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THE COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION
PUBLIC MEETING #140

CHAIRMAN

Stephen P. Crosby

COMMISSIONERS

Gayle Cameron

James F. McHugh

Bruce W. Stebbins

Enrique Zuniga

December 4, 2014 10:30 a.m. - 3:41 p.m.

BOSTON TEACHER'S UNION HALL

180 Mt. Vernon Street

Boston, Massachusetts

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

2

3 CHAIRMAN CROSBY: We're going to
4 convene the 140th meeting of the Massachusetts
5 Gaming Commission on December 4. We are at the
6 Boston Teacher's Union Hall in Dorchester.

7 The web feed for anybody who can see
8 or hear is having some technical difficulties.
9 The feed is going to be sporadic if you are
10 watching it. We know that it's not working
11 quite right. It may not be working properly on
12 iPads and iPhones. But we are working on it.
13 So, if you see problems, it's not that we don't
14 know about it, we are going to try to get it
15 fixed. But we are going to go ahead with our
16 meeting since it's now a few minutes late.

17 We will start out with item number
18 two on our agenda, which is approval of the
19 minutes, Commissioner McHugh.

20 COMMISSIONER MCHUGH: Mr. Chairman,
21 the minutes of the November 20, 2014 meeting
22 are in the packet. And I would move their
23 approval by the Commission with the usual
24 reservation for correction of mechanical and

1 typographical errors.

2 CHAIRMAN CROSBY: Second?

3 COMMISSIONER CAMERON: Second.

4 CHAIRMAN CROSBY: And discussion?

5 All in favor, aye.

6 COMMISSIONER MCHUGH: Aye.

7 COMMISSIONER CAMERON: Aye.

8 COMMISSIONER ZUNIGA: Aye.

9 CHAIRMAN CROSBY: Opposed?

10 COMMISSIONER STEBBINS: One

11 abstention.

12 CHAIRMAN CROSBY: One abstention.

13 COMMISSIONER STEBBINS: I wasn't

14 here for the meeting.

15 CHAIRMAN CROSBY: Oh, okay. So,
16 Commissioner Stebbins is abstaining otherwise
17 the vote is unanimous.

18 Next up is item number three
19 Administration, Executive Director Day.

20 MR. DAY: Good morning, Chairman
21 Crosby, members of the Commission we have a
22 number of miscellaneous topics under the
23 administrative section this morning. The first
24 one is probably just as easy to go directly to

1 Karen. She's here today to provide us a brief
2 update regarding Investigation and Enforcement.

3 MS. WELLS: Good morning,
4 Commissioners. I have some brief remarks that
5 pertain to the suitability of the Wynn license
6 this morning.

7 CHAIRMAN CROSBY: Director Wells, if
8 I could interrupt you. As you and everybody
9 knows, I was not involved in the deliberations
10 having to do with the Wynn license award. I
11 don't know whether this will relate to that
12 directly or not, but just as a matter of excess
13 caution and prudence, I'm not going to
14 participate in this topic back and forth with
15 you. Commissioner McHugh will act as the
16 interim chair during this topic.

17 MS. WELLS: Understood.
18 Commissioners, as I have repeatedly indicated
19 to the Commission on many previous occasions,
20 including as recently as September and October
21 Commission meetings, the suitability of
22 applicants and of licensees is ongoing. That
23 process continues as we speak.

24 The IEB continues to do a

1 comprehensive review of matters relevant to our
2 findings and recommendations regarding
3 suitability. Ongoing suitability issues that
4 the IEB continues to consider include but are
5 not limited to the following: regulatory
6 infractions in other jurisdictions, continuing
7 financial stability and integrity, specific
8 issues that were raised in the suitability
9 investigations and new information related to
10 the integrity of license holders and their
11 qualifiers.

12 On November 20 of this year 2014
13 Wynn's general counsel emailed me a Wall Street
14 Journal article. The article, which I expect
15 you have all seen, references an August letter
16 to Wynn from the IRS requesting information
17 from the company.

18 That email on the 20th was the first
19 notification that the IEB received from Wynn of
20 that correspondence. Prior to that November 20
21 email, the IEB was unaware of the IRS request
22 for information from Wynn. As such, this is
23 the first opportunity to report to the full
24 Commission on the matter.

1 The IEB has begun an inquiry and
2 will continue to review the matter and report
3 out to the Commission when that review is
4 complete. Investigators have reviewed certain
5 correspondence including that August letter
6 referenced in the Wall Street Journal article.
7 I'm certainly not prepared today to comment on
8 everything we have reviewed, however, the
9 materials the IEB has reviewed to date do not
10 include a summons or a subpoena. And to my
11 knowledge, at this time one does not exist.

12 An important part of our IEB review
13 is to seek cooperation and information that
14 could be provided to us by coordinating with
15 governmental and law-enforcement authorities
16 who have ongoing interests, inquiries and
17 requests for information and/or investigations
18 that are relevant to Massachusetts casino
19 applicants and eventual licensees. We continue
20 to seek such cooperation and information but
21 cannot comment on those discussions at this
22 time.

23 To conclude, as I have repeatedly
24 indicated, suitability of applicants and

1 eventual licensees is ongoing. I can assure
2 the Commission that the IEB will report back on
3 our factual findings when our reviews are
4 completed.

5 COMMISSIONER CAMERON: I just wanted
6 to actually commend the IEB for the cooperation
7 and what I have observed as excellent working
8 relationships with other law-enforcement
9 agencies.

10 So, I see that that is continuing.
11 And I also understand the need to make sure we
12 have facts. I know that you are in the process
13 of gathering those facts. Certainly, that's
14 wise to do that before there are any findings
15 in this matter. And the need to let another
16 agency's inquiry go forward, I think that's
17 important as well. And it appears that that's
18 exactly what you and your staff are doing. And
19 a very prudent way to move forward with this
20 issue.

21 MS. WELLS: Thank you.

22 COMMISSIONER MCHUGH: I take it that
23 the steps you're taking here are the same steps
24 that you take in other aspects of suitability

1 inquiries, whether they're the initial
2 suitability inquiry or the continuing
3 suitability inquiries that led to the various
4 updates that you've given us from time to time.

5 MS. WELLS: That is absolutely
6 correct.

7 COMMISSIONER MCHUGH: So, the
8 investigative staff of the committee, the fine
9 group of State Troopers that we have is
10 potentially involved in this and able to assist
11 in this. And your other staff people could be
12 brought in and expanded or available to help in
13 this as need be.

14 MS. WELLS: That's correct.

15 COMMISSIONER MCHUGH: All right.
16 Other thoughts, questions, comments?

17 COMMISSIONER ZUNIGA: Would it be
18 fair for you to characterize cooperation on
19 behalf of the applicant up until this point?

20 MS. WELLS: Yes. We've made
21 requests for information, they have been
22 cooperative, yes.

23 COMMISSIONER ZUNIGA: I meant to say
24 the licensee, by the way.

1 MS. WELLS: The licensee, correct.

2 COMMISSIONER ZUNIGA: Thank you.

3 COMMISSIONER MCHUGH: Yes, that has
4 happened hasn't it.

5 COMMISSIONER ZUNIGA: Yes.

6 COMMISSIONER MCHUGH: Okay. Well,
7 it seems to me that this is the appropriate
8 thoughtful, thorough way to deal with this
9 matter as it is with all similar matters. So,
10 we look forward to the report when you have
11 sufficient facts assembled so that we have
12 something to talk about.

13 MS. WELLS: Exactly, thank you.

14 COMMISSIONER CAMERON: Thank you,
15 Director.

16 MR. DAY: Mr. Chairman, I think if
17 we could take up our next two items (c) and (d)
18 kind of together. What we have here this
19 morning is a diversity update regarding our own
20 progress with Commission employees and vendors.

21 We actually plan to take this step
22 probably twice a year to update the Commission
23 on our progress. Here today this morning are
24 Trupti Banda and Derek Lennon to present that

1 information for you.

2 MS. BANDA: Good morning, Chairman,
3 Commissioners. I was last here to present
4 diversity in July. So, I am thrilled to be
5 back to provide you with an update. So, today
6 at the Gaming Commission we have a total of 53
7 employees, 48 in Gaming and five in the Racing
8 Division.

9 CHAIRMAN CROSBY: Does this include
10 State Troopers?

11 MS. BANDA: No, it does not.

12 CHAIRMAN CROSBY: They're not our
13 employees.

14 MS. BANDA: They're not our
15 employees, correct. Since my last report,
16 we've had six hires. And I will share some
17 information with you on that. As far as what
18 we are looking for statistics, we would like
19 ideally to be somewhere in terms of diversity
20 goals between the Commonwealth, which is at
21 19.6, and Greater Boston which is at 34.4
22 percent. So, our goal at MGC would be 25
23 percent.

24 And thrilled to report that we were

1 last at 16 percent back in July and today we've
2 jumped to 21 percent. So, we've made some good
3 progress. It's been attributed to really
4 putting some programs around outreach with
5 networks, different associations, working with
6 Jill Griffin, our Director of Workforce,
7 Supplier and Diversity on some ideas and
8 concepts.

9 Keeping diversity in mind as part of
10 the pool of candidates as we look to identify
11 qualified candidates and candidates we narrow.
12 Working with managers on educating them on the
13 importance of diversity, taking a look at
14 candidates with a broad lens. And as a
15 diversity officer, I'm part of all of the
16 interviews with each and every candidate for
17 in-person interviews.

18 As far as the state's percentages
19 for male to female, the Commonwealth is at 51
20 percent and the Gaming Commission is at 55
21 percent female. So, we're doing well there.
22 And we continue to work on putting some
23 programs and recording data on our diversity.
24 So, I think that we're making progress in the

1 right direction.

2 CHAIRMAN CROSBY: I didn't hear what
3 you said that last sentence.

4 MS. BANDA: We continue to work on
5 developing partnership and capturing data as to
6 sort of the pool of candidates that we have and
7 where there are some challenges. And we'll
8 have more to report and we're finding it to be
9 effective.

10 COMMISSIONER MCHUGH: Great.

11 COMMISSIONER CAMERON: Good report,
12 thank you.

13 CHAIRMAN CROSBY: Is this posted in
14 our website somewhere?

15 MS. BANDA: It is not posted on our
16 website.

17 CHAIRMAN CROSBY: It seems like,
18 Elaine, it seems like it would be appropriate.
19 We post the diversity performance of our
20 licensees. And it seems like, as we always
21 discussed, we need to be held to the same
22 standard. I think it'd be good to post that
23 somewhere as well.

24 MS. BANDA: Yes, I'll work with

1 Elaine.

2 CHAIRMAN CROSBY: Okay. Great.

3 COMMISSIONER STEBBINS: Trupti,
4 quick question. Some of the recent hires, how
5 are they finding out about the job
6 opportunities for the Commission?

7 MS. BANDA: The first point would be
8 our website. We have all of our positions
9 posted on our website. In addition, we have it
10 on the Commonwealth Employment Opportunity.

11 In addition to that, different
12 associations, I do an outreach with posting to
13 their website, posting to the Commonwealth
14 Compact, working with posting with different
15 associations that I've met over the last six to
16 nine months or so.

17 So, I reach out to them and I let
18 them know, express that we're continuing to
19 look for diverse candidates and wanted to make
20 sure that the reach is out there for the
21 positions.

22 COMMISSIONER STEBBINS: Do you know
23 if state jobs are automatically posted with the
24 individual state career one-stop jobs centers?

1 MS. BANDA: It's not automatic. It
2 isn't. The state jobs does have a wide reach
3 in some aggregate searches such as INDEED.
4 They do capture that but we still have some
5 work to do in terms of reaching out to the
6 career centers. And right now, it's me
7 reaching out to them and letting them know and
8 then reaching out to networks.

9 But I believe that as we start to
10 work to automate the search process or job
11 tracking and hiring process with the system in
12 place, we'll be able to do a greater reach with
13 automatic postings to those websites and such.

14 COMMISSIONER STEBBINS: Director
15 Griffin and I met the other day with the head
16 of the career centers. And as we're exploring
17 the opportunities for the career centers to
18 engage with our licensees, obviously, it make
19 sense for us to be that consistent and also
20 engage with them for our job opportunities.
21 We're not going to have as many, obviously, but
22 walk the walk and talk the talk I guess is the
23 message.

24 MS. BANDA: Yes. I periodically or

1 I would say probably on a biweekly to monthly
2 basis connect with Jill. And we discuss some
3 ideas and concepts and events that I can attend
4 and have that reach. So, it's a work in
5 process.

6 COMMISSIONER STEBBINS: Thank you.

7 CHAIRMAN CROSBY: Good, keep on it.

8 COMMISSIONER CAMERON: Thank you.

9 COMMISSIONER MCHUGH: That's really
10 good progress.

11 MR. LENNON: Thank you, Trupti.

12 Good morning, Mr. Chairman and Commissioners.
13 Agnes and I are here to provide a preliminary
14 report to you on MGC spending, direct spending
15 as it relates to minority, women and veteran-
16 owned businesses.

17 Based on the last time Trupti came
18 in front of you with our diversity statistics,
19 you asked for the same thing with our vendor
20 statistics because we are holding our licensees
21 to this area.

22 So, one thing I do want to do is
23 give credit to Agnes. She pulled together the
24 report, pulled together all of the information.

1 And I had to do very little other than come
2 before you and present generally good
3 information.

4 CHAIRMAN CROSBY: And take all the
5 credit.

6 MR. LENNON: So, I want to give
7 credit to where it came from. But I also want
8 to give you some background on the information
9 that's in the packet.

10 The first thing we have is OSD,
11 Operational Services Division supplier
12 diversity program report on benchmarking across
13 state agencies, and how they generate the
14 benchmarks, the methodology. Since they
15 already have a lot of well-proven program, what
16 I'd like to do is just jump on board with that,
17 do the same thing that they're doing.

18 We've already talked to their
19 supplier diversity officer. They said they'd
20 be willing to take us into this program if we
21 chose to jump into it. So, I prepared the
22 reports based on what other state agencies have
23 to do and given you a look of what we would
24 look like if we were held to the same

1 accountability level.

2 So, the first thing just walking
3 through their methodology, your starting point
4 is your approved budget. Then what they try to
5 do is get you down to what your discretionary
6 spending level is. So, they pull off your
7 payroll. They pull off your travel, employee
8 travel reimbursement, your fringe related costs
9 and then any other object classes that are
10 venue specific.

11 So, your rent, you really can't
12 control whether you go with a minority-, women-
13 or veteran-owned business. You put out a
14 procurement and you go with the lowest or best
15 value one based on what DCAMM advises you to
16 do.

17 When you're dealing with grants, you
18 can't find a minority- or a women-owned
19 business because most of those go out to
20 municipalities or state government owned
21 entities. So, you pull those off. And you
22 just keep peeling back the onion until you get
23 to a base level of discretionary funding.

24 So, we've followed all of these

1 criteria, the object classes that OSD says peel
2 off. And then there's another piece where if
3 we were a state agency, we'd go in front of OSD
4 and say now we want to pull off these areas of
5 contracts as well because we have a long-term
6 contract that we've put out and it's just built
7 into our base bottom-line budget. So, for five
8 years it'd be tough to make up for that.

9 The two areas that I'm asking for
10 you to approve are our investigations contract
11 which is a five-year contract with Michael and
12 Carroll, our consultant. They don't meet any
13 of the criteria.

14 Then I'm also asking, which is a
15 criteria that's allowed in this memo to pull
16 out our Verizon contracts because there are no
17 minority- or women-owned businesses that supply
18 the phone services or cell phone services. So,
19 that's an object class that doesn't have an
20 opportunity to pull that spending in. So, I'd
21 like to peel that out of our discretionary
22 budget.

23 And once you peel all of that back,
24 what we end up with out of the \$26 million is

1 \$8 million base for discretionary spending.

2 And that's what I'd like to assess our
3 benchmarks against.

4 So, on page four I think it is of
5 this packet, you have a summary sheet that
6 pulls together our initial starting budget, the
7 exempted amounts that I just talked about. And
8 the page behind that pulls out the two
9 categories that I'm asking for exemption. The
10 one is the management consultant, which is the
11 Michael and Carroll anticipated expenditures
12 this year as well as our telecommunication
13 services which is our Verizon budget for this
14 year.

15 Then you also the category of IE
16 amount, which in state government means your
17 chargeback services. So, our main piece of
18 chargeback here is for State Police. It's a
19 government entity. There's not really a way
20 for me to charge that off as it is for staff-
21 related costs. It's for our training. It's
22 for the seven troopers we currently have and
23 it's for the anticipated 10 troopers once we
24 open up the slots parlor.

1 And then there's an ISA amount where
2 we have approximately 900,000. 800 of it is
3 going over to the Attorney General's office,
4 which was approved in our budget, and the
5 remainder is for DPH services that are provided
6 to our Horse Racing Division as well as our
7 compulsive gambling division.

8 So, once you get down to that \$7.9
9 million, the state levels for benchmark are six
10 percent for minority-owned businesses, 12
11 percent for women-owned businesses. They have
12 a requirement to do small business,
13 Massachusetts registered small businesses,
14 which if we're going to partake in the program
15 I recommend we follow that.

16 And then the Commonwealth OSD put in
17 a service disabled veterans category, which
18 they only have 50 vendors that are signed up
19 for that right now. And it's very hard to
20 account for in any of our areas. So, they're
21 not holding state agencies to that.

22 But since we're holding our grantees
23 to that, we made a decision to try and just go
24 with veteran-owned businesses. But there's not

1 a category tracking that in MMARS. So, I have
2 to work -- MMARS is our state accounting
3 system. So, I have to work with Jill, our
4 diversity officer to figure out of we're
5 already spending some money on veteran-owned
6 businesses. And if we're not, how can we work
7 on meeting that benchmark and provide these
8 opportunities for our future spending to them.

9 COMMISSIONER MCHUGH: Is service
10 disabled business a business that is owned by a
11 service disabled --

12 MR. LENNON: Service disabled
13 veteran, and there are only 50 of those
14 registered.

15 COMMISSIONER MCHUGH: You don't
16 qualify if you employ service disabled
17 veterans?

18 MR. LENNON: No, just owned.

19 COMMISSIONER MCHUGH: Got you.

20 MR. LENNON: So, if you look at our
21 benchmarks, the first area for minority
22 businesses, our benchmark for this year would
23 be 474,000. As of November 26, we had spent
24 30,000. We have open contracts for 112,000,

1 which would meet about 30 percent of our
2 overall requirement and would account for two
3 percent of our current overall discretionary
4 budgets.

5 We're about one-third of the way
6 there. Some good news on that is we have not
7 finally inked our contract with PMA, our
8 oversight project managers but they are
9 minority-owned business. So, we'll actually
10 exceed this benchmark the second we ink that
11 contract.

12 CHAIRMAN CROSBY: Just the amount
13 that's spent in this because this is for this
14 fiscal year, right?

15 MR. LENNON: Correct.

16 CHAIRMAN CROSBY: So, these are
17 monies that are spent or encumbered for this
18 fiscal year?

19 MR. LENNON: Correct, for this
20 fiscal year, only for this fiscal year. Now
21 one of the areas that we're a little concerned
22 with, and Agnes is looking into this is we
23 don't want to base our benchmarks on one
24 vendor.

1 So, we're looking at additional
2 opportunities to diversify across the minority-
3 owned business portfolio. So, that once our
4 OPM services are done in two and a half years,
5 we drop down to basically zero percent on this
6 benchmark.

7 On the women-owned business, 12
8 percent benchmark requires us to spend about
9 950,000 this year. Currently, we spent 414,000
10 with an open encumbrance of 1.3 million, which
11 has us exceeding our benchmark. We are at 180
12 percent of that benchmark. That accounts for
13 22 percent of our discretionary budget.

14 So, the nice thing about this, we
15 are well exceeding it. The bad side of it is
16 it's almost 90 percent Pinck and Company, which
17 is the OPM. So, we're in the same position
18 where we're going to be looking to diversify
19 our portfolio so that in future years we can
20 maintain this benchmark.

21 Small business participation, we're
22 far exceeding that. And I'll have Agnes go
23 into little bit behind what those numbers are,
24 because I'm going to be honest with you, I

1 didn't have a chance to research that.

2 MS. BEAULIEU: These can be a
3 combination of both your minority-owned, women-
4 owned and still small businesses. So, in some
5 cases these numbers are duplicated almost in
6 both categories. But that is a two and a half
7 percent benchmark. And once again, we're at
8 174 percent. Many of the small business
9 contracts -- encumbrances we have right now are
10 with our office supply company. And that
11 covers multiple categories.

12 COMMISSIONER ZUNIGA: Agnes and
13 Derek, are you up-to-date on all of the
14 encumbrances for the rest of the year?

15 MR. LENNON: No. We're nowhere near
16 fully committed. We're at about 40 percent
17 commitment, I think, right now of our total
18 budget. We have plenty of room to direct
19 additional expenses.

20 COMMISSIONER ZUNIGA: And the PMA is
21 one example, right?

22 MR. LENNON: PMA is one example.

23 COMMISSIONER ZUNIGA: Once you
24 finalize the contract, you made the encumbrance

1 and then you can have a better projection to
2 the end of the year.

3 MR. LENNON: We haven't finalized
4 the OPM contract for Pinck either for
5 Springfield. So, that'll jump up too once it
6 hits.

7 COMMISSIONER ZUNIGA: You're already
8 exceeding the benchmark in many cases.

9 MR. LENNON: Yes. And the one area
10 that we do have to work hard with Director
11 Griffin on and with Commissioner Stebbins is
12 the veteran-owned businesses. That's not going
13 to be an easy one. We can't rely solely on the
14 accounting system to spit that out.

15 We may actually have to do some
16 supplier diversity requirements in our
17 subcontracts and ask our primary contractors to
18 subcontract out some of the spending to
19 veteran-owned businesses.

20 So, getting that list together is
21 something that we'll be looking to do so that
22 at our next quarterly discussion, we can say
23 here's our direct spending and here's what our
24 subcontractors are spending on veteran-owned

1 businesses.

2 CHAIRMAN CROSBY: Is accomplishing
3 these numbers part of Agnes's job description?
4 Does that go into your performance review?

5 MR. LENNON: It hadn't been before,
6 but it will be.

7 COMMISSIONER ZUNIGA: Yes, overall
8 as a contract administrator, as a main contract
9 administrator, it falls under it.

10 CHAIRMAN CROSBY: You want it as
11 pulled out, identifiable item as part of the
12 process here.

13 MS. BEAULIEU: I've been running
14 queries on the warehouse to see what other
15 state agencies are using, what other vendors
16 they're using so we can possibly go with for
17 various to come into these different
18 categories.

19 MR. LENNON: This is not an easy job
20 for Agnes, because at the same time, I'm
21 telling her we have to make sure we keep an eye
22 on our bottom-line and don't pay for something
23 that's twice as much, which a lot of times
24 you're at that decision point when you're

1 working off of a state contract. You get
2 multiple quotes, one may come in lower but now
3 it's are we going to spend the extra money to
4 meet the benchmarks.

5 So, she's got a very difficult job
6 because I'm saying you have to keep an eye on
7 both of those things.

8 CHAIRMAN CROSBY: Exactly the same
9 thing as we're making our suppliers -- our
10 licensee do.

11 MR. LENNON: Correct.

12 COMMISSIONER ZUNIGA: However, the
13 strategy that you outlined about requiring our
14 contractors to have subcontractors, it occurs
15 to me that it's especially important for us to
16 consider on the long-term contracts --

17 MR. LENNON: Correct.

18 COMMISSIONER ZUNIGA: -- that we are
19 exempting. This dovetails to something that
20 you've heard me say before. We will slowly
21 peel away at the amount of consulting services
22 that we are using because we are staffing up.
23 So, that relationship is going to decrease
24 while the other one increases. But it's also

1 something that we should rely upon them heavily
2 because we have the ability to require that.

3 MR. LENNON: So, that's a tricky
4 area because we can't ask them to do it for any
5 procurements that we've already put through.
6 We can't require it if it wasn't a part of the
7 initial contract specifications.

8 During renewal periods, we can
9 actually absolutely make it a requirement, but
10 the initial contract scope, if we didn't put as
11 a requirement, we can ask for assistance. But
12 I can't make them.

13 COMMISSIONER STEBBINS: That's
14 interesting. We've obviously had this
15 experience with our licensees that they're
16 going through this same challenge.

17 MR. LENNON: Correct.

18 COMMISSIONER STEBBINS: And as much
19 as we can plan ahead and look at expenditures
20 and even talk to our licensees to see who they
21 may have gone out and solicited to successfully
22 supply those service. I mean, we're not
23 looking for shrimp cocktail but we're looking
24 for other things that they may already have on

1 their list.

2 And you're right. This veteran
3 vendor piece is a new equation that our
4 licensees are wrestling with and obviously
5 we're wrestling with.

6 MS. BEAULIEU: For the licensees for
7 the service disabled veterans part, in my
8 research I found that one of the licensees is
9 partnering with a veteran-owned, service
10 disabled veteran-owned business out in
11 Springfield. And unfortunately, the five that
12 are registered with Operational Services are
13 mostly engineering or construction and that
14 type of field of services that we really don't
15 have a need for. So, that's why we pared back
16 to veterans.

17 CHAIRMAN CROSBY: Anybody else?
18 Does Michael and Carroll use subcontractors.

19 MR. LENNON: They do. So, that's an
20 area that we could ask them to assist with
21 subconsulting out.

22 CHAIRMAN CROSBY: I'm sort of mixed
23 on whether taking Michael and Carroll out of
24 the base, out of the denominator is a fair

1 move. I think I could debate it both ways.
2 But in any event, there clearly is opportunity
3 there. We do have them as sort of a catchall
4 for a number of different kinds of work. And
5 making that a priority I think might help.

6 MR. LENNON: So, we could look at
7 specific engagements under them and say going
8 forward we are going to hold you to a six and
9 12 percent benchmark for any subconsultant.
10 Where the investigation piece is difficult is
11 they're hiring staff to do that. So, they're
12 not subconsulting that out. So, I would want
13 to run by you a methodology for which pieces of
14 that we'd capture.

15 COMMISSIONER ZUNIGA: On that note,
16 is the amount that you're suggesting we exempt
17 limited to the investigations piece?

18 MR. LENNON: That's the largest
19 piece of it, but it does have some of the high-
20 performance engagement.

21 COMMISSIONER ZUNIGA: Right,
22 correct.

23 CHAIRMAN CROSBY: Maybe that might
24 be a more rational way to do it, pull out the

1 investigations part and on a go-forward basis
2 incorporate what in effect is their
3 discretionary spending into the base and use
4 that on a go-forward basis.

5 MR. LENNON: Okay. We'll have that
6 for the next update.

7 CHAIRMAN CROSBY: Okay. Great.
8 Anybody?

9 MR. LENNON: Would you like this
10 posted on the website?

11 CHAIRMAN CROSBY: I would think so,
12 yes.

13 MR. LENNON: We can update it on a
14 monthly basis too like we do with the budget.

15 CHAIRMAN CROSBY: I think that would
16 be great. Thank you.

17 COMMISSIONER CAMERON: Thank you.

18 MR. DAY: Mr. Chairman, I understand
19 that if the Commission were to take a short
20 break, it might give folks time to see if the
21 live stream is a little bit choppy right now.

22 CHAIRMAN CROSBY: We'll take a quick
23 live stream fix it break.

24

1 (A recess was taken)

2

3 CHAIRMAN CROSBY: We are ready to
4 recommence. We will not be able to service
5 iPads or iPhones from this speed. So, if you
6 are watching and have an iPhone or an iPad, it
7 will not work. Go to your laptop, it's because
8 we're in this particular location that we have
9 to modify the speed. Director Day.

10 MR. DAY: Thank you, Mr. Chairman.
11 If you refer to item (e) in your packet, there
12 should be a memorandum in your packet regarding
13 the Running Horse Promotional Trust request
14 submitted by Suffolk.

15 Just briefly summarize a couple of
16 paragraphs because all the information is in
17 the full memorandum. The Racing Division
18 recently received a request for consideration
19 from Sterling Suffolk Racecourse for
20 reimbursement of costs attributable to racing
21 operations at Suffolk Downs in 2010.

22 Namely reimbursement for monies
23 expended for direct mail advertising and
24 broadcast media advertising live racing at

1 Suffolk Downs. The total amount of the request
2 was \$475,380 and some small change. This
3 request is consistent in size and scope with
4 approved projects from previous years under
5 Sterling Suffolk Racecourse operations.
6 Detailed invoices and copies of itemized
7 payments accompany the request as required and
8 have been reviewed by our finance
9 administration office.

10 We recommend that pursuant to MGL
11 128A Section 5, the Commission approve payment
12 to Sterling Suffolk Racecourse, LLC for
13 reimbursement of monies expended for direct
14 mail and broadcast media advertising the 75th
15 anniversary of live racing at Suffolk Downs in
16 an amount equal to the balance of the
17 Promotional Trust Fund contributed by Sterling
18 Suffolk Racecourse. It's now estimated at
19 about \$150,000.

20 Catherine and I will try to answer
21 any questions if we could.

22 COMMISSIONER CAMERON: I had a
23 question and maybe Doug could answer it. Why
24 2010 are we getting a request now from 2010?

1 MR. O'DONNELL: A lot of times they
2 don't put requisitions in. They wait a period
3 of time before they have enough requisitions in
4 in order to request that money out. So, it's
5 not necessarily done once the work is done and
6 once the requisition is in. They will wait,
7 build it up or take it as needed.

8 MR. DAY: I believe the last similar
9 payment was back in 2008.

10 MR. LENNON: No.

11 MR. DAY: It wasn't 2008?

12 MR. LENNON: It was for a 2008
13 program, we just finished paying off the 2008
14 program. So, what happens is these trust funds
15 only build up so much money based on the
16 betting pools and the handles. So, they put in
17 an approved project request for an amount that
18 far exceeds what's in the trust fund.

19 Then once you approve the project,
20 they can draw down from it once the trust fund
21 builds up a balance. We just finished paying
22 off the 2008 project. Now they're putting in
23 for something they paid in 2010 and they're
24 looking for reimbursement on this, kind of like

1 the capital projects.

2 COMMISSIONER ZUNIGA: Remind, me
3 what's the process for reviewing the actual
4 expenditures, those invoices, just briefly?

5 MR. LENNON: The Racing Division
6 takes a first look at it. And then Agnes and
7 Joanne in my shop take a look at it and make
8 sure all of the dollar amounts match up that
9 we're not paying for anything that shouldn't be
10 in there, taxes, those types of things. Then
11 they send it over to me. We review it based
12 against the approved project list and the
13 spread sheet that tracks how much is left on
14 the approved project list. And then we process
15 payment.

16 COMMISSIONER ZUNIGA: Very good.

17 CHAIRMAN CROSBY: Okay. Do we need
18 a vote?

19 MR. DAY: We do.

20 CHAIRMAN CROSBY: Commissioner
21 Cameron? Any other discussion on this?

22 COMMISSIONER CAMERON: So, I move
23 that we approve the Running Horse Promotional
24 Trust Fund request from Suffolk Downs.

1 CHAIRMAN CROSBY: As detailed in the
2 memorandum of December 4.

3 COMMISSIONER CAMERON: Yes, December
4 4 memorandum.

5 CHAIRMAN CROSBY: Second?

6 COMMISSIONER ZUNIGA: Second.

7 CHAIRMAN CROSBY: Any further
8 discussion? All in favor, aye.

9 COMMISSIONER MCHUGH: Aye.

10 COMMISSIONER CAMERON: Aye.

11 COMMISSIONER ZUNIGA: Aye.

12 COMMISSIONER STEBBINS: Aye.

13 CHAIRMAN CROSBY: Opposed? The ayes
14 have it unanimously. Thank you.

15 MR. DAY: Mr. Chairman, our next
16 item is actually back to Derek. And Doug
17 O'Donnell is here to join us this morning to
18 talk about the CHRIMS update and the 2013
19 racing funds reconciliation, Derek.

20 MR. LENNON: Thank you, thank you
21 Director Day. Good morning again, Mr. Chairman
22 and Commissioners. Doug and I are going to
23 work on this a little bit together. The first
24 thing Doug will do is give you an update on the

1 new racing billing and information system,
2 CHRIMS, and give you a little bit of an update
3 on a review that the Racing Division undertook
4 with KPMG to test the data that was going into
5 the legacy FRS system, which will serve as a
6 foundation for the 18-month review that the
7 Finance Division and the Racing Division did in
8 conjunction.

9 MR. O'DONNELL: I'll start with
10 KPMG. What we did is we entered into an
11 engagement letter with them on October 23, 2013
12 to determine the accuracy of the takeout
13 distributions, commissions, assessments,
14 license fees, breaks and other premiums based
15 on the handles at the racetracks.

16 CHAIRMAN CROSBY: Doug, move the mic
17 towards your mouth.

18 MR. O'DONNELL: We provided them
19 with the statutory takeouts from legal. And
20 they did a comparison with our legacy FRS
21 financial racing system, which we knew had
22 flaws which was primarily the reason why we
23 wanted them to do them to do the audit.

24 And their independent audit showed

1 that our FRS system did have some minor
2 discrepancies in it. With the fees that are
3 taken in from the commission, being the -- The
4 assessments and the license fees are okay but
5 the commissions and the pass-throughs that we
6 work with, which are the trust funds, we had
7 some minor discrepancies there.

8 Reason being is the system that we
9 have now randomly it will, an example is the
10 thoroughbreds from Suffolk, the exotics were
11 paid .25 percent. Randomly our system will
12 spit out .2489 percent. It just happens
13 randomly. And if you go back, sometimes it
14 will correct itself, sometimes it won't. So,
15 it's a very small discrepancy that we have on a
16 daily basis at times.

17 So, with KPMG's findings, and we did
18 the month of July and August for 2013. We just
19 worked on those two specific months because we
20 have live racing at both tracks. So, it's a
21 busy time of year. And what they found the
22 commission variance for the month of July was
23 only \$116.11, and for August was \$290.74. And
24 you can attribute that to the discrepancy with

1 our percentage. It doesn't come out accurate.

2 With the other fees that we collect
3 the pass-throughs for the trust funds, which
4 are the promo cap and stabilization, we had
5 minor discrepancies with those as well. In the
6 month of July there was \$134, an aggregate
7 amount, and \$41 for August.

8 Now with that being said, the monies
9 we collected were very close. There were small
10 discrepancies but they were not allocated in
11 the proper funds. So, some of the monies may
12 have gone to the cap fund as opposed to the
13 promotional fund. But the aggregate amount was
14 collected. And what we were able to do is
15 internally we made the adjustments to put those
16 funds into the proper trust funds. So that
17 worked out.

18 The big discrepancy that we found
19 with KPMG or what they found on our billing
20 system, the monies that we do not collect, the
21 fees for the trust funds being the premiums,
22 the purses and the breeders, those percentages
23 were way off. Our total takeout was accurate,
24 but those percentages were not accurate. They

1 were all over the board.

2 It's not something that we as a
3 Commission collect, but we do do an annual
4 purse review. And the tracks are always in
5 compliance with meeting their statutory purse
6 requirements along with breeders.

7 So, the end result was that our
8 system is flawed. We know that. And that the
9 fees that we collect, the commissions, pass-
10 throughs we were very close. It's the other.
11 It's the purses, the breeders and the premiums
12 that were off. But again, with us doing an
13 annual review they're in compliant with what
14 had to be done. And they concluded their
15 report on August 5, 2014 with KPMG.

16 Now along with KPMG, we have been
17 working with CHRIMS, which is the California
18 Horse Racing Information Management System.
19 They're a web-based management information
20 system that does accounting reconciliation
21 reporting of pari-mutuel settlement
22 distributions.

23 So, essentially what they're doing
24 is they're taking over what our financial

1 racing system does. And it's web-based, unlike
2 ours. It's portable. We can talk download it
3 into a format, an Excel format that we can
4 earmark it to any type of report we want.

5 We've been working with them for
6 about a year. And we're getting closer. We
7 have a very complicated system. They currently
8 work with 11 different jurisdictions. We are
9 hopeful that we can get that up and running by
10 year-end.

11 We have been running in parallel
12 with them for the past couple of months. There
13 are a few things that we have to tweak. We had
14 them working on some premiums and certain
15 issues that really had to be changed at the
16 11th hour. So, it's still a work in progress,
17 but we are getting closer.

18 COMMISSIONER ZUNIGA: I just want to
19 clarify one point, because you talked about
20 system in a couple of different instances. I
21 want to just clarify that the system that you
22 were referring to as being very complicated is
23 really the pari-mutuel loss, right?

24 MR. O'DONNELL: Correct.

1 COMMISSIONER ZUNIGA: It is the
2 percentages and the takeouts that we are
3 required -- that are required by statute.

4 MR. O'DONNELL: Correct.

5 COMMISSIONER ZUNIGA: You also
6 talked in the present about the FRS, right --
7 the legacy system? But effectively CHRIMS is
8 now in parallel operating, is it not? Aren't
9 we basing now some of those numbers based on
10 CHRIMS?

11 MR. LENNON: No, not exactly. So,
12 that's the second piece of this. What the FRS
13 system does and the nice thing about the KPMG
14 report, what the FRS system is supposed to do
15 is take in all of the data, all of the handles
16 for each type of signal, whether it's a
17 greyhound imported simulcast, whether it's a
18 harness horse live, harness horse interstate
19 simulcast, harness horse intrastate,
20 thoroughbred same things ADW's, which are the
21 call-in bets. The statute has different
22 takeouts for each type of those signals.

23 And what we currently do is data
24 enter from the tote system every single one of

1 those races to get the right handles, the right
2 exotic pools, the right win, place and show
3 pools and the right break amounts. And then
4 our bills are generated to our licensees based
5 on that.

6 So, what the system showed -- What
7 the KPMG testing showed was within a reasonable
8 amount margin of error, we're taking in the
9 right information to generate our bills. We're
10 just not distributing it to the right trust
11 funds.

12 So, even though there was some
13 number errors and there were ghost transactions
14 happening where percentages changed, we decided
15 we would take the aggregate pure data, so how
16 much was bet, how much was win, place and show,
17 how much was exotics, how much was break, and
18 the types of signals it went to and re-create
19 18 months of payments for seven licensees,
20 which was a nightmare for Doug. It was a
21 nightmare for Maria. It was a nightmare for
22 Agnes, Joanne. The whole team jumped in to
23 this.

24 And Legal also jumped in because

1 some of the information we got from our outside
2 consultants, our outside counsel wasn't up-to-
3 date. So, Catherine's team and Danielle Holmes
4 really did a good job of researching each place
5 we thought we had to ask our licensees for
6 additional money. And said no, this law was
7 updated in 2011 or was updated in 2012 that's
8 why the system isn't charging for it.

9 So, the Racing Division, DPL was
10 doing a very good job of keeping up-to-date
11 with what should have been billed. They just
12 weren't keeping up-to-date with the back-end of
13 where should that money be deposited to, which
14 trust funds. So, they were obviously focusing
15 their dollars on making sure that the statute
16 was adhered to as far as billing goes on that
17 side.

18 So, what we did was we came up with
19 a spreadsheet, it's attachment D on this
20 presentation. I think it's page 14 that
21 mirrors what the takeout grid is attachment
22 appendix C says we should be taking for each
23 race. So, if you turn to appendix C, it shows
24 for each type of signal each licensee what the

1 statute says we should be taking out of total
2 handle, win, place and show bets and exotic
3 bets.

4 And when you talk about an exotic
5 bet, it's your quinellas, your trifectas.
6 Anyone who goes to horse or dog racing is
7 familiar with those. It's not just for
8 straight I want a first, second or third place
9 winner.

10 And we then developed for each week
11 for each licensee how much the total handle
12 where it should've been and compared that to
13 what we actually billed our licensees. At the
14 end of the day, over 18 months it showed that
15 we only under billed all of our licensees
16 \$6000. So, you're talking about \$6 million of
17 what we should've billed and we under billed by
18 6000.

19 As your CFO, I'm recommending we
20 write that off. We don't ask anyone for any
21 additional monies. But what we did determine
22 was we put that money to all the wrong
23 different trust funds, because the FRS system
24 wasn't keeping track of where that should've

1 gone.

2 The good news is we haven't paid it
3 out. Since I've been here, we've been holding
4 off on making payouts until we could complete
5 this reconciliation. So, there's a schedule
6 attached to page three of the memo that's
7 asking you for permission to move the money to
8 the correct trust fund based on that master
9 takeout sheet that has been reviewed by our
10 independent counsel to begin with, and then
11 reviewed, revised and updated by MGC's internal
12 counsel. So, I feel very confident in what
13 we're asking you to make adjustments for.

14 COMMISSIONER ZUNIGA: Is that
15 schedule C, appendix C?

16 MR. LENNON: Appendix C is the
17 master takeout. Page three of the memo shows,
18 the last chart on page three of the memo where
19 it shows actual 18 month transfers and then the
20 proper transfers in the adjustment column. The
21 adjustment column is where I'd like to make
22 transfers.

23 COMMISSIONER ZUNIGA: How does this
24 break out among thoroughbred -- Oh, here it is.

1 MR. LENNON: That would be appendix
2 A would actually give you the breakout by
3 licensee. Once again, I apologize the amount
4 of information this is. This was literally two
5 months of work on our staff as well the Racing
6 Division.

7 COMMISSIONER MCHUGH: The bottom
8 line though, as I understand it when you get
9 through, and it is a great amount of detail but
10 there is a great amount of detail that goes
11 into the calculations and the division of the
12 handle and everything else. But the bottom
13 line is if I look in particularly summarized on
14 page three, is we under billed by \$6000 as you
15 said a minute ago. So, we have all but \$6000
16 of the approximately \$6 million we were
17 supposed to get.

18 MR. LENNON: Correct.

19 COMMISSIONER MCHUGH: None of that's
20 been paid to anybody erroneously. It's been
21 put in the wrong buckets, and held in the wrong
22 buckets. And now you want to put it in the
23 right buckets and pay it.

24 MR. LENNON: Correct.

1 CHAIRMAN CROSBY: Internal buckets,
2 right.

3 COMMISSIONER MCHUGH: Internal
4 buckets, right.

5 MR. LENNON: Correct.

6 COMMISSIONER MCHUGH: And that'll
7 fix everything for that 18-month period. And
8 then use what you've just done as a template to
9 fix the rest of the four months that are left.
10 And then the new system is designed to avoid
11 these problems in the future.

12 MR. LENNON: The new system is
13 designed to avoid these problems in the future.
14 But we're also going to test that system so
15 that we don't have the manual process, the
16 Excel spreadsheet. I'll have Maria doing at
17 least once a month, testing one of the
18 licensee's bills every month.

19 And then Legal is going to make sure
20 that our master takeout grid is always updated.
21 We have for this master takeout grid, they've
22 actually put together -- Once again, I want to
23 give Catherine and Danielle great credit for
24 this. -- they've put together a history of the

1 laws that tracks down when each statute changed
2 and why we have the takeouts we're indicating.

3 COMMISSIONER MCHUGH: So, when the
4 law changes again if it does as it likely will,
5 the master grid just gets changed and the
6 system automatically updates and puts money in
7 different places.

8 MR. LENNON: Correct.

9 COMMISSIONER ZUNIGA: We might have
10 suggestions about that change, by the way, in
11 terms of simplifying all of these numbers which
12 other jurisdictions do. But we'll cross that
13 bridge.

14 COMMISSIONER MCHUGH: The principle
15 remains the same. A simpler and complex thing,
16 the system is updated, corrects it and puts it
17 in the right bucket.

18 COMMISSIONER ZUNIGA: Absolutely.

19 COMMISSIONER CAMERON: And I see you
20 have four steps you're going to take to make
21 sure that this does not happen again. I know
22 getting updates on this, it was a source of
23 great frustration to figure it out and then put
24 a fix in place. So this looks --

1 MR. LENNON: And we're trying to
2 make so that not one area has full
3 responsibility for it. Because Racing Division
4 had a lot of responsibility to try to keep up
5 with the laws, to try to keep up with the pari-
6 mutuel sheets that tracks what type of signal,
7 because that can change throughout the course
8 of the year. And then actually reporting to us
9 where they want the money swept.

10 So, what we're asking now is have
11 the system work with all three divisions. We
12 are responsible for making sure that it's going
13 to the right trust funds. The master takeout,
14 which is done by Legal, will make sure that
15 we're billing the right amount. And then
16 Racing is just verifying that the signal types
17 that we have entered into the CHRIMS system are
18 correct.

19 COMMISSIONER MCHUGH: I take it at
20 bottom that this may be a final artifact of the
21 transfer of operational control from the
22 independent racing commission to us --

23 MR. LENNON: Correct.

24 COMMISSIONER MCHUGH: -- as we

1 absorb the independent racing commission's
2 duties; is that right?

3 MR. LENNON: Correct.

4 COMMISSIONER ZUNIGA: I just want to
5 say that I've been familiar with some of the
6 different iterations of this spreadsheet, all
7 of the way back to understanding and scoping
8 out the engagement letter with KPMG, all of the
9 research that was done, some of the training
10 that DPL gave us early on about these
11 percentages and these takeouts and this many
12 funds.

13 And the job that you all have done
14 is really quite remarkable, in my opinion.
15 It's been a collective effort, as you've
16 described, a lot of people at the front table,
17 but also in the back there, Danielle. They
18 deserve a lot of credit for tracing all of
19 these changes, corroborating them against the
20 history of a system that wasn't very friendly
21 to work with, this FRS access database.

22 And the end result is, as you say
23 minimal, when it comes to the billing. The
24 internal transfers are my view just an

1 accounting procedure that has not been spent,
2 which is a whole purpose of doing the long-
3 overdue audit that we did in the first place.

4 So, I think you've done a terrific
5 job altogether.

6 CHAIRMAN CROSBY: I'm going to
7 second the commendation for Attorney Danielle
8 Holmes who apparently did really good work on
9 this. But also by the way, Director
10 Durenberger was very involved especially in the
11 early days in helping us figure out back when
12 none of us really knew what was going on. She
13 was one of the very first ones to figure out
14 that there was issues there. And it certainly
15 caused her a lot of headaches for a long time
16 as well.

17 Anything else on this? Do we need a
18 vote or can we just say okay?

19 MR. LENNON: I'm fine with that.
20 It's just internal adjustments. I'm fine doing
21 that as my role as CFO, making the adjustment.

22 CHAIRMAN CROSBY: Okay.

23 COMMISSIONER CAMERON: Good work.

24 COMMISSIONER MCHUGH: Really good

1 work.

2 CHAIRMAN CROSBY: Thanks you.

3 Thanks Doug. Next?

4 MR. DAY: Mr. Chairman that brings
5 us to what we've described that's item (g).
6 What we're looking for is just a little
7 discussion about what we've identified here as
8 the Suffolk workers letter.

9 I think you might recall is it
10 actually occurred first verbally that Wynn's
11 representatives had committed to employment
12 preference as necessary relative to those that
13 potentially could lose employment with Suffolk.

14 That was followed by a license
15 condition. I thought it was important. I just
16 want to read that real quick so we are all on
17 the same page. Wynn will offer a hiring
18 preference to qualified Suffolk Downs employees
19 in the event that Suffolk Downs closes upon the
20 award of a license to Wynn. Wynn will provide
21 training and recruitment plan for said
22 employees to the Commission for approval.

23 So, this sounds pretty direct, but
24 now comes the thought process of how we

1 actually begin implementing that. So, we've
2 been working to find the best way to ensure
3 this condition does go forward and is
4 implemented, but in a manner that respects all
5 the parties involved.

6 So, what we've developed at least
7 this point, there are ongoing opportunities. I
8 think as the Commission realizes Wynn is busily
9 getting some offices ready. And there are
10 positions that will be coming forward, not a
11 great deal initially, but still there will be
12 some opportunities.

13 So, what we at this point have kind
14 of put together, there's a letter from Wynn, a
15 cover letter from the agency as well with a
16 card from Wynn. The concept was is this would
17 get information out to those who might be
18 affected with a potential closer of Suffolk and
19 Wynn eventual opening.

20 It will get the information out that
21 will preserve people's confidentiality about
22 their own name, address and those kind of
23 things. But it will serve to give them the
24 opportunity, if they so choose to send a card

1 in to get on the list themselves and get
2 information about what opportunities might come
3 forward.

4 So, it would be kind of an initial
5 step, more to follow. Obviously, the condition
6 has eventually a plan has to come before the
7 Commission. We wanted to at least introduce
8 that, talk about it with the Commission and
9 make sure you think we are on the right track.

10 What we anticipate is we are not
11 trying to get in a huge hurry necessarily.
12 Because we want to be sensitive about the other
13 matters that are connected with the whole
14 process. So, it wouldn't be a problem for us.

15 We'd be happy to contact in advance
16 Suffolk or possibly union representatives to
17 make sure we are not taking steps that would
18 interfere with any processes they were engaged
19 in. But we on the hand wanted to make sure we
20 could move this forward effectively to start
21 this process in the interest of those that may
22 have effect from any Suffolk closure.

23 CHAIRMAN CROSBY: Any thoughts?

24 COMMISSIONER STEBBINS: I think it's

1 a more thoughtful approach than we had first
2 envisioned it with us just handing over a lot
3 of license information. I think you got to the
4 point of maybe treating the individual's
5 privacy concerns.

6 One issue that we've discussed is
7 that in addition to people who might have been
8 on the track's payroll, that there are other
9 people whose probably full-time job was working
10 at the track as an employee of a contractor.

11 Now in this intervening time period,
12 the contractor may reassign them to someplace
13 else. But if we give some thought to those
14 people having a similar opportunity or finding
15 an opportunity available to them somewhere down
16 the road of being able to go to work for our
17 licensee that's a population we don't want to
18 forget about.

19 And I also know that through our
20 conversations with Penn that anecdotally they
21 are seeing people apply for positions down in
22 Plainville who have some track experience at
23 Suffolk. And we've suggested to them or asked
24 them if anecdotally they can kind of keep us up

1 to speed up on folks that end up getting hired
2 who were previously employed at Suffolk.

3 So, I think it gets to our ultimate
4 concern making sure everybody is taken care of
5 to the best efforts that we can undertake.

6 CHAIRMAN CROSBY: Yes. I think it's
7 great. I've looked at the letters. There's a
8 very graceful letter from Bob DeSalvio, which
9 will be covered by a letter from us.

10 We talked originally about whether
11 it ought to come from me or come from Director
12 Day. And then we realized the Commission is
13 being sued by one of the unions that this would
14 be going to. Does that matter? I don't think
15 it really does. All of us are being sued by
16 Revere and that the union. I think probably it
17 sounds better if it's signed by me.

18 It sounds a little bit more high
19 profile commitment to try to make this thing
20 work. So, if that's okay with everybody that's
21 what I would suggest. And I think we ought to
22 do this as quickly as possible. And I agree
23 with Bruce's point about stretching as far as
24 we can to get as many affected people as we

1 can.

2 MR. DAY: Chairman Crosby, we
3 actually agree with you. We think under your
4 signature it raises the level of presentation
5 that makes it more serious that the Commission
6 is behind this effort to try get this done.
7 So, I think that would be helpful as well.

8 Commissioner Stebbins you're right.
9 There is a reason why it says Suffolk workers.
10 It's because our attempt was here is to make
11 sure it's a little more broader than looking
12 essentially at the payroll records because
13 there are a number of people would be affected
14 if this actually comes to pass.

15 CHAIRMAN CROSBY: Great. I don't
16 think we need a vote for that either. We'll
17 just move ahead with that.

18 MR. DAY: Just a nod would be fine.

19 CHAIRMAN CROSBY: You've got it.

20 MR. DAY: Thank you very much. That
21 gets us to item four.

22 CHAIRMAN CROSBY: All right,
23 Director Griffin.

24 MS. GRIFFIN: Good morning, Mr.

1 Chairman and Commissioners. You've asked me to
2 update you regarding the diversity efforts of
3 the Commission related to monitoring of
4 licensees and ensuring the transparency of the
5 information.

6 So, I did want to give you a little
7 an update since my last report. I've recently
8 met with Director Elaine Driscoll regarding
9 plans changes to our website that includes a
10 separate page entitled diversity.

11 On that page, we will keep the
12 licensees' final diversity plans for both the
13 construction and the operations periods. We
14 will keep regular reports regarding their
15 progress towards their diversity goals. And we
16 will also include an annual Mass. Gaming
17 Commission diversity report that compile the
18 statewide results of all of our individual
19 licensees regarding diversity.

20 CHAIRMAN CROSBY: Excuse me. What
21 level will that page be on? Is it a subset of
22 another page?

23 MS. GRIFFIN: We are still working
24 out the details. I believe it will be in the

1 about section.

2 CHAIRMAN CROSBY: Okay, because that
3 might be a place where we put our own diversity
4 numbers too.

5 MS. GRIFFIN: We could certainly do
6 that. Additionally, next topic we'll talk
7 about the Access and Opportunity Committee but
8 potentially we could include agendas and
9 minutes and other reports pertaining to the
10 Access and Opportunity Committee should you
11 approve that today.

12 But I also included in your packet a
13 diversity report regarding the construction
14 period at Plainridge Park Casino. You have
15 seen some of this information, but I will just
16 briefly review for the audience.

17 The second page shows Penn National
18 and Turner Construction's work to ensure that
19 minority-, women- and veteran-owned businesses
20 share the economic benefits of construction of
21 the Category 2 slots parlor.

22 As you can see, Penn National has
23 authorized their prime contractor, Turner
24 Construction, to spend 56.7 million on the

1 construction of Plainridge Park Casino since
2 the February ground breaking. Of that 25.1
3 million has been directed at minority-, women-
4 and veteran-business enterprise contractors.
5 They have dramatically exceeded their goals in
6 all of the diversity categories with suppliers.

7 So, on the next page, this page
8 focuses on the construction workforce goals and
9 the actuals and some new information I've
10 included regarding the home ZIP Codes of the
11 construction workforce. This is fairly new
12 information. And I have to admit, I haven't
13 had a chance to delve very deeply into it.

14 But you'll notice that Penn National
15 and Turner, they're working closely with the
16 unions regarding workforce diversity. You'll
17 notice that they met their goal regarding
18 minority individuals at 16 percent. And 10
19 percent of the construction trades working on
20 the project were recognized as veterans.

21 The project is not yet met the goal
22 to employ seven percent women during
23 construction at the project. They are
24 currently at four percent.

1 But I did want to update you
2 regarding the actions that both Turner
3 Construction and Penn National have taken to
4 improve the gender diversity on-site at their
5 construction project. At Turner's request,
6 I've coordinated a meeting that will take place
7 in the middle of this month with Allison
8 Stanton of Turner Construction, Liz Skidmore of
9 UMass Boston and Susan Moyer both women who
10 represent the Policy Group on Trades Women's
11 Issues. Additionally, Penn National has
12 invited both women to join the next internal
13 diversity committee to advise them regarding
14 their workforce diversity goals.

15 So, I think that shows seriousness
16 and commitment to improving those numbers.

17 CHAIRMAN CROSBY: I just want to
18 point out that this was not us going to them
19 saying you're not making your numbers. We want
20 to talk. This was them coming to us saying
21 we're not making our numbers, we want help,
22 which is great.

23 MS. GRIFFIN: Right, right. They
24 said can you connect us to resources. They

1 were open. So, I'm pleased with that.

2 So, I did want to go to the next
3 chart that shows the home ZIP Codes of the
4 construction workforce.

5 COMMISSIONER ZUNIGA: Can I ask a
6 question before you get there, Jill? Do you
7 have a sense as to how much subcontract work is
8 still pending to be let out? I'm remembering
9 some of Ms. Moyer's comments from last time
10 that once you are halfway through, it's sort of
11 hard to change, replace people in their own
12 crews, etc.

13 MS. GRIFFIN: Right.

14 COMMISSIONER ZUNIGA: Maybe you can
15 come back to us on this, but are their
16 opportunities on the contracts or the
17 subcontracts rather that are still let out?

18 CHAIRMAN CROSBY: For construction.

19 COMMISSIONER ZUNIGA: For
20 construction for employment for women.

21 MS. GRIFFIN: There are some
22 contracts -- There are opportunities. I'm told
23 by Turner there's upcoming work and there are
24 opportunities that they can look at. So, they

1 haven't given up yet. I can't off the top of
2 my head tell you exact numbers. They are
3 projecting a June finish. So, we're towards --

4 CHAIRMAN CROSBY: Getting close.

5 MS. GRIFFIN: We're close, but
6 they're still trying pretty hard. So, you'll
7 see the construction workforce map. This is a
8 draft. Like I said, I just started to look at
9 this data.

10 This data is for quarter three of
11 this year accounting for 353 building trades'
12 people on-site from the subcontractors. This
13 chart shows where the Massachusetts employees
14 listed their home ZIP Codes. I have to say
15 looking at the data was interesting because I
16 had heard anecdotal stories that trades people
17 weren't willing to travel for work. And I
18 think this shows some different stories and
19 probably raises some questions. I know that it
20 did for me.

21 There were areas that pulled high
22 concentration of employees including the South
23 Shore, New Bedford and Fall River. But it was
24 interesting to me that Worcester and towns west

1 had nearly 60 employees out of the 300 that
2 were willing to travel to this Plainville site.

3 And there were concentrations of
4 employees who commuted from Westfield, Mass. an
5 area I think is a little further than
6 Springfield. There were cities and towns,
7 you'll notice the white spots in and around
8 Plainville. There were cities and towns that
9 listed no employees Easton, West Bridgewater,
10 Dighton, Kingston and Mattapoissett. So, I
11 found that interesting.

12 What I would like to do is come back
13 with more information after talking with the
14 licensee regarding where the highest
15 concentrations of employees are. But I
16 wondered if this raised any questions for you.

17 COMMISSIONER CAMERON: I had a
18 question, Director Griffin. Considering the
19 location so close to Rhode Island, I know
20 there's great effort to hire Massachusetts
21 residence, but were there some folks listed
22 from out of state?

23 MS. GRIFFIN: There were some out-
24 of-state workers. And as you suspect there

1 were Rhode Island residents who were employed
2 on the site. And I would say about 20 percent
3 were out-of-state residents.

4 COMMISSIONER CAMERON: Twenty
5 percent?

6 MS. GRIFFIN: Yes.

7 COMMISSIONER MCHUGH: It would be
8 helpful and interesting I think -- I was going
9 to ask that question along the same lines. --
10 in the next iteration of this, get the ZIP
11 Codes of them and see where the out-of-state
12 people are coming from.

13 MS. GRIFFIN: It looks like they
14 were coming mostly from Rhode Island, towns
15 just over the border of Massachusetts. There
16 were some very interesting, a few from
17 Connecticut and one from Michigan which I
18 couldn't figure out.

19 COMMISSIONER MCHUGH: Not a daily
20 commuter probably. But the out-of-state ZIP
21 Codes might also like the in-state ZIP Codes
22 give us some clues and some things to think
23 about. Why are these people coming and how can
24 we keep those jobs in Massachusetts. I don't

1 know. It just seems to me to be helpful to
2 see, particularly if it's 20 percent, and maybe
3 it's inevitable that that's going to happen as
4 we go forward.

5 MS. GRIFFIN: I do think that the
6 location of this project had a lot to do with
7 it as well.

8 COMMISSIONER MCHUGH: Sure.

9 COMMISSIONER STEBBINS: Springfield
10 being very close to the state line also, you
11 might look at the same environment when MGM
12 begins their project.

13 I'd also be interested -- I had the
14 same question as my two colleagues. I'd also
15 be interested in finding out some of the vendor
16 information, where the vendors are based. I
17 know that's information we collect through
18 probably the licensing process, but interested
19 to see the Massachusetts businesses benefiting
20 from the project, because Penn is quickly
21 moving into the next stage of looking at their
22 operational vendors. And I know Lance is
23 thinking about that already.

24 MS. GRIFFIN: Is he behind me?

1 COMMISSIONER ZUNIGA: Perhaps also
2 for a subsequent update, do you know if the
3 licensee is paying a lot of overtime or
4 thinking of a lot of overtime or some overtime
5 going forward? That's usually a big incentive
6 to get people to come from farther away, by the
7 way. Or it could be a really good tool to get
8 women and minorities recruited a little bit
9 later.

10 MS. GRIFFIN: I don't know but
11 that's something I'll add to my list to follow
12 up.

13 CHAIRMAN CROSBY: The question that
14 it raised for me is the one I think it raised
15 for you too, but just to say it again. We've
16 heard that the difficulty in meeting the goal
17 with respect to women in part is because
18 they're using nearby union locals. Those union
19 locals don't have any women or very few women.
20 And women, for that matter men, won't travel.
21 The market is strong enough now, the
22 construction market is strong enough people
23 won't travel.

24 So, that they can't reach to locals

1 that might have women because women typically
2 won't travel or construction people. And your
3 chart as your said says something quite
4 different from that. So, that's the question
5 that this raises in my mind.

6 MS. GRIFFIN: Yes.

7 CHAIRMAN CROSBY: The fact that the
8 locals don't have any women in the nearby
9 locals and women won't travel to get to a job,
10 looking at this doesn't make very much sense.

11 MS. GRIFFIN: So, we'll look at
12 these numbers a little bit closer and see if we
13 can look at employment by trade. That might be
14 interesting as well. And also the economy, the
15 amount of work going on in other parts of the
16 state, I think, may play into this as you
17 suggested, Chairman.

18 COMMISSIONER STEBBINS: This gets
19 also back to conditions in both of our Category
20 1 licensees. I don't think either one of them
21 has solidified who their GC is going to be, but
22 how important it is for us to have this
23 conversation with them and think about other
24 strategies upfront to make sure they can hit

1 their -- We're not trying to be punitive.
2 We're trying to be helpful.

3 Is it allocating more slots for
4 apprenticeship portion of the workforce? I
5 don't exactly know what the solution is. We
6 have experts in the room that can help us with
7 that as we move forward. But we raise the
8 issue and flag it one more time.

9 MS. GRIFFIN: Thank you. I did want
10 to just close by looking at the map and seeing
11 the impact that this project has had in the
12 region and beyond. I think it's very telling.

13 CHAIRMAN CROSBY: Jill, just one
14 note. I'm sure Commissioner Stebbins can speak
15 to this also. I see Marty is here representing
16 MGM. Several of us were out in Amherst
17 yesterday. And there's considerable buzz in
18 the Western part of the state about MGM having
19 struck a deal with a local beer producer, right
20 -- to be a lead provider of beer. It's a big
21 deal. Apparently, it's a big contract.

22 COMMISSIONER MCHUGH: Good beer
23 maybe.

24 CHAIRMAN CROSBY: Pardon?

1 COMMISSIONER MCHUGH: Good beer.

2 CHAIRMAN CROSBY: Yes, good beer. I
3 didn't think of that. But there was a buzz
4 out. People were aware of it, talking about
5 it, it made the news. The dividends of our and
6 your work that really this does make a
7 difference. And when we make it a priority
8 they do it. And that has an impact. It's
9 great.

10 COMMISSIONER MCHUGH: In that
11 regard, coming back to Director Griffin's point
12 I think we ought to somehow put this up
13 somewhere noticeable because it does show the
14 regional impact of this project. And that's
15 just not suburban Plainville..

16 COMMISSIONER ZUNIGA: That's most of
17 Region C.

18 COMMISSIONER MCHUGH: Right.

19 CHAIRMAN CROSBY: Elaine has
20 probably already Tweeted this out. Great.
21 Okay. Thank you. Next up.

22 MR. DAY: I believe our speaker that
23 was going to join Jill is a little waylaid.
24 Possibly we could break for lunch and pick him

1 up right after lunch.

2 MS. GRIFFIN: I'm told he's not able
3 to come.

4 MR. DAY: Oh, he's not able to come.

5 MS. GRIFFIN: So, the decision is
6 yours.

7 CHAIRMAN CROSBY: Who was that?

8 MS. GRIFFIN: Ron Marlow, something
9 has come up.

10 CHAIRMAN CROSBY: Let's go ahead and
11 finish this up.

12 MS. GRIFFIN: At the November 6
13 public meeting, I shared a proposal that the
14 Mass. Gaming Commission create an Access and
15 Opportunity Committee. As you remember, this
16 committee would be modeled after UMass Boston
17 project committee run by UMass and DCAMM.

18 Since that time, I've made changes
19 in the document suggested by the Commission
20 during that meeting. And I've also met with
21 Director Day and with each of you individually.
22 I've received feedback from Liz Skidmore from
23 the Policy Group on Trades Women's issues,
24 talked with Weezy Waldstein of Action for

1 Regional Equity.

2 And I just wanted to summarize some
3 of those changes and maybe start the
4 discussion. So, I did remove 3(a) on the
5 original document, which we thought was maybe
6 distracting from the real goal of the
7 committee. So, we removed that.

8 And I also explained a little bit
9 about the membership of the committee. There's
10 going to be a statewide group that would join
11 with local subcommittees, one for each gaming
12 licensee. We added information about how the
13 committee would be staffed and supported.

14 And one thing I did want to point
15 out is that I am recommending that this
16 committee be a public and open meeting. And
17 that's something that is actually not required.
18 So, it is a decision of the Commission. Why
19 don't I stop there and see if you have any
20 questions or comments.

21 CHAIRMAN CROSBY: Anybody?

22 COMMISSIONER STEBBINS: I just want
23 to chime in. I know there's both the final
24 version as well as all of your thoughtful track

1 changes. It's starting to look like a
2 Christmas tree with all of the green and red.

3 But I'm impressed with the changes
4 that you made, the flexibility in the
5 organization. Right off the bat, you look at
6 who we're thinking about appointing from the
7 statewide entities. Some of those
8 personalities potentially are going to change
9 with the upcoming transition. Jobs may change,
10 but I think we've afforded ourselves enough
11 flexibility to still have the right people at
12 the table and give us the flexibility, add more
13 people when we see the appropriate fit.

14 I love this version a lot better. I
15 think it's much more manageable for you and
16 your team. And I know you've already reached
17 out and solicited and found some free space for
18 us to use out in Western Mass. to tie in the
19 local groups so they don't have to hoof it down
20 the highway to Boston every time we want to
21 meet. So, nice job.

22 MS. GRIFFIN: We did actually this
23 morning get confirmation. We have a
24 reservation for space at the UMass Amherst in

1 downtown Springfield. And it looks like great
2 space.

3 And I'll just add the intent of this
4 committee is not to slow down construction at
5 all, but to really to pay attention to
6 diversity, both workforce and vendor diversity.
7 We know these projects are very large and will
8 potentially be very fast-moving once they get
9 started. And having everyone around the table
10 will, I think, will be able to focus everyone's
11 attention on diversity.

12 CHAIRMAN CROSBY: Commissioner
13 McHugh you had --

14 COMMISSIONER MCHUGH: I think this
15 is a good -- The revisions are terrific.
16 They're good. They're excellent. They
17 streamline this thing. And they keep the focus
18 where it should be. And they don't get in the
19 way. And particularly since the things we've
20 heard about you better show up with a diverse
21 workforce from the get-go or it's going to be
22 very hard to diversify later. And there's all
23 kinds of ramifications.

24 It's really important to look at

1 this as the new contractors and subcontractors
2 come on the scene. And I think having an
3 entity that's devoted solely to doing that that
4 doesn't get in the way is really a positive.
5 So, I think this is a good solution and the
6 changes are very thoughtful.

7 MS. GRIFFIN: Great.

8 COMMISSIONER ZUNIGA: Or it gets in
9 the way to correct and achieve the goals,
10 right? I know what you mean, what we mean by
11 not getting in the way. But I want to
12 recognize that timel --

13 COMMISSIONER MCHUGH: I understand.
14 We're supposed to get in the way appropriately
15 and block failure to comply with it.

16 What I was trying to say and I
17 thought I did say was not creating a thing
18 where everybody is tripping over each other and
19 slowing down the project in a redundant effort
20 to achieve the same goals. This is a
21 streamlined, efficient, thoughtful way of doing
22 it.

23 COMMISSIONER CAMERON: I actually
24 think they'll welcome the help, the suggestions

1 the positive ideas on how to do this better.

2 CHAIRMAN CROSBY: Some will.

3 COMMISSIONER CAMERON: If you care
4 about it, you will.

5 MS. GRIFFIN: I should say the
6 licensees have been very open. So, I did want
7 to recognize both Category 1 licensees.

8 CHAIRMAN CROSBY: Also, Commissioner
9 Stebbins and Jill and I have been thinking
10 about this is such an interesting concept that
11 has had such a significant impact that we've
12 learned so much from it that we are talking
13 with other agencies too, other state agencies
14 about seeing whether we can sell this concept
15 to other big agencies that do this kind of
16 work.

17 So, maybe we can get a real critical
18 mass of commitment to this kind of a
19 supervisory and oversight strategy, which I
20 think would be great if we can pull that off.

21 MS. GRIFFIN: And I've had an
22 initial conversation and there seems to be a
23 lot of interest. And we're going to explore it
24 a little bit further.

1 COMMISSIONER MCHUGH: This is a
2 great time to do that, particularly on public
3 projects. There's so much construction going
4 on and planned in the near future. And if it
5 just became sort of a way of life, it would be
6 a lot easier for everybody. Uniform
7 expectations across trades, jobs and the like
8 would be great.

9 CHAIRMAN CROSBY: Great. Do we need
10 to do anything formal here, Catherine?

11 COMMISSIONER ZUNIGA: I think we
12 should especially in the question by creating a
13 subcommittee, we will make it subject to the
14 open public meeting, which is in my opinion
15 something positive.

16 CHAIRMAN CROSBY: That's in there,
17 yes.

18 COMMISSIONER STEBBINS: That's the
19 reason for having the vote to authorize it.

20 COMMISSIONER ZUNIGA: The reason to
21 have the vote and create the subcommittee.

22 CHAIRMAN CROSBY: It's in effect a
23 subcommittee of the Commission?

24 COMMISSIONER ZUNIGA: Yes. Any

1 subcommittee that we create.

2 CHAIRMAN CROSBY: Commissioner
3 Stebbins, do you want to --

4 COMMISSIONER STEBBINS: Sure. Mr.
5 Chairman, I move that the Commission approve
6 the Access and Opportunity Committee as
7 proposed by Director Griffin.

8 CHAIRMAN CROSBY: Second?

9 COMMISSIONER CAMERON: Second.

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

12 COMMISSIONER MCHUGH: Aye.

13 COMMISSIONER CAMERON: Aye.

14 COMMISSIONER ZUNIGA: Aye.

15 COMMISSIONER STEBBINS: Aye.

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

18 COMMISSIONER STEBBINS: Their names
19 aren't on the membership, but I already told
20 Liz that some of those slots are for her.

21 MS. GRIFFIN: Can we let the record
22 reflect there was lots of applause, standing
23 ovation.

24 CHAIRMAN CROSBY: There was bad-ass

1 champion reports.

2 COMMISSIONER CAMERON: Thank you,
3 Director, good work.

4 CHAIRMAN CROSBY: We will take a
5 lunch break. How long did you typically do it
6 before here? Is half hour enough? All right,
7 we'll take a lunch break for half an hour and
8 be back at 12:45.

9

10 (A recess was taken)

11

12 CHAIRMAN CROSBY: We are ready to
13 reconvene the 140th meeting of the Mass. Gaming
14 Commission somewhere close to one o'clock. We
15 are to agenda item five, Research and
16 Responsible Gaming, Director Vander Linden.

17 MR. VANDER LINDEN: Good afternoon.
18 This item is discussing recommendation for play
19 management. I'm going to give you just a brief
20 overview of play management, the issue, the
21 process or background that we've gone through
22 and then followed by my recommendations.

23 A key element of the Massachusetts
24 Gaming Commission Responsible Gaming Framework

1 is strategy two, supporting informed player
2 choice which sets out measures to support
3 player's efforts to responsibly manage their
4 gambling. The basis of informed player choice
5 is that patrons should have access to all
6 necessary information and available resources
7 to make gambling decisions.

8 This includes such things as facts
9 about how games work and the probability of
10 winning, but it should also include information
11 about player's own behavior thus allowing them
12 to understand their playing behavior in real-
13 time.

14 Section 2.2 of section two in play
15 information management systems describe
16 specific tools to implement this strategy. And
17 it includes the ability for players to set
18 limits on money and time spent gambling. This
19 is also referred to as play management tools or
20 limit-setting tools.

21 So the issue, the issue is that the
22 Commission must decide whether to require
23 gaming licensees to offer voluntary limit-
24 setting tools as part of the play management

1 system, and if yes, then what are the features
2 that should be included to provide the greatest
3 benefit.

4 So, as background, the Massachusetts
5 Gaming Commission Responsible Gaming Framework
6 was adopted by the Commission on September 25.
7 One measure whether to require play management
8 tools remained unresolved until there was
9 further investigation of incorporating play
10 management tools into the development of
11 regulations.

12 So, at this point, I believe that we
13 are through the investigation point. And I'm
14 going to provide you a summary of all of the
15 process that we went through to do this
16 investigation, and then the conclusions of each
17 element.

18 So, first is a review of the
19 research and the method that we used. We went
20 through an exhaustive review of research,
21 including theory and evaluation of play
22 management tools. The conclusion is that
23 really honestly definitive evidence of the
24 effectiveness based on empirical research is

1 inconclusive. There are two overarching
2 reasons why this is the case.

3 First, literature is focused on the
4 play management practices of problem gamblers
5 rather than on recreational gamblers who may
6 want to set limits in order to maintain safe
7 levels of gambling.

8 The second, empirical research to
9 date has struggled with expansive
10 methodological flaws dealing with sample sizes
11 methodology in terms of what they were trying
12 to measure, contamination of gambling types, so
13 on and so forth.

14 A second way in which we tried to
15 investigate this issue was engagement with our
16 licensees. Play management tools have been
17 discussed numerous times in meetings of the
18 Massachusetts Partnership for Responsible
19 Gaming. In July 2014, a facilitated meeting
20 was dedicated to the topic to ensure detailed
21 understanding of the concerns of our applicants
22 and licensees and recommendations from
23 researchers in the field.

24 And finally last month Wynn, MGM and

1 Penn shared both written and verbal positions
2 on the issue.

3 The conclusion is that throughout
4 the process of developing a Responsible Gaming
5 Framework, our licensees have been fully
6 invested. They're successful experiences as
7 operators in numerous other jurisdictions
8 cannot be overlooked even on this issue. Each
9 has expressed a commitment to promote
10 responsible gaming at their Massachusetts
11 gaming establishment.

12 I've seen this demonstrated through
13 the process of developing the Responsible
14 Gaming Framework as well as through the
15 application that they submitted even to obtain
16 a gaming license. They have shared concerns,
17 but they have also expressed a willingness to
18 test a system to see what measurable benefit
19 can come from it.

20 In testimony during the last meeting
21 on November 20, and in written comment, each
22 presented recommendation on how to effectively
23 introduce a play management system without
24 unreasonably interfering with the gaming

1 experience of most patrons. Many of those
2 recommendations I've tried to incorporate in
3 form or another into my final recommendation.

4 Next is we've received input from
5 product hardware and software manufacturers. I
6 had focused conversations regarding the cost
7 and feasibility of play management tools with
8 companies that offered operator-based solutions
9 for this.

10 The conclusion is that the specific
11 cost to implement and maintain a system is
12 difficult to determine but it does not appear
13 cost prohibitive. Early adopters of play
14 management systems did pay a high cost to build
15 new technology from scratch and retrofit
16 hardware and software to existing gaming
17 management systems.

18 But since that time, technologies
19 have become increasingly effective and cost-
20 efficient which would likely benefit
21 Massachusetts if play management tools are
22 adopted.

23 We received input from other
24 stakeholders aside from our licensees. The

1 Massachusetts Gaming Commission solicited
2 public comment following the presentation of
3 the final draft of the Responsible Gaming
4 Framework as well as specific to play
5 management. Input was received from persons
6 representing Massachusetts communities, the
7 industry other than our licensees, academic and
8 research institutions and advocacy groups.

9 Overall, the support or opposition
10 to play management tools was mixed. But such
11 input that they received was included in the
12 process and factored into the overall and
13 detailed recommendations.

14 Finally, we worked with Strategic
15 Science to review the experience of the other
16 jurisdictions that had experience in
17 implementing play management tools. New
18 Zealand, Canada, Norway, Sweden and Australia
19 were selected based on available documentation,
20 relevance to Massachusetts and willingness to
21 disclose information about their process.

22 A summary of the findings and the
23 recommendations from Strategic Science was
24 delivered at the meeting in October 2014.

1 Conclusion is that the report
2 created by Strategic Science, and it was called
3 Informing Play Management Systems, an
4 International Review of Limit-Setting Tools,
5 provides a compelling case to adopt play
6 management tools in Massachusetts.

7 Their primary recommendation was as
8 follows: the Massachusetts Gaming Framework
9 should include play management tools that
10 encourage players to set limits of time, money
11 and support players to maintain those limits.

12 Strategic Science provided further detailed
13 recommendations to address key considerations
14 of the successful implementation of play
15 management tools. And many of these
16 recommendations as well have been incorporated
17 into my final recommendations, which comes to
18 my recommendation regarding play management
19 tools.

20 I recommend that the Massachusetts
21 Gaming Commission include limit-setting options
22 as part of a play management system. To
23 promote the greatest benefit in reducing
24 gambling related harm, I recommended the

1 following detailed recommendations. One, play
2 management tools should allow patrons to pre-
3 commit to an amount spent per gaming session,
4 gaming session or day as well as and/or per
5 month.

6 Number two, play management tools
7 are mandatory for licensees to offer on all
8 electronic gaming machines. Number three, play
9 management tools are voluntary for players to
10 use. Number four, the use of play management
11 tools are incentivized at enrollment and
12 periodically thereafter for continued use.

13 COMMISSIONER ZUNIGA: Mark, are you
14 going to go through all these because I had
15 questions along some of them.

16 MR. VANDER LINDEN: I was planning
17 on just reading through the recommendations. I
18 know there are several questions. However
19 you'd like.

20 CHAIRMAN CROSBY: Finish it off and
21 then we'll go back through one by one.

22 MR. VANDER LINDEN: Okay. Play
23 management tools provide pop-up reminders on
24 the screen of electronic gaming machine at 60,

1 90 and 100 percent of the limit. Play
2 management tools are seamlessly integrated as a
3 feature of the licensee's player reward or
4 loyalty card system.

5 Licensees will work closely with the
6 Massachusetts Gaming Commission to develop
7 marketing strategies to maximize the uptake and
8 use of play management tools.

9 Patrons can enroll or change their
10 limits from multiple locations including all
11 electronic gaming machines, customer service
12 stations, on-site responsible gaming
13 information center, self-service kiosks and/or
14 the player reward portal of the company's
15 website.

16 Number nine, when signing up for a
17 new player account with the casino, the patron
18 will be required to decide whether or not use a
19 play management tool. Number 10, the system
20 will provide periodic checks for patrons who
21 decline to use the play management tool to set
22 limits.

23 Number 11, limit-setting tools are
24 coordinated with other tools of the play

1 management system such as the cost of play
2 messaging, monthly statements of gaming
3 activity as required in Chapter 23K section 29,
4 a brief problem gambling assessment tool, tips
5 on responsible gaming, educational quizzes and
6 information on how to access assistance.

7 Number 12, play management tools are
8 flexibly designed to allow changes to the
9 limits. Decreases will take effect
10 immediately, increases will be subject to a 24-
11 hour cooling-off period.

12 Number 13, when a player reaches the
13 pre-set limits, the following steps reinforce
14 the limit: the session is interrupted and the
15 player informed that he or she has reached the
16 limit. The player must actively acknowledge
17 the message in order to continue gambling. If
18 the player continues to play in excess of the
19 limit, the session is interrupted with an
20 informative message at time intervals of every
21 15 minutes.

22 The player would have to actively
23 acknowledge the message in order to continue
24 gambling. Consequences for exceeding limits

1 include foregoing any loyalty points for that
2 play.

3 Number 14, play management tools are
4 operator based for each licensee. And number
5 15, the play management tools are designed on a
6 platform that allows for thorough and rigorous
7 evaluation and continuous improvement.

8 CHAIRMAN CROSBY: Let me suggest an
9 approach here. I think we're going to want to
10 go through this item. I'm going to suggest
11 that what we first of all do is decide from a
12 sense of the group whether we are going to
13 adopt a play management system of some sort.

14 If the answer to that is yes, I
15 suggest we go through each of the features that
16 Mark has proposed one by one and make a
17 consensus decision on each of them. Does that
18 make sense?

19 COMMISSIONER MCHUGH: That's fine
20 with me, but I have some questions about the
21 memorandum before we get to the features.

22 CHAIRMAN CROSBY: Is it before we
23 get to the question of do we want to do this at
24 all?

1 COMMISSIONER MCHUGH: No, no, it's
2 after that. I'm perfectly happy decide whether
3 we are in general agreement that we ought to
4 have a play management system. Before we go to
5 those specific recommendations, the specific
6 steps, contents of the system, I had some
7 questions about the content of the memorandum.

8 CHAIRMAN CROSBY: Fine.

9 COMMISSIONER ZUNIGA: To me it's a
10 depends. There are some features here that I
11 need to understand better. I'd like to. A
12 couple of them in the present form make me
13 wonder as to whether we should have one or not

14 CHAIRMAN CROSBY: Or not?

15 COMMISSIONER ZUNIGA: A play
16 management system or not. So, I was actually
17 going to ask on some of these features and
18 suggest that maybe we decide after the
19 consensus document emerges if that's the case.

20 CHAIRMAN CROSBY: It sounds like
21 under certain circumstances you would agree
22 that there should be?

23 COMMISSIONER ZUNIGA: Yes.

24 CHAIRMAN CROSBY: That's all I think

1 we're all saying. Are there circumstances
2 under which we would agree that we want to have
3 a play management system?

4 For me, the answer is yes, there
5 are. It sounds like the answer is yes for you?

6 COMMISSIONER ZUNIGA: Yes.

7 CHAIRMAN CROSBY: If the answer is
8 yes for at least another person of us then
9 we're ready to start going through the
10 particulars. Whether we will end up having the
11 features that cause us to want to say yes
12 remains to be seen, but there are circumstances
13 under which we would agree to this.

14 COMMISSIONER CAMERON: Yes.

15 COMMISSIONER MCHUGH: Yes.

16 CHAIRMAN CROSBY: Commissioner
17 Stebbins?

18 COMMISSIONER STEBBINS: Yes.

19 CHAIRMAN CROSBY: Okay. So, you had
20 some general.

21 COMMISSIONER MCHUGH: I had some
22 questions as to features of the memorandum.
23 And I had a long discussion with Mark
24 yesterday. So, none of this will come as a

1 surprise to Mark. Some questions about
2 features of the memorandum before we get to the
3 recommendations.

4 CHAIRMAN CROSBY: Okay. I don't
5 know whether this is before or after. There's
6 a couple of things I want to say about my
7 conditional yes.

8 That you do say it when you talk
9 about the licensees having all three agreed
10 somewhat reluctantly but definitely to be
11 willing to collaborate with us on a test. And
12 what I'm prepared to buy into is that under the
13 certain circumstances, depending on which
14 features we come up with, we will try this out.

15 And we have to figure out how long
16 that means. We have to figure out a whole
17 bunch of things. But it is a decision to try
18 this out, consistent with your cautionary
19 method of designing it. We don't have good
20 data that we can really rely on about whether
21 this is going to be good or bad. But it sounds
22 kind of reasonable, and it's worth a try. So,
23 that's item number one.

24 I'm saying yes, I'm willing to go

1 along with this as long as it is a thoughtful
2 test to figure out what are the true costs?
3 What are the true benefits? And is it worth
4 it? That's number one.

5 Number two, and you sort of imply
6 this in your 14th and 15th point that the data
7 has to be in a way that it can be evaluated.
8 But I would not want to go forward here until
9 the research project is established.

10 We need to figure out how are we
11 going to evaluate the costs and the benefits of
12 this. Who is going to do it? What do they
13 need? And that needs to be teed up before go
14 forward.

15 And then the third thing, again,
16 sort of implied in your points but it was very
17 explicit from Penn National who has been
18 gracious enough or foresighted enough to be
19 willing to be the test bed, they made it very
20 clear that they want the technology to be truly
21 debugged before it starts.

22 Maybe that means we can't start at
23 the beginning of when they open. Hopefully, it
24 means we can do it when the open. But the

1 parameter is it's only fair to Penn National to
2 make sure that's really debugged before we
3 start.

4 So, with those three conditions, I
5 say yes, there are certain features under which
6 I would go for. Does everybody agree with
7 those?

8 COMMISSIONER ZUNIGA: Absolutely.
9 Actually, I was going to get those higher ideas
10 from the bottom up, but I think your top-down
11 overview is going to be a good summary.

12 CHAIRMAN CROSBY: You're cool with
13 those, I assume?

14 MR. VANDER LINDEN: Yes, absolutely.
15 And Penn's willingness to move forward with
16 this, I stated it in here, but I would like to
17 emphasize that as well.

18 CHAIRMAN CROSBY: It's really not a
19 small matter. Penn National, it's got this
20 window of two or three or four years, two and a
21 half, three years when they took a big risk.
22 And they have an opportunity to recoup their
23 investment. And they are prepared to put that
24 period of time in play here. That's not a

1 trivial commitment on their part.

2 Okay. Did you want to raise your
3 questions, Commissioner?

4 COMMISSIONER MCHUGH: Yes. Some of
5 the questions frankly dovetail precisely with
6 one of your points, at least one of your
7 points. And there are about four questions I
8 had about the memo itself.

9 The first has to do with the review
10 of the research conclusion. That's on page
11 one. The memo says, the flaws in the prior
12 research are due to the fact they focused on
13 problem gamblers rather than recreational
14 gamblers who may want to set limits to maintain
15 safe levels of gambling to ensure that they
16 don't move along the spectrum to a problem
17 gambler.

18 I thought we were going to sell this
19 -- And I don't think this is a trivial matter.
20 -- and portray it as a budgeting tool rather
21 than a prevent problems tool. And as a
22 budgeting tool, it seems to me to have an
23 appeal that would remove a barrier that might
24 otherwise exist to people signing up. And two,

1 be of some real utility to people who simply
2 wanted to budget. They didn't think they were
3 going to become problem gamblers. In fact,
4 they weren't worried about that at all.

5 But they had 100 bucks to spend and
6 this is just a reminder that they had 100 bucks
7 to spend. And it seems to me that on that
8 level-- That establishing that brand, if you
9 will, or some other brand has an impact on how
10 we approach the implementation and content of
11 the tool.

12 I just wanted to ask if we were on a
13 different wavelength. And if not, should the
14 memorandum be changed in its final form to
15 reflect that?

16 MR. VANDER LINDEN: It seems like in
17 the memo it talks about -- the focus is on
18 problem gamblers. And really that's the basis
19 of what my point was is that in the research,
20 it focused on problem gamblers.

21 I think I agree that our focus is
22 not necessarily on the problem gamblers. It's
23 more on the recreational gamblers. It's a
24 much, much, much larger percentage of the

1 people who come in. That it is a budgeting
2 tool but it's a budgeting tool that helps them
3 stay to maintain those safe levels of gambling.

4 COMMISSIONER MCHUGH: Okay. I guess
5 that's my point. And maybe it's too minuscule
6 a point to spend any time on. But it seems to
7 me that somebody who wants to maintain safe
8 levels of gambling may be very different from
9 and a smaller subset of people who want to just
10 stay on budget the way they want to stay on
11 budget for hamburgers or gasoline or beer. And
12 this is a tool to help them do that.

13 And I thought that we had had a
14 discussion before that focused on that. And
15 that's a very different, I think a very
16 different message emanates from that then a
17 message that this is a tool to help you stay
18 safe.

19 MR. VANDER LINDEN: I agree.

20 COMMISSIONER ZUNIGA: I agree with
21 that notion as well. That was also my
22 understanding. And I was going to bring up a
23 concern, a related concern in one of the
24 recommendations when we start talking about a

1 punitive approach, which if this is all to be
2 about informed decision-making and it's a
3 budgeting tool and it's optional, I start to
4 get a little uncomfortable when we come back
5 and say now there's going to be these
6 repercussions by not sticking to a limit.

7 Or now we're going to continue to
8 message, continue to require to say no however
9 often or at however intervals. So, there's a
10 gradient here of -- there's a theme of
11 intervention that I wonder about. As some
12 these recommendations start to work together
13 there is more and less intervention that steers
14 away from the informed decision-making that
15 bubbles up exactly to that main point,
16 Commissioner that you bring up.

17 COMMISSIONER MCHUGH: And I'm on the
18 same wavelength with you. And I think that
19 when you establish the objective, a number of
20 consequences flow at least indirectly from the
21 existence of that objective as opposed to
22 another objective.

23 So, I would really like us to, if it
24 is our consensus, wrap our arms around the

1 objective of a budgeting tool, which in
2 addition to being helpful to people who simply
3 want to maintain a budget will accomplish the
4 goal that or help to accomplish the e goal of
5 keeping people at a safe level.

6 COMMISSIONER CAMERON: Would you be
7 comfortable with -- I like the term informed
8 decision-making as well as a budgeting tool.
9 Would you be comfortable to incorporate that?

10 COMMISSIONER MCHUGH: Sure,
11 absolutely.

12 COMMISSIONER CAMERON: Because I
13 think that does bring it in a subtle way if you
14 use the term informed decision-making.

15 COMMISSIONER MCHUGH: I'm not even
16 wedded to budgeting. What I am concerned about
17 is getting away from problem gambling or
18 keeping you safe.

19 COMMISSIONER CAMERON: Right,
20 agreed.

21 MR. VANDER LINDEN: I absolutely
22 agree with that. And I think that how this is
23 presented and how we position it is key to the
24 success.

1 If we start putting those types - I
2 think, Chairman, you mentioned it in the last
3 meeting. It should have no value statement or
4 non-value stated. It shouldn't be about
5 problem gambling. It shouldn't even
6 necessarily be about responsible gaming with
7 those value ladened types of terms. It should
8 be about giving people the tools to help them
9 make decisions about how much they want to
10 gamble.

11 CHAIRMAN CROSBY: I have a slightly
12 different take on our conversation, but I think
13 it gets us to the same place.

14 I thought when we had that
15 conversation, started out with Mr. DeSalvio and
16 then others that was more a positioning tool
17 than an underlying rationale for why we are
18 doing this. I thought it was like to say if
19 you position this as a budgeting tool, it is
20 more likely to be successful. So, let's be
21 sure we talk about it as a budgeting tool.

22 And then somebody said, yes, we're
23 not even going to call it a responsible gaming
24 room, we're going to call it the lounge. It

1 was a positioning strategy, a marketing
2 strategy rather than an underlying rationale
3 for what we were doing.

4 I think it gets me to the same
5 place. I think the language, the way we
6 position this and all of our underlying
7 documentation should be clear that this is to
8 be positioned as an informed consent tool, as a
9 budgeting tool not something in the context of
10 saving people from problem gambling.

11 COMMISSIONER ZUNIGA: Which is where
12 my point about the interventions, I don't think
13 it's only about positioning. I think there is,
14 and we could get right to it, if there's a
15 quick repercussion, if there's an intervention
16 measure of whatever sort, it's no longer a
17 positioning -- it's no longer a messaging only.
18 It has become an intervention.

19 COMMISSIONER MCHUGH: And we're
20 going to get to those.

21 COMMISSIONER ZUNIGA: And we're
22 going to get to those.

23 COMMISSIONER MCHUGH: Maybe in the
24 ultimate version of this, we could revise that

1 section. The second question I had was on page
2 two, and it's the same question you raised, Mr.
3 Chairman.

4 And that is that in the conclusion
5 there at the top, the third sentence, I think,
6 I've seen this demonstrated through the process
7 of developing the RGF as well as applications.
8 While they have shared concerns about using
9 limit setting tools, they've also expressed a
10 willingness to see what measurable benefit can
11 come from it.

12 And that gets to my point that I
13 don't see anything in here that talks about how
14 we're going to measure and what it is we're
15 going to measure. But I don't think I need to
16 say anything more about that. I think
17 everybody agrees with that including you that
18 we need to develop that. We need to work on
19 it. We need to figure what it is. And we need
20 to have that objective in place before get this
21 thing rolling.

22 MR. VANDER LINDEN: The research
23 agenda recommendation for moving forward,
24 embedded in that second recommendation is

1 ensuring that we have evaluation of each of the
2 key features of the Responsible Gaming
3 Framework. This would be at the very top in my
4 mind.

5 So, I think that if they need to
6 move forward in parallel, the development of
7 this if we move forward with it and the
8 evaluation that would occur. In terms of how
9 do we measure that benefit I think is a complex
10 conversation that I think we need to have. And
11 it will be forthcoming.

12 COMMISSIONER MCHUGH: The next one
13 then is down at the bottom of the page where
14 we're talking about Strategic Sciences. And
15 the conclusion says the report created by
16 Strategic Science entitled, and the title
17 there, provides a compelling case to adopt play
18 management tools in Massachusetts.

19 And the point I raised with you
20 yesterday is that we've never responded, to the
21 best of my knowledge, to the Shaffer/Ladouceur
22 letter which says that this is not a compelling
23 case. That the methodology raises a lot of
24 questions and that it's subjective and it's not

1 objective.

2 That doesn't torpedo the idea but it
3 just occurred to me that if we didn't say
4 something about that letter from two very
5 respected researchers in this area, we've left
6 ourselves vulnerable to criticism. And if
7 there is no effective answer to that, then
8 should we include it as a basis for our
9 decision to go forward. So, that is what I
10 laid on you yesterday and I do it again.

11 MR. VANDER LINDEN: Moving forward
12 with a play management system overall, I think,
13 as Mr. Chairman you said it, it fits well
14 within our precautionary approach that we've
15 adopted through the Framework.

16 And the precautionary approach says
17 that basically we say that we will use
18 evidence-based practices where those evidence-
19 based practices are available. In the absence
20 of evidence-based practices and where we feel
21 that there is still a risk of potential harm,
22 we will adopt a precautionary approach.

23 And the precautionary approach would
24 say if there appears to be potential, if it's a

1 promising practice, we would move forward with
2 that, but we would evaluate it as we discussed
3 earlier. In terms of the letter that was
4 provided by Dr. Shaffer and Dr. Ladouceur, they
5 point out that the report that was conducted by
6 Strategic Science was not evidence-based. I
7 believe that they also state that the report
8 did not look at the scientific evidence behind
9 it.

10 And that in my mind was not the
11 purpose of the work that was done by Strategic
12 Science to explore what was going on in other
13 jurisdictions. We had already covered what
14 evidence, what research existed behind this in
15 advance of the work done by Strategic Science.
16 And in fact, that's the entire reason why
17 Strategic Science did the work that they did.

18 It was to say, all right, we haven't
19 conclusive evidence in the research, but what's
20 the experience of other jurisdictions in doing
21 this and what else can we possibly learn? And
22 that's why when the Responsible Gaming
23 Framework was adopted and this was set aside
24 and we said we don't really know what's going

1 on here. Let's do some more investigation.

2 And that in large part hinged on
3 let's look at what happened in other
4 jurisdictions and see what their experiences
5 were. Their experiences, what they know about
6 it and what they would recommend as to
7 Massachusetts as a new jurisdiction venturing
8 forward into this.

9 COMMISSIONER MCHUGH: I guess my
10 question is how do we deal with the statement
11 in that letter, and to quote it: "As original
12 framers of the responsible gaming concept and
13 many such programs that have emerged from these
14 principles, the suggestion in the Strategic
15 Science report do not meet the evidence-based
16 approach integral to responsible gaming
17 programs adopted by the Massachusetts
18 Commission in the Framework?

19 MR. VANDRE LINDEN: They put in
20 parentheses the evidence-based approach.

21 COMMISSIONER MCHUGH: It was in
22 quotes.

23 MR. VANDER LINDEN: It was in
24 quotes, I'm sorry. And that is true. But we

1 also say we will use an evidence-based approach
2 but we will also use, employ a precautionary
3 approach.

4 COMMISSIONER MCHUGH: But how do we
5 then say the Strategic Science report provides
6 a compelling case for adoption of this
7 framework?

8 CHAIRMAN CROSBY: Could I take a
9 shot at this? We aren't saying that it does.
10 Mark is. Mark believes apparently that
11 Strategic Science created a compelling case. I
12 don't. I disagree. I'm not doing this because
13 of the Strategic Science report. I think
14 the Strategic Science report was a weak read.
15 It wasn't supposed to do what Shaffer and
16 Ladouceur said it was supposed to do. And they
17 misconstrued the framework structure about the
18 evidence-based.

19 But I don't agree with some of the
20 text that precedes the features. So, I don't
21 think this is part of the official record that
22 we are adopting. We are not endorsing Mark's
23 memo.

24 What we have all said is that under

1 certain conditions we can go forward with a
2 play management system, and let's talk about
3 the features. This should be on the record
4 that I am not accepting that assertion that
5 Strategic Science made a compelling case nor
6 apparently are you.

7 COMMISSIONER MCHUGH: Right.

8 COMMISSIONER ZUNIGA: Nor am I.

9 CHAIRMAN CROSBY: But that doesn't
10 get in the way of us going forward and adopting
11 what we think for the reasons that we think.

12 COMMISSIONER MCHUGH: That's fine.
13 I was under a misapprehension because I assumed
14 that we were going to have a vote ultimately to
15 adopt this memo. And I wanted to make sure
16 that a memo reflected the Commission's
17 consensus.

18 And if we're not going to do that
19 and make it clear that we're not going to do
20 that then that's fine. And I understand what
21 you're saying and what your view is and I
22 disagree with it on that point.

23 COMMISSIONER ZUNIGA: My takeaway
24 from this Strategic Science paper was that the

1 recommendation was noted to optional player
2 management systems. But I agree ultimately
3 with the way you characterize this and
4 summarize it. But this was a source of
5 confusion when we had the applicant -- the
6 licensees talking about this, I felt, talking
7 about play management systems. We were talking
8 about multiple options. I had in my mind that
9 we were only considering optional.

10 CHAIRMAN CROSBY: We were.

11 COMMISSIONER ZUNIGA: Opt-ins, etc.
12 as opposed to the review of the other
13 jurisdictions that made this a requirement and
14 failed. The review of other -- not failed but
15 reversed track like Nova Scotia. And the
16 review of current jurisdictions that are doing
17 this but there is not a lot of results that
18 they have not yet been able to provide.

19 But as you characterize it well,
20 that was not the conclusion that I took here.

21 COMMISSIONER CAMERON: Mark, would
22 you be comfortable making this your
23 recommendation and not theirs to us? So you
24 recommend after you've reviewed everything

1 including the report, including comments,
2 presentations, research, our feedback. So,
3 your recommendation would be that there is a
4 compelling case for us to try this is a test.
5 And not have it read that it's their
6 recommendation, because now this is your memo.

7 MR. VANDER LINDEN: Right, yes.

8 CHAIRMAN CROSBY: You can do that
9 but it's irrelevant because we're not adopting
10 this memo.

11 COMMISSIONER MCHUGH: I'm done with
12 it.

13 CHAIRMAN CROSBY: You've got 15
14 features here that you're proposing. And we've
15 all said under the right circumstances we would
16 like to do this. So, I think we should just go
17 through each of these features.

18 So, Mark you want to just take this.
19 Why don't you go through one by one, read one
20 by one and we'll talk.

21 MR. VANDER LINDEN: Sure, number
22 one, play management tools will allow patrons
23 to pre-commit to an amount spent per gaming
24 session or day and/or per month.

1 I am focusing on the amount spent
2 rather than on time as was originally
3 discussed. I think that the limit here will
4 allow for a better evaluation of the tool.

5 COMMISSIONER CAMERON: I have no
6 issue with that first one.

7 COMMISSIONER MCHUGH: The devices
8 that we looked at, one of the devices, maybe
9 more of them at G2E did have a time limitation
10 feature that did not have a dollar amount
11 attached to it. What's the rationale for not
12 including that?

13 MR. VANDER LINDEN: Two pieces
14 actually. One does go back to the evaluation
15 of the tool so that we can get a better read on
16 what is the benefit, and we can target it
17 specifically to one specific feature.

18 Another, and this I believe relates
19 back to recommendations from our licensees is
20 to keep it relatively simple from the onset.
21 That they have many reasons, I think, as it
22 relates to development to keep it as simple as
23 possible.

24 COMMISSIONER CAMERON: And it

1 relates to a budgeting tool as well.

2 MR. VANDER LINDEN: Yes.

3 CHAIRMAN CROSBY: Good point, good
4 point. Anybody else? I'm okay with this too.
5 So, it would have time and month, but the user
6 could choose to use days and/or months, but
7 both options would be available.

8 COMMISSIONER ZUNIGA: No. The
9 difference is between money and time.

10 CHAIRMAN CROSBY: I know amount of
11 money per session or per month.

12 MR. VANDER LINDEN: It all relates
13 to the amount of money spent not to the amount
14 of time spent.

15 CHAIRMAN CROSBY: If I said
16 something different -- yes. But the user when
17 they tap into it will be to pick whether they
18 want to limit the amount of money they spend
19 that session or for a month or both. That's
20 their choice, right?

21 MR. VANDER LINDEN: Yes.

22 CHAIRMAN CROSBY: So, I think we're
23 all in support of one. Next?

24 MR. VANDER LINDEN: Number two, play

1 management tools are mandatory for licensees to
2 offer on all electronic gaming machines.

3 COMMISSIONER CAMERON: Do we want to
4 clarify that during this test period?

5 COMMISSIONER ZUNIGA: My question
6 was how does this jive with the test period?
7 Why would it be mandatory if we're agreeing
8 that we're going to try this and they've
9 already agreed to try this?

10 CHAIRMAN CROSBY: This is all about
11 the test. We're only adopting rules for a test
12 period now.

13 MR. VANDER LINDEN: How would this
14 relate to the development of a regulation?
15 When I recommended this, the key thing is that
16 it was required that it was offered on all of
17 the gaming machines in the establishment. And
18 as I understood, we were moving forward with a
19 regulation. And as such that's why I
20 structured the wording of this as I did.

21 COMMISSIONER MCHUGH: This is
22 another thing we discussed yesterday. It seems
23 to me we have to have a regulation. We have to
24 put this through the regulatory process so that

1 whatever we do today has to be subject to
2 regulations promulgated during the normal
3 regulatory promulgation process. These
4 principles will apply or something.

5 But these are not going to have any
6 force and effect of their own, because they are
7 too regulatory. And it seems to me the
8 regulation can be itself a test period
9 regulation. And it contain a suicide clause
10 that says it dies after a certain time. Maybe
11 we could come up with a better phrase.

12 COMMISSIONER CAMERON: I was
13 thinking.

14 CHAIRMAN CROSBY: How about sunset?

15 COMMISSIONER MCHUGH: Yes, that
16 would probably be better, yes, sunset clause.

17 CHAIRMAN CROSBY: I would think what
18 we would probably do is have a set of regs.
19 which govern the player management test period.
20 That's what this is going to be all about.

21 So, on all electronic gaming
22 machines, I guess that makes sense. Are there
23 electronic gaming machines that this would not
24 apply to?

1 COMMISSIONER STEBBINS: Is there any
2 difference between obviously the one-on-one
3 machine versus the use of this on a machine
4 where more than one player on the virtual poker
5 or something like that? I'm at a table with
6 four other people and all of a sudden I'm the
7 one getting the flash up messages.

8 CHAIRMAN CROSBY: That's
9 interesting. There are going to be nuances
10 here I'm sure that we're going to come up with.

11 COMMISSIONER CAMERON: We'll have a
12 comment period.

13 CHAIRMAN CROSBY: It doesn't say
14 anywhere here, Mark, but I think it's implicit,
15 but maybe it's not. This will only be
16 available to players who have a play management
17 card, correct?

18 COMMISSIONER CAMERON: It does say
19 it here.

20 CHAIRMAN CROSBY: Oh, it does say
21 that.

22 COMMISSIONER ZUNIGA: That it's
23 seamlessly integrated but it doesn't say that
24 it will be available only to those with cards.

1 CHAIRMAN CROSBY: That doesn't limit
2 it. It's just that's the only people for whom
3 it's possible.

4 MR. VANDER LINDEN: Right.

5 CHAIRMAN CROSBY: You can't possibly
6 use it unless you have a player card.

7 MR. VANDER LINDEN: That's how I
8 understand it. I guess it would be possible
9 that you could have a player card where the
10 only feature on it would be the use of that.
11 But perhaps that would be a discussion that we
12 would have from the onset with Penn.

13 At this point, I don't see a
14 separate card being -- As the alternative would
15 there be a separate card that would be only
16 tied to this. And I don't think that -- That
17 would not be my recommendation. My
18 recommendation is that it's tied to the player
19 reward card.

20 CHAIRMAN CROSBY: Right. Okay.
21 Next?

22 MR. VANDER LINDEN: Number three,
23 play management tools are voluntary for players
24 to use.

1 CHAIRMAN CROSBY: Everybody okay?

2 COMMISSIONER MCHUGH: That raised
3 for me on an opt-in or opt-out basis that
4 doesn't answer that question. And that was one
5 of the two main issues raised by the industry
6 group that spoke.

7 So, when I raised this with you
8 yesterday, Mark, you had a response that I am
9 sure is the same response you have today. But
10 it raises a very important issue that carries
11 through this whole thing. So, I turn it over
12 to you.

13 MR. VANDER LINDEN: That to me it's
14 voluntary, period. I think as I recall,
15 Commissioner, we were discussing number nine
16 when signing up for a new player card account
17 with the casino, the patron will be required to
18 decide whether to use the player management
19 tool. They decide yes, they decide no. It's
20 not an opt-in or an opt-out specific. It's not
21 one or the other. Maybe I'm wrong there.

22 COMMISSIONER MCHUGH: No. The
23 discussion bled into that. That's right. But
24 that was the point that I wanted to raise and

1 that is that every player who signs up for a
2 player management card under the framework Mark
3 envisions would be required to say I want this
4 or I don't want this. But they would be
5 required to affirmatively check a box one way
6 or the other.

7 MR. VANDER LINDEN: That's correct.

8 COMMISSIONER MCHUGH: And my
9 question about that was, and maybe it's
10 obviated by the fact that this may not go into
11 effect as soon as the facility opens, how does
12 that jive with the mass of being able to
13 process the mass of people who are anticipated
14 to be signing up for player management cards
15 that first week or two? Maybe that's
16 irrelevant.

17 May that's something that they just
18 have to figure out for themselves. But that
19 was an issue that Penn raised. It's not
20 dispositive, but it's an issue.

21 MR. VANDER LINDEN: One of the
22 significant challenges for this tool is uptake,
23 how many people use it. And I hear that and I
24 think that from the onset we need to remove as

1 many barriers as possible for people to utilize
2 this tool.

3 And that while it absolutely it
4 hasn't been indicated that it's voluntary, it
5 is. But how do we roll this out in order to
6 make sure that people know that it's an
7 available tool for them to use?

8 COMMISSIONER MCHUGH: And your
9 concern is that if it's simply an opt-in tool,
10 that the operators won't tell people about it?

11 MR. VANDER LINDEN: That's correct.

12 CHAIRMAN CROSBY: We can regulate
13 that. We can manage that. I was originally
14 thinking this there's either opt-in meaning if
15 you don't do anything, you're not in
16 automatically. Or there's opt-out meaning if
17 you don't take yourself out of it, you're in
18 it. And I think none of us like that.

19 You've got another one, which is you
20 have to say something. You don't have the
21 option of not answering the question. And as
22 we talked through this sign-up period with the
23 Penn people, they were talking about some
24 number of seconds, I think it was, that they

1 would process in those early days when you've
2 got hundreds and probably thousands of people
3 signing up.

4 And unless you radically alter that
5 whole sign-up period, which is a pretty
6 dramatic change or you don't launch this at
7 sign-up and you're only marketing it after-the-
8 fact, there's no way people could make an
9 informed decision about the tool in that period
10 of time.

11 You would be having the customer
12 service reps or probably a lot of temps who are
13 signing up people trying to force people
14 quickly, make a decision. Yes or no, do you
15 want to do the play management or do you not?
16 What is play management? Well, it's -- I think
17 as a practical matter, unless you don't do this
18 en masse, you only do it for the handful of
19 people, it's just not practical.

20 I don't see how you can get -- I
21 don't even think you'd want to. I think you're
22 going to want to try to -- This system is only
23 going to work for people who are thoughtful
24 about call it their budget or their playing

1 habits, whatever turns you on. And they're
2 going to want to think about this a little bit
3 and try to figure out, and probably even think
4 about what do I want to put in as a limit and
5 so forth. I just don't see that as a practical
6 option.

7 So, I think what they were talking
8 about, and we don't have to cross this bridge
9 completely, but what the Penn people were
10 talking about I think were saying at the time
11 of this very quick sign-up where you get your
12 player card, you will get something from the
13 customer service rep. I'm just making this up,
14 but basically it's a really beautifully done
15 little piece that says here's how you can
16 budget your game today.

17 Maybe it's got a voucher for a free
18 sandwich saying if you sign up for this control
19 your budget, you get a free sandwich. And now
20 take this away and you can go think about it.
21 And you can talk to the folks at the game sense
22 booth or whoever if you want to.

23 I've been thinking it's probably
24 going to have to be some kind of a system like

1 that. And we can work really hard on trying to
2 maximize the amount of communication -- the
3 amount of scrutiny and intensity that each new
4 customer gives to the play management tool.

5 But I don't see how you can make it
6 an automatic, you have to say yes or no before
7 you go forward. I suppose you could say
8 something. Maybe you could say within 30 days
9 you have to have said a yes or no, but I'm not
10 even sure. Now we're running around after
11 people, hey you haven't said yes or no, yet.

12 MR. VANDER LINDEN: I'll be doing
13 that.

14 CHAIRMAN CROSBY: I just don't see
15 it working.

16 COMMISSIONER MCHUGH: I too think we
17 can regulate that you have to tell people about
18 it piece. And I also think that if we had an
19 opt-in system and we did regulate that, and
20 then we did for those who did not opt-in had
21 some kind of a follow-up, maybe in the first
22 month's mailing of stuff that we have to send
23 anyway to everybody who signs up, and maybe in
24 the second months, we could remove that

1 barrier.

2 I understand your concern about the
3 barrier and the not making them make a choice
4 is a barrier potentially to its use. I think
5 we could diminish that barrier that way and we
6 could find a creative way to do it. And
7 acknowledge at the same time the practical
8 sign-up problems that would be created by this
9 stuff.

10 COMMISSIONER ZUNIGA: That last
11 point is embedded in my opinion in number 10,
12 but I agree with your conclusion.

13 CHAIRMAN CROSBY: Right. So, the
14 sense of this group at this point is that item
15 -- well, it's a combination of three and nine,
16 I guess. I guess it's really more number nine.

17 COMMISSION CAMERON: It's nine.

18 CHAIRMAN CROSBY: Yes, three is
19 fine. Right. So, let's not confuse three. So,
20 item nine we're saying I think the sense of
21 this group is we would want this to be
22 proactive opt-in rather than a required yes or
23 no.

24 COMMISSIONER CAMERON: Because we

1 can't visualize how practical that is.

2 COMMISSIONER ZUNIGA: There was
3 additional points about not trying to make all
4 of these very legalistic with disclaimers. If
5 we're going to market this effectively and we
6 do need the help of the operators do this in
7 order to remove these kinds of barriers, we
8 don't want to have a lots of check in the box,
9 etc.

10 CHAIRMAN CROSBY: Okay, great.
11 Four?

12 MR. VANDER LINDEN: Number four, the
13 use of play management tools are incentivized
14 at enrollment and periodically thereafter for
15 continued use.

16 COMMISSIONER CAMERON: I had a
17 question about this one, Mark. I think when I
18 discussed this with you, we talked about the
19 Commission providing an incentive. And it
20 would be a nongaming amenity, right? It would
21 be food or beverage, not anything to do with
22 gaming; is that accurate?

23 MR. VANDER LINDEN: That's correct.
24 I really appreciate our licensees endeavoring

1 on this. And I think that there is an
2 investment up front. And I think that if the
3 intent of the Public Health Trust Fund, that if
4 we provide the incentives to help people enroll
5 in this and use this as a budgeting tool that
6 it has potential to fit well within the Public
7 Health Trust Fund dollars. And I would
8 advocate for that.

9 Obviously, that's not up to me. It
10 would be up to the Public Health Trust Fund
11 executive committee. But I think there are
12 creative ways to provide that pool of funding
13 for incentives.

14 COMMISSIONER ZUNIGA: Those
15 incentives will not include reward points,
16 right?

17 MR. VANDER LINDEN: I would advocate
18 that it is not reward points. I would advocate
19 that as Commissioner Cameron had said that we
20 would look at nongaming amenities.

21 There's another section in the
22 Responsible Gaming Framework that states
23 basically that licensees are providing other
24 forms of entertainment other than gambling to

1 diversify the patron's experience. And this is
2 a way for us to help that along. While they're
3 setting these types of limits, we are also
4 encouraging them to engage in other forms of
5 entertainment while at the establishment.

6 COMMISSIONER ZUNIGA: Right. What
7 about the notion that providing incentives for
8 the use of this tool may prompt some to set
9 unreasonably high limits?

10 MR. VANDER LINDEN: It's certainly
11 something that we need to take into
12 consideration. It was Strategic Science's
13 recommendation that it's directly tied to
14 patrons staying within those pre-established
15 limits. And what I phrased it as is that it's
16 incentivized at enrollment and periodically
17 thereafter for continued use.

18 CHAIRMAN CROSBY: What does that
19 mean?

20 MR. VANDER LINDEN: I don't have a
21 solid idea of that. I think that how this
22 incentive program is set up is something that I
23 would be very interested in working
24 collaboratively with our licensee on.

1 An example of how I could think it
2 worked, obviously at enrollment if there was
3 for example, a \$10 voucher to use for nongaming
4 amenities.

5 As Commissioner Stebbins and I
6 discussed yesterday, it could be used as a \$10
7 voucher within the casino establishment. It
8 could also be used in other ways to advance the
9 licensee's commitment to businesses outside of
10 the casino establishment. It really could
11 vary, but I would interested in having a
12 discussion with the licensees.

13 In terms of how does it play out in
14 supporting or incentivizing continued use, I
15 don't think it necessarily has to say you
16 stayed within your preset limits on December 4
17 and so therefore, you get \$10 in nongaming
18 amenity credit for that. I wouldn't support
19 that.

20 I would support that if they stayed
21 enrolled for a period of time, and it provided
22 an opportunity to continue to provide
23 responsible gaming information or -- I don't
24 know how it would look. But it would be a way

1 to keep people invested in the programs.

2 COMMISSIONER ZUNIGA: But you're
3 envisioning then an enrollment, a timing
4 element to the enrollment?

5 MR. VANDER LINDEN: I'm not sure I
6 understand.

7 COMMISSIONER ZUNIGA: You spoke to
8 staying within the program. If you sign up for
9 the program and said only just one session,
10 what does it mean staying with the program? If
11 you only said that I wanted to set my limit for
12 today at whatever and I did. Let's just assume
13 that I did and I never hit the limit, how is
14 staying with the program work?

15 MR. VANDER LINDEN: That's actually
16 a good point of clarification then. When we
17 say that it's an amount set per session, it
18 would be for that session but you would stay
19 enrolled. So, if you enrolled today and you
20 say you want to set it at \$100 for the session,
21 it would apply for your session today. It
22 would apply for your sessions ongoing or days
23 ongoing.

24 COMMISSIONER ZUNIGA: So, if I

1 figure out the second session I come that all I
2 need to do is set a really high limit for
3 myself to get that extra voucher, the second
4 one, one for signing and one for staying, I
5 could do that, right?

6 MR. VANDER LINDEN: I wouldn't see
7 it that you'd be incentivized for every
8 session. One if you sign up per session, one
9 session would equal one incentive. I would say
10 it's periodically without a definition of what
11 the timeframe is on that.

12 COMMISSIONER MCHUGH: The same
13 problem arises though. I don't know where I
14 come in on this. Because if the dollar amount
15 is small, maybe it doesn't make any difference.

16 Say you marketed that you'll get a
17 \$10 coupon upon signing up and a \$10 coupon
18 every quarter if you stay in. The same
19 problem, it doesn't have the magnitude perhaps
20 is there if somebody says I'd like to get 10
21 bucks every quarter, so I'll set a \$5 million
22 limit.

23 CHAIRMAN CROSBY: I think if you
24 sign up, you get your first voucher. You're in

1 unless you take yourself out of the system.
2 And what that means is every time you put your
3 player card in --

4 COMMISSIONER ZUNIGA: Not after the
5 month or the day, which is number one.

6 CHAIRMAN CROSBY: No. That play
7 management tool would allow you to pre-commit
8 to a session or to a month. That's what the
9 tool permits you to do. The tool is there once
10 you've signed up. Once you say yes, when I
11 stick my card in, up is going to come my play
12 management tool. Do you want to set a session
13 limit today, yes, no. And that will come up
14 every time you use your player card unless you
15 unenroll.

16 COMMISSIONER ZUNIGA: I guess I
17 hadn't realized that was going to be. That's
18 not how I understood it.

19 CHAIRMAN CROSBY: That's the way I
20 think it ought to operate. You implied
21 something different from that because you
22 talked about if you stay in it, you might get
23 incentivized. I don't think you need to be
24 incentivized to stay in it.

1 COMMISSIONER MCHUGH: I had an
2 entirely different view of this thing. I
3 thought that once you signed up for \$100 a day
4 say that every day you went into the system
5 until you said I want to get out of this system
6 you had a new \$100 limit.

7 MR. VANDER LINDEN: As Commissioner
8 McHugh described it that's how I envisioned it.
9 Obviously, as detailed as the recommendations
10 are, it wasn't clear.

11 MR. DAY: Mark and Commissioners,
12 particularly with the incentive program and the
13 marketing approach that the licensees might
14 use, as was mentioned, that might be an area to
15 actually require in regulation. Instead of
16 requiring something specific there, refer to
17 the licensee coming back to the Commission for
18 approval of an incentive and marketing program.

19 So, that would basically take it out
20 of our session at this point and allow it to
21 come back with a fleshed out proposal I think
22 that would be more detailed.

23 COMMISSIONER CAMERON: Except that
24 we're talking about providing the incentives

1 not the licensees.

2 CHAIRMAN CROSBY: Apparently, we all
3 had different ideas of how this is going to
4 work. I didn't understand what Jim was talking
5 about what you were talking about. But there
6 still remains no matter what it is, no matter
7 which way it works, you have two incentive
8 options on the table. One is when you sign up,
9 and one is for something on an ongoing basis.

10 No matter what that is, whether it's
11 staying within your limit every time you play
12 or whether it's -- whatever it is, I think I
13 have a problem with the ongoing incentive. I
14 think incentivizing people to try it is good.
15 That's a healthy legitimate role for the
16 government, if you will, to play.

17 There's two problems with it. I'm
18 not sure I'm comfortable that it's our job to
19 keep managing this person's relationship like
20 that, number one. And number two, I think it's
21 totally susceptible to gaming. Almost any
22 incentive system you use on a longitudinal
23 basis is subject to being gamed, so to speak.

24 So, I would certainly be open to

1 somebody coming back with a specific proposal
2 that says here's how we could have some kind of
3 an ongoing incentive system. I'm open to that.
4 But at the moment, the ones that I can
5 understand, I'm not with it philosophically or
6 practically.

7 COMMISSIONER MCHUGH: I'm in the
8 same boat.

9 COMMISSIONER ZUNIGA: Same here. it
10 was the ongoing that generates the most
11 questions and a little bit of discomfort for me
12 as well.

13 If it's a tool that is going to be
14 perceived as having value in and of itself by
15 some people, the tryout ought to be the one
16 that really informs them about it that we have
17 it here. It may not be available elsewhere.
18 But the ongoing is also the one that raises
19 questions in my view.

20 COMMISSIONER CAMERON: I didn't see
21 it as that problematic. I just saw it as say
22 six months later you're continuing to use the
23 tool. It's like anything else we do in life,
24 you get a coupon because you're a good customer

1 or you continue to use something whether that
2 be a gym membership or anything. There's some
3 added value because you are a valued customer.

4 CHAIRMAN CROSBY: But in the gym
5 membership, you've got to go there or you've
6 got to whatever. And they do that on their
7 frequent user.

8 COMMISSIONER CAMERON: Correct. So,
9 this is just you use the tool.

10 CHAIRMAN CROSBY: But if the use the
11 tool as Jim was saying encourages you to put in
12 \$1000 and get your coupon every quarter.

13 COMMISSIONER CAMERON: I don't think
14 so. I would not spend any more or put a false
15 limit into something just to get a coupon. I
16 don't think most people would do that. I think
17 there's a chance someone could do that. But
18 for the most part, I think I'm using the tool,
19 they recognize I'm using it and they sent me
20 something.

21 COMMISSIONER ZUNIGA: That's part of
22 my point is that. If there's value in the tool
23 then there's no gaming. If there's intrinsic
24 value in the tool, then why do we need

1 incentives in the first place, right?

2 COMMISSIONER CAMERON: Just letting
3 you know they recognize you as you you're using
4 something. I didn't see it as every month, so
5 I better scam the system.

6 COMMISSIONER MCHUGH: I just have a
7 good view of human nature.

8 CHAIRMAN CROSBY: Good thing you
9 weren't a cop.

10 COMMISSIONER STEBBINS: I draw a
11 question between I certainly don't see anything
12 wrong with incentivizing somebody to get into
13 the plan, the opening step. I think I agree
14 with my colleagues in terms of the ongoing
15 relationship.

16 But if you're overlaying this
17 program seamlessly in their reward card,
18 correct me, maybe I'm being too novice about
19 this but the benefits can accrue similar to the
20 where a normal reward card would allow them to
21 access benefits if they weren't playing under
22 the play management system. Do I have that
23 right?

24 MR. VANDER LINDEN: Yes, I think so.

1 COMMISSIONER ZUNIGA: So long as the
2 incentives were not rewards programs. Remember
3 we're not suggesting that the incentives for
4 signing up and staying with the program will
5 accrue reward points. You're not suggesting
6 that.

7 COMMISSIONER STEBBINS: But you're
8 talking about overlaying this program as part
9 of their rewards, seamless overlay with the
10 rewards card, correct?

11 MR. VANDER LINDEN: That's correct.
12 It would be seamlessly integrated with the
13 rewards card. The rewards or the incentives
14 that we would be talking about for use of this
15 tool would be different than the rewards that
16 they would receive for other types of gaming
17 activities or other incentives that would be
18 connected with the casino.

19 COMMISSIONER ZUNIGA: I was going to
20 get to this point, but why do we need the
21 seamless integration on the rewards player card
22 data, purely for identification purposes?

23 CHAIRMAN CROSBY: By saying seamless
24 integration, people think you're saying more

1 than you're saying, I think. All you mean is
2 it's part of your player card. The technology
3 is into your player card.

4 So, when you stick your player card
5 in the machine, it knows it's you. And it
6 knows you said yes, you want to have the play
7 management tools and it gives you the play
8 management tool. That's the end of the
9 seamless integration.

10 MR. VANDER LINDEN: That's how I
11 intended it, yes.

12 COMMISSIONER STEBBINS: You don't
13 get a red card versus a green card. It's all
14 on the same card.

15 MR. VANDER LINDEN: That's right.

16 COMMISSIONER CAMERON: The way to
17 track it.

18 CHAIRMAN CROSBY: Let me suggest
19 something just in the interest of time. Three
20 of us I think are pretty clearly uncomfortable
21 with the ongoing benefits. Commissioner
22 Cameron is not uncomfortable. It sounds like
23 Commissioner Stebbins's is mezza mezza.

24 But I think for the moment, the

1 downstream incentives is off the table. If
2 you've got a specific idea, this is clearly
3 going to be one of the ones where the devil's
4 in the details, we'll listen to it. But as a
5 general principle, we were resistant to that
6 incentivizing.

7 MR. VANDER LINDEN: Okay. Moving
8 on.

9 CHAIRMAN CROSBY: Yes.

10 MR. VANDER LINDEN: Number five,
11 play management tools provide pop-up reminders
12 on the screen of the electronic gaming machine
13 at 60, 90 and 100 percent of the limit.

14 COMMISSIONER MCHUGH: I'm okay with
15 that.

16 COMMISSIONER CAMERON: Yes.

17 COMMISSIONER ZUNIGA: Why wouldn't
18 any of this be optional? How do you come with
19 three times, 60, 90?

20 MR. VANDER LINDEN: This was the
21 method that was used in New Zealand.

22 CHAIRMAN CROSBY: Why did you want
23 to use it?

24 MR. VANDER LINDEN: Just looking for

1 precedent basically.

2 COMMISSIONER MCHUGH: Doesn't one of
3 the systems that we looked at at G2E have this?

4 MR. VANDER LINDEN: Yes. That would
5 be the Bally system.

6 COMMISSIONER MCHUGH: The Bally
7 system which is going to be used anyway.

8 COMMISSIONER CAMERON: I think it
9 makes sense.

10 MR. VANDER LINDEN: Is the question
11 why these intervals or is the question about
12 the use of pop-up reminders periodically?

13 COMMISSIONER ZUNIGA: Why these
14 intervals? And why wouldn't these be optional,
15 for example. Does this start to get into the
16 complexity?

17 MR. VANDER LINDEN: I think it does
18 start to get into the complexity.

19 COMMISSIONER ZUNIGA: That we want
20 to avoid.

21 MR. VANDER LINDEN: Correct. I
22 think that if you give the people the options
23 as to how they would like to be reminded, it
24 adds a whole other layer or another screen of

1 questions that they would need to answer.

2 COMMISSIONER ZUNIGA: Why do you
3 need three reminders as opposed to one, let's
4 say?

5 MR. VANDER LINDEN: There's no
6 strict methodology to this.

7 CHAIRMAN CROSBY: My reaction would
8 be to this, this is what we'd like to have the
9 test tell us. What kind of notification is the
10 most constructive?

11 This is completely arbitrary. Maybe
12 it's 50, 75 and 90, maybe it's none, maybe it's
13 one. And if we need a presumption because the
14 Bally system has this already, we can make this
15 the presumption. But if we really have a test
16 going here, we would be trying to figure out
17 what kinds of use of this tool does have the
18 most constructive impact.

19 COMMISSIONER CAMERON: I bet it's
20 based on something.

21 MR. VANDER LINDEN: I think that's a
22 fantastic point is that this piece right here
23 is part of what we're evaluating and what
24 construct would be the most beneficial.

1 CHAIRMAN CROSBY: Right. So, if for
2 some reason or other you or Bally or Penn wants
3 to start with this, I guess we're saying we're
4 fine with it. But it seems like it ought to be
5 part of the test if possible.

6 Number six, we just dealt with. So,
7 just to restate that. Seamlessly integrated
8 means it's in your card. If you signed up,
9 certain things happen when you stick your card
10 in the machine. It offers you the play
11 management tools. End of seamless integration.

12 MR. VANDER LINDEN: Number seven,
13 licensees work closely with the Commission to
14 develop marketing strategies to maximize uptake
15 and use of play management tools.

16 COMMISSIONER ZUNIGA: I think this
17 is the one that I'm in the most agreement with
18 and number one and hence the whole notion of
19 the test. But I really look forward to an
20 ongoing feedback loop as to how to be creative
21 and strategic about usage of this.

22 CHAIRMAN CROSBY: Yes, agreed.

23 MR. VANDER LINDEN: Number eight, we
24 had started to discuss. Patrons can enroll to

1 change their limits to enroll or change their
2 limits from multiple locations including all
3 electronic gaming machines, customer service
4 stations, on-site responsible gaming
5 information centers, self-service kiosks, and
6 player reward portal of the company website.

7 COMMISSIONER STEBBINS: I was not
8 comfortable with (A), because you go down
9 further where you talk about your ability to
10 just kind of disregard what the machine is
11 telling you.

12 But the message reverberated for me
13 from watching the testimony from the last
14 meeting kind of the personal contact was a good
15 thing. Out of those five, I guess I have a
16 concern about the ability to do it from the
17 gaming machine itself.

18 CHAIRMAN CROSBY: By the gaming
19 machine, how would that work? How would that
20 work?

21 MR. VANDER LINDEN: Commissioner
22 McHugh and I had seen that displayed at the G2E
23 conference. Bally has an example of a system
24 where you would sit down, insert your player

1 reward card. It would ask you if you would
2 like to set, in that case it was set limits on
3 time or amount spent.

4 CHAIRMAN CROSBY: Whether you signed
5 up or not?

6 MR. VANDER LINDEN: Correct.

7 CHAIRMAN CROSBY: Whether you signed
8 up or not?

9 MR. VANDER LINDEN: No. If you
10 weren't signed up, it would ask you. If you
11 were signed up, it would pull up your account.

12 COMMISSIONER MCHUGH: Then it just
13 goes through a series of yes or no or check the
14 box questions to get your limit set. Do you
15 want to do this yes or no. Hit button A, hit
16 button B. You answer no, the thing goes away.

17 CHAIRMAN CROSBY: Doesn't that go
18 back to the original enrollment? That is
19 forcing you to say yes or no.

20 COMMISSIONER MCHUGH: No, it doesn't
21 because -- Yes, it does. It does. But it's
22 not a practical impediment to anything. In
23 fact, if you don't require the yes or no answer
24 at the beginning and the person doesn't sign up

1 and you send the person some information about
2 it in the first monthly billing and maybe the
3 second monthly billing and the like, then the
4 person has information that he/she can use when
5 they sit down at the gaming machine to answer
6 those questions. And then there's no time
7 pressures. So, it doesn't have that practical
8 disadvantage.

9 Now it still may not be a good idea
10 because the Penn folks said it's better to have
11 some human interaction so that people can help
12 you make a thoughtful decision.

13 COMMISSIONER CAMERON: Once you say
14 no, it doesn't come up on the machine every
15 time?

16 COMMISSIONER ZUNIGA: It does later
17 on.

18 COMMISSIONER MCHUGH: No.

19 CHAIRMAN CROSBY: So, you've been a
20 player card member. You haven't signed up yet.
21 You get some stuff in the mail a couple of
22 times. You put your card in.

23 COMMISSIONER MCHUGH: Somehow you
24 can invoke it.

1 CHAIRMAN CROSBY: But if you put
2 your card in the first time and it comes up and
3 you say no thank you, does it come up every
4 time you put your card in?

5 COMMISSIONER ZUNIGA: According to
6 Penn, yes.

7 COMMISSIONER MCHUGH: We're now
8 talking about the system that we saw in
9 California. My understanding was that it did
10 not.

11 MR. VANDER LINDEN: It did not, no.
12 I think there was a button that you could touch
13 on the screen that would pull it up and you
14 could activate it from that point.

15 COMMISSIONER MCHUGH: Right.

16 COMMISSIONER CAMERON: So, once you
17 say no, it's not going to continue to come up?

18 MR. VANDER LINDEN: No. I have some
19 ideas about that.

20 CHAIRMAN CROSBY: Does this make you
21 feel any better?

22 COMMISSIONER STEBBINS: Maybe it's
23 dividing the two. The difference between the
24 enrollment via the machine and the changing the

1 limits via the machine.

2 CHAIRMAN CROSBY: He's talking
3 enrollment. They're talking about enrollment.

4 COMMISSIONER STEBBINS: Right. If
5 you read number eight, it says can enroll or
6 change their limits. I think changing their
7 limits, I'd like to see somebody not do it from
8 the machine.

9 MR. VANDER LINDEN: This gets to
10 where are the barriers for people to enroll and
11 participate in this program. And I want to
12 remove as many -- I guess, it's the tension
13 between making sure that it's not overly
14 burdensome when you're signing up and that it
15 takes too much time. But at the same time, we
16 want to make sure that as many barriers to
17 enrollment or to involvement, participation
18 with this are as small as possible.

19 COMMISSIONER CAMERON: I agree.
20 Young people like to do everything online.
21 They don't want to go to a kiosk anyway.

22 COMMISSIONER STEBBINS: And I
23 understand that. But you also allow, if we
24 accept the other conditions further down below,

1 that you can play past your limits. So, these
2 two seem to be butting heads against each other
3 at least in my opinion.

4 CHAIRMAN CROSBY: Why don't we make
5 it a 8(a) and (b). So, for starters let's say
6 patrons can enroll in all five places. And it
7 sounds like we're all saying fine.

8 COMMISSIONER CAMERON: Yes. I don't
9 have any problem change with changing your
10 limit either.

11 CHAIRMAN CROSBY: I understand, but
12 some do. So, 8(b) is you can change your limit
13 from the following five locations. (a) We're
14 okay with. (b) at least Commissioner Stebbins
15 has a problem.

16 COMMISSIONER ZUNIGA: No. It was
17 the other way around.

18 CHAIRMAN CROSBY: (a) Is enroll, we
19 all like enrolling in all five places.

20 COMMISSIONER STEBBINS: I'm
21 comfortable with that.

22 COMMISSIONER ZUNIGA: I thought part
23 of the point about the customer service
24 experience and those difficult or whatever

1 conversations was human interaction upon
2 enrollment.

3 COMMISSIONER CAMERON: That was one
4 person.

5 COMMISSIONER MCHUGH: That's what
6 Penn was advocating that. They wanted to have
7 that conversation at enrollment.

8 CHAIRMAN CROSBY: They want somebody
9 else to have that conversation at enrollment.
10 They want to give you a chance to go over this
11 and talk to somebody else at the lounge.

12 MR. VANDER LINDEN: It's going to be
13 clearly a part of the evaluation process of
14 where do people, if we can have different
15 options, where do people enroll and what seems
16 to be the most common way.

17 CHAIRMAN CROSBY: So, who's okay
18 with the five places for enrolling?

19 COMMISSIONER CAMERON: I'm okay.

20 COMMISSIONER MCHUGH: I am.

21 COMMISSIONER STEBBINS: I'm okay
22 with that.

23 COMMISSIONER MCHUGH: And I think
24 that's a good point. I'd like to find out

1 about this. And I'd also like to find out
2 about the limit changing piece. And then at
3 the end of the test, we make a permanent
4 decision if we go forward.

5 CHAIRMAN CROSBY: So, on 8(b), which
6 is changing limits, I guess we're all okay with
7 changing limits at (b) through (e). There's
8 some question about (a)? I'm fine with
9 changing limits on-site at the machine.

10 COMMISSIONER ZUNIGA: I am too.

11 COMMISSIONER CAMERON: I am too.

12 It's a tool.

13 COMMISSIONER MCHUGH: I'm fine with
14 it as a test. But I would like to include all
15 five in the test just to see who does what
16 where.

17 COMMISSIONER ZUNIGA: I'm also
18 thinking about if it's everywhere, if you have
19 to say no to continue everywhere, very often or
20 every time you start playing, you always click
21 no. I'm concerned about that possibility.

22 This all goes back to the test in a
23 way. But if the frequency of the messages
24 wherever and however they are delivered start

1 to be such that in order to continue playing
2 you have to keep hitting no, I'm worried that
3 it becomes unconscious.

4 COMMISSIONER MCHUGH: Which number
5 are you talking about?

6 COMMISSIONER ZUNIGA: No. I'm
7 talking about how some of these interact with
8 each other not just one number but a couple.

9 COMMISSIONER MCHUGH: Which couple?

10 COMMISSIONER ZUNIGA: Well, we're
11 talking about periodic checking with patrons on
12 number 10. And I know we're going to get to
13 that. If we're talking about every time you
14 start a session --

15 COMMISSIONER MCHUGH: We're not.

16 CHAIRMAN CROSBY: We're not.

17 COMMISSIONER ZUNIGA: I thought we
18 were.

19 COMMISSIONER MCHUGH: No.

20 CHAIRMAN CROSBY: The Bally system
21 as best we understand it, if you haven't said
22 yes or no, if you haven't already said yes or
23 no, the first time you put in your card, it
24 will offer you the chance do you want to use

1 play management. If you say no, you're done.
2 It doesn't come up anymore unless we decide
3 that we want it to come up after a certain
4 amount of time.

5 COMMISSIONER MCHUGH: Apparently, as
6 we understand it if you say no, it's done. It
7 doesn't come back.

8 COMMISSIONER ZUNIGA: I'll come back
9 to that on number 10.

10 CHAIRMAN CROSBY: Right.

11 COMMISSIONER MCHUGH: I'm with you
12 in spirit. I agree with the principle.

13 COMMISSIONER ZUNIGA: I have a
14 practical example of this actually. My
15 household is a big user of the Wii system that
16 has a message just like that. After you've
17 been playing for a couple of hours, it tells
18 you do you want to go outside. You've been
19 playing for two hours. And guess what
20 everybody does, no. After a while that becomes
21 unconscious. The message becomes futile. I've
22 seen it. I've seen it happen.

23 COMMISSIONER CAMERON: Your kids
24 don't go outside at all?

1 COMMISSIONER ZUNIGA: They do not,
2 not when they're playing the Wii. It's almost
3 funny but I've seen it in action. You read it
4 the first time and you never anymore. It just
5 becomes another reason to click no.

6 CHAIRMAN CROSBY: So, where would
7 you come down on 10? What would you recommend
8 we do on 10?

9 COMMISSIONER ZUNIGA: I was going to
10 suggest we strike it.

11 CHAIRMAN CROSBY: That it never be
12 reoffered?

13 COMMISSIONER ZUNIGA: You just said
14 no.

15 CHAIRMAN CROSBY: No. It's not
16 reoffered unless we say we want it reoffered.
17 At the moment we've suggested a system that if
18 you say no, it's forever. But now we have the
19 opportunity of thinking should we reoffer it
20 from time to time. What do you think about
21 that?

22 COMMISSIONER ZUNIGA: It depends on
23 the time.

24 CHAIRMAN CROSBY: What do you think

1 about what time?

2 COMMISSIONER ZUNIGA: I don't know.
3 I think the time should not be one that is very
4 often. It all goes back to well, it depends
5 who we're talking about. If you're a player
6 that comes once a year, and you offer it every
7 year, then you're offering it every time.

8 If you're a player that comes once a
9 week then you ought to think about offering it
10 two or three times a year by some measure.
11 That's the difficulty in all of this. It all
12 depends on the player.

13 COMMISSIONER CAMERON: You could do
14 it by time. So, say on your eighth time it
15 comes up again. So, you said no and then you
16 came seven more times and the eighth time --
17 that could be eight years.

18 COMMISSIONER ZUNIGA: I know. Then
19 the problem becomes on all time is only one
20 variable for some people. Money is the one
21 that actually matters most that we just sort of
22 talked about.

23 COMMISSIONER MCHUGH: One thing we
24 talked about when we were talking about the

1 initial crush to make the yes or no decision
2 was for people who did not make -- and we
3 changed that to an opt-out -- an opt-in system.
4 For people who did not opt-in then in the first
5 three monthly billings or monthly statements
6 that they got, there would be information about
7 this system. That's another way to give a
8 periodic check to see if people want to use it.

9 MR. VANDER LINDEN: I agree with
10 that. The periodic check can happen in
11 numerous ways. It can be based on how long the
12 patron has been enrolled in the player card
13 system and hasn't enrolled in this. It could
14 be a periodic just a push out of information to
15 all players who haven't enrolled in it. I
16 think that there is a variety of ways. And
17 it's intentionally vague on how that would
18 happen.

19 CHAIRMAN CROSBY: How about this, if
20 we say to answer to number nine, we would like
21 the system to be remarketed, the option to be
22 reoffered from time to time through some
23 mechanisms to be determined, not very many, not
24 very frequent. But this is another one of the

1 things that the test should be about. What
2 works?

3 Does it help if you offer it every
4 six months? Does it bother people if you offer
5 it every three months? So, we like the idea of
6 reoffering it on some not very frequent basis
7 through some medium or other yet to be
8 determined.

9 COMMISSIONER MCHUGH: I think that's
10 a perfect solution.

11 CHAIRMAN CROSBY: Okay, 11?

12 MR. VANDER LINDEN: Limit-setting
13 tools are coordinated with other tools of the
14 play management system such as cost of play
15 messaging, monthly statements of gaming
16 activity as required in 23K section 29, brief
17 problem gambling self-assessment tool, tips on
18 responsible gaming, educational quizzes, and
19 information on how to access assistance.

20 COMMISSIONER MCHUGH: So, I had a
21 question about (c). And as I suggested
22 yesterday, in the Responsible Gaming Framework,
23 this problem gambling self-assessment tool was
24 only mentioned in connection with signing up

1 for credit, section 5.2. So, I wondered
2 whether we were changing the Responsible Gaming
3 Framework to include it here or why it was
4 here, particularly if this is not being
5 marketed as a problem gambling prevention
6 device and instead is a budgeting device?

7 MR. VANDER LINDEN: Under strategy
8 two, the 2.2 play information and management
9 systems, it doesn't state it explicitly whereas
10 the other ones are. But to me I feel like that
11 assessment tool would fit well under play
12 information tools. And I could read that
13 section to you if you'd like.

14 COMMISSIONER MCHUGH: 2.2?

15 MR. VANDER LINDEN: Correct.

16 CHAIRMAN CROSBY: Yes, why don't
17 you. Commissioner McHugh has it in front of
18 him, but we don't.

19 MR. VANDER LINDEN: Let me see.
20 I'll try to keep it as brief as possible. So,
21 play information tools provide patrons with
22 access to cost of play messaging, monthly
23 statements including patron's total bets, wins
24 and losses, tips on keeping play manageable,

1 educational quizzes and information on how to
2 access to assistance.

3 CHAIRMAN CROSBY: So, what was the
4 answer to Commissioner McHugh's question about
5 this is only used in our Framework so far when
6 you apply for credit; is that correct? So, how
7 does it relate? What does it mean by including
8 it here?

9 MR. VANDER LINDEN: To me, we're
10 talking about under 2.2 this overarching
11 umbrella of play information and management
12 systems that a brief problem gambling
13 assessment tool would fit under the play -- it
14 would be a type of play information tool and
15 that would then be, limit-setting tools would
16 fit also underneath that larger umbrella of
17 play information and management system -- as a
18 part of the play information management system.

19 CHAIRMAN CROSBY: So, this isn't
20 really adding anything. This is restating
21 something that's already in our Framework?

22 MR. VANDER LINDEN: I think
23 Commissioner McHugh's point is that I don't
24 specifically -- the Framework doesn't

1 specifically mention the brief problem gambling
2 assessment tool in that section 2.2. And I'm
3 introducing it here.

4 And my rationale for that is it's
5 not mentioned specifically here, but I feel
6 that it fits well as part of the play
7 management system.

8 COMMISSIONER ZUNIGA: My question
9 was what does coordinated mean here? And let's
10 use it specifically to (c). So, practically,
11 what does it mean? When do I have to answer
12 yes or no to the nine or four or three
13 questions in the assessment tool assuming I
14 have no credit?

15 MR. VANDER LINDEN: Yes, so assuming
16 you have no credit. So, for example, you go to
17 a self-service kiosk. And you insert your card
18 because you want to either enroll or change
19 limits, however we would land on that.

20 Also, when that pulls up there would
21 be an option to find information on tips on
22 responsible gaming. There would be an
23 educational type of quiz. And there would be an
24 assessment, a problem gambling assessment if

1 you choose to want to take that.

2 It's all about taking your personal
3 behavior and trying to provide you with as much
4 information as you can about your gambling
5 behavior and how it may or may not be at risk.

6 COMMISSIONER MCHUGH: From your
7 description of it then, it is not a gate
8 through which you have to go in order to do
9 anything.

10 MR. VANDER LINDEN: No.

11 COMMISSIONER MCHUGH: It's simply
12 offered as an array of things. Would you like
13 to know how much you spent this month? Would
14 you like to have information on how the machine
15 works? Would you like to have information on
16 the odds? Would you like to take a self-
17 assessment test? If it's that kind of an array
18 and it's limited to that, I don't have a
19 problem with it.

20 MR. VANDER LINDEN: It is. It is
21 all voluntary. Yes, perhaps I am just not
22 clear, it wasn't clear there but I do see it as
23 a voluntary piece as the others.

24 COMMISSIONER CAMERON: So, you have

1 to click on it to use it. Otherwise, you don't
2 have to.

3 MR. VANDER LINDEN: Right. And much
4 like the monthly statements that are explicit
5 in section 29 that those are voluntary as well.

6 COMMISSIONER ZUNIGA: Would this be
7 at every machine?

8 MR. VANDER LINDEN: You know, I
9 don't even necessarily see that it would be on
10 a machine. I would see that it would be
11 something that you could access from a kiosk or
12 the responsible gaming information center.

13 COMMISSIONER ZUNIGA: Yes.

14 COMMISSIONER MCHUGH: Or in your
15 monthly mailing.

16 COMMISSIONER ZUNIGA: Correct, if
17 they choose to do that.

18 COMMISSIONER ZUNIGA: I'm okay with
19 that.

20 CHAIRMAN CROSBY: So, I think we're
21 comfortable with that one. Next?

22 MR. VANDER LINDEN: Number 12, play
23 management tools are flexibly designed to allow
24 changes to limits. Decreases take effect

1 immediately. Increases will be subject to a
2 24-hour cooling off period.

3 COMMISSIONER CAMERON: I don't
4 understand that one. You can't change your
5 limit during a session? If you say at the
6 beginning I'm going to spend \$100. And you get
7 your 60 percent. This is your 90 percent. And
8 then you hit 100 percent. You're saying you
9 can't play anymore at all?

10 MR. VANDER LINDEN: No. You can
11 continue playing, but if you want to provide
12 increases or decreases to the limit then
13 it's --

14 COMMISSIONER ZUNIGA: So, it cuts
15 you off?

16 MR. VANDER LINDEN: No, it does not
17 cut you off.

18 COMMISSIONER CAMERON: So, you can
19 continue to play as long as you want, spend as
20 much as you want, but you just can't change the
21 limit?

22 MR. VANDER LINDEN: Unless you want
23 to decrease it. The idea is you set these
24 limits at a point where -- before you sit down

1 in a rational state of mind. And you say I
2 have \$200. This is how much I want to spend as
3 a budgeting tool.

4 So, you begin gambling. You
5 realize, I really don't want to spend that
6 much. You should be able to change that and it
7 would take effect immediately. If you sit down
8 and you're gambling and you reach that limit or
9 you approach that limit and you say no, no. I
10 really want to spend \$500, that would then be
11 subject to a 24-hour cooling off period.

12 COMMISSIONER MCHUGH: You could
13 still spend the \$500.

14 MR. VANDER LINDEN: You could still
15 spend the 500.

16 CHAIRMAN CROSBY: Then you've got to
17 get to 13. This ties to 13, because the next
18 phase is after (b) is you can keep playing
19 however.

20 COMMISSIONER MCHUGH: And I have a
21 lot of problems with that.

22 COMMISSIONER ZUNIGA: Same here.

23 COMMISSIONER CAMERON: I don't
24 understand it because if you can spend the

1 money anyway what does it matter if you change
2 the limit or not?

3 CHAIRMAN CROSBY: One point he's
4 saying is you don't get any loyalty points.
5 And you can always go to another machine and
6 play with cash. You can't stop people from
7 playing.

8 COMMISSIONER CAMERON: You don't
9 have to go to another machine. You can stay
10 right at that machine and gamble as much as you
11 want.

12 COMMISSIONER STEBBINS: Which maybe
13 goes back to my original point of why even
14 allow somebody to change limits?

15 MR. VANDER LINDEN: Why allow them
16 to change limits?

17 COMMISSIONER STEBBINS: Why are you
18 allowing somebody to change limits at the
19 machine anyway so that you can just keep
20 playing?

21 CHAIRMAN CROSBY: I think it comes
22 down to a philosophy question here. We all are
23 comfortable with offering people the
24 opportunity to put a limit on. They make a

1 limit.

2 Then they get to the limit and they
3 want to change their mind. None of us has any
4 way of knowing why they want to change their
5 mind. And that's where we've got to go. So,
6 do we think it's right to continue to take an
7 active role in facilitating their limiting
8 their gambling? Is that our job? Is that the
9 right thing to do?

10 Any of a number of things could
11 happen. We can say you can't increase. We can
12 say yes, you can keep playing, but you're going
13 to lose your player reward points. You could
14 say a bell goes off and the cops come. There's
15 anything we could do.

16 But I think do we want to continue
17 to exercise our judgment over their ability to
18 continue to play?

19 COMMISSIONER ZUNIGA: My feeling is
20 no. If we want this tool to be used more than
21 once, if we want this tool to be used more
22 often, lowering a limit may have the result of
23 not coming back to use it, given some of the
24 recommendations here to have some consequences

1 especially, in my view.

2 COMMISSIONER MCHUGH: I'm sorry,
3 lowering the limit may have that?

4 COMMISSIONER ZUNIGA: No, no. If
5 somebody sets a limit and goes past the limit,
6 and there's a number of consequences, repeated
7 messages, losing points etc., etc., the
8 likelihood of coming back and using that tool
9 has plummeted in my opinion.

10 You've only used however many times
11 got you to that point. And after that you're
12 going to say, you know what, I'm just going to
13 do it. I'm speculating again, but that's just
14 how it feels.

15 And it goes back ultimately also to
16 a philosophy issue and what's the role of the
17 regulatory body and the decision-maker who is
18 ultimately having a lot of consequences, I
19 might add, right -- by themselves. If you're
20 losing money that's a punitive enough
21 consequence in my view.

22 COMMISSIONER MCHUGH: So, I suppose
23 the real dichotomy here, the overarching thing
24 is is this purely an information system or is

1 it an --

2 COMMISSIONER ZUNIGA: --

3 intervention.

4 COMMISSIONER MCHUGH: -- intervention
5 system?

6 MR. VANDER LINDEN: If I can go back
7 to what is the basis of an informed player
8 choice. And it includes such things as facts
9 about how gaming works and the probability of
10 winning, passive types of information or
11 informational types of information. But it
12 also includes information about the player's
13 own behavior and thus allowing them to
14 understand their playing behavior in real-time.

15 So, I think to me that seems like a
16 good sort of guiding principle to follow when
17 we think about where do we need to land on any
18 of these specific details.

19 COMMISSIONER MCHUGH: But the 24-
20 hour thing, if I understand the conversation,
21 is an intervention step as opposed to a pure
22 information step.

23 MR. VANDER LINDEN: The idea is that
24 you use pre-commitment and you set up those

1 limits in advance when you're in a rational
2 state of mind. And that those are the limits
3 you set. And that's how you set your budget.
4 Then you're not changing them during the gaming
5 session.

6 COMMISSIONER MCHUGH: That's an
7 intervention?

8 MR. VANDER LINDEN: Yes.

9 COMMISSIONER MCHUGH: An
10 intervention premised on the notion that if you
11 are changing your limits, you are probably not
12 exercising -- changing limits upward, you're
13 probably not exercising free will. So, you
14 need to be helped. I'm just trying to get at
15 the basis for this.

16 MR. VANDER LINDEN: I don't know if
17 I agree with the term free will.

18 COMMISSIONER MCHUGH: But you're in
19 an altered state.

20 MR. VANDER LINDEN: You're not
21 necessarily in that same rational state of mind
22 that you were when you sat down and you
23 determined these limits.

24 COMMISSIONER MCHUGH: That's the

1 philosophical questions.

2 CHAIRMAN CROSBY: I was trying to
3 think about other kinds of human endeavor.
4 Drinking is very analogous. For most people
5 drinking is harmless, for some people it's a
6 problem. For some people it can become a
7 problem, very similar.

8 And you can sue a bartender. If a
9 bartender keeps serving somebody who is visibly
10 intoxicated, the bartender can be held liable.
11 So, we do have a government tool by which we
12 try to intercede and, if you will, protect
13 people in the drinking analog. Is this that?
14 I don't think so.

15 The industry may have to wrestle
16 with that issue at some point, but this is a
17 step before that. Like if a guy bumps into a
18 bar and he says to the bartender I think I'm
19 only having two tonight and then he asks for a
20 third, he can't get it?

21 COMMISSIONER MCHUGH: Gets it in
22 two-ounce cups.

23 CHAIRMAN CROSBY: He gets it in two-
24 ounce cups. He gets it with ice.

1 COMMISSIONER ZUNIGA: With a very
2 important difference, which is ultimately
3 drinking has a physiological -- There's a
4 physiology to drinking to the mass body of a
5 male and a female. And sure some people can
6 drink more than others, but ultimately if you
7 take it long enough there's an impairment that
8 occurs.

9 The budget that somebody may have is
10 very different having nothing to do with their
11 physiology. And I think that's a real
12 difference.

13 MR. VANDER LINDEN: We did not adopt
14 the Missouri model where we said, it's a \$500
15 loss limit. And once you reach that you're cut
16 off. That was never even put on the table and
17 that's analogous to what --

18 COMMISSIONER ZUNIGA: I'm just
19 drawing the distinction between drinking. I
20 know that's not the analogy that you're making.

21 CHAIRMAN CROSBY: What is the
22 implication of what you're saying for this
23 discussion?

24 COMMISSIONER ZUNIGA: I'm saying

1 it's a lot harder to determine whether somebody
2 has reached a limit or approaching a limit.

3 CHAIRMAN CROSBY: Does that mean we
4 should intervene or not?

5 COMMISSIONER ZUNIGA: The analogy
6 was in the case of bartenders they should, but
7 there's a lot more -- it's a lot easier to
8 detect somebody who is impaired.

9 CHAIRMAN CROSBY: Yes.

10 COMMISSIONER MCHUGH: We're having
11 this conversation because we don't know, right?
12 And if we took out these things, took out these
13 intervention steps and then created a test that
14 looked at (a) what percentage of the people
15 signed up and what caused them to sign up.

16 And then took a look at people who
17 went past the limits on some useful number of
18 occasions, some scientifically useful number of
19 occasions. And then tracked them to find out
20 (a) why they were going by the limits and what
21 the consequences of going by the limits were.
22 Then we could better assess a need for an
23 intervention piece and the circumstances under
24 which an intervention piece should be inserted.

1 And if we wanted to have a true test
2 of how this all worked, wouldn't it be better
3 to start with a plain-vanilla non-intervention
4 thing and then track scientifically what
5 happens to the players who use it?

6 COMMISSIONER ZUNIGA: I would agree
7 with that.

8 COMMISSIONER CAMERON: I guess it
9 depends on what we think of as an intervention,
10 because you want the tool to be able to be
11 useful too. So, if there's no way of knowing
12 you went over your limit, then how is it
13 useful?

14 COMMISSIONER MCHUGH: You get a sign
15 that says --

16 CHAIRMAN CROSBY: There will be
17 intervention. I think Commissioner McHugh
18 meant the more extreme interventions. There
19 will be interventions. You will get a thing
20 that says you've hit your limit.

21 COMMISSIONER CAMERON: I would be
22 comfortable with (a) and (b) in number 13 but
23 not (c) not the punitive penalizing.

24 COMMISSIONER ZUNIGA: What about the

1 cooling off period in 12(b)?

2 CHAIRMAN CROSBY: What about the
3 cooling-off period?

4 COMMISSIONER CAMERON: Well, I don't
5 even understand it. I still don't because you
6 can continue to gamble. So, why does anyone
7 care if they changed their limit because
8 nobody's stopping you from --

9 CHAIRMAN CROSBY: If you couldn't
10 raise your limit -- I'm sorry, if you could
11 raise your limit, you wouldn't get
12 notifications every 15 minutes.

13 COMMISSIONER CAMERON: I don't even
14 know if I like the every 15 minutes. I like
15 that one where I hit it. It's telling me you
16 hit your limit. It's telling me that. How
17 else would the tool work unless it told me I
18 hit my limit.

19 And then I might be okay with I have
20 to actively say okay, I know I hit my limit and
21 I want to continue to gamble. But then I don't
22 think I like every 15 minutes. And I know I
23 don't like you forfeit loyalty points.

24 So, the first two yes, I hit my

1 limit. I know it and I want to continue.
2 Other than that that's letting me know I'm
3 using the tool and I've made a conscious
4 choice to continue. So, that's why I don't
5 understand the cooling-off because all I have
6 to do is say I want to continue.

7 COMMISSIONER ZUNIGA: If you
8 eliminate the repeated messages then 13(b) is
9 inconsequential.

10 COMMISSIONER CAMERON: Yes. Every
11 15 minutes is treating me like a child.

12 COMMISSIONER ZUNIGA: I agree.

13 CHAIRMAN CROSBY: Decrease takes
14 effect immediately, obviously. You hit your
15 limit. You get a notice. You're asked do you
16 want to set a new limit --

17 COMMISSIONER CAMERON: Or do you
18 want to continue.

19 CHAIRMAN CROSBY: -- or do you want
20 to continue to play.

21 COMMISSIONER CAMERON: If I say yes,
22 then I don't need any cooling-off period,
23 because I've just acknowledged that I'd like to
24 continue even though I realize I've hit my

1 limit. But I'm using the tool. I made a
2 conscious decision.

3 CHAIRMAN CROSBY: Right. Adding in
4 what Commissioner McHugh says, which is once we
5 get started there may be ways to figure out
6 whether other tools would be constructive or
7 other the steps would be constructive.

8 COMMISSIONER CAMERON: I would agree
9 with that, yes.

10 CHAIRMAN CROSBY: We'll get
11 feedback. We'll be able to track player
12 behavior. We'll be having some patron
13 interviews. There will be a lot of data
14 telling us what people think about this and how
15 it's worked.

16 So, the idea of starting with the
17 plain-vanilla realizing that we may move the
18 levels of intervention up if we have reason to
19 think it's constructive, then I agree with
20 Commissioner Cameron.

21 COMMISSIONER ZUNIGA: So, can we
22 take the second part of (b) or actually 13(b)
23 and (c) out altogether?

24 COMMISSIONER MCHUGH: We were at

1 12(b). What do we do with 12(b)? That's what
2 started this conversation.

3 CHAIRMAN CROSBY: It looks like we
4 kill it.

5 COMMISSIONER STEBBINS: Just so I am
6 clear, 12(a) is something I can do before I hit
7 my limit?

8 COMMISSIONER MCHUGH: You can do it
9 any time.

10 CHAIRMAN CROSBY: You can decrease
11 your limit any time.

12 MR. VANDER LINDEN: So, you can
13 decrease your limit any time and you can
14 increase your limit any time? So, basically
15 you take out (a) and (b)?

16 COMMISSIONER CAMERON: I don't
17 disagree with (b) if the only reason is that
18 you change your limit is you don't want to be
19 told that you hit your limit. Then what good
20 is the tool.

21 The whole idea of the tool is I said
22 I want to spend 200. And it's going to tell me
23 that I have reached that limit. And then I
24 have a button that says do you want to continue

1 or not. That would be my choice.

2 So, if the reason for (b) is that
3 you get those two messages -- If we get rid of
4 (b) then you don't get those messages then I
5 guess --

6 COMMISSIONER ZUNIGA: Unless you
7 wanted to set up a new limit.

8 COMMISSIONER MCHUGH: You get those
9 messages but if you want to go from 200 to 400
10 so you don't get that message until you hit
11 400, you can continue playing today. But
12 you're going to get the message at 200 and
13 tomorrow you'll get the message at 400.

14 COMMISSIONER CAMERON: Okay.

15 CHAIRMAN CROSBY: Or what Mr.
16 DeSalvio suggested, if you know your limit is
17 coming up at 200, you get your 90 percent
18 marker, at that point you could step in and say
19 make it 400. It's kind of incenting you to
20 keep jumping in and putting in a higher so you
21 don't get the cutoff point.

22 COMMISSIONER CAMERON: But it's not
23 a real cutoff. It's just a notice.

24 CHAIRMAN CROSBY: Right.

1 CHAIRMAN CROSBY: Go back, somebody
2 restate what's on the table at the moment.

3 COMMISSIONER ZUNIGA: The thing is
4 that these all work together. If we were
5 eliminating, and it sounds like we are, 13(b)
6 and (c), your point Commissioner and I agree
7 with that 12(b) is of no consequence. In my
8 opinion, I had the most reservations about
9 13(b) and (c).

10 COMMISSIONER MCHUGH: Well, I do
11 too, but I don't think 12(b) is of no
12 consequence, because the notice has some
13 minimalist intervention --

14 COMMISSIONER CAMERON: It does.

15 COMMISSIONER MCHUGH: -- effect. It
16 tells you you set a limit. You hit the limit.
17 And you're choosing to go by the limit you set.
18 That has an impact on the individual. And
19 that's what's going to happen.

20 CHAIRMAN CROSBY: Jim that's not
21 (b). That would happen even if it just tells
22 you when you hit your limit.

23 COMMISSIONER MCHUGH: I'm leading up
24 to that. And the fact that people are given

1 that message, you are not maintaining what you
2 said you were going to do, you've broken your
3 word or something. That has some impact.

4 And therefore, to be able to
5 postpone that ad lib and always keep pushing
6 that out there so that you never get the thing
7 to tell you you haven't kept your word because
8 you keep changing your word on the fly, is a
9 matter of consequence. So, it seems to me that
10 12(b) does have an independent effect even if
11 13(a) is the only other consequence of reaching
12 the limit.

13 Now whether we should care about
14 that is a different question but it does seem
15 to me it has an impact.

16 COMMISSIONER STEBBINS: I just want
17 to kind of quickly as we're thinking about
18 this, separate 12(a) and (b) out. I think we
19 focused a little bit too much of it as you're
20 already at the gaming device. And I think for
21 me there's been some confusion about some of
22 the practicality of these things of sitting at
23 the machine versus 12(a) and (b) which might
24 not involve me sitting at the machine at all.

1 COMMISSIONER MCHUGH: Doing it from
2 a kiosk or doing it from home.

3 COMMISSIONER STEBBINS: Right. I'm
4 on my way out. I decide I'm on my way to the
5 garage, I stop in and say I want to lower my
6 amount, boom, done immediately. I want to
7 increase it as I'm at the kiosk or I'm at home
8 because I can access this at a web-based site.

9 So, 12(a) and (b) seem a little bit
10 confusing to me because understanding the
11 context of either I'm at the gaming device or
12 I'm not at the gaming device. 13 all seem to
13 me to be things that are pinging me when I'm at
14 the gaming device itself. Am I clear?

15 MR. VANDER LINDEN: That's a great
16 point. But you may be at the gaming device at
17 12. So, what if increases could take effect
18 immediately if you're not sitting at the gaming
19 device?

20 COMMISSIONER STEBBINS: I'm just
21 making sure we're focusing. The context of 12
22 is fuzzy because it doesn't talk about where
23 the patron is. Where 13 is clearly in my mind
24 a result of the person still being at the

1 device.

2 MR. VANDER LINDEN: The point of
3 12(b) is the cooling-off and taking a step back
4 and taking a break. What if we took out the
5 24-hour cooling-off period but said you were
6 not able to make the change from the machine.
7 That you had to go to one of the other places
8 where you could change the limits other than
9 the gaming machine.

10 COMMISSIONER CAMERON: Which makes
11 you get up from the machine.

12 MR. VANDER LINDEN: Right. And that
13 in essence provides that sort of cooling-off,
14 same reason why we wouldn't want to have an ATM
15 machine on the gaming floor.

16 COMMISSIONER STEBBINS: That's going
17 to get back to the question I had earlier about
18 8(a) being able to change limits and things
19 from the device itself.

20 CHAIRMAN CROSBY: Can we just finish
21 on this? This was an interesting idea that
22 Mark just came up with. So, you're saying,
23 you're suggesting that you hit your limit. You
24 get the notice. And you can keep playing if

1 you want to, but in order to do that you have
2 to go to some other location?

3 MR. VANDER LINDEN: Yes.

4 COMMISSIONER CAMERON: No, no.

5 CHAIRMAN CROSBY: You're saying yes,
6 and you're saying no.

7 COMMISSIONER CAMERON: That's not
8 how I understood it.

9 COMMISSIONER MCHUGH: You can always
10 keep playing.

11 MR. VANDER LINDEN: If you want to
12 increase your limits, number 12, play
13 management tools are flexibly designed to allow
14 changes to limits. (a) Would stay as is, (b)
15 would say increases will take effect
16 immediately but the patron would have to go to
17 someplace other the gaming machine. It's not a
18 hard stop.

19 COMMISSIONER ZUNIGA: I need to play
20 out this example. I set a limit for \$100. And
21 I reach my limit. I want to keep playing.
22 You've hit your limit. Anything that I
23 continue to do, anymore play that I continue to
24 do, do I get repeated messages? You've hit

1 your limit because now you are -- You hit a
2 little while ago and are you continuing to get
3 it?

4 Or is this the notion that we're
5 going to come up with a new limit? So, you
6 have to set up a new limit in order to keep
7 playing? Because if we all assume and agree
8 that you can keep playing, then what happens
9 when you're in the phase where you've exceeded
10 your limit is of no consequence.

11 You're telling me what I already do
12 three times ago. If I'm at 150, I already know
13 that my limit of 100 has been exceeded. And
14 every time I keep playing the \$100 limit has
15 been exceeded and continues to be exceeded.

16 COMMISSIONER MCHUGH: What if we
17 went back to the idea that we really wanted to
18 study this. To make it simple, under no
19 circumstances is your limit a hard stop. It's
20 a notification device under this framework.
21 So, you set a limit. You can change it anytime
22 you want up or down. You get a notice when you
23 reach the limit and on you go as we start.

24 Then we figure out who is exceeding

1 the limit. Who is changing their limit, why
2 they're exceeding the limit, why they're
3 changing the limit and what the consequences of
4 changing the limit are as part of this study.
5 And then we decide whether we need a cooling-
6 off period to increase the limit. Whether we
7 need repeated interventions once you hit the
8 limit. Whether we need to have counseling if
9 you go six times the limit, and a whole variety
10 of other things.

11 But we start off with what I said is
12 a plain-vanilla kind of approach to this, and
13 then do a rigorous study that documents
14 scientifically what we're finding and what we
15 need to do to intervene.

16 COMMISSIONER ZUNIGA: I would agree
17 with that.

18 COMMISSIONER MCHUGH: What would be
19 wrong with that approach? It would start from
20 your standpoint at too low a threshold.

21 MR. VANDER LINDEN: I would like to
22 have something in there, whether it's the pop-
23 up reminder however many minutes, because as I
24 understand is you're saying that you would

1 reach a limit. You'd receive a notification
2 that you've reached your limit. Then off you
3 go. There's no consequences from there.

4 COMMISSIONER CAMERON: You
5 acknowledge that I want to keep playing. So,
6 you have to acknowledge that.

7 MR. VANDER LINDEN: But nothing
8 beyond that.

9 COMMISSIONER MCHUGH: For starters
10 until we tested to figure out what the
11 consequences of that were.

12 MR. VANDER LINDEN: I honestly feel
13 like that's too low that there needs to be
14 something in there to test out. And it goes
15 back to informed player choice is information
16 about the player's own behavior thus allowing
17 them to understand their player behavior real-
18 time.

19 I focus on the information. And I
20 really take the piece about -- not about
21 consequences. This is a tool for people to
22 use. But how do we continue to provide people
23 with information so that they can make that
24 informed player choice to stop or to continue

1 to gambling.

2 It's ultimately up to them,
3 absolutely. But how do we provide them with
4 the information and not just stop it at the
5 point which they reach that predetermined
6 limit.

7 COMMISSIONER CAMERON: You think
8 every 15 minutes, is that what you're thinking?

9 CHAIRMAN CROSBY: What about a
10 multiple of your limit? What about you just
11 hit 150 percent of your limit, are you sure you
12 want to continue? Now you've hit 200 percent
13 of your limit, are you sure you want to
14 continue?

15 MR. VANDER LINDEN: That would be an
16 option as well.

17 COMMISSIONER STEBBINS: I may start
18 winning in that intervening time period, but
19 I'm still getting a message asking me if I want
20 to continue.

21 CHAIRMAN CROSBY: You've chosen to
22 hook it to money rather than time. And this
23 approach would be consistent with that.

24 MR. VANDER LINDEN: I think that

1 sounds fine. It's about information provided
2 to the player so they can make an informed
3 player choice.

4 COMMISSIONER MCHUGH: You're at 150
5 percent, you're at 200 percent.

6 COMMISSIONER CAMERON: Yes, I like
7 that.

8 CHAIRMAN CROSBY: Okay. So, we've
9 adapted 12 and 13 to do what we said.

10 COMMISSIONER MCHUGH: To redo the
11 hand, we've taken out the cooling-off period.
12 We can change it up or down ad lib. We've said
13 that when you've hit the limit, you get an
14 intervention that says you've hit the limit, do
15 you want to continue? And we've said that you
16 get a reminder --

17 CHAIRMAN CROSBY: If you say yes.

18 COMMISSIONER MCHUGH: If you say yes
19 and go on, you get a reminder at say 150
20 percent every time you hit another 50 percent
21 multiple of your limit, you get the same
22 reminder. And those are the consequences to
23 start with and we study the impact.

24 COMMISSIONER CAMERON: Maybe you can

1 put 200 percent in a different color.

2 CHAIRMAN CROSBY: Red.

3 COMMISSIONER CAMERON: Yes, red.

4 CHAIRMAN CROSBY: All right?

5 MR. VANDER LINDEN: Great.

6 CHAIRMAN CROSBY: So, I think this
7 is important enough that this should be a vote.
8 This is a very big deal not only for us but for
9 the industry.

10 MR. VANDER LINDEN: Mr. Chair, we
11 have 14 and 15 just in the process. I didn't
12 mean to cut you off.

13 CHAIRMAN CROSBY: Sorry.

14 MR. VANDER LINDEN: Number 14, play
15 management tools are operator-based for each
16 licensee. This goes back to I recognize that
17 this is a pilot and this a test. And what it
18 really applies to is our first licensee. But I
19 wasn't sure how to word it other than to make a
20 general statement as that.

21 But it sounds like much like we are
22 talking about number one or changes to number
23 one that we could just state that play
24 management tools are operator-based.

1 COMMISSIONER ZUNIGA: We don't want
2 to be in the business of telling -- stipulating
3 a system, a slots management system or an
4 interface or anything like that.

5 COMMISSIONER MCHUGH: I'm fine with
6 that.

7 CHAIRMAN CROSBY: Fine with 15?

8 COMMISSIONER MCHUGH: Fine with 15.

9 COMMISSIONER CAMERON: Yes.

10 COMMISSIONER STEBBINS: We talked
11 earlier about understanding the test time
12 period and test components. Are you going to
13 come back to that, come back to us with that or
14 is that somehow incorporated into this?

15 MR. VANDER LINDEN: Into the
16 evaluation period, is that what you mean?

17 COMMISSIONER STEBBINS: I guess all
18 of this is being incorporated as the Judge
19 suggested in regulation with certain, not death
20 period, but sunset period.

21 MR. VANDER LINDEN: I think that
22 immediately we need to work towards building
23 the evaluation component and assigning coming
24 up with a timeframe for the evaluation of this.

1 There's a lot of pieces that we talked about
2 evaluating and making sure that we pay
3 attention to each of those and allowing an
4 appropriate timeframe for that.

5 COMMISSIONER ZUNIGA: We spoke about
6 this with Judith Glynn. There's a natural
7 experiment here with Penn opening up earlier
8 than the other two licensees. And their
9 willingness to participate in this test really
10 provides that natural test period in my
11 opinion. I don't know that we need to fine-
12 tune it at this point.

13 CHAIRMAN CROSBY: Priority number
14 one and two is going to be to get the research
15 plan together ASAP, which will tell us a
16 variety of things including the timeframe.

17 CHAIRMAN CROSBY: Commissioner
18 Zuniga do you want to have the first vote on a
19 play management system.

20 COMMISSIONER ZUNIGA: I'll decline
21 that to someone else.

22 CHAIRMAN CROSBY: Does somebody else
23 want to do it?

24 COMMISSIONER MCHUGH: Make a motion?

1 CHAIRMAN CROSBY: Make a motion.

2 COMMISSIONER MCHUGH: I'll make a
3 motion that subject to the promulgation of
4 regulations in the normal course of regulation
5 promulgation the Commission adopts the 15
6 recommendations contained in the document
7 entitled play management recommendation that's
8 a part of today's Commissioner's packet and
9 subject to the changes to those 15
10 recommendations discussed during the course of
11 this meeting as principles of a play management
12 system the Commission endorses.

13 CHAIRMAN CROSBY: Second?

14 COMMISSIONER CAMERON: I'll second
15 it. I'm glad you made that motion.

16 CHAIRMAN CROSBY: Any further
17 discussion? Basically what we're doing here is
18 voting to adopt a play management system on a
19 test basis with the parameters we discussed for
20 essentially the first time in the country. All
21 in favor, aye.

22 COMMISSIONER MCHUGH: Aye.

23 COMMISSIONER CAMERON: Aye.

24 COMMISSIONER ZUNIGA: Aye.

1 COMMISSIONER STEBBINS: Aye.

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

4 MR. VANDER LINDEN: Thank you.

5 CHAIRMAN CROSBY: Thank you. A lot
6 of work, Mark, thank you.

7 MR. VANDER LINDEN: May I ask one
8 question, would it require a vote to adapt this
9 to the Responsible Gaming Framework as well and
10 change the language within that Responsible
11 Gaming Framework to be more definitive on this
12 specific issue?

13 COMMISSIONER ZUNIGA: Let me suggest
14 that based on all of the edits that we just
15 come back and this discussion, and we'll go to
16 the transcript and all the rest of it, but come
17 back and re-read that and evaluate it then.

18 MR. VANDER LINDEN: I definitely
19 need the transcript.

20 COMMISSIONER ZUNIGA: Me too.

21 CHAIRMAN CROSBY: I saw Rick's been
22 taking notes. Let's have a quick break and
23 then we'll come for our last item. Dennis,
24 thank you for your patience.

1 (A recess was taken)

2

3 CHAIRMAN CROSBY: We are ready to
4 reconvene public meeting number 140. And we
5 are at our last agenda item and that would be
6 Ombudsman Ziemba.

7 MR. ZIEMBA: Thank you, Mr.
8 Chairman. Chairman and Commissioners in your
9 packet are draft guidelines and a draft
10 application for the 2015 community mitigation
11 fund. We hope to finalize these documents by
12 the December 18 Commission meeting. So, for
13 all intents and purposes today it can just be a
14 general overview. You can continue to review
15 what we have in detail here for the 18th.

16 We're going to continue to get input
17 as we go along for the next couple of weeks.
18 Notably, we will be appearing before upcoming
19 Gaming Policy Advisory Committee meeting, which
20 is scheduled for December 16 at this point now
21 that we have an official chairman.

22 And I'm very pleased to announce
23 that Dennis DiZoglio has been appointed chair
24 of the Gaming Policy Advisory Committee.

1 Dennis takes over the duties from Rob Hubbard
2 who ended his term a little bit earlier this
3 year. We really want to thank Rob for all of
4 his service on the committee and thank him for
5 all of his good work.

6 Dennis brings a wealth of relevant
7 experience to the role of chairman,
8 particularly in the areas of municipal
9 experience, planning experience and his
10 transportation background. Dennis became the
11 Executive Director of the Merrimack Valley
12 Planning Commission in January 2007. He
13 reports directly to commissioners and is
14 responsible for the overall administration of
15 the commission.

16 The commission is comprised of 15
17 member communities, sits over 270 square miles
18 of land and a population of over 325,000
19 people.

20 Dennis has over 30 years of
21 community planning experience. The purpose of
22 his commission is to help communities plan for
23 the orderly development of the region and
24 promote community and collaboration for the

1 overall welfare and prosperity of the Valley
2 citizens.

3 Before going to the commission,
4 Dennis was the deputy general manager for
5 planning and development for the MBTA. Prior
6 to working for the MBTA, he served as the mayor
7 of Methuen for six years where he was the first
8 mayor of Methuen in 70 years.

9 He served three terms before leaving
10 due to term limits. Before being elected the
11 mayor of Methuen, he was the planning director
12 for the city of Peabody, prior to that for the
13 city of Taunton. He has a master's degree from
14 Suffolk University and received his bachelor's
15 from Merrimack College.

16 I've had the benefit of working with
17 Dennis for many years, most recently I worked
18 with Dennis when we had one of the potential
19 licensees for the Category 2 license up in his
20 region. He provided me a lot of advice and a
21 lot of his communities' advice about the
22 potential for gaming in the region.

23 Probably not as recently, it's
24 almost a decade ago now when I was at

1 transportation and Dennis was at the T.
2 Dennis, he was probably one of the most well-
3 respected persons in the entire organization
4 not only for his command of all of the issues
5 but just generally because he is a very good-
6 natured fellow.

7 So, I am very pleased to be able to
8 work with Dennis. Hopefully, I don't know if
9 we actually got the official paperwork, but I'm
10 hopeful that we did otherwise I'm making some
11 sort of a weird announcement. Dennis, I don't
12 know if you want to give a couple of remarks.

13 MR. DIZOGLIO: Thank you, John. And
14 thank you for that kind introduction. First, I
15 want to thank the Governor and the Commission
16 for the opportunity to work with you to help
17 try to make gaming in Massachusetts a success.

18 I think it's clear with the recent
19 referendum and the vote from the citizens that
20 have made some high standards and have endorsed
21 this effort. And hopefully we'll be successful
22 to show them that their confidence in the
23 Commission is well taken.

24 And I look forward in my role and

1 I'm sure that my colleagues on the council to
2 help you advance and make sure it's successful.
3 So, I look forward to that. And let the
4 adventure begin.

5 CHAIRMAN CROSBY: Great.

6 COMMISSIONER CAMERON: Thank you.

7 COMMISSIONER MCHUGH: Great to have
8 you with us.

9 CHAIRMAN CROSBY: I mentioned this
10 to you, Dennis, when we talked earlier, you
11 know better than anybody, these kinds of
12 advisory commissions can be either just totally
13 pro forma or they can be substantive. Making
14 them substantive is hard.

15 We are prepared to provide staff
16 support and we'll do whatever else you need.
17 But we would really like to figure out a way to
18 make this group of people and the subcommittees
19 really play a substantive role in our
20 deliberations.

21 You can see, you've been here now
22 and heard the kinds of issues that we wrestle
23 with. These are complicated, interesting,
24 important questions that we are dealing with

1 all the time. And the more contribution we can
2 get on that the better.

3 So, we will encourage you to be as
4 proactive as you can possibly be and feel free
5 to ask us to give you the tools if you need
6 them to fulfill that commitment of making this
7 thing substantive.

8 MR. DIZIGLIO: Thank you. I
9 appreciate that. And based on what I saw this
10 afternoon, I can see where we may need to talk
11 more and more about how we can make this thing
12 work.

13 CHAIRMAN CROSBY: Yes, great.

14 MR. ZIEMBA: Dennis may or may not
15 have to step out before the full community
16 mitigation fund discussion, but I provided him
17 some of the initial details. And of course,
18 we'll have the much longer discussion probably
19 during the GPAC meeting on December 16. Did I
20 cut you off Commissioner Stebbins?

21 COMMISSIONER STEBBINS: No. Great.

22 MR. ZIEMBA: Back to the community
23 mitigation fund proposal. Commissioners, the
24 guidelines before you include components that

1 the Commission discussed at its prior meeting.
2 The guidelines specify that the 2015 program
3 funds shall only be used for construction
4 related activities as no facilities will yet be
5 operational. They shall be used for impacts
6 that have either occurred or are occurring by
7 February 1, 2015 application date.

8 On this point, the guidelines
9 specify that the Commission reserves the
10 ability to expand the program in future years.
11 This is just the first year of a program that
12 will begin for the years of construction, three
13 years of construction and then the 15 years of
14 the licensing terms.

15 So, there'll be tremendous room for
16 growth in this program, evaluation of what
17 direction it should go. What we're talking
18 about is our very first guidelines and the very
19 first guidelines where frankly the operational
20 -- there is no physical operation and the
21 development curve is not significantly underway
22 at least for the Category 1 facilities.

23 So, the guidelines also specify that
24 the Commission will benefit from the

1 discussions that will take place over the next
2 year in the committees under the Expanded
3 Gaming Act. And we have a Gaming Policy
4 Advisory Committee with Dennis's assistance,
5 the subcommittee on community mitigation and
6 then local community mitigation advisory
7 committees. And those are the committees that
8 are populated by the surrounding communities,
9 the host community and others to help us help
10 advise the subcommittee on community mitigation
11 and the GPAC and then in turn the Commission
12 about how funds should be expended.

13 So, further in these guidelines we
14 specify that applicants will need to
15 demonstrate how the impact was caused by the
16 construction of a gaming facility and how the
17 mitigation will be used to remedy the impact.
18 They specify that the Commission --

19 CHAIRMAN CROSBY: John, excuse.
20 You're now talking about mitigation fund in
21 general. You're not talking about the reserve
22 cost.

23 MR. ZIEMBA: No. I'm just talking
24 about the fund in general. I'm going to get

1 into specifics about the new idea of the
2 reserve.

3 CHAIRMAN CROSBY: Okay.

4 MR. ZIEMBA: As we discussed at the
5 last meeting -- So, these are all what I'm
6 talking about now are just ideas that we've
7 previously discussed that have found their way
8 into this proposal. Mr. Chairman, as you
9 mention I'll get into detail about the new
10 idea.

11 So, the Commission will prioritize
12 funds for the mitigation of unanticipated
13 impacts and will review any host and
14 surrounding agreements in evaluating requests
15 for funding. What that does and we will take a
16 look at what specifics are included in those
17 host community agreements or surrounding
18 community agreements. And we're going to try
19 to address funds to prioritize things that just
20 were not anticipated.

21 As we stated, both Category 1 and
22 Category 2 impacts may be addressed with
23 community mitigation funds. And then overall,
24 the application that we put together it's meant

1 to be descriptive of the types of mitigation
2 that may be funded but it is not prescriptive.

3 As I mentioned, over the next few
4 years especially when facilities are
5 operational, it's likely that communities and
6 others may experience impacts that were not
7 specifically predicted. And we'll try to make
8 evaluations of those impacts and make our
9 decisions based on that.

10 One of the dangers of having a
11 little bit more of an open-ended program is
12 that on the other end of the curve when we're
13 evaluating proposals, communities may say that
14 wasn't specifically prohibited in the
15 application. But I think that everybody should
16 be on notice that the Commission will evaluate
17 whether or not this makes sense in the long-
18 term objectives of the program even if it
19 wasn't specifically delineated as not allowed
20 or allowed in the application form.

21 However, it should be clear from the
22 Commission's focus in its past deliberations
23 and the language of the Act that the fund
24 should be used to mitigate impacts and it is

1 not meant as an open-ended resource, which is
2 where the impacts or the connection to an
3 impact from a facility is either very, very
4 difficult to discern or is tangential at best.

5 What we're really trying to do is
6 determine what the impacts of these facilities
7 are and target those impacts. Indeed, in
8 addition to the Commission's evaluation of all
9 of these requests, the committees that we just
10 discussed will also review these requests.

11 So, neighbors will look at
12 neighbor's applications and they'll opine on
13 whether not they make sense. And if they
14 don't, it could cause some concerns with those
15 neighbors because they know that especially
16 over the near-term there's a limited amount of
17 funds that have to go to potentially more than
18 one impact application.

19 So, Mr. Chairman, as you mentioned,
20 in addition to the items that we discussed
21 previously there is one new proposal that is
22 included in these guidelines that I put up for
23 discussion. And this is the creation of a one-
24 time reserve for the 2015 program.

1 The inaugural 2015 program will be
2 unique for the community mitigation fund as
3 discussed because no facilities are yet
4 operational because significant construction of
5 Category 1 facilities is not yet underway.
6 Communities and others will not experience the
7 same level of impacts compared to future years.

8 As 2015 progresses, the mitigation
9 needs might become clearer. Further because
10 Category 1 licenses were issued less than a
11 month ago after the referendum, communities,
12 licensees, other parties and the Commission
13 have not been in a position to debate the use
14 of the funds in the Expanded Gaming Act in
15 committees.

16 Given these time constraints, I
17 recommend that the Commission establish a one-
18 time reserve in 2015 for each surrounding
19 community, community that reached a nearby
20 community agreement with a gaming licensee and
21 all communities the petitioned to become a
22 surrounding community. The reserve could be
23 utilized to pay for mitigation of impacts once
24 they become known by communities.

1 Communities would not need to
2 provide support for the use of such funds by
3 February 1, which could be daunting given the
4 time periods that we're talking about.

5 Instead, they'd be able to provide such
6 information once those impacts become
7 available.

8 In essence, for the reserve funds,
9 it would be a rolling application round. So,
10 once communities identify the impacts they
11 would interact with staff. Staff would then
12 take those recommendations for evaluation to
13 the Commission and then we would make
14 determinations based on that.

15 Because the community mitigation
16 fund will not see any new deposits until 2017
17 or perhaps into 2018, we're left with
18 approximately the \$17.5 million that is
19 available in the fund currently. This will
20 need to last 2015, 2016, 2017 application
21 rounds, and potentially even into 2018, because
22 with at least the Wynn licensee expecting that
23 they would become online at the end 2017, not a
24 tremendous amount of new revenues would flow

1 into the fund by the February 1, 2018
2 application round.

3 So, in essence we do have a number
4 years whereby these funds would need to be
5 utilized to tackle impacts. So, where I
6 recommend the use of a fund, I don't recommend
7 the use of a fund that would substantially eat
8 into the \$17.5 million that would be available.

9 CHAIRMAN CROSBY: So, the reserve
10 would be about what more or less?

11 MR. ZIEMBA: So for example, if we
12 took and we gave \$100,000 per community for
13 each one of the communities that I named.

14 COMMISSIONER ZUNIGA: We reserved.

15 MR. ZIEMBA: We reserve that -- Then
16 that would be approximately \$2.4 million
17 because that's 24 communities. I think it's 17
18 surrounding communities, three nearby
19 communities and four petitioners. That would
20 be about \$2.4 million. That would leave
21 approximately \$15.1 million for all of those
22 years that I just delineated.

23 COMMISSIONER ZUNIGA: Another
24 calculation also that I have quickly in my mind

1 was \$17.5 million would have to be spread -- if
2 you divide that by say three or four years by
3 which time there will be significant gaming
4 revenues coming because of the operation of the
5 Category 1's, that ratio is about \$4.3 million
6 per year.

7 It's another figure that could also
8 help us think about your order of magnitude,
9 especially because the impacts are also likely
10 going to be felt further to the end of this
11 four-year period, not at the beginning.

12 MR. ZIEMBA: I think that's exactly
13 right. And whether or not we make a decision
14 going into 2016, 2017 to begin opening it up to
15 further operational concerns or in anticipation
16 of operational concerns that could have further
17 impact on use of these funds.

18 COMMISSIONER ZUNIGA: Right.

19 MR. ZIEMBA: In addition to
20 establishing a reserve, be it \$100,000 or some
21 other amount that's determined by the
22 Commission, I recommend using -- the reserve
23 could also be used for planning purposes.

24 So that communities could have the

1 option of using some of these funds to help
2 plan to either advance local businesses to gain
3 further benefits from a potential facility or
4 to either lessen or avoid negative consequences
5 from a potential facility.

6 You could utilize, for example,
7 planning funds to try to organize his local
8 businesses to see how they could market to take
9 advantage of these facilities. Indeed, there
10 are cross-marketing agreements especially out
11 in Western Mass., but communities could use
12 these funds to determine whether they need to
13 uniquely position themselves to try to capture
14 some of the additional tourist dollars and
15 other dollars that will be coming to the
16 region.

17 You could use some of these planning
18 resources to see how you want to organize
19 yourselves to get further ancillary
20 developments from the facility. For example,
21 when MAPC did some of the reviews for the
22 Crossroads proposal, a number of different
23 communities talked about use of planning to
24 attract additional investment into their

1 communities.

2 Specifically, one community had
3 thought about a hotel for a good number of
4 years. But given the size of the community,
5 they weren't able to move forward, but this
6 might have been an opportunity for them to have
7 a new hotel in town. And what would they need
8 to do to attract outside investment. Those are
9 the types of things that could be utilized.

10 In addition, you could use some of
11 the funds to just organize to try to figure
12 out, to not do the impact analysis but to try
13 to determine what you need to do to plan to
14 avoid negative consequences.

15 Is there anything you want to do
16 with your municipal zoning? Is there anything
17 you want to do with your local planning where
18 you could capture appropriate businesses in
19 appropriate locations in your community? There
20 could be a wide-ranging number of impacts.

21 I don't know, Dennis, if you want to
22 talk about that particular aspect.

23 MR. DIZIGLIO: I think this is a
24 very proactive approach that John is

1 recommending. I know to get very specific,
2 when we were looking at the proposal for
3 Tewksbury, the city of Lowell had expressed
4 interest in a facility going in Tewksbury, but
5 they talked specifically about connecting the
6 tourist attractions in Lowell to this new
7 facility.

8 But what would that mean? What
9 would be involved? How would you go about
10 connecting the various activities that are
11 happening in Lowell that could've been taken
12 advantage of by those who came to Tewksbury for
13 the facility?

14 That kind of a proactive look at how
15 you make those connections I think would be a
16 very, very good use of these funds to be more
17 proactive in how the whole impact of these
18 developments could be maximized in areas that
19 you're advocating for.

20 MR. ZIEMBA: Again, we would want to
21 make sure that whatever planning activity that
22 is directly related to the operation or
23 construction of the gaming facility. It is not
24 just a general resource for planning but it is

1 connected to these facilities, and the
2 potential negative impacts but the overall
3 potential of these facilities for positive
4 impacts as well.

5 COMMISSIONER MCHUGH: In that
6 regard, John, would the idea be the each of the
7 24 had an identical set-aside, an identical
8 line of credit? Or that would it be geared to
9 population or some other mechanism for having
10 not equal lines of credit?

11 MR. ZIEMBA: I think to avoid over
12 complexity at this point, I would recommend
13 that everyone has the same amount. We had
14 discussed some options of would surrounding
15 communities get something greater than a nearby
16 community? And then what would happen with the
17 petitioner communities?

18 But I think in terms of the dollar
19 amounts that we're discussing, \$100,000, and
20 what a good plan may cost, it probably makes
21 sense for the amounts to be consistent across
22 the board.

23 If you take a look at \$100,000 in
24 the context of the overall program, so say we

1 have \$18 million that are available flowing
2 into this fund after these facilities become
3 operational, \$18 million a year times 15 years
4 plus the 17.5, \$100,000 given at the outset of
5 the program that they could just hold or wait
6 until they have the use that they really want
7 to use during that period of time, I think that
8 in the context of the overall amount of
9 dollars, I think that it probably makes sense
10 that 100,000 is probably appropriate even
11 though there definitely is a difference between
12 the impacts that will be experienced at a
13 surrounding community versus a nearby community
14 or even a potential petitioning community.

15 COMMISSIONER MCHUGH: I was thinking
16 -- I don't have an answer for this and maybe we
17 can talk more a little bit, but the large
18 communities in densely populated area
19 surrounding communities may have different
20 planning needs than smaller communities,
21 surrounding communities in less densely
22 populated areas. Anyway, we don't have to make
23 a decision now.

24 CHAIRMAN CROSBY: Wilbraham versus

1 Boston, does it make sense to give both
2 Wilbraham and Boston the same amount of money?

3 MR. ZIEMBA: Again, this 100,000 is
4 split between what do they want to use the
5 funds for to address a specific impact or for
6 planning.

7 And what I didn't specify earlier is
8 that communities are not prohibited from
9 submitting an application for a specific impact
10 if one is known. That may not be as much of a
11 case in the 2015 program as in future years,
12 but they could submit both.

13 What I would recommend to the
14 Commission is that in the 2015 program, if a
15 community submits both a specific impact
16 application and one for a reserve that we take
17 some of the reserve dollars to pay for the
18 specific impacts.

19 So, let me give you an example, say
20 a community says I have a specific impact of
21 150,000 that I want you to fund. And they also
22 check the box on the application for the
23 \$100,000 reserve. What I would recommend is
24 that the Commission would say okay, community,

1 yes, we've agreed with your impact. You can
2 get you \$150,000 for your specific impact. But
3 what we will do is that we're going to take
4 away -- not take away but allocate 50 percent
5 or \$50,000 of your reserve to pay for the
6 150,000.

7 So, therefore, they're left with the
8 50,000 for planning. And then they can utilize
9 the \$150,000 in total for their specific
10 impact.

11 COMMISSIONER MCHUGH: But the impact
12 money is not available for planning, right?

13 MR. ZIEMBA: Impact is not available
14 for planning. It's just for a specific impact.

15 COMMISSIONER ZUNIGA: Is that the
16 split that you're recommending, the 50-50?

17 MR. ZIEMBA: I didn't know what
18 amount the Commission would think about. If
19 it's 100,000 then I think 50,000 would be a
20 very realistic number.

21 COMMISSIONER ZUNIGA: At a minimum
22 for a study -- or for planning purposes.

23 MR. ZIEMBA: Yes. One other point I
24 wanted to mention on the application for the

1 reserve is it's meant to be as administratively
2 not burdensome as possible for communities.

3 So, outside of contact information
4 for those 24 communities, all they would have
5 to do is they would basically have to check the
6 box on the front page of the application, send
7 that into us by February 1.

8 And then as they develop their plans
9 for planning or as they develop their plans for
10 specific impacts, then they would either fill
11 out the full application for the specific
12 impact or fill out an additional information
13 sheet that we provide for planning purposes.

14 So, by February 1, communities that
15 are just getting up to speed on the community
16 mitigation fund would not be overly burdened.
17 But we are required -- it is required under the
18 statute that communities submit a written
19 application for funding.

20 So, they would have to take the step
21 of sending something in. My office can make
22 sure that we contact all of those communities
23 to make sure that they get their applications
24 in by February 1.

1 CHAIRMAN CROSBY: I generally think
2 it's really -- I like the idea. I think it's a
3 really innovative idea. It's a good idea. The
4 only thing is it does sort of strike me, the
5 discrepancy and size issue, the one-size-fits-
6 all.

7 We do have one community out there
8 that feels like we're not treating it fairly
9 already. And to have Wilbraham get the same as
10 it -- Dennis, intuitively what's your sense?
11 We could easily structure some kind of a tiered
12 thing. But as John says there's reasons.
13 Intuitively what feels right to you?

14 MR. DIZIGLIO: It is a difficult
15 question because communities differ
16 significantly on the capacity that they have.
17 Larger communities have staff that can
18 undertake some of these and manage these
19 project. Smaller communities don't have any
20 capacity. They might look at actually the
21 regional planning agencies to help them advance
22 some of these things.

23 So, it really is a difficult
24 question to answer because every community will

1 be different based on the capacity that they've
2 created or have in-house to manage some of
3 these ideas that they may come up with.

4 CHAIRMAN CROSBY: But living in the
5 world that you've lived in, does this strike
6 you as sort of inherently unfair? Or does this
7 sort of happen, sort of a one-size-fits-all in
8 a lot of different kinds of grant programs?

9 MR. DIZIGLIO: It's hard to say, but
10 the larger communities may have more complex
11 kind of analysis, but they may also have some
12 in-house staff to do it. So, they might need
13 some external assistance. Smaller communities
14 may not have the capacity but they'll have more
15 funds for a smaller issue that maybe they'd
16 like to advance.

17 So, it could work out. It's just
18 not a very definable division between say a
19 small and large. Everyone will be different.
20 Maybe that's part of the evaluation is in a
21 needs section discuss say the capacity issue to
22 verify or to determine that it does make sense
23 for that amount of money to be used for this
24 study because of the limitations of the

1 community or maybe because the capacity of the
2 community.

3 COMMISSIONER STEBBINS: I think
4 Dennis makes a good point. I talked about this
5 with John. I do like for the Commission's
6 sanity that we do keep it at a flat level
7 amount. Understanding that every surrounding
8 community agreement was different, some got
9 more money than others, all of the variables
10 that we found in each of the surrounding
11 community agreements.

12 So, I think for our own sanity in
13 managing this program just here's the flat
14 amount. Some of it may get credited, as John
15 mentioned, to a mitigation program. Some of it
16 may be because I haven't got the capacity in-
17 house as opposed to a bigger city, which they
18 have a dozen people that focus on this stuff
19 all the time.

20 Two quick points I want to make,
21 John, and we talked about this. One, is maybe
22 the introduction of a new surrounding
23 communities into the equation at some point for
24 whatever reason. But also my interest, again,

1 getting back to the environment of different
2 surrounding community agreements as structured
3 by each of our licensees that even though I
4 know, and Dennis can appreciate this, a lot of
5 municipalities their budgets are really
6 strapped but I am looking or want to see some
7 evidence of the community asking for the
8 \$100,000 to have some skin in the game.

9 That's either taking some of the
10 money that they're getting already from the
11 licensee or it's a dedication of staff. Staff
12 time is a resource. Or it's any number of
13 other things. Or it ties in concretely to a
14 plan and we're just not seeing the request for
15 money.

16 So, that would be some onus that I
17 would put back on the surrounding communities
18 or neighboring communities is if you can afford
19 it put skin in the game, what is it?

20 MR. DIZIGLIO: You really do need an
21 active participant. You need more of a
22 dialogue versus a monologue. And I think the
23 skin in the game is really -- It's hard.
24 Communities sometimes wince at that, but at the

1 same time it makes them play.

2 When they invest something now they
3 are part of the process. And I think that's a
4 great suggestion. I think that that's the way
5 you're going to get something concrete
6 accomplished versus maybe something that gets
7 on a shelf. In my business, I hate putting any
8 plan on a shelf. But if they pay for it, if
9 they're part of the process less likely that it
10 will end up on the shelf.

11 CHAIRMAN CROSBY: Are you
12 suggesting, Commissioner Stebbins, that part of
13 the application not getting the 100 put into
14 the reserve, but if you want to spend some of
15 it when you apply for it, you will have to tell
16 us how you --

17 COMMISSIONER STEBBINS: It's not for
18 the stage of just checking the box and I want
19 the money set aside, but when I go in I have to
20 have \$100,000. Again, to keep John sane and at
21 the level of gray hair that he has now and not
22 anymore, flat amount but show us what your skin
23 in the game is. And local communities can get
24 creative and say I'm going to give you part of

1 my part-time planner's time or whatever.

2 MR. ZIEMBA: In-kind service, yes.

3 It doesn't have to be a flat dollar
4 specifically for those poor communities. What
5 we talked about with MMA for example planning
6 dollars are scarce. And especially some of the
7 smaller communities, they might not be able to
8 take advantage if they had to do the match. As
9 Dennis and you point out, Commissioner, if they
10 have the opportunity -- if they put the skin in
11 the game that's important to planning.

12 COMMISSIONER STEBBINS: And it may
13 allow them to go and get other resources, too.

14 COMMISSIONER ZUNIGA: For a second
15 there, were you suggesting something like
16 matching funds?

17 COMMISSIONER STEBBINS: Not
18 matching.

19 COMMISSIONER ZUNIGA: Not
20 necessarily.

21 COMMISSIONER STEBBINS: I wouldn't
22 expect a lot of communities, smaller
23 communities to come up with \$100,000 on their
24 own. But some evidence, Dennis said it well,

1 have some skin in the game.

2 MR. ZIEMBA: One thing I just want
3 to clarify because I've now talked about a
4 couple of different things. The reserve which
5 is allocated for that universe of 24
6 communities, you do not have to be a
7 surrounding community to apply for the
8 mitigation fund.

9 So, there are communities out there
10 that are not designated communities but they
11 might have an impact, a specific impact. They
12 can apply for that specific impact money. But
13 in terms of these planning dollars, those are
14 allocated just for the universe that we've
15 identified.

16 COMMISSIONER STEBBINS: Right.

17 COMMISSIONER MCHUGH: I hear you and
18 I just need to think about this more and maybe
19 play with some numbers. I'm still concerned
20 that Chairman's Boston/Wilbraham distinction.
21 And I understand that Boston say has much more
22 staff support than Wilbraham.

23 On the other hand, the planning
24 dollars, \$100,000 to plan for a Boston project

1 is a tiny component of what's necessary to plan
2 for a typical Wilbraham component.

3 COMMISSIONER ZUNIGA: Let's not
4 forget something that's in play here.

5 COMMISSIONER MCHUGH: Just I just
6 wonder if there isn't some piece of this that
7 ought to be geared toward community size or the
8 nature of the planning effort or something
9 despite the gray hair.

10 COMMISSIONER ZUNIGA: Let's not
11 forget that there are surrounding community
12 agreements that have dealt with, at least in
13 theory -- Two parties came out of this whether
14 by arbitration or agreement with what's at
15 least in theory supposed to be the larger
16 impacts.

17 COMMISSIONER MCHUGH: In most cases
18 that's true.

19 COMMISSIONER ZUNIGA: That's right.
20 And it's in theory. And it's actually their
21 best guess, right? Because the impacts are not
22 even here. But that's a very important
23 component that's already out there in the
24 legislation, etc.

1 There's a case to be made that this
2 comes and backfills in a way some of that
3 process or piggybacks a little bit.

4 CHAIRMAN CROSBY: We're going to
5 decide this next week, right?

6 MR. ZIEMBA: Sure.

7 CHAIRMAN CROSBY: Did you want to
8 decide it now?

9 MR. ZIEMBA: No, the 18th.

10 CHAIRMAN CROSBY: 18th, yes.

11 MR. ZIEMBA: We'll seek the advice
12 of the GPAC in between and we'll come back to
13 the Commission at that later date.

14 CHAIRMAN CROSBY: Okay.

15 COMMISSIONER STEBBINS: John, just
16 to add one final note while we're talking about
17 it, on the overall application you asked for
18 either the packet to include a letter of
19 support from the licensee and/or the licensee
20 will review it after it's received.

21 MR. ZIEMBA: That's right.

22 COMMISSIONER STEBBINS: So, finding
23 an either or.

24 MR. ZIEMBA: In essence, we're going

1 to ask each of the licensees for every
2 application for funding. So, the letter is
3 absolutely not necessary. And I try to specify
4 that in the guidelines, but if they wanted to
5 seek the support of the licensee in sending in
6 their application they can do so.

7 COMMISSIONER STEBBINS: Just short-
8 circuit.

9 MR. ZIEMBA: But we will go out to
10 every licensee and ask them what their thoughts
11 are. Very similar to our surrounding community
12 process what their determination -- what their
13 thoughts are on the matter.

14 CHAIRMAN CROSBY: Anything else?
15 Interesting. Good stuff. That brings us to
16 the end of our agenda. Anything else? Do I
17 have a motion?

18 MR. ZIEMBA: Thank you, Dennis.

19 CHAIRMAN CROSBY: Thank you, Dennis,
20 welcome aboard.

21 COMMISSIONER CAMERON: Move to
22 adjourn.

23 CHAIRMAN CROSBY: Second?

24 COMMISSIONER ZUNIGA: Second.

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CHAIRMAN CROSBY: Unanimous.

(Meeting adjourned at 3:41 p.m.)

1 ATTACHMENTS:

- 2 1. Massachusetts Gaming Commission December
- 3 4, 2014 Notice of Meeting and Agenda
- 4 2. Massachusetts Gaming Commission November
- 5 20, 2014 Meeting Minutes
- 6 3. OSD FY2015 Benchmark Calculation Form
- 7 4. Massachusetts Gaming Commission December
- 8 4, 2014 Memorandum Regarding Running Horse
- 9 Promotional Trust Fund Request for
- 10 Consideration
- 11 5. Massachusetts Gaming Commission December
- 12 4, 2014 Memorandum Regarding
- 13 Reconciliation of Racing Revenues January
- 14 2013-June 2014
- 15 7. Massachusetts Gaming Commission December
- 16 4, 2014 Diversity Report
- 17 8. Massachusetts Gaming Commission Access and
- 18 Opportunity Committee Rules of Procedure
- 19 9. Massachusetts Gaming Commission December
- 20 4, 2014 Memorandum Regarding Play
- 21 Management Recommendation
- 22 10. Massachusetts Gaming Commission 2015
- 23 Community Mitigation Fund Guidelines DRAFT

24

1 GUEST SPEAKERS:

2 Dennis DiZoglio, GPAC

3

4 MASSACHUSETTS GAMING COMMISSION STAFF:

5 Trupti Banda, Human Resources Manager

6 Richard Day, Executive Director

7 Jill Griffin, Director Workforce, Supplier, and
8 Diversity Development

9 Doug O'Donnell, Racing Division

10 Mark Vander Linden, Dir. Research and Problem
11 Gambling

12 Karen Wells, Director IEB

13 John Ziemba, Ombudsman

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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, 2014.



LAURIE J. JORDAN
Notary Public

My Commission expires:
May 11, 2018