

Mohegan Sun to pay Palmer at least \$16M annually under casino host community agreement

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By Mark Arsenault, Globe Staff

Mohegan Sun has agreed to give the town of Palmer \$2.94 million up front and then annual payments of about \$16 million under a casino agreement that will allow the gambling company to move ahead to a local vote, the next step in its four-year pursuit of a casino license in Western Massachusetts.

The agreement, announced today after eight months of negotiations, includes an estimated \$23 million to expand and improve roads and sewer and water systems in Palmer, including work to expand the capacity of the Exit 8 interchange on the Massachusetts Turnpike, the route most of the resort's visitors would use to reach the facility, according to Mohegan Sun.

"We have a very, very comprehensive agreement and one that is transformative for the town of Palmer in terms of the revenue that's guaranteed, in terms of the infrastructure improvements that are coming with it and the job opportunities for this town," said Mitchell Etes, chief executive officer of the Mohegan Tribal Gaming Authority, in an interview this morning.

The agreement needs to be formally approved by the Palmer Town Council and the Management Board of the Mohegan Tribal Gaming Authority, though both bodies are expected to pass the deal.

The Town Council is scheduled to vote on the agreement and establish a date for a town-wide referendum at its next meeting on Sept. 3. The mandatory referendum will take place between 60 and 90 days from the completion of the deal. Etes said he hopes the town will vote as soon as it can, and said Mohegan Sun will run a campaign ahead of the vote.

The \$16 million annual payment includes fixed payments totaling \$15.2 million and a percentage of gambling revenue equal to .25 percent of the first \$400 million, according to Mohegan Sun.

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“These payments represent the largest per capita and per household mitigation of any Western Massachusetts proposal and should help bring fiscal stability to Palmer, plus much-needed infrastructure improvements benefiting Palmer and the surrounding region,” the company said in a statement. “The guaranteed annual mitigation payment alone exceeds the entire local tax revenue for the Town of Palmer in fiscal year 2014.”

The town will also receive an additional 2 percent from every dollar of gross gambling revenue above \$400 million annually, according to Mohegan Sun.

“This agreement vividly illustrates the strong commitment Mohegan Sun has made to Palmer,” Elaine Boone, chairwoman of the Yes for Palmer Campaign that supports the casino project, said in a statement. “For a community this size to have the opportunity to receive this package of benefits — and to play such an important part in positively impacting the entire region — is remarkable.”

Mohegan Sun is competing for the sole Western Massachusetts resort casino license with MGM, which is planning a casino in downtown Springfield, and Hard Rock International, which has plans for a gambling resort on the Big E fairgrounds in West Springfield. The state gambling commission will choose the winning project in early 2014.

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