

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TOWN OF TEWKSBURY, MASSACHUSETTS ("TOWN") HAS ENTERED INTO A HOST COMMUNITY AGREEMENT WITH WESTERN MASS. GAMING VENTURES, LLC ("MASS GAMING"), A SUBSIDIARY OF PENN NATIONAL GAMING, INC., SETTING FORTH THE CONDITIONS FOR LOCATION OF A GAMING ESTABLISHMENT WITHIN THE TOWN. THE HOST COMMUNITY AGREEMENT BETWEEN THE TOWN AND MASS GAMING IS ATTACHED TO THIS NOTICE AND IS SUMMARIZED BELOW.

SUMMARY OF TERMS

Pursuant to the Host Community Agreement, Mass Gaming has agreed to:

- (i) Annual payments after opening of \$1 million in mitigation payments (which will increase by 2.5% annually beginning in year four of operations) and \$120,000 contributions to fund Tewksbury's capital expenditures and other beneficial projects and initiatives. Combined with the estimated annual property taxes of approximately \$3 million, the annual payments to the Town are expected to exceed \$4 million per year.
- (ii) Work to maximize opportunities for local residents and area businesses during the construction and operation phases of the facility, including employment, purchasing goods and services from local businesses, utilizing local contractors, and using significant local union labor through the creation of a roster of local residents who are members of various construction and other applicable unions. The project is expected to create approximately 1,000 direct and indirect construction related jobs and 500 permanent jobs upon opening.
- (iii) Commissioning a Traffic Impact Study and Infrastructure Capacity Assessment and funding infrastructure improvements identified in each, including road, sewer and water improvements, among others.
- (iv) Fully reimbursing the Town of Tewksbury for all incremental costs to determine the impacts of the project and the Special Town Meetings and elections, including consultants and temporary staff.
- (v) Implementing a responsible gaming plan in Tewksbury, including active participation in the Massachusetts Partnership for Responsible Gambling, promoting responsible gaming in daily operations, and supporting public awareness of responsible gaming, among others.
- (vi) Donating annually to non-profit entities that serve Tewksbury citizens. Penn

National Gaming provided over \$12.7 million in total contributions in 2012 to non-profit organizations in jurisdictions where it operates.

- (vii) Reimbursing the Town of Tewksbury for expenses related to a town election in which the citizens will decide whether to host a slots only facility.

SUMMARY OF AGREEMENT

Section 1. The Town agrees to the proposed location of Mass Gaming's gaming establishment at 300 Ames Pond Drive, Tewksbury, Massachusetts for the construction of a proposed gaming establishment having no more than 1,250 machines. If there is a material change in the size of the gaming establishment following the second anniversary of its opening for business to the general public, or if Mass Gaming is permitted to install table games or additional machines, the Town and Mass Gaming will negotiate in good faith impact fees that correspond to tangible and incremental impacts on the Town of Tewksbury in direct relation to such gaming expansion at the Premises.

Section 2. The Town agrees to carry out the procedures to provide notice of the Agreement and to place the required ballot question for electorate approval of the gaming establishment on a public election ballot referendum. Mass Gaming is required to reimburse the Town for its expenses related to the election.

Section 3. Mass Gaming agrees to pay the Town's reasonable and direct costs of determining the impacts of the gaming establishment, negotiating this Agreement and any related agreements, and participating in proceedings and other activities related to the gaming establishment project.

Section 4. Mass Gaming agrees to pay the Town's standard permit and license fees for development, construction and utility plans, as well as the Town's actual, reasonable costs incurred in connection with the review and inspection of the permit and license applications for such activities. Mass Gaming's obligation extends to the costs of temporary staff and consultants needed by the Town to conduct such reviews and inspections.

Section 5. If Mass Gaming is awarded a final Category 2 gaming license, Mass Gaming will work in good faith with the Town to employ residents of the Town during the construction and operation of the proposed gaming establishment, and to purchase goods and services from local vendors provided that the cost and quality of those goods and services is competitive with competitors and the vendors satisfy any suitability requirements imposed by state law or the Massachusetts Gaming Commission. Mass Gaming will hold at least one event for Tewksbury residents at a venue to be approved by the Town, at which Mass Gaming will publicize its construction needs and explain to attendees the process by which they may seek to be hired in connection with construction of the project.

Section 6. Mass Gaming agrees to utilize significant union labor in the construction of the gaming establishment. The Section further outlines the procedures Mass Gaming will follow to enhance opportunities for local union chapters and local residents who are members of the various construction unions. Mass Gaming also agrees to supply periodic compliance reports to the Town.

Section 7. Mass Gaming agrees to provide the Town with copies of revenue reports required to be delivered to the Massachusetts Gaming Commission.

Section 8. If Mass Gaming is awarded a final Category 2 gaming license, within thirty (30) days after Mass Gaming's opening of the gaming establishment to the public, Mass Gaming will pay the Town an annual mitigation fee in the sum of \$1,000,000. Beginning in year four of Mass Gaming's operations the amount of the Annual Mitigation Payment will be increased by 2.5% per annum; however, the Annual Mitigation Payment payable commencing in year 21 and each year thereafter shall not exceed an amount equal to one percent (1%) of gross gaming revenue of the previous fiscal year.

Section 9. Commencing in its first year of operations, Mass Gaming agrees to make an annual payment of \$120,000 to fund the Town's capital expenditures and other beneficial projects and initiatives.

Section 10. Mass Gaming agrees to pay for or reimburse the Town for infrastructure improvements (such as roads, water and sewer) directly related to the construction and operation of the gaming establishment. Mass Gaming shall commission a traffic and infrastructure impact study to be conducted by a professional selected by Mass Gaming and approved by the Town, and an Infrastructure Capacity Assessment to determine if existing and expected future water and sewer system capacities will service the needs of Mass Gaming and the Town's reasonable build-out analysis for the targeted distribution/collection area(s).

Section 11. Mass Gaming plans to invest, provided it obtains an acceptable Category 2 gaming license to operate a gaming facility at the Premises, approximately Two Hundred Million Dollars (\$200,000,000.00) in the development of the facilities at the Premises.

Section 12. Mass Gaming will work toward responsible gaming goals in Tewksbury 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. Mass Gaming will join and actively participate in the Massachusetts Partnership for Responsible Gambling for the express purpose of assisting the Town, or its designee, to address issues of treatment for compulsive behavior, especially problem gaming in Tewksbury.

Section 13. Mass Gaming shall be solely responsible for selection of contractors for the construction of any infrastructure improvements undertaken directly by it.

Sections 14 through 15 and 20 through 36. These Sections incorporate general contract language governing selection of contractors, term, the payment of Town professional fees by Mass Gaming, notices, no third party beneficiaries, assignment, transfer or collateral use, relationship of the parties, force majeure, integration clause, default, amendments, dispute

resolution, governing law, counterparts, severability, compliance with laws by Mass Gaming, and the conditions precedent to Mass Gaming's obligations under the Agreement, and limitation of liability.

Section 16. Commencing with the first year of operations of the gaming establishment, Mass Gaming agrees to make during each year of operations monetary donations to non-profit entities that serve Tewksbury citizens, with the recipients and amounts of such donations within Mass Gaming's discretion. Mass Gaming will report annually to the Town on its charitable contributions.

Sections 17 and 18. Mass Gaming agrees that, if in its discretion it utilizes the police, firefighting or ambulance services of the Town of Tewksbury, Mass Gaming will pay the Town for those services pursuant to mutually agreed arrangements.

Section 19. The Town assumes the obligation to: (i) exercise reasonable efforts to petition the Massachusetts Gaming Commission for monies made available under the Massachusetts Gaming Act, including those monies in the Community Mitigation Fund and the Transportation Infrastructure Development Fund; (ii) not impose any taxes, fees, assessments or costs to Mass Gaming or the Premises, or cause or permit any inordinate impositions against a gaming facility, and that are not generally applicable to other businesses located in the Town; (iii) to use reasonable efforts to help expedite all necessary permits, approvals, consents, and entitlements necessary or desired by Mass Gaming in connection with the development and operation of the Premises; and (iv) to use reasonable efforts to provide assistance to Mass Gaming in resolving any issues or disputes arising with surrounding communities in any way related to gaming or the Premises (or the use thereof).

Section 37. Section 37 requires certain payments under the Agreement to be made to separate accounts for the specific purposes that such payments are made under the Agreement.

Reviewed and Approved by Town Counsel on this ___ day of July, 2013.

Charles Zaroulis