April 16, 2013

Mr. Stephen Crosby, Chairman
Massachusetts Gaming Commission
84 State Street
Boston, MA 02109

Re: Expanded gaming in Southeastern Massachusetts

Dear Chairman Crosby:

MGM Resorts International (MGM) wanted to take this opportunity to provide feedback to your recent message on April 14, 2013 discussing the ongoing deliberations of expanded gaming in Southeastern Massachusetts.

MGM is concerned at the distinct and real possibility that opening Region C to the commercial license process may result in a fourth category 1 license. This would significantly alter the Massachusetts gaming market and may impact the overall value of each of the three individual Category 1 licenses originally contemplated by the legislature following years of detailed studies of the market.

The Massachusetts Legislature thoughtfully and deliberately put in safeguards to protect the gaming market and maximize the value of each of the three Category 1 casino licenses it contemplated. Legislators were sensitive to the vagaries of this unique industry and wanted to provide an incentive for world class gaming operators to compete for the privilege to operate in Massachusetts. The Commission's consideration of opening up Region C to a commercial Category 1 license is a significant decision that will create instability in this market with many direct and indirect adverse impacts on the remaining licenses.

The Commission is charged with the extraordinary responsibility to find the appropriate balance between the rights of the Mashpee Wampanoags and the economic development goals of Southeastern Mass. However, MGM feels that the Commission's mission also includes the safeguarding of the opportunities upon which the current license applicants entered this bidding process. The potential impact of over development will not stop at the southeastern region border. Each operator will realize the impact of an additional casino license should the MGC move forward with a commercial license process in Region C.

While each and every applicant deals with robust competition in every jurisdiction in which they operate they also chose to compete in Massachusetts based on a statute and set of rules that provided them with the ability to maximize their investment. The potential for a fourth license in the Commonwealth was not a possibility any applicant considered when they balanced the significant capital expenditure expected from them and the scope of the market based on the statute.

The act authorizing expanded gaming was clear on the ability of the Commission to seek a commercial license for Region C under Chapter 23K and the standard that would trigger that process. Section 91 (e) of Chapter 194 of 2011 mandates that if "the commission determines that the tribe will not have land taken into trust by the United States Secretary of the Interior, the commission shall consider bids for a category 1 license in Region C under said chapter 23K." The definitive language in this section serves as important benchmark that protects the spirit and the intent of the law to limit the total number of category 1 licenses while maximizing the value of those licenses.

Chairman Crosby in his message regarding the status of expanded gaming in Southeastern Massachusetts identified a concern of the Commission is "Region C being left in a state of extended uncertainty while the other regions moved forward." Respectfully, the speed at which the Mashpees can complete their land in trust process is not a basis on which to risk the entry of a fourth Category 1 license into this market.

At this point we do not believe it is reasonable to determine "that the tribe will not have land taken into trust", and that is the standard that the Commission is required to apply. Indeed, today the Mashpees put the Commonwealth on notice that they intend to continue to pursue their federally protected right to operate a Category 1 facility, and that if the Commonwealth proceeds with allowing a potential fourth Category 1 license, that the tribe will withhold all revenue payments otherwise payable to the Commonwealth under its compact. Because of this fact, and the issues addressed above, MGM does not believe the Commission should compromise the Massachusetts gaming market or limit the value of an individual license solely based on an effort to keep Region C on the same timetable as Regions A & B.

Additionally, as disruptive to the market as a fourth licensee would be, enabling one of those licensees to operate without any tax payments to the Commonwealth, will provide a significant competitive advantage to that facility, i.e., the Mashpees, allowing them to spend significantly more capital and marketing dollars to extend their reach into the regions of the other Category 1 licenses.

There is an additional potential adverse impact that opening up Region C would cause to the other licensees. If such an opportunity were made available, and the threat of a neighboring Mashpee facility exists (which based on the Mashpee's statements today, is very real), MGM is concerned that the new commercial license that is made available may not result in robust competition, i.e., the threat of a neighboring facility entering the market will dissuade most quality applicants from participating. For example, with the threat of a future Mashpee facility, will the Commission be able to provide such a licensee with the minimum mandatory 15 year exclusive period in that region as contemplated by the gaming act? If that new license opportunity results in little or no activity, the financial and credit markets could take a negative view on the quality of the Commonwealth market in general, which could

have adverse impacts on the ability of the Region A and B operators to access that same capital, or at a minimum, the cost of that capital may increase based upon a perceived weakness in the market.

For these reasons, MGM respectfully requests that the Commission resist the temptation to bypass the statutory question at hand, in which it is clear that the legislature wanted the burden on the Commonwealth, that is: can the Commission reasonably determine "that the tribe will not have land taken into trust". The question is not whether the Mashpees will have that process completed in a timeline that applies to the other commercial licenses.

If the Commission believes it must retain some further control on the timing of a Region C operator, MGM respectfully requests that the Commission provide the Region A & B operators at least 5 years post-opening before allowing what could be a potential fourth operator in the market to open its facility. If the Commission can provide the other operators with that window to operate under a stable environment, it will allow the Commission to better determine the progress, or lack thereof, of the Mashpees to complete their regulatory process, and to make the requisite determination of whether the Mashpees are capable of completing that process.

Thank you again for the opportunity to provide comments.

Sincerely,

Bill Hornbuckle
President and Chief Marketing Officer, MGM Resorts International
President and Chief Operating Officer, MGM Springfield

Cc: Commissioner Gayle Cameron
Commissioner James F. McHugh
Commissioner Bruce Stebbins
Commissioner Enrique Zuniga
Rick Day, Executive Director
Catherine Blue, General Counsel
John Ziemba, Ombudsman