

**SUMMARY OF THE HOST COMMUNITY AGREEMENT
BETWEEN THE CITY OF REVERE AND MOHEGAN SUN**

DECEMBER 23, 2013

Below is a summary of the principal terms of the Host Community Agreement (the “HCA”) between the City of Revere (the “City”) and Mohegan Sun Massachusetts, LLC (“Mohegan Sun”), for a proposed resort-style casino located off of Winthrop Avenue in the City.

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

Mohegan Sun proposes a resort-style casino to be located off of Winthrop Avenue in the City. Mohegan Sun proposes to invest more than \$1 billion to develop the casino and make improvements to the regional transportation and other infrastructure, and expects to generate approximately \$1 billion in gaming revenue each year at maturity. The project is expected to create 2,500 construction jobs and 4,000 permanent jobs.

If approved by the voters of Revere, Mohegan Sun would need to obtain a casino license from the Massachusetts Gaming Commission and various permits from state and local agencies in order to develop the project. The HCA will remain in effect for as long as Mohegan Sun holds a casino license. All of Mohegan Sun’s obligations under the HCA are contingent upon the Gaming Commission issuing a casino license to Mohegan Sun.

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 Mohegan Sun make the following payments to the City:

<u>Initial Payments:</u>	Up to \$33 million divided into four installments of \$6 million, \$9 million, \$9 million and \$9 million each, due, respectfully, on or about July 15, 2014, July 15, 2015, July 15, 2016 and July 15, 2017. Initial Payments cease upon opening.	
<u>Pre-Payments of the Community Impact Fee:</u>	Starting on July 15, 2018, an annual pre-payment of the Community Impact Fee of \$9 million, to be paid in each City fiscal year until the casino opens, if applicable.	
<u>Community Impact Fee:</u>	Once the casino opens, Mohegan Sun must pay the City either a minimum financial payment or a percentage of Gross Gaming Revenue, whichever number is higher. The Minimum Community Impact Fee in each year of casino operations is determined by the following chart:	
(Annual payments to the City after the casino opens, inclusive of property taxes).	<i><u>Year of Casino Operation:</u></i>	
	<i><u>Minimum Annual Payment:</u></i>	
	Years 1-3	\$25 million
	Years 4-6	\$28 million
	Years 7 (and thereafter)	\$30 million
	In order for the City to receive a percentage of Gross Gaming Revenue, the total amount of Gross Gaming Revenue multiplied by the corresponding percentage in the chart below, must be higher than the Minimum Payment for the year of casino operations.	
	<i><u>Gross Gaming Revenue:</u></i>	
	<i><u>Percentage:</u></i>	
	\$0.00 – \$850,000,000	2.94%
	\$850,000,001 – \$875,000,000	3.08%
\$875,000,001 – \$900,000,000	3.22%	
\$900,000,001 – \$925,000,000	3.36%	
\$925,000,001 – \$950,000,000	3.50%	
\$950,000,001 – \$975,000,000	3.75%	
\$975,000,001 – \$999,999,999	3.85%	
\$1,000,000,000 – [no upper limit]	4.00%	
<u>Example 1:</u> If gaming revenue in Year 1 is \$350 million, the City would receive \$25 million.		
<u>Example 2:</u> If gaming revenue in Year 4 is \$1 billion, the City would receive \$40 million.		
<u>Example 3:</u> If gaming revenue in Year 8 is \$1.3 billion, the City would receive \$52 million.		

<u>Use of Community Impact Fee</u>	<p>The City intends to use a portion of the Community Impact Fee from the first year of casino operations as follows:</p> <ul style="list-style-type: none"> • \$2 million to the Police Department; • \$2 million to the Fire Department; • \$1 million to the Public Schools; and • \$1 million to General Municipal.
<u>Tax Payments:</u>	<p>In addition to the Community Impact Fee, Mohegan Sun must pay or arrange for the payment of Motor Vehicle, Hotel and Meals Excise Taxes to the City (including the equivalent of taxes on certain “comped” rooms and meals). Mohegan Sun must also pay all regular municipal permitting fees and utility fees.</p> <p>The City and Mohegan Sun will seek all necessary approvals for a payment in lieu of taxes (PILOT) agreement for the Community Impact Fee.</p> <p>Mohegan Sun will receive a credit towards the Initial Payments and Community Impact Fee for the payment of property taxes, unless the credit exceeds the Initial Payments or the Community Impact Fee.</p>

<u>Employment Opportunities and Local Purchasing</u>		
Mohegan Sun 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>Annual Local Purchasing:</u>
<ul style="list-style-type: none"> • 10% Revere residents. 	<ul style="list-style-type: none"> • 20% Revere residents. • 75% residing within 15 miles of Revere. 	<ul style="list-style-type: none"> • \$10 million from Revere businesses. • \$50 million from businesses located within 15 miles of Revere.

<u>Transportation Improvements</u>
<p>In order to mitigate the traffic impacts of the casino and address existing transportation problems, the HCA requires that Mohegan Sun make the following infrastructure improvements:</p>
<ul style="list-style-type: none"> • Route 1A improvements, including the Boardman Street Flyover (Route 1A and Boardman Street) or an equal or superior improvement approved by MassDOT and the City, 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, including utility improvements, approximately \$3,860,000. • North Shore Road / Revere Beach Parkway / Tomasello Drive intersection, approximately \$1,000,000. • Mahoney Circle, approximately \$400,000. • Brown Circle, approximately \$175,000. • Route 60 / Revere Street, approximately \$650,000. • Route 1A / Revere Street, approximately \$650,000. • Copeland Circle / Route 1, approximately \$1,250,000. • Beachmont streetscape improvements, approximately \$500,000. • Route 1A, planning for future improvements, approximately \$350,000. • Copeland Circle, planning for future improvements, approximately \$100,000. • Route 60, planning for future improvements, approximately \$150,000. • Improvements to the project’s entrances at Route 1A / Furlong Drive and Winthrop Avenue / Tomasello Drive, cost TBD. • Beachmont Blue Line Station improvements, subject to MBTA approval, cost TBD. • Bicycle access improvements, cost TBD. • Ongoing Transportation Demand Management Program.

Other Obligations of Mohegan Sun

Security for Payments:

- Provide a \$5 million letter of credit to secure the Initial Payments and the Pre-Payments.
- Provide a \$5 million letter of credit to secure the Community Impact Fee payments.
- 18% late payment penalty.
- 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.
- Pay \$250,000 annual grant for the purpose of promoting economic development in the City.

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.
- Work with the Division of Insurance to address proposed car insurance rate increases related to the casino.

Miscellaneous Obligations:

- Water and Sewer Improvements, cost TBD.
- Implement a responsible gambling plan to address compulsive gambling.
- Support City applications for payments from the state Community Mitigation Fund.
- 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 priority 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 Mohegan Sun.

Re-Opener Provisions

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

- The City believes that the transportation impacts of the project have not been sufficiently mitigated.
- State or municipal agencies require changes to the transportation improvements.
- Mohegan Sun proposes a substantial modification on or off the current project site or a reduction in the size of the project.
- 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 Mohegan Sun's casino license.
- Non-material terms or typographical errors need to be amended.