

CONCISE SUMMARY OF HOST COMMUNITY AGREEMENT

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

If approved by the voters of Springfield, the Host Community Agreement (the “Agreement”) between the City of Springfield (the “City”) and Blue Tarp reDevelopment, LLC and, by joinder, MGM Springfield reDevelopment, LLC (collectively “MGM”) requires MGM to develop a destination casino resort in the downtown area of Springfield generally bounded by Main Street, Union Street, East Columbus Avenue and State Street. The area includes the site of the former South End Community Center and Zanetti School which were severely damaged by a tornado in June 2011. Below is a summary of the principal terms of the Agreement:

I. Summary of Economic Terms.

Under the Agreement, MGM is required to make substantial payments to the City. Upfront and advance payments total over \$15 Million and annual payments to be made upon opening of the facility total over \$25 Million.

<u>Total Upfront and Advance Payments</u>	<u>Amount</u>	<u>Use</u>
Upfront Direct Community Impact	\$2,500,000	For police, fire, schools, and other infrastructure.
Upfront Community Development Grant	1,000,000	Unrestricted grant to City paid in July 2013.
Upfront Surrounding Community Fund ⁽¹⁾	500,000	Surrounding community impacts.
Upfront 121A Advances	10,000,000	Advances made over three years during project construction.
Riverfront Park Improvements	1,000,000	Construction of improvements at Riverfront Park.
Franconia Golf Course	<u>150,000</u>	Construction of MGM Pavilion at Golf Course.
Total	\$15,150,000	

<u>Projected Annual Payments</u>	<u>Amount</u>	<u>Use</u>
Annual Community Impact Payments:		
Fixed payment ⁽²⁾	\$2,500,000	For police, fire, schools, and other infrastructure.
Variable payment:		
(a) 0.125% of GGR up to GGR of \$400 Million ⁽³⁾	500,000	
(b) 1.00% of GGR for GGR above \$400 Million ⁽³⁾	795,000	
Annual Community Development Grant ⁽²⁾	2,500,000	For: (1) early childhood education; (2) higher education; (3) libraries; (4) health impacts; (5) any City parking revenue subsidies (if shortfall); (6) project compliance; and (7) betterment of City and its residents.
Annual Chapter 121A Payments:		
Fixed payment	17,600,000	Payment in lieu of property taxes begins upon project opening. Beginning in FY2024, payment adjusts annually for certain years by 2.275% to 2.75%.
Variable payment:		
(a) 0.125% of GGR up to GGR of \$400 Million ⁽³⁾	500,000	
(b) 1.00% of GGR for GGR above \$400 Million ⁽³⁾	795,000	
Annual Surrounding Community Fund ^{(1), (2)}	500,000	Surrounding community impacts.
Union Station ⁽⁴⁾	<u>500,000</u>	Payment made in lieu of MGM leasing space.
Total	\$26,190,000	

(1) Payments to mitigate community impacts. Any amounts remaining are paid to the City.

(2) Increases annually by consumer price index.

(3) Payment determined as a percentage of MGM’s “gross gaming revenues” or “GGR” as that term is defined in the Agreement. Above calculation assumes MGM’s total annual GGR is \$479,500,000.

(4) MGM must lease 44,000 square feet at Union Station or make annual payment to City.

In addition to the above payments, MGM is responsible to pay all costs incurred by the City to its consultants in connection with the casino selection process as well as any on-going costs of such consultants in connection with the enforcement of MGM’s obligations under the Agreement.

II. Summary of Non-Economic Terms

The various non-economic commitments provided under the Agreement provide significant opportunities to redevelop the City’s South End area of downtown and also have the potential to put in motion a set of urban initiatives which strengthen and enhance the downtown and surrounding neighborhoods.

A. Project.	
MGM will construct a mixed-use commercial and residential casino resort real estate development of approximately 850,000 square feet (excluding structured parking). Components include the following approximate minimum elements and sizes, comprised of the following:	
	<p>125,000 sq. ft. casino with 3,000 slot and video gaming machines, 75 table games, a poker room, high-limit area, security, customer service facilities, on-site compulsive gambling counseling area and on-site child care facility for children of employees;</p> <p>250 room four star hotel tower; 7,000 sq. ft. spa; rooftop outdoor swimming pool; and an 8,000 square foot rooftop garden overlooking a public outdoor plaza that will host seasonally changing events and featuring an ice skating rink, large dynamic video displays, and areas for events and concerts, exhibitions, art shows and similar functions;</p> <p>7,000 sq. ft. of retail space adjoining the casino floor and facing and opening onto Main and State Streets and 20,300 sq. ft. of pedestrian-scale retail space facing and opening onto Main and Union streets as well as a cinema multiplex and bowling alley;</p> <p>48,000 sq. ft. of, and not less than, 7 distinctly branded restaurants, lounges or cafes adjoining and with access from the casino floor and Main, State and Howard Streets;</p> <p>Modern, finished meeting and convention space and related pre-function, and back-of-house/food preparation areas totaling 45,000 sq. ft., planned to complement existing facilities at MassMutual Center;</p> <p>Residential space including 54 market-rate apartment units;</p> <p>125,000 sq. ft. of on and off-site executive office space and back of house space; 85,000 sq. ft. of rehabbed Class A office space located at 101 State Street; and incorporation of the following existing buildings into new construction: 1200 Main Street, 73 State Street, and the former South End Community Center/Amory; and</p> <p>Parking, including valet parking drop off, bus drop off, bus parking, parking for 3,600 personal vehicles, dock and physical plant space in a structure adjacent to Columbus Avenue.</p>
B. Employment.	
<i>Construction Jobs</i>	MGM will use its best efforts to create no fewer than 2,000 construction jobs at the project; participation goals of 15.3% minorities; 6.9% women; and 8% veterans.
<i>Permanent Jobs</i>	At opening, MGM will use its best efforts to employ no fewer than 3,000 persons at the project and Union Station facility; no fewer than 2,200 persons (73%) to be FTE.
<i>Employment of City Residents</i>	After opening, MGM will use its best efforts to achieve labor participation of 35% City residents and no more than 10% of workforce to be residents from outside of the City and surrounding area.
<i>Employment of Minorities; Women; Veterans</i>	After opening, MGM will use its best efforts to achieve labor participation so that no less than: 50% of workforce is minority persons; 50% of workforce is women; and 2% of workforce is veterans.

C. Business Utilization.	
<i>Use of local businesses</i>	At least \$50 Million of MGM’s annual biddable goods and services will be prioritized for local procurement from the greater Springfield area.
<i>Use of MBE, WBE and VBE Businesses for construction and design¹</i>	MGM will use its best efforts to award contracts for the design and construction of the project utilizing 5% MBE; 10% WBE; and 2% VBE businesses.
<i>Use of MBE, WBE and VBE for operations</i>	MGM will use its best efforts to purchase goods and services for the project from at least 10% MBE; 15% WBE; and 2% VBE businesses.
<i>Displaced Tenant Subsidy</i>	For tenants located in the project area who need to be relocated, based on the tenants’ existing square footage, MGM will pay displaced tenants that agree to relocate within the City \$3/sq. ft. (or \$4/sq. ft. if tenants relocate within the City’s Business Improvement District) towards their new security deposit and moving costs.
<i>City Monitoring and Compliance</i>	MGM is required to provide the City detailed statistical reports covering MGM’s employment, workforce and local business obligations to allow the City to determine compliance with its obligations.
D. Entertainment.	
<i>MassMutual Center</i>	MGM will underwrite, co-promote, book and schedule at least 4 events per calendar year for at least eight years post-opening. MGM will also sponsor Springfield’s Armor and Falcons teams for at least 3 years post-opening.
<i>Symphony Hall</i>	MGM will underwrite, co-promote, book and schedule at least 3 events per calendar year for at least five years post-opening.
<i>City Stage</i>	MGM will underwrite, co-promote, book and schedule at least 3 events per calendar year for at least five years post-opening.
<i>Additional Entertainment</i>	MGM will underwrite, co-promote, book and schedule 2 additional events per year at MassMutual Center, Symphony Hall or City Stage for five years post-opening.
<i>Ice Skating Rink</i>	MGM will design, install and maintain an outdoor ice skating rink for public use during the winter season to be located on the project site for at least 5 years post-opening.
<i>Trolley</i>	The Pioneer Valley Transportation Authority, with financial support from MGM (consisting of initial capital funding for up to 2 trolleys and subsidies for operating costs of trolley to the extent not covered by revenues), will operate a fare-based, downtown trolley.
E. Ancillary Development.	
<i>Union Station</i>	MGM will lease approximately 44,000 sq. ft. at Union Station and also will invest \$6,750,000 to build out and improve such facility. Alternatively, MGM may make annual payments of \$500,000 to the Springfield Redevelopment Authority for a period of 15 years.
<i>DaVinci Park</i>	MGM will construct improvements at DaVinci Park. MGM will relocate the playground equipment located in the park to another location in the City. MGM will also maintain the park.
F. Responsible Gaming.	
<i>Compulsive Gaming</i>	MGM will train its employees on compulsive gambling matters; post signage in Spanish and English; enforce self- and mandatory-exclusion lists in accordance with Massachusetts Gaming Commission requirements; and provide an onsite location for counseling. MGM’s employees annually participate in “Responsible Gaming Week” hosted by the American Gaming Association.
<i>Underage Gaming</i>	MGM will train employees to request and verify the identification of any patron that appears to be underage in accordance with industry standards and state law.

¹ MBE means minority-owned enterprise; WBE means women-owned enterprise; and VBE means veteran owned enterprise.

G. Infrastructure Improvements.	
<i>Water/Sewer</i>	MGM will be responsible for the cost of certain water and sewer work connected with the project.
<i>Traffic</i>	MGM must fully implement and fund all traffic improvements described in its traffic study. Such improvements must be completed on a schedule agreed to by the City.
H. Other Obligations.	
<i>Non-Compete</i>	Subject to certain exceptions, for a period of 10 years, neither MGM nor any 5% owner may compete with the project within a 50-mile radius unless the City consents.
<i>Transfer Restrictions</i>	Subject to certain exceptions, neither MGM nor any 5% owner may transfer its interest in the project unless the City consents.
<i>Indemnification</i>	MGM will indemnify the City against any liabilities, losses, damages, costs, expenses and claims that relate to development, construction or operation of the project unless the loss was caused by the City's gross negligence or willful misconduct.
<i>Parent Company Guaranty</i>	MGM's parent company, MGM Resorts International, has guaranteed to the City, for a period of two years following opening, all of MGM's obligations to the City under the Agreement and must fund all amounts necessary to operate and maintain the project during such two-year period.
<i>Amendments</i>	MGM and the City may amend the Agreement at any time by mutual written agreement. The Agreement may be amended to address any new rules, regulations or requirements adopted by the Massachusetts Gaming Commission or as may be necessary to comply with environmental permits and approvals. Additionally, at least every five year anniversary of opening, the City and MGM will review and negotiate in good faith the community impacts and payments to be made to mitigate such impacts. Any changes resulting from such negotiations will require that the Agreement be amended.

Under state law, MGM Springfield must demonstrate compliance with the suitability requirements imposed by state law as implemented and administered by the Massachusetts Gaming Commission (Commission), and MGM Springfield must obtain a positive determination of suitability from the Commission. This process is underway. *As of the date of this notice, the Commission has not yet completed its suitability investigation of MGM Springfield and, therefore, has not made a determination of suitability with respect to MGM Springfield and may not make such a determination prior to the election.*

The Commission will make its determination of suitability after completing a thorough background investigation of MGM Springfield. As part of the background checks, the Commission reviews such things as the integrity, honesty, good character and reputation of the applicant; the financial stability, integrity and background of the applicant; the business practices and the business ability of the applicant to establish and maintain a successful gaming establishment; and whether the applicant has a history of compliance with gaming licensing requirements in other jurisdictions. The Commission will not permit MGM Springfield to proceed with its application for a gaming license unless it determines that they are suitable to operate a gaming facility in Massachusetts.

This is a summary of the principal terms of the Agreement. This summary is qualified in its entirety by the actual Agreement. Capitalized terms not defined in this summary, but used in this summary, are the same as in the Agreement. A complete copy of the Agreement is available on the City's website at: <http://www3.springfield-ma.gov/planning/casino.html>. This summary has been approved by the City Solicitor pursuant to M.G.L. 23K §15(13).