

COMMONWEALTH OF MASSACHUSETTS  
MASSACHUSETTS GAMING COMMISSION  
PUBLIC MEETING #204

CHAIRMAN

Stephen P. Crosby

COMMISSIONERS

Gayle Cameron

Lloyd Macdonald (present by telephone)

Enrique Zuniga

Bruce Stebbins

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MASSACHUSETTS GAMING COMMISSION

101 Federal Street

Boston, Massachusetts

November 22, 2016

10:00 a.m. - 1:12 p.m.

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

CHAIRMAN CROSBY: I am calling to order the 204th meeting of the Massachusetts Gaming Commission at our offices at 101 Federal Street on November 22nd. Before we start anything else, I just want to point out that we have a remote participant today, Commissioner Macdonald.

One of the reasons that we can use to justify having remote participation is illness and Commissioner Macdonald has had some surgery and will be back with us soon. We have to have a physical quorum. But as long as we have a physical quorum, we can have the other members by phone if we want. I mentioned the name is Commissioner Lloyd Macdonald.

Can you hear each of us, Lloyd?

COMMISSIONER MACDONALD: Yes, I can. And I really appreciate the opportunity to be able to participate remotely, and I am not ill. I just have a very sore back.

1                   CHAIRMAN CROSBY: Right. I realize  
2 I misspoke. Not illness, physical pain,  
3 disability.

4                   COMMISSIONER CAMERON: Surgery.

5                   CHAIRMAN CROSBY: Passing  
6 disability.

7                   COMMISSIONER MACDONALD: I am on the  
8 mend.

9                   CHAIRMAN CROSBY: Okay, good. And  
10 if there's any issue -- we can hear you  
11 fine, and so can everybody else in the  
12 room. But if there is any issue with  
13 communication, speak up and we'll slow down  
14 and fix it.

15                  COMMISSIONER MACDONALD: Okay.

16                  CHAIRMAN CROSBY: Then maybe I will  
17 ask -- do you have the book there, the  
18 binder with you?

19                  COMMISSIONER MACDONALD: I do.

20                  CHAIRMAN CROSBY: Well, then,  
21 Commissioner Macdonald, why don't we turn  
22 to you for the minutes.

23                  COMMISSIONER MACDONALD: Okay. I  
24 move that we approve the minutes of the

1 public meeting of November 10, 2016 subject  
2 to corrections, some typographical errors  
3 and other nonmaterial matters.

4 CHAIRMAN CROSBY: Second?

5 COMMISSIONER STEBBINS: Second.

6 CHAIRMAN CROSBY: Any discussion?  
7 All in favor?

8 COMMISSIONER MACDONALD: Aye.

9 COMMISSIONER STEBBINS: Aye.

10 COMMISSIONER ZUNIGA: Aye.

11 COMMISSIONER CAMERON: Abstain.

12 CHAIRMAN CROSBY: All opposed? The  
13 ayes have it four to nothing. Commissioner  
14 Cameron is abstaining, because she was not  
15 in attendance.

16 COMMISSIONER ZUNIGA: Mr. Chair, we  
17 may have to do a vote by roll call for the  
18 benefit of Commissioner Macdonald.

19 MS. BLUE: Yes, we should.

20 CHAIRMAN CROSBY: Yes, I guess  
21 that's right. So we are going to do a roll  
22 call vote even on the minutes just to be  
23 technical about it. Commissioner  
24 Macdonald, how do you vote?

1                   COMMISSIONER MACDONALD: I vote to  
2 approve.

3                   CHAIRMAN CROSBY: Commissioner  
4 Stebbins?

5                   COMMISSIONER STEBBINS: Aye.

6                   CHAIRMAN CROSBY: Commissioner  
7 Zuniga?

8                   COMMISSIONER ZUNIGA: Aye.

9                   CHAIRMAN CROSBY: And Commissioner  
10 Crosby votes aye as well and Commissioner  
11 Cameron abstains. The motion passes four  
12 to nothing. Next item, item number three,  
13 administrative update, Executive Director  
14 Bedrosian.

15                  MR. BEDROSIAN: Good morning,  
16 members of the commission. I don't have  
17 much other than to acknowledge the obvious  
18 that it's getting towards the end of the  
19 year. Implications are we are scheduling  
20 our end of the year staff get-together, and  
21 also some of our meetings will be spaced  
22 out. I believe our next commission meeting  
23 maybe be the first out in Springfield.  
24 Obviously we will post that appropriately.

1                   And I also note that we are getting  
2                   towards the end of the horseracing season.  
3                   December 2nd will be the last day of what  
4                   I've heard has been a generally successful  
5                   season. But given the fact that there was  
6                   snow on my car the other day, I'd say maybe  
7                   it's getting to be the time.

8                   CHAIRMAN CROSBY: Yes. There has  
9                   been some wonderful press coverage of it,  
10                  which has been great as what has been  
11                  happening with the harness racing  
12                  subsequent to Plainridge taking over and  
13                  subsequent to the Racehorse Development  
14                  Fund. Okay, then we are to item four,  
15                  Ombudsman Ziemba.

16                  MR. ZIEMBA: Thank you, Mr. Chairman  
17                  and Commissioners. My first item today is  
18                  the Plainridge Park's third quarterly  
19                  report for the months July to September of  
20                  this year. Providing today's report is  
21                  Lance George, Plainridge Park's general  
22                  manager, Eli Huard, purchasing manager, and  
23                  Lisa McKenney compliance manager. Let me  
24                  turn it over to Lance. Thank you, Lance.

1 MR. GEORGE: Good morning,  
2 Commissioners.

3 CHAIRMAN CROSBY: Good morning.

4 COMMISSIONER CAMERON: Morning.

5 COMMISSIONER MACDONALD: Good  
6 morning.

7 MR. GEORGE: Let me jump right into  
8 it if that works. Employment, no material  
9 change in this area. We finished Q3 with  
10 501 employees, full-time, part-time, mixed  
11 remains very consistent at 67 percent to  
12 33 percent. Additional information on the  
13 composition of Plainridge's workforce will  
14 be seen on the next slide. With that,  
15 overall from a staffing standpoint, the  
16 property is in good shape. Turnover has  
17 quieted with job knowledge and proficiency  
18 and improving as the property has matured.

19 Diversity, continued good news as it  
20 relates to diversity and hiring. At the  
21 end of Q3, the property was at 16 percent,  
22 exceeding a goal of 10 percent. In  
23 addition, Massachusetts residents comprised  
24 71 percent of the workforce. Though not

1 part of the goal, additional detail has  
2 been added. Male/female ratio is at 51/49  
3 and the percentage of employees who are  
4 Veterans is at 2 percent.

5 CHAIRMAN CROSBY: Is the 16 percent,  
6 that's minorities? That's not women.  
7 That's just minorities.

8 MR. GEORGE: That is correct. That  
9 excludes women.

10 CHAIRMAN CROSBY: That's just  
11 minorities. That's great. And on your  
12 work on the local residents, I know you  
13 guys are really pushing on this and it's  
14 great, and we really appreciate that.

15 MR. GEORGE: Thank you. Local to  
16 that end is defined by our surrounding  
17 communities is at 31 percent. Now that we  
18 have a year-and-a-half of real-world  
19 experience and a greater understanding of  
20 our employee base, we will look to clarify  
21 this best effort goal.

22 In response to some articles that I  
23 saw yesterday regarding local hiring, the  
24 property continues to work aggressively in

1           our surrounding communities through job  
2           fairs, advertising, hiring preferences, our  
3           work with community colleges continues and  
4           we take an inside out approach. We start  
5           with a small geographic circle and work  
6           outward only after we are unable to fill  
7           some positions if required.

8                       We acknowledge that the local hiring  
9           goal is ambitious at 90 percent, no doubt  
10          about it, particularly in a region that has  
11          a very low unemployment rate. I was  
12          looking at some data this morning, and  
13          Plainville currently sits or did in  
14          September at 2.6 percent unemployment. And  
15          to put that in perspective, that means 144  
16          people unemployed. So, you know, even in  
17          Plainridge at 2.6 percent, in all of the  
18          surrounding communities, unemployment sits  
19          below 4 percent, so that certainly adds to  
20          a bit of a challenge for us.

21                      With that being said, our aim from  
22          the beginning has been to maximize  
23          employment opportunities for the region and  
24          for the Commonwealth, and we are pleased

1           that over 70 percent of our employees  
2           reside in Massachusetts.

3           CHAIRMAN CROSBY: Yes. I just want  
4           to reiterate what I said. You know, you  
5           set a very ambitious goal, which is great,  
6           and we know that you're continuing to go  
7           after it. This 90 percent goal is a goal  
8           that will continue. We will be looking at  
9           this every quarter. This wasn't something  
10          you were supposed to hit at a particular  
11          moment in time but an objective.

12          And we really commend the fact that  
13          you're willing to set out an aggressive  
14          goal and use all the kinds of tactics you  
15          are to making it. And in the long run,  
16          that's going to make it even better for all  
17          the people in Massachusetts. That's great.

18          MR. GEORGE: Thank you. Revenue and  
19          taxes, year to year comparison of revenue  
20          and taxes paid by quarter. Year-to-date  
21          through 3-quarters of 2016, the property  
22          has provided over 52 million in taxes and  
23          an additional 5.7 million in fees paid to  
24          the horsemen. Net win per unit continues

1 to be very healthy coming in at \$346 for  
2 the quarter.

3 CHAIRMAN CROSBY: Wow. Where does  
4 that rank in Penn National?

5 MR. GEORGE: It's the highest. It's  
6 the highest in the country.

7 CHAIRMAN CROSBY: It's the highest  
8 in the country.

9 MR. GEORGE: Correct. I think we  
10 talked about this before, but typically we  
11 started to make some decisions on your game  
12 count when the win per unit is around 200,  
13 so at 346 that's very robust.

14 CHAIRMAN CROSBY: And this is one  
15 thing that, again, I think it's useful for  
16 the public to appreciate because we all had  
17 these very extravagant original  
18 projections, which we didn't end up making.  
19 But we are in fact -- you are, in fact,  
20 doing extraordinarily well. You're doing  
21 -- apparently from what you said, your  
22 revenue per machine is the highest in the  
23 country.

24 MR. GEORGE: Highest in the country.

1 CHAIRMAN CROSBY: Right. So it's  
2 going incredibly well at Plainridge, which  
3 is an impression we would like to correct  
4 out there.

5 COMMISSIONER ZUNIGA: Can I speak to  
6 that briefly? I think I for one am only  
7 beginning to appreciate the effect that the  
8 cap on the number of machines has on  
9 Plainridge, because the market is obviously  
10 telling us that there could be more  
11 machines. You are capped at the number of  
12 machines in gaming positions, and that is  
13 an important factor that I've been at least  
14 thinking about and paying close attention.

15 MR. GEORGE: It requires a bit of  
16 creativity sometimes trying to drive  
17 business on off-peak hours and avoid Friday  
18 and Saturday nights when occupancy can  
19 certainly be an issue for us.

20 CHAIRMAN CROSBY: So Friday and  
21 Saturday nights you're essentially full.

22 MR. GEORGE: Once you get over  
23 90 percent, you're essentially full. And  
24 that happens to us on Friday evenings and

1                   Saturday evenings.

2                   CHAIRMAN CROSBY: Right. Well,  
3                   that's a really important story, so I'm  
4                   glad to get that out. To our reporter  
5                   friends, Mike just walked in the door,  
6                   welcome.

7                   MR. GEORGE: Spending and  
8                   procurement, spend by state, 71 percent of  
9                   the eligible spent for Q3 was spent in  
10                  Massachusetts, up slightly from 66 percent  
11                  in Q2. The remainder is split amongst  
12                  several other states. We are happy to say  
13                  that in addition to the 52 million in  
14                  direct tax revenue, the property is able to  
15                  pump an additional one million into the  
16                  Massachusetts economy through procurement  
17                  on a quarterly basis.

18                  COMMISSIONER STEBBINS: Lance, on  
19                  that spend by state, and we've had this  
20                  conversation with Eli, I think what's  
21                  interesting to note is that even some of  
22                  this the check is being cut to an  
23                  out-of-state entity, there's a good chance  
24                  it still relates to business that you're

1           doing with the local branch that might be  
2           up the road.

3                       So the check might be cut to a  
4           company in Illinois, but it's benefiting  
5           the local supplier who might be based in  
6           western Mass. whether it's under a national  
7           contractor or what have you. Some more  
8           weight maybe to Massachusetts there that  
9           isn't necessarily reflected by where the  
10          checks cut.

11                      MR. GEORGE: Correct. Local spent,  
12          digging deeper into the property's  
13          procurement for Q3 we provided a breakdown  
14          of local spending. As a reminder, our host  
15          and surrounding communities are Plainville,  
16          Wrentham, Foxborough, Mansfield, Attleboro,  
17          and North Attleboro. Over 50 percent of  
18          our local spent occurred with businesses in  
19          North Attleboro followed by Plainville of  
20          23 percent and Mansfield at 19 percent at  
21          Q3.

22                      CHAIRMAN CROSBY: What is it about  
23          North Attleboro just out of curiosity; is  
24          there some particular big procurement?

1                   MR. GEORGE: I will refer to our  
2 purchasing folks.

3                   MR. HUARD: Hello, Commissioners.  
4 So in North Attleboro, we actually have two  
5 printing companies that we are working  
6 with. One is Altimark (phonetic) who is an  
7 owned business, also a minority owned  
8 business as well as an art craft company.  
9 They have been in progress for us for  
10 printing invitations and other printing  
11 around the property.

12                  MR. GEORGE: Vender diversity spent,  
13 solid results in the area of vender  
14 diversity. Total spent was 25 percent for  
15 Q3. With that said, the property continues  
16 to pursue opportunities in each area across  
17 the board. The property is at target or  
18 modestly below in one area. That is  
19 particularly the case when those companies  
20 awaiting verification are included. No  
21 significant red flags to report, and their  
22 continued assistance by Commissioner  
23 Stebbins and Director Griffin are certainly  
24 appreciated.

1 CHAIRMAN CROSBY: Great, good job.

2 MR. GEORGE: Additional detail on  
3 this next slide, I believe Eli met with  
4 Commissioner Stebbins and Director Griffin  
5 who requested a bit more detail here, the  
6 number of venders that comprise the spent.  
7 In total you can see that between VBE, MBE  
8 and WBE, the number of unique venders is  
9 21. This slide allows you to see how those  
10 numbers breakdown between the three  
11 different categories with the greatest  
12 number of venders coming from the WBE  
13 category at 13.

14 A little small up there but  
15 compliance with regulations, great work by  
16 the team and the prevention of underage  
17 gaming, very clean quarter across the  
18 board. We have continued to be pleased  
19 with the results. But at the same time,  
20 the ongoing risk is always at the top of  
21 mind. I did want to add a little bit of  
22 color and context.

23 When I went through these numbers,  
24 they seemed very small when you look at 52

1           and 44 and 26. So at the risk of getting  
2           buried in the details, I will add this. On  
3           an average month, we ID check between 8,500  
4           and 10,000 IDs. And, so, the information  
5           that is presented is specific to underage  
6           guests.

7                       What wouldn't be included in these  
8           numbers is minors under the age of 18, an  
9           invalid ID, an expired ID or no ID at all.  
10          So that's why these numbers look a little  
11          bit small. When you start to add those  
12          other numbers in, which we're more than  
13          happy to do, those numbers are going to  
14          grow expedientially, so I did want to add  
15          that.

16                      CHAIRMAN CROSBY: So what is this?  
17          This is what kind of --

18                      MR. GEORGE: This would be an  
19          individual between the ages of 18 and 21  
20          who provides an ID that shows them to be  
21          between 18 and 21. So it is very specific,  
22          and we have several reason codes why people  
23          are turned away but I did want to add that.

24                      CHAIRMAN CROSBY: I think -- I would

1 think it would probably be a better  
2 recording tool to have that broader number,  
3 because that is kind of misleading.

4 MR. GEORGE: Yes. I think that's  
5 why I'm bringing it up, so next time  
6 around.

7 COMMISSIONER CAMERON: This was  
8 specifically asking for you to break it up  
9 this way.

10 MR. GEORGE: Correct.

11 COMMISSIONER CAMERON: And it's  
12 misleading.

13 MR. GEORGE: It is. But rather than  
14 inflate this number by 10X and you're going  
15 to say what's going on from Q2, I didn't  
16 want to add that.

17 COMMISSIONER CAMERON: Right.

18 CHAIRMAN CROSBY: I would say for  
19 future reference why don't we go back.  
20 Thank you.

21 MR. GEORGE: Fair enough.

22 COMMISSIONER CAMERON: And those  
23 zeros are all with relation to just those  
24 numbers that are there.

1                   MR. GEORGE: They are. However, you  
2                   can extrapolate from there. We have a very  
3                   clean quarter across the board. Zeros  
4                   across the board.

5                   COMMISSIONER CAMERON: Excellent. I  
6                   have heard that and that's --

7                   CHAIRMAN CROSBY: Zeros across the  
8                   board?

9                   MR. GEORGE: Yes.

10                  COMMISSIONER CAMERON: That's really  
11                  great work by your team.

12                  MR. GEORGE: Thank you. Lottery  
13                  sales, quick update, our quarterly results  
14                  came in at \$738,000 in lottery sales, an  
15                  increase of over 25 percent. Sales  
16                  continue to be strong with the property,  
17                  and the lottery joining forces periodically  
18                  for ticket giveaways.

19                  COMMISSIONER CAMERON: Huge, big.  
20                  Any promotions? That's a huge percentage.

21                  MR. GEORGE: We did have promotions.  
22                  However, our contribution and our purchase  
23                  only comes in at 20,000. So that still  
24                  leaves a sizable increase on a year every

1           year basis.

2                   Local community, Plainridge  
3           continues to support our community donating  
4           and giving back to several charitable and  
5           civic organizations throughout the quarter.  
6           We've partnered with Relay For Life, which  
7           is a Penn partner nationwide. Closer to  
8           home we were able to contribute to several  
9           organizations, a few of which are listed  
10          below. The Arthritis Foundation, Guide  
11          Dogs of America, the Plainville Athletic  
12          League. In addition to those  
13          relationships, we continue to partner with  
14          NESN, Comcast Sports. And as I mentioned  
15          in the previous slide, the lottery.

16                 Q3, marketing initiatives, we've  
17          highlighted a few partnerships that  
18          unfolded in Q3. We enjoyed another year of  
19          sponsoring the Xfinity series, which  
20          wrapped up in Q3. In addition to that, we  
21          take patrons in each concert to meet and  
22          greet. In Q3 that would have been Brad  
23          Paisley. We partner with Bass Pro Shops  
24          and a local car dealership for large floor

1 wide giveaways.

2 And on the more intimate end of the  
3 spectrum, we continue to enjoy our  
4 relationships with local venders, Luciano's  
5 for off property dinner, as well as with  
6 Yankee Spirits providing food from slacks  
7 when they host their winetasting. So big  
8 floor wide, small, intimate really runs the  
9 gamut on a quarterly basis.

10 Q4, the biggest change will be  
11 Dunkin Donuts. We have been talking about  
12 this for some time. This will actually  
13 happen on December 9th. The change out  
14 will start on this Friday, which I believe  
15 is the 23rd. So it will be down for two,  
16 maybe two and a half weeks, and then it  
17 will come back up as Dunkin Donuts on  
18 December 9th.

19 CHAIRMAN CROSBY: Dunkin Donuts is  
20 headquartered somewhere right around you,  
21 aren't they?

22 MR. GEORGE: Canton.

23 COMMISSIONER CAMERON: And this was  
24 due to popular demand, correct?

1 MR. GEORGE: Tough to deny Dunkin  
2 Donuts. Tough to deny. Had one on the way  
3 in this morning. Last week we said thank  
4 you to our Veterans serving up over 200  
5 free lunches to all former and active  
6 members of the military. In addition, the  
7 property launched a rewards program for our  
8 racing customers in early November. And,  
9 finally, as a member of the Mass.  
10 Partnership for Responsible Gaming, we are  
11 a dropoff location for Toys For Tots. All  
12 patrons providing toys will receive a free  
13 slot play for their donations.

14 COMMISSIONER ZUNIGA: What's the New  
15 Year's Eve bullet point in this?

16 MR. GEORGE: It takes on a life of  
17 its own. Countdown, confetti cannons,  
18 balloon drops, dinners. It will be a  
19 festive evening. I'm certain of that.

20 MR. ZIEMBA: Thank you very much,  
21 Lance.

22 MR. GEORGE: Thank you.

23 COMMISSIONER CAMERON: Thank you.

24 CHAIRMAN CROSBY: Any other

1           questions or issues for Lance or  
2           Plainridge? All right, John.

3                   MR. ZIEMBA: Commissioners, the  
4           second item up for consideration today is  
5           the status of Springfield's 2016 Community  
6           Mitigation Fund grant. As you're aware  
7           earlier this year in the summer, the  
8           Commission authorized \$150,000 for a valet  
9           program to address issues on parking on  
10          Main Street in Springfield, right across  
11          from the MGM site.

12                   After that determination, the  
13          Commission authorized \$50,000 for the first  
14          90 days of the pilot. This \$50,000  
15          represented a further investment over and  
16          above one quarter's worth of the \$150,000  
17          previously authorized. We increased the  
18          amount at that time because of some  
19          potential additional expenses from moving  
20          the pilot from one that was primarily  
21          Caring Health based to what was determined  
22          by the Commission that we wanted to make  
23          sure that businesses and entities along  
24          that whole quarter on Main Street could be

1 served by the valet pilot.

2 The Springfield Parking Authority  
3 working with the City of Springfield issued  
4 a -- excuse me -- issued a request for  
5 proposals for the valet program. That  
6 bidding recently concluded in October. The  
7 successful bidder for the program was Valet  
8 Park of America.

9 After the bid was concluded,  
10 Springfield and the Springfield Parking  
11 Authority, they worked to get all the  
12 necessary approvals to move forward with  
13 the pilot with the grant. I am pleased to  
14 report that last Monday the Springfield  
15 City Council they approved the grant, the  
16 first \$50,000 of the grant in order to  
17 enable us to move forward with the valet  
18 program.

19 So today what I'm recommending is  
20 that the Commission increase the annual  
21 authorization for the program to \$200,000.  
22 And what this would do is it would reflect  
23 the full year's worth of the \$50,000 that  
24 was previously authorized, so \$50,000 for

1 the first quarter times four would give us  
2 that \$200,000 for the overall program.

3 We continue to split out the first  
4 90 days versus the remainder of the program  
5 not from a funding perspective primarily  
6 but really from what is going to happen  
7 once the program is up and running. We are  
8 very pleased that the Springfield Parking  
9 Authority has determined that it would take  
10 on the responsibilities for administering  
11 this program compared to what was included  
12 in the original Springfield application.

13 There will be some significant more  
14 work for the parking authority to  
15 administer the program, to work with the  
16 vender to make sure that they interact with  
17 all the local businesses, to reflect about  
18 what is happening to try to make changes,  
19 to make adjustments and hopefully to make  
20 this a very successful program during that  
21 first 90 days, and then we'll continue to  
22 reevaluate what's happening in the first 90  
23 days.

24 We'll check figures. We'll check

1 utilization by both Caring Health Center  
2 patients and non-Caring Health persons who  
3 want to take advantage of the valet  
4 program. So that first 90 days is  
5 important from a programmatic standpoint  
6 but we think that, in general, the  
7 Commission previously had authorized a  
8 yearly program, but today we are asking for  
9 an increase in that yearly program  
10 reflecting the increase to 50,000 that it  
11 did previously.

12 I also wanted to recommend that the  
13 Commission should authorize administrative  
14 costs to be part of the -- part of the  
15 program. Previously we did not contemplate  
16 that administrative costs would be part of  
17 the valet program, and that those be the  
18 responsibility of another party.

19 But as we have seen overtime, there  
20 are various substantial costs that  
21 Springfield, Springfield Parking Authority  
22 are undertaking and a lot of those have to  
23 deal with how the Commission made a  
24 determination that we wanted to expand the

1 program due to fairness, concerns and other  
2 concerns to the entire portion of Main  
3 Street opposite of MGM.

4 I note that Chief Financial Officer  
5 Lennon and I have both gone back with the  
6 Springfield Parking Authority to ask them  
7 about the administrative dollars that they  
8 are requesting, and I'm very pleased to  
9 report that they have indicated that the  
10 numbers that they provided they don't  
11 anticipate needing that much in  
12 administration both in the first quarter  
13 and certainly in subsequent quarters they  
14 think that the numbers will go down  
15 significantly.

16 A lot of the first -- the  
17 recommendation for that first quarter is  
18 due to one-time costs such as procurement  
19 costs, issuing the RP, which was always a  
20 big concern of ours as you remember earlier  
21 this year. When we took a look at the  
22 \$50,000, we were very concerned about  
23 delays that could occur just because of --  
24 just because the requirements were

1 procurements, but thankfully the parking  
2 authority has gone through that  
3 procurement. They've had a successful  
4 procurement, and now we're ready to  
5 proceed.

6 So with that, I'm here to answer any  
7 questions you may have regarding that part  
8 of the presentation on Springfield's grant.

9 COMMISSIONER CAMERON: John, I have  
10 a question. The administrative costs, this  
11 is, if I understand this piece correctly,  
12 because we enhanced the program and it's  
13 not something that Springfield came up with  
14 on their own, we think it's appropriate to  
15 cover those costs?

16 MR. ZIEMBA: That's right. So in  
17 our initial guidelines, we did not  
18 anticipate but we did not prohibit. We did  
19 not anticipate paying municipalities for  
20 any of their administrative costs of the  
21 grant. Specifically in our guidelines last  
22 year, we called for an incline match for  
23 grants. And that was going to be part of  
24 the contribution for communities so that

1           they could demonstrate that they are  
2           participating in the mitigation request.

3           Springfield at that time in their  
4           application, they asked for approximately  
5           \$18,000 for administration for the entire  
6           year, but over time we worked back and  
7           forth with Springfield and whether or not  
8           it would be necessary for them to actually  
9           receive that. But then administrative  
10          shifted from the city itself to the parking  
11          authority.

12          We asked the parking authority if  
13          they would actually take over  
14          administration of the program. They seemed  
15          like the better suited participant in  
16          Springfield. And in recognition of that,  
17          that they weren't part of the original  
18          application and that they wouldn't be  
19          burdened by some administrative costs and  
20          that they are not the city themselves  
21          proper. They are a separate body, public  
22          and corporate and public -- politic, excuse  
23          me, and so, therefore, and I think in light  
24          of that I can feel comfortable making a

1 recommendation that we can fund  
2 administration costs.

3 CHAIRMAN CROSBY: And what would the  
4 implications be for that on other  
5 applications, other grants?

6 MR. ZIEMBA: While we're considering  
7 what we're going to do for the 2017 program  
8 and one of the items up for consideration  
9 by the local community mitigation advisory  
10 committee, subcommittee and then the  
11 Commission once we reconvene in December is  
12 whether or not we should allow any  
13 administrative expenses on a going forward  
14 basis. I think that's still a really big  
15 question.

16 But one of the tricky items that  
17 we've experienced with these grants that  
18 are specific to that involve private  
19 entities, all be it as deserving as ones  
20 such as Caring Health Center, is that we  
21 have to be very cognizance of how we have  
22 communities participate in that endeavor.  
23 And so we are taking a look at match  
24 requirements up and down the line based on

1 specific grants, transportation grants and  
2 over and above for just the general in kind  
3 matches. So, I think, that's going to be  
4 part of the conversation on the 1st.

5 COMMISSIONER ZUNIGA: One thing  
6 about -- I'm satisfied with your  
7 recommendation about this particular  
8 amount, you know, given what you just went  
9 through. But I am really reluctant about  
10 or skeptical about administrative costs in  
11 general. And I think the test, you  
12 articulated this before, should be a really  
13 a two-part test. Whether it's really an  
14 incremental cost, you know, one that, you  
15 know, is not absorbed by current employees  
16 let's say doing their general duties and  
17 this just being another of the duties  
18 towards municipal responsibilities and  
19 directly related to the -- as directly  
20 related as possible to the casino.

21 Because when we start thinking, you  
22 know, or getting requests outside of those  
23 two important tests, in my view that's the  
24 real, you know, the real area where we have

1           to be very skeptical, especially about  
2           administrative costs. You know, in the  
3           guidelines there's no reimbursement for  
4           procuring grants and grant requests, et  
5           cetera and I think that's very appropriate  
6           to be, you know, pushed out to the  
7           municipality in terms of incline  
8           contribution. But those two tests in my  
9           mind really operate going forward.

10           MR. ZIEMBA: I think that's an  
11           excellent differentiation between what we  
12           received from the original Springfield  
13           request versus the parking authority. And  
14           what we're asking the parking authority to  
15           do on is take on basically, in essence, a  
16           completely new program, a new endeavor. A  
17           lot of what was included for the  
18           administrative costs under the original  
19           Springfield application was merely -- well,  
20           not merely. It's significant but the  
21           financial administration of the grant  
22           making sure that it's being spent properly,  
23           the auditing, et cetera, and all of those  
24           functions.

1                   But what we are asking now is for  
2                   the executive director to be very  
3                   significantly involved in the program, and  
4                   they are going to have an on-site person  
5                   who can interact with all the local  
6                   businesses.

7                   We continue to stress with  
8                   Springfield how important it is for the  
9                   outreach to occur at that level by the  
10                  parking authority directly trying to react  
11                  to issues that develop. And so I think  
12                  that is a little bit of a difference, but  
13                  your point is well-taken.

14                 COMMISSIONER ZUNIGA: You've also  
15                 made it before, but I wanted to emphasize  
16                 it as well.

17                 CHAIRMAN CROSBY: I would just like  
18                 to reinforce that I would be really  
19                 interested when you talk about it with your  
20                 local advisory groups, and then bring it  
21                 back so we can talk about it as well. I on  
22                 the one hand totally get that. On the  
23                 other hand, when I was in the academic  
24                 world applying for grants, I was

1           tremendously resentful of foundations, for  
2           example, that would pay no more than 10  
3           percent overhead because overhead is a real  
4           cost, you know, so it's not a simple one.  
5           So I would like to have us talk about it  
6           some more when you get your feedback from  
7           the local group.

8           MR. ZIEMBA: Great.

9           CHAIRMAN CROSBY: Other things,  
10          Commissioners?

11          COMMISSIONER STEBBINS: Just one  
12          point. John, I know you have it down in  
13          your recommendation that staff is going to  
14          report back on kind of the first -- the  
15          success or challenges of the first 90 day  
16          period. I hope that's not going to inhibit  
17          you from giving us more periodic updates as  
18          we go through the year.

19          MR. ZIEMBA: No, absolutely not,  
20          absolutely not.

21          CHAIRMAN CROSBY: John, would you  
22          backtrack a little bit. This has gone on  
23          so long that I'm not exactly sure which  
24          problem we were addressing and when it's

1           going to get fixed. So what's the end date  
2           on -- so there was all the construction  
3           going on. I know that's not going to go on  
4           forever. There was also all the pipeline  
5           work. So exactly which problem are we  
6           fixing and how long is this going to go on?

7           MR. ZIEMBA: So I'm going to have  
8           Joe help me out with that one. But,  
9           specifically, what we're looking at is the  
10          period between now and when the garage is  
11          due to open. And the garage is due to  
12          open, we're hopeful that it could be open  
13          at the end of '17.

14          And during that period, there is  
15          some construction-related parking impacts  
16          in the area. You're exactly right,  
17          Mr. Chairman, that the predominance of what  
18          we were looking at over the summer was the  
19          utility work that was going on and that got  
20          completed, you know, in that month of  
21          September.

22          When we were looking at this in the  
23          summer, we were trying to see if there's  
24          anything that we can do to tackle the issue

1 as soon as we possibly can while some of  
2 that construction work is going to go on.  
3 There will be some additional work in the  
4 spring, not to the same extent of what we  
5 saw this past summer. Then they'll  
6 continue some roadwork into next year.

7 But, I think, what we're really  
8 looking at is just the construction period  
9 where there is some impacts on parking in  
10 the area. But we're hopeful that by  
11 December 2017 we will have some -- what the  
12 original purpose of some of the mitigation  
13 with MGM that they would allow the  
14 utilization of the garage for some of these  
15 local businesses.

16 CHAIRMAN CROSBY: Right. If I  
17 remember correctly, that was the original  
18 problem was that all those parking lots  
19 disappeared because they were all in the  
20 site and they all were taken. And, yes,  
21 MGM is going to permit the people to use  
22 the parking lot during the day but that  
23 won't happen for another year-and-a-half.  
24 Then there became the problems that you

1           couldn't park there. You couldn't do  
2           drop-offs and pick-ups because of all the  
3           construction.

4                   MR. ZIEMBA: That's exactly right.  
5           Joe.

6                   MR. DELANEY: Yes. Just to  
7           reiterate on a couple of points. The  
8           parking garage, their contractual  
9           completion date is January 31st of 2018.  
10          Right now it looks like the project will  
11          probably be done by the end of  
12          December 2017, which is what we're hopeful  
13          for. Then that will be made available for  
14          local merchants and others to park there.

15                   But I think that, yes, the bigger  
16          issue is the loss of parking in the general  
17          vicinity. Many of those lots directly part  
18          of the casino were parking lots that people  
19          were able to utilize to go to Caring Health  
20          and to other businesses on Main Street and  
21          those are gone. And that's primarily what  
22          this is designed to alleviate.

23                   But the other issues that we -- the  
24          utility work, there was a lot of utility

1 work on Main Street over the summer. A  
2 large water main was replaced. That work  
3 is done. Those parking spaces are back  
4 open. And we worked quite a bit with the  
5 City of Springfield, with MGM, with Tishman  
6 to try to see what could be done in that  
7 area to try to open up parking spaces.

8 And, you know, they have now opened  
9 up the parking spaces on Main Street on the  
10 MGM side of the property. The sidewalk is  
11 still blocked off with the construction  
12 barriers, but there's about 20 parking  
13 spaces that are now open on Main Street.

14 They do go through periodic  
15 closures, you know. For instance, if they  
16 need to do material deliveries and things,  
17 they'll barrel off those spaces that they  
18 need for that day. They'll open them at  
19 the close of business. So at various  
20 points in times, pieces are open or closed  
21 but it's better than it was certainly over  
22 the summertime.

23 And, I think, with respect to Caring  
24 Health, Davenport provided Caring with a

1 parking lot that they leased to them at a  
2 little bit below market rate costs that was  
3 primarily for their employees. But this is  
4 the parking lot that the valet will be  
5 using to drop the valet -- to people who  
6 use the valet will be parked in that  
7 parking lot for Caring. And then the valet  
8 company has gotten 15 other parking spaces  
9 on their own to park the other vehicles in  
10 the neighborhood along Main Street that  
11 utilize the service. And we're going to  
12 see how that works out.

13 That's why we are doing this kind of  
14 90 day pilot. If those 15 spaces are  
15 enough, great. If they're too many, they  
16 can give some of them back. If there are  
17 too few, they can lease more and we may  
18 have to sort of adjust the contract cost as  
19 we see how the whole thing works out.

20 CHAIRMAN CROSBY: Is there a  
21 clear -- there's a hard stop when the lot  
22 opens and the garage opens; is the  
23 paperwork and the conversations --  
24 people -- this is going to be kind of a

1 nice little thing to get used to. We don't  
2 want to end up having to be defending why  
3 we're eliminating the valet service once  
4 the parking lot is open.

5 MR. ZIEMBA: Well, our grant is only  
6 for that year, for that one year period and  
7 it just so happens that I think that the  
8 year works out. We'll see if there's any  
9 delays in the garage, if we have to revisit  
10 it extending it in the future. At least we  
11 have been in all of our verbal  
12 communications pretty clear that we are  
13 looking for just that period.

14 CHAIRMAN CROSBY: I think it's  
15 important to make that very explicit in  
16 writing as well as orally just so it's  
17 there, because there might be pushback when  
18 the time comes. And the parking garage  
19 won't be as close as the lots used to be,  
20 and some people are in wheelchairs and all  
21 of a sudden we're going to be dealing with  
22 a whole new thing. We can rethink it if we  
23 want to, but we should have a pretty clear  
24 stake in the ground right now about when

1           this ends.

2                   MR. ZIEMBA: I'll have to figure out  
3 exactly how we communicate that in writing.  
4 One thing is that the grant specifically  
5 went to the Springfield City Council, so  
6 they had the advantage of the grant when  
7 they did the approval for at least for that  
8 90 days. So we'll have to figure out  
9 exactly how if the wording is not as  
10 concrete as we want it, how we would do  
11 that.

12                   CHAIRMAN CROSBY: I don't mean  
13 legal, but I mean it can just be an e-mail  
14 that says just to make sure the  
15 Commissioners brought it up today and we  
16 want to make sure that everybody  
17 understands that this is the intent of this  
18 program.

19                   MR. ZIEMBA: Okay, that makes sense.

20                   COMMISSIONER ZUNIGA: Have we talked  
21 about how and whether there will be efforts  
22 to make sure that there is not an adverse  
23 selection from people in this program, and  
24 that's an economic turn. Somebody who

1 might otherwise park somewhere else but  
2 sees this as a lower cost option or a more  
3 --

4 MR. ZIEMBA: There have not been a  
5 lot of discussions about that. I think  
6 we're going to have to rely primarily on  
7 the parking authority to see how this works  
8 during that first 90 days. It's certainly  
9 something we can talk to them about, but I  
10 think that there will be a lot of things we  
11 can learn such as we have -- predominantly  
12 it will be for the benefit of the Caring  
13 Health Center patients, because they have  
14 had the most demonstrated need. In a lot  
15 of our conversations with the local  
16 businesses, there has been less of a  
17 demonstrated need.

18 So one of the statistics in our  
19 grant is that we give Caring Health versus  
20 non-Caring Health in our statistics who's  
21 utilizing it, but we want to make sure that  
22 this is for patients and patrons, not  
23 employees.

24 And some of these details of how we

1           try to police things, what is a reasonable  
2           amount of effort to try to police things  
3           versus the benefit that you would get. I  
4           think these are things that we're going to  
5           rely on primarily for the parking  
6           authority.

7                   CHAIRMAN CROSBY: Anybody else? Is  
8           that it?

9                   MR. ZIEMBA: So, Commissioners, in  
10          addition to that, we still had two items --  
11          there are really three -- that remain from  
12          our first consideration of the grant. As a  
13          reminder, when the grant first came to us  
14          in July and then the first week of August,  
15          it was a \$275,000 request and that was  
16          broken down into the four areas, which is  
17          one for the valet program.

18                 Others was -- another was for the  
19                 increased cost of employee parking. The  
20                 third item was 47,983 for consultant  
21                 contractor costs and staffing costs  
22                 relative to finding parking and for dealing  
23                 with utility requests. And then the final  
24                 item was the one I mentioned before, that

1           \$18,000 for administrative costs.

2           So, in essence, when we've just  
3           taken a look at administration costs as  
4           part of the valet parking program, that  
5           leaves the remaining two items that were  
6           before us previously. The staff was not in  
7           a position of recommending those at the  
8           previous time that we reviewed them. And I  
9           don't believe that we're in a position of  
10          providing any further recommendation for  
11          those two items. We still think that the  
12          valet program is a very important way of  
13          trying to meet those parking needs in the  
14          area.

15                 COMMISSIONER ZUNIGA: So you're  
16                 recommending the additional two items to  
17                 continue to be excluded from the --

18                 MR. ZIEMBA: I guess the fair way to  
19                 say it is that we do not come here with a  
20                 recommendation that they be funded. There  
21                 is some significant testimony that was  
22                 included in the responses that we got. For  
23                 example, MGM Springfield noted that one of  
24                 the purposes of the whole MGM project is

1           the Foster Economic Development and  
2           economic development opportunities within  
3           the area. And that could end up having  
4           positive impacts upon the neighborhood.

5           The application that we got relative  
6           to parking referenced some of the pressures  
7           that just the opportunities from the MGM  
8           facility may have resulted in parking  
9           pressures. And given that that might be  
10          one of the opportunities from the MGM  
11          facility and that, as the Chairman just  
12          pointed out, there potentially could be not  
13          as logical an end to that one.

14          For example, if MGM continues to  
15          hopefully be successful and to thrive,  
16          there will continue to be some improvement  
17          in the area that might lead to -- economic  
18          improvement in the area that might lead to  
19          cost pressures. And, so, given that we  
20          didn't have a recommendation for the  
21          parking costs, we note that MGM continues  
22          to work with Caring Health Center.

23          They provided a number of spaces  
24          previously that brought us until this past

1 summer and they continue to work through  
2 their partners, Davenport, to try to  
3 provide alternatives for employee parking  
4 and we will continue to work with MGM as  
5 well to try to address those needs.

6 COMMISSIONER ZUNIGA: I entirely  
7 agree that if we go down that path of  
8 trying to compensate for increased costs  
9 that come from economic development, the  
10 door is very wide and we run out of really  
11 money for direct recommendation in my  
12 opinion. So I would really agree that we  
13 should not entertain that option.

14 MR. ZIEMBA: And, again, this is an  
15 ongoing grant program. We can continue to  
16 revisit things in the future. But at least  
17 as it was constructed in 2016, that wasn't  
18 predominantly what we were contemplating.  
19 And we were contemplating that, if  
20 anything, would be a partnership between  
21 the City of Springfield, which obviously  
22 has a host community agreement that is  
23 available to meet some local needs and then  
24 the Community Mitigation Fund was meant as

1 an assist with any of those needs.

2 So between Springfield, MGM and the  
3 Commission, I think we feel very  
4 comfortable recommending the valet program  
5 and the enhanced valet program of \$200,000  
6 to try to address some of those parking  
7 needs.

8 COMMISSIONER ZUNIGA: Yes. There's  
9 an incentive that we could cost if we  
10 started to pay for increased costs, for  
11 example, somebody could see that  
12 opportunity and decide to artificially  
13 increase the price knowing that there's  
14 abundance for it potentially for their  
15 patrons and that could be totally  
16 artificial, not even, you know, related to  
17 the actual potential market conditions.

18 CHAIRMAN CROSBY: Never mind we're  
19 not going to get into the business of  
20 compensating for positive economic effects  
21 of property increases and rental increases,  
22 and that clearly was considered one of the  
23 objectives of these programs, not a  
24 negative consequence.

1                   COMMISSIONER STEBBINS: Absolutely.  
2                   I think MGM's comments are right on target.

3                   CHAIRMAN CROSBY: Okay. Do we -- I  
4                   guess we need a motion somebody?

5                   COMMISSIONER CAMERON: Mr. Chair, I  
6                   move that the Commission provides staff  
7                   with the authorization to exceed the  
8                   \$50,000 previously authorized for the first  
9                   90 days of the valet pilot program, and  
10                  that such funding can cover reasonable  
11                  administrative expenses.

12                  I also move that the Commission  
13                  authorize an increase for the annual cost  
14                  of the valet program to 200,000 from the  
15                  current 150,000 authorization, and the  
16                  staff will be required to report back to  
17                  the Commission on the effectiveness of the  
18                  program within 90 days.

19                  CHAIRMAN CROSBY: Second?

20                  COMMISSIONER STEBBINS: Second.  
21                  John, do you want separate motions after  
22                  this on the other two items?

23                  MR. ZIEMBA: If they can be joined  
24                  on the remaining two items or separate,

1           either way.

2                   MS. BLUE: I think this separate  
3           motion is fine, and then an additional  
4           motion on the remaining items is the best  
5           way to do it.

6                   MR. ZIEMBA: A total of two, the one  
7           we just had?

8                   MS. BLUE: A total of two, yes.

9                   CHAIRMAN CROSBY: Further discussion  
10          on the motion on the table?

11                   COMMISSIONER ZUNIGA: So just to  
12          clarify, this will start the program when  
13          and end it when at this point?

14                   MR. ZIEMBA: We are hoping that by  
15          the first week of December that it will be  
16          up and running.

17                   COMMISSIONER ZUNIGA: So December to  
18          the next year of December.

19                   MR. ZIEMBA: Yes.

20                   COMMISSIONER ZUNIGA: Which to my  
21          point, it might cover the whole period  
22          prior to the garage opening.

23                   MR. ZIEMBA: That's right.

24                   CHAIRMAN CROSBY: Further

1 discussion? All in favor? We'll have a  
2 roll call vote. Commissioner Macdonald?

3 COMMISSIONER MACDONALD: In favor.

4 CHAIRMAN CROSBY: Commissioner  
5 Stebbins?

6 COMMISSIONER STEBBINS: Aye.

7 CHAIRMAN CROSBY: Commissioner  
8 Zuniga?

9 COMMISSIONER ZUNIGA: Aye.

10 CHAIRMAN CROSBY: Commissioner  
11 Cameron?

12 COMMISSIONER CAMERON: Aye.

13 CHAIRMAN CROSBY: And the Chair  
14 votes aye as well. The motion passes  
15 unanimously.

16 COMMISSIONER STEBBINS: I'll do the  
17 second motion, but I also want to stop and  
18 now that we've given this final approval, I  
19 want to stop and thank both you and Joe for  
20 dogging a solution to this issue. I know,  
21 John, you were excited about it because I  
22 thank both of you for your due diligence  
23 for working with the city and finding  
24 partners who were willing to help us out

1           like the Springfield Parking Authority.

2                     Mr. Chairman, I would move that the  
3           Commission vote to deny the original  
4           request amounts of \$47,983 that was  
5           presented to us in the original Community  
6           Mitigation Fund package. Is that the only  
7           amount?

8                     MR. ZIEMBA: And then there was a  
9           66,050.

10                    COMMISSIONER STEBBINS: I'm sorry.  
11           And then a \$66,050 request for increased  
12           parking costs.

13                    CHAIRMAN CROSBY: Second?

14                    COMMISSIONER ZUNIGA: I second that.

15                    CHAIRMAN CROSBY: Discussion? We  
16           will have a role call vote. Commissioner  
17           Macdonald?

18                    COMMISSIONER MACDONALD: Aye.

19                    CHAIRMAN CROSBY: Commissioner  
20           Stebbins?

21                    COMMISSIONER STEBBINS: Aye.

22                    CHAIRMAN CROSBY: Commissioner  
23           Zuniga?

24                    COMMISSIONER ZUNIGA: Aye.

1 CHAIRMAN CROSBY: Commissioner  
2 Cameron?

3 COMMISSIONER CAMERON: Aye.

4 CHAIRMAN CROSBY: And the Chair  
5 votes aye as well. The motion passes  
6 unanimously. John, do you have any word on  
7 their schedule?

8 MR. ZIEMBA: Everything that we've  
9 heard about, I'll ask Joe, is that it's  
10 proceeding very well. They could  
11 potentially be concluded as early as  
12 December of 2017.

13 CHAIRMAN CROSBY: Which was their  
14 original hope is they might get done.

15 MR. DELANEY: Yes. I was at the  
16 meeting -- they have a biweekly meeting on  
17 this. It was about a month ago that I was  
18 there, and everything seemed to be on track  
19 for completion before the end of '17,  
20 substantial completion before the end of  
21 '17. They'll still have punch list items  
22 and looming and seeding and other things of  
23 that nature that will have to happen in the  
24 spring, but it should be fully operational.

1                   And right now that's the date that MassDOT  
2                   is holding to. So it all looks good right  
3                   now.

4                   CHAIRMAN CROSBY: Good. It's almost  
5                   eight months before the casino opens at  
6                   this point. Great. Anything else? Thank  
7                   you.

8                   COMMISSIONER CAMERON: Thank you.

9                   CHAIRMAN CROSBY: Item number five,  
10                  Research and Responsible Gaming, Director  
11                  Vander Linden.

12                  MR. BEDROSIAN: And, Mr. Chairman,  
13                  while we're switching up presenters, I just  
14                  wanted to inform the Commission, I forget  
15                  this, item number six was mistakenly  
16                  included on the agenda item. That's our  
17                  hearing regs. That's something that I'm  
18                  still working with IEB and legal had a good  
19                  meeting yesterday. But if there are those  
20                  watching who are anticipating item number  
21                  six, it will be put off for now.

22                  CHAIRMAN CROSBY: Okay. So item  
23                  number six will be postponed.

24                  MR. BEDROSIAN: Thank you.

1 CHAIRMAN CROSBY: Whenever you're  
2 ready.

3 MR. VANDER LINDEN: Good morning,  
4 Commissioners and Commissioner Macdonald.

5 COMMISSIONER CAMERON: Good morning.

6 COMMISSIONER STEBBINS: Good  
7 morning.

8 COMMISSIONER MACDONALD: Good  
9 morning.

10 MR. VANDER LINDEN: I have two  
11 agenda items for you this morning. The  
12 first are three reports that provide  
13 baseline real estate conditions,  
14 specifically in Springfield, Plainville and  
15 Everett. The purpose of these three  
16 reports is to provide a comprehensive  
17 picture of the local and regional real  
18 estate markets prior to the introduction of  
19 a gaming establishment.

20 These three reports will serve as  
21 companions to the host community economic  
22 profiles that were presented, I believe, it  
23 was earlier this year, and those provided  
24 baseline conditions on a variety of other

1 economic, demographic and fiscal  
2 indicators.

3 I am joined here with Dr. Rachel  
4 Volberg, as you know very well, as well as  
5 Dr. Henry Renski from the UMass Economic --  
6 I'm sorry, Henry, tell me again?

7 MR. RENSKI: Landscape Architecture  
8 and Regional Planning.

9 MR. VANDER LINDEN: Okay, fantastic.  
10 Henry was the lead on this specific project  
11 and, again, supported by our principal  
12 investigator Dr. Volberg. So with that,  
13 I'm going to turn it over to Dr. Renski.

14 MR. RENSKI: Hello everyone. Thank  
15 you for having me here today.

16 CHAIRMAN CROSBY: Good morning.

17 COMMISSIONER MACDONALD: Good  
18 morning.

19 COMMISSIONER CAMERON: Good morning.

20 COMMISSIONER ZUNIGA: Good morning.

21 MR. RENSKI: Sorry, I'm used to just  
22 shouting at students, which is a very  
23 effective teaching style. Again, thank you  
24 for having me here today. Basically what I

1           am going to do today is just go over kind  
2           of the format on the baseline condition  
3           reports. There's three separate reports,  
4           and they all follow a similar format. And,  
5           again, here the idea isn't -- the idea is  
6           to really to establish the pre-casino  
7           baseline conditions. So this is really  
8           just reporting on kind of the starting  
9           point from after which we'll start  
10          measuring impacts against.

11                 There's three reports. One for each  
12          of the three existing host cities, Everett,  
13          Plainville and Springfield. I'm going to  
14          be using some of the data from the Everett  
15          report as an example. But as you go  
16          through the reports, you'll see that they  
17          all follow a similar format. And the  
18          overall format of the report is really in  
19          two major sections, and there's numerous  
20          indicators within each. So part of it  
21          really addresses the residential real  
22          estate market, and the second major section  
23          addresses the commercial and industrial  
24          real estate market.

1                   And as I'll try to demonstrate in  
2                   this report, our analysis is conducted at  
3                   multiple spatial scales. And so we do  
4                   collect a lot of information at the level  
5                   of the host community. A lot of the  
6                   analysis is also compared to the broader  
7                   immediate region, as well as the official  
8                   surrounding communities, as well as an  
9                   analysis that for some indicators is done  
10                  according to distance from the casino site.  
11                  And I'll discuss that a little bit more.

12                 I've got two things going in two  
13                 different hands. They are different parts  
14                 of the brain. This is just to show you the  
15                 sites in the regions again. And, so, when  
16                 I talk about the immediate region, this is  
17                 what you want to be thinking of and the  
18                 immediate regions are county based as shown  
19                 on this map.

20                 And then we also do a lot of  
21                 analysis really kind of looking at  
22                 individual communities, the surrounding  
23                 communities, which is this one. And, so,  
24                 this just provides a frame of reference for

1           that.

2                       So moving onto the kind of -- to the  
3           residential real estate sales. We use a  
4           lot of different sources of information,  
5           but one of the major sources that we use in  
6           the residential real estate analysis is the  
7           Massachusetts Department of Revenue LA3  
8           database.

9                       And this is a database that includes  
10          all -- a listing of all property sales in  
11          the state. And we focus on what they call  
12          the real verified property sales, so these  
13          are arm's length transactions so they  
14          wouldn't involve, you know, a transfer of  
15          property from one family member to another,  
16          for example.

17                      And the data for this starts  
18          reliably in 2008, so that's kind of the  
19          starting period that we begin tracking  
20          things. And at the time that we completed  
21          these reports, the data was updated to the  
22          end of 2014. So there is a bit of a lag in  
23          the data, but it's the most comprehensive  
24          data source that we could find that really

1 covers the residential real estate market.

2 And there's a lot of different types  
3 of residential sales and we focused on the  
4 three most prevalent, single-family,  
5 multifamily and condos. A lot of the other  
6 sales that are listed in there are really  
7 kind of infrequent and sparse to really  
8 conduct reliable analysis on.

9 So just some of the types of things  
10 that we look at in this section of the  
11 report, here we're just showing the kind  
12 of, you know, up to the end of 2014 the  
13 sales trends in Everett. The top graph  
14 that you see, that's just basically showing  
15 the trends in the number of residential  
16 property sales by each of those three  
17 types, and the bottom graph is showing kind  
18 of the medium dollar value of those sales  
19 of residential properties.

20 And you'll see in Everett that  
21 generally, you know, especially in recent  
22 years, you have an uptake both in sales  
23 especially in the condo market as well as  
24 an uptake in the selling price of

1 residential properties.

2 And for all of our analysis, we both  
3 conducted at the level of the host  
4 community, as I was just showing you, but  
5 also we kind of benchmark these against  
6 what's going on in the immediate region and  
7 the state as a whole just to give a frame  
8 of reference.

9 And, so, the top graph is showing  
10 the comparison to home sales for just the  
11 single-family market. The report also has  
12 this for multifamily as well, and the  
13 bottom graph is the condominium sales  
14 compared against the immediate region in  
15 the state.

16 MS. VOLBERG: And this is just for  
17 Everett.

18 MR. RENSKI: And this is just for  
19 Everett. Again, I am just using Everett as  
20 an example, you know, just to help you go  
21 through and understand what's actually in  
22 the report rather than focusing on a lot of  
23 findings since this is the baseline  
24 conditions.

1                   This is similar data that we  
2                   produced but here focused more on the sale  
3                   price, which is more of the indicator that  
4                   I think really shows you what's going on in  
5                   the market, whether or not you see a rise  
6                   in property values, for example, as  
7                   reflected in the asking and selling price  
8                   of property.

9                   Now, Everett, you know, compared to  
10                  the immediate region and the state as a  
11                  whole is actually typically more  
12                  affordable, especially when you consider  
13                  the immediate region, which includes Boston  
14                  and a number of other fairly hot markets.

15                 But the prices in Everett have  
16                 actually been rising at a somewhat faster  
17                 rate in recent years, but not as fast as  
18                 when you look at a lot of the individual  
19                 neighboring communities. So remember,  
20                 again, the immediate region is these big,  
21                 you know, multicounty areas.

22                 COMMISSIONER ZUNIGA: Dr. Renski,  
23                 maybe you were going to get to this but I  
24                 have a question relative to the last few

1 graphs. When you compared Everett to a  
2 larger denominator like the region or an  
3 even larger, which is the state, you see a  
4 lot more variability in Everett. Is that  
5 simply due because the denominator is  
6 smaller -- besides the last point you just  
7 made about variability, is there anything  
8 else to gain in terms of insight from  
9 variability in that particular city?

10 MR. RENSKI: Yes. I think you are  
11 exactly right. There's obviously, you  
12 know, far fewer sales of property,  
13 especially when you start breaking them  
14 down into whether they are single-family  
15 versus multifamily versus condos in an  
16 individual community. I mean, Everett --  
17 so you're going to find more volatility and  
18 that does create some degree of error,  
19 which might be just random error.

20 And, so, as we move on with the  
21 analysis and we start actually trying to  
22 measure impact the -- what I am showing you  
23 here is basically just descriptive, but  
24 there are some more what we call

1           inferential statistical analysis that we  
2           plan on doing moving forward that actually  
3           takes into consideration the amount of  
4           historic variability in the data and to  
5           provide some degree of statistical  
6           confidence in whether or not the changes  
7           that you're observing are actually due to  
8           real changes in trends versus those due to  
9           random chance.

10                   I mean, that's an excellent point  
11           and it's just the nature of doing this  
12           analysis that you could get really oddly  
13           high or oddly low sales in any given year.  
14           So you really want to account both for the  
15           overall trend in the average, but also for  
16           the amount of variability that you have.  
17           Did that answer your question?

18                   COMMISSIONER ZUNIGA: Historically.  
19           Yes, absolutely. Thank you.

20                   MR. RENSKI: So moving right along.  
21           This map just basically shows an example of  
22           the kind of things that we can do because  
23           we do have this kind of pinpoint data on  
24           exactly where each of these sales took

1 place, which is going to facilitate some  
2 more of the distance-based analysis that  
3 I'll get to in a moment.

4 And so one of the things, even  
5 though this doesn't really tell you much  
6 about what's going on in around Everett per  
7 se and the casino site, it does kind of  
8 show the entire area that we're looking at  
9 for some of our analysis for what I  
10 consider the spatial analysis.

11 So this one basically just shows you  
12 the areas where you've seen a lot of sales  
13 between 2008 and 2014, so kind of the hot  
14 markets for sales I guess you could say.  
15 And this one is for single-family homes.  
16 In Everett multifamily homes are actually  
17 almost just as prevalent. So this shows  
18 you the same kind of sales hotspots for  
19 multifamily homes in the bigger region.

20 And having that detail of  
21 information allows us to do analysis that's  
22 even more refined than just looking at  
23 surrounding communities as a whole or  
24 looking at the immediate region as a whole

1 or comparing it to Massachusetts as a  
2 whole. Now, again, when we start doing the  
3 analysis at even smaller spatial scales, we  
4 even have to be more cognizance of how much  
5 historic variability there is in the data.  
6 But I just wanted to provide some examples.

7 So what I did is I calculated these  
8 measures at for sales that were within  
9 2-miles of the casino site in Everett.  
10 Then again 2 to 5-miles, and then 5 to  
11 7-miles and then 7 to 10-miles, so kind of  
12 these increasing distance stance. And what  
13 I'm looking for is, especially in the  
14 baseline, the reason why I'm doing distance  
15 is that it gets really hard to disentangle  
16 impacts that might be due to the casino  
17 changing the market from just broader real  
18 estate trends. And that's in part why we  
19 benchmark to the broader region and to the  
20 state. But the other thing that we expect  
21 is that those impacts are going to be  
22 greatest the closer you are to the site.

23 So we wanted to break things down  
24 into more refined increments. And in the

1 baseline period that we are showing today,  
2 we don't expect to see any relationship  
3 between distance from the site and kind of  
4 the trend in both the sales, the number of  
5 sales as well as the trend in the sale  
6 prices. And, generally, we don't see a  
7 trend, which is actually a good thing.

8 Because then what happens is after  
9 we start measuring impacts, if we start  
10 seeing a departure from that historic trend  
11 at smaller spatial scales, like within  
12 2-miles or within 5-miles and we don't see  
13 it further out, that gives us some  
14 additional confidence that what we're  
15 observing was actually due to that  
16 development.

17 And, again, I do this analysis  
18 focused on, you know, the number of sales  
19 and also on the value of the housing sales.  
20 And so this shows an equivalent map to what  
21 I had before but focused on prices. So  
22 these are where the average home prices are  
23 most expensive in the bigger region,  
24 historically. The first one was for

1 single-family. The second one is -- this  
2 one is for multifamily.

3 And doing the same analysis, the  
4 sales price is by distance. And, again, I  
5 don't see a lot of relationship in the  
6 baseline period between the distance from  
7 the casino site before anything was  
8 actually developed there before, you know,  
9 the sites in some of these cases were even  
10 selected and what has gone on historically.  
11 So you expect differences in the actual  
12 prices by how far they are, but the trend  
13 itself seems to be unrelated.

14 COMMISSIONER ZUNIGA: Is that true  
15 also for Springfield and Plainville?

16 MR. RENSKI: Generally, yes. There  
17 is a few -- there is a few things where,  
18 you know, we need to be cognizance of but  
19 overall that's what we see, yes.

20 So we also looked at the rental  
21 market, and I have to tell you the rental  
22 market is a bit of a challenge because we  
23 don't have quite as good a data source for  
24 tracking changes in the rental market. But

1 as you can imagine in places like  
2 Springfield and Everett, the rental market  
3 is huge.

4 The two data sources that we do have  
5 available are from the American Community  
6 Survey, which is, you know, from the US  
7 Census Bureau, so that's a standard public  
8 data product. And then we have information  
9 from the proprietary data service CoStar,  
10 which is the, you know, the data, you know,  
11 that goes up on apartments.com basically.  
12 It's apartments.com data.

13 And there's pros and cons to both of  
14 these data sources. I mean, the problem  
15 with the American Community Survey is that  
16 it's not very timely, especially for small  
17 areas, you know, they use a five-year  
18 rolling survey so you can't really use it  
19 to measure year-to-year trends. You can  
20 just use it to get a general overall  
21 profile of what's going on in the market.

22 The CoStar data on the other hand is  
23 very timely, but it's not representative in  
24 the way that the American Community Survey

1 is. It's not a statistical sample. It's  
2 basically data that people post, and it has  
3 biases. For instance, not all apartments  
4 that go up for rent are listed on  
5 apartments.com and it tends to be dominated  
6 by multiunit apartment complexes, which in  
7 some markets might be a little bit  
8 distortive. But we continue and we go  
9 ahead with those caveats in mind.

10 So this is just showing kind of  
11 what's going on overall from the American  
12 Community Survey in Everett using gross  
13 monthly rents, which include both kind of  
14 the paid rental price as well as the  
15 equivalent value of utilities when they're  
16 folded in and things like that. Because,  
17 you know, some apartments utilities  
18 included, some not. This is kind of the  
19 overall measure that incorporates both of  
20 those things.

21 And then kind of getting to the  
22 CoStar data, again, we can track this with  
23 CoStar very, very timely. You see that  
24 this data is quarterly all the way back to

1           2006. And the one thing in Everett -- we  
2           don't see this necessarily in the other  
3           regions but you see it in Everett is that  
4           the rents listed in CoStar are notably  
5           higher than the averages -- than the  
6           equivalent averages that are reported in  
7           the American Community Survey.

8                     And then you also see in this  
9           particular graph, you see kind of this bump  
10          in Everett rents from the fourth quarter of  
11          2014 to the first quarter of 2015. And  
12          this coincides in the data with about 300  
13          new units being listed plus a rise in the  
14          number of vacant units.

15                    So we're not sure if that reflects  
16          like a new development that went up in  
17          Everett at that time. They put a lot of  
18          new units on the market or if it was a data  
19          correction by CoStar itself. Because it's  
20          propriety data. It's sodaic.

21                    They are, you know, we query them on  
22          what's going on in these particular things  
23          and we check with the community itself to  
24          help understand some of these trends. But,

1           you know, again, I said that, you know,  
2           it's one of the downsides of using  
3           proprietary data.

4                     And just we also conducted analysis  
5           of commercial and industrial business  
6           inventory along with the residential  
7           market. And, again, we are very dependent  
8           upon CoStar data for this. So I just  
9           wanted to give some examples of the types  
10          of things that we do.

11                    Now, generally, when we're talking  
12          about building inventory, commercial and  
13          industrial building inventory, it doesn't  
14          really change all that much from quarter to  
15          quarter. You know, in Everett you see a  
16          slight decline in, you know, commercial and  
17          industrial inventory but nothing  
18          monumental.

19                    COMMISSIONER ZUNIGA: You know, I  
20          actually had a question from before from  
21          the rental market, the one that you just  
22          clicked out of.

23                    MR. RENSKI: We can go back. The  
24          CoStar?

1                   COMMISSIONER ZUNIGA: Yes, the  
2                   CoStar. You mentioned that this bump may  
3                   be due to more some units coming online.  
4                   Is there further analysis that we could do?  
5                   It just so happens that it coincides when  
6                   the decision was made of awarding the  
7                   license to Everett. And when I first read  
8                   this, my own bias, I attributed it to  
9                   perhaps the decision that may have had some  
10                  effect.

11                 MR. RENSKI: It could be and that's  
12                 one of the things where my colleague, Tom  
13                 Peake, that's helping me work on this speak  
14                 at the Donahue Institute. He's actually,  
15                 you know, a little bit more of the CoStar  
16                 data person on our team because technically  
17                 I don't have -- I'm not allowed to use it  
18                 because of the nature of the proprietary  
19                 license.

20                 And, so, he has been checking up on  
21                 these different bumps and jumps and then  
22                 checking with the town and to see whether  
23                 or not it's a real thing that they notice.  
24                 And he also checks up with CoStar to see

1           whether or not it was really a data  
2           correction.

3                   And given that it actually takes  
4           time to develop the properties and, you  
5           know, to basically put, you know, if it was  
6           a new building that was put online that was  
7           something that Tom, who could not be here  
8           today, would be able speak to. But that  
9           would take time.

10                   So I would be surprised if this  
11           particular bump was due to that, if it was  
12           about the announcement. It could have been  
13           somebody that, you know, anticipated it.  
14           But I think that what you would find is a  
15           little bit of a lag between the  
16           announcement and when new things actually  
17           come up for rent, but that's something we  
18           will check into.

19                   COMMISSIONER ZUNIGA: There's a big  
20           development up the street on lower Broadway  
21           that maybe explain this piece of checking  
22           locally on something that --

23                   COMMISSIONER CAMERON: And you speak  
24           to 300 new units, right? And when you say

1 "new units," are you talking about just  
2 additional units or brand-new properties?

3 MR. RENSKI: They should be  
4 brand-new. But because CoStar is a local  
5 proprietary, those are the kind of things  
6 that we need to check into. Because they  
7 do have a listing of what they think is the  
8 total number of units listed in the market.  
9 And, so, when they have a change in that,  
10 the expectation is that they bumped up the  
11 number of units listed in the market.

12 COMMISSIONER CAMERON: I would agree  
13 with Commissioner Zuniga that there are two  
14 that I'm aware of new projects which  
15 certainly when you have a brand-new  
16 property that those rents are going to be  
17 higher with amenities. But I agree,  
18 though, additional analysis would be  
19 helpful.

20 MR. RENSKI: Right. We'll follow-up  
21 with Tom on that. And he's sorry he  
22 couldn't make it today, by the way. So,  
23 back to where I was.

24 So I was talking about -- okay,

1 commercial and industrial real estate. So  
2 the building stock itself doesn't really  
3 change all that much from period to period.  
4 But what a more sensitive indicator that we  
5 use is actually vacancy rates. And, again,  
6 these come from CoStar. And CoStar  
7 actually, I think, does a little bit of a  
8 better job than the commercial and  
9 industrial market than it does in the  
10 residential market personally.

11 We, you know -- but we wanted to  
12 have something on the residential market.  
13 And, so, we included their data even though  
14 we have a lot of caveats with it, to be  
15 quite honest. And these two charts just  
16 show you commercial and industrial vacancy  
17 rates.

18 You know, Everett has a very, very  
19 low vacancy rate compared to the immediate  
20 region both in commercial and industrial.  
21 But because the industrial stock is pretty  
22 small overall, the vacancy rates do tend to  
23 be volatile. You can see that from that  
24 lower chart right there. It's something

1           that we have to be cognizance about.

2                       And then the lease rates obviously,  
3           so the price per square foot. And for  
4           lease rates, we break things down. We  
5           separate out office commercial and  
6           non-office commercial because they are  
7           really different markets and also  
8           industrial, which I'm not showing on this  
9           slide. And these slides just show kind of  
10          the overall kind of pre-history trend --  
11          pre-development trends and office  
12          commercial and non-office commercial.

13                   CHAIRMAN CROSBY: What might account  
14          for the having of the non-office  
15          commercial from '07 to '14, more than  
16          having?

17                   MR. RENSKI: I'm not really sure,  
18          you know. Like I said before, I worked  
19          primarily on the residential portion of  
20          this but I'll go back and check with Tom  
21          because I know that he did a lot of  
22          follow-up with the town.

23                   CHAIRMAN CROSBY: It's just kind of  
24          curiosity. It doesn't really matter. I am

1 kind of interested to know. That's really  
2 dramatic.

3 MR. RENSKI: These are all real  
4 dollars, and so they do account for  
5 inflation and things like that.

6 CHAIRMAN CROSBY: Right. That's a  
7 really counterintuitive drop.

8 COMMISSIONER ZUNIGA: It is. But  
9 where the prior point, you know, that may  
10 make just a very low denominator, it's a  
11 very small population.

12 CHAIRMAN CROSBY: One building got  
13 destroyed.

14 MR. RENSKI: You do see an overall  
15 kind of fairly, you know, the office  
16 commercial is somewhat erratic, especially  
17 after 2011, which is not all that  
18 surprising. And those might be, you know,  
19 somebody moving in and somebody moving out  
20 to a particularly large office building or  
21 something like that.

22 The non-office commercial, you know,  
23 that's generally what I look at. I try to  
24 get beyond like the jumps and bumps and I

1 kind of focus more on the overall trend  
2 because it's really, you know, you're going  
3 to have jumps and bumps after the  
4 developments.

5 And what you really want to see is,  
6 you know, not -- you kind of want a divorce  
7 like the overall trend of what's going on  
8 from the erratic nature of the data as best  
9 you can. Because it's really the change in  
10 the trend that we're going to be looking at  
11 going forward.

12 And, so, that's really kind of the  
13 primer on what we have done in these three  
14 reports. Again, just kind of using Everett  
15 as an example to showcase some of the data.  
16 You know, moving forward we're really  
17 shifting into measuring impacts, you know,  
18 using kind of the baseline as the  
19 foundation for understanding, you know,  
20 whether or not we are seeing legitimate  
21 departures and past trends.

22 And, you know, we look for what's  
23 going on in the host communities and we  
24 benchmark that to what's going in this

1 broader immediate region, because we don't  
2 really expect given how large these regions  
3 are. Now, while overall we are making an  
4 assumption that they are generally similar  
5 types of markets but we don't expect to see  
6 the developments to have such a large  
7 impact on the overall market that it's  
8 going to affect, you know, noticeably like  
9 a three county area, for example, or  
10 something like that. I mean, the real  
11 estate markets just don't expand that far  
12 as far as, like, being directly influenced.

13 So we look for past trends in the  
14 host communities and for the smaller  
15 spatial scales. We compare them to the  
16 reference areas. And then using kind of  
17 the refined data for the residential  
18 impacts, we see whether they change  
19 depending upon how far out we go from the  
20 community and do more statistical modeling  
21 going forward in addition to the  
22 descriptive analysis that I'm showing you  
23 here.

24 And, you know, we are constantly

1 looking for new and better sources of  
2 information. You know, the real estate  
3 database that I use for residential sales  
4 is fantastic and it's an amazing asset that  
5 you don't find in most other states. But  
6 then again, you know, it takes the  
7 Department of Revenue some time to process  
8 that data.

9 So we're continuing to look into  
10 other data sources, you know. They tend to  
11 be very labor intensive types of data  
12 sources, because it's not really compiled  
13 for this type of analysis. And then I'm  
14 also working on some innovations in the way  
15 that I match the actual location of the  
16 sales, but I'm not going to go into that  
17 now because it's kind of academic and  
18 technical. The kind of stuff I like.

19 So is there any other questions that  
20 I can answer for you today? And I'm sorry  
21 that I wasn't able to go into a lot of  
22 detail on the commercial, the CoStar data  
23 part because it was the Division of Labor  
24 that was involved.

1 CHAIRMAN CROSBY: Other questions?

2 COMMISSIONER ZUNIGA: I have a  
3 question and a comment that may be related  
4 and I'll start with the comment, because  
5 it's something you just mentioned. Just  
6 understanding what may be going on at the  
7 community level from, you know, at the  
8 level of city planner or economic  
9 development director might be very valuable  
10 for this exercise.

11 You know, we have all those contacts  
12 and ongoing discussions and they would be  
13 very interested in providing as much  
14 intelligence of what they see, you know,  
15 even before things actually happen, whether  
16 it's with zoning or issues that the  
17 community has explored in the past and  
18 maybe the casino becomes a bit of a  
19 catalyst in that regard.

20 And on that note, my question was  
21 relative to the value of permits some --

22 CHAIRMAN CROSBY: Value of what?

23 COMMISSIONER ZUNIGA: The value of  
24 permits, a term that you use here and I was

1           wondering if you could explain here -- I  
2           saw something that's more stable than the  
3           sheer number of permits. Could you explain  
4           that and whether that's the kind of  
5           analysis that by necessity has to happen at  
6           the local level, which is --

7                     MR. RENSKI: Yes. I didn't talk a  
8           lot about the building permit analysis that  
9           we did for this report in the slides. And  
10          part of the reason is that, you know, I'm a  
11          planner, right, so I do, you know, often  
12          use building permits at the community level  
13          as kind of an indicator of maybe not  
14          long-term development trends but kind of  
15          like a leading indicator of what's going to  
16          be happening in the community in the next  
17          few months and years ahead.

18                    But part of the analysis was that we  
19          really wanted measures that we could then  
20          benchmark to larger areas like the state  
21          and the immediate region, for example, in  
22          this. And the building permit data is  
23          collected and distributed by the US Census  
24          Bureau. So they have what they call the

1 Census of Construction, which does a  
2 building permit count, but the data is not  
3 good.

4 So some communities don't report  
5 very well to the census bureau, and it's  
6 kind of spotty. So we include that  
7 analysis in the report but it's, again, one  
8 of these data sources where we have some  
9 caveats. But it's still -- we're still  
10 looking at it, because we think it's worth  
11 looking at. But, again, like I report that  
12 data and I put a couple of asterisks on it  
13 and footnotes and endnotes.

14 So the value of the building permit  
15 though is what you were asking about?

16 COMMISSIONER ZUNIGA: Yes.

17 MR. RENSKI: Yeah, that would be the  
18 value that's reported to the community and,  
19 you know, kind of on average across the  
20 different permits. Was there something  
21 more specific that you wanted to say?

22 COMMISSIONER ZUNIGA: I guess what  
23 they report they estimate the construction  
24 will cost, which may end up very different.

1                   MR. RENSKI: Yes, exactly. I mean,  
2                   the person that's applying for the permit  
3                   to the community puts in the estimated  
4                   value of what they think the value of the  
5                   permit is, right, and then that's their  
6                   estimate.

7                   COMMISSIONER ZUNIGA: And the permit  
8                   is often based on that estimate, right,  
9                   what they need to pay for that permit could  
10                  be based on that estimate, that value  
11                  reported?

12                 MR. RENSKI: The value that's  
13                 reported by the town would be based upon by  
14                 whoever is responsible for issuing the  
15                 permit, not issuing, but applying for the  
16                 permit. I mean, another -- a whole nother  
17                 information source out there is, you know,  
18                 assessor's data, which we don't really look  
19                 at for this, you know. They do property  
20                 assessments.

21                 But, again, you have to be very  
22                 careful with assessor's data. For one  
23                 thing, it's kind of formulaic in most  
24                 communities. It's not really market value

1 but it's rather, you know, how many  
2 bedrooms do you have, how many bathrooms do  
3 you have, how many square footage, you  
4 know, roughly what's the neighboring  
5 character and then kind of put it into a  
6 formula and then come up with an estimate,  
7 you know, and comparing that to similar  
8 types of properties that might have sold in  
9 the last amount of years.

10 Economists don't really like to use  
11 assessed value when they have good data on  
12 actual market sales. They think that  
13 market sales is a better indicator of the  
14 actual value, and then of course not all  
15 properties get reassessed all the time.  
16 It's very lumpy. So the community goes  
17 through a widespread evaluation then, you  
18 know, the assessed values can shoot up.

19 And that might not necessarily be  
20 indicative of anything having to do with  
21 any particular development. But there are  
22 other indicators of the real estate market  
23 out there, but we don't use assessed value  
24 in this but yes.

1 CHAIRMAN CROSBY: Comments?

2 COMMISSIONER STEBBINS: Two quick  
3 questions. We've heard anecdotal  
4 information about some real estate  
5 speculation going on right now as these  
6 developments are in process. How does or  
7 does any of that kind of information finds  
8 its way into the baseline research or kind  
9 of, you know, the evaluation of what  
10 happens to property values kind of in the  
11 first few years?

12 MR. RENSKI: We haven't included any  
13 of that in the baseline conditions because,  
14 you know, really it was just -- the purpose  
15 of the report was mainly just to kind of  
16 establish using, you know, data sources  
17 that we thought were more indicative of  
18 kind of what's actually going on in the  
19 market.

20 But, you know, as part of our  
21 research in going forward, you know,  
22 there's going to be, I think, and this is  
23 something I have to kind of discuss with my  
24 friends and colleagues at the Donahue

1           Institute about how we are going to proceed  
2           going forward with the impacts, but we are  
3           engaging in conversations with the planners  
4           and the town officials.

5                       We are being a little bit more  
6           focused on what's actually going on on the  
7           ground going forward both looking at the  
8           period like when the licenses were  
9           basically announced, right, as well as, you  
10          know, kind of anticipating the period after  
11          the casino actually goes online in a  
12          particular community with Plainridge being  
13          the early one obviously.

14                      COMMISSIONER STEBBINS:   Second  
15          question was National Association of  
16          Realtors put out a report, which has been  
17          doubted on several occasions in terms of a  
18          casino's impact on property values.   I  
19          don't know if you're familiar with that  
20          report or at some point we'll kind of use  
21          it to compare your methodology versus what  
22          the NAR may have used kind of in the next  
23          phase of the research.

24                      MR. RENSKI:   Do you recall what the

1           date of that report was? Because I did --  
2           when we were developing the methodology for  
3           this, we reviewed a lot of other studies  
4           done in other areas and some of which were  
5           more not necessarily focused on any  
6           particular area. There were actually some  
7           that were -- so not really Massachusetts  
8           based. It was probably one of those  
9           reports.

10           COMMISSIONER STEBBINS: This was, I  
11           think, based was an evaluation in  
12           Springfield. It was probably done within  
13           the last two or three years.

14           COMMISSIONER ZUNIGA: From  
15           Springfield? I remember -- I thought you  
16           were talking about for a minute -- I  
17           remember something when we first conceived  
18           something, you know, in 2012 and I remember  
19           reading that and we can get that  
20           information.

21           MR. RENSKI: I believe I have that  
22           report.

23           CHAIRMAN CROSBY: We talked about  
24           depressing real estate values.

1 MS. VOLBERG: The spectrum  
2 Connecticut impact study?

3 COMMISSIONER ZUNIGA: I don't think  
4 it was spectrum. I think it was NRA, or  
5 maybe there was a co-participation of some  
6 sort. Anyway, we can get that information.

7 MR. RENSKI: I recall, yes, I recall  
8 that that was one of the studies that we  
9 reviewed. I mean, it was a while ago. So,  
10 you know, it's not like at the tip of my  
11 memory. Is that even an expression? But  
12 if there was something more updated done  
13 that I am not aware of, I would certainly  
14 be happy to look at that.

15 COMMISSIONER ZUNIGA: My assumption  
16 recollection is if they looked at -- they  
17 might looked at similar, you know, data  
18 sources as in what is recent transactions,  
19 value of permits, absorption, a lot of what  
20 you included may be there. But, I think,  
21 it's a very good point to, you know, go  
22 back and look at methodologies, compare and  
23 contrast.

24 MR. RENSKI: Yes. I mean, I can

1           talk about -- I didn't want to get into a  
2           lot of details about what do I anticipate  
3           kind of the statistical methodology that  
4           we're going to be using going forward  
5           because, again, it's more of a  
6           repression-based approach that takes in the  
7           volatility.

8                       So what I'm anticipating going  
9           forward will be for actually measuring  
10          impacts, you know, continuing kind of this  
11          descriptive analysis that we're going  
12          forward. But I originally wrote a white  
13          paper for the Donahue Institute that  
14          profiled how in academic studies they've  
15          historically done kind of a more robust  
16          analysis to measure changes in property  
17          values around different types of  
18          developments. So planning like, for  
19          example, you see this methodology that I  
20          want to use done around a lot of, you know,  
21          like when a new transit stop opens and how  
22          do you evaluate the impacts of those types  
23          of other large scale developments.

24                      So there are -- we can take lessons

1 from other types of developments and apply  
2 those methodologies here as well in  
3 addition to all the studies that we looked  
4 at that look specifically at casinos, you  
5 know.

6 COMMISSIONER STEBBINS: And just to  
7 help me understand in clarifying the  
8 baseline data that you're collecting and  
9 using Everett as the example, in kind of  
10 looking at the baseline data for Boston,  
11 obviously I, as one Commissioner, is  
12 probably going to be more interested in the  
13 Charlestown values than maybe some of the  
14 neighborhoods further out from Everett. Is  
15 there a way that you're going to be able to  
16 breakdown into that specific kind of  
17 neighborhood data?

18 MR. RENSKI: Yes. We included a  
19 little bit of that in this report,  
20 especially in some of the tables that  
21 you'll see particularly for the residential  
22 market. Because I have such -- I mean, I  
23 basically know -- well, I don't know but I  
24 have information on every single sale and

1 the address at which the sale occurred.  
2 And so, yes, you can aggregate that into  
3 anything you want.

4 And I agree that one of the things  
5 that you'll see that we do in the baseline  
6 report is we do a comparison to some of the  
7 other individual communities, and we have  
8 all the trends for those individual  
9 communities. And so, you know, yes, you  
10 wouldn't want to compare Cambridge to  
11 Everett. You know, it's just a way  
12 different market. I don't even need to go  
13 into it.

14 But there are other communities in  
15 the broader area that probably are more  
16 indicative of the type of market that  
17 Everett is. You just want to be a little  
18 bit careful that the thing you're comparing  
19 it to isn't so close that it itself would  
20 also be affected by the development. Does  
21 that make sense?

22 CHAIRMAN CROSBY: That's exactly  
23 what Commissioner Stebbins was looking at  
24 was, you know, what effect does the

1 development have on a place like  
2 Charlestown?

3 MR. RENSKI: I'm sorry, if I  
4 misunderstood you. Yes, we can look at how  
5 it would have impacts on these other  
6 communities. What I think about is --

7 CHAIRMAN CROSBY: Controlled  
8 communities.

9 MR. RENSKI: Is the control, right.  
10 So there are other communities that are  
11 further away that have somewhat similar  
12 markets to Everett, and those might provide  
13 like good controls even though, you know --  
14 but yes, you know, if it was, you know,  
15 agreed to, you know, I take my orders from  
16 Rachel and the Donahue Institute. So if  
17 they are amenable to this work going  
18 forward, I can certainly do it, yes.

19 CHAIRMAN CROSBY: Commissioner  
20 Macdonald, any questions or comments?

21 COMMISSIONER MACDONALD: Yes, I do  
22 have a question. This is Commissioner  
23 Macdonald. This is remotely, Dr. Renski,  
24 that it strikes me that the data in the

1 individual report as to the host community  
2 I viewed it's going to be very, very useful  
3 but -- not but. But I struggled with  
4 comparisons between the communities. I  
5 have two questions. First is, could you  
6 address yourself to summarizing a  
7 comparative between the three host  
8 communities on the basis of the data that  
9 you've secured in a broadbrush way as to  
10 how they are similar, how they are  
11 different with respect to the residential,  
12 commercial, the industrial, the industrial  
13 real estate market?

14 Second question is, on a going  
15 forward basis, what are you going to be  
16 looking at in particular, what aspects of  
17 these discrete markets are you going to be  
18 looking at in particular to determine the  
19 impact of the introduction of casino gaming  
20 in the respective communities?

21 MR. RENSKI: Thank you. And if I  
22 misunderstood your questions, you know,  
23 please stop me and clarify. So you asked  
24 about summarizing like a comparison across

1 the three host communities?

2 COMMISSIONER MACDONALD: Yes, in a  
3 broadbrush way. How are they -- how would  
4 you characterize the essential differences  
5 or the similarities between these three  
6 communities?

7 MR. RENSKI: They are very  
8 different. You know, we didn't do that as  
9 part of the report, I guess. It wasn't  
10 ever anything where I was asked to really  
11 kind of directly compare these. So based  
12 more upon, you know, kind of summarizing  
13 what's going on from having written these  
14 separate reports, Plainville is entirely  
15 different.

16 I mean, that's predominantly  
17 single-family, you know, a mix of rural and  
18 suburban in the immediate community, yes.  
19 That's a very different type of real estate  
20 market. I mean, the rental market is  
21 small. There is very few multi-housing  
22 units, you know, really when you're talking  
23 about Plainville.

24 Springfield and Everett, on the one

1 hand, you know, they are both a little bit  
2 more urban. So you see some similarities  
3 in terms of the housing stock and more, you  
4 know, commercial and industrial obviously  
5 in those types of communities. But let's  
6 face it, real estate in Springfield -- in  
7 the Springfield region where I live, it's  
8 not the hot market that the greater Boston  
9 market is and Everett is influenced by  
10 that, you know.

11 So Everett as being, you know, kind  
12 of the more affordable area within this  
13 like insanely hot real estate market in the  
14 greater Boston area, it's getting  
15 influenced in that and you can already  
16 start to see that influencing the values of  
17 residential properties in Everett whereas  
18 Springfield, you know, the market has been  
19 improving but not anywhere near what you  
20 see going on in Everett.

21 And the market has been improving  
22 because, you know, I mean, from when we  
23 started measuring data, we were really  
24 talking about a real estate low point that

1           was almost historic. I'm not sure if there  
2           was something more specific you wanted me  
3           to address, but they're very different  
4           markets and very different dynamics going  
5           on in each of the three just to really  
6           summarize.

7                       COMMISSIONER MACDONALD: On a going  
8           forward basis, what do you consider to be  
9           your particular focus with regards to the  
10          data as a piece of the community  
11          individually and across the communities?

12                      MR. RENSKI: Well, so going forward,  
13          you know, I think that there's more that we  
14          can do that really kind of examines maybe a  
15          little bit more under the microscope of  
16          particular developments that are going on  
17          in these communities, and I'll discuss this  
18          with my colleagues at the Donahue Institute  
19          after we return, you know, what we think  
20          the Commission wants to see in these  
21          reports going forward and the impacts. And  
22          I've heard that several times now that that  
23          should be more -- something that's more  
24          incorporated into the actual reports of the

1 impacts.

2 When I think about more from kind of  
3 an econometric or a statistical perspective  
4 of what I'm going to do moving forward, the  
5 challenge is really separating out the  
6 impact, the discrete impact of the  
7 development from all the noise in the  
8 market. And that noise includes, you know,  
9 the general trend of what's going on in  
10 real estate since 2008 as the market has  
11 improved and as the Boston market has  
12 really -- the greater Boston market has  
13 really just accelerated. That the focus  
14 for me is trying to develop metrics that  
15 are sensitive that can really separate out,  
16 you know, the impact of the casino from  
17 everything else that's going on in the  
18 area.

19 And in a place like Springfield,  
20 that might not be quite as difficult.  
21 Because, again, you know, the market hasn't  
22 been booming. It's getting better. But,  
23 you know, a departure from the trend in  
24 Springfield or in Plainville for that

1 matter will be a little bit more apparent  
2 even just looking at basic descriptive  
3 data. For Everett it might be a little  
4 more difficult.

5 So, again, using these comparisons  
6 to other communities, using comparisons at  
7 different spatial distances, comparing what  
8 happened before the announcement to what  
9 happened after, looking at departures in  
10 those trends and whether or not you see  
11 similar departures in trends in your  
12 comparison areas. Those are the things  
13 that you have to do to try separate out  
14 true impact from broader trend, and that's  
15 really where a lot my concern lies. I hope  
16 that answered your questions.

17 COMMISSIONER MACDONALD: Yes, it  
18 did.

19 MR. RENSKI: Okay, thank you then.

20 CHAIRMAN CROSBY: How often do we  
21 expect to see these reports, Rachel? In  
22 what intervals do we -- are we just going  
23 to augment all the data sets every year or  
24 do a different report every couple of years

1 or what; do we have an idea?

2 MS. VOLBERG: That's actually a  
3 conversation that we started to have both  
4 within the research team and Mark and I, I  
5 hope later today once we are done  
6 presenting here, we're hoping to have a  
7 conversation about sort of what kind of a  
8 reporting schedule we can begin to flush  
9 out going forward.

10 CHAIRMAN CROSBY: Okay. That will  
11 be interesting to hear what you're thinking  
12 about. Any other comments? This is, you  
13 know, particularly at least if you're a  
14 public policy this stuff is incredible. I  
15 hope people who are watching appreciate the  
16 comprehensiveness of the baseline database  
17 that we've collected with your all help.

18 We basically have baseline  
19 conditions of everything that might be  
20 affected by the introduction of the casinos  
21 and will then be able to track year over  
22 year, year over year what happens to all  
23 those economic and social barriers so that  
24 finally somebody will be able to say with

1 authority this is what happens for good or  
2 ill when you introduce casinos to a new  
3 jurisdiction.

4 It's just an extraordinary  
5 opportunity. I don't even know if I'll be  
6 around in 20 or 25 years, but that's going  
7 to be an incredible study to say after  
8 you've introduced casinos to a new  
9 jurisdiction, you know, 20 years later what  
10 is the net impact? And to be able to say  
11 that with authority is just an incredible  
12 public policy asset, and will inform our  
13 work and the legislature's work but  
14 jurisdictions all across the county.

15 MR. RENSKI: I agree. I have a lot  
16 of colleagues that I study economic  
17 development that do, you know, studies  
18 related to casino-related economic  
19 development in different states. And when  
20 I tell them about, you know, what has been  
21 said up here in Massachusetts in the  
22 foresight that was had and really  
23 establishing kind of these benchmarks and  
24 measuring impacts this way, they're really

1 kind of blown away by it, so I concur.

2 CHAIRMAN CROSBY: It's really,  
3 really a unique opportunity. Thank you.  
4 It's very exciting.

5 MS. VOLBERG: So if I can just put  
6 the final touch on this. All three of  
7 these reports are going live on our SEIGMA  
8 website in about half an hour. So the  
9 public is invited to visit  
10 UMass.EDU/SEIGMA, go to our publication's  
11 tab and click on reports and you'll see  
12 these three real estate reports are going  
13 to be posted at 12.

14 CHAIRMAN CROSBY: And they will be  
15 linked presumedly, Elaine, from our side as  
16 well, right?

17 THE FLOOR: Yes.

18 CHAIRMAN CROSBY: So they are wildly  
19 available as all our stuff is ASAP. Before  
20 the next item, let's take a quick break and  
21 we'll be back.

22 COMMISSIONER ZUNIGA: Thank you very  
23 much. Great work.

24 CHAIRMAN CROSBY: Thanks a lot.

1 Please tell your colleagues it's really  
2 exciting work.

3 COMMISSIONER STEBBINS: Thank you.

4  
5 (A recess was taken)

6  
7 CHAIRMAN CROSBY: We are ready to  
8 reconvene public meeting 204. Back to  
9 Director Vander Linden.

10 MR. VANDER LINDEN: Great. In just  
11 a second, I'll turn it over to Rachel and  
12 she'll give you a brief overview of the  
13 change of the methodology in the weighting  
14 of the SEIGMA survey that got changed in  
15 the survey sample. It's going to end up in  
16 resulting in an updated baseline general  
17 population survey. That survey, as you  
18 recall, was originally released in May of  
19 2015, so just over a year ago or almost a  
20 year-and-a-half.

21 What I wanted to just highlight and  
22 before that is our rigorous peer-review  
23 process that ultimately ended up in the  
24 change that Rachel will discuss. We

1 through Section 71 have probably the most  
2 robust gaming research agenda in the  
3 country. Actually without a doubt, the  
4 country and possibly arguably the world.

5 We are taking a look at the, as  
6 Chairman Crosby often states, that at every  
7 plausible, social and economic measure that  
8 we possibly can to better understand what  
9 are the impacts of expanded gaming in  
10 Massachusetts and to take it a step further  
11 and then what do we do about that, how do  
12 we harness those strengths and how do we  
13 address any consequences.

14 We have an amazing advantage of  
15 having some of the world-class researchers  
16 that are in this area. Taking specifically  
17 Dr. Volberg and her colleague that lead the  
18 SEIGMA in all these studies. But with  
19 that, we also have a great responsibility  
20 to a peer-review process. Any quality of  
21 research project, any research agenda  
22 should really have a component to it that  
23 has a review process to it.

24 Our peer-review process is largely

1 carried out from our Gaming Research  
2 Advisory Committee and more specifically a  
3 subcommittee of that group that looks  
4 specifically at the research design and  
5 analysis. And much like we have  
6 world-class researchers that live in this  
7 area that are conducting the research, we  
8 have an amazing group that serve as our  
9 Gaming Research Advisory Committee.

10 We have one -- for any given  
11 research deliverable we have, we have an  
12 incredibly diverse research agenda. We  
13 want to make sure that we line up a  
14 peer-review process that can truly form the  
15 research project that we are working on.  
16 For most of our social measures, we have --  
17 we use this art graph in research and  
18 analysis subcommittee graph.

19 Those individuals, just to call them  
20 out very briefly, Phil Capel with the Mass.  
21 Council on Compulsive Gambling, Bruce Cohen  
22 who is retired from the Mass. Department of  
23 Public Health and in his career led much of  
24 the research studies that were being

1 coordinated by Mass. Department of Public  
2 Health. We have Nathan Smith with the  
3 National Center for Responsible Gaming. We  
4 have Joel Wiseman who works for UMass  
5 Boston and Partners. We have Anthony Roman  
6 who for most of his career worked for the  
7 US Census Bureau and the Center for Survey  
8 Research at UMass Boston and Tom Land who  
9 is currently the director of data  
10 management and outcome assessment in DPH.  
11 All bring a different skill set, a  
12 different focus but ultimately, I think,  
13 serve to advance our research agenda and  
14 the reason that that research agenda is  
15 there.

16 This group was formed back in 2013,  
17 the summer of 2013. And in December of  
18 2014, we continue to evolve it to --

19 CHAIRMAN CROSBY: This is which  
20 group, RDASC, Research Design and Analysis  
21 Subcommittee?

22 THE WITNESS: RDASC, yes. That  
23 group provided feedback to after reviewing  
24 the SEIGMA baseline survey went back and

1           had some additional feedback to the  
2           baseline population survey. That was  
3           discussed with Dr. Volberg and her  
4           colleagues. And there was an agreement  
5           there was a better way, a better method of  
6           weighting that really should be integrated  
7           into this baseline population survey that  
8           ends up impacting a number of the -- it  
9           impacts the study and its findings.

10                   And, I think, that it also then  
11           speaks to the strength of our UMass, the  
12           SEIGMA team and their ability to take a  
13           step back and recognize that methodology --  
14           there are different methodologies and that  
15           there is a better way of doing it, then  
16           let's employ that method regardless of  
17           where we stand now. And so I'm going to  
18           turn it over --

19                   CHAIRMAN CROSBY: Before you do  
20           that, I just want to reinforce a couple of  
21           things that you said. One is we are deeply  
22           committed to this research being as  
23           rigorous as we possibly can make it, and a  
24           peer-review process is a critical part of

1           that. And as you described, you put  
2           together a multistep peer-review process,  
3           which is great, but it's not the easiest  
4           thing in the world to be the research team  
5           and have a group of people sitting over  
6           your shoulder doublechecking all your work  
7           and questioning your methodologies and so  
8           on and so forth.

9                     And as you have indicated, I think  
10           it's a credit to Rachel and her team. This  
11           decision that you're going to be talking  
12           about now is a big one and that our  
13           research team was willing, as you said, to  
14           take a deep breath and listen to our  
15           peer-review team and suggest a modified  
16           methodology is really significant and much  
17           respected and appreciated on our part.

18                    The second thing is that as a  
19           further dimension of this sort of  
20           peer-review process, all of our data, all  
21           of our research, all of our original data  
22           we'll be putting -- will be available  
23           online and we will be inviting researchers  
24           of all time -- of all kinds to access our

1 data and do their own research, do their  
2 own analysis of the research and so forth  
3 and just a continuation of this process. A  
4 lot of it is online already. All of it  
5 will be -- everything we do will be online  
6 and accessible for use by others as we  
7 proceed here.

8 MR. VANDER LINDEN: Yes, thank you.  
9 So, Rachel, do you want to talk a little  
10 bit about the re-weighting of the baseline  
11 population survey and what the implications  
12 of that are?

13 MS. VOLBERG: Sure. I am nervous  
14 about this with these new microphone  
15 instructions. Am I close enough? Am I far  
16 away? Is there feedback?

17 COMMISSIONER ZUNIGA: You're great.

18 MS. VOLBERG: So, as you'll recall,  
19 the baseline population -- the baseline  
20 general population survey was fielded in  
21 2013, September of 2013 and data were  
22 collected through 2014.

23 CHAIRMAN CROSBY: It's fine.

24 MS. VOLBERG: And provided to our

1 team by NORC with statistical weights that  
2 they had developed to align the survey  
3 sample with the characteristics of the  
4 general population or the adult population  
5 of Massachusetts. Those weights accounted  
6 for a variety of features of the survey  
7 itself, including the sampling frame, the  
8 screening rates, completion rates and we  
9 used four variables to align the sample to  
10 a population. Those were region, age,  
11 gender and race ethnicity.

12 CHAIRMAN CROSBY: So in other words,  
13 if your sample had too few people from one  
14 region so that it was not representative of  
15 the actual population, you would increase  
16 the weight of those people we did have from  
17 that sample so that it did match the  
18 population.

19 MS. VOLBERG: It actually went the  
20 other way, Steve. We oversampled in  
21 western Massachusetts. For example, we got  
22 25 percent of our sample from western  
23 Massachusetts, although the population of  
24 western Massachusetts is only 12 percent of

1 the total, because we wanted to make sure  
2 we had enough people in the sample from  
3 western Massachusetts to do future  
4 analysis. So when we weighted the sample  
5 by region, we actually made the people that  
6 we surveyed in western Massachusetts about  
7 half of the value of what they were in the  
8 actual sampling. But, yes, that's the  
9 idea.

10 CHAIRMAN CROSBY: That kind of  
11 tradeoff, right. So that the sample is  
12 actually representative of the real  
13 population.

14 MS. VOLBERG: Right. So those were  
15 the weights that we used in analyzing the  
16 descriptive analysis of the data that we  
17 presented to you back in June of 2015, and  
18 that's the report that is currently posted  
19 on our website.

20 Mark has already talked to you about  
21 your decision to establish a peer-review  
22 process, so I won't walk you through that  
23 particular paragraph of the memo. But  
24 starting in December of 2014, we met

1 regularly with the RDASC and with folks on  
2 the Commission as well to review the  
3 results of the baseline survey and to sort  
4 of make sure that we weren't -- that we  
5 were sort of going down the right road in  
6 terms of creating a report on the data.

7 In the review process, there were a  
8 number of questions that were raised by the  
9 RDASC members specifically concerned with  
10 the difficulty that we had had recruiting  
11 people into the sample with lower  
12 education. That is a very typical  
13 challenge that all survey researchers have  
14 to deal with. It's just harder to get  
15 people with lower education to participate  
16 in surveys.

17 And, so, the RDASC members  
18 recommended that education be added to the  
19 weighting strategy so that that particular  
20 under sampling could be corrected. They  
21 also suggested that instead of using the  
22 method that we had been -- that we had  
23 adopted post-stratification, they  
24 recommended that we look at the use of

1           raking. Now, I'm not going to dive you  
2           into the weeds --

3                   CHAIRMAN CROSBY: Please don't.

4                   MS. VOLBERG: -- on  
5           post-stratification versus raking. I'll  
6           simply say that there is a lot of  
7           development and evolution that is going in  
8           biostatistics particularly around what are  
9           the best methods to use for weighting. And  
10          so we had gone with a method that NORC  
11          recommended. But when we went back to them  
12          after getting the suggestion from the RDASC  
13          and said, "Well, how about this raking  
14          thing?" They were like, yes, that would be  
15          a perfectly viable approach, too. And, so,  
16          we talked about it amongst ourselves. We  
17          got further feedback from RDASC, and we  
18          decided that that indeed would be an  
19          improvement on the weights that we have.

20                   So we agreed to develop a new set of  
21          weights, which, A, included education; and,  
22          B, used raking rather than  
23          post-stratification. And we agreed with  
24          RDASC that the new weights would be

1 included in the public use file or the  
2 public use version of the survey data that  
3 is going to be available to other  
4 investigators.

5 We started the construction of the  
6 new weights in June basically of 2015  
7 shortly after we presented the report to  
8 you folks, and it took about a year to  
9 complete. The weights were modified in a  
10 number of ways, which I described in this  
11 memo here. Again, a little bit in the  
12 weeds so we will try not to go there.

13 And there is a table in this memo  
14 that shows the demographics of the baseline  
15 survey sample using the two different  
16 weighting schemes and showing very clearly  
17 that the rake weights provided closer match  
18 with the Massachusetts population with the  
19 education compared to the  
20 post-stratification weight.

21 So in terms of the effect that these  
22 new weights have on the data, we actually  
23 are now take -- we have taken the rake  
24 weights, the new weights, and we actually

1 have rerun all of the tables and figures in  
2 our 300-page baseline report and we are --  
3 so we are repopulating the entire report  
4 with these updated results.

5 That report -- that updated report  
6 will replace the original report when it's  
7 ready on our website. And what we have  
8 done is we've looked very carefully at what  
9 those results are, what the differences are  
10 in the weight versus the  
11 post-stratification weights.

12 There are minor differences  
13 throughout but none of them are large  
14 enough to affect planning for problem  
15 gambling prevention and treatment  
16 initiatives in Massachusetts, which is why  
17 we're taking our time to repopulate the  
18 report, make sure that all of the text  
19 matches all of the new tables and get it  
20 ready for prime-time.

21 The most prominent changes are to  
22 the problem gambling and at risk gambling  
23 rates. The new rate for at risk gambling  
24 is 8.4 percent, and the new problem

1                   gambling rate is 2.0 percent.

2                   CHAIRMAN CROSBY: So these are the  
3                   percent of the Massachusetts adult  
4                   population that is either at risk, which is  
5                   8.4 percent or deemed to be already problem  
6                   gamblers prior to the introduction of the  
7                   casinos, and that would be 2 percent.

8                   MS. VOLBERG: Right. And that  
9                   compares to 7.5 percent at risk gambling  
10                  using the post-stratification weights and  
11                  to 1.7 percent problem gambling using the  
12                  post-stratification weights. So what I  
13                  provided in this memo is additional  
14                  information about the confidence intervals.  
15                  Because even though the numbers have  
16                  changed, the more critical issue from an  
17                  analytic perspective is whether the change  
18                  has been a statistically significant  
19                  change. And in both cases, there's a  
20                  substantial overlap in the confidence  
21                  intervals indicating while the changes are  
22                  apparent they are not actually  
23                  statistically a significant change from  
24                  what they were before.

1                   So they're relatively minor. It's  
2                   three-tenths of one percent increase in the  
3                   problem gambling rate from what we  
4                   originally published, and it's about a  
5                   point 9 percent increase in the at risk  
6                   rate.

7                   COMMISSIONER CAMERON: But that last  
8                   one is significant. Because if we are  
9                   talking about one percent and now it goes  
10                  to two percent.

11                 MS. VOLBERG: No, I'm sorry.

12                 COMMISSIONER ZUNIGA: 1.7.

13                 MS. VOLBERG: It goes from 1.7 to  
14                 2.0, so that's three-tenths --

15                 CHAIRMAN CROSBY: And 7.5 to 8.4.

16                 COMMISSIONER ZUNIGA: But what's  
17                 important in that number is to take into  
18                 account the confidence level, the 95  
19                 percent confidence interval between both  
20                 numbers.

21                 CHAIRMAN CROSBY: I get you. I get  
22                 it. But I think to the outside world, you  
23                 know, when you hear poll numbers, all you  
24                 here is the poll numbers. You don't hear

1 confidence levels and what margins are  
2 there and so forth. So to the uninitiated,  
3 such as myself, to say that we judge that  
4 the at risk population of adults, people  
5 who are at risk of problems in their  
6 gambling, has gone from 7.5 to 8.4. That  
7 seems to me like it's a significant change.  
8 1.7 problem gamblers to two is less so.

9 But it is what it is. I don't want  
10 to -- let's not debate whether it's  
11 significant or not. The public is going to  
12 hear these numbers, which is basically what  
13 we hear too. So it is what it is. These  
14 are the facts as best we can understand  
15 them. The better -- the best methodology  
16 that we can possibly come up with  
17 interprets our research. This was a 10,000  
18 person sample. It's a huge sample. So we  
19 can have a fairly high degree of confidence  
20 that these numbers are pretty reliable, and  
21 they are what they are.

22 And they are having an at risk  
23 population of about eight-and-a-half and a  
24 problem gambling population of about two is

1 right within the national norms. That's  
2 pretty much what every jurisdiction has  
3 give or take. So, anyway, it is what it  
4 is. It's important that we've got our best  
5 estimate out there, and that was the point  
6 of this conversation.

7 COMMISSIONER CAMERON: So it is  
8 within the national norms.

9 MS. VOLBERG: Yes.

10 COMMISSIONER CAMERON: You'll hear  
11 the industry always talks about one  
12 percent. So it really is closer to two  
13 percent is --

14 MS. VOLBERG: Yes. And the industry  
15 folks generally prefer to talk about the  
16 most severe end of the problem gambling  
17 continuance. So when they talk about one  
18 percent, they're talking usually about  
19 people who would be classified as  
20 pathological or severely disordered  
21 gamblers.

22 Problem gambling in our study  
23 includes sort of a somewhat less severe  
24 group as well. But clearly people who, you

1 know, through the answers to our questions  
2 clearly have experienced some loss of  
3 control over their gambling involvement and  
4 have experienced harm as well in a variety  
5 of different ways.

6 CHAIRMAN CROSBY: And obviously we  
7 care about what happens to real estate  
8 values, as we just heard, but probably the  
9 sine qua non question is: What happens for  
10 problem gamblers? The other issue,  
11 Commissioner, that we frequently where  
12 these numbers gets thrown around in  
13 precision, sometimes people say percent of  
14 the population. Some people say --  
15 sometimes people say percent of adults and  
16 sometimes people say percent of gamblers.  
17 And they are obviously tremendously  
18 different. This is present of adults.

19 If you extrapolate these to percent  
20 of gamblers, casino gamblers, only about  
21 more or less a third of the people gamble  
22 in casinos. All of the problem gamblers,  
23 you know, many of the problem gamblers  
24 appear in that group. So the percentage of

1 people who gamble who have problems are  
2 higher obviously than the whole adult  
3 population.

4 But, anyway, it's really important  
5 to get our definitions clear. In this case  
6 it's of the whole adult population, and  
7 that matches more or less with national  
8 norms.

9 MS. VOLBERG: Right. And the sample  
10 now with these new weights or these  
11 different weights matches the population of  
12 Massachusetts better because of that  
13 adjustment to education that these changes  
14 in the problem gambling and at risk rates  
15 occur.

16 COMMISSIONER ZUNIGA: And similar to  
17 what was said before and we said  
18 oftentimes, I think, the real or a big part  
19 of the incites of game overtime is how  
20 these numbers change overtime. We're  
21 still -- so far we've still been talking  
22 about the baseline and methods, statistical  
23 methods are very important, nuanced in many  
24 ways but something that we and other

1           policymakers will really need to explore  
2           and understand is the progression and  
3           evolution or de-evolution of these figures.  
4           That's the exciting part.

5                   CHAIRMAN CROSBY: Right. Any other  
6           discussion on this? Commissioner  
7           Macdonald, did you have anything?

8                   COMMISSIONER MACDONALD: No, I  
9           didn't.

10                  CHAIRMAN CROSBY: Anybody else?

11                  COMMISSIONER ZUNIGA: Well, just to  
12           emphasize, also both that the work from our  
13           research team in doing the summary here  
14           doesn't do justice to how much work goes  
15           into thinking about this, running  
16           regressions and multiple regressions and  
17           all the rest of it. And I will just say  
18           also this for the RDASC their tremendous  
19           qualifications very engaged. And my read  
20           is because they understand and appreciate  
21           the meaningfulness of this study.

22                  They are generally -- they are  
23           volunteering their time in many ways many  
24           of them. But they are really appreciated

1           and the discussions are really worthwhile,  
2           and I think it's also a testament to what  
3           we are doing here with your able help, Dr.  
4           Volberg. Thank you.

5                   MS. VOLBERG: It's a very unique  
6           study, and I'm always intrigued at the end  
7           of the day to always realize that my day  
8           went a completely different direction than  
9           I thought it was going to go.

10                  CHAIRMAN CROSBY: Welcome to our  
11           world. Thank you.

12                  COMMISSIONER CAMERON: Thank you.

13                  CHAIRMAN CROSBY: Okay. We're  
14           skipping item number six. We're going to  
15           the Commissioner updates, which is I think  
16           our last item.

17                  MS. REILLY: Let's break for one  
18           second. Lloyd has to switch phones. He's  
19           losing battery.

20                  CHAIRMAN CROSBY: Sure. Let's take  
21           a brief break and recess while you get  
22           everybody's feed back up again.

23  
24                   (A recess was taken)

1                   CHAIRMAN CROSBY: We are reconvening  
2                   commission meeting number 204. I just want  
3                   to doublecheck that Commissioner Macdonald,  
4                   can you hear us?

5                   COMMISSIONER MACDONALD: Yes, I can  
6                   hear you.

7                   CHAIRMAN CROSBY: And we can hear  
8                   you fine as well, thank you. All right.  
9                   So we are onto the Commissioner items. The  
10                  first one is Commissioner Zuniga on the  
11                  annual report.

12                 COMMISSIONER ZUNIGA: Thank you,  
13                 Mr. Chairman, and just a brief update.  
14                 Fresh off the press is included in the  
15                 packet, the 2016 annual report. It follows  
16                 a lot of the format that we've had in the  
17                 past. We will include it in our postings.  
18                 It's here submitted to the legislature and  
19                 the constitutional offices.

20                 And I don't want to get into, unless  
21                 Commissioners want to, into any of the  
22                 details. I've spoken to some of them in  
23                 the past. We have a new section on  
24                 recommendations to the legislature on

1 policy considerations for legislative  
2 changes. There is a lot about of course  
3 what took part this last year, the  
4 milestones relative to the one year  
5 operations of Plainridge, our decision of  
6 Region C and anticipated milestones for  
7 2017.

8 And just with that, I want to thank  
9 a lot of people who collaborated on these.  
10 I was simply the convener and somewhat the  
11 editor but certainly all directors have a  
12 piece of this report. They track all the  
13 data that comes within this whether it's  
14 finance or diversity numbers, racing, et  
15 cetera.

16 In this last few days, especially  
17 Elaine and Michael Sangalang and Mary  
18 Thurlow as editors and QAQC of this effort.  
19 It's great to see it with pictures that are  
20 totally relevant. They are not taken from  
21 the construction -- the construction  
22 personnel here are actual people at the  
23 sites that come to the board in one of  
24 these pictures is actually at MGM recently.

1           So it's submitted here for the review on  
2           comment if any one of the Commissioners  
3           have any, but we'll be forwarding them as  
4           we're required to do to the legislature and  
5           constitutional offices.

6                   CHAIRMAN CROSBY: Comments? I just  
7           want to say as a former A and F secretary I  
8           used to get annual reports like this all  
9           the time. You get so many, and they are  
10          impossible to read and they are impossible  
11          to read anyway most of the time. But this  
12          is just really well presented. It's not  
13          text heavy. You've really cut to the  
14          chase. The design is terrific. I think  
15          it's a really great job. I'm proud of it.  
16          Thank you, you and everybody else, Michael  
17          and Elaine, and everybody else that's had a  
18          hand in it. This is great.

19                   COMMISSIONER CAMERON: I would  
20          concur. It's very easy to read, graphics  
21          are excellent, really well-done.

22                   COMMISSIONER ZUNIGA: Thank you.  
23          It's a big team effort.

24                   CHAIRMAN CROSBY: Great. Okay. We

1 are moving into item number two, little 2I  
2 I guess it is and that is our executive  
3 director performance evaluation. Everybody  
4 whose followed us knows that we are in a  
5 peculiar position of having to review our  
6 executive director who was hired by the  
7 Commission. The only person on our staff  
8 who is hired by the Commission. All of the  
9 others are hired by the executive director,  
10 and the executive director does the  
11 performance reviews for all of his direct  
12 reports. But the Commission has to do the  
13 performance review for Executive Director  
14 Bedrosian.

15 We had a public conversation about  
16 how to do this. We each decided that we  
17 would meet with or talk with  
18 commissioner -- Executive Director  
19 Bedrosian one-on-one. We would give our  
20 comments to the general counsel, Catherine  
21 Blue. She would assemble the comments and  
22 then give us and also make public that  
23 compilation of comments and observations,  
24 and we would then discuss that publically

1 and come to a final assessment, give a  
2 rating evaluation and recommendations for  
3 compensation adjustments, if any, after a  
4 general performance review.

5 In this case, it would be more  
6 difficult if we were having real trouble  
7 with our executive director. I'm not sure  
8 how we would handle that. But to lead  
9 things off, I think it's safe to say we  
10 aren't. We in fact have had -- how long  
11 have you been with us now?

12 MR. BEDROSIAN: I think it was  
13 January 5th of this year.

14 CHAIRMAN CROSBY: So like 11 months.

15 MR. BEDROSIAN: Correct. It only  
16 seems longer.

17 CHAIRMAN CROSBY: Ten-and-a-half  
18 months. And my short version is you made a  
19 great transition. Fortunately, you knew a  
20 fair amount about what we were doing  
21 because of your work in the attorney  
22 generals office. Attorney General --

23 MR. BEDROSIAN: Coakley.

24 CHAIRMAN CROSBY: Coakley took me

1           aside after we hired you and said, "You  
2           made a great decision." And I think she is  
3           right. Anybody want to make comments? The  
4           report will be available on our website if  
5           it isn't already, and it's the standard  
6           form that we use for all of our performance  
7           evaluations. Does anybody want to kick  
8           off?

9                       COMMISSIONER CAMERON: I would like  
10          to do that. It was interesting because we  
11          did our work, our evaluation work  
12          separately and, you know, just saw each  
13          others' comments for the first time. And  
14          what was of interest to me is we all --  
15          there was a real consensus here about the  
16          exceptional job. And I'll use that word  
17          because that's really what these comments  
18          reflect, an exceptional job at taking the  
19          helm and leading this organization.

20                 You know, just a couple of things.  
21          The really effective communication is  
22          apparent and very, very helpful to this  
23          organization. Because we are in this  
24          unique position, right, Commissioners, and

1           staff with separate roles. The consensus  
2           building I find particularly an excellent  
3           way to manage and that adds -- that  
4           directly leads to improve morale and it's  
5           just really working with people, listening  
6           to everyone, understanding where they are  
7           coming from, you know, clearly making a  
8           decision but after there's a consensus  
9           building activity and lots of communication  
10          on direction.

11                 So just a couple of things I thought  
12           were important to point out. The judgment  
13           is superb in my opinion. Just getting to  
14           know all of the things we're doing.  
15           Getting to understand and that, again, gets  
16           back to talking to everybody, you know,  
17           boots on the ground, roll up your sleeves,  
18           asking for help, which I think some leaders  
19           have trouble doing frankly.

20                 So, but it was just nice to see that  
21           we were all -- we did have some consensus  
22           on the job that has been done to date. So  
23           just a well-done process. I want to thank  
24           our general counsel for taking all of that

1 data and putting it into one format. I  
2 think you did a very good job doing that as  
3 well.

4 CHAIRMAN CROSBY: Others?

5 COMMISSIONER ZUNIGA: Sure. I can,  
6 you know, pretty much to reiterate what has  
7 been said, I don't want to necessarily  
8 repeat a lot of what has been said but --

9 CHAIRMAN CROSBY: We also don't want  
10 it to go to his head either.

11 COMMISSIONER ZUNIGA: The reality is  
12 that your background, your knowledge of  
13 prior, the work really on all kinds of  
14 policy and gaming policy-related issues  
15 have really allowed you to hit the ground  
16 running and that has been very positive for  
17 us, for you and for the rest of the staff,  
18 which we value tremendously.

19 I think there is -- I'll maybe just  
20 talk a little bit about what is ahead, and  
21 we all know that there is a big test for  
22 all of us. You happen to be, you know,  
23 driving the bus, if you will, but on  
24 opening of this next properties, a lot of

1 expectation, a lot of details that happen  
2 relative to the operations, judgment calls  
3 in the middle of the night sometimes, et  
4 cetera, a new process on our licensing  
5 management system that where there is a lot  
6 of indications that there's great  
7 efficiencies to be realized there, but they  
8 still have to be realized.

9 So great -- with these great  
10 background of having hit the ground  
11 running, I think we are really positioned  
12 in a very exciting way to tackle what's  
13 ahead of us in terms of whatever multiple  
14 number of licensing decisions that we're  
15 going to have to be making, whatever number  
16 of exceptions or waivers, whatever the case  
17 may be relative to operations, and I think  
18 that's exciting. But it's important to  
19 recognize the challenge.

20 So I encourage us to continue to be  
21 thinking about efficiencies. From my  
22 perspective, your approach to budgeting and  
23 spending is terrific in which -- and that  
24 means having to really make a judgment call

1 in terms of being a balanced approach. We  
2 have the freedom of assessing our  
3 licensees, which is tremendous, but that  
4 freedom has to be taken very judiciously  
5 and I think your approach has every  
6 indication that we do and I think that's  
7 also very encouraging.

8 So those were my comments, and I  
9 think you're a great, tremendous asset to  
10 this organization and we value that very  
11 much.

12 MR. BEDROSIAN: Thank you.

13 COMMISSIONER STEBBINS: Yes. I  
14 would say what's already been said. We  
15 talked in the last two meetings about some  
16 issues being slow moving ocean liners that  
17 are going to take a while to get back on  
18 track. And I think from the very first day  
19 that Director Bedrosian came on board, that  
20 ship made a quick u-turn and kind of went  
21 full speed in a new direction, which I know  
22 is, you know, improved the morale of our  
23 team.

24 Another significant way in which he

1           has set an impact on the Commission has  
2           just been from what I characterize as very  
3           thoughtful but diligent and expedient  
4           effort to resolve questions and issues as  
5           they come up. And, you know, working among  
6           the five of us to quickly bring us all up  
7           to speed, to engage the right members of  
8           the staff, solicit input and try to balance  
9           all that input, it's been refreshing. And,  
10          again, you know, this is a great initial  
11          performance report and couldn't be happier  
12          with how he has jumped into the job and,  
13          again, kind of quickly turned things around  
14          for us.

15                   CHAIRMAN CROSBY: Commissioner  
16           Macdonald, did you have anything to add?

17                   COMMISSIONER MACDONALD: Yes,  
18           briefly. First of all, the note that I  
19           barely have anymore experience with the  
20           Commission than Executive Director  
21           Bedrosian has, I think about 60 days and so  
22           I come to the task of evaluation with a  
23           former and limited base of knowledge than  
24           my fellow Commissioners.

1                   But I was struck at the time of his  
2                   interview with us, which was at a public  
3                   hearing, that he identified what he saw as  
4                   the greatest challenge to not only be  
5                   effective in managing through the  
6                   organization and all of the different  
7                   directors and employees within the  
8                   organization as a whole but also to manage  
9                   effectively up mainly in his interactions  
10                  with us as his punitive superiors and with  
11                  each of us being full-time Commissioners.

12                 Frankly, I felt when I first  
13                 reviewed the statute, the commission  
14                 statute that this was something was  
15                 almost -- a job that was almost impossible  
16                 to do, and I was impressed that  
17                 Mr. Bedrosian identified what I saw as one  
18                 of the inherent of -- the most significant  
19                 inherent challenges. And what I have been  
20                 most impressed by with his performance is  
21                 on the skill with which he has managed  
22                 equally effectively to managing down and  
23                 managing up.

24                 I speak from personal experience.

1 I've had several instances in which I have  
2 been very politely taken to the woodshed by  
3 our executive director who in the nicest  
4 way said that he thought that I might put  
5 some more thought on to a particular  
6 subject that I had given expression to.

7 He did it in a way that was, as I  
8 said, as diplomatic but very constructive  
9 and allowed me to go forward and my  
10 capacity as a Commissioner I think I'm  
11 better off. For the individual aspects of  
12 the job that we were asked to address  
13 ourselves to, his job knowledge, skills,  
14 work practices, the quality of work and had  
15 to do the initiative, on all of those  
16 dimensions I think that Mr. Bedrosian has  
17 done an exceptional, exceptional job and I  
18 gave expression to that in my individual  
19 evaluation.

20 And, finally, I may note that the  
21 summary that our general counsel did of the  
22 individual evaluations I thought was right  
23 on point and accurate, certainly accurately  
24 reflected my, you know, my views and I saw

1 no tension between that summary and what my  
2 personal experience has been and my review  
3 of others' evaluations.

4 CHAIRMAN CROSBY: Great, thank you.  
5 I would just add one thing and just  
6 expanding a little bit on what Commissioner  
7 Macdonald said. In his self-assessment, ED  
8 Bedrosian said that he had two jobs -- two  
9 aspects to his job. One was the day-to-day  
10 management of the operation and the other  
11 was learning about gaming.

12 And to Commissioner Macdonald's  
13 point, I suggested that I thought there was  
14 a third, which is to act as the interface  
15 between the commission and the staff, not  
16 only from the personal relations, as  
17 Commissioner Macdonald talked about, but on  
18 the very, very critical point of protecting  
19 the Commission's role as policymakers.

20 There is, as he and I and we all  
21 discussed one sort or another, there is an  
22 inherent tendency for staffs to take over  
23 particularly in a situation like ours where  
24 the Commissioners because of the Open

1 Meeting Law are not able to be involved as  
2 a group in many discussions, although  
3 something about that later.

4 And given that the legislature  
5 invests in such extraordinary authority and  
6 comprehensive authority in the Commission,  
7 it is important that policy decisions be  
8 made by the Commission and even that the  
9 vetting of issues as to which ones are  
10 policy and which ones are not be something  
11 that the Commission plays a central roll  
12 in.

13 I think this is something that ED  
14 Bedrosian has been very attentive to from  
15 the very beginning. I think he viscerally  
16 understands it, puts him in an awkward  
17 situation sometimes. But I thought it was  
18 important in the review to simply reinforce  
19 that point as a constructive, critical  
20 variable of the job going forward given the  
21 sort of inherent propensities for the way  
22 things evolved particularly in an agency  
23 constructed like ours.

24 Okay, so the net of all that is a

1           hearty pat on the back. In our review  
2           system, we have a rating that runs from  
3           one, unacceptable to two, improvement  
4           needed to three, meets expectations to  
5           four, exceeds expectations to five,  
6           exceptional. And I think in order to be  
7           consistent with our reviews of other  
8           personnel, we ought to pick one of those  
9           numbers if we can come to a consensus.

10                   I'm going to just for the sake of  
11           discussion suggest that exceeds  
12           expectations would be the right place.  
13           Substantially because I think our  
14           expectations are high. We expect somebody  
15           here to do a very, very good job and to  
16           meet these criteria. That's an  
17           expectation.

18                   And maybe it's a little too early in  
19           the term, in the tenure, to be in the  
20           exceptional category but there certainly  
21           was a broad consensus, I think, that on  
22           most of these categories ED Bedrosian  
23           certainly exceeds expectations. But I  
24           throw that out as a suggestion, and I'm

1 open to conversation.

2 COMMISSIONER ZUNIGA: Yes, I would  
3 agree with that. There are a number of --  
4 a couple of areas where there is a couple  
5 of given the comments ratings of  
6 exceptional, but I think I concur with the  
7 general notion that we have to factor in  
8 our high expectations and the reality that  
9 this is -- there is a lot of things to come  
10 in a full year of review just coming ahead,  
11 so I generally concur with the notion.

12 COMMISSIONER CAMERON: I think that  
13 I had an understanding that at this level  
14 it wasn't necessary to fill in those  
15 blanks.

16 CHAIRMAN CROSBY: Not all of them.  
17 I was just doing the summary. General  
18 Counsel Blue suggested --

19 MS. BLUE: It would be appropriate  
20 would be to come to an overall rating, and  
21 it's not necessarily a number. I think the  
22 words are really more important than the  
23 number. So you want to arrive at how you  
24 feel the executive director fits into that

1 overall structure. But, no, you weren't  
2 responsible for picking numbers for each  
3 one.

4 MR. BEDROSIAN: But let me just say  
5 this. That a number of the employees here  
6 had to go through it. So if you have to  
7 pick a number, that is totally appropriate.

8 CHAIRMAN CROSBY: We tried to keep  
9 this as comparable as we could.

10 COMMISSIONER CAMERON: Well,  
11 typically how I do this is I look at every  
12 category and then come up with a rating  
13 that fits that. So I do agree with  
14 Commissioner Zuniga that many of the  
15 categories were exceptional. Initiative I  
16 would say, attitude, for example, quality  
17 of work, you know, work practices. I do  
18 think that there is a learning curve, so  
19 knowledge and skills would be, I think, he  
20 exceeds expectation as one area.

21 But many of the others I frankly  
22 think were in the exceptional, and I think  
23 the comments reflect that. So it really  
24 doesn't matter, you know, I guess what --

1           it's just important to point out that if  
2           you look at those categories I think many  
3           of them were in the exceptional and, like I  
4           say, a couple of the others exceeds  
5           expectations.

6                   CHAIRMAN CROSBY: Anybody else?

7                   COMMISSIONER STEBBINS: I generally  
8           certainly felt his overall performance  
9           exceeded my initial expectations. Of  
10          course, we'll caution ourselves if you look  
11          at that rating standard, the manager should  
12          find ways to cultivate the employee's  
13          talent, so that's on us. You know, I think  
14          overall he exceeded my expectations.

15                 You know, as we look at setting his  
16          developmental goals for next year, some of  
17          those comments I think that were used were  
18          pretty broad-based. And I would hope that  
19          kind of in the coming months we can kind of  
20          begin to drill down on some of those  
21          development planning comments that we set  
22          for him. For an example, you know, number  
23          nine, focus on the opening of the two  
24          Category 1 gaming establishments.

1                   He has already at least shared with  
2                   me some of the things he has in mind in  
3                   terms of making sure -- I know MGM is up  
4                   first -- for having a smooth opening for  
5                   that. So, I look at the development  
6                   planning piece as something we continue to  
7                   engage in with to kind of put some meat to  
8                   the bones on some of the suggestions.

9                   CHAIRMAN CROSBY: Commissioner  
10                  Macdonald, anything to add?

11                  COMMISSIONER MACDONALD: As I've  
12                  said, he certainly exceeded my  
13                  expectations. Because of my relative  
14                  remedy of my service on the Commission, I  
15                  feel somewhat going beyond that but  
16                  exceeding expectations is where I would  
17                  come down.

18                  CHAIRMAN CROSBY: So I think we have  
19                  clearly a very, very favorable review with  
20                  a lot of exceptional performance and a  
21                  broadbrush of exceeding our expectations.  
22                  No -- and this was important -- nobody  
23                  picked out any problem to be addressed.  
24                  And there's things to focus on and things

1 to keep growing in and areas to grow in and  
2 so forth but no problems, which is pretty  
3 amazing all things considered. For lots of  
4 reasons, this is not the easiest agency in  
5 the world to run.

6 So that gives you a sense. And I  
7 think, again, I will throw out relative to  
8 compensation, Executive Director Bedrosian  
9 and the HR and legal people are in the  
10 process in thinking through exactly how we  
11 are going to handle compensation for our  
12 other employees whether there will be  
13 raises or whether not. We are trying to  
14 keep an eye out, even though we are not  
15 paid for out of tax revenue, we're trying  
16 to keep an eye out for the context of the  
17 other state employees, how that's  
18 effective, how we relate to that.

19 So I would suggest that based on  
20 this performance review that we ask the  
21 staff to treat Executive Director Bedrosian  
22 in his compensation review in a way which  
23 is compatible with whatever you do for the  
24 others, however you decide to handle that

1           that you put Executive Director Bedrosian  
2           in the same context. I can talk with  
3           whoever needs to be to dot the I's and  
4           cross the T's on that. Does that sound --

5                   COMMISSIONER CAMERON: Yes.

6                   COMMISSIONER ZUNIGA: I think it  
7           sounds right on point. I completely agree.

8                   MR. BEDROSIAN: Yes. And I would  
9           just suggest one thing just to make sure we  
10          are not walking into any legal landmines  
11          here because there could be a conflict of  
12          interest for me if I then make compensation  
13          decisions who are my directors based on the  
14          fact that it will be the same that General  
15          Counsel Blue knows where we are generally  
16          before then. I'm just asking that you and  
17          General Counsel Blue obviously whatever  
18          communication goes around me.

19                   CHAIRMAN CROSBY: Yes, good. I  
20          agree with that. Thank you.

21                   COMMISSIONER ZUNIGA: On that venue,  
22          if you had a conflict, you have to disclose  
23          it to your appointing authorities.

24                   MR. BEDROSIAN: There you go. If I

1           can just make one or two comments on the  
2           evaluation. First, I consider myself  
3           privileged to have the job. Any success  
4           that I've demonstrated in the last 9 or 10  
5           or 11 months, I would really say is due to  
6           the leadership the Commission, the  
7           direction the Commission has given me and  
8           great staff who execute very well, really  
9           come into meetings with me with a  
10          broadbrush of ideas and solutions and not  
11          just look at me with a blank stare. I'm  
12          very fortunate.

13                 Commissioner Macdonald, I don't know  
14           if I will take conflict with saying I've  
15           taken you to the woodshed but I would say  
16           that all of the Commissioners are open and  
17           receptive to hearing, I don't want to say  
18           criticism, but polite, constructive  
19           dialogue. And it's a two-way street, and I  
20           value that very much.

21                 And, finally, last thing I want to  
22           say is when you made -- this is maybe an  
23           inappropriate term -- but when you bet on  
24           me, you had a choice. And the other person

1           was incredibly qualified. I just want to  
2           say since that process, I have reached out  
3           to Mr. Laboy, who is still with the  
4           Maryland gaming commission. That is not  
5           the title of it. I forget what it is. But  
6           he has been incredibly helpful. They have  
7           been incredibly helpful to our staff as  
8           they are actually opening in a couple of  
9           weeks a new facility down there that I  
10          think will guide a lot of what we do.

11                 So I just want to say, you know, it  
12          was an honor to be chosen specifically with  
13          that type of challenge, but Mr. Laboy has  
14          really been a standup person and continuing  
15          to help us. So I want to thank him for  
16          that and thank the Commission for the  
17          review process.

18                 CHAIRMAN CROSBY: Good, well-spoken.

19                 COMMISSIONER CAMERON: Thank you,  
20          well-done.

21                 CHAIRMAN CROSBY: Okay. There are  
22          two more items on our agenda today. They  
23          are largely my suggestions. The first one  
24          is the agenda planning meetings. Let me

1 sort of walk through this.

2 When the Commission first got  
3 together, you've heard us talk about this  
4 now for years, particularly in the very  
5 early days when we just had five  
6 commissioners and very few staff, it was  
7 very awkward for us to operate under the  
8 Opening Meeting Law not with respect to the  
9 big issues like who is going to get the  
10 licenses and what are the regs going to say  
11 and so forth, but all the kind of  
12 administrative stuff. Initially where  
13 would our office space be, what kinds of  
14 cell phones were we going to get, what  
15 color were our rugs going to be, how many  
16 assistants did we have, all those were  
17 topics that were covered under the Open  
18 Meeting Law. It made it a difficult way  
19 for us to operate, but we adapted to it as  
20 best we could.

21 We have made a point from the very  
22 beginning reinforced by the dozens of  
23 lawyers it seems that we have in our either  
24 on our commission or in our staff to adhere

1 to both the letter and the spirit of the  
2 Open Meeting Law rigorously, and I don't  
3 think there has ever been an intonation  
4 that any significant issue that there's  
5 been a breach there.

6 However, in the early years, we did  
7 think that we could do two things as a  
8 Commission together that would give us a  
9 chance to kind of be in touch with one  
10 another but not be in violation of the Open  
11 Meeting Law.

12 One was a lunch that we had  
13 frequently on Wednesdays where we mostly  
14 just talk about stuff that we had each been  
15 doing. So like if we had been on a  
16 business trip, we would come back and  
17 report on the business trip. The rest of  
18 the conversation was mostly about things  
19 like the Red Sox and the weather.

20 The second medium that we used to  
21 kind of keep us together and a little bit  
22 informed as a group as to what was going on  
23 and the more substantive of the two was the  
24 agenda planning meetings. In our early

1 days, our first couple of years, we had a  
2 public meeting every week. So we had an  
3 agenda setting meeting the Wednesday before  
4 or two Wednesdays before each of these  
5 Thursday meetings, and then later on we  
6 switched to every two weeks. So we had an  
7 agenda setting meeting every two weeks.

8 Because of the way the Open Meeting  
9 Law read, I believed, and the rest of us  
10 did as well, that the Commissioners as a  
11 group could attend the agenda setting  
12 meetings where all we do is run through an  
13 agenda that looks just like this for the  
14 next meeting along with a list of items  
15 that either are on the agenda or maybe  
16 coming up on the agenda and talk about  
17 whether they are ready to go onto the  
18 agenda.

19 It gave the Commissioners really the  
20 only opportunity to have any kind of group  
21 interaction and to sort of in a general way  
22 keep track of what was going on as a group.  
23 It turned out that, unbeknownst to us, the  
24 attorney general felt that those were both

1 violations of the public meeting law. Her  
2 letter to us was very constructive, very  
3 supportive. She clearly understood that we  
4 go out of our way to adhere to both the  
5 spirit and the letter. Nevertheless, they  
6 felt that these two meetings -- these two  
7 transactions were inappropriate. So we  
8 stopped both of them immediately.

9 The lunches have been gone ever  
10 since. The agenda setting meetings still  
11 continue but with either just me as the  
12 chair there or frequently one other  
13 commissioner will sit in. We kind of  
14 rotated the other commissioners.

15 The consequence of this has been  
16 that the Commissioners as a personal matter  
17 feel sort of atomized because we just can't  
18 get together and talk about stuff. And we  
19 also kind of feel like we're really just  
20 out of touch with the group moving forward  
21 and the group sort of pulling together of  
22 the organization, the administration of the  
23 organization. And that has been something  
24 that's part of why I made the point that I

1 did to ED Bedrosian about the need to kind  
2 of protect the relationships between the  
3 staff and the commission.

4 But we've all felt it, and it's even  
5 hard for us to talk about. We can't get  
6 together and talk about it without  
7 violating the Opening Meeting Law. So I  
8 would like to make a suggestion and that is  
9 at least for a while we make our agenda  
10 setting meetings, which would be every  
11 other Wednesday for the two subsequent  
12 Thursdays, a public meeting.

13 They will do just what we have  
14 always done, which is run through the  
15 agenda, say are the things ready and run  
16 through the list of items that are on the  
17 agenda, that are coming up on the agenda at  
18 some point in the future. Get those issues  
19 keyed up. There will never be any votes.  
20 There will never be any deliberation on  
21 anything that is remotely substantive, but  
22 there will be a public meeting. The public  
23 will be invited.

24 We will not go to the expense of

1 streaming our agenda setting meetings or  
2 archiving our agenda setting minutes but we  
3 will have minutes taken of those meetings,  
4 which will be posted. And as I said,  
5 anybody is welcome to come to those  
6 meetings if they are interested.

7 That may give us a chance to at  
8 least get back to some sense at least every  
9 once every two weeks in kind of a group  
10 sense of where we're at. And in the event  
11 that we happen to talk about something  
12 that's substantive, it will be in a public  
13 notice, public meeting with an agenda  
14 published two days in advance and so forth  
15 and with minutes kept.

16 I don't know whether that will turn  
17 out to be a good thing or a bad thing on  
18 the net. There may be unattended  
19 consequences for some reason that are not  
20 good. But my suggestion is that we give it  
21 a try for a while and see how it goes, but  
22 I throw it out there for the other  
23 Commissioners to react to it.

24 COMMISSIONER ZUNIGA: I'd like to

1 react first by saying that I think this is  
2 entirely within your statutory discretion  
3 because one of the big differences between  
4 you and the rest of us, Mr. Chairman, is  
5 that you call for the meetings and you set  
6 the agenda. So having said that, you know,  
7 you are the first one who always says that  
8 in our mission we try to be participatory,  
9 and perhaps you are by that very nature  
10 doing it right now.

11 And in doing so, I agree with  
12 everything you say. I say we give it a  
13 try. I think it's worthwhile. There is  
14 nothing to change in those meetings in my  
15 view really exactly the same as we do, run  
16 through the agenda, run through the topics  
17 that may be coming. It will provide the  
18 rest of us that miss those meetings. A lot  
19 of context that I think I value, and we  
20 could always see how it goes.

21 And, more importantly, the public if  
22 they are interested, they can come,  
23 observe. They don't take long, 30 minutes  
24 or so and verify that they are purely

1 agenda setting meetings and these would in  
2 my mind be an extra step that we can make  
3 towards transparency, which is something I  
4 happen to value tremendously. So I agree  
5 with giving it a try, and I think I look  
6 forward to it.

7 COMMISSIONER STEBBINS: I also agree  
8 with giving it a try. It's, you know, I  
9 think since it was ruled that we couldn't  
10 operate the meetings as we had that it's  
11 required -- it's required me to kind of mix  
12 up, you know, the way I kind of continue to  
13 interact with staff in advance of a  
14 meeting. But I think there's efficiencies  
15 to this process that we will realize it  
16 certainly will give me a better  
17 understanding of maybe not what's on the  
18 next agenda but kind of some future issues  
19 that we're putting on the plate.

20 So I'm anxious also to give this new  
21 format a try. Just one of the things I  
22 just want to be cautious about is, and we  
23 can review it, would be I don't want to  
24 necessarily use this new format and have a

1 great dialogue that we had with staff get  
2 constrained just to the public nature of  
3 the meeting. I'm willing to give it a try.  
4 I think it's a great opportunity to have us  
5 all back at the table, and we'll see how it  
6 goes.

7 COMMISSIONER CAMERON: I probably  
8 have more reservations than the rest of  
9 you, frankly, because I do see it as  
10 additional work for staff and I do see it  
11 as -- I understand the need to be  
12 transparent is really important. We  
13 demonstrate that every time we have a  
14 meeting here.

15 But some of the information is I  
16 would call it intelligence in nature, and I  
17 think that we will not have those same --  
18 there will be some unintended consequences  
19 of a free-flowing conversation and that's  
20 just the nature of, you know, not wanting  
21 to embarrass anybody, whether it be, you  
22 know, something happening in one of the  
23 locations. You're just not going to be as  
24 free to talk about that.

1 CHAIRMAN CROSBY: There's things  
2 like why we might have to postpone a  
3 meeting because something happens and you  
4 don't want to get into the --

5 COMMISSIONER CAMERON: I have more  
6 reservations about a planning meeting being  
7 public, but I see that my colleagues are  
8 very much in favor of it, so certainly we  
9 will try it and I would just hope that it  
10 doesn't create too much additional work for  
11 staff, and I know that we can work to make  
12 sure that that doesn't happen.

13 CHAIRMAN CROSBY: Commissioner  
14 Macdonald?

15 COMMISSIONER MACDONALD: I think  
16 it's worth a try. I share some of  
17 Commissioner Cameron's reservations, but I  
18 would approach it with those in the back of  
19 our minds and to see sensibly whether that  
20 which we're gaining is outweighed by what  
21 we're losing. But I think it's definitely  
22 worth a try.

23 The early weeks of my being on the  
24 Commission, the agenda setting meetings

1           were ones in which all the Commissioners  
2           attended. They were not a public meeting.  
3           I found them to be extremely helpful as a  
4           way of not only getting to know the  
5           business of the commission but also getting  
6           to know the fellow members of our  
7           organization.

8                     I've missed that and the occasional  
9           time of attending the meetings with, you  
10          know, one other person hasn't had the same  
11          kind of substance that the earlier practice  
12          had. So, I think it's a worth a try, and  
13          we can always terminate it.

14                    CHAIRMAN CROSBY: Right, okay. I  
15          don't think we need to vote on this. We  
16          will just start this. We will post -- we  
17          will start this with an agenda setting  
18          meeting in the next two or three, four  
19          weeks, whatever. And whenever we get  
20          started, we will post it on our agenda and  
21          that will be that. We'll give it a shot.

22                    MR. BEDROSIAN: So if I could just  
23          say one thing. I understand --

24                    CHAIRMAN CROSBY: We'll post it on

1           our website and all the other places we  
2           post our material.

3                   MR. BEDROSIAN: So understanding the  
4           need for the Commission to be able to  
5           interact and talk the way it did, which  
6           would be incredibly helpful here, I would  
7           just say I'd ask you just to keep in mind  
8           the tempo of the meetings. Now we will  
9           have a public meeting a week. I understand  
10          it won't require this. This is a lot of  
11          work, but there is still a lot of work in  
12          it, so just keep that in mind. But I know  
13          my job as the executive director, we're  
14          going to try to make this work and see how  
15          it goes.

16                   CHAIRMAN CROSBY: Great.

17                   MR. BEDROSIAN: Thank you.

18                   CHAIRMAN CROSBY: And I'm certainly  
19          mindful of how much work goes into this and  
20          expense, by the way. That's why I think we  
21          will not spend the money or the staff time  
22          to take an agenda setting meeting and cover  
23          it the same way, although they will be wide  
24          open to anybody who wants to. Okay, the

1 second item on the agenda is, again, just  
2 sort of --

3 MR. BEDROSIAN: By the way, just to  
4 be clear, we have -- internally we have one  
5 scheduled for tomorrow. Exactly, that will  
6 be -- thank you.

7 CHAIRMAN CROSBY: The earliest it  
8 would be is two weeks from tomorrow.

9 MR. BEDROSIAN: Exactly, thank you.

10 CHAIRMAN CROSBY: The other one is  
11 simply an observation that the marijuana  
12 legalization act passed. That's a very big  
13 change in the cultural, social and possibly  
14 economic landscape. I thought we ought to  
15 put it on the agenda just to think about  
16 whether or not there are any implications  
17 for that for any of our operations.

18 We can talk about it a little bit  
19 now. I think we should invite public  
20 comment. I think we should ask our  
21 licensees to talk to us. Maybe it's  
22 another agenda item later on when they come  
23 in or at least submit to us whether they  
24 think this is something that we need to

1 address.

2 I think our licensing, our  
3 Investigations and Enforcement Bureau need  
4 to think this through, you know, what, if  
5 any, impacts does this have? I don't know  
6 what else. I just think -- it seemed like  
7 it was a big enough deal that we ought to  
8 at least talk about it briefly and see  
9 whether or not we thought it had any  
10 implications for anything we do.

11 COMMISSIONER CAMERON: I think that  
12 there probably are a few impacts to our  
13 operation in thinking this through. You  
14 know, the law does not allow for  
15 consumption in a public place, so that  
16 would cover the casinos. I think where we  
17 could be really helpful is to the  
18 treasurer's office who have an incredibly  
19 short period of time in which to set up a  
20 regulatory framework and operation. And I  
21 think many of the things that we've done  
22 could be transferable.

23 I know Commissioner Zuniga has made  
24 the offer to be helpful. I know that some

1 of our licensing folks have spoken to folks  
2 over there about this new system that we're  
3 implementing a licensing management system.  
4 Although, I know they have a request for  
5 information. So, you know, they need to  
6 have a process obviously.

7 But I just think how we could be  
8 helpful is one area in which we've had some  
9 hard lessons learned, and I think we could  
10 really offer our assistance so that they  
11 have the opportunity to really put a very  
12 strong, robust regulatory process in place.

13 COMMISSIONER ZUNIGA: I agree. I  
14 made that offer, you know, they will likely  
15 follow-up on that. I did want to mention  
16 something. I read an article because the  
17 Nevada Gaming Control Board had a  
18 discussion recently about this topic and I  
19 think maybe in the venue of inviting public  
20 comment, we could follow-up with additional  
21 research of what's going on in other  
22 jurisdictions, talk to colleagues and see  
23 how they are responding.

24 My initial thought along those lines

1 is that at a first level our licensees have  
2 to abide by all kinds of regulations, laws,  
3 including the federal law at least for this  
4 topic it continues to be illegal. So  
5 whatever implications may be, we have to  
6 kind of like overlay the notion that, you  
7 know, the recent passage by referendum  
8 applies only to the state law and then  
9 think about how and whether that becomes  
10 operational as we do our licensing review  
11 of individuals, et cetera, going forward.

12 So, I think we should continue to  
13 think about it, do additional research,  
14 talk to colleagues and others in the legal  
15 community that might be able to offer  
16 comments or guidance. But it's important  
17 to consider that there may be an overlay  
18 here between the difference between  
19 illegal -- I'm sorry, state and federal law  
20 implications.

21 MR. BEDROSIAN: Mr. Chairman, I also  
22 just for point of interest, I talked to  
23 General Counsel Carl Sorsani for Penn and  
24 he said obviously they are starting to

1           digest this. But I also note separately  
2           that they own properties in all three  
3           jurisdictions that legalized recreational  
4           marijuana in this last election site. So  
5           obviously it has to be -- and not all the  
6           laws will be the same obviously, but it's  
7           something that he invited me to follow back  
8           up with him on.

9                       CHAIRMAN CROSBY: Well, that's  
10           great. I think we might ask for comment.  
11           Elaine, maybe we can put out a formal  
12           public period because there will probably  
13           be other people besides our licensees who  
14           might be interested in commenting too. The  
15           problem of course is we have got this  
16           referendum, but we have the understanding  
17           that the legislature may take this up and  
18           amend the referendum in some way or the  
19           other, so we're not really sure what we're  
20           dealing with. But as it stands, it's legal  
21           come the middle of next month.

22                      MR. BEDROSIAN: Before there's any  
23           regulatory environment.

24                      CHAIRMAN CROSBY: Right, right. So

1 maybe, Ed, if you could reach out to the  
2 other jurisdictions and you and IEB could  
3 reach out to other jurisdictions, Colorado,  
4 Oregon, where it's already happening and  
5 see what, if anything, there is to be  
6 learned. We can make a public offer for  
7 comment on any aspect of this. And then  
8 over the next two to four and six and  
9 ongoing weeks, we will consider what  
10 actions, if any, we need to contemplate.

11 COMMISSIONER ZUNIGA: You know, this  
12 was alluded to previously but I will talk  
13 daily with the notion of comparing to other  
14 jurisdictions like Nevada. The good news  
15 is that our casinos are nonsmoking, and  
16 they will continue to be nonsmoking  
17 regardless of what materials you are  
18 smoking whereas other jurisdictions like  
19 Nevada may face the very real policy  
20 decision as to how -- including the  
21 licensees -- how and whether they will have  
22 areas that are free from smoking, free from  
23 smoking marijuana versus cigarettes. So  
24 left to understand those nuances that,

1 again, the good news is there will continue  
2 to be no smoking in the casinos in  
3 Massachusetts.

4 MR. BEDROSIAN: Yes. Of course,  
5 there are edibles and there are private  
6 parts with our Category 1s. There will be  
7 hotel rooms, you know. So there are  
8 implications.

9 COMMISSIONER ZUNIGA: That's true.

10 CHAIRMAN CROSBY: All right, okay.  
11 We are at the last section, which are any  
12 other Commissioners have any other reports  
13 or updates?

14 COMMISSIONER STEBBINS: I just  
15 mentioned yesterday Director Griffin and I  
16 had a chance to go out to Springfield to  
17 kickoff the Community Partners Network. A  
18 very interesting, unique collaboration of  
19 building trades, neighborhood  
20 organizations, employment agencies, again,  
21 focused, spearheaded by Chalan Brown and  
22 team at MGM to focus on increasing  
23 opportunities for employment of women,  
24 minorities and Veterans.

1                   And even though we were joined by a  
2                   lot of folks in the neon T-shirts who took  
3                   a break from the work site, their quick  
4                   collaboration has already generated over  
5                   208 referrals from folks in the community,  
6                   31 new union members, 36 individuals deemed  
7                   eligible for union participation and about  
8                   another 111 folks that they were working  
9                   with to get them appropriate training and  
10                  credentials to put them in a position of  
11                  access union employment and construction.

12                 So it's going to be an ongoing  
13                 effort. It's not just simply for the MGM  
14                 project, but hopefully we will have some  
15                 residual benefits kind of up and down the  
16                 value of the Springfield area, future  
17                 construction projects, the future  
18                 employment opportunities. It was a great  
19                 group. The mayor was there, representative  
20                 from the governor's office, a number of  
21                 local elected officials. It's a very  
22                 unique opportunity that they kicked off.

23                 CHAIRMAN CROSBY: Great. Anybody  
24                 else?

1                   COMMISSIONER ZUNIGA: I want to talk  
2                   a little bit about the audit that was  
3                   released yesterday. I was involved in  
4                   reviewing the draft report responding the  
5                   way we did I think to responses and spent,  
6                   you know, a quite a bit of time in the past  
7                   few months sort of thinking about the work  
8                   they did and the report that ultimately was  
9                   written. And I want to compare it to my  
10                  time as an auditor at Ernest and Young.

11                 When we were in a private sector, we  
12                 started with all the work that we did and  
13                 went into the audit and, perhaps there's a  
14                 difference between private and public here.  
15                 But if you read the report from the  
16                 auditor, they spent very little time  
17                 describing what they did and I want to  
18                 emphasize just how thorough and how much  
19                 time they spent reviewing the things that  
20                 they did.

21                 For the better part of nine months,  
22                 there was at least two individuals here,  
23                 stationed here and there were times when  
24                 there were four looking at a number of

1 entries testing everything between  
2 reconciliation, public meetings,  
3 discussions, entrance into our accounting  
4 system and the operations of Plainridge  
5 Park Casino.

6 So, I think the work they did was  
7 very exhaustive, very thorough. They took  
8 a lot of time trying to understand -- of  
9 course this was the first part of a new  
10 agency. The context, the statute, the  
11 decisions that we made early on and I think  
12 that is not reflected into the audit  
13 report, but I think it's very important to  
14 note for the record.

15 I do want to mention one thing from  
16 the recommendations, and this was earlier  
17 being reported from Plainridge -- one of  
18 the recommendations they did -- they made  
19 was for the Commission to verify some of  
20 the numbers that are reported to us.  
21 Specifically, I would know for sure that  
22 the 16 percent minority employment that  
23 they have is in fact the case. I just want  
24 to mention two points.

1                   We by necessity make our own audit  
2                   program. We develop and we have put a lot  
3                   of time by staff, Director Bedrosian,  
4                   Director Day before him and CFO Lennon into  
5                   what we are going to audit. And the first  
6                   areas that we focused on were the ones that  
7                   we thought were most important, the cash  
8                   protection, the reconciliation, our  
9                   interface to our central monitoring system  
10                  and the like. This is clearly an area that  
11                  we can put into the audit program as a  
12                  recommendation -- the auditor's  
13                  recommendation and I think we should, and  
14                  we should find time to do that.

15                 We relied on the notion that they  
16                 were both exceeding the goals on minority  
17                 reporting, and that is usually data that is  
18                 self-reported. What they get from the  
19                 applicants, the people that license it's a  
20                 checking off whether they are part of a  
21                 racial minority or not. And I happen to  
22                 think that that's a very robust data point.

23                 It is true that, though, that we  
24                 have not made an audit of those numbers.

1 But as I mentioned, I think we should in  
2 the future. Other than that, I think the  
3 report speaks for itself and I thank the  
4 auditor for its diligence.

5 CHAIRMAN CROSBY: Yes, I just would  
6 second that. I said publically a couple of  
7 times yesterday that we are still a new  
8 agency. We are monitoring hundreds of  
9 millions of dollars monthly. We are  
10 monitoring thousands and thousands of  
11 individual activities at slot machines  
12 daily and weekly. We are 24 hours, 365  
13 days a year. We are implementing and  
14 maintaining and overseeing hundreds of  
15 pages of regulations, most of which we have  
16 just written.

17 So the more help we can get the  
18 better. And the degree that they were  
19 willing to take to go through our processes  
20 was totally constructive presence, and I'm  
21 delighted that they were able to do it. Is  
22 there anything -- oh, yes, I had one other.

23 Commissioner Macdonald, do you have  
24 anything to report on?

1                   COMMISSIONER MACDONALD: No, I  
2                   don't.

3                   CHAIRMAN CROSBY: The last thing I  
4                   wanted to mention I mentioned this before  
5                   but in collaboration with the Mass. Council  
6                   on Problem Gambling, we have been working  
7                   with other jurisdictions in New England,  
8                   both the problem gambling commissions in  
9                   each state and the regulators in each state  
10                  on the possibility of setting up a regional  
11                  voluntary self-exclusion list.

12                 We have a self-exclusion list here  
13                 in Massachusetts. Just with the small  
14                 facility in Plainville, we have I think 165  
15                 or 70 people on that list. That  
16                 extrapolates there will probably be 1,000  
17                 or more when we get operating. But if  
18                 you're on our self-exclusion list, that is  
19                 a person who volunteers to go on a list  
20                 saying, "I do not want to be permitted to  
21                 come into your casino and gamble because I  
22                 know I have a problem." But if a person is  
23                 on our list, they can drive 18-miles down  
24                 the road and go into Rhode Island and go to

1 a casino in Rhode Island.

2 So we think it's worth considering  
3 the possibility that when people sign up  
4 for a self-exclusion list, they could sign  
5 up for a regional self-exclusion. We met  
6 last week with Rhode Island, Foxwoods and  
7 New Hampshire I think it was, all of whom  
8 agreed to collaborate on the list. We went  
9 through each of our list, each of our terms  
10 and conditions and found that we could  
11 probably quite readily agree on amending  
12 them with very few exceptions, and we're  
13 going to have a meeting.

14 We're going to add in Maine at least  
15 and maybe Mohegan Sun right in the new year  
16 and see if we can formalize a regional  
17 self-exclusion list, which will be the  
18 first time ever in the United States that  
19 there has been such a thing, a list across  
20 jurisdictions on voluntary self-exclusion.

21 I thought it was going to be much  
22 more difficult to try to standardize the  
23 terms and conditions of self-exclusion, but  
24 everybody really put their shoulder to the

1 wheel and, for example, we now have a six  
2 month, one year, three year, five year and  
3 lifetime option. We agreed to eliminate  
4 the six month option and the three year  
5 option in order that we could match the  
6 others. So there would be now a one year,  
7 a five year and a lifetime.

8 It turns out not very many people  
9 use our six month or three year anyway, but  
10 that was the kind of compromise that people  
11 were making in order to standardize the  
12 terms and conditions of the list. Okay,  
13 unless there's anything else, I will have a  
14 motion to adjourn.

15 COMMISSIONER CAMERON: So moved.

16 CHAIRMAN CROSBY: Second?

17 COMMISSIONER ZUNIGA: Second.

18 CHAIRMAN CROSBY: All in favor?

19 Aye.

20 COMMISSIONER CAMERON: Aye.

21 COMMISSIONER ZUNIGA: Aye.

22 COMMISSIONER STEBBINS: Aye.

23 CHAIRMAN CROSBY: The ayes have it  
24 unanimously. Oh, no, we have a roll call

1                   vote. Commissioner Cameron?

2                   COMMISSIONER CAMERON: Aye.

3                   CHAIRMAN CROSBY: Commissioner  
4                   Macdonald?

5                   COMMISSIONER MACDONALD: Aye.

6                   CHAIRMAN CROSBY: Commissioner  
7                   Stebbins?

8                   COMMISSIONER STEBBINS: Aye.

9                   CHAIRMAN CROSBY: Commissioner  
10                  Zuniga?

11                  COMMISSIONER ZUNIGA: Aye.

12                  CHAIRMAN CROSBY: And the Chair  
13                  votes aye unanimously. We are adjourned.  
14                  Thank you all very much.

15  
16                  (Meeting adjourned at 1:12 p.m.)

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MASSACHUSETTS GAMING COMMISSION STAFF:

Catherine Blue, General Counsel

Ed Bedrosian, Executive Director

John Ziemba, Ombudsman

Michael Sangalang, Digital Communications

Coordinator

Mark Vander Linden, Director of Research and

Responsible Gaming

Joseph Delaney

GUEST SPEAKERS:

Lance George, General Manager of Plainridge Park

Casino

Eli Huard, Purchasing Manager

Lisa McKenney, Compliance Manager

Rachel Volberg, Principal Researcher, SEIGMA

Henry Renski, Director of UMass Center

COMMONWEALTH OF MASSACHUSETTS

I, KRISTEN M. EDWARDS, COURT REPORTER, do  
hereby certify that the foregoing is a true and  
accurate transcription of my stenographic notes,  
to the best of my knowledge and ability.

WITNESS MY HAND, this 29th day of  
November, 2016.

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Kristen M. Edwards