



Meeting Minutes

Date: April 11, 2013

Time: 1:00 p.m.

Place: Division of Insurance
1000 Washington Street
1st Floor, Meeting Room 1-E
Boston, Massachusetts

Present: Commissioner Stephen P. Crosby, Chairman
Commissioner Gayle Cameron
Commissioner James F. McHugh
Commissioner Bruce Stebbins
Commissioner Enrique Zuniga

Absent: None

Call to Order:

Chairman Crosby opened the 63rd public meeting.

Approval of Minutes:

See transcript pages 2-3.

Motion made by Commissioner McHugh that the minutes of March 21, 2013 be approved as submitted. Motion seconded by Commissioner Cameron. The motion passed unanimously.

Motion made by Commissioner McHugh that the minutes of March 25, 2013 be approved as submitted. Motion seconded by Commissioner Cameron. The motion passed unanimously.

Administration:

Report by Commissioner Zuniga. See transcript pages 3-18.

The timelines for investigations, gaming regulations, and racing regulations remain unchanged. The Commission will hold a public hearing on the Phase 2 gaming regulations on May 3, 2013. The Commission is making progress in implementing an electronic document management system. The hiring processes for the Director of Workforce Development, Director of Research and Problem Gambling, Director of Licensing, CFO, and CIO are underway.

The Commission discussed Commissioner Zuniga's summary report of third quarter operations. The IEB forecasts that investigations for most applicants will cost more than the \$400,000 assessed on each applicant. A total of \$550,000 of the \$4,400,000 that the Commission collected in application fees is designated for cities and towns but has not yet been distributed. The Racing Division budget was not included as part of the summary report.

IEB Report:

Report by Director Wells. See transcript pages 18-26.

Investigations are well underway, and Director Wells anticipates that some of the Category 1 investigations will be complete by the June target date, while others may continue into August. Upon completion of investigations, the IEB will prepare a report to the Commission and the Commission will hold a public hearing and receive public comments. Following the public hearing, the Commission will make a suitability determination.

The IEB is in the process of preparing the redacted RFA-1 applications for public disclosure. The IEB sent the BED forms to applicants for their review, and anticipates releasing those forms soon. The PHD forms are almost fully redacted, and will be released after the applicants have a chance to review them.

Director Wells relayed the Commission's concerns to the single applicant that has not indicated a location, PPE Casino Resorts MA LLC, but that applicant is still considering its options and has not chosen a location.

Public Education and Information:

Report by Ombudsman Ziemba. See transcript pages 26-83.

Many surrounding communities are expressing concern about the short time period for reviewing impacts. The involuntary disbursement process only occurs after the applicant signs the host community agreement, and a surrounding community has no method of receiving money earlier unless the applicant voluntarily provides the money. Prior to the host community agreement being signed, surrounding communities can work with regional planning agencies, review the environmental notification forms that applicants submit, and prequalify advisors. The Commission will further discuss this issue in the following weeks.

The legal staff prepared a draft regulation relative to the issue of whether the host community can hold its referendum prior to suitability determinations. This regulation allows communities to hold the referendum prior to the Commission's determination of suitability so long as the community provides notice to the voters that the referendum is being held prior to a suitability determination, the Commission makes a positive finding of suitability before the applicant can file an RFA-2 application, and the community files a copy of the notice with the Commission. The Commission would like to ask for public comments prior to making a final decision on this draft regulation.

The Commission discussed whether the referendum would be on the same ballot as another election if the referendum occurred on the same day as a state election or a local election. Counsel Grossman stated that the referendum may be located on the same ballot as the local

election, but not the state election. The legal staff will further research the issue and advise local communities accordingly.

The Commission has already sent the draft RFA-2 regulations to the Local Government Advisory Council, and will soon file the regulations with the Secretary of State. Counsel Grossman provided the Commission with a small business impact statement, stating that these regulations do not impact small businesses beyond the impacts caused by the Gaming Act. The Commission was in agreement, but recommended amending the language to include the positive impacts in addition to the negative impacts.

Racing Division:

Report by Director Durenberger. See transcript pages 83-101.

The proposed changes to 205 CMR 4.00 are posted on the Commission's website for public comment, with a hearing scheduled for Monday, April 22 at 11:00 am. Director Durenberger anticipates that the new auditing system will be ready by April 18. Some of the transition costs related to the Commission taking over racing in the Commonwealth may have to be spread out over the next several years to maintain the revenue neutral balance of racing.

The 2012 annual report is close to being ready. The Racing Division is determining how to handle the 2011 annual report due to the fact that the Commission was not seated during the time period for that report. Live horseracing at Plainridge begins Monday, April 15 at 1:00 p.m.

The Racing Division has found four laboratories qualified to handle split sample equine drug testing services for 2013 and recommended that the Commission approve these laboratories. The Commission approved this recommendation.

Director Durenberger discussed the issue of unclaimed wagers. The list of unclaimed wagers, colloquially known as "outs," is first compiled by the track auditors then certified by the Commission. The tracks pay the amounts to the Commission prior to the Commission returning those amounts to the tracks for deposit into the purse accounts for horse racing or the Racing Stabilization Fund for greyhound licenses. The Commission questioned whether such a roundabout process is necessary. The process has always been performed in this fashion and provides an element of oversight. The legal staff will look into the history of this practice.

Chairman Crosby announced that the Commission's April 18, 2013 meeting will be held in Palmer, Massachusetts and he anticipates a lengthy agenda.

Motion made to adjourn, motion seconded and carried unanimously.

List of Documents and Other Items Used at the Meeting

1. Massachusetts Gaming Commission April 11, 2013 Notice of Meeting and Agenda
2. Massachusetts Gaming Commission March 21, 2013 Meeting Minutes
3. Massachusetts Gaming Commission March 25, 2013 Meeting Minutes
4. Massachusetts Gaming Commission 205 CMR 115.00: Phase I Suitability Determination, Standards and Procedures

5. Massachusetts Gaming Commission Small Impact Business Statement
6. Proposed Referendum Emergency Regulation
7. April 8, 2013 Letter from City of Everett Regarding Scheduling of Referendum Elections
8. Massachusetts Gaming Approved Budget FY 2013 3rd quarter Budget to Actual Expenditures Report
9. April 11, 2013 Division of Racing Memorandum Regarding Recommendation Regarding Split Sample Laboratories for 2013
10. April 11, 2013 Division of Racing Memorandum Regarding Payment of 2011 Unclaimed Winning Wagers to Purse Accounts
11. April 11, 2013 Division of Racing Memorandum Regarding Payment of 2011 Unclaimed Winning Wagers to Racing Stabilization Fund

/s/ Catherine Blue
Catherine Blue

Assistant Secretary