

DEVELOPMENT AND TAX AND CLAIM SETTLEMENT AGREEMENT

THIS AGREEMENT is made as of the 17th day of December, 2007 (the "Effective Date") by and between THE CITY OF PHILADELPHIA, a body corporate and politic organized and existing under the laws the Commonwealth of Pennsylvania (the "City") and HSP GAMING, L.P., a Delaware limited partnership ("HSP").

BACKGROUND

A. Title 14 of The Philadelphia Code, entitled "Zoning and Planning," was amended by Bill No. 051028-AA and Bill No. 060631 to add Chapter 14-400 (the "CED Ordinance"), which provides for the establishment of commercial entertainment districts ("Commercial Entertainment Districts") in the City, and sets forth requirements for plans of development and procedures for approval of such plans for property within such Commercial Entertainment Districts. Licensed gaming facilities are included as a specific permitted use under Chapter 14-400.

B. HSP has received approval from the Pennsylvania Gaming Control Board (the "PGCB") of its application for a Category 2 Slot Machine License for a casino in the City of Philadelphia (the "License") under the Pennsylvania Race Horse Development and Gaming Act, 4 P.A.C.S.A. § 1100, *et seq.* (as the same may be amended or supplemented from time to time, and including any successor thereto the "Act").

C. On receipt by HSP of the License from the PGCB and all Approvals (as defined in Section 2 below), HSP intends to develop, construct and operate a Category 2 licensed gaming facility (the "Gaming Facility"), to be known as the "SugarHouse Casino" on a parcel of property located on North Delaware Avenue, Philadelphia, PA, between Shackamaxon Street, Ellen Street and the Delaware River, as more fully described on Schedule 1 attached hereto (the "Property").

D. Pursuant to Section 14-403 of the CED Ordinance, HSP submitted to the Philadelphia City Planning Commission (the "Planning Commission") a plan of development for the SugarHouse Casino, which was approved by the Planning Commission on May 22, 2007 (the "Plan of Development").

E. On May 24, 2007, pursuant to the CED Ordinance, draft ordinances were introduced in the City Council of the City of Philadelphia (the "City Council") to (1) approve the Plan of Development ("CED Plan Ordinance"), (2) amend the zoning for the Property to Commercial Entertainment District (the "CED Site Designation Ordinance"), and (3) vacate a portion of Shackamaxon Street adjacent to the property and provide for certain easements required in connection with the maintenance of certain sewer lines (together with the CED Plan Ordinance and the CED Site Designation Ordinance, collectively, the "May 24 Ordinances").

F. On December 3, 2007, the Pennsylvania Supreme Court decided *HSP Gaming, L.P. v. City Council for the City of Philadelphia*, 179 EM 2007 ("December 3 Order"), and ordered (i) that the Property be rezoned as CED, (ii) that the Plan of Development approved by the Planning Commission be treated as if adopted by City Council, and (iii) that all revisions,

relocations, strikes and vacations of easements and public rights of way identified in the Plan of Development are authorized,

G. HSP has been diligently pursuing receipt of the Approvals required to develop, construct and operate the SugarHouse Casino.

H. The City and HSP will benefit from the development of the SugarHouse Casino; however, the City and HSP each dispute, among other things, the extent of the application to the SugarHouse Casino of certain taxes by the City and the School District of Philadelphia (the "School District"), and the obligations of the parties regarding on-site and off-site infrastructure improvements, policing, traffic and the approval process, which disputes, if not resolved to their mutual satisfaction, could delay or impede the development of SugarHouse Casino to their mutual detriment.

I. The City has represented to HSP that it is authorized to settle and compromise any claim for any moneys collectible by the Philadelphia Department of Revenue, for or on behalf of the City or the School District, including but not limited to any business, revenue, real estate, income or other taxes, water or sewer rents, license fees and other charges, and interest and penalties thereon, if any, for an amount less than the amount claimed that is or may become due by HSP to the City or the School District arising out of or relating to the Property or the development, construction or operation of the SugarHouse Casino and any related activities on the Property, whether initially developed or otherwise.

J. In consideration of the agreement by the City, on behalf of the City and the School District, to the Tax and Claim Settlement (as defined in Section 1:1 below) and the other undertakings and agreements of the City set forth in this Agreement, HSP has agreed to the Tax and Claim Settlement and to the undertakings and agreements made by it in this Agreement, and in consideration of the Tax and Claim Settlement and other covenants and agreements of HSP set forth in this Agreement, the City, on behalf of the City and the School District, has agreed to the Tax and Claim Settlement and to the undertakings and agreements made by it in this Agreement, all in order to settle the tax disputes between the parties and to promote the timely and expeditious development, construction, completion and operation of the SugarHouse Casino for the mutual benefit of the City and HSP.

NOW, THEREFORE, intending to be legally bound hereby, the City and HSP in consideration of the Tax and Claim Settlement and other covenants and other undertakings and agreements set forth herein and for other good and valuable consideration, the receipt of which is acknowledged, hereby covenant and agree as follows:

1. TERM OF THE AGREEMENT. The term of this Agreement shall commence on the Effective Date and shall terminate on the earliest of: (i) the election by HSP, at any time on or after March 1, 2008, to terminate this Agreement in the event that those Approvals that are both necessary for development and are within the jurisdiction of the City or any of its departments or agencies shall not have been issued on or before March 1, 2008 (provided that HSP has timely submitted any required documentation necessary for the issuance of such Approvals); (ii) any date after which a necessary Approval is finally revoked and any appeals of such action are exhausted without relief (provided that HSP has acted thoroughly and diligently

in such appeals); (iii) any date on which the License is revoked or rescinded, or expires without having been renewed; (iv) upon the effective date of the termination of operation of SugarHouse Casino as a Gaming Facility, not including any temporary interruption of operation as a Gaming Facility as may be required by emergency conditions, casualty or by order of the PGCB or any other federal, state or local governmental agencies, entities and departments (collectively, "Governmental Entities") or other events of Force Majeure (as defined in Section 15(d) below); or (v) on the date specified in a written notice by HSP delivered to the City in the event that HSP at any time elects to terminate the development of the phase designated as Phase I in the Plan of Development ("Phase I") and to forego its future right to build the SugarHouse Casino in the City.

2. APPROVALS; STREAMLINED PROCESS; COMMENCEMENT OF CONSTRUCTION

(a) The City and HSP hereby agree to work together in good faith pursuant to applicable law to obtain and maintain all necessary final and unappealable approvals, consents, licenses, grants of right, and permits required from any Governmental Entity and commissions of the City to develop, construct and operate the SugarHouse Casino as approved by the Planning Commission, including, without limitation, regarding the construction of all required utilities, foundations, grading, infrastructure and other improvements, whether on and off of the Property (collectively, the "Approvals").

(b) The City agrees to work in good faith pursuant to applicable law to timely obtain the Approvals necessary to permit the development, construction and operation of the Sugar House Casino as contemplated by the then-approved Plan of Development as the same may be amended from time to time as provided in this Agreement, and applicable law, including the December 3 Order.

(c) The City agrees to implement a streamlined development process for the SugarHouse Casino including, but not limited to: (a) project coordination assistance from the Managing Director's office; (b) opportunities to consult with appropriate municipal staff in a timely fashion to ensure that the SugarHouse Casino can be developed and constructed in the most time- and cost-efficient manner possible; (c) assisting (on a good faith basis) in HSP's obtaining expedited appearances or hearings before the Philadelphia Zoning Board of Adjustment, the Philadelphia Board of License and Inspection Review and the City Council where required or appropriate for zoning and similar matters; and (d) timely municipal review processes, where required, with the City causing most reviews and comments to be completed within ten (10) business days.

(d) The terms of this Agreement will not constitute a waiver of the City's regulatory authority or of HSP's applicant responsibilities not otherwise addressed by this Agreement.

(e) Within a reasonable period after receipt by HSP of all Approvals necessary to construct and, upon completion, to operate the SugarHouse Casino in accordance with the Plan of Development (including any mutually determined modifications or revisions by

the Planning Commission and HSP), HSP agrees that it will commence construction of Phase I of the SugarHouse Casino.

(f) The City and HSP further agree to work together in good faith pursuant to applicable law to obtain any and all Approvals, including, without limitation, adoption of any future ordinances by the City Council, as may be required to develop, construct and operate subsequent phases of the SugarHouse Casino, as contemplated by the then approved Plan of Development as the same may be amended from time to time as provided in this Agreement.

3. TRANSPORTATION NEEDS AND IMPACT.

(a) HSP and the City will cooperate in an effort to develop a plan (including approximate costs and timelines) for any required modifications and improvements to major transportation and circulation routes and traffic control measures necessary to accommodate both visitors to and employees of the SugarHouse Casino and related facilities and grounds within the Property (the "SugarHouse Casino Complex"), as identified in the traffic study submitted in connection with HSP's Plan of Development and HSP's letter to the Philadelphia City Planning Commission dated May 22, 2007 and the Planning Commission's letter to HSP dated December 17, 2007, attached hereto as Schedule 2 (the "Traffic Letters").

(b) Any such plan will be subject to adjustments over time as mutually determined by HSP and the City and shall contain terms and conditions customary for such plans, including the City's and HSP's good faith commitments to meet timelines within a period of 180 days from the dates scheduled (subject to any delays resulting from Force Majeure) and to fund any amounts due under such plan as more fully described therein. The cost of any additional traffic or similar work beyond that contemplated by the original Plan of Development will be handled as set forth in the Traffic Letters and the exhibits thereto.

(c) During first and third calendar years following the date on which Phase I Opening (as hereinafter defined) occurs (in April, May, September after Labor Day, or October of each such year), HSP will perform traffic counts at each of certain intersections to be reasonably determined by the City and HSP and will provide within six months thereafter to the City a report detailing the results of such traffic counts. To the extent that the results of such traffic counts indicate a failure by HSP to comply with the terms of the Traffic Letters, HSP will promptly develop and present to the City plans to remedy such failure.

4. ECONOMIC OPPORTUNITY PLAN.

(a) HSP will adopt an Economic Opportunity Plan ("EOP") in the form attached hereto as Schedule 3. Nothing in the EOP will prohibit eligibility by HSP or others for any grants or tax credits available to HSP for the creation of new employment positions or similar activities or efforts.

(b) HSP will promptly provide the office of the Minority Business Enterprise Council of the City ("MBEC") with copies of all diversity reports filed by HSP with the PGCB and provide the other reports to the MBEC as set forth on Schedule 3.

5. COMMUNITY REINVESTMENT; SPECIAL SERVICES ENTITY.

(a) HSP will support the establishment of a not-for-profit Special Services District to address the impact of the SugarHouse Casino on the neighborhoods bordering the SugarHouse Casino.

(b) HSP is prepared to enter into a Community Benefits Agreement substantially in the form attached hereto as Schedule 4, subject to the qualification of the Special Services District as a not-for-profit entity under Pennsylvania law and the Internal Revenue Code. City acknowledges that HSP intends to reduce its contribution to the SugarHouse Foundation on a dollar-for-dollar basis in the amount it contributes to the Special Services District.

6. PUBLIC SAFETY IMPACTS AND COST.

(a) HSP will be responsible for all direct expenses associated with the appropriate routing of all "911" calls originating anywhere within the SugarHouse Casino Complex, such expenses not to exceed the sum of Forty Thousand Dollars (\$40,000) in the aggregate during the term of this Agreement.

(b) HSP, at its sole cost and expense, will either contract with a third party to provide ambulance services to handle any emergencies arising within the SugarHouse Casino Complex, or operate an ambulance and provide such services, with backup support to be provided in either event by the City on a best efforts basis in the event of a catastrophe or other similar circumstances.

(c) HSP will provide a private security force adequate to maintain security throughout the SugarHouse Casino Complex in the normal course, including special events and other similar activities. The foregoing is not intended to relieve the City of its normal and customary obligations to provide on-Property and off-Property policing, it being understood, however, that the State Police may assume responsibility for all or part of such obligations. The City and HSP will coordinate on-Property policing activity with the State Police. The City agrees to fund the City's generally necessary on-Property and off-Property policing obligations out of the Settlement Payments (as hereinafter defined) and host fees with respect to the SugarHouse Casino payable to the City by the Commonwealth of Pennsylvania as a "local share assessment" under the Act, subject to the transfer of all or part of such obligations to the State Police as provided above.

(d) HSP will pay for the direct cost of any special SugarHouse Casino event-related police and other support provided by the City at the request of HSP, including traffic police support.

7. SITE PLAN AND DESIGN EQUITY.

(a) HSP has retained a LEED Certification consultant to provide HSP and its contractors with guidance in the construction of the SugarHouse Casino. HSP will provide the City with a copy of the final report its LEED Certification consultant is expected to produce for Phase I, and will provide updates for each future phase, within a reasonable period after HSP's receipt of such report or such updates. HSP agrees to meet with the Planning Commission staff before HSP makes its final determination with respect to any recommendations contained in the final report, and to provide the report to the Planning Commission staff at least 14 days in advance of any such meeting.

(b) As described in the letter from HSP to the Planning Commission dated May 22, 2007, regarding the "Green Roof," attached hereto as Schedule 5, HSP will spend a minimum of One Million Dollars (\$1,000,000) to construct a green roof on a portion of the SugarHouse Casino facility during Phase I of construction, with such roof covering an area of not less than 60,000 square feet. The design and construction will be determined by HSP, and will be consistent with the Plan of Development. SugarHouse will also use its good faith efforts to utilize comparable environmentally conscious design principles throughout future phases of development.

8. WATERFRONT ACCESS AGREEMENT.

(a) To the extent legally permitted, HSP will provide reasonable outdoor access to its private property along the Delaware River waterfront promenade from both the north and south ends of the SugarHouse Casino in a manner consistent with the Plan of Development. The waterfront promenade, including public access thereto, will be constructed during Phase I, and, once completed, substantial public access will be permitted at all times pursuant to a mutually satisfactory agreement concerning such access, subject to any restrictions necessary in order to assure public safety and security, as generally set forth below.

(b) Access to all or part the waterfront promenade may be restricted by HSP for limited periods of time in connection with any of the following: (i) construction, repairs and maintenance; or (ii) any other event or condition that HSP believes may adversely affect public safety or security.

(c) Access to specified portions of the waterfront promenade may be restricted by HSP in connection with special events, such as weddings, concerts, and other functions. HSP will use good faith efforts to restrict the size of events utilizing the waterfront promenade such that public access to the waterfront promenade will not be reduced to an area that is of a width of less than ten feet, more than once per week (each for a period no greater than six hours) during the months of April through October. The foregoing restrictions may be adjusted over time as mutually determined by HSP and the City.

(d) As a private-owned facility, public access to the waterfront promenade of SugarHouse Casino will be subject to reasonable policies and restrictions imposed by HSP in order to maintain public decorum, safety and security (such as the removal of loiterers or squatters, a prohibition on solicitation and the ejection of anyone causing a disturbance or potential or actual harm to other persons or property).

(e) If requested by the Executive Director of the Planning Commission, HSP will use its reasonable best efforts to utilize signage, lighting and benches through the waterfront promenade that are consistent with those specified by the City Planning Commission along adjacent portions of the Delaware River waterfront.

9. DEVELOPMENT PLAN.

(a) Conformance with the Plan. HSP will develop the SugarHouse Casino in substantial conformance with the Plan of Development, as amended from time to time. Subject to applicable law, HSP will be permitted to make deviations to the Plan of Development so long as such deviations do not: (i) materially delay the implementation of any interim phase or of Phase I; (ii) materially change the nature of the use of the SugarHouse Casino or the parking facilities, or of more than 10% of the non-parking, non-gaming space; (iii) materially diminish the overall quality of the SugarHouse Casino or parking facility, and (iv) reduce the size of any gaming or non-gaming area of the SugarHouse Casino or of the parking facility by more than 10%. All other material modifications to the Plan of Development must be approved by the Planning Commission.

(b) Phased Development. HSP intends to develop the SugarHouse Casino in phases and has committed to complete Phase I, provided it receives the Approvals, with subsequent phases to be built based on then-current market conditions.

(c) Compliance with CED Ordinances. During the term of this Agreement, HSP will comply in all material respects with the CED Ordinances as in effect on the date hereof.

(d) Streets Development Issues. HSP and the City will negotiate in good faith to enter into a developer agreement between HSP and the City for the transportation-related work in the public right-of-way that addresses issues, including but not limited to, plan review, insurance, bonding, and indemnification, including provisions no less favorable to the City than the provisions contained in Section 2 of City Council bill number 070457 as such bill was introduced on May 24, 2007, subject to the terms of this Agreement.

10. WATER, SEWER AND NATURAL GAS AND OTHER UTILITIES.

(a) HSP will, at its cost and expense, be responsible for the cost of relocating, updating or remediating active utilities located within the SugarHouse Casino Complex, as appropriate, including: (i) electrical transmission conduits and equipment; (ii) natural gas lines and equipment; (iii) water mains and lines; (iv) storm and sanitary sewers and drainage; and (v) telephone and cable.

(b) In accordance with its current construction plans, HSP will initially use natural gas to heat the SugarHouse Casino Complex. HSP will consider various options proposed by the City or other parties regarding the use of natural gas at the SugarHouse Casino Complex for electricity and cooling, and discuss its plans with the City and with the City's Municipal Energy Office before making a final decision in this regard.

(c) HSP will relocate the Laurel Street combined sewer overflow ("CSO") outfall currently located on the SugarHouse Casino Complex in order to ensure continued access by the City (the "CSO Relocation Work"). The City will use its good faith efforts to expedite the issuance of any Approvals required to effectuate the CSO Relocation Work.

(d) In connection with the CSO Relocation Work, the City has requested that HSP also complete the following (the "Additional Work"):

(i) Expansion of the size (cross-sectional) of the relocated CSO outfall from 177 square feet to 330 square feet;

(ii) Construction of a new regulator chamber on the west side of Delaware Avenue;

(iii) Extension of one of the new box culverts associated with the CSO outfall from the western border of the Property to the west right-of-way line of North Delaware Avenue.

(e) The City and HSP have been and will continue work to develop a budget for the Additional Work which will include design costs, hard and soft construction costs and a contingency that is acceptable to both parties (the "Additional Work Budget"). Once the Additional Work Budget has been agreed upon, HSP will not revise the Additional Work Budget without prior consultation and approval by the City, such approval not to be unreasonably withheld or delayed. HSP intends to enter into a guaranteed maximum price contract (the price under which may not exceed the Additional Work Budget without the City's consent) with a general contractor to complete the Additional Work.

(f) HSP will fund the Additional Work Budget, subject to reductions in payments to be made by HSP to the City as set forth in this Section 10(f). The parties agree that in consideration for HSP's funding of the Additional Work Budget, HSP shall be entitled to a reduction in the amount of the Settlement Payments (as hereinafter defined) and other amounts due to the City for each of the first five years in which such Settlement Payments and other amounts are due to the City. The amount of each of the five annual Settlement Payment reductions shall be determined by multiplying the Additional Work Budget by 0.28.

(g) HSP and the City will negotiate in good faith to enter into a developer agreement between HSP and the City for the CSO Relocation Work and the Additional Work, such agreement to address issues, including but not limited to, plan review, insurance, bonding, and indemnification, including provisions no less favorable to the City than the provisions contained in Section 2 of City Council bill number 070457 as such bill was introduced on May 24, 2007, subject to the terms of this Agreement.

11. TAX AND CLAIM SETTLEMENT. To resolve disputes over the application of certain taxes relating to the SugarHouse Casino (as described in the Recitals to this Agreement), the City and HSP hereby agree as follows (the "Tax and Claim Settlement"):

(a) The City agrees to cooperate and support a ten-year real property tax abatement on improvements under City Council Ordinance 1130, as amended (Section 19-1303(3) of the Philadelphia Code) for Phase I (the "Phase I Property Tax Abatement") and for any future phases on the Property, commencing for each phase upon the issuance of a certificate of occupancy for Phase I and for each such future phase as permitted by then-applicable law.

(b) For so long as such Phase I Property Tax Abatement remain available to HSP, and notwithstanding the current or any subsequent market and assessed values assigned to the Property (both land and improvements), HSP hereby agrees to pay and the City agrees to accept in full settlement and compromise of claims with the City and School District relating to real estate and use and occupancy taxes:

(i) Real estate taxes on the entire land and improvements of the Property in the following amounts:

2008: \$1,300,000

2009: \$1,300,000

2010 and each year thereafter: escalating at the rate of 5% per year with a 2009 basis of \$1,300,000 even if 2009 taxes are otherwise prorated

Notwithstanding the foregoing, until and unless HSP or an affiliated entity acquires legal ownership of the Property, all real estate taxes shall not be covered by this Agreement and, upon HSP or an affiliated entity acquiring legal ownership of the Property, and any such taxes shall be pro rated for the initial partial tax year (with an offsetting pro-rated credit to the extent some portion of the post-acquisition taxes had already been paid at a lower tax rate).

(ii) Annual payments (each such payment a "Settlement Payment" and, collectively, the "Settlement Payments"), consisting of 0.8% of SugarHouse's Gross Terminal Revenues (as defined in the Act) on the first Four Hundred Million Dollars (\$400,000,000) and 1% of all of SugarHouse's Gross Terminal Revenues in excess of Four Hundred Million Dollars (\$400,000,000), payable as follows:

(A) Each Settlement Payment will be determined based on SugarHouse's Gross Terminal Revenues for a period of twelve consecutive calendar months (each such twelve-month period, a "Settlement Period");

(B) The first Settlement Period will commence on the date on which Phase I is open to the public for business and will end on the first anniversary of such date (the "Phase I Opening");

(C) Each subsequent Settlement Periods will consist of the twelve-month period ending on each subsequent anniversary of the Phase I Opening;

(D) All Settlement Payments will be due on the fifteenth (15th) day following the last day of the immediately preceding Settlement Period;

(E) Commencing as of the date on which Phase I of the SugarHouse Casino is complete (as described in the Plan of Development) and open to the public for business (the "Phase I Completion"), each Settlement Payment shall be in an amount of not less than Three Million Two Hundred Thousand Dollars (\$3,200,000.00) (the "Settlement Payment Minimum") and not more than Five Million Dollars (\$5,000,000.00) (the "Settlement Payment Maximum"); provided, however, that for the Settlement Period during which the Phase I Completion occurs (and for any other Settlement Period that consists of less than twelve months, including without limitation, any Settlement Period in which the Settlement Payment is reduced pursuant to Section 11(b)(ii) or as a result of a Force Majeure, the Settlement Payment Minimum for such Settlement Period shall be adjusted to reflect such lesser Settlement Period.

(F) Each Settlement Payment shall be subject to reduction, offset, allocation and designated use as set forth in this Agreement (notwithstanding the fact that the application of any such reduction, offset, allocation or designated use may cause the actual Settlement Payment to be made by HSP in any given year to be less than the Settlement Payment Minimum, in which case the Settlement Payment Minimum for such year shall be adjusted accordingly).

(c) (i) Notwithstanding the current or any subsequent market and assessed values assigned to the Property (both land and improvements), HSP agrees to pay and the City agrees to accept in full settlement and compromise of the Use and Occupancy Taxes due on the entire land and improvements of the Property for Phase I and for any future phases (including any expansions of or additions of the SugarHouse Casino Complex, but only to the extent that such expansions or additions are used for gaming) the amount of (a) One Million Dollars (\$1,000,000) per year for the first ten years, commencing upon the issuance of a certificate of occupancy for Phase I, and (b) Three Million Five Hundred Thousand Dollars (\$3,500,000) per year for years 11 through 20, adjusted annually beginning in the twelfth year by the percentage change in the Consumer Price Index for All Urban Consumers (U.S. city average, not seasonally adjusted, all items less food and energy) (the "Core CPI"), as reported by the U.S. Department of Labor, Bureau of Labor Statistics, from the Core CPI for the prior year, in each case irrespective of any current or subsequent assessment.

(ii) All areas used and occupied by bona fide third party tenants shall be excluded from the Tax and Claim Settlement for purposes of determining Use and Occupancy Taxes payable by such tenants. Such tenants shall be required to pay Use and Occupancy Taxes as required by law, such payments to be made to HSP as landlord and collection agent for the City and remitted by HSP directly to the City as required by law.

(d) The agreement by HSP to make payments under this Agreement in connection with the Tax and Claim Settlement will be offset by any casino specific or gaming-related taxes (including taxes on slot machines) imposed by the City, in the event that such taxes are permitted by state law. This offset does not include any taxes currently imposed by the City or Commonwealth of Pennsylvania as of the date of this Agreement.

(e) The City agrees from the Commencement Date and continuing during the term in which Settlement Payments are due not to actively seek or otherwise support any reduction or elimination of any property tax abatement if such reduction or elimination would only affect casinos located in the City or, in particular, on HSP or the Property, or are structured in a manner that makes manifest an intent to primarily target HSP or casinos located in the City.

12. EVENTS OF DEFAULT

(a) HSP shall be deemed to have committed a "Monetary Event of Default" under this Agreement if HSP shall fail to pay any sum payable by it under this Agreement or if HSP wrongfully fails to make any payment due from it under Community Benefits Agreement (or in the event of a bona fide dispute fails to pay the amount set forth in the Community Benefits Agreement into an escrow under the joint control of HSP and the City) and such failure continues for a period of ten (10) business days following HSP's receipt of written notice thereof from City.

(b) HSP shall be deemed to have committed a "Non-Monetary Event of Default" in the event that HSP shall fail to perform any agreement or covenant under this Agreement or the Traffic Letters attached as Schedule 2 and such failure continues for a period of thirty (30) days after HSP's receipt of written notice thereof from City except that in the event that such default cannot be cured within such thirty-day period, HSP shall not be deemed to have committed a Non-Monetary Event of Default if HSP has commenced to cure such default within such 30-day period and continues diligently to do so until such default is cured.

(c) The City shall be deemed to have committed a "Monetary Event of Default" under this Agreement if the City or School District breaches the Tax and Settlement Claim provisions of this Agreement or does not permit reductions in Settlement Payments as provided in this Agreement.

(d) The City shall be deemed to have committed a Non-Monetary Event of Default in the event that the City shall fail to perform any agreement or covenant under this Agreement and such failure continues for a period of thirty (30) days after the City's receipt of written notice therefrom from HSP except that in the event that such default cannot be cured with such thirty-day period, the City shall not be deemed to have committed a Non-Monetary Event of Default if the City has commenced to cure such default within such 30-day period and continues diligently to do so until such default is cured.

13. REMEDIES.

(a) In the event of a Monetary Event of Default consisting of a failure by HSP to make any Settlement Payments or any payment of Use and Occupancy Settlement Taxes on the date when due (taking into account any applicable grace periods), the amount due shall accumulate interest from the date due to the date paid at the rate of twelve percent (12%) per annum for the first ninety days and fifteen percent (15%) per annum thereafter.

(b) In the event of any Monetary Event of Default other than as set forth in Section 13(a) hereof, HSP agrees that with respect to such Monetary Event of Default by HSP, the City shall be entitled to exercise any and all remedies available at law against HSP for the collection of money.

(c) HSP agrees that with respect to a Non-Monetary Event of Default by HSP, monetary damages would be uncertain and difficult to determine and accordingly, HSP agrees that in lieu of monetary damages, the City shall be entitled to specific performance as well as any and all remedies at law or in equity.

(d) The City agrees that in the event of any Monetary Event of Default by City, in addition to such remedies as may be available to HSP at law and in equity, HSP shall be entitled to offset the amount against any Settlement Payment which may become due and payable or against any other amounts payable under the Tax and Claim Settlement under this Agreement.

(e) The City agrees that with respect to a Non-Monetary Event of Default by City under this Agreement, HSP shall be entitled to pursue an action in mandamus as well as any and all remedies at law and equity.

14. LIMITATION OF LIABILITY. Any obligations of HSP under or with respect to this Agreement shall be enforceable only against and payable out of the assets of HSP (including gaming revenues) in the SugarHouse Casino Complex, and no partner of HSP, nor any member or partner of a partner of HSP, or any of their respective shareholders, principals, partners, members, beneficiaries, advisors, trustees, directors, officers or employees, personal representatives, successors and assigns shall have any personal and individual liability of any kind whatsoever hereunder.

15. MISCELLANEOUS.

(a) Smoking. The City and HSP will work together in good faith to designate and obtain any approvals relating to areas of the SugarHouse Casino that would be eligible for smoking under then-current applicable City ordinances.

(b) Single Point of Contact Model. Both HSP and the City will employ a single-point-of contact model in order to facilitate the timely communication and resolution of problems, issues and questions during the term of this Agreement. Concurrent with execution of this Agreement, each party has designated to the other its contact person, which may be changed from time to time by notice from either party to the other.

(c) Subsequent Orders, Rules and Regulations. In the event that any final order, rule or regulation promulgated by other Governmental Entity or judicial authority renders any provision of this Agreement illegal or impractical, in whole or in part, HSP and the City will negotiate in good faith to amend the Agreement to comply with such order, rule or regulation in a manner consistent with the provisions and intent of the Agreement. HSP agrees that if it is put on notice of any such order, rule or regulation, or reasonably believes such an order, rule or regulation is likely, it will promptly so inform the City and will not oppose any effort by the City to intervene or participate in any applicable proceeding (although the foregoing will not restrict

HSP from opposing the City with respect to the merits of such order, rule or regulation or any action by or on behalf of the City that is contrary to or in violation of the terms of this Agreement).

(d) Force Majeure. The term "Force Majeure" shall mean strikes or other similar labor disputes; governmental restrictions and limitations; war, acts of terrorism or other national emergency; accidents; earthquakes, tornadoes, floods or hurricanes; explosion or fire damages or other casualties; and extreme weather conditions, and any cause, similar or dissimilar to the foregoing, beyond the reasonable control of HSP or the City, as appropriate.

(e) Successors and Assigns. The benefits and burdens of this Agreement shall inure to and be binding upon the parties hereto and their respective successors and assigns.

(f) Incorporation. Each provision of the Background to this Agreement and each Exhibit and Schedule attached hereto is hereby incorporated in this Agreement as an integral part hereof.

(g) Notices. All notices, demands, elections or other instruments required, permitted or desired to be served hereunder shall be in writing and shall be sent certified or registered mail, postage prepaid, address as set forth below, or by Federal Express or similar overnight delivery services providing written proof of delivery. Any notice, demand, election or other instrument so delivered shall be deemed received when delivered or when delivery is refused. Addresses for service of notice may be changed in the same manner as delivery of notice. Notices may be given by counsel to a party.

If intended for City:

Mayor
City of Philadelphia
Room 215 City Hall
Philadelphia, Pa 19107

and

City of Philadelphia
1515 Arch Street, 17th Floor
Philadelphia, PA 19102
Attention: City Solicitor

If intended for HSP:

HSP Gaming, LLC
Suite 1900
900 North Michigan Avenue
Chicago, Illinois 60601
Attention: Neil G. Bluhm
Gregory Carlin

and

Sprague & Sprague
Suite 400
The Wellington Building
135 S. 19th Street
Philadelphia, PA 19103
Attention: Charles J. Hardy

(h) Amendments and Waivers. This Agreement shall not be altered, amended, changed or modified except in a writing executed by each of the parties hereto. No delay on the part of either party in the exercise of any right, power or remedy will operate as a waiver thereof, nor shall any single or partial exercise by any party of any right, power, or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy.

(i) No Third Party Beneficiary. No third party, other than the successors or assigns of the City or HSP shall have any right, benefit, standing or claim against HSP or the City by reason of the provisions of this Agreement or be entitled to directly or indirectly enforce any provision of this Agreement.

(j) Governing Law; Jurisdiction and Venue. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania without regard to the choice of law provisions thereof. Any suits or actions arising out of this Agreement shall be brought exclusively in the Court of Common Pleas of the Commonwealth of Pennsylvania in Philadelphia County or the United States District Court for the Eastern District of Pennsylvania and the parties hereby subject themselves to the jurisdiction of those courts.

(k) Counterparts. This Agreement may be executed in one or more identical counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument.

(l) Captions. Section captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

(m) Integration. This Agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements and understandings relating to the subject matter hereof.

(n) Construction and Advice of Counsel. Each of the parties acknowledges that it has been advised by counsel, or had the opportunity to be advised by counsel, in the drafting, negotiation, execution and delivery of this Agreement, and has actively participated in the drafting, negotiation, execution and delivery of this Agreement. In no event will any provision of this Agreement be construed for against either party as a result of such party having drafted of all or any portion hereof.

IN WITNESS WHEREOF, the undersigned parties, have entered into this Agreement, to be effective as of the Effective Date.

HSP GAMING, L.P., a Delaware limited partnership

By: HP Gaming Partners, L.P., a Delaware limited partnership

By: High Penn Gaming, LLC, a Delaware limited liability company

By: 
Name: Neil G. Bluhm
Title: Manager

CITY OF PHILADELPHIA AND SCHOOL DISTRICT OF PHILADELPHIA

By: _____
Romulo L. Diaz, Jr.
City Solicitor

IN WITNESS WHEREOF, the undersigned parties, have entered into this Agreement, to be effective as of the Effective Date.

HSP GAMING, L.P., a Delaware limited partnership

By: HP Gaming Partners, L.P., a Delaware limited partnership

By: High Penn Gaming, LLC, a Delaware limited liability company

By: _____
Name:
Title:

CITY OF PHILADELPHIA AND SCHOOL DISTRICT OF PHILADELPHIA

By:  _____
Romulo L. Diaz, Jr.
City Solicitor

List of Schedules

Schedule 1 - Property Description

Schedule 2 - Traffic Letters

Schedule 3 - EOP

Schedule 4 - Community Benefits Agreement

Schedule 5 - Green Roof Letter

Schedule 1

WBF:wbf (2/21/06)
WBF:wbf (2/23/06)
WBF:wbf (12/13/06)

PROPERTY DESCRIPTION (REVISED)

ALL that certain parcel of land situate in the 5th Ward of the City of Philadelphia and Commonwealth of Pennsylvania, bounded and described according to a survey and consolidation plan made by William B. Fahber, Professional Land Surveyor on December 13, 2006, and more particularly described as follows:

BEGINNING at the intersection of the southeasterly line of Delaware Avenue with the northeasterly line of Ellen Street (50 feet wide) and running thence:

1. Along the southeasterly line of Delaware Avenue, North $43^{\circ}31'03''$ East 726.656 feet to an angle point; thence
2. Still along said southeasterly line of Delaware Avenue, North $63^{\circ}51'33''$ East 513.810 feet to its intersection with the southwesterly line of Shackamaxon Street (60 feet wide); thence
3. Along said southwesterly line of Shackamaxon Street South $22^{\circ}26'57''$ East 157.774 feet to its point of intersection with the southeasterly line of the former Penn Street (50 feet wide), now stricken from the city plan, said point being also the southernmost corner of the part of Shackamaxon Street which was stricken from the City Plan; thence
4. Along the southeasterly end of the remaining part of Shackamaxon Street, being also the southeasterly line, if extended, of the former Penn Street, North $63^{\circ}51'33''$ East 30.062 feet to its intersection with the center line of Shackamaxon Street, said intersection being also in the southwesterly line of that portion of the vacated Shackamaxon Street, the right and title of which is included in deed to Philip F. Bogatin, Inc., as recorded in Book VCS 1035 of Deeds, Pages 578 &c.; thence
5. Along the center line of the portion of Shackamaxon Street which was stricken from the City Plan, South $22^{\circ}26'57''$ East 799.505 feet to its intersection with the pierhead line of Delaware River as established January 15, 1894 and approved by the Secretary of War on September 10, 1940; thence
6. Along said pierhead line, South $54^{\circ}04'10''$ West 30.850 feet to an angle point in the pierhead line, being also its intersection with the southwesterly line of the portion of Shackamaxon Street which was stricken from the City Plan; thence
7. Still along said pierhead line, South $48^{\circ}10'42''$ West 385.958 feet to another angle point in the pierhead line; thence

8. Still along said pierhead line, South $48^{\circ}14'22''$ West 333.614 feet to a corner, being the easternmost corner of property now or formerly owned by West Highland Holdings, L.L.C., as described in Deed, Document ID # 51473923; thence

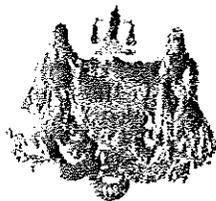
9. Along the northeasterly line of said West Highland Holdings, L.L.C. property, North $46^{\circ}28'57''$ West 768.803 feet to a corner in the center line of a part of Penn Street (60 feet wide) which has been stricken from the City Plan, being also a corner of the reversion parcel described in said deed to West Highland Holdings, L.L.C.; thence

10. Along the northwest line of said reversion parcel, South $43^{\circ}31'03''$ West 99.250 feet to its point of intersection with the easternmost end of Penn Street, said point being in the northeasterly line of the aforesaid Ellen Street; thence

11. Along said northeasterly line of Ellen Street, North $46^{\circ}28'57''$ West 230.073 feet to the point and place of beginning.

CONTAINING 983,717 square feet, or 22.5830 acres, more or less.

Schedule 2



CITY OF PHILADELPHIA

Philadelphia City Planning Commission
1515 Arch Street
13th Floor
Philadelphia, PA 19102
(215) 683-4600
FAX (215) 683-4630

JANICE WOODCOCK, AIA, AICP
Executive Director and
Secretary of Strategic Planning Office

December 17, 2007

Mr. Greg Carlin
HSP Gaming, LP
900 N. Michigan Avenue, Suite 1900
Chicago, Ill. 60611

Re: SugarHouse Casino

Dear Mr. Carlin:

I understand that you are very close to finalizing and executing the Development and Tax and Claims Settlement Agreement with the City of Philadelphia. You have raised a concern about the lack of specificity regarding your obligation to maintain current levels of service "from all approaches," as set forth in your traffic mitigation letter to me dated May 22, 2007.

We understand your position to be that the phrase means SugarHouse will maintain levels of service on Delaware Avenue within the existing right-of-way southbound from the intersection of Shackamaxon Street (including the approach to that intersection) to Frankford Avenue, and northbound from the intersection of Penn Street (including the approach to that intersection) to Shackamaxon. It is my judgment that this clarification is consistent with the Commission's approval of your Plan of Development.

We also understand, of course, that there will be interim disruption during the reconstruction of the Girard Avenue interchange.

Sincerely,

A handwritten signature in cursive script, appearing to read "Janice Woodcock".

Janice Woodcock, AIA, AICP
Executive Director

Cc: Romulo Diaz, City Solicitor
Clarena Tolson, Streets Department
Martin Gregorski

May 22, 2007

Ms. Janice Woodcock
Executive Director
Philadelphia City Planning Commission
1515 Arch Street, 13th Floor
Philadelphia, PA 19102

Dear Ms. Woodcock:

HSP Gaming, L.P., would like to reaffirm our commitment in connection with the traffic study in our Plan of Development pending before the Planning Commission.

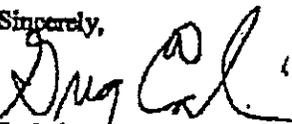
Enclosed with this letter is a description of the updated traffic proposal (Enclosure A Final Report). HSP further commits at our expense the restriping of eastbound Spring Garden Street to North Bound Delaware Avenue to include two left turn lanes, signal timing optimizing cycle, and splits, and to maintain current level of service from all approaches. HSP also will provide at our expense the actual SYNCHRO files and calculations used to optimize signal timing in the Final Report.

In addition, HSP commits at our expense to develop and implement a transportation plan consistent with the enclosed updated traffic proposal that is designed to meet or exceed current levels of service wherever reasonably possible and mitigate, when agreed upon, the intersections and roads described in Enclosure B at each phase of the development. In developing and implementing this plan, we will comply with all applicable local and state oversight.

Lastly, we remain committed to working closely with the Planning Commission, City operating departments and PennDot with respect to future approvals relating to the implementation of specific traffic options in a manner that balances all planned uses and users.

We appreciate your continued cooperation as we move forward to develop this important project.

Sincerely,


On behalf of HSP Gaming, L.P.

cc: Ramulo L. Diaz, Jr., City Solicitor
Pedro A. Ramos, Managing Director

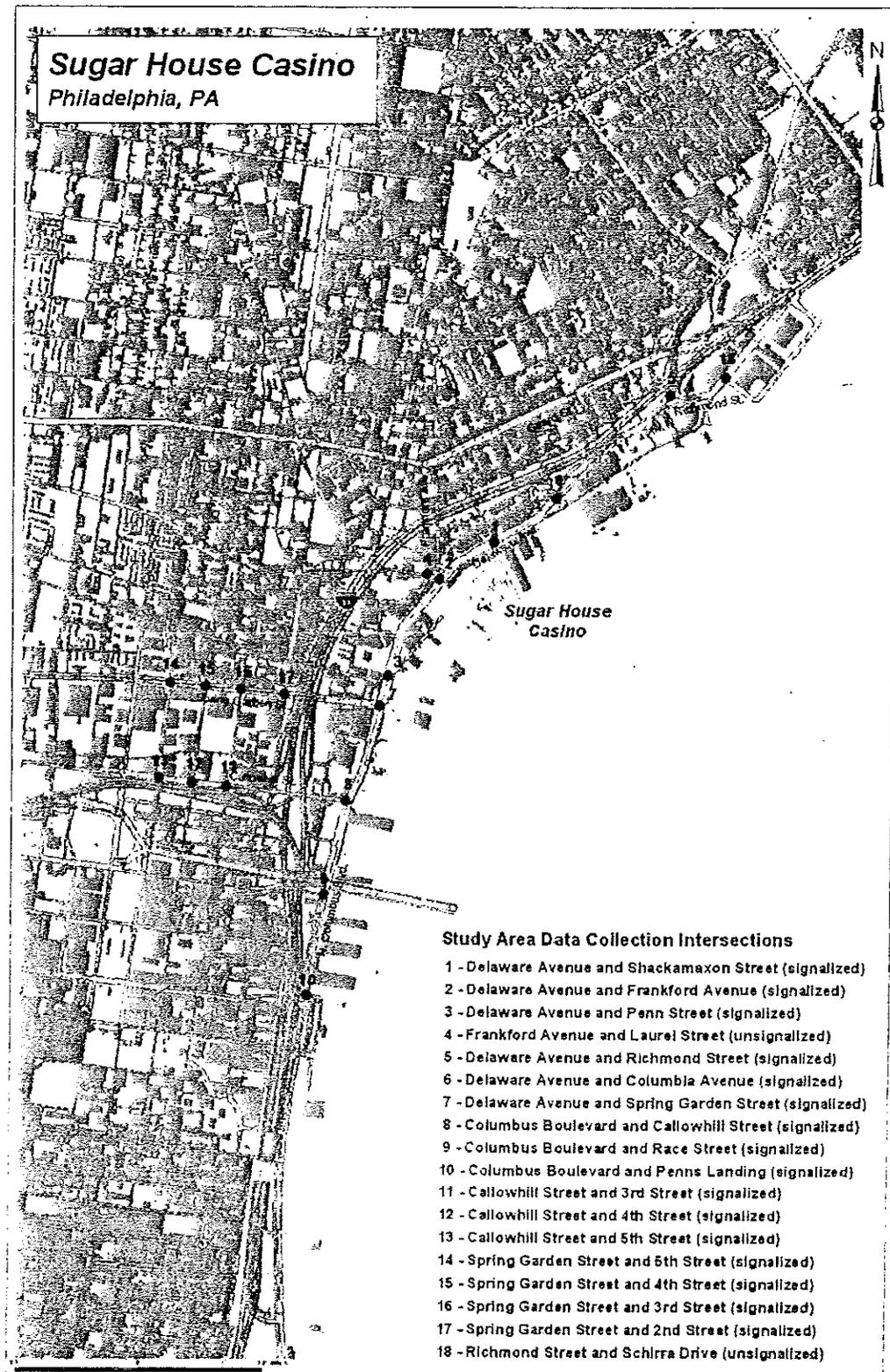


Figure 1 – Study Area Map

Schedule 3

**The SugarHouse Casino
Economic Opportunity Plan
2007**

Introduction

The SugarHouse Casino (the "SugarHouse Casino") is a new casino and entertainment facility that will be located on the site of the former Jack Frost Sugar Refinery at 1080 Delaware Avenue in the City of Philadelphia. The SugarHouse Casino will be developed, managed and owned by HSP Gaming, L.P. and its affiliates ("SugarHouse").

SugarHouse will need thousands of employees to successfully build and operate the SugarHouse Casino, including many new employees once the SugarHouse Casino is fully operational, in addition to the many it will employ in its development, construction and interim operating phases. Likewise, new opportunities to supply goods and services will exist throughout the development, construction and operational processes.

SugarHouse is committed to providing meaningful opportunities for all individuals and business entities, including those located within the City of Philadelphia, and will provide equal opportunity to all prospective and actual employees and vendors. This commitment includes attempting in a good faith, legal and non-discriminatory manner to recruit and promote employees within a diverse workforce and to employ a vendor base in an environment where different cultures, abilities, ages and genders can all contribute to the success of the SugarHouse Casino on an equal and competitive basis. When SugarHouse speaks of diversity, we mean the entire range of our Mission Statement, as we seek diversity by race, ethnicity, sex, age, sexual orientation, culture, religion, lifestyle and disability. Our commitment to maintaining a diverse and inclusive workforce in which everyone has an equal and fair opportunity, and to building a strong and lasting bond with the City of Philadelphia and its citizens, extends to all aspects of hiring, employment, promotion and vendor-selection policies and practices. This Plan outlines our commitment to these principles.

Because the SugarHouse Casino has not yet been built, this Plan is of necessity a work-in-process, a good faith effort based on certain assumptions concerning the way in which the SugarHouse Casino will be built and operated, the workforce it will employ and the vendor and supplier relationships it will require. We expect to refine this Plan as the development, construction and operation of the SugarHouse Casino continue and the SugarHouse Casino becomes more firmly integrated within the community and the City. In addition, SugarHouse has submitted its Diversity Plan (the "SugarHouse Diversity Plan") to the Pennsylvania Gaming Control Board ("PGCB"), the state agency that governs the operations of the SugarHouse Casino, and the PGCB has approved the SugarHouse Diversity Plan as submitted.

SugarHouse is aware of and will abide by its constitutional obligations set out by the U.S. Supreme Court and the Third Circuit Court of Appeals to present a fair opportunity for others to participate with it as employees or vendors, and this document shall not be construed to supercede any of those obligations.

The SugarHouse Diversity Mission Statement

SugarHouse is devoted to building and nurturing a diverse environment, and is committed to equal opportunity employment and participation by a diverse group of employees in all employment classifications throughout the organization, as well as in the vendors, suppliers, contractors and service providers with whom SugarHouse does business.

We are committed to recruiting, employing, training and advancing talented people without regard to race, sex, age, sexual orientation, culture, religion, lifestyle or disability.

We actively search for a diverse pool of candidates to provide us with a depth of talent, the skills and the potential to meet our goals in all employment levels of our operation.

We celebrate our heterogeneous employee base and appreciate its cooperative power as means to meet our business goals.

We are likewise committed to utilizing diverse Philadelphia-area vendors, suppliers, contractors and other service providers in an effort to enhance the participation of such groups in the success of our facility, and to encourage the ownership and advancement of such firms.

We require that our contractors, suppliers and vendors practice equal opportunity policies and procedures when they provide goods or services to us.

We believe that when we partner with diverse persons and businesses, there are limitless opportunities to share knowledge and expertise, and to ultimately assist each other to grow and succeed.

Development and Construction

One of the key tenets of the SugarHouse Diversity Mission Statement is our commitment to *“utilizing diverse Philadelphia area vendors, suppliers, contractors and other service providers to enhance the participation of such groups in the success of our facility, and to encourage the ownership and advancement of such firms.”* The requirement that SugarHouse’s *“contractors and vendors practice equal opportunity policies and procedures when they provide goods or services”* is also a matter of critical importance. The development and construction phases of the SugarHouse Casino are the first opportunities that SugarHouse will have to put these principles into action.

SugarHouse plans to retain Keating Building Corporation (“Keating”) (an entity associated with Daniel J. Keating, III, one of the owners of SugarHouse) as its primary construction contractor. Keating has its principal place of business in Philadelphia and as such is a local business enterprise (“LBE,” which term also includes other companies with bona fide offices in the City of Philadelphia). Keating has extensive experience and a strong track record in the recruitment and retention of minorities, women, women-owned business enterprises (“WBEs”) and racial/ethnic minority-owned business enterprises (“MBEs”) within the Philadelphia area. SugarHouse will work with Keating to implement a plan that utilizes Keating’s extensive experience in the Philadelphia area working with minorities, women, WBEs, MBEs, and LBEs.

In order to insure that the SugarHouse Casino meets its commitments to the City and the Commonwealth with respect to both the quality and timeliness of its development, we will select contractors, suppliers, vendors and service providers who have the experience and the ability to complete the work on time and on budget. It is our intention to do this in a manner that allows for meaningful participation on the part of minorities, women, WBEs and MBEs from the City of Philadelphia. We will work with Keating, in good faith and in a legal and non-discriminatory manner, to cause the workforce and subcontractors used during the development and construction phases of the SugarHouse Casino to reflect our commitment to equal opportunity and diversity. In this regard, we will attempt, in a good faith, legal and non-discriminatory manner, to work with Keating to create opportunities sufficient to employ a workforce that consists of 40% residents of the City of Philadelphia, 25% racial/ethnic minorities and 10% women (based on a percentage of all hours worked during development and construction), and to create subcontractor opportunities sufficient to provide for 25% MBEs and 10% WBEs. We will also attempt, in a good faith, legal and non-discriminatory manner, to work with Keating to create opportunities sufficient to obtain 40% LBE participation in construction based on amounts paid to contractors, subcontractors and service providers and excluding those goods and services that are not readily available in Philadelphia.

Operations

One of the most important principles of the SugarHouse Diversity Mission is our commitment to providing fair and equal opportunities in recruitment, employment, training and advancement, without regard to race, ethnicity, sex, age, sexual orientation, culture, religion, lifestyle or disability.

At SugarHouse, the ultimate responsibility for ensuring that the principles of diversity, inclusion and local citizenship to which we are committed and SugarHouse's compliance with the SugarHouse Diversity Plan lies with the President of SugarHouse. A Director responsible for diversity (the "Diversity Director"), who will report directly to the President on diversity matters, will monitor compliance with this Plan and the SugarHouse Diversity Plan. The Diversity Director will, in turn, oversee a Task Force consisting of persons from purchasing, human resources, finance and marketing that will serve as an internal control and accountability system for executive level staff involvement in fulfilling the principles set forth in this Plan. In addition, each SugarHouse manager and supervisor will assist in the implementation of SugarHouse's Diversity Plan within that manager's or supervisor's areas of responsibility, and their formal duties will reflect the objectives of this Plan. Recruitment, training, development, mentoring and promotion opportunities are all components of the SugarHouse Diversity Plan for which executives, directors, managers and supervisors will be held accountable. SugarHouse will also provide training in anti-harassment and diversity matters, in order to assure that all employees are aware of and support the principles of the SugarHouse Diversity Mission Statement and the policies and practices of the SugarHouse Diversity Plan.

SugarHouse will attempt in a good faith, legal and non-discriminatory manner to recruit, retain and promote all persons, including racial/ethnic minorities and women in its full-time and part-time positions of employment. Specifically, SugarHouse will attempt, in the aforesaid manner, to obtain a pool of qualified operations workforce candidates sufficient to hire and maintain an operations workforce consisting of at least 30% racial/ethnic minorities and 15% women. We intend to seek this level of diversity in our pool of qualified candidates across all tiers of our operations, including, but not limited to, senior management. SugarHouse also will make reasonable efforts to determine which positions do not require licensing from the PGCB and to appropriately expand the scope of candidates for such positions.

SugarHouse further will attempt in a good faith, legal and non-discriminatory manner to obtain a pool of qualified operations workforce candidates sufficient to hire an initial workforce consisting of at least 65% Philadelphia residents.* Its "good faith efforts" shall consist of (i) substantial advertising of openings (to the extent practical, and other than for senior management, specialized, or technical positions that require gaming industry-specific knowledge and expertise) on Philadelphia-targeted media, including at least one community newspaper that generally serves the Fishtown neighborhood, and in minority-focused media, for at least one week before filling a position with a non-Philadelphian, (ii) listing the vacancy (to the extent practical, and other than for senior management and for specialized or technical positions) with the Philadelphia Workforce Development Corporation's CareerLink program for at least one week before filling a position with a non-Philadelphian, and (iii) conducting regular job fairs prior to opening (and as workforce demands dictate) in the City of Philadelphia.

Within three months of commencement of construction, SugarHouse will commence a course of meetings with its training partners and the larger Philadelphia workforce development

* For purposes of this Plan, a Philadelphia resident is a person who resides within the Philadelphia City limits at the time he or she is hired, or moves his or her permanent residence to a location within the Philadelphia City limits within six months after hiring.

community to educate the Philadelphia community on the qualifications it will seek for its permanent employees. The purpose of these meetings will be to enable the training partners and the larger workforce development community in Philadelphia to undertake necessary steps to ensure that Philadelphians are ready to successfully compete to win the jobs created at SugarHouse.

Under the terms of the proposed Community Benefits Agreement, SugarHouse will engage in on-going communications with local community leaders to keep members of the community informed concerning construction and operations issues that could affect the community (such as special events that could cause temporary increases in traffic or changes in traffic patterns). This effort will also include providing information concerning employment opportunities within the SugarHouse organization, and vendor and supplier opportunities.

Vendors and Suppliers

SugarHouse believes that all qualified vendors, suppliers, contractors and service providers should have equal access to opportunities within the SugarHouse organization, and will actively seek to do business with firms that can provide the best quality, service and value to the SugarHouse Casino. SugarHouse Casino is also aware of the City of Philadelphia's disparity studies with respect to MBE and WBE market participation. Recognizing that that study determined that access to such opportunities has been limited historically for MBEs and WBEs, SugarHouse will attempt in a good faith, legal and non-discriminatory manner to provide MBEs and WBEs with contracting opportunities with SugarHouse, as detailed in the SugarHouse Diversity Plan, with particular emphasis on persons and entities located in the City of Philadelphia.

Specifically, SugarHouse will attempt in a good faith, legal and non-discriminatory manner to provide contracting opportunities in its operations for LBEs, MBEs and WBEs in SugarHouse's on-going requirements for goods, supplies and services (other than slot machines, security systems, and other gaming-related or specialty services not readily available in Philadelphia) ("Non-Gaming Opportunities"), with a goal of creating a pool of qualified vendors sufficient to provide LBEs with at least 40%, MBEs with at least 25% and WBEs with at least 5%, of such Non-Gaming Opportunities.

Reporting

SugarHouse has agreed to file an annual report with the Pennsylvania Gaming Control Board ("PGCB") concerning the performance of the SugarHouse Diversity Plan. SugarHouse will provide this report to the City as it files its report with the PGCB. In addition, during construction, SugarHouse will provide higher-level "snapshot" reports to the City containing updates for certain categories of information contained in its annual report on a monthly basis during construction, and on a quarterly basis during the first year of operations. Snapshot reporting will include: (i) utilization of M/WBEs and LBEs, (ii) the hiring and employment of minorities and females, (iii) the hiring and employment of Philadelphia residents, and (iv) training programs utilized and the placement rates. All reports to the City under this section will

be provided to the Director of the Minority Business Enterprise Council and to the members of the Advisory Committee.

Advisory Committee

SugarHouse will establish an advisory committee for the purpose of engaging in the periodic review of the implementation and achievement of this Plan. This committee shall include the SugarHouse Diversity Director, representatives from the City recommended by the Mayor, Keating Building Corporation, the Council members for Philadelphia First and Fifth Councilmanic Districts (or the member's designee from such member's staff), minority Chambers of Commerce, immediate area community representatives and representatives of the building trades. The advisory committee will meet regularly during all phases of the SugarHouse Casino construction process and for the first two years of operation to address all matters relevant to the successful implementation of this Plan.

This Economic Opportunity Plan is a commitment by SugarHouse to the City of Philadelphia and no other party, and is not intended and shall not be construed to create any separately enforceable rights of any kind with respect to any other person or entity.

In the event any provision of this Plan is finally determined by a court of competent jurisdiction to be invalid, SugarHouse commits to work with the City of Philadelphia to revise this Plan to effectuate the intention of SugarHouse and the City in a manner that complies with applicable law.

Schedule 4

COMMUNITY BENEFITS AGREEMENT

by and between

-and-

HSP GAMING, L.P., a Delaware limited partnership

-and-

The SPECIAL SERVICES DISTRICT to be formed in accordance with the provisions hereof and to join in this Agreement as a party upon such formation

EFFECTIVE DATE: TBD

THIS IS A COMMUNITY BENEFITS AGREEMENT (this "Agreement"), effective in all respects on the Effective Date appearing on the cover hereof, by and among

(collectively the "Authorized Community Groups") and HSP GAMING, L.P., a Delaware limited partnership ("SugarHouse").

B A C K G R O U N D

A. The Authorized Community Groups are duly authorized and existing entities under Pennsylvania law which represent the residents, property owners and businesses located within the geographical areas as shown on Exhibit "A" attached hereto and made a part hereof (the "Neighboring Community").

B. On December 20, 2006, SugarHouse received approval from the Pennsylvania Gaming Control Board ("PGCB") to obtain a Category 2 Slot Machine License ("License") under the Pennsylvania Race Horse Development and Gaming Act , 4 Pa.C.S.A. §1100, *et seq.* (as the same may be amended or supplemented from time to time, and including any successor thereto, the "Act").

C. Upon its receipt of its License from the PGCB and all necessary federal, state and local approvals, SugarHouse intends to develop, construct and operate a Category 2 licensed gaming facility, to be known as the "SugarHouse Casino", on a parcel of property located on North Delaware Avenue, between Shackamaxon Street, Ellen Street and the Delaware River, as

more particularly described on Exhibit "B" attached hereto and hereby made a part hereof.

D. SugarHouse desires that the development, construction and operation of the SugarHouse Casino proceed in a manner which promptly and responsibly implements SugarHouse's plans in a manner which results in the SugarHouse Casino opening on schedule, with the minimum disruption practicable, during both development and operation, in the communities represented by the Authorized Community Groups.

E. The Authorized Community Groups and SugarHouse have reached an agreement, as more particularly set forth below, to develop and implement programs and undertakings intended to foster a productive working relationship between SugarHouse and the Authorized Community Groups to fulfill the goals of all parties hereto.

A G R E E M E N T S

The Authorized Community Groups, and each of them, and SugarHouse, in consideration of the mutual promises herein contained, hereby agree as follows:

1. Term of Agreement. The rights and obligations set forth herein shall commence on the Effective Date and shall continue in effect for a period of [] years thereafter. This Agreement shall automatically renew for additional one-year terms thereafter unless any one party hereto notifies the others in writing of its desire to terminate this Agreement, at least sixty (60) days prior to the end of the initial term or any renewal term that it elects to terminate this Agreement, in which event this Agreement shall terminate effective as of the last day of the then current term or renewal term.

2. Formation of Special Services District. The Authorized Community Groups shall form a new entity, established and qualified under applicable law that will apply for

recognition as a 501(c)(3) or similarly treated tax exempt organization under the Internal Revenue Code, for the purposes of maintaining and improving services and improvements important to the residents within the Neighboring Community (the "Special Services District"). The Authorized Community Groups shall retain counsel to prepare all necessary corporate organizational documents (including articles of incorporation, membership agreements, operating agreements, by-laws, and/or other fundamental documents), as well as written procedures for the selection, whether by way of election, appointment or otherwise, of the members of its governing board, such procedures to be determined by the Authorized Community Groups (collectively, the "Documents") and shall promptly thereafter select its governing board and officers.

3. Organizational Expenses. Within thirty (30) days of the execution of this Agreement by SugarHouse and the Authorized Community Groups, SugarHouse shall fund up to \$25,000 for legal expenses incurred by counsel retained by the Authorized Community Groups relating to the drafting and execution of the Documents.

4. Contributions to Special Services District. Once the Special Services District has been formed and is operational, and the Documents have been prepared, in each case pursuant to paragraph 2, SugarHouse will make the following contributions:

(a) Pre-Opening Period -- Within fourteen (14) days from the date of receipt of all necessary permits and approvals for, and the commencement of, the construction of the SugarHouse Casino ("Initial Payment Date"), and on each anniversary of the Initial Payment Date prior to the date on which the SugarHouse Casino is open for business to the public (the "Opening"), SugarHouse will contribute to the Special Services District an amount equal to

\$175,000 ("Pre-Opening Contribution").

(b) Post-Opening Period – Beginning on the first anniversary of the last Pre-Opening Contribution and on each anniversary thereafter (the "Annual Payment Date" and each one-year period preceding each Annual Payment Date, an "Operating Year") prior to the completion of Phase I of the SugarHouse Casino (as described in the Plan of Development submitted to the PGCB) (the "Annual Payment Date"), SugarHouse will contribute to the Special Services District, an amount equal to \$500,000 (each such payment, a "Post-Opening Contribution"), which Post-Opening Contribution shall be increased to \$1,000,000 per year as of the first Annual Payment Date occurring after the date on which Phase I has been completed and has opened for business (the "Phase I Opening Date").

(c) Upward Adjustments of Post-Opening Contribution. Commencing on the third Annual Payment Date after the Phase I Opening Date, and for each annual Post-Opening Contribution thereafter, the Post-Opening Contribution shall be increased by the lowest of the following three percentages: (1) the increase in the Consumer Price Index as calculated by the United States Bureau of Labor Statistics for all items, less food and energy, for the greater Philadelphia standard metropolitan statistical area ("CPI"), or the most similar index thereto in the event the CPI is unavailable, for the Operating Year ending on such Annual Payment Date; (2) the percentage increase in the gross terminal revenue (as defined in the Act) of the SugarHouse Casino for the Operating Year ending on such Annual Payment Date over the immediately preceding Operating Year; and (3) five percent (5%). Notwithstanding the foregoing, in no event shall the Annual Contribution for any Operating Year exceed the sum of \$1,250,000.

(d) Use of Funds. SugarHouse specifically acknowledges and agrees that all decisions of the Special Services District with respect to the expenditure of its funds shall be made pursuant to the Documents, without any veto rights or other restrictions by SugarHouse or its affiliates, other than the restrictions set forth in this Agreement.

5. Compliance with the Act. So long as the Special Services District shall have control over or the right to receive any funds provided pursuant to Section 3 hereof, neither the Authorized Community Groups, nor the Special Services District, nor any of their respective officers, board members, employees, successors, assigns, representatives or agents, shall take any actions (including, without limitation, paying, directly or indirectly, any funds or other forms of consideration held or controlled by the Special Services District (including in-kind contributions) directly or indirectly to any candidate for public office in the Commonwealth or to any political committee or state party, as prohibited by 4 Pa.C.S.A. §1513, or having any public officials as employees or board members), which might result in any violation by SugarHouse's the Gaming Act or any applicable orders or regulations thereunder.

6. SugarHouse Cooperation with Special Services District. SugarHouse shall provide a reasonable amount of information on a regular basis to the designated representatives of the Special Services District concerning such subjects as job opportunities available at the SugarHouse Casino; the timing of plans, if any, for major modifications of the SugarHouse Casino facilities, onsite amenities or offsite projects affecting access to the SugarHouse Casino; the timing of special entertainment events scheduled to occur at the SugarHouse Casino which may create unusual burdens on vehicular or pedestrian traffic patterns; and other matters that would be reasonably likely to materially impact the community. SugarHouse agrees to make an

executive available to attend the regular scheduled periodic meetings of the Special Services District.

7. Employment. SugarHouse shall create and implement a system to provide residents of the Neighboring Community with a reasonable amount of information regarding available job training and job opportunities at SugarHouse Casino.

8. Vendor Opportunities. SugarHouse shall create and implement a system to provide businesses in the Neighboring Community with a reasonable amount of information regarding available vendor opportunities at the SugarHouse Casino in conjunction with its purchase of goods and services. SugarHouse will also assist businesses in the Special Services District by providing information to such businesses regarding licensing and regulatory requirements under the Act; provided, that SugarHouse will not be required to incur any additional expense in providing such assistance beyond the cost of providing such information nor to give legal or accounting advice to such businesses regarding same.

9. Public Access To The Waterfront. SugarHouse will enter into an agreement with the City to provide reasonable outdoor access to its property along the Delaware River waterfront from both the north and south ends of the SugarHouse Casino, consistent with SugarHouse's Plan of Development (as submitted to the PGCB and amended from time to time). Waterfront access will be constructed during the initial phase of development, and, once such access is completed, substantial public access will be permitted at all times, subject to any restrictions necessary as a result of any construction, repair or maintenance activities, or in order to assure public safety and security. Access to specified portions of the waterfront also may be restricted by HSP in connection with special events, such as weddings, concerts, etc.; however, HSP will

agree to limit the number of times per month that such access is restricted, which limit will be adjusted over time as mutually determined by HSP and the City.

As a private-owned facility, public access to SugarHouse Casino's waterfront also may be subject to reasonable policies and restrictions imposed by HSP in order to maintain public decorum, safety and security (such as the removal of loiterers or squatters, a prohibition on solicitation and the ejection of anyone causing a substantial disturbance or potential or actual harm to other persons or property).

10. Construction Advisories. During the initial construction of the SugarHouse Casino, SugarHouse shall create and implement a reasonable plan advise the Special Services District or Authorized Community Groups of construction schedules. As part of this plan, SugarHouse will maintain a telephone hotline to respond to residents' complaints relating to construction operations. This obligation will terminate at such time as a certificate of occupancy, whether temporary or permanent, is first issued for the SugarHouse Casino, but will be reinstated for and during the construction of any future phases of the development.

11. Traffic Concerns. SugarHouse shall consult with the Special Services District, the City of Philadelphia ("City") and the Pennsylvania Department of Transportation to minimize the impact of increased traffic relating to the SugarHouse Casino. Consistent with this undertaking, SugarHouse will:

(a) Provide free parking for all SugarHouse employees, either on the SugarHouse property, or at another site from which SugarHouse shall provide free transportation to and from the SugarHouse facility;

(b) Prepare and submit to the City, the Pennsylvania Department of Transportation

and the Special Services District (if then in existence, or the Authorized Community Groups, if the Special Services District has not yet been organized), during the initial construction phase, a traffic plan with respect to vehicular ingress and egress to and from the SugarHouse facility; and

(c) Meet from time to time to discuss traffic issues with representatives of the Special Services District (if then in existence, or the Authorized Community Groups, if the Special Services District has not yet been organized), as reasonably requested by them.

12. Sanitation. SugarHouse will remove, on a daily basis, litter, trash and rubbish around the perimeter of its property, and shall designate to the Special Services District an executive to respond to complaints by residents of the Special Services District with regard to sanitation issues relating to SugarHouse's operations.

13. Security. SugarHouse, in cooperation with local law enforcement authorities, will meet, from time to time, with representatives of the Special Services District to discuss the need, if any, for additional security services beyond the SugarHouse property.

14. Prior Agreement, Amendments. This Agreement sets forth the entire agreement between the parties hereto, and supersedes all prior and contemporaneous agreements, understandings, warranties or representations. This Agreement may not be changed, modified or amended except in a writing signed by all parties hereto.

15. Other Agreements. The Authorized Community Groups and the Special Services District acknowledge that SugarHouse has contractual and compliance obligations to the City of Philadelphia, the Commonwealth of Pennsylvania and the Pennsylvania Gaming Control Board with respect to the development and use of the Project and the operation of SugarHouse Casino, and nothing herein shall be deemed to amend or vary any of those obligations, and to the extent

anything herein shall conflict with any of those obligations, it is those obligations, and not the provisions of this Agreement, which shall prevail.

16 Termination.

(a) Any party may, at its option, in addition to any remedies available to it at law or in equity, terminate this Agreement upon a material breach of the terms of this Agreement by any other party so long as the party electing to terminate provides no less than fifteen (15) days' prior written notice to the other parties hereunder of such violation and the violating party failures to cure such breach within such fifteen (15) day period.

(b) In addition, this Agreement shall terminate immediately upon the termination of gaming operations at the SugarHouse facility, not including any temporary interruption or suspension of gaming operations as may be required by emergency conditions or by order of the Pennsylvania Gaming Control Board, or the suspension, nonrenewal or revocation of its License. SugarHouse shall not be in default of any of its obligations hereunder in the event the action or inaction by the SugarHouse which is alleged to constitute a default occurs at a time when the SugarHouse Casino is closed or not in operation for gaming activities, for any reason whatsoever. Following any temporary interruption or suspension of SugarHouse's gaming operation, SugarHouse shall resume performance hereunder upon the re-opening of the SugarHouse Casino.

(c) Notwithstanding anything contained herein to the contrary, this Agreement may be terminated by SugarHouse in its sole discretion at any time on or after January 1, 2008, if SugarHouse has not received its License and all approvals and permits necessary to construct and operate the SugarHouse Casino consistent with its current plans and construction of the

SugarHouse Casino project has not begun as of such date.

17 Assignment, Third Party Beneficiaries. This Agreement may not be assigned by either party hereto, except that SugarHouse may assign this Agreement to any successor owner of SugarHouse's License and/or gaming facility, and any successor owner of SugarHouse's License shall be bound hereby. In the event of any assignment, transfer, sale, conveyance, foreclosure or other disposal of the SugarHouse Casino and its License by SugarHouse (or any successor-in-interest to SugarHouse) (a "Transfer"), such successor owner shall succeed to the rights and obligations of SugarHouse hereunder and shall assume fully in writing and be liable for all liabilities and obligations of SugarHouse under this Agreement (or its successor-in-interest) arising on or after the date of Transfer in accordance with and subject to its terms and provisions, and SugarHouse (and any successor-in-interest) shall, from and after the date of such Transfer, be free of all liabilities and obligations from and after the date of such Transfer. This Agreement is made for the sole benefit of the signatories hereto and the Special Services District, and nothing contained herein, express or implied, is intended to or shall confer upon any other person or entity any third-party beneficiary or any other legal or equitable rights, benefits or remedies of any kind or nature.

18 Governing Law. This Agreement shall be governed and interpreted by and in accordance with Pennsylvania law, and shall at all times be subject to terms and provisions of the Pennsylvania Race Horse and Development Act, 4 Pa.C.S.A §§ 1101 *et seq.* Upon execution, SugarHouse agrees to advise the PGCB that it is unaware of any current condition that at that time causes this Agreement or any provision thereof to be invalid.

19 Renewal. This Agreement shall not be renewed by operation of law; it may be

renewed only by the written confirmation of renewal by the Parties hereto as provided herein.

20 Notices. All Notices provided under this Agreement shall be in writing and shall be deemed given only upon receipt by personal service or by certified or registered mail, postage prepaid, return receipt requested, by the Parties at the addresses set forth herein. The Parties hereto may designate successors for each of the following by written notice to the other Parties.

The addresses for Notices are as follows:

Copies of such Notices provided under this Agreement shall also be provided to the following persons or their successors:

21. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

22. No Waiver. No assent, express or implied, by either party to any breach of or default in any term, covenant or condition herein contained on the part of any other party shall constitute a waiver of or assent to any succeeding breach of or default in the same or any other term, covenant or condition hereof and each party shall have all remedies provided herein and under applicable law with respect to any subsequent act that would have originally constituted a

breach of or default under this Agreement.

23. Exculpation. Except with regard to any assignment of this Agreement permitted pursuant to Section 16 hereof, any obligation of SugarHouse under or with respect to this Agreement shall be enforceable only against and payable out of the interest of SugarHouse in the SugarHouse Casino, and no partner of SugarHouse, nor any member or partner of a member of SugarHouse, or any of their respective shareholders, principals, partners, members, beneficiaries, advisors, trustees, directors, officers or employees, personal representatives, successors and assigns shall have any personal or individual liability of any kind whatsoever hereunder.

IN WITNESS WHEREOF, the undersigned parties, intending to be legally bound hereby, have entered into this Community Development Agreement, to be effective as of the Effective Date.

Witness or Attest:

By: _____

Name: _____

Title: _____

Witness or Attest:

By: _____

Name: _____

Title: _____

Witness or Attest:

By: _____

Name: _____

Title: _____

Witness or Attest:

By: _____

Name: _____

Title: _____

HSP GAMING, L.P., a Delaware limited partnership, by its general partner, HSP Gaming, LLC, a Delaware limited liability company

Attest:

By: _____

Name: _____

Title: _____

JOINDER OF SPECIAL SERVICES DISTRICT

The Undersigned Special Services District, in consideration of the benefits it would derive under the foregoing Community Benefits Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, joins in and adopts the foregoing Community Benefits Agreement and agrees to be bound by the terms and provisions thereof.

By: _____
Name: _____
Title: _____

EXHIBIT A
(Description of Community Groups and Boundaries)

EXHIBIT B
(Description of SugarHouse Property)

Schedule 5

May 22, 2007

Janice Woodcock, AIA, AICP
Executive Director
Philadelphia City Planning Commission
One Parkway, 13th Floor
1515 Arch Street
Philadelphia, PA 19102

Re: Green Roof

Dear Ms. Woodcock:

This is to reaffirm our commitment with respect to our intentions regarding the utilization of a "green" roof for the proposed SugarHouse Casino.

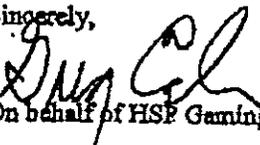
As you know, Section 14-411(b) of the Philadelphia Code requires that "the applicant for any building or zoning permit in a Commercial Entertainment District shall employ LEED (Leadership in Energy and Environmental Design) certified designers and shall use reasonable efforts to employ the technologies and strategies recommended by the United States Green Building Council . . ."

We are currently seeking Plan of Development approval from the Planning Commission under Section 14-403 of the Philadelphia Code and, accordingly, although we have not reached the point of seeking zoning or building permits, which is when Section 14-411 applies, we have retained LEEDs certified consultants to advise us regarding our efforts. In that regard, we have included as Exhibit 9 in our Plan of Development, the qualifications of the LEED certified designers on the design team.

Further, both because of our corporate values and because of the importance to Planning Commission staff and others in the City Administration, we have decided to make a strong commitment to environmental responsibility at this early stage in the development process. We, thus, commit to spending not less than one million dollars towards the utilization of a substantial green roof at SugarHouse. Of the approximately 90,000 square feet of non-garage roof that might be "greened," this commitment will ensure that the green roof will cover between 60,000 and 80,000 square feet, depending on the design implemented. It is our intention to continue these environmentally responsible principles as we design our future development phases.

It is our understanding that the Planning Commission will review the architectural plans in advance of issuance of building permits pursuant to Section 14-411(1)(b) of the Code, at which time our performance of this commitment will be confirmed.

Sincerely,


On behalf of HSP Gaming, L.P.