



SUMMARY OF THE CITY OF BOSTON HOST COMMUNITY AGREEMENT WITH SUFFOLK DOWNS

PUBLISHED IN ACCORDANCE WITH M.G.L. c. 23K, § 15(13)

The Host Community Agreement (the “Agreement”) between the City of Boston (the “City”) and Sterling Suffolk Racecourse, LLC and, by joinder, Caesars Massachusetts Management, LLC (collectively, “Suffolk Downs”) requires Suffolk Downs to develop a \$1 billion destination casino resort at Suffolk Downs located in East Boston and Revere.

The resort casino will include two distinct gaming areas providing between 150,000 and 250,000 square feet (sf) of gaming spaces with between 4,000 to 6,600 gaming positions (consisting of an evolving combination of slot machines and table games), a World Series of Poker™ room or rooms, two luxury hotels providing a total of 450 rooms, between 24,000 and 46,000 sf of entertainment space, bars, nightclubs and between 10 and 17 restaurants, up to 30,000 sf of retail space, including a spa, a seven-story parking garage with up to 2,600 spaces, valet parking for up to 460 additional vehicles, and up to approximately 2,100 surface parking spaces, and the continued operation of the existing thoroughbred horse racing and simulcast wagering (collectively, the “Full Build-Out Component”). Suffolk Downs is permitted to open one gaming area with both slot machines and table games and certain related improvements prior to Full-Build Out (the “Early Opening Component”), and Suffolk Downs is permitted to open the second hotel after the opening of the rest of the Full Build-Out Component.

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| <i>Term</i> | Commencing on August 27, 2013 and continuing until the expiration of the initial 15-year term of the Category 1 License that may be issued to Suffolk Downs by the Massachusetts Gaming Commission (MGC). The Agreement terminates if Suffolk Downs fails to receive the Category 1 License from the MGC or if the MGC revokes the Category 1 License issued to Suffolk Downs. |
| <i>Jobs</i> | <p>4,000 Permanent jobs at opening of the Full Build-Out Component and for remainder of the license term 2,500 Construction jobs during project build 2,225 Permanent jobs at the opening of the Early Opening Component 800 Permanent jobs one year prior to the opening of the Early Opening Component</p> <p>In addition to the job guarantees above, Suffolk Downs will use best efforts to ensure that 50% of the permanent employees at the Project are Boston residents, of which a substantial percentage should be from East Boston, host and maintain a central job bank website in English and Spanish, distribute written flyers in English and Spanish to local community-based organizations to give Boston residents advance notice of hiring activities, and give Boston residents (together with residents from Revere and surrounding communities) first priority to apply for jobs, and observe the Boston Residents Jobs Policy.</p> |
| <i>Upfront Community Impact Fee for East Boston</i> | Suffolk Downs will pay a \$33.4 million Upfront Community Impact Fee to the City in four equal installments. This fee will be used by the City to fund several projects in the East Boston community, which will face a disproportionately greater impact by the Project than any other part of Boston, including: improvements to the Umana School, the formation of an East Boston Neighborhood Business Program, construction of a state-of-the-art youth and senior citizen community center, and improvements to Noyes Park and LoPresti Park. |
| <i>Annual Host Community Agreement Fee</i> | <p>Suffolk Downs will make Annual Host Community Agreement Fee payments to the City as follows:</p> <ul style="list-style-type: none"> • Construction Commencement until opening of Early Opening Component: Real estate taxes applicable to existing improvements and land at their current assessed value, plus taxes assessed on the value of improvements under construction, but not less than \$1.5 million annually. • Opening of Early Opening Component until opening of Full Build-Out Component: \$20 million annually. • First Year following opening of Full Build-Out Component: \$24 million annually plus a percentage of annual Gross Gaming Revenue (GGR) over \$800 million. • Second Year following opening of Full Build-Out Component: \$28 million annually plus a percentage of annual GGR over \$800 million. • Third Year following opening of Full Build-Out Component (“Stabilization”) and every year thereafter: \$32 million annually plus a percentage of annual GGR over \$800 million. |

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| | <p>Based on projected GGR at Stabilization of \$1 billion, the City is projected to receive \$52 million annually. The City's percentage of GGR increases as GGR increases, up to a maximum total payment of 7% of GGR if the annual GGR exceeds \$1.24 billion. In no event will the City receive less than \$32 million per year after Stabilization.</p> <p>These Annual Host Community Agreement Fee payments include the property taxes for the Property and an impact fee for the City to use to mitigate ongoing impacts to the community from the Project.</p> |
| <i>Community Impact Trust</i> | <p>The City of Boston will establish a Community Impact Trust. The Upfront Community Impact Fee will be transferred to the Trust; and a portion of Suffolk Downs' annual payment will be transferred to the Trust as follows: \$12 million per year after opening of the Early Opening Component, \$16 million in the first year after opening of the Full Build-Out Component, and \$20 million a year in every year thereafter. The funds will be used by the Trust to mitigate ongoing Community Impacts, including increased police, fire and emergency medical services personnel and equipment and funding for small and local business programs, education, community programs, transportation, parks, public health, environmental compliance and monitoring, and arts, tourism and special events. At least 50% of the funds contributed to the Community Impact Trust over the term of the Agreement will be dedicated and used to fund the mitigation of Community Impacts in East Boston.</p> |
| <i>Local Business Opportunities</i> | <p>Suffolk Downs will use best efforts to spend \$50 million annually on goods and services in the City of Boston, and will spend a guaranteed minimum of \$5 million annually in goods and services from vendors and companies with a principal place of business in East Boston, exclusive of Logan Airport. Suffolk Downs will hold vendor fairs with City businesses and will also use best efforts to purchase and display art created by City residents. Suffolk Downs will use best efforts to contract with 5 businesses or restaurants based within East Boston to open satellite businesses within the Project. In addition, Suffolk Downs will ensure that City businesses will benefit from partnership programs that incentivize employees and patrons of the Project to utilize City businesses, including through Caesar's rewards program. Suffolk Downs will create and implement a marketing program for the utilization of minority business enterprises, women business enterprises and veteran business enterprises to participate as vendors in the provision of goods and services.</p> |
| <i>Transportation Improvements</i> | <p>Suffolk Downs will spend a minimum of \$45 million on transportation infrastructure improvements including a flyover on Route 1A, \$9.32 million on improvements to City of Boston/East Boston roadways and intersections, including intersections at Bennington Street at Saratoga Street, Boardman Street at Saratoga Street, Neptune Rd at Chelsea St to Northbound Route 1A Ramp off-ramp, Route 1A Southbound at Curtis Street, and Boardman Street at Ashley Street, improvements to the MBTA Suffolk Downs station, additional bike lanes and Hubway stations, new or improved sidewalks, subsidizing water ferry transit connecting East Boston to other Boston locations and operating a shuttle bus service from the ferry terminal to the Project. Suffolk Downs will also work with the City to facilitate and mitigate the use and impact of taxi cabs and other vehicles for hire on the East Boston community.</p> |
| <i>First Class Project Standards</i> | <p>The Project will comply with the terms and conditions of all permits and approvals and will contain Gaming Areas, hotels and other components and amenities that meet the general standards of quality for construction, maintenance, operations and customer service, and will be equal or greater quality to Caesars Palace resort in Las Vegas, Nevada.</p> |
| <i>Sustainability</i> | <p>The Project has been designed to be one of the greenest casino development projects in the United States. The Project will obtain LEED Gold certification. Approximately sixteen (16) acres of the Property will be open space, which is a reduction of approximately twelve (12) acres of impervious pavement that currently exists at the Property. In addition, Suffolk Downs has committed to many other sustainability measures, including water and energy conservation measures and programs to significantly increase the percentage of customers and employees that arrive and depart from the Project via some form of transportation other than single-occupancy vehicles.</p> |
| <i>Construction Impacts</i> | <p>Construction of the majority of the Project is expected to last 24 to 26 months, with a portion of the Project opening after 12 to 14 months. Prior to starting construction, Suffolk Downs will develop and implement a construction management plan, approved by the City, that details the construction schedule for the Early Opening Component and Full Build-Out Component of the Project, provides for continuous pedestrian and vehicular access to and through the Property throughout construction, establishes traffic management and parking policies during construction, prohibits construction vehicles from using local residential roads, and provides a hotline for residents to call with construction complaints.</p> |
| <i>Oversight</i> | <p>The City's Gaming Accountability Office will be responsible for overseeing Suffolk Downs' compliance with the Agreement and receiving and responding to community concerns and questions. In addition, a Construction Impact Working Group, consisting of representatives from City departments and local elected</p> |

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| | officials, will monitor impacts during construction. |
| <i>Responsible Gaming</i> | Suffolk Downs will be responsible for mitigating the potential negative public health consequences associated with the Project and the operation of the Casino. Suffolk Downs will implement a responsible gaming plan at the Property, including through an education program, employee training, public awareness and a commitment to working with the Boston Public Health Commission and the City's Board of Health. |
| <i>Security and Penalties</i> | Suffolk Downs is subject to liquidated damages if it fails to perform its obligations under the Agreement, including a penalty of \$88,000 per day for late payments of the Upfront Community Impact Fee or Annual Host Community Agreement Fee, \$55,000 per day for failure to meet construction schedules, and up to \$25,000 per day for other Events of Default. A \$20 million letter of credit will also be provided for the entire term to secure Suffolk Downs' obligations. |
| <i>Reopeners</i> | The Agreement may be amended in certain instances. For any amendment that (a) reduces the amount of the Upfront Community Impact fee or Annual Host Community Agreement Fee or (b) effectuates a Material Project Change or other change to the Agreement that is not effectively mitigated by Suffolk Downs, such amendment shall not be implemented unless the amendment is approved by the community at an election similar in form and substance to the election held to approve this Agreement. The City and Suffolk Downs can mutually agree to amend the Agreement, without holding another election, to effectuate (x) a Material Project Change or other change to the Agreement (whether requested by Suffolk Downs or the City, necessary to conform the Agreement with changes in law or necessary to conform the Agreement with governmental Approvals) provided such Material Project Change or change is effectively mitigated by Suffolk Downs or (y) a non-material change or a correction of typographical errors. |

The next step in the process will be for the City to hold an Election within 60-90 days after the execution of the Agreement in accordance with the requirements of M.G.L. c. 23K. If the Project receives an affirmative vote in the Election, Suffolk Downs will submit a completed application for a Category 1 License to the MGC on or before December 31, 2013. The MGC will select one project within Region A (Suffolk, Middlesex, Essex, Norfolk and Worcester counties) to receive a Category 1 License.

This is only a summary of the principal terms of the Agreement. This summary is qualified in its entirety by the actual Agreement. Capitalized terms not defined in this summary, but used in the summary, are the same as in the Agreement. A complete copy of the Agreement is available on the City's website at www.cityofboston.gov/gaming, at the City Clerk's office, and at the East Boston Public Library, and at the MGC website at www.massgaming.com. This summary has been approved by the City's Corporation counsel pursuant to M.G.L. c. 23K, §15(13).