

1 THE COMMONWEALTH OF MASSACHUSETTS
2 MASSACHUSETTS GAMING COMMISSION
3 PUBLIC MEETING #171
4

5 CHAIRMAN

6 Stephen P. Crosby
7

8 COMMISSIONERS

9 Gayle Cameron

10 Lloyd Macdonald

11 Bruce W. Stebbins

12 Enrique Zuniga
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21 December 3, 2015 10:30 a.m. - 2:34 p.m.

22 MASSMUTUAL CENTER

23 1277 Main Street, Room 4 & 5

24 Springfield, Massachusetts

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

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3 CHAIRMAN CROSBY: We are calling to
4 order meeting number 171 on Thursday, December
5 3 at the MassMutual Center in Springfield about
6 10:30 the morning.

7 The first item on the agenda as
8 always is the approval of the minutes,
9 Commissioner Macdonald.

10 COMMISSIONER MACDONALD: I move that
11 the Commission approve the minutes as they
12 appear in the book.

13 COMMISSIONER STEBBINS: There was
14 just one correction under 12:49. The former
15 Mayor Units representing MG&E talks about the
16 competitive arena at the end. I think it's
17 supposed to be the competitive area. If we
18 could go back and look at that.

19 CHAIRMAN CROSBY: And Mayor Units
20 name is U-N-T-I-S -- I mean U-N-I-T-S, Units.
21 We generally say, Commissioner, with the
22 provision for grammatical and other minor
23 changes in the motion. So, we'll make that
24 part of the motion. Second?

1 COMMISSIONER ZUNIGA: Second.

2 CHAIRMAN CROSBY: Any other comments
3 about the minutes? All in favor, aye.

4 COMMISSIONER MACDONALD: Aye.

5 COMMISSIONER CAMERON: Aye.

6 COMMISSIONER ZUNIGA: Aye.

7 COMMISSIONER STEBBINS: Aye.

8 CHAIRMAN CROSBY: Opposed? The ayes
9 have it unanimously.

10 Next up is Interim Director Wells
11 for an administrative update.

12 MS. WELLS: Good morning, Mr.
13 Chairman and members of the Commission. Just a
14 couple of items I just wanted to update the
15 Commission on, first being the Region C
16 process. The evaluation teams are working with
17 each of the Commissioners. That process is
18 moving forward.

19 I'd like to give a thank you to
20 Janice Reilly for coordinating that with all of
21 the Commissioners. We are on target on the
22 schedule with moving forward with that with our
23 proposed spring evaluation date. That seems to
24 be moving well.

1 The other item I just wanted to
2 update the Commission on just as far as
3 operations at the Plainville facility. I am
4 getting very good reports about the cooperation
5 between the gaming agents, the local police,
6 the state police and also the state police that
7 are assigned to the Attorney General's office,
8 in addition, I would also add the ABCC agents
9 that are working with us at the casino.

10 So, I think it's important for all
11 of us that these relationships are going well.
12 They are communicating. They are talking.
13 We've got good people down at the facility and
14 good people at the AG's office. So, I could
15 not be more pleased with the reports I'm
16 getting about that kind of communication and
17 information sharing. So, it's going very well.

18 CHAIRMAN CROSBY: Was there
19 something in particular that happened that
20 caused this --

21 MS. WELLS: Well, no. There are
22 ongoing investigations, some of which I'm not
23 really at liberty to discuss in public right
24 now. As a result of that, the feedback that

1 I'm getting is that the cooperation and the
2 relationships are good. So, we're getting very
3 good results.

4 CHAIRMAN CROSBY: Great.

5 MS. WELLS: Just a general update I
6 have for this morning.

7 CHAIRMAN CROSBY: Okay.

8 COMMISSIONER CAMERON: Thank you,
9 Director, good news.

10 CHAIRMAN CROSBY: General Counsel
11 Blue.

12 MS. BLUE: Good morning,
13 Commissioners. You have in the packet today a
14 document called Regulation Framework - Phase 3
15 or what we otherwise refer to as the regulation
16 grid.

17 There are two purposes behind the
18 regulation grid. The first is to make a list
19 of the regulations that still need to be
20 drafted. Most of these concern the opening of
21 the Category 1 facilities. But other
22 regulations are issues that we need to deal
23 with just generally.

24 The second purpose is to present

1 potential amendments to existing regulations
2 based upon our experience and the lessons we've
3 learned as we've implemented those regulations.

4 When you look at the grid, the grid
5 doesn't specifically propose any new language.
6 It's a little different than when we bring sort
7 of fully crafted regulations to you in the
8 normal process. But what we are hoping to
9 accomplish with this grid is to start a
10 conversation about how we approach new
11 regulations and amendments to existing
12 regulations.

13 In the past, we drafted proposed
14 regulations and we brought them to the
15 Commission for their review. We brought you
16 sort of a full-blown document. Those drafts
17 were based upon staff's discussions, research,
18 review of best practices in other
19 jurisdictions.

20 But what that meant was the first
21 time that you saw a regulation, you were seeing
22 a completed framework and you were looking at
23 fully formed language. Given the number of
24 regulations that we had to draft to get to this

1 point that process probably made sense.

2 Now that we have more time, we think
3 a better approach would be to have the
4 Commission have a broad discussion first about
5 the concept and the reason for a regulation and
6 what our goal is to get out of that regulation.

7 So, for example, you recently
8 discussed skill-based gaming. Before there's a
9 regulation drafted on skill-based gaming, it
10 would be helpful for the Commission to have a
11 discussion regarding your overall thoughts and
12 where you would like to end up with that
13 regulation. That way staff can take that we
14 can think about it, do a little bit of research
15 and come back to you with something that
16 matches better with where you wanted to go.

17 In other words, we would follow a
18 process where the Commission discussed the
19 concepts behind the regulations first and then
20 instructed staff to draft the regulations.
21 Then we would bring them to you and we would go
22 through our normal process.

23 I think this very much akin to what
24 we did in the very early days. We did white

1 papers on particular regulations that the
2 Commission discussed them. But what we are
3 hoping is rather than have regulations just put
4 before the Commission, we talk a little bit
5 about, for example, where you want to go, what
6 the goals are for renewal regulations. How you
7 want to do table game regulations. Are they
8 prescriptive; are they more broad?

9 So, that's the purpose of this grid.
10 We wanted to get it to you now so you could
11 take a look at it, give it some thought. We'll
12 come back and then set up sort of a timeline
13 for what regulations and what amendments you'd
14 like to talk about first.

15 COMMISSIONER ZUNIGA: I think that
16 is a great concept and it's always good for us
17 to look at regulations in the context of
18 continuous process improvement.

19 I am particularly interested in the
20 ones having to with the information we collect
21 to conduct investigations and the level of
22 detail that each of the different categories of
23 licensees and vendors, and the workload that
24 that means and how we have interpreted the

1 prior -- the existing ones.

2 I think that is a big, big area that
3 I am interested in eventually discussing the
4 principles behind it, the high-level ones. I
5 think it would be very helpful.

6 CHAIRMAN CROSBY: I certainly agree
7 with that. I don't quite understand the
8 process. So, were you expecting us now or
9 later to read your little prassi comments and
10 talk about whether we would like to expand
11 those discussions?

12 MS. BLUE: Yes.

13 CHAIRMAN CROSBY: Okay. And on the
14 ones that are new regs. just based on the two-
15 or three-word description of the reg., you're
16 asking us to do the same thing to sort of
17 question whether we'd like to do some
18 brainstorming on that beforehand?

19 MS. BLUE: Yes. That would be the
20 idea. We would come to you with a particular
21 reg. So, use table games for example. We'll
22 put it on the agenda. We'll come to you with
23 some thoughts on what we think should be there
24 but we would like to have you do some

1 brainstorming and help us understand where you
2 want to go.

3 CHAIRMAN CROSBY: Okay. Does
4 anybody have, besides Commissioner Zuniga,
5 other thoughts?

6 COMMISSIONER STEBBINS: No. I had
7 one question, gaming equipment regulations, I'm
8 assuming we're talking about table games under
9 that new reg.?

10 MS. BLUE: Under the new reg., yes.

11 COMMISSIONER STEBBINS: And some of
12 the other things under just amendments to
13 existing regulations, they look, I hate to say,
14 pretty easy in terms of changing titles. Is
15 there a way for us to kind of wrap all of those
16 up into one reg. change and kind of move some
17 of those along? They're technical in nature,
18 but I wouldn't seem to think they would take a
19 lot of time.

20 MS. BLUE: For the ones that are
21 technical, yes. And we would do them in a
22 bundle. We don't have to do them individually,
23 for example. But there are some that probably
24 would benefit from some more brainstorming.

1 Example, we are looking at 134. 134
2 is the licensing regs. That's the regulation
3 that Commissioner Zuniga is looking at when you
4 talk about what do you do for vendors, what
5 kind of process do you have. We've talked
6 among staff about whether the exemptions in
7 that regulation are sufficient. Should there
8 be other exemptions in there? So, I think
9 that's a situation where we would benefit from
10 some more brainstorming on that.

11 COMMISSIONER STEBBINS: Okay.

12 COMMISSIONER ZUNIGA: Just looking
13 through the grid, a couple of those, the
14 different numbers fall under 134. So, there is
15 a case to be made that rolling them up and
16 thinking about holistically, if you will, or in
17 terms of first what are the guiding principles,
18 maybe we just affirm a lot of what we already
19 have as opposed to taking each one of these
20 apart. It might be a good discussion.

21 MS. BLUE: I think that's definitely
22 true for 134 because we've learned an awful lot
23 since we've promulgated that. And we've gone
24 through the licensing process. So, I think a

1 full discussion about how we do licensing would
2 be very helpful. There may be other changes we
3 decide we want to make besides what's here.

4 CHAIRMAN CROSBY: I think we could
5 put that on the agenda coming up whenever you
6 all are ready to tee that up, because I think
7 that's one we've all talked about a lot.

8 COMMISSIONER CAMERON: And I think
9 it would be helpful too. I know that the
10 Bureau has made a number of changes as they've
11 done this job and continue to do it. They
12 continually look at the work they are doing and
13 make adjustments as they go along.

14 So, I think that would be part of
15 this. Okay. This is where we started. We've
16 made these adjustments based on risk and where
17 we think we are finding the best information.
18 And they have made those changes. And I'm just
19 not sure everybody here is aware of that. So,
20 that certainly should be part of this
21 discussion.

22 MS. BLUE: Yes.

23 COMMISSIONER ZUNIGA: How does this
24 grid get populated going forward?

1 MS. BLUE: The initial grid was
2 populated by having legal and other staff
3 members go through the existing regulations to
4 look at all of the things that technically
5 needed to be fixed or things we talked about
6 before.

7 What we could do with the grid is
8 keep it as a running kind of grid so that every
9 time a question or a suggestion comes up we add
10 it to the grid. Then take a look at it as we
11 go forward.

12 COMMISSIONER ZUNIGA: Would it be
13 helpful to have that grid be by regulation? In
14 other words, 134, all of the ones that come
15 under, because after all we have to or it's
16 more efficient to promulgate updates to
17 regulation by chapter.

18 MS. BLUE: Yes, we could definitely
19 do that. We could organize it that way.

20 COMMISSIONER ZUNIGA: Whether we
21 might be ready for one Commission meeting or we
22 postpone because something else came up and
23 we're in the middle of the promulgation process
24 or whatnot.

1 MS. BLUE: That will allow us to
2 track future changes too. We can keep it
3 organized by reg., but then also keeping track
4 of other suggestions. Just keep it as a
5 running list. Then when we get enough on a
6 particular reg., we can bring it to the
7 Commission and then have the discussion and
8 then the make the changes.

9 COMMISSIONER MACDONALD: Could you
10 expand somewhat on what you anticipate this
11 brainstorming process would be comprised of?
12 What the process would be just by -- take your
13 example number one here is the skill-based
14 gaming. Where do we go from here in the new
15 regime?

16 MS. BLUE: The way we've done it in
17 the recent past was it was up to staff to
18 essentially think about what's the goal. What
19 do we think the Commission should with this
20 regulation? I think what happens then when we
21 bring you a fully formed regulation, you're
22 looking at the language. And when you look at
23 the language, it doesn't really give you the
24 opportunity to move to the 30,000-foot concepts

1 that are expressed in the language.

2 So, what we would do in this
3 situation is like we had a conversation a
4 couple weeks ago about skill-based gaming, we
5 would think about what does the Commission want
6 to do? How does the Commission think skill-
7 based gaming will be rolled out? What do they
8 think is skill-based gaming and get some of the
9 major goals out on the table.

10 And then staff can kind of look at
11 that and think well, here are some goals that
12 are not quite as formed. Maybe we need broad
13 language here. Here's some things that are
14 very specific so the regulation can have more
15 specific language here.

16 Then bring it the Commission so we
17 can tinker with it at that point before we take
18 it through the promulgation process.

19 So, it would be more of a discussion
20 at the 30,000-foot level of what do we want to
21 accomplish with this particular regulation.

22 COMMISSIONER MACDONALD: So,
23 internally there would be let's say a
24 discussion memorandum generated by the legal

1 staff on the subject matter of the proposed
2 regulation, setting out general concepts,
3 objectives and whatever. Then there would be
4 feedback from individual Commissioners to the
5 staff on that. And then that would be refined
6 for something, a more formal proposal?

7 MS. BLUE: I think what would be is
8 that memo would go in the Commission package.
9 And then the Commissioners would have a
10 conversation at a Commission meeting. That's
11 where we would gather your feedback. Then we
12 would come back with something more formal.

13 It could be an actual regulation if
14 we think we're ready for that. Or it could be
15 a more refined memo where we have our continued
16 conversation. So, either one, whatever we need
17 to do to have the regulation crafted the way we
18 want it to be crafted.

19 COMMISSIONER MACDONALD: Very good.

20 COMMISSIONER STEBBINS: You have a
21 couple under new regulations focused on horse
22 racing. Do you think because of some of the
23 expected changes coming up next year with horse
24 racing that some additional topics -- I'm not

1 sure what they are. -- we might be able to have
2 an overall review of horse racing regs.? I
3 don't know, Commissioner Cameron --

4 MS. BLUE: If you recall, we did do
5 a whole new set of horse racing regulation we
6 spent considerable time on.

7 I think there's two concerns with
8 horse racing regulations. We do have to do a
9 complete rewrite of the horse racing
10 regulations. Part of the problem that we have
11 now is we don't know where the legislation will
12 end up because it sunsets. So, we have a
13 pretty good foundation but we'll be bringing
14 that back in some form.

15 We do have some things we need to do
16 in the interim. There have been some
17 medication changes that will have to be
18 implemented in our regulations prior to racing
19 season. So, you'll see those in the near
20 future.

21 You will also see item number eight
22 which is the recognition, that's going to be an
23 amendment to 149 on the gaming regs. You'll
24 see that probably in January. So, there's a

1 lot to do with racing. There is. And we will
2 have to bring it back to you. But some of it
3 will be tempered by whatever legislation we
4 have.

5 COMMISSIONER STEBBINS: Okay.

6 COMMISSIONER ZUNIGA: Do any of the
7 ones here fall under the internal control
8 regulations? Remind me. Maybe towards the
9 end? Was it 146 or 141?

10 MS. BLUE: I think, let me check
11 138. Anything that comes under 138 does come
12 in the internal controls and reporting. That's
13 not to say that we can't put regulations on
14 here to reconsider. I wouldn't say that this
15 is exhaustive. This is just what we've looked
16 at.

17 COMMISSIONER ZUNIGA: Right. And we
18 worked a very long time and very extensive on
19 the internal control regulations. But I think
20 there is -- At least from my perspective,
21 there's one or two small areas that I think
22 need to be thought through especially with the
23 experience that we have now with Penn. But I
24 will circle back to this --

1 MS. BLUE: So, I would say that if
2 any Commissioner has a particular regulation
3 they'd like to be considered in more detail,
4 let me know. We'll add it to this list and
5 we'll start that review too.

6 COMMISSIONER ZUNIGA: I'm particular
7 thinking about variances to internal controls,
8 but I'll let you know.

9 MS. BLUE: Yes.

10 CHAIRMAN CROSBY: Anybody else
11 already got thoughts? So, we will each of us
12 take another look at this -- I didn't quite
13 realize what we were doing. -- and make sure
14 that we get back to you with the areas of
15 interest as well as just open-endedly thinking
16 about the regs. in general.

17 I think it's great. I really
18 appreciate that you're making this systematic
19 review. I think it's really important.
20 Anything else on this topic?

21 MS. BLUE: Okay. Our next topic, in
22 your package you have what we call the Compact
23 handbook. For the benefit of the people in our
24 audience and the people watching us, the

1 expanded gaming legislation provided that the
2 Commonwealth would enter into a Compact with
3 the Tribe, the Mashpee Wampanoag Tribe.

4 And the Compact, it's an agreement
5 between the Commonwealth and the Tribe. And it
6 describes how the Tribe will construct and
7 operate a tribal casino once it had land taken
8 into trust and it had an initial reservation.

9 It's important to remember that the
10 agreement between the Tribe and the
11 Commonwealth is an agreement between two
12 sovereign entities. And the tribal casino is
13 only subject to the requirements of the
14 Compact.

15 We do not regulate the tribal casino
16 under 23K. We only regulate it the extent that
17 we are required to or allowed to do the Compact
18 document itself.

19 The Compact does delegate to the
20 Commission certain regulatory oversight of the
21 tribal casino. It sets out a very broad
22 framework for that oversight. The purpose of
23 the Compact handbook is to describe those areas
24 where the Commission has some regulatory

1 oversight, and to compare that oversight to
2 similar regulatory authority under 23K.

3 So, what you'll see are sections of
4 the Compact and then we compare them to either
5 the same or similar issues that come under our
6 commercial licensing. We think having the
7 Compact is helpful because it has of all the
8 Commission's responsibilities summarized in one
9 document. We've shared this document the Tribe
10 and with the Attorney General's office and the
11 Governor's office. So, it's one easy place to
12 see what our responsibilities are.

13 CHAIRMAN CROSBY: Excuse me. You
14 have shared it with both?

15 MS. BLUE: I have.

16 CHAIRMAN CROSBY: And they've fed
17 back to you that they are cool with it?

18 MS. BLUE: They are looking at it.
19 Obviously, we'll take comments. One of the
20 things I have made clear in my discussions with
21 the Tribe is we do expect to have many, many
22 more meetings about the particular issues that
23 will come up.

24 So, we expect that we will have

1 meetings with subject matter experts from the
2 Commission with their counterparts at the Tribe
3 to go over the issues described in the
4 handbook. And from those meetings, we would
5 have more detailed plans and a much more
6 granular discussion about how we are going to
7 exercise our responsibility.

8 I know that the Tribe has been very
9 busy since receiving their record or decision
10 in September and finalizing the acquisition of
11 their land. We also understand that the Tribe
12 is adding staff so that they can start the
13 process and have meetings with us. And we hope
14 that they'll be in a position soon to begin
15 those substantive meetings, because I know we
16 are all anxious to get started.

17 Before we look in a little more
18 detail at the Compact, there is one correction
19 that I want to bring to your attention, and
20 that is on page 35 in the first paragraph at
21 the top of that page and then in a footnote at
22 the bottom of the page.

23 The January 16 date in the first
24 paragraph, it's the date that is 120 days after

1 the land was taken into trust should be March
2 11 not January 16. The land was actually taken
3 into trust on November 12. And then 120 days
4 from that will bring us to March. So, that's
5 an important day because that talks about an
6 assessment by the Commission to the Tribe.

7 The details of the process and the
8 procedures by which the Commission exercises
9 its regulatory role will be worked out in
10 meetings. The Compact has very broad concepts
11 and many, many details will have to be worked
12 out. They give us a very broad-brush approach
13 but the devil is kind of in the details. There
14 will be a lot of conversations.

15 So, here are some of the highlights
16 of the Commission's responsibilities. This is
17 by no means all-inclusive but just some of the
18 more important roles. So, the Commission can
19 assess the Tribe the amount incurred to fulfill
20 the Commission's regulatory role.

21 The Commission can hire private
22 entities to perform some of its regulatory
23 functions, but it must maintain a single point
24 of contact with the Tribe. That's something

1 we'll be discussing internally who that is and
2 how we do that.

3 Prior to construction, the Tribe
4 must provide the Commission with a copy of the
5 plans, specs. and designs for the facility.
6 And when the construction is complete, the
7 Tribe must certify to the Commission that they
8 built the facility in accordance with those
9 plans and specs.

10 The Tribe can contract with the
11 Commission to have the Commission conduct
12 licensing background investigations if it
13 chooses. The Commission has an opportunity to
14 review any license or registration to be issued
15 by the Tribe before it is in fact issued.

16 The Tribe has to check any patron
17 who wins more -- Now this is according to the
18 Compact. -- more than \$600 against DOR's list
19 for taxes and child support. When the Compact
20 was drafted, the limit was \$600. The limit has
21 since been changed to \$1200. I would imagine
22 it will do it at the same level that the
23 commercial licensees do it.

24 The Tribe must contribute up to \$1.5

1 million per year to the Public Health Trust
2 Fund to help with the Public Trust Health Fund
3 and the research agenda. And then I know this
4 has come up before and we've looked at it in
5 the past, so long as gaming establishments in
6 the Commonwealth are smoke-free, the Tribe's
7 casino must be smoke-free as well.

8 So, if there are any other
9 particular questions about the handbook, I am
10 happy to answer them. It is really the
11 framework for us to start moving forward and
12 having our conversations.

13 COMMISSIONER CAMERON: I had a
14 question. There are several areas here in
15 which if some kind of an objection cannot
16 resolved there would be a dispute resolution
17 process. But I didn't see any more information
18 about what that process would entail. Is there
19 any more information or is it just that
20 general?

21 MS. BLUE: No. It is in the actual
22 Compact itself. It's more like a mutual
23 agreement, arbitration sort of process. We
24 didn't go into detail in the handbook, but

1 there is a dispute resolution process in the
2 Compact.

3 COMMISSIONER CAMERON: And it's
4 detailed?

5 MS. BLUE: Yes.

6 COMMISSIONER CAMERON: The other
7 question I had was with regard to so many
8 issues, and you mentioned this, so many issues
9 to discuss with the tribal gaming authority.
10 When you said they are adding staff, are they
11 building out that tribal gaming authority?

12 MS. BLUE: Yes, that's my
13 understanding.

14 COMMISSIONER CAMERON: Thank you.

15 COMMISSIONER STEBBINS: Some of the
16 licensing questions refer to both vendors and
17 employees, I'm assuming.

18 MS. BLUE: Yes, they do.

19 CHAIRMAN CROSBY: Refer to both
20 what?

21 COMMISSIONER STEBBINS: Vendors and
22 employees.

23 MS. BLUE: And there is the ability
24 for the Tribe to rely on some licensing that

1 we've done of vendors in particular. So, that
2 might help the process move a little bit more
3 quickly.

4 COMMISSIONER MACDONALD: I don't
5 have a question, but I have a comment and that
6 is that I think this is a splendid document.
7 Just the way that it's organized, the topical
8 summary that you've prepared for each of the
9 substantive areas, the comments that you've
10 provided, and then the actual quoting of the
11 Compact language, I just think it is a very
12 fine way to provide an analytical framework for
13 us to work going forward.

14 MS. BLUE: Thank you and thanks go
15 to Justin and Carrie and Todd who spent many
16 hours putting this together and will spend many
17 hours working on it too. So, I appreciate
18 that.

19 COMMISSIONER CAMERON: I agree. It
20 was easy to read and understand the issues in
21 this format. Thank you.

22 CHAIRMAN CROSBY: I agree.

23 COMMISSIONER ZUNIGA: Absolutely, I
24 agree too. I did have a question for our

1 audience. None of these principles go away
2 even if we were to award a license, a
3 commercial license in that region with the
4 exception of the revenue arrangement that's
5 stipulated in one of the sections here.

6 MS. BLUE: That's correct. The
7 Compact stays in place whatever the Commission
8 chooses to do in Region C.

9 COMMISSIONER ZUNIGA: Including the
10 point of contact and licensing, etc., etc.

11 MS. BLUE: Yes, that's right.

12 COMMISSIONER ZUNIGA: Thank you.

13 CHAIRMAN CROBSY: I think that's an
14 important point just to make sure everybody
15 understands, for the public to understand that
16 whether or not we license a commercial casino
17 in Southeastern Mass., the terms of the Compact
18 except for the revenue share question stay in
19 place.

20 So, our regulatory and our oversight
21 and our partnership role stays exactly the same
22 whether we issue a license or not. That was
23 one thing, but also it was implied in something
24 Commissioner Cameron said, the structure, the

1 tribe will have its own tribal gaming
2 commission completely analogous to us.

3 They will supervise their operations
4 through a tribal gaming commission. Our Gaming
5 Commission set as a sort of overlay to check
6 but we don't have the authority to disagree and
7 disapprove. We can raise a question.

8 If we can't resolve it then, as
9 Commissioner Cameron says, it would go to
10 arbitration. We don't have the right to tell
11 the tribal gaming commission what to do. We
12 can raise questions and take them to
13 arbitration if we have to.

14 There is one thing that surprised me
15 about the Governor has to designate the Gaming
16 Commission and/or other agencies to be the
17 Commonwealth's role -- play the Commonwealth's
18 role in this. And that has to be done in
19 writing to the Tribe. Since we're going to be
20 reaching out to the Tribe -- well, I guess we
21 already are through you, we probably ought to
22 get the formal designation wrapped up.

23 MS. BLUE: We can do that. We'll
24 reach out to the Governor's office. And we'll

1 ask them if there are other agencies -- When I
2 read that section of the Compact, I think of
3 other agencies with other kinds of expertise.
4 So, other maybe construction related agencies
5 or things like that.

6 CHAIRMAN CROSBY: The DOR and its
7 role.

8 MS. BLUE: The DOR that's right.
9 So, we'll raise that with the Governor's
10 office.

11 CHAIRMAN CROSBY: We might want to
12 talk with them about it just to make sure we're
13 all thinking the same thing. We don't want to
14 have overlapping line of authority and
15 responsibility if we can avoid it.

16 COMMISSIONER ZUNIGA: You did
17 mention the \$600 threshold which indeed changed
18 after the Compact was signed. It made me think
19 whether and how often and practical it is for
20 the parties to reopen the Compact and update
21 numbers like that whether it be a technical
22 correction or -- My understanding in the
23 Compact is that if the parties agree, they
24 would re-open it and update it.

1 MS. BLUE: That's right.

2 COMMISSIONER ZUNIGA: I'm just
3 curious as to what those thresholds might be
4 and how often that gets done?

5 CHAIRMAN CROSBY: The thresholds for
6 reopening?

7 COMMISSIONER ZUNIGA: For reopening,
8 right. If it's safe to assume that hey, even
9 though it says \$600, everybody agrees that it
10 comes from a tieback to the tax laws that have
11 since been updated or that for example would
12 merit a reopener and a quick update.

13 MS. BLUE: I think that's good
14 question. So, we can raise that issue too when
15 we talk to the Governor's office.

16 CHAIRMAN CROSBY: At what level
17 would it need legislative approval and BIA
18 approval, I don't know.

19 MS. BLUE: I don't know. We'll
20 check and see.

21 CHAIRMAN CROSBY: Anything else on
22 the Compact? And that's it, I guess.

23 MS. BLUE: That's all for legal
24 today.

1 CHAIRMAN CROSBY: We will now go to
2 Director Vander Linden for the update -- I'm
3 sorry. I skipped my own item. Next is the
4 fantasy sports update, just a couple of notes.

5 We are scheduled to have a daylong
6 educational forum at the convention center in
7 Boston, I believe -- at the Hynes, sorry, thank
8 you, at the Hynes Convention Center on December
9 10 pretty much all day long.

10 COMMISSIONER CAMERON: Next
11 Thursday.

12 CHAIRMAN CROSBY: That's Thursday,
13 you're right, a week from today. Commissioner
14 Cameron and others have been working on an
15 agenda for that.

16 The kinds of topics -- The agenda is
17 still a little bit in flux, but the kind of
18 topics that we will be undertaking include sort
19 of a generic overview of the industry, how does
20 it work; how does it operate; how big is it?
21 What are sort of the principle topics of
22 concern that we want to address?

23 We will hear from the industry
24 itself on their perspectives on the operations

1 of daily fantasy sports. We are calling this
2 Daily Fantasy Sports/Online Gaming or words to
3 that effect because we are taking a perspective
4 on this that daily fantasy sports is clearly
5 the presenting issue at the moment. Most of
6 our attention will be focused on issues
7 concerning daily fantasy sports.

8 But we are wondering whether there
9 isn't an overlap between a potential regulatory
10 environment for daily fantasy sports, which
11 might also include the whole proliferation of
12 other online Internet-based electronic gaming
13 of one sort or another.

14 So, we're thinking about and we will
15 during this session be thinking about whether
16 or not there's a possible synergy in whatever
17 kind of a regulatory environment the
18 Legislature decides to come up with.

19 We will be spending a lot of time,
20 the longest session will be focused on the
21 kinds of public policy questions and issues
22 that arise out of the operations of daily
23 fantasy sports. In particular, some of the
24 kinds of things that the Attorney General has

1 already raised in her proposed consumer
2 protection regs.

3 And in that same panel, we will be
4 talking about the kinds of responses that
5 agencies might come up with, government might
6 come up with to deal with such things as player
7 protection, technical requirements, responsible
8 gaming, internal controls, etc.

9 Then in the afternoon, we'll be
10 talking about various kinds of approaches to
11 government regulation. We've talked about
12 light versus heavy. We've talked about whether
13 you can do it with just consumer protection
14 regs. or does there need to be a regulatory
15 agency designated to implement and expand on
16 the consumer protection regs.

17 And finally, we will be talking
18 about in a more focused way this overall
19 concept of the possibility of a comprehensive
20 regulatory environment which could include in
21 some fashion every manifestation or all of the
22 manifestations of new kinds of gaming not just
23 regulations.

24 These will be panels principally,

1 panels put together largely by Commissioner
2 Cameron and her team. And it will include just
3 objective experts from the industry. It will
4 include representatives from the industry. It
5 will include people from the casino industry in
6 which we have a particular interest, obviously,
7 including probably the American Gaming
8 Association and key members of our staff who
9 have been working with Commissioner Cameron to
10 get us up to speed on some of the issues here.

11 Do you want to add anything else to
12 that?

13 COMMISSIONER CAMERON: No. Mr.
14 Chair, I think you covered just about
15 everything that we intend to cover. So, thank
16 you for that update.

17 CHAIRMAN CROSBY: It's going to be
18 really a great session. There's been a lot of
19 work by a lot of people, in particular a number
20 of our staff who have prepared us for this.
21 So, I think it will be really interesting.

22 It will lead us or help lead us to
23 the preparation of a white paper on DFS and
24 probably online gaming regulation, which we

1 have said we are going to try to prepare for
2 the Legislature and the Governor by the end of
3 the year, if we possibly can. This will be a
4 major contributor to that effort. Anything
5 else?

6 COMMISSIONER ZUNIGA: One quick
7 thing, this monitor is breaking up. Is our
8 feed okay?

9 CHAIRMAN CROSBY: The feed is okay?
10 Because this thing is in constant flickering on
11 and off. Thank you.

12 Now to Director Vander Linden on
13 responsible gaming, research and responsible
14 gaming.

15 MR. VANDER LINDEN: Good morning,
16 Mr. Chairman, Commissioners. I'm bringing
17 before you today recommendations for the 2016
18 annual gaming research agenda. This memo was
19 prepared by myself as well as Bruce Cohen who
20 is with the Department of Public Health as a
21 research coordinator. He and I have been
22 working in partnership on the research agenda
23 essentially.

24 Just by way of background, section

1 71 of Chapter 23K directs the Commission with
2 the advice and consent of the Gaming Policy
3 Advisory Committee to develop an annual
4 research agenda in order to accomplish a couple
5 of things. One is to understand the social and
6 economic effects of expanded gaming in the
7 Commonwealth. And to obtain scientific
8 information relative to the neuroscience,
9 psychology, sociology, epidemiology and
10 ideology of gambling.

11 We are also in a memorandum of
12 understanding with -- We being the
13 Massachusetts Gaming Commission. -- with the
14 Executive Office of Health and Human Services
15 to establish a Public Health Trust Fund
16 executive committee. And it's this Public
17 Health Trust Fund executive committee that is
18 authorized to set an annual budget and
19 protocols for expenditures from the Public
20 Health Trust Fund, which include the funding
21 that goes to the annual research agenda.

22 While this Public Health Trust Fund
23 has not yet been fully established, we continue
24 to use that Public Health Trust Fund as we

1 further develop services in the research agenda
2 that I'm bringing to you today.

3 CHAIRMAN CROSBY: We continue to use
4 not the trust fund but the executive committee
5 as a policymaking body, this cross-
6 institutional executive committee to be the
7 policymaking body.

8 MR. VANDER LINDEN: Right. Thank
9 you for the clarification. Our existing
10 research agenda, I want to provide for the
11 record and for your information a brief
12 overview of it.

13 It's a robust and complex research
14 agenda that I'm excited to talk about at any
15 time. We have what I consider two cornerstone
16 research projects. And I'll cover those right
17 now.

18 The first of which is the social and
19 economic impacts of gaming in Massachusetts.
20 In 2013, the Commission engaged a team from the
21 University of Massachusetts Amherst to conduct
22 a comprehensive multiyear study of the social
23 and economic impacts of gaming in
24 Massachusetts. It's referred to as the SEIGMA

1 study.

2 The SEIGMA study has established
3 baselines on virtually all of the social and
4 economic variables that may be affected by
5 expanded gaming. Moving forward, this data
6 will be collected, analyzed and reported to
7 gather information about these variables so
8 that we can maximize the benefits and mitigate
9 the negative impacts of expanded gaming in
10 Massachusetts.

11 So, we have several key
12 deliverables. You'll probably notice that a
13 lot of these are the baseline deliverables.
14 So, over the summer, kind of a key deliverable
15 of this project was the gambling and problem
16 gambling in Massachusetts, the results of a
17 baseline population survey.

18 This was a survey of approximately
19 9500 adult Massachusetts residents to
20 understand a host of social measures including
21 what is their existing gambling behavior. What
22 is the prevalence rate of problem gambling in
23 Massachusetts, and a host of other co-occurring
24 conditions.

1 We also have established baseline
2 economic profiles for each of the host
3 communities including Everett, Plainville and
4 Springfield.

5 We have established a baseline of
6 casino related crime in Plainville and the
7 surrounding community area. We've done an
8 analysis of helpline data and problem gambling
9 services in Massachusetts.

10 This specific project has been key,
11 and will be key you'll see in the coming months
12 to a strategic plan for public health services
13 that will ultimately inform how dollars from
14 the Public Health Trust Fund are spent to
15 further mitigate problem gambling in
16 Massachusetts.

17 Finally, we want to make sure that
18 any of the data that we capture is usable.
19 That it can be used not only by us but by other
20 stakeholders and other state agencies. So,
21 we've therefore developed a series of web
22 applications that users can interact with to
23 look at the secondary data.

24 The second key or what I call

1 cornerstone research project is Massachusetts
2 Gaming Impact Cohort or MAGIC as we refer to it
3 as. This is also being carried out by the same
4 UMass team. It's a longitudinal cohort study
5 that we have recruited I think it's roughly
6 3100 participants for the study.

7 This is a project that is intended
8 to provide much needed information about
9 problem gambling incidents rates as well as the
10 course of problem gambling in Massachusetts.

11 This is a study that is unique.
12 There hasn't been a study like this done in the
13 United States previously. We are going to,
14 with the research data that will come from
15 this, we will have a raw number of new problem
16 gamblers each year.

17 This is different from a prevalence
18 study that gives you just a general snapshot of
19 how many problem gamblers there are. An
20 incident rate will give us picture of how many
21 new problem gamblers there are in Massachusetts
22 in any given year. This is really important
23 when we start talking about resource allocation
24 for treatment.

1 We'll identify the variables of
2 greatest etiological importance in the
3 development and remission of problem gambling.
4 In other words, why is it that some people
5 develop a gambling problem while others do not?
6 Who are the at-risk individuals and why are
7 they at risk? Individuals who are in recovery
8 from a gambling problem, what is it that helps
9 them maintain their recovery or what is that
10 creates the greatest risk for relapse?

11 All of this information is much
12 needed for the field and it will be well used
13 in Massachusetts as we develop services in
14 partnership with the Department of Public
15 Health.

16 So, to date we have two waves of the
17 baseline study. The first of which was done in
18 conjunction with the SEIGMA study that I just
19 spoke of. We've also then drawn out a smaller
20 sample of high-risk and problem gamblers from
21 that sample so that we have a weighted sample
22 looking specifically at trying to target at-
23 risk and problem gamblers.

24 Another interesting piece of the

1 research agenda that we have currently underway
2 is an evaluation of key responsible gaming
3 initiatives that the Commission has adopted.
4 We are working in partnership with the
5 Cambridge Health Alliance Division on Addiction
6 to evaluate three programs, the voluntary self-
7 exclusion program, the GameSense information
8 center that is located at Plainridge Park
9 Casino and play management which we'll be
10 launching here within the next couple of
11 months.

12 I won't go into the details of each
13 of those, but what I will say is that the
14 evaluation component has been built into the
15 development of each of these programs. So,
16 rather than launch a program without clear
17 evaluation objectives, we built those
18 evaluation objectives as we were building each
19 of these programs.

20 The last piece of the 2015 research
21 agenda is the player tracking data collection,
22 storage and dissemination. This is actually a
23 project that we haven't kicked off just yet.
24 It is a project that I hope to carry forward.

1 It's required in Chapter 194 section 97.

2 It essentially directs us to procure
3 services with an experienced nonprofit research
4 entity to collect, anonymize, store and
5 disseminate information generated by the
6 loyalty program, player tracking software,
7 player card systems or any other information
8 system.

9 COMMISSIONER STEBBINS: Mark where
10 does the experienced nonprofit research entity
11 language come from?

12 MR. VANDER LINDEN: That comes
13 directly from section 97.

14 We've done some sort of groundwork
15 on that specific project but we have not
16 launched that one yet. That is my overview of
17 the 2015 gaming research agenda.

18 Now I want to start talking about
19 what are the recommendations for the 2016
20 gaming research agenda. I want to talk about
21 the recommendations that came from our gaming
22 research advisory committee or GRAC.

23 This is an informal committee that
24 was initially assembled by Chairman Crosby to

1 provide input, direction, advice to the
2 Commission specifically on research matters
3 including the establishment and how do we
4 continue to advance our gaming research agenda.

5 So, this is an advisory committee
6 both to the Commission as well as the Public
7 Health Trust Fund executive committee.

8 So, we had a gaming research
9 advisory committee meeting on October 23.
10 There was a great discussion and a number of
11 recommendations that came from that meeting.
12 I'm just going to briefly kind of outline what
13 their recommendations were to advance the
14 agenda.

15 COMMISSIONER MACDONALD: Excuse me
16 Mark, can I ask you about the composition of
17 this gaming research advisory committee? Who
18 is on that? What organizations are they from?

19 MR. VANDER LINDEN: Sure. It's a
20 diverse group. It's informal. So, there are
21 not appointments to it. We have advocacy from
22 the Mass. Council on Compulsive Gambling. We
23 have a research, the National Center for
24 Responsible Gaming, which is a national

1 research organization dedicated to looking at
2 specific funding of gaming research.

3 We have a former legislator that
4 sits on it. We have our own research --

5 CHAIRMAN CROSBY: Former legislator
6 who now works for the Pew Charitable Trust and
7 who was a very, very aggressive opponent or in
8 favor of the repeal of the gaming legislation.

9 COMMISSIONER MACDONALD: And who was
10 that?

11 MR. VANDER LINDEN: Tom Conroy.

12 CHAIRMAN CROSBY: Conroy or Conrad?

13 COMMISSIONER ZUNIGA: Conroy.

14 MR. VANDER LINDEN: It represents
15 gaming policy advocacy --

16 COMMISSIONER ZUNIGA: Gaming
17 licensees.

18 MR. VANDER LINDEN: Gaming
19 licensees, the NCRG holds a space on there.
20 The AGA has attended the meetings. Our goal is
21 to have a diverse -- receive diverse feedback
22 about our gaming research agenda both in terms
23 of the research that is underway as well as
24 where we are going in the future.

1 So, they provided us with basically
2 six recommendations. One is to expand the
3 research into key and/or high-risk
4 subpopulations. If we take a look at the
5 existing SEIGMA study, there were some
6 interesting groups that bubble to the surface
7 but perhaps didn't provide us with
8 statistically significant number in order for
9 us to draw any type of broad conclusion about.
10 Those would be linguistically isolated and/or
11 minority populations, veterans, youth and/or
12 seniors.

13 They also recommended that we add a
14 targeted survey wave to the SEIGMA to capture
15 the exposure and the adaptation effect of
16 casino expansion in Plainville, which I think
17 is a fascinating idea, to take a look at what
18 is the impact of opening up a casino in this
19 specific area one year after they open.

20 There's research that would indicate
21 that through the exposure effect of opening a
22 casino that you may see an increase in problem
23 gambling prevalence. I think that it would be
24 a worthy test to see whether or not that is

1 true. It would also provide a lot of
2 information about how to further target some of
3 the services -- resources that we have
4 available.

5 New research on treatment and
6 prevention models, locating and enrolling
7 persons with gambling disorders into treatment.
8 One major, major hurdle is actually getting
9 people to treatment. While it's a low
10 prevalence rate, we still have a very small
11 number that actually access services.

12 This is not a problem just in
13 Massachusetts, this is a problem nationally.
14 How do you get help to people who need it? So,
15 there was a recommendation that we take a very
16 close look at that.

17 Problem gambling recovery relapse
18 and integration of gambling disorder treatment
19 within the behavioral health system. Problem
20 gambling has a very high rate of co-occurrence
21 with other substance abuse and mental health
22 problems. And looking at how we can integrate
23 problem gambling treatment within those other
24 existing systems, I think is an interesting

1 idea.

2 The fourth recommendation was to
3 continue the SEIGMA and MAGIC and evaluation
4 projects with consideration for further
5 refinement. The fifth was to expand the study
6 of gaming related crime by using comparative
7 crime data from matched communities.
8 Basically, taking similar communities in other
9 areas, comparing those to the communities where
10 there are casinos and seeing if there is a
11 difference in crime rates.

12 The sixth was new research on the
13 impact of daily fantasy sports.

14 The GRAC provided a number of
15 thoughtful research recommendations that would
16 undoubtedly contribute to the understanding of
17 gambling disorders and the impact of expanded
18 gaming in the Commonwealth. However, we
19 obviously have constraints on time and money
20 that we need to pay attention to.

21 So, Bruce Cohen, myself sat down
22 with those recommendations and we came up with
23 the following narrower set of recommendations
24 that we recommend to the Commission.

1 One is to continue the scope of the
2 current research agenda including SEIGMA, MAGIC
3 and the responsible gaming evaluation
4 initiatives through the next fiscal year.
5 Consider appropriate changes to the contents
6 and methodology for these projects.

7 The second is to initiate the last
8 component of the 2015 research agenda that I
9 spoke of, which is to contract or procure
10 services with an experienced nonprofit research
11 entity to collect, anonymize, store and
12 disseminate information generated by the
13 loyalty cards.

14 The third recommendation that we
15 have is to add a targeted survey wave to SEIGMA
16 to capture the exposure and adaptation effect
17 of casino expansion in Plainville. And the
18 fourth is to identify priority population
19 subgroups where further information is needed.

20 Based on this information, develop
21 and implement data collection efforts in the
22 possible subgroups. And again, this is the
23 data that we captured from the SEIGMA study,
24 Hispanics particularly in Western

1 Massachusetts, Portuguese speakers in
2 Southeastern Massachusetts, Asian subgroups,
3 elderly and veterans.

4 CHAIRMAN CROSBY: Elderly and what?

5 MR. VANDER LINDEN: And veterans.
6 The timeline for this. We have an extensive
7 process to gather information and collect
8 feedback before it would ultimately come back
9 to the Commission for a vote.

10 So, as I discussed on October 23 we
11 gathered information and advice from the gaming
12 research advisory committee. I'm sorry, I was
13 originally supposed to bring this before you on
14 November 19. That was delayed to today and I
15 forgot to update that on the timeline.

16 But I am here today to gain any
17 feedback that you have, present our
18 recommendations and over the next couple of
19 weeks or months or so gather information or
20 recommendations from you.

21 We also are required to seek the
22 advice of the Gaming Policy Advisory Committee.
23 So, we would want to gather that information to
24 bring back to you as well. We would also seek

1 the advice and direction from the Public Health
2 Trust Fund executive committee.

3 Should we gather all of that
4 information, I would recommend that I bring
5 that -- gather it together and bring it back to
6 you in January, specifically January 21 at the
7 Commission meeting on that date.

8 CHAIRMAN CROSBY: This is a calendar
9 '16 plan, not a fiscal '16 plan?

10 MR. VANDER LINDEN: That's right.

11 CHAIRMAN CROSBY: Thoughts or
12 questions?

13 COMMISSIONER ZUNIGA: Very good as
14 usual, very thoughtful, sound recommendations.

15 I do have one concern with
16 recommendation number two and that is
17 effectively the word disseminate as it is
18 written here. I know it comes from the
19 statute, but when we only have one operator in
20 Penn, if some of this data, which the operators
21 guard very carefully because it's competitive
22 information, was disseminated, it could be
23 traced back to competitive environment on Penn.

24 CHAIRMAN CROSBY: Explain to the

1 audience what you're talking about.

2 COMMISSIONER ZUNIGA: I am talking
3 about the player card information generated
4 from the loyalty cards. It is in the statute
5 that we do this that we collect this
6 information. They have to comply by it.

7 We have to have a third-party or
8 somebody who is going to anonymize it, which is
9 key. But we also have a duty to protect the
10 intellectual property of our operators. As
11 written, one might conclude which is in my
12 opinion that when it's three operators or more
13 that is certainly not a concern or a lot less
14 of a concern. But if it's only one operator
15 operating in a very competitive market, in
16 Rhode Island and Connecticut for example, it
17 may be disadvantageous.

18 So, I know your recommendation is
19 really now to start thinking about this. And I
20 think we should and maybe issue an RFI or RFP,
21 etc. And we don't want to lose the years of
22 Penn operating initially, which is where
23 storing, collecting, anonymizing could really
24 be useful to researchers.

1 But the dissemination is the piece
2 that really gives me discomfort. Again, it
3 comes from the statute, but my take is that it
4 comes from -- it envisions a steady-state where
5 there is more than one operator. At that time,
6 we can disseminate away.

7 The devil is in the details when it
8 comes to implementation of this, but that has
9 been a particular area of concern of mine only
10 in this period where Penn operates by itself
11 and that data is collected only from Penn.
12 That's my feedback on recommendation number
13 two.

14 CHAIRMAN CROSBY: We have talked
15 about this before. Unless somebody can
16 demonstrate conclusively that there isn't any
17 risk, we haven't ever gotten around to talking
18 about that I think we agree that there is no
19 need to do any dissemination until once we to
20 get going.

21 We won't lose the data. As you say,
22 as long as we get the data we can analyze it
23 whenever we get around to it never mind
24 disseminate it. I think it's a very good

1 point. We've talked about this and I think are
2 perfectly happy to accommodate that.

3 MR. VANDER LINDEN: Perhaps for
4 recommendation two, we would keep the collect,
5 anonymize and store and take out the
6 dissemination until we have those issues
7 resolved?

8 CHAIRMAN CROSBY: Yes.

9 COMMISSIONER ZUNIGA: Yes. If we
10 simply strike out disseminate from here I think
11 will be just fine.

12 COMMISSIONER CAMERON: I had a
13 similar related in some ways. Does the
14 significant delays in opening resort casinos
15 have an impact on research?

16 MR. VANDER LINDEN: That's a good
17 question. Does the delay of opening up casinos
18 have an impact on the research? Right now,
19 what we've focused on as you can see is a
20 number of baseline studies. What is the impact
21 of collecting baseline information now when we
22 won't have a resort style casino opening for at
23 least a couple more years?

24 What does that do to the relevance

1 of that baseline information? Could it
2 potentially require us to have to capture that
3 again?

4 COMMISSIONER CAMERON: Or any of the
5 next steps? Some of these next steps with such
6 one small facility would seem maybe limited.

7 MR. VANDER LINDEN: It may impact
8 how our research plan with SEIGMA in terms of
9 what does our research agenda -- research plan
10 with SEIGMA look like in 2016. And I think
11 that there could be an impact on what our
12 research agenda looks like specifically with
13 them.

14 Probably not with MAGIC, the cohort
15 study, because it's important for us to have
16 continuity with that group of people that we
17 track and follow. The evaluation projects are
18 already underway and capturing data on these
19 initiatives that are up and running or soon to
20 be up and running.

21 So, the only piece of it that I see
22 that could have potential impact is SEIGMA.
23 The recommendations to move forward, we really
24 want to understand what is the impact of this

1 one casino in this one area so there is nothing
2 there. And to do further study of a subgroup
3 or a specific at-risk group is not impacted by
4 any delays in casinos.

5 So, I guess to narrow it down,
6 Commissioner, I would say specifically there
7 may be some impacts with SEIGMA.

8 COMMISSIONER CAMERON: The other
9 issue I was thinking about here was your
10 recommendations, the top six not the main
11 recommendations, the four at the bottom. The
12 expanded study of gaming related crime, it's my
13 hope that we can before we take that step -- As
14 you are aware there are a number of glitches
15 and information, refinement of what we are
16 doing now before it is ready to be compared to
17 anything else.

18 So, I think that is a critical piece
19 that we make sure anything we compare we know
20 it's apples to apples. Right now, as you know,
21 we are not there yet with the limited work
22 we've done.

23 Also, with number six the impact of
24 daily fantasy sports, I am very happy that you

1 and others will be there next Thursday, along
2 with all of us, to learn more about it because
3 it really is very different than other forms of
4 gambling that have been studied more widely.
5 So, I think understanding before making
6 conclusive ideas on what is the best practice
7 to implement is important for all of us.

8 COMMISSIONER ZUNIGA: A clarifying
9 question? I read this to mean that the final
10 recommendations are the ones at the end. The
11 GRAC provides these six recommendations, but
12 you've taken that and provided the four. Is
13 that a fair statement?

14 MR. VANDER LINDEN: Yes. GRAC is
15 there to provide advice, advice to the
16 Commission, the Public Health Trust Fund
17 executive committee. So, I did the best I
18 could to summarize what the discussion was with
19 the GRAC. I think that this kind of covers all
20 of the main topics that we had discussed or I'm
21 certain it does.

22 From that I think that here was a
23 number of excellent ideas. I carried a few of
24 them forward along with Bruce Cohen. We

1 carried a few of those forward for the
2 recommendations that we had that we felt would
3 be worthy.

4 That said we need to pay attention
5 to other constraints that may be at play
6 including time and money. So, if we do say
7 that we want to do a targeted survey in the
8 Plainville area to understand what the exposure
9 effect is of expanded gaming, that needs to be
10 done in the understanding and in the context of
11 what the limitations on resources are.

12 COMMISSIONER ZUNIGA: Or what the
13 incremental costs may be, if there is one,
14 perhaps said another way.

15 MR. VANDER LINDEN: Correct.

16 COMMISSIONER ZUNIGA: To perhaps to
17 go back to a question you were raising
18 Commissioner, I took your recommendations, the
19 four recommendations to be the ones that wrap
20 everything up. And I think they're very solid,
21 as I mentioned earlier.

22 Recommendation number four where we
23 talk about particular groups is in my mind
24 still within the confines of establishing a

1 baseline. So, doing the baseline study was the
2 population that was captured was in certain
3 groups was just not statistically significant
4 for which there was no reliable findings, if
5 you will, which is I think something that has
6 come loud and clear from the GRAC, by the way,
7 in studying certain groups.

8 In my view, I just put it under that
9 we are still establishing a baseline to a great
10 degree even though the two big casinos have had
11 some slip in terms of schedule. That's sort of
12 like the difference.

13 But your concerns are important
14 because the balance of the research agenda is
15 really ongoing -- of the SEIGMA study rather is
16 ongoing. There's a lot of analysis that still
17 needs to be done on the baseline study that was
18 collected on a lot of sources of secondary
19 data. That's ongoing as well.

20 MR. VANDER LINDEN: The focus of the
21 SEIGMA study at this point, we have the
22 baseline population survey which is the largest
23 component of that. They've done some analysis
24 but there's significantly more analysis that

1 can be done that we should be able to gather
2 much more information from once you begin
3 moving to a multi-varied analysis.

4 Going back to the statute, section
5 71, and giving direction to the Commission to
6 set an annual research agenda to carry these
7 types of projects forward. So, we look at
8 SEIGMA and MAGIC as these core projects that
9 are carried forward, I think it is an amazing
10 opportunity for us to carry out this work to
11 really understand what are the impacts of
12 gambling, expanded gaming in Massachusetts and
13 to be able to provide response that's evidence
14 driven.

15 COMMISSIONER STEBBINS: Mark, I echo
16 that. And I agree that making sure that the
17 ongoing pieces of SEIGMA and MAGIC are funded
18 obviously year-to-year as it's required.

19 I also had some questions on
20 recommendation number four. Excuse me if it's
21 kind of a layman's question. Identifying these
22 groups, and I've heard Dr. Volberg talk about
23 some of these groups specifically veterans,
24 specifically the elderly. The other ones that

1 you mentioned, were they found as being
2 unrepresented in the population you were
3 looking at in SEIGMA and MAGIC or not enough
4 information coming from those groups?

5 MR. VANDER LINDEN: We did a sample
6 -- we captured 9500 some-odd people for the
7 baseline survey. And any of these subgroups,
8 the sample size that we were able to capture
9 from that sample of 9500 was relatively small.

10 It made it very difficult to say
11 very much about these groups, specifically when
12 you start talking about prevalence rates of
13 problem gambling which is already a very low
14 prevalence rate within the general population.

15 They are through other evidence
16 through research that's been done previously,
17 either through our own research that would say
18 this is the high-risk but we can't definitively
19 say that because it wasn't statistically
20 significant.

21 Where other research that has been
22 done in other context, other jurisdictions,
23 these groups rise to the surface of people that
24 we should probably -- it would be worthy of

1 gathering more information.

2 COMMISSIONER ZUNIGA: There's
3 sometimes structural barriers to getting that
4 information which only elicits more procedures.
5 Language barriers as you mentioned, comfort
6 level with answering very personal questions
7 even if they are anonymous is also because of
8 cultural differences.

9 So, what it means for our
10 researchers is that there needs to be added
11 effort in terms of targeting those populations
12 and developing strategies to be able to capture
13 that information.

14 MR. VANDER LINDEN: It would very
15 likely mean that we would use different
16 methodology to capture information here than
17 what we used through the original SEIGMA study.

18 COMMISSIONER ZUNIGA: Including
19 oversampling in those populations.

20 CHAIRMAN CROSBY: Anything else?

21 COMMISSIONER MACDONALD: Just
22 returning briefly to Commissioner Cameron's
23 concern about the impact of the delay in the
24 introduction of the full-scale casinos. As I

1 understood, that concern with regard to the
2 research agenda is that there's a risk -- there
3 may be a risk that the foundational baseline of
4 SEIGMA might be outdated by the time that the
5 full-service casinos get online.

6 Is there a way of dealing with that
7 risk going forward by doing smaller scale
8 surveys, the purpose of which would be to
9 determine whether the major conclusions of the
10 SEIGMA sample remain accurate?

11 MR. VANDER LINDEN: I think that I
12 would want to consult with our gaming research
13 advisory committee and others including our
14 research team to find methods that would
15 address that.

16 COMMISSIONER ZUNIGA: One of the
17 strategies at our disposal is how we time the
18 mix between MAGIC and SEIGMA, because we're
19 both the ones commissioning this. And being on
20 the field at different times where information
21 could be helpful -- And that's a question for
22 our researchers. -- may be worth thinking
23 about.

24 MR. VANDER LINDEN: These are great

1 questions. I think that definitely warrant
2 further investigation of what are the impacts
3 of this. I can certainly do some further
4 investigation and bring it back to you.

5 CHAIRMAN CROSBY: Yes. It's really
6 good. I had never even thought about that
7 question until you just raised it. I don't
8 know the answer, but it is very important. I
9 agree. This is really good to think about.

10 COMMISSIONER STEBBINS: Mark, I had
11 one final question. And you and I talked about
12 this briefly the other day. You laid out a
13 very detailed and organized plan for providing
14 services kind of in the immediate Plainville
15 area to start with.

16 Do you see the purposes of the trust
17 fund to go back at the appropriate period of
18 time to do an analysis of the effectiveness of
19 those services, the use of those services?
20 They've only been open three or four months
21 now. I'm not saying we need to do it next
22 year, but what are your thoughts about it?

23 MR. VANDER LINDEN: Certainly. The
24 strategic planning process and model that we've

1 used, it includes an initial evaluation of the
2 need, an inventory of what existing services
3 are there. It comes up with a plan to meet the
4 needs.

5 It requires follow-up evaluation and
6 kind of a circling back to figure out whether
7 or not the services that are there are meeting
8 the needs within that community. The research
9 that we are doing is key to informing the
10 strategic planning process for -- both for
11 Plainville and surrounding areas as well as
12 statewide.

13 COMMISSIONER STEBBINS: Okay.

14 MR. VANDER LINDEN: The Public
15 Health Trust Fund would certainly be a
16 fantastic resource to address problems that may
17 come up. We need to make sure that we are
18 doing that strategically. And we want to make
19 sure as much as possible to make sure it's
20 driven by the data that we have at our hands.

21 CHAIRMAN CROSBY: Anybody else?
22 Great. That was well done and interesting.
23 Thank you. Director Wells?

24 MS. WELLS: I'll just go ahead. The

1 Chairman is on his way back. On the agenda
2 this morning, the first item under
3 Investigations and Enforcement are the results
4 of the suitability investigation for Edward
5 Nolan, an applicant for a key gaming employee
6 executive license.

7 Mr. Nolan currently has a temporary
8 license. In April 2015, Mr. Nolan was hired as
9 the Northeast Regional Internal Audit Manager
10 for Penn National, responsible for the auditing
11 at two Penn National Gaming casinos, Plainridge
12 Park Casino in Plainville, Mass. our licensee
13 and Hollywood Casino, Hotel and Raceway in
14 Bangor, Maine.

15 Mr. Nolan spends the majority of his
16 time at the PPC facility. As a result of his
17 executive position within Penn National Gaming
18 and his location of his operations at the
19 Plainridge Park Casino, he was required to
20 obtain a key gaming executive license by the
21 Gaming Commission.

22 He submitted all of the required
23 forms and supplemental document requests to
24 licensing, IEB. And the IEB and investigators

1 conducted a rigorous background check. You are
2 familiar with all of the areas of the
3 background check. I won't go into too much
4 detail about that.

5 He was interviewed in person by the
6 IEB state police and financial investigators as
7 part of the investigation protocol.

8 Investigation was also done into his financial
9 responsibility that netted positive results.

10 Mr. Nolan attended North Adams State
11 College where he was awarded BS in business
12 administration in 1980. He then obtained an
13 MBA from Johnson and Wales University in 2002.
14 He has had a number of positions which were
15 outlined in the report that was provided as an
16 internal audit consultant, a regional audit
17 manager, a lead internal auditor, a senior
18 accountant, a controller and in a senior
19 internal audit function before coming to
20 Plainridge Park Casino function.

21 He had disclosed in his
22 multijurisdictional personal history disclosure
23 form he had never been licensed or registered
24 to participate in any form of gaming in any

1 jurisdiction. A check with, however, Maine
2 indicated that he was a licensed employee in
3 Maine. His license is in good standing and the
4 jurisdiction reported no derogatory information
5 relating to his licensure.

6 He also disclosed and the
7 investigation confirmed that he completed the
8 prescribed requirements by the Institute of
9 Internal Auditors for award of a certified
10 internal audit certificate in May 2012.

11 Overall, there were no significance
12 investigative issues uncovered related to Mr.
13 Nolan's application for licensure. Overall, he
14 demonstrated by clear and convincing evidence
15 he is suitable for licensure in Massachusetts.
16 And therefore, the IEB is recommending that the
17 Commission find him suitable for a key gaming
18 executive license.

19 CHAIRMAN CROSBY: Questions,
20 thoughts?

21 COMMISSIONER CAMERON: I agree with
22 the findings of the investigation, and move
23 that we approve Mr. Edward Nolan for licensure.

24 COMMISSIONER STEBBINS: Second.

1 CHAIRMAN CROSBY: Any discussion,
2 further discussion? All in favor, aye.

3 COMMISSIONER MACDONALD: Aye.

4 COMMISSIONER CAMERON: Aye.

5 COMMISSIONER ZUNIGA: Aye.

6 COMMISSIONER STEBBINS: Aye.

7 CHAIRMAN CROSBY: Opposed? The ayes
8 have it unanimously. I'm going to interrupt
9 for one second just so people can plan for
10 schedule. We are going to change a little bit.
11 We are going to finish Karen's scheduled number
12 six. That's probably just another 10 or 15
13 minutes -- number seven. Then we are going to
14 go to Ombudsman Ziemba. -- Okay, we're going to
15 break after Karen. So, we'll break at about
16 noon and we'll have a quick half-hour lunch.

17 So, we'll start up for the end. The
18 MGM presentation will be at about 12:30. Then
19 we'll have our hearing on the design changes at
20 2:30 as scheduled. By the way, we will not be
21 streaming the 2:30 hearing live. We don't
22 typically videotape and stream our 2:30
23 hearing. So, if you want to see that one,
24 you're going to have to be here and present.

1 I'm sorry.

2 MS. WELLS: The second item under
3 the IEB section of the agenda is just a brief
4 update for the Commission.

5 The Department of Licensing is
6 initiating a pilot to test the functionality of
7 an existing Commonwealth system, license
8 management system which is currently in
9 production at the state police certification
10 unit. As part of the LMS analysis, this system
11 was identified based on its highly successful
12 rollout and the fact that the certification
13 unit is a close business analog to the division
14 of licensing and the IEB.

15 We are mindful then in 2018 we'll be
16 opening at least two Category 1 casinos and
17 licensing thousands of employees and vendors.
18 And we need to ensure that we have the
19 necessary mechanisms to support that business
20 need.

21 So, part of the evaluation and my
22 personal opinion is that more information and
23 data as we decide how to move forward can only
24 be a benefit to our decision-making process as

1 we continually improve our operations.

2 So, I just wanted to alert the
3 Commission that we are engaging in that
4 activity. I'll be providing further updates as
5 we refine the process and move forward and make
6 decisions about how we want to go forward.

7 COMMISSIONER ZUNIGA: This is
8 already in production you mentioned quickly?

9 MS. WELLS: Yes.

10 COMMISSIONER ZUNIGA: So, it's been
11 operational for -- just roughly?

12 MS. WELLS: I don't know the exact
13 answer to this. I do know it was not in
14 operation when we were beginning our process to
15 develop an LMS system. So, it was not an
16 option back then but has subsequently become in
17 operation. And it's getting positive feedback.
18 And we've taken a look and it looks good. It's
19 always good to look at other things and see
20 what may be beneficial to the Commission.

21 COMMISSIONER CAMERON: I see great
22 benefit, and have seen great benefit over the
23 years to pilot programs. Someone can say
24 something about a program, but unless you have

1 the opportunity to use it and really see how it
2 would fit with our organization. So, I think
3 that's a good move moving forward.

4 COMMISSIONER ZUNIGA: I look forward
5 to your update on this topic.

6 MS. WELLS: It will be very
7 interesting, yes. The final item on the agenda
8 for the IEB, I have some proposed emergency
9 reg. changes for moving forward particularly
10 related to the IEB operations.

11 The first is for temporary licenses.
12 Our current regulations treat the temporary
13 licensing of vendors and employees the same as
14 far as the duration of temporary licenses. In
15 practice though we find that the background
16 review of businesses that want to be licensed
17 as vendors to a gaming establishment is very
18 different than the background process for
19 individuals who want to work as employees.
20 They are far more complicated.

21 In practice we also find that the
22 standard for temporary licensure in the
23 existing regulation and that is that a finding
24 that the full license is reasonably likely to

1 be issued upon a completion of the
2 investigation is not really reflective of the
3 preliminary and temporary nature of a temporary
4 license.

5 So, the proposed adjustment in the
6 standard here is intended to get individuals to
7 work and to allow our gaming licensees to
8 conduct business with vendors quickly but
9 without sacrificing the legitimate licensing
10 standards at this temporary stage.

11 The proposed regulations were
12 drafted with an eye towards fine-tuning the
13 balance between conducting an adequate check
14 into the applicant for temporary authorization
15 purposes on one hand and getting the individual
16 to work, or in the case of a vendor allowing
17 business to be conducted with the casino as
18 promptly as possible on the other hand.

19 So, the standard in the proposed
20 amendment of the proposed emergency regulation
21 has been adjusted in both the employee and the
22 vendor temporary license section. It's the
23 same standard for both.

24 It allows for an assessment based

1 primarily on the extensive application
2 materials and database checks but dispenses
3 with the expectation that applicants will have
4 to routinely submit supplemental materials
5 especially in the financial arena before a
6 temporary license may issue.

7 In addition, for the temporary
8 licensing of vendors, the proposed regulation
9 also removes the 12-month expiration date for
10 temporary vendor licenses. This 12-month limit
11 for temporary vendor licenses is not based on
12 the statute. It is for employees but not for
13 vendors.

14 So, the current 12-month limit for
15 temporary vendor licenses is an artificial
16 deadline that does not take into consideration
17 the complexity of the investigation for some of
18 these multinational businesses. Nor does the
19 12-month limit take into consideration a
20 scenario we have seen on multiple occasions
21 that a number of these vendors, particularly
22 these big primary vendors, have undergone
23 consolidation such that the company that was
24 scoped out as the application came in has been

1 transformed months into the investigation.

2 A good example of that is the merger
3 of GTECH and IGT. We had to redo the entire
4 scoping process based on the merger and this is
5 what's happening in the industry. Right now
6 there's a trend for that yet the 12-month time
7 limit loom. It's an artificial deadline.

8 I would also note for our own
9 operations, in the middle of the applications
10 coming in particularly for these primary
11 vendors we had the opening of a major casino
12 where we had to license hundreds and hundreds
13 of employees and vendors. So, we had temporary
14 license work done by the investigators but then
15 there was a cessation in the continuing of
16 those primary vendor investigations while we
17 got that all work done. Just the logistics of
18 getting that done, making that change would be
19 helpful.

20 So, we are proposing for subsection
21 2(b) for vendors that the temporary license for
22 vendors expires upon the issuance of a full
23 license or revocation or suspension of the
24 temporary license and in any event no later

1 than the term of the full vendor license, which
2 is three years. That would certainly be a help
3 to us.

4 I can go through all three of the
5 regulations or you can vote one way or the
6 other as we go.

7 COMMISSIONER ZUNIGA: I would love
8 to just talk about two points that you
9 mentioned. And if we need to get into the
10 regulation that may be it. The latest one was
11 your point about the 12-month -- the period on,
12 for example, gaming vendor primaries. Just
13 tell me again now you would have the
14 flexibility of extending the temporary time
15 from 12 months?

16 MS. WELLS: Right now it has six
17 months and you can extend for six months,
18 similar to what the provision is for employees.
19 The recommendation is that you don't have that
20 artificial time limit that's not required by
21 statute.

22 We have our own internal protocols
23 where we have target dates based on the
24 complexity of the investigation and what else

1 is going on. But it couldn't go beyond the
2 statutory limit for the license, which is the
3 three years. The request is that we don't have
4 in our regulations a confining property of the
5 artificial 12-month limit that is not
6 necessary.

7 COMMISSIONER ZUNIGA: I'm all for
8 it. And it gives you the flexibility and it
9 never extends to more than what it would
10 normally would have been. The flipside of that
11 is just feedback, I just hope that analysis
12 doesn't go on for as long time as the three
13 years --

14 MS. WELLS: Right, exactly.

15 COMMISSIONER ZUNIGA: -- because we
16 need to be efficient. If there is an area of
17 concern, as always, you should look at it. But
18 understand that there is a resource side that
19 we need to be mindful.

20 MS. WELLS: That is the expectation.
21 And I 100 percent agree with you.

22 COMMISSIONER ZUNIGA: The second
23 point was one you mentioned even earlier than
24 that. That is the information that flows from

1 the individuals. When you have a temporary
2 license, and I understand the standard is more
3 flexible in terms of not the reasonable
4 likelihood but no pertinent information that
5 surfaces. Can you just repeat why that
6 additional information look seemed to be a
7 concern?

8 MS. WELLS: Are you talking about
9 the supplemental?

10 COMMISSIONER ZUNIGA: Yes and exact
11 for individuals.

12 MS. WELLS: Not so much for
13 individuals. The request on the temporary
14 licenses is in part -- For the standard, there
15 may be supplemental document requests at the
16 higher levels for the key executives or the key
17 standards.

18 The GELs and the request for
19 information at the lower-level employees
20 because it's a lower level background check, we
21 don't see that and that's not an impediment.

22 COMMISSIONER ZUNIGA: The
23 registrants don't matter because they get
24 registered, right? So, it's really the GELs

1 where you don't see a lot?

2 MS. WELLS: As far as supplementals?
3 A lot of this has to do with the financial. We
4 do not assign a financial investigator on the
5 GEL side. It's just at that key level where we
6 would be looking at the higher degree of their
7 financial suitability.

8 COMMISSIONER ZUNIGA: The key is
9 both, the key executive and the key gaming
10 license.

11 MS. WELLS: The key executive and
12 the key standard.

13 COMMISSIONER ZUNIGA: Key standard.

14 MS. WELLS: So, that's helpful in
15 those particular categories which is the lowest
16 number of employees but the highest level of
17 responsibility.

18 COMMISSIONER ZUNIGA: But the change
19 in the regulation is simply to give you the
20 flexibility of additional time of that
21 temporary period so that you can capture that
22 information?

23 MS. WELLS: Maybe we're talking
24 about two different things. The time period

1 for the employees is set by statute. So, we're
2 not asking for a change in that. And that
3 actually we can meet that. We're not having
4 any issues on that.

5 But the standard of what the
6 standard is in order for the IEB to meet that
7 standard and recommend and issue a temporary
8 license that's where we're asking for a little
9 more flexibility so that we don't have to
10 necessarily go into all of those financials and
11 things like that when we're issuing a
12 temporary license.

13 COMMISSIONER ZUNIGA: Okay. So, the
14 hook is on the standard not on the supplemental
15 or timing.

16 MS. WELLS: Right.

17 COMMISSIONER ZUNIGA: Understood.

18 CHAIRMAN CROSBY: On the second
19 issue.

20 COMMISSIONER ZUNIGA: Again, all for
21 it just wanted clarification.

22 COMMISSIONER CAMERON: I think what
23 you are saying is this will provide a more
24 efficient process without assuming any more

1 risk for the Commission.

2 MS. WELLS: That is my opinion.

3 CHAIRMAN CROSBY: Any thoughts or
4 questions?

5 MS. WELLS: I'll leave it to the
6 discretion of the Commission whether you want
7 me to go through all of the proposed emergency
8 regs. and vote on them all at once or do you
9 want to do them one at a time?

10 CHAIRMAN CROSBY: I don't hear any
11 controversy. If everybody's okay, I'd suggest
12 you do them at one time.

13 MS. WELLS: So, the second
14 recommended reg. change is under 134.16, the
15 term of the licenses. We propose amending the
16 initial term of the full licenses for key
17 employees. That's the executive and standard
18 and for gaming employees.

19 The amendment would increase the
20 initial term for these categories from three
21 years to five years. After the initial five-
22 year term, the renewal term would remain at
23 three years. For example, you have your
24 general manager at one of the facilities. We

1 do the deep dive, we do the investigation,
2 issue the initial license. Instead of that
3 being good for three years, it'd be good for
4 five years.

5 We are proposing this amendment
6 because without it all of the PPC renewals will
7 be coming due at the same time as the employee
8 licensing of the scheduled openings of MGM
9 Springfield and Wynn Everett.

10 So as far as logistics, that would
11 be helpful to us. I do not see really any
12 increase risk to the Commission because the
13 background checks as you've seen are quite
14 thorough. And we're monitoring folks. There's
15 an ongoing suitability as they're working at
16 the casino. So, I don't really see a risk.

17 It would certainly be helpful to us.
18 I'm mindful of what it's going to be like in
19 2018 with all that we have going on. The
20 statute does not address term limits for
21 employee licenses. So, we're not running afoul
22 of the 23K language by this change.

23 By contrast we ended up not
24 suggesting amending the term of vendor licenses

1 because 23K section 31 specifies a three-year
2 term of vendor licenses. So, we're only doing
3 what's allowed under the statute. And it would
4 just be helpful as far as logistics in 2018.

5 COMMISSIONER STEBBINS: Karen, do
6 you happen to know compared to other
7 jurisdictions are we somewhat in line in terms
8 of number of years even if we change it out to
9 five for the first time?

10 MS. BLUE: Yes, we are.

11 MS. WELLS: Any other questions on
12 that? Then the third is a qualification of new
13 qualifiers. So, these are for -- An example of
14 this would be these are qualifiers for the
15 gaming licensee. For example, the CEO, the CFO
16 or General Counsel at Penn National, MGM
17 International or the Wynn level. So, if there
18 was a new member of the Board of Directors at
19 Wynn Resorts that level.

20 Currently, under the existing
21 regulation a new individual taking one of those
22 positions has to wait to perform duties
23 associated with the Mass. licensee until the
24 full background check has been completed and

1 the Commission has found the person's suitable.

2 The proposed amendment would allow
3 the person to perform duties once the completed
4 application is submitted and the IEB approves
5 the individual to perform duties during the
6 period when she or he is in the suitability
7 process.

8 We can expect the application can be
9 submitted without too much burden to the
10 applicant, because it is the
11 multijurisdictional form which is required in
12 other jurisdictions as well. The IEB will have
13 its internal protocol for approval during this
14 interim period.

15 This is just sort of a commonsense
16 approach. If someone is appointed to the Board
17 of Directors of Wynn, if it takes months to get
18 the investigation done, especially with all
19 we've got going on right now, it doesn't seem
20 really appropriate or fair to have them wait to
21 chime in and do what they need to do. And
22 we'll have our own internal protocol just to
23 make sure that they are squared away before
24 they can make those decisions and act in that

1 capacity.

2 CHAIRMAN CROSBY: Issues or
3 questions?

4 COMMISSIONER STEBBINS: I like that
5 change. I saw it obviously being more helpful
6 not necessarily at the board level but
7 certainly to the people who are needed on the
8 ground for the daily operations of the
9 business.

10 COMMISSIONER CAMERON: Many of them
11 have been licensed in other jurisdictions.

12 MS. WELLS: Correct. So, we look at
13 that. A lot of what we do, we don't always
14 start from scratch. We look and see what other
15 work has been done and feedback on that so as
16 to efficiency of resources there.

17 CHAIRMAN CROSBY: Karen there is
18 also this delegation.

19 MS. WELLS: Yes, that's another
20 piece. Why don't I do the emergency regs.
21 first and then we can deal with the memo on
22 that.

23 So, I just want to be clear on the
24 record. We're asking for the amendments to be

1 adopted on an emergency basis do they can be
2 effective immediately.

3 But we want to clarify, we are
4 asking for the amendments to apply to the
5 temporary licenses that are already in the
6 pipeline especially with respect to eradicating
7 the six- or 12-month expiration dates for the
8 existing vendor temporary licenses.

9 For example, GTECH and IGT merging,
10 they had submitted quite a while ago. We want
11 to make sure that it applies to them that we
12 don't have that 12-month sort of artificial
13 deadline.

14 COMMISSIONER ZUNIGA: Just one
15 question. I mentioned this before, these are
16 all sound recommendations that I think will
17 give you flexibility to get things effectively
18 and efficiently done. When we talk about key
19 gaming employee, we're both always talking
20 about key executive and standard, right?

21 MS. WELLS: Correct.

22 COMMISSIONER ZUNIGA: Thank you.

23 COMMISSIONER STEBBINS: You need a
24 motion?

1 COMMISSIONER ZUNIGA: Yes.

2 COMMISSIONER CAMERON: Were you
3 going to make that motion, Commissioner?

4 COMMISSIONER STEBBINS: I will defer
5 to you.

6 COMMISSIONER CAMERON: So, I move
7 that we adopt the amendments to the licensing
8 regulations on an emergency basis and that's
9 the temporary licensing regulation 205 CMR
10 134.12, the terms of the license 205 CMR
11 134.16, and qualifications of new qualifiers
12 205 CMR 116.07.

13 COMMISSIONER STEBBINS: I would just
14 amend that and to your point and make these
15 emergency regulations applicable to anybody who
16 is currently on a temporary vendor license.

17 MS. WELLS: Thank you.

18 COMMISSIONER MACDONALD: Second.

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

21 COMMISSIONER MACDONALD: Aye.

22 COMMISSIONER CAMERON: Aye.

23 COMMISSIONER ZUNIGA: Aye.

24 COMMISSIONER STEBBINS: Aye.

1 CHAIRMAN CROSBY: Opposed? The ayes
2 have it unanimously.

3 MS. WELLS: Then the last item just
4 for your consideration. There's a memorandum
5 in your packet from our Chief Enforcement
6 Counsel, Loretta Lillios. And that is the
7 request that the Massachusetts Gaming
8 Commission delegate to the Director of IEB,
9 presently me, the authority to consider and
10 approve, deny or refer to the Commission
11 petitions filed by a gaming licensee for the
12 issuance of temporary licenses for applicants
13 for key gaming employee licenses, gaming
14 employee licenses and gaming vendor licenses.
15 And to approve, deny or refer to the Commission
16 petitions for the renewal of key gaming
17 employee and gaming employee temporary licenses
18 previously issue.

19 We've been doing this in practice.
20 The Commission has authorized that for the
21 primary vendors and for the key gaming
22 employees. We just wanted to codify -- Pardon
23 me. We just wanted to consolidate those and
24 reference them with the amended regulations so

1 that it all ties in.

2 In the memo, there is sort of the
3 proposal and a proposed resolution for the
4 Commission, which you could refer to if you're
5 amenable to allowing that. Just wanted to make
6 sure everything was in one place. I think the
7 protocol that the IEB Director having that
8 authority and reporting out to the Commission
9 has been working well.

10 It definitely creates an efficiency
11 for the licensee. They do not have to wait for
12 a Commission hearing in order for the IEB to
13 issue a license and get them working.

14 COMMISSIONER ZUNIGA: Didn't we have
15 this delegation before?

16 MS. WELLS: Yes. The proposal
17 because we're referring to your newly
18 promulgated emergency regulations, so it ties
19 in and make sure it applies to all of them.
20 Just crossing all the T's, dotting all the I's
21 to make sure it is done properly.

22 CHAIRMAN CROSBY: Do we need a vote?

23 MS. BLUE: Yes.

24 CHAIRMAN CROSBY: Commissioner

1 Stebbins, this one is up to you.

2 COMMISSIONER STEBBINS: I can just
3 say we can adopt that last two resolutions in
4 the memo and we can keep it that simple.

5 MS. BLUE: That would work well.

6 COMMISSIONER STEBBINS: Mr. Chair, I
7 move that the Commission adopt the two
8 resolutions on page three of the memo from
9 Chief Enforcement Counsel/Deputy Director of
10 IEB, Loretta Lillios with respect to authority
11 and permission granted to the Director of IEB.

12 CHAIRMAN CROSBY: Second?

13 COMMISSIONER MACDONALD: Second.

14 CHAIRMAN CROSBY: Further
15 discussion? All in favor, aye.

16 COMMISSIONER MACDONALD: Aye.

17 COMMISSIONER CAMERON: Aye.

18 COMMISSIONER ZUNIGA: Aye.

19 COMMISSIONER STEBBINS: Aye.

20 CHAIRMAN CROSBY: Opposed? The ayes
21 have it unanimously.

22 MS. WELLS: That concludes the
23 section for the IEB.

24 COMMISSIONER CAMERON: Thank you,

1 Director.

2 CHAIRMAN CROSBY: All right. I
3 think now the plan was we were going to take a
4 half-hour lunch break. We'll be back here at
5 12:35. We will then have the Section 61
6 discussion on MGM and we will then have the MGM
7 presentation.

8 And we will then at 2:30 have the
9 hearing on the MGM design changes. Reminder
10 that will not be streamed live. But it will be
11 open to the public here. And the transcript of
12 course, public transcript will be available.
13 We'll see you back at 12:35.

14
15 (A recess was taken)

16
17 CHAIRMAN CROSBY: We are reconvening
18 at about 12:45 the public meeting number 171.
19 We are on the last agenda item, which I think
20 is eight, Ombudsman Ziemba.

21 MR. ZIEMBA: Thank you, Mr.
22 Chairman, Commissioners. We are actively
23 working with MGM and our consultant teams to
24 prepare our so-called Section 61 Findings for

1 the Commission and to review MGM's proposed
2 design changes.

3 As a reminder, for projects that
4 require Massachusetts Environmental Policy Act
5 review, state agencies and Commissions
6 including the Gaming Commission are required to
7 issue findings that all feasible measures have
8 been taken to avoid or minimize the
9 environmental impact from such projects.

10 On 25 November, MGM received
11 approval from the Secretary of Energy and
12 Environmental Affairs to proceed with the
13 permitting of its new design if approved by the
14 city of Springfield and the Commission without
15 a supplemental MEPA review. We are reviewing
16 the comments submitted by MGM and other parties
17 as part of our Section 61 review.

18 We hope to conclude that review as
19 soon as possible. We continue to closely
20 follow the reviews being conducted in
21 Springfield and will include all relevant
22 information in our reviews.

23 I've asked MGM to give as part of
24 its presentation what it believes to be the

1 city review process. They can give a little
2 bit of a preview of what they believe will
3 happen over the next month or so. I note that
4 we are very pleased to have an approved draft
5 memorandum of agreement from the Massachusetts
6 Historical Commission relative to the
7 historical properties on the site and their
8 preservation.

9 This MOA was amended to reflect
10 MGM's proposed design which is subject to the
11 Commission's approval. This draft agreement is
12 here as part of the presentation but it has not
13 been posted for approval at this meeting.

14 In the last few weeks, we have
15 indicated some items for MGM to address at this
16 meeting. We will continue to review what they
17 provide and work with MGM and our review team
18 to collect and analyze additional information.

19 At a future meeting as soon as
20 possible it's my intention to present our
21 consultant reports to the Commission. We would
22 ask MGM to be at the meeting to address any
23 Commission questions that spring from such
24 reviews or any other questions that remain

1 unresolved.

2 With that, I ask Mike Mathis,
3 President of MGM Springfield to introduce his
4 team for the MGM presentation.

5 MR. MATIS: Thanks, John.

6 Commissioners welcome. Commissioner Macdonald
7 welcome to your first official hearing in
8 Springfield, happy to have you on board with
9 us. I will let the rest of our team who you
10 recognize introduce themselves as they speak in
11 the program.

12 But I do want to call out two of my
13 colleagues from our regional operations who are
14 with us. I appreciate them being here. Anton
15 Nicodemus COO of our regional operations --
16 That's all of our properties domestically
17 outside of Las Vegas. -- has joined us. And
18 much of the work that they're doing down at
19 National Harbor, which will be our next
20 opening, helps to inform some of the preopening
21 exercises we go through in terms of design and
22 marketing, really have the benefit of some of
23 what they're learning in the market.

24 And to his right is Jorge Perez,

1 Senior Vice President of Finance for our
2 regional operations and helps us collect and
3 crunch the data.

4 I'm just going to give you a preview
5 of what we're going to discuss today. I'm
6 going to speak to the evolving design and
7 remind everybody sort of the journey and the
8 process of how we got here today.

9 Then we're going to provide an
10 update to you, really a recap of what we did
11 last week I think very successfully with our
12 host community in terms of answering questions
13 and walking them through the design. And we've
14 gotten really very positive feedback, I think.

15 Your staff is talking to the city
16 staff and can confirm that we feel very
17 positive about the direction of those
18 discussions. Included in that update will be
19 updates on construction. I know important to
20 all of the Commissioners, particularly
21 Commissioner Zuniga, is some information about
22 our project costs.

23 We are armed today with many of the
24 facts that we didn't have last time. And I

1 think it will make for a much better hearing
2 and we're looking forward to answering those
3 questions. Then we'll give you an update on
4 our historical MOA and Section 61 update as
5 well.

6 The design process is iterative. We
7 used this slide last week we think really
8 successfully now. I know you have the packet,
9 and you may know the answer to this, but help
10 me build a little drama, if you would. How
11 many of you recognize this hotel? This hotel
12 happens to be -- The conceptual design for this
13 hotel happens to be one of the most recognized
14 buildings in our industry.

15 That hotel ended up being the
16 Bellagio. In its original iteration, it was a
17 much different design. It had yacht boats and
18 some cool things happening on the water but
19 didn't have the iconic fountains for example.
20 As you can see, the whole design changed.

21 This is really meant to reflect that
22 what we're going through today really is not
23 the exception. It's the norm. Our projects
24 all evolve. They are complex and they need to

1 evolve. I think it's our responsibility to the
2 Commonwealth to make sure that it represents
3 the best possible project on the day we open,
4 not necessarily the day we originally conceived
5 it.

6 Another famous example of evolution
7 is the MGM Grand. To the left is the original
8 design and now the new design. This represents
9 the moment where sometimes you make design
10 changes unfortunately after you open. This
11 represents a whoops moment for the company.

12 To the left is our iconic lion but
13 it happened to be our entrance. And what we
14 found was customers, particularly Asian
15 customers were afraid to walk into the lion's
16 mouth, incredibly. So, we recognized that
17 immediately because of the traffic and because
18 of input we were getting. As you can see, we
19 completely changed that corner.

20 And we'll have some of those moments
21 as well after we open our project. Hopefully,
22 they're smaller in terms of a restaurant that
23 we missed or some other space. This is really
24 one of the more famous examples of making sure

1 you get it right even if it's after opening.

2 The next slide is a timeline of
3 where we've been on many of the submissions
4 that we have given you. One of the things I
5 call out, and we're going to talk about these
6 in detail, but as you look at the ranges and as
7 we prepared for this hearing what stood out to
8 me is even the difference between the date that
9 we submit something and the date it's approved
10 is pretty meaningful.

11 For example, for the city agreement
12 we submitted our RFP documents on January 3,
13 '13. For the next four, five and six months,
14 we were having active discussions about the
15 project. And ultimately agreed to the host
16 community agreement.

17 A lot of times the plans aren't able
18 to catch up with the discussions. That's
19 similar to no different skipping down to number
20 three, we submitted almost a year later our
21 RFA-2 to this Commission. And as you know, we
22 weren't granted a license for another six
23 months. And during that process, we were
24 having discussions about the design that often

1 needs to be reflected in the plans.

2 It's been a very long process. I
3 think what's remarkable to me as we look at it
4 will be how closely we got it right the first
5 time when you look at where we are this many
6 years later, frankly.

7 I think this Commission recognized
8 that this was going to be a very dynamic
9 process. We pulled out this quote from our
10 RFA-2 review. And I think this is in
11 Commissioner Zuniga's section of the review.

12 And what I call out is the last
13 sentence: MGM has acknowledged that their
14 Springfield plan is complex and entails a level
15 of integration that they have not implemented
16 in the past and that their plan will likely
17 require modifications as it advances through
18 the development process.

19 As you can see that actually came to
20 life and ended up being a very true, a very
21 insightful comment. I know that's not a carte
22 blanche to make all of the changes we want, but
23 again I think that speaks to how dynamic this
24 process was expected to be.

1 In terms of the site plan itself, I
2 wanted to just juxtapose the different plans.
3 To the top left is our Springfield host
4 community agreement. Just to remind you,
5 that's a January 13 submission probably drawn
6 to get into the package in October 2012.
7 What's remarkable to me about the plan is
8 although the host community agreement talks
9 about an ice rink and some of the things we
10 were going to do in the plaza, as you can see
11 the plan wasn't able to keep up with that
12 dialogue.

13 So, a lot of the things we'll look
14 at, I think you have to put it through that
15 lens of what is the process? And does it
16 really reflect all of the ongoing conversations
17 that we are having?

18 The plan below it is the MEPA/RFA-2
19 plan, which as you can see compared to the
20 right more accurately reflects what we all
21 intended to do, even what we intended to do
22 with the city early on. It has the ice-skating
23 rink. It has the plaza drawn.

24 One of the things I call out to you

1 is if you look at da Vinci Park on the top in
2 the host community agreement part of this is
3 just getting the scale of some of these spaces
4 right. And that's not an excuse for being
5 sloppy. That's just the speed of which we were
6 going at the process. We think it was that
7 important to get the scale of da Vinci right in
8 the early drawings.

9 But more and more as we build, we
10 need to nail down some of these dimensions.
11 So, as you look to the right, you can see where
12 we're at. It's remarkably similar. We're
13 going to talk about some of the differences but
14 between 2012 and 2015 as we sit here today we
15 think it's the same project.

16 And that is a big part of what we're
17 trying to convey in this presentation. Feel
18 free to stop me, but we'll try to get through
19 this material and get into some technical
20 questions perhaps.

21 Again, we'll go through this briefly
22 but this the same comparison HCA to the RFA-2
23 submission, HCA to where we currently stand.
24 The HCA was really an outdated site plan. We

1 accommodated that in the language of the HCA
2 which provided for the program that we
3 committed to the city, not necessarily some of
4 the ways we drew the lines.

5 And that's what we hold ourselves
6 accountable for is the program in the host
7 community agreement, the program that we
8 submitted to you in our RFA-2. And less so
9 about where particular lines are drawn and
10 storefronts etc.

11 We are going to talk a lot about the
12 host community agreement but I think we need to
13 help bridge the RFA-2 to the host community
14 agreement. Programmatically, what you'll see
15 between the RFA-2 and the HCA is that the
16 casino block really stays unchanged.

17 It is the same, we really think,
18 wonderful design that has the casino in the
19 center. And in a very dynamic and innovative
20 way, we've put retail and F&B all around it.
21 That has remained constant throughout this
22 project.

23 What's really changed is the way
24 we've thought about the entertainment block,

1 ice-skating rink. At one point, you might
2 recall we had a very large complex that was
3 going to be a radio TV type of satellite
4 operation. That's in the RFA-2 and led to some
5 of the square footages you see in that
6 application.

7 We still have that program, but in
8 talking to the potential operator realized they
9 didn't need all of the space that we were
10 proposing. What they needed was really a
11 smaller studio.

12 So, one of the themes throughout
13 this process will be the different reasons for
14 change, some of it's the natural iterative
15 process, some of it is whoops in the case of
16 the MGM Grand. And some of it is, for example,
17 the feedback we're getting from tenants who are
18 actually going to operate these spaces. And we
19 didn't quite get it right the first time we
20 drew it.

21 Some of the other spaces that you'll
22 see programmatically are additional retail
23 space. I'm going to briefly go backwards just
24 to give you a sense of that. What you'll on

1 the top left is dotted lines around a couple of
2 retail spaces.

3 We were discussing it so early on
4 with the city that we actually identified
5 potential areas for expansion that we didn't
6 quite nailed down. So, the earlier you are the
7 more flexible you have to leave yourself.

8 But I think as we get closer to
9 handing the keys off to my colleague to the
10 right, Brian Packer, to actually build this
11 thing you're going to start losing some of that
12 optionality and you have to start figuring out
13 exactly what you're going to build.

14 Some of the spaces that are
15 reflected in the host community agreement and
16 then later on in the RFA-2 are spaces that we
17 potentially were going to build. We went out
18 and got environmental approvals that allowed
19 for that construction in terms of impact. So,
20 we had sufficient mitigation. But ultimately I
21 think we came back down to the host community
22 agreement sort of base commitments.

23 Similarly, we had more retail shown
24 in the MEPA and the RFA-2 than in the host

1 community agreement. And we also showed a
2 larger bowling facility at the time. We've now
3 since spoken to the potential operator of the
4 bowling and cinema facility, and they've given
5 us a better sense of what the market would
6 really drive. And we refined that design.

7 This is a zoom-in of the
8 entertainment block. Again, the difference
9 between the host community agreement and the
10 RFA-2 and really current is that plaza with the
11 ice-skating rink, the retail that was
12 originally going to be behind the Armory is now
13 replaced by that radio TV space that you saw.

14 And that radio TV space has now
15 since been replaced in our current plans. Now
16 you can see a better view of that retail
17 expansion that we wanted to have the
18 flexibility to do. Went out and got approvals
19 to do, but in the end decided that that's not
20 what we want to do in the current plan.

21 COMMISSIONER ZUNIGA: You mentioned
22 this quickly but just to clarify so in the host
23 community agreement you had an ice rink but was
24 not reflected in the plans that were associated

1 with it as evidenced here.

2 MR. MATHIS: That's correct. We had
3 it called out as the narrative of the program
4 we owed, I believe it was in the ballot that
5 the voters voted on, but it wasn't
6 consistent --

7 COMMISSIONER ZUNIGA: But they it
8 did not come up on the plan.

9 MR. NOSAL: That's right. Again, we
10 wouldn't come to the city and say this is what
11 we promised you. We believe you've got to read
12 the agreement as a whole. And we call out
13 programmatic elements that we feel like we owe
14 and we are staying committed to.

15 This is from a rendering standpoint
16 shows you the evolution of that plaza. You can
17 see to your top left there was a large retail
18 building behind the plaza. That's now been
19 replaced in our current plan by the French
20 Spiritualist Church.

21 As we talk about the reasons things
22 change, in the case of Springfield very unique
23 to Springfield and our site is the impact of
24 our Historic Commission negotiations. We had

1 an agreement with the Historic Commission that
2 we would take the church which was originally
3 going to be off-site and relocate it behind the
4 plaza. So, a number of factors impact where we
5 land, one of which are the negotiations that
6 came out of the Historic Commission
7 negotiation.

8 If I can, I'd like to turn to an
9 update on the host community agreement. We did
10 this in detail last week and walked them
11 through the same exercise, reminding them of
12 what the plan looked like in the host community
13 agreement. That there was a little bit of a
14 disconnect because the speed of that process
15 and where we stand now.

16 Again, from a plan view we think
17 this project is remarkably similar and in fact
18 better. We love the church now anchoring the
19 ice-skating rink, for example, and how dynamic
20 the new plaza space has become. We think
21 there's a better flow. As you can see in the
22 old design, there was a little bit cut off
23 because of the L created by the retail behind
24 the Armory. Now it's very porous in terms of

1 people. I think the plaza is more inviting.

2 CHAIRMAN CROSBY: Remind me Mike
3 what that structure is. Is that glass or just
4 an open -- that frame behind the church, the
5 trusses.

6 MR. MATHIS: The trusses, those are
7 meant to be ornamental, nonfunctioning trusses
8 that were meant to replicate what was the old
9 structure behind it. I think because of those
10 discussions, we are now able to give a little
11 bit more -- we have more opportunities to do
12 some things with that structure in terms of
13 hanging things, potentially even covering them.
14 They'll go crazy if you say that because
15 there's a lot involved in putting that kind of
16 load on it. But I think that it gives us those
17 kinds of opportunities.

18 CHAIRMAN CROSBY: You think of the
19 wintertime obviously.

20 MR. MATHIS: Yes, exactly. And we
21 want to seasonalize that space. A lot has been
22 said about the reduction between our MEPA
23 filing that square footage and where we are
24 today. And you may have seen it in some of the

1 headlines, 13.9 percent. Where did the 13.9
2 percent go?

3 Again, a lot of that in terms of
4 MEPA filing was additional square footage at
5 one point we envisioned constructing. We
6 wanted to allow for some of the dotted line
7 space that we originally negotiated. So, it
8 was really the upper end of our construction
9 possibilities so that we had all of the impact
10 covered.

11 We didn't want to have to go back
12 because of the arduous process and the impact
13 on construction. But when you look at what we
14 committed to in the host community agreement,
15 which is an exhibit to our license with the
16 Commission, we think the proper baseline is the
17 host community agreement and then where we
18 landed. And that's not 13.9 percent but 9.7
19 percent.

20 Ten percent essentially of square
21 footage that we owe an answer to this
22 Commission that we owe an answer to the public
23 on. And this is the breakdown of those
24 elements. And what you'll see when we're done

1 and I think we've done this successfully with
2 the city is that the reductions for the large
3 part occurred back of house "behind the doors".
4 And it didn't impact the program or the
5 customer experience or the employee experience.
6 They were just smart things to do. We'll walk
7 through those in detail.

8 The first one is residential.
9 65,000 square feet is called out for when it
10 was going to be on-site. We've committed to
11 the city and we're in the process of papering
12 that with the Mayor's office and the city
13 council to replicate that obligation off-site.

14 A lot of benefits in bringing it
15 off-site, particularly spending more money in
16 some other portions of the downtown. So, the
17 benefit of our project extends beyond the four
18 corners.

19 This is a building. This is our
20 first project that we've identified 195 State
21 Street. It's going to accommodate
22 approximately 30 units or so towards our 54
23 unit obligation. It's about two or three
24 blocks from the site, historic building in a

1 really great corridor right across from the
2 federal courthouse building and the museums.

3 The hotel, this one obviously we
4 should spend a little time with. What we were
5 able to do in the hotel, and this comes from
6 the efficiencies from going from vertical to
7 horizontal, highlighted in the orange is 18,243
8 square feet of pure efficiencies gained from
9 that move.

10 The key count is the same. In fact,
11 we have one additional key. They're still
12 four-star hotel rooms, but in fact what we're
13 able to do in a low-rise structure, and
14 Commissioner Zuniga it goes to some of the
15 earlier dialogue we had last hearing where you
16 asked would this still be as premium an
17 experience for our customers? Will it affect
18 your ability to attract customers?

19 One of the things you will see
20 shortly -- We can go to that slide now. Again,
21 this shows you where the orange, we're able to
22 save on the orange, which is exit corridors,
23 hotel lobbies, public space doesn't impact the
24 customer is -- We're going to see that later.

1 What you'll see later on is we
2 actually have a better suite product in this
3 low-rise configuration. Our high-end suite is
4 actually larger than it would have been in the
5 standard tower template. So, we think we are a
6 better project for it. We think we have a
7 better diverse guestroom offering for the
8 customer. And I'll show you that in detail in
9 a moment.

10 COMMISSIONER MACDONALD: Michael,
11 what does the word efficiencies mean?

12 MR. MATHIS: Brian, do you want to
13 help me tag team that?

14 MR. PACKER: Essentially, you're
15 getting the same space or same amenities with a
16 more efficient design. So, in this case where
17 it's stairwells, stairwells all of the way up
18 to the top of a 20-some story tower, now with a
19 six-story tower you gain the efficiency of not
20 having those stairwells or needing them anymore
21 because the tower is just not as high. So, you
22 gain the efficiency in the nonpublic space, the
23 exit corridors rather than in the hotel rooms.

24 MR. MATHIS: One layman way to think

1 about it, the way I think about it is the old
2 days of the ice bucket room on each floor. I
3 don't know that we're going to have that
4 necessarily. But essentially we saved 15
5 floors of ice-bucket rooms, Coke vending
6 machines. That's just pure savings from an
7 operational standpoint that doesn't affect the
8 customer because we'll still centrally locate
9 that room in the horizontal one. We just don't
10 have to do an extra 15, 16 levels of them.

11 You times that by the exit corridor,
12 exit stairs, etc., you get the pure efficiency
13 that doesn't impact the operation or the
14 experience of the customer.

15 CHAIRMAN CROSBY: What's the total
16 square feet of the hotel?

17 MR. PACKER: I think about 150,000
18 square feet.

19 CHAIRMAN CROSBY: It's about a 10
20 percent. It's on the chart, the percentage is
21 on the chart. Never mind.

22 COMMISSIONER STEBBINS: Mike, just a
23 quick question on the residential to go back
24 for a second. That square foot

1 increase/decrease could actually fluctuate as
2 you look at where these other 20-some odd units
3 could be placed around the city. It'd be a
4 marginal difference but it could actually be
5 higher than the 200 square foot increase
6 depending on where you locate it.

7 MR. MATHIS: Exactly right. If we
8 could have done it again, we probably would
9 have held the exact number flat. I think in
10 the original plan it was 64,800. When we did
11 our comparison, we said let's assume we're
12 going to build out 65,000 square feet out in
13 the community.

14 But you're right. It might go up;
15 it might go down depending on the structures we
16 end up finding.

17 On the operations side, I call this
18 the Chairman Crosby conundrum. I think you
19 challenged Jed the last time he was sitting
20 here. I was glad Jed was on the screen and not
21 me. And you said, I'll paraphrase, either you
22 were grossly incompetent the first time you
23 designed it or there is in fact an impact, a
24 negative impact from the new design. You can't

1 have it both ways. You were much more
2 diplomatic about it, but that was the gist of
3 your question which I think is a fair point.

4 What this particular slide speaks to
5 is we can't have it both ways. In terms of
6 earlier on, we drew some lines, filled it with
7 program. At the time, it was the best design
8 we thought we could have.

9 But what comes out of the process as
10 you start to work with you engineers and take
11 schematic drawings to design drawings to
12 construction drawings is you have these
13 epiphanies.

14 And in the case of the loading dock,
15 we realized how inefficient the overall
16 basement design was. It's highlighted by the
17 loading dock, because you had to drive deep
18 into the garage in order to drop off materials,
19 the goods and services off to what is our back
20 of house, which is the yellow.

21 That is 40,000 square feet of
22 loading dock that was unnecessary if you're
23 able to eliminate the basement. Because if you
24 eliminate the basement then you can have access

1 to the perimeter of the space.

2 So, essentially what we did in our
3 new design is we extended -- When we eliminated
4 the basement, we took the yellow and brought it
5 all the way out to the edge of the property.
6 And now the loading dock is 2600 square feet
7 and not 40,000 square feet. So, we were able
8 to save 39,000 square feet of basement build
9 out without an impact to our operations.

10 That's really the evolution of
11 design and what would happen naturally without
12 the microscope and spotlight of this very
13 public process, which we signed up for. So, we
14 understand it. But that's an example of a pure
15 efficiency that doesn't affect the customer.

16 CHAIRMAN CROSBY: It wasn't just a
17 microscope, by the way. It was the way it was
18 released, self-inflicted was part of the
19 problem.

20 MR. MATHIS: I totally agree. I
21 don't want to blame anybody but ourselves.
22 This was a self-inflicted wound. And we are
23 getting through it the best we can.

24 COMMISSIONER ZUNIGA: So, this

1 rendering is upside down -- It just hit me. --
2 right? You're eliminating the lowest volume,
3 if you will, or mass of the basement?

4 MR. PACKER: The red area is
5 extended just to visually make it pop out.
6 This would be essentially the plan view of the
7 basement, the old basement level with the
8 40,000 some square foot just elevated.

9 COMMISSIONER ZUNIGA: So, now that's
10 gone? The red mass is gone?

11 MR. PACKER: Yes.

12 COMMISSIONER ZUNIGA: And where is
13 the loading dock?

14 MR. PACKER: The current loading
15 dock is going to be on the Union Street side of
16 the garage facility. But it's an at-grade
17 open-air towards the end of the garage.

18 MR. MATHIS: I'll come back to this.
19 But let me click ahead to where I think we'll
20 be able to show that. I think it's this one.
21 You can see to the right the grayed out area of
22 the garage space.

23 CHAIRMAN CROSBY: Which number is
24 it?

1 MR. MATHIS: Sorry, this is 28. So,
2 the right side of the plan if you look at the
3 gray area where the spaces meet the grayed out
4 part of the garage is now the new loading dock.
5 So, imagine that were red, Commissioner Zuniga.

6 MR. PACKER: Some of that area is
7 circulation, circulation to get to loading and
8 then you have four loading areas.

9 COMMISSIONER ZUNIGA: Before you had
10 the service entry, bus entry/exit; is that it?

11 MR. PACKER: Before the red line or
12 box we previously just saw would go all the way
13 down to essentially that purple area.

14 MR. MATHIS: This used to come
15 through here. All that red that you'll see
16 when we go back to the slide, which is a wasted
17 corridor that we built. So, the trucks had to
18 take an extra 50 feet of drive to get to the
19 loading dock. We're going to put the loading
20 dock out on the edges.

21 COMMISSIONER STEBBINS: So, you've
22 decreased amount of space now in the receiving
23 area, right -- the same number of truck docks?

24 MR. PACKER: I'd have to go look at

1 that. Currently, we have four.

2 COMMISSIONER STEBBINS: It looks
3 like probably roughly about the same.

4 MR. MATHIS: Yes, I'm looking at it.
5 It looks essentially the same.

6 MR. PACKER: Since then and now,
7 we've obviously also been in touch with a bunch
8 of sister properties. New York, New York for
9 example has less loading area or loading spaces
10 for trucks. This would be more similar to Beau
11 Rivage in Mississippi.

12 COMMISSIONER STEBBINS: My general
13 concern and it probably should have been a
14 similar concern in the original ideas, Union
15 Street is pretty narrow. To move trucks in and
16 out of now a 2600 square-foot space you're
17 going to have the flexibility and the space to
18 do that off of Union Street?

19 MR. PACKER: In the new design,
20 there's a dedicated turning lane into the
21 loading area on Union to address such concerns.

22 MR. MATHIS: Commissioner Stebbins,
23 the city staff has been really focused on that
24 issue. So, we spent a lot of time with them

1 talking about those movements and changing the
2 geometry of that space to make sure that we can
3 do those movements.

4 By the way, we have the ability
5 through scheduling to reduce some of the
6 conflict that you're imagining. So, it's not
7 as if all 20 trucks in a single day show up at
8 the same time. We would stagger them because
9 we're the customer and we're able to do that.

10 COMMISSIONER ZUNIGA: You had trucks
11 coming in from Union Street in the past,
12 correct?

13 MR. PACKER: Yes.

14 COMMISSIONER STEBBINS: Just talking
15 about turning space from 40,000 square feet to
16 2600 square feet.

17 MR. MATHIS: Again, just to remind
18 you of where we are at. We're describing the
19 reduction between the host community agreement
20 square footage and where we are now. And
21 trying to demonstrate that it's areas that
22 don't impact the experience or the program or
23 the commitment.

24 The employee dining room, no one is

1 really taking the blame for this one on the
2 team. Why we drew it at 27,000 square feet,
3 but we did draw it extremely large.

4 What we did in terms of refining the
5 design is we went back and looked at some of
6 our other operations and try to understand what
7 the geometry of some of those spaces were. And
8 what we realized is that you can still
9 accommodate the same 3000, approximately 3000
10 employees that we're envisioning in a much
11 smaller space just more efficient.

12 So, instead of 27,000 square feet,
13 you'll see that our new plan calls for about
14 13,000 square feet. This is the point where
15 we're actually drawing tables and chairs and
16 the layout of the kitchen. And it goes from
17 being a big box to the box we intend to build.

18 But we wanted to make sure that we
19 got that right. So, we went to the Excalibur
20 and went to the Luxor. The plan that we
21 currently have for employee dining room is
22 consistent with what they're able to do in
23 those facilities.

24 Entertainment and amenities, and

1 this is the area that we feel needs the most
2 explanation because this in fact customer
3 facing. In this particular area, there's been
4 really the sole reduction of that 9.7 percent
5 in a public area is between what we showed in
6 the bowling area from 15 lanes down to 10
7 lanes. And that's about 5000 square feet.

8 So that represents, in our view, the
9 only public facing impact of our reduced plan.
10 And this is really more about going from league
11 bowling and the generic bowling experience to
12 what we view as a VIP entertainment type
13 experience with leather chairs and high-end and
14 high-energy. That's more a boutique
15 experience.

16 One of the things you'll see too,
17 and this what we're trying to understand the
18 deltas ourselves is to the left you see the
19 broad blue outline. When we submitted to MEPA,
20 for example, we just called it all bowling.
21 When you look at the plan to the right, you'll
22 see that there is a smaller blue line but
23 behind it is yellow service corridors on the
24 plan to the right.

1 So, part of this is an apples and
2 oranges issue, where MEPA we just called it all
3 bowling even though some of that was back of
4 house. In our new design and part of this is
5 the self-inflicted part of this, Chairman, is
6 we called it bowling and then we called the
7 rest of it back of house. But in fact it's
8 back of house that supports bowling. So,
9 there's the perception that that program was
10 lost when really some of this was just
11 definitional.

12 You do all that analysis and what
13 you end up with is a pie chart that shows how
14 the various areas were reduced. The various
15 shades of orange represent pure efficiencies in
16 the back of house which we just walked you
17 through.

18 The blue represents the hotel which
19 I think we've demonstrated doesn't impact the
20 guest experience. The residential call it
21 flat. And really there is 4400 square feet
22 that represents a reduction to the program.

23 CHAIRMAN CROSBY: Where is the
24 retail? Isn't that part of the impact as well?

1 MR. MATHIS: Yes. In fact, we've
2 increased on retail which you'll see shortly.
3 We're walking through the reductions. If it's
4 not on here then you can assume for comparative
5 purposes we either are flat or moved up.

6 At the end of the day, I think this
7 speaks a little bit to the budget issue, which
8 I want to talk about is we announced last week
9 that we're at \$950 million plus. We got a big
10 round of applause from the public about that.

11 We have mixed emotions about that.
12 We are happy to invest more, but it makes it
13 that much more of a difficult business case.
14 The point is we're stepping up and meeting our
15 commitments given an additional \$100 million or
16 so. That represents a fix to a problem that
17 was much larger when we had the hotel in the
18 original program before these efficiencies.

19 So, before the 9.7 percent, we
20 priced this project between an additional \$50-
21 to \$75 million on top of the 950. So, in our
22 view, we took a \$150-, \$175 million problem and
23 made it \$100 million problem all of which MGM
24 is owning.

1 We did it through smart design
2 changes to the back house with the mantra that
3 we don't want to impact the public experience.

4 I talked a lot about the program.
5 We don't feel like we owed an HCA specific
6 design elements. Some of those are referenced.
7 There was also an understanding the design
8 would change. What we owed is program.

9 People have different views about
10 design and wallpaper and paint colors, but what
11 we owed are these elements. What we did with
12 the community last week and we'll do right now
13 is show you how we've lived up to all of those
14 commitments in the new plan.

15 The casino floor is virtually
16 unchanged, maybe 500 square-foot less. As you
17 can see some of the geometry of the lines have
18 changed, but at 125,000 square foot casino
19 we're able to put the initial envision mix of
20 machines and tables to drive the original
21 projected gaming revenue.

22 Design is not going to impact our
23 gaming revenue projections or our plans. The
24 market will, but the exercise today is about

1 the design that that we're asking you to
2 approve is the same casino outline footprint in
3 terms of square footage.

4 One of the things that we have done
5 is you can see the center bar in our current
6 plan has grown. What that is meant to reflect
7 is our belief that as our market skews more
8 towards millennials, we need to deliver more of
9 on the entertainment experience. So, you'll
10 see a slight change there, but in general this
11 is virtually the same casino plan.

12 One of the things that Anton and
13 Jorge sitting on top of the regional
14 organization are able to do for us is to give
15 us insight in what we're seeing in the market,
16 in both our existing operations and as they go
17 out into the market.

18 So, one of the things that has been
19 highlighted in the Maryland market, for
20 example, is that those casinos, and I think
21 you've seen this in some of the literature, are
22 going from less slots to more tables. They're
23 increasing their table mix.

24 That's because millennials based on

1 an article -- This is all recent literature. --
2 based on an article, millennials find slots
3 boring. I'm not a slot guy, so I sort of
4 empathize with them. But there's more interest
5 in table games. It's more communal. And it's
6 higher energy is their perception.

7 So, some of the things you'll see as
8 we continue to evolve the program is taking the
9 same footprint of the casino what is our mix
10 going to be? You can rest assured we're going
11 to be doing it in the best interests of both
12 ourselves and the Commonwealth is to drive
13 gaming revenue. But we think that mix is going
14 to go more towards tables.

15 COMMISSIONER CAMERON: Mike, I'm
16 going back to your center bar, which is larger.
17 And you just explained that it's all about a
18 more varied entertainment experience. I see
19 the colors have changed in the middle. What do
20 you envision there as opposed to a standard
21 bar?

22 MR. MATHIS: We're still filling out
23 the space, but I think we're envisioning
24 potentially tables where you might be able to

1 play. You see some of that in like a Hard Rock
2 Café in Las Vegas where they have some tables
3 there.

4 But I think more in the line of
5 having a stage and entertainment. I think the
6 original plan was just a walk-up bar where you
7 could sit at the bar top. This is more of an
8 experience. We're still figuring it out, but
9 we're giving ourselves the footprint to do
10 something dynamic there.

11 CHAIRMAN CROSBY: Back on slide 30,
12 your HCA design comparison, your program, one
13 of the areas which you've not changed which I
14 consider an important element is the outside,
15 the park, the public market space, the open
16 space. Just out of curiosity, do you not
17 consider that one of your program commitments?

18 MR. MATHIS: We do. We're walking
19 through each of these slides. So, you're going
20 to see -- You said the retail?

21 CHAIRMAN CROSBY: No, the outdoor
22 space, the park, the da Vinci Park. Isn't
23 there a public plaza? To me that's a really
24 important distinguishable program element.

1 MR. MATHIS: We didn't call that out
2 as a separate bullet. We could've to your
3 point because I think it's inherent in the ice-
4 skating rink, the retail stores which are the
5 slides we're going to hit on.

6 But you're right, when we talk about
7 the wow factor and everybody's asked us with
8 the elimination of the tower have we lost the
9 wow? We always thought the tower was frankly
10 the least interesting part of our design.
11 Mohegan Sun and Foxwoods have a tower. We have
12 towers all through Las Vegas. What makes our
13 design really unique is the outdoor experience,
14 the Armory building, the historic. Your
15 question I think is inherent in some of the
16 bullets.

17 CHAIRMAN CROSBY: For my money, it's
18 worth noting as a distinguishable element.
19 It's a real valuable distinguishable element
20 from my standpoint.

21 MR. MATHIS: Okay. One of the
22 things as we were doing some of this millennial
23 research, in my mind this is humorous. We are
24 talking about \$950 million. We're talking

1 about the tower. We're talking about all these
2 experiences.

3 When you poll millennials, and
4 anybody who has kids my kids' range, 10 and 12-
5 year-olds, the only crisis you have in your
6 home is when you can't find an iPhone charger.

7 And that's what this millennial
8 survey reflects is they want free Wi-Fi. They
9 want access to charge their phones. So, if we
10 get anything right, it better be Wi-Fi and
11 enough outlets and not necessarily the finishes
12 on the garage or the hotel room.

13 But we're going to learn more and
14 more through our operations. And that's part
15 of what the value of the original
16 infrastructure that Anton and Jorge are able to
17 bring us. They'll bring us data from all of
18 our experiences.

19 Hotel comparison 250 4-room stars
20 (SIC). We're going to give you 251 4-room
21 stars (SIC). And this the slide I thought I
22 had, Commissioner Zuniga, earlier. When you
23 look at the suite type, it is as opposed to a
24 single guestroom prototype that you would see

1 in a tower that you would create from scratch,
2 fitting our new 251 rooms into an existing
3 building with varying façades gives you a
4 variety of rooms.

5 So, our room count is the same. The
6 average size of the room is similar. But what
7 you're able to do with this very suite count is
8 now our high-end room goes from a 900 square-
9 foot room to a 1200 square-foot room.

10 So, you can see on that corner, the
11 famous corner where we have a rendering of the
12 trolley car coming towards you, you recognize
13 that architectural feature, the round sort part
14 of that tower. Those are now our highest two-
15 and-a-half room suites 1200 square-foot each
16 all of the way up the five levels.

17 So, we believe we have a better
18 suite product because of this new design. The
19 other thing I would call out is -- we're
20 calling them the lanai suites. But it's these
21 817 square-foot rooms that now have access to
22 the pool. That's a very sort of resort
23 experience. You don't have that opportunity in
24 a vertical tower, obviously.

1 One of the benefits of coming to a
2 low-rise is there are more rooms now that can
3 interact with the street and the podium.
4 That's just a result of the geometry.

5 COMMISSIONER STEBBINS: Quick
6 question about the hotel. Valet and I guess
7 most guest arrival is still kind of coming
8 through to the other end of the casino floor,
9 your valet parking area related to the garage.

10 MR. MATHIS: Brian, you and I can
11 tag team this one. You're talking about the
12 guest arrival experience, Commissioner?

13 COMMISSIONER STEBBINS: Right.
14 That's primarily, as I see it right now, where
15 the valet parking is in the garage. And
16 registration and everything else in the lobby
17 is up in that kind of southeast corner I guess
18 of the property.

19 Are you allowing for any type of
20 traffic that's going to show up on Main Street
21 the cab, the limo? It's a small corner. Are
22 you thinking about a carve out on the sidewalk?

23 CHAIRMAN CROSBY: Just to be clear,
24 are you talking about that Main Street angle we

1 always see with the rounded turret that is the
2 front door to the hotel essentially?

3 COMMISSIONER STEBBINS: Right. My
4 expectation is you're moving it to that corner
5 which I think is still an access for the
6 pizzeria and obviously the entertainment block.
7 You're going to have your folks who are going
8 to arrive by taxi or taking the taxi over from
9 Union Station or the limo pulls up. They don't
10 want to walk across the casino floor. Are you
11 making any or thinking about any with the city
12 about any accommodations to not clog up traffic
13 on Main Street?

14 MR. MATHIS: I'll let Brian maybe
15 help me tag team this response. I think scale
16 is important to remember in this conversation.
17 It's 250 rooms compared to our Las Vegas
18 operations which have 3000 rooms. There you
19 really have to factor in arrivals and that
20 massive volume.

21 We undersized in our casino, as
22 you'll recall in our original application
23 because of what the Gaming Act required, which
24 is to make sure that we leave enough of the

1 excess demand for the existing Sheratons and
2 Marriotts of the world.

3 So, I think when you think about it
4 in the context of 250 rooms and then what
5 portion of those customers won't be driving
6 themselves, I think it's a relatively small
7 number.

8 That said, we are in conversations
9 with the city about what that arrival
10 experience looks like. And I think naturally,
11 taxis will want to drop off there. What we're
12 able to do because when the taxis want to re-
13 cue to pick up our next customer, we can
14 dictate rules of the road in terms of how they
15 engage with our project.

16 So, we will direct them to drop off
17 in this valet area underneath the garage.
18 That's a very small walk and it's a very common
19 walk that we have in Las Vegas. In fact, this
20 is a much smaller walk than we have many of our
21 customers currently walk through, but that's a
22 covered experience.

23 So, given the harsh weather of the
24 winter that's actually a better design than the

1 outdoor drop-off. So, in weather were to take
2 that for example, I don't think anybody would
3 want to get dropped off if it's torrential
4 rain.

5 We'll be able to direct some of that
6 traffic away from the area based on the rules
7 we give the vendors who do the drop-off. That
8 said, I think we're in the conversations with
9 the city.

10 MR. PACKER: Yes. The city has
11 echoed some similar concerns about taxi traffic
12 along Main Street. We are looking at the
13 potential of maybe one or two spots on Main
14 rather than at the cul-de-sac which would
15 impact Red Rose.

16 And we really want to drive traffic
17 away from that cul-de-sac and leave it for what
18 it was intended for. So, we are discussing
19 maybe potentially a couple of spots along Main
20 Street. I believe we can control the majority
21 of it through still the main arrival point in
22 the garage.

23 COMMISSIONER STEBBINS: Okay.

24 COMMISSIONER ZUNIGA: Just on that

1 note, do you have just an overall percentage
2 estimate of all of your customers, what
3 percentage might be arriving from that valet
4 entrance off of the taxi, bus, self-parking
5 area as opposed to the other front that
6 Commissioner Stebbins was talking about?

7 MR. MATHIS: We're all feverishly
8 looking around for our --

9 COMMISSIONER ZUNIGA: You can get
10 back to us on that.

11 MR. MATHIS: It's a very high
12 percentage is the short answer. We hope that
13 more and more Union Station becomes activated
14 and we'll get more arrivals in the future.

15 COMMISSIONER ZUNIGA: By foot
16 perhaps, right? That would be great for
17 downtown, but I mean I'm just thinking of
18 Penn's property. There's the nice valet
19 entrance but the reality is that maybe 65
20 percent or higher come from the other entrance,
21 from the garage because they self park.

22 MR. MATHIS: That's what we're
23 expecting as well, a very high percentage that
24 will be self-parking. And we'll get you that

1 information as a follow-up.

2 One of the things we look at, and
3 I'll try to move this along, but I thought this
4 was interesting. I'm looking at appendix B of
5 the design review, which I think was
6 Commissioner McHugh's piece of our evaluation
7 on design. This is page nine of 14 of appendix
8 B. And we look back at the consultant reports.

9 And on the hotel section, the
10 comment that was made by the consultants for
11 the Gaming Commission was that, and I'll just
12 read from it, with the exception of the State
13 Street entry, the hotel's gridded glass façade
14 and skewed geometry are a departure from the
15 theme of integration and act more as a giant
16 pylon sign identifying the MGM property. The
17 hotel will also cast shadows over the adjacent
18 courthouse complex and other buildings along
19 State Street.

20 I suspect at the time we vigorously
21 disagreed with that characterization, but how
22 insightful they were. So, I'll just remind you
23 of some of the critique we actually got over
24 the tower. That said, we'd like to be able to

1 expand with the tower there in the future. So,
2 we'll try to have it both ways.

3 COMMISSIONER STEBBINS: Very nice.

4 CHAIRMAN CROSBY: It was a good get
5 on somebody's part.

6 MR. MATHIS: Good research. One of
7 the things we talked about, and again part of
8 this is I think Chairman you made the comment,
9 which was really insightful in one of our
10 earlier hearings that was just because a design
11 review is cost driven doesn't mean that what
12 results from it is a bad design. We just have
13 to be more skeptical. And I think that's
14 exactly right.

15 And we feel really strongly that the
16 new low-rise hotel is a better design. And one
17 of the things we pointed to is if you go to a
18 market like Boston, which has luxury hotel
19 experiences and you look at the Condé Nast top
20 10 hotels, there are high-risers peppered
21 throughout those including the Intercontinental
22 and the Ritz-Carlton.

23 But what you'll see among the top 10
24 are these low-rise hotels, 15 Beacon, Hotel

1 Commonwealth that are on active streets. Is
2 Main Street of Springfield Comm. Ave., by no
3 stretch is it. But I think believe it can be.
4 You've seen some of the great architecture
5 there. And that's what this hotel would help
6 energize is to make them more of a reality.

7 Again, I think Commissioner Zuniga,
8 this goes to your concern early on. Does
9 taking away the skyscraper take away from the
10 premium experience? And I would suggest that
11 these type of surveys will tell you it makes
12 for a more enhanced premium experience.

13 On this last thing, I just want to
14 close with this image that we've used over and
15 over and over. I think what is really powerful
16 about this image, and this is the 1920s of
17 Springfield in its glory days, is that this is
18 all street-level engagement. This photo would
19 look odd if there was a skyscraper in the
20 background.

21 People went vertical when you
22 couldn't stay down on the ground. We found a
23 way to go down on the ground with this low-
24 rise. And we think we're paying a little bit

1 more respect to the history of what we're
2 trying to achieve here and the integration with
3 the downtown.

4 Retail comparison, again, from a
5 square footage standpoint, we've gone up 4000
6 square feet from our HCA. And that's
7 highlighted in the blue. And one of the things
8 that we've provided to your consultants is if
9 you look at our current plan, the retail to the
10 right, we've shown with that same square
11 footage we're able to achieve in total 25
12 storefronts, smaller stores maybe more varied
13 experience.

14 We don't know what the market will
15 dictate as we go in and have these
16 conversations, but what we wanted to highlight
17 to your staff is that the square footage we've
18 committed in this latest plan allows for the
19 flexibility to create more robust retail.

20 It's just a matter of how we draw
21 the lines. And how we draw the lines will be
22 based on who we talk to in the market. Again,
23 from a host community standpoint, we've
24 increased our commitment in this new design.

1 COMMISSIONER STEBBINS: Two quick
2 questions, one of these came out of some of the
3 comments that we received. And it goes back to
4 reduction in warehouse space going from 23,000
5 square feet down to 9000 square feet. Is any
6 of the warehousing space or was any of the
7 warehousing space intended for use by the
8 retail or was it for F, B & E operations,
9 gaming operations, hotel stuff?

10 The individual who wrote in said the
11 reduction of warehouse space means reduction in
12 overall retail because you're not storing as
13 much consumer product. That's for that
14 person's impression, but I'd only relay that
15 comment to you and get your thoughts.

16 MR. MATHIS: I think there's a
17 couple things there. One is we drew some
18 pretty broad lines for warehouse. One of the
19 things I point out is, again, this is the
20 apples and oranges conversation.

21 If you look at the program to the
22 left, none of these spaces would be supported
23 by back of house corridors or any warehouse
24 space because we drew just big red blue lines,

1 because we were trying to convey program.

2 What you have here is called out a
3 little bit more specifically, but we think we
4 oversized the warehouse. And that relates to
5 how long you keep the product on the shelves.
6 And operationally, what are we going to do in
7 terms of our burning through of goods that
8 arrive.

9 So, I think this will flow from the
10 operations but we're invested in making sure
11 that we've got enough supplies to feed this
12 project.

13 So, I'm happy to answer that
14 person's question in a little bit more detail
15 when we start developing our operations. But
16 really it's a function of how we turn around
17 our products and how long we keep them on the
18 shelves. And I think this is probably
19 envisions being a little more efficient.

20 MR. PACKER: One other issue with
21 that is I believe before the warehouse and all
22 of the walk-in coolers were more than likely in
23 the same spot. And now, some are upstairs.
24 So, that's a little bit misleading in terms of

1 the exact square footage.

2 While we did tighten up the space, I
3 think some of the walk-ins are more -- they're
4 located a little more efficiently than they
5 would just all be in the warehouse.

6 MR. MATHIS: And they're probably
7 landing in the kitchen.

8 COMMISSIONER STEBBINS: Just in
9 terms of the retail, the current plans have it
10 going up by 4000 square feet almost. Is it
11 still your intention to have -- I think going
12 back to the RFA-2 application, there was a lot
13 of commentary in the proposal about using a
14 number of local retailers. We'll call out La
15 Fiorentina that's more on the food and beverage
16 side.

17 But giving opportunities for
18 Springfield or area vendors, area retailers to
19 have space, is that still the plan? Or is it
20 potentially still up the air again? We're a
21 little under three years out and the mix may
22 change.

23 MR. MATHIS: It's still the plan.
24 We've always envisioned our retail offerings as

1 a little bit local, a little bit of regional
2 and a little bit of national similar in the
3 food offerings.

4 So, La Fiorentina is a great
5 example. It's a great local brand. Some of
6 the things that we have to consider as we
7 develop that relationship is, for example, do
8 we license the name? And do we maybe license
9 the recipes? They're our employees producing
10 the goods. That's totally satisfactory in our
11 mind. That might be a good relationship.

12 Or is it their employees? Do they
13 essentially create a second store? What is the
14 impact on the original store in the
15 neighborhood, which is something that we have
16 to balance, because it's not about taking all
17 of the great things that are up and down Main
18 Street and putting them in the project to the
19 detriment of those original operations.

20 Frankly, three years out, it's just
21 very early. As you can see, we're still trying
22 to lockdown our design much less what goes in
23 them, but same type of commitment. We just
24 have to see how those discussions go and how

1 the market sort of reacts.

2 COMMISSIONER STEBBINS: That's fair.

3 COMMISSIONER ZUNIGA: Michael maybe
4 you already answered this question. Just a
5 little bit on that, do you have a sense of the
6 type retail besides being local or national or
7 the mix in your current plans? Or it's still
8 very rough because all of this conversations
9 have to be had?

10 MR. MATHIS: We are starting to talk
11 to our team about that very issue. I think the
12 way we think about it is sort of clusters of
13 neighborhoods. Just by way of example, I'm
14 using the pointer, does this want to be
15 apparel, for example, which might make sense
16 because now that box is big enough to attract a
17 national brand.

18 We always envisioned this space by
19 the casino as maybe the gallery jewelry space,
20 which is very typical to put it for show. It
21 lends for a better window case.

22 Then I think one thing we're pretty
23 confident about is this area wants to be sort
24 of a fun, festive maybe a confection type area

1 with hot chocolate to support the skating rink,
2 ice cream and different things. And there's a
3 lot of wonderful local brands.

4 For this one, it wouldn't make sense
5 in our minds to go to a national brand when you
6 have so many good ones, the Northhamptons of the
7 world in the Berkshires. So, sort of clusters.
8 And we're nailing that down and we'll provide
9 you updates as we release that information.

10 One of the things that Anton's been
11 really focused in terms of giving us a strategy
12 on this is National Harbor just announced its
13 restaurants in the last week. And they're a
14 year out from opening. There is a thirst and a
15 hunger from the public and from all of us to
16 nail down some of these brands and get them out
17 there.

18 What we have to be careful of is
19 what's hot today won't be hot two years from
20 now. And we have to make sure that as we
21 approach our opening that we've got the best
22 brands at the time. So, we're being really
23 careful and deliberate to make sure that we get
24 that right. But I think the best we can do

1 right now is to start to think about
2 neighborhoods and then a category of brands.

3 COMMISSIONER ZUNIGA: Thank you.

4 MR. MATHIS: Anton, did I give you
5 enough plugs? He's my boss. I've got to make
6 sure I show him some love.

7 So, this is a rendering that shows
8 you some of the new retail experience with
9 those ornamental features that we discussed
10 with the Historic Commission. That First
11 French Spiritual Church is going to be
12 fantastic. I think as tough as some of those
13 discussions were, I think really a better
14 product came out of it with Historic.

15 CHAIRMAN CROSBY: Is that a food
16 location?

17 MR. MATHIS: We think that's going
18 to be sort of a food/retail. That's probably
19 some version of a hot chocolate, ice cream
20 operation, the church itself and coffee. Again
21 because of it's adjacency to plaza I think
22 that's what it lends itself to.

23 COMMISSIONER MACDONALD: There's no
24 local congregation that wants to use the church

1 as a facility?

2 MR. MATHIS: No, we haven't gotten
3 any requests. But I suspect the rent we would
4 want to charge them wouldn't be appropriate.

5 On the restaurant food side, again,
6 you wouldn't have known it from all of the sort
7 of noise in the last few months, but we've
8 increased our F&B operations. As you can see,
9 they are spread throughout the operation.

10 One of the things that we've been
11 talking to your staff and your consultants
12 about that has changed is on the program to the
13 left in the host community agreement. You see
14 the large blue space off of State Street. You
15 might recall there was a buffet originally
16 shown.

17 We are now taking the buffet/food
18 court that was previously shown and the plan to
19 the right, we're combining that into a food
20 market. One of the things that we are seeing
21 in our operations, and National Harbor in fact
22 is going to open this way is moving away from
23 buffets. Again, that's part of this evolving
24 customer base which are millennials.

1 They don't go to as many buffets.
2 They are more health conscious, don't want to
3 pile up their plates. So, sort of the value
4 premium has changed. Again, from a green
5 corporate social responsibility side, what
6 we're seeing and what we're trying to curb in
7 our buffets is a huge wastage of food that
8 comes with it.

9 And we're doing things really
10 interesting like reducing the size of plates,
11 which you would be surprised the kind of impact
12 that has on wastage. We're taking those same
13 philosophies and implementing them in our
14 employee dining room, which is essentially a
15 buffet for employees, reducing the size of the
16 plates.

17 Also, we've got people now posted at
18 the trashcans so that at least from an
19 emotional standpoint, there is a little bit of
20 a guard against people just dumping plates of
21 food. And we're seeing really significant
22 savings there. Part of that change here
23 reflects the evolving customer that we are
24 trying to market to.

1 COMMISSIONER STEBBINS: Michael,
2 real quick what is the difference -- I know you
3 have the HCA square footage agreement numbers
4 and the current plan numbers. What is F&B down
5 from the RFA-2 application or up?

6 MR. MATHIS: Brian's got a grid.

7 MR. PACKER: HCA it's 72,750 and
8 RFA-2 it's 78,450.

9 MR. MATHIS: About 5000.

10 CHAIRMAN CROSBY: Which did we tie
11 them to? They're talking as if they're tied to
12 the HCA by our agreement; is that right? Or
13 are they tied to the RFA-2?

14 MR. ZIEMBA: RFA-2.

15 MS. BLUE: They're tied to the RFA-
16 2, but you will note that their license has a
17 condition that says they have to comply with
18 all of their agreements. So, I would say they
19 are tied to both.

20 COMMISSIONER ZUNIGA: Hence both
21 approvals really, right?

22 MR. NOSAL: Chairman, if I can just
23 add as the Commission sort of thinks through
24 that one thing to keep in mind too is that the

1 Commission's regulatory structure for this
2 clearly contemplated the award of the license
3 based on application materials with a
4 subsequent process for final design review.

5 So, there has to be some
6 recognition, I think, that certainly it was
7 going to go through some level of evolution
8 before the final package that was actually
9 going to be built was going to be there.

10 I think really looking at the
11 license, I think it's a fair way to view it as
12 approval, as Mike has been saying, programs,
13 concepts, certainly using the application as a
14 reference point but with the understanding that
15 that was going to evolve.

16 CHAIRMAN CROSBY: I don't disagree
17 with that. I tend just me personally speaking
18 to think that the maintenance of the elements
19 is the critical or a very critical variable. I
20 totally agree with that.

21 However, making a presentation to us
22 and through us to the public, this is putting
23 the best possible spin on the change. That's
24 fine. I would do the same thing. We just have

1 to remember, it looks like it's only 1000
2 square-foot change in retail, it's actually a
3 five or 6000 from what we had signed off on.
4 That's all.

5 There's no real right or wrong here.
6 But I don't want the public to think or
7 somebody else to think that we are forgetting
8 that there was an even a higher standard to
9 which we might choose to hold you accountable.

10 MR. MATHIS: Understood, Chairman.
11 I think one of the things, don't expect any
12 sympathy on this chord, but we are subject to
13 bearing and sometimes inconsistent obligations.
14 I think they all have to be taken as a whole.

15 A perfect example is subsequent to
16 the RFA-2 approval, we went through an Historic
17 Commission approval. And that now has elements
18 that we've obligated ourselves to that are
19 inconsistent with the RFA-2. We did that in
20 concert with your staff. So, we feel
21 comfortable that they felt comfortable about
22 those.

23 But part of the reduction, for
24 example, in retail in that radio TV retail

1 space that was behind the plaza is now replaced
2 by a 3000 square-foot church, for example. So,
3 I think we would hope that you would look at it
4 together in that context. Again, it's the
5 spirit of what we committed to in terms of
6 program being maintained.

7 CHAIRMAN CROSBY: As I said, I don't
8 disagree with that. And we've repeatedly said
9 that it matters a lot us what the city thinks.
10 So, ipso facto they're going to care most about
11 their HCA and we're saying we care a lot about
12 that. But I just don't want to ignore the fact
13 that this is one way to look at it, but there
14 are other ways to look at. That's all.

15 MR. MATHIS: Sure. These are
16 examples of the restaurant food outlets that to
17 the left is our TAP which we are bringing from
18 our Detroit as well as our the MGM Grand Las
19 Vegas operation. It's a very successful sports
20 bar concept.

21 And then you'll see now the new
22 rendering for our south-end market, which is a
23 new food market, which is really a pretty
24 gorgeous building. It was already a great

1 building. And now we've replicated that face
2 on the side facing Columbus Avenue.

3 Banquet area, we've decreased
4 slightly off the host community agreement
5 obligations. But I think what is important
6 here is that the actual banquet space itself
7 has grown. That's not shown here and we can
8 provide some detail around that.

9 It's not just the total square
10 footage that I think is impacted, it is what is
11 the public space versus the back of house
12 space. In this case, we actually have grown
13 the size of our ballroom within -- it's
14 actually the same banquet area complex.

15 Childcare center, this is an example
16 of where we've doubled the size of the
17 childcare center in our current thinking. Not
18 meaningful from a square footage standpoint,
19 but I think what's meaningful here is it
20 represents our commitment to one of the other
21 obligations in the host community agreement,
22 which is to make sure that we have a healthy
23 representation of local residents in our
24 employee base.

1 And as we go into that market, we
2 realized some of the economic challenges,
3 single moms, etc., we believe that we needed to
4 increase the size of our childcare center to
5 make sure we were able accommodate attracting
6 those types of candidates. So, this is
7 important for us to show our commitment to that
8 line item programmatically.

9 COMMISSIONER MACDONALD: Where's the
10 physical location of the childcare center? Is
11 it across the street?

12 MR. MATHIS: Yes. It is catty
13 corner to our retail facility. Part of that
14 Commissioner came out of discussions on the
15 traffic in terms of drop-offs. We thought it
16 was better to be one block removed and still be
17 within walking distance to the facility.

18 COMMISSIONER STEBBINS: This is
19 where you originally intended to have -- You
20 were originally going to put the church over
21 there as the childcare facility.

22 MR. MATHIS: That's right. And
23 that's the 3000 square-foot building. Now we
24 think we need a 6000 square-foot facility. The

1 same location to answer your question.

2 COMMISSIONER ZUNIGA: Remind me,
3 what was the event that prompted to keep -- to
4 not have the church there? Was this a
5 Historical Commission iteration discussion?
6 You were originally going to put the church
7 there.

8 MR. MATHIS: You might remember
9 that. That little church has had quite a
10 journey. At one point, it was shown off of
11 Columbus. We were going to have our childcare
12 center off of Columbus. You might remember
13 that rendering right next to the garage.

14 We then based on the traffic sort of
15 discussion about what would be the optimal
16 drop-off and public safety, we decided let's
17 change the location but keep the church as the
18 building and moved it to this location which is
19 what was shown in the RFA-2.

20 Then through the discussions with
21 the Historic Commission as well as
22 understanding that we thought the facility was
23 undersized, it was sort of a combination of two
24 where we thought the church was no longer the

1 right size. And then if you were going to put
2 it there, I think in discussions with the
3 Historic Commission, they thought it'd be
4 better activated if it was more on-site.

5 So, it's sort of evolved. It was a
6 little a bit of our idea, I think, a little bit
7 of their idea. I don't want to make it sound
8 like that was their ask. I think we offered it
9 up and they thought it was important enough to
10 have us commit to it.

11 COMMISSIONER ZUNIGA: So, it's back
12 to where it currently is? In other words, it's
13 not being moved or is it being moved?

14 MR. MATHIS: It's being moved. In
15 fact, Brian is going to be in charge of picking
16 this thing up from its foundation and trucking
17 it over.

18 COMMISSIONER ZUNIGA: I can't wait
19 to see pictures.

20 MR. MATHIS: We're going to film it.
21 At first we were going to do it live. But
22 since we don't know what's going to happen,
23 we're going to tape it. And if it goes well,
24 we'll promote it. And if it doesn't you

1 probably won't hear much about it. It's going
2 to be a fun project, one of the first things
3 we're doing.

4 COMMISSIONER STEBBINS: Just another
5 quick question on the daycare, you're thinking
6 a third-party or a second-party operator for
7 daycare?

8 MR. MATHIS: We are. We're talking
9 to a couple of local operators, some of which
10 you're going to be familiar with. As well as
11 we've got relationships nationally with some of
12 our other operations, but that would be to have
13 a third-party manager.

14 Ice-skating rink, again
15 programmatically we thought it was an important
16 part of the host community agreement
17 commitment. Shown in our current plans, it was
18 even shown in the host community agreement.
19 That goes back to the fact that the plans
20 didn't keep up with the discussions. That's a
21 rendering of what that experience might look
22 like.

23 COMMISSIONER MACDONALD: Is this to
24 be a year-round ice-skating rink?

1 MR. MATHIS: No. So, that would be
2 obviously a winter experience. Then what we've
3 talked about that space being in the summer and
4 spring is a farmer's market type interactive
5 experience. We're still figuring out a lot of
6 the great things we can do programmatically
7 there. Generally, farmers market on the warm
8 days and a skating rink in the winter.

9 Parking comparison, in our host
10 community agreement -- And I think this is a
11 case where it mirrors the RFA-2. -- we had
12 made a commitment to provide no more than 3600
13 spaces. Just to remind you why the no-more
14 language is in there is we were very sensitive
15 in our discussions to make sure that we didn't
16 interrupt the local public authority, parking
17 authority's revenues, which charges for parking
18 throughout the city. So, we didn't want to
19 build too large a facility otherwise there
20 might be a negative impact on local revenue.

21 In our current plan we are at 3450
22 of spaces when you combine the surface parking.
23 We believe that's consistent with the
24 commitment. We are obviously, very vested in

1 making sure we have enough parking spaces for
2 demand. So, we believe this is materially
3 consistent with our commitment.

4 And one of the things that we're
5 able to do in terms of a safety valve is there
6 might be some peak days, as we have in Las
7 Vegas as we have at any of our facilities where
8 3450 may not be sufficient, frankly 3600 would
9 not have been sufficient. And what we would do
10 in those cases is ask our employees to park
11 off-site and shuttle them back and forth.

12 There's a handful of days when the
13 MassMutual Center is going, when you have a
14 holiday, you have a great program in the plaza.
15 So, we're able to accommodate those additional
16 demand from a revenue standpoint by displacing
17 our employees, again, only a handful of days.

18 COMMISSIONER STEBBINS: Mike, the
19 surface lot that's much smaller but still up
20 behind the retail at the corner of Union and
21 Main. Who is that targeted to be used by?

22 MR. MATHIS: That space was always
23 intended to support this pad, which we
24 currently show as retail as well as the plaza.

1 But I think, and we have to figure out how to
2 program for it, I think we are going to be very
3 thoughtful about what those spaces look like.

4 They're probably 15-minute only
5 parking or takeout only or customer parking for
6 those retail spaces. So, the lion's share of
7 the public we would push towards the garage.
8 That's meant to make those pads a little bit
9 more marketable.

10 Cinema comparison, we are 100 square
11 foot larger but essentially flat in terms of
12 the commitment. This is a space that we were
13 in active negotiation with a potential
14 operator. And we've gotten a lot of insight
15 from them about the way that space should book.
16 Part of the reason for the evolution of the
17 design is you get smarter by talking to people
18 who actually know how to operate these things.

19 Then lastly, just a comparison
20 between the two plans just to remind you of
21 where we're at. The casino lot that stays
22 largely the same. What you see going on is
23 just tweaking that retail experience which is
24 the most dynamic interesting part of the

1 project and that we don't have the best
2 template for, frankly. That's why it continues
3 to evolve.

4 This is an aerial view that shows
5 essentially the same project absent the tower
6 change. But we believe we are delivering the
7 same project we committed to to the city and to
8 the Commission.

9 So, I'm going to come back and speak
10 to a couple of closing slides, but at this
11 point I want to hand it off and have Brian give
12 a construction update.

13 MR. PACKER: Thanks, Mike. Last
14 time we were here, I believe there were a few
15 inquiries about parking and what kind of
16 happened since the majority of the cars have
17 moved off-site and what do the current counts
18 look like.

19 So, we just wanted to begin here
20 with a summary on how many folks are parking in
21 the civic center garage and what are some of
22 the stats we're currently seeing.

23 So, Caring Health, they're currently
24 parking in 40 spots along Union Street on a

1 property we own. In recent discussions,
2 they've asked that there might be some
3 additional pressure there and can we help
4 expand that.

5 So, since the last time we were in
6 front of you, we've added 51 spaces, new spaces
7 right at that lot where the daycare center is
8 going to be. So, we were able to open that up
9 here recently. And I think activated it just
10 as early as this week to start parking there.
11 So, that's an improvement since last time we
12 met.

13 The counts at the Civic Center
14 garage, 113 parkers currently utilizing that.
15 There's been interest by an additional 25. We
16 were hoping to finalize that here in the next
17 week or two. We believe we have the language
18 worked out on that. And it's just a matter of
19 finalizing that arrangement between us and the
20 civic center garage.

21 And if the need be, there is excess
22 capacity there if there's additional interest.
23 That's kind of the current stats on parking.

24 You also may have heard a little bit

1 about some of the parking along Main Street and
2 might be interested in what conversations we've
3 had with the city to try to deal with maybe the
4 eight or nine spaces that were lost where the
5 current barriers are.

6 And we've explored angled parking on
7 the opposite side of the street where there is
8 currently parallel parking. And it didn't
9 really work for the city because you'd be
10 somewhat backing into Main Street which was not
11 really feasible.

12 We also looked and offered up to
13 lease two lots behind the businesses along Main
14 at our cost at night to improve some of the
15 parking there with some subsequent lighting.
16 We were not taken up on that offer.

17 So, we're currently still talking to
18 the city. The city has some work that they're
19 going to need to do along those areas outside
20 of our project. And still looking to
21 coordinate some of those issues but we've tried
22 to at least make progress on that end.

23 Abutter notifications, there was
24 also an inquiry on abutters and how do abutters

1 get notified of what's going on at the project.
2 So, currently every two weeks we are
3 distributing an email.

4 And that email to abutters has a few
5 things on it. One is a matrix, a chart that
6 has locations of buildings and activities of
7 the site numbered. And then corresponding with
8 that matrix is a map that then has those
9 numbers located so that you can pinpoint
10 generally where each activity is going on. And
11 this is kind of like -- It's a two-week look
12 ahead.

13 So, for instance, in this example,
14 along Union Street you'd see that Union Street,
15 and it's off to the side there, impacted with a
16 red zone and it's labeled 27. If you go to the
17 chart, it would tell you what activities were
18 going to be happening, the times or day and
19 that type of thing at that area.

20 So, it's keyed visually and then
21 it's also keyed in writing for those given
22 activities. These updates have been going out
23 -- the email blast started in early August.
24 And then these PDF files are also uploaded to

1 the MGM Springfield website. So, anyone who
2 would like to see it, it's also available
3 there.

4 Next slide and a few after this,
5 this is a little bit of what we covered in the
6 city presentation. And there was interest on
7 our project labor agreement and if that was
8 going to be held up on in our off-site
9 residential. So, we will be meeting our
10 commitment under the PLA and the off-site
11 residential will be done under those same
12 agreements.

13 We also gave a little bit of insight
14 into how we kind of see the project coming
15 together and getting started here. So, the
16 first slide talks about the enabling works,
17 which we covered here before. Safing off the
18 site, getting permanent fencing around the
19 site, barriers up, really clearing the sandbox.
20 One key aspect to that is relocating the church
21 that we just spoke about.

22 So, this is kind of the first phase
23 that we are very eager to get into here with
24 demolition and church relocation.

1 The next step will be the parking
2 garage. So, that's soon to be on the critical
3 path. We want to get the parking garage coming
4 out of the ground first. Currently out to bid,
5 we hope to make an award mid- to late-January
6 on the garage. And we're actively working to
7 make that happen.

8 After the garage, the infill behind
9 will be the entertainment block in turquoise.
10 We have the casino podium in yellow and the
11 hotel along Main Street in the front. So,
12 while they're shown as three different colors
13 here, we kind of look at we're going to be
14 constructing all that at one time.

15 We'll have different steel sequences
16 throughout there, but we'll generally look at
17 that as one package related to core and shell.
18 And then a bunch of individual packages inside
19 for restaurants, retail, food and beverage
20 outlets.

21 This kind of gives you a broad
22 overview of we don't really look at it as one
23 entire project. It's kind of 14 mini projects
24 in itself. In some cases, separate design

1 teams moving on multiple tracks at the same
2 time to meet our design deadlines so we can
3 kick construction off here. Generally, design
4 is shown in blue and construction in yellow.

5 A few pictures from activities over
6 the last few months in our update to the city.
7 Demolition and abatement, utility work, the
8 progress for the Mission, which some of you had
9 a chance to tour. And these were the final
10 completion photos from the Mission project.

11 CHAIRMAN CROSBY: Has that been
12 publicly displayed yet, publicly opened?

13 MR. PACKER: Apparently, in our
14 agreement with the Mission they will have moved
15 in there by the new year. I believe they had
16 one kickoff check ceremony. But in terms of I
17 think even this past Thanksgiving were still in
18 the old facility. They're looking to be out by
19 year's end.

20 Some statistics, our total design
21 and construction spend through the third
22 quarter was \$23.6 million. We've had more than
23 675 individual construction workers working on-
24 site or at the Mission project to date. And 34

1 Western Massachusetts construction companies
2 participating on the project to date.

3 This was list of all those companies
4 and some general areas from where they are
5 from. Then since it was in the city
6 presentation, we also highlighted in yellow
7 everybody from Springfield.

8 COMMISSIONER STEBBINS: Brian, is
9 there still -- You gave us a timeframe on the
10 elements of the construction project. Is there
11 still a detailed construction schedule coming?

12 MR. PACKER: It's been submitted,
13 under review and actually Pinck and I were just
14 coordinating. We're having a call later this
15 week -- actually the middle of next week, I'm
16 sorry, on the detailed submission. So staff's
17 been working on it for about a month. If there
18 are no other questions, I'm going to turn it
19 over to Seth.

20 COMMISSIONER STEBBINS: Brian, just
21 one final quick question. Again, this came
22 from one of the emails we all received. The
23 question I think that came in through the email
24 talked about obviously the hotel tower and it

1 talked about whether in looking at the
2 efficiencies of that did you consider different
3 building material as part of the difference?
4 Is there a cost-saving using different material
5 other than what appeared to be a lot of glass?

6 MR. PACKER: So, there would be
7 savings in glazing for sure, but the level of
8 detail we are going to build the façade with
9 especially along Main Street, probably not a
10 whole ton of savings on the front side, maybe
11 some on the backside.

12 The materials to us in terms of what
13 we're looking at currently have not changed a
14 whole lot in terms of finishes. Maybe some of
15 your structural materials, you had a concrete
16 tower, now the majority of this will be built
17 with structural steel.

18 So, I'd say some of the core
19 materials, yes, the pricing changes. Some may
20 be more efficient, some maybe not. It's kind
21 of now -- It's a podium design more than a
22 tower and a podium design.

23 COMMISSIONER STEBBINS: Okay.

24 MR. STRATTON: Thanks, Brian. Good

1 afternoon, everyone. What I'm going to do
2 briefly is really a second part of what we
3 presented to the city. And what we'd like to
4 present to the Commission today is we have a
5 lot of commitments, and there's commitments on
6 design and square footage and Mike walked
7 through those.

8 But there's other commitments that
9 we made both in the host community agreement
10 and in the RFA-2 that we've spoken a lot about
11 publicly that don't relate to bricks and mortar
12 and square footage. So, we're going to walk
13 through some of those and provide the same
14 overview to the Commission that we are still
15 committed to everything that we committed to
16 early on.

17 Those relate to our overall
18 investment in the project. The \$50 million of
19 annual spend locally, average of \$25 million in
20 annual payments to the city of Springfield over
21 the life of the project.

22 3000 operational jobs, 2000
23 construction workers, improvements to the
24 riverfront here in Springfield, improvements

1 through funding to Springfield's Union Station
2 project which is near and dear to the Mayor's
3 heart, Kevin Kennedy's heart and Congressman
4 Neal. It's been a project long time coming
5 that the city is very excited about. And then
6 commitments to the entertainment venues here in
7 Springfield.

8 So, we've reaffirmed to the city and
9 we are here to reaffirm those again today. So,
10 I'll start - Usually, they give the lawyers the
11 boring things to talk about, project costs I
12 don't think is one of those. MGM has long
13 discussed an \$800 million commitment to the
14 city. As this project developed internally, we
15 just built in some conservatism and contingency
16 planning.

17 And I think you heard Bill
18 Hornbuckle to the city talk about an \$850
19 million commitment. If you look back to 2012
20 when this project was first conceived and the
21 commitment was made, along the way there was
22 some recognition through contingency that this
23 -- that we were really looking at probably more
24 of an \$850 million dollar project. The big

1 news is that we now realize that we're looking
2 at a \$950 million project.

3 As Mike explained notwithstanding
4 some of the efficiencies that we've achieved
5 through redesign and taking a hard look at it,
6 we're still upping our original commitment of
7 \$800 million to likely in excess of \$900
8 million -- I'm sorry, did I say 900 or 950?

9 MR. MATHIS: You said 900.

10 MR. STRATTON: So, here is a
11 comparison of our original estimate and the
12 November 2015 estimate. And you'll see at the
13 bottom, I just spoke about in excess of 950
14 with some variation contingency, you're looking
15 at a range of anywhere between roughly \$950-
16 and \$972 million under the November estimate.

17 There's a few takeaways from this.
18 First and foremost, there is no risk that MGM
19 will not satisfy the \$500 million threshold for
20 capital contribution under 23K.

21 If you look at our 2015 estimate, on
22 building construction alone, we're at almost
23 \$500 million. Once you factor in furniture,
24 fixtures and equipment, owner's supply

1 equipment all of which go toward that
2 threshold, we are at \$614 million.

3 One other important piece on that
4 you look at number nine on this chart, project
5 contingency, it's likely that a vast majority
6 of that contingency will go toward those top
7 three items. So, at the end of the day that
8 number will likely be even higher than 614.
9 So, that's compared to the \$500 million
10 statutory threshold.

11 The other thing that sticks out in
12 this chart is where is the real movement that
13 got us from 800 to the range of 950 to 972?
14 Obviously, it's largely in construction.

15 If you look at line item number one,
16 we're going from roughly \$400 million to
17 roughly \$500 million in construction alone.
18 Some of that has been -- A little bit of that
19 has been mitigated in some projections that
20 we'll be able to mitigate some of the costs in
21 FF&E and OSE.

22 We had an \$85 million line item for
23 gaming equipment. We feel like we can through
24 some buying power and using some existing

1 equipment shave some cost off of that. So,
2 really the gap there becomes closer to an \$80
3 million increase in capital costs.

4 Then there's a line item seven we're
5 looking \$35 million to \$110 million in
6 preopening costs. And the lion's share of that
7 comes in two forms. Really one of the misses
8 because MGM wasn't accustomed to this was
9 predicting originally the ongoing costs of the
10 Gaming Commission, the assessment through this
11 preopening period. That's about \$40 million
12 that wasn't built into this original preopening
13 cost estimate.

14 On top of that there is another \$20
15 plus million in additional costs that are
16 related to the delays through the referendum
17 and the viaduct related delay of the ongoing
18 operations through that period.

19 Back in 2012, MGM anticipated
20 opening in 2016. We're now anticipating
21 opening in 2018, and there's a cost to that.
22 Then again you'll see the range in
23 contingencies. So, there's conservatively \$55
24 million, if we're fortunate it will be closer

1 to \$35 million. So, those are some of the
2 variations there in the cost comparison.

3 MR. MATHIS: Seth, if I can, before
4 you move off that slide I just want to say a
5 couple of things.

6 One is we should have picked up
7 those operational costs of the Gaming
8 Commission. It was set forth in the statute.
9 And that was just a miss from us because in
10 other jurisdictions we don't carry that as a
11 development cost. By the way, compared to
12 other jurisdictions that charge you a lot more
13 in some of the other markets, for a 25 percent
14 tax rate I think the Legislature thought it was
15 appropriate for operators to pay the cost of
16 the Commission as you're building.

17 Not critical of that but that is one
18 of the misses on our end. The other thing I
19 think would be appropriate to say is your staff
20 most recently gave us an updated operating
21 budget for the Commission. We've seen some
22 great strides on your staff's part to help curb
23 the costs.

24 As one of the licensees that

1 received a credit from our anticipated 2015/'16
2 payment, want to thank you for the diligence
3 that you're showing there because it is helping
4 on the margins for some of our budget overrun.

5 Last thing I would say is what was
6 unique about the challenge here is that you'll
7 see a lot of these line items are
8 nondiscretionary. We didn't have the ability
9 to save off of them, the \$85 million licensing
10 fee, the land, the operating cost.

11 So, as difficult as some of these
12 discussions have been, we are particularly
13 proud of our team for being able to get our
14 budget more in balance. We're still over
15 budget. As I mentioned, it's \$150 million
16 problem that became \$100 million problem. We
17 were able to do that without impacting the
18 public experience given some significant
19 restraints. Sorry to interrupt.

20 COMMISSIONER ZUNIGA: I thought you
21 were going to leave it this slide. I have a
22 couple of questions on this. There is
23 financing costs that have gone down, but your
24 ability to recoup -- your period has extended.

1 It just doesn't make intuitive sense. Can you
2 help explain why?

3 MR. STRATTON: I can't,
4 Commissioner.

5 MR. MATHIS: I can't either, but I
6 can probably do it better than Seth.

7 I think what we did is your
8 prediction of what your carrying costs are are
9 based on the weighted cost of our capital
10 throughout our company at any given time in
11 terms of the snapshot. I think we were able to
12 do a lot of this -- And I'll turn it over to
13 Jorge if I really screw it up.

14 But I think we were going to be able
15 to do a lot of the financing on this project
16 off of our balance sheet. And as we looked,
17 again, as sort of a deep dive, we looked at the
18 way we're going to finance this project we
19 realized that we had cash on our balance sheet
20 that wasn't necessarily generating a lot of
21 return. It was sort of trapped.

22 And when you apply that to what our
23 cost to capital is, you start to weigh it down.
24 It's not our true borrowing costs since we had

1 sort of free capital sort of sitting off to the
2 side.

3 Even though the period extended, we
4 were able to do a little more technical review
5 and frankly just got a little bit more specific
6 and realized that's probably more the number
7 when you look at all the various buckets we're
8 able to use. I'm getting a nod from Jorge
9 so --

10 COMMISSIONER ZUNIGA: Actually, I
11 did want to mention, and perhaps we should
12 mention that and then come back to these at a
13 later time. But I was expecting a little bit
14 more detail to come from you on the area of
15 cost.

16 In terms of you've collapsed a lot
17 of numbers here. I know for expediency in
18 presentation and that's fair, but I would like
19 to understand better some of the assumptions
20 behind some of these big numbers.

21 For example, financing like I just
22 mentioned but also why FF&E may be decreasing.
23 You mentioned you may have some existing
24 equipment and what does that mean.

1 I now understand Brian that you may
2 have a better estimate coming from contractors
3 if you are about to let out those contracts and
4 what might those numbers be that aggregate to
5 the \$495 million, for example, and how does
6 that breakdown among different programmatic
7 areas.

8 I for one would like to understand
9 those details, especially as we compare with
10 our consultants and some of the questions
11 they've had as we approach this approval.

12 MR. STRATTON: Commissioner, we've
13 been working closely with the Commission staff
14 over the past weeks and will continue to do so
15 in responding to some information requests.
16 Some of your questions aren't covered by the
17 information requests that we've already been
18 working to provide. But we will continue to do
19 so, work with staff and provide the information
20 that you're looking for.

21 COMMISSIONER MACDONALD: Just
22 following up on that and subject to what you
23 just said that this information is going to be
24 provided to the staff.

1 But at this point could you give
2 with regard to that item number one the
3 building construction design that does seem to
4 be an enormous increase. What are the major
5 components of that?

6 MR. STRATTON: I'll turn it over to
7 Brian this time.

8 MR. PACKER: Generally, it's in
9 material and labor. This estimate was
10 generated a little bit differently than the
11 previous estimate in the sense that this
12 estimate is based on the results of us going
13 out to 99 different trade contractors in the
14 market plus an independent estimating firm and
15 getting real-time numbers based on our real-
16 time concept this summer.

17 So, this is what the market is
18 telling us. And the majority of it -- it's
19 probably 40/60 labor/material as well as some
20 construction administration fees because we are
21 bidding this project out differently than it
22 was originally anticipated. And we can share
23 those numbers with you in detail.

24 COMMISSIONER ZUNIGA: Those are the

1 ones that I was referring to. And I'd love to
2 see those.

3 MR. PACKER: But it's basically a
4 market bid exercise on top of an estimate.

5 MR. STRATTON: Just one more point,
6 there was obviously some escalation always
7 built into this budget. But the costs in this
8 market have escalated more than anticipated and
9 there's two years of additional time that was
10 not anticipated in the some of the escalation.
11 So, some of what we're experiencing is some
12 unanticipated price escalation.

13 COMMISSIONER MACDONALD: If you go
14 on a back-of-the-envelope basis, did you
15 estimate what the current cost of the original
16 plan with the high-rise would've been in
17 current construction market terms?

18 MR. STRATTON: Mike spoke to that
19 earlier but the savings that we anticipate
20 achieving is within the range of \$50 to \$75
21 million through these design changes.

22 CHAIRMAN CROSBY: It would've been
23 \$1 billion to \$1.25 billion.

24 MR. MATHIS: It would've been

1 between \$1 billion and \$1.5 billion is how that
2 translates if we had built the original design
3 without all of the operational efficiencies
4 that we got.

5 COMMISSIONER MACDONALD: I would
6 like to just focus on the tower. If you had
7 built the tower -- If the project had been
8 built with the tower, how much more expensive
9 would it have been by maintaining the tower
10 element in it?

11 MR. PACKER: Because the new tower
12 is partially utilizes the old podium, that
13 answer isn't really apples to apples because
14 we're still building the rooms. When looking
15 at it, you kind of have to look at all of the
16 moves together.

17 So, residential went off-site.
18 You're still utilizing a residential façade
19 that the new tower is coming into. So, the
20 answer isn't as straight as you would save X
21 because of the tower move. It's this design
22 versus this design.

23 CHAIRMAN CROSBY: But even that's a
24 savings, I thought you answered this question.

1 I thought you originally said Mike a while back
2 that had you gone ahead and built the tower on
3 this plan, on either one of the plans that it
4 would've been an extra \$50-\$75 million.

5 MR. MATHIS: In combination. We're
6 not trying to be elusive on the answer because
7 we've already given the bad news. It is what
8 are the line items within it.

9 So, what happens is the tower move
10 allows you to go to the building where the
11 apartments used to be. The apartment move then
12 allows you to save money on what used to be
13 very expensive units because the units had
14 these very expensive façades on Main Street.
15 All of those moves allow you to bring the
16 basement up.

17 So, I think that's right. The way I
18 think about is, because we've played around
19 with some of the categories, is the big moves
20 are the efficiency that came from the basement
21 coming up, some of the stuff we did on the
22 parking deck to get more efficient, and then
23 the relocation of the tower. I think the best
24 way to think about it is the tower in

1 combination is a \$50 million savings. All of
2 the others in combination are call it \$25
3 million. And that gets you to the \$75 million
4 in savings.

5 MR. STRATTON: So, together, the one
6 way to think about it, and we've discussed is
7 that we by making those was we translated what
8 could have been \$150-\$175 million overrun to
9 \$100 million overrun.

10 MR. MATHIS: The clean comparisons
11 are difficult because of the interplay between
12 all of the components.

13 COMMISSIONER MACDONALD: I'm sorry.
14 I was passing a piece of paper to the Chairman.
15 Seth, what was your last point?

16 MR. STRATTON: I just wanted to
17 emphasize that one way to think about it is
18 that what we did through these efficiencies is
19 we translated what would've been \$150-\$175
20 million overrun to only \$100 million overrun in
21 terms of what the company was anticipating this
22 project would cost.

23 COMMISSIONER ZUNIGA: In other
24 words, even with the tower you would have

1 probably want to have realized some
2 efficiencies like the basement or the loading
3 dock?

4 MR. MATHIS: That's right.

5 COMMISSIONER ZUNIGA: So, there's
6 some fluidity in some of these iterations.

7 CHAIRMAN CROSBY: I have the same
8 kind of question. In my mind, I came at it in
9 a different way. First of all, let me say I
10 think that this is a very useful, constructive
11 and personally quite persuasive presentation
12 that the heart of the matter has not been done
13 damage, as I see it. My peers may disagree but
14 that's what I think about this.

15 But I do struggle just with the
16 commonsense of the numbers. Initially, just
17 coincidentally, you had an 800,000 square-foot
18 project that was going to cost \$800 million.
19 It's \$1000 a square foot all in, more or less.

20 You now have a 720,000 square-foot
21 project for \$950 million which is \$1300 a
22 square foot. All of a sudden your square-foot
23 cost has gone up 30 percent or something like
24 that. Or look at your construction cost,

1 you've reduced the size of the project by 10
2 percent and your project costs have gone up 25
3 percent.

4 So, the numbers are just an order of
5 magnitude that are big. I don't know a thing
6 about the construction world. I know a little
7 bit from experience in the public sector.
8 These numbers wouldn't shock me if they were a
9 public building but they just seem huge.

10 Labor costs have not gone up 30
11 percent I don't think, maybe they have. So, I
12 would like too, this is just the way I come at
13 the same question, I would like to just get
14 some sort of order magnitude. Give us some
15 particulars that show us.

16 Or there was a colossal budgeting
17 error. I can live with that too. Whatever it
18 was, the numbers are so big that they don't
19 quite make sense to me.

20 MR. MATHIS: Chairman, for your
21 analysis, were you using the hard construction
22 number?

23 CHAIRMAN CROSBY: On my second
24 point, yes. You go up from \$400- to \$500

1 million. That's the 25 percent increase and a
2 reduction of 10 percent in size. So, it's more
3 than a 25 percent increase in effect because
4 you've reduced the size by 10 percent.

5 So, any way you come at it, it's
6 just a big change. I think I'm asking the same
7 question that the other two Commissioners have
8 asked. It would be interesting to understand a
9 little bit more particularity how did this
10 actually happen.

11 MR. MATHIS: Sure. We can do that
12 analysis. As you can imagine, we've done some
13 of that internally.

14 CHAIRMAN CROSBY: You must have it.
15 You couldn't have done this if you didn't have
16 the analysis.

17 MR. MATHIS: Right. But what I
18 would say is you can't underestimate the
19 addition of a 18 months to 24 months to a
20 construction process in a market that continues
21 to escalate. We can get you that analysis.

22 Some of this is proprietary. And I
23 guess I would just ask that we have the
24 discussion with staff that this includes all of

1 the detail behind some of these numbers. We're
2 out in the market --

3 CHAIRMAN CROSBY: I understand. And
4 I don't want to have a whole lot make work
5 stuff. The numbers are the numbers. But I am
6 sure that you know, you know, somebody knows
7 what changed here, either what went wrong or
8 what changed or some combination of both.

9 And you're telling us in
10 generalities, which I take at face-value, but I
11 think a lot of us would be interested in enough
12 particularities so we could really understand.
13 Not a huge massive research project, I know you
14 know the numbers. We just want to hear a
15 little bit.

16 MR. MATHIS: We'll talk to your
17 staff about the best way we can have that
18 dialogue, but we understand. And we do have a
19 lot of that information.

20 CHAIRMAN CROSBY: Let me interrupt
21 for just one second. It is 2:20. We had our
22 hearing scheduled for 2:30. My sense of this
23 is that anybody who wants to come and speak at
24 the hearing will also be interested in what you

1 guys are saying. So, if we run over a little
2 bit that's not really a big problem. We can
3 start our hearing late. This is an important
4 enough presentation that I would hate to
5 truncate it.

6 MS. BLUE: Mr. Chairman, I think
7 that's true. I would also perhaps ask MGM to
8 consider some of what's left in this
9 presentation is material that can be reviewed
10 at the staff level or can be reviewed by the
11 Commissioners after the meeting.

12 We've hit I think what is the very
13 important part of the presentation that you
14 were most interested in. So, maybe we can take
15 their presentation and review it. And then if
16 we have questions have them get back to us on
17 it.

18 CHAIRMAN CROSBY: Actually, now that
19 I'm look at what's left, there's cash spent to
20 date, some pictures of you and the Mayor, the
21 MOU, we know a lot about the MOA. Is there
22 anything left in the presentation that you feel
23 like you really want or need to present? And
24 does any of the Commissioners have anything

1 that they really need or want to hear?

2 COMMISSIONER ZUNIGA: Let me propose
3 that we pause this, open the public hearing.
4 And we can always come back depending comments
5 to finish this up.

6 CHAIRMAN CROSBY: Let's just see if
7 there's anything anybody really wants to do
8 that if there is something that's compelling.

9 MR. STRATTON: Unless you have
10 questions I think I can end the presentation I
11 was going to present. I do want to -- I think
12 staff asked for us to provide a brief overview
13 of what we see as next steps with the city,
14 which I'd be happy to provide if you think
15 that's beneficial.

16 COMMISSIONER STEBBINS: Let me just
17 kind of jump in, one more thing on the
18 spreadsheet on page 70. Again, we don't need
19 an answer to this now. And as Commissioner
20 Zuniga said maybe some of these numbers are for
21 presentation purposes got lumped together.

22 But line seven, I'd like to see a
23 little bit more breakout. And line two, I was
24 curious as to FF&E going down almost \$30

1 million.

2 MR. STRATTON: Yes. We'd be happy
3 to provide that detail. The quick answer on
4 FF&E is it was largely a very healthy estimate
5 on the cost of gaming equipment. And because
6 of the scale of our operations, we're able to
7 reduce that through using machines from other
8 properties and really through some focusing on
9 that number where we shaved tens of millions of
10 dollars off the gaming equipment costs.

11 COMMISSIONER STEBBINS: So, you're
12 not walking into an empty hotel room.

13 MR. STRATTON: Right, but we can
14 provide that.

15 CHAIRMAN CROSBY: Seth, excuse me.
16 Did any Commissioners have anything they wanted
17 done?

18 COMMISSIONER ZUNIGA: I think next
19 steps on the city would be great.

20 CHAIRMAN CROSBY: So, we'll get next
21 steps on the city. And they we'll close this
22 meeting and get to our hearing.

23 MR. STRATTON: Next steps with the
24 city, I think Jed for three minutes wants to

1 just talk about what we're looking for from the
2 Commission procedurally.

3 So, the city process -- I'll do it
4 briefly. -- been working very closely with the
5 city of Springfield, obviously. City Solicitor
6 Pikula, I believe, is here today, been
7 tremendously helpful. We've been working with
8 through the Mayor's office as well as working
9 very closely with the city council, Council
10 President Michael Fenton.

11 As you are aware, the city council
12 will likely have essentially four items in
13 front of it over the next several weeks to
14 month. Those are the approval of the casino
15 overlay district, which is a zoning district
16 that's necessary -- that's been set up
17 specifically for this project. And it's
18 particularly important timeline wise because
19 one of the things done under the casino overlay
20 district is there's an automatic waiver of the
21 100-year demolition delay. The demolition
22 delay with respect to buildings 100 years or
23 older, we call it the 100-year demo delay.

24 Once we get the Section 61 Findings,

1 we would be ready to essentially clear the site
2 but for the demo delay. So, it's very
3 important -- with one exception Zanetti School
4 which has already received a waiver from
5 Springfield Historic that we get that casino
6 overlay district into place.

7 We've been working very closely with
8 the council to try to schedule that. And I
9 believe you're going to hear from Council
10 President Fenton at some point today. It's my
11 understanding that he is working with the
12 council to schedule a meeting for the week of
13 December 21, a special meeting of the council
14 so we can get that considered and hopefully
15 approved before the end of the year.

16 Then we will have site plan review
17 over the next several weeks culminating in a
18 series of hearings before the city council,
19 which we now anticipate I believe in the third
20 or fourth week of January. I believe President
21 Fenton has circulated some dates to his
22 colleagues and the city and us to try to figure
23 out when those meetings can be held. But we're
24 looking at the third and fourth weeks of

1 January.

2 Part of those hearings will also be
3 consideration of amendments to the host
4 community agreement stemming out of our
5 schedule and design changes. Finally, there is
6 road closures that are going to be necessary.
7 And the city council needs to take action on
8 those.

9 So, if you think about those four
10 items, the first one the casino overlay
11 district should happen before the end of the
12 year. And that will allow us to go forward
13 with demolition once we have the necessary
14 Section 61 Findings from the Commission.

15 And then the remaining site plan
16 review, host community agreement amendments and
17 street closures targeted for mid-to-late
18 January. So, that hopefully by the end of
19 January, all of those approvals will be in
20 place and we'll be in a position to go before
21 the Gaming Commission with what we anticipate
22 will be our final design for approval.

23 Because just like we've been working
24 closely with the council and just like with

1 Historic Commission, we're there to listen.
2 And it's possible some good ideas will come out
3 of it. Some slight tweaks, but we feel we are
4 99 percent there but there may be some
5 revisions that come out of our discussion with
6 the council that make sense and we want put
7 those in place before we are finalizing our
8 design with the Commission. Unless there are
9 questions, I'll turn it over to Jed.

10 MR. NOSAL: Thanks. Just briefly
11 Commissioners, I just wanted to talk briefly
12 with where we are with the MHC MOU. As you
13 know, it's been a long journey to get to where
14 we are today.

15 I do want to remind the Commission,
16 the Commission did vote to approve the MHC MOA
17 back on August 6 with some discretion to staff
18 to address a few outstanding issues that dealt
19 with some items that weren't yet resolved with
20 Springfield Historic Commission.

21 I've updated the Commission since
22 then that those particular issues resolved and
23 then have come back now with a revised version
24 that incorporates both those changes.

1 And then two changes really that
2 were a result of the re-presentation of the
3 project to the Springfield Historic Commission
4 for the purposes of them understanding the
5 redesign and making sure that the Springfield
6 Historic Commission was okay. And those two
7 changes were actually depicted here on this
8 slide.

9 Those include essentially the back,
10 the façade of the new hotel on Main Street was
11 changed a bit in order to better accentuate the
12 Chandler Hotel Union House façade. And there
13 was more refinement on the where the dome from
14 73 State was going to go.

15 The importance of certainly having
16 the ability to get this signed now by the
17 Commission continues to fit in with the
18 sequencing of us to get to certainly the
19 approval of the Section 61s. Certainly, we'd
20 look to the Commission to really reaffirm its
21 approval that it gave back on August 6, allow
22 staff to potentially execute this document.
23 Because under the Mass. Historic regulations,
24 the document has to be signed in a certain

1 order. It has to be signed by the state body
2 and the proponent first and then go back to the
3 Mass. Historic Commission.

4 So, if there's any way we can take
5 advantage of the weeks here before we come back
6 for approval of the Section 61s, I'd really ask
7 the Commission to consider that. I can also
8 represent the two changes that essentially were
9 made I would say in relation to the design are
10 changes that are enhancements and will not
11 change regardless of whether you approve the
12 new design or not.

13 Brian can sort of verify or answer
14 any technical questions on that. But the new
15 dome placement and the new façade for this
16 building will essentially stay the same under
17 either scenario.

18 CHAIRMAN CROSBY: I don't know
19 exactly what you're asking us to do, if
20 anything.

21 MR. NOSAL: I'd like you to reaffirm
22 your approval --

23 CHAIRMAN CROSBY: Right now?

24 MR. NOSAL: -- today.

1 MS. BLUE: Two things, Mr. Chairman.
2 The original approval that you gave I do not
3 believe encompasses the scope of the changes
4 that were made. You gave us a very limited
5 staff approval back in August.

6 So, I would prefer the Commission
7 take a look at the agreement and actually
8 approve it. And we did not put it on the
9 agenda today for a vote. So, it would require
10 a vote.

11 COMMISSIONER ZUNIGA: As an
12 alternative, is this something that we could
13 delegate to the Director?

14 MS. BLUE: We could certainly within
15 certain parameters.

16 COMMISSIONER ZUNIGA: Subject to the
17 review of staff. I'm just brainstorming a
18 little bit.

19 CHAIRMAN CROSBY: We've been through
20 those issues enough times that I would feel
21 comfortable doing that. I think that's a good
22 suggestion.

23 MS. BLUE: Staff has reviewed this
24 multiple time. So, if you would delegate the

1 approval to the Executive Director, staff will
2 certainly work with her to do that.

3 CHAIRMAN CROSBY: Does anybody
4 object to that?

5 COMMISSIONER CAMERON: John, you're
6 comfortable?

7 MR. ZIEMBA: That's fine. I think
8 part of what we have discussed with Counsel
9 before this meeting was that some of these
10 design changes were made -- excuse me, some of
11 the amendments to the MOA were made based on
12 the design changes being put forward by MGM.

13 And what we explained to Counsel is
14 that the approval of the Commission on those
15 design changes is still forthcoming.

16 So, it seemed a little bit of a
17 reversed process whereby we'd approve the MOA
18 that incorporated the changes based on the new
19 design without actually approving the new
20 design. That can certainly be delegated to
21 staff, but that was the explanation given to
22 Counsel.

23 CHAIRMAN CROSBY: Right, which we've
24 talked about that quite a bit. And we

1 understand that anomaly. And there's always a
2 risk in the final analysis we don't approve the
3 final design changes. So, that creates a
4 problem, but that's the risk that would be
5 taken. Go ahead. Were you about to say
6 something?

7 COMMISSIONER CAMERON: No. I was
8 going to make the motion, but finish please,
9 Mr. Chair.

10 CHAIRMAN CROSBY: I was just going
11 to say if that seems an appropriate solution,
12 why don't we go ahead and make that delegation.
13 I'm certainly comfortable with that.

14 COMMISSIONER CAMERON: Mr. Chair, I
15 move that we delegate to the Executive Director
16 the final MOA with the Mass. Historical
17 Commission.

18 CHAIRMAN CROSBY: The final
19 approval.

20 COMMISSIONER CAMERON: The final
21 approval, correct.

22 CHAIRMAN CROSBY: Does that do it?

23 MS. BLUE: That's fine.

24 CHAIRMAN CROSBY: Second?

1 COMMISSIONER ZUNIGA: I second that.

2 CHAIRMAN CROSBY: All in favor? Any
3 discussion, aye.

4 COMMISSIONER CAMERON: Aye.

5 COMMISSIONER ZUNIGA: Aye.

6 COMMISSIONER STEBBINS: Aye.

7 CHAIRMAN CROSBY: Opposed?

8 COMMISSIONER MACDONALD: I think I
9 should abstain on this because there are
10 references to communications and deliberations
11 which I was not a party to. So, mark me as
12 abstained.

13 CHAIRMAN CROSBY: Fair point, four
14 in favor, one abstention Commission Macdonald.

15 There was on other thing I was going
16 to ask about. I'll just mention it. We can
17 talk about it on the 17th or there may be some
18 proprietary information.

19 In your notice of project change,
20 you talked about a consequence of changed
21 program and retail of five percent drop in
22 trips. The retail isn't going down. The
23 program is -- I don't know. But I think the
24 implication in terms of trips and incidentally

1 what that does in revenue in your mind's eye is
2 of interest.

3 And I don't know whether that notice
4 still stands, what the implications of that
5 are. Maybe you're coming in on the 17th,
6 right? So, maybe we could talk about that at
7 that point.

8 MR. MATHIS: We can. Just to give
9 you a preview, a very brief preview. This goes
10 to the MEPA/RFA-2 disconnect and the HCA. So,
11 there's some additional square footage that we
12 built into the RFA-2 and MEPA approval we view
13 as conservatism so that we can grow into a
14 program, the dotted line exercise.

15 CHAIRMAN CROSBY: So, this is
16 referring to the RFA-2.

17 MR. MATHIS: As the baseline, if
18 that's helpful. We can do it in more detail.

19 CHAIRMAN CROSBY: The issue is not
20 the change in square footage. The issue is the
21 change in trips and revenue. That's what we're
22 interested in.

23 MR. MATHIS: We've always maintained
24 as flat against our HCA as demonstrated by our

1 presentation.

2 CHAIRMAN CROSBY: Against the HCA.

3 MR. MATHIS: Yes. We haven't done a
4 separate analysis.

5 CHAIRMAN CROSBY: We'll think about
6 that a little bit. That's good, thank you.
7 Anything else before we adjourn this meeting?
8 Do I have a motion? Were you all finished?

9 MR. MATHIS: I really want to be
10 respectful of time and allow the public to
11 comment. I just want to thank you for the
12 opportunity to make this presentation and some
13 of the personal comments made about how you
14 view these changes.

15 We remain proud of this project.
16 We've upped our investment in Springfield.
17 It's a very important project to us. And we're
18 looking forward to being released on allowing
19 us to move forward on construction, which I
20 think we all desperately want. Thank you.

21 COMMISSIONER ZUNIGA: Move to
22 adjourn.

23 COMMISSIONER MACDONALD: Second.

24 CHAIRMAN CROSBY: All in favor, aye.

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COMMISSIONER MACDONALD: Aye.

COMMISSIONER CAMERON: Aye.

COMMISSIONER ZUNIGA: Aye.

COMMISSIONER STEBBINS: Aye.

CHAIRMAN CROSBY: Opposed? The ayes have it. We will break for a few minutes, just a very few while we rearrange the floor plan a little bit.

(Meeting adjourned at 2:34 p.m.)

1 ATTACHMENTS:

- 2
- 3 1. Massachusetts Gaming Commission December
- 4 3, 2015 Notice of Meeting/Hearing and
- 5 Agenda
- 6 2. Massachusetts Gaming Commission November
- 7 12, 2015 Meeting Minutes
- 8 3. Regulations Framework Grid
- 9 4. Massachusetts Gaming Commission's Right
- 10 and Responsibilities Pursuant to the
- 11 Mashpee Wampanoag Tribal-State Compact
- 12 5. Massachusetts Gaming Commission December
- 13 3, 2015 Memorandum Regarding
- 14 Recommendations for the Annual Gaming
- 15 Research Agenda
- 16 6. Massachusetts Gaming Commission December
- 17 1, 2015 Memorandum Regarding Delegation of
- 18 Authority to the director of the
- 19 Investigations & Enforcement Bureau (IEB)
- 20 Regarding Temporary Licenses
- 21 7. 205 CMR 134 Licensing and Registration of
- 22 Employees Vendors, Junket Enterprises and
- 23 Representatives, and Labor Organizations -
- 24 DRAFT

1 8. November 30, 2015 Brown Rudnick Letter
2 Regarding MGM Springfield Casino Project,
3 Hotel, Apartments/Armory Square Retail &
4 Cinema, Main Union, State & Howard
5 Streets, Springfield, MA: MHC# RC53951,
6 EEA#15033 with attachments

7 9. MGM Springfield Project Update December 3,
8 2015 with attachments

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11 GUEST SPEAKERS:

12 Brian Packer, MGM Springfield

13 Michael Mathis, MGM Springfield

14 Seth Stratton, MGM Springfield

15 Jed Nosal, Esq., Brown Rudnick for MGM

16 Springfield

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18 MASSACHUSETTS GAMING COMMISSION STAFF:

19 Catherine Blue, General Counsel

20 Mark Vander Linden, Director Research and

21 Responsible Gaming

22 Karen Wells, Interim Executive Director/

23 Director IEB

24 John Ziemba, Ombudsman

C E R T I F I C A T E

I, Laurie J. Jordan, an Approved Court Reporter, do hereby certify that the foregoing is a true and accurate transcript from the record of the proceedings.

I, Laurie J. Jordan, further certify that the foregoing is in compliance with the Administrative Office of the Trial Court Directive on Transcript Format.

I, Laurie J. Jordan, further certify I neither am counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken and further that I am not financially nor otherwise interested in the outcome of this action.

Proceedings recorded by Verbatim means, and transcript produced from computer.

WITNESS MY HAND this 7th day of December, 2015.



LAURIE J. JORDAN
Notary Public

My Commission expires:
May 11, 2018