



TOWN OF TEWKSBURY

TOWN HALL
1009 MAIN ST
TEWKSBURY, MASSACHUSETTS 01876

FINANCE COMMITTEE

David Aznavoorian, Chairman
Raymond Lisiecki, Vice Chair
Damin Sutherby, Clerk
Thomas Cooke
David McGinness
Kelly Brooks

Meeting Minutes for August 1, 2013

1) Call to Order

The meeting was called to order at 7:14 p.m. by David Aznavoorian, Chairman, at the Tewksbury Police Headquarters. Present were Thomas Cooke, Raymond Lisiecki, Damin Sutherby, and David McGinness. Also present was Melissa Johnson, Recording Secretary. Kelly Brooks and Ralph Ford were not in attendance.

Mr. Aznavoorian noted that the recording secretary has requested to record this meeting. There were no objections.

2) Lateral and Reserve Fund Transfers as required

There were no lateral or reserve fund transfers presented.

3) Q&A with representative from Penn National Gaming on the proposed slots parlor

Present was Alex Stoylar, Vice President of Corporate Development for Penn National Gaming.

Mr. Aznavoorian explained that the Finance Committee has submitted their questions for Mr. Stoylar and worked with Mr. Montuori to compile a list. Mr. Cooke noted that he reserves his right to ask additional questions of Penn National in the future; whether directly or through Mr. Montuori.

Mr. McGinness questioned whether the Finance Committee should make a recommendation on the warrant article as it is a zoning article. Mr. Aznavoorian explained that based on the financial impact that this project could have on the town, the Committee should make a recommendation.

Mr. Stoylar explained that Penn National Gaming is also known as Western Mass Gaming Ventures and currently operates 20 casinos across fifteen states. The company started as a single race track in Hershey, PA and started in the gaming business in the 1990's and have grown since then. The closest facility to Tewksbury is in Bangor, ME. Penn National Gaming has recently opened two casinos two casinos in Ohio (Columbus and Toledo) and one in Kansas City, Kansas, and is currently working on developing two

additional casinos in Ohio. Mr. Stoylar explained that they did pursue a casino license in Springfield, Massachusetts, but MGM was chosen over them. A Phase 1 license application had been submitted, so Penn National decided to pursue other locations. They feel that Tewksbury would be a good location due to its' interstate access. Mr. Stoylar noted that the process has moved rather quickly, however, a great deal of due diligence has been done by Mr. Montuori and other town staff. The details are still being finalized, but the current plan is for 1,250 slot machines, restaurants, a bar, and they are also looking into other smaller amenities.

Mr. Cooke inquired as to the status with Mass Gaming. Mr. Stoylar explained that they have submitted for the Phase 1 license and it has been completed; the certification is expected to be completed soon.

Mr. Lisiecki asked if the employees will receive a State or Federal background check. Mr. Stoylar explained that there are different levels of employees; those that handle the money must be licensed by the Massachusetts Gaming Commission. It has not yet been determined whether the other employees who are not working on the casino floor, such as restaurant servers, will require the same certification.

Mr. McGinness inquired as to the entertainment capacity. Mr. Stoylar explained that this has not yet been finalized, but it will be on a smaller scale.

Mr. Aznavoorian reviewed some of the questions that were previously compiled:

Q: Who will own the property and what party will pay the property taxes?

A: Legit McCall is the current owner and Penn National Gaming will be purchasing the property. Last November, Penn National announced that they are splitting up the company into a Real Estate Investment Trust (REIT) and the Operating Company. The REIT will own the land and buildings and will lease to Penn National Gaming (operating company) who will own the license and pay the taxes. The REIT is called GLPI. All subject to Massachusetts Gaming approval.

Mr. McGinness asked if the agreement will be amended to include the REIT. Mr. Stoylar noted that he is unsure, but the operator is still Penn National.

Q: Has Penn National Gaming and/or Western Mass Gaming officially recognized by written correspondence the Town of Wilmington, Town of Andover and/or City of Lowell as abutters in accordance with the requirements and regulations of the Massachusetts Gaming Commission?

A: Massachusetts requires a surrounding community agreement be entered into with the communities that may be impacted. Penn believes that Andover and Lowell will receive the most impact and they have reached out to both communities and met with their Town Managers to answer their questions and determine what type of impact studies they would like to see done. Penn would fund all of the studies. If an agreement cannot be reached, the matter would go to arbitration within 30 days of the October 4 deadline.

- Q: What is the estimated committed dollar amount related to the Tewksbury Community Agreement to mitigate compulsive addicted gambling and will it be earmarked or direct towards an investment trust fund?
- A: There is a \$5 million annual fund that is paid by all of the applicants that goes to the Mass Gaming Commission and is earmarked for problem gaming. Mass Gaming determines how the funds are distributed.
- Q: Will there be an entertainment component?
- A: Yes. Details are still being worked out. Penn National Gaming has been talking with the local businesses, hotels, and residents on this. Their goal is to be complimentary to the existing businesses.
- Q: Has a Proforma been issued and, if not, when will one be? Mr. Cooke explained the importance of this document.
- A: The internal Proformas are kept internal. The impacts on the town and the community agreement are based on revenue projections and are still being refined. Penn National is comfortable estimating the starting annual revenue at \$150 million and increasing to \$200 million as the property matures.
- Q: How would Penn National Gaming mitigate the loss of local business: lottery, Keno, revenue to restaurants and liquor stores, etc.?
- A: Penn National Gaming feels that they can help increase the revenues as the slots parlor will bring people to the town and they will utilize other local amenities. Impact to surrounding businesses is expected to be a positive one.

Mr. Aznavoorian asked if there are any examples of where this has actually occurred. Mr. Stoylar explained that hotels and restaurant occupancy increased in Hershey, PA and Bangor, ME. Mr. Stoylar will look into whether there has ever been an impact on lottery and/or Keno and encouraged the members to contact the communities in which Penn National operates a casino to see the impacts, if any. Mr. Montuori noted that he has scheduled conference calls with three of the communities and is hoping to schedule two more to. Mr. Stoylar explained that Penn National frequently partners with the local businesses to offer incentives to their patrons attract them to the local businesses.

Mr. Montuori requested Mr. Stoylar explain the State revenues. Mr. Stoylar explained that 49% of revenues will go to the State along with a \$600 per year fee on each machine. The license to the State is approximately \$25 million and has been factored into the State's budget.

Mr. Lisiecki asked if the license can be sold and what is the likelihood of leaving in five years. Mr. Stoylar confirmed that the license can be sold, however, State approval would be required; a new host agreement is not required. Their likelihood of leaving is none.

- Q: How does a slot parlor compete with a resort destination casino?
- A: Approximately 80% of regional casino revenues are slot based.

Q: Why have the design plans not been released and when will they be?
A: The designs are currently being worked on and will be released prior to the Special Town Meeting vote.

Q: Routes 495 requires Federal approval, as does Route 133 from the State, will this be addressed as part of the traffic study?

A: Yes.

Mr. Montuori noted that he has also requested the traffic study be completed prior to town meeting.

Q: Will there be an impact on the larger local businesses such as Raytheon and Thermo Fisher? Will they move away?

A: In Penn's experience, there is no impact to those unrelated types of businesses. The traffic peak times are different.

Q: Will the casino impact the town's Economic Target Area (ETA) designation?

A: No; nor its' Biotech ready designation.

Q: Will Tewksbury receive any of the 49% paid to the State?

A: Mr. Montuori has not projected any of this as being received from the State. An annual \$1 million mitigation fee will be received and will increase 2% in 4 years. There will also be an increase in the hotel/motel and meals taxes.

Q: What is the expected capacity?

A: Maximum capacity if 1,250. Normal peak occupancy is approximately 70% occupancy.

Q: How many acres does the site have and will space be left for future growth/expansion?

A: The site is 8 to 10 acres. A small portion will be left for possible future expansion; however, the site does not allow for much expansion.

Q: What type of training will be provided as part of the hiring preferences and how much of the staff will be local residents?

A: Penn National Gaming has recently partnered with Middlesex Community College to offer training. A Tewksbury resident preference has been incorporated in the host agreement.

Q: What is the expected construction phase?

A: 12 months.

Q: Has an impact study on crime and the police department been done?

A: An impact study will be done to see if there will be an impact to the police and/or fire department. If it is determined that there is an increase cost, Penn National Gaming would reimburse the town for that cost.

Mr. Stoylar explained that Penn also has its' own fully trained security team, first responders, etc. Mr. Montuori noted that an agreement would also need to be negotiated with the State Police.

Q: Does Penn National Gaming support nonprofit organizations, schools, community events, etc.?

A: Yes. The General Manager's make these type of decisions. Mr. Stolyar suggested the member's contact the other communities in which they operate to see how involved they are with the community.

Q: Will alcohol be served 24 hours and will there be complimentary drinks?

A: The service of alcohol must follow State laws. Alcohol will not be served 24 hours a day and it is likely that there will not be complimentary drinks offered.

Q: Have there been any impacts on property values in the communities in which Penn National Operates.

A: There has been no impact in their experiences.

The Committee members thanked Mr. Stoylar for his time.

Discussion took place on the ballot question. Mr. Cooke suggested the Finance Committee, Board of Selectmen, and the Planning Board meet with Penn National Gaming and Mr. Montuori in September. Mr. Montuori will provide the members with a copy of the ballot question.

Mr. McGinness expressed concerns with the host community agreement and the vagueness on the timeliness of reports. Mr. Montuori explained that the reports would be provided at the same time they are sent to the State.

Discussion took place on when the Finance Committee will make their recommendation. That date has yet to be determined.

The Finance Committee will hold their public hearing on this matter on August 6, 2013 at the Town Hall.

4) Approval of Meeting Minutes - April 30, 2013, May 2, 2013, May 6, 2013, May 8, 2013 and June 13, 2013.

MOTION: Mr. Lisiecki made the motion to approve the April 30, 2013, May 2, 2013, May 6, 2013 and May 8, 2013 meeting minutes as presented; seconded by Mr. Cooke and the motion carried 5-0.

The approval of the June 13, 2013 meeting minutes will be addressed at a future meeting.

5) Approval of Payment of Recording Secretary Timesheet

This agenda item will be addressed at a future meeting.

6) Future Proposed Meeting Dates

Tuesday, August 6, 2013	Public Hearing on Zoning Bylaw Change
Tuesday, August 20, 2013	Special Town Meeting – Zoning Bylaw Change
Thursday, September 12, 2013	7pm Regular Business Meeting
Wednesday, September 18, 2013	Public Hearing for October STM Warrant
Thursday, September 26, 2013	7pm Regular Business Meeting
Thursday, October 1, 2013	October Special Town Meeting – TBD by BOS
Thursday, October 17, 2013	7pm Regular Business Meeting
Thursday, November 7, 2013	7pm Regular Business Meeting
Thursday, December 5, 2013	7pm Regular Business Meeting

7) New Business

Mr. McGinness thanked the DPW Superintendant, Brian Gilbert, for the recent tour he gave him of the DPW. Mr. McGinness requested the Committee formally thanked Mr. Gilbert.

8) Documents

Summary of Committee Members questions to Penn National Gaming
Meeting minutes of April 30, 2013, May 2, 2013, May 6, 2013, and May 8, 2013

Adjourn.

MOTION: Mr. Cooke made the motion to adjourn at 9:20 p.m.; seconded by Mr. McGinness and the motion carried 5-0.

Respectfully submitted,

Approved: _____
Damin Sutherby, Clerk

Date