HOST COMMUNITY AGREEMENT

This Host Community Agreement (the "**Agreement**") is made and entered into as of March 19, 2015 (the "**Effective Date**"), by and between the City of New Bedford, Massachusetts (the "**City**"), a municipality of the Commonwealth of Massachusetts, and KG New Bedford, LLC, a Delaware limited liability corporation ("**KG**") (collectively, the "**Parties**").

RECITALS

WHEREAS, KG Urban Enterprises, LLC has options to purchase forty-three acres of land (including uplands and tidelands) and improvements located off of McArthur Boulevard, New Bedford, Massachusetts, as generally shown on **Exhibit A** (the "**Project Site**"), which land includes the former Cannon Street power station and is currently an obsolete industrial site listed on the Massachusetts Department of Environmental Protection list of hazardous waste disposal sites;

WHEREAS, KG has applied to the Massachusetts Gaming Commission (the "**Commission**") for a Category 1 gaming license in the area designated Region C by Chapter 23K of the Massachusetts General Laws (the "**Massachusetts Gaming Act**" or the "**Act**") to develop the Project Site as a waterfront destination resort casino;

WHEREAS, KG, if granted a final, non-appealable Category 1 gaming license by the Commission, plans to develop the Project Site with a high quality gaming establishment, including without limitation three hundred hotel rooms, restaurants, retail, multifunction event and entertainment space, waterfront conference center, back of house spaces, and surface and structured parking designed and constructed to provide a high-quality resort experience for its patrons (collectively, the "**Project**"), such as is depicted for illustrative purposes on **Exhibit A**;

WHEREAS, the City is a "Host Community" as that term is defined and used in the Act because KG plans to locate a gaming establishment within its municipal boundaries;

WHEREAS, the Project presents an opportunity to remediate a contaminated industrial site and revenue from the Project will allow the City to reinvest in the economic development of its downtown and maritime industrial waterfront;

WHEREAS, the Project can be developed in a responsible manner that is respectful of the historic nature of the City's downtown and waterfront with appropriate design principles, building materials and architectural sensitivity employed in the design and development of the Project, and will be developed to maximize integration of the Project with downtown businesses and attractions;

WHEREAS, the Project will bring economic development to the City, creating thousands of new construction and permanent jobs for residents and new sources of revenue for the City, and accordingly, the City desires to support KG in the development of the Project;

WHEREAS, KG and the City agree that this Agreement establishes appropriate procedures for identifying and mitigating the known impacts of the Project as required by Section 15(8) of the Act and that KG desires to mitigate the impacts from the development and operation of a gaming establishment through the means described herein, in accordance with the Act; and

WHEREAS, subject to a ballot question at an election in the City to authorize the operation of a Category 1 gaming establishment licensed by the Commission at the Project Site, KG and the City desire to enter into this Host Community Agreement to set forth the conditions to have a gaming establishment located within the City, in full satisfaction of Section 15(8) of the Act.

ACCORDINGLY, the Parties, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, enter into this Agreement to effectuate the purposes set forth above and to be bound by the provisions set forth below:

SECTION 1: DEFINITIONS

Capitalized terms used in this Agreement that are not otherwise defined herein and are defined in Section 2 of the Act shall be given such definition as of the date of this Agreement for purposes of the Agreement:

1.1. **"Gross Gaming Revenue"** has the meaning currently set forth in Section 2 of the Act: "the total of all sums actually received by a gaming licensee from gaming operations less the total of all sums paid out as winnings to patrons; provided, however, that the total of all sums paid out as winnings to patrons shall not include the cash equivalent value of any merchandise or thing of value included in a jackpot or payout; and provided further, that [Gross Gaming Revenue] shall not include any amount received by a gaming licensee from simulcast wagering or from credit extended or collected by the gaming licensee for purposes other than gaming; provided further, that the issuance to or wagering by patrons of a gaming establishment of any promotional gaming credit shall not be taxable for the purposes of determining gross revenue."

For the purposes of this Agreement and reflecting the Parties' interpretation of the Act, the term Gross Gaming Revenue as used in this Agreement does not include the issuance to or wagering by patrons of the gaming establishment of any (i) promotional gaming credit, (ii) revenues from the sale of food and beverage, (iii) retail sales, (iv) hotel revenues, (v) parking fees, (vi) ATM fees, nor (vii) any other non-casino sources of revenue.

1.2. "Open for Business to the General Public" means that the Project's gaming area (as defined in the Act) is open for business to the general public.

1.3. "Project Investment" means all costs incurred in connection with the Project, whether or not such costs are eligible for inclusion in the minimum capital investment requirement of $500 million for a Category 1 gaming establishment under the Act as determined by the Commission, and include but are not limited to all of the Project's hard and soft costs, furniture, fixtures and equipment, the Category 1 license fee, interest expense and financing fees, land acquisition costs, Project Site remediation and structure decommissioning/demolition costs, costs of onsite and offsite improvements, pre-opening costs (marketing, personnel/training, supplies, and other), legal fees, consultant costs, development fees, initial cage cash, pursuit and application costs, upfront costs assessed by the Commission, travel expenses, and payments under this Agreement before the Project is first Open for Business to the General Public.

SECTION 2: KG'S PRESENT IMPACT MITIGATION OBLIGATIONS

2.1. Preface. Except as otherwise expressly provided in this Agreement, payments made pursuant to Sections 2, 3 and 4 ("Project Payments") (i) are made in lieu of all taxes and impact payments otherwise due from KG to the City and its departments, boards, or commissions, including, but not limited to, its school district, and police and fire departments, but excluding permit fees, utility connection fees and other payments not uniquely targeted to games and gaming or to the Project; and (ii) constitute KG's mitigation efforts and are in full and complete satisfaction of KG's obligations under the Act and this Agreement to mitigate all Project impacts, known or unknown, whether or not identified in this Agreement, except as otherwise agreed to by the Parties in the Mitigation Agreement (as defined in Section 2.2(d) below). Except as expressly provided in Section 8.7, nothing in this Agreement will prevent the City from imposing lawful taxes and assessments on third party tenants, vendors and patrons of the Project, consistent with taxes, fees, and assessments lawfully and generally applied to all tenants, vendors and patrons in City.

2.2. Payment of City Costs for Project Planning and Review.

(a) Eligible Costs. KG will pay directly or reimburse the City, as appropriate, for the City's reasonable, direct costs (including but not limited to planning and peer review costs and reasonable legal fees) of determining the impacts of the Project, negotiating this Agreement and related agreements, and reviewing and commenting on Project design, as well as other reasonable, direct costs incurred by the City in connection with:

(1) holding joint public forums regarding the public referendum on the project;

(2) holding a ballot election as provided in Section 15(13) of the Act;

(3) communicating with and/or appearing before the Commission in connection with the KG's license application and the Project;

(4) preparing and presenting amendments to the City's Ordinances and other necessary municipal legislative enactments; and

(5) participating in local, state or federal permitting activities and municipal proceedings relative to the Project.

(b) Budget and Approval. With respect to any costs incurred by the City prior to the Effective Date in connection with any of the foregoing matters, the City agrees that the costs for which it will seek reimbursement shall not exceed Ninety Thousand Dollars ($90,000), exclusive of consultant funds previously provided by KG. With respect to costs incurred after the Effective Date, the City will prepare and submit to KG a budget(s) for all costs for which the City will seek payment or reimbursement hereunder, which budget(s) shall be subject to KG's review and approval, which approval will not be unreasonably withheld or delayed. Any costs not included in the approved budget(s) will require KG's separate prior approval. The City will also provide KG with any proposal, contract or scope of work for any consultants for which the City seeks or will seek payment from KG for KG's review and approval prior to the City's execution of such any proposal, contract or scope of work.

(c) Payment. KG will make payments to the City as may be necessary to cover the City's costs, subject to the budget and approval process of Section 2.2(b). The Parties will cooperate in seeking approval and payment of all costs approved pursuant to Section 2.2(b). The City will provide reasonable substantiation and documentation for any and all costs paid for or reimbursed by KG pursuant hereto, but will not be required to divulge privileged billing entries by its legal counsel. KG agrees that, where practicable, such funds shall be provided in advance to the City or its counsel, and that such consultant funds shall be paid from the funds provided in advance. Otherwise, such funds shall be reimbursed by KG within thirty (30) days of its approval of the budget therefor, provided that such approval shall not be unreasonably withheld or delayed. The City will promptly return to KG any payment made to the City under this Agreement which is not spent by the City as provided for in this Agreement.

(d) Impact Studies. KG and the City will jointly commission comprehensive studies to be prepared by one or more independent, mutually acceptable third parties to evaluate the impacts of the Project on the City's (i) traffic/public transit/transportation infrastructure; (ii) utility infrastructure; (iii) public safety; (iv) economy (including without limitation schools and housing impacts); and (v) construction impacts to the extent not addressed in the other studies (collectively, the "**Impact Studies**"). The Impact Studies will be funded by KG and will be designed and

undertaken in collaboration with the City, its departments and consultants, and in accordance with the requirements of the Act and aimed at providing complete and exemplary responses to the Commission's RFA-2 Application. Only one study shall be performed for each of items (i) through (v) listed above. Such third parties shall be instructed that KG and the City are joint clients, that their obligations are to impartially and fully evaluate the potential impacts of the Project, and both parties shall be entitled to review and comment on any drafts of the written report(s) prior to the finalization of the report.

(e) Mitigation Agreement. Upon the submission of the Impact Studies to KG and the City, the Parties will work together in good faith and in a reasonable and expeditious manner to agree on the required mitigation, and the timing of completion of such mitigation, which will be memorialized in a separate agreement in accordance with the Act (the "**Mitigation Agreement**"). The Parties acknowledge that time is of the essence with respect to completing the Impact Studies and executing the Mitigation Agreement and agree that the Mitigation Agreement should be completed twenty (20) days before the RFA 2 Application is due. In the event the Parties are unable to enter into the Mitigation Agreement in such time, they shall promptly enter into binding arbitration pursuant to Section 11.1 and complete such arbitration no later than five (5) days before the RFA 2 Application is due.

(f) **Permitting and Review Fees**. KG will pay to the City, and hereby agrees not to contest or challenge, all permitting and utility connection fees properly associated with the Project according to the fee schedule in effect for all developments in the City at the Effective Date, including but not limited to building permitting, planning, zoning fees, and reasonable costs and expenses to supplement the ability of the City's Office of Planning and Department of Inspectional Services to process Project-related permits, approvals, inspections and the like (including direct compensation for temporary staff but only to the extent such temporary staff is working on the Project, and only for activities occurring before the Project is Open for Business to the General Public) and outside consultants, pursuant to Section 2.2(b) (in addition to other payments made by KG pursuant to this Agreement).

SECTION 3: KG IMPACT PAYMENTS ONCE CATEGORY 1 GAMING LICENSE IS GRANTED

Upon the grant of a final, non-appealable Category 1 gaming license to KG by the Commission for the Project, KG will make the following payments to the City:

3.1. **Real and Personal Property Taxes**. From the date that KG takes title to the Project Site until the Project is first Open for Business to the General Public, in satisfaction of all Real and Personal Property Taxes due on the Project Site due after KG takes title (including after construction begins) and of any other assessments due from KG to the City and any City department, board, or commission for the Project, including,

but not limited to, its school district, and police and fire departments, except as otherwise expressly provided herein, KG will pay annual Real Property Taxes to the City based on the purchase price of the Project Site, which purchase price for purposes of this Agreement shall include all consideration paid by KG for the Project Site, including without limitation relocation costs, and which shall be pro-rated for any partial year, and based upon any percentage of partial completion of the Project, in accordance with generally applicable law and assessment standards,; provided further that no property tax exemptions shall apply. The Parties will calculate the amount of this annual payment by applying the City's commercial/ industrial tax rate on the date that KG takes title to the Project Site (which, for reference, is $32.18 per $1,000 of assessed value as of the Effective Date) to the purchase price of the Project Price, which KG represents is the result of a negotiated, arm's length transaction contemplating the receipt of the site-specific Category 1 gaming license and the redevelopment of the Project Site into the Project.

3.2. **Mitigation Pursuant to Impact Studies**. As agreed to by the Parties in the Mitigation Agreement, KG will fund the mitigation of impacts on the City identified in the Impact Studies, in the amounts and according to the timetable set forth in the Mitigation Agreement. The mitigation activities agreed to in the Mitigation Agreement will be scheduled to be completed before the Project is Open for Business to the General Public. KG will fund the agreed-upon reasonable costs of those mitigation activities to be undertaken by parties other than KG if the Mitigation Agreement includes any such activities. If the Mitigation Agreement requires KG to expend more than Eight Million, Five Hundred Thousand Dollars ($8,500,000) ("**Mitigation Cap**"), then KG may deduct the amount above Eight Million Five Hundred Thousand Dollars ($8,500,000) from the Annual Payments, provided that KG may not deduct more than One Million, Five Hundred Thousand Dollars ($1,500,000) per year. For purposes of this section, the cost of infrastructure improvements voluntarily undertaken by KG to serve the Project, which are not required by the City in connection with the Mitigation Agreement, shall not count toward the Mitigation Cap.

3.3. **Preliminary Economic Regeneration Payment**. After KG is granted a final, non-appealable Category 1 Gaming License for Region C, KG will pay Four Million, Five Hundred Thousand Dollars ($4,500,000) (the "**Preliminary Economic Regeneration Payment**"), paid by KG at the direction of the Mayor directly to governmental entities to promote economic development, harbor development, public schools and community preservation, in three installments as follows:

(a) Two Million Dollars ($2,000,000) payable:

(1) If the final, non-appealable Category 1 Gaming License is granted on or before April 30, 2016, the earlier of the date upon which KG receives construction financing for the Project or June 30, 2016; or

(2) If the final, non-appealable Category 1 Gaming License is granted after April 30, 2016, sixty (60) days after the license is granted.

(b) One Million Five Hundred Thousand Dollars ($1,500,000) on the first anniversary of the initial payment; and

(c) One Million Dollars ($1,000,000) on the second anniversary of the initial payment.

(d) Thirty (30) days prior the date each installment of the Preliminary Economic Regeneration Payment is due, the Mayor's Office shall provide KG written instructions for the manner in which such payments shall be made.

SECTION 4: KG PAYMENTS ONCE THE PROJECT IS OPEN FOR BUSINESS TO THE GENERAL PUBLIC

KG will make payments to the City and its designees as set forth in this Section after the Project is Open for Business to the General Public.

4.1. **PILOT Payments**.

(a) PILOT Agreement. The Parties will work cooperatively to enter into a payment in lieu of taxes ("**PILOT**") agreement through the use of a G.L. c. 121A urban redevelopment corporation and agreement, which may carry additional benefits for both parties, the details and requirements of which must be reviewed and agreed upon by the Parties and by the Massachusetts Department of Housing and Community Development ("**DHCD**"). As it is in the Parties' mutual interest to have a PILOT agreement in place before the Project is first Open for Business to the General Public, the Parties will begin working diligently on the process set forth in this paragraph immediately upon the execution of this Agreement. The Parties will work cooperatively to negotiate such an agreement and to seek the necessary approvals thereof, including the approval of DHCD.

(b) Special Legislation. If the Parties are unable to negotiate and obtain all the approvals necessary to enter into a PILOT agreement under G.L. c. 121A, they will work cooperatively to prepare and seek all necessary approvals of special legislation to authorize such a PILOT.

(c) Alternative Payment. If such special legislation is not passed by the General Court and signed into law by the Governor, the parties agree that the City will be required to assess real and personal property taxes in accordance with Massachusetts law and generally accepted assessment standards. If in any given year, the real and personal property taxes so assessed on the Project are more than the PILOT

would be under Section 4.1(a) and 4.2(a)(1) of this Agreement, then the Annual Economic Regeneration Payments, as described below will be decreased, in pro rata shares, by a total amount equal to such difference, provided that if such decreases would exceed the total amount of the such payments otherwise due, then the City shall not be required to make any repayments to KG, but KG will be entitled to a credit against any future year(s) Annual Economic Regeneration Payments for the amount by which the difference exceeds the total amount of Annual Economic Regeneration Payments otherwise due. Likewise, if in any given year, the real and personal property taxes so assessed on the Project are less than the PILOT would be under Sections 4.1(a) and 4.2(a)(1) of the Agreement, then the Annual Economic Regeneration Payments will be increased, in pro rata shares, by a total amount equal to such difference. For avoidance of doubt, the foregoing reconciliation provision is intended to ensure that if KG is paying real and personal property taxes rather than the proposed PILOT payment, then such real and personal property taxes when added to the Annual Economic Regeneration Payments for the same period shall be equal to the amount of PILOT and Annual Economic Regeneration Payments that would have been paid hereunder for the same period.

4.2. **Annual Payments**. After the Project is first Open for Business to the General Public, as an alternative to any and all real and personal property taxes and recurring impact payments due from KG to the City for the Project (but excluding hotel and meal, and motor vehicle excise taxes, which shall be paid as provided in Sections 4.3 and 4.4 of this Agreement), KG will annually make three defined payments to the City (collectively, the "**Annual Payments**") as further defined below.

(a) Amounts. KG will make the Annual Payments in a total amount equal to Twelve Million, Five Hundred Thousand Dollars ($12,500,000) with the Annual Payments to be allocated as follows:

(1) A PILOT in satisfaction of all Real and Personal Property Taxes otherwise owed to the City in the amount of Seven Million Dollars ($7,000,000), which shall be exclusive of and in addition to any and all applicable hotel, meals and excise taxes;

(2) An Annual Impact Payment in the amount of Five Hundred Thousand Dollars ($500,000); and

(3) Annual Economic Regeneration Payments, paid by KG at the direction of the Mayor directly to governmental entities to promote economic development, harbor development, and community preservation, totaling Five Million Dollars ($5,000,000); on April 15th of each year in which the Annual Economic Regeneration Payments are due, the Mayor's Office shall provide KG written instructions for the manner in which each quarterly payment (as provided in Section 4.2(b)) shall be made.

(b) Timing. On the first days of May, August, November and February, KG will make four equal quarterly payments of the Fixed Amount portions of the Annual Payments in arrears for the quarters ending on the last days of March, June, September, and December. If any date for payment set forth in this paragraph falls on weekend day, holiday, or other day on which banks in Bristol County are not open for business, KG will make the corresponding payments on the next business day.

(c) Annual Payments Adjustment. Beginning on the first day of the first municipal fiscal year following the fifth (5th) anniversary of the Project Opening for Business to the General Public, the Annual Payments shall increase by two and one-half percent (2.5%) per annum.

(d) Pro-ration. In the calendar year in which the Project is first Open for Business to the General Public, the amounts of the Annual Payments will be prorated based on the number of days that the Project is Open for Business to the General Public in that year. No Annual Payments will be earned or due before the Project is first Open for Business to the General Public. If, after it is first Open for Business to the General Public, the Project is prevented from remaining Open for Business to the General Public for five or more consecutive days or for more than twenty-five days during a calendar year by reason of any cyber-threat or attack, terrorist act, strike or labor troubles, government preemption in connection with a national emergency or by reason of any rule, order or regulation of any department (or subdivision thereof) of any government agency, fire, war, act of God or other emergency or circumstances not within KG's reasonable ability to control (collectively, "**Force Majeure**"), then the Annual Payments for that calendar year will be reduced pro rata based on the number of days in the calendar year that the Project is prevented from being Open for Business to the General Public by the Force Majeure event(s). If, however, KG receives business interruption insurance payments or other compensation for its inability to make its Annual Payments because of closure as a result of any Force Majeure event, KG shall credit the amount of those insurance proceeds against any proration sought hereunder. If KG seeks to receive Force Majeure relief under this section, it shall provide written notice thereof to the City and shall provide all documentation in its possession that is necessary to support such request, including any applicable insurance policies or other documents that may lead to mitigation of the loss claimed by KG as a result of the Force Majeure event. The parties shall negotiate in good faith regarding any request by KG for relief hereunder. If the parties are unable to resolve KG's request, they shall each retain all rights pursuant to the dispute resolution provisions set forth in Section 11.1 hereof.

(e) Region C Tribal Casino. If a Tribal casino opens in Region C, the Annual Payments will be altered, starting in the quarter that the Tribal casino first opens for business, to the higher of Seven Million, Five Hundred Thousand Dollars ($7,500,000) or 2.5% of Gross Gaming Revenue of the Project. If either party asserts that the opening of the Tribal casino in Region C is a reason for reopening the mitigation

agreement as provided in 205 CMR 127.02, the parties shall follow the procedures in 205 CMR 127.00 for resolving the matter.

(f) Expansion. If, after the Project is first Open for Business to the General Public, KG expands the Project's total gross casino floor area by seventeen and half percent (17.5%) or more in the aggregate, then such change shall be considered a voluntary re-opener under 205 CMR 127.06 and KG and the City shall negotiate in good faith concerning the payments KG will make to the City under Section 4.2 after such expansion is completed. If the Parties are unable to reach agreement on the modification of the Annual Payments due once such expansion is completed, they shall proceed with dispute resolution pursuant to Section 11.1 hereof. Nothing in this Section shall exempt such expansion from any permitting or licensing requirements applicable thereto.

4.3. **Hotel and Meals Taxes**. KG (or its tenants or operators, as applicable) will assess and collect all local hotel/room occupancy and meals taxes from its patrons and will remit payment of such taxes to the City in accordance with applicable law.

4.4. **Motor Vehicle Excise Taxes**. KG agrees to garage all motor vehicles owned by the Project in the City and pay excise taxes on those vehicles to the City in accordance with applicable law.

4.5. **Late Payment Penalty**. Timely payment of the amounts required under this Agreement is a material condition to the City's agreement to execute this Agreement, and KG therefore agrees to pay interest at ten percent (10%) per annum on any required payment not timely paid in accordance with the terms of this Agreement, calculated on a daily basis using a 365-day year, provided that, with the exception of real and personal property taxes pursuant to Section 3.1(b), the City provides on the first three occasions when such payment is late written notice five (5) business days in advance of assessing such late penalty and KG shall not owe a late payment penalty if KG pays the outstanding amount within such five (5) business day period.

SECTION 5: OTHER KG COMMITMENTS

5.1. **Project Investment**. If the Commission grants a final, non-appealable Category 1 gaming license to KG for the Project, KG will make a Project Investment of approximately Six Hundred Fifty Million Dollars ($650,000,000) to develop the Project. Upon a favorable city-wide referendum ballot authorizing the operation in City of the Project as a Category 1 gaming establishment licensed by the Commission, KG will use all reasonable efforts to promptly obtain a Category 1 gaming license from the Commission for the Project.

5.2. **Brownfield Cleanup**. As the location of the former Cannon Street power station and bulk oil storage facility, the Project Site is heavily contaminated by oil and hazardous materials requiring extensive environmental remediation. In addition, the power plant and other structures are obsolete and burdened with contaminated materials,

leaving a large waterfront parcel critical to the City's economic and waterfront development blighted and under-utilized. As part of the Project, KG shall remediate the existing environmental contamination adversely affecting the Project Site in accordance with Chapter 21E of the Massachusetts General Laws and Massachusetts Contingency Plan (310 CMR 40.0000, et. seq). KG shall also diligently decommission and demolish those existing Project Site structures and buildings that will not be used for the Project. KG's environmental consultant, TRC, has estimated the costs for the foregoing work to be approximately Fifty Million Dollars ($50,000,000).

5.3. **Relocation of NStar.** KG agrees to use good faith efforts to work with NStar relocate its operations from the Project Site to another site in the City in order to preserve NStar's jobs in the City. In exercising its good faith efforts, KG will in no event be required to spend more than Fifteen Million Dollars ($15,000,000) to relocate NStar's site inclusive of the costs to acquire NStar's McArthur Site. The City agrees to work cooperatively with KG and NStar to identify a suitable location within the City for such relocation. The parties acknowledge that the decision to select the relocation site is solely to be made by NStar, which is not a party to this Agreement, and that KG will not be deemed in violation of this provision if NStar chooses to relocate its operations to a location outside of the City, despite such good faith efforts by KG.

5.4. **Waterfront Harborwalk and Access.** KG is developing the Project as a waterfront resort casino and shall make public access to the Project's waterfront part of its development. Consistent with the City's current municipal harbor plan and Massachusetts General Law Chapter 91, the Public Waterfront Act and Waterways Regulations ("**Chapter 91**"), KG shall incorporate in its design certain features that promote and protect the Project's waterfront for public access, use and enjoyment. Subject to securing applicable local, state and federal approvals, KG will construct a harborwalk amenity along the waterfront edge of the Project Site, the cost of which KG estimates to be Ten Million Dollars ($10,000,000). KG agrees to work cooperatively with the City in connection with the planning, permitting and construction of the harbor walk, including where feasible ensuring connection with other existing or planned pedestrian routes along waterfront or from downtown.

5.5. **Commercial Fishing/Recreational Marina.** The City believes that tidelands in its harbor areas, especially in the City's Designated Port Area, should be fully utilized in accordance with the City's maritime history and traditions. Given the physical constraints of the Site and the adjacent water sheet, productive and compatible uses of the tidelands of the Project Site include providing commercial fishing vessel berths in the southern portion of said tidelands and a public recreational boating facility (as that term is defined in 310 CMR 9.38) in the northern portion of such tidelands between the proposed casino location and Leonard's Wharf.

KG acknowledges that the City desires to create additional berths for commercial fishing vessels along the southernmost edge of the Project Site. Prior to the time the

Project is first Open for Business to the General Public, the City (or its designee) and KG will in good faith attempt to negotiate a lease for nominal value and containing commercially reasonable terms for the bulkhead and adjacent tidelands portion of that area. The berthing of commercial fishing vessels shall not adversely affect the Project or the patrons' experience. The lease shall not include any pedestrian or vehicular access across the Project Site.

As noted, the City desires to provide for a public recreational boating facility in the northern portion of the tidelands adjacent to the Project Site. The City acknowledges that a portion of this area contains the so-called Outer Slip Cap and is subject to an Activity and Use Limitation precluding the disturbance of the Outer Slip Cap, and in addition portions of this area contain contaminated sediments that could be disturbed by recreational boating activities. KG and the City (and/or designee) will in good faith negotiate and execute an option agreement granting the City the right to execute a commercially reasonable long-term lease of the tidelands for the operation of a public recreational boating facility for transient boaters, for a nominal lease payment, which option agreement shall include the following terms:

(a) The City will secure at its cost an environmental pollution legal liability policy, which policy will name KG as an insured (and NStar as an additional named insured) and will include a coverage term for the term of the lease and coverage amounts, deductibles and exclusions acceptable to KG in its sole and absolute discretion;

(b) KG shall provide necessary easements to allow electrical and water utility connections;

(c) The marina construction commencement and phasing shall be approved in advance by KG, which approval may be withheld or conditioned in its sole and absolute discretion; and

(d) The operation of the marina shall not interfere with the operation of the Project, including without limitation the Project Site may not be used for (i) vehicular access to the marina or (ii) parking for marina employees or patrons, in either case without KG's written consent, which may be withheld or conditioned in its sole and absolute discretion.

5.6. **Rewards Programs.** As part of its rewards / frequent guests / loyalty or similar programs, KG will issue at least Fifty Thousand Dollars ($50,000 per year) in gift cards, gift certificates and/or local business discounts to be redeemed at City businesses outside the Project Site. In addition, KG and the Project operator shall use best efforts to ensure that rewards / frequent guest / loyalty points or similar rewards may be used to purchase goods and services at City businesses outside the Project Site.

5.7. **Partnership with Zeiterion Theater.** KG shall designate the Zeiterion Theater as an Impacted Live Entertainment Venue ("ILEV") as defined in the Act and

shall enter into an ILEV Agreement under which it will provide support to the Theater in advancing its marketing/promotions, programming and artistic mission, reinforcing the important role of local arts in the community or participate in the binding arbitration procedure provided for in 205 CMR 126.01(4)(c).

5.8. **Partnership with Other Hotels in City.** KG shall use reasonable good-faith efforts to partner with other hotels located within a half mile of the Project on cross-marketing opportunities.

5.9. **Responsible Gaming Program.** KG recognizes that, while gaming is an enjoyable leisure and entertainment activity for most, there is a small percentage of the population that may not gamble responsibly. KG will implement a responsible gaming plan at the Project in compliance with the Act and all applicable regulations of the Commission.

5.10. **Cooperation on Site Design.** KG recognizes that the City is particularly interested in ensuring that the Project is designed and developed in conformance with the City's planning and economic development goals, and in a manner that is consonant with the City's rich history and architectural fabric and will not adversely impact businesses within the City's downtown. Accordingly, the parties hereby agree that:

(a) The parties recognize that the Project will require a special permit from the City's Zoning Board of Appeals and Site Plan approval from the City's Planning Board. The parties agree that KG will consult regularly with the City regarding Project design and will consider the comments, input and recommendations of the City and its consultants regarding Project design, site layout, pedestrian and vehicular access, architecture and building materials. The Parties agree that the City Planning Board's Site Plan review may give reasonable consideration to issues relating to integration of the Project with the City's downtown. Nothing herein is intended or shall have the effect of limiting the lawful scope of the Planning Board's review or that of any other permitting board or agency.

(b) KG shall limit the following uses as set forth in this Section 5.9(b):

(1) One full-service hotel to be located at the northern side corner of the site containing not more than three hundred (300) rooms and not exceeding eleven (11) stories in height, which may include one full-service restaurant and one counter-service restaurant;

(2) Indoor food service establishments totaling not more than thirty-five thousand square feet (35,000 s.f.) in seating space, (i) excluding nightclubs and bars that do not offer sit-down meal service and (ii) food kiosks, as depicted in the northwest corner of the Project Site on **Exhibit 1**;

(3) Retail sales space not to exceed twenty-five thousand square feet (25,000 s.f); and

(4) One dedicated, fixed-seat performance space, which shall not provide more than two hundred seats.

(c) The Project will include construction and operation of a waterfront conference center of approximately twenty-five thousand square feet (25,000 s.f.).

(d) For the purposes of this section, "Casino" shall refer to the structure containing the primary Gaming Area but shall not refer to the historic power plant structure on the Project Site. Signage for the Project shall be subject to applicable City Ordinances and to the following specific limitations:

1. There shall be no signage advertising or referring to Gaming, or any Game or Gaming Device, or to the operator of the Gaming Area, or containing or depicting any trademark or brand of the operator of the Gaming Area on any east facing façade of any structure on the Project Site;
2. No portion of any signage advertising or referring to Gaming, or any Game or Gaming Device, or to the operator of the Gaming Area, or containing or depicting any trademark or brand of the operator of the Gaming Area, shall be at a height above forty (40) feet, provided however, that such signage shall be permitted up to twenty (20) feet above the roof of the Casino.
3. Neither KG nor the operator of the Gaming Area shall advertise or refer to Gaming, or any Game or Gaming Device, or to the operator of the Gaming Area on any billboard in the City. However, if any other gaming establishment located in any state advertises on any billboard(s) in the City ("Competing Billboard"), KG and/or the Gaming Operator may so advertise on up to an equal number of billboard(s) in the City for so long as such Competing Billboard(s) exists; provided that KG or its operator shall have reasonable time to remove its advertising from its billboard(s) once the Competing Billboard no longer exists.

5.11. Letter of Credit. To secure KG's obligations under this Agreement, KG shall not later than the commencement of construction of the Project, deliver to the City an original irrevocable standby letter of credit issued by a major money center bank located within the United States reasonably acceptable to the City in the sum of Five Million Dollars ($5,000,000) (the "Letter of Credit") or some other form of credit satisfactory to the City. The Letter of Credit shall be issued in accordance with, and subject to, the International Standby Practices (ISP98) International Chamber of Commerce Publication No. 590 and the rules of the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, as most recently published and/or updated by the International Chamber of Commerce, or any successor code of standby letter of credit practices generally adopted by the issuing bank as may be in effect at the time of issuance. KG shall be required to

maintain the Letter of Credit throughout the Agreement and shall annually provide evidence to the City of its renewal. In the event such evidence of renewal is not received by the City at least thirty (30) days prior to its expiry, the City shall be entitled to draw on the then existing Letter of Credit and shall hold the funds in escrow until such time as a replacement Letter of Credit has been provided to the City. The City shall have the right to draw upon the Letter of Credit if KG fails to make a timely payment of any of the payments called for in this Agreement and fails to make any such payment within ten (10) days after receiving written notice from the City of an overdue payment. On the second (2nd) year anniversary after the Project is Open for Business to the General Public, the Letter of Credit shall promptly be returned to KG, provided that KG has timely made all payments required under this Agreement.

5.12. **City Office of Gaming Coordination.** The City intends to create an Office of Gaming Coordination to handle matters relating to the Project and its operation, including without limitation periodic review of the status of the Project, employment, use of vendors and other matters set forth in this Agreement. KG agrees to work cooperatively with the Office of Gaming Coordination and to provide such non-privileged information as may reasonably requested by said Office from time to time.

SECTION 6: WORKFORCE DEVELOPMENT AND LOCAL HIRING PREFERENCES

6.1. **Construction Jobs.**

(a) Subject to the Act, and to the extent that such a practice and its implementation are consistent with federal, state, and municipal laws and regulations, KG will work in a good faith, legal and non-discriminatory manner with the Project's general contractor, construction manager, and/or subcontractors to give reasonable preference in the hiring for Project construction jobs to properly qualified bona fide residents of the City. KG shall use good faith efforts to require its construction contractor to provide that at least twenty percent (20%) of the total employee hours for construction of the Project be undertaken by properly qualified bona fide residents of the City, if such qualified bona fide residents of the City apply.

(b) KG shall require its general contractor or construction manager for the Project and those engaged by said general contractor or construction manager to use good faith efforts to employ suitably qualified minorities, women and veterans for the construction of the Project and the Developer shall meet all Commission requirements for the employment of properly qualified minorities, women and veterans on the Project.

(c) KG intends for the Project to be constructed using union labor and has entered into an agreement with the Massachusetts Building Trades Council and the Southeastern Building Trades Council, which is attached hereto as **Exhibit B**.

6.2. **Permanent Jobs.**

(a) Subject to the Act, and to the extent that such a practice and its implementation are consistent with federal, state, and municipal laws and regulations, KG will work in a good faith, legal and non-discriminatory manner to give reasonable preference in the hiring for permanent Project jobs to properly qualified bona fide residents of the City. KG shall use good faith efforts to require its operators of the Project to provide that at least twenty percent (20%) of the total permanent workforce of the Project be comprised of properly qualified bona fide residents of the City, if such qualified bona fide residents of the City apply.

(b) KG will hold two career / job fair(s) in the City to highlight and publicize the Project's permanent job needs and explain to attendees the process by which they may seek to be hired in connection with the Project.

(c) KG shall use reasonable good faith efforts to employ properly qualified minorities, women and veterans as part of the total permanent workforce for the Project and shall meet all Commission requirements for the employment of properly qualified minorities, women and veterans on the Project.

(d) Career Training. KG shall use reasonable good faith efforts to enter into a Memorandum of Understanding with Bristol Community College ("BCC") on initiatives and cooperation toward workforce training, with an emphasis on the casino and hospitality industries. The Memorandum of Understanding shall ensure that such initiatives and training focus and primarily occur upon the New Bedford campus of the BCC.

6.3. **Local Vendors.**

(a) On an annual basis, KG (together with its affiliates, tenants and operators) shall utilize reasonable good faith efforts to purchase not less than Ten Million Dollars ($10,000,000) in goods and services annually from competitively priced vendors and companies with a principal place of business in the City and will provide reasonable assistance to such local vendors in satisfying the qualification requirements of the Commission.

(b) KG will hold two vendor fairs in City to educate local vendors about opportunities to provide goods and services to the Project.

SECTION 7: PROJECT DEMANDS ON CITY SERVICES

7.1. KG recognizes that the Project may require upgrades to certain components of the City's utility infrastructure. The nature and extent of any required utility infrastructure upgrades will be determined through the Impact Studies process set forth in Section 2.2(d) and (e) of this Host Community Agreement and KG's obligation to

construct and/or pay for others to construct such reasonable necessary upgrades will be memorialized in a separate Mitigation Agreement under that section of this Agreement.

SECTION 8: CITY OBLIGATIONS

In consideration of the mitigation measures that KG will undertake, and in further recognition of the benefits the Project will bring to City, the City will do the following:

8.1 **City Wide Election**. The Mayor will promptly request that the City Council formally approve the holding of an election pursuant to Section 15(13) of the Act, and consistent with the regulations and interpretations of the Commission. Upon receipt of the Mayor's request, the City Council will schedule a City-wide election so that qualified City residents can vote on a ballot question to support or reject this Agreement and, by extension, the Project. The Mayor will request that the City Council schedule such election no later than ten (10) days before the RFA 2 Application is due, provided that holding the election on such date is not in direct violation of state law or any duly promulgated regulation of the Commission, and subject to any determination by the Commission that the election should be held on a different date. If the election is not so permitted to be held ten (10) days before the RFA 2 Application is due, it will be held upon a mutually acceptable date as soon as permitted under applicable state law and regulations and any Commission directive;

8.2 **Support KG's License Application**. The City will support and actively work with KG in its RFA-2 application for a Category 1 gaming license from the Commission, including issuing a written statement of the City's support of the Project;

8.3 **Seek Funds Available Under the Act**. The City will use best efforts to seek monies available under the Act, including but not limited to, those monies in the Community Mitigation Fund, the Local Capital Projects Fund, the Massachusetts Cultural Council, and the Transportation Infrastructure and Development Fund; provided, however, that any monies obtained by the City under this provision will not change KG's obligation to mitigate impacts as described herein;

8.4 **Support Permitting and Approval Efforts**. The City will work cooperatively and in good faith with KG to support and assist KG in securing in a prompt and efficient manner all zoning/land use, site plan, and other City licenses, permits and approvals from the City, and as may be required or advisable in connection with the construction and operation of the Project, including processing license, permit and approval applications in an expeditious manner after customarily required application materials have been submitted; provided that nothing herein shall require the City to waive any review and approval rights set forth in applicable statutes or regulations and provided further that the City shall retain the right to provide comments and recommendations regarding Project design, consistent with this Agreement;

8.5 **Amend Local Regulations**. If required or advisable in connection with the development and operation of the Project, the City will consider any reasonable request by KG to prepare and submit an amendment to the City Zoning Ordinance, and/or any other City land use regulations requiring amendment, to allow construction and operation of the Project at the Project Site; provided, however that the KG acknowledges that such amendment(s) may include a reasonable administrative site plan review process and the adoption of reasonable design guidelines.

8.6 **Actively Support Other Permitting and Approval Efforts for the Project**. The City will actively support KG in obtaining all other licenses, permits or approvals required or advisable in connection with the construction and operation of the Project, including without limitation any Chapter 91 permits or licenses, modifications to the Designated Port Area boundaries and/or amendments to the New Bedford Municipal Harbor Plan, provided that the City shall retain the right to provide comments and recommendations regarding Project design, consistent with this Agreement; and

8.7 **No New Taxes or Fees Targeting the Project**. To the extent permitted by law, the City will not directly or indirectly adopt or implement, nor accept, any municipal taxes, fees or other assessments specific or unique, by language or effect, to a gaming establishment, its customers, employees, tenants, vendors, suppliers or owners that do not generally apply to other businesses in the City or its downtown.

SECTION 9: TRANSFERABILITY

KG may transfer or assign, subject to the Act, its rights and obligations under this Agreement to any transferee or assignee of the Category 1 gaming license to operate the Project as approved by the Commission, provided that the transferee or assignee assumes all obligations and liabilities hereunder. The City will be bound by this Agreement regardless of any such transfer or assignment. Any transferee or assignee of KG will likewise be bound by this Agreement to the fullest extent allowed by law. For the avoidance of doubt, after any transfer or assignment of the Agreement in accordance with the terms of this Section 9, KG shall have no further obligations under this Agreement provided that KG has paid and performed all of its obligations up to the date of assignment or transfer.

The City acknowledges and agrees that KG and its successors or assigns may, at any time and on one or more occasions, provide security to a lender, mezzanine lender or equity holder in connection with a financing or equity contribution, pledge or otherwise collaterally assign this Agreement and all documents, agreements, understandings, and arrangements relating to the transaction contemplated by this Agreement. The City will, within ten (10) days after receiving such a request, execute any commercially reasonable and customary instruments that do not deviate from its rights or increase its obligations (other than immaterial, administrative obligations).

This Section 9 shall not apply to, and shall in no way limit or restrict KG's ability to execute, any leases (including long-term ground leases), licenses, easements or other occupancy agreements executed by KG with respect to the Project.

SECTION 10: MODIFICATION

This Agreement may be modified or amended by written agreement of the Parties for any reason the parties deem is in their mutual interest, not otherwise inconsistent with the Act and all requirements of the Commission. Any such modification pursuant to this Section 10 shall be considered a voluntary reopening of a mitigation agreement as provided in 205 CMR 127.06

SECTION 11: CHOICE OF LAW; DISPUTE RESOLUTION

11.1 **Dispute Resolution.** Any dispute arising out of or related to this Agreement, or the breach thereof, that cannot be resolved by discussions, shall be resolved as follows: (a) first, by mediation administered by the American Arbitration Association ("AAA") under its Commercial Mediation Rules; and (b) if mediation does not resolve the dispute or if either party refuses to participate in good faith in mediation, by binding arbitration by a single arbitrator under the AAA Commercial Arbitration Rules. Any decision or award as a result of any such arbitration proceeding shall be in writing and shall provide an explanation for all conclusions of law and fact. Any such arbitration shall be conducted by an arbitrator experienced in gaming and real estate development and shall include a written record of the arbitration hearing. The parties reserve the right to object to any individual who shall be employed by or affiliated with a competing organization or entity. An award of arbitration may be confirmed in a court of competent jurisdiction. Each party shall bear its own costs in connection with the arbitration, and they shall share equally in the fees of the arbitrator. The Parties agree that time is of the essence in connection with undertaking and completing any dispute resolution under this Section 11.1, and agree that the scheduling of the arbitration proceeding, shall to the maximum extent feasible take into account any pending Project timelines.

11.2 **Choice of Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without regard to its conflict of laws provisions. Any dispute arising under or in connection with this Agreement shall be within the exclusive jurisdiction of the Massachusetts Superior Courts for Suffolk or Bristol Counties.

SECTION 12: INDEMNIFICATION

KG agrees to and shall defend, indemnify and hold harmless the City from and against any and all claims, actions, proceedings or demands brought against the City, its agents, departments, officials, employees, or insurers ("**Indemnified Parties**") by any third party

in connection with this Agreement, or exercise of its rights or obligations hereunder, or the issuance of City permits and approvals for the Project, and any reasonable costs incurred by the City in connection with defending legal challenges (other than by the City's agents, departments, officials or employees) of City actions taken in good faith in pursuit of any of the foregoing, except to the extent that any such claims, actions, proceedings or demands are premised upon acts of the City or its agents, departments, officials or employees taken intentionally or constituting gross negligence. The Indemnified Parties may elect to engage their own counsel to defend the Indemnified Parties, at KG's sole cost and expense, subject to KG's approval of Indemnified Parties' counsel, which approval shall not be unreasonably withheld. In such case, Indemnified Parties and their attorneys shall control the resolution of any claims, actions, proceedings or demands for which a claim has been made under this Section 12; provided, however, that no compromise or settlement of such claim, action, proceeding or demand shall be entered without KG's consent, which may be conditioned, delayed or withheld in its sole and absolute discretion. KG agrees, within thirty (30) days of written notice by the City, to reimburse the City for any and all reasonable costs and fees incurred in defending itself with respect to any such claim, action, proceeding or demand.

SECTION 13: MISCELLANEOUS

13.1 **No Third Party Beneficiaries**. No provisions of this Agreement shall be construed in any manner so as to create any rights in any third parties not party to this Agreement. The Agreement shall be interpreted solely to define specific duties and responsibilities between the City and KG, and shall not provide any basis for claims of any other individual, partnership, corporation, organization, or municipal entity.

13.2 **Entire Agreement**. This Agreement, together with any separate Mitigation Agreement between the City and KG to be entered into after the Effective Date, embodies the entire agreement between the Parties and supersedes all prior agreements and understandings relating to the Project.

13.3 **Exercise of Rights and Waiver**. The failure of any party to exercise any right under this Agreement shall not, unless otherwise provided or agreed to in writing, be deemed a waiver thereof; nor shall a waiver by any Party of any provisions hereof be deemed a waiver of any future compliance therewith, and such provisions shall remain in full force and effect.

13.4 **Severability**. If any clause, provision or remedy in this Agreement is, for any reason, deemed invalid or unenforceable, the remaining clauses and provisions shall not be affected, impaired or invalidated and shall remain in full force and effect.

13.5 **Headings and Construction**. The section headings in this Agreement are inserted for convenience of reference only and shall in no way affect, modify, define or be used in construing the text of the Agreement. Where the context requires, all singular

words in the Agreement shall be construed to include their plural and all words of neuter gender shall be construed to include the masculine and feminine forms of such words.

13.6 **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

13.7 **Time is of the Essence**. The Parties agree and acknowledge that time is of the essence under the Agreement, and agree to cooperate and take such actions are as necessary to ensure the timely completion of their respective duties and obligations hereunder.

13.8 **Operator to Comply**. The Parties agree and acknowledge that any third-party operator of the Gaming Area should comply with the terms of this Agreement. KG shall provide such operator with a copy of this Agreement.

SECTION 14: NOTICES

Any notices, consents, demands, requests approvals or other communications issued under this Agreement must be made in writing and must be delivered by hand, overnight delivery service, or certified mail, postage pre-paid (return receipt requested), and will be effective upon receipt for hand or overnight delivery and three days after mailing, to the other Party at the following addresses:

If to the City:

City of New Bedford
Office of the Mayor
133 William Street
New Bedford, MA 02740

With copy to:

City of New Bedford
City Solicitor
133 William Street, Room 203
New Bedford, MA 02740

With a copy to:

Jonathan Silverstein, Esq.
Kopelman and Paige, P.C.
101 Arch Street, 12th Floor
Boston, MA 02110

If to KG:

Barry Gosin

KG New Bedford, LLC
125 Park Avenue
New York, NY 10017

With a copy to: Hamilton Hackney, Esq.
Greenberg Traurig, LLP
One International Place
Boston, MA 02110

With a copy to: Kevin Conroy, Esq.
Foley Hoag LLP
155 Seaport Blvd.
Boston, MA 02210

SECTION 15: TERM

The term of this Agreement commences on the Effective Date and will end on the earliest of:

A. Any date on which KG provides written notice that it elects to withdraw its application or abandon its efforts to obtain a Category 1 gaming license to be located in City, which it may do at any time in its sole and absolute discretion;

B. Any date on which the Commission has issued a Category 1 gaming license for Region C to another applicant and KG has provided written notice that it has decided to discontinue pursuit of a Category 1 gaming license for the Project, which it may do in its sole and absolute discretion;

C. Any date on which KG provides written notice that it elects not to construct, or to permanently cease operations of, the Project, which it may do at any time in its sole and absolute discretion; or

D. Any date upon which the Category 1 gaming license previously issued to KG for the Project is revoked, rescinded or expires without having been renewed (collectively, "**Termination Date**").

If the Agreement is terminated, notwithstanding any other provisions of this Agreement, KG and the City will have no further obligations to each other under this Agreement, except that KG will pay the following:

(i) costs incurred by the City as of the Termination Date that KG is obligated to pay under Section 2 of this Agreement;

(ii) any payments then due under Section 3 as of the Termination Date and pro rated as of the Termination Date, if applicable;

(iii) the costs of completing or restoring to original conditions any in progress phase(s) of work underway under Section 3.2 as of the Termination Date;

(iv) pro-rated portions of any annual payments due under Section 4.1 of this Agreement, calculated as of the Termination Date;

(v) any applicable penalties under Section 4.5; and

(vi) any obligations associated with an indemnity claim under Section 12 of which the City gives KG notice prior to the Termination Date.

Such termination of this Agreement shall not absolve KG of responsibility for any lawfully assessed, post-termination taxes or regulatory fees in connection with the Project Site for so long as KG continues to own the Project Site.

KG NEW BEDFORD LLC,

_____

By: Barry Gosin, Managing Member

CITY OF NEW BEDFORD,

_____

By: Jonathan F. Mitchell, Mayor

Mikaela A. McDermott

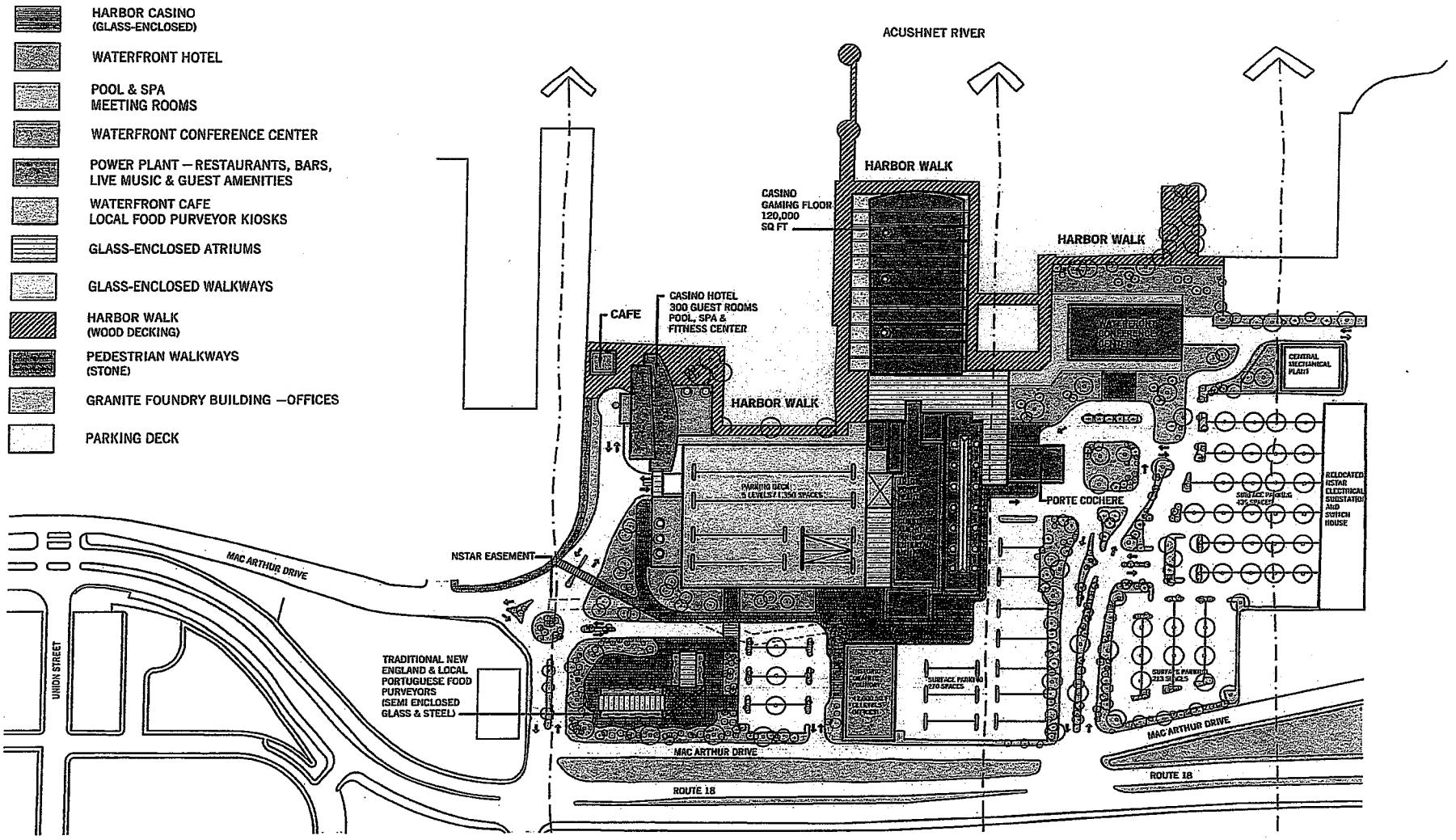
_____

Approved: Mikaela A. McDermott, City Solicitor

_____

Approved: Ari J. Sky, Chief Financial Officer

EXHIBIT A



CANNON STREET STATION
NEW BEDFORD, MA.
DATE:3/18/2015

MASTER PLAN

kostowgreenwood | architects LLP

PROJECT#: 15-006

594 broadway, new york city 10012 | 212.334.0116

EXHIBIT B

KG Urban Enterprises

125 Park Avenue, 14th Flr.
New York, NY 10017

T 212.850.5428
F 212.681.0344
www.kgurban.com

KG New Bedford, LLC

TO: Frank Callahan
President
Massachusetts Building Trades Council

David J. Araujo
President
Southeastern Massachusetts Building Trades Council

RE: New Bedford: Cannon Street Station Project

DATE: February 6, 2014

You have inquired about how KG New Bedford, LLC intends to comply with the requirements of subsection (iv), section 18(18) of chapter 194 of the Acts of 2011. In particular, you have asked about our plans to comply with the requirement for labor harmony during the construction, reconstruction, renovation and development (hereinafter "construction") of the proposed resort- style gaming establishment and related facilities at Cannon Street Station (the "Project"). We understand that the Commonwealth and your organizations will rely on the contents of this letter and we assure you that you can do so.

You have asked us about our construction policy for the Project. We support the use of socially responsible contractors when constructing our projects. In furtherance of that goal and consistent with our own social values, we have adopted certain minimum requirements for contractor participation in the construction of the Project. Failure to meet any of these minimal requirements precludes contractors from bidding for work on the Project. Contractors who meet all of these minimal requirements will be permitted to bid for work. However, meeting all minimal requirements does not guarantee a contractor's selection or acceptance of the contractor's bid.

In order to be eligible to submit a bid for work on the Project, a contractor must meet all of these minimal requirements:

1. Individuals assigned to the Project will be classified as employees. Contractors who utilize individuals misclassified as "independent contractors" for their jobsite labor force are not eligible to participate in the construction of the Project.

2. The contractor must comply with all health and safety laws, regulations and procedures required by state and federal laws.

3. The contractor must provide and pay for workers compensation insurance for all of its employees assigned to work on the Project.

4. The contractor must provide for minimally credible health insurance coverage for its construction employees and their dependents.

5. Any contractor who employs appropriate crafts must maintain or participate in a training program that meets the requirements of applicable licensing authorities.

6. The contractor must pay all wages due in a timely fashion in accordance with applicable law.

7. The contractor must agree to staff the Project with an appropriate number of "responsible" persons as required by OSHA.

In addition, immediately after appointing a construction manager ("CM") for the Project, we will direct our CM to commence negotiations for a project labor agreement with the Massachusetts Building Trades Council and the Southeastern Massachusetts Building Trades Council covering the terms and conditions of employment of employees working on the construction of the Project.

Sincerely,

KG NEW BEDFORD, LLC

By: KG New Bedford Holico, LLC
its sole member

By: KG Urban NB Member LLC,
its sole member

By: _____
Barry M. Gosin,
a Managing Member

By: _____
Andrew M. Stern,
a Member

FKC Acknowledged and Agreed: Received and Acknowledged: FKC

MASSACHUSETTS BUILDING TRADES COUNCIL

By: _____
Frank Callahan
President

Date: 2/27/14

Although all information furnished regarding property for sale, rental, or financing is from sources deemed reliable, such information has not been verified, and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice and to any special conditions imposed by our principal.

SOUTHEASTERN MASSACHUSETTS BUILDING TRADES COUNCIL

By: _____
David J. Araujo
President

Date: 2/27/2014

Although all information furnished regarding property for sale, rental, or financing is from sources deemed reliable, such information has not been verified, and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice and to any special conditions imposed by our principal.