

CITY OF NEW BEDFORD  
SPECIMAN BALLOT SPECIAL ELECTION  
JUNE 23, 2015

WARD 1



TO VOTE FILL IN THE OVAL (●) TO INDICATE YOUR CHOICE.  
Penalty for willfully defacing, tearing down, removing a list of candidates or Specimen Ballot - fine not exceeding One Hundred Dollars

*Maria Tommasia*

Shall the City of New Bedford permit the operation of a gaming establishment licensed by the Massachusetts Gaming Commission to be located on approximately 43 acres of land located off of MacArthur Drive, which land includes the former Cannon Street power station?

Yes

No

In accordance with the Massachusetts Expanded Gaming Act ("Act"), General Laws Chapter 23K, Section 15(8), the City of New Bedford ("City") and KG New Bedford, LLC ("KG"), have entered into a Host Community Agreement as summarized below. KG then requested that the City hold an election on the current question, as is provided for in the Act.

A YES VOTE by a majority of votes cast on this citywide referendum would allow KG to file an application with the Massachusetts Gaming Commission for a license to develop and operate a gaming establishment at the location specified, and subject to the terms of the Host Community Agreement.

A NO VOTE would prevent KG from filing such a license application with the Massachusetts Gaming Commission.

CONCISE SUMMARY OF HOST COMMUNITY AGREEMENT

The following is a summary of the principal terms of the Host Community Agreement (the "Agreement") between the City of New Bedford (the "City") and KG New Bedford, LLC ("KG"). The summary does not reflect every detail or provision of the Agreement, but it sets forth its basic and principal business terms. All details and provisions are contained in the actual Agreement, which is available for viewing at [www.newbedford-ma.gov](http://www.newbedford-ma.gov) <<http://www.newbedford-ma.gov>> or [www.massgaming.com](http://www.massgaming.com) <<http://www.massgaming.com>>, and at the Office of the City Clerk at 133 William Street, New Bedford, Massachusetts. This summary has been approved by the City Solicitor pursuant to M.G.L. c.23K §15(13).

The Agreement contains commitments by KG New Bedford, LLC and the City of New Bedford relative to the proposed development of a waterfront destination resort casino (the "Project") on approximately 43-acres off of MacArthur Drive and for the environmental cleanup and redevelopment of the former Cannon Street power plant ("Project Site"). An initial conceptual plan for the waterfront destination resort casino and public harbor walk can be viewed at Exhibit A of the Agreement.

If the Gaming Commission grants KG a Category 1 gaming license, the project investment by KG will be approximately \$650,000,000. KG anticipates spending approximately \$50,000,000 on the cleanup of environmental contamination at the former Cannon Street power plant site and approximately \$10,000,000 to build a harbor walk and open space along the waterfront for public use. The harbor walk will be designed to integrate with downtown businesses and attractions. One of the purposes of the Agreement is to allow the City to reinvest in the economic development of its downtown and maritime industrial waterfront.

Summary Highlights of the Agreement

KG's Payments

- After KG takes title to the Project Site, and prior to the Project opening for business to the general public, KG will pay annual real estate taxes based upon the purchase price of the Project Site and, if applicable, any percentage of partial completion of the project.
- Once the Project is open for business to the general public, KG will **pay \$12,500,000** in guaranteed Annual Payments, broken down as follows:
  - o a \$7,000,000 annual PILOT payment to the City in satisfaction of all real and personal property taxes otherwise owed the City, exclusive of all hotel, meals, and excise taxes<sup>1</sup>
  - o an annual Impact Payment to the City of \$500,000
  - o an annual Economic Regeneration Payment of \$5,000,000, paid by KG at the direction of the Mayor directly to governmental entities to promote economic development, harbor development, and community preservation
  - o The Annual Payments will increase at the rate of 2.5% per year, beginning after the fifth year of operation.
- After KG is granted a final, non-appealable Category 1 Gaming License for Region C, KG will **pay \$4,500,000** as a "Preliminary Economic Regeneration Payment," paid at the direction of the Mayor directly to governmental entities to promote economic development, harbor development, and community preservation. This Preliminary Economic Regeneration Payment will be payable over three years in installments of \$2 million, \$1.5 million, and \$1 million.
- KG will pay for the City's costs of reviewing the KG development and negotiating the Host Community Agreement, including consultant, planning and legal fees. KG will also reimburse the City's costs in holding the host community election, joint public forums, and participating in local, state, and federal permitting
- KG will pay all permitting and review fees typically assessed by the City
- KG and the City will jointly commission, at KG's sole expense, comprehensive studies to evaluate the impacts of the waterfront destination resort casino on the City's (i) traffic/public transit/transportation infrastructure; (ii) utility infrastructure; (iii) public safety; (iv) economy (including schools and housing impacts); and (v) construction impacts
- KG will fund all projects, including traffic improvements, road construction, and public safety upgrades identified in studies as necessary to mitigate the impacts of the waterfront destination resort casino. If KG is required to spend more than \$8.5 million on these mitigation projects, then it may deduct the amount above \$8.5 million from the City's guaranteed Annual Payment, provided that KG may not deduct more than \$1.5 million per year. These mitigation projects will be further detailed in a Mitigation Agreement to be completed by KG and the City

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- If a tribal casino opens in the area designated as “Region C” by the Expanded Gaming Act, the guaranteed Annual Payment will be reduced to the greater of \$7,500,000 or 2.5% of Gross Gaming Revenue of the Project
- KG and any tenants or operators will assess and collect all hotel/room occupancy and meals taxes and pay such taxes to the City
- KG will garage all vehicles it owns in the City and pay excise taxes on those vehicles to the City

#### KG’s Commitments to the City

- KG will invest an estimated \$650,000,000 to develop a waterfront destination resort casino with hotel rooms, restaurants, retail, multifunction event and entertainment space, waterfront conference center, back of house spaces, and surface and structured parking designed and constructed to provide a high-quality resort experience
- KG will invest an estimated \$50,000,000 to remediate environmental contamination at the former Cannon Street power plant site in accordance with Chapter 21E of the Massachusetts General Laws
- KG agrees to use good faith efforts to work with NStar to relocate its operations from the site of the waterfront destination resort casino to another site in the City in order to preserve NStar’s jobs in the City
- KG will invest an estimated \$10,000,000 to create a waterfront harborwalk and publicly accessible open space, which will incorporate in its design certain features that promote and protect the Project’s waterfront for public access, use and enjoyment
- KG agrees to limits on various aspects of the design and program of the Project, including but not limited to: (i) restrictions on signage and billboards; (ii) limiting the height of the hotel to eleven (11) stories and three hundred (300) hotel rooms and locating it at the north end of the site to maximize connection with downtown; (iii) limiting the amount of restaurant and retail space to avoid competition with downtown businesses; and (iv) agreeing to work with the City to ensure that pedestrian walkways connect and promote circulation of patrons to downtown amenities
- KG and the City will in good faith attempt to negotiate a lease for nominal value and containing commercially reasonable terms for the bulkhead and adjacent tidelands portion of area owned or to be owned by KG for the berthing of commercial fishing vessels and for a recreational marina
- KG will work closely with the City to obtain approvals for design of the waterfront destination resort casino that is consistent with the City’s rich history and architectural fabric and will not adversely impact businesses within the City’s downtown

#### KG Jobs and Local Business Commitments

- KG will use:
  - o Good faith efforts to hire city residents for 20% of the total permanent workforce
  - o Good faith efforts to hire city residents for 20% of the total employee hours for construction
  - o Union labor for construction under KG’s Agreement with the Massachusetts Building Trades Council and the Southeastern Building Trades Council
  - o Good faith efforts to employ minorities, women and veterans
  - o Good faith efforts to support career training programs at Bristol Community College for the casino and hospitality industries
- KG will use good faith efforts to purchase at least \$10,000,000 in goods and services from local vendors and companies with a principal place of business in the City
- KG will issue at least \$50,000 per year in gift cards, gift certificates and/or local business discounts to resort casino patrons to be redeemed at local City businesses
- KG will designate the Zeiterion Theatre as an Impacted Live Entertainment Venue under the Expanded Gaming Act and provide support to the theater through marketing and promotions that support the role of local arts in the community
- KG will use good faith efforts to partner and cross-market with local hotels within a half-mile of the waterfront destination resort casino
- KG will implement a responsible gaming program

#### The City’s Commitments to KG

- Hold a city-wide ballot question election on the waterfront destination resort casino
- Support KG’s application for a category 1 gaming license to the Massachusetts Gaming Commission
- Seek funds available to municipalities under the Expanded Gaming Act
- Support KG’s permitting and approval efforts in the City
- Consider any request by KG to amend the City’s zoning ordinance or other regulations necessary to allow construction and operation of the destination resort casino
- Support KG’s other permitting and approval efforts
- Not seek to impose new taxes, fees, or assessments specifically targeting KG or its customers, employees, tenants, vendors, suppliers or owners, provided however that this commitment does not prevent the City from imposing any taxes, fees or assessments that apply more generally in the City or to downtown businesses.
- The Agreement may be modified or amended by written agreement of the Parties for any reason the parties deem is in their mutual interest. This modification will be considered a voluntary reopening of a mitigation agreement as provided in 205 CMR 127.06

<sup>1</sup> The City and KG will work cooperatively to enter into a payment in lieu of taxes (“PILOT”) agreement through the use of a G.L. c. 121A urban redevelopment corporation and agreement. If the City and KG are unable to enter into a PILOT agreement, then the City will be required to assess real and personal property taxes on the Project in accordance with Massachusetts law. If in any given year the real and personal property taxes assessed on the Project are more than what the PILOT would have been under this Agreement (i.e., \$7 million), then the Annual Economic Regeneration Payments will be reduced by an amount equal to such difference. If, however, the amount of real and personal property taxes are less than what the PILOT would have been, then the Annual Economic Regeneration Payments will be increased accordingly.