



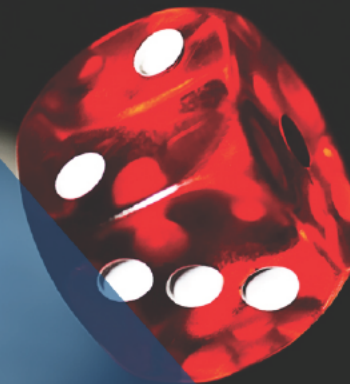
ECONOMIC DEVELOPMENT

COMMISSIONER BRUCE STEBBINS

PRESENTATION

CATEGORY 1 – MGM SPRINGFIELD RESORT CASINO

JUNE 10, 2014



ECONOMIC DEVELOPMENT COMPONENTS

The Application set out three broad groupings of criteria:

1. Job Creation
2. Supporting External Business
3. Regional Tourism and Attractions

ADVISORS AND SUPPORT GROUPS

Massachusetts Gaming Commission Staff

- Jill Griffin, Director, Workforce Development and Supplier Diversity



External Reviewers (Technical Reviewers)

- Lynn Browne, Former Director of Research and the Boston Federal Reserve Bank and current Lecturer in Economics at Brandeis University
- Jennifer James, Undersecretary, MA Department of Labor and Workforce Development
- Betsy Wall, Executive Director, MA Office of Travel and Tourism (MOTT)

HLT Advisory (Subject-Matter Experts/Consultants)

- Lyle Hall
- Carla Giancola



Pinck & Co. (Process Advisors/Consultants)

- Nancy Stack
- Melissa Martinez



OUR APPROACH

- **Individual Review of each Application by Review Group, consisting of:**
 - Commission staff
 - Technical Experts
 - Subject-Matter Experts
- **Additional input gathered from:**
 - Presentations by Applicant
 - Site visits
 - Follow-up/background analysis and data gathering
 - Interviews in comparable destinations (Detroit case study)
- **Group Discussion**

MGM DETROIT



PROJECT COMPARISON: SPRINGFIELD + DETROIT

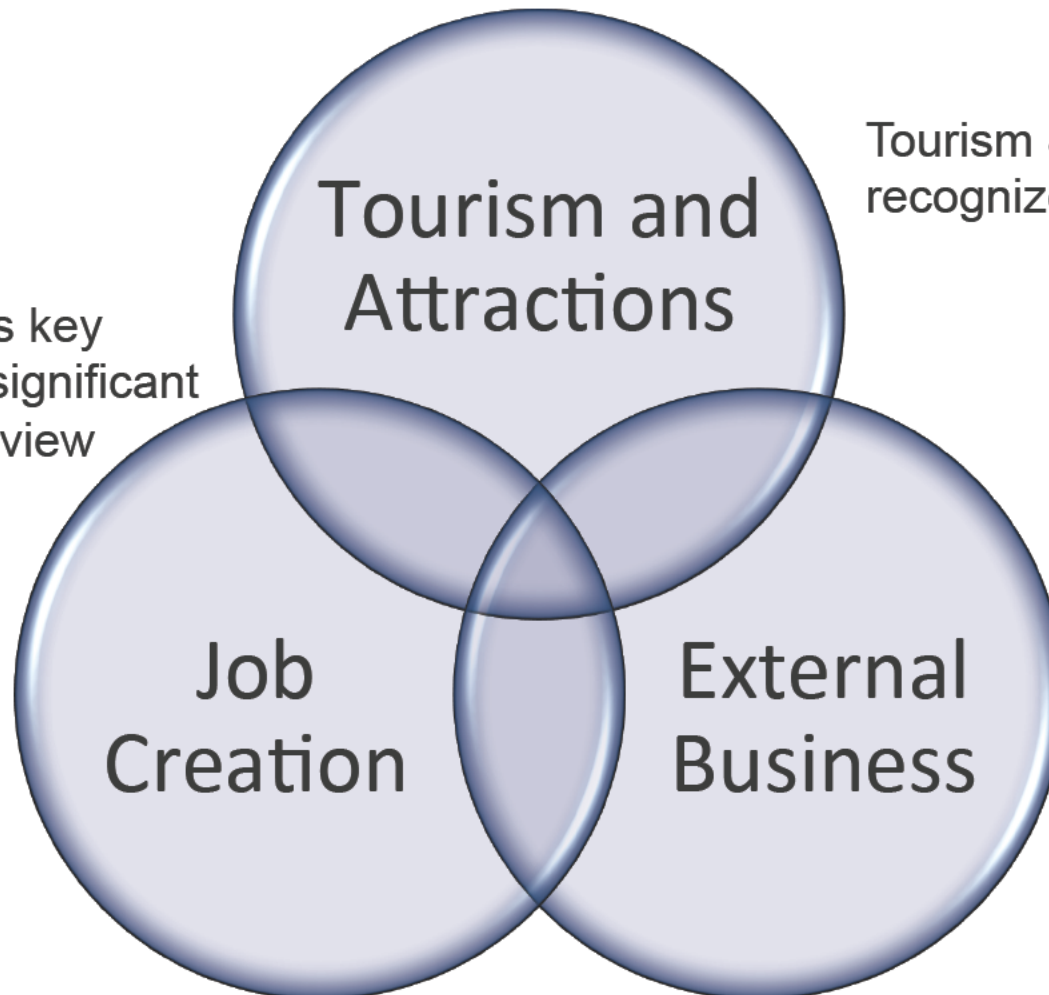


3,000	Slot Machines	4,000
100	Table Games	98
250	Hotel Rooms	400
8	Restaurants	7
\$499 million	Gaming Revenue	\$566 million



COMMENTS REVIEWED

Job Creation is key priority and a significant focus of the review



Tourism & attraction potential recognizes a regional draw

External Business benefits are driven from operational spending and marketing linkages

JOB CREATION: COMPONENTS

1. Employees

- Number of employees
- Affirmative action
- HR practices
- Retention
- Ethnic Diversity

2. Workforce Development

- Hiring and training
- Unemployed and underemployed

3. Labor Relations

- Labor harmony

We Were Looking For:

Detailed quantification and comparability of:

- F/T, P/T, FTE jobs -wages, benefits
- Retention levels
- Union - FTEs, wages and benefits
- Workforce composition

Past experience and plans detailing:

- Awareness of Springfield operating environment such as arrangements with colleges/training institutes/career centers
- Targets for unemployed, underemployed, minorities, women and veterans
- Practices: onboarding, advancement, employee assistance, career paths
- Track record with organized labor



WHAT WE FOUND/DIDN'T FIND

We Found:

- Realistic quantification and description of FTEs
- Modest turnover rates at existing facilities; projections for Springfield
- Comprehensive benefits package; excellent medical
- Detailed description of workforce development and employee career paths
- Good detail provided for on-boarding, training and development initiatives
- Workforce training initiatives through MOUs and demonstrated awareness of MA situation
- Past experience with diversity in hiring and employee progression practices
- Consistency with existing full-service casino in Detroit

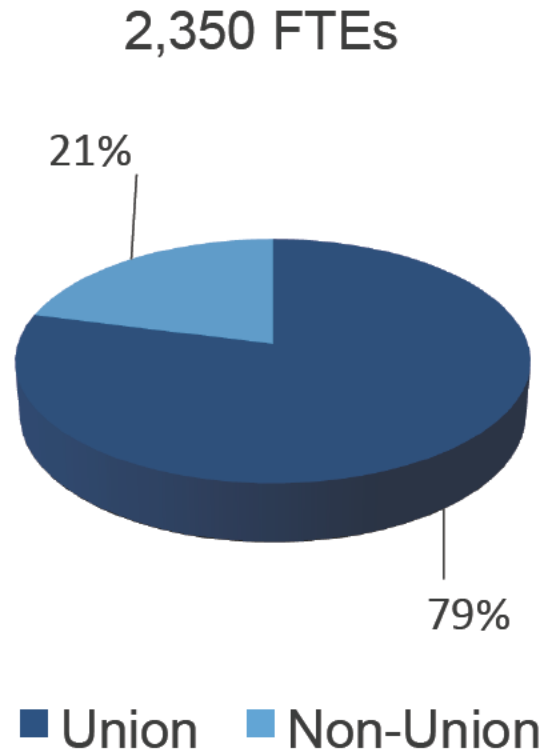
We Didn't Find:

- Commitments from MGM for construction-related job requirements (reliance on general contractor)
- Completed PLAs but discussions ongoing (endorsement letters from organized labor)

MGM SPRINGFIELD JOB SUMMARY

Year 1 Wages and Benefits = \$129.5 million

Total FT and PT Employees = 3,253



- Payroll & Benefits/FTE = \$55,122
- Benefits as % of Payroll = 51.1%
- Employee turnover projected at between 5% and 10%/annum

MGM MARKET COMPARISON

Host Community Demographic Characteristics (with comparison to MGM Detroit)

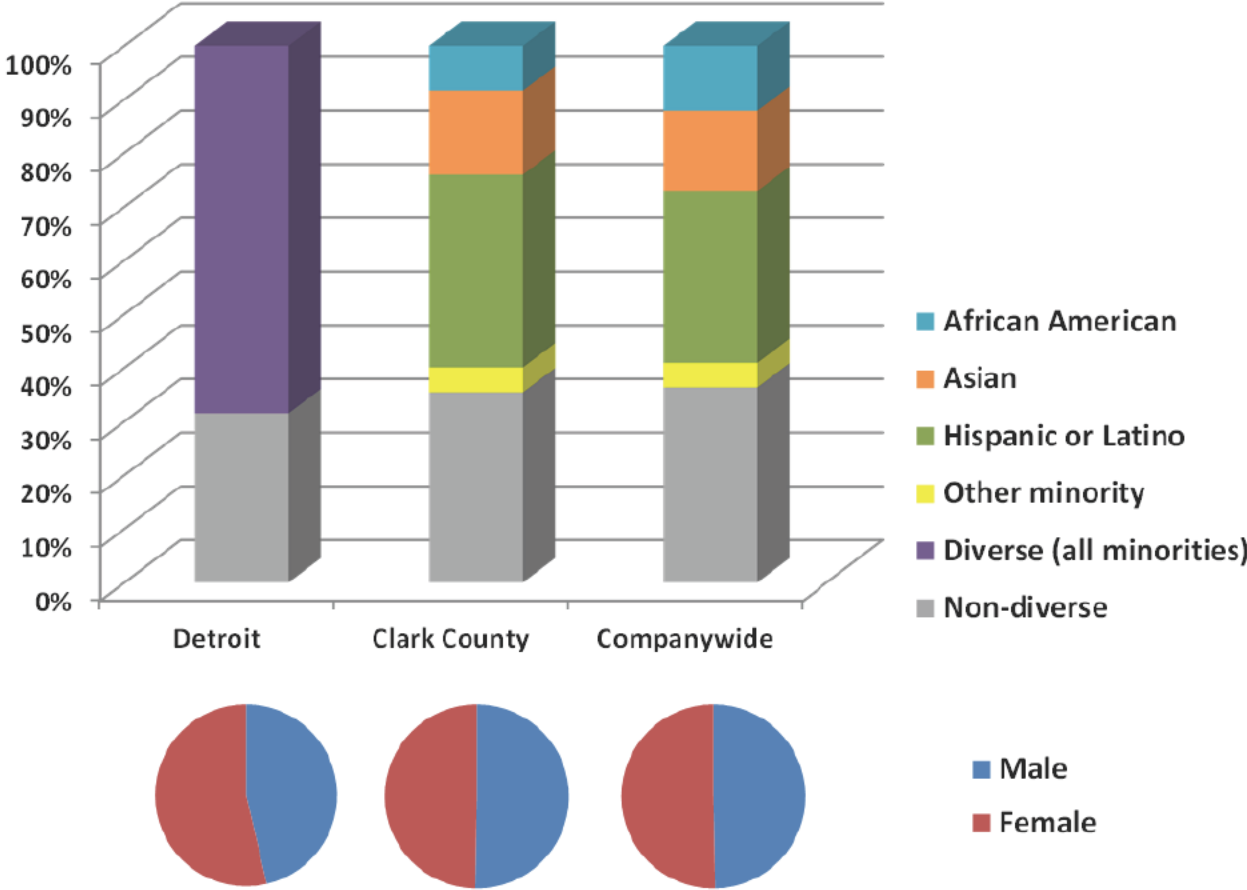
Host Community	MGM - Springfield		MGM - Detroit	
	City of Springfield	Hampden County	Detroit City	Detroit Metro
Population	153,278	464,072	721,459	4,304,617
Demographics-Age				
<21	35.2%	29.9%	33.5%	29.3%
21-34	18.8%	16.1%	16.8%	15.5%
35-54	24.5%	27.5%	26.6%	29.4%
55+	21.5%	26.6%	23.0%	25.9%
Demographics- Ethnicity				
White alone	36.4%	67.6%	8.1%	67.8%
Hispanic or Latino alone	39.5%	20.9%	6.9%	3.9%
Black or African American alone	19.4%	7.8%	81.8%	22.6%
Other	<u>4.7%</u>	<u>3.7%</u>	<u>3.2%</u>	<u>5.7%</u>
	100.0%	100.0%	100.0%	100.0%
Unemployment Rate	8.5%	6.5%	14.8%	8.8%
Average Household Income	\$47,711	\$64,999	\$38,181	\$69,951
Median Housing Price	\$152,600	\$201,400	\$59,700	\$135,700

Source: HLT Advisory Inc. Based on U.S. Census Bureau, 2007-2011 American Community Survey



DIVERSITY COMPARISON

MGM Resorts Employee Diversity



JOB CREATION: RATING

Springfield/MGM

Very Good

- Significant job creation during construction (2,600 full-year equivalents).
- Significant job creation through operations (2,350 FTEs @\$55,000/annum).
- Well defined HR practice and workforce development initiatives:
 - On-boarding, and training and development initiatives
 - Clear career paths
 - Ethnic diversity (rank and file as well as middle/senior management)
- Significant corporate HR support and proven track record in other jurisdictions:
 - Consistency with comparably-sized, full-service casino (MGM Detroit)
- Awareness of and sensitivity to Mass operating environment.
- Demonstrated strong working relationship with organized labor.

SUPPORT FOR EXTERNAL BUSINESS: COMPONENTS

1. Local Business Promo/Support

- Local business promotion
- Local suppliers, business owners
- Assisting businesses/Promoting regional business
- Vendor supplied goods

2. Minority, Women, Veteran Business Support

3. Regional Impact

- Projected benefit for regional economy
- Regional economic plan coordination

4. Gaming Equipment

We Were Looking For:

Past experience and plans detailing:

- impacts of cross-marketing initiatives
- extent of relationships with local suppliers/vendors,
- arrangements to ensure participation from local and WBE/MBE/VBE vendors

Realistic, achievable, experience-based implementation, including:

- quantification of local spending/vendor arrangements
- Tie-in with local economic development initiatives
- Vendor support

WHAT WE FOUND/DIDN'T FIND

We Found:

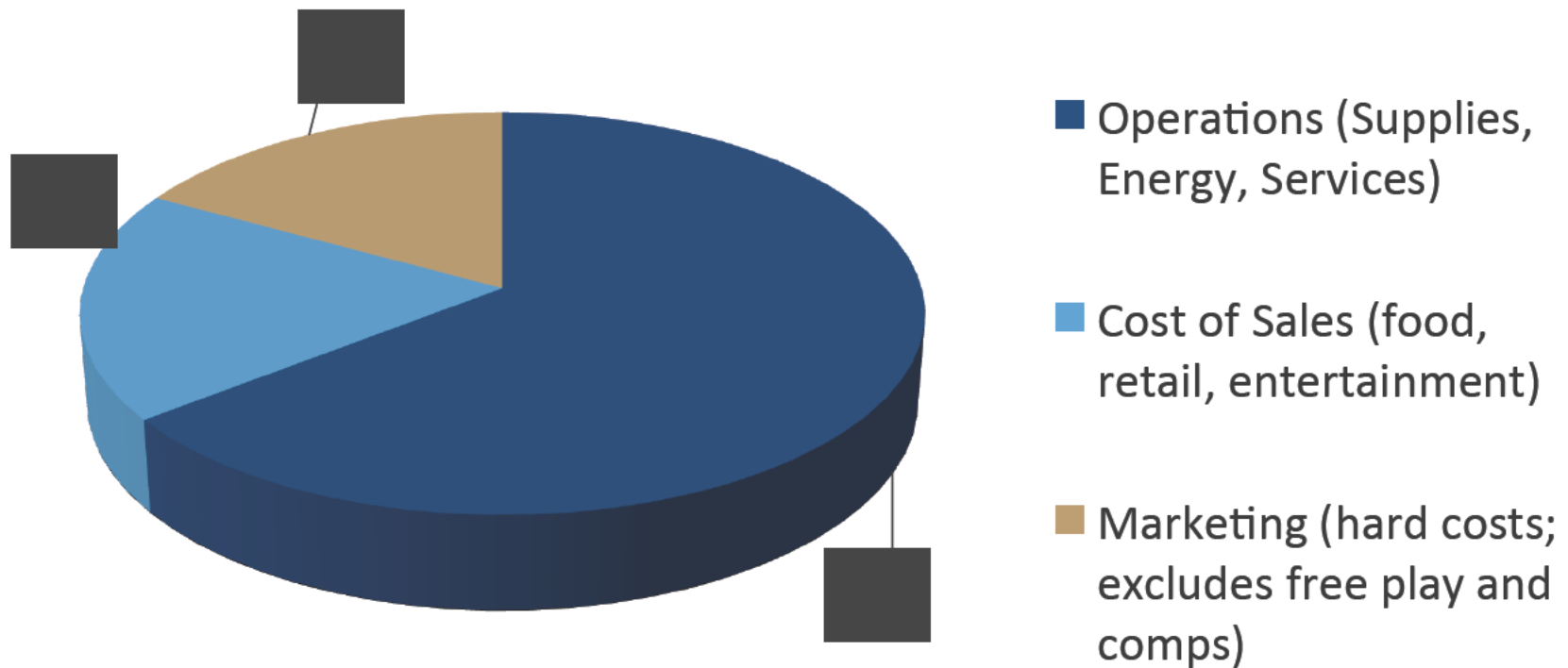
- Quantification of local goods & services spending
- Good description of vendor outreach and process for contracting for goods and services
 - Dedicated Springfield purchasing department
 - Commitment under HCA to purchase \$50 million of goods services locally
- Agreements in place with various businesses, institutions and agencies
- Realistic targets for MBE/WBE/VBE participation
- Plans for building awareness, strategies for involvement and training for vendors
- Effective use player card to work with local businesses (retailers, F&B)

We Didn't Find:

- Necessary level of sensitivity to address local vendors (given size/scale); onerous commitments
- Details on how local businesses might be involved in leasing space/operating project elements (potentially onerous lease commitments)

OPERATING EXPENSES

MGM Year 1 Operating Expenses = [REDACTED] million



\$50 million to be purchased in “Greater Springfield area”

ECONOMIC IMPACTS

One-Time Construction Impacts			
	Direct	Indirect/Induced	Total
Value Added (million)			
Jobs (FTEs)			

Ongoing/Annual Impacts from Operations and Visitor Spending			
	Direct	Indirect/Induced	Total
Value Added (million)			
Operations			
Visitors			
Total			
Jobs (FTEs)			
Operations	2,850	1,790	4,640
Visitors	<u>530</u>	<u>210</u>	<u>740</u>
Total	3,220	1,830	5,380



SUPPORT FOR EXTERNAL BUSINESS: RATING

Springfield/MGM

Sufficient/Very Good

- Demonstrated interest in working with community via partnership arrangements, reliance on existing infrastructure (e.g., MassMutual Center, Majestic Theater) and cooperative arrangements.
- Approach similar to that demonstrated in Detroit. Positive working relationship with local businesses and economic development organizations.
- Strong linkage to regional economic plans (e.g., Rebuild Springfield, Pioneer Valley) and commitment to non-competition with local entertainment venues.
- Well-developed approach to vendor outreach process (e.g., research, attendance at vendor fairs, advertisements, vendor requirements) and process for contracting for goods and services (i.e., prior to launch, project launch).

TOURISM: COMPONENTS

1. Tourism and Regional Promotion

- Local agreements to widen gaming draw
- Cross Marketing
- Collaboration with tourism/other industries
- International marketing efforts
- Record of success

2. Other Amenities, Enhancement and Business Strategy

- Unique business and marketing strategies
- Other community enhancements
- Entertainment and athletic events

We Were Looking For:

Past experience and proposed plans for:

- entertainment and other amenities (on- and off-site)
- identification of target markets, marketing initiatives, cross-marketing opportunities
- collaboration with Tourism organizations and local economic development agencies

Demonstrated awareness/knowledge of Springfield and area tourism market, including:

- Linkage to marketing activities
- Agreements in place with local tourism agencies



WHAT WE FOUND/DIDN'T FIND

We Found:

- Collaborative approach to working with existing entities
- Significant investment in infrastructure, amenities and service/marketing entities
- Widespread commitment to support local sports and culture groups
- Significant past experience building visitation in other jurisdictions
- Almost half of all casino visits projected from out-of-state residents

We Didn't Find:

- Detail on MGM's approach to international target markets
- Interest in collaboration as opposed to funding support for marketing entities

WORKING RELATIONSHIPS

- Commitment to work with existing entertainment, sports and cultural venues rather than building new
- Outreach to regional attractions and marketing entities



MAJESTIC THEATER



TOURISM: RATING

Springfield | MGM

Sufficient/Very Good

- Commendable approach to work with existing sport, art and culture venues as opposed to supply.
- Commitment to community support through capital enhancements, event programming and arts/culture support.
- Marketing relationships tend to focus more on funding than active involvement.
- Detailed cross-marketing plans for a number of identified partners - no mention of tactics such as a shared customer database for cross-marketing purposes.
- International marketing initiatives were vague/non existent.

FINAL THOUGHTS

- MGM has demonstrated ability to develop/operate Springfield casino
- Human resource commitments (and past practice) is strong: salaries/wages, benefits, workforce development, minority assurances.
- Role in economic development and support demonstrated through HCA and past experience (e.g., Detroit)
- Impressive contributions (direct and indirect) to local infrastructure; support of existing institutions
- Openness to working with local tourism, business and economic development entities.
- Possible licence conditions with respect to labor retention (construction and ongoing operation) and participation of local retailers in the casino complex

OVERALL CATEGORY RATING

Springfield | MGM

Very Good

Job Creation

External Business

Tourism