

City Council Site Committee Minutes – August 27, 2012

The Meeting was called to order at 5:30 PM by Chairwoman Paula Meara who turned the chair over to City Council President James Ferrera, as it was a joint meeting with the City Council.

President Ferrera called the City Council meeting to order, recognized the councilors and welcomed the Mayor and his team and thanked them for coming to the committee and the council, stressing the need for transparency in this important process.

Attending were Council President James Ferrera and Councilors Claudio Concepcion, Kateri Walsh, Ken Shea, Buddy Williams, Michael Fenton, Timothy Rooke and Tim Allen. Also attending were Site Committee Members Bill Peppin, Dr. Bobbie Rennix, Dr. Martin Markey, Maurice Thomas, Reginald Green and Chairwoman Paula Meara. (Councilors Ferrera, Williams, Rooke & Allen are members of the Site Committee.)

The Mayor's Team Including His Honor, Mayor Dominick Sarno, Atty, Cezar (Cid) Froelich, Chairman of Shesky & Froelich, Atty. Atty. Michael J. Sheller, both of Chicago, Ill. and Atty. Jason Buffington of Taunton, MA. and Kevin Kennedy the City's Director of Development, also Denise Jordan.

Mayor Sarno spoke briefly and stated he was seeking the most viable proposal for the City and they are seeking input.

Kevin Kennedy stated soon the City will build a \$95 million school, a \$50 million rail station and another major building worth \$150 million more, that would be \$300 million going forward, also perhaps a casino. For eight months the City has been trying to get competition. There are four proposals for sure and the potential for one or two more.

The City has hired a consultant to bring order and to have competition with the best outcome for the city and the state. They have briefed the MA Gaming Commission on the process and the Commission agrees with the City. One or two proposals will be brought forward by April. All the facts will be on the table.

Cid Froelich stated there would be a two stage RFP with a 9/25 return date that will provide general information such as who are they, where do they want to develop and a description of the project.

The second stage, 10/2, will seek information such as how many jobs, what will it provide to the city, what is the spinoff, how will you finance the project, what type of people are you going to hire—massive detail. It will be an exchange of information for developers. We will be starting a two-part negotiation. We will determine what will you do at the state level, which is at least, if not more, important.

The consultant stated he would update the City Council once a month. This will give

them impact on what you want to see in the phase 2 project. We will include any issue you bring in. If you have ideas or suggestions, give them to his firm and/or to Kevin.

On 11/13 they will announce who they believe has come up with the best deal for the city. He stated, "We will then negotiate one, maybe two, host agreements, then go to the City Council". Then there will be a referendum by April that coincides with Crosby's phase 2 schedule. Springfield will be first if we keep to that schedule.

Notwithstanding the uniqueness of Springfield, the (MA) statutes are fairly common now. Developers are looking for certainty, predictability, a timeline and certainty of process so they can go to the state. This process used in many states, requires process from everyone that's interested, requires the CEO of the city to take the lead and get input. If the project is voted down, the consultant says he did a bad job.

Atty. Froelich believes one company is the way to go by the end of the day; they must summarize the host agreement, theory and discussions. (Going forward with the vote to all companies) they think would be potential for disaster. This is "a modified marathon"; they think they know what's going to happen, where people are going to show up. The consultant stated if we end up with two great developers, it would be possible to bring two agreements forward to the City Council and the referendum.

In some places an advisory committee gives input, but one person is pulling the trigger, consulting with department heads, etc, that's us (the consultants). A big chunk is fairly objective, some is subjective, the subjective requires one person pulling the trigger. Economic development doesn't spark the same emotions as casino do as it is bigger than most. He promised again to keep the council advised.

Questions:

Councilor Allen understands the CEO model, and he and Froelich discussed a committee with one councilor and that there would be more clarification as the "city goes forward".

Regarding a referendum in April, Atty Froelich said to get ahead of it while all the proposals are on the table. Also he recommends a citywide vote, as it will affect the city for decades.

Atty. Pikula stated the sooner the Council decides city vs ward vote, the better for developers who want to know the process.

Councilor Williams commended the Mayor and Council President for getting us here, then asked about the availability of the consultants. Atty Froelich stated "the three of us live on a plane", whatever time they are needed, they will be here. Mr. Buffet lives in Taunton, if the Mayor or the City Council calls, they come

Mr Kennedy stated there is a conference center being built in the SRA building. This center is equipped with telecommunications and video. It will be done at the end of September and will be available to use.

The consultant spoke of assisting in Indiana in a process with three developers where he assisted in getting the process started, finish and oversaw construction.

He was asked if the vote will be a majority vote and stated a simple majority referendum vote with 51% of the vote would be needed.

He was asked regarding the host agreement, can the council vet the process or will it have to vote for it in its entirety. The attorney's recommendation was if he's done a proper job keeping us apprised, it would be a simple up or down vote. He said it's in their best interests to keep us all apprised.

Atty Fenton thanked the mayor for sending the right message; also he thanked the council president for hosting the meeting. He asked a devil's advocate question regarding the issue of one vs. multiple developers. He stated there is a school of thought that subscribes to the belief there should be one developer, but others believe it's the city's role to put as many favorable proposals before the gaming commission as possible.

The consultant answered it would then be difficult to get developers to put their best foot forward. He spoke about Illinois & MI where they were most successful with host agreements. He indicated multiple developers might result where they would not put their best deal on the table. He stated that four casinos on a referendum are a "recipe for disaster."

He met with the gaming commission who said they thought he had the right to do this (choosing one developer before it came to the council or the public).

Did they have other perspective? Was there a school of thought on that? Does the gaming commission consider this hostile?

The consultant answered the state is deferential to the community. They want to be sure they're clean people. Their involvement is they'll collect tax money, but a casino is not just theoretical for the city. The city lives with this daily,

Would the consultant advocate on behalf of a developer after they are successful in the city (when they go to the state)?

He answered they'd be crazy not to support them. They won't represent them; they will show they are happy with host agreement, etc.

The consultant was asked at what point does your relationship with the city end.

What happens if we select a developer and they are denied the license?

Councilor Shea asked if the question is on the ballot is it an up or down vote by the citizen if they want the casino or is the question casino specific.

The consultant said a little bit of both. Summarize the host agreement, then take a host specific vote. It is likely the ballot would be specific, not generic.

Atty. Pikula spoke about the requirements in the law, the City must make a summary of the host agreement, it's made public within 7 days, there are specific requirements, the summary approved by the City Solicitor is published and on the website and on the ballot. If there were multiple agreements, the City would need multiple host agreements and multiple summaries, specific to location.

Whether or not we're going to have casinos is up to the electorate.

We're beyond that and we're at do you want this casino.

The process is that the voting is last, why not sooner? The statute requires the host agreement to be summarized on the ballot and under state law there is no way to shift that.

Councilor Walsh agreed with her colleagues on working together, too big a project not to work together. She questioned about job expectations and asked how realistic are the opportunity for jobs and tax revenue.

The City Council has to be fully aware about needs. What has the reality been, say, 3 yrs after? Does the community get what was promised and what was expected? The consultant answered to be realistic and you will be satisfied, not pie in the sky, that this will fix all of our problems. A casino this size would provide 2500 permanent jobs, construction—1500, maybe 17-1800, construction jobs. It does have spinoff effects that can be fairly well spun off.

In other locations, developers got hurt, usually not city development. It was over-leveraged, too much debt put on it, the vast majority is usually delivered, not a lot of automation.

Get chronically under employed and disabled written into host agreements

Some think casinos make 50% on the dollar, that does not happen now. Impacted surrounding towns—impacts should be taken care of in process of legislation. Both sides have experts. Overlay our traffic person with the developer's. The casinos want ingress and egress good, i.e., exit ramp to outside the city. The casino will be anxious to see that is properly taken care of.

Councilor Rooke asked if there will be an opportunity to submit testimony regarding impact prior to the host agreement and was told yes. Atty. Froelich stated they had met with the Chamber of Commerce and will be asking for as many groups as possible to participate. Ultimately the decision lies with the mayor, but in complete cooperation with the City Council, due to legitimate authority.

Councilor Rooke said he absolutely agrees and he loves the schedule. It looks like an economic development project, not just a casino. This is the largest private development in the history of the city.

Councilor Conception asked who would be the builders? Atty. Froelich stated there will be union construction with local lawyers, local architects, etc. and there would be minorities.

Councilor Conception also asked if the vote would be citywide, saying, "We all care". Atty. Froelich supported a citywide vote.

Chair Meara stated the MA Gaming Commission has shown leadership and the MA law was well thought out. She has been attending the Gaming Commission workshops and they have stressed the planning process. She questioned the consultant's schedule saying the MA Gaming Commission has strongly supported the use of Planning Commissions such as the Pioneer Valley Planning Commission and with this compressed timetable would there be adequate time for this expertise? The consultant said there was plenty of time.

Chair Meara also asked if the consultant assisted in negotiations with the surrounding communities and was told yes.

Dr. Markey asked a question about the vote being citywide vs. ward.

Atty. Pikula answered that the council decides.

Councilor Fenton stated it was his understanding that if the council does not act, there will be a ward vote. If the council acts, the vote can become citywide.

Question was asked from a member of the Site Committee regarding the City's intention to include jobs for the disabled. He was told specific numbers are not permitted, but goals are. He expected each developer would be asked for a goal on disabled persons.

Councilor Ferrera commends the mayor for coming with the team and states they are looking forward to working to move the project forward.

Meeting concluded.