

# HOST COMMUNITY AGREEMENT

## SUMMARY OF PRINCIPAL TERMS

APRIL 30, 2013

*Below is a summary of the principal terms of the Host Community Agreement (the "Agreement") negotiated by and between the City of Springfield (the "City") and Blue Tarp reDevelopment, LLC (the "Developer"). This summary does not purport to summarize all provisions of the Agreement but only principal terms. This summary is qualified in its entirety by the actual Agreement.*

### 1. Project

The Developer, Blue Tarp reDevelopment, LLC, an affiliate of MGM Resorts International has committed to develop, construct and operate a destination resort casino on approximately 15 acres between State and Union Streets and Main and Columbus Avenues, having the following features (*all square footage and tenant numbers are approximations*):

The project is a mixed-use commercial and residential destination casino resort development of 850,000 square feet (excluding structured parking). The project includes the following:

(a) A "Casino Block" building comprising a two-level plus basement podium with an 8,000 square foot rooftop garden, a hotel room tower, and adjoining mid-rise structures with the following specific components:

(i) A 125,000 square foot one-level casino with not less than 3,000 slot and video gaming machines, not less than 75 table games, a poker room and a high-limit area and related support, security and customer service facilities;

(ii) A glass-façade tower containing a 200,000 square foot (excluding convention, food/beverage and spa/fitness space), 250 key, four-star hotel with amenities and finishes characteristic of the upper upscale market segment;

(iii) A 7,000 square foot spa and fitness facility with adjacent, roof-top outdoor swimming pool;

(iv) Modern, finished meeting and convention space and related pre-function, and back-of-house/food preparation areas totaling 45,000 square feet and planned to complement existing facilities at MassMutual Center and Arena;

(v) 48,000 square feet of dining and beverage service area allocated among not less than seven distinctly branded restaurants, lounges or cafes adjoining and with access from both the casino floor and Main, State and Howard Streets;

(vi) 7,000 square feet of retail space adjoining the casino floor and facing and opening onto Main and State Streets;

(vii) 54 market-rate apartment units in mid-rise, pedestrian-scaled buildings facing, and with direct access from, Main Street;

(viii) 125,000 square feet of on and off-site executive office and back of house space;

(b) Mid-rise retail outbuildings including the following specific components: a cinema multiplex, bowling alley, not less than two distinctly branded restaurants or sports bars, and mid-size, 20,300 square feet of pedestrian-scale retail space facing and opening onto Main and Union streets (up to 15 tenants);

(c) An outdoor public plaza with facilities and infrastructure to host events and featuring an ice-skating rink, large dynamic video displays, outdoor areas for events and concerts that can easily be transformed into interactive environments for exhibitions, art shows and similar functions;

(d) A child care center of 3,000 square feet with adjacent, fenced outdoor play area;

(e) 85,000 square feet (not included in project total) of rehabbed Class A office space located at 101 State Street;

(f) Rehabilitation and incorporation of the following existing buildings into new construction: 1200 Main Street, 73 State Street and the former Amory; and

(g) Valet parking drop off, bus drop off, bus parking, parking for 3,600 personal vehicles, dock and physical plant space in a structure adjacent to Columbus Avenue.

## **2. Construction Deadline**

Construction must be completed no later than 33 months following the award of a gaming license, subject to extension for certain defined events beyond the Developer's reasonable control. Failure of the Developer to meet this deadline will entitle the City to liquidated damages.

## **3. First Class Project Standards**

The project must be constructed and operated in accordance with "First Class Project Standards", defined as the standards of quality for construction, maintenance, operations and customer service established and maintained on the date hereof at the MGM Grand Hotel and Casino, Las Vegas, Nevada.

## **4. Casino Advisory Committee**

Upon opening of the project, the City and Developer will establish a casino advisory committee comprised of eleven members. The Mayor will appoint three such members, the City Council President will appoint three such members, the President of the Springfield Chamber of

Commerce will appoint one such member, the Latino Chamber of Commerce will appoint one such member, and the Developer will appoint three such members. The committee may make non-binding recommendations to the City and the Developer concerning matters involving the project which directly impact the City and its residents.

**5. Payments to the City**

Prior to the opening of the project, Developer will make payments and advances to the City of up to \$15 million. Following the opening of the project, it is anticipated that the Developer's total annual payments to the City will be in excess of \$25 million. These payments will consist of property tax payments, community impact payments, community development grants, Riverfront Park improvements and surrounding community payment savings.

(a) Property Tax Matters

Pursuant to provisions of Massachusetts law governing commercial projects in blighted areas, the City and Developer will enter into an agreement for an alternative tax payment under which Developer will make advance tax payments to the City of \$10 million and annual payments of \$17.6 million, subject to certain increases beginning in 2024, plus an annual amount equal to 0.125% of Developer's gaming revenues up to \$400 million and 1% of Developer's gaming revenues in excess of \$400 million.

(b) Community Impact Payments

To provide continuing mitigation of direct and indirect community impacts on the City and its residents caused by the construction and operation of the project, prior to the opening of the project the Developer will pay the City \$2.5 million to fund the purchase of equipment and to provide training for police, firefighters and emergency medical personnel no later than nine months prior to the opening of the project. In addition, following the opening of the project the Developer will pay the City \$2.5 million annually (subject to an annual increase based on the consumer price index) to fund operating and other costs for police, firefighters, EMS and education, plus an annual amount equal to 0.125% of Developer's gaming revenue up to \$400 million and 1% of Developer's gaming revenue over \$400 million.

(c) Community Development Grants

Recognizing that workforce development requires a healthy and educated workforce and the gaming act requires the Developer to demonstrate how it proposes to address community development issues, the City will establish a separate Community Development Fund for the purpose of accepting and administering (pursuant to municipal finance laws and policies) annual grants from the Developer of \$2.5 million (subject to an annual increase based on the consumer price index) commencing upon the opening of the project. These grants will be used to support early childhood education; higher education; libraries; health initiatives; project compliance and the betterment of the City and its residents. In addition, the Developer will make a \$1 million unrestricted grant to the City upon the later of the closing of the Agreement or July 1, 2013.

(d) Riverfront Park. Not later than one year prior to completion of the project, the Developer will provide the City with a \$1 million grant to be used by the City to improve Riverfront Park.

(e) Golf Course Improvements. The Developer will make a \$150,000 grant to the City upon receipt of its gaming license to be used by the City to construct the “MGM Springfield” funded pavilion at Franconia Golf Course.

**6. Additional Commitments of Developer**

(a) Development Process Costs. The Developer is responsible to pay all costs incurred by the City to its consultants in connection with the casino selection process as well as any on-going costs of such consultants in connection with the enforcement of Developer’s obligations under the Agreement.

(b) Support of Local Entertainment Venues. The Developer has committed to underwrite, co-promote, book and schedule twelve events each year following the opening of the project at Mass Mutual Center and Arena, Symphony Hall and City Stage, for a period of no less than eight years at Mass Mutual Center and Arena and five years at Symphony Hall and City Stage.

(c) Employment, Workforce Development and Opportunities for Local Business Owners.

(i) General. The Developer must comply with all applicable equal employment opportunity, non-discrimination and affirmative action requirements under federal, state and local laws. To assure compliance with such laws, Developer has agreed to establish a tracking system subject to inspection by the City.

(ii) Construction Jobs. Developer must use its best efforts to create and maintain no fewer than 2,000 construction jobs at the project and abide by an affirmative action program to achieve participation goals of 15.3% minorities, 6.9% women and 8% veterans.

(iii) Operational Jobs. Developer must use its best efforts to employ upon opening of the project no fewer than 3,000 workers of which no fewer than 2,200 must be employed on a full-time equivalent basis. Developer must also use its best efforts to employ no fewer than 35% City residents and no more than 10% from outside the City and its surrounding area and to achieve labor participation goals for utilization of minority persons, women and veterans so that no less than 50% of the workforce will be minority persons, 50% of the workforce will be women and 2% of the workforce will be veterans.

(iv) MBE/WBE/VBE Commitment. Developer must use its best efforts to award contracts for the design and construction of the project utilizing minority-owned (MBE), women-owned (WBE) and veteran-owned (VBE) businesses located in the City, measured by the total dollar amount of such contracts, as follows: 5%

MBE, 10% WBE and 2% VBE. In addition, Developer must use its best efforts to award contracts for the provision of goods and services for the project following opening of the project utilizing MBE, WBE and VBE businesses located in the City, measured by the total dollar amount of such contracts, as follows: 10% MBE, 15% WBE, 2% VBE.

(v) Local Business Opportunities. Developer must use its best efforts to ensure that at least \$50 million of its annual biddable goods and services are prioritized for local procurement.

(vi) Compliance. Developer must deliver a detailed statistical report to the City covering Developer's employment, workforce and local business obligations to allow the City to determine compliance.

(d) Surrounding Communities. Developer must enter into agreements with surrounding communities to mitigate potential impacts on such communities from the development and operation of the project. Developer is responsible for paying \$500,000 of any upfront mitigation costs and \$500,000 each year (subject to an annual increase based on the consumer price index) for any annual mitigation costs. Fifty percent of upfront or annual costs in excess of such amounts (subject to the City's approval) will be credited against the City's community impact percentage payments. If the upfront or annual costs are less than \$500,000 such difference will be paid to the City. The Developer is obligated to develop regional solutions and other strategies (including the funding of a study) to mitigate these impacts.

(e) Traffic Improvements. Developer must implement or fully fund all traffic improvements described in its traffic study. Such improvements must be completed on a schedule agreed to by the City.

(f) Union Station. Developer will lease and occupy at least 44,000 square feet at Union Station and invest approximately \$6,750,000 to build out its space on terms mutually agreeable to the Springfield Redevelopment Authority (SRA) and Developer, or in lieu thereof, the SRA has the right to accept payments of \$500,000 per year for 15 years to be used for Union Station improvements.

(g) DaVinci Park. Developer will work cooperatively with the City to design and construct improvements to enhance and beautify DaVinci Park at Developer's sole cost. Such enhancements may include a topiary garden or other landscaping features for the enjoyment of the City's residents and visitors. The Developer, at its sole cost, will relocate the existing park playground equipment to a site selected by the City. The Developer will be responsible for the cost of maintaining the park according to a mutually agreed upon schedule.

(h) Skating Rink. The Developer must design, install and maintain an outdoor skating rink at the project for public use during the winter months for at least five years after the opening of the project.

(i) Public Trolley. The Developer will provide financial support to the PVTA to operate a fare-based public trolley system throughout the City's downtown area.

(j) Displaced Tenant Payments. The Developer will pay displaced tenants at the project site that agree to relocate within the City \$3/square foot towards their new security deposit and moving costs, increasing to \$4/square foot if such tenants relocate within the City's business improvement district.

(k) Utilities. The Developer is responsible for the cost of certain agreed upon water and sewer work in connection with the project.

(l) Community Support Efforts. As it has at its other properties, the Developer will consider and support applications of City community and non-profit organizations for financial support from the MGM Resorts Foundation or another related foundation as well as from discretionary funds available to Developer.

## **7. Radius Restriction**

Subject to certain exceptions, neither Developer nor any owner of 5% or more of Developer may compete with the project within a 50-mile radius of the project unless the City consents.

## **8. Transfer Restrictions**

Subject to certain exceptions, neither the Developer nor any owner of 5% or more of Developer may transfer its interest in the project unless the City consents.

## **9. Indemnification**

The Developer indemnifies the City, its employees and agents from and against any and all liabilities, losses, damages, costs, expenses and claims that relate in any manner to Developer's development, construction or operation of the project unless the matter was caused by the indemnified party's gross negligence or willful misconduct.

## **10. MGM Guaranty and Keepwell Agreement**

Developer's parent company, MGM Resorts International, must unconditionally guarantee to the City, for a period of two years following opening, all of Developer's obligations to the City under the Agreement and must fund all amounts necessary to operate and maintain the project during such two-year period.

## **11. Referendum**

Assuming that the City Council approves the Agreement, the City expects the Developer to request that the City conduct an election on the ballot question as to whether the City's voters are in favor of the operation of a licensed gaming establishment at the project site in mid-July 2013. Prior to such election, the City will comply with the gaming act and the regulations of the Massachusetts Gaming Commission to post on its website a concise summary of the executed

and approved Agreement and conduct a public education program concerning the Commission's determination of suitability standards to the extent required.