



# TOWN OF TEWKSBURY

TOWN HALL  
1009 MAIN ST  
TEWKSBURY, MASSACHUSETTS 01876

## FINANCE COMMITTEE

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

### Meeting Minutes for August 6, 2013

#### 1) Call to Order

The meeting was called to order at 7:13 p.m. by David Aznavoorian, Chairman, at the Town Hall Auditorium. Present were Thomas Cooke, Raymond Lisiecki, Damin Sutherby, and David McGinness. Also present was Melissa Johnson, Recording Secretary. Kelly Brooks was not in attendance.

#### 2) Public Hearing – Address requirements of Finance Committee Public Hearing

Mr. Aznavoorian introduced the Committee members and explained the procedure of the meeting.

Mr. Aznavoorian requested a motion to waive the reading of the warrant articles.

**MOTION: Mr. Cooke made the motion to waive the reading of the warrant article; seconded by Mr. McGinness and the motion carried 5-0.**

#### 3) Warrant Articles – August 20, 2013 Special Town Meeting

##### Article 1

Present was Jeff Morris and Alex Stoylar of Penn National Gaming, Richard Montuori, Town Manager, and Steven Sadwick, Director of Community Development.

Mr. Sadwick explained that the article for special town meeting has been reviewed by town counsel, Attorney Charles Zaroulis, and the Planning Board held two working sessions with Attorney Zaroulis and Penn National to finish the article. The decision was made to go with an overlay district for this type of use, and within that overlay district identify a Category 2 license that is allowed under M.G.L. Sec 23(k). Mr. Sadwick explained that there are a number of overlay districts in town and the Planning Board always tries to make sure the language ties back to the underlining zoning. The location is at Ames Pond Drive and would include any property within the office research district; 100 through 300 Ames Pond Drive. There are regulations that are specific to this type of

overlay district including: setback requirements, building requirements, permits, parking signs, environmental performance standards, etc.

Mr. Aznavoorian requested Mr. Stoylar present for Penn National prior to any questions being asked.

Mr. Stoylar noted that he met with the Finance Committee last week and one of his goals was to come back to the Committee to answer some of the member's questions. The first question was on revenue projections; Mr. Stoylar reviewed the preliminary revenue projections for the first five years. The proposal is for a \$200 million plus slots only casino to be built on 27 acres at 300 Ames Pond Drive; 100 and 200 Ames Pond Drive are not being purchased. Penn National believes that the proposal will generate over \$4 million in annual revenue for the Town of Tewksbury. Penn National is currently working on the traffic studies and they will fund any improvements that may be needed. Mr. Stoylar noted that Penn National operates 20 casinos throughout the country. The facility itself is still being designed and will likely be a 125,000 square foot facility; half of which will be gaming. There will be around 1,500 parking spaces with a parking garage and valet parking. Penn National will ensure that there is always ample parking. The proposal is for 1,250 slot machines. The facility will produce a lot of jobs for Tewksbury and the surrounding region. Mr. Stoylar noted that an agreement has been signed with Middlesex Community College to provide training for employees. There will also be multiple dining options which are still being finalized.

Mr. Morris noted that he has been in town for approximately three weeks talking with residents, businesses and town staff. Mr. Morris reviewed some of the first specs; the name of the facility would be Merrimack Valley Casino. Mr. Morris provided the renderings for review and explained that they have sought to build something that they feel will fit into the community. After speaking with some of the residents, they have determined that sports are a big party of this community. As a result, they have partnered with Doug Flutie to open his first ever sports bar.

Mr. Montuori noted that there has been some confusion as to when Penn National came to the town. The first indication of interest by Penn National Gaming was on May 24, 2013. Last year, there was a different company who was interested in locating a slot parlor somewhere along Route 495 and nothing came of this and they moved on to another location. Penn National came to the town in May showing interest in two sites: Woburn Street and Ames Pond. In July, Penn National formally came forward and said that they had an interest in the Ames Pond location. The process began and a Host Community Agreement was executed. Mr. Montuori noted that although the process has been fast, no information has been withheld from the residents.

Mr. Montuori reviewed some of the projected revenue figures. The first year's revenue is expected to be approximately \$1 million and will increase by 2% in the next year. In addition, \$125,000 will be provided by Penn for community initiatives. A personal property tax will be paid by Penn National on all slot machines. The largest revenue is expected to be on the building; however, the exact amount is not known and ranges from \$50 million to \$150 million. Mr. Montuori noted that he has received many questions regarding what will be done with the money and explained that the money will not be available for at least 2 years. At this point, all figures are a projection.

Mr. Montuori explained that the items that the town needs to address are not "wish list items" and need to be done. The first item that would be addressed is the unfunded liability of \$166 million for post employment benefits. Mr. Montuori explained that currently no funds have been set aside for this purpose. Approximately \$1 million will go towards this unfunded liability. Approximately \$1 million to \$1.2 million will go into the operating budget to be split between the school and town departments. Some of the items the town would address include public safety, DPW staffing, COA program director and possibly offer hot lunches for the seniors, public library, health insurance for employees, keeping all fire stations open year round, etc. On the school department side, some of the items that would be addressed are: librarians for the schools to staff the libraries, academic coaches for math and literature, social worker at the high school, an enrichment coordinator, high school Math and Science teacher, health insurance costs, etc. The remainder of the funds, approx \$1.9 - \$2 million, will be set aside for capital improvements for both the town and school departments. On the school side, the funds would go to areas such as facilities, maintenance, updated books, technology, etc. On the town side, the funds would go to center fire station upgrades and/or renovation, DPW facility upgrades, maintaining fire stations and municipal buildings, Town Hall Annex building, Public Library, Senior Center, paving of roads, drainage, sidewalks, DPW and Fire equipment, etc.

Mr. Montuori explained that these funds are needed to help fund the services in the community. He is not sure where the funds will come from in the future and has discussed possibly doing an override.

Mr. Aznavoorian opened the hearing to the Finance Committee members.

Mr. McGinness asked if the overlay district would need to be voted on to eliminate it in the event that the town approves the article and the State does not. Mr. Sadwick confirmed this and noted that there is no sunset clause. There are currently overlay districts that have been put in place and things have not come to fruition.

Mr. McGinness asked about fire and police charges studies and when the study is expected to be completed. Mr. Stoylar explained that there will be an impact study that they are undertaking; there is no timeline, but they should have something within a month. Mr. McGinness requested the last 5 studies that were done be provided to the Committee. Mr. Morris noted that he will provide this information and explained that some States required the studies and others did not.

Mr. McGinness noted that the presentation was made for 125,000 square feet and asked if the breakdown includes a hotel. Mr. Morris explained that they do not feel it is appropriate to build a hotel as they have spoken with the managers of the existing hotels and they have indicated that they are only at 50% occupancy and they do not want to take away from that. Mr. Morris noted that Penn National would partner with the local hotels.

Mr. Lisiecki asked what would happen should Penn National decide to purchase 100 and 200 Ames Pond Drive in the future. Mr. Sadwick explained that they would have to come back to the town to modify the special permit. Mr. Stoylar explained that any expansion would require an amendment to the host agreement as well.

Mr. Sutherby noted that he spoke with Mr. Morris earlier and was informed that the capacity would be 2,000 per day during the week and 4,000 maximum throughout the weekends. Mr. Morris confirmed this.

Mr. Sutherby explained that the biggest problem he sees is traffic and the service of alcohol and who issues the license. Mr. Morris explained that they do not plan to serve alcohol at any times not currently served at the existing local bars and pubs. Penn National will work with local restaurants and bars to offer gift certificates, specials, etc. Mr. Sutherby asked if there will be free drinks. Mr. Morris explained that there may be some free drinks served, but it would be done on a very limited basis. Mr. Stoylar explained that this would be subject to the Mass Gaming Commission. Mr. Sutherby asked if Penn National also manages the parking lots. Mr. Stoylar confirmed this and explained that the requirement for them to be successful is it must be a secure and safe environment.

Mr. Sutherby asked about real estate values dropping and Mr. Morris explained that there are a number of studies out there that state the opposite; however, as with any study, it can go both ways. Mr. Morris suggested contacting other communities where they operate to see what has occurred.

Mr. Sutherby asked if the current water and sewer systems will be able to handle this infrastructure. Mr. Montuori explained that an impact study will be done as they currently feel there may be some issues with sewer pump stations in the area as they are in need of upgrading.

Mr. Cooke noted that this is a zoning article and that the Planning Board will hold their public hearing on this article August 12, 2013. Mr. Cooke thanked Mr. Stoylar for providing the additional information that the Committee requested last week. Mr. Cooke asked if Penn National is aware of the 25 acre minimum and Mr. Stoylar confirmed this. Mr. Cooke expressed concerns with the surrounding community agreements and with the Commonwealth's Gaming Commission.

Mr. Lisiecki asked what the duration of traffic study will be. Mr. Morris explained the study will also be done while school is in session. Mr. McGinness asked if Penn would be willing to add this to the agreement with the town. Mr. Stoylar explained that would want input from the Attorney's to see if this is necessary, but whatever needs to be done so that the commitments Penn are making are clear they will do.

Mr. Montuori noted that the liquor license will be issued by the ABCC and not the town and does not come off of the town's quota as a liquor license. Mass Gaming Commission is still working through its Phase 3 regulations and is expected to be completed within a month. Penn National has met with the Lowell and Andover Town Managers regarding what impact studies they would like to have done in their communities. There will not be any additional funding until the facility opens; there will be partial assessments when the building is built. Mr. Montuori noted that he met with the head of Penn National's human resources department and the 500 jobs were mentioned by that person; 75% of the jobs will be full time and 25% will be part time. Mr. Montuori, Mr. Sadwick, Chief of Police, Timothy Sheehan, and the Fire Chief, Michael Hazel, have been talking with the other communities where Penn operates and will report back next week.

Mr. Aznavoorian noted that Mr. Morris mentioned that they have talked to the hotels in the area and asked how far along they are with speaking to the local business. Mr. Morris explained that he has spent the last few weeks meeting with the local businesses and residents, as well as the Chamber of Commerce. Mr. Morris encouraged anyone to contact him if they would like.

Mr. Aznavoorian noted that Mr. Montuori mentioned the capital needs of the town and asked if the town does not have the revenue available, these items will likely have to be borrowed for and/or a debt exclusion. Mr. Montuori confirmed this.

Mr. Aznavoorian opened the hearing to the public and explained that the Finance Committee is only addressing the financial implications of this project; the Planning Board will address the other issues.

Mr. Jerry Kutcher of Cardigan Road came forward and noted that he has heard much debate as to whether this will reduce or increase property values. Mr. Montuori explained that taxes will not be reduced, but this will allow the town to avoid an override.

Mr. Joe Kaskiewicz of Prospect Hill Drive came forward and noted that he is in favor of the slots parlor and will be an abutter to this project. Mr. Kaskiewicz explained that he went and introduced himself to the Penn National representatives and they have been very cordial and have been receptive to their needs. Mr. Kaskiewicz noted that he would be happy to have Penn National as a neighbor and he feels this is a good opportunity to bring revenue to the town and address some of the debt issues.

Mr. Ethan Blatz of 67 Quail Run came forward and discussed Thermo Fisher and Raytheon, as well as the Host Community Agreement. Mr. Blatz noted that he feels the only firm figures are the \$1 million and that Western Gaming can withdraw from the agreement at any time and the town cannot. Mr. Blatz discussed the job portion of the agreement and asked if there is anything Penn National intends to do to firm up the jobs;

how many jobs, benefits, etc. Mr. Morris explained that in the last 5 years Penn National has opened more casinos/slots than any other company. They have hired 90% locally at their most recent location and their goal is to hire local and buy local. Mr. Stoylar clarified that the 5% reduction in the casino floor does not give them the option to shut down; the \$1 million payment will be reduced by 5% and not eliminated.

Mr. Louis Antonellis of Archstone Avenue came forward and noted that he is the business representative for the local construction workers; mainly the electrician's union. Mr. Antonellis feels that these jobs are needed in the local construction industry and will offer great pay as well as benefits. Mr. Antonellis discussed the state of the construction industry and noted that he feels this is a great project for the town, its' residents, and the construction industry.

Mr. Craig Collier came forward and asked if there is a casino being built in Everett. Mr. Morris explained that there are three companies competing for the Boston area. Should all the companies pass the local referendum; the Gaming Commission will choose one. Mr. Collier asked if any risk mitigation has been done if the projected figures are not reached. Mr. Aznavoorian explained that the Committee has worked with Mr. Montuori on this. Mr. Montuori explained that the middle range of revenue is being projected and the spending would be adjusted accordingly. Not all of the money is being built into the operating budget. If there is a problem, adjustments could be made without affecting the community. The Host Community Agreement is not tied to the revenues of the establishment.

Mr. Al Bouchard came forward and noted that property taxes and revenue have been discussed a lot. The \$1 million is set and the estimated \$3 million is based on property taxes. In order to get to the \$3 million, they would need to have a facility assessed over \$100 million. Mr. Bouchard noted that he does not feel the town will see the revenues everyone seems to think.

Ms. Jessica Randolph of 1484 Andover Street came forward and noted that Penn mentioned some of their other facilities namely, Joliet and Toledo, and asked if they are slots only or casinos. Mr. Morris noted they are full casinos. Ms. Randolph expressed concerns with the traffic on Andover Street, specifically with peak traffic times and how costs will be managed for traffic. Mr. Stoylar explained that the traffic impact study will determine the exact peak times. The casino peak times are post dinner and weekends; Friday and Saturday nights. When the study is completed, Penn National will fund the cost of mitigation of traffic.

Mr. Jay Kelley of 22 Karen Lee Lane came forward and noted that he is opposed to this project as he does not feel it is good for the town as the bad outweighs the good. The increase to the town budget will be approximately 3% and Mr. Kelley does not feel that will change much. Mr. Kelley noted that the town manager has a proposed plan for how the funds will be spent that makes sense; however, he does not make the final decision on those matters. Mr. Kelley discussed the increase in crime as well as the moral issue of making money off of other people's weaknesses. Mr. Kelley urged the Committee to recommend indefinite postponement.

Mr. Rob Dugan of 571 Kendall Road came forward and asked how many office buildings there are now at this location and what the taxes are. Mr. Montuori noted he does not have an exact number with him, but he will provide the figures. Mr. Dugan explained that if Penn is unable to obtain a gambling license, taxes will still be paid on the buildings and if Penn does receive the license, the taxes paid will increase. The buildings at this location are not currently at 100% capacity. Mr. Dugan noted that whether it is \$4 million or \$1 million that is paid, it is more than what is currently being received. Mr. Dugan feels Tewksbury needs more commercial businesses and noted that he is in favor of this project.

Mr. Bob Wald of 97 Cardigan Road came forward and expressed concerns with the long term financial implications as Penn National has stated that they have saturated its' own market in Ohio according to their news reports. Mr. Wald feels that the idea that the town will continue to get \$4 million in the future is unlikely as the market will become saturated. Mr. Wald asked why Penn National has saturated their own market in Ohio and how they will avoid this from happening in Tewksbury. Mr. Stoylar explained that they never stated they oversaturated their markets in Ohio; they did state that they opened with more gaming supplies than what was needed. The projections being made are based on what will be done in New Hampshire as they feel they will eventually legalize gaming there. Mr. Wald urged the Committee to be clear on the revenue the town will receive.

Mr. Craig Collier came forward and asked if there are any other facilities where they do not offer food or beverages. Mr. Morris explained that they offer food and beverages at all of their facilities. Mr. Collier asked if this is the first time they will not be offering this and will be partnering with local businesses instead. Mr. Stoylar explained that they will be offering amenities at this location and that they have partnered with local businesses in all of the communities in which they operate.

Mr. Stoylar encouraged people to talk to the other communities to see what happened to the local businesses as well as the crime concerns. Mr. Montuori noted that he is in the process of doing this.

Mr. Ethan Blatz came forward and read a portion of the Host Community Agreement aloud regarding the 5% reduction in gaming and all fees being payable under the agreement would be adjusted. Mr. Stoylar explained that if the slot counts are reduced by 10% then the fee is also reduced by 10%.

Mr. John Stanton of Cardigan Road came forward and noted that he the feels the property values will come down and he does not see it lasting long term with the other larger casinos coming in. Mr. Stoylar explained that they are aware of the other casinos being proposed and it is about more than what is built; it is about quality and accommodating. It is a \$200 million investment that they are not taking lightly.

Mr. Wald came forward and asked what Penn National is telling their investors and what the time frame is on recovering the \$200 million. Mr. Stoylar explained they are developing their performers and, because they are a public company, they cannot disclose this information at this time. The shareholders have not expressed concerns with the \$200 million investment.

Mr. Stoylar noted that there are some points being made that are inaccurate and explained that Penn National will not make its money back in 2 years as the revenue figures being shown are prior to expenses such as paying employees, maintaining the building and equipment, purchasing food and beverages, etc. Mr. Morris noted that Penn National has never walked away from a deal.

Mr. Aznavoorian noted that the Finance Committee has requested additional time to ask questions.

Mr. Sutherby asked if the study that was done in Springfield, MA was based on Springfield only and Mr. Morris confirmed this. Mr. Sutherby asked if any of Penn National's casinos have ever been closed or are in danger of being closed. Mr. Stoylar denied this.

Mr. Lisiecki expressed concerns with the partnering with the existing local hotels as they do not have the same security that a casino hotel would. Mr. Morris explained that they want to ensure that their customers feel safe and they would work with the hotels on this. Mr. Stoylar explained that their goal is to offer a quality experience from start to finish and they will work with the local businesses they partner with to ensure they are offering the same type of quality experience.

Mr. McGinness asked if any of the hotels have looked at expanding their facilities. Mr. Morris explained that they are just in preliminary discussions. Mr. McGinness asked if the construction jobs will be union only. Mr. Morris explained that they will not be union only.

Mr. Dugan came forward and asked if it is true that a slot parlor will take away business from a full blown casino. Mr. Stoylar explained that in general it does not as people typically go to what is convenient for them and for customer satisfaction.

Mr. Tom Larkin of 49 Concord Court came forward and asked if any of Penn National's casinos have gone into bankruptcy. Mr. Stoylar stated that none of their casinos have gone into bankruptcy.

Mr. McGinness noted that \$25 million will go to the State immediately upon the agreement being executed and asked what the town is doing to allocate these funds. Mr. Montuori explained that it has not yet been determined and it has not been factored into his revenue projections.

Mr. Aznavoorian thanked all of the presenters and residents who attended and participated in this meeting.

**MOTION: Mr. Sutherby motion to close the public hearing at 9:20 p.m.; seconded by Mr. Cooke and the motion carried 5-0.**

Discussion took place whether the members have received enough information to make their recommendation and whether a recommendation should be made by the Finance Committee. Mr. Aznavoorian feels the Committee should make a recommendation based on the financial implications to the Town. Mr. Lisiecki and Mr. McGinness noted that they feel they do not have enough information to make a recommendation at this time.

**MOTION: Mr. Sutherby made the motion to schedule a meeting on August 15, 2013 at 7:00 p.m. to address the Finance Committee's recommendation; seconded by Mr. Lisiecki and the motion carried 5-0.**

**Adjourn.**

**MOTION: Mr. Sutherby made the motion to adjourn at 9:50 p.m.; seconded by Mr. Lisiecki and the motion carried 5-0.**

*Respectfully submitted,*

Approved: \_\_\_\_\_  
**Damin Sutherby, Clerk**

\_\_\_\_\_  
**Date**