

The Commonwealth of Massachusetts
Massachusetts Gaming Commission

Meeting Minutes

Date: April 24, 2012

Time: 1:00 p.m.

Place: Boston Convention & Exhibition Center
Meeting Room 101
415 Summer Street
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 meeting.

Approval of Minutes:

See transcript page 2.

Chairman Crosby announced that Commissioner McHugh will be arriving late so the Commission will address the approval of minutes when he arrives.

Administration:

See transcript pages 2-18.

Search for Executive Director – Commissioner Stebbins stated that at the last meeting the Commission approved an RFR to solicit an executive search firm. The RFR has been issued and the bidder responses are due by May 11, the finalists will be reviewed and chosen the following week, and interviews of finalists will be held the week of May 21-25, with the goal of having a contract in place by May 29. He stated that the Gaming Act allows the Commission to appoint an interim Executive Director. He has put together an outline of the qualifications the interim director should possess, including background, experience, and skills. He stated that the Commission should be considering someone with municipal, state, or federal government

management experience. Commissioner Zuniga stated that the Commission needs to decide how the Executive Director will interact with the Commission. Commissioner Cameron stated that, rather than gaming experience, it would be important to have someone with experience in state government who understands procurement in the Commonwealth. Chairman Crosby stated that the acting Executive Director should not be precluded from being a candidate for the permanent Executive Director, or some other position in the organization. It was agreed that all candidates for the permanent position should go through the search process with the executive search firm.

Commissioner Stebbins stated that the Commission received a proposal from the former chairman of the Nevada State Gaming Control Board, Dennis Neilander, who is interested in assisting the Commission on an interim basis. Commissioner Cameron stated she thinks this proposal overlaps with the responsibilities the Commission has hired consultants to perform. Commissioners Zuniga & McHugh agreed and did not see this person as an acting Executive Director candidate. Chairman Crosby stated that the discussion revealed a consensus favoring pursuit of a candidate with Massachusetts experience and asked Commissioner Stebbins to look for candidates with that qualification.

Approval of Minutes:

See transcript pages 18-24.

Commissioner McHugh stated that in the future the Commission will be posting a transcript of the meetings, the minutes of the meeting with references to pages in the transcript, and the documents used at the meeting, as well as a video if available.

Motion made by Commissioner McHugh to approve the minutes of April 10, 2012. Motion seconded by Chairman Crosby. The motion passed unanimously by a 5-0-0 vote.

Motion made by Commissioner McHugh to approve the minutes of April 17, 2012. Motion seconded by Commissioner Cameron. The motion passed unanimously by a 5-0-0 vote.

Commissioner Zuniga recommended looking at the cost of live streaming the Commission meetings and giving consideration to recording the meetings and posting them later. He stated the public hearings should be live streamed.

Administration (Continued):

See transcript pages 24-45.

HR Process – Commissioner Zuniga stated he has begun compiling documents to assist the Commission in drafting an HR policy.

Public Information Officer – Chairman Crosby stated that the Commission's interviewing team, which consisted of Karen Schwartzman and Hank Shafran, has identified 14 candidates who are worthy of interviews. These candidates will be narrowed down to finalists who will be interviewed by himself and possibly other Commissioners. He stated that if the right candidate is

in the existing pool the position should be finalized in a week and a half. Commissioner McHugh stated that Chairman Crosby should be the person who makes the decision on this position. Chairman Crosby recommended reserving the option of conducting a public meeting to interview the final candidates.

Motion made by Commissioner McHugh that the Commission designate Chairman Crosby as the person who makes the decision as to the candidate, leaving to Chairman Crosby a judgment as to whether a public interview meeting is necessary. Motion seconded by Commissioner Zuniga. The motion passed by a 4-0-1 vote, with Chairman Crosby abstaining.

Gaming Consultants – Chairman Crosby stated that the Commission had qualified the two finalists, Michael & Carroll and the Spectrum Group. The Commission has asked them to discuss a joint proposal that pooled their resources. They have submitted a proposal that lays out the scope of work in the form of a comprehensive 16 week plan. He said that he was attempting to finalize arrangements with the firms and that, ultimately, they will work with the acting Executive Director and provide updates at Commission meetings.

Outside Counsel – Commissioner McHugh said that the Commission's meeting packet contains a schedule of priorities he had worked out with Anderson & Kreiger. He stated that the next step is to consider an overall timeline for the Phase 1 priorities the schedule contained and to schedule meetings to discuss what each Commissioner needs to work on. The goal is to have Phase 1 completed in 30 to 45 days.

Briefing for Commissioners – Chairman Crosby stated he and Commissioner Stebbins had met with people who are interested in problem gambling issues and that he and Commissioner Zuniga had met with representatives of the Massachusetts Cultural Council. The meetings were preliminary and no substantive discussions took place.

Record Keeping – Commissioner McHugh stated that reports of meetings like those that occurred with those interested in problem gambling and with the Massachusetts Cultural Council are being collected and the plan is to have everything stored, categorized, and indexed electronically.

Permanent Meeting Date – Chairman Crosby stated the plan is to hold the Commission meetings on Tuesdays at 1:00 p.m. A permanent site has not been determined. The next meeting will be held on Tuesday, May 1, 2012.

Finance/Budget Update:

See transcript pages 45-48.

Commissioner Zuniga provided a draft budget for fiscal year 2013. He stated that he will start reporting next week on current expenditures. He stated that the Commission currently has 8 full-time employees and in this budget he assumed there would be 2 more full-time employees by the beginning of the fiscal year. He estimates that there will be an additional 10.5 employees added throughout the year.

Procurement Update:

See transcript pages 48-53.

Commissioner Zuniga stated that the Commission should consider a committee to evaluate responses to the RFR for a permanent executive director search firm. He will create an evaluation criteria score sheet to be distributed to the evaluation committee. It was agreed this committee would be comprised of Commissioner Zuniga, Janice Reilly, and one member from an outside agency.

Motion made by Commissioner McHugh that Commissioner Zuniga put together a task force to help him select the search firm finalist or finalists. Motion seconded by Commissioner Cameron. The motion passed unanimously by a 5-0-0 vote.

Commissioner Zuniga stated that the Commission will have a state purchasing credit card issued by the Comptroller's office which will give the Commission the ability to make purchases. It was decided that Commissioner Zuniga, Janice Reilly, and perhaps a future CFO will be issued this card.

Public Information:

See transcript pages 53-65.

May 3, 2012 Conference – Commissioner Cameron provided a draft agenda for the educational forum which is scheduled for May 3, 2012, at the Boston Convention Center & Exhibition Center. She stated that the public can RSVP on the Commission website. She provided an overview of the planned agenda.

Economic Development Forum – Commissioner Stebbins stated that he is considering the dates of June 7 or June 14 for this forum, and it will be hosted by Quinsigamond Community College. He is reaching out to potential speakers for this forum. Chairman Crosby stated that issues needing discussion include community mitigation, saving the local entertainment venues, and issues of compulsive gambling.

Racing Commission:

See transcript pages 65-78.

Status – Commissioner Cameron stated that the Commission is continuing to make steps toward a smooth transition for the Gaming Commission to incorporate racing oversight. The Commission has an RFR for a racing expert to assist the operations. The RFR has gone out to four qualified vendors and she expects responses this week. She continues to have conversations with the state licensure personnel and is making transition plans. The Commission has an ISA

for payments to be made from the Racing Stabilization Fund and this should be finalized in the near future. She had a meeting with the kennel owners to talk about some of the unresolved financial issues and will conduct further research before presenting a recommendation on how to proceed with that matter. Chairman Crosby stated that the Commission will continue to work on two tracks as consideration is made whether to delay the takeover of the Racing Commission.

Charitable Gaming:

See transcript pages 78-84.

Status – Chairman Crosby stated that the Legislature’s operating presumption is that charitable gaming will be brought under the Gaming Commission. He stated that the Commission’s report to the Legislature is due at the end of July. Commissioner McHugh stated that he and Commissioner Zuniga will be meeting with representatives of the Lottery in early May and shortly thereafter he will recommend to the Commission what needs to be done to prepare the required report. Charitable gaming accounts for \$75 million in gross annual revenue, 5% goes to the state, \$18 million ends up the hands of the charities themselves, and the rest goes to prizes and other expenses.

Interagency Relations:

See transcript pages 84-91

Internet Gaming – Commissioner Zuniga stated that he met with representatives of the Treasurer’s office on Friday. A recent decision by the Department of Justice could open the door for state-sanctioned on-line gambling products. He will be participating in an on-line products task force. Chairman Crosby stated that the dominant principle ought to be that gaming revenue, whatever its source, ought to be considered as a single revenue pool and that regulatory entities such as the Lottery and the Gaming Commission should avoid “turf” battles over regulatory authority.

Tribal Gaming – Chairman Crosby stated that this issue is being handled almost exclusively by the Governor’s office, which is negotiating a compact with one or more tribes, and the Commission is in a watchful, waiting mode to see what happens.

Strategic Considerations:

See transcript pages 91-107.

Discussion of Framework for Major Tasks – Commissioner McHugh stated that the Commission should start to think about the major tasks it must perform and the structure required to support those tasks. He stated that some structural plans will emerge over the next 16 weeks as the gaming consultants move forward with their work. A number of issues embedded in the statute also require consideration. One issue concerns the impact a casino will have on “surrounding communities” and the nature of their role in relation to the role of the “host community” in preparing a license application. Commissioner McHugh stated that the Commission may also

want to consider the regional benefit of a casino location when considering applications for licenses. A discussion was held with the Commission members. Chairman Crosby stated that there is an opportunity to encourage public input so the Commission can do creative thinking about location, structure, architecture, etc.

Other Business:

See transcript pages 107-111.

Chairman Crosby stated that he has information on the Commonwealth Compact, a statewide initiative to improve diversity and inclusion within employment practices. He asked the Commission to give consideration to joining the Compact. Commissioner McHugh recommended taking a look at the goals and discussing this at another meeting.

Commissioner Zuniga asked the Commission to start thinking about hiring an auditor. Chairman Crosby asked if a state agency has outside audits. Zuniga stated that he assumed the Commission would have to but he will do further research.

Next Meeting: The next meeting is scheduled for May 1, 2012, at 1:00 p.m.

Motion made to adjourn, motion seconded and carried unanimously.

List of Documents and Other Items Used at the Meeting

1. Agenda
2. Massachusetts Gaming Commission Draft Acting Executive Director Job Description
3. Memorandum, Gaming Consultant Integrated Plan
4. Letter Regarding Proposal to Assist the Commission with Regulatory Matter
5. Massachusetts Gaming Commission Governance Documents Tracker & Task List
6. Massachusetts Gaming Commission Preliminary FY 2013 Budget
7. Educational Forum on Casino Gambling Agenda

/s/ James F. McHugh
James F. McHugh
Secretary