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THE COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION

PUBLIC MEETING #47
KEY POLICY QUESTIONS

CHAIRMAN

Stephen P. Crosby

COMMISSIONERS

Gayle Cameron

James F. McHugh

Bruce W. Stebbins

Enrique Zuniga

January 22, 2013, 1:00 p.m.

OFFICE OF THE DIVISION OF INSURANCE

First Floor, Hearing Room E

1000 Washington Street

Boston, Massachusetts

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

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4 CHAIRMAN CROSBY: I'm calling to order the
5 47th Public Meeting of the Mass. Gaming Commission
6 on Tuesday, January 22, 2013.

7 I guess we'll jump right to this. This
8 is one of the continuation of conversations about
9 what we've set out as sort of key policy questions,
10 some more key than others. Each Commissioner has
11 been assigned some of these topics. And we'll just
12 go down by Commissioner starting with key policy
13 question number 20.

14 COMMISSIONER MCHUGH: Which is mine,
15 Mr. Chairman. Twenty and 35 are both mine. And
16 they both, as you'll see when we get to 35, are
17 something of a work in progress, at least in my mind
18 at this point.

19 Question 20 says: What kind of a team
20 with what kinds of skills and competencies does the
21 Commission need to help assess the Phase-2
22 proposals?

23 We got some comments from two member of
24 the public in response to our request for public

1 comments. Shefsky & Froelich who represents and
2 are assisting the Springfield process on behalf of
3 the City recommended that an urban planner, a
4 mitigation consultant, a financial consultant and
5 a traffic consultant to review issues in the Phase-2
6 application that fell within their respective
7 competencies.

8 The Metropolitan Area Planning Council
9 suggested that the evaluation team include experts
10 in gaming, economic development, transportation,
11 social services, housing and environmental issues
12 as well as local, regional and state
13 representatives, and suggested that the RPAs
14 themselves, the regional planning authorities --
15 associations, would be in a good position to provide
16 advice to the Commission with respect to the Phase-2
17 proposals.

18 It seemed to me after looking at that
19 and thinking about the fact that we are now engaged
20 in a process of identifying the criteria we are going
21 to use for the evaluations ultimately, a process
22 that hopefully we can bring to a conclusion in the
23 near-term, that the ultimate determination of what
24 kinds of team members we need will depend on what

1 it is that we are trying to evaluate.

2 So, we can't come up with a complete answer to this
3 question right now.

4 It seems clear to me though as I was
5 thinking about this that we are going to need a
6 financial consultant. There are going to be heavy
7 financial aspects of any RFA-2 proposal application
8 we receive. That there might be a need and we should
9 think about the need for a construction financing
10 consultant, if that's not within the competencies
11 of the overall financial consultant. Because
12 construction financing is somewhat different than
13 ongoing financing, operational financing
14 projections and the like.

15 That an architect and a planner with
16 experience in development of large facilities will
17 be essential to help us think through the viability
18 and attractiveness and things that need mitigation
19 in whatever plan we receive.

20 And a traffic consultant is clearly
21 going to be required because these are going to be
22 heavy draws, each one of them, and we'll need to look
23 at the impact on traffic. And because there will
24 be an impact beyond the immediate surroundings of

1 the facility, somebody with regional planning
2 experience would be helpful to have as a member of
3 the team.

4 Now that may be all we need ultimately,
5 but it seems to me that we ought think about getting
6 those, people with those kinds of competencies on
7 board now and then revisiting this to see if we have
8 a full complement when we have the final criteria
9 assembled.

10 Insofar as the regional planning
11 authorities are concerned, it seems to me that they
12 too can provide a very valuable resource and we ought
13 to explore with them beginning now how they can
14 provide that assistance to us.

15 The difficulty with relying on them for
16 one of the functions is twofold. One, we really
17 want to be able to make an independent judgment.
18 And secondly, it may be as things shake down, and
19 not all of the players are in place yet, that you
20 have competing facilities in two different regions
21 within a region.

22 So, you have conceivably two different
23 regional planning authorities that may be involved
24 in the assessment and therefore trying to get some

1 kind of comparison objectively viewed by a single
2 entity might be difficult. That's why I think we
3 ought to explore with them how best to get the value
4 that they surely can provide and begin that now.

5 So, those are the three components of
6 recommendation. There are some that we know now,
7 I think, and we should try to get aboard. We should
8 explore the regional planning authorities how they
9 can provide the best input to our process. And we
10 ought to revisit the composition of our evaluation
11 team when we're finished with the evaluation
12 criteria we choose to use.

13 CHAIRMAN CROSBY: You sort of have the
14 task or project of thinking about what we're going
15 to need. How do these two things fit together?

16 COMMISSIONER ZUNIGA: Very much in
17 line. I agree with the fundamental notion, the
18 three notions of this recommendation. I want to
19 make the following point, which dovetails in exactly
20 just what Commissioner McHugh is thinking about or
21 recommending really.

22 I would put three of the expertise here
23 perhaps in some way overlapping construction
24 financing, architects and planners and traffic

1 consultants. Some of the attributes of those three
2 -- they don't overlap all the time but they sometimes
3 do. And one way to think about it would be for us
4 to let out a request for proposal for those three
5 disciplines in the same document, much like we did
6 with the research agenda to say -- to invite
7 responses from qualified individuals and firms on
8 any one or all three of those disciplines.

9 And the responses to those could be
10 very helpful in helping us determine -- First of all,
11 assess the expertise out there that would be
12 interesting. And secondly, helping us determine
13 what the composition of those experts would be.

14 I distinguished that solicitation from
15 one of a financial consultant, because at least I'm
16 thinking that's a discipline that's very discreet
17 in this case. One that we could emphasize however
18 we wanted expertise with gaming analysis, with
19 gaming operations and financial modeling, for
20 example, that could yield some great responses.

21 But as I think of these four broad
22 categories after I read this thoughtful summary
23 memo, I thought those three could be thought of as
24 perhaps one that we could solicit, and potentially

1 end up with three or more or less advisers, a group
2 of advisers in those disciplines.

3 CHAIRMAN CROSBY: John, do we need a
4 traffic consultant? Will we not be able to get that
5 from DOT?

6 MR. ZIEMBA: We'll rely on the DOT
7 expertise, but it still may be useful to have our
8 own traffic consultant because there are obviously
9 limitations on resources for how much we can count
10 on from DOT for their staff time but they'll be able
11 to provide us some analysis and some reports.

12 But it's possible that we might want to
13 have somebody with that skill set to help us out and
14 help us analyze the reports that are submitted to
15 us.

16 CHAIRMAN CROSBY: We should at least
17 have them available to us?

18 MR. ZIEMBA: Yes.

19 COMMISSIONER ZUNIGA: Part of my point
20 is that there are very good planners who might not
21 need to do -- need not be traffic experts but be able
22 to assess a traffic study quite successfully. And
23 I guess as we solicit these things, we may be able
24 to be better educated as to what expertise is

1 available.

2 COMMISSIONER MCHUGH: I'm sorry, I
3 didn't mean to interrupt. But it seemed to me that
4 that was the key. Each of these applications has
5 to contain a plan for dealing with these various
6 kinds of things including traffic studies and the
7 like.

8 So, the person that we're looking for
9 is somebody who can look at the plans submitted, and
10 tell whether it's realistic or they are taking into
11 account the right factors. And then do some kind
12 of comparative analysis between the two, rather than
13 somebody who is going to go out and do the studies
14 themselves.

15 COMMISSIONER ZUNIGA: Precisely.
16 There's many program managers that's their duty
17 effectively. And they recognize enough either
18 because they've done it in the past or because they
19 have coordinated efforts in large projects.

20 On the flipside, I know it's not
21 necessarily what's recommended here, but I would
22 caution or I would be careful not to have too many
23 discreet advisers and miss a coordinating piece.
24 And I know it's not what's intended in this memo but

1 part of my thought of trying to solicit expertise
2 that maybe overlaps may help us in that regard.

3 COMMISSIONER CAMERON: That's a good
4 point. I'm wondering from our gaming consultants
5 if there are consultants that do just this, come in
6 and evaluate the casino projects. And they have
7 expertise in architect, maybe they looked at traffic
8 studies, all of the items that Commissioner McHugh
9 just took a look at.

10 MR. POLLOCK: In our experience I'm
11 not personally aware of any firm that does that
12 specialty, simply working for governments and
13 assessing.

14 What we have seen in various states is
15 that they may use a Big-Six accounting firm, for
16 example, to evaluate. And to be perfectly candid,
17 quite often their expertise is not in the nuances
18 of gaming and they lack, as Commissioner Zuniga has
19 referred to as the coordinating the overall
20 perspective in terms of being able to look at all
21 pieces of it.

22 Our experience and I know I am speaking
23 on behalf of Michael & Carroll as well in this
24 respect, is that what we have seen where we have been

1 on the side of the applicants in putting forth plans
2 is that when the assessment was done, it lacked the
3 ability to look beyond what would be a plain-vanilla
4 approach and to be able to accurately and adequately
5 assess the nuances and how all of the pieces would
6 fit together for a project that essentially is
7 designed and structured to break the mold. That's
8 going to be the challenge.

9 But I don't think you're going to have
10 any issues or any fears about qualified expertise
11 in all of the areas identified here. They're going
12 to be coming out of the woodwork in terms of this
13 would be a terrific job.

14 But the key is the ability to put it all
15 together and look at it in terms of all aspects of
16 it to see whether it does achieve what it can. But
17 the short answer to your question is we're not aware
18 of any firm that specifically specialize in that on
19 behalf of government.

20 COMMISSIONER CAMERON: So, we're
21 going to have to look for different experts to help
22 us with different pieces of this?

23 MR. POLLOCK: Not necessarily, not
24 necessarily. What we have seen or we certainly

1 could conceive of is an RFP that allows teams to put
2 their own expertise together in various areas. If
3 the RFP does require that this successful applicant
4 has to have the ability to look at the big picture
5 and assess it wholistically and then the burden
6 would be on them potentially to put together a team.

7 COMMISSIONER CAMERON: Thank you.

8 MR. CARROLL: If I could add one other
9 thing. When the applications are submitted,
10 there's certain degrees of quality in terms of the
11 verifications that are actually put in. So for
12 example, if you get a traffic study, which showed
13 the mitigations and the effect of the particular
14 impact of a traffic program by X-I casino, the
15 companies are usually pretty diligent in making sure
16 that the companies that present these things have
17 thought them out. They're signed by appropriately
18 qualified people and so forth. And generally
19 speaking, you get a pretty good product.

20 Now your review of that in comparison
21 to other applicants and so forth is where the
22 expertise is needed so that you can look at the
23 different ones and say. But generally speaking,
24 you're going to get a pretty good quality product

1 on those mitigation plans in practically all of
2 these areas.

3 The financial, as Mike has indicated,
4 for example in Pennsylvania they had a major Big-Six
5 company come in and do it. And there was a fair
6 amount of disagreement by all of the applicants as
7 to the projections that were made.

8 They all made projections. The
9 projections were based on the equipment and the
10 size of the particular facilities. And there was
11 pretty big divergence in what the applicants, some
12 of which were really experienced, and what they
13 projected and what the company found as the actual
14 anticipated results.

15 And I think the actual experience in
16 Pennsylvania probably created a third category. It
17 wasn't quite what was put forth by applicants nor
18 was it necessarily by what the very conservative
19 numbers that had been returned by the expert, but
20 somewhere in between on factors in some cases that
21 weren't even really properly addressed.

22 As Mike pointed out, the company that
23 does this or particular firm that does this has to
24 appreciate the nuances of what is being presented

1 so that they can take into account a lot of these
2 different things that affect each individual
3 project. And then compare them together and give
4 you an assessment that these financial projections
5 are not only reasonable, but they are also from a
6 practical standpoint in their experience are
7 demonstrated by the size of the property, number of
8 machines, the operational plan they have and
9 everything else.

10 You can find these groups. You're
11 just going to have to pick them out. And I think
12 it would end up being a team. It may be one company
13 that puts together the team but it will be separate
14 disciplines within that team.

15 COMMISSIONER MCHUGH: Wouldn't it be
16 helpful, I'm thinking as I heard you and Mike talking
17 I thought about this a little bit earlier, wouldn't
18 it be helpful to have the team whether assembled by
19 a single entity or assembled by us, on board before
20 we actually promulgate the application requirements
21 so that they could help us tailor the application
22 requirements to the ultimate evaluation, and create
23 forms that will permit relevant comparisons?

24 MR. CARROLL: I would think, yes. I

1 think if you could get input from them on areas, for
2 example, information that would be specific to that
3 discipline, it would be helpful. Bringing them on
4 board or maybe having an initial consultation in
5 that regard might be sufficient, but I can't imagine
6 it not being helpful.

7 COMMISSIONER MCHUGH: We decide on the
8 criteria, hypothetically. We say these are the
9 criteria we are interested in. We want you to
10 help us evaluate them. Now help us design the form,
11 the application form or the information that we need
12 to get in order to emphasize, highlight these
13 criteria and help us make relevant comparisons
14 between proposals in these various areas.

15 MR. POLLOCK: To a certain degree,
16 this anticipates question 35.

17 COMMISSIONER MCHUGH: It does, yes.

18 MR. POLLOCK: Which I think that
19 assessing the priorities and the public policies and
20 having an adviser that can help identify and help
21 rank those public policies in advance could
22 certainly be helpful.

23 COMMISSIONER MCHUGH: The reason I
24 raise that now is that I wonder how long an RFP

1 process will take, whether we can't in some way
2 without doing violence to our commitment to
3 openness, transparency and the other important
4 things that we're trying to achieve couldn't find
5 a way to speed that up so that we get at least the
6 core of some kind of a team on board before we're
7 at a stage early enough so that when the regs. are
8 issued --

9 CHAIRMAN CROSBY: When would that be
10 date wise, more or less?

11 COMMISSIONER MCHUGH: The target date
12 for issuing the regs is --

13 CHAIRMAN CROSBY: March 14?

14 COMMISSIONER MCHUGH: -- mid-March,
15 let's say.

16 CHAIRMAN CROSBY: I can't imagine
17 getting it done enough before that that it could
18 appreciably affect that. You could do it ex post
19 facto. You could have them review it during the
20 appeal period and so forth during the hearings
21 period and so forth, but I can't imagine -- That
22 would mean by mid-February you would have to have
23 somebody on board to have any substantive --

24 COMMISSIONER MCHUGH: Yes, right.

1 That's a month, basically a month from now.

2 COMMISSIONER ZUNIGA: We could
3 structure our solicitation, a quick solicitation
4 for a discrete amount of advice, if you will, for
5 a request for proposal form let's say on certain
6 levels of expertise.

7 But I wanted to, if I may, just talk
8 about a particular example that's very relevant here
9 that happened in 2004 with the passage of
10 construction reform in Massachusetts, which
11 mandated an owner's project manager on all public
12 procurements. I'm intimately familiar with that
13 from the school building authority.

14 This owner's project manager was
15 mandated as a result of a lot of difficulties by
16 municipalities managing their architect who drew
17 the drawings and the contractor who actually build
18 the project.

19 This was an adviser to the owner that
20 allowed them, allowed the owner in this case a public
21 entity, the ability to weigh and analyze multiple
22 aspects of a very large construction project. And
23 many of the owner's project managers that initially
24 came to this new industry in Massachusetts were

1 already doing this in the private sector, just
2 purely construction management.

3 But eventually other firms like
4 architects and planners moved into this space and
5 were quite successful. Again, integrating their
6 ability and expertise having drawn up drawings and
7 now working for owners and reviewing certain key
8 aspects to the owner, advising the owner.

9 I see this Commission as the owner as
10 well. And I see us as requesting expertise from the
11 likes of all these firms that exist in the
12 Commonwealth and elsewhere that have expertise in
13 multiple areas. Sometimes some are more focused in
14 certain areas like having a background in
15 architecture and planning but also expertise in
16 scheduling and construction cost, analyzing, etc.

17 I'm going back to the same point
18 perhaps that I made before, which is if we put
19 together a general RFP for all of those disciplines,
20 we could see a number of firms respond quickly that
21 have expertise in multiple of those disciplines.

22 Again, I make the distinction with a
23 financial adviser. I keep thinking that that
24 expertise is very different from the other three

1 that we are thinking about, which we could also put
2 out quite quickly and get hopefully some good
3 responses.

4 COMMISSIONER MCHUGH: I think that the
5 ideas that you're articulating make very good sense.
6 We could get somebody to either put together a team
7 or manage a team with the total would be great. It's
8 the speed with which we could get a quality group
9 on board by going through a procurement process that
10 I wonder about. And wonder how the hell we can do
11 it most efficiently but that's your bailiwick, so.

12 COMMISSIONER ZUNIGA: If we have a
13 long 30-day response period, if we take our time
14 thinking out the RFP in writing it, we are likely
15 to get better responses than if we do it too quickly
16 but that doesn't take away from our ability to try
17 to do it as quickly as we can.

18 COMMISSIONER MCHUGH: No, I know we'll
19 try to do it as quickly as we can. It's the values
20 that we're trying to achieve by doing it.

21 CHAIRMAN CROSBY: As a practical
22 matter, I think the likelihood of getting very much
23 help prior to March 14 is not great, but we might
24 get some. We can integrate some of that help after

1 the fact. We think there's plenty of opportunity
2 to re-jigger the proposed regs. or the review
3 process or the metrics or the weighting chart and
4 so forth.

5 COMMISSIONER MCHUGH: Sure.

6 CHAIRMAN CROSBY: I think it's worth
7 -- presumptively let's make that part of this
8 recommendation.

9 It seems to me there's a third part of
10 this. There's the team we need. First of all,
11 there's the criteria and the metrics and the
12 measuring tools. Then there's the team to help do
13 that, but there's also going to be this process.

14 We are going to get in a relatively
15 short period of time somewhere up to 11 huge
16 proposals. You've seen some of these things, huge
17 proposals with a huge amount of data. And we need
18 to have a process in place by which we are going to
19 review that.

20 I don't know whether that means first
21 thing is an oral, visual presentation. Then we
22 segment it out or we give it out to various
23 consultants in the state or bring the state in first.
24 I don't know. But there ought to be some sort of

1 a process whereby this paperwork flows through some
2 kind of plan review. Otherwise, we're just going
3 to be swamped in paper and not know what we're doing.

4 So, I wanted to ask you all is there
5 some sort of standard -- either is there some sort
6 of standard process by which one reviews these kinds
7 of things and put them through some kind of pipeline
8 of review and analysis (A)? Or if there isn't a
9 standard, has one of these most recent states
10 Pennsylvania or Ohio done it well? Are there people
11 who we can talk to about what kind of a process?

12 MR. GUSHIN: Ohio, there was the
13 constitutional amendment in Ohio which preselected
14 the applicants through the constitutional
15 amendment. So, there was no RFP process like you
16 have. And the same thing for the seven racinos,
17 slot machines at the racetracks. It was all
18 pre-done. So, they did not have an RFP process,
19 which is remotely similar. But other states have
20 and certainly Singapore has.

21 MR. POLLOCK: I think Illinois might
22 be a better example than Ohio for their temp.
23 license. We at Spectrum were involved, on the
24 applicant side were involved in Pennsylvania and

1 Illinois, got to see it from that perspective.

2 And the answer is there's nothing that
3 we saw that we would suggest would be a good model
4 here for the assessment process in that we
5 essentially as part of a team submitted these very
6 detailed complex proposals in every aspect. How
7 many people you are going to employ. What the
8 revenues are going to be and so forth as well as some
9 other qualitative aspects.

10 And between the time we submitted and
11 the time of a hearing where you did essentially a
12 PowerPoint presentation as to the salient aspects
13 of your proposal, there may have been one, I don't
14 think there was as many as two calls from consultants
15 with respect to the advisers to the respective
16 commissions asking how did you achieve these numbers
17 or anything like that.

18 We were prepared for that. We
19 expected that. We would have welcomed that, but
20 there really wasn't.

21 COMMISSIONER ZUNIGA: I want to
22 address your question to some degree, Mr. Chairman.
23 And at least the way -- I'm going ahead a little bit
24 in the next memo, if you will. But it looks like

1 we will have a set of broad criteria, call it five
2 criteria that could further be refined, five or six
3 or however many. And those will be rational
4 subgroups as Commissioner McHugh will later
5 explain.

6 It occurs to me that for those broad
7 criteria, the request for application could be
8 structured in a way that each of those criteria is
9 very discreet. And the advisers and group -- which
10 may include groups that may include also RPAs or
11 other state stakeholders will also be very -- fit
12 well in those discreet groups is at least my belief.

13 Those could be done and analyzed in
14 tandem, in parallel. Of course, our roles we'll
15 have to figure that out and we can get to that later.
16 But I see the bulk of those evaluations taking place
17 in parallel where possible and with the advice of
18 our consultants here and the ones that we have yet
19 to hire and the others like the RPAs.

20 But as Commissioner McHugh points out,
21 because we're still in the process of defining those
22 criteria, the advisers go hand-in-hand. But I do
23 believe that they will fit in some way in rational
24 subgroups.

1 MR. MICHAEL: I was going to suggest
2 something very much along the lines of what
3 Commissioner Zuniga just said that it would be
4 counterproductive -- It would be counterproductive
5 for me to talk without a microphone. It would be
6 counterproductive for everyone to evaluate
7 everything from scratch. And that a division of
8 labor both among the consultants that are retained
9 and conceivably among the Commissioners themselves.

10 So that at least the initial review of,
11 as Commissioner Zuniga points out, the discrete
12 areas is done by a certain channel and report on that
13 then brought together as an amalgam with all the
14 other reports, so that the Commissioners are
15 reviewing something that has been pre-reviewed.
16 And you are seeing what the recommendations are from
17 those who have the expertise in that particular
18 area, rather than you're trying to delve into the
19 details of every one of these segmented portions.

20 CHAIRMAN CROSBY: Right.

21 COMMISSIONER MCHUGH: The viability
22 of these proposals in some part depends on how --
23 not the viability, the facility with which we can
24 do this depends in some part on how we design the

1 application, right? I mean if we put a lot of
2 requirements that are apples to apples requirements
3 in the application form, then the processing at our
4 level becomes easier than if we have sort of an
5 undifferentiated presentment of information.

6 CHAIRMAN CROSBY: Absolutely.

7 COMMISSIONER MCHUGH: But that gets
8 back to trying to see if we figure out a way to get
9 the consultants on board to help us design the
10 application. It's a seamless --

11 CHAIRMAN CROSBY: Right, and I think
12 all three of these things fit together.

13 COMMISSIONER MCHUGH: Right.

14 COMMISSIONER ZUNIGA: Can I also
15 mention another piece relative to your question as
16 to the process? I also think that we will request
17 the responses for RFA Phase-2 and get volumes. They
18 will be discreet. They could be assigned and
19 reported back as Guy summarizes.

20 In my view after that has gone through
21 to some level of vetting and understanding, it is
22 then that more information request of the applicants
23 may be useful. And we need to think about just
24 exactly how to do that. To ensure that there's

1 comparison in apples to apples on the one hand, we
2 can think a lot about that but may end up with
3 potentially different interpretations by the
4 respondents.

5 What would be akin to requesting oral
6 interviews in a public procurement, after some
7 period of analysis we would then ask, and this is
8 only a suggestion, respondents to come in and --
9 either publicly to come in and explain certain
10 portions that we may understand or want to
11 understand more fully. And/or have our advisers
12 follow up directly if that is a route we want to take
13 towards understanding better assumptions behind
14 complex financial modeling, for example. Because
15 there will be those assumptions. Sometimes they
16 are not quite clear.

17 In other words, if we had a process for
18 requesting information, clarifying information,
19 maybe that's all assumed to be the case, after the
20 applications have been reviewed on a cursory level,
21 I believe that also would be very helpful in
22 furthering the goals that you say, trying to do the
23 best analysis in the most efficient time.

24 MR. MICHAEL: A couple of reactions to

1 that. I think that's absolutely right. But seeing
2 that there may be kind of a three-phase process, you
3 may want to have the applicants make a public
4 presentation at the very outset of Phase-2 where
5 they lay out what they intend prior to any pre-review
6 of what they're submitting, just so the public is
7 aware of what their project in general is intended
8 to look like.

9 And then you go through the review
10 process as we talked about. And during that review
11 process, you are free to ask for additional
12 information at any stage or at any moment because
13 they are required to submit any information you
14 want, both with the consulting elements or staff or
15 state agencies or whoever else is doing that initial
16 review.

17 Then after you've compiled the
18 information that you thought was necessary, then
19 have another public hearing where you either ask
20 further questions or clarify what it is that they
21 are presenting that bothers you. Ask why they
22 haven't done things you think they may have needed
23 to do. And then that entire record becomes the
24 record on which you make your final determination.

1 CHAIRMAN CROSBY: Fred, was there
2 anything on paper in Singapore that would be
3 helpful? Would it be helpful -- Did they have a
4 measuring tool, their RFA, etc.?

5 MR. GUSHIN: Mike's been working on
6 that. They did have a process. And their
7 preliminary document was 800 pages and not
8 surprising where they laid out everything that they
9 were looking for.

10 They have a preliminary document of
11 about 800 pages where they laid out their criteria
12 as the starting point. And then Mike has been
13 looking into how they did their evaluations and the
14 process that they went through.

15 MR. POLLOCK: This certainly
16 anticipates question 35. One last point on an
17 earlier point is one of the reasons why I believe
18 that domestically why some of the states did not
19 really follow-through with a good question and
20 answer session as to the quality of the
21 applications, is that in hindsight it appears that
22 the overwhelming criteria in those states is simply
23 just how much gaming revenue and which application
24 is going to generate the most gaming revenue and kind

1 of cut it off there. Everything else becomes
2 somewhat of a significantly lower priority. And
3 that clearly is clearly not the case yet.

4 Singapore was clearly different. And
5 based on our client relationship and our person on
6 the ground in Singapore, made some initial
7 inquiries. And again in response to question 35,
8 they did and they are to our knowledge the only
9 gaming jurisdiction in the world to have done so,
10 but essentially used software that's used in many
11 other industries to evaluate ostensibly subjective
12 criteria, qualitative criteria with respect to
13 gaming.

14 The only gaming jurisdiction to apply
15 that. It's called Analytic Hierarchy process.
16 And it's used in any number of industries. The only
17 reason Singapore used it is their Defense Ministry
18 was familiar with it and used it in procuring
19 defense-related contracts.

20 So, they did apply this and it's a very
21 interesting and holds promise. And I'm in the
22 process of getting more information with some of the
23 precise criteria that Singapore applied. But it's
24 a promising tool among many other tools. But we

1 were cautioned and we caution in turn that it is but
2 one tool in the toolkit.

3 Again, I'm in the process of getting
4 more information, but one of my initial concerns,
5 one of my initial questions in this to avoid a heavy
6 reliance on any one tool is that we've experienced
7 in multiple markets that an application may put
8 forth certain aspects of its particular proposal
9 that were simply not anticipated.

10 We saw that for example in Illinois
11 where we represented an applicant for a license and
12 this particular applicant was in a -- It was the City
13 of Waukegan, down on its heels city that had sort
14 of had aspects of it that would have had certain
15 public-policy benefits that others didn't. And it
16 wasn't anticipated and consequently in my view
17 wasn't sufficiently addressed.

18 So, it's going to be a helpful tool.
19 It's going to hold out the promise of giving some
20 order to what's by definition a disorderly process.
21 Again, it will just be one tool. And I'm in the
22 process of getting more information with some of the
23 specifics as to what Singapore's priorities were and
24 precisely how they ranked them.

1 MR. GUSHIN: And in that regard, the
2 Tourism Board was the one that made the final
3 selection after integrity. And we're talking to
4 the people in Singapore on the Tourism Board and some
5 of the former officials as well.

6 CHAIRMAN CROSBY: The woman we had
7 dinner with?

8 MR. GUSHIN: Yes, Margaret.

9 CHAIRMAN CROSBY: She was there then,
10 right?

11 MR. GUSHIN: She was the one who
12 oversaw that process and we've reached out for her
13 as well.

14 COMMISSIONER CAMERON: I got a
15 question following up on your comment about other
16 gaming venues just looking at the revenue. How can
17 you know that the revenue is correct unless you
18 looked at all those other pieces of the project?

19 MR. POLLOCK: That's an excellent
20 question. And the short answer is essentially you
21 look at the population and you recognize that just
22 in terms of this one is so much closer to a larger
23 population that just essentially was a guiding
24 criteria.

1 COMMISSIONER CAMERON: Thank you.

2 CHAIRMAN CROSBY: One other piece is
3 there any other kind of development project that
4 goes through this, John? Can you think are there
5 other of communities bid out pieces of property for
6 big, multi-use projects? Is there anybody that the
7 does this kind of thing that would do a review --
8 that would have experience doing major
9 multi-dimensional project analysis and evaluation
10 and review?

11 COMMISSIONER ZUNIGA: A competitive
12 one.

13 CHAIRMAN CROSBY: A competitive one,
14 yes, where you're going to get multiple bidders for
15 the same thing?

16 MR. ZIEMBA: For a lot of these
17 large-scale projects, there are processes that are
18 internalized. Like for example, the City of Boston
19 has a pretty well developed process for reviewing
20 these types of big applications.

21 CHAIRMAN CROSBY: Yes. The DRA must
22 have some kind of a process. They get multiple bids
23 for sites, right?

24 MR. ZIEMBA: Right.

1 CHAIRMAN CROSBY: So, that's a
2 thought. There might somebody.

3 MR. ZIEMBA: But I think that the
4 primary reliance is upon some of their own
5 personnel.

6 CHAIRMAN CROSBY: Right.

7 COMMISSIONER MCHUGH: Doesn't private
8 industry have design competitions? I mean if
9 somebody wants to build a building, don't they ask
10 three or four or five, a bunch of people to come in
11 and then have somebody who evaluates the designs for
12 a whole bunch of criteria? It's a very frequent
13 process.

14 COMMISSIONER ZUNIGA: The Designer
15 Selection Board for the state does that for all
16 public projects. There's a designer selection
17 board that interviews architects. And that's how
18 they select architects.

19 And they come in and explain their
20 concept. And it's highly subjective but it's
21 tangible. They demonstrate an understanding of the
22 surroundings, understanding of the context,
23 understanding of the goals. And they're selected
24 on the basis of their qualifications.

1 COMMISSIONER MCHUGH: And how do they
2 do it in private industry?

3 COMMISSIONER ZUNIGA: I suppose in a
4 similar way.

5 COMMISSIONER MCHUGH: If you are going
6 to put up like some of these big buildings that are
7 going up now for biotech and high tech, they must
8 go out and do that as well.

9 COMMISSIONER ZUNIGA: Yes.

10 COMMISSIONER MCHUGH: Put together
11 some kind of review team to analyze that.

12 CHAIRMAN CROSBY: If you're going to
13 build a new building, Bio-Gen is going to build a
14 new building, they would put it out for competitive
15 bid, narrower but similar.

16 COMMISSIONER MCHUGH: Right. But
17 then have some kind of an analysis according to
18 preselected criteria.

19 COMMISSIONER ZUNIGA: All of those
20 solicitations, they're highly on the basis of
21 qualifications because everybody recognizes that
22 lowest price doesn't yield the best quality

23 COMMISSIONER MCHUGH: I understand.

24 COMMISSIONER ZUNIGA: All that

1 criteria can be articulated in the analysis.

2 CHAIRMAN CROSBY: The other piece is
3 the RPAs. I think what we need to do now is figure
4 out how to proceed. We're going to get to question
5 number 35 as well. You said this all relates.

6 I think we agree with Commissioner
7 McHugh's three steps here, three-point
8 recommendation. But really the question is how are
9 we going to take this to the next level? How are
10 we going to operationalize this conversation?

11 I don't want if we want to appoint a
12 subcommittee to think further for the next couple
13 weeks or whatever about how we can collapse this
14 system of criteria/metrics with evaluation teams
15 with evaluation process. That needs to be worked
16 up.

17 It may include reaching out to the DRA
18 or the Design Selection Board or somebody else to
19 think about ways that might be done. And maybe
20 talking more with Spectrum about Singapore. But I
21 think we need to somehow designate somebody to start
22 to put together a plan that can pull this all
23 together.

24 COMMISSIONER MCHUGH: I think it does

1 tie into the next one, which as you'll see is also
2 full of really interesting, clearly interesting but
3 difficult questions. And I think they do go
4 together.

5 And then how to reach out and find out
6 what the selection what the advisory board ought to
7 be and how to go about engaging them as part of the
8 same process. So, I would be happy to participate
9 in that with Commissioner Zuniga if that was
10 acceptable to the group.

11 To come back with these three bullet
12 points in mind as sort of major themes and come back
13 and drill down to the next level within a couple of
14 weeks and see where we are both in terms of criteria,
15 the approach to evaluation and an approach to how
16 we are going to get the criteria into an application
17 in sufficiently definitive form so that we can move
18 through the applications we get with some speed.

19 CHAIRMAN CROSBY: Yes. It's
20 completely organic. If you design an application
21 form properly, then the process of reviewing it sort
22 of suggests itself. But those three, all the way
23 from the criteria to the process of review.

24 I think that would be great if the two

1 of you would work on that for a couple of weeks,
2 whatever it takes to take a crack at that.

3 COMMISSIONER MCHUGH: Okay.

4 CHAIRMAN CROSBY: As part of that, why
5 don't we delegate to the two of you the decision to
6 spit out an RFP quickly if you feel that that should
7 be part of that process.

8 COMMISSIONER MCHUGH: Okay.

9 COMMISSIONER ZUNIGA: As a quick
10 reminder, we did have that quick solicitation that
11 we declined for financial advice. So, there's a lot
12 of work there that we will build on.

13 COMMISSIONER MCHUGH: Right.

14 CHAIRMAN CROSBY: Right. So, McHugh
15 and Zuniga. Great.

16 COMMISSIONER MCHUGH: Let's be clear
17 that this pairing has no decision-making authority.

18 CHAIRMAN CROSBY: Right.

19 COMMISSIONER MCHUGH: Just for the
20 record, it is purely an information gathering group
21 in which we are going to gather information, think
22 about it, digest it and come back with
23 recommendations here with no decision-making
24 authority.

1 CHAIRMAN CROSBY: Right. Okay.

2 Great. Do you want to skip to 35?

3 COMMISSIONER MCHUGH: Yes.

4 Thirty-five really follows on 20 and is something
5 that I have been -- I think is a fascinating question
6 and one that is equally difficult.

7 The question is should the Commission
8 formulate and communicate a scoring system prior to
9 the receipt of proposals with the relative weight
10 of different criteria? Should the Commission
11 establish a minimum scoring for applicants?

12 This is of course a scoring for the
13 applications that we receive, the RFA-2
14 applications that we get in. We received four
15 responses. One from Sterling Suffolk Racecourse,
16 which says that basically section 15 of the Gaming
17 Act outlines a number of criteria that are sort of
18 self-defining. They are minimum requirements that
19 have to be met. They're not all entirely
20 self-defining, but many of them are.

21 Section 18 has, Sterling Suffolk
22 Racecourse says, has a number of criteria that are
23 more open-ended, more subjective but they say that
24 any ranking or scoring of them will not aid the

1 Commission in its RFA-2 determinations. Such
2 determinations are by their very nature evaluations
3 of multiple and varied consideration that are best
4 left to the Commission's discretion. That's the
5 essence of their response.

6 Shefsky & Froelich had essentially the
7 same response that the statutory criteria give one
8 all of the information that is needed. I'm
9 paraphrasing now their response, but that's the
10 essence of it.

11 The Metropolitan Area Planning Council
12 said a list of the general topics to be included in
13 the scoring system should be communicated. But the
14 relative weights and other technical aspects should
15 not because people might concentrate on the things
16 that the highest weight and not concentrate on the
17 things that the Commission tends to give lower
18 weight to.

19 Then an individual, Joshua Levin said
20 that minimum standards should be established and
21 scored. And any project that doesn't meet the
22 minimum should be rejected.

23 This is a difficult issue for me and I
24 think perhaps for all of us for two reasons. The

1 first is simply trying to figure out what kind of
2 an evaluation process would be most helpful. There
3 are four models that I found. But in talking with
4 Michael Pollock the other day at least in exchanging
5 email, I came on this fifth, which is the AHP model
6 used by Singapore about which all of us know very
7 little at the moment but he's going to follow up.

8 But the four models that I included in
9 there was the one used by the Pennsylvania Gaming
10 Board, which just has a verbal assessment of each
11 of the criteria that they designate. And their
12 opinions, and I've got several samples now that the
13 General Counsel sent me, are over a hundred pages
14 long.

15 They take each of the criteria that
16 they're looking for from each of the applicants.
17 They verbally analyze it. They verbally compare
18 it. And then at the end, they have a verbalization
19 of their reasons for awarding the license to a
20 particular applicant.

21 And they do that in order to maximize
22 the discretion that the statute gives them and not
23 be confined to a pigeonhole in terms of value as they
24 process the applications. So, that's one model.

1 The second model is one that is
2 intriguing but is found in the Maryland statute
3 itself. The Maryland statute has three criteria
4 for the award of a license. And each of the criteria
5 has a series of statutory sub-criteria. And they
6 assigned to the criterion, the major criterion a
7 weight, to each of the major criterion a weight, 70
8 percent for one, 15 percent for the other two to add
9 up to 100.

10 But they don't assign any weight to the
11 individual components of that criterion, thus
12 leaving the Commission free to assess, unless it
13 self-defines further, assess the subcomponents of
14 the criterion in any way it deemed appropriate but
15 ultimately give a lot of weight to one and lesser
16 weight to the others in making their ultimate
17 decision.

18 Missouri's taken a third approach, but
19 one that heavily numbers driven but only for the
20 component of the application that deals with the
21 economic criteria. There they picked a number of
22 factors that they were interested in hearing about.
23 They asked each of the applicants -- And that was
24 a competitive process you'll recall. -- each of the

1 applicants for their worst projection, average
2 projection and highest projection. Then they
3 ranked those on good, better, best and not by numbers
4 but they ranked them comparatively.

5 Such things as how many employees do
6 expect to have at the end of x-period of time? What
7 is your worst case scenario? What's your likely
8 scenario? And what's the best you can possibly do?
9 And then they ranked those after evaluating them to
10 see whether the numbers were real. And then they
11 used that to decide who had the best economic
12 proposal.

13 There were other parts of the proposal
14 that they didn't deal with in that way, but this was
15 for the economic proposal. And that's set out in
16 the gaming consultants -- the full set of criteria
17 is in appendix 17 to the gaming consultants'
18 strategic plan.

19 The most complex overall approach was
20 taken by the Pittsburgh City Planning Department for
21 their three casinos. And I have appended what they
22 did to the memo, their actual final matrices, the
23 last two pages of that memo. Basically, what they
24 did was this and I think I can verbalize it.

1 They picked six criterion. They
2 assigned to each criterion an equal weight. They
3 then picked a number of sub-criteria for each
4 criterion and assigned to each of the sub-criteria
5 a weight. And then they had each of the five
6 analysts individually score each of the
7 sub-criteria.

8 They multiplied -- They added the
9 scores together, divided them by five to get a
10 weighted or an average score. Then they multiplied
11 that score by the weight assigned to that criterion.
12 They added up all of those weights, which turned out
13 to be a weighted average assessment of the
14 criterion, totaled them all up and that was the score
15 for each of the part of the -- for each of the six
16 major criterion.

17 Then they added up all of the scores for
18 the six major criterion and whoever came out to the
19 top was the best.

20 CHAIRMAN CROSBY: I don't remember.
21 Was that the final decision or was that a
22 recommendation to a political entity that then made
23 the final decision?

24 COMMISSIONER MCHUGH: That was a

1 recommendation to a political entity that then made
2 the final decision.

3 The Pittsburgh process came a cropper
4 because -- Was that a signal that somebody disagrees
5 with that?

6 The Pittsburgh process came a cropper
7 because the selection board picked the entity that
8 got the lowest score, had the biggest financial
9 problems. That entity went bankrupt and was
10 succeeded by another. So, it didn't work the way
11 it was intended by the Pittsburgh Planning
12 Department.

13 Interestingly for the design criterion
14 piece of it at least, there was a specific design
15 review board. We heard from one of the members of
16 it at our AIA presentation that looked at the design
17 criterion and selected the best design on the basis
18 of purely verbal assessment of a number of factors,
19 didn't use any numbers and all. They came out with
20 a different entity having the best design.

21 It seems to me that insofar as real
22 numbers are concerned that is numbers that reflect
23 some aspect of the applicant's operational
24 behavior, number of jobs, anticipated revenues,

1 anticipated infusion of capital into the community,
2 construction costs, those kinds of things that
3 comparisons and numbers driven analysis is really
4 helpful. And that a form ought to be designed so
5 that you can get a handle on that. And that will
6 take care of a great number of the criterion.

7 Insofar as more amorphous things are
8 concerned, the design criteria for example -- And
9 if you look at page five of the memorandum, the site
10 design is the third major characteristic down. --
11 giving a numerical score to those, it seems to me
12 simply gives the aura of certainty to something
13 that is entirely subjective.

14 It may be subjective among all five.
15 All five may agree on the subjective analysis. We
16 may disagree on the subjective analysis, but giving
17 it a number doesn't really help us wrestle with the
18 ultimate outcome. And therefore I think that would
19 not be helpful to have a numbers' driven process.

20 Overall, it seems to me if we rely
21 entirely on a numbers' driven process, we risk as
22 I think we've discussed before, either missing
23 something and awarding the license to somebody who
24 really doesn't have the best proposal or giving --

1 facing the difficulty, that perception difficulty
2 of making a choice that we're not going to award the
3 license to the person with a highest score. And
4 then having to explain why we didn't, in which case
5 the question arises why did we have the scoring in
6 the first place. So, that's one piece of the
7 problem that I thought about as I was preparing this.

8 The second piece is, and this is much
9 more elusive, how do you devise a system whether it's
10 purely numbers driven, whether it's numbers and
11 evaluation driven or driven in some other
12 combination of factors that really takes account of
13 comparative overall attractiveness factor? How do
14 you, for want of a better word, capture the wow
15 factor that we're all trying to get, the kind of
16 intangibles that you were talking about, Mr.
17 Chairman in the memo you circulated, that would be
18 our equivalent of the building that draws people
19 from the region because they want to go see the
20 building?

21 Or the complex that draws people? Or
22 the package, the relationship between the casino and
23 the surrounding community and the way the casino
24 channels people into other attractions. How do you

1 get a handle on that and make an evaluation of that
2 in a way that really serves purposes of getting the
3 highest and best value? And I don't have candidly
4 a good answer for that or even a recommendation.

5 My recommendation with that caveat is
6 that we finalize as promptly as we can the criteria
7 that we're going to use, because ultimately how we
8 approach this piece depends on what criteria we
9 pick. That we determine which criteria focus on
10 operational numbers, numbers that really have a
11 meaning in the operation of the casino. And try to
12 design something that gets those numbers in a
13 comparative basis.

14 And that we not attempt to use
15 numerical ways in other areas. And that we go
16 ahead and design a form that will help us capture
17 the numbers where numbers are useful. And that we
18 not have a minimum scoring even if we have minimum
19 criteria that an applicant must meet in order to
20 proceed. And that we think further about this and
21 revisit it too when we're finished the criteria.

22 So, that was kind of a winded
23 presentation.

24 CHAIRMAN CROSBY: No, that's great.

1 It's really interesting stuff and really
2 complicated. And there is no right or wrong.

3 So, this will really -- This roles
4 right up into the project that we've just asked you
5 guys to take a stab at. So, I think within that
6 context I certainly wouldn't disagree with anything
7 you've said here. The devil's in the details. Any
8 other thoughts?

9 COMMISSIONER ZUNIGA: For the most
10 part, I think it is laid out well. It's well
11 researched. And I think it illustrates by our
12 estimation, by my estimation that people have been
13 wrestling with multiple forms elsewhere.

14 I would tend to favor the numbers'
15 approach but I think I've made that point perhaps
16 given my background. And do recognize that there's
17 qualitative merits that are very hard to put a number
18 to.

19 In looking at Pittsburgh in detail, I
20 think part of the challenge there may have been that
21 they were really granular when it came to each of
22 the criteria, especially on those that are
23 qualitative in nature.

24 I'm not exactly familiar with each of

1 the three responses, but they talk about existing
2 structures. It's conceivable that one of them
3 didn't have an existing structure. And how are you
4 going to award that point as an N/A or as a one if
5 you don't have it.

6 So, much would have to be thought out
7 for each one of those. So, when it comes to site
8 design or building design, I think it's best to still
9 have a score but have all of the attributes that go
10 within it either by questions or by articulating the
11 form of response what would count where applicable
12 towards that broad criteria, rather than trying to
13 go down and assign one point or a half point to each
14 of those.

15 I recognize that there's difficulties
16 in assigning one point, if you will, out of a hundred
17 on something that could be very similar let's say
18 across applicants.

19 However, I do agree of course perhaps
20 without surprise that when it comes to economic
21 benefit there's a lot more -- a lot easier to
22 quantify numerically if we put parameters around it.
23 For example, I suggest that we dictate a discount
24 rate when it comes to all economic projections,

1 revenue projections, so that different applicants
2 don't use different discount rates. And therefore
3 we find ourselves trying to figure out which
4 discounted cash flow is more beneficial.

5 Another example in that venue would be
6 to ask applicants to only project for the life of
7 the license, 15 years for the type one and five years
8 for the type two, because that's the life of the
9 license that we will be doling out, rather than
10 letting applicants make their own assumptions as to
11 how far their projections should go.

12 But aside from putting parameters
13 around that, I think there is a very measurable
14 ultimately, one number for each of the criteria that
15 we can come up with financially, jobs, economic
16 benefits, tax revenues, etc.

17 So, I would favor the mixed approach,
18 if you will, ultimately trying to come up with us
19 a total score by virtue of adding up all of the
20 components, recognizing that there are those that
21 will be quite broad objective on which is --

22 CHAIRMAN CROSBY: I think you and
23 Commissioner McHugh come at it with a slightly
24 different sort of predisposition, not hugely

1 different, but a somewhat different predisposition
2 as to how much weighting is plausible and desirable.

3 So, as you come up with some ideas for
4 us, some recommendations for us, you'll have to sort
5 of synthesize that which may be helpful. I am
6 saying I think as a place to start, this is perfectly
7 reasonable. It makes sense to me. I'm a long way
8 from settling on exactly how to do this.

9 COMMISSIONER MCHUGH: Me too. I
10 think we all are.

11 COMMISSIONER CAMERON: When you look
12 at the Pittsburgh model and they didn't use it,
13 obviously. They went against what was recommended.
14 And if I look at these things and how they scored
15 them, I guess their not-gaming uses would be other
16 amenities. And that's the same score as the
17 building materials? Do you know what I'm saying?
18 It just doesn't make sense to me how they scored
19 this.

20 CHAIRMAN CROSBY: I agree. How would
21 each of these all 20? Socioeconomic, which
22 includes job generation and so forth is the same as
23 site design.

24 COMMISSIONER CAMERON: They don't

1 even really get into -- even in the socioeconomic
2 they don't really get into generated revenue. They
3 don't really address that. I see why they didn't
4 use their own model.

5 CHAIRMAN CROSBY: But it's an
6 interesting tool.

7 COMMISSIONER CAMERON: Points out the
8 drawbacks.

9 CHAIRMAN CROSBY: It does both. It
10 does both. It's something to work from, which is
11 helpful, but it shows the limitations of the device.
12 And how on earth you ever decide the macro numbers
13 as well as the micro numbers, the criteria and the
14 subcriteria. But hell, we've got to do it.

15 COMMISSIONER MCHUGH: Can I just
16 before we lose that thought, we start from a position
17 where we have 19 factors already spelled out in the
18 statute. So, that's a starting point. Those are
19 evaluative factors.

20 Then we add to that another 18 or 19
21 that are go/no-go factors from section 15. So, we
22 start out with a big list of stuff that we've got
23 to put into these categories. So, some of that
24 we've got a head start on.

1 CHAIRMAN CROSBY: It's almost like
2 when you do an RFP review, you do a completeness
3 review. The first phase of this review might be the
4 go/no-go things. You know you've got to start early
5 on to try to get the 19 go/no-go and then we get to
6 the other or something.

7 COMMISSIONER ZUNIGA: Yes. To the
8 extent that there's any factors that have very
9 little weight, those could be set as prerequisites,
10 let's say everybody comply with this.

11 I would only point out that there is
12 merit behind their numerical approach and the
13 process that they followed which was this consensus,
14 this weighted average. Everybody come with a score
15 much like they do in the Olympics. You could devise
16 a number of ways to do that. You drop the highest
17 and the lowest, average. There's many ways to do
18 that.

19 COMMISSIONER CAMERON: We'll get that
20 French judge.

21 COMMISSIONER ZUNIGA: Which again is
22 highly subjective but they get around to it.

23 CHAIRMAN CROSBY: Where's Tonya
24 Harding when you need her?

1 COMMISSIONER CAMERON: I'll tell you,
2 I really like Guy's idea of a presentation.

3 CHAIRMAN CROSBY: For sure.

4 COMMISSIONER CAMERON: That makes a
5 lot of sense in explaining because reading it
6 sometimes or even looking at a visual doesn't have
7 the same effect as hearing it explained.

8 CHAIRMAN CROSBY: Totally, that's
9 definitely. I agree with that completely. Okay.
10 So, we've done two and we got to get the project
11 underway.

12 Key policy question number six that's
13 not me. Who is that?

14 COMMISSIONER STEBBINS: That's me.
15 The question being should the Commission --- What
16 criteria should the -- Again, a criteria question.
17 -- should the Commission use to determine whether
18 a gaming license applicant should receive a gaming
19 beverage license for the sale and distribution of
20 alcohol?

21 And I allude to the relevant section
22 under Chapter 23K subsection 6. We had seven
23 submissions on this question. Sterling Suffolk
24 said the Commission should incorporate by reference

1 in its regulations the standards currently utilized
2 under the Commonwealth in Chapter 138.

3 Joshua Levin said local officials
4 should absolutely be -- I don't know if he got his
5 questions confused or not.

6 CHAIRMAN CROSBY: He was on the wrong
7 question. I took him into account when I got to my
8 question.

9 COMMISSIONER STEBBINS: All right.
10 Paul Vignoli said that a casino should play at least
11 what they pay in other states. They should also be
12 required to obtain host community beverage and
13 entertainment licenses.

14 Phillip Cataldo said the Commission
15 should set the beverage license as a separate
16 license that can be rescinded for cause at any time
17 and not at the end of the gaming license. Criteria
18 should be set by the Gaming Commission, ABCC and host
19 communities together. I also state that no alcohol
20 should be served free or at a discount.

21 Martha Robinson added alcoholic
22 beverages take the edge off intellectual acuity.
23 There should be no permission given for free
24 alcoholic beverages at any gaming establishment in

1 Massachusetts.

2 MGM Springfield said Massachusetts has
3 some of the most effective alcohol control laws in
4 the country. And the ABCC has proved to be a dutiful
5 oversight and supervisory body. Operators will
6 essentially follow the same regulatory guidelines
7 as established alcohol license holders adhere to
8 now.

9 And Shefsky & Froelich on behalf of the
10 City of Springfield said the stringent suitability
11 and investigation that a gaming license applicant
12 must go through to receive the gaming license is much
13 more stringent than the typical beverage licensing
14 investigations. Therefore, any applicant
15 receiving a gaming license should also receive a
16 gaming beverage license for the sale.

17 Commissioner Cameron and I met with the
18 leadership of the ABCC and asked for their input on
19 this question. Their recommendation, similar to
20 what other jurisdictions have done, is to adopt
21 their controlling statute, which is 138A. By
22 adopting 138 we would be covering both everyone
23 inside the gaming establishment and outside
24 equally.

1 The ABCC recommends the casino license
2 is also the licensee for the gaming beverage. So,
3 any request in a change of a casino licensee would
4 also require change approval for change of the
5 gaming beverage license.

6 We also had a number of questions and
7 conversation about operating restaurants of the
8 hotels within the same property and how they are to
9 be treated. The ABCC is currently working on this
10 issue and trying to identify best practice.

11 They referenced what they're
12 undertaking with MassPort whereby the licensee is
13 actually MassPort or the MassPort operating entity,
14 but they have sub-management agreements with
15 anybody within that terminal or building that's
16 distributing alcohol. But they said there might be
17 other best practices that we might be able to
18 replicate.

19 CHAIRMAN CROSBY: Does MassPort -- Can
20 MassPort in effect take Legal Seafood's license away
21 by penalizing them as a sub-holder?

22 COMMISSIONER STEBBINS: As I
23 understood it, they have somewhat of a management
24 agreement between whoever the restaurant is

1 distributing alcohol and whoever's holding the
2 license.

3 CHAIRMAN CROSBY: The MassPort holds
4 the license I thought you said.

5 COMMISSIONER STEBBINS: Or the entity
6 operating the MassPort either on behalf of them or
7 MassPort themselves. We understand that in the
8 footprint of the property, you're going to have
9 multiple amenities. You're going to have multiple
10 restaurants, multiple establishments serving
11 alcohol. There is some onus that can be placed on
12 the license holder because they will not want
13 anybody essentially in their footprint that would
14 misbehave or behave inappropriately with respect to
15 the use of the license with the threat of being able
16 to revoke the license, essentially.

17 COMMISSIONER CAMERON: I think
18 they're actually revisiting that whole policy
19 because of that reason. It's one license, but if
20 there's one particular restaurant or facility that
21 has a number of violations, they are jeopardizing
22 the license for everyone. So, that is problematic.

23 CHAIRMAN CROSBY: Unless, as I said,
24 unless they delegate the authority to MassPort to

1 lift the sublicense, in effect.

2 MR. MICHAEL: It's not unusual in a
3 casino complex -- As a matter of fact, the present
4 trend is for these casinos to enlist the celebrity
5 chefs to open up their own restaurants within the
6 casino.

7 And what is often done, typically, is
8 that those restaurants will lease space in the
9 casino. And as the lessee, they obtain their own
10 liquor licenses from the Commission. They would
11 get a casino alcoholic beverage license but as a
12 separate licensee from the casino.

13 The casino restaurants, the ones that
14 are owned and operated by the casino would be within
15 the casino's liquor license. But the ones that are
16 owned and operated by third party who is leasing
17 space would have their own independent license.
18 Obviously, if the casino is aware of all kinds of
19 violations that are going on, they could be
20 penalized for that. But there is an independent
21 license held by the third-party.

22 COMMISSIONER CAMERON: ABCC was
23 looking at our statute and interpreting it that that
24 would be one license for the facility. And we'd

1 have to look at that and see if their interpretation
2 is correct. But that's the way they were
3 interpreting it, which would allow us to have that
4 same issue one license many users or management
5 agreements.

6 So, it would seem to me it would make
7 much more sense if they had their individual
8 license. They're responsible on their own for the
9 enforcement piece.

10 MR. MICHAEL: Right.

11 COMMISSIONER ZUNIGA: Plus other
12 goals of the Commission like furthering workforce
13 development would not be circumvented by virtue of
14 perhaps just leasing out space, right?

15 COMMISSIONER CAMERON: Meaning?

16 COMMISSIONER STEBBINS: Meaning if we
17 awarded, like we will the license for alcohol to just
18 the gaming operator, let's say, and they leased
19 space to a celebrity chef restaurant or whomever.
20 Our goals for workforce development, let's say,
21 would reach back to everybody not just to the alcohol
22 and gaming licensee but for all piece of their
23 lessees. Maybe it goes without saying, but we want
24 to make sure that that is not circumvented.

1 COMMISSIONER MCHUGH: Wouldn't you
2 have a disincentive for major capital investment by
3 a celebrity chef say, if the chef knew that its
4 license could disappear because of what some other
5 independent venue could do?

6 MR. MICHAEL: I think so, yes.
7 Typically, those types of restaurants have their own
8 methodologies and their systems and their own
9 personalities. And they don't want those
10 interfered with. The lease, whatever arrangement
11 they have give them independence in a sense in a way
12 they can operate that facility. They would not want
13 to be dependent on how someone else does something
14 in another part of the facility.

15 COMMISSIONER ZUNIGA: I just want to
16 make sure I understand. Is the assumption that then
17 under our operation there would be room for multiple
18 licensees like different operators in different
19 restaurants?

20 COMMISSIONER CAMERON: I think we need
21 to look at that statute and interpret it they
22 way --

23 MR. MICHAEL: If the statute permits
24 it, I think our suggestion would be that would be

1 the best practice if the statute allows it.

2 COMMISSIONER ZUNIGA: This is 138.

3 CHAIRMAN CROSBY: It would be the best
4 practice if you had owned and operated under one
5 license and the sub-lessees under separate
6 licenses. Is that what you're saying?

7 MR. MICHAEL: Yes.

8 CHAIRMAN CROSBY: I for one don't know
9 enough about this to make an intelligent -- I think
10 it's starting to get us to think about it, but
11 probably at some point there's a bunch of other ABCC
12 questions. And I'm sure there'll be more. At some
13 point, I think we're going to need to get the ABCC
14 to come here and talk with us hopefully with some
15 more knowledgeable people.

16 COMMISSIONER CAMERON: I think it
17 would be important for us to have all of you take
18 a look and give us your interpretation as opposed
19 to ABCC interpreting it one way.

20 MR. MICHAEL: Will do.

21 CHAIRMAN CROSBY: Looking at the
22 relevant sections of our law?

23 COMMISSIONER CAMERON: Yes.

24 COMMISSIONER STEBBINS: They were

1 mindful and one of the points they raised, and I
2 think Commissioner Cameron put this one of her
3 write-ups, they want to make sure that if it's, for
4 example, a Legal Seafood is operating within a
5 casino footprint that that Legal Seafood is treated
6 similar to the Legal Seafood that might be four
7 blocks down. How do you treat them both just
8 because we are on a casino property that they're
9 treated fairly and equally as if they would be
10 off-site.

11 CHAIRMAN CROSBY: Did you have
12 something?

13 MS. DRISCOLL: Well, for whatever it's
14 for. One thing that's really interesting about
15 MassPort is that even though it comes under state
16 jurisdiction and it's largely State Police
17 jurisdiction, BPD so they had local license
18 enforcement for all of the restaurants even the
19 Delta Sky Club for example. It was all local
20 enforcement as opposed to State Police. So, I don't
21 know how that affects --

22 CHAIRMAN CROSBY: So, if you had
23 trouble inside one of the restaurants, the Boston
24 Police will come? Is that what you said?

1 MS. DRISCOLL: It's complex in that
2 if you dial 911 from inside the airport or MassPort
3 facility, it's State Police jurisdiction, however
4 Boston Police had jurisdiction over the licensing.
5 So, they would go in there and handle all license
6 premise violations even though it's a state
7 facility.

8 Why that is that way, I don't know.
9 Other than to know that they all, Legal Seafood,
10 Delta Sky Club, every single license in there all
11 had licenses that were overseen at the local level
12 by Boston Police.

13 COMMISSIONER MCHUGH: Was that just
14 liquor license or was it food license?

15 MS. DRISCOLL: Everything,
16 entertainment, liquor, everything. So, any
17 license premise violation came from Boston Police.

18 COMMISSIONER MCHUGH: Then the
19 licenses must have been issued by the City of Boston.
20 That's interesting.

21 CHAIRMAN CROSBY: Thank you. Were
22 you suggesting that consultants take a look at our
23 statute as well as 138 to see --

24 COMMISSIONER CAMERON: I think just

1 our statute and how it's interpreted as one license
2 to the casino establishment or the ability to issue
3 many licenses.

4 CHAIRMAN CROSBY: If ABCC is
5 recommending that we adopt their controlling
6 statute, which is Chapter 138, we might as well get
7 their views on 138 as well. See what the pros and
8 cons are of doing what ABC recommends, which is
9 adopting their statutes to control our facilities.

10 COMMISSIONER ZUNIGA: And along those
11 questions, I guess, is this management agreement
12 scheme the result of limited licenses or is it
13 convenient to operate it that way?

14 COMMISSIONER CAMERON: I do think it
15 was a result of limited licenses. Is that your
16 understanding from the meeting we had?

17 COMMISSIONER STEBBINS: Yes. In
18 terms of the other half of the question, they brought
19 information to us about application fee we should
20 charge. Other states use different formulas. It
21 can be based on the hotel rooms. It can be based
22 on just a general flat fee, but there wasn't any
23 tried-and-true formula to say this is what you
24 should charge as a license fee. The fee amounts

1 went from a couple of hundred dollars up to a few
2 thousand dollars in terms of the license fees.

3 CHAIRMAN CROSBY: ABCC's different
4 licenses?

5 COMMISSIONER STEBBINS: Yes. I
6 credit them on doing some good homework in terms of
7 looking at other jurisdictions almost on our behalf.

8 Colorado is a thousand dollar initial
9 license fee and renewal of \$500. Delaware was \$3000
10 biannual. Connecticut was a base fee plus \$100 per
11 guestroom in a hotel. So, there wasn't exactly one
12 model to follow that we could point to.

13 CHAIRMAN CROSBY: Okay. So, we are
14 going to keep working on this one, basically, I think
15 is the bottom line.

16 COMMISSIONER STEBBINS: We had this
17 meeting last week. So, we didn't have the chance
18 to get through 138 and welcome the chance to walk
19 through 138 with our consultants.

20 CHAIRMAN CROSBY: Your recommendation
21 isn't quite as clear as this. At least it sounds
22 like you're really saying let's keep looking at
23 this. Let's look at 138. Let's think about this
24 some more rather than we use the existing regs.

1 COMMISSIONER STEBBINS: It might be
2 some of the regs. might work, some of the regs. might
3 not work. It's worthy of evaluating 138. But
4 again, I think it's a fair position for us to take.
5 Again, one entity is operating within the casino
6 footprint that they would be treated equally if they
7 had a facility anywhere else in the state or outside
8 of the casino footprint.

9 CHAIRMAN CROSBY: Yes. I guess
10 unless the circumstances are different. If you're
11 able to give away free drinks for example. I guess
12 if the privilege that go with the license are the
13 same, then the responsibility should be the same,
14 right. But if the privilege is different, then the
15 responsibilities might be different. And they
16 might very well be different, the privileges might
17 be different inside the casino. It's 24/7 for
18 example, what does that say? That's a reason maybe
19 to look at a Legal Seafood's license different in
20 the casino than you would look at it.

21 COMMISSIONER CAMERON: But the liquor
22 license isn't 24/7.

23 CHAIRMAN CROSBY: It's not?

24 COMMISSIONER CAMERON: No. I think

1 it's three in the morning. I'm trying to remember.
2 I think there's a five-hour cut off.

3 CHAIRMAN CROSBY: Who wants to stop
4 drinking at three?

5 COMMISSIONER CAMERON: Who wants to
6 start drinking at six?

7 MR. GUSHIN: Between two and eight.

8 COMMISSIONER CAMERON: Between two
9 and eight, so six hours.

10 CHAIRMAN CROSBY: Okay. I think we
11 are going to keep looking at this one. Policy
12 question number 14, I think that was Ombudsman
13 Ziemba, one of the Z team of the Mass. Gaming
14 Commission.

15 MR. ZIEMBA: Thank you, Mr. Chairman.
16 So, key policy question number 14, the question is:
17 Should the Commission require that a developer use
18 a specified percentage of in-state or regional
19 employees in the construction and operation of its
20 facility?

21 We didn't receive that many comments on
22 this question but I'll go through the ones that we
23 did receive. Paul Vignoli said yes. In summary,
24 he recommended that all available non-managerial

1 jobs should be given to qualified applicants to host
2 communities and to surrounding communities. And
3 that managerial jobs could go to non-local
4 employees.

5 Shevsky Froelich for the City of
6 Springfield said no. We believe that this
7 matter should be left to the host community and
8 determined by the community in the negotiation of
9 the host community agreement.

10 Martha Robinson said yes, although she
11 did say that this may not be legally possible.

12 Phillip Cataldo said yes as well.

13 In terms of discussion on this item,
14 it's quite obvious that the Gaming Act is replete
15 with references to the importance of hiring
16 Massachusetts citizens. It's replete with
17 references to job creation as a major activity of
18 the Gaming Act.

19 Specifically, MGL 23K 18(4) requires
20 the Commission to evaluate how each applicant
21 proposes to implement a workforce development plan
22 that utilizes the existing labor force including the
23 estimated number of construction jobs the proposed
24 gaming establishment will generate etc., etc.

1 In terms of the submissions by
2 applicants, the Gaming Act also states that all of
3 the licensees shall have an affirmative obligation
4 to abide by every statement made in their
5 application. And this would presumably also
6 include the workforce development plan that is
7 submitted by the applicants.

8 There are a number of arguments both in
9 favor of establishing a minimum and against
10 establishing a minimum, at least at this time.
11 Without a minimum, applicants may not hire a
12 significant percentage of local residents, either
13 on the construction or the operation phase, thus
14 defeating one of the major objectives of the Gaming
15 Act. Even though the Gaming Act is replete with
16 references to how employment should be a major
17 objective, it is only one criteria and hiring
18 locally is also one criteria that would be evaluated
19 by the Commission.

20 The establishment of a minimum has
21 precedent. The precedent that we did find was in
22 Ohio. However, I've been unable to find a specific
23 reference either in their statute or in their
24 regulation that makes it a minimum requirement.

1 They had a 90 percent hiring requirement, but I
2 believe that that was upon the request of the
3 applicant and that they are being held to their
4 commitment in that regard. Perhaps it exists in
5 some sort of an agreement between the license but
6 I wasn't able to find that in their statute.

7 One of the other considerations is that
8 local hiring requirements, they are very
9 commonplace in Massachusetts for tax increment
10 financing agreements. Very often communities will
11 negotiate with businesses that want to locate there
12 that the overall number of employees that would be
13 coming to the state and the number of employees that
14 should be set aside for the local jurisdiction.

15 There are numerous arguments against
16 establishing a minimum. Licensees do have a strong
17 incentive to hire local employees without a minimum
18 requirement. Especially in regard to
19 conversations that they'll be having with the local
20 community that'll obviously be a very, very high
21 priority.

22 A requirement could result in
23 operating complications such as poor gaming
24 performance due to less experienced workers. I

1 think there is an example that you might have cited
2 in that regard, Commissioner.

3 COMMISSIONER CAMERON: I cited an
4 example?

5 MR. ZIEMBA: In our conversations, we
6 talked about in one of the regulatory conferences
7 a very high percentage of workers might have an
8 impact on performance.

9 COMMISSIONER CAMERON: I'll give you
10 that example. What it was was is in attending the
11 investigations track in Las Vegas, they talked about
12 Ohio. Because of that 90 percent, they were very
13 inexperienced when it came to investigations
14 enforcement. And they had all kinds of cheating
15 scams early on that they were forced to bring in some
16 experienced people to properly train and monitor the
17 situation.

18 So, they were cautioning new
19 jurisdictions to make sure you had enough
20 experienced people on staff so that that would not
21 occur.

22 MR. ZIEMBA: Because of competition in
23 each of the regions, I think each of the applicants
24 will be further incentivized to try to promote local

1 hiring as part of the application process.

2 The hiring as we have noted from the
3 comment from Shevsky, the hiring of local residents
4 is a potential likely concern in community
5 agreements. It would be very difficult to define
6 what percentage you should have for each of regions,
7 because there are different percentages of economic
8 activity in each of those regions. And would you
9 define a specific percentage for the whole state?
10 Or would have to take a look at the regional activity
11 in each of those regions?

12 Lastly, the Commission could, after
13 evaluation of all of the activity that it's trying
14 to do right now to promote local employment, take
15 a look at it at a later date beyond our RFA-2 process.

16 For those reasons, I recommend that the
17 Commission not established a minimum at this time.

18 CHAIRMAN CROSBY: How do we enforce
19 this mandate from the legislation?

20 MR. ZIEMBA: I think it's going to be
21 a criteria in each of the applications. And we will
22 hold all applicants to numerous things that they
23 include in their application as conditions of our
24 license.

1 CHAIRMAN CROSBY: Commissioner
2 Zuniga?

3 COMMISSIONER ZUNIGA: Okay. I think
4 to append to the recommendation and to perhaps
5 answer your question, I think the Commission should
6 request pre-audit reports on two things, to document
7 their efforts and how they match against the
8 promises made in the workforce development plan, to
9 document actual efforts ongoing to hire locally.
10 And also report on the results that they obtain.

11 And if we do that over time, which is
12 perhaps what John is alluding to, I think it will
13 have the effect of the applicants doing everything
14 they can to further those goals.

15 So, again, it goes back the process of
16 monitoring, if we make it a point to request
17 documentation of their efforts to hire locally and
18 the results and we publish on our website those
19 reports every time we require them, I think those
20 two steps will go a long way towards incentivizing.

21 CHAIRMAN CROSBY: But it seems to me
22 that there is a rapidly declining ability to measure
23 -- What the law calls for is in effect maximum
24 utilization of the "existing labor force".

1 As soon as somebody moves into town,
2 they're part of the existing labor force. And
3 certainly, six months later they're part of the
4 existing labor force. And if a whole bunch of
5 people move to town because they think there may be
6 new jobs and you measure them 18 months later, how
7 many people are you employing who have lived in the
8 town six months prior to opening? Is that what
9 you're measuring?

10 It just it seems to me that the point
11 of real contention is the startup. As time passes,
12 it's going to become more and more local as the
13 workforce gets more and more mature. But the real
14 issue is in the initial construction jobs and the
15 initial hiring that's the point of maximum impact.
16 And I don't know exactly.

17 I am mixed very much sort of as the
18 description is here about the pros and cons of a
19 minimum. But I do think somehow we want to put real
20 teeth into, at least maybe it's in the criteria,
21 maybe it's in the evaluation criteria. Because
22 it's clearly one of the things the Legislature cared
23 about the most. And then make sure that in that
24 first blast, that first one to two years that they

1 live up to their promises.

2 MR. ZIEMBA: I'd point out section 21
3 of the Act subsection 12 requires us to collect --
4 requires licensees to collect an annual report to
5 the Commission, a detailed statistical report on the
6 number of job titles, benefits of employees hired
7 and retained at the gaming establishment.

8 So, we're supposed to collect a great
9 deal of information. But what we could further
10 require is potentially ask for the residency of
11 their workers as part of our evaluation and part of
12 the reports that are submitted to us.

13 CHAIRMAN CROSBY: As I said, that has
14 less and less meaning as time goes by.

15 MR. ZIEMBA: Right. But if you take a
16 look over the 15-year term of a license, if those
17 employees become Massachusetts residents, you're
18 benefiting those Massachusetts residents.

19 CHAIRMAN CROSBY: Right, but that is
20 not what the law is talking about right now. It's
21 talking about today people who need jobs now.
22 That's what they're talking about, not people 15
23 years from now who moved in who became residents.
24 Anyway, I think we understand it.

1 COMMISSIONER STEBBINS: I think
2 you've got to establish two different categories.
3 The second category being the operational phase of
4 the casino. Right now we don't have any casinos in
5 Massachusetts. So, we could conceivably say for
6 the most part there aren't a lot of Massachusetts
7 residents with the skills or the abilities to work
8 in a casino.

9 The startup side we know that there are
10 people with suitable construction skills anxious
11 for this work. And as Commissioner McHugh and I
12 heard in Western Massachusetts, there's a fear in
13 that region of too much of an importation of people
14 for the temporary jobs to get that work.

15 Whether this Commission could kind of
16 set a statewide criteria, I think that following
17 your recommendation may not be appropriate. But
18 for that particular region of the state, that type
19 of criteria in the temporary job period would be an
20 appropriate place in the host community agreement
21 to say we have people here that can do construction.

22 We don't want to see a big importation.
23 We want to take advantage of the existing workforce.
24 Maybe that gets built into the host community

1 agreement as the building trades out there have
2 suggested to us.

3 But moving forward, having been in
4 municipal economic development and tried to tie job
5 creation to these tax increment finance deals, it's
6 tough to tell an employer, okay, you're going to have
7 200 machinists. Well, you've got to hire all 200
8 from Springfield.

9 But if we can't go out and find 200
10 people that want to be machinists, then what does
11 the employer do? I'd be anxious to see workforce
12 development plans that kind of grow from a core out.
13 Grow from that host community out to say okay, we'll
14 try to recruit from Springfield.

15 We know that we're going to have,
16 hopefully, an adequate workforce development
17 program in the partnership with the community
18 colleges to funnel people through. Okay, if I can't
19 find them in Springfield, I go to the surrounding
20 communities and I kind of build out from there until
21 we're maximizing employment kind of outside of that
22 core for Massachusetts residents.

23 But I think we need to look at this as
24 the startup space, the construction space, where we

1 know the employment is available versus the
2 operational silo of casinos where those people,
3 unless they're commuting over the border to work at
4 one of the establishments in Connecticut, we know
5 we don't have that skill base.

6 So, kind of separating out the two.
7 But again, leaving it really in the hands of the
8 local host community agreements to fight for what
9 they need to fight for in terms of maximizing
10 employment.

11 But we should be mindful of those plans
12 that kind of again, build from that core out to make
13 sure we're maximizing employment opportunities in
14 the immediate regions where these casinos are going
15 to go.

16 COMMISSIONER MCHUGH: I agree with
17 what Commissioner Stebbins has said. We could
18 define in the criteria what we mean by - in the
19 evaluation criteria -- jobs to people who have been
20 Massachusetts residents for six months before being
21 hired, something like that. You could figure out
22 those criteria.

23 But I'm curious about the reliance on
24 the host community agreement to do this, because

1 part of our mission is to ensure that the development
2 benefits the region as well as the host community.
3 So, we have to be thinking, don't we, about a
4 regional draw and a regional utilization of workers
5 and a regional distribution of benefits as well.
6 So, how does the host community agreement play into
7 that?

8 COMMISSIONER STEBBINS: It's a good
9 question. And now you think beyond that further in
10 the statute where it talks about the labor harmony
11 piece as well. And I'd look at the labor harmony
12 piece as something you'd draw correlation with the
13 construction trades.

14 I think we'd all guess that not one of
15 these projects isn't going to be done in some concert
16 or some coordination with the construction trades.
17 Defining how it might wind up in a host community
18 agreement or even a surrounding community
19 agreement, I don't have an answer.

20 COMMISSIONER CAMERON: I agree with
21 Commissioner McHugh. We can't rely on just a host
22 community agreement. And I know from New Jersey
23 that these jobs are regional. Probably five
24 counties in New Jersey commute to Atlantic City,

1 easily. I can count them off.

2 COMMISSIONER STEBBINS: Again, tying
3 -- We have experience working with Smith & Wesson
4 over a tax deal. And we never held Smith & Wesson
5 as they expanded and got this tax benefit to hiring
6 a certain number of jobs. But they needed to
7 demonstrate a good-faith effort that they worked
8 with the regional employment board.

9 They went to the career center. They
10 went to the vocational technical high school.
11 Again, a person may choose to go work for an entity
12 for any number of reasons or may decline to go work
13 for somebody for any number of reasons. But to show
14 a workforce development plan that was, again, kind
15 of started locally and built out from that core
16 community I think is something we ought to look at.

17 Again, there's some reliance on that
18 employer to really be making a good-faith effort,
19 but to at least have a strategic plan to say this
20 is how we're going to accomplish our goal. I think
21 there's many ways they can do that and be specific
22 about it.

23 Again, I see a difference when it comes
24 to the casino jobs versus the construction jobs.

1 MR. ZIEMBA: Commissioner, you
2 mentioned labor harmony. I believe that you had
3 some testimony at that meeting that you attended
4 where some of the labor representative said that
5 they would have conversations with a lot of the
6 applicants and licensees about hiring locally to the
7 best ability that they can.

8 And you contemplate that that would
9 also be part of the applicant's materials that would
10 be submitted to the Commission for its review. So,
11 that's not entirely baked into a host community
12 agreement. It might be a separate agreement. It
13 might be a separate plan of the workforce
14 development plan, but it would all be included in
15 the overall agreement that is submitted to the
16 Commission.

17 COMMISSIONER CAMERON: I think our
18 gaming consultants wanted to speak to this issue.

19 MR. GUSHIN: I just wanted to talk a
20 little bit about Ohio and Maryland we're most
21 familiar with. I think it evolved in Ohio in a way
22 that was very positive. And I will say that
23 licensees there were very responsible in terms of
24 three aspects: the construction of the facilities,

1 the hiring and then the vendors they used, the
2 purveyors, the vendors that they used for the
3 casinos.

4 And it was tied into equal employment
5 opportunity options as well because they go hand in
6 hand. The hiring, for example, in the Cleveland
7 Casino, which was an urban casino, was targeted for
8 the local counties and the local community to give
9 everybody at least an opportunity.

10 If I recall, they had 12,000 applicants
11 for like 1000 jobs that were whittled down
12 ultimately to the group that they hired on the
13 employee side. And every two weeks at every
14 commission meeting in Ohio, there was a presentation
15 by Columbus, by Cincinnati, Cleveland and Toledo as
16 how they were doing in terms of the construction,
17 the minority participation, the local hirings, the
18 hiring of local vendors.

19 And it kind of built a momentum at the
20 end of the day where everybody was acting with a very
21 common goal, both the regulators and the licensees.
22 That was a very good success story. And it goes,
23 I think, first to the submission that they make and
24 then holding them accountable to that submission.

1 CHAIRMAN CROSBY: I think that's a
2 really good point. Somebody suggested periodic
3 reports. Periodic reports during the hiring in the
4 construction period is a really good idea. That's
5 when it would be really tilting it. That's a great
6 suggestion.

7 COMMISSIONER MCHUGH: And getting, as
8 I understand it, when you were saying that people
9 come in and give the reports at a meeting, yes.

10 CHAIRMAN CROSBY: Yes, right. That's
11 great.

12 COMMISSIONER ZUNIGA: I just want to
13 build on something the Commissioner McHugh alluded
14 to but I think is very important. If we were to
15 define or just state publicly that local hiring at
16 least six months or a year of residency, not
17 immediate, just to further answer your question
18 relative to that immediacy, I think that would also
19 be helpful.

20 CHAIRMAN CROSBY: Yes.

21 COMMISSIONER ZUNIGA: I think much
22 more beyond that might be unreasonable or
23 impractical but demonstrate in some fashion
24 document the residency.

1 COMMISSIONER STEBBINS: To add to that
2 point, I think there's potentially some good
3 information we can ask an applicant or a licensee
4 at some point to offer us -- it can have anything
5 to do with the demographic background of the
6 individual. Whether they were chronically
7 unemployed before. How long they might have been
8 unemployed. Where do they live? Did they see an
9 increase in their income by moving into a career in
10 the casino?

11 I think there's some more specific data
12 we can build off of as we go through that kind of
13 reporting period. Again, as Commissioner McHugh
14 and I heard, that construction period, knowing that
15 there is not a contractor in Western Massachusetts
16 who is bonded for the size project that we are
17 talking, their biggest fear was an outside
18 contractor coming in and essentially going to the
19 local construction trades and say okay, I've got 150
20 electricians. I need five more. What can the
21 local economy offer?

22 I think that it is where the Western
23 Mass. Group has been pushing to say we need some
24 requirements that we'll have first crack at jobs as

1 opposed to somebody coming in from another state.

2 CHAIRMAN CROSBY: Michael?

3 MR. POLLACK: Just real quick. One
4 alternative means of advancing the policies that are
5 implicit in this question and the statute is to make
6 it clear that a training program, a robust training
7 program that commences at the earliest possible date
8 is a high-priority in the evaluation criteria.

9 And I say that for two reasons. One
10 is, Mr. Chairman, the reason you mentioned that if
11 I move into a community tomorrow, even within that
12 six-month window, I am on equal footing with
13 existing residents. And I may even actually have
14 more marketable skills.

15 The other reason is that a training
16 program that's robust and includes the indigenous
17 local population at the earliest possible date
18 proves to be less disruptive to the community later
19 on in terms of people moving into a community. And
20 that puts all sorts of -- We've seen this in
21 Connecticut as one example of what not to do. --
22 puts all sorts of demands, unanticipated demands on
23 public schools and other factors as a result of that
24 lack of advanced planning.

1 I'm using Connecticut as an example.
2 We did a detailed study there. As one of the
3 consequences of that is that the existing pockets
4 of unemployment and underemployment remained
5 essentially to a great degree untouched by the
6 creation of these jobs at these casinos. And the
7 communities that surrounded the casinos were faced
8 with problems that they did not anticipate in
9 schools and so forth.

10 Housing demands, zoning violations and
11 various other things that could have been prevented
12 had there been planning in advance with a training
13 program that identified where they were going to get
14 these workers from, who they were at the time and
15 how they were going to get the skills and how they
16 were going to get access, physical transportation
17 access to the casinos.

18 MR. ZIEMBA: I think we reference the
19 community college training program that we've been
20 all working on. And I have questions about whether
21 or not it would just be in the host community
22 agreement. It's my understanding that a number of
23 the Western Mass. applicants have signed onto work
24 with the consortium of community colleges on that

1 type of a training program.

2 So, my suggestion and the
3 recommendation here is that as Commission that we
4 concentrate on those types of efforts as we have been
5 to see what we can do in advance of the opening.
6 Concentrate on the application materials through a
7 discussion of the criteria that we'll be evaluating.
8 Make it known to the applicants how important this
9 is.

10 And then as a follow-up, that we can
11 focus on getting back the data. Admittedly that is
12 beyond that initial period. But the kinds of
13 reporting we talked about doesn't have to be only
14 annual reporting. It could be with meeting with the
15 applicants as we go forward. Then you could
16 preserve the ability to set a minimum percentage if
17 indeed all of those efforts are not working
18 satisfactorily.

19 CHAIRMAN CROSBY: Right.

20 MR. CARROLL: One more just to
21 (INAUDIBLE) here a little bit? One last point, Guy
22 and I obviously support John and Bruce's
23 recommendation.

24 We just wanted to point out that in

1 section 18(18) the portion about the applicant's
2 affirmative responsibility demonstrated has a
3 contract with organized labor and the support of
4 organized labor for its application. And it goes
5 on in the end to indicate that whether the applicant
6 has included detailed plans for insuring labor
7 harmony in all phases of the construction,
8 reconstruction, renovation, development and
9 operation of the establishment.

10 The point being that to a certain
11 extent, this drives the applicant to establish those
12 relationships that will have inherent in them
13 significant amount of local involvement.

14 I can also add to it that we've been
15 involved in project, construction projects
16 involving casinos where major out-of-state
17 contractors come in. And they do bring with them
18 some experts. Sometimes it's a project manager and
19 some other positions.

20 But we have been pleasantly surprised
21 in a great deal or most of our experience that I can
22 recount and remember readily where the number of
23 local craftsmen were not originally anticipated,
24 but where projects came in with estimates maybe 50

1 percent local ended up 70 and 80 percent local simply
2 because of the needs of the project. And while they
3 had direction in some cases expertise in some areas,
4 the local involvement was quite big.

5 Here you have the added incentive of
6 the labor component and the demonstration of the
7 applicant, which we think would even be more
8 helpful.

9 CHAIRMAN CROSBY: Just to realize we
10 are going to be licensing all of these people or
11 registering all these people or something.

12 COMMISSIONER CAMERON: We are.

13 CHAIRMAN CROSBY: So, we actually have
14 a built-in monitoring mechanism if we want to use
15 it that way. I hadn't thought about that before.
16 Okay, good.

17 COMMISSIONER ZUNIGA: We're ready to
18 move to the next?

19 CHAIRMAN CROSBY: Yes.

20 COMMISSIONER ZUNIGA: Can I ask for a
21 brief recess?

22 CHAIRMAN CROSBY: Yes.

23 COMMISSIONER MCHUGH: We are going to
24 accept the recommendation then we not have a minimum

1 but we're going to use various monitoring
2 requirements and incentives and encouragement to
3 hire an indigenous workforce wherever possible?

4 CHAIRMAN CROSBY: And to continue to
5 work on this, I think, with all of the various ways
6 we just talked about. Within a month, we're going
7 to have a Director of Workforce Development and so
8 forth who will take this on, I think, and run with
9 it too.

10 COMMISSIONER MCHUGH: Right.

11 CHAIRMAN CROSBY: Great. Thank you
12 Ombudsmen Ziembra. Let's have a five-minute break.

13

14 (A recess was taken)

15

16 CHAIRMAN CROSBY: We will reconvene
17 public meeting number 47. And I will go next on key
18 policy question number 21. Should the Commission
19 issue regulation or policy statement dealing with
20 enforcement of General Law providing that the
21 Commission may not award a gaming license if it is
22 not convinced that the applicant has "provided
23 convincing evidence that it will provide value" to
24 the region in the case of a category one license and

1 to the Commonwealth in the case of a category two
2 license?

3 We got seven comments on this. Paul
4 Vignoli said yes, we should issue such a reg.

5 Sterling Suffolk said that convincing
6 evidence would have to be determined on a
7 case-by-case basis. So, to set some kind of a broad
8 policy or regulation statement didn't make sense.

9 Shefsky & Froelich said policy or
10 regulation would be duplicative of sections in the
11 Act. Furthermore that if we did write more
12 expansive rules and regs. that that may provide an
13 additional basis for litigation.

14 Metropolitan Planning Council said yes
15 that we should make clear that adding value and
16 benefit is a requirement.

17 Joshua Levin said that the city should
18 be required to provide convincing evidence that the
19 casino will provide value to the region.

20 Martha Robinson said yes, and the
21 statement should be crafted in open meetings.

22 And Phillip Cataldo said yes.

23 This one did not take is very long. We
24 had talked about it. I had talked about it with the

1 consultants and with Ombudsman Ziemba. And we
2 don't think that there needs to be any clarification
3 on this point.

4 I think everybody well understands
5 that the law says up to one license per region. We
6 have clearly been talking about the need for
7 convincing evidence of value.

8 Furthermore, we set out competition as
9 a critical way to get value. We got the
10 competition. So, it is clearly my recommendation
11 that we not pursue this question any further. Any
12 other thoughts?

13 CHAIRMAN CROSBY: I would just agree.
14 I think the competition will certainly assure that
15 there's value in every project.

16 CHAIRMAN CROSBY: And we all know full
17 well of our authority. We have the ability to
18 negotiate on our own if we wish to. Anything else?

19 COMMISSIONER ZUNIGA: I agree for all
20 of those reasons.

21 CHAIRMAN CROSBY: Okay. So, we will
22 adopt that recommendation. Key policy question
23 number 46 is also mine. Should the Commission
24 prohibit gambling by local officials in casinos

1 located within their jurisdiction?

2 I have a recommendation. I'm
3 open-minded though. I think this is kind of a
4 complicated question to figure out where the
5 appropriate equities are.

6 There was six public comments. Revere
7 said existing laws already provide ample
8 protection, therefore no.

9 Paul Vignoli said yes. He is simply
10 restating the point that officials shouldn't even
11 enter any casinos on official business and should
12 never be allowed to receive casino gifts or awards.

13 Sterling Suffolk said no. That we
14 should use the required code of ethics first.
15 Interestingly, Sterling Suffolk went on to say that
16 "no jurisdiction prohibits officials from gambling
17 in local casinos".

18 Shefsky & Froelich said yes, we should
19 prohibit that. That it is best practice and it's
20 customary in many jurisdictions.

21 Martha Robinson said no and local
22 officials gambling invites further corruption.

23 Phillip Cataldo said no.

24 As I said as the public comments

1 demonstrate there are widely varying opinions on
2 this issue even as to whether or not such a
3 restriction is common practice in other
4 jurisdictions. Our consultants do point out that
5 in their experience most tribal casinos do prohibit
6 gambling in those facilities by tribal officials.

7 And our consultants also pointed out,
8 which is a very important point that our local
9 officials have quite a bit more authority than most
10 other local officials. Albeit most of that
11 authority will be executed upfront, nevertheless
12 there is an ongoing relationship that's nontrivial.

13 We looked at various -- We talked about
14 the possibility of simply no restrictions at all.
15 There's quite a bit of conversation about maybe
16 putting a restriction only on credit or comps. So,
17 a local official could go into a facility and gamble,
18 but they could not have credit extended. They
19 couldn't have any kind of comps. Or prohibiting
20 gambling altogether.

21 With Mr. Ziemba's help, we referenced
22 question 31, which I think he and Attorney Grossman
23 did a lot of work on which basically recommended that
24 we not issue further ethics rules for municipalities

1 aside from whether we have standing and the ability
2 to do so. That there are lots of rules on the books
3 prohibiting municipal officials from, for example,
4 accepting anything of value intended to influence
5 an official act, etc.

6 And even in one section, appearing to
7 speak to the issue of an appearance of conflict
8 because it's impermissible to act in a manner that
9 would cause a reasonable person to conclude that a
10 person can improperly influence or be influenced.

11 However, having said all that it just
12 doesn't feel right to me. And it seems to me that
13 the appearance of a local official with some
14 significant authority regulating a local casino to
15 be in that casino gambling just doesn't smell right
16 (A).

17 And (B) there is the real possibility
18 of somebody getting in trouble or being tempted.
19 It's an environment where we all know temptation and
20 trouble is part of the world. So, both for
21 appearance purposes and the possibility of a
22 problem, I come down thinking that we should
23 prohibit local officials from the gambling in the
24 facilities within their jurisdiction.

1 The next question, if we were to go that
2 way is what is a local official. And we'd have to
3 define local officials. And I talked about at least
4 the mayor, the town manager, the city council, the
5 Selectmen, zoning board of appeal members and
6 possibly people within the tax divisions, revenue
7 divisions who might be involved in either assessing
8 property or negotiating abatements. And there may
9 be others and I'm open to conversation on those.

10 But that's the question. I didn't
11 answer that in detail beyond that. So, bottom line,
12 my recommendation is that we do prohibit it by local
13 officials. And that we carefully define local
14 officials as any local official who really has some
15 kind of a material regulatory authority over that
16 local facility. Other thoughts?

17 COMMISSIONER ZUNIGA: Yes. I
18 generally agree for the reasons of appearance and
19 everything that you state. I was initially
20 personally open to either number two or number
21 three, recognizing the fact that it is really the
22 extension of credit that is the most troublesome,
23 if you will, for the reasons that you articulate.

24 My question would be one of

1 enforceability. I don't know how we go about
2 monitoring. The onus would be on the applicant.
3 The onus would be on the local official, beyond what
4 already is there on the state ethics laws and
5 whatnot. That should not preclude us from coming
6 down on the area --

7 CHAIRMAN CROSBY: When you say
8 enforceability, you don't mean at the retail door.
9 You're talking what would the penalty be? How would
10 we penalize?

11 COMMISSIONER ZUNIGA: No, no, even
12 before that. Let's say we issue a policy statement
13 or put it in regulations that people are precluded
14 and then further define those positions. What is
15 likely to happen?

16 I guess most officials would likely
17 comply. But what of those that don't know about or
18 didn't realize that it applied to them or chose to
19 ignore it?

20 MR. GUSHIN: One of the fundamental
21 rules in the modern-day casino is know your
22 customer. So, the casino knows once a person
23 reaches a relatively low threshold who their players
24 are and there are certain required information they

1 have to get.

2 Notification on the political end or to
3 the people obviously could be sent to them or
4 notified or somehow. But once you're in a casino,
5 the casino knows at a certain level who you are and
6 gets certain information.

7 Like in most other jurisdictions if
8 you're on a prohibited list or an exclusion list or
9 a voluntary exclusion list or this list, the name
10 is going to pop up and appropriate action can be
11 taken. So, I don't think that is something that
12 would be difficult down the road.

13 COMMISSIONER ZUNIGA: In other words,
14 the onus is on the applicant. They have the ability
15 to monitor, the ability to enforce.

16 MR. GUSHIN: And they're doing that
17 already.

18 COMMISSIONER CAMERON: Can you speak
19 to other jurisdictions? I know the Chair
20 mentioned it briefly. Is it all over the board on
21 this issue, local officials?

22 MR. GUSHIN: It's all over the board.

23 COMMISSIONER CAMERON: I thought so.

24 MR. GUSHIN: It varies from

1 jurisdiction to jurisdiction. In this case, as it
2 was noted the host communities have a direct role
3 in the issuance of the license and ongoing issues.
4 So, it's a little different than some of the other
5 jurisdictions where the locals don't have any major
6 role.

7 CHAIRMAN CROSBY: Other major
8 jurisdictions, the ones we always refer to, Las
9 Vegas, Atlantic City, Ohio, Pennsylvania that do
10 preclude?

11 MR. GUSHIN: Atlantic City allows the
12 local officials.

13 MR. MICHAEL: They can't be issued
14 credit.

15 MR. GUSHIN: Right. They can't be
16 issued credit, but they can play in the casino.

17 MR. MICHAEL: The Bahamas for example,
18 doesn't allow locals, any native Bahamian can't
19 gamble. The Bahamas doesn't allow native Bahamians
20 to gamble. So, it goes to the extremes.

21 Just as a question not necessarily an
22 opposition at all to what is being proposed is that
23 how far would this necessarily extend? Are we
24 talking here about gambling only? Are we talking

1 about comps for dinner? Are we talking about just
2 the host community or are we talking about the
3 surrounding community?

4 I don't know if those questions have
5 been addressed or not. The question here is
6 narrowed to gambling and it appears to be just the
7 host community. That certainly, as we said, we
8 certainly agree with the conclusion that's been
9 reached on that.

10 But if the policy is to avoid the
11 appearance of an impropriety, it may be worthwhile
12 to consider extending that to comps generally not
13 just for gambling. If you're sitting at the
14 restaurant next to the mayor and he's getting
15 bottles of champagne, that creates the same kind of
16 impression as he would, maybe more so, if were just
17 gambling.

18 CHAIRMAN CROSBY: Taking a bottle of
19 champagne is probably covered under existing law and
20 under existing ethics rules, either accepting
21 something of value intended to influence or a
22 reasonable person might conclude that it would have
23 influence. I was thinking of host communities not
24 surrounding, because they are the ones that have the

1 ongoing regulatory authority (A).

2 And (B) I was thinking that just the
3 gambling, because one of the things I mentioned here
4 is I can imagine, particularly in a smaller
5 community a more rural community, but any community
6 the casino could become the place where things
7 happen.

8 You have all kinds of activities many
9 of them not even involving gambling. So, I don't
10 think you want to preclude people from going in the
11 building. And I wouldn't want to preclude local
12 officials from eating and drinking. But you would
13 want to preclude them from gambling.

14 COMMISSIONER CAMERON: Then maybe no
15 comps would be a good policy. That would doubly
16 take away any temptation by either side. There's
17 no comps whether it be entertainment, food, booze.

18 MR. MICHAEL: As you point out, if it's
19 already prohibited on the part of the public
20 official, it wouldn't impinge on the public
21 official's activities any. But now you would be
22 imposing a rule on the casino that the casino would
23 have to apply.

24 CHAIRMAN CROSBY: Right.

1 COMMISSIONER CAMERON: Issues around
2 sold-out concerts, boxing matches, whatever the
3 entertainment may be.

4 MR. MICHAEL: Anything that is given
5 other than that of fair market value as would be
6 provided to any other customer.

7 COMMISSIONER CAMERON: And I know
8 there's been New Jersey officials who have been
9 sanctioned, fined for accepting comps.

10 MR. GUSHIN: Indicted.

11 COMMISSIONER CAMERON: Indicted,
12 okay.

13 MR. GUSHIN: Keep going.

14 COMMISSIONER CAMERON: Convicted --
15 no.

16 COMMISSIONER MCHUGH: I must say I am
17 very troubled by this recommendation. I think on
18 the one hand for starters it feeds into the
19 government officials can't be trusted backdrop
20 against which all of us operate in a way that's
21 unwarranted.

22 Secondly, it builds on in a way that
23 doesn't add value to, in my opinion, a whole host
24 of regulations that prohibit improper behavior on

1 the part of public officials.

2 In the third place, it is at once over
3 inclusive and under inclusive. The over
4 inclusiveness perhaps can be dealt with by defining
5 municipal officials functionally as you suggested,
6 Mr. Chairman, as those who have some significant
7 regulatory authority over the casino.

8 But it's under inclusive in that there
9 are a host of other people who have an equal
10 potential for affecting the welfare of the casino
11 who would not be included. I'm talking about
12 appointed officials. I'm talking about elected
13 officials. I'm talking about people with the
14 capacity to change the laws that govern the casinos
15 that are above us.

16 And it is seems to me that to single out
17 the local officials puts them in a special category
18 that isn't warranted by their unique power to affect
19 the welfare of the casino.

20 It seems to me that a local official
21 would be and would want to be careful about going
22 into a facility in terms of the appearances piece
23 of the existing state ethics legislation. But as
24 long as he or she were able to do so in a way that

1 didn't violate that appearances standard, and it
2 seems to me that they ought to be permitted to do
3 it. So, I am troubled by this for all of those
4 reasons.

5 I think that number two, a prohibition
6 on extending comps or credit, would perhaps be
7 closer to a precise regulatory regime, but I would
8 broaden that to encompass all public officials,
9 quite frankly, because of the problems that exist
10 or can exist with respect to a whole host of people
11 who serve in jurisdictions beyond the boundaries of
12 the municipality.

13 But apart from that, I would let the
14 state ethics laws as they currently exist to do the
15 job they're supposed to do and not add to them in
16 a way that as I said at the beginning I don't think
17 really adds a great deal of value.

18 The comp tickets kinds of things in
19 Massachusetts too already have been the subject of
20 extensive enforcement proceedings by the Ethics
21 Commission. So, that's my view of how to deal with
22 it.

23 COMMISSIONER STEBBINS: To pick up on
24 Commissioner McHugh's point. I tended to look at

1 option number two. Being a former local elected
2 municipal official and municipal agency person,
3 we're all familiar with the state ethics
4 requirements. Where I saw in number two was putting
5 some onus back on the operator and maybe away from
6 the public official to kind of keep both parties
7 honest.

8 And I looked at number two if we're
9 really standing up for the integrity of the game,
10 of the games that we're regulating, I kind of would
11 put number three aside. But extending credit or
12 offering comps or gifts or tickets or whatever is
13 clearly a decision being made by the operating
14 entity. It's not a game of chance or a game or risk.

15 I don't know how fast they can run
16 around and fix a slot machine to spit out a nice big
17 chunk of change, but that seemed to me to be
18 something clearly left with the discretion of the
19 operator themselves.

20 And I think our current ethics laws
21 certainly speak to what a local official, both at
22 the elected level and the appointed level and staff
23 level can and cannot do. I looked at number two as
24 being reasonable in placing more onus on the

1 operator themselves, I'm not sure they would abide
2 by it, but putting equal onus or more onus back on
3 the operator themselves to make sure that everybody
4 -- both parties are operating in an ethical manner.

5 CHAIRMAN CROSBY: As I said, I am mixed
6 on this. And I am pretty much open to conversation
7 about it.

8 I think on the first point on the public
9 confidence, this sort of saddles it. This implies
10 that we're bad guys. I think if anything, this
11 would lean towards public confidence in the sense
12 that all three individuals who responded were
13 opposed to the idea of letting them gamble. And I
14 think it's a preventative step.

15 It's a prophylactic step that shows
16 public official being responsible rather than
17 besmirching them. The besmirching is already
18 there. But this was us going out of our way to try
19 and make this process be as clean as possible.

20 I forgot your second point. The third
21 point that if there's a legal problem of
22 distinguishing among these people that's something
23 that I haven't really thought through. But we've
24 talked many, many times about how the State did this

1 law about the local control element of that.

2 Sort of what I was saying before, with
3 privileges go responsibilities. If you're going to
4 have this much authority -- Think of the Mayor of
5 Springfield, the Mayor of Boston who are playing
6 very prominent roles in this. And to have them --
7 To the public, to have them be seen gambling in these
8 facilities, in the facilities in their towns just
9 doesn't feel right to me.

10 It feels to me like these individuals
11 as opposed to a state rep. say, or a DA -- A lot of
12 people would have other or some potential conflict.
13 But as opposed to a state rep. or a DA, the role that
14 these individuals would have relative to the casinos
15 is direct, really pretty close to an almost a
16 one-on-one relationship. And it's quite
17 distinguishable from the whole panoply of public
18 officials.

19 So, to me I think I see the equities of
20 those two points a little bit differently from you,
21 but I also think and this is where I ended up, I just
22 don't think it smells right.

23 To let public officials who have a
24 strong role in the regulation of these very, very

1 controversial, challenging difficult entities with
2 infinite potential for temptation and problems for
3 us to let them go in, just doesn't feel right to me.

4 COMMISSIONER MCHUGH: I agree that
5 it's a value judgment. And I agree there is no easy
6 answer to the question. It seems to me that the
7 answer to the people openly gambling and winning big
8 pots in these facilities is the power of the voters
9 to deal with that at an appropriate time. We do have
10 a democracy that takes into account those kinds of
11 things.

12 And I am -- I don't want to repeat
13 myself. But I'm troubled about picking out a
14 particular class that I believe is under inclusive
15 for this kind of a ban that is aimed at preventing
16 expected deviant behavior.

17 COMMISSIONER CAMERON: Is that
18 different than the regulators being band?

19 COMMISSIONER MCHUGH: For us, yes, I
20 think it is very different. I think that our
21 day-to-day existences is focused directly on those
22 entities. And not only do we have appearance
23 issues, we have the possibility of picking up pieces
24 of information that may be inaccurate. People

1 whispering in our ear, all kinds of bad things can
2 happen from spending time in these casinos. And I
3 think that ban had a much broader basis than the
4 proposed ban here does.

5 COMMISSIONER ZUNIGA: I go back to the
6 point that you've already made but it's paramount
7 in our statute starts with that. Ensuring public
8 confidence is the paramount goal. On that account,
9 I would certainly be against the no restriction in
10 option number one. And understand the nuances that
11 you point out, Commissioner, between the two other
12 options, maybe not so nuanced, but the rather
13 complex issues.

14 CHAIRMAN CROSBY: Any other thoughts
15 on this? I think we understand what the issues are.
16 But I think this one will require a vote.

17 The Chair is not supposed to move. Why
18 doesn't somebody, if somebody agrees, move that we
19 accept the recommendation to prohibit gambling of
20 local officials to be further defined, gambling and
21 comps to local officials in the jurisdictions of the
22 host community, local officials to be further
23 defined.

24 COMMISSIONER MCHUGH: With all due

1 respect, Mr. Chairman, could you split those two
2 because --

3 CHAIRMAN CROSBY: I was going to come
4 back.

5 COMMISSIONER CAMERON: You agree with
6 comps but not restriction?

7 COMMISSIONER MCHUGH: Right. And I
8 don't want to be voting against something that I'm
9 then going to vote for.

10 CHAIRMAN CROSBY: If this portion
11 carries, we're set. If it doesn't carry, then I was
12 going to say then there's the issue of no comps and
13 no credit. So, we'll come back to that.

14 COMMISSIONER MCHUGH: All right.

15 COMMISSIONER STEBBINS: It's
16 important to keep in mind, there are only
17 policy-setting directions as we formulate Phase-2
18 regs. We may get overwhelmed with public opinion,
19 which tells us to go in a different direction. This
20 is for the purposes of drafting the Phase-2
21 regulations at this point, nothing more.

22 CHAIRMAN CROSBY: Yes. We'll have
23 many more bites at this apple as we discussed about
24 all of these things.

1 COMMISSIONER MCHUGH: I understand.

2 CHAIRMAN CROSBY: There'll be a
3 hearing process and so forth.

4 COMMISSIONER ZUNIGA: I can move the
5 first motion, if that's okay. I would move that we
6 accept one of the recommendations in this key policy
7 question number 46 to restrict extension of credit
8 to all local officials.

9 COMMISSIONER CAMERON: Credit and
10 comps?

11 COMMISSIONER ZUNIGA: Credit and
12 comps.

13 COMMISSIONER CAMERON: So, we are
14 splitting it up?

15 CHAIRMAN CROSBY: I think we should
16 start at the other end. Let's start at the broadest
17 end and work down.

18 COMMISSIONER ZUNIGA: Then further
19 define.

20 CHAIRMAN CROSBY: Right.

21 COMMISSIONER ZUNIGA: I then move and
22 correct my motion and then move that we accept the
23 recommendation that we prohibit gambling altogether
24 to local officials --

1 CHAIRMAN CROSBY: And comps.

2 COMMISSIONER ZUNIGA: -- and comps to
3 local officials those in the host community.

4 COMMISSIONER CAMERON: Second.

5 CHAIRMAN CROSBY: Further discussion?

6 COMMISSIONER MCHUGH: I take it it's
7 implicit in that motion that public officials are
8 going to be further defined.

9 COMMISSIONER ZUNIGA: Yes, I'm sorry
10 about that. With the caveat that public officials
11 will be further defined by the Commission.

12 CHAIRMAN CROSBY: Okay. So, all in
13 favor of the motion say aye. Aye.

14 COMMISSIONER ZUNIGA: Aye.

15 COMMISSIONER CAMERON: Aye.

16 CHAIRMAN CROSBY: Opposed?

17 COMMISSIONER STEBBINS: Nay.

18 COMMISSIONER MCHUGH: Nay.

19 CHAIRMAN CROSBY: Three to two. So,
20 we'll go with this draft for now and see what kind
21 of reaction we get. That was number 46. Number 7,
22 Commissioner Cameron.

23 COMMISSIONER CAMERON: Yes, Mr.
24 Chairman. This question has to do with what

1 regulation should the Commission issue with respect
2 to distribution of alcohol and the forms of
3 identification that may be presented to a gaming
4 licensee to demonstrate proof that a person has
5 obtained the age of 21.

6 The law speaks to this issue.

7 Notwithstanding any regulation to the contrary, a
8 licensee under this section may distribute alcohol
9 free of charge and for on-premise consumption to
10 patrons in the gaming area or as a complimentary
11 service or item in the gaming establishment,
12 provided however that the Commission in
13 consultation with the ABCC shall promulgate
14 regulations on such distribution and the forms of
15 identification that may be presented to the gaming
16 licensee to demonstrate proof that the person has
17 obtained the age of 21.

18 And that such regulations shall
19 include requirements relative to alcohol training
20 certification for an employee who serves alcohol at
21 the gaming establishment.

22 There was public comment. The
23 strategic plan does not discuss this issue. There
24 was public comment. The first one is Paul Vignoli,

1 all licenses should be required to have a door or
2 greeting personnel at the entrance to the gaming
3 floor to check IDs of all patrons. He recommends
4 the commercially available IDs.

5 Sterling Suffolk recommends the
6 Commission issue regulations in conformance with
7 Chapter 138 section 34b. This is similar approach
8 to that taken in New Jersey.

9 Mohegan Sun encourages the Commission
10 to consult with all interested parties including the
11 existence of casino surveillance and security
12 personnel in New Jersey, local and state law
13 enforcement agencies, Mothers Against Drunk
14 Driving, and other advocacy groups, insurance loss
15 control experts and many colleges and universities
16 in the Commonwealth with existing or desired alcohol
17 certification or training curriculum. Let's see.
18 These regulations should be consistent again with
19 138, 34b.

20 And Mr. Cataldo, the same issues by the
21 other venues that serve alcohol in the state.

22 We did discuss this issue with the ABCC
23 in a meeting last week. They are recommending we
24 be consistent with their existing laws. I think

1 their existing laws are appropriate when it comes
2 to identification. And what their laws say are a
3 Massachusetts driver's license, a liquor
4 identification card, a Massachusetts ID card, a
5 passport issued by the United States or a government
6 that is officially recognized by the United States,
7 or a passport card for a passport issued by the
8 United States and military identification. I think
9 the all of those are --

10 CHAIRMAN CROSBY: Out-of-state
11 driver's licenses is that not on there?

12 COMMISSIONER CAMERON: That's
13 correct, they are not.

14 CHAIRMAN CROSBY: That's not enough
15 ID?

16 COMMISSIONER CAMERON: That is an
17 issue, I guess. That raises an interesting
18 question for me. This is specifically from their
19 law. That's interesting because we would expect a
20 lot of out-of-state folks.

21 COMMISSIONER MCHUGH: I hope.

22 COMMISSIONER CAMERON: I'll be honest
23 with you. I did not catch that.

24 MS. REILLY: I think if you have

1 out-of-state, you need two forms of identification.

2 COMMISSIONER CAMERON: Okay. This
3 was taken from their law, so that's interesting.

4 CHAIRMAN CROSBY: We need to
5 understand that.

6 COMMISSIONER CAMERON: Obviously, I
7 think that you're right. We have to address that.

8 COMMISSIONER STEBBINS: That's a
9 reason they said not to adopt all of 138.

10 COMMISSIONER CAMERON: Agreed, that's
11 a very good point. So, obviously, I'm not going to
12 recommend then that we accept it without that. And
13 maybe it is two forms of ID.

14 COMMISSIONER ZUNIGA: I believe that
15 part of the background for these regs. from the ABCC
16 is the college population in Massachusetts is one
17 that is a lot of out of state. Different states may
18 have different -- No, they're all 21.

19 COMMISSIONER MCHUGH: These
20 regulations have been in existence for some time.
21 And we now have a much better system for issuing
22 licenses.

23 COMMISSIONER CAMERON: We do, we do.

24 COMMISSIONER MCHUGH: National

1 requirements.

2 COMMISSIONER CAMERON: That's true.
3 Very good point and maybe it will be two forms of
4 identification. Obviously, we'll look at best
5 practices from around the industry on this
6 particular issue.

7 The difference between their laws and
8 what we're able to do are the complimentary drinks.
9 And that's clearly defined in the law as to what we
10 can do with regard to free drinks. Although again,
11 this is an issue where in speaking to the gaming
12 consultants, there are best practices in this area.

13 We certainly see the need or the law
14 allows us the privilege of comping drinks. So,
15 according to best practices we will do that.

16 I did agree with ABCC who talked about
17 because we do -- our hours do close. They thought
18 that would be a severe disadvantage to local
19 businesses if we treated -- the restaurants, now
20 this is not the gaming floor. That they understand.
21 It's typical to comp drinks.

22 But in restaurants, and we gave the
23 example of a Legal Seafood, somewhere on the gaming
24 establishment and there's another one right in town,

1 in that particular town, treating them differently
2 would be - would serve as an adverse impact to that
3 local establishment. And I did agree with that.

4 So, recommending that the restaurants
5 themselves, we can adhere to the local laws with
6 regard to serving alcohol. But the comp drinks in
7 the facilities themselves, we just need to make sure
8 we are following the industry best practices there.

9 COMMISSIONER STEBBINS: Is there a
10 sense of timing when regs. along these lines would
11 need to be drafted and incorporated?

12 MR. MICHAEL: We've submitted a
13 memorandum that I'm sure will be distributed that
14 outlines the timing of the various phases of the
15 regulations with the Phase-2 evaluation regs.
16 first. Then the alcoholic beverage regs. are
17 somewhat down the list because they won't be
18 applicable until operation.

19 COMMISSIONER STEBBINS: But they
20 wouldn't have any impact on an applicant's project
21 or folks that they might tend to try to attract to
22 be part of the amenities?

23 MR. MICHAEL: Very minimal. The
24 marketing plan may be impacted slightly, but if we

1 said there's no complimentary drinks, for example,
2 but the statute permits it. So, I can't see that
3 there would be any material change in anybody's
4 plans.

5 COMMISSIONER STEBBINS: So, we have
6 time to work on looking at 138?

7 MR. MICHAEL: Yes.

8 COMMISSIONER CAMERON: I think since
9 we just had the meeting last week and have not had
10 a chance to analyze all of their -- And they did point
11 out to us several of their provisions are
12 antiquated.

13 So, I think it is wise for us to have
14 an analysis and take the pieces that may seem
15 appropriate. This is a perfect example of one that
16 we may want to be more inclusive than just the
17 identification pieces here. Again, that's
18 something we can look at as far as best practices
19 also.

20 MR. MICHAEL: There are a variety of
21 programs offered at restaurants training programs.
22 TIPS program for example. Training in the service
23 of alcohol universally not just in a casino that the
24 Commission could consider requiring of a casino to

1 give to its employees.

2 CHAIRMAN CROSBY: I was going to ask.
3 Does ABC have regs. that requires certification of
4 an employee who serves alcohol to have alcohol
5 training?

6 COMMISSIONER CAMERON: I don't know
7 what they say, but our law clearly says that we will.

8 CHAIRMAN CROSBY: But ABCC gives us
9 the sort of starting point.

10 COMMISSIONER CAMERON: Obviously,
11 we'll have the law, which is pretty specific in this
12 area other than it gives us the authority to decide
13 what identification and whatnot and what exactly
14 will happen in each establishment.

15 CHAIRMAN CROSBY: Right. Okay.

16 COMMISSIONER CAMERON: This is again
17 one we'll need to spend a little more time on to make
18 sure we analyze the best practices elsewhere, and
19 come up with something that makes sense.

20 CHAIRMAN CROSBY: Okay. That was
21 number seven, 13 and 49 we're skipping?

22 COMMISSIONER ZUNIGA: I can speak to
23 it briefly, if you don't mind. But I don't have a
24 handout, but I'll just give a brief update and then

1 suggest that the two questions be combined into one
2 general.

3 These questions have to do with whether
4 the Commission should dictate and how audit
5 requirements, record keeping, financial records as
6 well as internal controls plans and the like. I did
7 a little research. There's a lots of good cases out
8 there from other states Missouri, Pennsylvania,
9 Mississippi. They have a lot of regulations that
10 deal with internal controls.

11 Our consultants have identified and
12 speak to that a little bit in the strategic plan.
13 And I think there is plenty of time for us to study
14 and make a recommendation in the coming weeks or
15 months, because this is not immediate, in our view,
16 issue.

17 It's an important one. It should be
18 placed in regulations. In fact, other states do,
19 which is where we were able to do all of this
20 research. But I believe that we could come back to
21 those.

22 CHAIRMAN CROSBY: Okay. Right.
23 Policy question number 25, Commissioner Cameron.

24 COMMISSIONER CAMERON: Okay. This

1 question has to with operation. When should the
2 regulations pertaining to operations on the gaming
3 floor be issued and what should those regulations
4 contain? And more specific when should regulations
5 regarding dealer tips as specified in 23K be issued
6 and what should those regulations contain?

7 I think as far as when, in both cases,
8 we have a clear plan from the consultants. And it's
9 part of this phase two.

10 CHAIRMAN CROSBY: Phase two of --

11 MR. MICHAEL: Phase two of our
12 regulation drafting. We've got all kinds of phase
13 two's, right. Phase one would be the drafting of
14 the determination evaluation. And then
15 immediately thereafter would be the operation.

16 MR. CARROLL: Phase two of Phase-2.

17 CHAIRMAN CROSBY: Most of your
18 questions on here I think phase two, between today
19 and tomorrow.

20 COMMISSIONER CAMERON: They are. So
21 the when questions have been clearly answered. And
22 the what questions are really there are best
23 practices.

24 But the law speaks specifically to

1 this. And it describes certain operational
2 requirements that the licensee must abide by
3 including security precautions such as cameras and
4 visibility of the gaming area, hours of operation,
5 efficient procedures to entertain the public.

6 And with regard to dealer tips or
7 gratuities from the patron at the table games where
8 such dealer is conducting play provided, however --
9 So, they may accept tips is what the law says.
10 However, these tips or gratuities must be placed in
11 a pool for distribution among other dealers.

12 The Commission shall determine how the
13 tips and gratuities shall be set aside for the dealer
14 pool as well as the manner of distribution among
15 dealers.

16 No key gaming employee or other gaming
17 official who serves in a supervisory position shall
18 solicit or accept a tip or gratuity from a player
19 or patron in the gaming establishment where that
20 employee is employed. So, that's very specific.

21 CHAIRMAN CROSBY: Remind me of who key
22 gaming employees would be.

23 MR. GUSHIN: It would be like a pit
24 boss, a senior department head.

1 CHAIRMAN CROSBY: You don't tip pit
2 bosses?

3 COMMISSIONER CAMERON: No tipping.

4 MR. GUSHIN: They usually are salaried
5 and don't participate in the games.

6 COMMISSIONER CAMERON: Right, right.
7 So, that is in keeping with best practices, correct?

8 MR. MICHAEL: Correct.

9 MR. CARROLL: Correct.

10 COMMISSIONER CAMERON: Our strategic
11 plan on pages 107 through 109 does speak about
12 requirements of personnel on the gaming floor. And
13 the gaming consultants recommend the adoption of
14 personnel best practices identified, levels of
15 supervision, assignment of responsibilities of each
16 to assure acceptable levels of customer relations
17 management and the integrity of the games operation.

18 So, we didn't think it was necessary to
19 go through each position and what the regulations
20 should say.

21 CHAIRMAN CROSBY: At this point.

22 COMMISSIONER CAMERON: It's clear
23 that we want to adopt the best practices. We
24 believe that we have a lot of information on what

1 those are. And that will be part of this phase two
2 Phase-2.

3 MR. CARROLL: We have sufficient
4 direction on what direction you would like to take.

5 COMMISSIONER CAMERON: There were
6 some public comments. Let's see. Sterling
7 Suffolk, they mention that they have already made
8 their comments for question 24.

9 And like I say, we know when we are
10 going to get to this and we are going to adopt the
11 best practices. Again, the law is pretty specific
12 on how we should manage tips.

13 CHAIRMAN CROSBY: Is it unusual for
14 the regulatory body to mandate pooling of tips?

15 MR. MICHAEL: It's actually statutory
16 in most jurisdictions. The idea is not to curry
17 favor with any particular dealer. This way dealers
18 can be given gratuities, but by pooling them it's
19 a fairer and perceives to be more honest way to do
20 it.

21 And in fact, very often the pooling
22 process and the matter in which they are distributed
23 is then later delegated to the dealers themselves.
24 There's what's called a toke committee. They're

1 what's called tokes in the industry. This is a
2 legal toke.

3 And the committee then determines the
4 distribution depending on the number of hours people
5 have worked and so on.

6 CHAIRMAN CROSBY: Okay. Great.

7 COMMISSIONER CAMERON: Question 26,
8 Mr. Chair, when should regulations regarding
9 issuance of credit be issued and what should those
10 regulations contain?

11 Again, pretty detailed in the law. A
12 gaming licensee may issue credit to a patron of a
13 gaming establishment in accordance with regulations
14 promulgated by the Commission. Such regulations
15 shall include but not be limited to procedures for
16 confirming that a patron has an established credit
17 history and is in good standing; whether the patron
18 has a good credit history with the gaming
19 establishment; authorization of any credit
20 instrument; methods for acknowledging a credit
21 instrument and payment of debt; and information be
22 provided by the patron to the gaming establishment
23 to be shared with the Commission for auditing
24 purposes.

1 The law specifies that debt collection
2 shall be limited to key gaming employees or
3 attorneys acting directly on behalf of the gaming
4 licensee. It further restricts debt collections of
5 gaming employees who serve as junket
6 representatives for the gaming licensee.

7 CHAIRMAN CROSBY: I means debt
8 collections by gaming employees who serve as -- Is
9 that what that means?

10 COMMISSIONER CAMERON: It further
11 restricts, is that what you're referring to?

12 COMMISSIONER ZUNIGA: By instead of
13 of.

14 COMMISSIONER CAMERON: By instead of
15 of?

16 CHAIRMAN CROSBY: I wasn't sure what
17 you meant.

18 COMMISSIONER CAMERON: It further
19 restricts debt collections of gaming employees --
20 by gaming employees, is that what you're saying?

21 MR. GUSHIN: Usually, in the casino
22 organization, there is usually a collection
23 department for the larger casinos. And they are
24 employees of the casinos. And then they interact

1 with the private counsel that are hired to legally
2 collect debts should it get to that level. But the
3 first line of attack is the collection department.

4 COMMISSIONER ZUNIGA: But the gaming
5 employees are doing the collecting, not the other
6 way around, which is why the Chair says by gaming
7 employees, right?

8 COMMISSIONER CAMERON: It restricts
9 the debt collections.

10 MR. GUSHIN: Right. You don't want
11 the pit boss collecting the money or the credit
12 department.

13 CHAIRMAN CROSBY: It's the second
14 sentence that we're puzzling over.

15 COMMISSIONER CAMERON: Who serve as
16 junket representatives for the gaming licensee.

17 MR. MICHAEL: There's actually kind of
18 two categories of junket representatives. There
19 are junket representatives who are employees of the
20 gaming licensee. And then there would be junket
21 representatives who are contractors with the casino
22 licensee. You can employ a third-party to arrange
23 for junkets to the casinos. So, these would be
24 employees of the casinos who are junket

1 representatives as a marketing department.

2 COMMISSIONER CAMERON: I believe this
3 is the exact language that the law says that it isn't
4 clear to understand that. So the way you read the
5 law is that they cannot, those folks cannot collect
6 debt, correct?

7 CHAIRMAN CROSBY: Section 27(h), the
8 second sentence. You would be precluding those
9 folks from doing collections.

10 MR. MICHAEL: Yes.

11 CHAIRMAN CROSBY: The marketing
12 department. Why would we --

13 MR. GUSHIN: They're incompatible
14 function. The people who issue credit and collect
15 credit are traditionally viewed in accounting terms
16 that that would be an almost incompatible function.

17 MR. MICHAEL: Not only the issuance
18 could but the marketing people are trying enlist
19 people to come to the casino.

20 COMMISSIONER CAMERON: This is a best
21 practice.

22 MR. MICHAEL: But they won't issue
23 credit. Marketing people don't issue credit.

24 CHAIRMAN CROSBY: Right.

1 COMMISSIONER CAMERON: Our strategic
2 plan does address this. It specifically deals with
3 gaming credit, pages 123 to 128. Easy credit
4 serves neither the patron nor the casino operators
5 well. Credit evaluation should weigh whether the
6 applicant is employed, the number of years employed,
7 whether he or she is retired or unemployed.

8 Many states include their regulations
9 -- They include a framework for patron self-
10 exclusion from all gaming or only credit. The
11 regulation should also include the procedure for
12 accepting credit applications, verification of the
13 financial suitability of the patron and procedures
14 for issuance of credit to the patron found suitable.

15 So, we're going to get more specific
16 than the law when it comes to writing this
17 regulation.

18 MR. GUSHIN: Definitely best
19 practices in the industry for responsible credit
20 issuance.

21 MR. MICHAEL: Yes.

22 COMMISSIONER CAMERON: I was just
23 going to get into some of the comments.

24 CHAIRMAN CROSBY: Fine. Go ahead.

1 COMMISSIONER CAMERON: And the only
2 comment was from Suffolk. Again, they feel like
3 they answered this question before when they said
4 that the law -- refer to the law.

5 But we think we need to get more
6 specific than the law and really be -- ask more
7 questions of the patrons before we issue credit,
8 correct?

9 MR. MICHAEL: In terms of collection,
10 is that another issue? In terms of collection too,
11 there are often rules regarding how many days the
12 marker or check can be outstanding and when it has
13 to be collected and those kinds of rules.

14 COMMISSIONER CAMERON: Your strategic
15 plan is very specific about -- I summarized it into
16 a paragraph. But you do list all of that in the
17 strategic plan.

18 MR. GUSHIN: Credit is one of the more
19 controversial aspects of the industry. It's a
20 necessary function of the casino.

21 COMMISSIONER MCHUGH: Why is it a
22 necessary function?

23 MR. GUSHIN: It just drives the
24 business. Cash casino will do far less than a

1 casino that issues credit on a responsible basis.

2 It's just one of the drivers of the casino drop.

3 But having said that there's also a
4 need for responsible credit that it is done in a way
5 that the patrons are evaluated so that they can repay
6 the debt.

7 And there are services like there's a
8 company called Central Credit that handles most of
9 the American industry that will evaluate the patron
10 from a credit perspective. And that credit report
11 is then put in the file for evaluation purposes.
12 And as credit is increased in the casino, it goes
13 up to additional approvals on the part of credit
14 executives.

15 So, someone who gets a \$500 credit
16 might be done by a credit executive. Where someone
17 who gets a million dollars in credit might be done
18 by a credit committee, evaluating that patron's
19 ability to repay.

20 MR. MICHAEL: The importance of credit
21 in the casino industry is really no different than
22 it is almost any other industry. You're buying a
23 car or going into any store with a credit card, any
24 commercial facility would have a hard time if it

1 didn't accept credit cards.

2 COMMISSIONER CAMERON: It just needs
3 to be done responsibly. We all know stories years
4 ago how --

5 MR. GUSHIN: The supermarket clerk
6 with a \$250,000 credit.

7 CHAIRMAN CROSBY: This is related. I
8 don't know whether this comes up as another question
9 somewhere, but I got a call a while back from a woman
10 who said that she had frequent-flier benefits --
11 frequent player benefits in one of the best
12 Connecticut casinos. And she was irate because
13 they had lapsed on her. She felt -- She was
14 rational. She was just saying as you begin to do
15 this in Massachusetts, make sure they don't let them
16 cut us off from -- Do we get into that?

17 MR. GUSHIN: That's more marketing.
18 And if someone hasn't shown up at the casino in two
19 years and they have points, sometimes they will
20 reduce those points or eliminate them. It's like
21 the airlines. If you don't fly that airline within
22 12 months, you don't have your points anymore.

23 MR. MICHAEL: There could be a general
24 Commission rule that any marketing program has to

1 establish rules that are noticed to the patrons so
2 that they can't arbitrarily eliminate their
3 benefits but not to approve the specific language
4 and the specific details of every marketing plan.

5 CHAIRMAN CROSBY: Okay. That's it.
6 I think three of us have 5:00 meetings. So, we
7 probably ought to go. We could squeeze in a couple
8 of more, but I don't think there's a need to do that.

9 Any other questions or issues about
10 anything? Do we have a motion to adjourn?

11 COMMISSIONER ZUNIGA: So moved.

12 CHAIRMAN CROSBY: Second?

13 COMMISSIONER CAMERON: Second.

14 CHAIRMAN CROSBY: All in favor? Aye.

15 COMMISSIONER STEBBINS: Aye.

16 COMMISSIONER ZUNIGA: Aye.

17 COMMISSIONER CAMERON: Aye.

18 COMMISSIONER MCHUGH: Aye.

19 CHAIRMAN CROSBY: We are adjourned.

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21 (Meeting adjourned at 3:55 p.m.)
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ATTACHMENTS:

1. Agenda
2. Key Policy Question #20
3. Key Policy Question #35
4. Key Policy Question #6
5. Key Policy Question #23
6. Key Policy Question #14
7. Key Policy Question #21
8. Key Policy Question #46
9. Key Policy Question #7
10. Key Policy Question #25
11. Key Policy Question #26

SPEAKERS:

- Elaine Driscoll, Director Communications and Outreach
- John Ziemba, Ombudsman
- Robert Carroll, Michael & Carroll
- Guy Michael, Michael & Carroll
- Fredric Gushin, Spectrum Gaming Group
- Michael Pollock, Spectrum Gaming Group

C E R T I F I C A T E

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I, Laurie J. Jordan, an Approved Court Reporter,
do hereby certify that the foregoing is a true and
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WITNESS MY HAND this 27th day of January, 2013.

Laurie J. Jordan

LAURIE J. JORDAN My Commission expires:
Notary Public May 11, 2018