

THE COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION
PUBLIC MEETING #103

CHAIRMAN

Stephen P. Crosby

COMMISSIONERS

Gayle Cameron

James F. McHugh

Bruce W. Stebbins

Enrique Zuniga

January 23, 2014, 9:30 a.m.

BOSTON EXHIBITION AND CONVENTION CENTER

415 Summer Street, Room 157

Boston, Massachusetts

1 P R O C E E D I N G S:

2
3 CHAIRMAN CROSBY: I am pleased to
4 call to order the 103rd meeting of the
5 Massachusetts Gaming Commission here as usual
6 at the Boston Convention Center.

7 The first item of business is the
8 90-minute presentation for the Western Mass.
9 casino applicant technically called Blue Tarp
10 Redevelopment but colloquially known as MGM. I
11 now pass the baton to you for your 90 minutes.
12 Welcome

13 MR. NATASIA: Thank you, Mr.
14 Chairman and thank you to the Commission for
15 having us here today to present MGM's proposal
16 on a ground breaking resort Casino in
17 Springfield, Massachusetts. I also wanted to
18 thank Janice Reilly for all of her efforts over
19 the last few days in pulling this together, a
20 lot to deal with, including the weather. So,
21 we appreciate that.

22 This is an exciting day for MGM.
23 Not only is it the beginning of the evaluation
24 process, but it is also a culmination of two

1 years' worth of neighborhood forums, civic
2 events, community meetings, hard work and
3 planning. And this proposal is a reflection of
4 all those efforts.

5 And it's also representative of a
6 vision. A vision that was inspired by a
7 resilient city and its mayor, and is a vision
8 of a native son of New England, Jim Murren.

9 So, with that I would like to
10 introduce MGM's Chairman and CEO, Jim Murren to
11 talk a little bit about his company, his
12 talented team and MGM's vision for Springfield.

13 MR. MURREN: Thank you, Marty. Mr.
14 Chairman, fellow Commissioners, thank you for
15 having us today. We're very excited about
16 being here.

17 Before I get going, I wanted to note
18 a few important people that are here in the
19 audience, of course, Mayor Sarno, the great
20 mayor of the city of Springfield. Thank you
21 for joining us, Mayor. And Kevin Kennedy I see
22 is back there, also known as Coach or Chief
23 Development Officer. We have three city
24 councilors from Springfield, Kateri Walsh,

1 Michael Fenton, and Tim Rooke. And I just saw
2 Jim Rooney from the Massachusetts Convention
3 Center. And I'm happy that you're here. Thank
4 you very much.

5 We also have a bunch of MGM folks
6 here. Many of them will be presenting, but
7 those who are not are notable. We have Alan
8 Feldman here who in addition to his many MGM
9 roles also serves as the chairman of the
10 National Center for Responsible Gaming, and is
11 the source of information on that very
12 important topic.

13 And Jodi Collins is a home grown
14 talent. We recruited her from Smith College
15 last year. She's now part of our MAP Program.

16 I think from a standpoint of
17 thinking about MGM, we are a large company, a
18 Fortune 500 company. I think we're 292 and
19 climbing. We're a company of many folks, over
20 62,000 employees worldwide. And we have
21 extensive reach throughout the world in our
22 database of 60 million names.

23 We're a large hotel company with
24 42,000 rooms just in Las Vegas alone and many

1 restaurants, food and beverage outlets in
2 general, retail stores. We have more
3 convention space than the entire city of New
4 York City. And we have a large panoply of
5 entertainment options. We are a luxury resort
6 operator.

7 I understand you learned a little
8 bit about Forbes five stars yesterday. There
9 are actually five of them in Las Vegas. We own
10 three of them. There are actually three
11 restaurants in Las Vegas that got the five-
12 stars, we own two of those. And there are four
13 spas in Las Vegas with the five-star, we've got
14 two of those as well. If you need to know
15 more, hop on a flight right now and go to Aria,
16 the hotel we own where the five-star award
17 presentation will be held this evening.

18 Entertainment is in our DNA. It's
19 really the lifeblood of our company. And we do
20 it better than anyone in the hospitality
21 business. We are by far the largest and most
22 important company as it relates to
23 entertainment and hospitality. We sold an
24 astonishing 7 million tickets to venues last

1 year alone. And of course, our arenas are
2 infamous for their sporting events and
3 concerts. If you want to see that young man in
4 the lower right, Floyd Mayweather, you need to
5 go to the MGM because he has never fought
6 anywhere else.

7 And I think that's important,
8 because our project in Springfield is rooted in
9 the great entertainment history of that city
10 and our connection with the Mass. Mutual Center
11 will afford us an opportunity to bring folks
12 back to the city from all parts of the region.

13 We're a large retailer as well.
14 We'd be one of the largest retailers as a
15 standalone company in the United States. We
16 have all of the important relationships that
17 would be important to a resort here in the
18 Commonwealth.

19 And we understand how to develop
20 retail that is appropriate for the market.
21 We've been working now for two years with the
22 folks of Springfield, listening to the kinds of
23 desires they would like to see from a retail
24 perspective. And we intend to deliver on those

1 expectations.

2 We have more James Beard award-
3 winning chefs than any company in America from
4 Tom Colicchio to Michael Mina to Emeril to the
5 ladies that run Border Grill. And we have
6 developed an F and B program for Springfield
7 that will marry the best of the international
8 culinary talent with some really great local
9 talent. Our goal is to be as local as
10 possible, to celebrate and promote the talents
11 of local the folks in Western Mass. And we
12 have been well on our way to securing many of
13 those contracts.

14 To say we are a casino company
15 really misses the point. In fact, in Las Vegas
16 as an example, where we own 10 resorts and we
17 are the dominant player in that market, gaming
18 represents but 30 percent of our total revenue.
19 We are a substantial non-gaming company, the
20 largest by far in Las Vegas.

21 In fact, I'm proud to say that in
22 every market in which we operate whether it's
23 in Las Vegas or Mississippi or Michigan or
24 Atlantic City, we have are the number one

1 player in those markets. We build the best.

2 We staff with the best employees. And we

3 believe we provide the best service.

4 We're more than just resorts. We're

5 a collection of iconic symbols that represent

6 as aspirational as the mansion at MGM to the

7 award-winning gold certified Cesar Pelli

8 designed Aria to our entertainment venues, we

9 are entertainment. We are the only company in

10 front of the Commission that has ever built to

11 a gold level of LEED. And of course, we will

12 do so as required by law. In fact, we do that

13 everywhere we go.

14 What is the Springfield opportunity?

15 It's one that I'm particularly engaged in and

16 excited about. I went to school not far from

17 Springfield at little Trinity College in

18 Hartford, Connecticut. And I was an urban

19 studies and art history major there. And I've

20 been intrigued by the great history of this

21 wonderful great city.

22 And I think it's important to take a

23 step back before we move forward and think

24 about the greatness of Springfield, and it's

1 great rich thriving history. This of course
2 was the original Silicon Valley. This was the
3 hotbed of innovation. There were over 150
4 different manufacturing facilities in the city
5 of Springfield with extraordinarily diverse
6 workforce in its heyday.

7 It was the center of innovation.
8 And of course has boasted so many firsts that
9 have been important to the evolution of
10 America. It also, of course, has a rich
11 entertainment history. Who could forget the
12 concerts that have graced the Civic Center in
13 years past? Every major performer felt that
14 Springfield was a must-do on any one of their
15 tours.

16 And I know this firsthand because
17 way back in my day when I was at Trinity, I
18 went to this concert, The Kinks. I paid \$9.50
19 for a ticket, which I thought was a lot at the
20 time. And time after time, folks from around
21 the region would go to Springfield, seek out
22 Springfield for its very important
23 entertainment heritage.

24 Of course, that has been lost. And

1 it's been lost temporarily because of
2 competition to the south. But we intend to
3 bring that back because of our relationships
4 which are preeminent in the entertainment
5 industry. We are already doing that now.

6 I want to take a moment to reflect
7 on our journey. I saw as I started speaking
8 that Paul Picknelly is here. Paul is the most
9 amazing advocate for his city of Springfield.
10 His enthusiasm for the city really -- I was
11 very touched by that.

12 We began this journey with Paul back
13 in 2012. Paul introduced us to so many local
14 folks. We met with the mayor on so many
15 occasions. We met with folks that lived in all
16 regions of Springfield to try to understand
17 what it could be to build a resort in that
18 city.

19 Paul shared the passion for the city
20 and its true greatness that lies within it.
21 And the idea that we could bring back a lot of
22 that greatness. And that's what we expect to do
23 right now. Because of Paul and the folks we
24 met, we planted our flag in Springfield back in

1 August of 2012 when we announced that this is
2 where we would like to try to secure a license
3 in what was at the time the most competitive
4 region in the Commonwealth.

5 We were but one of five major resort
6 companies that had sought out an opportunity in
7 Western Mass. So, we got to work and we do
8 what MGM does quite well. We just kept our
9 head down and kept working and met with
10 literally hundreds of people throughout the
11 community. We went neighborhood by
12 neighborhood.

13 We literally attended hundreds of
14 events, talked to vendors, talked to public
15 safety, went to jobs fairs, hosted jobs fairs.
16 Went to and had supplier and diversity
17 meetings. We had career fairs. We talked to
18 the folks about what they would hope to see.
19 And we were listening for the better part of
20 two years. Because we believe that Springfield
21 should decide what kind of resort it should
22 have not any operator. We are merely the
23 conduit to try to bring that vision to reality.
24 And that's what we've been trying to do ever

1 since 2012.

2 And we were fortunate enough in a
3 hotly contested competition to be chosen by
4 Mayor Sarno on April 30, 2013. And then
5 through some rigorous negotiation, we very
6 quickly thereafter signed the host city
7 agreement in May. Then we went to the City
8 Council which had ratified that host city
9 agreement 10 days later on May 10.

10 But our work wasn't over. We needed
11 to talk to folks of Springfield. We went ward
12 by ward, precinct by precinct, and met
13 thousands upon thousands of people. And from
14 Forest Park to Indian Orchard, from the South
15 End we had a landslide victory on July 16.

16 The citywide vote is on the screen.
17 But ward 1 where the resort would be located
18 that vote was 69 to 31 percent. There are
19 seven wards in Springfield. We won all seven
20 of them. We won 62 out of 64 precincts. We
21 had very strong voter turnout.

22 The people of Springfield got out
23 and exercised their right to vote. And told us
24 resoundingly that they wanted to see a resort

1 in Springfield and they wanted it to be MGM.
2 And on July 16, we were the only city in
3 Western Mass. to pass that important referendum
4 stage.

5 But I think it's important that we
6 not only talk about what we want to see for
7 Springfield from MGM, but also I'd like you to
8 hear from several the people that have been on
9 this journey with us. People that call
10 Springfield their home, many of them traveled
11 from Springfield today to be with us. These
12 are the folks that love their community and
13 they do see a brighter future. And they have
14 entrusted us with this opportunity. And I'd
15 like to share those thoughts with you right
16 now.

17

18 (Video plays)

19

20 MR. MURREN: So, at this moment I
21 have the honor to introduce the president of
22 our company, who like me is from Connecticut.
23 So, I guess I have to make a confession I do
24 give a damn about Connecticut as I'm from

1 there. I just want their money to come here.

2 Bill has been in the gaming industry
3 for 34 years without a gray hair to show for
4 it. And he has operated some of the most
5 important resorts in the gaming industry
6 including several of the resorts that we own at
7 MGM Resorts. He is the president of our
8 company and responsible for all of our
9 development opportunities. He is my great
10 friend and partner, Mr. Bill Hornbuckle. Thank
11 you.

12 MR. HORNBUCKLE: Good morning, Mr.
13 Chairman, Commissioners. It is a pleasure to
14 be here this morning. When I think back, we've
15 been at this two years. And to finally get an
16 opportunity to stand before you show our wares,
17 for us this is a moment of pride, a moment of
18 great pride.

19 We have spent, as I sense and hope
20 you get to pick up through this presentation a
21 great deal of time, energy and money in getting
22 us to this point. I am also the chief
23 marketing officer for the company. So, I'm
24 going to talk a little bit about marketing

1 before I get into the project itself. Part of
2 our story while we dominate many of the markets
3 we're in, most notably Las Vegas and Jim shared
4 those numbers with you, we are also a key
5 regional player.

6 In Mississippi and in Detroit and
7 you're looking at roughly two \$800 million
8 projects, those projects were positioned and
9 we've operated them the better part of a
10 decade. And they are market leaders. So, we
11 come to you not only with a great deal of
12 knowledge on how to run casino resorts in a
13 destination place like Las Vegas and ultimately
14 as you know in Macau, but with a great deal of
15 inherent knowledge on destination resorts.

16 And at the core of that marketing is
17 a program we call Mlife. It is our core
18 loyalty program. And in it is 60-odd million
19 customers. Thirty million of them or roughly
20 half of them have joined our loyalty program.
21 And in our industry and in our business, a one-
22 to-one relationship with customers is
23 essential.

24 So, we know 30 million people in the

1 last 18 months, 11 million of them have been
2 active. What I mean by active is they've
3 touched our casinos, our resorts in some way,
4 shape or form. If I put a pin in Springfield
5 today and I draw a 90-mile circle, there's a
6 quarter of a million people we already know in
7 this region and we're not here.

8 Remembering while we've been
9 represented and our brand has been well
10 represented at Foxwoods that was a licensing
11 arrangement. So, people know our brand well.
12 But we have not had an opportunity to access
13 that database on behalf of Springfield and the
14 Commonwealth.

15 With that program, we have created
16 additional strategic relationships that reach
17 out into the various communities that we are
18 trying to attract. So, what you can see here
19 is a chart that talks to banking relationships
20 we have with credit cards. Lifestyle
21 relationships we have with entertainment and
22 nightclub operators. Social engagement through
23 My Vegas we have a half million people today
24 who engage on a social game with our company.

1 Lodging giant such as Hyatt and
2 Royal Caribbean, we do today about 200 rooms a
3 night in Las Vegas through a direct program
4 with Hyatt. Additional gaming programs, we are
5 partnered with Ameristar and soon to be
6 Pinnacle Ameristar because they are in
7 acquisition mode that enables us to attract
8 those customers to Las Vegas as a reward
9 mechanism and ultimately transplant them. It
10 helped motivate their casinos as well as our
11 own resorts in Las Vegas.

12 And the important one and the one
13 that I want to point to here is Southwest.
14 Southwest is key to Las Vegas. It provides
15 over 40 percent of the air traffic into the
16 community. We do 230,000 room nights a year
17 with them. And they have a hub, as you know,
18 and they are a significant player also in
19 Hartford at Bradley.

20 So, we've already reached out to
21 them about taking programs that go beyond the
22 local reach and a regional reach and talking
23 about how we bring folks to Western
24 Massachusetts. They're very excited by that

1 was we are. And as you can appreciate at a
2 quarter of a million room nights a year, when
3 we speak, they do pay some attention to us.
4 It's a great partnership.

5 The other thing I want to talk
6 about, and it's been alluded to and Jim made
7 reference to it, and while I'm also a
8 Connecticut boy, I went to East Catholic High
9 School before I migrated from UConn to UNLV
10 wanted to be a hotel major, if you take a pin,
11 and what really attracted us other than Paul's
12 passion -- And it was Paul's passion one day in
13 a conference room that got us to go to
14 Springfield. But if you take that and you take
15 a pin and you put it in Springfield and you
16 draw a 50-mile centric circle, you can see
17 where our marketplace is.

18 What you will see is 30 percent of
19 our revenues as projected, which you got in the
20 RFP would slightly attract from Connecticut.
21 You'll see we're right in the target range of
22 Mohegan and Foxwoods of note. And we really,
23 with a couple of exceptions depending on where
24 the ultimate casino gets located in the East,

1 don't touch that region.

2 So, out of all of the places,
3 particularly with the 91 corridor, we are
4 ideally positioned to go into Hartford and
5 attack. And we know how to do that. And we
6 can go well down into Connecticut. And we know
7 we can take some Mohegan share, most notably.

8 So, if you look at our map and our
9 target map, it looks something like this. This
10 is the marketplace we intend and hope to play
11 in if we are granted this license.

12 The other thing that we've done, and
13 I think we've done this exceptionally well,
14 particularly with Jim Rooney's help and his
15 staff, in siting the location. The adjacency
16 of it to MassMutual Center is not lost on us.
17 In looking at, and I think we all believe this,
18 the vast majority of what the Legislature went
19 through in putting forward in terms of the
20 regs. and the requirements and the law said you
21 have to take advantage of local facilities and
22 basically not harm them.

23 Not only are we not going to harm
24 them, we have brought them into our enterprise.

1 We will not have a ticketed venue. Our venues
2 are Springfield's venues, most notably
3 MassMutual Center, Symphony Hall and City
4 Stage. We have guaranteed through an MOU,
5 which again is in the RFP 12 shows annually.

6 Guaranteed means we will be the
7 promoter, the underwriter of those so that
8 those facilities don't go at risk. I can
9 assure you that marketing agreement goes well
10 beyond promoting any and everything else that
11 happens here, whether it be the hockey team,
12 the basketball team and any of the other
13 programming.

14 We're very excited by the those
15 facilities. They're great facilities. We
16 think they're vastly underused, and we know how
17 to leverage on them. We have already started.
18 Jim spoke to this briefly. You probably have
19 seen, if not we've hosted already at MassMutual
20 PBR we brought. We brought Pitbull Memorial
21 Day in the MassMutual Center. And we brought
22 Boyz II Men into Symphony Hall in September as
23 well.

24 So, we are already activating

1 bringing the community to life. We hope to try
2 to show the kinds of things that we can do. I
3 think what's critical about this, because Jim
4 talked to the great concerts that was there, I
5 don't think it's lost on anybody that when
6 Mohegan built an arena, they put radius
7 restrictions, as we would do in Las Vegas by
8 the way, on performers. So, it became
9 Springfield, if you're going to come to Mohegan
10 you can't basically go to Springfield.

11 We have a little leverage on this
12 subject. We think we are highly competitive
13 given Las Vegas and all that we do there. And
14 I can assure you in talking to some of our
15 promoters, the notion of routing traffic
16 through Springfield will be a discussion that
17 will occur.

18 The other thing and the other piece
19 I know we can help with, particularly as it
20 relates to MassMutual Center, is it's got
21 70,000 square feet of basically brand-new,
22 because it's underutilized, meeting and
23 exhibition space.

24 Jim spoke this earlier, but we are

1 the largest player in Las Vegas. And to put
2 Las Vegas in perspective, it's the convention
3 capital of the world. Combined New York and
4 Chicago don't match it. And we are over half
5 of that business.

6 So, we know all of the players. We
7 have over 60 certified meeting planners. We
8 have regional and national offices with sales
9 folks that are out in them. And we know we can
10 make a difference in bringing the right size
11 conferences into that facility, and helping not
12 only us because what you'll hear me say in a
13 moment when I talk about the property and the
14 hotel is our hotel is only 300 rooms. We could
15 have built a hotel probably two and a half the
16 size of that to fully leverage on it.

17 But immediately adjacent to us is
18 our partner's property in the Sheraton, and the
19 Marriott sits yet again adjacent to that. So,
20 the view we can help bring MassMutual back to
21 life through entertainment and conference,
22 obviously take advantage of our own facilities
23 and those facilities that we think are
24 desperately underutilized in the Springfield

1 marketplace.

2 The other thing we've been doing,
3 we've kind of playing with this is in talking
4 to some of the local convention authority and
5 talking to some of the other agencies is how do
6 we bring everybody into the picture? How do we
7 market the destination and the region so it
8 becomes attractive again?

9 And Springfield and Western Mass. as
10 you all know is just surrounded with some
11 really cool stuff. Whether it's Six Flags, the
12 Berkshires and it goes on and on and on, all of
13 the museums and the firsts that are actually in
14 Springfield, the river itself.

15 So, we've started this campaign.
16 You'll begin to see some of these up. Some of
17 them are cute. Come for the hoop, stay for the
18 games and it goes on and on and on. So, we've
19 put some time and energy into thinking about
20 how do we bring not only MGM and Springfield
21 but Western Mass. back to life.

22 Switch gears a little bit here, also
23 in the legislation and wise on the state's
24 behalf, was the conversation about make sure

1 you don't hurt the lottery. So, you would
2 think and maybe other competitors might think
3 the lottery's competitive. There's only so
4 much gaming dollars in the marketplace.

5 We've taken a little different view
6 here. We think it's synergistic. We hold the
7 rights to a piece of a patent that enables
8 picture-in-picture technology onto a video
9 screen, and in this case, a slot screen.

10 What you're looking at is a standard
11 slot machine that you might find in MGM
12 Springfield. And at the bottom you see
13 picture-in-picture. So, imagine you're playing
14 a machine, you go to leave. You've played for
15 an hour. You've won \$53 and you go to cash
16 out. Before you cash out, it says to you hey,
17 would you like to play one last time.

18 So, up on the screen it gives you an
19 opportunity to do Powerball, play Lucky Stars
20 or no thanks. I want my \$53. You push
21 Powerball. You get your pick six. You play
22 your pick six. Remember in today's
23 environment, we don't use hard coin. We use
24 ticket distributors. So, the technology is

1 inherently built into the machines already.
2 Out pops the ticket, not your distribution
3 ticket for the \$53, but now it's \$51 or how
4 much that ticket was, you get the idea, and you
5 walk away with a lottery ticket.

6 We would believe this technology can
7 be deployed across the floor. I'm not
8 committing that yet, but we know it can be
9 done. The essence is, the reality is we think
10 this is synergistic to our core business. We
11 think it's compelling.

12 The Lottery Commissioner, the
13 Lottery Commission and the folks on staff
14 because we had shared this idea with them also
15 think it's compelling. So, on a go-forward
16 basis, if we're given the opportunity, we hope
17 to deploy this and ultimately become the
18 Commonwealth's largest lottery distributor
19 because we did note there is a small commission
20 on that as well.

21 Onto the project now, which is my
22 primary role here today, you I think all by now
23 have seen and know the project site. It is an
24 amazing site for so many reasons for us. Most

1 notably, while it's a shame that they
2 restricted the Connecticut River the fact that
3 it's immediately adjacent to 91 corridor and
4 the 291 both into the Eastern Mass. and down
5 into Hartford, and up from there, it has a
6 unique opportunity where literally there is an
7 exit ramp here, an entry ramp here. With the
8 exception of our Biloxi property, where we
9 built the highway that drops into it, we have
10 never seen a site which such immediate and
11 encouraging access.

12 With any project of this scale,
13 obviously traffic is a consideration for the
14 community. And we think this is ideally suited
15 for that.

16 We also noted, and I talked about
17 earlier about the other great amenities that
18 surround it, other than the MassMutual Center,
19 the Basketball Hall of Fame, somewhat
20 restricted on an island. We think we can help
21 in terms of programming and direct reach out in
22 terms of transport to get people back and
23 forth.

24 Symphony Hall, Union Station, we

1 know Congressman Ricci has a great deal of
2 plans for that. And we have actively agreed to
3 participate in trying to bring that great venue
4 back to life as well because we think it would
5 be important.

6 So, when you look at the actual
7 site, again, we've gone through acquisition
8 mode, option mode of about 50-odd parcels. Not
9 easy. We're still talking about a downtown
10 core area. So, it was a little bit painful.
11 It remains painful particularly if we get
12 delayed. But with the site in mind, again, the
13 adjacency to the MassMutual Center into town
14 square -- For those of you who have been, it's
15 New England exemplified in terms of the town
16 square.

17 There's a building here called 31
18 Elm that we're talking to the principal about
19 bringing it back to life as a boutique hotel.

20 And the other thing that was so
21 important to our design and you'll see this in
22 a moment is the other side of Main Street. And
23 the term inside out casino was one we coined in
24 explaining this. How do we open up a venue

1 like this where it's immediately accessible and
2 helps the surrounding communities come to life.

3 So, the blue zone of note, although
4 there are others clearly, is the zone that
5 we've concentrated on in trying to bring to
6 life.

7 Again, the freeway access was
8 pivotal to this site. I can remember Jim and I
9 sitting here in Paul Picknelly's conference
10 room looking down. The expression Blue Tarp
11 came from, at the time we met Paul the tornado
12 had just gone through. And literally the
13 buildings, all of them were covered in blue
14 tarp, if you were wondering where that namesake
15 came from.

16 Then again, this is an aerial.
17 You'll see this more inherently in a moment.
18 And I'll walk you through the site, the
19 project. But you can again from a proximity to
20 the freeway of note, here is the main parking
21 facility, hotel and around to the main
22 property.

23 Springfield, as Jim spoke to and as
24 you all know, has some amazing architecture.

1 We have spent some time, some great deal of
2 time in some respects with the Historical
3 Commission talking about what's relevant,
4 what's important to them, what to do's and the
5 don'ts are.

6 And more importantly from our own
7 design and listening to the people of
8 Springfield, how do we incorporate their
9 thoughts, their wishes, their aspirations? And
10 how do we make this a place that they would be
11 proud of?

12 This is not a casino in the box, a
13 term we keep hearing about. I don't know who
14 coined that phrase, but well overused. This
15 was about taking the great architecture that's
16 there. So, this building 101 State Street, the
17 original home of the MassMutual Insurance
18 Company. This is 73 State Street we're going
19 to use as the front of the hotel. And the
20 original armory here, I'll show you will anchor
21 an entertainment plaza that we are going to
22 create.

23 So, we've taken those. And here's
24 the layout now of the property. It puts you in

1 perspective. On the top of the screen is Main
2 Street. To the bottom would be the freeway and
3 Columbus. This is State. The court house is
4 right here. And this is Union.

5 This facility as designed has about
6 19 separate entrances in it. And the simple
7 reason -- Back up a second. In the old days, a
8 casino was a supermarket. You build a box.
9 You put the milk in the back. And you give
10 them one door in and one door out. The idea is
11 you kind of get lost in there. And you start
12 futzing around and they hope you spend some
13 money.

14 This is about engagement to the
15 outside community. So, along the front
16 corridor, and you'll see this image in a
17 moment, these are all restaurants. This is all
18 retail along here. Out in the entertainment
19 pavilion is all retailers. There's a bowling
20 center, a bowling facility, high-end luxury
21 cinemas. This the hotel entrance and the hotel
22 lobby. These are additional food outlets.

23 Each and every one of these has an
24 entrance that you can come in off of Main

1 Street, enjoy a great steak and go back out.
2 If you don't want to engage with the casino,
3 you don't have to. We're not going to force
4 this.

5 So, the casino as you see is in the
6 light purple. This is the VIP areas and they
7 lead adjacent to the garage. So, you can begin
8 to see a layout that speaks to Main Street that
9 has an engaging entertainment plaza. This
10 again is the armory, which we are going to use
11 as a special restaurant, a special place to go
12 with some live entertainment.

13 Think Liberty Hotel here in downtown
14 Boston. We've actually talked to those same
15 architects to bring this amazing building back
16 to life. It's got some challenges. You can
17 appreciate it's 200 and something years old.
18 But we love this facility. So, you'll see in a
19 moment as I go through these renderings this
20 whole thing come to life.

21 This is a view if you're coming up
22 Main Street looking obviously back into the
23 core of the downtown area. A couple of things
24 to point out here. What you are looking at is

1 outside gardens. This is up above the casino.

2 One of the reasons we did this is a
3 unique element we are bringing in is
4 residential. These are 53 market-rate
5 apartments. We hope to bring young
6 professionals back into the community. I know
7 some of our own folks have said I want one of
8 those. So, this will not be a hard sell.

9 And you can drop down, there's
10 entrance and egress here back into the city.
11 You're looking over this would be the
12 entertainment plaza and the parking facility.
13 This is conference and meeting space. Then the
14 backdrop is a KPF design, is a 300 key hotel.
15 We took the general notion, and you'll see this
16 in a second, to blend some contemporary in with
17 some amazing architecture down below.

18 This is street level. You've
19 probably all seen this image. If I took the
20 word MGM off of that, I would defy you to tell
21 me that's a casino. This is meant to blend in.
22 This was designed with Springfield in mind. We
23 have activated and talked to many of the owners
24 of this side of the street.

1 This side of the street is as
2 important to us as this side. If we do not
3 make downtown Springfield compelling and
4 attractive and safe -- public safety around
5 this subject is extreme. We get it. We get
6 the brand that Springfield has attracted and
7 what we need to accomplish to make this a great
8 destination. So, our plan is not only to
9 activate our own side, but clearly the balance
10 of Main Street. That's the view from the Main
11 Street.

12 When I talk about entertainment
13 plaza, it will have a combination of retail.
14 So, we looked at some of the great retail
15 plazas in the community, surrounding
16 communities. Chuck Irving, our development
17 partner who is here dragged me to Legacy Place.
18 We're all familiar with Blue Back Square. We
19 went down and understood that environment, what
20 it brings, how it works, what's good, what's
21 not.

22 And so from that we ended up
23 designing our own place. This was an
24 entertainment plaza that some of you may have

1 been to Staples Arena down in LA. This is the
2 plaza that exists there. The notion is you
3 take activity, and to the extent weather
4 permits, and bring it outside. Again, you
5 don't need to engage with a casino environment.
6 This is about bringing downtown Springfield
7 back to life.

8 If we succeed there, the casino will
9 take care of itself. I promise you that. We
10 understand the task at hand isn't just about
11 MGM. If we don't bring Springfield back, we
12 are not going to succeed. And we've wasted a
13 great deal of time, energy and about \$800
14 million trying.

15 So, when you look at now what we've
16 created, this is the exterior plaza. It
17 anchors around the armory I mentioned. It
18 wraps all the way around. So, up here are
19 luxury box cinemas. You've probably all been
20 to some of these now. You can go and spend
21 silly money on a movie ticket, but they bring
22 drinks to your big cushy chair. It's a fun
23 environment.

24 Down below is a large sports bar

1 that has interactive bowling in it and some
2 other fun stuff you want to engage. There's
3 retail. This is an outside area to do things.
4 This happens to be ice-skating. We can do many
5 things in this area. This is interactive
6 television and radio. Then there's retail that
7 surrounds this whole corridor. This is a park
8 that exists today that will be expanded upon to
9 put some more green back into the area.

10 This is the same environment for the
11 holidays. You kind of get the idea of the
12 festivity of it all, and hopefully, the
13 attractiveness of it all.

14 Back around to the other side of the
15 building, this is the hotel tower. Again, here
16 we've blended KPF contemporary design. What
17 you can see we've done here, I showed you 73
18 State Street that building. That is the skin
19 of 73 State Street. That will stay intact.
20 And we've implied -- This part is not real.
21 We've implied that we're going to replicate the
22 balance of that building hopefully through this
23 new and contemporary structure.

24 This building has an amazing lobby

1 to it and a great entrance statement. So,
2 we're going to use it as a façade, if you will,
3 but it'll keep the street scheme. It'll keep
4 the architecture in play. And we're very
5 excited about that chance to do something
6 special.

7 Yes, these are real rooms. These
8 aren't in a studio anywhere. These are real
9 rooms. But what's relevant about the room up
10 on the right, this is our Detroit room and the
11 room we're going to emulate here in
12 Springfield. And these are some additional
13 suite products that we would also hope from our
14 Detroit property to bring that scale and
15 substance.

16 We are going to be four-star.
17 Springfield is not a five-star marketplace at
18 least yet. So, we want to cater to that and
19 make it viable and make it attractive and a
20 value proposition for our consumers.

21 Inside the casino you can see it's
22 warm and it's rich and it's contemporary. This
23 is one of the views as we walk in from Main
24 Street if you went through that MGM door I

1 showed you earlier. Then as you walk your way
2 through the facility, there's a large food
3 market. This is an opportunity for us to bring
4 in several of the regional folks.

5 There will be a Friggo's Deli from
6 Springfield, La Fiorentino pastry shop from
7 Springfield. Some of the other restaurateurs,
8 we are bringing in Tom Colicchio from our
9 portfolio, the James Beard award winner doing
10 an Italian steakhouse. Michael Jordan's Group
11 is bringing us Belly Q. It's a Pan Asian
12 concept out of Chicago. We're bringing B Good
13 Burgers here from Boston. We're bringing
14 something called The Roasting Coffee Plant from
15 Detroit. You watch coffee being produced.

16 This next thing is a fly through of
17 the project itself. And it speaks for itself,
18 so I will quiet down. It's the same walking
19 and going up Main Street. Over here, again the
20 access to the highway. You can see from here
21 the upside on the balconies off of the
22 residential area. It is looking up, much like
23 the grove looking up that retail plaza,
24 entertainment plaza into the cinemas. It's a

1 view from night. That's the porte-cochere area
2 as you would come off the highway and you would
3 drive in here to the right to go into the
4 casino.

5 Then just a quick interior. You've
6 got some retail environment, steakhouse.
7 Again, all of these lead back out to Main
8 Street. A food market, a combination of about
9 six or seven different venues. A large buffet,
10 café, coffee shop opportunity and extension off
11 into the lobby. Again, you can see from the
12 inside relatively straight-forward, clean,
13 contemporary. And we think attractive to the
14 right market. Then the overall facility yet
15 once again.

16 So, that is our story. We've had a
17 great deal of passion in creating this. We
18 think it's, in terms of Springfield and its
19 citizens, because we did many, many
20 neighborhood meetings, a resounding hit.

21 It takes the fiber and the fabric of
22 Springfield and brings it to life. And we
23 think we can bring everything else around it to
24 life. So, we're very excited about what we've

1 done and we appreciate the opportunity.

2 Next I'd like to bring up Phyllis
3 James. Phyllis is our Executive Vice President
4 and Special Counsel for Litigation, and our
5 Chief Diversity Officer for MGM Resorts
6 International. In addition to her
7 responsibilities for supervising our company's
8 litigation, Phyllis is also our Chief Diversity
9 Officer responsible for widely recognized MGM
10 Resorts diversity and inclusion initiatives as
11 well as the company's philanthropy programs.

12 Ms. James happens to be a graduate
13 magna cum laude with a bachelor of arts degree
14 from a place called Harvard Radcliffe College
15 here in Boston. And she earned her law degree
16 from Harvard Law School. It is my privilege to
17 introduce Phyllis James.

18 MS. JAMES: Thank you, Bill. Good
19 morning, Mr. Chairman and other Commissioners.
20 I am incredibly proud to be here today
21 representing MGM Resorts International. And I
22 am particularly excited at the prospect that
23 our company may be developing a new business, a
24 colossal development in the state of my alma

1 mater. So, that makes me very excited.

2 In addition to my other activities
3 at MGM that Bill mentioned, I serve as day-to-
4 day manager for our chairman's corporate
5 responsibility committee. We practice
6 corporate responsibility at MGM under the
7 banner inspiring our world. It unifies our
8 three cornerstone initiatives diversity and
9 inclusion, community support and environmental
10 sustainability, which are of course central
11 aspects of our corporate culture and
12 operations.

13 In fact, I'm pleased to say or point
14 out that last year our chairman Jim was
15 selected by Corporate Responsibility Magazine
16 as one of 2013's top five CEOs in the nation
17 for corporate responsibility.

18 I joined MGM Resorts back in 2002 in
19 large part because of its pioneering diversity
20 initiative, which was the first of its kind in
21 the gaming and hospitality industry when it was
22 introduced in year 2000.

23 Our company is richly diverse at
24 every level. From our Board of Directors,

1 which is one-third gender and ethnically
2 diverse to our management team, which is almost
3 40 percent diverse to our broad body of 62,000
4 employees, which is almost 64 percent diverse
5 and over 50 percent female.

6 In our culture, diversity and
7 inclusion lie at the heart of our people
8 philosophy and our core values of integrity,
9 teamwork and excellence.

10 We conduct continuous programming to
11 foster a culture of inclusion and excellence
12 that fuel innovation and superior guest
13 service, which are the hallmarks of our
14 company.

15 As one example, through our unique
16 musical production, created and performed by
17 our own employees called inspiring our world,
18 we evangelized over 52,000 employees as
19 diversity champions with the spirit as well as
20 the content of our responsibility values. This
21 production was another first in our industry
22 and in corporate America.

23 We have also embedded diversity and
24 inclusion throughout our business systems and

1 operations. In particular, since the adoption
2 of our robust supplier and construction
3 diversity practices, our company has spent a
4 total of over \$1.7 billion with diverse
5 professionals and contractors in construction
6 work and \$1.4 billion with diverse suppliers.

7 This past summer, MGM Springfield
8 cohosted with the local NAACP chapter and the
9 Greater Springfield Chamber a diversity vendor
10 information session. You'll see depicted here
11 a rendering of myself and my colleague, Lucy
12 Magdalena who is our supplier diversity
13 manager, providing information to diverse
14 businesses about MGM's vendor requirements.

15 We have committed to \$50 million
16 annually of local and regional spending and are
17 working very hard to build capacity with local
18 diverse businesses.

19 Additionally, we have committed to
20 quarterly vendor supplier workshops throughout
21 the region to reach as many small businesses as
22 possible. Because of those efforts, we have
23 received endorsements from major local and
24 regional business associations and chambers.

1 Likewise, as a major employer
2 wherever we operate, we are an active
3 stakeholder in the quality of our host
4 communities. We engage through philanthropic
5 contributions, through volunteerism and through
6 thought leadership in problem solving, on the
7 chronic issues that confront us all.

8 Not only has our company donated
9 millions to our communities, but our employees
10 also contribute separately through our MGM
11 Resorts foundation. In fact, since it was
12 founded in 2002, our employees have contributed
13 more than \$54 million to nonprofit agencies in
14 the communities where we operate across the US.

15 Beyond money contributions, our
16 employees form a virtual army of volunteers
17 giving their time and talents to a multitude of
18 agencies of their choice. And our employees
19 have already demonstrated this in Springfield
20 such as, wrapping donated gifts for homeless
21 families, hosting veterans in recognition of
22 their service to our country and taking meals
23 to homebound residents served by the local
24 Springfield rescue mission, among many other

1 deeds.

2 We know at MGM Resorts that we
3 cannot cure all of the ills that afflict our
4 society, but we want our legacy in our
5 communities to be a shared belief among
6 community residents that this is a better place
7 because MGM Resorts is here.

8 Turning to sustainability, suffice
9 it to say that we believe that a greener
10 business is a better business, hence our brand
11 Green Advantage. We constantly seek to drive
12 innovation and sustainability because it
13 increases efficiency in our operations. It
14 decreases our use of natural resources and
15 reduces pollution all to the benefit of both
16 our business and our environment.

17 We have been on the cutting edge of
18 sustainability in our industry for many years
19 now in our core areas of green building, energy
20 and water conservation, recycling and waste
21 management, sustainable supply chain, and
22 outreach and education.

23 To cite just a few examples, in
24 building our truly magnificent CityCenter

1 development, we earned six LEED gold
2 certificates making this the largest green
3 development in the world. Last year, we
4 announced a partnership with NRG Energy to
5 install more than 20,000 solar panels on the
6 roof top of the Mandalay Bay 20 acre convention
7 center. This will be among the largest roof
8 top solar arrays in the world.

9 In support of sound sustainability
10 public policy, for the past three years we have
11 hosted the National Clean Energy Summit, a
12 conference among public and private sector
13 leaders devoted to clean energy strategies and
14 practices.

15 In summation, I submit that we
16 pledge to bring to Springfield the same
17 pioneering spirit, the same vigorous dedication
18 to corporate responsibility and the same know-
19 how in expertise we have invested in our other
20 host communities.

21 Now I am pleased to introduce my
22 colleague Kelley Tucky, Vice President of
23 Community and Public Affairs for the Eastern
24 region. With more than 20 years of experience

1 in communications, Ms. Tucky identifies
2 community partners and manages relationships
3 with local civic, educational and philanthropic
4 organizations throughout the Eastern United
5 States and Canada.

6 Kelley earned a bachelor's degree in
7 journalism and a master's degree in student
8 personnel higher education with honors from
9 Ohio University in Athens, Ohio. Please
10 welcome Kelley Tucky. Thank you.

11 MS. TUCKY: Good morning Mr.
12 Chairman, Commissioners. I have to acknowledge
13 the very quiet crowd from Springfield. I'm
14 glad you are here today. It's great to see all
15 of our friends and neighbors.

16 MGM Resorts has created a culture
17 and an environment for employees that allows
18 them to make the most of their diverse
19 perspectives and abilities in pursuit of a
20 truly rewarding career. We support them by
21 providing quality benefits and outstanding
22 training programs.

23 Our team-driven, customer service
24 philosophy means that training is a priority

1 for our company. The MGM Resorts University
2 provides a best in class curriculum supporting
3 our employees in their career aspirations every
4 step of the way, from day one with a
5 comprehensive new hire orientation program to
6 supervisory skills classes and many options for
7 management development.

8 Sometimes you need a partner where
9 each one brings something to the table for the
10 benefit of both. And our example is the
11 Culinary Academy in Las Vegas. The Culinary
12 Academy was born of a need to sustain
13 hospitality jobs in Las Vegas. And it's a
14 partnership that we formed with the culinary
15 union and the bartenders union.

16 For this and many other reasons, we
17 have been recognized as an employer of choice
18 on numerous occasions, most recently breaking
19 into the top 100 of US employers on Universum's
20 ideal employer ranking and their top 100 best
21 employers for MBA grads.

22 In addition, we were recently named
23 one of Achievers 50 most engaged workplaces in
24 the United States. And the Institute for

1 Healthcare Consortiums singled out our
2 company's direct care health plan as one of the
3 most innovative and effective.

4 What does this mean for Springfield?
5 MGM Springfield will employ 2000 construction
6 workers, which is equal to over 5 million
7 construction labor hours over a two and half
8 year construction period. Upon opening, we
9 anticipate that the project will create more
10 than 3000 permanent direct jobs in more than
11 400 different job classifications and an
12 estimated additional 2200 indirect or induced
13 jobs. So, that's 5200 jobs in total working on
14 the facility itself and around the facility.

15 These jobs are good paying jobs with
16 a comprehensive benefit plan. Eighty percent
17 of the jobs are expected to be full-time and 90
18 percent of the jobs will be staffed by
19 residents of Western Massachusetts with 35
20 percent from Springfield proper.

21 We believe these jobs can be sourced
22 from the local region based on the significant
23 unemployment and underemployment in the area
24 particularly in Springfield, our host

1 community. This map shows the number of people
2 unemployed in the greater Springfield area.
3 This constitutes 81 percent or 16,134 of the
4 unemployed workforce in all of Hampden County.

5 In fact, Springfield and Holyoke
6 have among the highest unemployment rates in
7 the entire Commonwealth. Springfield has 10.5
8 percent and Holyoke has 10 percent.

9 According to labor market trends in
10 the Pioneer Valley from 2008 to 2010, those
11 with less than a high school education
12 accounted for more than twice the number of
13 those with a high school education found in the
14 civilian workforce.

15 So, to bridge this gap between the
16 skill set of the existing workforce and the
17 requirements for our positions, we have already
18 signed a number of memoranda of understanding
19 with state, regional, city and private
20 employment support agencies to support the
21 sourcing, training and assistance for the
22 unemployed and underemployed in the region.

23 And with direction and involvement
24 from our team, these agencies will focus on job

1 readiness training, hosting career fairs,
2 teaching interviewing techniques and providing
3 soft skills training.

4 As Phyllis alluded to earlier, we've
5 already begun some of this work with the
6 demonstration of those very activities this
7 past summer in Springfield. In addition, many
8 of these agencies will assist applicants in
9 obtaining their GED, assist them with basic
10 math and literacy skills and computer skills
11 training as necessary.

12 Many of the unemployed and
13 underemployed seek assistance from their
14 neighborhoods, their family members and their
15 churches and their cultural organizations. So,
16 with this in mind, MGM Springfield has
17 relationships already with a number of
18 organizations throughout Western Massachusetts
19 to further our commitment to creating a diverse
20 workforce.

21 And we have spoken with several
22 others regarding support and sourcing a diverse
23 employee base for our resort. Veterans are an
24 important candidate for MGM. One of our most

1 successful new partnerships is with the
2 American Red Cross where MGM launched our Boots
3 to Business program.

4 This innovative training program has
5 supported returning vets in their transition to
6 civilian careers by helping them apply their
7 leadership and work experience to jobs in our
8 industry. I am pleased to say that the Boots
9 to Business program is already underway in
10 Western Massachusetts thanks to some proactive
11 planning with the American Red Cross and the
12 Pioneer Valley chapter.

13 MGM Springfield has also signed an
14 agreement with the Massachusetts Casino Careers
15 Training Institute to make available training
16 courses that will prepare the applicants to be
17 qualified for the gaming positions.

18 MCCTI will work closely with MGM
19 Springfield to tailor a curriculum to meet the
20 specific job requirements. In addition, we
21 look forward to finalizing a training and
22 recruitment partnership with UMass who, as you
23 know, just announced a new satellite campus in
24 downtown Springfield.

1 Before I turn the podium over to
2 Mike, I'd like to make a few comments about our
3 company's commitment to responsible gaming. I
4 work on responsible gaming with my colleague,
5 Alan Feldman, who Jim introduced earlier.

6 Alan is one of the leading experts
7 in the industry on this topic and he currently
8 chairs the National Center for Responsible
9 Gaming. NCRG is one of the leading resorts for
10 peer-reviewed scientific research into the
11 pathological gambling. And we are proud to be
12 one of the founding members of NCRG and we
13 continue to be one of its largest supporters
14 today.

15 We are also instrumental in the
16 development of and adhering to the American
17 Gaming Association's code of conduct at all of
18 our properties. And we've also become gold
19 members of the Massachusetts Council on
20 Compulsive Gambling.

21 So, needless to say, MGM Resorts is
22 committed to the highest levels of ethical and
23 responsible gaming practices. And we will
24 continually ensure that employees are trained,

1 knowledgeable and supportive of both the
2 company's policies and the standards of the
3 Commonwealth.

4 I am pleased now to introduce Mike
5 Mathis. Mike is a graduate of Dartmouth
6 College and he received his law degree from
7 Georgetown. He has been in the gaming industry
8 for 14 years and he has held senior development
9 and legal positions in that time.

10 Mike has been our point person on
11 the Springfield development team from the first
12 day. And I am proud to say that I'm also his
13 partner in making sure that we brought
14 everything that is MGM Resorts into
15 Springfield. And I'm confident you're going to
16 recognize him from his previous appearances
17 before you. So, please join me in welcoming
18 Michael Mathis.

19 MR. MATHIS: Thank you Kelley.
20 Thank you, Mr. Chairman and fellow Commissioners.
21 I'm very proud to be here today and to be able
22 to be part of this project and to present.

23 I want to talk about the
24 relationship we have the host community and our

1 surrounding community and the region. As you
2 know, that's an important aspect of the Gaming
3 Act. It's a very progressive piece of
4 legislation. It's something that on a day-to-
5 day basis I sometimes think of as the best
6 gaming act I've ever seen and sometimes the
7 worst.

8 That photo sticks in my memory.
9 It's a very joyous scene. The culmination of a
10 lot of work. But what it really speaks to is
11 the commitment we made in Springfield with the
12 city of Springfield, the mayor and his team,
13 the coach, Kevin Kennedy. I had a few
14 different names for him earlier in the
15 negotiations.

16 He's the guy that said no. He's the
17 guy that said not enough. I am walking a fine
18 line today because I want to talk about the
19 great deal that Springfield cut, which is
20 tremendous, but I've got my boss here and I
21 don't want him to think that we were taken
22 advantage of. I will just say we cut a perfect
23 deal.

24 That agreement, which is public, 100

1 pages, is a forty-year commitment by MGM to the
2 city of Springfield. It provides for over \$25
3 million in payments and taxes, which equals
4 over \$1 billion over its life. MGM we're told
5 will be the largest taxpayer as a result of
6 this agreement if we are fortunate enough to
7 win the license.

8 Our host community agreement isn't
9 just about payments, it's also about our
10 commitments. When it comes to employment --
11 I've got the clicker, I guess. When it comes
12 to employment, as Kelley mentioned, we made a
13 commitment to 2000 construction jobs. We are
14 implementing a plan to make sure that happens
15 to develop our project. We committed to over
16 3000 permanent jobs. And as Kelley mentioned,
17 we'll also have induced indirect jobs that
18 brings that total to over 5000. We committed
19 to 90 percent employment from the region.
20 We'll bring 10 percent from our other markets
21 to train up on the highly skilled casino
22 positions.

23 And we also committed to the city of
24 Springfield, which desperately needs the

1 positions, 35 percent of those jobs will come
2 from the residents of Springfield.

3 We also made a commitment on public
4 safety. We worked early on with Commissioners
5 Conant from the fire department and Fitchet
6 from the police department because we are
7 partners in ensuring that public safety is
8 taken care of in the project.

9 We want to help rebrand and continue
10 the great work that the mayor has done to
11 rebrand Springfield as a place to enjoy, to
12 come back to some of its greatness. Our
13 agreement provides for \$2.5 million up front
14 which will provide for chase vehicles. It will
15 provide for officers. It will provide for fire
16 inspectors. It will provide for patrol cars
17 and bicycle patrolman downtown.

18 I saw an announcement today, which
19 was both sad and very joyous, which was the
20 retirement of Michael Ash, the sheriff. We did
21 a poll for our project. One of the things that
22 came back were astronomical numbers about
23 Sheriff Ash. He's a wonderful man. We met
24 him. He's been on our site. He's been a

1 partner of ours. And I want to congratulate
2 him on his retirement after 40 years.

3 I knew that would get an applause.
4 Briefly about traffic, because it really
5 permeates the whole conversation about host
6 communities and surrounding communities. I
7 think you've seen this before, but it bears
8 repeating. The gaming business, the resort
9 business is very conducive from a traffic
10 perspective. It complements a downtown,
11 commercial environment.

12 This particular site, which is the
13 crossroads of Southern New England is
14 particularly special. We project that 80
15 percent of our casino hotel patrons will be
16 from the I-91 and I-291. They won't be on the
17 service streets. They'll be on the highways,
18 which is a significant asset to our project as
19 Bill mentioned earlier. Eighty-seven percent
20 of our arrivals happen outside of the morning
21 and afternoon rush hours.

22 Again, that's very important for the
23 amount of people we plan to bring to the site
24 that we can mitigate some of the disruption to

1 the everyday downtown environment.

2 Thirty-five percent of those
3 arrivals are over the weekend. And because of
4 the very special nature of Springfield,
5 probably the best in Western Mass. is public
6 transportation infrastructure within the city,
7 also Union Station. We believe that 15 percent
8 of our arrivals will be through alternative
9 transportation.

10 Moving onto our surrounding
11 communities, I was here before you on November
12 7 as you recall. You'll recall that map. We
13 had a plan to reach out to our abutting
14 communities, as well as Holyoke. Instead of
15 putting communities at risk about guessing at a
16 number -- And candidly that's what we're all
17 doing. It's the best informed guess, but it is
18 a guess. -- we suggested to these communities
19 that we would provide a baseline. Let's
20 understand where your community is before the
21 resort comes. And then let's look where you
22 are after we open. We believe it will be a
23 positive impact. We understand your concern
24 that it will be a negative impact.

1 I am very proud to say in
2 approximately six weeks from that commitment
3 and that plan, we were able to achieve
4 surrounding community agreements with six of
5 our abutting communities as well as Holyoke.
6 We have two communities that we are working
7 with. They haven't bought on to the look back
8 necessarily, but we continue to work very hard.

9 We would like to bring to you a full
10 set of surrounding community agreements and
11 avoid anything adversarial. And our commitment
12 is to continue to do that.

13 I just want to give you an
14 understanding briefly of what's in the
15 surrounding community agreements. We thought
16 consistency was important. As I mentioned,
17 it's one of the anxieties that the communities
18 had that they didn't want to cut a deal that
19 was worse than their neighbors. So, we ensured
20 consistency.

21 We grouped smaller communities that
22 were less proximate, provided for \$50,000 of
23 upfront payments and \$100,000 annually. For
24 the larger communities, we provided for

1 \$100,000 upfront payment and \$150,000 annually.
2 All told that equals approximately \$15 million
3 over the life of our agreement with other
4 communities still potentially to come on board.
5 So, significant commitment of minimum annual
6 payments subject to a look back in case there
7 is an adverse impact. So, very proud and we
8 thank the communities for working with us on
9 this approach.

10 This speaks to some of my wonderful
11 travels and they really have been, not at this
12 time of year, but throughout Western Mass.
13 I've been up to the Berkshires. I've been to
14 different parts of Western Mass. I've got a
15 few colleagues that have taken that journey
16 with me. And it's been very special.

17 But what it speaks to is the
18 incredible draw of this region. Coming from
19 Las Vegas, we don't quite have four seasons, we
20 probably have one and a half. So, this is
21 really special and I think a special
22 proposition for our customers.

23 So, we've reached out into the
24 market to make sure that we can tout the

1 Brimfield Antique and Collectibles Show, fall
2 foliage packages and skiing. We recently right
3 before the holidays inked a deal with the
4 Greater Springfield Convention and Visitor
5 Bureau who I know has been a great advocate for
6 this region. We're going to partner with them
7 to make sure that we have an outreach to all of
8 those different attractions. And that they in
9 turn have access to our site so that we can
10 leverage them altogether.

11 These are just a few of the brands
12 and some of the relationships that we formed.
13 The Franklin County Chamber has endorsed our
14 project. We went out and told them what we
15 were trying to do. And they are looking
16 forward to us bringing people to the region,
17 and in turn us sending them out to some of the
18 great experiences in Western Mass.

19 The Berkshire Chamber endorsed us as
20 well. As I mentioned we have an agreement with
21 the Greater Springfield Convention and Visitor
22 Bureau. We also have an important marketing
23 relationship with Six Flags. It's a very
24 important attraction for us. They draw about

1 three million people annually to their
2 facility. We draw about eight million. That's
3 a lot of eyeballs that we can send for a family
4 experience when you want to get away from the
5 resort. And when you want to play for some
6 nighttime activity, you can stay with us. We
7 also talked to Jiminy Peak. So, I'm really
8 excited about all of the great brands in this
9 area.

10 The last thing I'll close with is
11 just a little bit about economic impact. I
12 want to make sure we give you some data. in
13 addition to the \$50 million we plan to spend
14 annually with local vendors and suppliers, we
15 also will contribute over \$130 million to the
16 Commonwealth in gaming taxes, sales taxes. We
17 believe through increased lottery sales, not
18 mitigation, not mitigating a drop-off we're
19 going to increase sales is our belief.

20 We also believe that we will
21 contribute between \$175 - to \$200 million
22 annually in payroll to the Commonwealth. So,
23 very excited about this project, very excited
24 about what it will do for Western Mass. and

1 also for the Commonwealth. Thank you. I am
2 going to welcome our chairman back to the
3 podium.

4 MR. MURREN: Mike, stay here for one
5 second. Before I conclude, we'd like to make
6 an announcement. As Mike has mentioned he's
7 been here from the beginning. If we are
8 fortunate to be awarded this license, we wanted
9 to not miss a beat. We've asked Mike and he
10 has agreed to accept the position. Mike Mathis
11 will be the president of MGM Springfield. He
12 got the clearance from the wife. He's moving
13 his young family maybe to Longmeadow, unless
14 you get that host city there. Maybe not, we'll
15 see.

16 You've asked all of your applicants
17 a simple question about what is the Wow factor.
18 And that's been addressed with various degrees
19 of specificity in prior presentations.

20 We like to think that hard work and
21 thoughtful content in and of itself is a Wow.
22 We hope that our presentation speaks to the
23 effort and passion that we have for this
24 project. We've worked really hard on the

1 architecture and design to make sure that we
2 are respectful of and sensitive to the great
3 history of Springfield.

4 We tried to explain how we view our
5 company and what it means to be a member of MGM
6 Resorts. And how proud we all are to work for
7 a company that is diverse and inclusive and
8 thinks about the environment and community
9 activism.

10 We are an entertainment company.
11 Our founder made that clear decades ago. And
12 it is really in our DNA. We love to entertain.
13 We love hosting folks. And we love to bring
14 that energy to the city of Springfield. And
15 along the way we've made many friends in the
16 hospitality industry, restaurants, retailers.
17 Those relationships we're bringing to bear to
18 create the best possible project that we know
19 how.

20 This type of resort hasn't been done
21 before, the type of resort that could be a
22 catalyst of an urban revival. It's the one I
23 am most passionate and interested about because
24 of how I've studied my life and my career.

1 We have tried very hard to be the
2 kind of employer that people are proud to work
3 for. An employer of choice making good
4 decisions and living by a set of core values
5 that we can all articulate that are important
6 to us. And we believe that leaders need to
7 lead. And in all of our communities, that's
8 the kind of corporate individual we think we
9 are.

10 And we believe that the revival of
11 Springfield. We believe in its capability in
12 its promise. We believe in the men and women
13 that we've met from the mayor on down.

14 And the people of Springfield
15 believe in us. By an overwhelming margin, they
16 voted for us to help them help themselves
17 reenergize the city.

18 So, why MGM Springfield? There were
19 five of us in Western Mass. And then there
20 were four, and then there were three and two
21 and now one. We think we are the right choice
22 regardless of the number of applicants in
23 Western Mass. In factd, Bill Hornbuckle
24 whispered over to me, he wished there were 10

1 applicants so we could parry with our
2 competitors on this stage.

3 We are the preeminent operator and
4 resort developer. We have the awards to prove
5 that. We think that our resorts speak louder
6 than words that we can articulate. We will
7 drive the most revenue. And we endeavor to be
8 the most successful resort in all of the
9 Commonwealth. And that means Eastern Mass. as
10 well.

11 We will invest a significant amount
12 of money, an epic historic amount of money into
13 the city of Springfield. And we are an
14 employer of choice. We have long-standing
15 relationships working with labor on the
16 construction of this important resort, and
17 cooperative labor on those permanent jobs. I
18 think we have some friends from the unions here
19 today to represent the fact that we are that
20 kind of partner and have always been that kind
21 of partner in our business.

22 We are recognized in our industry
23 for our leadership in important areas that only
24 now people talk about like diversity and

1 inclusion and sustainability and community
2 affairs. These have been core values of ours
3 long before it was topical or a hot topic.

4 We buy locally wherever we can. And
5 the good news is we have met so many great
6 local business folks, small businesses in
7 Springfield and around Western Mass. that are
8 yearning for an opportunity to display their
9 talent. We provide that opportunity. We are
10 excited to be able to do that.

11 We will generate a significant
12 amount of revenue for the Commonwealth of
13 Massachusetts. We are proud to do that. We
14 think the gaming law was intelligently written,
15 thoughtful and will serve to bring not only
16 regional revenue back to the Commonwealth, but
17 if we do our job correctly we are going to put
18 Springfield on the map both nationally and
19 internationally as the great destination of
20 Western Mass. that it is.

21 So, we are here today to ask for
22 this opportunity to continue to initiate the
23 process of rebirth in the great city of
24 Springfield. We are asking for the support of

1 the Commission to be able to do that. We think
2 we can do it well.

3 We are passionate about it and we
4 want to do it. We have the money. We have the
5 experience. We have the vision. And we're
6 ready to go right now as soon as we win a
7 license, if we are lucky enough to do so.

8 So with that, I would like to ask
9 our partner in this proposal and one of the
10 most passionate, enthusiastic mayors that I've
11 ever met in my life, the great mayor of the
12 city of Springfield, Mr. Domenic Sarno.

13 THE HON. DOMENIC SARNO: You see
14 what happens when you strike a deal? To
15 Chairman Crosby and to fellow Commissioners,
16 thank you very much and good morning.

17 As you know, I am Mayor Domenic
18 Sarno. I'm here today to share with you the
19 vision of the people of Springfield. And to
20 firmly and enthusiastically endorse the
21 granting of the gaming license for Western
22 Massachusetts to MGM Resorts, which would make
23 for an unprecedented \$800 million urban
24 investment in downtown Springfield.

1 The city of Springfield envisions
2 the introduction of gaming is far more than
3 merely building a casino and creating new
4 public revenues. As you know, Springfield is
5 the city of firsts. It is a city which rich
6 with history, civic character an urban fabric
7 which are the sources of pride for Western
8 Massachusetts, the Pioneer Valley and the
9 entire Commonwealth.

10 Therefore, as host community we are
11 here today in support of this investment in
12 that urban fabric by this internationally
13 renowned developer in the very heart of
14 downtown Springfield. This opportunity is
15 especially timely and poignant for Springfield,
16 given the devastation and the economic hardship
17 of the tornado, the 2011 tornado.

18 From the outset of this process, I
19 knew that we must do this thing right, which
20 meant that we must focus the potential to
21 create sustainable economic development by
22 utilizing the casino as an economic engine, and
23 as an urban investment in the fabric of our
24 city and our region.

1 At my direction the Springfield
2 Redevelopment Authority was a proactive leader
3 in working with the community to set forth a
4 planning framework and detailed development
5 criteria to achieve this goal. Specific
6 development guidelines with clear objectives
7 were thoughtfully created.

8 We undertook a rigorous and robust
9 review to evaluate, refine and ultimately
10 select the best proposal. In order to gain the
11 support of the city's civic business and
12 community leaders -- which you see many of them
13 behind me. And I thank you for attending
14 today. - we insisted that the successful
15 bidder create a plan to produce far more than
16 just a standalone casino.

17 One that would include new
18 convention and meeting business, new tourism
19 visitation, new destination entertainment, new
20 shopping and dining experiences, and something
21 that was near and dear to my heart, new market
22 residential and also mixed-use of development
23 in the heart of downtown.

24 We are pleased that we have received

1 three very qualified development proposals.

2 And based on our defined objectives, we

3 selected the very best, MGM Resorts

4 International's vision for MGM Springfield.

5 That selection was resoundingly
6 endorsed and ratified by our citizens through
7 the ballot question in July of last year. I am
8 proud to represent MGM today and endorse this
9 proposal before the Gaming Commission.

10 The Springfield Redevelopment
11 Authority and its team have been working very
12 closely with MGM to secure the commitments and
13 the redevelopment process milestones embodied
14 in the host agreement in order to ensure the
15 Gaming Commission that the city desired, what I
16 desired and the city desired and MGM has
17 promised will in fact come to reality with the
18 quality and character reflective of the
19 traditions of Springfield and the pride of the
20 Commonwealth.

21 You see cities are and always will
22 be the lifeblood of the Commonwealth. And we
23 will use the MGM casino investment as a means
24 to keep our city strong, alive, vibrant as an

1 urban hub.

2 I assure you that by granting this
3 license, the Gaming Commission will put in
4 motion a precedent setting urban redevelopment
5 mechanism for Western Massachusetts. The first
6 of its kind anywhere, as Jim and Bill had
7 mentioned, which I know all of the Commonwealth
8 will see as a source of civic and community
9 pride for decades and generations to come.

10 I truly believe once this is
11 completed, this vision will serve to bring new
12 venues, new investments, new visitation from
13 neighboring states as was alluded to by Mr.
14 Murren and Mr. Hornbuckle and the entire New
15 England area. Adding a new energy to both
16 Springfield and the Western Massachusetts
17 region.

18 Ultimately, this will help return
19 our Springfield, our Springfield, my
20 Springfield to its historic position as the
21 economic and cultural urban center of Western
22 Massachusetts and the Pioneer Valley.

23 I thank you so, so much for your
24 continued diligent considerations. And I am

1 very hopeful that you will partner with myself,
2 the city of Springfield and MGM as we continue
3 not only to be resilient but to move forward
4 and to really be that shining star on the Hill.
5 God Bless you and thank you very much.

6 MR. MATHIS: Incredibly, I think we
7 are one minute over. But it was a late start
8 if I remember, so we get to take credit for
9 being under.

10 If there's any questions, of course,
11 we are happy to take them. Otherwise, we
12 really thank you for allowing us to present
13 today. Mr. Chairman.

14 CHAIRMAN CROSBY: Fascinating,
15 informative, congratulations on your new
16 position. We appreciate all of the time and
17 attention that all of you have put to this.
18 And we look forward to going over your
19 thousands of pages with a fine-tooth comb.

20 And we will be back to you and the
21 people of Western Massachusetts just as quickly
22 as we possibly can be. Thank you very much for
23 coming.

24 CHAIRMAN CROSBY: We will take a

1 quick break. We will take about a 15-minute
2 break while we set up a different way for the
3 rest of our regular Commission meeting.

4
5 (A recess was taken)

6
7 CHAIRMAN CROSBY: We are reconvening
8 the 103rd meeting of the Gaming Commission at
9 about 11:30. We will go for half an hour to an
10 hour and then we will take a break for lunch.

11 We are going to do a little changing
12 of the agenda sequence. Just for everybody's
13 information purposes, we are going to do first
14 research and problem gambling with the HIA from
15 Western Mass. Then we're going to do the
16 Racing Division. Then we're going to
17 Administration item number eight. And then we
18 are going to do Licensing, Director Acosta and
19 last would be the Legal Division with General
20 Counsel Blue.

21 Let's go to item number three on our
22 agenda, which is approval of the minutes,
23 Commissioner McHugh.

24 COMMISSIONER MCHUGH: The minutes

1 Mr. Chairman and colleagues are in the book. I
2 would move their adoption as they're contained
3 with the normal exception for typos and matters
4 of syntax.

5 CHAIRMAN CROSBY: Second?

6 COMMISSIONER STEBBINS: Second.

7 CHAIRMAN CROSBY: Any discussion?

8 All in favor, aye.

9 COMMISSIONER MCHUGH: Aye.

10 COMMISSIONER CAMERON: Aye.

11 COMMISSIONER ZUNIGA: Aye.

12 COMMISSIONER STEBBINS: Aye.

13 CHAIRMAN CROSBY: Opposed? The ayes
14 have it unanimously. Item number four,
15 research and problem gaming, we will be led by
16 Director Vander Linden.

17 MR. VANDER LINDEN: Good morning,
18 Commissioner. I think that this is a very
19 timely agenda item especially following the MGM
20 presentation. At hand, is the question of what
21 is the impact of a proposed casino in Western
22 Massachusetts?

23 This is a key question that was
24 asked by community members in Springfield,

1 community members throughout Western
2 Massachusetts. As you know, very well know,
3 it's also an important question that we're
4 asking within the Massachusetts Gaming
5 Commission.

6 From the spring of 2013 to the fall
7 of 2013 Partners for a Healthier Community
8 engaged a wide range of stakeholders, including
9 myself, including Dr. Rachel Volberg to conduct
10 a Western Massachusetts casino health impact
11 assessment, which is in your binders there.

12 This was an impressive effort that
13 was led by two folks next to me Kathleen Szegda
14 and Frank Robinson. And they are here today to
15 tell you more about that process, about what
16 the findings were and about what their
17 recommendations were.

18 The report was funded by Robert Wood
19 Johnson and the Pew Charitable Trust. It was
20 just released earlier this month. So, they're
21 excited to get this out and to start spreading
22 the news about what the process was and where
23 they want to go with it. I'm not going to take
24 too much time. I want to turn it over to them.

1 Thank you.

2 MR. ROBINSON: I'm going to go
3 first. I'm going to try and sort of set the
4 stage, a little bit of context and then
5 Kathleen is going to really take over the bulk
6 of the report, was the director who sort of
7 drove this process and will bring that deep
8 investment of time and energy to the
9 conversation. And I'll piggyback comments
10 where appropriate.

11 So, I want to thank the Commission,
12 Chairman Crosby and Commissioners, for your
13 support in getting us started. I presented an
14 idea around looking at the potential health
15 impacts of a casino. It was through your
16 conversation, our conversation with Pew that I
17 think gave our application an added boost.

18 That really speaks to why this is
19 different than what you just heard from the
20 casino presenters talking about the design.
21 It's really pretty attractive, and I think
22 pretty powerful. We are different than SEIGMA
23 as well. We're looking to provide data and
24 information in advance of a decision to inform

1 the process. So, that's where we are a big
2 difference than what Rachel and the UMass team
3 are doing.

4 Actually, in some ways we are
5 setting the stage for them. We are providing
6 some baseline data and sort of setting up some
7 targets and I hope that SEIGMA will be able to
8 actually follow up on. So, I wanted to make
9 that distinction.

10 And the best way to make it is
11 Springfield just completed this phenomenal
12 redesign of State Street. They built this
13 pathway from the bottom of State Street all the
14 up the top, two or three miles, but they did
15 not design a bike lane. The buildings the way
16 they're sited don't make the sidewalks really
17 walkable. So, they really didn't do that
18 design.

19 It's a great product, a great
20 solution but they didn't do it with health in
21 mind. So, there's a public health missing
22 element. And to the extent to which the law
23 that establishes the Gaming Commission is
24 chock-full of public health language, it made

1 this health impact assessment really something
2 very important for us.

3 So, I'm going to touch briefly on
4 what is an HIA. Again, I made the comment it's
5 proactive. And like the work that SEIGMA is
6 doing, it's sits on top of data. It's a
7 systematic process. We begin with a series of
8 steps with the community. It's really grounded
9 in assessment and scientific data.

10 So, in our meetings we would often
11 get suggestions from the advisory committee
12 around what to include. We would say well, the
13 assessment doesn't bear that out. And we can't
14 find the data, the scientific data to support
15 that action, recommendation. Therefore we
16 can't really speak to that within the report.

17 Again, we are very similar to
18 SEIGMA, very similar to the work that you heard
19 previously but we have an additional bar. And
20 that bar requires that we actually ground this
21 in assessment data and in science.

22 If you take a look at our process,
23 it's been really about a year long. It's
24 actually been February through November. In

1 some ways too short but we were driven by the
2 timeline that the law has established. Again,
3 our aim is to inform the decisions that you
4 have to make and those that the operator has to
5 make and the city has to make. Therefore, we
6 need to follow your timeline.

7 So, it's a very ambitious process.
8 You can take a look at the lead partners, we're
9 really a neat agency. We're involved with
10 UMass as a partner, both Rachel Volberg as well
11 as members on our project management team. The
12 process and the plans initiated by and engaged
13 -- I'm having trouble talking. I'm losing my
14 voice.

15 It's initiated by us but engaged
16 fully with the community. In the scoping
17 process, the community drives us, tells us
18 where to go. And that community along with an
19 advisory board really shapes this process.

20 So, if you look at our advisory
21 board litmus, so to speak, a good portion of
22 the folks who were here earlier were members of
23 the advisory board, they provided input in this
24 process. UMass, Chamber of Commerce, you can

1 look at the list that's in front of you. We
2 had members from West Springfield and Palmer on
3 this advisory board as well in the beginning
4 because they were actually in the running for a
5 casino. Is there anyone critical here that we
6 want to cover, to be sure we covered them?

7 MS. SZEGDA: We made sure that we
8 had representatives from a wide variety of
9 sectors and nonprofit, health, business
10 community but then also representatives from
11 each of the potential host communities. So, we
12 were able to do that as well.

13 MR. ROBINSON: As you read the full
14 report, you'll note that there all a whole
15 range of other players active in the process
16 that aren't even listed here. So, as we would
17 gather data, we would vet it with content
18 matter experts across the state. So, this
19 report is full of expert advice and direction.

20 So, the scope we said that we really
21 wanted to look at a whole lot of stuff. The
22 practical reality of timeframe and dollars for
23 us is to really health track issues in four
24 subject areas. And we're going to speak to

1 those specifically and that's what's covered in
2 the report, jobs and employment, the access to
3 gambling itself, traffic, crime and public
4 safety.

5 They are not very different from
6 what you heard earlier from the presenters.
7 The difference being is that we're trying to
8 understand what the health impact is. Very
9 precisely, how do you mitigate some of the
10 potential risks or threats. And then how do
11 you strengthen some of the positives. Again,
12 the point I'm making, and I'm going to pass
13 this off to Kathleen, just to give you an
14 example of the conversation we had with some
15 folks from Pioneer Valley Planning Commission,
16 is looking at transportation.

17 And in order not to be duplicative,
18 I called Tim Breen and I said, Tim, what are
19 you guys doing? How can we help? And said, by
20 the way, are you looking at the health impacts
21 of transportation?

22 He says, no, we're not.

23 I said, well, we are. So, we'll add
24 that to our profile. We'll provide that data,

1 which is not a duplication but really to my
2 point being a different ends to the same data
3 that the casino operators are presenting and
4 then other planners is representing. They
5 often do it without their public health needs,
6 witness my State Street corridor story.
7 Kathleen, why don't you take over.

8 MS. SZEGDA: The other item was that
9 because of resource and time constraints, we
10 focused particularly on the impacts of
11 Springfield, knowing that it will impact
12 surrounding communities as well. So, that's
13 just a constraint that we had.

14 So, these are what we used to guide
15 our research and they are called pathways.
16 Basically, I am not going to go into detail,
17 but we have one for each of the four topic
18 areas. And really, it just walks through if a
19 casino were to open, then in this case jobs and
20 employment it would impact resort casino jobs.
21 And then how subsequent impacts would impact
22 health. And that's what we used to guide our
23 research.

24 So, we had one of these for each of

1 the different topic areas, and they're included
2 in the report. I'm not going to go into
3 detail. This is for access to local casino
4 gambling, which focused primarily on problem
5 pathological gambling, traffic and then crime
6 and public safety.

7 So, as Frank mentioned for our
8 assessment, we reached out to quite a few
9 different content and technical experts both
10 local, regional and in some cases national to
11 solicit their input. So, not only in terms of
12 gathering information about what impacts and
13 existing conditions would be but also to
14 different techniques and ideas around how to
15 look at impacts.

16 Now I'm going to walk through the
17 report format for you. You have a copy in your
18 binder, and then some of the findings that we
19 have. And I'll do this quickly and just touch
20 briefly on it.

21 So, there's the executive summary.
22 So, that will give you an overview of
23 everything in the report. The report's
24 lengthy, so that might be useful to orient you.

1 We have an introduction which provides an
2 overview but also includes associated
3 demographic and health profile of our host
4 communities, so in this case Springfield. We
5 describe in detail the methods we used for our
6 assessment.

7 Then for each of the sections in
8 assessment, so we did a section for each of the
9 topic areas, jobs and employment, access to
10 local casino gambling, etc.

11 We provide an overview, which
12 include a summary of community input on that
13 topic. We do a literature review to walk
14 through each of those steps in the pathway and
15 see what the literature says in terms of how it
16 would -- each step would impact and lead to a
17 health impact. We describe the existing
18 conditions relevant to that topic in the host
19 community. Then we predict the impacts on the
20 host community, so, again in Springfield. So,
21 take that information and really say how will
22 this impact Springfield.

23 Based on our findings and extensive
24 outreach back to community stakeholders and the

1 experts, we developed recommendations which is
2 the next section, evidence-based and best
3 practice to the extent possible. And then also
4 monitoring indicators to follow up on those
5 recommendations as well. Many of which are
6 directed at the SEIGMA team.

7 Actually, Rachel again was involved
8 in our advisory committee and looking at some
9 of those monitoring indicators. And then we go
10 through strengths, limitations and conclusion.

11 So, a few comments about the report
12 before I move quickly into some of the findings
13 we have and recommendations. When we developed
14 our recommendations, you'll see that some of
15 the recommendations relate to strategies that
16 are already being planned. So, it maybe things
17 like the Gaming Commission already is planning
18 or the casino operator or even the city. But
19 community stakeholders wanted to really show
20 support and that this was important, and make
21 sure that we promote that this actually be
22 followed through on. You'll see that.

23 You also may see in some cases an
24 enhancement of a plan strategy and then in some

1 recommendations it's a new area where there are
2 not current plans. And the recommendations are
3 targeted to a variety of stakeholders. I'll go
4 over them very broadly, some of them in a
5 second. But there's much more detail in the
6 full report. So, recommendations for example
7 targeted to the Gaming Commission, to the
8 casino operator, host community, state
9 agencies, etc.

10 Quickly, some of the key findings
11 for different topic areas, starting with jobs
12 and employment. So, some of this already was
13 discussed by MGM earlier. So, unemployment
14 rates high in Springfield, approximately 11
15 percent. So, the increase in the number of
16 jobs would be beneficial. Employment has a
17 positive impact on health.

18 One of the things that came up in
19 our discussions and as we learned more was that
20 there are local and regional barriers to
21 obtaining and retaining entry-level positions
22 that have been documented. So, both through we
23 determined this by reaching out to some of our
24 local community experts in workforce

1 development but also by Federal Reserve Bank
2 reports and other reports that have been
3 documented.

4 So, these barriers, so, examples are
5 workforce readiness challenges, so that even
6 people that have the necessary education
7 challenges in retaining the position but just
8 due to lack of workforce readiness skills.

9 Limited public transit, so though Springfield
10 does have the most extensive public transit in
11 the region, it's limited. And particularly for
12 shiftwork, it's raised as a barrier because of
13 limited availability in the evening and weekend
14 hours. And we also found that this could
15 prevent those most in need from obtaining these
16 jobs that would be coming up.

17 We also found that the literature
18 cites higher prevalence of health risk
19 behaviors amongst casino employees. So, that
20 includes smoking, alcohol consumption and
21 problem gambling. And also, shiftwork so much
22 of the resort casino jobs would be shiftwork,
23 which is defined as nonstandard hours, work
24 hours. It's been found to negatively impact

1 health.

2 So, some of our recommendations
3 would be that the casino operator plan -- One
4 of the things that I didn't go into detail
5 about on the previous slide was that for the
6 jobs to be most beneficial, hiring locally.
7 And they've demonstrated a commitment to that
8 which is great. But given the workforce
9 challenges then how to actually make that
10 commitment actually take place.

11 So, the casino operator plans to
12 reach the targeted local hiring levels given
13 these workforce issues that have been cited and
14 barriers. So, that's one of our
15 recommendations.

16 Funding for infrastructure for
17 regional cross-sector collaboration to address
18 the identified workforce barriers. Then also
19 as a way to benchmark how we are doing on these
20 things, monitoring and reporting of employment
21 indicators around both diversity and equity.
22 So, the report has a strong focus on health
23 equity. Then also where hired from and to get
24 at some of that local hiring and make this

1 publicly available which my understanding
2 there's an intent to do that at this time.

3 So, in the area of access to local
4 casino gambling and disordered gambling, key
5 findings similar to things you probably are
6 already aware of, that there's likely an
7 initial increase in disordered gambling. And
8 that we, based on the evidence estimated a 30
9 percent increase initially, but then through
10 our scientific literature indicates a decrease
11 over time.

12 There's certain populations that are
13 vulnerable to disordered gambling. So,
14 Springfield there's a large percentage of
15 people that have those -- that are potentially
16 vulnerable. So, low income and there's 27
17 percent of people living below the poverty
18 level in Springfield. Some communities of
19 color, as you can see over 50 percent are
20 communities of color in Springfield.

21 And also young people, so, the
22 younger you start to gamble the more likelihood
23 that you'll have a problem later in life. So,
24 a large number of young people in the area.

1 These groups already some of them
2 experience health inequities. There's large
3 health disparities in Springfield and the
4 county. So, the potential that this could
5 actually increase some of these health
6 inequities.

7 Also, we found that there was
8 limited local capacity to identify and treat
9 problem gambling. And then lack of
10 understanding of the community as a serious
11 disorder.

12 So, what we had as recommendations,
13 similarly funding so to create an
14 infrastructure for again, regional cross-sector
15 collaboration to address potential increases in
16 problem gambling. And some of these strategies
17 that we recommend include a public awareness
18 campaign. And then also we recommend that
19 these campaigns -- it include a component
20 that's targeted to vulnerable populations in a
21 way that it's accessible. So, making sure that
22 materials are both culturally competent, the
23 reading level is appropriate and things like
24 that.

1 We also recommend that the Public
2 Health Trust Fund support disordered gambling
3 training and certification for local providers
4 due the lack of trained professionals in the
5 area.

6 Moving on. So, another area we
7 looked at is traffic. There is a discussion
8 about potential increases in traffic. So,
9 those increases have a potential to impact the
10 community. Large portions of Springfield are
11 environmental justice communities, meaning that
12 the state defines that as communities with
13 criteria of large number of lower income,
14 communities of color and then also immigrant
15 populations as well.

16 And these are often groups that are
17 disproportionately impacted by environmental
18 hazards. The intent is that to look at where
19 -- if these groups may be impacted. If you
20 look at the image on here, you can see that --
21 It's not very big. So, it's probably hard to
22 tell and you can see this is included in the
23 report. But we analyzed what potential
24 vulnerable populations live along the proposed

1 or likely casino routes, and who would be
2 impacted by near roadway air pollution.

3 Since using the traffic assessment
4 data from MGM's traffic report and then also
5 the predictions about increase in traffic, we
6 found that the levels on some of the local
7 access roads would actually exceed thresholds
8 potentially that could lead to health impacts.

9 So, Springfield already has very
10 high hospitalization rates for asthma, which is
11 also related to air pollution. And there are
12 groups disproportionately affected,
13 particularly Hispanics, Latinos and also
14 African-Americans. And these groups would
15 potentially be impacted as well.

16 In addition, I already mentioned
17 earlier, public transit we found that though
18 it's available it's limited and could be a
19 barrier as well.

20 So, our recommendations are again
21 funding to create infrastructure for regional
22 cross-sector collaboration to address these
23 potential increases in traffic. The
24 collaboration and others should promote use of

1 public transportation and alternative methods
2 of transportation.

3 An example of this is that MGM in
4 their traffic assessment had very detailed
5 recommendations about traffic demand
6 management. So, we recommend that those be
7 implemented, things related to employee public
8 transit promotion, all of those types of
9 things.

10 Then also because of that potential
11 impact of these, of community groups that are
12 already feeling disproportionate impacts by
13 some health conditions related to pollution,
14 assessing the impact of near roadway pollution
15 on some of these populations in developing
16 strategies to mitigate the harms.

17 Finally, the last topic area was
18 crime and public safety. So, in Springfield
19 crime rates are high. And also perception of
20 crime is also high. Both of those are
21 associated with negative health impacts.

22 Literature is conflicting on how a
23 casino would actually impact crime. But it's
24 been found that community environment and

1 design, so things like lighting and promoting
2 pedestrian walking and eyes on the street have
3 been found to actually affect actual crime
4 rates and also decrease perception of crime.

5 So, our recommendations relate to
6 focusing on design strategies that would both
7 prevent crime and increase perception of
8 safety.

9 And then finally one of the other
10 findings is that DUIs and alcohol-related
11 fatalities may increase with accessibility to
12 free alcohol at casinos. Studies have shown
13 that this has happened in some cases.

14 So, recommendations relate to
15 community policing, so joint ventures between
16 local police and then also community members to
17 police the neighborhoods. As I mentioned,
18 community design strategies to prevent crime
19 and enhance perception of safety. And then
20 also strategies to prevent DUIs, public health
21 campaign and then also standard sobriety
22 checks, things along those lines.

23 Then in addition we have a series of
24 general overall recommendations. And I'll go

1 through that quickly. So basically, in terms
2 of our general findings, there are regional
3 needs that exist that would affect the extent
4 to which the casino impacts are positive and
5 negative. I went over them, things like
6 workforce barriers, availability of public
7 transportation. And this provides an
8 opportunity one to address those, but we won't
9 have as much of a positive impact if it happens
10 in silos.

11 So, really recommending integrating
12 resort casino plans with those of other
13 initiatives has the best potential to address
14 existing regional needs. Also, we found that
15 large existing health inequities currently
16 exist, as I mentioned, in both Springfield and
17 Hampden County. And that they could either be
18 in some cases reduced or in some cases
19 exacerbated, depending on the strategies that
20 are implemented during the casino development
21 and operation.

22 So, our recommendation. One is to
23 the Gaming Commission that consider in the
24 application process and evaluation of casino

1 operators how the resort casino plans leverage
2 existing resources that infuse into integrated
3 needs to address some of these existing
4 regional needs that have been identified
5 related to the areas a casino would impact.

6 Also, the casino plans, operator
7 plans to mitigate negative health impacts and
8 promote health equity. So, how to, as part of
9 the evaluation process, consider is there a
10 potential to exacerbate. And is it being
11 considered, how that might be addressed.

12 Then finally, the last
13 recommendation was based on what I mentioned
14 before but also discussions with some folks
15 around having the opportunity that this process
16 can evolve and that has the best opportunity
17 over time to promote the most positive impacts.

18 So, the Gaming Commission, so create
19 a transparent dynamic process that ensures
20 continued collaborative work between the
21 licensed casino operator, municipalities,
22 community organizations, etc. during casino
23 development and operation. The process should
24 allow for data driven evaluation and

1 modification of activities over time to ensure
2 that stated goals are being achieved.

3 So, basically are things working the
4 way that they are intended to create job
5 opportunities and promote employment amongst
6 under and unemployed to mitigate problem
7 gambling. So, making this data publicly
8 available on impacts. Is it working?

9 And then if it's not, evaluating it
10 and then developing modifications to those
11 strategies and allowing for the opportunity for
12 reallocation of funding as necessary to support
13 those strategies, so a flexible process.

14 Thank you for taking the time to
15 allow us to present on our report. We will be
16 following up with the individual Commissioners
17 as appropriate based on interest after in the
18 upcoming weeks. So, thank you.

19 CHAIRMAN CROSBY: Great, thank you.
20 Any questions or thoughts?

21 COMMISSIONER STEBBINS: Just a quick
22 question. I know Mark you were involved and
23 since you've gotten here, you're engaged with
24 this team. Is there information out of their

1 report that is going to be helpful to you as
2 you move forward with a number of the
3 initiatives you've undertaken?

4 MR. VANDER LINDEN: Yes, I think
5 there would be. When I think about how do we
6 strategically report, it's not just the
7 Commission, it's the Department of Public
8 Health and Human Services and a number of other
9 stakeholders. What are the recommendations in
10 here that also can be rolled out within. How
11 can we integrate it into kind of our leadership
12 on these issues as well?

13 And a perfect example of that I
14 think is when we talk about the Mass. Council
15 on Compulsive Gambling, their annual conference
16 and we start talking about what is our strategy
17 within the framework to look at these community
18 partnerships and relationships and evaluation.
19 I think that is important information that is
20 already there that's relevant specifically to
21 Massachusetts that we could bring forward and
22 try to integrate that where appropriate.

23 COMMISSIONER STEBBINS: Kathleen and
24 Frank, since you finished up your work in

1 roughly October or maybe subsequent to that
2 because obviously some information got taken
3 with respect to communities that are no longer
4 in the mix. Have you had a chance to go in and
5 review the information that MGM has submitted
6 online in their RFA-2 application and see how
7 that has matched up with some of the critical
8 issue areas you've identified, see if they've
9 addressed it?

10 MS. SZEGDA: So, I have not had a
11 chance to do that yet. Honestly, the report
12 was actually finalized end of December,
13 beginning of January. But we did actually
14 present a draft to MGM for their input and
15 feedback at the end of November. And took
16 their comments into account into the report,
17 but that was also a way to make sure that they
18 received it in time to consider for their
19 application.

20 The plan is to go to look at what
21 they've included, but also to reach out to them
22 and discuss that with them as well.

23 MR. ROBINSON: On a similar vein,
24 we'll be meeting with the mayor's staff and the

1 public health commission in Springfield to
2 review the report as it maps to the host
3 agreements, and where we provided detail that
4 we think would be good implementation strategy
5 as it relates to host agreement items.

6 So, we're hoping to map to that host
7 agreement plus also see if we can connect more
8 specifically strategies and recommendations to
9 the city's work.

10 The one area that is really sort of
11 a surprise, maybe just sort of flag it, and I
12 think this is something where the Commission
13 really has the ability to impact the whole
14 state, since you're doing this for the whole
15 state, that is just how little people know
16 about the seriousness of gambling and
17 disordered gambling and gambling addiction.

18 So, the notion of framing gambling
19 as a social issue that will give the general
20 public a different way of understanding and
21 looking at it I think is really important. And
22 I would suspect if the general public saw it
23 differently, through a different lens that the
24 data around disordered gambling would change

1 pretty dramatically.

2 So, I think it's just one, people
3 don't see it as a problem even though it is a
4 problem. So, I think the Commission has the
5 ability to actually help reframe how it is the
6 general public sees gambling addiction and
7 problem gambling. So, I think that was a big
8 takeaway for me from the assessment work that
9 we did with the local community.

10 MR. VANDER LINDEN: Just to echo
11 that, Frank, I think that that's spot on. I
12 think there is some very concrete work that we
13 need to be doing, starting now on that front.

14 COMMISSIONER STEBBINS: Maybe I
15 missed it, but you talked about barriers to
16 employment, some basic entry level skills. Did
17 access to childcare ever pop up as a barrier,
18 especially when you're thinking that these are
19 24/7 operations and some of them may wind up on
20 the third shift? Childcare has to be a
21 consideration. Did that pop up from the
22 discussions you had as a barrier to employment
23 for some folks?

24 MR. ROBINSON: I'm not sure.

1 MS. SZEGDA: So, if I recall, I only
2 touched on some of the barriers. And the
3 report actually, it only touches on some as
4 well.

5 So, if I remember correctly that was
6 listed but just not as high a barrier in one of
7 the Federal Reserve Bank reports where they
8 reached out to communities in particular to
9 look at what the barriers were to entry-level
10 employment in Springfield.

11 So, they talk about more barriers in
12 depth in that report and it's referenced in our
13 report.

14 COMMISSIONER STEBBINS: Not to kind
15 of tie up your time this morning, but I'd love
16 to have the chance to go through some of the
17 jobs and economic impact stuff with you at a
18 later point. But thank you for your work.

19 COMMISSIONER MCHUGH: I had a couple
20 questions. I have not had a chance to read the
21 report in its entirety and look forward to
22 doing it. But at a high level, I had two
23 questions.

24 The first was whether this report is

1 designed to focus solely on the negative
2 impacts of casino operations. And I ask that
3 because in a number of places it struck me that
4 again at a high-level and quick read, there
5 were things that were slightly
6 counterintuitive.

7 You put up one of the pathway
8 diagrams, and that was in fact the one that
9 caught my attention. It's on page 17 of the
10 report. And it begins with casino opens. And
11 then there are the intermediate pathways. And
12 then you come to the health impacts. And you
13 have chronic disease, cancer, mental health and
14 life expectancy.

15 So, a casino leads to -- A quick
16 view of that is a casino leads to chronic
17 disease, cancer and mental health problems and
18 life expectancy. Why should we have these
19 things? But it seems to me that jobs and
20 income may produce positive impacts as well.
21 So that is a long and convoluted question. But
22 I wondered what the focus and what the search
23 was here.

24 MS. SZEGDA: So, no. It wasn't

1 meant to focus on negative. In the report we
2 do discuss that jobs would be positive.
3 Increased income, health insurance would likely
4 improve. We focused particularly on unemployed
5 people, because we had to limit our scope.

6 I apologize that is confusing. So,
7 that's what we used to guide our research. So,
8 we went into the research without assumptions.
9 If you look in the recommendations area, it
10 shows the actual direction we found it to be.
11 So, it would say decrease in chronic disease,
12 decrease in cancer. So, that pathway diagram
13 is confusing and I apologize for that.

14 COMMISSIONER MCHUGH: Well, no, it
15 may be perfectly logical when I read the entire
16 thing. But I was just looking for a framework.

17 The other piece, and again I am sure
18 there is an explanation based on the fact that
19 I didn't read the whole thing yet is
20 relativity. In shiftwork to use as an example,
21 shiftwork is associated substantively with
22 health problems and social problems and I
23 understand that.

24 But it also appears that non-gaming

1 employees generally have more shiftwork than
2 casino employees are going to have. Does the
3 report talk about the relative impact as
4 opposed to the absolute impact of such things
5 as shiftwork?

6 MS. SZEGDA: So, we do go into
7 describing that certain types of shiftwork are
8 more detrimental for health. For example,
9 night shiftwork is actually found to be the
10 most detrimental because of circadian rhythm
11 disruption. So, we do go into more detail on
12 some of those things when we describe.

13 We don't necessarily go into
14 relative gaming versus non-gaming. So, we talk
15 about some of the literature describing what
16 the negative impacts are or health impacts that
17 have been associated with shiftwork, and then
18 describe what the estimates are based on
19 information that we received from the Casino
20 Careers Training Institute and then also from
21 MGM on what the percentage of shiftwork is.
22 Also just to be clear, and hopefully this is
23 clear, this is talking about shiftwork in
24 general, not shiftwork related to casinos per

1 se.

2 COMMISSIONER MCHUGH: Well, it is
3 broken down between gaming and non-gaming
4 employees in your charts. But what the impacts
5 I take it would be the same whether you're
6 working -- working for any operation that is
7 operating 24/7.

8 MR. ROBINSON: Sure. And in our
9 conversation with the folks from MGM, I lifted
10 up my other employer Baystate Health as
11 shiftwork. And how does this apply to Baystate
12 and we said it absolutely applies to Baystate.
13 And when the report is published, I'm going to
14 go to HR and say are you guys aware of this and
15 how are we managing shiftwork as a negative
16 impact on our employees.

17 So, to your point, it is bigger than
18 gaming. And our response to them and we were
19 constrained to a health impact assessment on
20 the casino but the implications apply for other
21 industries within our community and we would
22 hope it would lift up that understanding now
23 and we could carry it forward as well to health
24 organizations and employee shiftwork.

1 COMMISSIONER MCHUGH: Well, it's a
2 very thorough and comprehensive report. And as
3 I say, I look forward to reading it in detail
4 so that I don't miss some of these subtleties.
5 But it seems to me the point you just made is
6 an important one because it seems to me that
7 some of these findings are applicable across
8 the board to all jobs, and are part of the
9 context in which this ought to be considered as
10 sort of the tip of the spear for looking at
11 these issues more broadly.

12 MR. ROBINSON: So, I think some of
13 the design solutions we're suggesting would be
14 the same solutions if it was another industry
15 with the same kind of impact in Springfield
16 that we need better transit. We need more
17 attention to environmental design, community
18 design as it relates to public health. We need
19 more opportunities for employment of
20 underemployed. We need people to bring the
21 health equity lens to work to deal with issues
22 of disparity.

23 So, those solutions really apply in
24 a lot of ways. The great news is we have a

1 casino that we can use in a positive way to
2 bring to light some of those issues. And this
3 casino instigates an opportunity for change.

4 So, if I pick off a couple of
5 comments from the former presentation, it
6 really is an opportunity to look at our
7 community differently with a public health lens
8 as well as an economic development lens. And
9 we don't always use the two of those together.
10 So, this is our hope that we can get some
11 integration across -- get some look at that
12 intersection of economic, community development
13 and health.

14 COMMISSIONER MCHUGH: Thank you.

15 COMMISSIONER CAMERON: I just had
16 one comment and maybe a question for Mark. I
17 was interested in your data-driven analysis
18 which I'm a big believer. I think it's
19 excellent. Collect that data, analyze the
20 data, modify your strategies, which you've
21 outlined properly.

22 I was thinking of that in terms of
23 traffic and crime, which are, and I noted in
24 the report perceived in many cases you had

1 that, which is accurate. Because there's no
2 baseline, it's very hard to tell. And because
3 the normal crime statistics track statistics
4 that are captured may not be casino driven at
5 all.

6 So, we need to be able to
7 differentiate. And Mark, I know you had a
8 meeting. And I really didn't have a chance to
9 get back to you and talk about the fact that
10 that's an important piece here is helping the
11 police officers from the jurisdictions in which
12 these will be built segregate that data so that
13 we can have accurate information about if crime
14 has increased, if traffic crashes have
15 increased, drunk driving incidents. So, we
16 need to be able to segregate that information.
17 So, did you talk about that at that meeting?

18 MR. VANDER LINDEN: Yes. That's one
19 of the issues that we're certainly wanting to
20 take a look at. Some types of crimes certainly
21 are easier to connect to whether or not it was
22 associated with gambling behavior or a visit to
23 a gaming establishment. Other types of crime,
24 it becomes really difficult to delineate that.

1 And the research plays that out kind of across-
2 the-board. And there's always limitations
3 whenever you read this information about crime
4 data.

5 We are taking a very close look at
6 this. We have enlisted the expertise of some
7 very talented people in Massachusetts to try to
8 separate that as much as we possibly can. And
9 that goes in terms of both our primary and
10 secondary data collection on that issue.

11 COMMISSIONER CAMERON: Thank you.

12 CHAIRMAN CROSBY: I just had the
13 thought that this is not just Springfield
14 specific. It does have some particular
15 Springfield idiosyncrasies, but a lot of it is
16 kind of commonsensical analysis that would be
17 applied to all of our host communities. And I
18 think it might be good if we could make sure
19 that the report gets to our other host
20 communities or applicant host communities and
21 the other casino operators too so they can have
22 some of the same thought processes in place as
23 they're going through their process.

24 MR. VANDER LINDEN: I love that in

1 Massachusetts we now have this mounting body of
2 evidence to draw upon. Whereas predominantly
3 prior to this, it's taking a look at all of the
4 secondary data sources from research from other
5 jurisdictions not just in the United States but
6 internationally. And here we are this more
7 evidence that we can use to draft our
8 strategies.

9 CHAIRMAN CROSBY: This remains a
10 really big untold story. The whole research
11 phenomenon that is in process here and what it
12 will do for us to design strategies, to measure
13 the impacts of strategies, to know in fact what
14 happens to a community when you introduce
15 problem gambling - I mean when you introduce
16 expanded gaming. We've talked about it but
17 nobody's really dawned on anybody yet just what
18 an incredible phenomenon this is going to be
19 and you're contributing to it. So, thank you
20 very much.

21 COMMISSIONER ZUNIGA: I had one
22 question that is sort of the same flavor of a
23 couple of questions that have been asked. And
24 I look forward to perhaps touching base one-on-

1 one or maybe Mark can facilitate a conference
2 call at some point.

3 I was thinking particularly of the
4 example of air pollution, traffic and the nexus
5 you make to asthma. And I was wondering if you
6 controlled for factors that are perhaps totally
7 unrelated to the development of a casino like
8 the status of the air quality in the public
9 schools, for example, and how that may have a
10 much bigger -- really much of a bigger factor
11 in contributing to asthma incidents and the
12 status of the indoor air quality and the
13 convection systems in those schools.

14 Is there any thought to those sort
15 of externalities? How do you attribute or make
16 that nexus without thinking of these other
17 links that may occur elsewhere?

18 MS. SZEGDA: That's a great point.
19 So, in Springfield all of those factors
20 actually likely contribute to the high rates of
21 asthma. For our own analysis, what we did was
22 -- So, there's an emerging body of literature
23 that shows that near roadway exposure, so
24 within 200 meters of heavily traffic corridors

1 you are at increased risk from illness due to
2 asthma.

3 And those that are going to be
4 vulnerable are those that already have the
5 disease, pre-existing condition, so, not just
6 asthma, but also cardiovascular disease. And
7 we also looked at cancer, because there's
8 literature on that as well.

9 So, our argument was that there are
10 high existing rates and morbidity for these
11 diseases that are impacted by air pollution.
12 And that when we looked at current traffic
13 levels and then the increased amounts of
14 traffic that would be on those side streets,
15 those local streets that they actually reach
16 some of those thresholds.

17 So, in some cases the threshold was
18 10- to 20,000 vehicles per day. They reached
19 those thresholds where they would lead to
20 negative health impacts. So, for our analysis,
21 we just focused on that particular area. But
22 definitely all of those things contribute to
23 the existing high rates in Springfield.

24 MR. ROBINSON: In terms of the

1 larger context, we actually operate the Pioneer
2 Valley Asthma Coalition. So, we're involved in
3 school-based initiatives and other
4 environmental initiatives looking at asthma.
5 So, we had a bit of a context and sort of
6 brought some of that intelligence to this
7 discussion.

8 Particularly around transportation
9 and the cumulative or the sort of layered
10 effect that is added on pollution, already we
11 know it's bad notes that for all of those
12 reasons and working around but that this is now
13 on top of all of the other stuff.

14 So, I think there are good news
15 solutions that we think both in terms of
16 transit, the Pioneer Valley Planning Commission
17 and their work, implementing one or more of our
18 recommendations as it relates to improving
19 transit and taking cars off the street, and how
20 that has the effect of actually benefiting the
21 general community. But in particular we think
22 that has some specific applications to the
23 routes and the pathways into the casino.
24 There's solutions out there that I think could

1 be applied that we hope that this will
2 instigate some of that discussion as well. But
3 we're available to talk more about that.

4 COMMISSIONER ZUNIGA: Yes. We'd
5 love to ask more questions that perhaps are
6 better for a later time.

7 CHAIRMAN CROSBY: Anybody else?
8 Great, thank you very much. Janice, what time
9 are our reservations?

10 MS. REILLY: 12:30.

11 CHAIRMAN CROSBY: So, maybe rather
12 than do Racing, we should have a lunch break
13 first and then we'll come back. So, I think
14 maybe we ought to make it an hour because we
15 have to travel a little ways. So, we'll try to
16 be back by 1:20 and we will pick up with Racing
17 next. We are recessed.

18
19 (A recess was taken)
20

21 CHAIRMAN CROSBY: I am pleased to
22 reconvene public meeting number 103 of the
23 Mass. Gaming Commission at about 1:35 on the
24 23rd. We will go to item number six on the

1 agenda, Racing Division, Director Durenberger,
2 all yours.

3 DR. DURENBERGER: Good afternoon,
4 Mr. Chair, Commissioners. We have two items
5 before you today. The first is proposed
6 extension to existing Chapters 128A and 128C,
7 the laws that govern simulcast and pari-mutuel
8 wagering in the Commonwealth.

9 As we discussed at the previous
10 meeting, it is certainly our recommendation at
11 this time to actively pursue a two-year
12 extension. These chapters, as we've discussed
13 before, are set for repeal on July 31 of this
14 year.

15 We discussed last time or I
16 introduced to you a handful of different
17 modifications to those chapters and told you
18 that we would be considering whether or not
19 they should be part of the language that we put
20 before you. Mindful of the Commission's
21 parting suggestions to pare it down to whatever
22 was minimum necessary, we did take a good look
23 at those modifications.

24 And I have three conclusions for

1 you. One is that the two-year extension is an
2 absolute necessity. The other two options that
3 I think need to be addressed, and we can talk
4 about how best to address them are the
5 continued simulcasting on the Wonderland and
6 Raynham licenses, and the number of race days
7 required by law in order to conduct
8 simulcasting.

9 So, I think we have three different
10 options before you. I've put together some
11 draft legislative language. Option number one
12 would be just changing the repeal date. So,
13 that would be just section one in what appears
14 before you.

15 If we did that and didn't introduce
16 any of the subsequent modifications, I would
17 have to recommend to you that we send clear
18 signals to the Legislature that the number of
19 days requirement is going to come up. I am
20 quite certain that in one or both of our
21 industries that issue will need to be revisited
22 at some point this year.

23 So, if a simple change of the repeal
24 date is the way that we go, I think we do need

1 to send clear signals to Legislature that there
2 will be another racing issue that will need to
3 be addressed legislatively this year.

4 The second way we could go about it
5 would be section one and section two. So,
6 section one again would be the two-year
7 extension. Section two here is a provision
8 that would change the repeal date on that
9 simulcast license for the existing Raynham and
10 Wonderland licensees. There are pros and cons
11 to this.

12 The con being that we're adding
13 additional modifications to our proposed
14 extension. The pros for it are that there is a
15 contribution of course to our operating budget
16 going forward. So, if on July 31, if this
17 section sunsets then we have to make decision
18 at the budgetary level. This is about a third
19 of our operating budget. So, there would be
20 the possibility that we would have to cut staff
21 on more likely drug testing of the horses. So,
22 that would be the second option would be to
23 pursue the extension with that single
24 modification.

1 Option three would be this entire
2 document which would be section one the two-
3 year extension, section two the two-year
4 extension of the simulcasting license for the
5 existing licensees and then section three,
6 which would be a way to address the number of
7 race days requirement.

8 Then again, there's two ways we
9 could do this. Maybe what it comes down to is
10 either that authority would be vested with the
11 Commission or would we leave that authority
12 with the Legislature. And I think that's the
13 key question. That's the key question that has
14 come up in our discussions with stakeholders.
15 We've had a lot of those discussions since we
16 last met with you.

17 So, what we've done here with this
18 language is we've tried to address in the
19 criteria, we've tried to address both the need
20 to review the issue as we talked about before
21 that has primarily to do with the supply of
22 horses and the noncompetitive purse structure
23 in Massachusetts, and the absence of supplement
24 from gaming revenue.

1 Then we've tried to address the
2 concerns that we've heard from stakeholders.
3 And we recognize that there is a minimum number
4 of days below which it doesn't making any
5 financial sense to be in the business. So,
6 we've tried to address both of those sides when
7 we put together these criteria.

8 This would be a temporary deal.
9 This would be sun setting provision in itself.
10 And that's what sections four and five do. So,
11 that number of race days consideration would
12 only be in effect for this calendar year 2014
13 and next year 2015.

14 By that time by 2016, of course we
15 would hope there would be some replacement
16 legislation in place as we've discussed
17 previously. But again, this two-year extension
18 is to bridge the gap until that time.

19 And I apologize for my voice. I'm
20 not quite sure what's going on. I'm not all
21 choked up over this, if that's what you're
22 wondering.

23 COMMISSIONER CAMERON: Director,
24 would a decision be made if the third option

1 was the most viable, which is to address all
2 three of these sections. Would a decision be
3 made each year on the number of race days?

4 DR. DURENBERGER: Right. So, I
5 think one of the reasons that we were looking
6 at this is the uncertainty, the number of
7 uncertainties. Some of which we will know this
8 year such as where the licenses go. But
9 there's a big unknown about the supply in the
10 short term, potential construction scenarios
11 which could look very different between the two
12 industries. So, I think to have the
13 flexibility both for this year and next year I
14 think that's important.

15 CHAIRMAN CROSBY: Thoughts,
16 comments, questions?

17 COMMISSIONER ZUNIGA: Please remind
18 us, the minimum number of days in the Gaming
19 Act grows to 125 days over some period of time.
20 And it starts at 100.

21 DR. DURENBERGER: So, the existing
22 law is 100. And then in Chapter 23K if a
23 gaming license goes to an existing racing
24 licensee that ramp-up occurs over three years

1 of operation. So, it starts going up first
2 year of operation, second-year of operation.
3 And the 125 days is after the third year of
4 operation. And then after that it actually
5 goes back to the Commission and then the
6 Commission makes a determination, I believe.

7 COMMISSIONER ZUNIGA: So, the 125
8 currently is in effect for one year on year
9 three after which point the Commission has the
10 authority to determine the number of
11 days --

12 DR. DURENBERGER: Correct.

13 COMMISSIONER ZUNIGA: -- based on
14 all of these factors?

15 DR. DURENBERGER: Correct.

16 CHAIRMAN CROSBY: Others?

17 COMMISSIONER MCHUGH: As matters now
18 stand that would only affect the trotters?

19 DR. DURENBERGER: That's my
20 understanding, Sir.

21 CHAIRMAN CROSBY: Say that again.

22 COMMISSIONER MCHUGH: As matters now
23 stand, that would only affect the trotters.
24 There's only one possibility now as things

1 currently stand that trotters license --

2 I just wondered what the benefits
3 and burdens of taking on the decision to
4 determine the number of racing days are. The
5 Legislature won't be surprised if they get
6 faced with that issue again. They get faced
7 with it. It's the annual fall issue. So, this
8 is not irrational. It's thoughtful, but what
9 are the benefits and drawbacks?

10 DR. DURENBERGER: A couple of them.
11 One, you'll recall last year licensees had to
12 come to us on a piecemeal basis requesting
13 cancellation and amendment to their schedule
14 based on supply. So, we don't have enough
15 horses. We need to cancel next Tuesday and
16 reschedule it for later.

17 And that happened -- I should have
18 had the number with me, but I think there were
19 eight or nine different times that licensees
20 had to come to us. That's been happening the
21 last three years and that's not something --
22 It's not an undue burden on this Commission.

23 But we do run the risk with the sun
24 setting in July that if having that fight in

1 the Legislature slows down -- Now that I think
2 about this, it works both ways. Having that
3 piece in there, we risk -- I'm thinking about
4 this backwards, Judge.

5 Director Day, help me out here.

6 MR. DAY: What I recall in the
7 discussion was one of the issues was we were
8 looking at this legislation to essentially ask
9 the Legislature to continue the status quo, in
10 effect, which is really why sections one and
11 two.

12 COMMISSIONER MCHUGH: I understand.

13 MR. DAY: Then the days part was,
14 one of the other issues with that was we're
15 asking them to go forward with status quo but
16 we know that the number of days is going to be
17 problematic, which is part of the reason for
18 this.

19 Then this is actually allows a more
20 individual, more focused examination of the
21 actual conditions that are there because if
22 tracks persist, the idea of construction, the
23 changes with the casino would be more directly
24 something that the Commission has the ability

1 to take into consideration as that unfolds as
2 the Commission administers the rest of the
3 system.

4 COMMISSIONER MCHUGH: I hear that.
5 I just wonder if we did section one and two,
6 you can say the whole rationale in two
7 sentences. You don't have to explain anything.
8 And if we add section three, you're into at
9 least two paragraphs. And are these the right
10 criteria? Where did the criteria come from?
11 What am I voting for? Why should I do this?
12 Are there risks? Have you built a consensus?
13 Let me talk to all of the others.

14 And that conversation ought to take
15 place at some point, but I wonder if when we
16 really want just an extension of the status quo
17 for two years if now is the time to start that
18 discussion and have the difficulties that that
19 discussion inevitably is going to produce, not
20 the difficulties, but the issues. I just throw
21 that out. I don't know what others think about
22 that.

23 COMMISSIONER CAMERON: I had the
24 same exact concern that since we were asking

1 for an extension, we're kind of piecing out
2 certain pieces that we want to reform, whatever
3 word we want to use at this this point where we
4 know two years down the road we want to
5 wholesale reform. And the landscape will be
6 clearer at that point.

7 So, I had the same exact concern
8 about if this was the right time to take on
9 race days. But I do listen to what you're
10 saying. So, I'm open to the discussion anyway.

11 CHAIRMAN CROSBY: My two cents worth
12 on this is I think I was as much as anybody the
13 architect of the idea of going in to keep it
14 simple, stupid. Go for a minimum. Don't get
15 it complicated with unnecessary stuff. Pare
16 away everything we possibly could. I think
17 that's the right strategy.

18 But I also think that there is one
19 inherent conflict in extending this for two
20 years and that is the race days. We know we're
21 -- The other issues we can live with. We can
22 deal with those until we get around to a
23 reform. This one we can't. If we're going to
24 go for a two-year extension, it does raise the

1 question of how many race days are going to be
2 there. So, it's an incomplete fix, if you
3 will, number one.

4 Number two, we have talked to half
5 of the Legislature about this. We have talked
6 with Senator Rosenberg about this. And as I've
7 heard from many other, they don't particularly
8 like dealing with these last-minute rushes,
9 everybody coming in and debating about how many
10 days we should have. They don't like dealing
11 with it this way. They've been told repeatedly
12 that this won't happening anymore.

13 And Senator Rosenberg was in favor
14 of the idea, supportive of the idea of the two-
15 year extension and of giving the authority to
16 picking the race days to us, and authorized us
17 to say publicly that that is what he is for.

18 We haven't talked to the House side
19 yet. I don't know what that will mean, but
20 that's one pretty good feedback about the
21 plausibility of this in the Legislature. It's
22 certainly not so complicated that they don't
23 understand it. It's very simple, I think, for
24 them.

1 And then the third, frankly, is I do
2 think we're the place it ought to be. That is
3 our job. And under these circumstances
4 particularly where no one knows what's going to
5 be happening in these next two race years with
6 all the various complications going on. We
7 will be overseeing most of those complications
8 albeit that is who's going to get the licenses
9 and the construction process and so on and so
10 forth.

11 So, even though it might make us
12 take a little heat from people who will be on
13 different sides of the issues, I think we're
14 getting used to that at least I am. And I
15 think we're the right place to have it. So,
16 from my standpoint I think the full one, two,
17 three package is the right way to go.

18 COMMISSIONER MCHUGH: That's the
19 right destination. I don't disagree with that.
20 And I hear what you're saying.

21 COMMISSIONER ZUNIGA: I agree with
22 that. The authority comes to this Commission
23 eventually, even after year three if all things
24 remained equal without the extension. And I

1 agree this is the place to have the study like
2 we always do, publicly that however many sides,
3 the pros and cons, the purpose and the public
4 good and the economics.

5 So, all of that could be analyzed on
6 a case by case basis with a lot of the good
7 feedback that we get from people who see us
8 when we request public comment, which is the
9 way that we've been operating.

10 CHAIRMAN CROSBY: Right.

11 COMMISSIONER STEBBINS: I'd just
12 take into account the conversations you've had
13 with the folks in the Legislature. If they'd
14 rather not deal with this, it doesn't seem like
15 a huge step to put it out there is we're going
16 for the extension and see what they say.

17 CHAIRMAN CROSBY: Yeah and if they
18 don't like it --

19 COMMISSIONER ZUNIGA: -- they don't
20 have to do it.

21 COMMISSIONER MCHUGH: I don't want
22 to prolong this unduly, but if we go one, two
23 and three and if a racing licensee gets a
24 gaming license, is there then a conflict

1 between this and Chapter 23K?

2 This says notwithstanding any law to
3 the contrary. So, this would supersede
4 theoretically the provisions of 23K that talk
5 about extended racing days, right? That would
6 be the theory.

7 So implicit in this, again, it's
8 contingent. Who knows what may happen. It may
9 be an academic probe, but we need to be
10 prepared I guess in discussions with
11 legislators to tell them what this does. This
12 will all be academic in 30 days. So, maybe we
13 wait a few days to -- I just would hate to
14 either wind up in a confusion or have them do
15 something that we didn't tell them they were
16 doing -- ask them to do something without
17 telling them about a potential complication.

18 CHAIRMAN CROSBY: Is your point that
19 if Plainridge won the license that they would
20 be mandated to have 100 racing days?

21 COMMISSIONER MCHUGH: Under 23K.

22 CHAIRMAN CROSBY: Under 23K, right.
23 What this would do would eliminate that mandate
24 and give us the authority to pick however many

1 we pick or if we're still controlled by 23K, we
2 would just say there's not going to be 100
3 racing days for standardbred horse racing next
4 year no matter what happens. We know that.

5 COMMISSIONER MCHUGH: It would at
6 the very least potentially set up some
7 confusion between this and 23K.

8 CHAIRMAN CROSBY: Is this properly
9 written? This seems to say notwithstanding 23K
10 this is the new rule.

11 COMMISSIONER MCHUGH: And that
12 perpetuates a sort of offline non-General Laws
13 codicil to the General Laws which inevitably
14 sets up -- The short answer to this is this
15 will all be -- I'm thinking out loud and I
16 apologize. This will all be academic -- That
17 question will be academic perhaps after we make
18 the licensing decision.

19 And if we don't have to file this
20 before then or if we can file this no action is
21 likely on it in the Legislature until after
22 we're finished and we can file some
23 modification later, I suppose, if it's
24 necessary to do it now.

1 CHAIRMAN CROSBY: Well, we're
2 already into it. We said it's already been
3 told and we've gotten direction from the
4 majority leader on where should go next and who
5 we should meet with. And I have an appointment
6 with the other side on Tuesday.

7 COMMISSIONER MCHUGH: Maybe at the
8 very least what we ought to do before that
9 appointment takes place is take a look at what
10 happens if this passes and a license is awarded
11 to a racing license holder in light of the
12 provisions of 23K. So, if that question comes
13 up, you'll be able to deal with it.

14 CHAIRMAN CROSBY: Yes, that would be
15 great.

16 DR. DURENBERGER: I think it would
17 affect the 2015 meet, because it's tied to the
18 first year of operation. Is it after the first
19 year of operation? I think it's in the first
20 year of operation.

21 COMMISSIONER MCHUGH: We don't need
22 to do it now, but it seems to me that we ought
23 to look at that.

24 MS. BLUE: That's what we need to

1 look at. We will take a look at that.

2 CHAIRMAN CROSBY: So, you were
3 looking for a vote on this. Are we prepared to
4 authorize the Commission to go forward with
5 this proposal subject to getting whatever
6 feedback the General Counsel might want to give
7 us on the impact?

8 COMMISSIONER MCHUGH: Yes, I am.

9 CHAIRMAN CROSBY: Okay. Does
10 somebody want to make that motion, Judge.

11 COMMISSIONER MCHUGH: I move that we
12 vote to adopt the modifications to the existing
13 simulcast laws contained in the proposed
14 legislation contained in the meeting materials.

15 CHAIRMAN CROSBY: The draft interim
16 legislative proposal, right?

17 COMMISSIONER MCHUGH: Right.

18 CHAIRMAN CROSBY: Second?

19 COMMISSIONER CAMERON: Second.

20 CHAIRMAN CROSBY: Any further
21 discussion? All in favor, aye.

22 COMMISSIONER MCHUGH: Aye.

23 COMMISSIONER CAMERON: Aye.

24 COMMISSIONER ZUNIGA: Aye.

1 COMMISSIONER STEBBINS: Aye.

2 CHAIRMAN CROSBY: Opposed? The ayes
3 have it unanimously. Next on your agenda.

4 DR. DURENBERGER: Thank you,
5 Commissioners. Item B, claims for payment
6 pursuant to Chapter 128A section 5a and 128C
7 section 3a, these are the outs, one of our
8 favorite subjects which we've revisited. I put
9 together a memo for you just talking again
10 about the timeline and the process to refresh
11 your memory since you haven't had to visit that
12 for about a year.

13 The Sterling Suffolk Racecourse, LLC
14 licensee has submitted a list of claims against
15 unclaimed wagers for 2012, which are now
16 payable. Our other two licensees did not have
17 any claims. So, this is the only one that is
18 to be approved. So, with the Commission's
19 approval, the aggregate amount for these claims
20 will then be deducted from the 2012 outs book
21 and then will come back to you in February for
22 approval of payment of the 2012 outs into purse
23 accounts, which is where they go once these
24 claims have been subtracted.

1 CHAIRMAN CROSBY: Is this motion to
2 simply pay these claims?

3 DR. DURENBERGER: Yes.

4 CHAIRMAN CROSBY: Oh, I misread it.
5 So, there'll be a later one to take the
6 remaining outs and put it -

7 DR. DURENBERGER: Correct.

8 CHAIRMAN CROSBY: Just out of
9 curiosity, what does it mean when something is
10 a voucher?

11 DR. DURENBERGER: You can go to a
12 teller with \$100 and they'll give you a ticket
13 just as you would in a casino, ticket in,
14 ticket out. You can go to a self-bet machine
15 as opposed to a person and you put the ticket
16 in and it's got stored value on it.

17 CHAIRMAN CROSBY: Some people get
18 paid out in cash and some people are paid out
19 in voucher?

20 DR. DURENBERGER: You take your
21 voucher and you bring it up to a teller. And
22 you get your cash out at the end of the day or
23 whenever you bring it back in. Or if you lost
24 it, you submit your claim for payment.

1 CHAIRMAN CROSBY: I'd like to be Mr.
2 Goldberg. Any discussion about this? Does
3 somebody want to frame a motion?

4 COMMISSIONER STEBBINS: Mr. Chair, I
5 move that the Commission give approval of
6 payment for the 2012 outs book to the listed
7 individuals in our meeting packet.

8 CHAIRMAN CROSBY: Second?

9 COMMISSIONER CAMERON: Second.

10 CHAIRMAN CROSBY: Any discussion?
11 All in favor signify with aye, aye.

12 COMMISSIONER MCHUGH: Aye.

13 COMMISSIONER CAMERON: Aye.

14 COMMISSIONER ZUNIGA: Aye.

15 COMMISSIONER STEBBINS: Aye.

16 CHAIRMAN CROSBY: Opposed? The ayes
17 have it unanimously.

18 DR. DURENBERGER: Thank you,
19 Commissioners. That concludes the Racing
20 update for today.

21 CHAIRMAN CROSBY: Now go to item
22 eight, Executive Director Day.

23 MR. DAY: Thank you, Mr. Chairman,
24 members of the Commission. Actually, I was

1 looking at the general update, I had
2 anticipated first maybe I should start off with
3 the wind speed is going to be 23 miles an hour
4 and the snow is going to be a foot and it's
5 going to be a blizzard. It seems like to me
6 that's been part of the general update as we've
7 been moving on lately.

8 With that confusion and then the
9 scheduling aside, I did want to mention a few
10 things just generally. First, I do plan and
11 have been working on what I call a regulation
12 update. So, I will be bringing back to the
13 Commission a fairly concise list, as concise as
14 we can get it, plus a related Gantt chart that
15 will actually give the Commission a pictorial
16 representation of the various regulations and
17 sets of regulations that we'll need to put
18 forward.

19 I think that will be helpful for you
20 all to see where we are at, where we are and
21 how much is ahead of us. I anticipate I will
22 probably be doing that in the second February
23 meeting due to the whole scheduling thing that
24 we'll be facing.

1 Secondly, space decisions, we've
2 been spending quite a bit of time trying to
3 work. We've got responses, of course. We are
4 working to find office space that would be
5 suitable for us but at the same time we're very
6 sensitive to the speed to which we have to
7 bring the organization up and have places for
8 people to be able to sit, along with looking
9 for the various cost effective nature of each
10 of the offers that we've had to date. So,
11 that's going to continue to take us a little
12 time as we work through those various
13 possibilities.

14 CHAIRMAN CROSBY: Did I see an email
15 that suggested that the two financial district
16 proposals are now identical in terms of their
17 effective rates, effective rental rates?

18 MR. DAY: Actually, no. The lower
19 one went to the upper one.

20 CHAIRMAN CROSBY: Really? So, we
21 had made sort of a tusset decision. Is that
22 being rethought now?

23 MR. DAY: Yes, it is, along with a
24 number of other factors.

1 CHAIRMAN CROSBY: The minority view
2 might win out in the end.

3 COMMISSIONER CAMERON: It wouldn't
4 be a minority view if --

5 CHAIRMAN CROSBY: Yes, good point.

6 MR. DAY: Along with the many other
7 activities, of course, I think it's worth
8 mentioning that our licensing group have
9 completed their administrative complete review
10 of the licenses.

11 They have corresponded and basically
12 the applications -- not licenses, applications
13 are primarily complete. But there are a few
14 things that they need to follow up on, mostly
15 not of serious nature that they'll be cleaning
16 up as we move forward with the formal start of
17 the evaluation process.

18 Of course, the evaluation process as
19 the Commission knows we're winding down in
20 Category 2, but at the same time we're
21 preparing to wind up for the Category 1
22 applications. So, that should be as you do
23 both, should be an exciting process I think for
24 everybody on both sides.

1 Then surrounding communities, of
2 course, I think we passed a milestone as the
3 surrounding community issues for the Category 2
4 applicants have been settled at this point, at
5 least officially. And now we're going to be
6 starting heavily into the surrounding
7 communities for Category 1 and live impacted
8 venues next week with the petitions from the
9 communities.

10 With that it brings me to the
11 significant topic that we're here today, which
12 is the budget update and assessment process.
13 To start with, our CFAO Derek Lennon and his
14 staff have been working very hard to project
15 our 2014 expenses based on actuals and
16 estimates for the remaining year.

17 And I've also planned today to
18 include sort of the status payments for our
19 investigations and evaluation as well as a
20 couple of other significant areas. So, I'll
21 turn this over to Derek and I'll come back as
22 we begin to talk about the assessment process.
23 Thank you.

24 MR. LENNON: Thank you, Rick. Thank

1 you Commissioners for having me. Today I'd
2 like to go over a few things. One, our
3 quarterly budget and revenue update. Second,
4 the new view that we're presenting the budget
5 in and our revenue, an overview, as Rick said,
6 of our Phase 1 investigative costs, review of
7 Phase 2 reviews. And then Rick and I will have
8 a discussion with you hopefully on the process
9 moving forward for assessment and use of
10 revenues.

11 So, this is the first time I've had
12 an opportunity to come back in front of you and
13 talk actual budget numbers since November 7.
14 I've been able to work with each division with
15 each director to figure out what their
16 anticipated costs at the contractual level as
17 well as at the conceptual level would be to
18 close out the rest of this year.

19 As you can see, and I apologize for
20 the size the spreadsheet in your packet.
21 However, what you see is we've broken it down
22 to the actual cost categories that the state
23 accounting system uses. We are required to use
24 the Massachusetts Management Accounting and

1 Reporting System in our statute. And the state
2 employees call it MMARS and sometimes when you
3 try to read it, it's in that language.

4 But we have all of our expenditures
5 as well as our projections by month broken down
6 into each cost category that the state
7 accounting system uses. We had told you we
8 planned on moving towards this method.

9 And the first page is a summary
10 level. The second page breaks it down into a
11 little further detail. Then we actually have
12 databases built back internally that I didn't
13 want to move out until we could put all of that
14 information into the state accounting system
15 starting in FY'15.

16 That actually breaks this down by
17 each division. So, if you look at our big one,
18 that HH object class which handles consultants
19 which is projected at about \$11 million, we can
20 tell you each contract or projected spending
21 within which division that \$11 million is
22 broken down. And once we load that into FY'15,
23 we'll be able to report at that level and have
24 that as part of your backup package and

1 expenditures against that and down to the
2 contract level against that as well.

3 CHAIRMAN CROSBY: Great.

4 MR. LENNON: So, now to get to the
5 overall numbers. We're projecting to spend
6 about \$24 million in FY'14. And I know that
7 sounds like a high number. There's a good
8 reason for that.

9 About half of that is going towards
10 what we could consider one-time costs. About
11 \$8 million of it is going towards Category 1
12 investigations and Category 2 reviews.
13 \$537,000 is going to grants to host
14 communities. And about \$3.5 million is going
15 to the DPH baseline study that our Problem
16 Gambling Division is doing, which theoretically
17 would be funded out of the trust fund in the
18 future. So, our \$24 million budget is half
19 one-time costs.

20 CHAIRMAN CROSBY: When you say one-
21 time costs now, on the \$8 million that is
22 investigations and assessments, is that
23 allocating fixed costs in there or is that all
24 literally one-time?

1 MR. LENNON: Well, that's not
2 allocating the fixed costs. That's just pure
3 investigations, so pure contracts. It has
4 nothing to do with the 13.71 percent overhead.
5 That's just pure contractual costs.

6 CHAIRMAN CROSBY: Can you give an
7 estimate? When we get to 2016 and we're out of
8 the one-time cost business, what does our
9 steady-state operating costs look like? Do you
10 have it approximately?

11 MR. LENNON: That's the point that I
12 have to get to with staff. So, using this -- I
13 was going to get to that a little later. But
14 using this as our baseline and then going
15 through and pulling out all of our one-times,
16 pulling out all of our start-up costs, because
17 we are heavy into consultants as well. And I
18 didn't put those into one-time costs. But
19 taking a look at how staff salaries would ease
20 in and consultant costs would back out is what
21 I'm looking to present in hopefully April to
22 you.

23 But just to get an idea, only \$5
24 million of our costs this year are actual staff

1 salaries, fringe benefits and employee
2 reimbursements. So, out of that 24, we're
3 heavily consultant based.

4 CHAIRMAN CROSBY: Right.

5 COMMISSIONER MCHUGH: Of the one-
6 time costs, are the investigative costs offset
7 by revenues that we received from the
8 applicants?

9 MR. LENNON: In total they are. The
10 timing of costs versus revenues over fiscal
11 years is a little different, but in total yes.
12 And that will be part of the presentation that
13 we'll go over for the investigations.

14 CHAIRMAN CROSBY: You probably
15 haven't been able to do the kind of sniff test
16 of other agency costs that we've talked about?

17 MR. LENNON: It'd be difficult to do
18 that right now not knowing what our full
19 staffing contingency will be. So, we've taken
20 a look at some of the other commissions, but as
21 far as us being able to -- They're up and
22 running. We are well behind that.

23 CHAIRMAN CROSBY: Right. I
24 understand. Okay.

1 MR. LENNON: But we will be able to
2 do a comparison and say here's where this one
3 is, here's where we are and here's the
4 differences.

5 CHAIRMAN CROSBY: Right. Okay.

6 MR. LENNON: So, on the revenue side
7 you'll see that our low point is right around
8 March. So, to take a look at the chart there,
9 you've got our costs at the top, our revenues
10 at the bottom. And the middle has a section
11 that says our cash balance at the end of each
12 month.

13 Our low point will be at the end of
14 March leading into April. Then we anticipate
15 on bringing in, taking a piece of the initial
16 licensing fee for the slots, dropping that into
17 the gaming control fund, which would give us a
18 \$20 million boost. And then leave us with
19 approximately \$15 million at the end of the
20 year.

21 The chart is saying 15.7, but we
22 have some excess revenues in there from Region
23 C applicants that I can't count going into next
24 year. So, we'll use approximately \$4.5 to \$5

1 million of the initial \$20 million in FY'14.

2 COMMISSIONER MCHUGH: Where does the
3 Phase 2 Category 1 collection number for April
4 come from?

5 MR. LENNON: That's what we're
6 anticipating for remaining costs for Phase 1.
7 The 367?

8 COMMISSIONER MCHUGH: The 2.8.

9 MR. LENNON: The 2.8, that's an
10 estimate of what we have for the Category 1
11 reviews. We don't have hard firm numbers yet.
12 So, we just put in 2.8. There's a 2.8 spending
13 figure also built into the HH object class.
14 So, if that number drops, our revenue will
15 drop. It's be an offset, It'll be a wash.

16 COMMISSIONER MCHUGH: That's
17 reimbursement from the applicants, the three
18 applicants.

19 MR. LENNON: The three applicants,
20 correct.

21 COMMISSIONER MCHUGH: And we
22 anticipate being able to collect that in April?

23 MR. LENNON: Correct.

24 COMMISSIONER ZUNIGA: Actually, to

1 that point, there's no reason why we couldn't
2 try to bring that up a little.

3 MR. LENNON: I was just trying to be
4 realistic.

5 COMMISSIONER ZUNIGA: Yes, I know.
6 Because we are the universe, we are effectively
7 a lot more knowledgeable about how much it
8 takes to review these proposals, of how many
9 thousand pages times three.

10 COMMISSIONER MCHUGH: It's about ten
11 cents a page, I think.

12 COMMISSIONER ZUNIGA: That's what it
13 comes out to. So, I think we could be a little
14 bit more aggressive but realistic is fine.

15 MR. LENNON: So, just the report
16 behind the cover page goes a little more in
17 depth. And if you have any more questions on
18 the budget for this year, the format of it, any
19 costs that are included in it.

20 One piece that we did want to go
21 over -- I want to just pull out one of my
22 attachments here. I apologize. -- was the IT
23 licensing database. Our projected cost for
24 that right now we have an estimate of \$1.84

1 million of which we've spent about \$668,000 to
2 date.

3 What goes into that is hardware,
4 software, development, a virtual environment,
5 rack space because the state data center
6 couldn't host the application, and then some
7 Microsoft licenses. I know that originally we
8 had reported that back at \$1.3, but that didn't
9 include a lot of the hardware costs. That was
10 just pure development and licenses.

11 COMMISSIONER MCHUGH: I had a couple
12 of questions and one or two I can take up with
13 you individually but P06 on page three, is that
14 the money that's going to the UMass study?

15 MR. LENNON: That is.

16 COMMISSIONER MCHUGH: And where does
17 U05 come from, four lines down?

18 MR. LENNON: U05 is a culmination of
19 the development for the licensing system as
20 well as we've set aside a couple of hundred
21 thousand for the automated accounting system if
22 we decide to procure that. So, we built that
23 in.

24 COMMISSIONER MCHUGH: So, that's the

1 personnel costs for implementing the systems.

2 MR. LENNON: Yes, those are the
3 consultants that are implementing the systems.

4 COMMISSIONER MCHUGH: Okay. And
5 finally, the employee compensation includes all
6 of the Racing employees, right?

7 MR. LENNON: No, that does not.
8 This is just for the appropriation of gaming.
9 There's another 440,000 approximately on the
10 Racing side, but it does include our projected
11 hires. So, it has about 15 positions built in
12 with varying start dates, which is something we
13 reported in the past.

14 COMMISSIONER MCHUGH: In this fiscal
15 year?

16 MR. LENNON: In this fiscal year,
17 which would annualize out to I think it's about
18 \$1.2 million.

19 COMMISSIONER MCHUGH: Thank you.

20 COMMISSIONER ZUNIGA: Derek, the
21 grants to cities and towns that request for
22 which we are asked for?

23 MR. LENNON: That would be under the
24 P01. So, if you look at that back page and

1 there's a few other grants including in there
2 too that we've done, but the majority of that
3 five -- the 537 sitting in that number.

4 And I apologize we don't have all of
5 the details. I can get the reports that built
6 it to you afterwards. I don't have it built in
7 the accounting system so it's not true one-to-
8 one reconciliation.

9 COMMISSIONER ZUNIGA: But the P
10 category does not get charged to indirect
11 costs; is that correct?

12 MR. LENNON: If you look on the
13 cover sheet, we're not getting charged indirect
14 costs at all this year. We got a waiver from
15 Administration and Finance. And that hit in
16 December you'll see a -\$292,000 under the EE
17 object class. So, actually, we got our money
18 back that the state had charged us in indirect
19 costs.

20 Typically, only AA, CC, HH, and JJ
21 and a few UU -- And I'm sorry, I'm speaking
22 MMARS again. -- but personnel driven object
23 classes get charged indirect rate. And since
24 we're not a recipient of any direct funds,

1 federal funds, we would only be charged a 10
2 percent rate on those object class.

3 We'll request that waiver again next
4 year but it is built in that we should be
5 paying it into our statute. I assume once we
6 get assessed on the industry, we won't have
7 much of a baseline for requesting a waiver for
8 the indirect rate.

9 COMMISSIONER ZUNIGA: We are
10 currently not --

11 MR. LENNON: We're not paying it
12 right now. We were reimbursed for it.

13 COMMISSIONER ZUNIGA: For fiscal
14 year '13.

15 MR. LENNON: For fiscal year '14.
16 We had a waiver in fiscal year '13. We have a
17 waiver currently in '14. And we'll have to go
18 through the waiver process again in fiscal year
19 '15.

20 COMMISSIONER MCHUGH: I just thought
21 up another question, but this will be the last.
22 I take it that the vast majority of the HH
23 services are expenses, are the one-time costs
24 you were talking about?

1 MR. LENNON: Yes, they are. That's
2 approximately \$8 million of it.

3 COMMISSIONER ZUNIGA: Of the
4 investigations costs.

5 MR. LENNON: Investigations.

6 COMMISSIONER ZUNIGA: I didn't want
7 to go without mentioning that this represents a
8 lot of work that as you know I started doing in
9 a very rudimentary spreadsheet. And it now has
10 all of the infrastructure to be able to produce
11 these essentially, anytime we want, a budget to
12 actual.

13 At the pace that we have been going
14 on a quarterly basis or maybe even more, but
15 more importantly I think we should make it a
16 good habit of posting a report like this,
17 summary or detail to our website. Making it
18 very available to the general public who may be
19 interested, because I think it's very important
20 for the mission that we carry and what it takes
21 to carry it.

22 So, I am very happy that we've
23 reached a point where that is a lot easier to
24 do. And I really commend you for all of the

1 work.

2 CHAIRMAN CROSBY: You pulled this
3 together very quickly, Derek, which is great.
4 It's really been great to get our arms around
5 this.

6 MR. LENNON: Thank you. I've had
7 great support from everyone at MGC as well as
8 from my staff. It's been a pleasure producing
9 this.

10 CHAIRMAN CROSBY: There is one
11 category that none of us knew about until very
12 recently. And it's not on here. It could turn
13 out to be material, which is the Caesars'
14 lawsuit.

15 MR. LENNON: I've built in some
16 funds for that cost. I've talked to our
17 General Counsel, and we have that built into
18 the legal budget.

19 CHAIRMAN CROSBY: Okay, good.

20 COMMISSIONER MCHUGH: I would
21 second, before we leave this topic, we move
22 onto another phase of it Commissioner Zuniga's
23 point about posting regularly this kind of
24 information. Whether it be quarterly or

1 monthly with an actual to budget so that
2 everybody, including us, can see where we are
3 on an ongoing basis. I don't think we need a
4 vote. But if we could just go ahead and do
5 that if everybody is happy with that.

6 COMMISSIONER ZUNIGA: We will do
7 that. The point being is that now we have the
8 tools to do it very easily. So, it will be
9 done.

10 MR. LENNON: Now I'll move onto I
11 think it's page five in your packet, the Phase
12 1 consultant collections and payments to date.
13 This isn't just for '14, fiscal year '14. This
14 takes into account fiscal year '13 and 14, an
15 overall view.

16 We have collected \$12.15 million for
17 Phase 1 investigations. We have forecasted
18 costs from our consultants for about \$10.8
19 million. That leaves a balance of \$1.3 million
20 from what we've collected. We were charging a
21 13.71 percent overhead. On that \$10.8 million
22 that would give us about \$1.47 million in
23 overhead.

24 So, we're already operating somewhat

1 at a lost based on what our estimates are for
2 forecast costs and our collections. And we
3 haven't finished investigations because some
4 people opened up again to a possibility as
5 applicants in Region C.

6 So, we are recommending, and as long
7 as you guys are all right with it, we're going
8 to move ahead with billing an additional
9 \$367,000 to the applicants listed.

10 COMMISSIONER MCHUGH: I didn't
11 understand on this one the last line, proposed
12 invoice amount of zero in many columns where
13 there is in the balance row a balance showing.
14 If you take for example --

15 MR. LENNON: That's the collections.
16 The top line minus the forecast amount.

17 COMMISSIONER MCHUGH: The balance is
18 the collections minus the forecast amount?

19 MR. LENNON: Correct.

20 COMMISSIONER MCHUGH: And then you
21 add administrative costs to that, right?

22 MR. LENNON: Yes.

23 COMMISSIONER MCHUGH: Then you get
24 to the proposed invoice amount, let's just take

1 Plainridge of zero--

2 MR. LENNON: They actually have a
3 surplus sitting there. So, they have about
4 \$60,000 sitting there.

5 COMMISSIONER MCHUGH: Where is the
6 \$60,000?

7 MR. LENNON: You are correct.

8 COMMISSIONER MCHUGH: All across the
9 bottom line, I just thought we were leaving
10 about \$1 million on the table.

11 Plainridge is a special case. But
12 take some of the others. We have a proposed
13 invoice amount of zero but if you go up to the
14 balance plus administrative costs we have for
15 Raynham for example, \$108,000 and a proposed
16 invoice amount of zero.

17 COMMISSIONER ZUNIGA: Well, it's the
18 balance and the administrative costs should not
19 be added. It should be looked at for the
20 difference. If the difference is negative,
21 they need to be invoiced. If the difference is
22 positive, there may be monies due back to them,
23 which we will do in the future. But we're not
24 invoicing anything at this point. Is that a

1 fair statement, Derek?

2 MR. LENNON: No. The Judge does
3 bring up a good point. We probably should
4 invoice for a few more, because in this case we
5 have -- And I can explain a little better right
6 now just because this is new information. We
7 weren't looking at the court reporting costs or
8 some of the meeting costs that we had to go
9 through for complete suitability hearings. All
10 we were looking at were the actual
11 investigations.

12 So, that second line of other costs,
13 we weren't taking into consideration when we
14 were initially doing our billing. So, that's
15 what has thrown some of these into a negative.
16 So, we do need to do a further review and we
17 should bill additional money.

18 COMMISSIONER MCHUGH: I see though
19 in some cases there's a refund due.

20 MR. LENNON: There will be a refund
21 due. That's why in that first line, if you
22 look at the first spreadsheet I put up compared
23 to what I'm saying we're going to use from the
24 \$20 million that we get, it actually only says

1 on the spreadsheet about \$4.25 million. But
2 I'm saying we're going to need between 4.5 and
3 5.0 based on where we end out when we finally
4 reconcile after all of the reviews and all of
5 the investigations are completed.

6 COMMISSIONER MCHUGH: Maybe I could
7 talk with you further.

8 MR. LENNON: There does need to be a
9 final reconciliation done, you're correct.

10 MR. DAY: In other words, there
11 appears to be a problem with that last line.
12 Further action to come.

13 COMMISSIONER ZUNIGA: I was going to
14 go through MGM, which is perhaps easy.

15 COMMISSIONER MCHUGH: I think I
16 understand. In some places that should be a
17 negative number and in some places it should be
18 a positive number.

19 MR. LENNON: Yes.

20 COMMISSIONER ZUNIGA: We will
21 invoice or refund accordingly.

22 COMMISSIONER MCHUGH: Right.

23 MR. LENNON: And then just as one
24 final update on the Category 2 Phase 2

1 consultant reviews, we have invoiced for \$1.5
2 million and we have spent \$711,000 to date.
3 Some costs are coming in lower than was
4 anticipated so there will likely be some
5 refunds barring any catastrophic events.

6 COMMISSIONER ZUNIGA: What is the
7 expenditures on this chart?

8 MR. LENNON: The paid amount is the
9 bottom line.

10 COMMISSIONER ZUNIGA: Okay, 711, but
11 we have bills still to pay.

12 MR. LENNON: We do still have bills
13 to pay. This is for invoices that we've
14 received through services for December.

15 COMMISSIONER ZUNIGA: There's at
16 least a couple of months. Because even when
17 we're done with the evaluation, we get bills
18 30, 45 days later.

19 MR. LENNON: With that, I'll move
20 onto our budget process and cost assessment
21 process.

22 MR. DAY: Thank you. And if I
23 might, for the Commission it should be behind
24 at 7B(i). What you have there is a chart that

1 we attempted to put together that actually
2 reflects a number of discussions and debate
3 that's been going on about how we might
4 actually accomplish assessment, along with
5 taking into consideration the various public
6 comments we got and applicant comments about
7 what they would like us to consider.

8 I just want to run through this real
9 quick as best I can. Then I'll go through it
10 all and have an option as I get to the end. It
11 might be easier than pausing in between for
12 questions. If you feel that it's time, please
13 don't hesitate to interrupt me.

14 What I want to do is take a look at
15 the top part of the graph. You'll notice we
16 built a graph. And what we have indicated is
17 essentially \$25 million. This is licensing
18 fees. This is just attempted to represent what
19 at this point what the schedule we anticipate
20 will be the first licensing fee that comes in.

21 So, as that comes in, the plan would
22 be that the Commission would move \$20 million
23 of that 25 over to the gaming control fund and
24 \$5 million over to the license fund. Going on

1 with that \$5 million, the \$5 million would be
2 distributed as required in the statutes. And
3 we would use the \$20 million to supply
4 operations as we were moving forward.

5 The proposal in this case, and I'll
6 deal with this, is basically if you look at a
7 startup budget, it consists of 2014 deficit
8 that we've been talking about, which Derek
9 touched on and it will be around \$4- to \$5
10 million, plus the fiscal year 2015 budget. And
11 I'll move on with what we would do with that as
12 we move forward.

13 I also touch on as our process goes
14 forward anticipating we would actually be
15 repaying the Commonwealth stabilization fund
16 with resort license fees. And I'll touch on
17 that as we go forward, why that might be
18 appropriate.

19 So, if we go down the bullets, I
20 think it's important just to cover that it's
21 necessary to maintain control over gaming
22 establishments for us to fund operations.

23 The next question we would like the
24 Commission to think about this a little bit, we

1 have been debating on whether the billing
2 process or the assessment would be
3 proportionally split up between four licenses
4 or three licenses. After some discussion,
5 we're thinking that three licenses at this
6 point might be more appropriate, because of the
7 uncertainty around four licenses. And we are
8 talking about our operating funds.

9 If in fact the Commission ultimately
10 awarded a fourth license, then we would
11 basically do a billing and reconciling process
12 with the other two. That's just a
13 recommendation, but it does need the Commission
14 to either say go forward with that process or
15 not.

16 We do advocate that the assessments
17 would be a condition of licensure. We are also
18 suggesting in this theory that the assessment
19 -- the billing be on a quarterly basis with the
20 first six-months assessment due. That's so we
21 always have three months essentially in the
22 bank as we move forward in collecting the rest
23 of the quarterly payments to cover the fiscal
24 year 2014 and '15.

1 We do encourage that it would be
2 important to adopt a new regulation that
3 includes the annual budget, reconcile bill and
4 refund as we talked about. In fact, we've
5 talked a lot about the stabilization. And the
6 next graph we look at will make this picture a
7 little more clear. We would be actually
8 borrowing from the community mitigation fund
9 and transportation infrastructure fund. And
10 I'll talk about that a little bit as we move
11 forward.

12 Debt repayment schedule, the
13 Commission would need to let us know what term
14 we would want to recover these funds to be able
15 to repay this \$20 million. Then section 93B is
16 part of the issue that we have to look at
17 exactly how that would take place. The big key
18 to that is this particular section of the Act
19 requires that the stabilization fund be repaid
20 before there can be any distributions out of
21 the transportation infrastructure and community
22 mitigation fund.

23 So, we're talking about addressing
24 that with actually as the license fees come in,

1 talk about that if we flip to the other graph
2 that's on the next page. This is if we decide
3 on a longer term of payment, which I want to
4 talk about a little bit towards the end.

5 So, at the top there is it basically
6 refers to the total amount of the licensing
7 fees that we anticipate that'll come in. We
8 already talked about the \$20 million that will
9 be diverted to the gaming control fund.

10 Another \$175 million will be in the license
11 fund.

12 Then point you to the distributions
13 that are required from the license fund. What
14 this basically portrays is that there will be a
15 repayment of the stabilization fund in that
16 process. And then we would eventually repay,
17 depending on a repayment schedule, the
18 transportation development and community
19 mitigation fund.

20 And the reason for that little
21 change for the Commission to consider is there
22 can't be any distributions to these two funds
23 until such time as the stabilization money is
24 repaid.

1 CHAIRMAN CROSBY: That's the clause
2 we weren't talking about when we looked at this
3 the last time.

4 MR. DAY: Right, kind of in our last
5 review. Section 93 is included for your
6 convenience. It's kind of right at the end of
7 the statute (b).

8 CHAIRMAN CROSBY: Hang on a second.

9 MR. DAY: It's the last one right to
10 the end.

11 CHAIRMAN CROSBY: This is our regs.
12 or this is our statute?

13 MR. LENNON: It's right after the
14 regs.

15 MR. DAY: There's two regs., it's
16 the last piece of paper before the next tab.

17 CHAIRMAN CROSBY: Yes.

18 MR. DAY: Go to (b), go about the
19 middle there, the last three sentences or so.

20 CHAIRMAN CROSBY: What is the
21 transportation infrastructure development fund?
22 What does that do? I can't remember.

23 MR. LENNON: It's a fund that the
24 trustee is the Secretary of Transportation.

1 And it gives money to local communities for
2 transportation projects. So, it's similar to
3 -- It's not ours but it does go out to
4 municipalities.

5 CHAIRMAN CROSBY: But it has nothing
6 to do with gaming, it's just a use of the funds
7 for DOT.

8 MR. LENNON: Yes.

9 MR. DAY: Under this theory we are
10 working on is if we repaid the \$20 million to
11 the stabilization, we'd go forward with the
12 distributions that we're allowed. Then as we
13 collected the \$20 million, we'd pay it back to
14 these two funds as opposed to the stabilization
15 fund. Same practical result, it just allows
16 distribution of all of the money.

17 CHAIRMAN CROSBY: I've got to think
18 that one through a little bit, but I get the
19 problem. And that makes sense, I think.
20 That's a new one on me. I hadn't thought about
21 that yet.

22 COMMISSIONER ZUNIGA: Yes. I just
23 learned it last week. The hook is to repay the
24 stabilization fund prior to these two funds,

1 not all of the others.

2 CHAIRMAN CROSBY: Right.

3 MR. LENNON: Otherwise, it'd be \$42
4 million sitting in the licensing fund that we
5 wouldn't be able to release. So, we figured if
6 we give a piece to the mitigation fund and to
7 the transportation infrastructure development
8 fund, at least they'd have some startup money.
9 Then we can repay that schedule. And depending
10 on the term that we choose, we can either pay
11 it back before the licensing fund expires or if
12 we go for longer term, then it would have to
13 come right from the gaming control fund.

14 MR. DAY: So, you can see we've got
15 a number of moving pieces. And so one thing
16 somewhere along the road, I thought perhaps
17 we're just being too complex about this. So,
18 after rethinking a little bit, I had a shorter
19 recommendation to see if it would still get us
20 to where we wanted to be. And I think it would
21 work.

22 We start out the same. We transfer
23 the \$20 million to operations. We don't
24 attach, as it was requested in the comments, we

1 have no additional dollars that we attach to
2 the awards of the licenses. We do put in the
3 language that they must pay their
4 reimbursements. We actually begin the
5 Commission's annual billing process, the
6 regular process that we'll use, we begin that
7 in fiscal year 2015.

8 We incorporate as part of the cost
9 assessment -- the costs that develop that
10 assessment the repayment of the dollars that we
11 actually used, right now we're talking about
12 the \$4- to \$5 million in 2015, and we develop a
13 repayment schedule that goes over essentially
14 fiscal year 2015 and the last six months of
15 2016. And what we would end up doing is then
16 repaying the \$20 million to the stabilization
17 fund in that case before the expiration of the
18 license fund.

19 Then we complete distribution before
20 that of all of the funds. Essentially, from
21 there on out we would be using -- still be
22 using the same process we're going to use over
23 the next years of how we're going to assess
24 license funds.

1 We have a draft of the reg. under
2 this proposal. I think we'll need a little
3 modification. We would essentially amend that
4 new proposed regulation into 121 so that we'd
5 end up with just one process and there be no
6 conflict in distribution.

7 The disadvantage of course that I
8 can see is that obviously there is a higher
9 dollar amount in repayment in the shorter
10 period than we had talked about, but it seems
11 to do quite a bit to go toward to not increase
12 that incoming cost with awards. And make it
13 clear how the Commission will assess its
14 dollars.

15 And we would only actually be
16 assessing what we actually needed for deficit
17 in our 2014 period. The money would stay in
18 there until we essentially chose to repay it.
19 So, it would also help to have a cushion in
20 there in 2015 as well.

21 COMMISSIONER ZUNIGA: And equally
22 important two applicants for Region A -- for
23 Category 1 and one applicant for Category 2
24 would all be assessed at the same time.

1 MR. DAY: Correct.

2 COMMISSIONER ZUNIGA: Sometime as
3 you mentioned in fiscal year 2015.

4 MR. DAY: Correct.

5 COMMISSIONER ZUNIGA: But not just
6 one category in fiscal year '14, which was what
7 we talked about a few weeks ago and caused an
8 undue burden on the Category 2.

9 MR. DAY: Correct. Those
10 assessments would be proportional on the number
11 of gaming positions as regulation projected
12 gaming positions.

13 COMMISSIONER MCHUGH: Did you say
14 Commissioner, that we'd assess the applicants
15 for this?

16 CHAIRMAN CROSBY: He said
17 applicants.

18 COMMISSIONER ZUNIGA: I meant
19 licensees.

20 COMMISSIONER MCHUGH: The Region A
21 licensee, the Region B licensee and the slots.

22 COMMISSIONER ZUNIGA: At the same
23 time. The constraint was we couldn't transfer
24 or go by fiscal years.

1 COMMISSIONER MCHUGH: Right. That
2 is cleaner, simpler, fairer.

3 CHAIRMAN CROSBY: Yes. I think this
4 is good. There's beginning to be a fair amount
5 of pushback from the casino licenses,
6 particularly MGM and Wynn, about having the
7 open-ended assessment of our operating costs on
8 the licensees.

9 And there's some data that says how
10 other regions do it, how other jurisdictions do
11 it and so forth. What they would like to see
12 is have it be an appropriation. There is no
13 way in hell that's ever going to happen.

14 But I think we should be thinking
15 about some way to address their concern about
16 sort of an open-ended checkbook with no
17 discipline. And that is a legitimate concern,
18 if we just got to willy-nilly assess our costs.

19 So, I don't really have an answer
20 for that now, but certainly in our budget
21 process, we would post it. We would discuss
22 it. We would show what our costs are, why our
23 costs are. We could compare our costs to other
24 jurisdictions as we can make apples compare to

1 apples.

2 But I think there's a small amount
3 of legitimacy to their concern. And I think
4 our budget process needs to address that with
5 transparency and detail and justification so
6 they know we're not just blowing money.

7 COMMISSIONER MCHUGH: Some of the
8 one-time costs may be fueling that concern that
9 we're all just starting up and we have this
10 budget here.

11 CHAIRMAN CROSBY: Right.

12 COMMISSIONER MCHUGH: And this kind
13 of thing will help the transparency.

14 CHAIRMAN CROSBY: There's now
15 pushback, which I hadn't heard before, about
16 our investigative costs. So, there quite a bit
17 higher apparently than other people have
18 charged. So, they're nervous. And as I said,
19 there's some merit to that. But I think we can
20 address that.

21 COMMISSIONER ZUNIGA: To that end,
22 and you alluded to this, I have done a little
23 bit of this research and there will be more
24 done certainly as part of the next budget

1 process prior to June, as to just how much
2 other commissions cost, where that money comes
3 from.

4 Some are appropriated. Some are
5 given a cap. Some are given a percent on gross
6 gaming revenues. So, everybody is a little bit
7 different. Some have many more casinos, others
8 have fewer. So, we'll have a really robust
9 comparison to put everything into context.

10 CHAIRMAN CROSBY: Right. I need to
11 move on, just because I'm going to have to
12 leave. Are you done with your budget?

13 MR. DAY: First, a couple questions
14 is, one, I'm looking to the Commission to allow
15 us to move forward either with the option I
16 described or one of the other recipes. And if
17 we move forward with that option I described,
18 the step would be to move forward a regulation
19 through the formal process for adoption. We're
20 at point where we need to take some positive
21 steps to move forward and to make sure we've
22 got the right --

23 CHAIRMAN CROSBY: I don't think we
24 need a vote for this, do we?

1 COMMISSIONER MCHUGH: No, an
2 expression. But I certainly favor the option
3 that Director Day proposed.

4 CHAIRMAN CROSBY: Everything you
5 outlined in those two pages, the budget process
6 and so forth I think we're with you.

7 MR. DAY: I do have one more
8 question. It's the public health trust fund
9 assessment, we would be recommending that we
10 would start that in the 2015 budget. So, I
11 just wanted to check with the Commission to see
12 if you wanted to go in a different direction or
13 would tell us to move forward with that plan as
14 well.

15 CHAIRMAN CROSBY: Off the top of my
16 head, I would say yes. We would expect to do
17 that in the 2015. How much is a question, I
18 think. I think the statute says not less than
19 \$5 million. That's another place where the
20 bidders are getting concerned that that might
21 be open-ended.

22 I don't know that we need \$5 million
23 in 2015. And I don't know that it's an
24 appropriate number in 2015. So, there's some

1 issues to be dealt with there. But certainly
2 in general I would say yes, we are anticipating
3 -- we're definitely anticipating.

4 As a practical matter, if it doesn't
5 come out of the public health trust fund, it's
6 going to have to come out of our operating
7 expenses. So, it's not new money. It's just a
8 matter of putting it in the proper buckets and
9 letting the Secretary of Health and Human
10 Services have his or her appropriate input to
11 its utilization.

12 Because we make all of the decisions
13 if it's our budget, and he or she has a hand in
14 those decisions at least if it's in the public
15 health trust fund. So, yes. I would say yes,
16 we should assume that. As Mr. Wynn said, God
17 lives in the details. But when we get to the
18 details -- conceptually, yes.

19 COMMISSIONER MCHUGH: I agree with
20 that but that's a little bit different than the
21 other and I would like to have a conversation
22 about how much.

23 CHAIRMAN CROSBY: About how much and
24 so forth, yes, I totally agree with that.

1 MR. DAY: We could bring a proposal
2 back to start the discussion about that.

3 CHAIRMAN CROSBY: Director Vander
4 Linden is going to have a lot to say about
5 that. He's beginning to get on top of that.
6 If I could go do item number C.

7 MR. DAY: I'm done.

8 CHAIRMAN CROSBY: Thank you. Item
9 number C is part of your agenda too, I think.
10 It's 8c. This is the tax withholding issue
11 which had been in my, basically in my
12 bailiwick.

13 What I'm going to do is kind of run
14 through this kind of quickly and I may slightly
15 misstate some of these things, because it's
16 incredibly complicated. There are many
17 different wrinkles to this statute and similar
18 statutes.

19 Fortunately, I had Catherine and
20 Todd help me understand what the law actually
21 probably says. But I think I've got it in
22 pretty much broad terms. And I just want to
23 walk through what my state of mind is on this
24 and see if we can get a consensus for how the

1 Commission should continue to move forward on
2 this.

3 Everybody sort of is reading this
4 rule that the industry and we sort of by
5 osmosis, everybody is kind of reading this
6 statutory mandate that we have to report and
7 withhold at every \$600 winnings in all of our
8 gambling essentially, pari-mutuel, slots, table
9 games. And that has got the industry in an
10 uproar.

11 The federal standards are that you
12 report \$1200 winnings on slots, incidentally.
13 You report on \$1200 winnings on slots. You
14 withhold and report on \$5000 winnings if the
15 odds were more than 300 to 1. And you report
16 on any other \$600 winnings if those are over
17 odds of 300 to 1.

18 So, pari-mutuel would come under
19 that rule. And there are, I gather, a lot of
20 pari-mutuel bets where the odds are in excess
21 of 300 to 1. So, they are having to report on
22 the \$600. And at the federal level you can
23 offset winnings against losings. And in some
24 cases you can offset the cost of your wager

1 against your winnings.

2 There are 23 states in the Union
3 that have commercial gaming that is not tribal
4 gaming but commercial gaming where the state's
5 law plays a role. Of those 23 states at least
6 18 either use the federal standard or no
7 standard at all. The other five states have
8 nothing so onerous as ours.

9 Ours is by far the most onerous tax
10 both reporting and withholding requirement.
11 All of our surrounding states Maine,
12 Connecticut, New York with some slight
13 wrinkles, and Rhode Island use the federal
14 standard.

15 So, the problem that we have been
16 presented by the industry, and I've now had a
17 chance to look into and come to my own
18 conclusions on that there are several serious
19 issues with this status as it is. They would
20 feel that our expanded gaming facilities would
21 be at a substantial competitive disadvantage.

22 That high-rollers, frequent gamblers
23 would simply go if there was any place anywhere
24 remotely close where they weren't going to have

1 their flow of gaming interrupted so frequently
2 by having to stop and report and withhold, and
3 where they didn't have to take five percent, an
4 additional five percent off the top after so
5 many of their winning transactions. So,
6 there's a competitive disadvantage that our
7 operators are beginning to express quite a bit
8 of concern about as to whether or not they
9 could really do the job that they would like to
10 be able to do.

11 Two, there's an administrative
12 challenge. When we were, when Enrique and I
13 were in Maryland, we were talking with the with
14 the Maryland Live folks. When they have a
15 winning under \$1200 -- They use the federal
16 standard. So, they don't do reporting until
17 they have a \$1200 winning on slots. When they
18 do a winning under \$1200, it takes them three
19 and a half minutes to pay out the jackpot.
20 Somebody gets a call saying there's a win --
21 Did you want to say something?

22 COMMISSIONER ZUNIGA: Can I edit
23 something? Actually, when they have a call for
24 service under \$1200 or the machine jams, it

1 takes them three minutes to clear that call for
2 service.

3 CHAIRMAN CROSBY: Or pay out the
4 winnings.

5 COMMISSIONER ZUNIGA: No, under
6 \$1200, the machine pays the winnings. It's
7 above \$1200 that they have to stop. It's not a
8 call for service. It's an automatic stop that
9 takes them a little longer, which is where you
10 were going.

11 The only thing I'm correcting is
12 that under \$1200, they don't have to have the
13 machine stop for the payout. The machine pays
14 you out. It's a call for service, the machine
15 is wrong, the metric is it takes them
16 significantly less time to call.

17 CHAIRMAN CROSBY: Okay. So, where a
18 person has to go to the slot to do something, I
19 thought it included paying out, but maybe it's
20 just fix the machine, it typically is a three
21 and a half minute labor transaction.

22 Where they have to go through the
23 reporting, the withholding requirement -- the
24 reporting, not the withholding, the reporting

1 requirement, fill out the W-2G information, it
2 takes 15 minutes. So, it's almost five times
3 as much labor and many, many more transactions
4 because there are so many transactions between
5 \$600 and \$1200 where now they don't have -- So,
6 the second problem with this statute is a
7 tremendous administrative cost to the operator.

8 The third problem with this statute
9 is in the judgment of our consultants, HLT, the
10 amount of money that the Commonwealth would
11 gain by having withholding paid immediately
12 between \$600 and \$1200 or \$600 up, I guess,
13 would be less than the money we would lose by
14 driving big gamblers out of state and other
15 jurisdictions.

16 Their estimate is that the net loss
17 to the Commonwealth in terms of revenue would
18 be between \$29- and \$58 million. I put the
19 memo in the books. You've seen the
20 calculations. I'm sure you can debate the
21 assumptions. In the informed judgment of HLT,
22 this is not a moneymaker for the Commonwealth.
23 It is at least a wash and in their judgment
24 probably a substantial loss to the

1 Commonwealth.

2 The last reason that I think there's
3 a problem with this statute is just my own
4 judgment that I don't think it's fair to make
5 people pay taxes on \$600 winnings independent
6 of how much money they lost, or for that matter
7 how much money they wagered. That just makes
8 no sense to me. You come in one day you lose
9 \$2000. The next day you win \$600 and you have
10 to pay income tax on the \$600. To me that is
11 not fair year. The IRS doesn't think that's
12 fair. So, in my view that is a fourth problem
13 with this statute.

14 Incidentally, this is kind of an
15 aside, but it's not irrelevant, the lottery
16 does have to pay, report and withhold at \$600.
17 But the lottery when you win \$600 or more,
18 requires you to go to the lottery to get your
19 money.

20 It has nothing to do with the flow
21 of the game. That's an imposition which is
22 already imposed on people. They have to go to
23 the lottery to get their money. It's very
24 different. It's different in Maryland. In

1 Maryland, which uses the federal standards,
2 they also have \$600 withholding for the
3 lottery. So, there is an understandable
4 distinction between the lottery having a lower
5 threshold and the slots and the table games.

6 When I first looked at this, I was
7 hoping as there are in a lot of the issues that
8 are in our legislation that these were problems
9 that we could address either with moral suasion
10 or regs. or whatever. I talked about this at
11 length went with Catherine and Todd.

12 I think there is some wiggle room in
13 this statute. I think there is a good reading
14 that it does not apply to table games. Thank
15 you very much Catherine and Todd. I think
16 there might be some wiggle room in how you
17 interpret the word payment. This is only
18 supposed to happen when winnings are paid, a
19 payment is made. I think you might be able to
20 make an argue about that. And there is some
21 debating about the extent to which and how it
22 applies to pari-mutuel.

23 So, if we wanted to go to DOR and
24 try to work out some regs. to kind of minimize

1 the impact of this, I think we can make some
2 progress, but I don't think that's the right
3 solution. That's a piecemeal solution. It
4 doesn't address the slots issue. It probably
5 doesn't end up addressing the pari-mutuel
6 issue. We might be able to exempt the table
7 games, but that's only a relatively small part
8 of the problem.

9 So, it seems to me that given that
10 of the 23 jurisdictions where states have such
11 rules, 16 at least maybe 17 or 18 mirror the
12 feds. And the other two or three have zero
13 withholding requirements, reporting or
14 withholding requirements that that's a pretty
15 well established best practice. This s what
16 the Internal Revenue Service figures is
17 appropriate and 90 percent of the other
18 jurisdictions, 95 percent of the other
19 jurisdictions in the United States.

20 So, that the proper -- the right way
21 to go would be fundamentally as I have learned
22 from my compatriot, the former judge, you've
23 got to look at the law and actually see what it
24 says and how it works and where you're crossing

1 yourselves up. But as a general principle, it
2 seems to me that we would be well advised to
3 lead an initiative to the Legislature to amend
4 the statute to fundamentally mirror the feds.
5 relative to these rules, and whatever other
6 wrinkles we come up with as we go into this in
7 more detail.

8 There are a bunch of other issues
9 that the bidders have now begun to raise
10 formally and somewhat aggressively. The onsite
11 childcare, trying to get some assurance that
12 the tax rates would change, minimum annual
13 capital expenditures, onsite space for
14 substance abuse, the pooling of tips and
15 gratuities, reports on complimentary services,
16 cashless wagering, etc. and a few others, most
17 of those as I read them we can work our way
18 through in regs. Some of them we're going to
19 need to look at more.

20 But I think the only one that I've
21 come to see could possibly be a showstopper is
22 the reporting and withholding requirement at
23 \$600. We'll continue to look into those other
24 ones and I'll continue to take the lead on

1 that.

2 So, my bottom line on this is that
3 the industry is not crying wolf here. This is
4 a legitimate problem. We are substantially out
5 of step with the established best practices at
6 the state and federal level. And we would be
7 well advised for a lot of reasons having to do
8 with revenue to the Commonwealth, maximization
9 of our competitive position, giving our bidders
10 the tools to give us the money we want and
11 equity, we would be well advised to go forward.

12 We can talk about it as much as
13 anybody wants to talk about it. What I would
14 hope to get from the Commission, if everybody
15 agrees, is authorization to move forward
16 quickly to fine-tune this research, get
17 something drafted and get it to the Legislature
18 quickly.

19 COMMISSIONER ZUNIGA: I am in full
20 support and agree with this great summary with
21 a lot of the very nuance moving pieces here,
22 Mr. Chairman. I had expressed that to me this
23 is very much a competitive issue in creating a
24 robust gaming environment, which is a paramount

1 of the Gaming Act. And repatriating dollars
2 that are currently leaving and attracting
3 dollars that are not coming here.

4 And with the proximity of states
5 like Rhode Island and Connecticut that do have
6 a robust gaming marketplace with a very
7 different -- that follow the federal thresholds
8 in and of itself could be a disadvantage for
9 the gaming environment that we are trying to
10 create here. So, as you term it equity, I very
11 much see it through the lens that you yourself
12 mentioned, one of competitive and one of
13 creating a robust gaming environment here.

14 CHAIRMAN CROSBY: Great, thank you.

15 COMMISSIONER CAMERON: I agree the
16 federal standard would be a good one to model
17 here. It makes perfect sense to me.

18 COMMISSIONER MCHUGH: I take a
19 little bit different view I regret to say. I
20 first of all think that this is a model that
21 was copied from the lottery and it does not
22 have a tight fit for the reasons that you've
23 carefully stated.

24 Secondly, I don't believe that this

1 six percent collection ought to apply to table
2 games. It completely interrupts the flow.
3 It's impractical. You can't tell what the
4 winnings are at the craps table, for example.
5 It's very hard to do this and figure out what
6 the winnings are. You can do it, but you have
7 to stop for --

8 What I'm not convinced of is two
9 things. One that it's impossible or even
10 difficult to find an automated solution to this
11 issue at the slots machines. All of these
12 slots payout by a ticket. They don't payout by
13 cash anymore. And I don't know why the machine
14 can't be programmed on a win of \$600 or more
15 simply to deduct the amount that it pays out
16 and give the bettor the option of either going
17 to the cash out table, giving a taxpayer ID
18 number and getting a new ticket that pays the
19 full amount, and then is required to pay later.
20 Or just walk out of the casino with the cash
21 less the five percent withholding anonymously.

22 So, bottom line I don't see why
23 there's not an automated solution to this.
24 That would solve the flow problem. The equity

1 problem and the competitive problem I don't
2 know where the assumptions come from. I hear
3 it. I've heard episodic data about it. I
4 don't know where the assumptions come from that
5 this would be a huge competitive disadvantage.

6 Thirdly, the statute says we have to
7 evaluate and look at and ensure that there is
8 lottery protection in what we do. And if we
9 have a rule that allows more unreported -- puts
10 the withholding threshold at a higher level
11 than the lottery, I'm concerned that we may be
12 encouraging a shift of dollars from the lottery
13 to us, or appear to be doing that.

14 For those three reasons insofar as
15 the slots are concerned, I am not persuaded
16 that this is the best idea. Table games the
17 federal model is the only one that makes sense.

18 CHAIRMAN CROSBY: And pari-mutuel?

19 COMMISSIONER MCHUGH: Pari-mutuel I
20 would put in the same camp. I would not be in
21 favor of that. I would not be in favor of
22 raising the limit to \$1200.

23 COMMISSIONER ZUNIGA: The lottery is
24 a very different business model. The problem

1 that we have with the \$600 in the slot machines
2 here is that there would be any payment, and
3 you alluded to this, Mr. Chairman, as to how to
4 interpret that any return payment whether it's
5 before the player cashes out the ticket or
6 whether it's after the player cashes out the
7 ticket could be construed, I'm not suggesting
8 that it should, but could be construed as a
9 taxable event if it's more than \$600.

10 The problem with that is in the
11 machine -- That's easy with the \$1 ticket, a
12 lottery ticket. The problem with the machine
13 is there are any number of spins that may have
14 led you to a point where you are at a loss at
15 which point any payment may be a taxable event,
16 when it's not intended.

17 COMMISSIONER MCHUGH: And you may be
18 absolutely right. And I may be convinced that
19 this isn't the solution. But it seems to me as
20 a programming matter you could set up the
21 machine so -- And each game is a separate
22 event, a separate taxable event, let's say.
23 Each time there's a payout of \$600 or over, the
24 machine notes that and on the payout coding

1 deducts the five percent from that \$600 taxable
2 event. And if you don't have any more -- You
3 play 100 games, you have one taxable event
4 where you get the withholding that's what's
5 recorded on the ticket when you check out. It
6 seems to me that that could be done.

7 COMMISSIONER ZUNIGA: If that
8 solution was possible, wouldn't the industry do
9 it for any amount, for 1200.

10 COMMISSIONER MCHUGH: Well, I can
11 think of a number of ways why they wouldn't be
12 doing it. The customers don't like it.

13 CHAIRMAN CROSBY: Now they have to
14 stop the game, the machine freezes up and a
15 person walks over to them and makes them fill
16 out a W-2G. And if there were an easy
17 mechanical way to solve that -- I mean I think
18 it's interesting. I think we should ask the
19 question, but logically they hate doing that.
20 The guy knows that it takes 15 minutes per
21 person to do it. If whatever the technological
22 solution is it would fly wherever the threshold
23 is.

24 COMMISSIONER MCHUGH: Frankly, if we

1 could answer that question in that way, if
2 logic is in fact at work instead of something
3 else then I would join this. But I don't know
4 the answer to that question.

5 COMMISSIONER ZUNIGA: But you were
6 getting to the point, which is the crux of the
7 matter that players don't like it. That's it.
8 That Massachusetts would be at a disadvantage.
9 If they get a payout lesser than other states,
10 they might come here one day and decide that
11 they don't like to be withheld automatically or
12 by 1099G of their winnings and decide not to
13 come back.

14 COMMISSIONER MCHUGH: Yes, I hear
15 you. And I'm just not convinced that they
16 don't like it enough to go to Rhode Island
17 instead come here. I just have difficulty with
18 the idea that we cater to people that don't
19 like paying taxes as a business model.

20 COMMISSIONER ZUNIGA: They have been
21 paying taxes, 49 percent every time they spin.
22 The state gets a lot more by the taxes it
23 collects on gross gaming revenues.

24 COMMISSIONER MCHUGH: I disagree on

1 that. I'd like to get an answer to my question
2 and if we can do that.

3 MR. DAY: Chairman, there is a
4 partial answer to Commissioner McHugh's and
5 I'll just weigh in real quick --

6 COMMISSIONER MCHUGH: There's an
7 actually answer to this. That destroys the
8 fun.

9 MR. DAY: It's a close answer to the
10 question, but as we've discussed the machine
11 standards, one thing that would end up
12 happening because it would be a unique
13 development or a unique feature of
14 Massachusetts machines, it would make it more
15 difficult to supply and market for
16 Massachusetts.

17 That would most likely delay the
18 ability of manufacturers to get machines here,
19 but it would also be something you would want
20 to consider I think as developers and
21 manufacturers are looking to actually supply
22 the market itself.

23 So, it's just a note that we've
24 heard. It doesn't mean it's good or bad. It's

1 just means they would likely make the machine
2 itself and its equipment unique compared to
3 other states and the bigger markets.

4 CHAIRMAN CROSBY: But it's something
5 about -- That would be true if it were only
6 Massachusetts. But if Commissioner McHugh's
7 instinct is right that there ought to be some
8 way to program all of the machines to in effect
9 do the withholding in an automated fashion
10 whatever the threshold number is at, over time
11 that issue could go away. I think the question
12 he's raising is one we need to get an answer to
13 in any event.

14 MR. DAY: We will explore it in more
15 detail.

16 CHAIRMAN CROSBY: Do I have a sense,
17 it's probably even five of us but certainly
18 four of us, to go ahead check into the answer
19 to this question, flesh this out, flesh this
20 whole approach out and tee something up that we
21 can look at as soon as we can get around to it
22 to bring to the Legislature, whatever eventual
23 version that is?

24 COMMISSIONER MCHUGH: I'm on board

1 with that and I would just add thinking about
2 whether to include in that the deductibility of
3 losses, because I join you in thinking that is
4 hugely unfair, maybe too much to bite.

5 CHAIRMAN CROSBY: Well, it's in my
6 proposal. It's in the federal rules. We're
7 saying mirror the federal rules. So, that
8 would be part of it.

9 COMMISSIONER MCHUGH: Right.

10 CHAIRMAN CROSBY: Thank you. I will
11 follow through on that. I have to excuse
12 myself. Commissioner McHugh will take over the
13 meeting for the next however long it takes.

14 COMMISSIONER CAMERON: Thank you for
15 the work on this, Mr. Chair.

16 COMMISSIONER MCHUGH: Yes, this is
17 very helpful. Thank you.

18 CHAIRMAN CROSBY: Thank you, folks.

19
20 (Chairman Crosby exits meeting room)

21
22 COMMISSIONER MCHUGH: Director Day,
23 are we finished with your section? It looks
24 like to me we may be.

1 MR. DAY: That would be correct and
2 is my reading as well.

3 COMMISSIONER MCHUGH: All right.
4 We're on the same page, as it were. And we are
5 left with two items, the Legal Division's
6 report and the Licensing report. General
7 Counsel Blue is poised and ready to go.
8 Director Acosta is in the on-deck circle. So,
9 let's go in that fashion.

10 MS. BLUE: As the Commission may
11 recall, we had talked previously about
12 applicants who participated in Regions A and B
13 or perhaps in the slots then being allowed to
14 go into Region C. And they would not have to
15 pay the additional \$400,000 fee assuming they
16 were already found suitable and investigated.
17 But they would have to cover the cost of any
18 additional investigation or any investigation
19 of any additional partners that they have.
20 They didn't necessarily have to meet that
21 September 15 date that we had.

22 Director Wells and I have been
23 getting a number of sort of hypothetical
24 questions as to what the Commission might think

1 about not just applying that rule to what we
2 would call unsuccessful applicants, but perhaps
3 to qualifiers who were deemed suitable and have
4 gone through the suitability process but then
5 now would like to become applicants in Region
6 C.

7 And I ask the Commission to think
8 about the fact that in terms of qualifiers, our
9 qualifiers ranged in type from individuals all
10 the way up to potentially operators who may not
11 have been the applicant on that application.

12 So, the question that we would like
13 the Commission to consider is whether the
14 Commission would consider a qualifier that had
15 been deemed suitable and had gone through the
16 suitability process would they be allowed to
17 participate in Region C as an applicant
18 assuming that they paid any additional expenses
19 for investigations to update their
20 investigation or any additional partners that
21 they might have even though they did not file
22 by September 15?

23 COMMISSIONER MCHUGH: The Region C
24 deadline was September 15.

1 MS. BLUE: I think September 15 for
2 the RFA-1.

3 COMMISSIONER MCHUGH: Just to review
4 the bidding here for a minute, the only people
5 who were exempt from September 15 deadline, or
6 this really poses the question -- the only
7 people who -- The baseline rule was that you
8 had to file an application by January 15 to
9 participate in this process, right?

10 COMMISSIONER BLUE: That's correct.

11 COMMISSIONER MCHUGH: Except for
12 Region C, and we said you had to file an
13 application by September 15 and waived the
14 January 15 deadline for those who had filed and
15 gone through the process.

16 MS. BLUE: Yes.

17 COMMISSIONER MCHUGH: I know this
18 question puts into play what I just said to
19 some extent. But historically that's what
20 we've done.

21 COMMISSIONER ZUNIGA: The deadline
22 that we waived was a September 15 for those who
23 were already in.

24 COMMISSIONER MCHUGH: And those who

1 were already in, at least the way we thought
2 about it up to this point were those who were
3 in by January 15.

4 MS. BLUE: That's correct.

5 COMMISSIONER ZUNIGA: But the
6 question if I could rephrase if you didn't
7 already mention this, Counsel, was whether that
8 decision then or now applied to applicants or
9 qualifiers or both.

10 MS. BLUE: Or both.

11 COMMISSIONER CAMERON: So, if I can
12 understand this better, what I think you're
13 saying is for example if there were a partner
14 that doesn't matter what the name would be, but
15 say a landowner and an operator and all were
16 qualified, certainly to go to Region C it would
17 not be the same landowner because that's no
18 longer viable. It's not in the right region.
19 But the operator would be looking. And all of
20 their folks have been qualified, correct? Is
21 that an example of a scenario that you might be
22 referring to?

23 MS. BLUE: That would be a possible
24 scenario. A situation where there was an

1 applicant, an applicant consisted of maybe a
2 couple of entities, some individuals, an
3 operator. That applicant was maybe the name of
4 the individual for example. But one of the
5 people that was qualified and they may or may
6 not have been part of that application as of
7 January 15, but they went through the
8 suitability process. They were investigated.
9 They came before the Commission. They were
10 deemed to be suitable.

11 Could one of those other folks who
12 wasn't the named applicant then come into
13 Region C without having to file by September 15
14 or pay the additional the \$400,000 fee,
15 assuming that anyone that came with them, a
16 landowner other potential entity partners or
17 individual partners went through the IEB
18 process and those fees for the investigation
19 were paid?

20 COMMISSIONER MCHUGH: We've dealt
21 with the waiver question with respect to Region
22 C once. We've dealt with it and allowed
23 migration in the Plainville case and the
24 Suffolk Downs case. Have we done it elsewhere?

1 MS. BLUE: I think those are the
2 two.

3 COMMISSIONER MCHUGH: And we talked
4 about standards in connection with both of
5 those cases. And my recollection is that we
6 allowed "applicants" to move if their
7 application had been in by January 15.

8 MS. BLUE: Yes.

9 COMMISSIONER MCHUGH: But we've
10 never extended it to anyone other than
11 applicants. We've never been asked to, but we
12 never have.

13 And I don't remember how we framed
14 what we were doing and why precisely. I know
15 what the result was. And it seems to me we
16 ought to know that before we make a decision
17 here.

18 COMMISSIONER ZUNIGA: My
19 recollection was that when we talked about this
20 Region C ability to move from one region to
21 another was fundamentally for the desire and
22 goal of competition, fundamentally. And the
23 next natural extension, in my view, is not just
24 allow applicants but the probability of

1 individuals or entities that have already been
2 qualified to move into any capacity into the
3 other region for the same clearly worthy goal
4 of increasing competition.

5 COMMISSIONER MCHUGH: But that would
6 require a modification of our regulations,
7 would it not? Our regulation says that in
8 order to participate you had to file an
9 application by January 15.

10 COMMISSIONER ZUNIGA: Which all
11 qualifiers, members of an applicant effectively
12 did.

13 COMMISSIONER MCHUGH: That's being
14 pretty plastic with the word applicant.

15 COMMISSIONER STEBBINS: Is there
16 hypothetically the opportunity for a qualifier
17 under an applicant name that was in by January
18 15 using that applicant name to carry a
19 proposal forward?

20 I agree with Commissioner Zuniga. I
21 am looking for competition in that region
22 regardless of what we decide to do. But I'm
23 worried about the challenge of the applicant's
24 legal standing if it's a completely different

1 makeup.

2 If the qualifier, and just say there
3 are four other parties to the application, the
4 applicant and the other three withdraw out of
5 that entity and there's one person left in that
6 entity, I could see that person going forward.
7 But if it's a different name, again, I'm
8 worried about the legal standing of a "new
9 applicant".

10 COMMISSIONER ZUNIGA: The example
11 that Commissioner Cameron was talking about I
12 think is very real. If we're only going to
13 view an applicant as all of the components of
14 an application, and that included say a
15 landowner, then for all intents and purposes
16 the applicant will not be able to move unless
17 the landowner became landowner elsewhere as
18 well.

19 MS. BLUE: In certain circumstances
20 because all of our applicants were organized in
21 different ways, in certain circumstances it
22 might be possible for the applicant name to
23 sort of travel with a given number of the
24 qualifiers, maybe not all.

1 But there are also certain
2 qualifiers that may want to become applicants
3 on their own and that would be one of the
4 questions for the Commission to consider.
5 There may be applicants who feel that they
6 could be an applicant on their own. They
7 weren't necessarily the named applicant going
8 forward in another application, but they were a
9 qualifier and they believe that they are
10 competent to take an application forward.

11 COMMISSIONER STEBBINS: But as we've
12 viewed suitability and we always kind of left
13 the window open on suitability because we
14 didn't know who would be in at some point, who
15 might pull out at some point. If a qualifier
16 is interested in being an applicant and has
17 been found suitable and other parties who
18 probably were also found suitable decide I'm
19 not interested in moving ahead with the project
20 as it might be redefined or re-proposed.

21 Again, I personally would rather see
22 the qualifier carry the name of that applicant
23 as we had it by January 15 regardless of
24 property, who drops out, whatever that make up

1 change is. And we certainly leave ourselves
2 open to a new party coming in and a new party
3 having to go through the IEB background. I'm
4 just worried the legal standing changes if it's
5 a new name.

6 COMMISSIONER CAMERON: But what if
7 it wouldn't be possible to use that name? For
8 example, if it was the name of the folks that
9 put the land deal together and they are no
10 longer involved. So, it wouldn't really be
11 possible to use that name moving forward. I
12 just wonder if we're being hung up on a name
13 rather than a qualified entity. And I can't
14 think of where allowing this would put anyone
15 else at a competitive disadvantage. I hear
16 what you're saying about the legal --

17 COMMISSIONER STEBBINS: I'm just
18 worried about the legal challenge to that
19 applicant.

20 MS. BLUE: Well, we have been very
21 clear all along that the applicant, the person
22 whose name is on the application that that
23 applicant needed to stay the same through the
24 process. We knew that people would move in and

1 out but the applicant itself would be the same.

2 We understood individuals would move
3 in and out. We understood the real estate
4 underneath it might move in and out if those
5 folks were qualifiers. But we have had that
6 position all along. And that tracks our
7 regulations when we talk about applicant.

8 COMMISSIONER MCHUGH: But applicant
9 is a defined term of the statute. And it's
10 defined as a person who has applied for a
11 license to engage in activity regulated under
12 this chapter. And person means entity in this
13 context.

14 So, an applicant is the person who
15 has applied for license. The qualifiers have
16 not necessarily applied for a license. And we
17 said that the applications by the applicants
18 had to be filed by January 15.

19 So, it seems to me we have to change
20 the reg. if we're going to allow qualifiers who
21 have not been applicants to file an application
22 to participate in Region C.

23 I guess I would like to ask how
24 necessary is it to decide this issue today,

1 because I would really think we would all
2 benefit from a look at -- I'm doing the
3 statutory analysis on-the-fly. It seems to me
4 that that's answer, but it may not be.

5 And I would like to know what we
6 said in connection with the other two. I would
7 like to have a statutory and regulatory
8 analysis looking at the statutory definition of
9 applicant and have us all take a look at the
10 fruits of that before we made a decision.

11 Because I share Commissioner
12 Stebbins' concern that we open ourselves to at
13 least a claim that we are now changing the
14 rules completely and unfairly in one region
15 when we haven't done it in others. And haven't
16 allowed others to come into play perhaps here
17 as well.

18 So, I think we need to be consistent
19 and deliberate. And if we could get that and
20 put that one for the next meeting, we could
21 answer the question, unless there is some
22 greater urgency.

23 MS. WELLS: No. I think that of
24 paramount importance is to get the correct

1 answer. I think that's what -- The questions
2 I'm getting, Catherine's getting, they just
3 would like a definitive answer and have the
4 correct answer so they can plan accordingly.

5 From the IEB's side of the house, we
6 have a schedule that we're looking to meet for
7 the Commission. And we would just caution
8 these applicants that the burden is on them to
9 get your partners together, get the information
10 to the IEB. We've got to move this along. And
11 you can't come in at the eleventh hour with
12 half of your application. You can't do that in
13 a month. So, as long as the potential
14 applicants for Region C are aware of that we
15 are happy to work with them. And I think
16 everyone is in agreement that we'd like the
17 correct answer.

18 COMMISSIONER CAMERON: When you're
19 saying a qualifier, there's more than one
20 request I take it to this question, is it an
21 entity we're talking about not an individual?

22 MS. WELLS: It's not like Joe Smith
23 is going to come in and say I've got qualified
24 and I'd like to build a casino. That just

1 wouldn't work within the process.

2 COMMISSIONER CAMERON: So, it's an
3 entity, a significant portion of a prior
4 application, right, that now would like to move
5 forward?

6 MS. BLUE: It could be a significant
7 portion. It could be less than a significant
8 portion, but it could be someone who is capable
9 of operating a gaming establishment.

10 So, I doubt that it would be an
11 individual. I agree with Director Wells, but
12 it could be a lesser combination. I think the
13 key question is it clearly is not the
14 applicant. That's the one thing that we have
15 in common with the questions that we've
16 received. It's not someone who you would look
17 at and say this was a prior applicant who filed
18 in January.

19 And the other key component is these
20 folks have all been through suitability and
21 been found suitable. So, we brought it to the
22 Commission because we wanted to get some
23 discussion and initial thought.

24 We can certainly go back and do

1 statutory and regulatory review on that to see
2 how that plays out.

3 COMMISSIONER ZUNIGA: And I think we
4 should do that. But isn't for all intents and
5 purposes every applicant that came into the
6 both deadlines, surely the first one, was a
7 special purpose entity created only for the
8 purpose of applying for a licensing process
9 without any operations, without any history of
10 revenues. They were completely wholly-owned
11 subsidiaries of many other entities?

12 MS. BLUE: Yes.

13 COMMISSIONER ZUNIGA: And by many
14 owners in different fashions, etc. So, in my
15 view anyway, taking a narrowed look at the
16 applicant Massachusetts, LLC Gaming or whatever
17 it was, misses the point of how it's owned by
18 the multiple entities and operate, run and
19 wholly-owned subsidiaries.

20 So, I look forward to that analysis.
21 I think it's important, but I think it's a very
22 narrow view if we only look at the one entity
23 that was the one created for the sole purposes
24 of applying.

1 COMMISSIONER STEBBINS: But also
2 view it -- We had a perfect example this
3 morning. We had Blue Tarp, LLC but we equate
4 the project in Springfield as MGM. So, I want
5 us to be --- We've always talked about
6 encouraging competition. And I think we've
7 seen the benefits of competition when we've set
8 the playing field as equal for everybody.

9 And I don't want to take away from
10 that. I think we want competition in Region C,
11 regardless of what we decide to do. But
12 finding a way for that specific entity to
13 change for it, it just seems to me it sounds
14 like some legal or corporate maneuver on us to
15 position a qualifier under an applicant as the
16 new applicant.

17 Again, the new parties come
18 together, it's still the same name that was
19 submitted to us by January 15, it's just
20 different people in the mix. I want to make
21 sure that that individual or that applicant
22 isn't challenged and ultimately we're
23 challenged on a legal basis.

24 COMMISSIONER MCHUGH: Nobody is

1 suggesting we shouldn't honor the competitive
2 impulses or that if we don't do better for the
3 Commonwealth by having competition. Nobody's
4 arguing that.

5 On the other hand, this is not
6 entirely a plastic. And we can't simply move
7 aside either existing law or regulations
8 without changing what we can in order to serve
9 some greater goal. So, we get in trouble if we
10 do that. So, it seems to me that we ought to
11 figure out what the law is, what the
12 regulations are, what the statute says, how the
13 two mesh together. Then if we can get there
14 without changing the regulation, we can't
15 change the statue, without changing the
16 regulation, then we ought to debate changing
17 the regulation. That's all I'm suggesting at
18 this stage.

19 MS. BLUE: We will go back and do
20 that analysis. And we will bring it back to
21 the Commission for your further review.

22 COMMISSIONER MCHUGH: Do you want to
23 make a personnel announcement as long as you're
24 there?

1 MS. BLUE: Yes. I would like to
2 announce and let everyone know that Loretta
3 Lillios is joining the legal department. She
4 will be working predominantly with the IEB, but
5 also in the general legal department as well.
6 And we are very glad to have her here.

7 COMMISSIONER MCHUGH: Welcome. I've
8 known Loretta for quite a while and had the
9 pleasure of working with here and watching her
10 work. She will be a great asset to our team
11 and already has been an enormous asset to the
12 team. I'm delighted that she has elected to
13 join us. I think we will benefit immensely
14 from that.

15 COMMISSIONER ZUNIGA: Welcome.

16 COMMISSIONER STEBBINS: It's great
17 to have you on board. There were more people
18 in the room earlier, but they all left waiting
19 for the announcement

20 COMMISSIONER CAMERON: Welcome.

21 MS. LILLIOS: Thank you. I'm happy
22 to be here.

23 COMMISSIONER MCHUGH: Okay. Is that
24 it, Counsel?

1 MS. BLUE: That's all we had.

2 COMMISSIONER MCHUGH: Let's then
3 move onto item five on the agenda, Director
4 Acosta.

5 MR. ACOSTA: Commissioners, before
6 you there is a bullet presentation. It's an
7 update on the licensing management system.

8 The four points I want to make, EMC
9 Documentum platform is selected for the
10 enterprise content management procurement. It
11 was done in November 2013. The statement of
12 work that was executed with NTTData was done in
13 December '13 for the development of the
14 licensing management system.

15 The important thing that I want to
16 point out here is that the go-live date for the
17 licensing management system is scheduled for
18 early May. When we first made presentation, we
19 were expecting to have a go-live date probably
20 late March. This has been changed for several
21 reasons. The two prior points are a part of
22 that.

23 We're expecting applications from
24 gaming vendors to start coming in sometime in

1 March. We've met with representatives of the
2 Gaming Vendor Association. And they've
3 indicated to us that there a number of vendors
4 that are going to be applying. And that
5 probably by mid-March the applications should
6 start coming in.

7 Between the March receiving of those
8 applications, anticipated receiving of those
9 applications and the go-live date, we are going
10 to be establishing a system in which an interim
11 business process system where we would post the
12 applications in the system where it could be
13 accessible to IEB. We would track who the
14 individuals are applying and once the go-live
15 date, all of that information will be
16 transferred, whether it be done automated or
17 it's done manually to the system once we go
18 live. Those are the big points.

19 We are on schedule. You will see
20 that there's an attachment to the licensing
21 management system update. We have received
22 already a business statement that staff is
23 currently reviewing and providing some comments
24 on. We are very excited as to what this

1 licensing management system is going to do
2 especially in the first phase. And I am
3 looking forward to being part of this.

4 COMMISSIONER MCHUGH: Could you
5 explain -- That all sounds very optimistic and
6 encouraging. Could you just explain lightly
7 what this licensing management system chart is?
8 What does it show, particularly the diagonal
9 line for regulations? Is that just noting that
10 the regulations --

11 MR. GLENNON: It's just calling out
12 that that was the meeting at which we expected
13 the regulations to be approved by the
14 Commission and then they could be promulgated.
15 And I think the finalization of those
16 regulations were pretty important to the
17 functioning of the underlying systems and the
18 business rules and things.

19 COMMISSIONER MCHUGH: That's just a
20 noting of historical --

21 MR. GLENNON: It's a call out. The
22 rest of the chart is basically the timeline for
23 the development and the configuration of the
24 application along with some of the major

1 deliverables that we're expecting during the
2 process.

3 COMMISSIONER MCHUGH: That's great.
4 This looks great. Questions, comments? No
5 action item is required. This is just we're on
6 course.

7 MR. ACOSTA: It's really where we're
8 at right now.

9 COMMISSIONER MCHUGH: It's great.

10 COMMISSIONER CAMERON: Director
11 Acosta, you're familiar with and this would be
12 your third licensing management system; would
13 that be correct?

14 MR. ACOSTA: Yes. When I started in
15 New Jersey, we were doing things paper.

16 COMMISSIONER CAMERON: I understand.
17 But when you left there was a system in place?

18 MR. ACOSTA: It was automated, yes.

19 COMMISSIONER CAMERON: And then in
20 Ohio was as well.

21 MR. ACOSTA: That's correct.

22 COMMISSIONER CAMERON: How would
23 this system compare to those other systems in
24 your educated opinion?

1 MR. ACOSTA: The other systems very
2 simply they're antiquated. I don't want to say
3 that in a negative way, but this would be a
4 state-of-the-art. It would be a comprehensive
5 system that would bring a number of functions
6 together that in other jurisdictions are all
7 separate, which creates problems in itself.

8 Taking this best practices from my
9 other experiences and putting this all under
10 one roof, one platform, we have new technology.
11 We are starting off new. It's not like we're
12 having to scrap old stuff to start a new one.
13 That can be a little bit more difficult.

14 I know the state of Ohio is
15 currently doing that and it's a great
16 undertaking. So, I'm looking forward to this.
17 We've already been approached by other
18 jurisdictions as to how we're doing this and
19 why we're doing this. This may be a model that
20 may be used by other jurisdictions in the very
21 near future.

22 COMMISSIONER MCHUGH: Can we sell it?

23 MR. ACOSTA: I spoke to my
24 counterpart here and that's the first thing

1 that came out of his mouth.

2 MR. GLENNON: My thought is we may
3 be able to share some of the costs if somebody
4 wants to use it, recoup some of the costs.

5 COMMISSIONER MCHUGH: That's
6 interesting.

7 COMMISSIONER STEBBINS: You saw our
8 budget presentation. That might be helpful.

9 MR. DAY: David and John, the staff
10 we have, the contractors that are onsite of
11 NTTData I believe you found them to be
12 basically professionals and keep on task and
13 work cooperatively with staff?

14 MR. GLENNON: The quality of work so
15 far is outstanding. The two deliverables which
16 we have in hand and are reviewing are also
17 outstanding. So, we're very happy with the
18 work so far.

19 MR. ACOSTA: There are six members
20 of NTTData currently in our offices on a daily
21 basis. We meet with them at least once a week
22 in addition to one-on-one conversations with
23 them just to review status of the project, some
24 of the changes, some of the difficulties, some

1 of the complexities that come up.

2 So, it's been a real strong
3 interaction between NTTData staff that are
4 there on a daily, regular basis and licensing
5 as well as John as well.

6 I cannot go without mentioning that
7 IEB has had a very strong interest and
8 participation in this process as well.

9 COMMISSIONER MCHUGH: So, IEB is
10 obviously going to use this system as well as
11 you.

12 MR. ACOSTA: Yes. IEB is a very
13 integral part of this system. All of the
14 functionalities with IEB will be part of this
15 system.

16 COMMISSIONER CAMERON: Investigations
17 will feed?

18 MR. ACOSTA: Correct.

19 COMMISSIONER CAMERON: Excellent,
20 thank you.

21 COMMISSIONER MCHUGH: It sounds like
22 it will be first-class.

23 COMMISSIONER ZUNIGA: Actually, you
24 were already touching on this, but I am curious

1 about the user acceptance and user input
2 throughout the development process. How would
3 you characterize that, very interactive or in
4 different chunks? We wouldn't want to get to a
5 point of user acceptance and then have people
6 say well, this isn't really what we wanted.
7 Have there been steps taken to sort of mitigate
8 that?

9 MR. ACOSTA: Yes. Licensing staff
10 are not technicians. We are more from the
11 practical user side. IEB staff are not
12 technicians. They are more from the user side.
13 We've been presenting our positions as users
14 from other systems as to what worked, what
15 didn't work, and let the technicians handle the
16 technical part of it, and try to grow together
17 to make a very viable system. So, we're pretty
18 happy with that interaction that we've had so
19 far.

20 MR. GLENNON: I would add that it's
21 an iterative approach. So, the first
22 deliverable is a business requirements
23 document, which articulates what the flow is
24 and actually NTT's understanding of what we've

1 told them we want. And that document kind of
2 informs us for the next steps. And that would
3 lead to the functional requirements.

4 So, at each step along the way,
5 there's a review by our staff and an
6 opportunity to comment and provide them
7 feedback within a five-day period. So, it
8 builds. And I think the quality of the initial
9 documents will lead to a better end product.
10 And then any kind of software development that
11 we're putting up front articulating
12 requirements and defining them well leads to a
13 better product in the end.

14 So, I think we started well. And
15 we'll take this iteratively. And the next step
16 is screenshots and some prototyping where
17 people will begin if you don't understand the
18 business flow diagram, which is what is
19 contained in some of the initial documents, the
20 screenshots will take the users through the
21 experience and what the flow actually is.

22 So, I'm pretty confident that
23 between the work of the technical team at
24 NTTData and the subject matter expertise of our

1 in-house staff that we're going to do very
2 well.

3 COMMISSIONER ZUNIGA: Also,
4 customization, something that can get out of
5 hand in a process like this. Hopefully, time
6 and milestones are an important driver. What's
7 the level of customization that you see
8 happening and how is that managed?

9 MR. GLENNON: So, I think we are
10 taking a foundational system and we're
11 configuring it. It will meet all of our
12 requirements. When you talk about
13 customization, do you mean -- It's not like
14 we're buying a software application and
15 changing it. We're actually building a
16 workflow process using a documenting platform.

17 So, it will be purpose built to our
18 specs. to intake documents and to move things
19 through our process as we say. I think the
20 issue is sustaining it and I think talking with
21 Director Day about staffing so that we can get
22 into the business of maintaining what we've
23 built in post-delivery of the system by
24 NTTData. I'm not too concerned about

1 customization per se.

2 COMMISSIONER ZUNIGA: And the
3 project costs are reflected in the budget
4 numbers that we have?

5 MR. GLENNON: Yes. As a matter of
6 fact, you have a separate call out sheet that
7 specifies the individual costs for this project
8 and we can track those on-time and on-budget at
9 this time.

10 COMMISSIONER ZUNIGA: Great.

11 COMMISSIONER MCHUGH: Other
12 questions folks? Sounds great. Thank you very
13 much. Anything else? It looks like we are
14 done. Appropriate motion at this stage?

15 COMMISSIONER STEBBINS: I move to
16 adjourn, motion to adjourn.

17 COMMISSIONER CAMERON: Second.

18 COMMISSIONER MCHUGH: All in favor, aye.

19 COMMISSIONER CAMERON: Aye.

20 COMMISSIONER STEBBINS: Aye.

21 COMMISSIONER ZUNIGA: Aye.

22 COMMISSIONER MCHUGH: The ayes have
23 it unanimously.

24 (Meeting adjourned at 3:42 p.m.)

1 ATTACHMENTS:

- 2 1. Massachusetts Gaming Commission January
- 3 23, 2014 Notice of Meeting and Agenda
- 4 2. Massachusetts Gaming Commission January 9,
- 5 2014 Meeting Minutes
- 6 3. Western Massachusetts Casino Health Impact
- 7 Assessment Report
- 8 4. Massachusetts Gaming Commission Licensing
- 9 Management System (LMS) Update
- 10 5. Massachusetts Racing Division January 23,
- 11 2014 Memorandum Regarding Proposed
- 12 Extension of Existing Chapters 128A and
- 13 128C
- 14 6. Massachusetts Gaming Commission Budget and
- 15 Assessment Process
- 16 7. January 6, 2014 Email Regarding State
- 17 Withholding Taxes on Gaming Winnings and
- 18 attachments

19

20

21

22

23

24

GUEST SPEAKERS:

Mayor Domenic Sarno, Mayor of Springfield

MGM RESORTS:

William Hornbuckle, MGM Resorts

Phyllis James, MGM Resorts

Michael Mathis, MGM Resorts

James Murren, MGM Resorts

Martin Natasia, Brown Rudnick

Kelley Tucky, MGM Resorts

Frank Robinson, Partners for a Healthier Community

Kathleen Szegda, Partners for a Healthier Community

MASSACHUSETTS GAMING COMMISSION STAFF:

David Acosta, Director of Licensing

Catherine Blue, General Counsel

Richard Day, Executive Director

Dr. Jennifer Durenberger, Director of Racing

John Glennon, Director of Information

Technology

Derek Lennon, Chief Financial and Accounting

Officer

Mark Vander Linden, Director of Research and

Problem Gambling

C E R T I F I C A T E

I, Laurie J. Jordan, an Approved Court Reporter, do hereby certify that the foregoing is a true and accurate transcript from the record of the proceedings.

I, Laurie J. Jordan, further certify that the foregoing is in compliance with the Administrative Office of the Trial Court Directive on Transcript Format.

I, Laurie J. Jordan, further certify I neither am counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken and further that I am not financially nor otherwise interested in the outcome of this action.

Proceedings recorded by Verbatim means, and transcript produced from computer.

WITNESS MY HAND this 25th day of January, 2014.

LAURIE J. JORDAN	My Commission expires:
Notary Public	May 11, 2018