MASSACHUSETTS GAMING COMMISSION

Introducing the successful and ethical development of expanded gaming to the Commonwealth
On November 22, 2011, Governor Deval Patrick signed Chapter 194 “An Act Establishing Expanded Gaming in the Commonwealth”
BENEFITS OF THE EXPANDED GAMING ACT

- Economic Development
- Revenue Generation
- Job Creation
PRINCIPLES OF THE GAMING ACT

- Transparent and competitive bidding of licenses
- Maximum long-term value to the Commonwealth
- Expansion of economic development benefits across regions of the state
- Protecting host and surrounding communities by addressing all social impacts and costs
- Ensuring rigorous public safety, regulatory and enforcement mechanisms will be the best in the country
The Gaming Act created an independent body responsible for overseeing and implementing the licensing process.

The Commission consists of:

- 5 full time commissioners
- Chair appointed by Governor
- One appointed by Attorney General
- One appointed by State Treasurer
- Remaining two appointed by all three appointing authorities (GOV, AG, TRE)
MEET THE COMMISSIONERS

Steve Crosby, Chairman
- Founding Dean of McCormack Graduate School of Policy and Global Studies at UMass Boston
- Appointed by Governor

James McHugh, Secretary
- Former Associate Justice of the Appeals Court
- Appointed by Attorney General

Enrique Zuniga, Treasurer
- Former Executive Director at Mass Water Pollution Abatement Trust
- Appointed by State Treasurer for experience in corporate finance and securities

Gayle Cameron
- Retired as a Deputy Superintendent (second highest rank) with the New Jersey State Police
- Appointed by all three appointing authorities for experience in gaming

Bruce Stebbins
- Previously served as business Development Administrator for the city of Springfield
- Appointed by all three appointing authorities
OUR MISSION: FAIR, TRANSPARENT & PARTICIPATORY

MISSION STATEMENT

The mission of the Massachusetts Gaming Commission is to create a fair, transparent, and participatory process for implementing the expanded gaming law passed by the Legislature and signed by the Governor in November, 2011. In creating that process, the Commission will strive to ensure that its decision-making and regulatory systems engender the confidence of the public and participants, and that they provide the greatest possible economic development benefits and revenues to the people of the Commonwealth, reduce to the maximum extent possible the potentially negative or unintended consequences of the new legislation, and allow an appropriate return on investment for gaming providers that assures the operation of casino-resorts of the highest quality.
OUR CORE VALUES

⭐ WE VALUE an unyielding commitment to a participatory, transparent and fair process for the licensing of expanded gaming in Massachusetts.

⭐ WE VALUE an environment with a free-flowing and open exchange of ideas in which all are encouraged to question and participate, with the understanding that all will use their best efforts to implement the resulting decisions.

⭐ WE VALUE an uncompromising commitment to the integrity of the licensing and regulatory process, and strict adherence to the letter and spirit of our Enhanced Code of Ethics, with a thoughtful balance between the need for rigorous regulation and the burden of compliance.

⭐ WE VALUE a diverse workforce and supplier base, and an inclusive culture internally and among our partners in the Massachusetts Gaming Industry.

⭐ WE VALUE a deep commitment to customer service that assures a respectful and professional experience for all with whom we come in contact, no matter their point of entry or point of view.
LEGISLATION DETAILS: THREE REGIONS

- Allows for 3 destination resort casinos in 3 geographically diverse locations
- No more than 1 in each region
- Allows for one slots parlor Statewide (not restricted to regions)

A – Central Metro Region:
  Suffolk, Middlesex, Essex, Norfolk, Worcester

B – West Region:
  Hampshire, Hampden, Franklin, Berkshire

C – Southeast:
  Bristol, Plymouth, Nantucket, Dukes, Barnstable
Type I License (Resort Casinos)
- Initial license period of 15 years
- $85 million initial license fee
- $500 million minimum investment
- Taxed at 25% of gross gaming revenues

Type II License (Slots Parlor)
- Initial license period of 5 years
- $25 million initial license fee
- $125 million minimum investment
- Taxed at 40% of gross gaming revenue
- Another 9% of gross gaming revenue is credited to the racehorse development fund

Additional fees include
- Application fee of not less than $400,000
  - Not less than $50,000 to cover host and surrounding community impact studies and negotiating mitigation agreements
- Community impact fees for host and surrounding communities
  - Must be in agreements between applicant and community
- Annual slot machine license fee of $600 per machine
  - Funds Commission’s ongoing operations
- Annual fee of not less than $5,000,000 to provide programs to deal with compulsive gambling and other addictions
Revenues derived from gaming are allocated by law to:

- Local Aid Stabilization Fund
- Manufacturing Fund
- Community College Fund
- Mass Cultural Council
- Gaming Economic Development
- Mass Tourism Fund
- Local Capital Projects Fund
- Debt Reduction
- Health Care Payment Reform Fund
- Community Mitigation Fund
- Public Health Trust Fund
- Race Horse Development Fund
- Gaming Local Aid Fund
- Transportation Infrastructure and Development Fund
Statutory license criteria and goals include:

- Maximize economic development
- Promote local small businesses and the tourism industry
- Maximize job generation while protecting existing jobs
- Maximize capital investment
- Promote diversity in the workforce and among suppliers
- Coordination with regional and economic development plans
- Mitigate compulsive gambling and other negative consequences in host and surrounding communities
CURRENT GAMING APPLICANTS

Category 1 (Resort-casino)

- MGM Springfield - Springfield
- Mohegan Sun - Palmer
- Wynn, LLC - Everett
- Sterling Suffolk Racecourse – E. Boston
- Crossroads Massachusetts, LLC (Foxwoods) – Milford

Category 2 (Slots)

- Raynham Park - Raynham
- PPE Casino Resorts (Cordish) – Leominster
- Penn National Gaming, Inc. - Plainville
LEGISLATION DETAILS: APPLICATION PROCESS

Commission issues request for applications

Applications are filed

• Final application must contain, among other things
  • Host and surrounding community agreement defining all responsibilities between the community and the applicant
  • Certification that applicant will comply with “state and local building codes and ordinances and bylaws”
  • Certification that the agreement has received a binding vote in the host community or in the host ward of the three largest cities
  • Studies showing the *regional* impact and economic effect of the project

Commission investigates

• Two part inquiry
  • Phase 1: Applicant’s financial and ethical suitability
  • Phase 2: Remaining application components
• Commission determines, if necessary, who the surrounding communities are

Public hearing in the host community

Commission decides
# Schedule, Process, Next Steps
## Casino Development – Non Tribal

### Category 2 License (Slots Only)

<table>
<thead>
<tr>
<th>License Application Step</th>
<th>Earliest Likely Date</th>
<th>Latest Likely Date</th>
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<tbody>
<tr>
<td>Applicants submission of completed RFA-1</td>
<td>January 15, 2013</td>
<td>N/A</td>
</tr>
<tr>
<td>Commission review of completed RFA-1 and release of RFA-2 to qualified applicants</td>
<td>June 2013</td>
<td>N/A</td>
</tr>
<tr>
<td>Host and Surrounding community agreements executed</td>
<td>June 2013</td>
<td>August 2013 (October 31, 2013 for Surrounding Community Agreements)</td>
</tr>
<tr>
<td>Host community agreements approved by referendum</td>
<td>August 2013</td>
<td>October 2013</td>
</tr>
<tr>
<td>Applicant submission of completed RFA-2</td>
<td>August 2013</td>
<td>October, 2013</td>
</tr>
<tr>
<td>Commission selection of licensee(s)</td>
<td>December 2013 (no surrounding community / impacted live entertainment venue disputes)</td>
<td>February 2013 (with surrounding community / impacted live entertainment venue arbitration)</td>
</tr>
</tbody>
</table>
## SCHEDULE, PROCESS, NEXT STEPS
### CASINO DEVELOPMENT – NON TRIBAL

#### Category 1 License (Resort Casino) for Regions A & B

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EVALUATION CRITERIA

Five principal criteria

- **General Overview** – What about this license applicant’s project will make the project unique in the industry, make it a unique destination, reinforce the Massachusetts-brand and positively impact the Commonwealth.

- **Finance** – Will the project meet the estimated revenue projections, does the proponent have suitable financing to complete the project and will they spend the required minimum investment.

- **Economic Development** – How does the project maximize a positive impact on area visitor attractions, support small business in the region and create viable and meaningful pathways for employment.

- **Building and Site Design** – Does the building meet requirements for energy efficiency, have a design that integrates itself into the community and meet permitting requirements.

- **Mitigation** – How does the proponent solve traffic problems, address problem gambling, minimize its impact on the Lottery and mitigate any problems with the host and surrounding communities.
Host community = where the gaming facility will be located

Surrounding communities = determined in the following ways:

• The applicant designates the community in the Phase 2 application and the community assents to the designation in writing
• The applicant and the community execute a surrounding community agreement that is submitted as part of the Phase 2 application, or
• The community petitions the Commission for designation as a surrounding community no later than 10 days after the Phase 2 application is submitted. The statute provides that a surrounding community agreement must be executed within 30 days of the designation as a surrounding community by the Commission.
What happens when an applicant and a Surrounding Community are unable to reach an agreement?

The Gaming Act states that the Commission has the authority to determine surrounding community status (after the Phase 2 application)

• Defined as “municipalities in proximity to a host community which the Commission determines will experience or are likely to experience impacts from the development or operation of a gaming establishment”

• In making the determination, the Commission must consider “the detailed plan of construction submitted by the applicant, information received from the public and factors which shall include, but not be limited to, population, infrastructure and distance from the gaming establishment and political boundaries”
The Regulations further describes the types of impacts that could result in a determination of surrounding community status, including:

- **Shared border**, proximity to a host community, and proximity to a potential gaming facility are factors in the determination.
- **Impacts on transportation** infrastructure, including but not limited to significant increased volume of trips on local streets, changes of level of service at intersections, and impacts on state and federal roadways.
- **Construction period impacts** such as noise, environmental impacts, and construction vehicle impacts.
- **Operation period impacts** such as potential public safety impacts, regional water and sewer impacts, impacts on retail, entertainment, and service establishments, and increased social service needs.

*The regulation is not limited to evaluating the listed impacts.*
Once a community is designated a surrounding community, the statute requires negotiation between applicants and communities for up to 30 days.

After 30 days, the Commission is required to have "protocols and procedures for ensuring the conclusion of a negotiation of a fair and reasonable agreement."

The Commission has protocols and procedures in its regulations, including mandatory best and final arbitration.
$50,000 of the Applicant’s $400,000 application fee is reserved for host and surrounding communities.

- If an Applicant agrees to provide more than $50,000 to a community or more than one community, the Applicant is required to provide the additional funds to the Commission.
- The signatures of both the community receiving assistance and the applicant are required in the application for funding.

Additional methods of providing technical assistance have been adopted by the Commission.

- In the event the Commission orders an applicant to negotiate with a surrounding community after the submission of RFA-2, the Commission has the statutory authority to order the applicant to pay for technical assistance.
- The Commission has a system of involuntary disbursements under which potential surrounding communities may petition the Commission to require applicants to pay for technical studies.
- The Commission has adopted a plan creating an optional service for communities and applicants under which Regional Planning Agencies would provide assistance prior to the RFA-2 application.
IN VOLUN TARY DISBURSEMENTS

• If an applicant refuses to provide funding to a community for technical assistance, a community may petition the Commission for funding under the Commission’s regulations.

• Communities will need to demonstrate a likelihood of being designated as a surrounding community and the need for such funding.

• Petitions may be filed 21 days after the host community agreement is executed.

• The Commission has a rule helping communities in the event of a host community agreement that is executed close to the application deadline.

• In such event, petitions can be filed 60 days prior to the category 2 application deadline and 90 days prior to the category 1 deadline, without regard to when a host community agreement is executed. More detail is found in a recent MassGaming blog post.
Regional Planning Agency Technical Services for Communities and Applicants

- On March 14, 2013, the Commission voted unanimously to adopt a proposal to develop a partnership with Regional Planning Agencies (RPAs) to provide technical and advisory services to potential surrounding communities.
- This service is voluntary for applicants and potential surrounding communities.
- The Commission is currently working with applicants to determine which applicants will participate and what RPA services will be utilized in each region.
- After which, more information will be provided to communities to enable them to determine whether or not they will participate.

Tasks:

**Convener.** The RPAs will organize up to two regional informational forums of municipal officials per region, followed by a series of meetings of a task force for each proposed gaming facility.

**Technical Assistance.** The RPAs, with the potential assistance of consultants on key tasks, will undertake review of the potential development impacts on surrounding communities in a gaming facility’s region, as well as the related mitigation options, related to each potential gaming facility.

**Agreements.** The RPAs will facilitate discussion related to language for the agreement(s) between the proponent and potential surrounding communities, with the assistance of outside legal counsel, if necessary.
Community Mitigation Fund: created by the Legislature to address impacts after a gaming facility is operational.

- **6.5%** of the revenue from Category 1 Licensees is distributed to the Community Mitigation Fund.

- In addition, **10%** of the gaming licensing fees, with the exception of initial licensing fees, is also placed in the Community Mitigation Fund.

- Funds to be expended “to assist the host community and surrounding communities in offsetting costs related to construction and operation of a gaming establishment including,” water/sewer, education, transportation, infrastructure, housing, environmental issues and public safety.

- The Commission awards funds after review of requests prior to **February 1** of each year.

- A Community Mitigation SubCommittee and Local Community Mitigation Committees, including members from host and surrounding communities, will advise the Commission.
WHAT IS UNIQUE ABOUT MASSGAMING?

Director of Problem Gambling and Research
Mark Vander Linden
- Nationally renown expert
- 15 years experience in social work and gaming policy

Director of Workforce, Supplier and Diversity Development
Jill Griffin
- To lead MGC’s efforts to prepare local workforce and local businesses to service casino operations
- 15 years of economic development experience

- MGC recently launched a comprehensive, first-of-its-kind research agenda to study socio and economic impacts of expanded gaming
- Provide MA stakeholders with a baseline assessment of the status of gambling and other factors for strategic analysis and decision-making
MGC COMMUNITY ENGAGEMENT

- Weekly open meetings offered via Live Stream on MGC website
- Statewide hearings
- Speakers Bureau
- New website

MGC is dedicated to an open, transparent and participatory process
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