

MEETING MINUTES OF THE
PALMER CITIZEN CASINO IMPACT STUDY COMMITTEE
GENERAL GROUP MEETING 19
PALMER TOWN BUILDING, MEETING ROOM 1
NOVEMBER 12, 2008 – 6:30 PM

Meeting opened at 6:35 pm by Gerald Chudy, Chair.

ATTENDANCE

PRESENT Rocqueline Blazejowski, Gerald Chudy, Anthony Dimitropolis, Mickey Ghosh, Joseph Mastalerz, Stephen Sears, Michael Swiatlowski

ABSENT Charlotte Burns, CathyAnn Gehlhausen, George Roy, Carol Sugrue, Paul Wisnewski

OTHERS PRESENT Paul Brody (Mohegan Sun), David Krupy (Mohegan Sun), Leon Dragone (Northeast Realty), Ken Somerville

MINUTES APPROVAL

A. Dimitropolis makes a motion to suspend the reading of the minutes to the following committee meeting. R. Blazejowski seconds. The vote passes (7:0).

DISCUSSION WITH REPRESENTATIVES OF MOHEGAN SUN

Mr. Brody takes the committee through the series of questions that was asked of Mohegan Sun from our committee as well as from the Town Council. He provides the committee with hard copies of Mohegan Sun's responses. Mr. Brody explains how the casinos in Connecticut make donations to local charity organization and improvements to the infrastructure surrounding the facilities. The state of Washington requires that all gaming facilities contribute 2% of their gross slot win to organizations in their area for charitable contributions and capitol improvements. Mohegan Sun has a deal with the town of Montville provide them with \$500,000 a year for as long as Mohegan Sun is in operation. The tribe has also stepped up to provide additional improvements.

Mr. Brody states the tax rates for gaming revenues in other states are: Pennsylvania 50+%, Maryland 60+%, Rhode Island 60+%, Atlantic City 9%, Las Vegas 6%. He speaks of the tax structure he envisions from Massachusetts to be somewhere in the high 20's. This way there is state level revenue and at the local level there would be payments negotiated at some time in the future. Mr. Brody urges us to be aggressive at the state level to ensure that the communities adjacent to the casino get more money because of the increased impacts.

Mohegan Sun does not provide specific information on their salary ranges, but has provided a proposed wage and salary structure for a proposed facility in Palmer. He has also provided a breakdown of employee divisions with a total head count of 10,089 employees in Connecticut. This does not include addition businesses owned by Mohegan Sun.

Regarding safety personnel, details would need to be negotiated, but Mr. Brody expects on-site, full-time safety officials. It is not know whether they would be employees of the town or of the casino. Mohegan Sun will provide all that is necessary and work with the town for what is needed for public safety.

Regarding water supply needs, all options are very preliminary, but Mohegan Sun has completed a fair amount of engineering, geo-technical work and well-testing. Mohegan Sun now has a long term lease on the site with Northeast Realty. There is an option to access adjacent lands to put in a well field if they choose to install an on-site water supply system. They are and will be in conversation with various municipal water supply officials to look at the various opportunities.

Regarding the hotel and unanswered questions, there is no additional information.

M. Swiatlowski asks if Mohegan Sun could provide information on privately owned casinos and their direct relationship with the local area. Mr. Brody states the Mohegan Sun contributes \$500,000 annually to Montville. Mohegan Sun will help to look into examples of this.

Regarding example casinos in New York state, two are tribal-run (Turning Stone in Syracuse and one near Canadian boarder). There are six or seven racinos that are privately owned. Currently there is a casino in development in Montesello area. It will be the first full-service casino under private ownership. It is owned by Empire Resorts.

S. Sears states that our committee just recently met with members of the state legislature and they have had decades of research information without any proof of a formal agreement between a private casino and host community. Mr. Brody responds that most jurisdictions have the state divide up the money. S. Sears states that the example in Connecticut should be taken as a lesson learned; town such as Suffield get as much money from the casino revenues than Norwich or Montville. Mr. Brody agrees that this is the impression.

Ken Somerville asks for clarification on the water needs. Mr. Brody states that an on-site water supply is not the preferred method, it may be a back up plan to a municipal supply. Mr. Brody also states that he does not know the amount of water needed for the facility at this time. The wastewater is projected to be 500,000 gallons per day.

M. Ghosh asks for clarification on the number of employees. Mr. Brody projects 2,971 employees in Palmer, which will ultimately be over 3,000 employees in total. S. Sears asks for information as to what jobs would be available to current Palmer residents. Mr. Brody responds that very few employees are required to speak more than one language. Mohegan Sun recruits in Brazil, Argentina, and Eastern Europe. The requirement is that those applicants speak English. Proficiently in Asian languages could be important but it is not a requirement. Mr. Brody states that Mohegan Sun recruits throughout the world because of the lack of qualified employees in the United States. The qualifications would include, among others, quick math skills and moving chips and money across the table. Mr. Brody says that the Human Resources head, Don Trella, could answer these questions with much more information. Mohegan Sun has a good relationship with the various trade schools in CT. Mr. Brody does not have information as to how many jobs will require a 4-year college degree but can provide that at a later time.

QUESTIONS FOR PAUL BRODY OF MOHEGAN SUN

Q – You have stated the developer will be responsible for the construction of a fly-over from the MassPike. Will the developer also be responsible for Thorndike St, where your main entrance will be?

A – Yes. When there are road infrastructure requirements necessary, the developer will traditionally be done at the expense of the developer. (This is in reference to the entrance/exit of the property.)

Q – The current population of Palmer is between 12,000 and 13,000, and it's been that way for quite some time. Recently, we've had discussions regarding how we can best estimate a population increase due to a casino in town while trying to keep in mind the many factors that could dramatically effect that number. Some of those factors are:

- the Mohegan Sun estimate of 3,000 permanent jobs
- the percentage of those jobs that could go to current town residents
- the percentage of employees that may commute from out of town
- the high number of multi-family housing units in Palmer
- the percentage of employees who are single and/or have families
- the number of people that may move here as a result of a casino but may not actually be employed by Mohegan Sun
- the options for controlling growth through our Planning Board

Weighing all of these factors, what insights might you have as to what the town could expect for an increase in population? Are there other factors that we should consider?

A – Our estimate is for 3,000 jobs, and you have astutely noted that direct jobs produce indirect jobs. Of the 3,000 jobs, I don't know what the absorption of jobs by current residents would be; I don't know how much unemployment there is in Palmer. What we have been attracted to by this site is its close proximity to other population centers, meaning people could work here and go home. I'm going to make an educated guess and say that most people will commute from where they currently live. Some of the middle- and upper-executive group will move to the community because they'll be moving from other facilities, other casinos such as Atlantic City, Connecticut, Las Vegas. There will be some executive movement. Local planning departments should establish the imprint of what the community wants for housing well in advance of a casino moving here. How many unrelated people can live in a house? I don't believe the town will grow to 20,000, however I don't have a way to quantify it. There is a good supply of labor from Springfield.

Q – In the towns that you have been involved with that have casinos, what is the percentage of population increase? Do you have any idea?

A – No, but I will find that out for you. To be fair though, we should compare apples to apples. Wilkes-Barre was already a large city, perhaps Norwich is better to compare.

Q – With your 3,000 employees, will there be equal opportunity/pay for women?

A – We are owned by a tribal government, in my opinion we have very strong equal opportunity rules in our business.

Q – With the economy, do you see any casino postponements and how you see the legislation going this year?

A – I have no better judgement than you do about the economy; I believe this is a deep, long recession. It virtually has no impact to our plans. We are many years away from actually making this a reality. Our views are for the long term. In the interest of full disclosure, we have suspended some development on our current site. We will take action, in the moment, but the long term is still in place. We'll be in the next up-cycle when this project takes place.

Q – Mr. Dragone, can you give us any insight on your feeling as to the hows and whens (of the legislation)?

A – (Leon Dragone of Northeast Realty) Other than what we've seen recently from the state house news bureau which is that the governor contemplates refiling his legislation in early December for this next session. That's also been echoed by the senate president. That information comes from the news media.

Q – As a follow up, would you postpone any new construction on this site until the economy turns back?

A – We can't start construction on this site next year. The reality is that if it passes next year a commission will need to be established and then there will be an application process to gain a gambling licenses, then the property has to be designed and built. As of now, assuming everything moves, this is a 2012 or 2013 project. Of course if anything were to move quicker, we would follow suit.

Q – What criteria is used to establish the pay scales? Is there a difference between tribal-run and privately-run gaming facilities?

A – No there isn't a difference, we compete for pay scale and it's market driven. We have very rich benefit program and some of comes from a tribal mentality. We are very employee oriented.

Q – Is there a probationary period for when employees start? Are there cost of living raises?

A – Yes, I believe there's a 90-day period before full benefits are established. And yes, we have cost of living raises, I'm proud of the fact we do.

Q – Do any of the casinos that Mohegan Sun owns employ unions?

A – We may have unions in Pennsylvania, I'm not sure, I will find out. It won't change our wage scale as we pay prevailing wage. Our official position on organized labor efforts is that if they come to Mohegan Sun, we will comply with the law. None of the unions have come. We are compliant with all federal law.

Q – Most of my questions had to do with infrastructure issues and you began to answer them in your handouts. We would need to work out who would pay the new employees that would need to be hired by the town as a result of a casino. In the information we've received, we're going upwards of approximately 7 million dollars a year, just for pay and benefits of these employees (excluding schools). I don't expect that the town would be paying all of this just because you would be paying more in property tax. Is this something that you would be paying every year including a 3 percent increase?

A – I can't even imagine what the structure of the deal would look like. I know the governor's bill anticipates a deal between the casino operator and the host community, but whether the new bill will be more articulate, I don't know. Perhaps that's where your community might want to seek more articulation through your legislators. We'd like to be seen as a good corporate neighbor that will bring a lot of business to the town, we're not different than Boeing, we're not different than any other large organization that employs people in your community.

Q – Wouldn't you be different that those companies in that respect you attract a large number of visitors per day in addition to the number of employees and then the fact that you are open 24/7? I see that as different than a manufacturing company.

A – I was speaking to the employees side. It's true that we have a greater impact on the infrastructure. We will provide 24 hours a day emergency medical staff for instance. I meant it as two different pieces.

Q – From a public safety perspective, you are a bit different than Boeing as well. Some of the issues that a casino has relative to police protection is not that similar to what you see at Boeing or ITT.

A – The crime rate in Norwich has gone down since we opened our facility 12 years ago, so I respectfully disagree with that perception of crime. What we see as impact for police concerns would be motor vehicle related. There will be a lot more cars coming in. Some people will consume alcohol. That piece is very clear to us. Our employees will be mindful of that. That area is important.

Q – Mohegan Sun is on sovereign land in CT. Studies have shown that the crime rates have risen in places like Atlantic City and Las Vegas.

A – You are mixing apples and oranges. A casino in Palmer will be more like a tribal casino in the fact that it's a stand alone casino. Mohegan Sun is 3 or 4 times the size of the proposed casino here and there has been a decrease in crime. This will be a stand alone destination resort. I want to differentiate addictive gambling and crime.

Q – I'm confused over the issue of where you think your labor force is going to be sourced. I wonder why there isn't a significant number of employees coming from metropolitan areas in CT that were existing before like Hartford or New Haven and why you have such a significant population of immigrants that were brought to the area solely to work at the casino. Why do you think, contrary to that trend in CT, that residents in Holyoke or Springfield would be the foundation for your employment?

A – My answer is that if Foxwoods and Mohegan Sun were situated here, with 23,000 full time employees, the casinos would blow through the available employees. We're talking about 3,000 jobs. This site is closer to a lot more people for fewer jobs. It's all about the numbers.

Q – Both Mohegan Sun and Foxwoods have taken positions in your own business to protect yourselves in this current economy. What happens when this legislation passes and we have another economical cycle such that the economy isn't favorable, what happens to us when we have made all of these investments? You have pushed us to work with our state legislators, but speaking for myself, I don't consider Boston as the solution to our problems if we can't come up with a good host agreement.

A – I'd share that sentiment if I was a citizen of Palmer. I'd want to push the state and I'd want to reach an agreement, under the aspects of the law, with the casino operator to address as much of the needs as possible. We won't build this in phases, everything will be built in one phase. We are a sophisticated organization; we've never had a layoff, but it's true we've suspended current construction. The state government has responsibility to look at the financial worthiness of an applicant to complete the project. This is an important element you bring up.

Q – This is a question for Mr. Dragone: The nagging question through the rumor mill is that there will be one campus for the casino but there may be other parcels of land under consideration by Northeast Realty and their partnerships that deal with additional hotels, satellite parking, etc. I'd like to see if we can get an answer to any of these developments. Also, we are uncertain of the status of the Sherman Land, which is land under Chapter 61 which is designed to encourage preservation of forest, farm and recreational land. Therefore isn't it being taxed at a fraction of what commercial property is taxed at? Would you change the status of that land to its true intended use as a commercial property and pay taxes accordingly?

A – (Leon Dragone of Northeast Realty) We have not acquired the land yet, but we

have site control via a real estate option. I'd have to defer Brian Fitzgerald on the tax status. We would certainly coordinate with MTGA as to their project on the core property and we have no current plans on the 80 acres for development. I'm not aware of the status of the Chapter 61 status. I will look into that again.

Q – Considering the what we are going through in the U.S. today, I would request that you speak to the powers that be in your organization that you do not go overseas for cheaper labor, as we have qualified people here.

A – All of our labor is paid the same. The wage scale is the same. We advertise on two websites. (David Krupy of Mohegan Sun states) The recruitment we do overseas is for a six-month visa and it's for peak season when we can't staff fully. There is an extremely high percentage of those workers who return to their home country. We are just utilizing some college talent and build goodwill.

(side bar)

There is a discussion between Ken Somerville and Stephen Sears regarding who is paying the taxes on the Sherman property.

G. Chudy states that one of the major concerns of this group is to see that as many people in Western Massachusetts get jobs that want them at the casino. He offers the solution that we work with Mohegan Sun and everyone in the surrounding communities, northern Connecticut, and southern Vermont and New Hampshire to meet at a large venue and have Mohegan Sun explain the type of jobs we will be looking to fill so that we are able to prepare to meet their needs. His aim is to put together a way to plan properly and work together to get as many people ready for these jobs. A. Dimitropolis would like to ask another question of Mohegan Sun before beginning this discussion.

Q – In speaking with the Wing Memorial Hospital, one of there areas of concern is that if one person in a party gets ill at the casino and needs to be taken to the hospital, where might the other people in party go for the night or what if they have traveled on a bus and cannot make it home that night? Are there any policies that you have in place for scenarios such as this?

A – I'm not sure what our policy is, perhaps they could stay in the hotel. I can look to see what statistics we have on the number incidences; I can talk to Public Safety. I'll find out more about it.

Q – In 2008, the majority of Governor Patrick's year was spent pushing his plan for legalizing gambling and opening casinos in Massachusetts. With Patrick's recent announcement of his plan to eliminate the Massachusetts Turnpike Authority and the tolls west of Rt. 128, do you think that this issue will be his top focus or do you believe he has the time and resources to push forward both casino legislation and re-organize the state's highway system? It's really an opinion question, but when you helped set up the Mohegan Sun operation in Pennsylvania, was that the main focus of the state government at the time?

A – Both Massachusetts and Pennsylvania are large states. The main platform in PA was to raise revenues to reduce property taxes. I'm sure the state dealt with many more issues as well. It took a while to happen, even with everyone in favor of it. I don't have an opinion on how Massachusetts would handle business this year.

Q – Regarding additional lands that surrounding the current proposed campus, do you have plans to acquire additional lands? Can you tell us what the situation is there

and if you don't have plans to expand right now that you could come back to us as soon as possible as this will affect our report?

A – (Leon Dragone of Northeast Realty) That's a fair question, the only sites that we currently have under site control in addition to the 152 acres, is the Sherman property and the other 18 acres that was mentioned last spring. Currently we have no plans to develop either site. Certainly if that does evolve, we'll let you know contemporaneously.

A – (Paul Brody of Mohegan Sun) We've already spent over a million dollars studying the land doing some initial master plans. We want everything to fit on one parcel and all of our work has confirmed this. In a way of full disclosure, we've negotiated with Mr. Dragone that if he takes title to the additional 80 acres, we may be able to draw water if needed, but my expectation is that water will come from the local water district. We can do everything we want to do on the 152 acres.

DISCUSSION ON A LARGE VENUE MEETING WITH MOHEGAN SUN AND INTERESTED AREA COMMUNITIES REGARDING JOB PREPARATION

G. Chudy opens up the discussion based on his earlier concept. M. Swiatlowski states that the idea is good but asks if that is part of this committee's charge? G. Chudy answers that this is a possible solution to one of the problems. Mr. Brody adds that Mohegan Sun does a lot of job fairs when it's a near term hiring cycle. What he believes is interesting and unique is that this could reach out to the educational systems in the area. If this happens, and as of now there are no guarantees on that, but if this happens to prepare for the types of jobs we would be looking for. There are complications to this, but it's an interesting idea and I'd like to turn it over to Don Trella of Human Resources.

ADDITIONAL QUESTIONS

Q – Have there been any road/traffic studies completed on the part of Mohegan Sun or Northeast Realty? Could we have access to these reports?

A – (Leon Dragone of Northeast Realty) The last traffic study that was done that I am aware of was done by Hollywood Casinos back about 10 years ago. I don't have a current study of that.

A – (Paul Brody of Mohegan Sun) We commissioned some of our engineers to take our numbers on how many people we think will come to our property. They postulate a number of proposals and we think a fly-over would be the most efficient. We do need to do a formal study. How many people are going to come off of Thorndike Street? We don't know that yet.

Q – What the estimate for the total number of visitors?

A – Our estimates are 9,500 vehicles on weekdays and 13,500 vehicles on a weekend days with an average occupancy of 1.5 people per vehicle. Our heavy peak times are Friday and Saturdays from 6pm to 9pm, it depends on if we have a concert.

Q – This goes back to my earlier question regarding population. It was about the number of people who would live here. With our population and the number of visitors, we could be looking at 30,000 to 50,000 people within the town's borders during a day.

A – That wouldn't happen all at once. People come and go at different times and would typically be just going to and leaving from the casino. There is a responsibility for health and safety which all needs to be figured out in terms of deployment of aid.

Q – That brings up another question about people coming into town to get refuel, do you have plans for a service station on site?

A – No. People may come out onto Thorndike Street to get gas, which would be good for local business.

Q – (Ken Somerville) Has anyone spoken to the Massachusetts Turnpike Authority about the cost of a fly-over?

A – The cost would be borne entirely by the developer. That’s almost always the developer’s expense.

Q – Speaking of the fly-over, if you took a radius of 10-miles from the casino site, I would venture to say there is a significant amount of traffic that wouldn’t use the fly-over and turnpike to access the casino. Anyone residing west of Rt 20 in Springfield, east of Palmer to Sturbridge, south of Palmer into CT, and to the north. If we are talking 10,000 cars a day concentrated at certain time segments, I’d be curious to see what your engineers are coming up with as impacts to these other roads. The second thing is that you’ve just indicated that people don’t generally leave the casino, could you be specific about what service industries are going to benefit as a result of the casino?

A – The facility is an entertainment facility. The provisioning industry is huge. The site needs to be provisioned with a food everyday. Employees typically do not eat on the property. The 3,000 employees are going to be coming and going from the site and they will be a new customers for businesses. An increase may be seen in florists, cleaning services, and hair salons. 3,000 employees will help bring new business opportunities.

ADJOURNMENT

The committee thanks Mr. Brody, Mr. Krupy and Mr. Dragone for joining us.

A motion was made by R. Blazejowski to adjourn meeting at 8:40 pm.

A. Dimitropolis seconded. The vote passed (7:0).

MINUTES SUBMITTED BY MICHAEL SWIATLOWSKI.

APPROVED – JANUARY 21, 2009