

The Commonwealth of Massachusetts
Massachusetts Gaming Commission

Meeting Minutes

Date: October 23, 2012

Time: 1:00 p.m.

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

Present: Commissioner James F. McHugh
Commissioner Bruce Stebbins
Commissioner Enrique Zuniga

Absent: Commissioner Stephen P. Crosby, Chairman
Commissioner Gayle Cameron

Call to Order:

Commissioner McHugh opened the 32nd public meeting. He stated that Chairman Crosby and Commissioner Cameron are on business travel and will not be in attendance at today's meeting.

Approval of Minutes:

See transcript pages 2-3.

Commissioner McHugh stated that he has distributed the October 9 minutes and would welcome any comments. Commissioner Stebbins observed that the community colleges will be presenting their final plan to the Commission in November, not February as the draft minutes read.

Motion made by Commissioner McHugh to approve the October 9, 2012 minutes with the correction noted by Commissioner Stebbins. Motion seconded by Commissioner Stebbins. The motion passed by a 3-0-0 vote.

Commissioner McHugh stated that the October 16 meeting was lengthy and the minutes have not been finalized so they will be presented at the next Commission meeting.

Project Work Plan:

See transcript pages 3-44.

Consultant Status Report/Director of Administration Report – Director Glovsky addressed the Commission. She stated that she spoke with the gaming consultants today and received an update from them. In addition to their meeting with the Commission last week, they conducted meetings the following day with Commission members to identify and prioritize policy determinations that are preconditions to drafting Phase 2 regulations. They have worked on developing a schedule and sequence for making policy decisions. They continue to work on identifying and evaluating potential candidates for open staff positions. Commissioner Stebbins met with the consultants to discuss certifying curricula for gaming education and the most appropriate approach to the certification process. The consultants also have been involved in scheduling and providing support for the October 29 Scope of Licensing Meeting with the applicants, and the individual meetings that are expected to take place after that meeting. Finally, they have begun to respond to questions and comments from the Commission about the revised draft strategic plan, which was delivered on October 15.

Commissioner McHugh asked if the consultants consider the current draft of the strategic plan to be the final draft, or whether they anticipate further comments from the Commission. Commissioner Zuniga stated that he is not certain. Commissioner McHugh suggested that some of the policy issues being discussed today should be incorporated in the plan, as well as in adjustments to the project timelines. Director Glovsky stated that, when “finalized,” the strategic plan will become a living document. The Commission will approve it at some point and thereafter use it as a basis for continuing its work going forward. Director Glovsky stated that the consultants are also developing a work plan, which is a document in spreadsheet format that takes specifics steps describe in the plan and assigns staff to them. The consultants will take a first pass on assigning the Commissioners they think will be working in each area. She stated that this process will allow each Commissioner to look at the tasks that need to be accomplished, know the tasks for which they are responsible and understand who is handling the others. Commissioner McHugh asked how the spreadsheet would link to the plan PMA is maintaining. Director Glovsky replied that both were iterative and that determining the precise way to connect them remained a work in progress.

Director Glovsky stated that there are several RFRs in process, one for stenographic services, one for investigative services, and one for a temporary to permanent position for someone to do research on document management software. She stated that that a posting has been created for a senior business operations specialist who will work under her direction and can handle some of the accounting and information technology work that has to be done.

Commissioner McHugh asked how the Commission’s yet unarticulated document management policies fit into the process of procuring the document management software. Director Glovsky stated that she has had initial conversations with vendors and most of the systems available are all encompassing. Commissioner McHugh stated that he envisions a system that can be coded to deal with the document retention policies of the Secretary of State, aid in responding to Freedom of Information requests, and otherwise simplify the search and retrieval process for all documents in the Commission’s possession. Director Glovsky stated that those requirements would be in the procurement, along with any other specifications the Commission desired. Commissioner Zuniga stated that as part of the procurement the Commission needs to think through how to go about cataloging each document so the software can help retrieve it

later. Commissioner McHugh agreed in general, but observed that onerous or complex coding requirements would mean that the coding system would be ignored and the primary value of the software would be impaired, if not lost entirely.

Preparation for October 29 Meeting – Commissioner McHugh stated that the October 29 Scope of Licensing Meeting will be held at the Sheraton Framingham Conference Center at 10:00 a.m. At that meeting, the gaming consultants will explain the general parameters of the Phase 1 process, the criteria for determining those in the organizational hierarchy who must qualify, and the process the Investigations and Enforcement Bureau will follow during the qualification investigations. He stated that this meeting will be followed by three days of individual meetings between the consultants, individual applicants and those who are thinking about becoming applicants to go over specific questions they may have about their Phase 1 application. He asked that anyone planning on attending Monday's meeting register through the Commission's website.

RFA-2 Process – Commissioner McHugh stated that the RFA-1 deadline is January 15 and the investigations of the qualifiers will continue until June, by which time the Commission will have decided who is qualified. While the Phase-1 process is proceeding, the Commission will be proceeding with preparations for that Phase-2 process. The Commission intends to make judgments about the policies that need to be in place to issue the Phase-2 regulations during the month of November, set the policies in place in early December, and begin writing the regulations that will support those policies, with the goal of issuing the regulations by June.

Formal Organization of the Investigation and Enforcement Bureau (IEB) – Commissioner McHugh stated that when the Phase 1 applications are filed, the Commission will ask the IEB to commence an investigation as to the qualifications of the applicants. He stated that a search for a Director of the IEB is now in progress and the bureau will be created when that person is hired. The State Police will supply a component of the IEB and, if necessary, could provide temporary support while the IEB is being created.

Status of New Ethics Standards – Commissioner McHugh stated that the Commission is required by statute to create enhanced ethics standards that will apply to the Commission as well as the State Police and Alcoholic Beverages Control Commission personnel who work with the Commission. The Attorney General is required to create a separate enhanced ethics standard applicable to personnel in the Gaming Division her office creates. He stated that the Commission is currently in the process of working on these standards, which will be more stringent than the existing state ethics regulations. Commissioner Zuniga asked what the anticipated timeline would be. Commissioner McHugh stated that there is no firm timeline but he anticipates having them in place no later than the end of the year. Commissioner Stebbins recommended asking for public comments on the proposed ethics standards before they are finalized.

Preliminary Discussion of Policy Priorities – Commissioner McHugh stated that a preliminary list of policies the Commission needs to consider has been prepared and distributed as part of today's meeting packet. He stated that because the full Commission is not present, there will be no substantive discussion of those policies but a discussion of how to deal with prioritizing the policies would be helpful preparation for a meeting attended by all Commissioners next week.

Commissioner Zuniga stated that he liked the idea of grouping the policy questions. Some of the policies will affect the communities and applicants and some are important from a strategic standpoint and should be discussed soon. As an example, he focused on Paragraph 15 in the distributed list, which deals with construction information an applicant is required to provide as part of its application. He stated that, while the information mentioned in that paragraph is useful, an equally important level of detail that should be considered involves whether the construction will involve preassembly of materials from other states, because the number of construction hours in Massachusetts versus another state can be an important consideration in determining the impact of the construction process on Massachusetts job creation. Commissioner McHugh asked how the Commission can approach the task of determining the information it should require applicants to provide in addition to the information the statute specifies. Commissioner Stebbins stated that he agrees with grouping the questions to move the process along. He stated that some of the expertise needed to determine desirable information beyond that mentioned in the statute could be obtained from the people from whom the Commission has heard at the public forums it has held. Commissioner McHugh stated that perhaps it would be a good idea to post the current list of questions on the Commission's website to allow comment from the public and applicants. Commissioner Stebbins stated that many of the questions on the list probably have been answered in other jurisdictions and the Commission should draw on the many offers of help that people in those jurisdictions have extended.

Commissioner Zuniga recommended that, once the questions or issues on the list are placed in logical groups, the Commission should think about who should take the lead in gathering information relevant to the issues in each group. Following that theme, Commissioner McHugh stated that it would be ideal if a revised document containing groupings and priorities could be prepared so that at least part of the discussion at the next meeting could focus on assignment of responsibilities for information gathering. He recommended that Commissioners send suggestions for groupings and additional tasks to Director Glovsky and that she prepare a document for use at the next meeting based on those suggested additions and groupings. Commissioner McHugh also encouraged any member of the public who has thoughts about additional policy decisions that the Commission should soon make to send those suggestions to the Commission at the address for comments and questions posted on the Commission's website.

Administration:

See transcript page 44.

Personnel Searches – Commissioner McHugh stated that four searches are being conducted, in addition to the searches Director Glovsky addressed earlier. These searches include the Executive Director, Director of IEB, General Counsel, and fellowship attorney. All the searches are well underway and should be concluded the end of the year.

Racing Division:

See transcript pages 45-49.

Report from Director of Racing Division – Director Durenberger addressed the Commission. She stated that she was in Kentucky last week attending a Welfare and Safety of the Racehorse Summit and will have a report to the Commission by the end of the week. She stated that she spent Monday at Suffolk Downs viewing operations of the former SRC staff. She will be visiting Plainridge on Thursday, as well as the Raynham facility. She stated that she is in the process of finalizing a date and time for the working group. She stated that David Murray, Esq. has signed on to assist with the review of the pari-mutuel and simulcast laws, aided by Danielle Holmes, the new legal assistant.

Public Education and Information:

See transcript pages 49-53.

Community and/or Developer Outreach/Responses to Requests for Information – Commissioner McHugh stated that the City of Chelsea had posed several questions to the Commission and revised draft answers are included in the meeting packet. One question addressed the Local Capital Projects Fund described in G.L. c. 23K, § 59 and c. 29, § 2EEEE. The statutes describe the money that goes into that fund, but there is no description of how money goes out or the nature of the projects the fund is designed to support. The Commission contacted the Comptroller's office to see if it had any information that might help to answer those questions but it does not. More work, therefore, must be done to determine how the money comes out of the fund and a legislative correction may have to be requested. The Commission was in agreement that the answers in the form included in today's meeting packet may be delivered to Chelsea City Manager Jay Ash and posted as part of the frequently asked questions on the Commission's website.

Requests from Regional Groups – Commissioner Stebbins stated that Chairman Crosby is going to prepare a response to the letter from the Springfield Convention and Visitors Bureau regarding its proposal for a standard MOU with applicants for gaming licenses. Commissioner McHugh stated that the formal response is in the Chairman's hands, but the policy underlying the question will be addressed as the Commission addresses the policy decisions discussed earlier.

United Auto Workers Workplace Safety Presentation – Commissioner McHugh stated that a presentation was scheduled for today, but due to issues beyond their control the representatives could not attend today's meeting so the presentation will be rescheduled.

Research Agenda:

See transcript pages 53-71.

Status Report – Commissioner Zuniga stated that he would encourage all the Commissioners to read through the questions and responses the Commission received to the RFR issued for the Research Agenda. He stated that there are two broad themes within the responses. There is a realization that measuring social and economic impact of problem gambling is difficult. There is also an opportunity to do this research when it matters most, i.e., prior to the introduction of

casinos. He stated that another common theme in the responses is the idea that all research should be peer reviewed and published in reputable science journals.

Commissioner Zuniga stated that the Commission needs to think about the immediate next steps because a report is due to the legislature by the end of 2013. He stated that a decision should be made on whether to issue an RFP and, if so, what the focus of the RFP should be. Some of the responses recommend the Commission establish a research bureau which would become the repository for all of the Commission's research.. Commissioner Zuniga stated that the Commission could also consider entering into an ISA with the University of Massachusetts to conduct the research.

Commissioner McHugh asked whether the Commission could identify 10 or 15 items that it wanted to track and did not involve value judgments or comorbidities and use those items as a starting point for research. Commissioner Zuniga stated that approach could be taken and some information would be readily available. He added, however, that general methods of surveying are more and more challenging due to technology and people not answering phone calls. Commissioner Stebbins asked if the scientific advisory panel would peer review the results or look at the methodologies by which the information is being evaluated and assessed. Commission Zuniga stated that the scientific advisory panel could do both but precisely what it will do is yet to be determined. Commissioner Stebbins stated that it is critical to have this conversation with the Department of Public Health since they will be in charge of the research fund.

Commissioner Stebbins asked if the Commission should be looking at the Gaming Policy Advisory Committee and recommending to the appointing authorities the type of people it would like to have as members, such as someone with a background in research. Commissioner McHugh stated that he is concerned about establishing baselines before construction starts, because as construction starts the baselines the Commission desires to measure will inevitably change.

Commissioner McHugh recommended continuing this discussion at the next Commission meeting when all the Commissioners will be available, with the goal of making a policy decision about which direction to go in order to move the research agenda forward.

Motion made to adjourn, motion seconded and carried unanimously.

List of Documents and Other Items Used at the Meeting

1. Massachusetts Gaming Commission October 23, 2012 Notice of Meeting & Agenda
2. October 9, 2012 Meeting Minutes of the Massachusetts Gaming Commission
3. Potential Policy Issues for the Commission's Resolution (Preliminary Draft)
4. Questions from City of Chelsea and Proposed Answers

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