



ADMINISTRATIVE OFFICE of PENNSYLVANIA COURTS

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Special Master in Gaming Case Issues Directive

PHILADELPHIA, April 8, 2009 — Judge John W. Herron, the special master appointed by the Supreme Court of Pennsylvania to settle disputes involving the development of a proposed casino in Philadelphia, has issued his first directive.

A copy of the nine-point directive, which is filed in the Court of Common Pleas of Philadelphia, is attached.

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IN THE COURT OF COMMON PLEAS OF PHILADELPHIA
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
CIVIL TRIAL DIVISION

HSP GAMING, L.P. : MARCH TERM, 2009
v. : No. 4062
: :
CITY COUNCIL FOR THE CITY OF :
PHILADELPHIA, THE CITY OF :
PHILADELPHIA AND THE CITY :
PLANNING COMMISSION FOR :
THE CITY OF PHILADELPHIA :

DIRECTIVE

AND NOW, this 6th day of April 2009, pursuant to the authority granted to the Master appointed by the Pennsylvania Supreme Court by Order dated March 24, 2009, and upon consideration of the Submissions by HSP Gaming L.P. and the City of Philadelphia (hereinafter "CITY") in response to the Scheduling Order of March 25, 2009, it is hereby ORDERED:

- (1) The parties shall hold a substantive meeting (requested by HSP Gaming, L.P. over one year ago) within 5 days regarding the Developer Agreement for Offsite Stormwater Improvements between the City and HSP Gaming, L.P. as contemplated by Section 10(g) of the Development Agreement of December 17, 2007 between the City and HSP Gambling;
- (2) The City shall issue the three (3) to five (5) letters (first requested by HSP Gaming, L.P. March 17, 2008) to Utility Owners within five (5) days;
- (3) The City shall immediately provide the Preliminary Plan Review of the Philadelphia Department of Licenses and Inspections that was requested by HSP Gaming, L.P. since March 25, 2008, and shall initiate a continuous process for responding to such requests in the future;
- (4) HSP Gaming, L.P. shall not be required to obtain Regulation X Philadelphia Department of Health Approval, or, in the alternative, the Commissioner of Health and other City officials shall appear at a hearing on April 13, 2009 at 3 p.m. in Courtroom 414, City Hall, to show cause why Regulation X should be applied to HSP Gaming, L.P. when the City has failed in over 34 years to establish procedures and guidelines for use in the preparation, submission and review of air quality impact statements as required by Section III.B of Regulation X and no other developer has been required to comply with said regulation;

Hsp Gaming Lp Vs City Council For The City O-ORDER

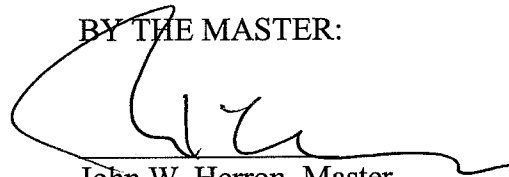


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- (5) The City and HSP Gaming, L.P. shall immediately engage in good faith discussions regarding the necessity—if any—of approval by the City of off-site environmental mitigation project;
- (6) The City shall implement within two (2) weeks a streamlined development process for the SugarHouse Casino, as required by Section 2(c) of the Development Agreement of December 17, 2007;
- (7) The City shall make all necessary changes to City records, maps and plans for the approved Plan of Development as contemplated by the Supreme Court's Order of December 3, 2007;
- (8) The City shall withdraw the August 27, 2008 letter by the Philadelphia Planning Commission to the Army Corps of Engineers within 5 days, which stated, inter alia, "...the City does not believe that the proposed facility as designed should be on the Delaware River";
- (9) The City shall within one week execute the Pennsylvania Department of Environmental Protection Water Quality Management permit for combined sewer outfall headwall requested by PaDEP on March 14, 2008 and by DEP on February 3, 2009.

The above Directive is issued in consideration of the proceedings before the Supreme Court of Pennsylvania, hearings before this Master (March 31, 2009, April 2, 2009 and April 6, 2009), submissions by the parties and the Master's express finding that the City and City Council have engaged in a pattern of conduct designed to intentionally delay and frustrate the issuance of permits and approvals required for the construction of SugarHouse Casino.

BY THE MASTER:



John W. Herron, Master

Andrew S. Ross, Esquire
Richard A. Sprague, Esquire
Thomas A. Sprague, Esquire
Charles J. Hardy, Esquire
William A. Lamb, Esquire
Scott Withers, Esquire

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APR 06 2009

FIRST JUDICIAL DISTRICT OF PA
USER I.D.: 3XD