

**SUMMARY OF THE HOST COMMUNITY AGREEMENT
BETWEEN THE CITY OF REVERE AND SUFFOLK DOWNS**

AUGUST 28, 2013

Below is a summary of the principal terms of the Host Community Agreement (the "HCA") between the City of Revere (the "City") and Sterling Suffolk Racecourse, LLC ("Suffolk Downs"), for a proposed resort-style casino at the Suffolk Downs racetrack property.

A complete copy of the HCA is available on the City's website at www.revere.org and on the Massachusetts Gaming Commission's website at www.massgaming.com. A hard copy of the HCA may be obtained at the City Clerk's Office. This summary is qualified in its entirety by the complete HCA. This summary has been approved by the City Solicitor and is published in accordance with M.G.L. 23K §15(13).

The Project

Suffolk Downs proposes a resort-style casino at the Suffolk Downs racetrack property, located partially in the City and partially in East Boston. Suffolk Downs proposes to invest approximately \$1 billion to develop the casino and make improvements to the regional transportation infrastructure, and expects to generate approximately \$1 billion in gaming revenue each year once the casino is fully constructed. The project is expected to create 2,500 construction jobs and 4,000 permanent jobs.

If approved by the voters of Revere and Boston, Suffolk Downs would need to win a casino license from the Massachusetts Gaming Commission and various permits from state and local agencies in order to develop the project. The HCA would remain in effect for as long as Suffolk Downs has a casino license. All of Suffolk Downs' obligations under the HCA are contingent upon the Gaming Commission issuing a casino license to Suffolk Downs.

Financial Terms of the HCA

In order to mitigate the impacts of the casino on City residents, businesses and municipal services, the HCA requires that Suffolk Downs make the following payments to the City:

<u>Initial Payments:</u>	\$8 million split into two installments of \$4 million each, due on or about July 15, 2014 and May 1, 2016.		
<u>Pre-Payments of the Community Impact Fee:</u>	Starting on May 1, 2017, an annual pre-payment of the Community Impact Fee of \$4 million, to be paid in in each City fiscal year until the casino opens.		
<u>Community Impact Fee:</u> (Annual payments to the City after the casino opens).	Once the casino opens, Suffolk Downs must pay the City either a minimum payment or a percentage of gaming revenues, whichever number is higher, as follows:		
	<u>Year of Casino Operation:</u>	<u>Minimum Annual Payment:</u>	<u>Percentage of Gaming Revenue:</u>
	Year 1	\$4.25 million	1.00%
	Year 2	\$4.75 million	1.25%
	Year 3	\$5 million	1.25%
	Year 4	\$5.5 million	1.50%
	Year 5 (and thereafter)	\$9 million	1.50%
In addition:			
In any year where gaming revenue is \$1.25 billion* or more – 1.75% of gaming revenue			
In any year where gaming revenue is \$1.5 billion* or more – 2.00% of gaming revenue			
<u>Example 1:</u> If gaming revenue in Year 1 is \$350 million, the City would receive \$4.25 million.			
<u>Example 2:</u> If gaming revenue in Year 4 is \$1 billion, the City would receive \$15 million.			
<u>Example 3:</u> If gaming revenue in Year 8 is \$1.3 billion*, the City would receive \$22.75 million.			
* As adjusted for inflation			
<u>Tax Payments:</u>	Suffolk Downs would continue to pay real estate taxes to the City, currently about \$340,000 per year. Any increase in Suffolk Downs' taxes beyond 5% per year would be deducted from the Community Impact Fee, excluding certain anticipated improvements. This cap on tax increases would expire if Suffolk Downs makes major improvements to the Revere side of its property.		

Employment Opportunities and Local Purchasing

Suffolk Downs must hold job fairs and vendor fairs, and use best efforts to meet the following goals:

<u>Construction Jobs:</u>	<u>Permanent Jobs:</u>	<u>Local Purchasing:</u>
<ul style="list-style-type: none"> 10% Revere residents (or more for future projects). 	<ul style="list-style-type: none"> 10% Revere residents (or more for future projects). 	<ul style="list-style-type: none"> \$7.5 million per year from Revere businesses.

Transportation Improvements

In order to mitigate the traffic impacts of the casino and address existing transportation problems, the HCA requires that Suffolk Downs make the following improvements:

- Boardman Street Flyover (Route 1A and Boardman Street), approximately \$25 million.
- Route 1 / Route 16 interchange, improvements and planning for future improvements, approximately \$2.5 million.
- Route 16 / Revere Beach Parkway / Harris Street intersection, approximately \$1,600,000.
- Donnelly Square, approximately \$860,000.
- North Shore Road / Revere Beach Parkway / Tomasello Drive intersection, approximately \$1,000,000.
- Beachmont streetscape improvements, not less than \$200,000.
- Route 1A, planning for future improvements, approximately \$150,000.
- Copeland Circle, planning for future improvements.
- Suffolk Downs Blue Line Station improvements.
- Bicycle access improvements.
- Pay the City \$1.267 million to complete improvements at Mahoney Circle, Brown Circle and Route 60 / Revere Street.

Other Obligations of Suffolk Downs

Security for Payments:

- Provide a \$5 million letter of credit to secure the Community Impact Fee payments.
- 18% monthly penalty for late payments.
- Request that full compliance with the HCA is a binding condition of its casino license.

Community Projects:

- Pay \$2 million towards the renovation of Harry Della Russo stadium.
- Pay \$1 million towards the construction of a new City youth center.

Construction, Parking and Other Impacts:

- Enter a construction mitigation agreement with the City.
- Prohibit employees and contractors from parking on City Streets.
- Mitigate the impacts of any offsite parking facilities.
- Three-year limit on the use of the Wonderland Greyhound Park for offsite parking, absent City approval.
- Work with the Division of Insurance to address proposed car insurance rate increases related to the casino.

Miscellaneous Obligations:

- Implement a responsible gambling plan to address compulsive gambling.
- Support City applications for payments from the state Community Mitigation Fund.
- Maintain horse racing and horse racing payments to the City.
- Pay for a master plan to guide the future development of the Wonderland Greyhound Park property.
- Reimburse the City's consultant and legal costs.
- Work with the City to create a Community Advisory Board to expand employment and vendor opportunities.
- Provide incentives for employees and patrons to utilize other businesses located in the City.
- Ensure that City taxi and livery businesses have equal access to the casino.

Obligations of the City

- Hold the referendum election.
- Support permitting for the casino project, to the extent permissible by law.
- Support and facilitate permitting for future related development in the City, to the extent permissible by law.
- Not sign HCAs or "surrounding community" agreements with other casinos, unless required by the Gaming Commission.
- Generally support the casino project, to the extent permissible by law.
- File and consider zoning amendments requested by Suffolk Downs.

Re-Opener Provisions

As permitted by the Gaming Commission's regulations and the HCA, the City and Suffolk Downs may re-open the HCA if:

- State or municipal agencies require changes to the transportation improvements.
- Suffolk Downs expands the casino beyond the Suffolk Downs racetrack property or to the Revere side of the property.
- Regulations of the Gaming Commission require that additional terms must be added to the HCA.
- The Gaming Commission does not make compliance with the HCA a binding condition of Suffolk Downs' casino license.
- Non-material terms or typographical errors need to be amended.