

The Commonwealth of Massachusetts
Massachusetts Gaming Commission

Meeting Minutes

Date: June 19, 2012

Time: 1:00 p.m.

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

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

Absent: Commissioner Gayle Cameron

Call to Order:

Chairman Crosby opened the meeting.

He stated that Commissioner Cameron is attending a compulsive gambling presentation on which she will report next week. He announced today's meeting is being streamed live and he welcomed the online audience.

Approval of Minutes:

See transcript pages 2-3.

Chairman Crosby stated that the minutes for June 5 were not voted on last week and will be voted on today.

Motion made by Commissioner Zuniga to adopt the June 5, 2012 minutes. Motion seconded by Commissioner Stebbins. The motion passed unanimously by a 4-0-0 vote.

Commissioner McHugh stated that he has circulated the June 12 minutes and a vote can be taken if all the Commissioners have had an opportunity to read them.

Motion made by Commissioner Zuniga to adopt the June 12, 2012 minutes. Motion seconded by Commissioner Stebbins. The motion passed unanimously by a 4-0-0 vote.

Administration:

See transcript pages 3-10.

Executive Search Firm Update – Commissioner Zuniga stated that the solicitation period has come to a conclusion and four responses were received. Two of the four responses were from the firms that submitted responses to the original request. A Phase 1 review has been conducted to assure adherence to all the administrative requirements and all four firms have passed that review. He will be moving forward with reviewing the technical proposal in the next couple of days and will make a recommendation to the Commission on which proposal to adopt.

Additional Hires – Chairman Crosby stated that there are several people in the pipeline pending completion of background checks. Janice Reilly stated that two checks are underway and should be completed by the end of the week.

Discussion of MGC Internal Policies – Commissioner Zuniga stated that he is continuing to make progress drafting all chapters of the employee manual. He has forwarded several chapters to Commissioner McHugh for a second level of review. Commissioner McHugh stated that he has four chapters to review and will make it a priority to finish the review this week, with the goal of bringing the whole manual back for a vote next week.

Commissioner Zuniga stated that a project management software demonstration was held last week. He stated that the management tool demonstrated at the meeting would be helpful in an environment where multiple people are brainstorming, for it is very interactive and easy to use. Chairman Crosby asked about the status of hiring an individual or firm to handle the project management. Commissioner Zuniga stated for that the Commission may not be ready to bring in a full-time person to manage this tool. He stated that the best approach may be to issue an RFR to provide a firm to handle the project. Commissioner McHugh stated that the tool is very useful and would be needed for about eighteen months. Commissioner Zuniga stated that he will have a recommendation prepared for the next meeting.

Racing Division:

See transcript pages 10-12.

Status Report – Commissioner Zuniga stated that Commissioner Cameron has asked outside counsel to look at the language required to lift the statutory cap on the trust fund contained in G.L. c. 128A, §5(h)(2A). A meeting was held with representatives from the DPL relative to helping Commissioner Cameron understand the process of approval and type of expenditures that come before the Racing Commission as she will be responsible for these expenditures.

Field Trips – Chairman Crosby stated that a field trip to the Plainridge racetrack is scheduled for the afternoon of June 21, 2012.

Project Work Plan:

See transcript pages 12-62.

Notice of Proposed Rulemaking – Commissioner McHugh stated that a public notice of the Commission's intent to promulgate rules that would divide the RFA process into two phases has been posted on the Commission's website and circulated in a press release to industry newspapers. Chairman Crosby stated that this notice seeks advice on how the Commission should draft the rules for the Phase 1 RFA, as well as any other suggestions on how to expedite the RFA process.

Consultant Status Report – Kathleen O'Toole, on behalf of Spectrum Gaming and Michael and Carroll, who are the commission's gaming consultants, addressed the Commission. She stated that this week the deliverables provided to the Commission were a memo detailing the mandatory positions required under the statute, a memo detailing the Executive Director salaries, a memo and chart detailing the revenue sources that will eventually exist, and a memo on the proposed Phase 1 RFA timeline. The consultant team is reviewing the legislation with respect to the scope of minimum controls and requirements for games and gaming equipment. The team is also drafting MOU templates and will be meeting with the State Police, the Attorney General's office, and the ABCC to discuss the MOU's. The team is continuing to work on a number of other activities, including the ongoing review of the multijurisdictional background form and determining the specific adjustments that are required for Massachusetts. They are also in the process of drafting a Massachusetts Supplemental Application Form. They are continuing to assess the Phase 1 RFA Investigation and Enforcement Bureau staffing requirements and options. The team is reviewing and documenting anti-money laundering provisions that comply with applicable federal regulations. They are developing a table of organization to review and discuss with the Commission. Finally, working with Anderson & Krieger, they are drafting Phase 1 RFA regulations, which is a substantial task.

Chairman Crosby stated that, in reviewing the report on the near term hires, it appears that the consultants recommend hiring an Executive Director, General Counsel, and the Deputy Director for the Investigation and Enforcement Bureau (IEB) as soon as possible. Ms. O'Toole stated that the legislation provides for the IEB Deputy Director to report directly to the Commission Chair, not the Executive Director, and she is unsure if that reporting line was intentional or is an error. Commissioner McHugh stated that the Commission needs to come to a conclusion on this point. He stated that he would like to discuss the issue next week with the consultants. Commissioner McHugh recommended putting the job descriptions and hiring process in place for all three positions so that a quick decision can be made once the Executive Director comes on board. Commissioner Stebbins asked if the Director of IT position is envisioned to be a high level position. Ms. O'Toole stated that the person hired should be someone who has the vision of what needs to be done and can put a team to carry out that vision. Commissioner McHugh stated that the Commission has the power to hire a general counsel, but there is enough work for a lawyer right now and the Commission should consider hiring at least an intermediate level lawyer soon. Chairman Crosby stated that the Commission will have to look at hiring needs and staffing positions in light of the Commission's initial \$15 million budget, which ends June 30, 2013.

Technical Assistance to Communities – Chairman Crosby stated that the Commission had a very informative Community Mitigation Meeting with a very interesting panel, members of which discussed community mitigation needs and issues. This discussion created a heightened sense of awareness that the potential host and surrounding communities have a tremendous need for assistance, that little assistance is currently available and that there is a need to move quickly to help provide the assistance. The Commission will prepare and publish a document containing a schedule for the RFA process and a description of the issues communities ought to consider as the process moves forward. To the extent possible, the document will also describe the kinds of assistance the Commission may be able to provide. In that regard, the Commission has made a preliminary decision to hire an ombudsman for community relations, who may also serve as ombudsman for developers seeking to deal with state agencies. Commissioner McHugh stated that, following yesterday's forum, the Commission also discussed creation of an advisory board to help with community issues.

Workforce Development – William Messner, President of Holyoke Community College (HCC), addressed the Commission. Present with him were Jeff Hayden, the college Vice President for Community and Business Development, and Rob LePage, Director of Training at Springfield Technical Community College and Holyoke Community College. President Messner stated that HCC has prepared a brief presentation on workforce development. He stated that creation of badly needed jobs was one of the factors that led to legalization of casino gambling in Massachusetts. Studies, he said, projected that the casinos will generate 10,000 jobs throughout the state, with approximately 3,000 in the western part of the state where the HCC campus is located. The challenge is to ensure adequate training for that number of individuals while ensuring a net job gain for the Commonwealth. President Messner expressed a belief that the Commonwealth's community colleges were uniquely qualified to meet that challenge. They are already providing training in business, IT, security and hospitality, all of which are areas in which casinos will need trained employees. To meet the challenge, the Commonwealth's fifteen community colleges have begun crafting the Massachusetts Community College System Casino Careers Training Institute. In a memorandum of agreement signed by the president of each college, they have jointly established lead institutions in each of the three regions where casinos will be built. They also plan to use a training curriculum created by Atlantic Cape Community College in New Jersey. That college is a premier casino training institution and its curriculum is recognized and utilized throughout the world. Finally, the Massachusetts community colleges have jointly proposed a certification process they would like the Commission to consider as it thinks about meeting the workforce challenge.

Commissioner McHugh asked if any other jurisdiction uses an employability certification process. Mr. LePage stated that New Jersey and Pennsylvania have similar processes. Commissioner McHugh stated that such a process would require collaboration between the community colleges and the Commission to develop regulations and a path of entry into certification that would enable people to have jobs. Chairman Crosby stated that the community colleges on their own can decide to train personnel for the casino industry without Commission involvement. The issue of whether the Commission delegates or shares some sort of certification licensing process will have to be addressed over time. President Messner stated that the community colleges will need a degree of state support to put effective training programs in place. Commissioner Zuniga asked how long it would take to develop a curriculum and put a

training program in place. President Messner stated that approximately one year would be necessary to plan and deploy an effective training program. Commissioner Stebbins asked if they foresee having a training role if there is a tribal compact. President Messner said that they did, although there may be some differences between that program and the program developed for non-tribal facilities. Mr. LePage stated that the regulatory process likely will be very similar and the workforce requirements will likely be the same or very similar. Chairman Crosby asked if there is a process for coordination or collaboration with state universities. President Messner stated that in instances where a bachelor's degree is required, he does not envision any problem at all including those schools.

Commissioner Stebbins stated that the community college program is important because the Commission has an opportunity to write regulations related to licensing of employees, minimum training requirements, and certification of training schools. Commissioner McHugh recommended that the Commission meet with President Messner again in September to discuss the community college program further.

Charitable Gaming:

See transcript page 62-63.

Status Report – Commissioner McHugh stated that he met this week with representatives from the Attorney General's office and is meeting Thursday with a representative of the Town Clerks Association. He is going to reach out to some charitable gaming users and hopes to have some information to share soon.

Finance/Budget Update:

See transcript pages 63-65.

Commissioner Zuniga stated that Commissioner Cameron is planning a trip to Pennsylvania to visit and tour two racinos, which are casinos with racetracks, along with the consultant and members of the Pennsylvania Control Board. She has prepared a budget not to exceed \$2,000, which he submitted for commission approval. Chairman Crosby stated that an expenditure of that amount would constitute discretionary spending and does not need a vote of the Commission. Commissioners McHugh and Stebbins agreed.

Public Education and Information:

See transcript pages 65-97.

Disclosure of Contributions – Commissioner McHugh stated that two disclosure proposals are in existence. One is from the Office of Campaign and Political Finance and would promulgate regulations to implement provisions of the gaming legislation dealing with contributions made by gaming license applicants to local officials and boards. There will be a public hearing held on these regulations in July. The second proposal is House 4049, a bill the Secretary of State has sponsored, stating that anyone who spends money favoring or opposing a question submitted to

the voters of a city or town concerning the issuance of license for a gaming establishment in that city or town must file reports that disclose the expenditures at certain periods before the vote actually takes place. Chairman Crosby stated that questions have been raised whether the Commission would support these two proposals. Commissioner McHugh stated that the regulations proposed by the Office of Campaign and Political Finance implement a statutory obligation. He stated that one question might be whether it is permissible for the regulations to have a reach back provision so that an applicant would be required to report contributions made for a set period of time before its application was filed. Chairman Crosby stated that he does not think the Commission needs to be proactively involved in either proposal as has enough to do implementing other phases of the legislation.

Compulsive Gambling Meeting, June 25, 2012 – Chairman Crosby stated that this forum will be held at North Shore Community College in Lynn, from 1:00-4:30 p.m. The forum is open to the public and will also be streamed live.

Report from Director of Communications and Outreach – Elaine Driscoll stated that she will be meeting with a number of state approved vendors to discuss capabilities for logo creation and support for various branding initiatives. She is meeting with the webmaster to discuss immediate ways to make some changes to the website and add some new features that will be more reader friendly. She stated that she is also working on promoting Monday's Compulsive Gambling Forum, which is receiving significant press coverage. She is working on placing notifications for upcoming racing hearings. She is still working on the press clipping service and will be getting back to Commissioner Zuniga with further information on costs. She is continuing outreach on social media and this has been going well. There has been more participation on both Twitter and Facebook and she is putting together a tutorial to ensure that the Commissioners and other Commission employees understand how to utilize both. In addition, she is focusing on the community mailbag, which contains questions received from community members, and creating an organized way to keep track of responses to those questions and how consistently some of the same questions are being asked. Finally, she is creating a plan for promulgating the mitigation checklist and community assistance guidelines once they have been created.

Chairman Crosby stated that he has spoken with Tim Brennan from Pioneer Valley regarding conducting a public forum in western Massachusetts. He stated that there is considerable interest in having a forum in the western part of the state and the Commission may be able to structure a meeting that brings together some of the components of the educational forums but also invites presentations from segments of the community who have not yet addressed the Commission. Commissioner McHugh stated that there has been considerable discussion about tourism and the amenities the casino should have to attract tourists, so part of a forum might concentrate on that subject. Commissioner Stebbins stated that there was considerable discussion at the economic forum about how to make the casinos unique, how to connect them to the small business community, and how to connect them to tourism, and this might be a helpful discussion to have at a forum. Commissioner Zuniga stated that he is not sure this is an immediate need, but something that should be considered prior to issuing the regulations. Chairman Crosby asked Commissioner Stebbins to take the lead on planning a western Massachusetts forum and he agreed to do so.

Chairman Crosby asked if the Commissioners thought that the Commission should plan some sessions at which members of the public could simply ask questions about various aspects of the legislation or its implementation. Commissioner Stebbins asked if those sessions could be held in conjunction with the feedback the Commission is seeking on rulemaking. Chairman Crosby suggested having three regional hearings on that topic. Commissioner McHugh stated that regional meetings could be held to receive kinds for comment on proposed regulations. There is, however, a tight timeline. He stated regional sessions could also be done on the subject of what the rest of the process should look like once the Phase 1 process is underway. Director Driscoll stated that if the regional sessions are to be productive, the topic should be defined relatively narrowly. She also stated that she has had requests from members of some communities for meetings at night, after work, or perhaps on a Saturday morning, in order to increase attendance for individuals who might be at work during the day.

Discussion of June 14 Economic Development Forum – Chairman Crosby stated that based on the discussion at the June 14 forum, there is no reason to rethink basic assumptions regarding job generation, revenue generation, or gross gaming revenue projections. He stated that it is critical for the casinos to be destination resorts and to have the type of amenities that will attract patrons from beyond areas that can be reached by driving one to one-and-half hours. He stated that some comments at the forum raised issues about the location of the single slots parlor the legislation authorizes. Commissioner McHugh stated that the discussion about Missouri’s most recent licensing experience provided invaluable guidelines for designing licensing applications criteria capable of meaningful comparison.

Speaking Engagements – Chairman Crosby stated that he spoke this morning at the Greater Taunton Area Chamber of Commerce. Commissioner Stebbins stated that he will be meeting next week with the Commonwealth’s Tourism Bureau.

Research Agenda:

See transcript page 97.

Chairman Crosby stated that a research proposal has been submitted by a research team from UMass Amherst, and they will be coming in to talk to the Commission about the proposal.

Next Meeting: The next meeting is scheduled for June 26, 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. Massachusetts Gaming Commission June 19, 2012 Notice of Meeting & Agenda
2. 6/7/2012 Spectrum Memorandum Regarding Near Term Hires
3. Presentation by William Messner, President Holyoke Community College
4. Memorandum of Agreement, Massachusetts Community College System Casino Careers Training Institute

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