

HOST COMMUNITY AGREEMENT

This **HOST COMMUNITY AGREEMENT** (the "Agreement") is by and between the **TOWN OF PALMER**, a Massachusetts municipality with a business and mailing address of 4417 Main Street, Palmer, Massachusetts 01069, acting by and through its duly authorized Town Manager (the "Town"), and **MOHEGAN SUN MASSACHUSETTS, LLC**, a Delaware limited liability company with a business address of 1426 Main Street, Palmer, Massachusetts 01069 and a mailing address of 1 Mohegan Sun Boulevard, Uncasville, Connecticut 06382 ("Mohegan Sun"), dated as of August 29, 2013. Hereinafter, Mohegan Sun and the Town may be referred to together as the "Parties" and individually as a "Party."

This Agreement shall be effective upon the date of a favorable vote by the Palmer Town Council ratifying the execution of this Agreement (the "Effective Date").

RECITALS

1. Since October 21, 2008, Mohegan Sun, through an affiliated company, has leased and held an option to purchase parcels of land containing approximately 152 acres located near Exit 8 on the Massachusetts Turnpike on Thorndike Street and Breckenridge Street in Palmer, Massachusetts, which parcels are described in deeds recorded with the Hampden County Registry of Deeds in Book 336, Page 122, Book 340, Page 71 and Book 15693, Page 536 (the "Property"). Current real estate taxes for the Property are approximately Sixty-Eight Thousand (\$68,000) per year.

2. Pursuant to MGL Chapter 23K, commonly referred to as the Expanded Gaming Act (the "Act"), Mohegan Sun has filed an application with the Massachusetts Gaming Commission (the "Gaming Commission"), seeking a Category 1 license (a "Gaming License") to develop and operate a resort gaming establishment and associated hotel, retail and entertainment facilities at the Property (the "Project").

3. The Town is a "Host Community" as that term is defined and used in the Act, because Mohegan Sun has proposed locating a gaming establishment in the Town. In anticipation of this relationship, Mohegan Sun has previously agreed to reimburse the reasonable costs incurred by the Town and its instrumentalities in entering into this Agreement and the various studies prepared and reviewed in connection herewith pursuant to prior agreements, and desires to continue to reimburse the Town and its instrumentalities for such reasonable costs as specified herein.

4. To enable Mohegan Sun to finalize its application for a Gaming License as required under the Act, Mohegan Sun intends to request from the Town a binding vote of the residents of the Town on the ballot question specified in the Act (the "Ballot Question Election").

5. The Town and Mohegan Sun believe that the Project will bring economic development and employment opportunities for residents of the Town and the potential to stabilize the fiscal health of the Town and provide property tax relief. The Parties believe and

acknowledge that the Project will have an impact on the Town's existing resources and municipal infrastructure and the Parties desire to mitigate and minimize such impacts through financial and other commitments as set forth in this Agreement.

6. In accordance with the Act, prior to requesting the Ballot Question Election, Mohegan Sun is required to enter into a "Host Community Agreement" with the Town, as that term is defined and used in the Act, setting forth the conditions of having a gaming establishment located within the Town, including a Community Impact Fee (as defined in Section III. B. herein) for the Town and all stipulations of responsibilities between the Town and Mohegan Sun, including stipulations of known impacts from the Project.

7. This Agreement is the "Host Community Agreement" between Mohegan Sun and the Town.

8. Mohegan Sun, in consultation with the Town and its consulting team, has commissioned and made publicly available detailed studies of the potential traffic, sewer, water and socioeconomic impacts of the Project. The Town and its consulting team, including RKG Associates, Inc., Howard/Stein-Hudson, Tighe & Bond, and The Berkshire Design Group, in addition to legal counsel to the Town, have had the opportunity to review these studies which have resulted in amended and fully-reviewed studies (the "Studies") which the Parties have relied upon in the negotiation and preparation of this Agreement. Mohegan Sun's traffic mitigation plans have been presented to and discussed in an open meeting of the Town Council on July 22, 2013.

NOW THEREFORE, in consideration of the mutual promises set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

SECTION I.
THE PROJECT

Mohegan Sun intends to submit its final application for a Gaming License to construct and operate the Project on the Property on or before December 31, 2013. Upon award of the Gaming License, Mohegan Sun shall, at its expense, finalize the design of the Project and apply for remaining permits and approvals for construction of the Project. Mohegan Sun shall provide the Town with all schedules and plans as provided to the Gaming Commission in its final Gaming License application. Subject to the timely receipt of necessary approvals and the closing of third-party Financing, as defined below, Mohegan Sun expects the substantial completion and Opening of the Project, as defined below, to occur within 27 months from the date of the award of the Gaming License.

The Parties acknowledge that total investment in the Project and in Mohegan Sun's improvements to the Town and region's infrastructure is expected to be approximately One Billion Dollars (\$1,000,000,000). The Project shall consist of a destination resort and gaming facility with features such as:

1. Full-service resort casino with 3,000 slot machines and 80 table games in approximately 320,000 square feet.
2. Casual dining restaurant with up to 200 seats and a fine dining restaurant with up to 150 seats.
3. Quick-service multi-outlet food court.
4. Center bar and lounge with entertainment stage.
5. A 230,000 square foot resort casino hotel and conference center with approximately 250 rooms and suites, a gifts/sundries shop, fitness center, business center, a hotel ballroom and meeting rooms.
6. Valet parking service in addition to structured and surface parking.
7. A 253,000 square foot retail development featuring additional dining options, a cinema and other entertainment, fashion retail outlets and other retail stores.
8. A 70,000 square foot, family-oriented, adventure-themed water entertainment park with an adjoining 180,000 square foot and 300-room hotel.

The Project shall be constructed as generally shown on the conceptual plans attached hereto as Exhibit A (the "Plans"). Additional plans for the Project will be submitted to the Gaming Commission in connection with Mohegan Sun's Gaming License application and will be subject to final regulatory permits from the Town along with other related approvals.

The Parties recognize and acknowledge that the final construction documents and plans for the Project will provide greater detail and may deviate somewhat from the Plans and the actual construction of the Project may result in additional changes or variations from the Plans. Nonetheless, Mohegan Sun shall develop the Project substantially in accordance with the Plans, and the Parties acknowledge that a material change in the Plans may trigger the provisions of Section II. D. below. Construction and operation of the Project shall be consistent in style and quality exhibited by other casino properties owned and operated by Mohegan Sun and its affiliates.

SECTION II.
IMPACTS AND BENEFITS OF THE PROJECT

The Parties recognize that the Project will have many and varying impacts on, and benefits to, the Town and the Town's residents. The impacts of the Project will be both negative in terms of increased demand on Town services and other potential costs, and positive in terms of new career and employment opportunities for Town residents and other direct and indirect benefits from sustained economic development and promotion of tourism. Some impacts of the Project are determinable and some are unknown.

A. Stipulations of Known Impacts

This Section II-A shall be deemed to be the “stipulations of known impacts” that are required to be included in this Agreement pursuant to the Act. The following impacts are categorized and referred to herein as “Known Impacts”.

1. The Project is expected to increase the number of vehicles using the Town’s public ways and increase the demands for services by the Town’s Department of Public Works.
2. The Project may have an impact on the general law enforcement responsibilities of the Town. Although Mohegan Sun will employ a full-time, professional, trained, on-site security and surveillance staff at the Project and the Massachusetts State Police and the Gaming Commission will have staff, facilities and certain jurisdiction within the gaming establishment envisioned by the Project, the Town anticipates additional costs to provide police services to the Project and in other locations in the Town.
3. The Property is located entirely within the service district or territory of the Palmer Fire District No. 1¹ (the “Fire District”). The Project is expected to have an impact on fire protection services provided by the Fire District and its associated, supporting neighboring fire departments (through mutual aid agreements), including, but not limited to, equipment, staffing levels and training. These impacts will require additional expenditures by the Fire District to provide the necessary services to the Project and to maintain adequate services to other areas of the Town.
4. The Property is located entirely within the service district or territory of the Palmer Water District No. 1 (the “Water District”). The Project is expected to have an impact on municipal water service provided by the Water District, including, but not limited to, available water capacity. These impacts will require additional expenditures by the Water District to adequately provide municipal water service to the Project and to maintain adequate services to other areas of the Town.
5. The Project will have an impact on the ambulance service and Emergency Medical Services (EMS) currently available or provided in the Town.
6. The Project is expected to have an impact on municipal sewer services provided by the Town. The Project will require additional expenditures by the Town in order to provide such services to the Project and will impact the Town’s ability to provide adequate or expanded sewer services to other areas of the Town.
7. The Project is expected to have an impact on other municipal services provided by the Town, including but not limited to municipal inspectional and permitting services. The Project will require additional expenditures by the Town in order to provide such services to the Project.

¹ Pursuant to Ch. 543 of the Acts of 1920, as amended, the Palmer Fire District No. 1 and the Palmer Water District No. 1 operate as a single entity for fiscal and revenue purposes and are collectively referenced herein as the “District”.

8. The Project may have an impact on the level of aid and grant funding to be received by the Town from certain agencies of the Commonwealth of Massachusetts, due to or arising from a significant expansion of the Town's local property tax base and socioeconomic changes.

B. Favorable Impacts Expected from Project

Based upon the Studies and Plans, it is anticipated that the development, construction and operation of the Project will include the following, Town-wide or public benefits:

1. Design and construction of municipal sewer line extensions/improvements;
2. Design and construction of municipal water service expansion/upgrades and additional revenue to the District from the sale of water to the Project;
3. Design and construction of public roadway reconstruction/widening and improvements;
4. A significant expansion of the Town's property tax base and the District's tax base. Based upon the scale and scope of the Project, and based upon the Town's current real property tax rate, the Town estimates that expected tax revenue, in the event the PILOT Agreement, as provided below, is not approved, to be paid by Mohegan Sun to the Town for the first full year of use and occupancy of the Project would be approximately Nine Million, Eight Hundred Thousand Dollars (\$9,800,000). The estimated taxes to be paid to the District for the first full year of use and occupancy of the Project following Opening (as defined below), in the absence of the PILOT Agreement, would be approximately Seven Hundred, Twenty-Five Thousand Dollars (\$725,000). In addition, the Town anticipates the Project will generate substantial hotel room and meals taxes for the Town and additional vehicle excise taxes, generated by the garaging of Mohegan Sun's fleet of various service vehicles at the Project;
5. Expanded employment opportunities during construction of the Project;
6. Expanded, permanent, full and part-time employment opportunities to staff and operate the Project; and
7. Collateral development, employment and tax revenues in the Town based on increased spending by Mohegan Sun and its patrons, employees, suppliers and contractors for the Project in the Town.

C. Additional Unknown Impacts

The Parties acknowledge that there may be additional impacts associated with the Project that are unknown as of the Effective Date (the "Additional Impacts"). The Parties intend that any Additional Impacts of the Project that are not sufficiently mitigated through this Agreement shall be mitigated through the Gaming Commission's licensing process, through any other state or municipal permitting processes that may be necessary for the Project, including but not limited to, grants or other funds from the Gaming Licensing Fund or from gaming revenues allocated to funds such as the Community Mitigation Fund, Local Capital Projects Fund,

Transportation Infrastructure and Development Fund or Gaming Local Aid Fund pursuant to the Act.

D. Reopening of Agreement

1. Consistent with the Gaming Commission's regulations, set forth at 205 CMR 127, which are designed to protect host communities from significant and material adverse impacts occurring after the execution of a host community agreement, Mohegan Sun and the Town shall, if reasonably necessary under the circumstances, negotiate in good faith an amendment to this Agreement if a triggering event (as provided in 205 CMR 127.02) occurs.

2. Notwithstanding the mitigation for Known Impacts as required herein and consistent with the provisions of 205 CMR 127.06, Mohegan Sun and the Town shall negotiate in good faith any amendments required to this Agreement (i) in the event the scope of the Project, as shown on the Plans, increases materially and results in a significant and material adverse impact as defined in 205 CMR 127.01, or (ii) the Town experiences material increases in public school enrollments or per person residency in existing housing in the Town related to or arising from the Project.

SECTION III.
MITIGATION OBLIGATIONS OF MOHEGAN SUN

A. Public Infrastructure Improvements to be Constructed by Mohegan Sun

To mitigate the impacts of the Project, Mohegan Sun shall directly invest in and improve the infrastructure systems of the Town (and, with some infrastructure improvements, neighboring communities) by contracting directly with engineers, builders and contractors to carry out upgrades and enhancements to existing systems serving the Town and District. These projects, funded and arranged by Mohegan Sun, in close conjunction with the Town, are described in the attached exhibits referenced in the subparagraphs below (including paragraph 1 regarding the District water system, paragraph 2 regarding municipal sewer system, and paragraphs 3 and 4 regarding improvements to roadways). All such projects shall be subject to reasonable conditions of the Town or any other governmental agency with jurisdiction over such improvement. Mohegan Sun shall be directly responsible for or shall cause the sewer, roadway and water projects (such water projects being subject to separate agreement entered or to be entered between Mohegan Sun and the District; the "District Agreement") to be carried out and completed expeditiously and efficiently to enable the timely Opening of the gaming facility (as defined later herein). The Town agrees to cooperate in arranging for such improvements and obtaining all necessary permits therefore. If permitted by law and to the extent material, labor services and equipment to be used in connection with the development, construction and operation of such improvements are subject to sales and use or other similar tax, all such material, services and equipment may be acquired by Mohegan Sun or its designees on behalf of the Town for the public benefit using the tax exempt purchasing certificate or other direct purchasing authority of the Town.

1. Mohegan Sun shall, pursuant to the schedule of construction included in Mohegan Sun's Gaming License application, as the same may be modified pursuant to the award of the Gaming License, fund or assist in the arrangement of funding of the following improvements and enhancements to the various components of the public infrastructure serving the Town. Portions or components of these improvements are designed and recognized by the Parties as providing substantial public benefit. Mohegan Sun shall fund and complete the following improvements (collectively, the "Infrastructure Improvements").

- (i) Expansion and improvements to the water distribution system of the District as described in "Exhibit B – Water Improvements." subject to and in accordance with the District Agreement. The total value of these improvements is estimated to be approximately Fourteen Million Dollars (\$14,000,000). The Parties estimate that no less than Five Million Five Hundred Thousand Dollars (\$5,500,000) of these Infrastructure Improvement costs will have a direct public or Town-wide benefit.
- (ii) Expansion and improvements to the Town's municipal sewer system, as described in "Exhibit C – Sewer Improvements." The total value of these improvements is estimated to be approximately Six Million Four Hundred Thousand Dollars (\$6,400,000). The Parties estimate that approximately Two Million Six Hundred Thousand Dollars (\$2,600,000) of these infrastructure improvement costs will have a direct public or Town-wide benefit.
- (iii) Improvements to the Town's public streets and ways, as described in "Exhibit D – Roadway Improvements." The total value of these improvements is estimated to be no less than Four Million, One Hundred Thousand Dollars (\$4,100,000). The Parties estimate that substantially all of these infrastructure improvement costs will have a direct public or Town-wide benefit.
- (iv) Significant improvements to the Exit 8 entrance and exit area to the Massachusetts Turnpike (including Route 32), as referenced on "Exhibit D – Roadway Improvements", subject to local, state and/or federal jurisdiction and approvals. The Parties estimate approximately Sixteen Million Five Hundred Thousand Dollars (\$16,500,000) will be spent on said improvements. The Parties believe that the whole of this infrastructure improvement will have a direct public benefit.

2. Mohegan Sun shall use reasonable efforts to complete construction of the Infrastructure Improvements within three (3) years of the date of issuance of the Category 1 license for the Project.

3. Mohegan Sun shall pay to complete the Infrastructure Improvements, notwithstanding the fact that the actual costs to complete said work may be more (or less) than the estimated costs listed above and without any adjustment or reduction in the Community Impact Fee (as defined in Section below) to be paid by Mohegan Sun.

4. Upon completion of the Infrastructure Improvements, Mohegan Sun shall provide the Town with as-built plans of the sewer improvements. Such as-built plans shall be in the form and format reasonably required by the Town.

5. The Parties acknowledge that, pursuant to the Act, a condition to the award of the Gaming License will be the deposit of ten percent (10%) of the total investment proposed in Mohegan Sun's application into an interest-bearing account, or a bond in lieu thereof, to be held in escrow until the final stage of construction, as detailed in Mohegan Sun's timeline of construction. It is the intent of the Parties not to duplicate any such bond or requirement to ensure construction of the Project, as planned, and the Town shall credit or waive bonding requirements that are duplicative of other applicable state or federal bonding requirements. The Town shall also endeavor to assist Mohegan Sun in obtaining third-party financing for all public infrastructure improvements.

6. The Town agrees that, upon receipt of any completed local applications in accordance with the Town's standard practices and subject to the Town's governmental discretion, it shall grant to Mohegan Sun and Mohegan Sun's contractors such access to the Town's land and other rights of way necessary to complete these improvements. The Town agrees further that it shall cooperate in the permitting and timing of all highway, road, water, sewer, construction activities related to these improvements and the Project. In addition, to the extent the power of eminent domain may be required, the Town agrees to consider the use of such authority in good faith and in furtherance of the infrastructure improvements that will serve or provide a public purpose.

B. Community Impact Fee to be Paid by Mohegan Sun

The "Community Impact Fee" is intended by the Parties to mitigate the recurring adverse impacts of the Project as described in this Agreement and as required by the Act and to provide additional funds to the Town for its governmental purposes and the general benefit of the residents of Palmer. The Community Impact Fee collectively consists of the following as defined and described herein: (i) an Annual Mitigation Payment, (ii) a Gaming Revenue Payment, and (iii) One-time and Pre-Opening Payments, all to be paid by Mohegan Sun.

The "Opening" (or "Opening Date") shall both be defined as the date that casino gaming pursuant to the Gaming License opens for business to the general public at the Project. An "Operating Year" shall mean a casino fiscal year beginning on October 1 and ending on the next succeeding September 30 during which time the Project is open for business to the general public; provided however that the first Operating Year shall begin on the Opening and end on the next succeeding September 30.

The total sums payable by Mohegan Sun as the Community Impact Fee shall be as follows:

1. Annual Mitigation Payment

Mohegan Sun shall make an annual payment to the Town in the amount of Fifteen Million, Two Hundred Thousand Dollars (\$15,200,000) (the "Annual Mitigation Payment"). The Annual Mitigation Payment shall include the following components:

- (i) A credit for all annual real and personal property taxes payable to the Town and payable to the District, for the Property (individually or collectively, the "Property Tax(es)"). Alternatively, Mohegan Sun agrees to enter a PILOT Agreement with the Town and the District, as defined and contemplated in Subsection C of this Section III, whereby Mohegan Sun shall make payments in lieu of Property Taxes to the Town and to the District in the aggregate amount of Thirteen Million, Two Hundred Thousand Dollars (\$13,200,000). Annual payments by Mohegan Sun pursuant to the PILOT Agreement shall be credited towards the Annual Mitigation Payment (in lieu of a credit for payment of Property Taxes); and
- (ii) A sum equal to the amount by which the Annual Mitigation Payment exceeds either (a) Property Taxes paid to the Town and the District in the same Operating Year, or (b) the amount paid to the Town and the District pursuant to the PILOT Agreement in the same Operating Year.

If the first Operating Year is less than twelve months, the sum of the Annual Mitigation Payment, post-opening, shall be pro-rated on a per diem basis, to determine the amounts payable as the Annual Mitigation Payment for the first Operating Year. For example, if the Opening occurs on July 1, the Annual Mitigation Payment for the Operating Year ending on September 30 of that calendar year shall be twenty-five and twenty hundredths percent (25.20%) of the total Annual Mitigation Payment set forth herein (based upon 92 days from the Opening to the end of the Operating Year, including the end date of September 30).

If a PILOT Agreement for the Project is not approved or not entered into between the Town and Mohegan Sun, then Mohegan Sun shall continue to pay the total sum of the Annual Mitigation Payment to the Town, less the applicable credit for Property Taxes paid to the Town and to the District in the same Operating Year. Mohegan Sun shall pay to the Town the greater of the actual Property Taxes assessed and billed or the Annual Mitigation Payment, as otherwise due hereunder. However, if, at any time, the aggregate Property Taxes will exceed the Annual Mitigation Payment otherwise due, Mohegan Sun may request an amendment to this Section III by sending written notice to the Town, and Mohegan Sun shall receive a credit against Gaming Revenue Payments, future Annual Mitigation Payments or any other payments to the Town due hereunder, it being the intention of the Parties to normalize the Annual Mitigation Payment on an annual basis at Fifteen Million, Two Hundred Thousand Dollars (\$15,200,000), as adjusted starting in the sixth Operating Year pursuant to the next paragraph of this Section.

Commencing as of October 1 of the sixth full Operating Year and on October 1 of each year thereafter, the aggregate amount of the Annual Mitigation Payment shall increase by the greater of (i) one percent (1.0%) of the Annual Mitigation Payment then in effect, or (ii) the lesser of (A) any percentage increase in “the Consumer Price Index for All Urban Consumers in the Boston-Brocton-Nashua area, MA-NH-ME-CT” over the trailing 12-month period, or (B) two percent (2.0%) over the Annual Mitigation Payment then in effect. The Annual Mitigation Payment for each subsequent Operating Year shall continue to increase by the applicable percentage over the amount then in effect.

The Annual Mitigation Payment shall be due and payable quarterly in arrears on the last day of each calendar quarter (i.e., December 31, March 31, June 30 and September 30) of each Operating Year. The Annual Mitigation Payment shall be made to the Town within thirty (30) days of the end of such calendar quarter. In the event a PILOT Agreement is not entered by the Parties, then the Property Tax component of the Annual Mitigation Payment will be payable in accordance with such tax bills, as issued by the Town or the District.

2. Gaming Revenue Payment

As an additional annual payment to the Town, separate and independent of the Annual Mitigation Payment (except as provided in Subsection I.B.1 above in the event a PILOT Agreement is not approved in the amount of Thirteen Million, Two Hundred Thousand Dollars (\$13,200,000), Mohegan Sun shall pay to the Town a “Gaming Revenue Payment,” in quarterly installments. The Gaming Revenue Payment will provide the Town with opportunities to develop and maintain programs, mitigate community impact of the Project, provide economic development programs for the Town, and fund a mitigation account for the benefit of the neighboring, in-Town fire and water districts that provide aid and assistance to the District.

The Gaming Revenue Payment shall be the sum equal to one quarter of one percent (0.25%) of Gross Gaming Revenue generated at the Project, when Gross Gaming Revenue generated for an Operating Year is less than or equal to Four Hundred Million Dollars (\$400,000,000). For any Operating Year in which the Gross Gaming Revenue generated at the Project is greater than Four Hundred Million Dollars (\$400,000,000), the Gaming Revenue Payment shall be equal to the sum of one quarter of one percent (0.25%) of the first Four Hundred Million Dollars (\$400,000,000) of Gross Gaming Revenue generated at the Project, plus a sum equal to two percent (2%) of the Gross Gaming Revenue generated in excess of Four Hundred Million Dollars (\$400,000,000) in that Operating Year.

The term “Gross Gaming Revenue” shall have the meaning as set forth in the Act.

A Gaming Revenue Payment shall be paid quarterly not later than sixty (60) calendar days following the end of each calendar quarter with a final annual reconciliation of the annual payment within thirty (30) days of the filing of Mohegan Sun’s annual report with the Gaming Commission.

Each Gaming Revenue Payment by Mohegan Sun shall be accompanied by a certification of the amount of Gross Gaming Revenue generated by the Project for the previous Operating Year.

Mohegan Sun shall provide to the Town copies of all statements of Gross Gaming Revenue on a quarterly basis or more frequently as and when provided to the Gaming Commission.

3. One-time and Pre-Opening Payments

To provide for the mitigation of Known Impacts and as a contingency against unknown impacts, Mohegan Sun shall pay to the Town a one-time and pre-opening payments (the "One-time and Pre-Opening Payments") totaling Two Million, Nine Hundred, Forty Thousand Dollars (\$2,940,000). Payment of the One-time and Pre-Opening Payments shall be made as follows:

- (i) On the Effective Date, Mohegan Sun shall make a payment to the Town in the amount of Two Hundred Thousand Dollars (\$200,000).
- (ii) Within thirty (30) days after Mohegan Sun receives its Gaming License and pays the Gaming License licensing fee to the Gaming Commission, pursuant to the Act, Mohegan Sun shall make a payment to the Town in the amount of Two Hundred Thousand Dollars (\$200,000).
- (iii) The balance of Two Million, Five Hundred, Forty Thousand Dollars (\$2,540,000) shall be paid to the Town fifteen (15) months following the commencement of construction of the gaming establishment on the Property. For purposes of this sub-paragraph only, "commencement of construction" shall be the date a building permit for a structure is issued for the Project or any portion thereof on the Property.
- (iv) In addition to the foregoing payments, within thirty (30) days after Mohegan Sun's receipt of the Town Clerk's certification of the Ballot Question Election, Mohegan Sun shall reimburse the Town for the actual reasonable costs of the Ballot Question Election, as provided under the Act.
- (v) Approximately twelve (12) months prior to the Opening date, Mohegan Sun shall advance to the Town One Million, Two Hundred, Fifty Thousand Dollars (\$1,250,000) to cover salaries for certain Town provided emergency personnel (the "Town Personnel Advance"). Notwithstanding anything in this Agreement to the contrary, Mohegan Sun shall be entitled to an annual credit against any amounts owed to the Town as part of the Gaming Revenue Payment in excess of One Million Dollars (\$1,000,000) subject to a maximum credit of Two Hundred and Fifty Thousand Dollars (\$250,000) per year commencing in the first Operating Year. In the event that Mohegan Sun has not been able to recoup the entire Town Personnel Advance by the end of the fifth Operating Year, then commencing with the sixth Operating Year, Mohegan Sun shall be entitled to

credits against any amounts owed to the Town as part of the Gaming Revenue Payment subject to a maximum credit of Two Hundred and Fifty Thousand Dollars (\$250,000) per year.

C. Payment in Lieu of Taxes:

1. In order to provide greater certainty with respect to Property Taxes due to the Town and the District for the Project (but not including any other taxes, charges or fees due to the Town), the Parties shall seek all necessary approvals for a payment in lieu of taxes agreement ("PILOT Agreement"). The PILOT Agreement shall be authorized pursuant to MGL Chapter 121A, through a redevelopment corporation to be formed by Mohegan Sun. The Parties shall work cooperatively to negotiate and to seek all necessary approvals for a PILOT Agreement, including the approval of the Massachusetts Department of Housing and Community Development and consent of the District.

2. The Parties shall endeavor to enter a PILOT Agreement after Mohegan Sun obtains a Gaming License and prior to the date of issuance of a building permit for any component of the Project.

3. The PILOT Agreement shall require that in any Operating Year, the PILOT payment to the Town shall be Thirteen Million, Two Hundred Thousand Dollars (\$13,200,000) (the "PILOT Payment") and, commencing on October 1 of the sixth (6th) full Operating Year and on October 1 of each year thereafter, the PILOT Payment shall be subject to an annual increase calculated as provided in Section III.B.1. above. Such PILOT Payment shall be in lieu of all Property Taxes, which, for clarity, shall mean all real property, personal property and District taxes and assessments for the Property and the Project, but shall not be in lieu of excise taxes due from Mohegan Sun or third parties or in lieu of hotel occupancy and meals taxes payable by patrons of the Project. Personal property, as used in this paragraph and the definition of Property Tax(es), shall include all leased equipment primarily used at or for the Property and the Project, including any leased slot machines or related equipment.

4. The PILOT Payment shall be due in four equal installments on August 1, November 1, February 1 and May 1 of each year.

5. If the Parties are unable to negotiate and obtain all necessary approvals to enter a PILOT Agreement, then the Parties shall work cooperatively to obtain a special act of the state legislature to authorize the PILOT Agreement (or a similar type agreement, as may be specially authorized) and shall continue such efforts for a period of not less than three (3) years from Opening.

6. If the Parties are unable to obtain special legislation to authorize the PILOT Agreement, the Town shall continue to assess Property Taxes with respect to the Project in accordance with Massachusetts law and Mohegan Sun shall continue to pay to the Town the Annual Mitigation Payment as determined or established pursuant to Section III.B.1.(i) above.

7. No term or provision of this Agreement alters, amends or waives the Town's duties and obligations to assess and collect Property Taxes in accordance with the general laws, including applicable provisions concerning new construction. The PILOT Agreement will include terms consistent with such applicable provisions of general laws, including MGL Chapter 59, §2D.

D. Illustrative Examples

For illustrative purposes only, attached as Exhibit E are schedules intended to depict the timing and calculations with regard to the Annual Mitigation Payment and Gaming Revenue Payment. The Parties agree and acknowledge that under no circumstances should any of the numbers therein be construed as a guarantee of the financial performance of the Project.

E. Late Payments

1. If any portion of the Community Impact Fee is not received by the Town as of the due date for such payment, then such portion of the overdue payment shall be deemed overdue and shall bear interest of fourteen percent (14.00%) per annum compounded annually from the due date until received by the Town.

SECTION IV.
DISTRIBUTION OF COMMUNITY IMPACT FEE

Pursuant to the Studies concerning the Known Impacts, the Town intends to apply and apportion the Community Impact Fee to mitigate the impacts of the Project upon various departments of the Town and upon other providers of municipal services in the Town (the "Departmental Mitigation Program"), the Town may also apply portions of the Community Impact Fee to mitigate the impacts of the Project upon the general community of the Town (the "Community Mitigation Program").

A representative chart, showing the proposed, initial distribution of the payments received by the Town as the Community Impact Fee is attached as Exhibit F. While the Town shall have no obligation to appropriate and spend the Community Impact Fee payments as specifically set forth in this Agreement, the Town shall apply the payments to mitigate the impacts of the Project and, in any event, shall only apply and appropriate such payments for valid municipal purposes. The expenditure of the payments received will enhance the level of municipal services to be provided by the Town and the District, for the benefit and protection of the general public, including but not limited to the Project, its employees, patrons and visitors.

A. Departmental Mitigation Program

1. Police Services

From the Annual Mitigation Payment, the Town may apply a sum not to exceed Eight Hundred, Sixteen Thousand Dollars (\$816,000), to enable the Town to expand its Police Department by hiring additional officers, dispatchers and to purchase cruisers. This annual

payment includes funds for training, equipment or any other ancillary costs the Town may identify.

From the One-time and Pre-Opening Payments, the Town may apply a sum not to exceed Two Hundred, Sixty Thousand Dollars (\$260,000), to enable the Town to obtain necessary equipment for the expansion of the Police Department and for the purpose of providing training to existing members of the Police Department.

2. Fire Services

From the Annual Mitigation Payment, the Town may apply a sum not to exceed Eight Hundred, Seventy-Five Thousand Dollars (\$875,000), to enable the Town to pay over to the District said sums, for the purpose of expanding the staffing of the Fire District. This annual payment sum includes funds for training and equipment or any other ancillary costs the Fire District may identify.

From the One-time and Pre-Opening Payments, the Town may apply a sum not to exceed One Million, Five Hundred, Eighty Thousand Dollars (\$1,580,000), to enable the Town to pay over said sum to the Fire District for the purpose of retaining temporary fire inspectional services and to purchase new equipment, including a "Quick Attack Pumper" truck, specialized equipment, and to partially fund the design and construction of renovations and improvements to the Fire District's station house.

3. Ambulance/E.M.S. Services

From the Annual Mitigation Payment, the Town may apply a sum not to exceed Four Hundred, Fifty Thousand Dollars (\$450,000), to enable the Town to pay over said sums to the Town's non-profit, charitable ambulance service provider, for the purpose of expanding by a two-person, EMT crew and to staff and maintain an additional, properly equipped ambulance.

From the One-time and Pre-Opening Payments, the Town may apply a sum not to exceed Six Hundred Thousand Dollars (\$600,000), to enable the Town to pay over said sum to the Town's non-profit, charitable ambulance service provider to procure and equip an additional ambulance and to complete the renovation and expansion of the garage housing the ambulances.

4. Department of Public Works

From the Annual Mitigation Payment, the Town may apply a sum not to exceed Two Hundred, Twenty-Five Thousand Dollars (\$225,000), to enable the Town to expand its Public Works Department by hiring and retaining additional staff/laborers. This annual payment sum includes funds for training, equipment or any other ancillary costs the Town may identify.

5. New Department of Public Works Garage Facility

From the Annual Mitigation Payment, the Town may apply a sum estimated to be Five Hundred, Thirty Thousand Dollars (\$530,000), to enable the Town to borrow and pay debt service or seek grants therefor for the capital project of designing, constructing, furnishing, and

equipping a new Public Works garage facility. The estimated total cost of developing and constructing the new garage facility is Six Million, Six Hundred Thousand Dollars (\$6,600,000).

6. Inspectional Services

From the Annual Mitigation Payment, the Town may apply a sum not to exceed One Hundred, Sixty-Eight Thousand Dollars (\$168,800), to enable the Town to hire and retain an additional, full-time building inspector, a full-time Health/Sanitary Inspector, and a part-time Clerk.

7. Permit Fees and Availability of Permits and Licenses

Mohegan Sun recognizes that the Town does not employ sufficient staff to conduct necessary reviews of plans and applications for building permits for developments of the size and scope of the Project. The Town will be required to retain outside consultants and/or temporary specialized staff for this purpose, and that permanent staff will be required to expend time and resources in retaining, supervising and administering such consultants and temporary staff. Mohegan Sun agrees to pay the reasonable costs actually incurred by the Town in retaining such outside consultants and temporary special employees after application of a credit for all permit and license fees paid to the Town according to the Town's regular schedule for such fees. The Town shall prepare and submit to Mohegan Sun a budget(s) for all such reasonable costs for which the Town will seek payment or reimbursement hereunder and include Mohegan Sun in the pre-qualification and selection process for such consultants or staff by providing any proposal, contract and scope of work for such consultants or staff to Mohegan Sun in advance. Such budget(s) and selection process shall be subject to Mohegan Sun's review and approval and which approval shall not be unreasonably withheld or delayed. Any costs not included in the approved budget(s) shall require the separate prior approval of Mohegan Sun. With regard to employed staff, Mohegan Sun shall be responsible for direct employment costs during the term of employment only for the time such personnel actually spends attending to matters related to the Project. The Town will provide Mohegan Sun with documentation of the costs for which it seeks reimbursement.

Mohegan Sun shall, after the Opening of the Project, pay to the Town all permitting, inspection and other municipal fees in connection with the maintenance, repair, expansion and operation of the Project, including but not limited to building permit fees, provided all such fees are (i) valid and duly adopted in accordance with applicable law, and (ii) applied consistently and equitably to all commercial businesses in the Town, and (iii) if any such fees are not on a published schedule, such fees shall also constitute a reasonable approximation of the Town's actual costs of providing such service.

B. Community Mitigation Program

1. General Mitigation

The Town may apply the Gaming Revenue Payment to establish and maintain the following programs: (i) Community Impact funding for various municipal programs including

cultural, recreational and educational programs in the amount of Seven Hundred and Fifty Thousand Dollars (\$750,000); (ii) Economic Development programs in the amount of Two Hundred and Fifty Thousand Dollars (\$250,000), and (iii) a general mitigation fund for the benefit of the Bondsville Fire and Water District, Three Rivers Fire and Water District and the Thorndike Fire and Water District, to be known as the "Neighboring Fire & Water District Grant Fund" in the amount of Two Hundred and Ninety Five Thousand Two Hundred Dollars (\$295,200).

2. Streetscape Improvements

From the One-time and Pre-Opening Payments, the Town may apply the sum of Five Hundred Thousand Dollars (\$500,000) to fund and complete streetscape improvements to the commercial and business zoned districts in Town.

SECTION V.
OTHER OBLIGATIONS OF MOHEGAN SUN

A. Hotel and Meals Taxes

The Parties acknowledge and agree that the Town shall exercise its option to adopt the local portion of the state tax on hotel occupancy and meals. The Studies estimated that the local share of hotel occupancy taxes generated from the Project will be approximately Nine Hundred Thousand to One Million, Four Hundred Thousand Dollars (\$900,000 to \$1,400,000) and the local share of meals taxes generated from the Project will be approximately Two Hundred Twenty Five Thousand (\$225,000) or more annually.

B. Motor Vehicle Excise Taxes

Mohegan Sun shall principally garage all vehicles owned by it and principally used in connection with the Project in the Town, so that excise taxes shall be paid to the Town consistent with applicable law.

C. Employment

Mohegan Sun shall work in a good faith, legal and non-discriminatory manner to ensure that qualified Town residents have opportunities in contracting, subcontracting and servicing opportunities in the development, construction and operation of the gaming facility.

1. Construction Employment. Mohegan Sun intends for the Project to be built pursuant to a Project Labor Agreement with opportunities for local residents to participate as subcontractors and employees.

2. Permanent Employment. Mohegan Sun has entered into a memorandum of understanding with a consortium of area community colleges to assist in the development of training and workforce development initiatives to help ensure that new permanent jobs are filled by local and area residents, and that the gaming facility will have a well-trained, diverse workforce with career opportunities for local residents of all ages and backgrounds.

3. Promotion of Employment Opportunities. As it has done since identifying Palmer as its desired casino location in 2008, Mohegan Sun shall continue to work with the Town to hold jobs fairs to promote employment opportunities at the Project and shall work with the Town to enhance Mohegan Sun and the Gaming Commission's network of training and recruitment partners. Mohegan Sun shall work with the Town and other communities in the vicinity of the Project to encourage expansion of access to employment for minorities, women and veterans and other disadvantaged groups and generally to expand local employment opportunities. Mohegan Sun shall establish a protocol which shall be submitted to the Town annually to define and assess these employment and other opportunities for Town residents. Before such events are held in any other communities, Mohegan Sun shall conduct job fairs in the Town for both the construction and pre-opening phase of the Project.

4. Promotion of Business Opportunities for Local Vendors/Contractors. Mohegan Sun shall work with the Town to hold vendor fairs to promote the opportunities for contracts with the Project for both the construction and pre-opening phase of the Project.

D. Support for Town Applications for Community Mitigation Funds

Pursuant to the Act, a portion of each gaming licensee's upfront license fee and the state taxes on the Project's Gross Gaming Revenue will be allocated to a state community mitigation fund (the "Community Mitigation Fund") in addition to other funds to be administered by the Gaming Commission or other state agencies, including the Local Capital Projects Fund, the Transportation Infrastructure and Development Fund or Gaming Local Aid Fund referenced above and in the Act. The Town shall actively pursue and Mohegan Sun shall support the Town's requests for payments from such funds. Such support shall include, but not be limited to: (i) providing letters in support of the Town's applications for funds; and (ii) personal appearances and/or testimony from representatives of Mohegan Sun at meetings of the Gaming Commission in support of the Town's applications for funds.

E. Local and Regional Marketing Program

Mohegan Sun shall encourage local businesses to participate in the "Mohegan Sun Massachusetts Player's Club Card program" which, subject to Gaming Commission approval, will enable guests to receive additional discount and redemption opportunities at participating local businesses and destinations in Central and Western Massachusetts.

Mohegan Sun shall also encourage local businesses to participate in joint promotional opportunities, such as the inclusion of participating businesses in Mohegan Sun Massachusetts advertising campaigns, and employee discount programs.

F. Ongoing Community Mitigation

1. Mohegan Sun shall work with the Town to establish a "Business Community Advisory Board". Mohegan Sun shall work with the Business Community Advisory Board to develop mechanisms and networks for the inclusion of local vendors, with special emphasis on women, minority and veteran-owned enterprises in accordance with the Act, and to provide

goods, services and materials for the Project on an on-going basis in accordance with the Act, all in coordination with Mohegan Sun's obligations under this Agreement.

2. Mohegan Sun shall cooperate in the study and/or preparation of any health impact assessments relative to the health impacts associated with or attributed to the Project. Mohegan Sun shall not be responsible for funding such a study or impact assessment but shall consult with the Health Impact Assessment Study team. In addition, Mohegan Sun will accomplish responsible gambling goals by: (1) educating its employees and providing information to patrons about the odds of games and how to make responsible gaming decisions; (2) promoting responsible gaming in daily operations; and (3) supporting public awareness of responsible gaming.

G. Expansion

If Mohegan Sun seeks to expand its gaming establishment materially beyond what is shown on the Plans, Mohegan Sun shall promptly notify the Town and the Parties shall negotiate in good faith an amendment to this Agreement to mitigate any impacts of such expansion.

H. Reimbursement of Town's Costs

1. Mohegan Sun shall, within thirty (30) days of receipt of a proper invoice, directly reimburse the Town for all reasonable costs incurred for outside consultants, legal counsel, and other similar and reasonable costs necessary in connection with the implementation of this Agreement by the Town relating to the following: (i) the Ballot Question Election; (ii) negotiating, preparing and entering a PILOT Agreement and/or preparing and seeking special legislation in lieu of a PILOT Agreement and the subsequent, alternative agreement (if any); (iii) expenses agreed to by the Parties pursuant to Section IV. A. 7 of this Agreement; and (iv) reasonable costs, including fees for engineering consultant services, related to or arising from the improvements identified in Section III. A.1. (ii) and (iii). Such obligations to reimburse shall survive termination of this Agreement to the extent of previously approved expenses which have been incurred by the Town through the date of Termination. The Town shall not, however, seek reimbursement from Mohegan Sun for any such costs for which it has received reimbursement from the Gaming Commission.

2. The Town shall promptly submit to Mohegan Sun copies of invoices and statements from its outside consultants and legal counsel ("Invoice Materials") in order to substantiate any and all reimbursable costs authorized hereunder; provided, however, that any Invoice Materials supplied pursuant to this, or any other, section of this Agreement, may provide limited descriptions of services performed and/or redactions in order to protect privileged or confidential information, including information covered by the attorney-client privilege.

3. Exclusive of the implementation costs described in paragraph 1 above, the Town shall be responsible for its own costs and expenses following payment of the first One-Time and Pre-Opening Payment.

I. Indemnification

As of the Effective Date, Mohegan Sun shall defend, indemnify and hold harmless the Town, its officials, officers, employees and agents ("Indemnified Party or Parties") from and against all claims, actions, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities, and suits, including reasonable attorneys' fees, reasonable experts' fees and associated court costs which arise from or relate in any way to any negligent act or omission by Mohegan Sun and/or its employees in fulfillment of Mohegan Sun's obligations under this Agreement. If any action or proceeding is brought against the Indemnified Parties arising out of any occurrence described in this Section, upon notice from the Indemnified Party or Parties, Mohegan Sun shall, at its expense, defend such action or proceeding using legal counsel approved by the Indemnified Party or Parties, provided that no such action or proceeding shall be settled without the approval of the Indemnified Party or Parties. This paragraph shall survive the expiration or sooner termination of this Agreement for a period equal to the applicable statute of limitations.

Mohegan Sun shall be responsible, at all times, for maintaining insurance, in amounts and from carriers reasonably acceptable to the Town, for all construction projects pursuant to this Agreement, and to name the Town and/or its instrumentalities as additional insureds on such policies, as reasonably requested by the Town.

J. Stipulation of Election Responsibilities

As between Mohegan Sun and the Town and pursuant to the Act, the Town shall be solely responsible for (a) calling the Ballot Question Election to be held not less than sixty (60) days but not more than ninety (90) days from the date of receipt of the request for such election from Mohegan Sun, (b) making available this Agreement with a concise summary, approved by legal counsel to the Town and publication of the Agreement and summary in a periodical of general circulation and on the official website of the Town not later than seven (7) days after execution of the Agreement and (c) maintaining the Agreement and summary on the Town's website until the election has been certified. As between Mohegan Sun and the Town, the Town shall be responsible for the validity of the Ballot Question Election, votes cast and the general conduct of the Ballot Question Election.

K. Representations, Warranties and Covenants of Mohegan Sun

Mohegan Sun represents, warrants and covenants to the Town that each of the following statements is true and accurate as of the Effective Date:

1. Mohegan Sun is duly organized, validly existing and in good standing under the laws of the State of Delaware and is qualified to do business in the Commonwealth of Massachusetts.
2. Mohegan Sun has an option to purchase the Property or to take an assignment of the long-term lease of the Property, enter into and perform its obligations under this Agreement, apply for and obtain a Gaming License and to carry out the Project.

3. Upon receipt of the Gaming License, Mohegan Sun will hold such license, and it will not be transferred or held by any third party or affiliate of Mohegan Sun, except in compliance with Section VI (b) and (c). Except as otherwise set forth in this Agreement, Mohegan Sun covenants and agrees not to transfer the Gaming License to any third party without requiring such third party to assume all of the remaining obligations of Mohegan Sun under this Agreement.

4. Mohegan Sun is not a party to any agreement, document or instrument that will have an adverse effect on the ability of Mohegan Sun to carry out its obligations under this Agreement. Mohegan Sun is not and will not become a guarantor of any debt of its parent company or any direct or indirect owner of its parent company, including, but not limited to the Mohegan Tribal Gaming Authority. Mohegan Sun will seek Financing to ensure that its debt-to-equity ratio conforms with any standard set by the Gaming Commission pursuant to the Act.

5. The execution of this Agreement and full compliance with the provisions of this Agreement shall not cause Mohegan Sun to be in violation of any laws or government regulations, its organizational documents or any agreement to which it is a party.

6. This Agreement constitutes the legal, valid and binding obligation of Mohegan Sun, and is enforceable against Mohegan Sun in accordance with its terms.

7. Mohegan Sun has, or by assignment will have, a valid leasehold interest in the Property and has no knowledge of any facts or any past, present or threatened occurrence that could preclude or impair Mohegan Sun's ability to maintain its valid leasehold interest in the Property as required under the Act.

8. Mohegan Sun has disclosed in writing to the Town all litigation matters that Mohegan Sun is aware of that are likely or have the potential to challenge Mohegan Sun's rights and/or authority to carry out any of Mohegan Sun's obligations under this Agreement.

L. Statutory Basis for Fees

Mohegan Sun recognizes and acknowledges that the Community Impact Fee to be paid to the Town, as required by this Agreement: (i) is authorized under Section 15(8) of the Act and M.G.L. c. 40, Section 22F; (ii) is being charged to Mohegan Sun in exchange for particular governmental services which benefit Mohegan Sun in a manner not shared by other members of society; (iii) will be paid by Mohegan Sun by choice in that Mohegan Sun has voluntarily entered into this Agreement and is voluntarily seeking the Gaming License; and (iv) will be paid primarily not to provide additional revenue to the Town but to compensate the Town and other governmental units for providing Mohegan Sun with the services required to allow Mohegan Sun to construct and operate the Project and to mitigate the impact of Mohegan Sun's activities on the Town and its residents.

M. Waiver of Sovereign Immunity

Mohegan Sun and its parent company and each member of such parent company shall, to the extent applicable, provide a limited waiver of sovereign immunity and consent to the jurisdiction of the courts of the Commonwealth of Massachusetts for the purposes of the enforcement of this Agreement by or on behalf of the Town for any direct liability of such company or member. This provision and the waiver provided hereunder shall survive the expiration or earlier termination of this Agreement.

N. Construction Management Plan

Prior to commencing construction activities associated with the Project, Mohegan Sun shall provide a construction management plan to the Town to address and mitigate impacts on the Town's residents and businesses resulting from construction activity at the Project. The construction management plan shall include, but not be limited to: (i) terms concerning hours of construction activity; (ii) prohibiting or limiting truck traffic on certain roadways; (iii) requirements for the installation and maintenance of "tire scrubbers" at the Project site; and (iv) requirements for public safety and site security.

SECTION VI.
GENERAL PROVISIONS

A. Cooperation of the Town

The Parties acknowledge that the Town has previously accepted chapter 43D of the General Laws regarding expedited permitting. Pursuant to Section 96 of chapter 194 of the Acts of 2011, the Town shall reasonably cooperate with filing a proposal with the interagency permitting board to designate as a priority development site pursuant to chapter 43D any portion or portions of the Property not already so designated. In addition, recognizing that Mohegan Sun's ability to obtain necessary permits and licenses in a timely fashion and to maintain such permits and licenses will be critical in the award of the Gaming License to Mohegan Sun and to derive the economic benefits to the Commonwealth of Massachusetts and the many benefits to the Town as Host Community, the Town agrees to appoint or designate a "Resort Liaison" to act as the single point of contact for interaction on all Project-related matters with Mohegan Sun, and to otherwise make available senior staff of the Town and work with Mohegan Sun and its designated partners, suppliers, tenants and contractors to help ensure the timely receipt and successful maintenance of all permits and licenses necessary for the Project, pursuant to the Plans and such other permits and licenses which Mohegan Sun may deem advisable in its discretion, to cooperate with Mohegan Sun on the coordination of its discussions and negotiations with any Surrounding Community (as defined in the Gaming Act), the Massachusetts Department of Transportation, the Gaming Commission, and such other agencies with jurisdiction over any aspect of the Project. With respect to liquor permits, the Town agrees to provide Mohegan Sun and its designees with assistance in seeking local authorization for additional legislation to increase the available liquor licenses for third-party owned restaurants and other businesses at the Project, as Mohegan Sun or its designees may deem necessary or desirable. Furthermore, the Town agrees to pursue regional and local opportunities to improve

public transportation and the ability for patrons and employees to travel to the Property by bus, rail, ride-sharing or intermodal means of transportation.

B. Recitals

The Recitals set forth above are incorporated herein by reference as though fully set forth herein.

C. Binding Agreement

This Agreement is binding upon and enforceable against, and inures to the benefit of, the Parties hereto and their successors and assigns, including, without limitation, any subsequent holder of the Gaming License or any successor owner or owners of the Project, but excluding mortgagees of the Project or those claiming through mortgagees of the Project, unless said mortgagee (or those claiming through such mortgagee) obtains title to the Property and proceeds with the development or operation of a gaming establishment on the Property.

D. Transfer of Interests

Mohegan Sun shall continually have the right to grant a mortgage or mortgages on all or any portion of the Property, or its interest therein, including a leasehold mortgage, and to transfer its interest herein or make a collateral assignment to any such mortgagee, to the purchaser at a foreclosure sale or otherwise in connection with the exercise of remedies under any such mortgage. In addition, Mohegan Sun shall have the right to transfer or assign its rights and interests under this Agreement, provided that:

1. at the time of such transfer or assignment, Mohegan Sun has made all payments then due and payable under this Agreement;
2. if a Gaming License has been issued for the Project, the transfer or assignment is in connection with a transfer or assignment of such Gaming License to the named assignee and such transfer or assignment has been approved pursuant to the Act;
3. the assignee shall assume and be subject to all of the covenants and obligations of Mohegan Sun under this Agreement, including any obligations arising or due prior to the date of such assignment; and
4. Mohegan Sun shall deliver to the Town prior to or promptly after such transfer or assignment, a copy of the instrument or instruments evidencing any such assignment to and assumption by the successor or assignee.

E. Priority of Payments

In connection with third-party financing of the Project or any other improvement, public or private, undertaken pursuant to this Agreement (individually or collectively, "Financing"), Mohegan Sun shall ensure that the payment of any taxes, PILOT Payment or other payments due

under this Agreement have a high priority of payment from available cash flow and net gaming revenue.

F. Notices

All notices and other communications required or permitted under this Agreement shall be in writing, signed by a duly authorized officer or representative of the Town or Mohegan Sun, as the case may be, and shall be (i) delivered by nationally recognized overnight delivery service, or (ii) mailed by certified or registered mail, return receipt requested, postage prepaid, to the Parties at the following addresses:

Town: Town Manager
Town of Palmer
4417 Main Street
Palmer, Massachusetts 01069
Attention: Charles T. Blanchard

with copies to: Law Offices of Charles F. Ksieniewicz
241 King Street, Suite 229
Northampton, Massachusetts 01060
Attention: Charles F. Ksieniewicz, Esq.

And

Mirick, O'Connell, DeMallie & Lougee, LLP
100 Front Street
Worcester, Massachusetts 01608
Attention: Stephen F. Madaus, Esq.

Mohegan Sun: Mohegan Sun Massachusetts, LLC
1 Mohegan Sun Boulevard
Uncasville, Connecticut 06382
Attention: President & CEO

with copies to: Vice President and General Counsel
Mohegan Gaming Advisors
1 Mohegan Sun Boulevard
Uncasville, Connecticut 06382

And

Law Offices of James P. Rooney
1020 Thorndike Street
Palmer, MA 01069
Attention: James P. Rooney, Esq.

Any such notice shall be deemed to have been given on the date received or refused during normal business hours. Either party may, at any time, or from time to time, notify the other party named herein in writing of a substitute address for notice, and thereafter notices shall be directed to such substitute address.

G. Severability

If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be determined to be invalid or unenforceable, the remainder of this Agreement, or the application of such terms to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law; provided, however, that the Town shall have the right to seek special legislation in order to validate any term or provision of this Agreement.

H. Non Action Not a Waiver

The failure of the Town or Mohegan Sun to promptly insist upon strict performance of any provision of this Agreement shall not be deemed a waiver of any right or remedy that the Town or Mohegan Sun may have, and shall not be deemed a waiver of a subsequent default or nonperformance of such provision.

I. No Joint Venture

The Parties agree that nothing contained in this Agreement is intended or shall be construed to establish the Town and Mohegan Sun as joint venturers or partners.

J. No Third Party Beneficiaries

There are no third party beneficiaries with respect to this Agreement.

K. Certification of Tax Compliance

Pursuant to G.L. c. 62C, § 49A, Mohegan Sun by its duly authorized representative, certifies under penalties of perjury that it has complied with all laws of the Commonwealth of Massachusetts relating to taxes, reporting of employees and contractors, and withholding and remitting of child support.

L. Force Majeure

An event of "Force Majeure" shall mean the following events or circumstances, to the extent that they delay or otherwise adversely affect the performance beyond the reasonable control of Mohegan Sun, or its agents and contractors, of their duties and obligations under this Agreement:

1. Strikes, lockouts, labor disputes, inability to procure materials attributable to market-wide shortages, failure of utilities, labor shortages or explosions;
2. Acts of God, tornadoes, hurricanes, floods, sinkholes, fires and other casualties and natural disasters;
3. Acts of a public enemy, acts of war, terrorism, civil disturbances, or national or international calamities;
4. Concealed and unknown conditions of an unusual nature that are encountered below ground or in an existing structure;
5. Any temporary restraining order, preliminary injunction or permanent injunction, or mandamus or similar order, or any litigation or administrative delay which impedes the ability of the Project or Infrastructure Improvements to be completed, unless based in whole or in part on the actions or failure to act of Mohegan Sun; or
6. The failure by, or unreasonable delay of, the Town or the Commonwealth of Massachusetts or any subdivision, agency or other government body to issue any permits or approvals necessary for the development, construction, Opening or operation of the Project unless such failure or delay is based materially in whole or in part on the actions or failure to act of Mohegan Sun, or its agents and contractors.

M. Governing Law and Jurisdiction

This Agreement shall be governed and construed by the laws of the Commonwealth of Massachusetts, without regard to conflict of law principles. Any dispute arising under or in connection with this Agreement, if not subject to arbitration in accordance with Paragraph R, below, shall be within the exclusive jurisdiction of the Massachusetts Superior Court Department for Hampden County or the Federal District Court for the District of Massachusetts, as appropriate.

N. Amendments

This Agreement may be amended only by a written instrument signed by the Parties.

O. Term and Termination

The term of this Agreement shall commence on the Effective Date and expire on the earlier of (a) the expiration or earlier termination of the Gaming License with respect to the Project, as the same may be extended or renewed; (b) the date on which Mohegan Sun notifies the Town that Mohegan Sun has been rejected as an applicant by the Gaming Commission during any phase of the Gaming Commission's licensing process, with any appeals having been decided against Mohegan Sun and/or all appeal periods applicable to the licensing process having expired; or (c) the date on which Mohegan Sun notifies the Town that an applicant other than Mohegan Sun has received a "Category 1 License" for the so called "Region B", as those

terms are defined and used in the Act, with all appeals having been decided in that applicant's favor and/or all appeal periods applicable to the license having expired.

P. Execution in Counterparts/Multiple Originals

This Agreement may be executed in counterparts. All such counterparts shall be deemed to be originals and together, shall constitute but one and the same instrument. The Parties have agreed to execute multiple original copies of this Agreement.

Q. Enforcement

It is the intention of the Parties that the provisions of this Agreement may be enforced only by the Parties hereto, and that no other person or persons shall be authorized to undertake any action to enforce any provisions hereof without the prior written consent of the Parties. Notwithstanding the preceding sentence, the Gaming Commission may enforce this Agreement to the extent that this Agreement may be a binding condition of Mohegan Sun's Gaming License.

R. Dispute Resolution

1. The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation on a confidential basis between senior representatives who have authority to settle the controversy. Either Party may give the other Party written notice of any dispute, and within ten (10) business days after delivery of such notice, the senior representatives shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. No time bar defenses shall be available based upon the passage of time during any negotiation under this Subsection 1.

2. In the event that good faith negotiations as provided above in Subsection 1 do not resolve any dispute arising under Section II. D., paragraph 2; Section III. B.; Section IV.; and Section V. H., the calculation of Gross Gaming Revenue, or such other matters hereunder as the parties may mutually determine (hereafter a "Limited Arbitrable Dispute"), then such Limited Arbitrable Dispute shall be resolved through arbitration as provided below in Subsection 3.

3. A Limited Arbitrable Dispute shall be arbitrated upon the filing by either Party of a written demand, with notice to the other Party, to the Judicial Arbitration and Mediation Service ("JAMS") (to the extent such rules are not inconsistent as specifically provided for herein) in the city of Springfield, Massachusetts before a single arbitrator to be selected under the JAMS selection process. Arbitration of the Limited Arbitrable Dispute shall be governed by the then current Commercial Arbitration Rules of JAMS. Within ten (10) days after receipt of written notice of the Limited Arbitrable Dispute being brought to the arbitrator, each Party shall submit to the arbitrator a best and final settlement offer with respect to each issue submitted to the arbitrator and an accompanying statement of position containing supporting facts, documentation and data. Upon such Limited Arbitrable Dispute being submitted to the arbitrator for resolution, the arbitrator shall assume exclusive jurisdiction over the Limited Arbitrable Dispute, and shall utilize such consultants or experts as he or she shall deem appropriate under the circumstances to assist in the resolution of the Limited Arbitrable Dispute, and will be required to make a final

binding determination with a reasoned opinion, not subject to appeal by either Party, within forty-five (45) days of the date of submission. Nothing herein shall prevent either Party to seek injunctive relief in Court to maintain the status quo in furtherance of arbitration. The Parties further agree that the arbitrator shall award the reasonable expenses of the arbitration proceedings (including reasonable attorneys' fees) to the prevailing Party and that any arbitration award may be entered as a judgment in a court of competent jurisdiction.

4. In addition to monetary relief with respect to any Limited Arbitrable Dispute, the arbitrator may also make an award of equitable relief including a temporary, preliminary or permanent injunction, and the Parties further agree that the arbitrator is empowered to enforce any of the provisions in accordance with this Section VI. R.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized as of the day and year first above written.

TOWN OF PALMER

MOHEGAN SUN MASSACHUSETTS, LLC

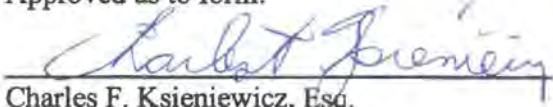


Charles T. Blanchard
Town Manager
Date: August 29, 2013



Name: Mitchell G. Etes
Title: Its Manager
Date: August 29, 2013

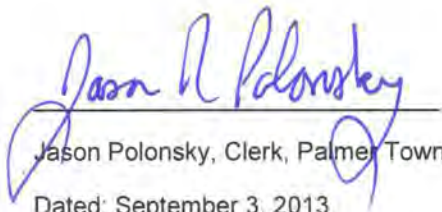
Approved as to form:



Charles F. Ksieniewicz, Esq.
Town Counsel
Date: August 29, 2013

PALMER TOWN COUNCIL APPROVAL

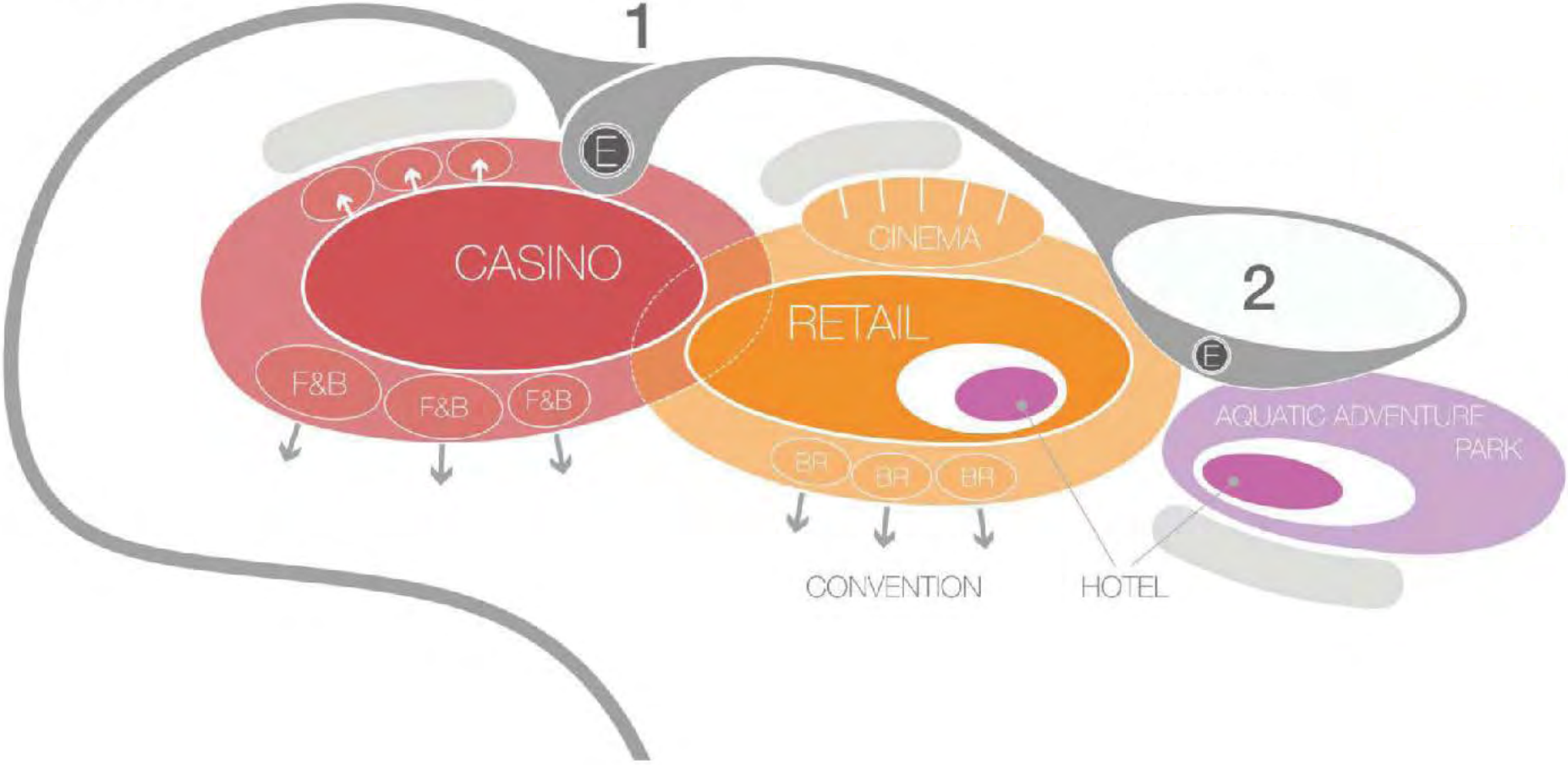
I Jason Polonsky, Clerk of the Town Council of the Town of Palmer, Massachusetts, certify that the foregoing Host Community Agreement was approved at a duly called meeting of the Town Council on September 3, 2013 (the "Approval Date").



Jason Polonsky, Clerk, Palmer Town Council
Dated: September 3, 2013

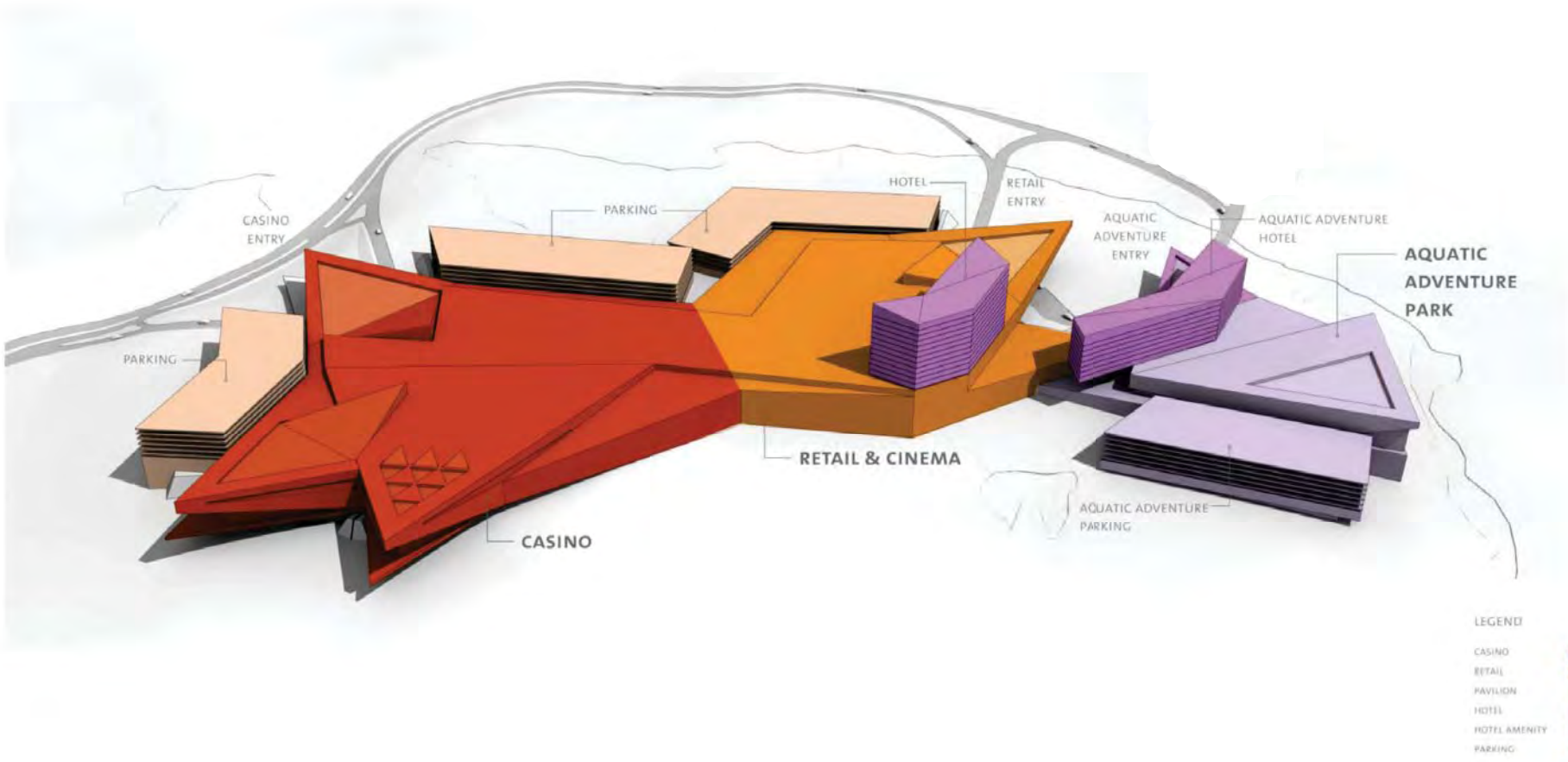
EXECUTION COPY

Exhibit A – Project Plans



Note: Actual location of road subject to final topography reports and DOT approval.





Note: Actual location of road subject to final topography reports and DOT approval.









Exhibit B - Water Improvements



MITIGATION ITEMS - DISTRICT/PUBLIC

ESTIMATED COSTS*

- Replace existing 12" onsite with 16" loop (Water Main 1)
- Replace 12" along Thorndike Street (south end) (Water Main 2)
- Replace 12" along Thorndike Street (north end)(Water Main 3)
- Replace 12" along Shearer Street (Water Main 4)
- Modifications to existing high service pumping station (Including emergency generators)
- Modifications to existing SCADA System
- Interconnector with Monson (Including reverse pumping system)

Total Water Mitigation Cost - District/Public

\$5,500,000

IMPROVEMENT ITEMS - PROJECT

- 24" from existing Breckenridge Street water tank to casino (New Water Main 1A)
- 24" from terminus of new water main and tank to casino (New Water Main 1B)
- 16" from terminus new water main to casino pumping station (New Water Main 2)
- 16" from new casino tank to casino main complex loop (New Water Main 3)
- 12" from terminus 16" to close loop around casino (New Water Main 4)
- 12" to water park/hotel from new onsite main (New Water Main 5)
- 8" fire sprinkler connection to water park/hotel (New Water Main 6)
- New casino complex booster pumping station
- New casino 1 million gallon water storage tank

Total Water Improvement Cost - Project

\$8,500,000

Total Water Improvement and Mitigation Costs

\$14,000,000

*Note:

1. Costs per Tighe & Bond's Memorandum Dated June 20, 2013 (Revision 4)(include 20% for engineering services and 25% contingency)

Exhibit C - Sewer Improvements



MITIGATION ITEMS - TOWN /PUBLIC

ESTIMATED COSTS*

Inverted siphon replacement
Shearer Street gravity sewer south of pump station
Gravity sewer - Lawrence Street
Gravity sewer - Caroline Street
SCADA System
Remove infiltration/inflow

Total Sewer Mitigation Costs - Town/Public \$2,600,000

IMPROVEMENT ITEMS - PROJECT

Gravity sewer Shearer Street north of pump station
Force main Shearer Street
Downstream gravity sewer Shearer Street
Wilbraham Road-Pipe Evaluation
Upgrades existing Pump Station No. 2
New Pump Station Shearer Street

Total Sewer Improvement Costs - Project \$3,800,000

Total Sewer Improvement and Mitigation Costs \$6,400,000

*Note:

1. Costs per Tighe & Bond Memorandum dated June 21, 2013, with the exception of the Nitrogen Process Upgrades

Exhibit D - Roadway Improvements



LOCAL TRAFFIC IMPROVEMENT AND MITIGATION ITEMS - TOWN /PUBLIC

ESTIMATED COSTS*
(VAI 8/15/2013)

- Intersection 1. Route 181 / Thorndike Street
- Intersection 3. Route 181 / Main Street at Shearer Street
- Intersection 4. Route 181 / North Main Street at Route 20 / Wibraham Street
- Intersection 5. Route 20 / Main Street at Route 32 / Thorndike Street
- Intersection 6. Route 20 / Route 32 / Park Street at Breckenridge Street
- Intersection 7. Route 20 / Route 32 / Park Street at Stone Street
- Intersection 8. Route 32 / Main Street / Stone Street at South Main Street
- Intersection 9. Route 20 / Route 32 / Park Street
- Intersection 10. Route 32 / Thorndike Street at Lawrence Street
- Intersection 11. Route 32 / Thorndike Street at Turnpike Ramps
- Intersection 12. Route 32 / Thorndike Street at Shearer Street / Site Drive
- Intersection 13. Route 32 / Thorndike Street at Big Y Drive
- Intersection 14. Route 32 / Thorndike Street at Mt. Dumplin Road
- Intersection 15. Route 32 / Thorndike Street at High Street
- Intersection 16. Shearer Street at Lawrence Street
- Intersection 17. Main Street at Sykes Street (Route 181) - Four Corners
- Intersection 18. Beckenridge Street and Thorndike Street

Total Local Traffic Improvement and Mitigation Costs - Town/Public **\$4,100,000**

HIGHWAY IMPROVEMENT AND MITIGATION ITEMS - PROJECT AND TOWN/PUBLIC

Exit 8 Interchange (Assumed At-Grade Alternative and Related Intersections*)

Shearer Street Bridge

Total Highway Improvement and Mitigation Costs - Project and Town **\$16,500,000**

Total Traffic Improvement and Mitigation Costs **\$20,600,000**

*Note:

- 1. Costs included in Exit 8 Interchange Mitigation Costs
- 2. All Local Traffic mitigation costs include design and construction contingencies

Exhibit E – Illustrative Examples of the Annual Mitigation and Gaming Revenue Payments

**Annual Mitigation and Gaming Revenue Payment Example
Example #1 (Page 2 of 2)**

Assumptions:

1. Assumes PILOT is approved.
2. Per the Host Community Agreement, Fiscal Year is defined as October 1 through September 30.
3. Assumes Opening occurs in month of July and Initial Operating Year is partial year for fiscal accounting purposes (92 days) and Gross Gaming Revenue of \$122.5m for said 92 days. Accordingly the Annual Mitigation Payment calculation is based on 92/365 days (25.205%).
4. Assumes 1st Full Operating Year has Gross Gaming Revenue of \$490m; 2nd Full Year \$510m; 3rd Full Year \$531m; 4th Full Year \$547m; 5th Full Year \$563m. Said projections based on PKF Market Study.
5. Assumes Gross Gaming Revenue grows by 2.0% each Full Operating Year thereafter.
6. Assumes annual CPI is at least 2.0% in any given year as defined in the Host Community Agreement.

| | Initial Operating Year TOTAL (Partial Year) | 1st Full Operating Year TOTAL | 2nd Full Operating Year TOTAL | 3rd Full Operating Year TOTAL | 4th Full Operating Year TOTAL | 5th Full Operating Year TOTAL | 6th Full Operating Year TOTAL | 7th Full Operating Year TOTAL | 8th Full Operating Year TOTAL | 9th Full Operating Year TOTAL | 10th Full Operating Year TOTAL |
|--|--|--|--|--|--|--|--|--|--|--|---|
|--|--|--|--|--|--|--|--|--|--|--|---|

Annual Mitigation Payment:

| | | | | | | | | | | | |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| PILOT Payment ^{A1} | \$ 3,327,060 | \$ 13,200,000 | \$ 13,200,000 | \$ 13,200,000 | \$ 13,200,000 | \$ 13,200,000 | \$ 13,200,000 | \$ 13,200,000 | \$ 13,200,000 | \$ 13,200,000 | \$ 13,200,000 |
| Property Tax Payments | - | - | - | - | - | - | - | - | - | - | - |
| Balance of Annual Mitigation Payment ^{A1} | 504,100 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,304,000 | 2,614,080 | 2,930,362 | 3,252,969 | 3,582,028 |
| Total Annual Mitigation Payment | \$ 3,831,160 | \$ 15,200,000 | \$ 15,200,000 | \$ 15,200,000 | \$ 15,200,000 | \$ 15,200,000 | \$ 15,504,000 | \$ 15,814,080 | \$ 16,130,362 | \$ 16,452,969 | \$ 16,782,028 |
| Increase in Annual Mitigation Payment: | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |

Gaming Revenue Payment: ^{A2}

| | | | | | | | | | | | |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 0.25% x Gross Gaming Revenue for \$0-\$400m | \$ 306,250 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| 2.0% x Gross Gaming Revenue of \$400m+ | - | 1,800,000 | 2,200,000 | 2,620,000 | 2,940,000 | 3,260,000 | 3,325,200 | 3,391,704 | 3,459,538 | 3,528,729 | 3,599,303 |
| Total Gaming Revenue Payment | \$ 306,250 | \$ 2,800,000 | \$ 3,200,000 | \$ 3,620,000 | \$ 3,940,000 | \$ 4,260,000 | \$ 4,325,200 | \$ 4,391,704 | \$ 4,459,538 | \$ 4,528,729 | \$ 4,599,303 |

**Total Projected Annual Mitigation and Gaming
Revenue Payments**

| | | | | | | | | | | | |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Projected Annual Mitigation and Gaming Revenue Payments | \$ 4,137,410 | \$ 18,000,000 | \$ 18,400,000 | \$ 18,820,000 | \$ 19,140,000 | \$ 19,460,000 | \$ 19,829,200 | \$ 20,205,784 | \$ 20,589,900 | \$ 20,981,698 | \$ 21,381,332 |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|

Note:

(A1) PILOT Payments shall be due May 1, August 1, November 1 and February 1 of each year and the Balance of the Annual Mitigation Payments shall be due within thirty (30) days of the end of each quarter.

(A2) Gaming Revenue Payments shall be due within sixty (60) days of the end of each quarter of each Operating Year.

The above is provided for ILLUSTRATIVE PURPOSES ONLY. Under no circumstances should any of the numbers herein be construed as a guarantee of Gross Gaming Revenue or associated payments calculated hereunder.

**Annual Mitigation and Gaming Revenue Payment Example
Example #2 (Page 1 of 1)**

Assumptions:

1. Assumes PILOT is not approved. Actual Real Estate Taxes are calculated based on assessed values. Year 1 payments for purposes of this example total \$10.525m and include District and other related property taxes pursuant to the Host Community Agreement. Property Taxes grow at 2.0% each year for purposes of this example only.
2. Per the Host Community Agreement, Fiscal Year is defined as October 1 through September 30.
3. Assumes Opening occurs in month of July and Initial Operating Year is partial year for fiscal accounting purposes (92 days) and Gross Gaming Revenue of \$122.5m for said 92 days. Accordingly the Annual Mitigation Payment calculation is based on 92/365 days (25.205%).
4. Assumes 1st Full Operating Year has Gross Gaming Revenue of \$490m; 2nd Full Year \$510m; 3rd Full Year \$531m; 4th Full Year \$547m; 5th Full Year \$563m. Said projections based on PKF Market Study.
5. Assumes Gross Gaming Revenue grows by 2.0% each Full Operating Year thereafter.
6. Assumes annual CPI is at least 2.0% in any given year as defined in the Host Community Agreement.

| Initial Operating Year TOTAL (Partial Year) | 1st Full Operating Year TOTAL | 2nd Full Operating Year TOTAL | 3rd Full Operating Year TOTAL | 4th Full Operating Year TOTAL | 5th Full Operating Year TOTAL | 6th Full Operating Year TOTAL | 7th Full Operating Year TOTAL | 8th Full Operating Year TOTAL | 9th Full Operating Year TOTAL | 10th Full Operating Year TOTAL |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|

Annual Mitigation Payment:

| | | | | | | | | | | |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| PILOT Payment ^{A1} | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Property Tax Payments | 2,652,826 | 10,735,500 | 10,950,210 | 11,169,214 | 11,392,598 | 11,620,450 | 11,852,859 | 12,089,917 | 12,331,715 | 12,578,349 |
| Balance of Annual Mitigation Payment ^{A1} | 1,178,334 | 4,464,500 | 4,249,790 | 4,030,786 | 3,807,402 | 3,579,550 | 3,651,141 | 3,724,163 | 3,798,647 | 3,874,620 |
| Total Annual Mitigation Payment | \$ 3,831,160 | \$ 15,200,000 | \$ 15,200,000 | \$ 15,200,000 | \$ 15,200,000 | \$ 15,200,000 | \$ 15,504,000 | \$ 15,814,080 | \$ 16,130,362 | \$ 16,452,969 |

Formula represents \$15.2m x 25.205% based on 92/365 days for partial year.

Increase in Annual Mitigation Payment: 0.00% 2.00% 2.00% 2.00% 2.00% 2.00%

Gaming Revenue Payment: ^{A2}

| | | | | | | | | | | |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 0.25% x Gross Gaming Revenue for \$0-\$400m | \$ 306,250 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| 2.0% x Gross Gaming Revenue of \$400m+ | - | 1,800,000 | 2,200,000 | 2,620,000 | 2,940,000 | 3,260,000 | 3,325,200 | 3,391,704 | 3,459,538 | 3,528,729 |
| Total Gaming Revenue Payment | \$ 306,250 | \$ 2,800,000 | \$ 3,200,000 | \$ 3,620,000 | \$ 3,940,000 | \$ 4,260,000 | \$ 4,325,200 | \$ 4,391,704 | \$ 4,459,538 | \$ 4,528,729 |

Total Projected Annual Mitigation and Gaming Revenue Payments

| | | | | | | | | | | | |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Projected Annual Mitigation and Gaming Revenue Payments | \$ 4,137,410 | \$ 18,000,000 | \$ 18,400,000 | \$ 18,820,000 | \$ 19,140,000 | \$ 19,460,000 | \$ 19,829,200 | \$ 20,205,784 | \$ 20,589,900 | \$ 20,981,698 | \$ 21,381,332 |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|

Note:

(A1) PILOT Payments shall be due May 1, August 1, November 1 and February 1 of each year and the Balance of the Annual Mitigation Payments shall be due within thirty (30) days of the end of each quarter.

(A2) Gaming Revenue Payments shall be due within sixty (60) days of the end of each calendar quarter of each Operating Year.

The above is provided for ILLUSTRATIVE PURPOSES ONLY. Under no circumstances should any of the numbers herein be construed as a guarantee of Gross Gaming Revenue or associated payments calculated hereunder.

Exhibit F – Allocation of the Community Impact Fee

Host Community Agreement between the Town of Palmer and Mohegan Sun Massachusetts, LLC

| | <u>Annual</u> | <u>One Time</u> | <u>Notes</u> |
|---------------------------------------|---------------------|--------------------|--|
| <u>Revenues</u> | | | |
| | \$13,200,000 | | Annual PILOT on Real Estate and Personal Property |
| Community Impact Payments | \$2,000,000 | | Impact Fee |
| | \$1,000,000 | | 0.25% GGR up to \$400,000,000 |
| | <u>\$1,800,000</u> | | 2% GGR over \$400,000,000 |
| 1st Year Annual Revenue | \$18,000,000 | | |
| <u>Departmental Mitigation</u> | | | |
| Police | \$816,000 | | Eight new Police Officers, four additional Dispatchers, two new cruisers (annually), initial training, annual training |
| | | \$260,000 | Equipment (initial) Lockers and Console |
| DPW | \$225,000 | | Four additional employees |
| Highway | \$530,000 | | New DPW Garage (annual Debt Service Payments paid by MSM) |
| Building Inspection | \$100,800 | | Additional Full Time Inspector and Clerical Support |
| Health Inspection | \$68,000 | | Additional Health Inspector |
| EMT | \$450,000 | | EMT 2 person crew 24/7 (annual) |
| Palmer Amb. | | \$250,000 | Ambulance |
| | | \$350,000 | Ambulance Garage |
| Palmer Fire District #1 | \$875,000 | | Eight Full Time Firefighters; three new officers |
| | | \$50,000 | Fire Station Space Needs Study |
| | | \$1,150,000 | Aerial Ladder Truck (150') or payment toward new station |
| | | \$150,000 | Quck Attack Pumper |
| | | \$230,000 | Fire District inspector - 2 year construction period |
| <u>Community Mitigation</u> | | | |
| Community Impacts | \$750,000 | | For various community, educational, cultural programs |
| Economic Development | \$250,000 | | For Economic Development in Palmer |
| Fire & Water Dist. Grants | \$295,200 | | Annual grants for Bondsville, Three Rivers, Thorndike Fire & Water Districts |
| Streetscape Imp. Grant | | \$500,000 | \$200,000 upon signing HCA; \$200,000 upon License award |
| Total Departmental Mitigation | \$3,064,800 | \$2,440,000 | (Payments to start during construction) |
| Total Community Mitigation | \$1,295,200 | \$500,000 | |

**One Time
Infrastructure**

| | | | | |
|------------------------------------|--|--|---------------------|--|
| Infrastructure Improvements | | | | |
| Roads | | | \$20,600,000 | MSM will pay for all traffic improvements described in Traffic study |
| Water (Palmer District #1) | | | \$8,500,000 | Required Water Improvements for service to project Water Improvements benefitting community |
| | | | \$5,500,000 | |
| WWTP / Sewer | | | \$3,800,000 | Required WWTP/Sewer Improvements for service to project WWTP/Sewer Improvements benefitting community |
| | | | \$2,600,000 | |
| Total Infrastructure Costs | | | \$41,000,000 | |

| | |
|---------------------------------|---|
| Other Obligations of MSM | |
| Total Investment in Project | MSM will invest \$1,000,000,000 in the Project and improvements to the Town and region's infrastructure |
| Hotel and Meals Taxes | MSM will collect and remit State Hotel and Meals Tax est. at \$1.125 to \$1.625 million for Palmer |
| Motor vehicle Excise Taxes | MSM will principally garage all vehicles owned by it and used for project in Palmer |
| Employment Opportunities | MSM will work in good faith, manner to provide qualified Palmer residents with opportunities for jobs |
| Local Vendors | MSM will work with Town to promote opportunities for local vendors / contractors |
| Local and Regional Marketing | MSM will encourage local businesses to participate in MSM Players' Club Card Program |