



**Diversity Plan for the Design and Construction Phase
of
Plainridge Park Casino**

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INTRODUCTION

Penn National Gaming Inc. (Penn) and its construction management firm, Turner Construction Company (Turner), have developed this comprehensive Diversity Plan for the design and construction phase of the proposed Plainridge Park Casino in Plainville, Massachusetts. The plan is designed not only to provide equal opportunity to traditionally disadvantaged groups for design and construction vendors and suppliers, but to also outline our program to promote a diverse design and construction workforce that is reflective of the local region, by engaging in aggressive outreach, recruitment, and training, to identify qualified minorities, women, veterans, and minority, women's, and veteran business enterprises, and encouraged them to apply for positions and contracts with us.

While the Plan refers frequently to Minority Business Enterprise (“MBE”), Women Business Enterprise (“WBE”) and Veteran Business Enterprise (“VBE”) companies, the inclusive diversity philosophy of Plainridge Park Casino is intended to be more far reaching than simply the inclusion of minorities, women and veterans. We will have an equal focus on the use of small businesses, disadvantaged businesses, local businesses and workforce assets from our host community of Plainville as well as from our surrounding communities, and the region as a whole.

The goals set forth in this plan were determined based on the following research and existing programs in the Commonwealth:

- The Commonwealth of Massachusetts’ baseline participation goals for public projects;
- Publicly available information on participation rates of similarly sized projects in the region.
- Baseline participation goals of our host and/or surrounding communities;
- Current availability of businesses and workforce participants in the region that meet these designations; and
- The 2010 disparity study titled, “Race, Sex and Business Enterprise: Evidence from the Commonwealth of Massachusetts: Volume II,” prepared for the Division of Capital Asset Management.

As a result of this research, and taking into account the current demographics of Plainville and its surrounding communities, we have set the following participation goals for this project. These goals are important benchmarks for gauging the success of our affirmative action efforts. As described more fully below, if we see ourselves falling short of a benchmark, we have created mechanisms to review our affirmative action efforts, identify weaknesses, and implement improvements.

Design and Construction subcontractors: 11% minority and/or women-owned businesses with a sub goal of 4% to MBEs and 7% to WBEs; and with an aspirational goal of 3% VBE.

Design and Construction workforce: 16% minority, 7% female and a priority placed on opportunities for veterans.

These diversity goals will enable us to assess the success of our efforts to reflect the community and either meet or exceed those set forth by the Executive Office of Administration and finance administration Bulletin Number 14.

We recognize that the state's goal for design phase awards is set at 17.9%. However, we have chosen to combine the design and construction phases into one goal (11%) for minority and/or women owned business awards. We are unable to achieve the 17.9% goal established by the state due to the unique circumstances of our project timeline. We assumed the ownership stake in Plainridge Park and the Plainridge Park Casino proposal well after the design of the project was significantly complete. Changing contractors involved in the design phase of this project (such as engineering, architectural, etc.) would cause significant delays in the start and completion of the construction project and thus delay the opening of the facility. With that said, we are working with our current design phase contractors to work to identify and engage potential minority and/or women owned businesses as part of their remaining responsibilities on this project.

In addition to our goal of providing participation opportunities in the remaining design phase, we will also seek to identify opportunities for MBEs, WBEs and VBEs to participate in our post-construction (non-operations) activities such as legal and audit services.

Timely, effective and continuing outreach efforts are critical to our program. As a result, Penn and Turner have already begun their outreach efforts, including:

- Attending their first meeting with the Massachusetts Gaming Commission's (MGC) Vendor Advisory Team on March 24, 2014;
- Outreach to the Massachusetts Supplier Diversity Office (SDO) and the Greater New England Supplier Development Council both of who Turner partners with, to alert their member subcontractors to the specific opportunities;
- Outreach to the Massachusetts Small Business Development Center Network Southeast Regional Office;
- Hosting a subcontractor opportunity event on March 25, 2014 and regular dialogue with the MGC's Director of Workforce, Supplier and Diversity Development;
- Communication with the Veterans Business Owners Initiative in both Bedford and Worcester.

- Development of a Job Referral Program in conjunction with the Massachusetts Building Trades Council;
- Communications via the Massachusetts Supplier Diversity Office.

Incentives for Compliance

Penn National has a strong track record in its development and implementation of diversity participation plans in its building projects around the country. We credit our strong construction management team and Penn's commitment to diversity. Penn has entered into an incentive-based program with Turner Construction, wherein it can receive an additional fee on top of its base fee for achieving certain deliverables, such as constructing the project on time and on budget, and importantly for their efforts in implementing and helping to oversee our diversity plan. In addition Penn has attached a copy of our diversity plan to its contract with Turner to reinforce the importance to us of their role in this process. This plan includes remedies for failure to comply among subcontractors with their own mandatory diversity plans.

EXECUTIVE SUMMARY

Purpose

This Plan describes Plainridge Park Casino's strong commitment to ensure diversity in the design and construction, and fit-out of the property. The Plan outlines specific procedures aimed at ensuring equal opportunity, and diversity in procurement, contracting, and workforce. The Plan emphasizes our commitment to diversity as it relates to our vendors, our business partners and our community. In sum, we appreciate and respect diversity in all aspects of our business operations and we look forward to supporting and participating in the local community as we build a regional engine of economic growth.

Diversity Committee

Penn and its project development team, along with Turner, will establish a diversity committee for the purposes of this plan's implementation. The diversity committee will include, but not be limited to, the following:

- John R. Rauen (Vice President, Project Development, Penn),
- Michael McGrew (Vice President, Construction, Penn)
- Alison Stanton (Regional Director of Community Affairs, Turner)
- Philip Coleman (Project Executive, Turner)
- Emil Giordano (Plainridge Park Casino Project Manager of Quality and Compliance, Turner)
- Dr. Fred McKinney, Ph.D (President, Greater New England Minority Supplier Diversity Council)
- Reginal A. Nunnally (Executive Director, Massachusetts Supplier Diversity Office)

Designated members of this committee will also be the liaison to the MGC's Vendor Advisory Committee and the primary contact for the MGC's Director of Workforce, Supplier and Diversity Development will be John R. Rauen (Penn). Members of the committee will also participate in the meetings of the MGC's Vendor Advisory Committee on a regular basis.

Turner Experience and Expertise

The implementation and success of this plan will rely heavily on Turner's experience and expertise. Turner has been building in this regional market for numerous years and has extensive experience with subcontractors, suppliers and organized labor.

Turner's Project Manager of Quality and Compliance, Emil Giordano, will serve as the chief diversity officer for Turner for this project. He will work directly with Turner's Director of Community Affairs throughout the course of the project. This diversity team has played a key role in the development of this plan, based on their experience and knowledge of our marketplace and will work in tandem with the Penn project development team in the oversight and implementation of the plan.

Reporting Schedule

As required pursuant to 205 CMR 135.00, Penn will provide reports to the MGC on a quarterly basis during the design and construction phase of this project. Such reports will track progress with the goals established in this plan. In addition, Penn is happy to provide more frequent and detailed updates to MGC staff and their construction monitor/OPM upon request.

Communications Strategy

The project will use multiple avenues of communications to advertise subcontractor, vendor and workforce opportunities. We will use a combination of traditional paid media, earned media, social media and partner organizations to advertise workforce, subcontractor and vendor opportunities throughout the course of the design and construction period. To date we have already purchased advertising in print publications in our region, communicated through partner organizations (such as The Massachusetts Supplier Diversity Office, The Greater New England Minority Supplier Development Council, the local office of Minority Business Development Agency Center, the local office of the United States Small Business Administration, the Veteran Business Owner's Initiative, the Town of Plainville and MGC Vendor Advisory Team members) to advertise our March 25th event, posted project specs and pre-qualifications documents on our website, promoted events on social media sites, provided contact information of union halls for prospective construction workers on our website and social media sites. We will also host a pre-job conference in April with all union officials to communicate the goals for the workforce.

DEFINITIONS

Diversity refers to the variety of backgrounds and characteristics found in society today; thus it embraces all aspects of human similarities and differences. While we support diversity as an inclusion concept, reality compels us to focus considerable attention on addressing issues related to those individuals and groups that have historically been adversely affected. For purposes of the Plan, diversity specifically focuses on differences among people with respect to age, sex, culture, race, ethnicity religion, color, disability, national origin, ancestry, sexual orientation and veteran status.

Definition of Participation Plan

A *Participation Plan* is an obligation imposed by a licensed entity as part of its contract with a contractor that requires the contractor to take affirmative action to use veteran, minority or women owned business enterprises and individuals in its on-site project workforce in performing its contract. This participation plan and those required of contractors performing work on the job are in response to requirements outlined in Massachusetts General Laws, Chapter 23K, Section 18, paragraph 16 of the Massachusetts Gaming Act.

Definition of Minority

A *minority* is an individual who is a member of the following ethnic groups: African American, Asian American, Hispanic American, and Native American.

Definition of Women

Women are persons who are identified or who identify as being of the female gender. Participation goals are set for all women, regardless of race or ethnicity.

Definition of Veteran

A *veteran* is anyone who has served in the United States Armed Forces and has been honorably discharged.

Definition of Minority Business Enterprise (“MBE”)

Minority business enterprise or “MBE”, for the purpose of receipt of services from SDO, means a business enterprise that is owned and controlled by one or more socially or economically disadvantaged persons. Such disadvantage may arise from cultural, racial, chronic economic circumstances or background or other similar cause. Such persons include, but are not limited to, African Americans, Cape Verdeans, Western Hemisphere Hispanics, Asians, American Indians, Eskimos, and Aleuts. For purposes of section 61 and of section 40N of chapter 7, the term “minority owned business” shall have the same meaning as “minority business enterprise”^{*} and as defined by the certifying agencies listed on page nine of this document.

^{*} As defined in the Commonwealth of Massachusetts General Laws, Part I, Title II, Chapter 7, Section 58. <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleII/Chapter7/Section58>

Definition of Women Business Enterprise (“WBE”)

Women business enterprise or “WBE”, for the purpose of receipt of services from SDO means a business enterprise that is both owned and controlled, by one or more women who have invested in an ongoing business free of conversion rights. For purposes of section 61 and of section 40N of chapter 7, the term “women owned business” shall have the same meaning as “women business enterprise”^{*} and as defined by the certifying agencies listed on page nine of this document.

Definition of Veteran Business Enterprise (“VBE”)

Veteran business enterprise or “VBE”, a business enterprise that is both owned and controlled by 1 or more veterans, as defined in section 7 of chapter 4, who has invested in an ongoing business free of conversion rights.*

Qualified Spend

The *Qualified Spend* is the total direct dollar amount of contracts for the design and construction of the gaming facility, including any indirect subcontractor dollar amount, less (i) the value of design and construction costs included therein for which there is no M/W/VBE or workforce market available, and (ii) the value of design and construction costs related to work performed or contracts entered into prior to Penn’s assumption of the Plainridge Park Casino development agreement.

Definition of Subcontractor

A *subcontractor* is a person or business that has a contract with a contractor to provide some portion of the work or services on a project that the contractor has agreed to perform. Subcontractors to this design and construction project refer to those contracted in the design and construction trades such as but not limited to plumbing, electrical, roofing, cement work, plastering, drywall, roofing, glaziers, carpentry, etc.

Definition of Vendor

A vendor is an individual or business that provides goods and services to the project but are not considered design and construction trades. These goods and services include but are not limited to, couriers, printers, waste management, office and janitorial supplies, janitorial services, food and beverage services, etc.

Certifying Agencies

This project will recognize and accept certifications from the following certifying bodies:

* As defined in the Commonwealth of Massachusetts General Laws, Part I, Title II, Chapter 7, Section 58. <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleII/Chapter7/Section58>

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- Massachusetts Supplier Diversity Office (SDO);
- Greater New England Minority Supplier Development Council (GNEMSDC);
- Women’s Business Enterprise National Council (WBENC);
- Vendor Information Pages Verification Program located at www.VetBiz.gov
- And, as verified by the MGC’s Division of Licensing

DESIGN AND CONSTRUCTION

Design and Construction Mission

Inclusion of minority businesses and other diverse groups on bids for major design and construction projects is an important issue for the local minority community and for Plainridge Park Casino. We will use a proactive approach to minority participation during the initial casino build to ensure the inclusion of minority; women and veteran owned vendors, subcontractors and maintain a diverse construction workforce.

Penn and Turner are dedicated to operating in a manner that creates a positive impact on the communities in which they build. On **every** major project Turner's Community Affairs team works to develop a Project Specific Community Outreach Plan that will help to further strengthen the local communities. This plan includes strategies that seek to develop a diverse local workforce on the project and provide for opportunities for Minority Owned, Women Owned and Veteran Owned Business Enterprises. For this project, Turner will assign a project specific Manager of Compliance who will work with Turner's Director of Community Affairs to ensure that the Community Outreach Plan is communicated effectively and that the project goals are met.

Design and Construction Goal

Our goal is to establish a comprehensive plan for diversity that builds upon Penn's successful record in including minority, female and veteran contractors in all of its design and construction projects across the country. Plainridge Park Casino and Penn will work to ensure that the project reflects state and local minority, female and veteran participation goals and that these goals reflect the diversity of the region.

The design and construction plan is broken out into two sections: The first (A) is our subcontracting plan, which focuses on our strategy to include M/W/VBE contractors. M/W/VBE vendors will also be included as part of this section of the plan. The second portion (B) of this plan outlines the inclusion of minority members in the design and construction workforce.

A. M/W/VBE Subcontracting Plan

Proactive communication early on in the preconstruction process is the most effective way to ensure opportunities for a diverse group of businesses.

Early Preconstruction

1. Penn and Turner met early on to align strategies and outreach in order to obtain M/WBE and VBE participation in the project.
2. Turner offers opportunity to M/W/VBE and small firms on all of its projects and has developed a database of companies along with their certifications and qualifications. As the bid packages are developed, the M/W/VBE database is utilized to identify prime subcontractors that would qualify for the bidders list. The database is also used to

identify companies that could perform work on the project in a lower tier capacity or as vendors. This becomes the base for our subcontracting plan.

3. As this subcontracting plan develops we look for further opportunities for M/W/VBEs but we also give great focus to the areas in which we see gaps where we have not been able to identify an ample number of qualified M/W/VBE firms for a specific trade. This triggers our plan for external outreach that involves partner organizations.
 - a. Turner has strong relationships with the Massachusetts Supplier Diversity Office, the Greater New England Minority Supplier Development Council, the Minority Business Development Agency Center, the local office of the Small Business Administration and several others. We reach out to these partners to make them aware of the opportunities and the gaps that we see in our subcontracting plan. We also ensure that they are aware of the timing of the bid process. Together we will add qualified members of these organizations to the bidders list.
 - b. In conjunction with our partner organizations we will host an Access and Opportunity Event for M/W/VBEs, to introduce the project and educate the local market on project specifics. This event will help to share information, develop interest, and provide an opportunity for firms to introduce their capabilities in the bidding/design/construction of the project. Qualified event attendees will be added to the bidders list and subcontracting plan.
 - c. Partner Organizations will also be invited to attend this event as they could serve as great resources to M/W/VBEs who are not yet certified. Introductions will be made at this event to help facilitate the certification process.
 - d. Work with prime tier subcontractors to designate portions of their lower tier subcontracts to capitalize on M/W/VBE capabilities.
 - e. Develop mentoring programs where subcontractors award mentor smaller M/W/VBEs in the same field. The relationship will help to further develop the capacity of the mentee while opening the door for future collaboration.
4. We will alert all Prime Subcontractors during the bid phase of the project to the M/W/VBE goals which will be included as part of their contract. Prime Subcontractors will be required to submit M/W/VBE strategies with their bid so that we can confirm that they will be able to successfully meet the goals.
5. We will work with the local certifying agencies, when possible, to help facilitate certification for legitimate M/W/VBE companies that meet the needs of the project but have not yet applied for a recognized certification.
6. We will address cash flow needs of M/W/VBE as needed through expedited payment plans.

Subcontractor Bid / Award Period

1. By the time we reach the actual Bid / Award Period of this project we will have created a clear strategy per trade on the commitments necessary to create opportunities for

minorities, women, and veterans, using the 11% M/WBE [4% MBE, 7% WBE] and 3% VBE goals to gauge the success of our efforts.

2. Turner and Penn will work together during the Award Period to document M/W/VBE commitments and ensure overall Project Goals can be achieved.
 - a. The M/W/VBE goals are included in the Additional Provisions of the Subcontractors contract.
 - b. A M/W/VBE Utilization Plan Document is sent out with the contract. Each awarded subcontractor must document their commitments to lower tier M/W/VBE firms. This form is returned with the signed contract and is shared with the entire project team for future tracking purposes.
3. Turner has developed several mentoring and training programs for M/W/V/DBEs, one of these being the Turner School of Construction Management. This free series of classes is designed to further enhance the technical, managerial, and administrative skills of the owners enrolled while helping them to develop new strategic business networks and alliances. We would look to implement this type of program on this project.

Design and Construction Phase

1. Prior the start of their work onsite, a meeting is held to discuss their M/W/VBE commitments. The actual awards to their lower tiers will be tracked on a monthly basis by staff in the field. They will also verify that the M/W/VBE is performing the scope that was specified.
2. As part of the requisition process, subcontractors will be required to provide proof of payment to lower tier M/W/VBE subcontractors.
3. The project team will provide a monthly report of initial commitments, current contracts and payments to date to verify that the subcontractors follow through with contractual commitments. This process also allows the team to address any discrepancies that arise early on.

B. Diversity and Opportunity within the Workforce

Opportunities for minorities, females and veterans on the project will be communicated early on and often to both the unions and subcontractors.

Preconstruction

1. The project team hosts a Pre Job Conference with union officials in regards to the project. A priority of this meeting will be to ensure that the union representatives are well aware of the 16% minority and 7% female goals for the workforce on this project, as well as our goal to provide opportunities for veterans.

2. Inform all subcontractors bidding work on the project that the 16% minority and 7% female goals for their labor force will be used to gauge the success of their contractually required affirmative action efforts. Opportunities for veterans will be a priority as well.
3. We will review each subcontractor's history of minority and female participation on their labor force on projects in and around the City of Boston. Though this work was performed in a different part of the state it can still alert the team to any previous compliance issues. This data will be shared with the subcontractor and if the percentages are low then they will be asked to develop a written plan to meet the goals in moving forward.
4. The following will be included in each awarded subcontract;
 - a. The Additional Provisions will state the 16% minority and 7% female goals for the workforce.
 - b. A M/WBE Utilization Plan Document will also be included. The affirmative action obligations are stated as a part of this document and the subcontractor must sign off in agreement.

Construction

1. Prior the start of a subcontractor's work onsite, a meeting is held where the workforce goals and previous subcontractor performance will be discussed. If during the bid process it was noted that the awarded subcontractor had a history of noncompliance, the subcontractor will have submitted a written plan for working towards goals on this project. This plan will be revisited and updated if needed at this meeting.
2. A verification process will be implemented to ensure that all subcontractors are working towards the 16% minority and 7% female goals included in their contracts.
 - a. Subcontractors will be required to submit their payrolls to the project team on a weekly basis. This will enable the team to track the females and minorities that are working on the project as the work is taking place.
 - b. All workers are required to attend a safety orientation and a copy of their identification will be made at this meeting to back up to what is being submitted. Veteran status will be documented during this process as well.
 - c. The payrolls and back up information will be compiled into weekly and monthly reports both of which will be utilized to proactively work towards the goals.
3. Any subcontractor who is not reporting in a timely fashion or whose numbers are falling short of the goals will be required to attend a corrective action meeting with the Project Team. Non-compliant subcontractors will submit a written corrective action plan with steps they will take to improve their percentages moving forward.
4. Turner has several partnerships in place with organizations that offer training and assistance to individuals interested in a career with a union. We will look to partner with these organizations and introduce them to the subcontractors performing work on this project.

5. Penn and Turner will also host an event, specifically for residents of Plainville, interested in applying for work in both the design/construction and operations on this project. Representatives from Penn, Turner and the building trades will be present to facilitate this conversation and process.

Exhibits

Attached to this document we have provided copies of four forms to be utilized in the implementation of this plan. They are:

1. Subcontracting Plan – Initial commitment from subcontractors on lower tier M/WBE
2. Participation Form – tracking actual contracts and payments to M/WBEs
3. Weekly Tracker – Spreadsheet to assist with tracking of payrolls for workers
4. Waiver – copy of lower tier lien waiver, which is proof of payment to lower tiers

COMMITMENT

Plainridge Park Casino and Penn are committed to developing a high performance, inclusive work environment that reflects the diversity of our community. We will strive to create a company culture where all ideas and all contributions are valued no matter how or from whom they may originate. We will actively seek out contractors and vendors from traditionally disadvantaged groups to build and supply the facility. Our commitment to making inclusiveness the foundation for our culture is driven not only from our desire to enhance our community, but also because such commitment supports a sound business strategy.