improvement Expenditure for purposes of this Lease shall be deemed to be a "Maintenance Expense". The Landlord shall have no obligation to contribute to or reimburse the Tenant for any Capital Improvement Expenditures or Maintenance Expense required to be made by the Tenant pursuant to the Lease. If during any Lease Year the Tenant fails for whatever reason, to expend the entire CI Payment, then the Landlord shall have the option to select a Capital Improvement item to be made to the Leased Premises that will cost an amount equal to the balance of the CI Payment and require that Tenant perform such Capital Improvement.

15. Repairs.

(a) In addition to the requirements set forth in Paragraphs 13 and 14 of this Lease, Tenant shall, at its own expense, make all necessary repairs and replacements to the Leased Premises and to the buildings, structures, fixtures, stables, barns, pipes, plumbing systems, sewer systems, water systems, aboveground as well as underground, heating systems, wiring, air conditioning system, ventilation system, window glass, and all other appliances and appurtenances belonging thereto, all equipment used in connection with the Leased Premises; and to the sidewalks, parking lots, curbs, and vaults adjoining on or appurtenant to the Leased Premises. Such repairs and replacements, interior and

exterior, aboveground and underground, ordinary as well as extraordinary, and structural as well as nonstructural, shall be made promptly, as and when necessary, subject to subparagraph (c) below. All repairs and replacements shall be done in a good and workmanlike manner, in accordance with sound engineering standards, and using materials that are new and free of defects. On default of the Tenant in making such repairs or replacements as it is obligated to make pursuant to this Lease, the Landlord may, but shall not be required to, make such repairs and replacements for the Tenant's account, and the expense thereof shall constitute and be collectible as additional rent and shall be due and payable upon demand by Landlord.

(b) In addition to the foregoing and not in limitation thereof, Tenant shall be responsible for the general maintenance and upkeep of the grounds, parking lots, improvements, buildings and structures constituting the Leased Premises, including, but not limited to, interior and exterior maintenance, grass mowing, landscaping, fence repair, pasture seeding and liming and painting.

(c) In the event Tenant makes any repair or replacement to the Leased Premises in order to satisfy its obligation under this Lease, and the Tenant can demonstrate to the reasonable satisfaction of the Landlord that the repair or replacement qualifies as a Capital Improvement then, in such event, any expenditures incurred by the Tenant for the making of such repair or replacement that will cause the Tenant to exceed its CI

Payment obligation for that particular Lease Year (the "Excess Payment"), Landlord shall permit Tenant to apply any such Excess Payment as a credit against future CI Payments. No such credit of any Excess Payment shall in anyway diminish, alter or negate the obligations of the Tenant to make repairs or replacements to the Leased Premises as set forth in this Paragraph 15 of the Lease. In the event any such qualifying Excess Payment shall be in an amount that is greater than the required CI Payment for the next succeeding Lease Year, then the entire Excess Payment credit shall be extended on a pro rata basis over the remaining Lease Years of the term in which the Excess Payment occurred.

16. Alterations and Improvements. The Tenant shall have the right to make changes or alterations to the Leased Premises subject to the following conditions:

(a) No change or alteration shall at any time be made which shall impair the structural soundness or diminish the value of the Leased Premises.

(b) Except for changes or alterations that are immediately required by virtue of an emergency condition which shall not require the prior consent of Landlord, any change or alteration that would qualify as a Capital Improvement and any change or alteration not qualifying as a Capital Improvement in excess of Five Thousand Dollars (\$5,000.00) shall not be made by Tenant without the prior written consent of the Landlord.

(c) No change or alteration shall be undertaken until the Tenant shall have procured and paid for all required

municipal and governmental permits and authorizations from the various municipal departments and governmental subdivisions having jurisdiction over any of such changes or alterations.

(d) At all times, when any change or alteration is in progress, there shall be maintained, at either the Tenant's expense or the Tenant's contractor's expense, worker's compensation insurance in accordance with law covering all persons employed in connection with the change or alteration, and general liability insurance for the mutual benefit of the Tenant and the Landlord expressly covering the additional hazards due to the changes or alterations.

(e) Any improvement or alteration or replacement to the Leased Premises or any part thereof during the term of this Lease or any extension or renewal term thereof shall at once become the absolute property of the Landlord; unless at any time during the term of this Lease, or within ninety (90) days after the Lease terminates, Landlord indicates to the Tenant in writing that such improvement or alteration or replacement shall not become part of the Leased Premises, except that all trade fixtures installed by the Tenant and livestock of Tenant shall be and remain the property of the Tenant. It is agreed and understood that for the purposes of this Lease, any air conditioning system or heating or hot water systems now on the Leased Premises or replaced during the term of the Lease or any renewal thereof, shall be considered an "improvement" to the Leased Premises, and not a "trade fixture". It being the intention of the parties hereto that the air

conditioning, heating or hot water systems shall be the absolute property of the Landlord and not to be removed from the Leased Premises.

17. Liability Insurance. Tenant shall, during the term of this Lease, and any renewal or extension thereof, carry at its sole cost and expense, comprehensive general liability insurance, naming the Landlord and Montgomery County as co-insureds, and waiving subrogation rights against Landlord and Montgomery County, with an insurance company duly licensed and qualified to do business in the State of Maryland providing for a minimum of One Million Dollars (\$1,000,000.00) per occurrence for bodily injury or death and property damage of One Million Dollars (\$1,000,000.00) for accident and damages in the Leased Premises and to provide Landlord with a certificate of such insurance. The minimum amounts of insurance which Tenant is required to carry pursuant to this Paragraph, at the request of Landlord shall be reviewed periodically to determine whether the Tenant should be required to increase its minimum insurance coverage.

18. Additional Insurance. Tenant, at its own cost throughout the term, shall maintain, or cause to be maintained, additional insurance with respect to the Leased Premises, of the kinds and amounts hereinafter set forth.

(a) Fire and broad form extended coverage insurance on the Leased Premises in an amount at least equal to the replacement cost thereof.

(b) Workers' compensation insurance covering Tenant's employees.

(c) Each truck, automobile or motor vehicle for which registration is required by the Transportation Article of the Annotated Code of Maryland, as amended from time to time, and used by the Tenant in connection with its use of the Leased Premises shall be covered by automobile liability and property damage insurance in the minimum amount of One Million Dollars (\$1,000,000.00) against any claim for bodily injury or wrongful death and property damage.

(d) Care, Custody and Control insurance on livestock owned by members of the public and kept on the Leased Premises in an amount at least equal to the replacement cost of such livestock.

(e) If at any time during the term of this Lease the Landlord requires Tenant to maintain insurance coverage of a higher amount and/or of a different type than those listed in this Lease, Tenant shall be required to satisfy such requirements in addition to those listed herein subject to the insurance requested being generally commercially available at commercially reasonable rates and limits to insureds in similar businesses.

All insurance carried by Tenant pursuant to this Lease shall be carried in favor of Landlord and Tenant as their respective interests may appear, and containing the appropriate waiver of subrogation rights against Landlord. Landlord, on behalf of itself and its insurance carrier, waives all

subrogation rights against Tenant. Tenant shall deliver to Landlord all policies of insurance (or certificates thereof) with evidence of the payment of the premiums thereon, together with renewals thereof, from time to time, at least thirty (30) days prior to the expiration of any similar policy then expiring. All insurance policies required under the provisions hereof shall be written in companies of recognized responsibility licensed to write insurance in the State of Maryland and reasonably acceptable to the Landlord.

19. Damage and Destruction.

(a) If the Leased Premises, or any improvement thereon, at any time, shall be damaged or destroyed, in whole or in part, and whenever the same may occur, Tenant shall promptly notify Landlord thereof, and the same shall, with reasonable diligence, but subject to negotiating a settlement with the insurance carrier providing rebuilding funds in a sufficient amount, be replaced, repaired and rebuilt by Tenant in such manner as to restore the improvements so damaged or destroyed as near as reasonably possible to the condition prior to such damage or destruction, without any outlay whatsoever from Landlord, provided, however, that if, during the last twenty-four (24) months of any term of this Lease, the Leased Premises shall be destroyed so as to make them untenable, Tenant shall have the option of repairing said Leased Premises or paying to Landlord all insurance proceeds received or allowing Landlord to negotiate with the insurance carrier and keeping the amount which it has negotiated and upon receipt by Landlord of such

insurance proceeds this Lease shall terminate. Except as to the annual base rent which shall be abated to the extent all or portions of the Leased Premises are untenable from the date of the occurrence to the date either reconstruction has been completed or the Lease has terminated, whichever is applicable, the terms and conditions of this Lease shall remain in full force and effect.

(b) All insurance monies not used in connection with such repair, restoration or replacement by the Tenant shall belong to Tenant.

(c) If the Leased Premises, or any part thereof, are made untenable as a result of any fire or other damage or destruction to the Leased Premises, the provisions of this Lease shall be unaffected and Tenant shall remain and continue liable under the Lease as though no damage had occurred to the Leased Premises, except that the base rent shall be abated to the extent all or portions of the Leased Premises are untenable from the date of any such occurrence to the date either reconstruction has been completed or the Lease has terminated, whichever is applicable.

20. Condemnation. If the whole of the Leased Premises or such portion thereof as will make the Leased Premises unsuitable for the purposes herein leased, is taken in any manner for public use by any condemning authority, either public or private, or acquired by same under threat of eminent domain, then in either of such events this Lease shall cease and terminate from the time when possession is taken or awarded to the condemning authority and the

rent shall be accounted for between the Landlord and the Tenant as of the date of the surrender of possession. Under no circumstances shall the Tenant have any share or otherwise participate in the proceeds of any taking or sale of the Leased Premises and the Tenant hereby waives all claims against the Landlord and against the condemning authority by reason of any such taking or sale and covenants that it will make no claim whatsoever on account thereof. Tenant shall, however, be entitled to retain any separate award obtained from the condemning authority for moving expenses, loss of trade fixtures, loss of business, and loss of other personal property owned by the Tenant to the extent compensable without diminution of Landlord's award.

21. Default. It is agreed by and between the parties hereto that if any payment of rent shall not be paid by Tenant to Landlord when due then the Landlord shall give to the Tenant written notice of any such failure of payment, which shall be a default by Tenant, and if the Tenant fails to cure such default within twenty (20) days after its receipt of such written notice then the Landlord shall have the right, without giving additional notice to the Tenant and without giving Tenant an additional opportunity to cure, to distrain for the same and to re-enter and take possession of the Leased Premises, or to exercise any other remedy available to Landlord for the Tenant's failure to pay said rent under the terms of this Lease. In the event of any other default by the Tenant in the performance of this Lease or of any term, condition, covenant, agreement or obligation herein contained

other than the failure to timely pay the rent then Landlord shall not be entitled to terminate this Lease or to institute any proceedings of any kind with respect to default unless (i) Landlord shall have given Tenant written notice of such default, and (ii) within forty-five (45) days from the date of Tenant's receipt of such written notice, Tenant shall not have cured such default, or if the default be of such nature as not to be capable of being cured within said forty-five (45) day period, Tenant shall not have commenced the cure thereof and shall not thereafter proceed diligently to complete said cure. The Tenant shall be considered in default of this Lease at the option of the Landlord upon the happening of any one of (a) failure to pay the rent or any other sum required by the terms of this Lease after notice and an opportunity to cure, (b) failure to perform or abide by any term, covenant or condition of this Lease after notice and an opportunity to cure, (c) the commencement of any action or proceeding for the dissolution or liquidation of Tenant, or for the appointment of a receiver or trustee of Tenant's property, (d) the making of any assignment for benefit of creditors by Tenant, (e) the abandonment of the Leased Premises by the Tenant, (f) proceedings are commenced either voluntarily or involuntarily against the Tenant in any court under any bankruptcy or insolvency act and not dismissed within sixty (60) days, (g) a tax lien of any kind whatsoever, whether it be federal, state or local is levied against the Tenant and such tax lien is not satisfied or discharged in full within the foregoing cure period, or (h) a default occurs by the Guarantor

under the terms and conditions of a certain Guaranty Agreement executed simultaneously with this Lease. Notwithstanding the foregoing, in the event Tenant receives during any term of this Lease five (5) notices of default, which defaults have been cured pursuant to the foregoing provision, then upon any subsequent default, no notice of same and opportunity to cure shall be afforded to Tenant and the Landlord shall have the right without giving notice to Tenant and without giving Tenant the opportunity to cure to re-enter and retake possession of the Leased Premises and to exercise any remedy available to the Landlord as a result of the Tenant's breach or default of this Lease.

22. Remedies Cumulative. No mention in this Lease of any specific right or remedy shall preclude Landlord from exercising any other right or from having any other remedy, or from maintaining any action to which it may otherwise be entitled either at law or equity; and the failure of the Landlord to insist in any one or more instances upon a strict performance of any covenant of this Lease or to exercise any option or right herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant, right or option, but the same shall remain in full force and effect unless the contrary is expressed in writing by Landlord. Notwithstanding anything to the contrary contained herein or elsewhere, in the event this Lease is terminated due to the Tenant's breach thereof, the Landlord shall have the right at its option to either:

(a) Declare immediately due and payable an amount equal to the present value (as of the date of Tenant's default) of the aggregate base rent, Gross Percentage Rent, Net Income Percentage Rent, CI Payment and Maintenance Expenses which would have been due under this Lease through the end of the scheduled Lease term, which amount shall be payable to Landlord in a lump sum on demand. For purposes of the foregoing:

(i) Present value shall be computed by discounting at a rate equal to two (2) whole percentage points below the prime rate or any successor comparable rate published in the Wall Street Journal on the date of Tenant's default.

(ii) Gross Percentage Rent which would have been due under this Lease shall be calculated by using as Gross Revenues for each Lease Year being accelerated the highest amount of Gross Revenues achieved by the Tenant during any previous Lease year prior to the Tenant's default.

(iii) Net Income Percentage Rent which would have become due under this Lease shall be calculated by using as net income for each Lease Year being accelerated the highest amount of net income achieved by the Tenant during any previous Lease Year prior to the Tenant's default.

(iv) Maintenance Expense which would have become due under this Lease shall be calculated by using the sum of Thirty Thousand Dollars (\$30,000.00) for each Lease Year being accelerated due to the Tenant's default; or

(b) Declare immediately due and payable an amount equal to the aggregate of base rent, Gross Percentage Rent, Net Income Percentage Rent, CI Payments and Maintenance Expenses, the method of calculation being as set forth in Subparagraphs (i), (ii), (iii) and (iv) of Paragraph 22(a) of this Lease, which would have become due under this Lease through the end of the scheduled Lease term and institute legal action against the Tenant for such sum immediately or periodically in separate and independent suits or wait until the end of the term of this Lease before initiating suit against Tenant and in either event apply as a credit against any such amounts accelerated any sums received by the Landlord during any such applicable period of time from any subsequent lessee of the Leased Premises after deducting from such sums received from the subsequent lessee all expenses incurred by the Landlord in reletting the Leased Premises to such lessee.

The Tenant's obligations hereinabove mentioned in this Paragraph 22 shall absolutely and unequivocally survive the termination of the Lease due to its breach by Tenant.

23. Recordation. In the event that either Tenant or Landlord desires to record the terms of this Lease, or by law recordation becomes mandatory, each agrees to execute a Short Form of Lease. It is understood that such Short Form of Lease is for the purpose of recordation only and is not intended and shall not in any way modify, amend, supersede or otherwise affect this Lease. The cost of such recording, together with any documentary stamps and transfer taxes, shall be paid by the party desiring to record

the Lease or equally by the Tenant and Landlord if by law recordation becomes mandatory.

24. Notices. Any notice to be given under this Lease shall be in writing, addressed to Landlord or Tenant, hand delivered or mailed certified or registered mail, return receipt requested, at the following addresses:

To Landlord: Maryland National Capital Park and
Planning Commission
c/o Director of Parks for Montgomery
County
9500 Brunett Avenue
Silver Spring, Maryland 20901.

To Tenant: Potomac Riding Center, Inc.
14211 Quince Orchard Road
Gaithersburg, Maryland 20878
Attn: General Manager

With a copy to:

Mr. Paul Novograd
Claremont Riding Academy
175 West 89th Street
New York, New York 10024

With a copy to:

Ian K. Portnoy, Esquire
Proskauer Rose Goetz & Mendelsohn
1233 20th Street, N.W., Suite 800
Washington, D.C. 20036

Either party may change the designated place to which notice is to be mailed or hand-delivered by advising the other party, in writing, of such new address. Notice shall be deemed received upon the date same is either received if hand-delivered, or the date the notice is received if in accordance with the post office certified receipt card. If, in good faith, after first attempting to send a notice certified, return-receipt requested, the sender believes the

recipient is avoiding signing the receipt, then notice shall be deemed effective three (3) days after the notice is deposited with the United State Post Office if mailing is used.

25. Signs. Tenant shall not erect, place or install nor maintain any sign or signs on or about the exterior of the Leased Premises without first submitting to the Landlord a sketch or drawing thereof, and indicating its context and proposed location and, if approved, shall be indicated in writing upon the plans so submitted.

26. Security Deposit. Tenant shall pay to Landlord upon the execution of this Lease, a security deposit in the amount of One Thousand Five Hundred Dollars (\$1,500.00) for the full and faithful performance by the Tenant of all the terms of this Lease required to be performed by Tenant. Such sum, together with interest thereon, shall be returned to Tenant after the expiration of the Lease, provided Tenant has fully and faithfully carried out all of its terms. In the event of a bona fide sale of the Leased Premises, the Landlord shall have the right to transfer such security deposit to the purchaser to be held under the terms of this Lease, and the Landlord shall be released from all liability for the return of such security deposit to the Tenant. Simple interest shall accrue on the security deposit set forth in this Paragraph 26 at a rate equal to the lower of four percent (4%) per annum, or the rate paid from time-to-time by Maryland National Bank on passbook savings accounts with a balance of less than Twenty Thousand Dollars (\$20,000.00).

27. Intentionally Deleted.

28. Surrender. The Tenant shall on the last day of the term, or upon the sooner termination of the term, peaceably and quietly surrender the Leased Premises to the Landlord, including all buildings, alterations, rebuilding, replacements, changes or additions placed by the Tenant thereon that are to become part of the Leased Premises, in as good condition and repair as at the commencement of the term, and as any new buildings, structures, replacements, additions, or improvements constructed, erected, added, or placed thereon by the Tenant are when completed, with the natural wear and tear thereof excepted.

29. Legal Fees. In any dispute between the parties, each side shall pay its own counsel fees.

30. Severability. If any term of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be effected thereby.

31. Successors and Assigns. This Lease and the covenants and conditions herein contained shall inure to the benefit of and be binding upon Landlord, its assigns and successors in interest, and shall be binding upon Tenant, its assigns and successors in interest and shall inure to the benefit of Tenant and only such assigns or successors in interest of Tenant to whom the assignment by Tenant has been consented to by Landlord in writing.

32. Final Agreement. This Lease contains the final agreement between the parties and any oral or executory agreements

hereafter or before made shall be ineffective to change, modify, discharge or effect an abandonment of it in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought. Notwithstanding anything to the contrary herein contained and to the extent that same does not conflict with any of the terms and conditions contained in this Lease, and does not impose any obligations on Tenant not set forth in this Lease, the Terms of Offering and the Proposal shall constitute a part of this Lease. In the event of any inconsistency or conflict among the terms and conditions of the Lease, Terms of Offering and the Proposal, the order of priority to be adopted by the Landlord and Tenant shall be first that the Lease shall prevail, second the Proposal and lastly the Terms of Offering.

33. Real Estate Taxes. The Tenant shall pay to the taxing jurisdiction, if and when lawfully levied, in accordance with applicable laws of the State of Maryland, before any fine, penalty, interest or cost may be added for non-payment thereof, one hundred percent (100%) of all the real estate taxes (including without limitation any paving, special assessments or metropolitan charges) and public assessments of any kind whatsoever, general or special, which may be imposed or levied upon the Leased Premises, in each and every year during the term of this Lease, even if such real estate taxes are not being imposed or levied against the Leased Premises as of the commencement date of the Lease. Tenant may protest or challenge the imposition of such taxes, the rate and

classifications imposed. Proration of such payment by Tenant shall be made when necessary for either the first or last year of the Lease term.

34. Hazardous Materials. Tenant shall not cause or permit (from the date of this Lease) any asbestos and other hazardous or toxic materials or substances as those terms are defined in any Federal, State or local statute, rule or regulation in effect at any time during the term of this Lease, including but not limited to the Resource Conservation and Recovery Act of 1976, or amended from time to time, the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended from time to time and the Environmental and Health Articles of the Annotated Code of Maryland, as amended from time to time (hereinafter collectively referred to as "hazardous material") to be brought upon, kept or used in or about the Leased Premises by Tenant, its agents, employees, contractors or invitees, without the prior written consent of Landlord, which consent Landlord shall not unreasonably withhold as long as Tenant demonstrates to Landlord's reasonable satisfaction that such hazardous material is necessary or useful to Tenant's business and will be used, kept and stored in a manner that complies with all laws regulating any such hazardous material so brought upon or used or kept in or about the Leased Premises. If Tenant breaches the obligations stated in the preceding sentence, or if the presence of hazardous material on the Leased Premises caused or permitted by Tenant results in contamination of the Leased Premises, or if contamination of the

Leased Premises by hazardous material otherwise occurs for which Tenant is legally liable to Landlord for damage resulting therefrom, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Leased Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Leased Premises, damages arising from any adverse impact on marketing the Leased Premises, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Lease Term as a result of such contamination. The foregoing is intended to cover activities or actions on the part of Tenant subsequent to the commencement of the term of this Lease and not to hold Tenant liable or responsible for the presence, removal, remediation or consequences of any asbestos or other hazardous or toxic materials or substances which may be on, in or have emanated from the Leased Premises prior to the commencement date of this Lease with respect to all of which Landlord shall protect, defend and indemnify Tenant to the same extent and in the same manner as Tenant is required to indemnify Landlord pursuant to the foregoing provisions. This indemnification of Landlord by Tenant or Tenant by Landlord includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of hazardous material present in the

soil or ground water on or under the Leased Premises. Without limiting the foregoing, if the presence of any hazardous material on the Leased Premises caused or permitted by Tenant results in any contamination of the Leased Premises, or those which were present prior to the Lease Commencement, Tenant (or Landlord, when applicable) shall promptly take all actions at its sole expense as are necessary to return the Leased Premises to the condition existing prior to the introduction of any such hazardous material to the Leased Premises; provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such action would not potentially have any material adverse long-term or short-term effect on the Leased Premises. The aforesaid indemnification and obligation of the Tenant or of the Landlord shall survive the termination of this Lease.

35. Renewal Options.

(a) Tenant shall have the option to renew this Lease for a first renewal term of five (5) years on the same terms and conditions as provided herein, except that there shall be no further rights of renewal other than the rights contained in Paragraphs 35(b) and (c).

(b) Tenant shall have the option to renew this Lease for a second renewal term of five (5) years on the same terms and conditions as provided herein, except that there shall be no further rights of renewal other than the right contained in Paragraph 35(c) and except for the following:

(i) During this second renewal term the annual base rent during each and every Lease Year of this renewal term shall be Ten Thousand Dollars (\$10,000.00) payable in equal monthly installments of Eight Hundred and Thirty-Three Dollars and Thirty-Three Cents (\$833.33), in advance, without notice or demand in lawful U.S. currency on the first day of each and every calendar month during each and every Lease Year of this renewal term.

(ii) The Gross Percentage Factor during each of the Lease Years therein shall be one and one-half percent (1.5%).

(iii) The Net Income Percentage Rent Factor during each of the Lease Years therein shall be ten percent (10%).

(c) Tenant shall have a further option to renew this Lease for one final additional renewal term of five (5) years on the same terms and conditions as provided herein, except that there shall be no further rights of renewal and except for the following:

(i) During this final renewal term, the annual base rent during each and every Lease Year of this renewal term shall be Ten Thousand Dollars (\$10,000.00) payable in equal monthly installments of Eight Hundred and Thirty-Three Dollars and Thirty-Three Cents (\$833.33), in advance, without notice or demand, in lawful U.S. currency, on the first day of each and every calendar month during each and every Lease Year of this renewal term.

(ii) The Gross Percentage Factor during each of the Lease Years therein shall be one and one-half percent (1.5%).

(iii) The Net Income Percentage Rent Factor during each of the Lease Years therein shall be fifteen percent (15%).

(d) Tenant shall exercise each of said options by giving written notice to Landlord at least one hundred and eighty (180) days before the expiration of the then existing term of its election to exercise said option.

(e) Tenant's right to exercise either of the foregoing options is conditioned so that, at the time of the exercise of said option Tenant shall not be in material default hereunder.

(f) Notwithstanding anything to the contrary herein contained, during each of the foregoing option periods, if timely exercised by Tenant, Tenant may terminate the Lease for any reason whatsoever by giving to the Landlord three hundred and sixty (360) days prior written notice of such termination.

(g) The first opportunity of Tenant to provide such notice of termination shall be on the first day of the first renewal term.

36. Miscellaneous Provisions.

(a) Time is of the essence in every particular, and particularly where the obligation to pay money is involved.

(b) It is further understood and agreed that no modification, release, discharge or waiver of any provision hereof by Landlord shall be of any force, value or effect unless in writing and signed by Landlord or its duly authorized agent.

(c) All uses of pronouns in reference to Landlord and Tenant, respectively, mean such Landlord and Tenant, respectively, whether the personal or impersonal, singular or plural pronoun is used.

(d) The parties mutually agree that the headings and captions contained in this Lease are inserted for convenience of reference only and are not to be deemed part of or to be used in construing this Lease.

(e) If there is more than one party tenant, the covenants of the Tenant shall be the joint and several obligations of each such party and, if the Tenant is a partnership, the covenants of the Tenant shall be the joint and several obligations of each of the partners and the obligations of the firm.

(f) Tenant will indemnify Landlord and save it harmless from and against any and all claims, actions, damages, liability and expenses in connection with loss due to fire, personal injury and/or damage to property arising from or out of the occupancy or use by Tenant of the Leased Premises or any part hereof, including but not limited to reasonable attorney's fees or any other part of Landlord's property, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors or employees. The aforementioned indemnity shall survive the termination of this Lease for any reason whatsoever.

(g) If the rent is paid by the Tenant more than twenty (20) calendar days late, Tenant shall be required to pay as additional rent a sum equal to five percent (5%) of the amount of

delinquent rent due. If Tenant pays the rent by check and the check is bad or worthless, Tenant agrees to pay those charges assessed by Landlord's bank for a returned check.

(h) No payment by the Tenant or receipt by the Landlord of a lesser amount than the rent stipulated in this Lease shall be deemed other than a payment on account of the earliest rent due, nor shall any endorsement or statement on any check or on any letter accompanying any check or payment as rent be deemed an accord and satisfaction and the Landlord may accept such check or payment without prejudice to its right to recover the balance of the rent or to pursue any other remedy provided for in this Lease.

(i) The Landlord and its representatives may enter the Leased Premises, at any reasonable time when the Leased Premises is open for business with the public, and after two (2) days notice at other times, for the purpose of inspecting the Leased Premises, performing any work which the Landlord elects to undertake made necessary by reason of the Tenant's default under the terms of this Lease, exhibiting the Leased Premises for sale, lease or mortgage financing, or posting notices of non-responsibility under any mechanics' lien law. Any such visit and any such work shall be conducted in such a manner so as not to interfere with Tenant's business operations.

(j) Landlord shall not be responsible to provide janitorial services or trash removal services of any kind whatsoever to the Tenant for the Leased Premises. It shall be Tenant's responsibility to keep clean and remove all trash, debris

and manure from the Leased Premises. In addition, Landlord shall not be responsible for providing any kind of security systems for the Tenant and its use of the Leased Premises.

(k) Each of the parties hereto agrees, to the extent permitted by law, to waive its right to a trial by jury.

(l) If Landlord shall fail to perform any covenant, term or condition of this Lease upon Landlord's part to be performed, and, as a consequence of such default, Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only (i) out of the proceeds of sale received upon the execution of such judgment and levy thereon against the rights, title and interest of Landlord in the Leased Premises are a part, (ii) out of the rents or other income of the Leased Premises received by Landlord, and/or (iii) out of the consideration received or receivable by Landlord from the sale or other disposition of all or any part of Landlord's right, title and interest in the Leased Premises. In the event Landlord shall sell, transfer, assign or in any manner dispose of its interest in the Leased Premises, which is the subject matter of this Lease, Landlord's rights, obligations and covenants contained in this Lease, as to this Landlord, shall thereupon cease and be no longer binding or effective.

(m) Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of the Leased

Premises by reason of the violation by Tenant of any of the covenants and conditions of this Lease, or otherwise.

(n) Notwithstanding anything to the contrary herein contained in any provision contained in this Lease which requires the Tenant to indemnify the Landlord or to name the Landlord as additional insured in any policy of insurance, such indemnity and additional insured shall also include in addition to the Landlord, Montgomery County, Maryland.

(o) Within a reasonable time prior to the expiration or earlier termination of this Lease, Tenant shall make available to Landlord for copying (at Landlord's sole cost and expense) during Tenant's normal business hours, all stable, feed, veterinary, and related records and information, owned by Tenant and pertaining to the horses not owned by Tenant, that are expected to be stabled on the Leased Premises beyond the date of expiration or earlier termination of this Lease (collectively, the "Horse Records"). Notwithstanding the foregoing, Tenant shall not be required to make the Horse Records available to Landlord for copying if, upon the expiration or earlier termination of this Lease, Tenant thereupon provides services to the public in the market area of the Leased Premises that are substantially similar to those offered to the public by Tenant on the Leased Premises during the Term.

(p) This Lease shall be construed, interpreted, and enforced according to the Laws of the State of Maryland.

(q) Within thirty (30) days after Tenant takes exclusive possession of the Leased Premises, Tenant shall provide Landlord with a complete written inventory of all personal property and trade fixtures proposed in the operation of the Leased Premises which, upon being reasonably acceptable to Landlord, shall be attached hereto as Exhibit D. Thereafter, on or before the first day of each and every Lease Year, of this Lease, Tenant shall provide Landlord with an updated true, accurate and complete inventory, including all additions or deletions to Tenant's personal property and trade fixtures. Upon the expiration or earlier termination of this Lease, Tenant shall have the right to remove from the Leased Premises (without damaging the improvements on the Leased Premises) only those items appearing on the updated or latest inventory listing provided to Landlord, and such additional items as Tenant can demonstrate that were used in the operation of the business.

(r) Throughout the term of this Lease the Tenant shall supply in writing to the Landlord, and shall keep current during the term of the Lease, the names and addresses of all persons occupying any of the residential structures located on the Leased Premises.

(s) The Tenant shall be obligated throughout the term of this Lease to deliver to Landlord copies of all standard boarder agreements used by the Tenant for the Leased Premises.

(t) Upon payment by the Tenant of the rents herein provided, and upon the observance and performance of all the

covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the Leased Premises without hindrance or interruption by Landlord, subject, nevertheless, to the terms and conditions of this Lease.

(u) In the event of any act or action required by either party under this Lease is subject to an excusable delay(s), as hereinafter defined, that event shall serve to extend performance by such party for a period of time equal to such prevention, delay or stoppage. The foregoing however shall not in any way be construed so as to enable Tenant not to satisfy the payment of its rent obligations when and as required by this Lease. The phrase "excusable delay" shall mean any acts of force majeure, including, but not limited to, the prevention, delay or stoppage encountered by either party hereto due to fire or other casualty, bad weather, strikes or labor disputes or acts of God, act the public enemy or other hostile governmental action, civil commotion, governmental restrictions, regulations or controls of the party obligated to perform (or of its contractors or subcontractors).

(v) Except with respect to the consent or approval required of Landlord pursuant to Paragraphs 11 and 16(b) of the Lease, in all other instances in this Lease in which the Landlord's approval or consent is required, such approval or consent shall not be unreasonably withheld, delayed or conditioned.

(w) Landlord shall assist Tenant in its efforts to cause public safety authorities to provide adequate security and protection for the Leased Premises.

(x) The parties agree that a facsimile copy containing the signatures of any of the parties shall constitute a valid and genuine signature for the purposes of this Lease.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

[SIGNATURE PAGE TO FOLLOW]

ATTEST:

Paul M. Schwan

THE MARYLAND NATIONAL CAPITAL
PARK AND PLANNING COMMISSION

By: *[Signature]* (SEAL)
Executive Director

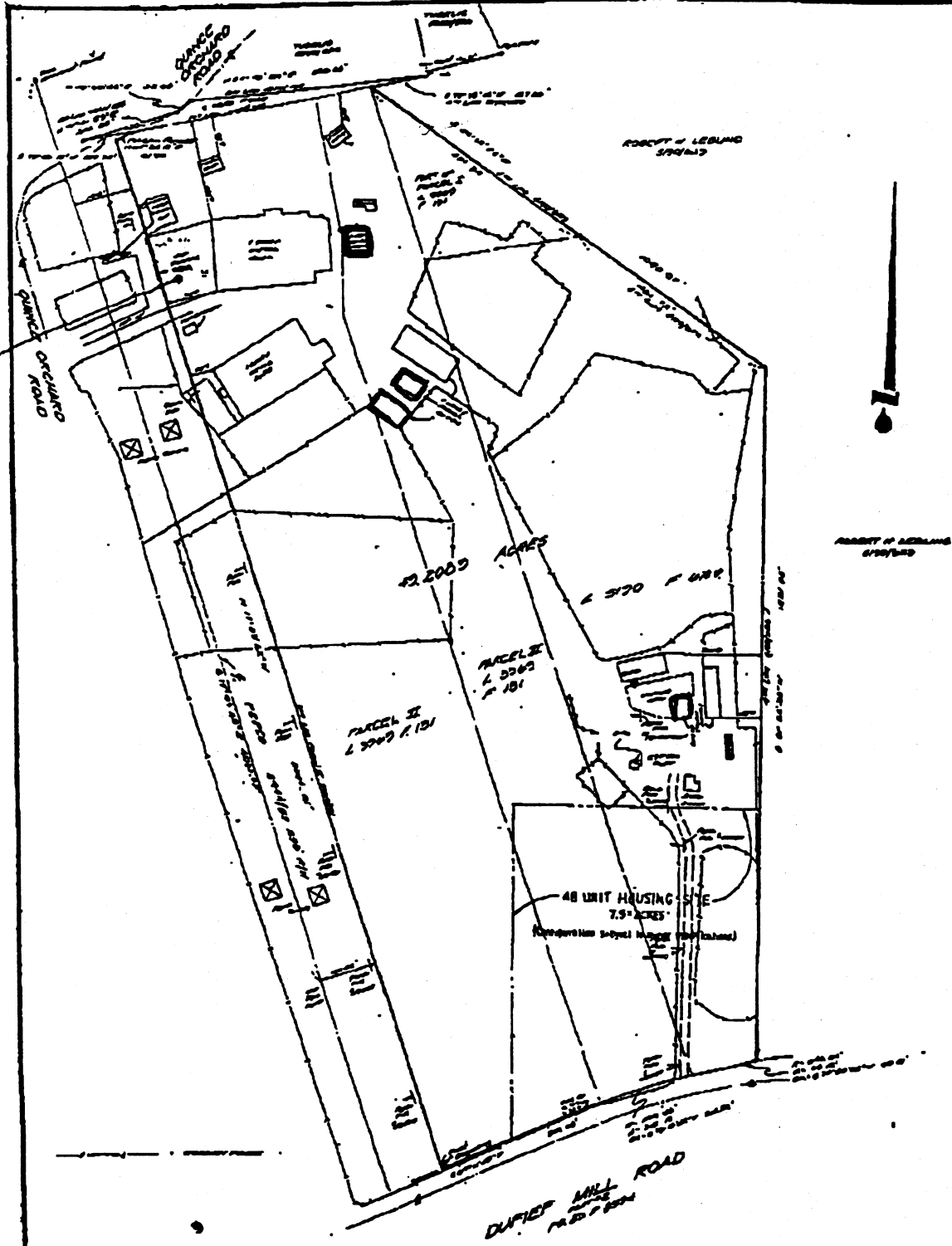
Paula Katz

POTOMAC HORSE CENTER, INC.

By: *Paul Novograd* (SEAL)
Paul Novograd, President

EXHIBIT A

Automobile Parking Area



SURVEYOR'S CERTIFICATE

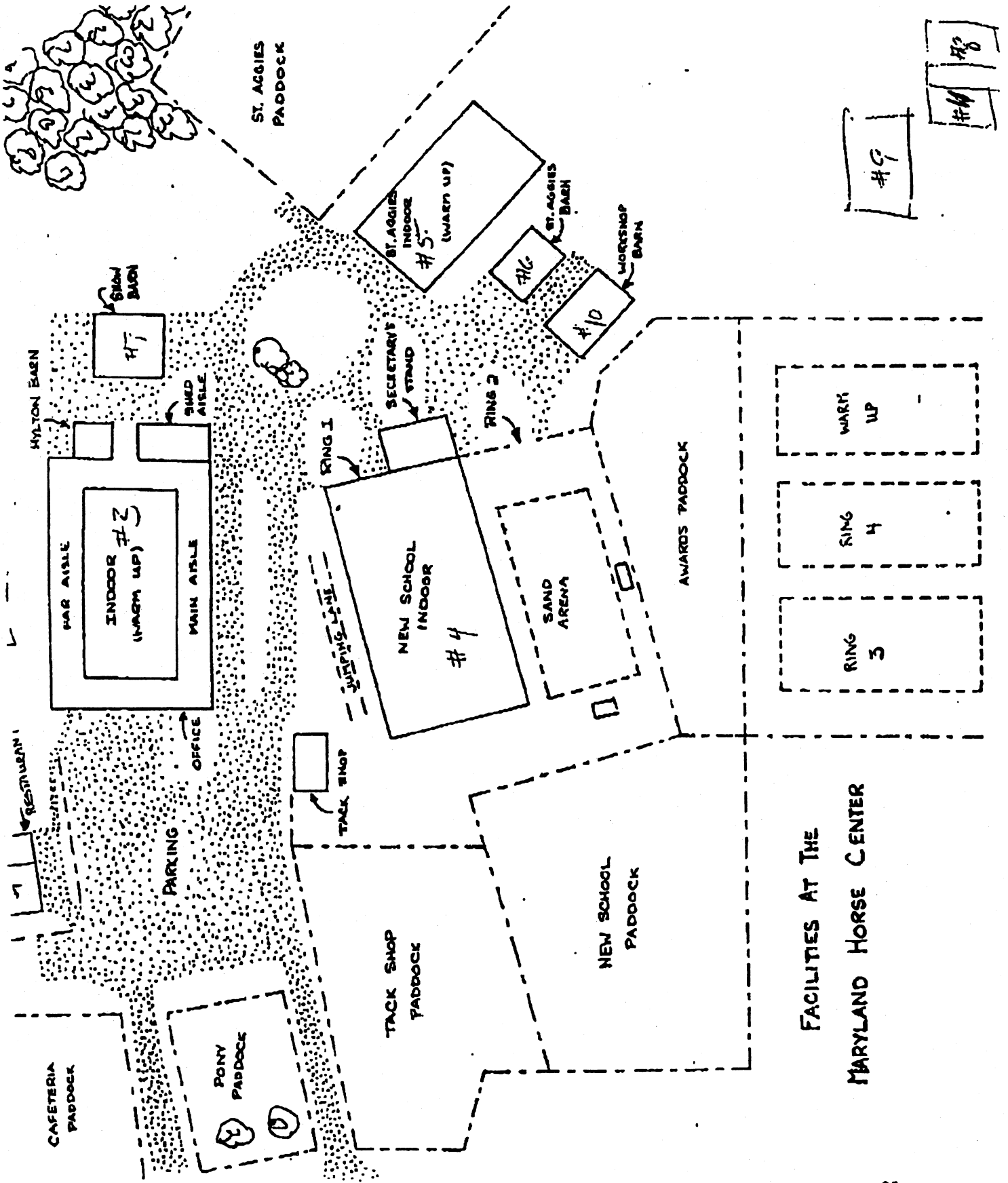
I certify that the plan above shown is correct and is a correct copy of all of the data required by the Law Chapter and Code of Montgomery County, the City of Frederick, the State of Maryland, and Chapter 44, Sections 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 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992, 993, 994, 995, 996, 997, 998, 999, 1000.

[Signature]
 Surveyor
 State of Maryland

PLAT OF SURVEY
 LOCATION OF IMPROVEMENTS
 POTOMAC HORSE CENTER SPECIAL FAR
 F.S. V. 1 C.M. HARTING PROPERTY
 DARGESTOWN ELECTION DISTRICT NO. 6
 MONTGOMERY COUNTY, MARYLAND
 Scale: 1"=100'
 October, 1971

Handwritten: **CONTRACT B**

MCEC SITE PLAN



**FACILITIES AT THE
MARYLAND HORSE CENTER**

EXHIBIT C

SCHEDULE OF CHARGES

(All fees and charges subject to applicable taxes.)

Group lesson	\$27.50/hr.
Semi-Private lessons	\$22.00 per 1/2 hr.
Private lessons	\$30 per 1/2 hr.
Board/mo.	\$450 (incl. feed & stall cleaning)
Board/day	\$25
Private lesson with Head Trainer	\$45 per 1/2 hr.
Lesson with Senior Trainer	\$5 surcharge
Coaching fees at shows (min. 3 riders)	\$50
Leasing fees for shows (horse shared by 2 riders: each pays)	\$60/each
Shipping cost & 10% if subcontracted, \$1.25/mile if done by us	
Leasing	\$300/mo. & board
Turn-out	at cost

MISCELLANEOUS CHARGES

trim ears/muzzle	\$25	stripping stall	\$15
body clips	\$75	mineral oil per gallon	\$18
trace clip	\$45	Panalog 15 mi tube	\$7
hunter clip	\$45	Panalog 30 mi tube	\$15
braiding	\$25	Ace per C.C.	\$1
mane pulling	\$10	Aze per packet	\$2
grooming	\$15	Banamine per C.C.	\$1
hand walks	\$5	Tri-Bricin per bottle	\$27
bath	\$10	Isoxaprine per bottle	\$54

MISCELLANEOUS CHARGES
(continued)

tack cleaning		Bute per gram	\$.50
blanket/unblanket	\$3	Coppertone treatment	\$1
supplements cost x	\$2	Equihist per jar	\$10
alpha cubes per bag	\$10	medicated bath	\$1
clavite per bag	\$45	poultice per time	\$1
cleaning wounds	\$10	bandage/unbandage	\$ per
			time
first aid supplies		Shots medication	cost
			& \$5
vet wrap per roll	\$3	Shots plus medication	cost
			& \$5
worming	\$15	hydrotherapy per time	\$5
trailerling per mile	\$1.25	hot compress per time	\$5

STATE OF MARYLAND
DEPARTMENT OF AGRICULTURE

MARYLAND AGRICULTURAL WATER QUALITY COST-SHARE PROGRAM

AUTHORITY: Agricultural Article, Sec. 8-701, et seq.
Annotated Code of Maryland

AGREEMENT NUMBER: «Agreement_No»

THIS AGREEMENT, dated _____, is among the MARYLAND DEPARTMENT OF AGRICULTURE, "Department"; the «District» SOIL CONSERVATION DISTRICT, "District"; and

«Applicant»
«Address1»
«Address2»
«Address3»,

who has applied for cost-share funds under the State's Agricultural Water Quality Cost-Share Program, and, when applicable, the "Landowner(s)" as named on Page 7 of this Agreement, who shall sign this Agreement if the Applicant is not the owner of the land on which the project is to be located.

This Agreement concerns the installation, maintenance, and use of the following water pollution control project ("project"): «Project». This project is to be installed on the land described: (a) in the following deed(s): «Liber folio» as recorded in the land records of «County» County, naming the Applicant/Landowner as Grantee; and (b) by the following Maryland coordinates: East «EGrid» and North «NGrid».

The project is being installed to address a water quality problem which the Applicant has certified in writing exists on the above described land. The Applicant's "Application/Water Quality Project Form" ("Application"), which bears the above agreement number, as well as the Applicant's name and signature, is incorporated herein and made part of this Agreement. The project's estimated total cost is «Est_Tot», and the *approximate* Cost-Share grant from the Department is «Est_MACS».

This project shall be maintained and used as provided under this Agreement for «Maint_Life» years ("project life"), beginning on the "Completion Date" indicated on the "Claim for Payment" form.

WHEREAS, the Department is authorized, pursuant to Agricultural Article Sec. 8-701 et seq., Maryland Annotated Code, to make State or Federal funds available to eligible applicants for pollution control projects and to promote statewide program for the control of agriculturally related nonpoint sources of water pollution; and

WHEREAS, the above Applicant is eligible for State and Federal cost-share funds for water pollution control under sec. 8-701 et seq.; and

WHEREAS, the above soil conservation district has reviewed and approved the technical specifications for the project on the above-referenced property;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, it is agreed by and between the parties hereto as follows:

ARTICLE I - APPLICANT'S DUTIES AND RESPONSIBILITIES

The Applicant agrees:

- A. To comply with all regulations adopted by the Department under the "Cost-Sharing-Water Pollution Control Program", COMAR 15.01.05;
- B. To be in compliance with the state's nutrient management requirements (MD Agric. Code Ann. §§8-801-8-806 and COMAR 15.20.06-08) as a condition of eligibility to receive cost share payments for implementation of this practice.
- C. To establish, construct or install the project:
 - (1) On the property described above;
 - (2) Consistent with the content of the Application, or as subsequently agreed to by all parties;
 - (3) In accordance with the applicable USDA Natural Resources Conservation Service (NRCS) standards and specifications, and District recommendations for the practice(s) comprising the project as approved by the District (these standards and specifications are on file in the local District office and are incorporated herein and made a part of this Agreement); and
 - (4) Within one year from the date of this Agreement, or as agreed to in writing by all parties.
- D. To obtain all permits, materials or equipment, or contractors needed to complete the project;
- E. To be responsible initially for the total cost of the project's installation;
- F. To obtain the District's certification that the project has been completed according to the applicable standards and specifications and District recommendations; to document all eligible costs on an itemized Departmental statement, as provided in COMAR 15.01.05.10; and to submit this statement (and any invoices or payment receipts in support thereof) to the District for its approval of components and costs before filing any claim for cost-sharing funds with the Department;
- G. To maintain and to use the project to solve the water quality problem that the Applicant, in the Application, has certified exists on the property described above; to do so for the project life indicated on page one of this Agreement; and to do so according to the above-referenced standards, technical specifications, District recommendations, and any attached operation, maintenance, or management plan (where applicable);
- H. To allow representative(s) of the Department or the District, upon reasonable notice, to inspect the project at any time during the project life, to see that it is being maintained and utilized in accordance with the terms of this Agreement and with all referenced standards and specifications, District recommendations, and attachments;
- I. During the project life (Page 1), to notify the Department and the District, beforehand in writing, of any change in the ownership or possession of the farm, or part thereof, where the project is located, and to either:

- (1) Provide the Department with a signed statement on a Departmental form from the potential new owner or operator, binding that person to all the terms of this Agreement for the remainder of the project life, or
 - (2) Return to the Department the cost-sharing funds which have been provided under this Agreement;
- J. To notify the Department and the District of any change in agricultural operations during the project life which affects the project or its use. (If the Applicant is a farm tenant and not the owner of the land on which the project is situated, the Owner shall notify the Department if the tenant stops farming the land.);
- K. To pay back to the Department the full amount of cost-sharing funds it has provided under this Agreement, if the Applicant:
- (1) Alters, changes, or modifies the project in any manner without Departmental approval, after it has been established, constructed, or installed as provided under Section C of this Article I;
 - (2) Fails to establish, install, construct or maintain the project, or fails to use the project as provided under Section G of this Article I. (However, the Applicant may not be found liable for having either inadequately maintained or destroyed the project, if the damages are caused by an act of nature that could not reasonably have been anticipated by the Applicant.);
 - (3) Fails to comply with the requirements of either Section I or Section J of this Article I;
 - (4) Uses the project in a manner that is contrary to, inconsistent with, or somehow interferes with:
 - (a) The purpose behind the project's establishment, construction, or installation (that purpose being to solve a water quality problem originating from conditions on the above-referenced property); or
 - (b) Any attached plan (for operation, maintenance or management established for or accompanying the project (See Article IV.F)); or
 - (5) Has misrepresented the need for the project.
- L. To have all landowners sign and notarize the attached covenant, and notice of recordation of the Agricultural Water Quality Cost-Share Agreement. (Authority: Md. Agric. Code Ann., §8-704)

ARTICLE II - THE DISTRICT'S DUTIES AND RESPONSIBILITIES

The District agrees:

- A. To assist the Applicant in the design and layout of the project, where appropriate, and to review and approve the proposed design;
- B. To periodically inspect the project during its construction or installation, to determine whether the completed project will meet all applicable NRCS standards and specifications and District recommendations;

- C. To inspect the Applicant's project after construction, to confirm the size or extent of the completed project, to determine whether it meets all applicable standards and specifications, and if it does, to certify this to the Department on a "Claim for Payment" form; to ensure that the "Claim for Payment" form for the project construction, installation, or establishment is consistent with the content of the Application;
- D. To review the itemized "Claim for Payment" (and any invoices, statements or payment receipts in support thereof) submitted by the Applicant, and to determine whether the "Claim for Payment" properly represents all eligible costs, and if it does, to certify this to the Department and to provide the Department with all itemized statements, invoices or payment receipts;
- E. To cooperate with the Department in implementing the cost-sharing program, and to keep all cost-share records and make them available to the Department upon request; and
- F. To assist the Department in monitoring the project to see that it is maintained and utilized in accordance with the above-referenced standards and specifications, District recommendations, and any attached operation, maintenance, or management plan. This includes making periodic inspections of the project during the project life and reporting the District's findings to the Department.
- G. To assist the landowners and the Department with the attached covenant, and notice of recordation of the Agricultural Water Quality Cost-Share Agreement. (Authority: Md. Agric. Code Ann., §8-704)

ARTICLE III - THE DEPARTMENT'S DUTIES AND RESPONSIBILITIES

The Department shall grant to the Applicant the approximate amount indicated on the first page of this Agreement if:

- A. The applicant has complied with the terms of this cost-sharing Agreement;
- B. The District has certified to the Department on a "Claim for Payment" that the completed project meets all applicable standards and specifications, that the invoices accurately represent all eligible costs for the project, and that all invoices have been properly itemized and signed by the Applicant; and
- C. The Department has reviewed and approved the "Claim for Payment" (and supporting invoices, etc.) for the completed project.

NOTE: This grant amount is an estimate only and may be adjusted by the Department, based upon the Applicant's actual costs, as finally certified by the District to the Department. In no case will the grant payment exceed:

- (1) \$35,000 for individual agreements (except in the case of animal waste projects, where the grant limit is \$100,000), or
- (2) \$70,000 for pooling agreements (a single project involving more than one person and more than one property), and \$100,000 for a pooling agreement for an animal waste project.
- D. The Department has received and signed the attached covenant, and notice of the recordation of the Agricultural Water Quality Cost-Share Agreement for recordation at the Clerk of Circuit Court.

ARTICLE IV - GENERAL CONDITIONS

- A. This Agreement is binding on all heirs and assigns of the owner of the property where the project is located.

- B. If the Applicant has been notified by the Department of having violated any of the "Applicant's Duties and Responsibilities" under this Agreement, the Applicant shall correct or eliminate the violation in accordance with a schedule specified by the Department. The project shall be restored to the condition required by the applicable standards and specifications, District recommendations, and any attached operation, maintenance or management plan.
- C. Nothing herein prevents the Department, if it has determined that the Applicant has failed to comply with any term of this Agreement, from initiating legal action to enforce this Agreement, or in the alternative, to seek recovery from the Applicant or the landowner of any cost-share grant funds it has paid the Applicant under the Agreement. The burden to prove compliance with the terms of this Agreement rests with the Applicant.
- D. The parties agree that the following named individual shall be contacted if there is any dispute over the terms of this Agreement:
- Name: Robert R. Ensor, Administrator
Address: Water Quality Cost-Share Program
Office of Resource Conservation
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401
Phone: (410) 841-5864
- E. This Agreement is the whole agreement of the parties. There are no promises, terms, conditions, or obligations referring to the subject matter, other than those contained herein or incorporated herein by reference.
- F. The following checked items are incorporated herein and made a part of this Agreement:
- Certificate of Resolution/Special Power of Attorney
 - Provisions for All Animal Waste Management Facilities
 - Additional Provisions for Roofed Animal Waste Storage Structures
 - Provisions for Dead Poultry Composting Facilities
 - Waste Management System Plan
 - Covenant and Notice of Recordation
- G. This Agreement is terminated automatically, without any liability to the Department or the District, if there are no available public funds under the water pollution control program.
- H. **The applicant should not proceed with construction or installation of the project until all the parties to the Agreement (the Applicant, the Department and the District) have signed it. IF THE APPLICANT STARTS THE PROJECT BEFORE RECEIVING A COPY OF THE FULLY SIGNED AGREEMENT HE/SHE DOES SO AT HIS/HER OWN RISK, AND THE DEPARTMENT IS NOT OBLIGATED TO PROVIDE FUNDS FOR THE PROJECT.**

IN WITNESS WHEREOF, the parties have executed this Agreement, by causing the same to be signed on the day and year first written above.

By: _____

STATE OF MARYLAND
DEPARTMENT OF AGRICULTURE

By: _____

Type in District Name SOIL CONSERVATION DISTRICT

By: _____
Applicant (signature) Date

Type in Applicant Name

Applicant(s)' Signing Instructions:

1. If the Applicant is a tenant on the farm where this project is to be installed, the landowner is required to sign the following "Agreement of Landowner". This Cost-Sharing Agreement is not effective unless each landowner signs below.
2. All persons having a legal interest in the farm (generally those persons named in either the latest deed to the property or a will) shall sign the following "Agreement of Landowner". The signature of a person who has been given Power of Attorney by the owner(s) to transact such business on the owners' behalf is acceptable. The Power of Attorney is to be attached to the Agreement.
3. If the farm is owned by a company, corporation, partnership or any other legal entity, the Applicant shall attach a Certificate of Resolution indicating (a) the person authorized to sign on behalf of the entity; and (b) the extent of the authority given to the person by the entity.

Agreement of Landowner

In consideration of the benefit the owner receives from having the water pollution control project placed on the land described in the deed referenced on Page One, the owner by his signature to this Agreement consents to its terms and conditions, and shall be bound by the Agreement to the same extent as the Applicant.

By: _____
Landowner (signature) Date

Type in Landowner Name

By: _____
Landowner (signature) Date

Type in Landowner Name

By: _____
Landowner (signature) Date

Type in Landowner Name

By: _____
Landowner (signature) Date

Type in Landowner Name

By: _____
Landowner (signature) Date

Type in Landowner Name

This document has been approved for legal form and sufficiency by the Attorney General's Office, Maryland Department of Agriculture.

STATE OF MARYLAND
MARYLAND DEPARTMENT OF AGRICULTURE

COVENANT, AND NOTICE OF RECORDATION
AGRICULTURAL WATER QUALITY COST-SHARE AGREEMENT
(Authority: Md. Agric. Code Ann., §8-704)

THIS COVENANT, AND NOTICE OF RECORDATION OF AGRICULTURAL WATER QUALITY COST-SHARE AGREEMENT, dated this ____ day of _____, by and between KEYBOARD(All Landowners' Names), his/her or their personal representative(s), heir(s), successor(s) and assign(s), (hereinafter "Grantor"), and the Maryland Department of Agriculture, (hereinafter "MDA").

WHEREAS, the Grantor and MDA entered into an Agricultural Water Quality Cost-Share Agreement, (hereinafter "Cost-Share Agreement"), No. KEYBOARD(MACS Agreement #), for the purpose of financing the construction of KEYBOARD(BMP Name), a water quality pollution control project, on the Grantor's land, located in KEYBOARD(County Name) County, Maryland, and more particularly described in the County land records, Liber KEYBOARD(Liber) Folio KEYBOARD(Folio). The Cost-Share Agreement shall terminate on _____;

THIS COVENANT, RIGHT OF ENTRY AND NOTICE OF AGRICULTURAL WATER QUALITY COST-SHARE AGREEMENT IS NULL AND VOID ON _____; and

WHEREAS, the purpose of THIS COVENANT, AND NOTICE OF RECORDATION OF AGRICULTURAL WATER QUALITY COST-SHARE AGREEMENT is to notify and to bind all present and future owners of the above described land to the terms of the Cost-Share Agreement;

NOW, THEREFORE in consideration of the recitals set forth above and other valuable consideration, the receipt of which is hereby acknowledged, the Grantor agrees as follows:

1. That all the terms and conditions of the Cost-Share Agreement are incorporated herein and constitute a lien and a covenant running with the land that is binding on the Grantor, his/her or their personal representative(s), heir(s), successor(s) and assign(s) requiring the Grantor to maintain and to use the above water quality pollution control project according to the Cost-Share Agreement. A copy of the Cost-Share Agreement is available for inspection at the Maryland Department of Agriculture, 50 Harry S. Truman Parkway, Annapolis, Maryland 21401;
2. That the Cost-Share Agreement includes, but is not limited to, the right of entry on the land for inspection of the water quality pollution control project by representatives of the MDA or by representatives of the local soil conservation district; and
3. That the obligation of the Cost-Share Agreement is binding on the Grantor, his/her or their personal representative(s), heir(s), successor(s) and assign(s) an obligation to reimburse MDA for the cost of the project for any breach of the terms of the Cost-Share Agreement.

KEYBOARD(Grantor)

KEYBOARD(Grantor)

KEYBOARD(Grantor)
Grantor(s)

KEYBOARD(Grantor)

Grantors: State of Maryland, County of _____, To Wit:
I hereby certify, that on this _____ day of _____ 20____, before me, the
subscriber, a Notary Public in and for the State and County aforesaid, personally appeared KEYBOARD(All
Landowners' Names) known to me (or satisfactorily proven) to be the Grantor(s) named in the foregoing
agreement and the Grantor acknowledged that he, she or they executed the same for the purposes therein
contained and, in my presence, signed and sealed the same.
As Witness my hand and Notarial Seal.

My Commission Expires

Notary Public

Secretary, Maryland Department of
Agriculture or the Secretary's Approved
Designee

Department: State of Maryland, County of _____, To Wit:

I hereby certify that, on this _____ day of _____ 20____, before me, the subscriber,
a Notary Public in and for the State and County aforesaid, personally appeared _____
_____, known to me (or satisfactorily proven) to be the **Secretary of the Department**
of Agriculture or the Secretary's approved designee, and acknowledged that he/she executed the same
for the purposes therein contained and, in my presence, signed and sealed the same.
As Witness my hand and Notarial Seal.

My Commission Expires

Notary Public

I HEREBY CERTIFY THAT THIS INSTRUMENT WAS
PREPARED BY THE MD AGRICULTURAL COST-SHARE
PROGRAM, A PARTY TO THIS INSTRUMENT.

CRAIG A. NIELSEN, ASSISTANT ATTORNEY GENERAL

AFTER RECORDING, PLEASE RETURN TO:
AGRICULTURAL WATER QUALITY COST SHARE PROGRAM
THE WAYNE A. CAWLEY, JR. BUILDING
MARYLAND DEPARTMENT OF AGRICULTURE
50 HARRY S TRUMAN PARKWAY
ANNAPOLIS, MARYLAND 21401-7080

DEVELOPMENT AGREEMENT

This Development Agreement (“Agreement”), is made this ____ day of _____, 2007, between the Maryland-National Capital Park and Planning Commission-a public body corporate of the State of Maryland (the “Commission”), and Potomac Horse Center, Inc., a Maryland corporation, operating as Potomac Horse Center (hereinafter “PHC”).

RECITALS

WHEREAS, the Commission is a public body corporate, created and existing under Article 28 of the Annotated Code of Maryland that is engaged in performing governmental functions of acquiring, developing, maintaining and operating public parks, facilities and recreation areas within Montgomery County and Prince George’s Counties;

WHEREAS, the Commission owns real property known as the Maryland Horse Center (the “Park”) in Montgomery County, Maryland;

WHEREAS, Section 5-110, Article 28, Annotated Code of Maryland authorizes the Commission to lease property in the Park;

WHEREAS, the Commission and PHC entered into a lease agreement (“Lease”) on July 21, 1993 for a parcel of land known as the Maryland Horse Center and PHC is authorized to operate the Park as an equestrian facility.

WHEREAS, PHC now proposes to design, construct and install, at PHC’s sole expense and cost, a manure recycling facility on the Leased Premises:

WHEREAS, PHC and the Commission intend to apply for a Maryland Agricultural Water Quality Cost Share Program Grant (“MACS”) to fund a portion of the construction of a manure recycling facility in the Park;

WHEREAS, the Commission and PHC desire to enter into this Agreement in order to clarify the conditions pursuant to which PHC may construct and install the manure Recycling System (“Recycling System”) and necessary structures to support it, and to define that information that PHC must provide to the Commission as the project proceeds.

NOW, THEREFORE, WITNESSETH, in consideration of the mutual promises, covenants, and agreements herein contained, the recitals set forth above which are a substantive part of this Agreement, and other good and valuable consideration, it is hereby agreed by and between the parties as follows:

A. IMPROVEMENTS.

1. PHC may design, construct and install, at PHC’s sole expense and cost, a Recycling System on the Leased Premises, pursuant to the provisions of this Agreement.
2. PHC shall engage the services of contractors, subcontractors, professionals, consultants and suppliers for the purposes of: (1) planning the design and construction of the Recycling System and necessary structures, (2) creating and preparing the drawings, plans and specifications, (3) obtaining any necessary permits, and (4) constructing the Recycling System and structures. In addition, PHC shall engage and

maintain the services of a qualified Project Manager for the project until the project is completed. PHC shall send written notice of the engagement of the Project Manager to the Commission within 30 days after PHC signs this Agreement. PHC shall send written notice to the Commission of any change of Project Manager. Within 21 days after signing and agreement or contract with a contractor, professional and consultant, PHC shall furnish the name and address of each contractor, professional or consultant to the Commission, together with a copy of the agreement or contract between PHC and the contractor, professional and consultant.

3. PHC shall submit a Development Plan certified, signed and dated by the Executive Director of PHC, detailing the planning, design and construction of the Recycling System and structures. The Plan shall set forth in detail the: (a) proposed work, (b) progress schedule, (c) progress plans and specifications, (d) project budget, with estimated costs and estimated expenses, (e) statement of total current revenue, including revenue from sales, contributions, gifts, grants, and other sources, (e) phases of the work, and (f) all documents relating to the forgoing matters. The Plan is attached hereto and incorporated herein (Attachment A).

4. PHC shall comply with the Procurement Procedures established by the Commission's Purchasing Division, which are attached hereto and incorporated herein as (Attachment B). PHC shall indicate PHC's acceptance of the Procurement Procedures by having the Executive Director sign and date the Procurement Procedures. PHC shall submit to the Commission documents showing that PHC has

complied with all of the Procurement Procedures. Commencing 30 days after PHC commences work and continuing every 30 days thereafter until PHC completes the work, PHC must submit two reports to the Commission's Purchasing Manager. PHC must submit: (a) a report listing all subcontractors used for the month, and (b) a report listing all subcontractors used up to the date of the report.

5. PHC shall submit to the Commission: (a) a progress schedule, (b) progress development plans and specifications, (c) a project budget, (d) a stormwater plan, (e) a sediment control plan, (f) a soil conservation plan, (g) drawings, plans, specifications, and (h) any other information and documents as are reasonably requested by the Commission.

6. PHC shall submit to the Commission plans showing a staging area and a construction area. PHC must demonstrate to the reasonable satisfaction of the Commission that during the construction work the Park shall be usable, safe and accessible for the public. The Commission may order the PHC to suspend or stop work if the Commission at any time determines in the Commission's reasonable discretion that the performance of the work: (a) is hazardous or dangerous to public health or public safety, or (b) renders the Park as a whole unsafe, not usable, or not accessible.

7. PHC shall obtain approval from the Commission of the final drawings, plans and specifications, and construction schedule for each phase of the work.

8. PHC shall not commence any construction of the Recycling System or any necessary structures unless the Commission and all applicable government agencies

have issued permits and approvals. PHC must comply with the provision of a permit and an approval issued by the Commission and any government agency.

9. PHC shall submit any amendments or material changes to the Final Plans to the Commission for review and approval prior to implementation of any such material amendments or material changes.

10. The Executive Director of PHC shall certify in writing, prior to the start of construction of any Phase, that RWF has sufficient funds available to complete the planning, design, and construction the recycling system and necessary structures for that Phase. PHC may not begin construction of any Phase of the work until the Secretary-Treasurer of the Commission has verified that there are sufficient funds to complete that Phase of the work. The Commission is not responsible for funding or payment for any portion of the work.

11. PHC shall assign all warranties relating to any work, equipment or materials to the Commission. PHC shall require all of its contractor, subcontractors, suppliers and donors to assign all warranties relating to any work, equipment or materials to the Commission. Upon acceptance by the Commission of the improvements and the work, the Commission is the owner of all warranties.

B. PLANS AND SPECIFICATIONS.

1. The Commission shall be provided with the preliminary drawings, plans, and specifications, and construction schedule and the Final Plans, and any material

amendments or material changes thereto. The Commission shall issue a permit for construction after the Commission has approved the Final Plans. The Commission may make periodic inspections of the work.

2. The Commission may make a final inspection of the work to assure compliance with the approved Final Plans and this Agreement. The Commission shall make a final inspection within seven business days after receipt of notice of full and final completion from PHC.

3. After the Commission has inspected the buildings, improvements, structures, and work and approved and confirmed that they comply with the Final Plans, the Commission shall accept the buildings, improvements, structures and work within fifteen business days.

4. Upon acceptance by the Commission, the Commission shall be the owner of the Recycling System, necessary structures and work. Upon acceptance by the Commission, PHC is released from any liability for the buildings, improvements, structures and work.

5. The Commission and the PHC shall repair and maintain the buildings, improvements and structures as provided in the Lease.

C. TERM

The term of this Agreement shall be from the date of execution by the Commission until the PHC has completed the Recycling System, necessary structures and work and the Commission has accepted in writing the Recycling System, necessary

structures and work.

D. GENERAL CONDITIONS.

1. Guarantee. PHC does hereby covenant and affirm that the PHC and its contractors, subcontractors, and consultants are qualified and shall perform the work in a skillful and consistent manner, and perform each and every obligation imposed by the Agreement in accordance with the plans, specifications and drawings approved by the Commission.
2. One Point of Contact. Each of the Commission and PHC shall have only one point of contact with respect to all aspects of this Agreement. PHC hereby appoints _____ as its sole point of contact for all matters under this Agreement, and the Commission hereby appoints _____ as its sole point of contact for all matters under this Agreement.
3. Independent Contractor. PHC, its officers, employees, agents, contractors and representatives are independent contractors and not officers, employees, agents and representatives of the Commission
4. Termination. The Commission may terminate this Agreement or any part thereof upon the material breach of any provision herein by PHC and the failure of PHC to remedy or cure the breach within 30 calendar days after receipt of written notice from the Commission.
5. Laws and Regulations. PHC shall comply with all of the Commission's Practices, Regulations and Laws and with applicable State, Federal and local laws and regulations

6. Insurance. PHC shall obtain and maintain, and shall have its contractors, subcontractors, consultants and professionals, obtain and maintain liability insurance, professional liability insurance and bonds as required by the Commission's Purchasing Division and Office of Risk Management. PHC shall furnish to the Commission documents showing the existence of the required insurance and bonds at the same time PHC executes this Agreement. All certificates of insurance shall name the Commission as an additional insured and shall provide for 45 calendar days advance written notice to the Commission in the event of termination, cancellation or modification of coverage.

7. Non-Discrimination. PHC shall not discriminate against any person, applicant for employment, employee, contractor, or subcontractor because of age, sex, race, creed, color, disability, national origin or disability. If PHC is determined to be in violation of any Federal, State or County nondiscrimination law by the final order of an agency or court, the Commission may cancel, terminate or suspend this Agreement in whole or in part and the Commission may declare the PHC ineligible for any further contracts.

8. Indemnification. PHC shall indemnify and save harmless the Commission from and against all legal actions, liability, claims, damages, costs or expenses of any kind which may be brought against the Commission due to PHC's or its officers, employees, agents, contractors and representatives negligence or failure to perform any of the obligations under this Agreement. The Commission shall indemnify and save harmless PHC from and against all legal actions, liability, claims, damages or expense of any

kind, which may be brought against PHC due to the Commission's negligence or failure to perform any of the obligations under this Agreement. Indemnification shall commence on the date of execution of this Agreement by the Commission and shall extend until completion of the work and acceptance by the Commission of all of the improvements and work.

9. Assignment. PHC shall not assign or transfer any right, interest or obligation under this Agreement without the prior written consent of the Commission.

10. Entire Contract. This Agreement contains the entire agreement between the parties and may not be modified except by written amendment signed by both parties.

11. Severability. The invalidity or illegality of any provision of this Agreement shall not affect the remainder of this Agreement or any other provision contained therein.

12. Applicable Law. This Agreement shall be interpreted and construed according to the laws of the State of Maryland and enforced in any court of competent jurisdiction located in Montgomery County, Maryland.

13. Waiver. The failure of either party to enforce any part of this Agreement shall not be deemed as a waiver thereof.

14. Warranty and Guarantee. All warranties and guarantees on goods, services and construction shall survive the completion of performance, expiration or termination of the Agreement and shall continue through the warranty or guarantee period.

15. Time. Time is of the essence.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, PHC and the Commission have executed this Agreement on the dates written below.

POTOMAC HORSE CENTER, INC.

Date: _____

By: _____
(Signature)

Typed Name:

Title: Owner

WITNESS

Date: _____

By: _____
(Signature)

Typed : _____

Title: _____

**THE MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION**

Date: _____

By: _____
Bruce Crawford
Acting Executive Director

ATTEST

Date: _____

By: _____

Patricia Colihan-Barney
Secretary-Treasurer