



The Commonwealth of Massachusetts

Massachusetts Gaming Commission

NOTICE OF MEETING

and

AGENDA

April 24, 2012 Meeting

Pursuant to the Massachusetts Open Meeting Law, G.L. c. 30A, §§ 18-25, notice is hereby given of a meeting of the Massachusetts Gaming Commission. The meeting will take place:

Tuesday, April 24, 2012
1:00 p.m.
Boston Convention & Exhibition Center
Meeting Room 101
415 Summer Street
Boston, Massachusetts

PUBLIC MEETING

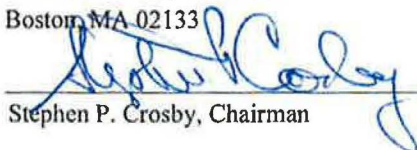
1. Call to order
2. Approval of minutes of April 10, 2012 Meeting
3. Administration
 - a. Search for executive director
 - b. HR process
 - c. Public information officer
 - d. Gaming consultants – status
 - e. Outside counsel – status and initial work plan
 - f. Briefings for commissioners – OML, FOIA, State ethics comm’n, etc.
 - g. Record keeping - update
 - h. Permanent meeting date
4. Finance / Budget Update
5. Procurement Update
6. Public Information
 - a. May 3 conference
 - b. Economic development forum
7. Racing commission
 - a. Status
8. Charitable gaming
 - a. Status
9. Interagency relations
 - a. Internet gaming
 - b. Tribal gaming
10. Strategic considerations
 - a. Discussion of framework for major tasks
11. Other business – reserved for matters the Chair did not reasonably anticipate at the time of posting

I certify that on this date, this Notice was posted as “Gaming Commission Meeting” at www.mass.gov/gaming/meetings, and emailed to: regs@sec.state.ma.us, melissa.andrade@state.ma.us, brian.gosselin@state.ma.us and copies were mailed, postage prepaid, to:

Secretary of State, Regulations Division
One Ashburton Place, Room 2A
Boston, MA 02108

4/20/12
(date)

Executive Office of Administration and Finance
The State House, Room 373
Boston, MA 02133


Stephen P. Crosby, Chairman

Date Posted to Website: April 20, 2012 at 1:00 p.m.

Massachusetts Gaming Commission

DRAFT

Acting Executive Director

According to the “An Act Establishing Expanded Gaming in the Commonwealth” (Act), the Massachusetts Gaming Commission (MGC) may designate an Acting Executive Director to assist the Commission in the absence of an Executive Director.

The Commission will designate an Acting Executive Director to serve during an extensive search for the first permanent Executive Director. A summary of required skills and key responsibilities for this interim position are outlined below:

BACKGROUND EXPERIENCE AND SKILLS

- Experience in a municipal, state and/or federal government management position.
- Possesses strong communication skills.
- Demonstrates experience in preparing budgets and/or having responsibilities for financial management.
- Familiarity with state employment guidelines, procurement, and regulatory process.
- Possesses strong research skills.
- Strategic planning and project management.

The preferred candidate will work closely with the Commission for a limited period of time to:

- Assist with establishing basic office operating procedures for human resources, budgeting and accounting.
- Assist with identifying critical positions and assist the commission with the recruitment and hiring process.
- Work closely with the Commission and contracted consultants to formulate and execute work plans.
- Attends commission meetings.
- Assist commission members with related projects or assignments as detailed in the legislation and as directed.

MEMORANDUM

TO: Chairman Crosby

FROM: Fredric Gushin, Spectrum Gaming Group and Guy Michael, Michael & Carroll PC

DATE: 23 April 2012

RE: Gaming Consultant Integrated Plan

We are writing to inform you that Spectrum Gaming Group and Michael & Carroll, the two gaming consultants qualified during the Commission's first meeting on April 10, 2010, have worked as requested to develop an integrated plan to address the Commission's requirements as outlined in RFR# GOV-2012-001, dated February 29, 2012. Both groups are committed to working as one team and agree that harnessing resources will be more efficient and provide greater value to the Commission and the Commonwealth of Massachusetts.

We have collectively developed a 16-week project proposal for your review. It includes (1) the development of a strategic plan, the outline of which is below, (2) assistance with action items that require immediate attention, also listed below, and (3) gaming subject-matter support to Anderson & Kreiger for legal initiatives they are undertaking on behalf of the Commission.

Strategic Plan

Experience and best practices from other gaming jurisdictions indicate that a comprehensive strategic plan is critical to success. Within 16 weeks, the combined team will deliver a strategic plan that includes the following:

- **Mission and Goals of the Commission:** The plan will reiterate the mission and goals previously outlined by the Commission and include any additional objectives that surface during this research and planning phase.
- **Table of Organization:** Based on industry best practices, as well as unique requirements of Massachusetts, the plan will recommend an appropriate organization structure that will include the level and type of resources necessary to implement the gaming act, from early stage to operations. It will include recommendations for the roles, responsibilities and resourcing of the functional groups that will need to report through the Executive Director. At this stage, we suggest that those groups include: CFO/CFAO, Legal Counsel Unit, MGC Investigations and Enforcement Bureau, Administration Unit, Licensing Unit, Hearing Unit, Audit Unit, Inspector's Unit, Fund Administration Unit, Research Unit and Racing Unit. The plan will provide recommendations for staffing at all locations, including Commission headquarters, other offices and onsite facilities. In recommending an organization structure, focus will be on avoiding duplication and ensuring an efficient and cost-effective structure to regulate gaming.

- **Budget:** Based on the organizational requirements outlined in the Table of Organization and additional operating expenses that have historically resulted in other jurisdictions, the plan will recommend a budget. The budget will be based on a schedule for phasing in staff and resources when needed and will reflect licensing and operational requirements from now through the opening of gaming establishments.
- **Regulations:** The plan will discuss regulations needed in the short term as well as long term and, if appropriate, address the need for emergency regulations. Examples of regulations necessary at the outset of the Commission's work to be discussed will include scope of licensing, RFP process, suitability standards and administrative procedures. Further regulations with regard to casino operations will also be identified for future promulgation. Recommendations will also be made for the appropriate level of interaction between the consultants and Anderson & Krieger in drafting regulations.
- **MOUs:** The plan will recommend MOUs to be drafted between the Commission and various other agencies. Examples of agencies include the Massachusetts State Police, Attorney General's Office, Alcoholic Beverages Control Commission, the FBI and other gaming jurisdictions. In some cases, there will be a need to begin drafting MOUs in advance of the completion of the strategic plan, while others, such as agreements with local law enforcement in the towns where the casinos are located, will be drafted later in the process.
- **Scope of Licensing:** Licensing is a complicated process that requires a case by case analysis to determine which of an applicant's associated persons and entities require scrutiny as a precondition to the applicant's licensure. The plan will make recommendations for the categories of individuals and entities for which that scrutiny should be required.
- **RFP Process:** The Commission will be under pressure to move expeditiously to implement the gaming legislation. However it is critical to ensure that the right process is followed for soliciting proposals from potential operators. The strategic plan will include a recommended proposal process, which may include an RFQ, followed by suitability assessment, and then RFP.
- **Selection Process:** The most visible, important decision the Commission will make is the selection of casino operators to receive licenses. A number of best practices and lessons learned can be gleaned from the processes followed by gaming authorities in other geographies. The plan will include a recommended process for reviewing and analyzing each submission based on best practices, the criteria specified under the statute and in a manner consistent with state laws.
- **Hearing and Appeal:** The gaming act requires a process for appealing Commission decisions. The plan will include a recommendation for the approach and level of due process that will be offered in administrative hearings on any final decision made by the Commission.

- **Ongoing Operations:** Law enforcement and regulatory enforcement are critical operational aspects that involve a wide range of constituents and therefore offer a wide range of options for meeting the requirements outlined in the statute. The plan will draw upon law enforcement best practices and lessons learned in other geographies to recommend a coordinated law enforcement approach that maximizes integrity and minimizes duplication across agencies. Similarly, there are a number of options for meeting regulatory enforcement requirements. The plan will make recommendations on all aspects of regulatory enforcement, such as internal and accounting controls, gaming equipment, rules of the games, onsite observation, gaming agents, etc. The plan will also offer a protocol for determining the role of regulatory enforcement and criminal enforcement.
- **Timeline:** The plan will conclude with a proposed timeline for implementing all aspects of the strategic plan. The timeline will be comprehensive in nature and provide a realistic and achievable timetable on which activities can be completed and decisions made, based on prior experience and unique aspects of the Massachusetts Act. Experience has proven that adherence to a timeline is important, but realistically, the timeline must be somewhat fluid in nature. The complexity of the process makes it very difficult to predict every challenge the Commission will encounter during the implementation process.

Short-Term Activities

Based on experience, we know there are a number of critical activities that are best initiated early in the process to ensure they are appropriately addressed and do not negatively impact the overall timeline. The team recommends that we begin work on the following initiatives in the coming weeks, while simultaneously preparing the strategic plan. Initiating work on these activities will enable the Commission to demonstrate real progress. During the next 16 weeks, the team will address the following:

- **Consultant Comments on Statute:** In order to begin the strategic planning process and initiate short term activities, the team has reviewed the gaming act and will provide the Commission with comments on strengths, weaknesses and implications of key points addressed or not addressed in the Act. This will raise visibility of decisions and areas of particular focus for the Commission and the consultants during the planning process.
- **Coordination with Anderson & Krieger:** There are a number of areas that will require coordination between the consultants and Anderson & Krieger. Coordination between the two groups will commence as soon as possible.
- **RFQ Planning:** If the team and the Commission determine that the RFP process will benefit from an up-front RFQ to assess suitability of operators prior to inviting full proposals, planning for the RFQ can begin prior to the completion of the strategic plan.
- **Preliminary Regulations:** There are a number of regulations that will be needed early in the process and drafting of these regulations can begin prior to the completion of the strategic plan.

- **MOUs with Agencies:** As indicated above, MOUs will be required with a number of agencies and it is appropriate to begin discussions with these agencies as early in the process as is feasible. Many of these discussions can begin in advance of the completion of the strategic plan.
- **Near-Term Hires:** In order to be in a position to drive the implementation of the strategic plan, a number of hires beyond just the Executive Director should be placed in motion during this 16 week period. The team is prepared to support the Commission in whatever way is determined to be appropriate. Examples include drafting job descriptions, providing recruiting assistance and vetting candidates.
- **Assistance with Indian Gaming Related Issues:** The team will begin assisting the Commission in addressing the provisions of the Act specific to Indian Gaming.

If the Commission agrees with the above scope of work and 16 week timeline, we will provide a flow chart that includes the division of labor among team members and specific weekly deliverables. We look forward to your feedback and formal approval to commence work.

Thank you for your consideration.

April 12, 2012

Steve Crosby, Chairman
MASSACHUSETTS GAMING COMMISSION
Boston, MA

Re: Proposal to Assist the Commission with Regulatory Matter

Dear Chairman Crosby:

Pursuant to our earlier discussions, thank you for the opportunity to submit this proposal to assist the Massachusetts Gaming Commission ("Commission") with certain regulatory matters. Attached please find my resume and a copy of my biography. After discussions with various members of my Firm and taking into considerations your needs as expressed in our recent discussions, I submit the following proposal for your consideration:

- The terms of engagement would be for a 3 to 6 month period.
- I will commit to being physically present in Boston for 4 days every other week during the engagement (including travel time) with the exception of a block of 6-8 weeks during the summer where I will remain in Boston..
- I will commit to 8 working hours each week that I am back in Nevada.
- I will focus on the following duties initially and then perform such other duties as may be mutually agreed upon by the parties.
 1. Assist in finding and securing a suitable Executive Director.
 2. Provide guidance and assistance to the Director in establishing the regulatory apparatus.
 3. Develop and implement time lines for the establishment of a regulatory regime that meets the statutory requirements and policy goals of the Commission.
 4. Develop policies and procedures to ensure that the regulatory agency can function properly in time for the proposed openings of the various casinos.
 5. Develop policies and procedures to establish licensing requirements, tax and compliance audits, gaming law enforcement and investigative functions, gaming equipment and device integrity, and internal controls and directives for the agency.

6. Assist in the development and review of necessary regulations to carry out the Commission's mandate.

I would suggest the compensation be structured on a flat-fee basis using a monthly retainer. My normal hourly rate is \$500 per hour, but I recognize the economic constraints and the financial pressures you will be facing in Boston. If the general parameters outlined herein are acceptable, I suggest we discuss a flat-fee approach at a significant discount from my normal rates and I am hopeful it will meet both of our needs for at least the initial three month period. As we have discussed, you are facing a difficult task, and I would be honored to help and provide some value to the Commission as it strives to establish a robust regulatory regime.

If this initial proposal meets your needs, we can discuss further the best method to move the process along. Thank you again for your consideration, and please contact me if you have any questions or would like to discuss this matter further.

Sincerely,

KAEMPFER CROWELL RENSHAW
GRONAUER & FIORENTINO

Dennis K. Neilander

DKN/cjc

Attachments

DENNIS K. NEILANDER

OF COUNSEL

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510 W. Fourth Street, Carson City NV 89703-4254

Fax: (775) 882-0257

Phone: (775) 884-8300 United States

PRACTICE:

Mr. Neilander is the former Chairman of the Nevada State Gaming Control Board (“GCB”). His practice focuses on gaming, administrative law and government affairs. He served as Member of the GCB from 1998 until the end of 2010. Mr. Neilander was the Chairman for the last 10 years of his tenure and was the longest serving Chairman of the GCB. He was appointed by three different Governors from both political parties. As Chief Executive Officer of the GCB, he executed daily operations of the Board including the oversight of approximately 500 employees, a \$42 million dollar budget and offices in five Nevada cities. Mr. Neilander represented the GCB regarding all gaming matters before the executive, legislative and judicial branches of government at both the state and federal level. He also served as Chairman of the Board’s Audit Committee that was responsible for full scope compliance and revenue audits for Nevada casinos.

Prior to his appointment to the Board, Mr. Neilander was the Chief of the GCB Corporate Securities Division which regulates the publicly traded gaming companies that operate in Nevada. He has conducted extensive analysis of federal and state securities laws, finance and merger and acquisition activities as they relate to public companies.

Former Chairman Neilander also served as the primary research staff for the Judiciary Committees of the Nevada State Legislature. His work included substantial research, analysis and testimony regarding public policy issues. He conducted similar work as a Staff Associate for the National Conference of State Legislatures at both the state and federal legislative levels.

Practice Highlights:

- While Chairman of the GCB, Mr. Neilander had direct oversight of the Nevada Gaming industry during an unprecedented economic boom and bust. During the mid to late 1990's he was involved in the investigation and analysis of the largest mergers in the history of the gaming industry. He worked closely with federal regulators from the U.S. Department of Justice, the Securities and Exchange Commission

and the U.S. Federal Communications Commission in the analysis of the impact of these mergers from a legal and public policy viewpoint.

- He was responsible for overseeing and regulating rapid advances in technology within the gaming industry including the invent of ticket in ticket out technology and server based gaming.
- .Mr. Neilander has worked extensively with other governments regarding best practices in the gaming regulatory arena.

PRACTICE AREAS:

- Gaming Law
- Administrative Law
- Government Affairs

COMMUNITY:

Mr. Neilander is active in community organizations and has coached youth sports.

ACCOMPLISHMENTS AND AFFILIATIONS:

Mr. Neilander was named Gaming Regulator of the Year by the International Masters of Gaming Law in 2007. He was named one of the most 50 Influential Businessmen in Las Vegas by the Las Vegas Sun Newspaper in 2004 and 2008.

Mr. Neilander was the Vice Chairman and then Chairman of the International Association of Gaming Regulators in 2007-2008. He is an active member of the International Masters of Gaming Law.

Former Chairman Neilander recently finished a special project for Nevada Governor Brian Sandoval's Administration in respect of the collection of Mining Taxes. He currently serves as a consultant to other gaming regulators on gaming matters.

EDUCATION:

J.D. 1987, University of Denver College of Law

B.A. 1983, University of Northern Colorado

BAR ADMISSION:

Colorado 1987

MASSACHUSETTS GAMING COMMISSION
Governance Documents Tracker and Task List
Prepared by: Anderson & Kreiger LLP, Outside Counsel
Updated as of: 4/23/12

TARGET DATE	ACTION ITEMS	ATT'Y ¹	COMM'R ²	STATUS
Phase 1				
	Review and Assessment of the Act	SDA, GAH, NPC, MSM	JM	
	Develop "Policy on Policies"	WLL, GAH, KDB	JM	
	Board Governance	SDA, KDB, NPC	JM	
	Public Records	SDA, KDB, NPC, MSM	JM	
	Open Meeting Law	SDA, KDB, NPC, MSM	JM	
	Press/Media	WLL, GAH, GEO, NPC	SC	
	Advisory Opinions/Web Responses	WLL, GAH, NPC, MSM	BS	
	Employment Policies	WLL, CMG, MSM	EZ	
Phase 2				
	Fiscal Policies and Controls	SDA, GAH, GEO, MSM	EZ	
	Code of Ethics	SDA, KDB, NPC, MSM	JM	
	MOUs with Other State and	SDA, GAH,	BS	

¹ A&K: SDA = Stephen Anderson; WLL = William Lahey; GAH = George Hall; KDB = Kevin Batt; GEO = George (Ged) Olson; CMG = Christine Griffin; NPC = Nina Pickering-Cook; MSM = Mina Makarios

² Commission: SC = Stephen Crosby, Chair; JM = James F. McHugh; GC = Gayle Cameron; EZ = Enrique Zuniga; BS = Bruce Stebbins

TARGET DATE	ACTION ITEMS	ATT'Y ¹	COMM'R ²	STATUS
	Local Agencies	GEO, MSM		
	Procurement Procedures	GAH, KDB, NPC	EZ	
Phase 3				
	Confidentiality Issues – Trade secrets and the like	SDA, KDB, NPC, MSM	JM	
	Internet Security Issues	SDA, KDB, NPC, MSM	GC	
Phase TBD				
	State Racing Commission Transition	WLL, GAH, GEO, MSM	GC	
Ongoing				
	Ongoing advice re requirements and limitations of employment	SDA, GAH, CMG, NPC	EZ	
	Future Procurements	GAH, KDB, NPC	EZ	
	Regulations	SDA, GAH, NPC, MSM	JM	

Massachusetts Gaming Commission
 DRAFT Preliminary Yearly Budget
 Year: FY2013

Item	Description	FY2013 Amount	Subtotal	Comments/Assumptions
1 Salaries and Fringe				
	Subtotal Salaries		\$ 2,516,500	Assumes 10 current FTE's + 10.5 FTE's FY13
2 Consulting / Advisors / Service Providers				
	Subtotal Service Providers		\$ 2,406,000	Outside Counsel, ED Search, Gaming Consultants, Auditor, State Racing Review, Polaris, IT (Knowledge System)
3 Rent / Office				
	Subtotal Rent / Office		\$ 417,600	1 year lease, office supplies, parking, meeting sites
4 Chargebacks				
	Subtotal Chargebacks		\$ -	
5 Capitalized costs				
	Subtotal Capitalized Costs		\$ 205,000	Additional furniture, additional fit out 84 State Street
6 Events / Hearings / Travel				
	Subtotal Events & Travel		\$ 57,100	2 public forums, minimal in state travel
7 Research Projects				
	Subtotal Research Projects		\$ 150,000	Two research projects (economic impact & entertainment venues)
		Total	<u>\$ 5,752,200</u>	
	Estimates of Expenses for First Year (FY 2012)		\$ 958,700	Need to verify this with comptroller's and current reconciliation
			<u>\$ 6,710,900</u>	
8 External Funding				
	ISA with DPL / OCA - Racing Commission	???		

Educational Forum on Casino Gaming

Best Practices and Lessons Learned

Thursday, May 3rd, 2012

Boston Convention and Exhibition Center Room
102AB, 415 Summer St.

8:30	<u>Doors open; sign in</u>
9:00 - 9:15	<u>Opening Remarks</u> Gayle Cameron - Massachusetts Gaming Commission
9:15 - 9:45	<u>The State of the Gaming Industry</u> Frank Fahrenkopf - President, American Gaming Association
9:45 - 10:45	<u>Launching a New Commission: Determining Priorities</u> Moderator: Guy S. Michael, Principal, Michael and Carroll PC Steven Perskie - former Chairman, NJ Casino Control Commission Kevin O'Toole - Executive Director, PA Gaming Control Board Cathy Walker - President and CEO, Seneca Gaming Corporation
10:45 - 11:00	<u>Break</u>
11:00 - 12:00	<u>Launching a New Commission: Lessons Learned</u> Moderator: Michael Epps - former Vice Chair, NJ Casino Control Commission Guy S. Michael - former Deputy Director, NJ Division of Gaming Enforcement Diane Legriede - former NJ Casino Control Commissioner Steven Perskie - former Chairman, NJ Casino Control Commission
12:00 - 1:00	Lunch
1:00 - 2:00	<u>Before the Doors Open: Bidding Process, Background Checks, Financial Oversight, and Smart Regulations</u> Moderator: Robert Carroll - Principal, Michael and Carroll PC Susan Yocum - Assistant Chief Counsel, PA Gaming Control Board Kevin O'Toole - Executive Director, PA Gaming Control Board Cathy Walker - CEO, Seneca Gaming Corporation
2:00 - 3:00	<u>Full Scale Operations: Co-Enforcement, Investigations and Compliance</u> Moderator: Andrea Cabral - Sheriff of Suffolk County Jerry Stoll - Director of Compliance, PA Gaming Control Board Rick Lindsay - former NJ State Police Casino Gaming Bureau Chief Deborah Grusemeyer - Deputy Chief, NJ Division of Gaming Enforcement Robert Carroll - former Chief of Compliance, Foxwoods Gaming Resort