



Meeting Minutes

Date/Time: September 22, 2016 – 10:00 a.m.

Place: Massachusetts Gaming Commission
101 Federal Street, 12th Floor
Boston, Massachusetts

Present: Chairman Stephen P. Crosby
Commissioner Gayle Cameron
Commissioner Lloyd Macdonald
Commissioner Bruce Stebbins
Commissioner Enrique Zuniga

**Time entries are linked to
corresponding section in
Commission meeting video**

Call to Order

See transcript page 2

[10:00 a.m.](#) Chairman Crosby called to order the 200th Commission meeting.

Approval of Minutes

See transcript pages 2-3

[10:01 a.m.](#) *Commissioner Macdonald moved for the approval of the August 18, 2016 Commission meeting minutes subject to any corrections, typographical errors, or other nonmaterial matters. Motion seconded by Commissioner Cameron. Motion passed unanimously.*

Commissioner's Update

See transcript pages 3-16

[10:01 a.m.](#) Chairman Crosby reflected on the first Commission meeting that set a standard for a participatory, transparent, and fair process. A video was shown, MGC by the Numbers, highlighting various Commission achievements to date. A second video was shown highlighting the number of hours of Commission meetings. Chairman Crosby expressed appreciation to the staff for their work. Commissioner Zuniga noted the work done by our licensees.

- [10:10 a.m.](#) Chairman Crosby noted that he and staff members met with Senator Rodrigues and his staff to discuss tax rates for online gaming in other jurisdictions.
- [10:12 a.m.](#) Commissioner Stebbins reported that he and Chairman Crosby had a meeting with the new president of Springfield Technical Community College. Commissioner Stebbins also reported on a meeting in Washington with Director Jill Griffin, the Governor's Skills Cabinet, and MGM to discuss the hiring process at MGM National Harbor.
- [10:16 a.m.](#) Commissioner Zuniga reported on a legislative briefing that he attended and was organized by the Massachusetts Council on Compulsive Gambling. He stated that the research team presented on the work we commissioned.

Investigations and Enforcement Bureau ("IEB")

See transcript pages 17-40

- [10:20 a.m.](#) Loretta Lillios, Chief Enforcement Counsel and Deputy Director, presented on the applications of three companies, under Everi, for licensure as a gaming vendor primary. She provided a background summary on the following companies: Everi Payments, Inc., Everi Games, Inc., and Central Credit LLC. She provided a summary of the investigation which included financial review, site visits and interviews. She also reported that background reviews were conducted on eleven individual qualifiers. She stated that the IEB recommends that the Commission approve all three applications for licensure as gaming vendors primary.
- [10:37 a.m.](#) *Commissioner Cameron moved that the Commission approve the suitability of Everi Games, Inc., Everi Payments, Inc., Central Credit, LLC, and 11 individuals as well for this company, and approval of all the entities and individuals. Motion seconded by Commissioner Macdonald. Motion passed unanimously.*
- 10:45 a.m. The Commission took a brief recess.
- 10:51 a.m. The meeting resumed.

Ombudsman Report

See transcript pages 41-84

- [10:51 a.m.](#) Ombudsman John Ziemba stated that MGM Springfield will provide a second quarter update. He also provided an update on the City of Springfield's downtown parking matter. He reported that they will move forward with a valet program and RFP process.
- [10:54 a.m.](#) Mike Mathis, President and Chief Operating Officer for MGM Springfield, thanked Ombudsman Ziemba for his work on the Springfield parking matter. He also congratulated the Commission on their milestone meeting and acknowledged the work done by Mike Sangalang on the video. He also stated that other jurisdictions should look to the Commission for best practices in starting a new regulatory body. He noted that the City of Springfield made a national list of overlooked cities where business opportunities are rising, and they are proud to be a part of this opportunity.
- [10:58 a.m.](#) Brian Packer, Vice President of Development and Construction for MGM Springfield, provided a second quarter construction update which included the

following: overall site progress on garage, foundation, earth work, site cleanup, podium, new foundation for the church, removal of the rear portion of the armory and 73 State Street, demolition and salvage of architectural features of the YWCA building, stabilization of the Union Chandler façade, interior demolition of 95 State Street, site utility work, and design and schedule update.

[11:14 a.m.](#) Seth Stratton, Vice President and General Counsel for MGM Springfield, reported on the second quarter spend and went over line items of costs.

[11:18 a.m.](#) Brian Packer provided a diversity update which included highlights in design and construction commitments and workforce statistics. He noted that they have commitments with 74 diverse companies.

[11:33 a.m.](#) Mike Mathis noted that the project is 24 months out from projected opening, workforce development is a priority, and they feel good about the schedule.

11:37 a.m. The Commission took a brief recess.

11:42 a.m. The meeting resumed.

Research and Responsible Gaming

See transcript pages 85-137

[11:42 a.m.](#) Director Mark Vander Linden and Dr. Rachel Volberg noted team members from the UMass Donahue Institute who worked on the Plainridge Park Casino construction report which included spending, employment, and economic impacts.

[11:45 a.m.](#) Research Manager Rod Motamedi, from the UMass Donahue Institute, presented on the Plainridge Park Casino construction report, which included the following: main structures, remodeling, preconstruction, construction, data collection and preparation, econometric modeling to measure regional and state impacts of construction, preconstruction spending, spending by category, total business revenue, total value added, workers and wages, total employment impacts, employment impacts by region, and total personal income.

[12:29 p.m.](#) Theresa Fiore, Program Manager, presented on the projected versus actual economic impacts of the construction of Plainridge Park Casino which included: state hires, jobs, and construction spending.

12:35 p.m. The Commission took a lunch break.

1:17 p.m. The meeting resumed.

Administrative Update

See transcript pages 138-162

[1:17 p.m.](#) CFAO Derek Lennon presented on the FY16 closeout and the first quarter FY17 budget which included indirect costs, exploration of federal grants around workforce development, revenues, final spending, overtime, gaming control fund budget, and division budget adjustments.

[1:35 p.m.](#) Agnes Beaulieu, Finance and Budget Officer Manager, presented on the supplier diversity benchmarks which included FY16 diversity spend and FY17 projections.

She noted that for FY16, they reached and surpassed the benchmarks for women-owned businesses and small businesses, the minority-owned business benchmark was almost met, and like many other state agencies, they continue to struggle with veteran-owned businesses.

[1:40 p.m.](#) Director Karen Wells provided an update on the building security changes and noted that the turnstiles in the lobby will be activated on October 1st. She stated that this will impact the commission meeting on October 13th, and there will be signage in the lobby for the public attending the meeting.

Racing Division

See transcript pages 162-173

[1:41 p.m.](#) Douglas O'Donnell, Senior Financial Analyst, presented on a request for consideration from Suffolk Downs Capital Improvement Trust Fund.

[1:42 p.m.](#) *Commissioner Stebbins moved that the Commission approve the request from Suffolk Downs for the Suffolk Downs Capital Improvement Trust Fund for the total \$107,468.98. Motion seconded by Commissioner Cameron. Motion passed unanimously.*

[1:46 p.m.](#) Douglas O'Donnell presented on the quarterly aid distribution to cities and towns in which racing is conducted, for a total of \$165,777.32

[1:47 p.m.](#) *Commissioner Cameron moved that the Commission authorize the Racing Division to make the appropriate payments to cities and towns as outlined in the memo dated September 22nd. Motion seconded by Commissioner Stebbins. Motion passed unanimously.*

[1:48 p.m.](#) General Counsel Catherine Blue provided an update on the Raynham and Suffolk Down's payment matter. She stated that we asked both parties to provide briefs on the issues and come to a meeting in October to address the Commission.

[1:49 p.m.](#) Dr. Alexandra Lightbown, Director of Racing, presented on a request from Plainridge Park Casino to approve Steve O'Toole as a fill-in judge and backup starter.

[1:49 p.m.](#) *Commissioner Stebbins moved that the Commission approve the request of Steve O'Toole to be approved as a fill-in judge as needed and a backup starter if also needed. Motion seconded by Commissioner Cameron. Motion passed unanimously.*

Investigations and Enforcement Bureau

See transcript pages 173-289

[1:50 p.m.](#) Director Karen Wells provided an update on the amendments to the licensing regulation - 205 CMR 134.00, and reported the following: the regulation was put out for informal public comment, we have received comments, and she highlighted comments received from MGM. She also asked the Commission if they want to go with a de minimus exemption and if so, at what threshold amount. The Commissioners discussed the de minimus exemption, suggested amounts, and risk

assessment; along with comments received from representatives of MGM at the meeting.

[2:30 p.m.](#) *Commissioner Zuniga moved that the Commission include a de minimus exemption for non-gaming vendors in the regulations before us, 205 CMR 134. Motion seconded by Commissioner Cameron. Commissioner Stebbins voted no. The motion passed 4 to 1.*

[2:36 p.m.](#) *Commissioner Zuniga further moved that as part of the exemption, the Commission set a threshold, an initial threshold of \$10,000 relative to that exemption. Motion seconded by Commissioner Macdonald. Commissioners Cameron and Stebbins voted no. Chairman Crosby and Commissioners Macdonald and Zuniga voted yes. The motion passed 3 to 2.*

[2:37 p.m.](#) Director Wells requested an administrative change for clarification and reported on comments received from MGM. Director Wells requested approval for formal promulgation.

Commissioner Macdonald moved that the Commission approve the amendments to 205 CMR 134:00: Licensing and Registration of Employees, Vendors, Junket Enterprises and Representatives, and Labor Organizations, amendments included in the packet and as amended by the prior motions that were approved by us and authorize the staff to take steps necessary to proceed with a regulation promulgation process. Motion seconded by Commissioner Zuniga. Motion passed unanimously.

[2:44 p.m.](#) Director Wells reported on the MGM qualifier suitability determination for two subsidiaries - MGM Resorts Regional Operations and MGM Springfield redevelopment, LLC. She stated that the IEB recommends suitability for both entities.

[2:48 p.m.](#) *Commissioner Cameron moved that the Commission find both MGM Springfield redevelopment, LLC and MGM Resort Regional Operations, LLC suitable. Motion seconded by Commissioner Stebbins. Motion passed unanimously.*

2:50 p.m. The Commission took brief recess.

2:54 p.m. The meeting resumed.

[2:54 p.m.](#) Chairman Crosby stated that there should be a review of the standards of the licensing regulations so that we can be more efficient. He stated that one matter that is troubling is a perceived inconsistency in our statute about whether or not our statute calls for the obligatory disqualification of gaming service employees with a criminal conviction within ten years of the application. He stated that he asked Commissioner Macdonald to look into this matter.

[2:57 p.m.](#) Commissioner Macdonald presented on his analysis of the statute and regulation pertaining to gaming service employees. He prepared a memorandum that was distributed to the Commissioners. He reported highlights of his analysis and conclusion.

- [3:21 p.m.](#) Commissioner Cameron noted that she agrees with his conclusion and we don't have any evidence of a problem at this time. She stated that she likes the idea of an MGM working group to monitor this issue. She believes they made the right call in 2014 and if this becomes an issue, it would be a legislative fix.
- [3:23 p.m.](#) Commissioner Stebbins stated that he appreciates Commissioner Macdonald's work and the idea of an MGM working group. He stated that the CORI term generates a misperception on what people feel they may or may not be eligible for. He stated that a message needs to get out on what is disqualifying.
- [3:27 p.m.](#) Chairman Crosby stated that we will let this one go for now, and he thinks we should pursue the MGM working group idea.
- [3:29 p.m.](#) Director Karen Wells reported on the value and challenges of reciprocal agreements and relationships with other regulatory bodies. The Commissioners provided comment on this matter.
- [3:52 p.m.](#) Chairman Crosby raised matters for the Commission to think about which included an evolving best practice to have little or no investigation or registration of non-gaming vendors and a regular regulation review process. Commissioner Zuniga suggested a process for regulation review.

Legal Division

See transcript pages 290-291

- [3:57 p.m.](#) General Counsel Catherine Blue presented on the amended small business impact statement for 205 CMR 6.00 (Pentafecta Pool) and requested approval for final promulgation.
- [3:58 p.m.](#) *Commissioner Stebbins moved that the Commission approve the amended small business impact statement for 205 CMR 6.00, pari-mutuel rules for thoroughbred, harness racing, and greyhound racing, and the Pentafecta Pool is included in the packet, and authorize staff to take all steps necessary to file the regulation with the Secretary of the Commonwealth and complete the process. Motion seconded by Commissioner Macdonald. Motion passed unanimously.*

Other Business Not Reasonably Anticipated

See transcript page 291

- [3:59 p.m.](#) *Having no further business, a motion to adjourn was made by Commissioner Zuniga. Motion seconded by Commissioner Macdonald. Motion passed unanimously.*

List of Documents and Other Items Used

1. Massachusetts Gaming Commission, Notice of Meeting and Agenda, dated September 22, 2016
2. Massachusetts Gaming Commission, Draft Meeting Minutes, dated August 18, 2016
3. Letter to MGC Commissioners from Director Karen Wells and Chief Enforcement Counsel/Deputy Director Loretta Lillios, dated September 15, 2016 regarding Everi suitability investigation for licensure as gaming vendors-primary
4. MGM Springfield Quarterly Report, Powerpoint presentation dated September 22, 2016, with attachments
5. The Construction of Plainridge Park Casino, Spending, Employment, and Economic Impacts, Rod Motamedi and Thomas Peake, dated September 19, 2016, (University of Massachusetts, Donahue Institute, Economic and Public Policy Research Group)
6. Massachusetts Gaming Commission, Memorandum dated September 22, 2016, regarding Fiscal year 2016 (FY16) closeout and Fiscal Year 2017 (FY17) Fiscal Budget Update, with attachments
7. Massachusetts Gaming Commission, Memorandum (Racing) dated September 22, 2016, regarding request for consideration, Suffolk Downs Capital Improvement Trust Fund, with attachments
8. Massachusetts Gaming Commission, Memorandum (Racing) dated September 22, 2016 regarding local aid distributions, with attachments
9. Massachusetts Gaming Commission, Memorandum (Racing) dated September 19, 2016, regarding additional Plainridge racing official (Steve O'Toole as association judge and starter), with attachment
10. Draft 205 CMR 134.00: Licensing and Registration of Employees, Vendors, Junket Enterprises and Representatives, and Labor Organizations
11. Projected versus actual economic impacts of the construction of Plainridge Park casino, Mark Vander Linden and Theresa Fiore.
12. Letter from Director Karen Wells to the Massachusetts Gaming Commission Commissioners, dated September 22, 2016, regarding suitability investigation of MGM Springfield Redevelopment, LLC and MGM resorts regional Operations, LLC
13. Amended Small Business Impact Statement for 205 CMR 6.00: Pari-Mutuel Rules for Thoroughbred Racing, Harness Racing, and Greyhound Racing (Pentafecta Pools)
14. Memorandum of Commissioner Macdonald, dated September 21, 2016, regarding Licensing and Registration Mandatory Disqualifications

/s/ Catherine Blue
Catherine Blue, Assistant Secretary