



March 20, 2015

David J. Narkewicz, Mayor
City Hall
210 Main Street, Room 12
Northampton, MA 01060

Re: 2015 Community Mitigation Reserve Fund

Dear Mayor Narkewicz:

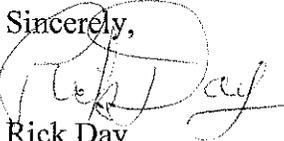
On behalf of the Massachusetts Gaming Commission ("Commission"), I am writing regarding the establishment of the one-time 2015 Community Mitigation Reserve Fund ("Reserve") for Northampton. I am pleased to notify you that at the March 5, 2015 Commission meeting, the Commission authorized the establishment of a \$100,000 reserve for Northampton pursuant to the 2015 Community Mitigation Fund Guidelines. (attached).

The purpose of this Reserve is to assist communities in offsetting costs related to construction related impacts that may arise in 2015 or thereafter and for planning purposes, either to determine how to achieve further benefits from a facility or to avoid or minimize any adverse impacts. Once Northampton determines impacts or planning needs, Northampton should contact the Ombudsman's Office, which will assist the community in completing the application for Reserve funds. Upon completion of the application, the funding request will be forwarded to the Commission for its review.

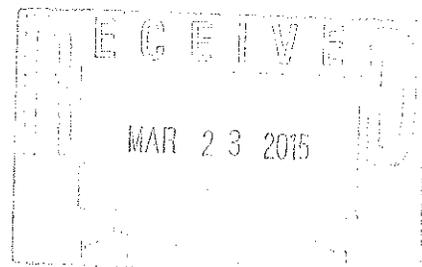
Please note that, at the March 5, 2015 meeting, the Commission reaffirmed its intention to authorize communities to utilize the Reserve in future years and that communities do not need to use Reserve funds in 2015. The Commission plans for the foreseeable future to yearly reauthorize the use of reserves it has previously authorized, subject to the ability of the Commission to discontinue reserves as determined by the Commission. Communities do not need to apply for the Reserve again in 2016. Instead, upon reauthorization, the Commission will notify Northampton that its Reserve has been continued through 2016.

If you have any questions, please don't hesitate to contact the Ombudsman's Office at 617-979-8423 or via e-mail at john.s.ziembra@state.ma.us.

Sincerely,


Rick Day
Executive Director

Massachusetts Gaming Commission



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Enclosure

cc: Massachusetts Gaming Commissioners
John S. Ziemba, Ombudsman
Derek Lennon, Chief Financial Officer
Dennis Dizoglio, Gaming Policy Advisory Committee
Wendy Mazza, Northampton City Clerk

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Massachusetts Gaming Commission

84 State Street, 10th Floor, Boston, Massachusetts 02109 | TEL 617.979.8400 | FAX 617.725.0258 | www.massgaming.com



MASSACHUSETTS GAMING COMMISSION 2015 COMMUNITY MITIGATION FUND GUIDELINES

What is the Community Mitigation Fund?

The Expanded Gaming Act, MGL c. 23K, created the Community Mitigation Fund to help entities offset costs related to the construction and operation of a gaming establishment.

When Is the Application Deadline?

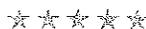
February 2, 2015. MGL c. 23K, § 61 states that “parties requesting appropriations from the fund shall submit a written request for funding to the Commission by February [2].”¹

Who Can Apply?

MGL c. 23K, § 61 states the Commission shall expend monies in the fund to assist the host and surrounding communities ... “including, but not limited to, communities and water and sewer districts in the vicinity of a gaming establishment, local and regional education, transportation, infrastructure, housing, environmental issues and public safety, including the office of the county district attorney, police, fire, and emergency services.” The Commission may also distribute funds to a governmental entity or district other than a single municipality.

Private non-governmental parties may not directly apply for Community Mitigation Funds. However, governmental entities may apply to the Commission on behalf of private parties provided that the governmental entity provides a program that ensures that funding will be made only to remedy impacts and provided that the governmental entity will be responsible for overseeing such funding.

¹ The statutory application date is February 1 (a Sunday in 2015). However, M.G.L. c. 4, §9 specifies that certain acts which would otherwise be required to be performed on Sunday be performed on the next succeeding business day.



Massachusetts Gaming Commission

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and may be used to offset costs related to both Category 1 (Springfield and Wynn Everett) and the state's Category 2 (Park).

Community Need to Be a Designated Host or Surrounding Community to Apply?

and MGL c. 23K, § 61 do not limit use of Community or surrounding communities. The Commission's (1), states that "[a]ny finding by the commission that a surrounding community for purposes of the RFA-2 application shall be ineligible from applying to and receiving funds from the Community by MGL c. 23K, § 61...."

One-Time 2015 Reserve

communities may not be able to demonstrate many significant impacts and in recognition of the Commission's emphasis on proper mitigation, the Commission has established a one-time local reserve for the 2015 program. The Commission has reserved \$100,000 for each community, each community which entered into a nearby gaming license, and any community that petitioned to be a gaming licensee.

The Commission will monitor impacts that may arise in 2015 or thereafter. It may be necessary to determine how to achieve further benefits from a gaming license and to address any adverse impacts.

Communities that wish to utilize the reserve in 2015 should simply check the "Check for a Mitigation Reserve Fund for a Community" box on the application. A description is required by the February 2, 2015 deadline. The Commission will work with each community to get the community's needs identified. Funds will be distributed as the needs are identified.

What are the Reserve amounts?

Can communities apply both for the reserve and for a specific impact?

Yes. However, if a specific impact application is successful, a portion of the reserve will be used as an offset against the amount requested for the specific impact. The reserve amount will be reduced by fifty thousand dollars (\$50,000.00) assuming the specific impact request is at least that amount.

What Specific Impacts Can Be Funded?

In recognition that no gaming facility will be operational by February 2, 2015, the Commission has determined that the 2015 Community Mitigation Fund is available only to mitigate impacts related to the construction of gaming facilities. This limitation does not apply to planning activities funded under the 2015 one-time reserve fund.

The Commission's regulation 205 CMR 125.07 defines construction period impacts as:

"The community will be significantly and adversely affected by the development of the gaming establishment prior to its opening taking into account such factors as noise and environmental impacts generated during its construction; increased construction vehicle trips on roadways within the community and intersecting the community; and projected increased traffic during the period of construction."

Although this definition includes the types of construction period impacts that may be funded, it is not limited to those. The determination will be made by the Commission after its review.

The Fund may be used only to mitigate impacts that either have occurred or are occurring as of the February 2, 2015 application date. Although the definition in the Commission's regulations (for the purpose of determining which communities are surrounding communities) references projected impacts, the 2015 program is limited to only those impacts that are being experienced by the time of the February 2, 2015 application date.

The Commission has determined that the funding of unanticipated impacts will be a priority under the Annual Mitigation Fund. Thus the Commission will review funding requests in the context of any host or surrounding community agreement to help

² The Community Mitigation Fund is not intended to fund projects already being funded in a host or surrounding area. Please note that impacts determined through any look back period include past and future impacts.

What Cannot Be Funded?

Funds may not be used for the mitigation of:

past impacts;

impacts that are expected or predicted but that are not occurring or have not yet occurred as of 12/31/2015;

liability (e.g. contractual, statutory, regulatory) of construction of gaming facilities (such as damage caused to construction equipment, spills of construction-related materials, noise, air quality, or other impacts in work zones, personal injury claims caused by construction activities); and

any other use determined by the Commission.

The Commission may determine to expand the eligible uses of funds for projects where impacts are more clearly identifiable. The Commission will also utilize advisory committees established in MGL c. 23K in determining eligible projects.

How Much Funding Is and Will Be Available?

Funding is provided by MGM Springfield and Wynn MA LLC, \$7.5 million was initially committed to the Community Mitigation Fund. As a result of the slots licensee Penn National's one-time \$2.5 million contribution, the Community Mitigation Fund will have a balance of \$17.5 million.

No further contributions will be made to the Community Mitigation Fund until either MGM Springfield or Wynn Everett become operational and generate revenues.³ MGM Springfield currently projects to be operational in the second quarter of 2017. Wynn Everett currently projects to be operational by the fourth quarter of 2017. Once operational, MGL c. 23K, § 59 specifies that 6.5% of the revenues from the tax on gross gaming revenues from Category 1 (full casino) licensees shall be deposited in the Community Mitigation Fund.

Once the MGM Springfield and Wynn Everett facilities are operational, approximately \$18.0 million generated by these two facilities will be annually deposited into the Community Mitigation Fund using a conservative estimate provided by the Commission's financial consultants.

What Should Be Included in the Applications?

- Applicants are required to complete the 2015 Community Mitigation Fund Application and may also submit additional supporting materials of a reasonable length.
- Applicants will need to describe how the specific mitigation requested will address any claimed impacts and provide justification of any funds requested. Unlike existing surrounding community agreements which were based on anticipated impacts, any community mitigation award will be based on impacts that have occurred or are occurring, as noted previously.
- Applicants will need to describe if and how such impacts were addressed or not addressed in any host or surrounding community agreements.
- Applicants may include a letter of support from the applicable gaming licensee. However, this is not necessary, as the Commission will request the licensee's opinion regarding each application.

How Will the Commission Decide on Applications?

- Similar to the Commission's surrounding community review process, the Commission will ask each licensee to review and comment on any requests for funding.

³ These guidelines do not describe revenue estimates from or the participation of a Region C facility, as the Region C application deadlines have not yet been reached. Further, after the initial deposit, no further contributions from the Slots licensee will be made to the fund.

ate the submittal by the community, any input received interested parties (such as Regional Planning Agencies), the Commission consultant reviews, and any other sources ssion.

ate any funding requests in the context of any host or agreements.

applicants for supplementary materials, may request a and reserves the ability to host a hearing or hearings on any

tions on Community Mitigation Fund policies will also be the Gaming Policy Advisory Committee, the Community and any Local Community Mitigation Advisory d pursuant to MGL c. 23K.

the ability to determine a funding limit, as additional nunity Mitigation Fund will not be made until Category 1 tional.

Will the Commission Make Decisions?

making funding decisions on any requests for mitigation of ly by July 2015, after a comprehensive review and any sts.

Deadline for the Use of the 2015 Reserve?

may be used on a rolling basis when specific impacts are nanning activity is determined. Once known, communities an's Office, which will assist the community in providing mmunities with specific impacts will, at the time the

how planning will help the community determine how to achieve further benefits from a facility or to avoid or minimize any adverse impacts. Each Community applying for planning funds will also need to provide detail on what it will contribute to the planning project such as in-kind services or planning funds. Please note that such details do not need to be determined by the February 2, 2015 application date. Communities must only check the box on the first page of the application to establish the reserve. Commission approvals of the use of the 2015 reserve funds will also be on a rolling basis corresponding to the rolling determinations of use by communities.

Who Should Be Contacted for Any Questions?

As the 2015 Community Mitigation Fund program is the inaugural program for the Commission, communities and other parties may have a number of questions. They are encouraged to contact the Commission's Ombudsman with any questions or concerns. The Commission's Ombudsman will regularly brief the Commission regarding the development of Community Mitigation Fund policies.

The Commission's Ombudsman, John Ziemba, can be reached at 617-979-8423 or via e-mail at john.s.ziemba@state.ma.us. The Commission's address is 101 Federal Street, Suite 23, Boston, MA 02110.

Where Should the Applications Be Sent?

Applications must be sent electronically **and** via regular mail. An application received by the Commission either electronically or via regular mail by February 2, 2015 will meet the application deadline.

Applications should be sent to the:

Massachusetts Gaming Commission
2015 Community Mitigation Fund
Attn: Ombudsman John Ziemba
101 Federal Street, 23rd, Boston, MA 02110

And via e-mail to:

john.s.ziemba@state.ma.us